

## Changes to US kraft paper assessments - FAQs

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### Specific kraft paper assessment questions

#### 1. Why is Fastmarkets RISI launching new US kraft paper assessments?

Fastmarkets RISI is launching new kraft paper assessments to better reflect the net price at which kraft paper is trading. The current price assessment series reflect the effective list price, or price before specific customer discounts. We believe the net price would give a better indicator of market levels.

#### 2. When will the changes take place?

The new price assessments will be launched on July 17<sup>th</sup>. They will run alongside the current assessments for 6 months. After that the old price assessments will be discontinued.

#### 3. Where will the assessments appear?

The new price assessments will appear in PPI Pulp & Paper Week, Fastmarkets RISI online portal and mobile app. In PPW, they will appear alongside existing assessments until these are discontinued.

#### 4. What will the frequency be?

The new price assessments will appear on a monthly basis, on the same schedule as other North American kraft paper assessments. For details of Fastmarkets RISI's publishing schedule for North America, please see [here](#).

#### 5. What grades will be assessed?

Fastmarkets RISI will assess the same grades as currently only on a net price basis. They are:

- Unbleached Extensible Multiwall Sack Kraft, 50 lb/80 g

- Unbleached Grocery bag, Lightweight, 30 lb/49 g
- Bleached Kraft paper, Grocery bag, 30 lb / 49 g
- Unbleached Kraft, Natural Multiwall Sack, 50 lb.

## **6. What quality and specifications are taken into account?**

The new net price assessments will reflect the same specifications of the current price assessments. Prices will be for prime-quality tonnage. Paper is from a machine equipped with an extensible unit and is made from northern softwood fiber.

## **7. What is the delivery basis?**

The assessments will be for delivery basis the US East.

## **8. What is the minimum volume accepted?**

The assessments will be for normal recurring business, with a minimum volume of 1,000 tons/year.

## **9. How can I compare the new net price assessments with existing assessments?**

The new price assessments will be much lower than current assessments as they represent the net price after customer discounts and rebates.

## **10. Will I still be able to access the old price assessments?**

After the old price assessments are discontinued, customers with a subscription to Fastmarkets RISI historical data will still be able to view them as legacy series in our online portal. To view them, they will need to select “show legacy prices” in price search and/or dashboards. Customers with a subscription to two-years’ worth of data history will only be able to access these prices online for two years after they are discontinued.

## **Price methodology questions**

### **11. Where does Fastmarkets RISI get the data for its US kraft paper assessments?**

Fastmarkets RISI price reporters gather information from a broad sample of market participants involved in the buying and selling of kraft papers. We talk with as many active market participants as possible, from all areas and regardless of size. Our market reporters survey both sides of the market, including producers, converters, buyers, agents and brokers. Fastmarkets RISI never reveals our sources, nor the companies they work for.

Fastmarkets RISI encourages all market participants to take part in their survey, however we will give greater weighting to inputs provided by credible market sources that have a proven track record for regularly providing pricing data within established deadlines and by providing other supporting information. This supporting information might include transaction volumes, freight cost, details on specifications, credit terms, delivery location, and any other detail that contributes substantially to the determination of the price.

#### **11. Where does Fastmarkets RISI store price information?**

Information gathered from market contacts is stored in a secure network location. Only authorized staff have access to this information.

#### **12. How is the Fastmarkets RISI assessment calculated?**

Price assessors look first and foremost at concluded transaction prices. They also consider bids and offers, trigger prices and prices in related market. They apply their professional judgment to assess fair market value for the given commodity at the given point in time.

#### **13. How do price assessors produce an assessment in opaque and illiquid markets?**

In the absence of actual transaction prices, bids or offers, editors consider other information such as:

- trigger prices;
- the change in prices from previously assessed periods;
- market fundamentals such as changes in inventory levels, shipments, operating rates and export volumes;
- relative values of similar commodities in the same region;
- relative values of the same commodity in different regions;

- changes in the value of the commodity's primary feedstock or primary derived product(s). They apply their professional judgment to come up with an assessment of fair market value for that product at that time. The guidelines on how price assessors apply judgment are published in RISI's methodology guides.

#### **14. What does the high/low range represent? Is it the minimum and maximum prices paid?**

The high/low range reflects our price reporters' evaluation of where most business was done. It does not represent the minimum and maximum prices paid. In moving markets the range may be wider and in stable markets would tend to be smaller. At any time there are likely to be transactions above and below the published range.

#### **15. Do assessments represent the price before or after discounts?**

Price assessments reflect the upper end of the range of net prices at which the bulk of transactions take place.

#### **16. What is meant by Open Market?**

Open market refers to normal, arms-length business negotiated between non-affiliated companies. Open market transactions are subject to normal market forces.

#### **17. How are transactions between affiliated companies treated?**

Business concluded by affiliated companies is not considered for the purpose of Fastmarkets RISI assessments.

#### **18. How does Fastmarkets RISI treat formally indexed transactions?**

Fastmarkets RISI does not take into account transactions whereby the price is formally linked to either the Fastmarkets RISI published price assessment or another published price.

#### **19. How does RISI treat announcements of intended price increases? For example, if a seller announces on November 15<sup>th</sup> that they will raise prices from November 30<sup>th</sup>, would this be included in the November price assessment?**

Intended price increases at a future date are not taken into account in our assessments.

Fastmarkets RISI's published prices reflect our price reporters' assessment of fair market value at the time of publication.

## **20. Where can I find Fastmarkets RISI's methodology guide for North American paper and packaging markets?**

All Fastmarkets RISI methodology guides are posted on a dedicated page on our website. To view the North American paper and packaging methodology guide, please click [here](#).

## **Policy questions**

### **21. How does Fastmarkets RISI ensure consistency in its price assessment processes?**

Price assessors are chosen for their experience and skill. Many have years of experience and are considered experts in their field. Price assessors are given intensive training early on in how to assess pulp and paper markets. They all work according to Fastmarkets RISI's standard methodologies (these are published on our website) as well as internal guidelines on market reporting. In addition, each price is peer reviewed and then signed-off by a senior editor before publication to reduce errors and ensure methodology has been correctly applied. Price reporters are also reviewed annually to check their knowledge of and application of the Fastmarkets RISI price reporting methodology. In case of a change of job, the outgoing price assessor would leave notes on their market and contacts for the next person picking up the job. There would usually be a handover period as well.

### **22. What happens if a Fastmarkets RISI price assessor publishes an erroneous assessment?**

In case of genuine errors, a correction will be issued as soon as possible. A coverage note will also be posted online and in the next issue of the publication.

### **23. What happens if new information comes to light after assessments have been published?**

If new information comes to light after the assessments have been published, this would be taken into account in the next assessment. Fastmarkets RISI does not correct price assessments based on information that comes to light after publication.

#### **24. What checks are in place to avoid errors?**

Each price is peer reviewed and then signed-off by a senior editor before publication to reduce errors and ensure methodology has been correctly applied.

#### **25. Is there a danger in participating in the survey because of antitrust sensitivity in this sector of the industry?**

All Fastmarkets RISI price reporters undergo anti-trust training before starting the job and regularly thereafter. Participating in the survey itself should not increase companies' exposure to anti-trust risks.

#### **26. How do I register a complaint?**

Fastmarkets aims to provide its subscribers with timely news and quality pricing information that meets the highest standards. In the event that a customer has a question, wishes to raise issues or provide feedback, we provide several levels of service designed to handle complaints.

Most inquiries can be handled by the reporter responsible for specific pricing. If you are not satisfied with the response from the price reporter, or if you have other concerns, you may contact the Fastmarkets Editorial Team. To escalate your concern regarding any type of issue (eg, market value, proposed price assessment changes, applications of methodology in relation to a specific price assessment and other editorial decisions in relation to price assessment processes), you should submit your complaint in writing to the Fastmarkets Risk and Compliance manager. For full details of our complaints policy please see [here](#).