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- Less is more: keep your presentation slides clear and uncluttered

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Transparency in Price Changes

A new methodology for modern times

Ryan Fox
Market Analyst
Bloomberg Green Markets

Bloomberg Intelligence BI

Challenging The Status Quo

Cellphones and their contracts and plans changed a lot over the last 30 years.

Corrugated Box contracts have not.

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Challenging The Status Quo

Box contracts are commonly tied to the price of 42# Kraft Linerboard.

Why?

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Find A Better Way

“That’s the way we’ve always done it.”

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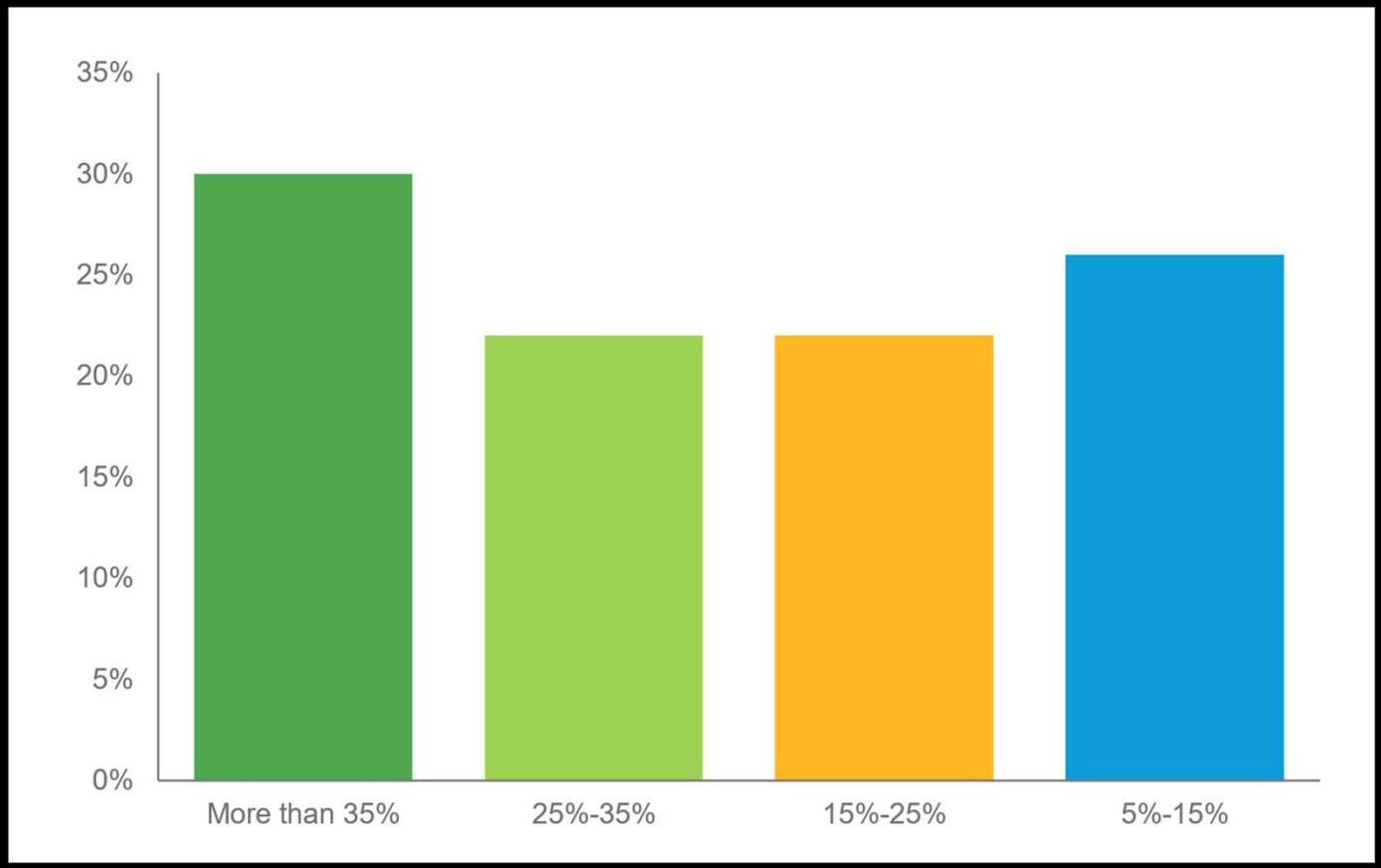
What is the “open market” for linerboard and how big is it?

How Big Is The Open Market In The US? – LinkedIn Poll



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Find A Better Way

There are only about 40, independent, non-vertically integrated buyers left in the USA.

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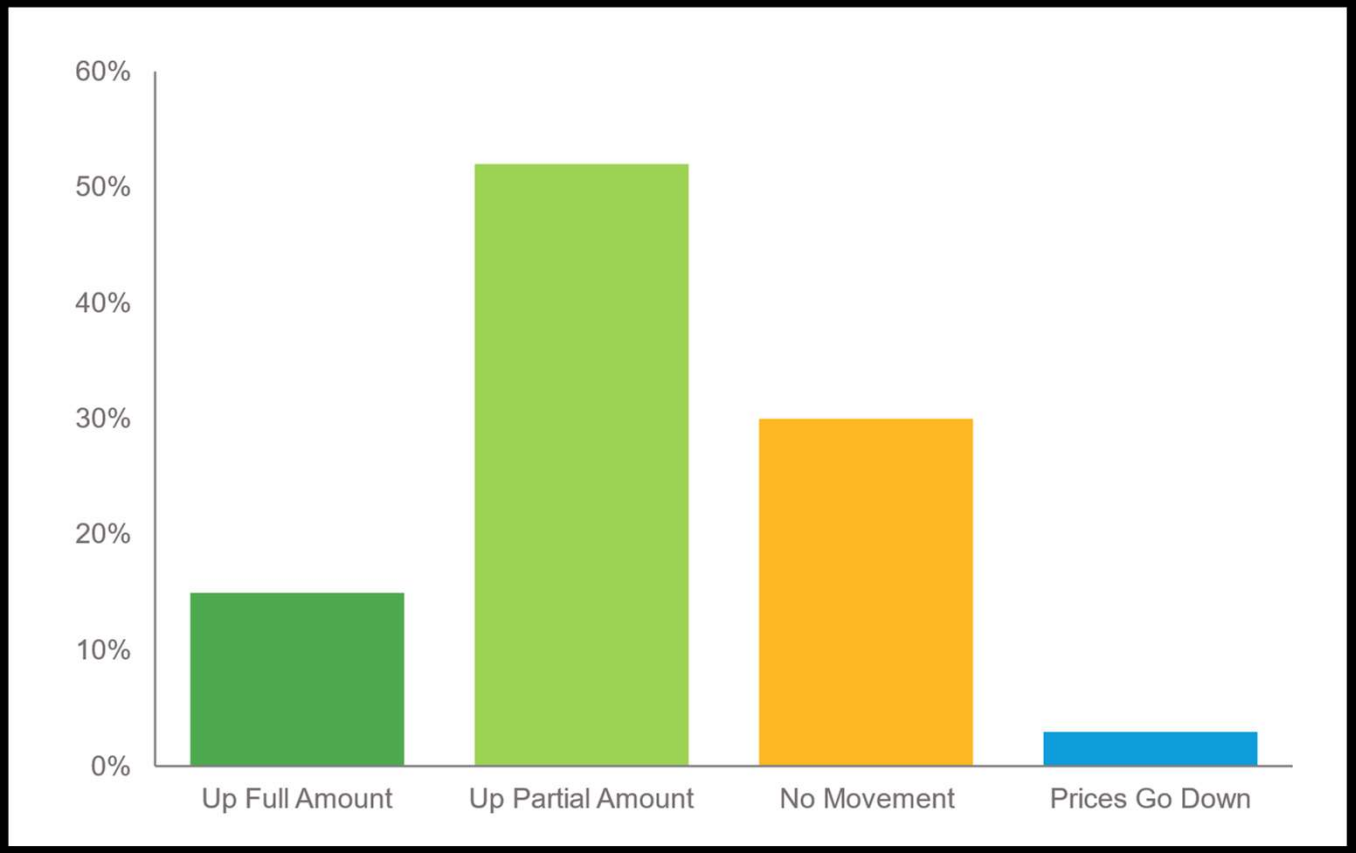
What Do You *THINK* Will Happen in January? – LinkedIn Poll



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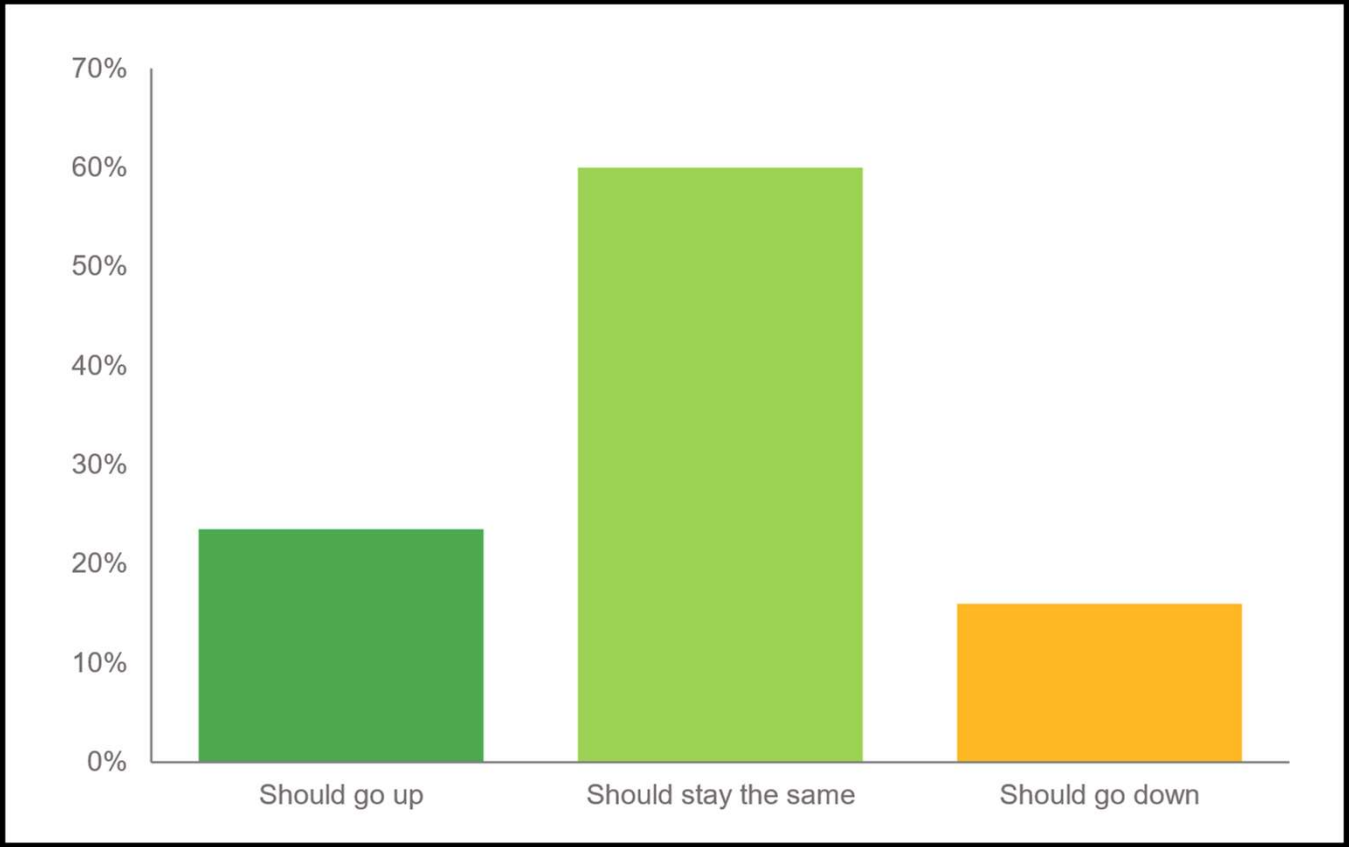
What *SHOULD* Happen in January? – LinkedIn Poll



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Transparency & Trust

No one really understands how prices move under the current methodology.

“We think prices will go up because…”

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Transparency & Trust

As the cellphone industry changed with technology, the corrugated industry needs a new methodology.

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Transparency & Trust

The industry is evolving.
Data *can* help make better decisions.

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Transparency & Trust

The new index is not about a “should cost” model. It’s about how much and when prices move during a contract.

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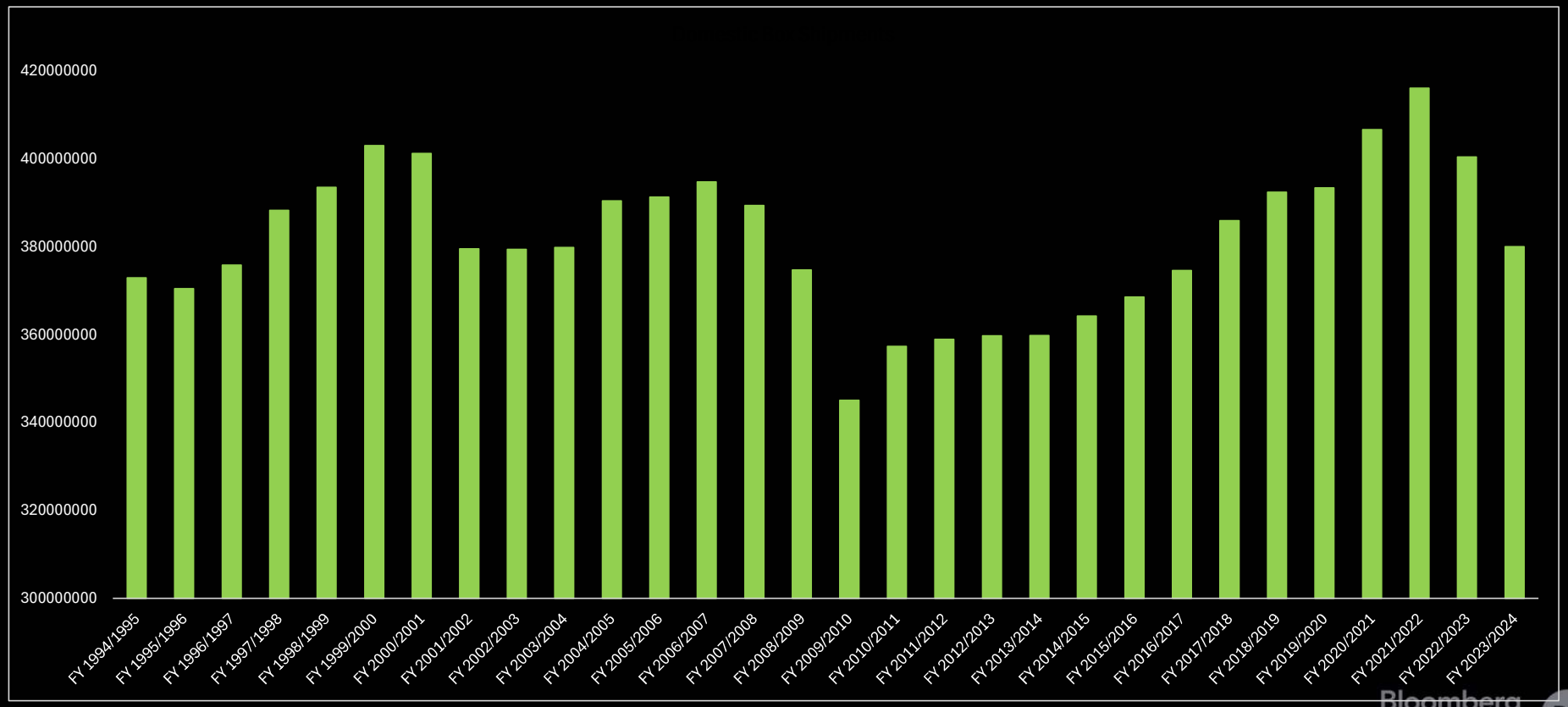
Shipment Trends



Source: Bloomberg Green Markets, FBA

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Capacity Changes

The number of box plants is 25% lower than it was 30 years ago.
The number of employees is 27% lower than it was 30 years ago.

We are asking box plants to do more and with fewer employees.

Machines are being asked to do the work that fills the gap.

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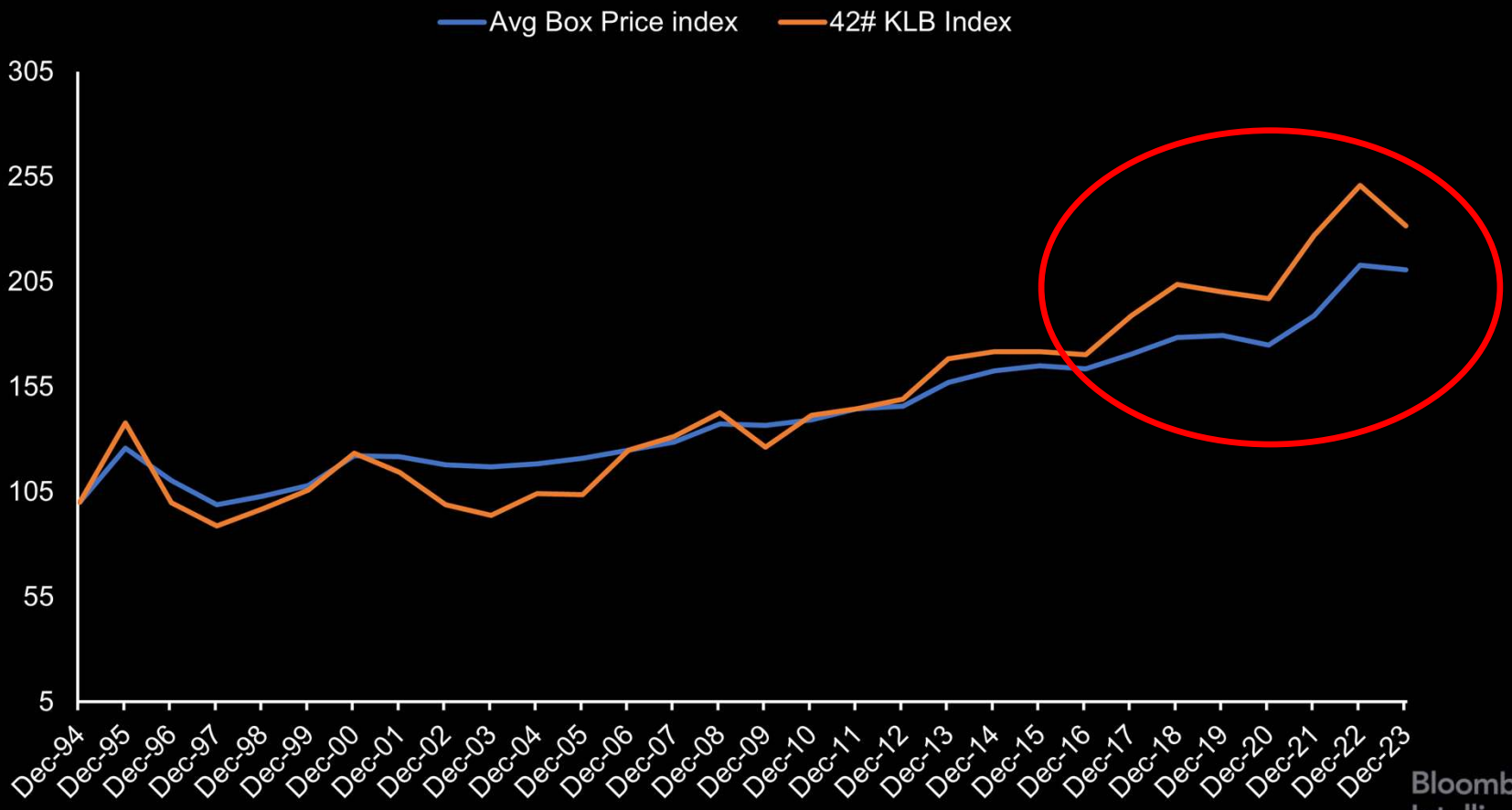
Capacity Changes

Box buyers now have a growing number of suppliers to choose from that all seem to have insatiable levels of capacity.

Machines like the Mitsubishi EVOL have changed the cost curve. That has armed some box makers with “margin” to give away.

Linerboard is Detached from Boxes



Source: Bloomberg Green Markets, FastMarkets RISI, FBA

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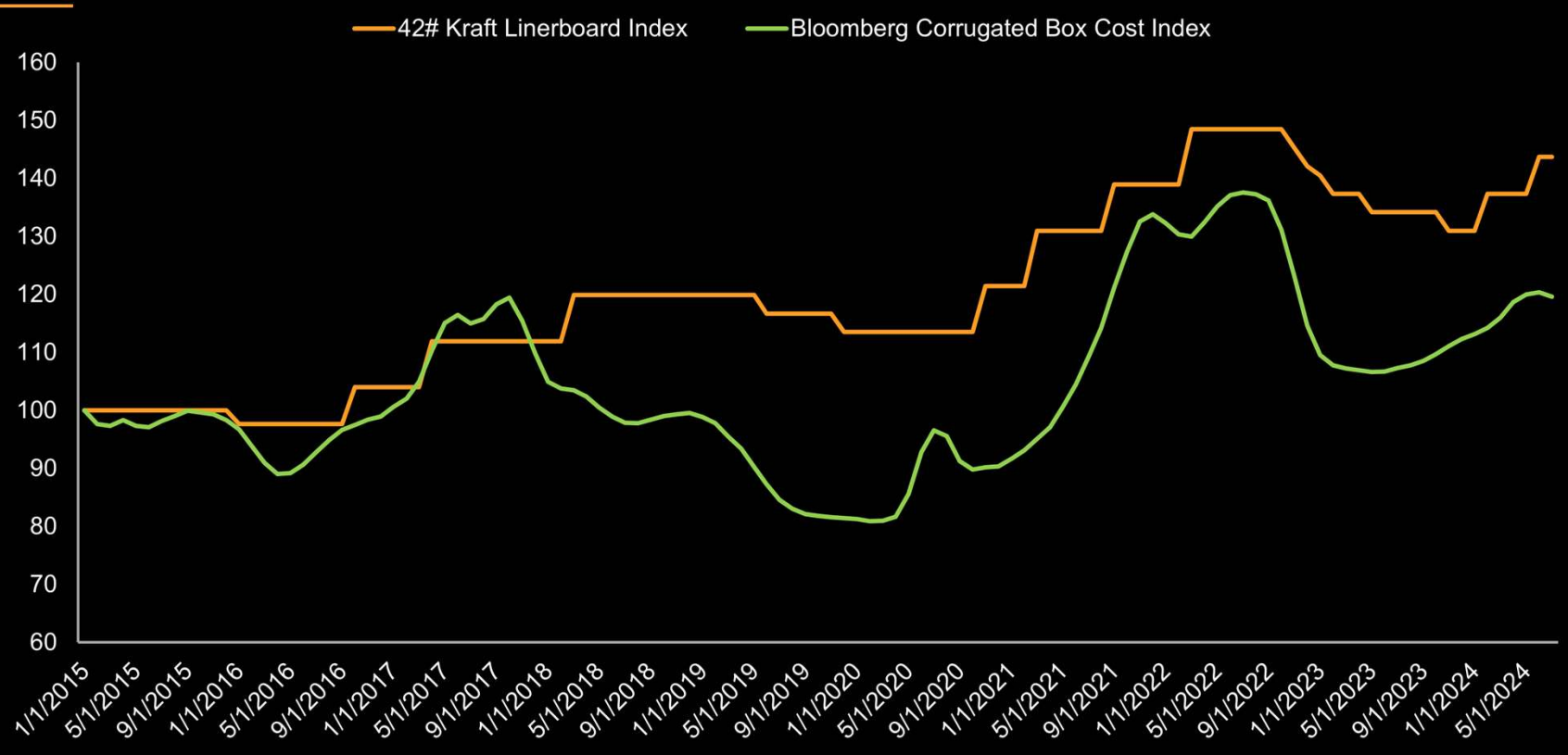
New Index Trends



Source: Bloomberg Green Markets, FastMarkets RISI

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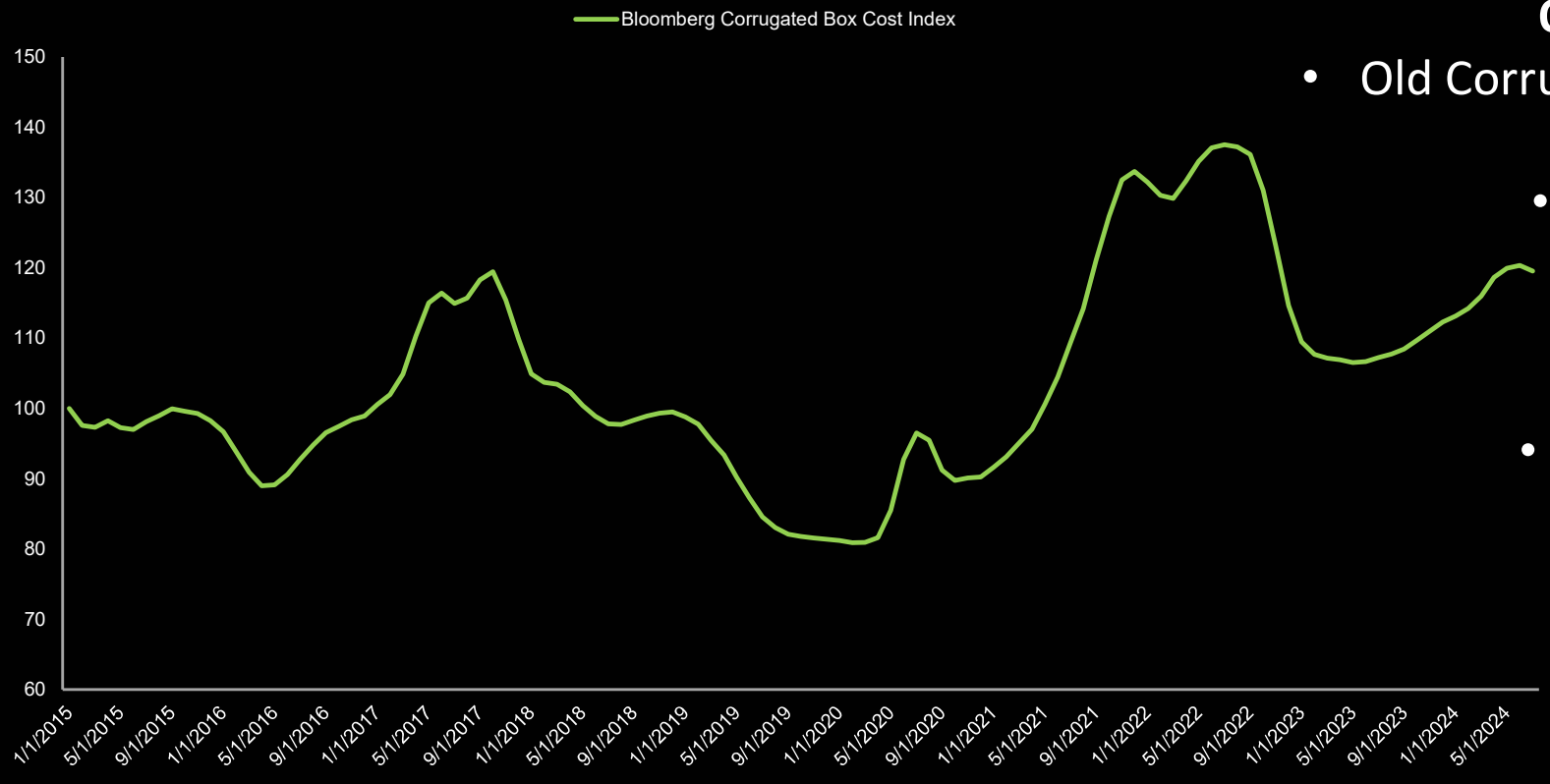
New Index



Objective Data

- Old Corrugated Cartons
- Corn Starch
- Caustic Soda
- Freight
- Energy
- Labor
- Maintenance

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Old vs. New Index

- Simple. One button, One Joystick
- Limited features
- Great if you like PONG or Donkey Kong

- Complex. Many buttons, multiple joysticks
- Features are too vast to list.
- New games, movies, old games, streaming services, etc

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Transparency & Trust

Frictions:

- Overcoming the Inertia of the Industry
- The new index requires effort and participation.
- Emotions. We don’t know what to expect.
- Reactance. Involving buyers and sellers.

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Interested? Let’s run some scenarios together based on *your* boxes and agreements.

Questions?

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2,000+ companies

15yrs avg. analyst experience

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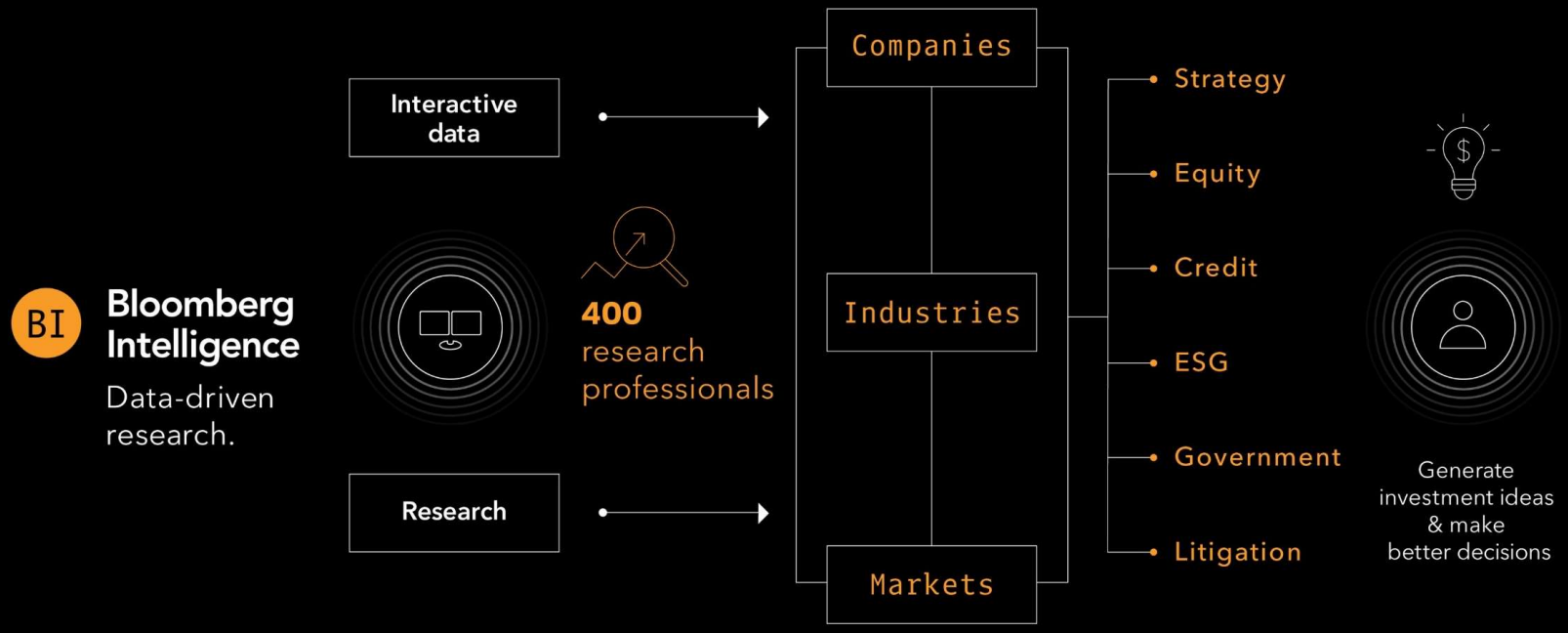

Thank you / About me

Ryan Fox, Corrugated Market Analyst
609-2798-3849
rfox93@bloomberg.net

www.linkedin.com/in/ryandfox

Corrugated – Wilmington Box Co 2010-2014
Corrugated – Pratt Industries 2014-2018
Distribution – 2018-2021

NC State University MBA
Innovation Management Concentration

Lean Six Sigma Green Belt

Green Markets / Bloomberg Intelligence 2021 - Present

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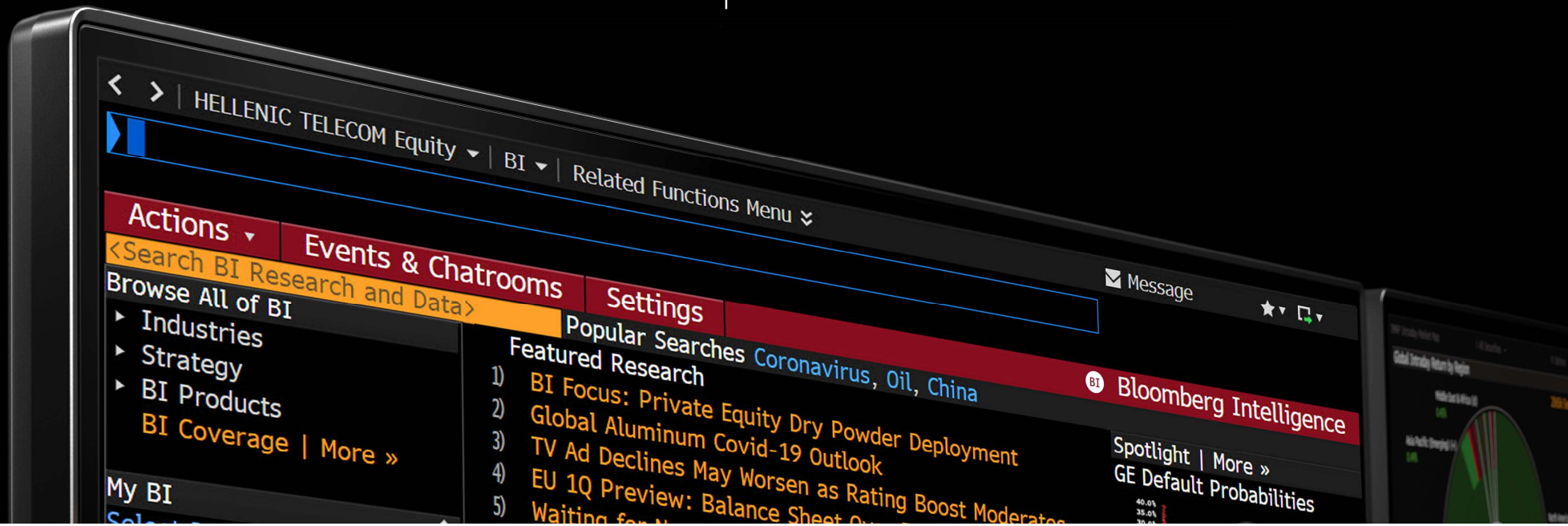
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