

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood fiber costs for hardwood pulp producers have fallen 17% in two years and in the 3Q/13, were the lowest they have been since 2009, reports the Wood Resource Quarterly

Wood fiber costs, which account for about 60% of the production costs when manufacturing pulp, have been in steady decline in many parts of the world for the past two years, reports the Wood Resource Quarterly. In the 3Q/13, the Hardwood Fiber Price Index (HFPI) had fallen 17% since 2011, while the Softwood Fiber Price Index (SFPI) was down 10% over the same period.

Seattle, USA. The wood costs for the global pulp industry have trended downward in a majority of the pulp-producing regions of the world the past two years, according to the Wood Resource Quarterly (WRQ). This has mainly been the result of lower prices for market pulp but also because of reduced pulp production and increased supply of wood fiber in some regional markets.

As the costs of energy, labor and chemicals have changed relatively less than those of wood fiber the past year, the wood cost as a percentage of the production costs when manufacturing pulp have fallen. In the 2Q/13, wood fiber costs accounted for just over 59% of the production costs on a worldwide basis, down from approximately 63% in the 2Q/12 but up from 51% in 2006, according to Fisher International.

Although wood fiber prices have trended downward for most of the past few years, softwood fiber prices were actually up from the previous quarter in the 3Q/13 in most countries worldwide with just a few exceptions including Sweden, Brazil, and Australia. The largest price increases were seen in the US South, Germany, France and Spain.

The **Softwood Fiber Price Index (SFPI)** edged up to \$97.94/odmt in the 3Q/13, as reported by the WRQ (www.woodprices.com). This was \$0.19/odmt higher than in the previous quarter but over 10% lower than two years ago.

The **Hardwood Fiber Price Index (HFPI)** fell for the fourth consecutive quarter to \$98.15/odmt in the 3Q/13. This was down 2.3 % from the previous quarter and the lowest level since the 2Q/09. The biggest price declines have been in Asia and Latin America, while wood costs in Europe, Russia and North America have continued to be relatively stable the past year. In just two years, the HFPI has fallen by almost 17%.

*Note. The Global Wood Fiber Price Index is a weighted average of delivered wood fiber prices for the pulp industry in all regions tracked by the publication **Wood Resource Quarterly**. These regions together account for 85-90% of the world's wood-based pulp production capacity.*

Global pulpwood, sawlog and timber market reporting is included in the 52-page quarterly

*publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To download a sample copy of the WRQ**, please go to www.woodprices.com*

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