

# Forest Products Market Update

*- a news brief from Wood Resources International LLC*

## **Global softwood lumber markets were mixed in the 3Q/09 - up in China and Northern Africa, while still slow in the US and Japan, reports the Wood Resource Quarterly**

*Softwood lumber imports to China have increased by 81% in 2009. It is not inconceivable that China will import more lumber than Japan in 2009, a historical first. Canadian sawmills have been the major beneficiaries of this new fast-growing market, reports the Wood Resource Quarterly.*

**Seattle, USA. December, 2009.** Softwood lumber markets continued to be weak in Japan and the US during the 3Q/09, but have improved in Europe and, surprisingly, northern Africa, according to the Wood Resource Quarterly. Swedish sawmills have shipped 45% more lumber to Egypt, Morocco and Algeria this year compared to last year, and this market has a current market share of 23% of all lumber exported from Sweden. Egypt is the third largest market for both the Swedish and Finnish lumber industries. With the increase in demand from the export market, lumber prices in the Nordic countries have gone up by over 20% in four months.

The lumber market in Japan did not change much during the 3Q, with domestic sawmills running at much lower rates than in 2008. During the first eight months, production was 15% lower than last year, and it is not expected that there will be much improvement in the 4Q. So far this year, lumber imports are about 77% of last years' level. Prices for both domestic and imported lumber have been fairly stable in Yen terms but have increased slightly in US dollars because of exchange rate adjustments.

China is consuming record-volumes of lumber this year and the country's thirst for lumber has not only been met by higher production at the country's sawmills, but also from an increase in the importation of lumber. During the first nine months this year, China imported 81% more lumber than during the same period last year. It is not inconceivable that in 2009, China will import more lumber than Japan, a historical first. Canadian sawmills have been the major beneficiaries of this new fast-growing market, with exports up 135% so far this year.

The US lumber market improved for a short period in June and July when sawmill curtailments created reduced lumber inventories, but the rally was short-lived and both production and prices fell back slightly towards the end of the 3Q in both Canada and the US. Softwood lumber prices were higher this fall than in the spring when prices reached record lows. Expectations are that the US lumber market will continue to be slow during much of 2010.

*Global forest industry reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks*

*sawlog, pulpwood, lumber and pellet prices in key regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.*

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