

# **Global Timber and Wood Products Market Update**

*- a news brief from the publishers of Wood Resource Quarterly*

## **Lumber demand is increasing worldwide and has resulted in higher lumber prices in the 1Q/11 in the US, Japan, China and Europe, reports the Wood Resource Quarterly**

*Last year global demand for softwood lumber increased by more than 10 percent after having hit a 50-year low in 2009. The rise in demand has pushed lumber prices in North America, Asia and Europe to their highest levels in ten months, reports the Wood Resource Quarterly.*

**Seattle, USA.** Global demand for softwood lumber increased by over 10 percent in 2010. This came after a year when wood consumption worldwide was the lowest it had been in almost 50 years. This upward trend in consumption has continued thus far in 2011, with total volume consumed being more than 15 percent higher than the same period in early 2010, according to the market publication Wood Resource Quarterly.

Not surprisingly, it is China that has been the major driver in the higher demand for lumber. The country's sawmills are far from being able to meet the increased demand, and as a result there has been a substantial increase in import volumes the past five year, from just over two million cubic meters (m<sup>3</sup>) in 2006 to 9.4 million m<sup>3</sup> in 2010. This unprecedented rise in shipments continued the first two months of 2011 when imports were as much as 32 percent higher than in 2010.

Practically all major lumber markets in Asia, Europe and North America experienced stronger demand last year. This resulted in higher production worldwide and also increased global trade. The world's largest importer, the US, imported seven percent more lumber in 2010 than the previous year, while imports to the third largest market, Japan, were up almost 15 percent. In Europe, shipments were up between 10 and 35 percent to the largest lumber-consuming countries on the continent.

The improved market conditions have resulted in higher lumber prices worldwide. Although the price movements have been rocky, fluctuating substantially in some markets the past 12 months, trends have been up. In the US, southern yellow pine prices were 24 percent higher in March this year as compared to last summer. Similar upward trends have been seen with Douglas-fir lumber in Western US and for spruce-pine-fir lumber in Western Canada.

In both Japan and China, import prices for most species of lumber have trended upward since early 2009, particularly for higher-grade Russian pine to Japan and lower-grade Canadian hemlock to China, as reported in the Wood Resource Quarterly

Lumber prices can be anticipated to go up in many markets during 2011 for a number of reasons, including expected increased demand in China, somewhat higher lumber imports

to Japan for the rebuilding after the earthquake, and continued measured improvements in the US housing market (mainly repair & remodeling and multi-family residential housing).

*Global timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices and market developments in most key regions around the world.*

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