

Global Timber and Wood Products Market Update

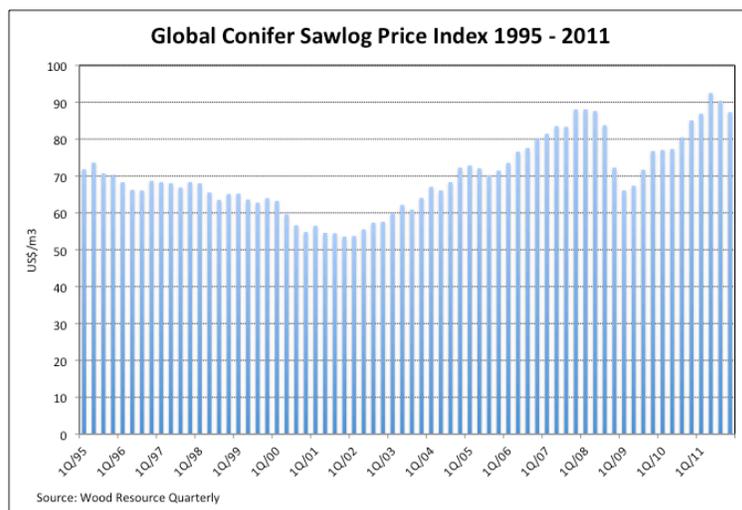
- a news brief from Wood Resources International LLC

Global sawlog prices fell in late 2011, especially in lumber export-oriented countries such as Western Canada, Finland, Sweden, Russia and New Zealand, reports the Wood Resource Quarterly

Weakening lumber markets in Asia and Europe reduced demand for sawlogs in many countries late last year. As a result, log prices in a number of the major lumber-producing countries in the world fell during the second half of 2011, according to the market report the Wood Resource Quarterly.

Seattle, USA. Sawlog prices in the 4Q/11 were down both in US dollar terms and in local currencies in most of the 20 regions covered by the Wood Resource Quarterly (WRQ) as compared to the previous quarter. The biggest declines occurred in Western Canada, Finland, Sweden, Russia and New Zealand, all countries that have an export-oriented sawmilling sector. Despite the recent price declines, many markets still have close to record high price levels, and are higher than they were in the 4Q/10.

The Global Conifer Sawlog Price Index (GSPI) declined for the second straight quarter to \$87.28/m³ in the 4Q. The Index was down six percent from the all-time high in the 2Q/11. The only major region where prices did not change much in late 2011 was in the US South. In fact, over the past three years, the average log prices have been very stable. This region has not only had very *stable* log prices, but also, the prices are among the lowest in the world.



In the fall, lumber demand weakened in the US, China and throughout Europe, which resulted in less demand for sawlogs. Typically there is a lag-time in price adjustments for logs when lumber prices change, so it can be expected that log prices will continue to go down in early 2012.

Despite the slowdown in log demand worldwide towards the end of last year, global trade of softwood logs in 2011 was still the highest it had been in four years. Total trade was estimated to be close to 95 million m³, which was nine million m³ higher than the previous year and as much as 24 million m³ more than the bottom-year of 2009. New Zealand, the US, the Czech Republic, Canada and Australia have seen the biggest increases in softwood log exports over the past few years. Russia is still the largest exporting country, but its share of total exports has diminished.

*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. **To subscribe to the WRQ, please go to www.woodprices.com***

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