

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

A drop in demand for woody biomass in the US reduced biomass prices in the South, Northeast and the West during the 2Q/12, reports the North American Wood Fiber Review

Prices for mill and forest biomass fell in most major consuming regions of the US in the 2Q/12, according to the North American Wood Fiber Review. The main reason for the declining prices is the continued fall of natural gas prices to levels not seen in ten years.

Seattle, USA. Prices for woody biomass in the US, whether sawmill by-products, forest residues or urban wood waste, have been sliding for most of the past three years, but were still higher late in 2011 in most regions than they were five years ago, according to the North American Wood Fiber Review.

In the 2Q/12, woody biomass prices were down between 2-10 percent in the key biomass-consuming regions, the US South, Northeast and in the West as compared to the 1Q/12. In the US Northwest and California there continues to be a substantial price discrepancy between mill biomass and forest biomass, but this price difference is minimal in the US South.

During 2011, natural gas prices fell about 45 percent in the US and the lower prices have reduced the urgency for investing in woody biomass projects in the country. However, despite the plunging natural gas prices, plans for more facilities utilizing woody biomass continued during 2011 and 2012 in both Canada and the US, with some projects nearing completion and others in start-up mode.

Wood fiber demand for all planned biomass projects in the US dropped in the first half of 2012 as compared to early 2011. Most of the decrease in wood usage the past year has been that wood used in the generation of electricity for the domestic market in the US, while the pellet industry has continuously expanded capacity to serve the growing demand in Europe.

The US had about 450 announced and operating woody bioenergy projects in the spring of 2012, including wood pellets, liquid fuel, electricity-generation and combined heat and power (CHP). The projected wood fiber use for all planned biomass projects is estimated to reach just over 30 million dry tons of fiber annually by 2020, according to Forisk.

Commercial and residential energy consumers' interest in switching to more expensive green energy is likely to continue to be lukewarm as long as demand for energy is low and natural gas prices are their lowest levels in over ten years.

*The North American Wood Fiber Review has tracked wood fiber markets in the US and Canada for over 20 years and it is the **only publication** that includes prices for sawlogs,*

*pulpwood, wood chips and biomass in North America. The 36-page quarterly report includes wood market updates for 15 regions on the continent in addition to the latest export statistics for sawlogs, wood pellets and wood chips. **To subscribe to the NAWFR please go to www.woodprices.com***

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