

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

## Wood chip prices fell throughout the US and Canada in the 2Q/12; the US South continues to have the lowest chip prices and Eastern Canada the highest, reports the North American Wood Fiber Review

*Prices for softwood chips have trended downward in both the US and Canada during the first six months of 2012, according to the North American Wood Fiber Review. The biggest declines came in British Columbia and Alberta because of lower market pulp prices. Chip prices in the US South, the Lake States and the Northeast experienced only minor price adjustments during the first half of this year.*

**Seattle, USA.** Softwood chip prices fell in a number of key regions in North America during the 2Q/12 from the previous quarter. The biggest declines were seen in the US North West, Lake States and Eastern Canada, while prices were unchanged or just slightly higher in the US South, US Northeast, British Columbia and Alberta, according to the North American Wood Fiber Review.

High wood fiber inventories, plenty of sawmill chips and pulplogs, and maintenance shutdowns by a number of pulp mills were the main reasons wood chip prices fell by almost seven percent in the 2Q in the **US Northwest**. Current chip prices are the lowest they have been in over a year, but still well over the 25-year average.

In the **US South**, softwood chip prices have stayed remarkably stable for almost two years. This is a testament to the well-functioning market dynamics that can balance the fiber supply and demand in an efficient manner despite recent droughts, wildfires and flooding. Chip prices in the US South are currently the lowest in North America, and are slightly below the historical trend.

Over the past six months, wood chip prices in **British Columbia** have fallen 16 percent, the second biggest price decline in North America the past two quarters behind **Alberta**. Temporary pulpmill shutdowns have led to lower wood fiber demand and sharply reduced prices for market pulp, resulting in the biggest price decline for chips since 2008, as reported in the North American Wood Fiber Review.

Just when many sawmills were marginally increasing their lumber production across Eastern Canada, several had to temporarily curtail their operations due to an excess of residual chips that they were unable to move. Pulpmill fiber buyers initially attempted to fulfill their fiber needs by purchasing residual chips from all sawmills, but as the quarter progressed, they protected their own company-integrated sawmills rather than independent sawmills. Softwood chips prices declined by about ten percent in Eastern **Ontario** and **Quebec** in the 2Q/12 from the fall of 2011, but were still among the highest in North America.

*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](http://www.woodprices.com)***

**Contact Information**

Wood Resources International LLC

Hakan Ekstrom

[info@wri-ltd.com](mailto:info@wri-ltd.com)

[www.woodprices.com](http://www.woodprices.com)