

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Sawlog prices trended downward worldwide in past 12 months, with the Global Sawlog Price Index falling 11% from the 2Q/11 to the 2Q/12, according to the Wood Resource Quarterly

Wood costs have fallen the past year for many sawmills in the major lumber-producing countries worldwide. The Global Sawlog Price Index was US\$82.90 per cubic meter in the 2Q/12, which was 11.5% lower than in the 2Q/11, according to the Wood Resource Quarterly. Sawlog prices have declined the most in Europe the past year.

Seattle, USA. Softwood sawlog prices continued their slide throughout the world in the 2Q/12, and the Global Sawlog Price Index (GSPI) was down for the fourth consecutive quarter to \$82.90 per cubic meter, according to the Wood Resource Quarterly (WRQ). The Index, which is based on sawlog prices in 20 regions around the world, was down 3.4 percent from the 1Q/12 and 11.5 percent from its 17 year high in the 2Q last year.

Log prices were down in practically all regions tracked by WRQ in both the local currencies and in US dollar terms. The only exceptions were in Western US and British Columbia, two regions that have been benefiting from strong exports of lumber to Asia and higher demand for lumber in the US market the past six months. In US dollar terms, log prices in the 2Q/12 fell the most in Brazil, Japan, the Czech Republic, Sweden and Russia.

Consumption of lumber in Europe has been in decline as a result of the continued financial crises in a number of European countries. As a consequence, demand for sawlogs and log prices have fallen steadily for the past 12 months and were on average about 14% lower in the 2Q/12 than in the 2Q/11. The price declines were the largest in the Nordic countries where log prices have come down 18% the past year. The good news for the region's sawmills is that log prices have fallen more steeply than lumber prices, which only declined an average of eight percent from the 2Q last year. Despite having moved up slightly the past few months, lumber prices are still well below the average for the past three years.

A comparison of sawlog prices from the 2Q/12 with those from 2Q/10 shows that current prices are substantially higher in most European countries, particularly in Eastern and Central Europe. For example, average prices in Poland are up 32% from two years ago, and Austrian sawmills have seen log costs go up 15% since 2010. Of all European countries tracked by the WRQ, only Sweden and Norway had lower log costs in the 2Q/12 as compared to the same quarter in 2010.

Global pulpwood and timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade 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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