

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Higher lumber demand in the US increased both US lumber production and importation in the 3Q/12, but sawlog prices have remained unchanged since 2011, reports the Wood Resource Quarterly

The improved housing market in the US the past four months has resulted in both higher lumber production in the US and in increased importation of lumber. As a consequence lumber prices have gone up by over 30% from last year. However, sawlog price have remained unchanged so far this year, reports the Wood Resource Quarterly.

Seattle, USA. Housing starts in the US jumped to 894,000 units in October. This was 19 percent higher than in August, and as much as 42 percent more than in October of last year. So far this year, housing starts have been at their highest levels since 2008, and market analysts expect the next 12 months to be bumpy but still upward-trending.

The improved housing market has been good news for many sawmills in North America, reports the Wood Resource Quarterly. Lumber production has been higher throughout the continent, with an increase of 7.3 % in August year-over-year in the US, and of 6.3 % in Canada over the same time period.

The US Northwest and the province of Quebec have been the regions with the biggest increases in production the past year. The sawmills in Quebec have really ramped up production, with output in August being 30 percent higher than in August last year. It is also interesting to note that for the first time in two years, sawmills in the Western US produced as much lumber as the mills in the US South in August. Typically production levels are higher in the US South than in the West.

The improved US housing market has resulted not only in higher domestic lumber production, but also in an increase in the importation of lumber. Softwood lumber imports in the 3Q/12 were up nine percent from the previous quarter, which was the highest quarterly import volume since the 2Q/10.

The higher lumber demand has pushed lumber prices substantially upward this fall. In November, Southern pine prices were 48 percent higher year-over-year, while Western hemlock prices were up 32 percent over the same period, according to Random Lengths.

As reported in the Wood Resource Quarterly, sawlog prices have not yet gone up as a result of the improved lumber market. Pine log prices across the US South have been practically unchanged for almost two years, and sawlog prices in the US Northwest have been surprisingly flat for more than a year. However, in early November, there was increased upward pressure on sawlogs prices in the West from Chinese log buyers that were more active in the market than earlier in the year.

*Global timber, pulpwood and biomass 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 market development as well as sawlog, pulpwood, lumber and pellet prices in most key regions around the world. **To subscribe to the WRQ, please go to www.woodprices.com***

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