

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood fiber costs for pulp mills fell in both North America and Latin America in the 4Q/12 because of weaker pulp markets and an increased supply of sawmill chips, reports the Wood Resource Quarterly

Lower pulp prices during last summer and an increased supply of sawmill chips put downward pressure on pulpwood prices in North America and Latin America in the 4Q/12, according to the Wood Resource Quarterly. The biggest declines occurred in Western US, British Columbia and Brazil.

Seattle, USA. Wood fiber prices trended downward in the local currencies in many of the key pulp-producing countries of the world in the fourth quarter. However, as a result of the weakening US dollar, wood fiber prices actually increased in US dollar terms in a number of countries and the **Softwood Wood Fiber Price Index (SFPI)** was up slightly (+0.1%) in the 4Q/12 to \$100.13/odmt. The biggest increases from the 3Q to the 4Q occurred in Eastern Canada, Finland, France and New Zealand, according to the Wood Resource Quarterly (www.woodprices.com).

The price declines in the local currencies were mainly the result of an increased supply of softwood fiber in regions with extensive lumber production. In the US Northwest, chip prices fell as much as 27 percent during 2012 and pulp mills in the region had some of the lowest softwood fiber costs in the world in the 4Q/12.

Additional volumes of residual chips from increased lumber production, reductions in pulp production and pulpmill outages, and large supplies of pulplogs were all factors that contributed to the dramatic turnaround in fiber costs during 2012. A similar trend was seen in Western Canada, where prices in the 4Q/12 were down 22 percent from late 2011, reaching their lowest levels in three years.

Hardwood fiber price movements were mixed, with hardwood pulplog prices generally trending downward in many of the key hardwood pulp-producing regions in both local currencies and in US dollar terms. This resulted in a decline in the **Hardwood Wood Fiber Price Index (HFPI)** to US\$104.80/odmt in the 4Q/12. This was down 1.5 percent from the previous quarter and 7.8 percent from the 4Q/11.

The biggest decline in hardwood fiber prices occurred in Brazil where Eucalyptus log prices have fallen continuously for over a year from early 2011, when they were at their all-time highs. In the 4Q/12, prices in US dollar terms were back down to same levels as where they were in early 2009. Few regions in the world currently have lower hardwood costs than Brazil.

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***

Contact Information

Wood Resources International LLC

Hakan Ekstrom

info@wri-ltd.com

www.woodprices.com