

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Global sawlog prices rose in the 4Q/13 resulting in the GSPI reaching its third highest level since 1995; the highest price increases were seen in Western North America, Northern Europe and the Baltic States, reports the Wood Resource Quarterly

Higher demand for lumber and increased global trade of logs pushed sawlog prices upward in many markets during 2013, according to the Wood Resource Quarterly. As a consequence, the GSPI price index has moved upward to reach its highest level in eight years. Log prices in Western North America, Sweden, Finland, Latvia and Japan have increased the most over the past 12 months.

Seattle, USA. Sawlog prices trended upward throughout the world in the 4Q/13 and the Global Sawlog Price Index (GSPI) rose to US\$88.78/m³. This was the highest level in over two years and the third highest price on record since the inception of the Index in 1995, reports the Wood Resource Quarterly (WRQ). In the 4Q/13, the GSPI was 5.4% higher year-over-year and 14% higher than the ten-year average.

Many of the price increases around the world during 2013 were the result of improved lumber prices in a number of key markets in the second half of the year and a substantially higher trade of logs worldwide. Global shipments of softwood logs were up by as much as 17% from 2012, totaling more than 80 million m³, based on estimates by Wood Resources International. This was the highest shipment of logs since 2007 when global trade reached an estimated 86 million m³. Of the ten largest log-importing countries, China, Germany, Sweden, Finland and Canada increased import volumes the most year-over-year. It was only South Korea that reduced importation from 2012 to 2013.

On a regional basis, sawlog prices in the 4Q/13 did go up the most in North America and Europe year-over-year because of tighter log supply, while log prices retracted somewhat in Latin America and Oceania (in US dollar terms). In local currencies, upward price movements the past year have been the highest in the Western US, Western Canada, Japan, Latvia and Sweden, with 4Q/13 prices being between 8-18% higher than in the 4Q/12, according to WRQ (www.woodprices.com).

Most of the listed countries are major lumber exporters, and with improved consumption of lumber around the world in late 2013, demand for sawlogs did increase so sawmills have been forced to pay more for logs to be able to obtain sufficient supplies to feed their mills. This trend is likely to continue in 2014 with lumber markets improving in North America and Europe.

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

*30 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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