

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

US sawlog prices started falling in the 2Q/14 after a three-year upward trend, this due to lower US lumber prices and weaker log export markets in Asia, reports the Wood Resource Quarterly

After a healthy 2013 and early 2014, lumber markets in the US started weakening in the spring with lumber prices falling over ten percent so far this year. The reduced lumber prices together with lower demand for US logs in Asia in the second quarter have put downward pressure on US sawlog prices so far this year, according to the Wood Resource Quarterly.

Seattle, USA. The sawmilling sector in the US has been in a steady comeback mode ever since the global financial crisis struck in 2008. From 2009 to 2013, production has gone up every year, and the total production increased 28 % over this four-year period, at about the same pace in the South and the West. During the first quarter of 2014, production fell in the South by 1.1% as compared to the same period in 2013, while production was up 2.1% in the West (most in the Inland region), according to the latest data from WWPA.

Both lumber export from and imports to the US have gone up in the 1Q/14 year-over-year. Export volumes were up 18 % with the biggest increases in shipments to China (+73%) and Mexico (+6%). Importation of lumber increased five percent in the first quarter with Canada (+6%) and Germany (+104%) accounting for the biggest volume gains compared to the 1Q/13, as reported in the Wood Resource Quarterly (WRQ).

The recent price trend for lumber in North America has been downward after sharp increases last summer and fall. Prices in May this year were down between 8-17%, depending on species, from their recent peak in the beginning of the year.

Healthy log export markets to Asia during the first quarter this year and increased lumber production along the West coast resulted in continued upward price pressure on sawlogs in the US Northwest in early 2014. In the 1Q/14, Douglas-fir log prices reached their highest level since 2006 and prices for hemlock logs were at an 18-year high, according to WRQ (www.woodprices.com). The dramatic price swings in Western US the past five years stand in sharp contrast to the US South, where average prices have only moderately adjusted upward from 2009 to the 1Q/14.

With the demand for logs from both domestic sawmills and the export market in Asia weakening during in the second quarter, sawlog prices started to fall back in both the South and the West after having trended upward for over three years. In May, prices for sawlogs were down between 5-15%, depending on species and region, as compared to the beginning of the year.

*Global wood and timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, international 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