

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood fiber consumption by the Japanese pulp industry was up six percent in first half of 2014 with hardwood chip supply from Vietnam and South Africa increasing the most, reports the Wood Resource Quarterly

The pulp manufacturing industry in Japan has increased production levels in 2014 resulting in higher import volumes of both softwood and hardwood chips. The biggest increases in import volumes have been softwood chips from the US and hardwood chips from Vietnam and South Africa, reports the Wood Resource Quarterly. Hardwood prices have trended downward the past year, while softwood prices have gone up.

Seattle, USA. Pulp production in Japan has picked up in 2014 as compared to 2013, with wood fiber consumption being six percent higher during the first six months of this year as compared to the same period in 2013, according to the Japan Paper Association. The increase in demand was practically the same for softwood fiber as for hardwood fiber, but the overall volume of the total virgin fiber consumption is still split at approximately 68 % hardwood and 32 % softwood fiber.

To meet the higher wood fiber needs, domestic fiber sourcing from the domestic sawmills has increased by two percent and import volumes have gone up nine percent year-to-date. In the 2Q/14, importation of softwood and hardwood chips was up by as much as 17% and 14%, respectively, as compared to the same quarter last year.

Despite the substantial increase in import volumes, average prices for imported hardwood chip prices in Japan declined by about 17 dollar per odmt from 2Q/13 to 2Q/14, as reported in the latest Wood Resource Quarterly (WRQ). Average prices for softwood chips were one dollar higher in the 2Q/14 as compared to the same quarter in 2013, but as much as 13 dollars higher than in the first quarter this year.

The general trend the past four years has been that prices for imported chips have gone up in the local currency due to a weakening Yen against the US dollar, and that prices for domestically sourced chips have fallen slightly. In the 2Q/14, prices for imported softwood chips were on average 65% higher than residual chips from domestic sawmills, while imported hardwood chips were just over 20% higher than locally sourced hardwood chips, as reported in the WRQ (www.woodprices.com).

The biggest change in fiber sourcing this year has been a sharp increase in softwood chip imports from the US and record high import volumes of hardwood chips from Vietnam. Other developments include higher volumes imported from South Africa, Brazil and Indonesia, while shipments of hardwood chips from Chile and Australia have continued to decline in 2014. With the recent pick-up in hardwood fiber imports to Japan, the total import volume for this year could very well reach its highest level in six years.

*Global pulpwood 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, 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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