

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

## Sawlog prices fell worldwide in the 3Q with the biggest declines seen in Europe, reports the Wood Resource Quarterly

*The Global Sawlog Price Index (GSPI), an index based on sawlog prices in 20 key regions around the world, fell 4.6% in the 3Q/14. The major factors for the reduced sawlog prices were the strengthening of the US dollar and weaker demand for lumber in some countries, according to the Wood Resource Quarterly. The biggest price declines occurred in Russia, Western Canada, Sweden and the Czech Republic.*

**Seattle, USA.** Sawlog prices were lower in the 3Q in most of the 20 regions that are the basis for the Global Sawlog Price Index (GSPI). The Index fell by 4.6% from the 2Q to \$85.56/m<sup>3</sup>, with the biggest price drops occurring in the Nordic countries and Eastern Europe. The decline came after three consecutive quarters of increases and the GSPI reaching a three-year high in the 2Q/14.

Sawlog prices fell in both the local currencies and in US dollar terms, as the dollar was strengthening against most currencies during the third quarter. In US dollar terms there were some countries where prices fell quite substantially quarter-over-quarter, including Russia (-14%), Western Canada (-10%), Sweden (-9%), the Czech Republic (-9%) and Brazil (-9%), according to the Wood Resource Quarterly.

In addition to the stronger US dollar, there was also a slightly weaker demand for lumber in Japan, the US, Canada and several other major markets in Western Europe, resulting in downward price pressure on sawlogs in the third quarter.

With a few exceptions, current sawlog prices are between 5-15% higher than the 10-year averages. Eastern and Central Europe are currently the regions with the highest current log costs as compared to the average costs for the past decade. In the Nordic countries, the trend has been the reverse, with recent prices being below the ten-year averages.

In Western US, weaker demand for logs in the export market has resulted in lower log export prices during the summer and fall, which was welcome news for domestic consumers of sawlogs. Prices for sawlogs have come down nine percent from their eight-year high early in 2014. Despite the recent decline, current price levels are still 15-20% higher than the ten-year price averages, according to the WRQ ([www.woodprices.com](http://www.woodprices.com)).

In the US South, sawlog prices have been fairly stable for over five years and sawmills in this region have some of the lowest wood raw-material costs in all of North America.

*Global lumber, sawlog and pulpwood 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](http://www.woodprices.com)*

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