

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The wood fiber costs for the world's hardwood pulp-producing mills have declined in 2014, while softwood pulp manufacturers have seen stable wood costs, reports the Wood Resource Quarterly

Reduced pulpwood prices in Sweden, Russia, Brazil and Australia in the 3Q/14 resulted in the lowest Hardwood Fiber Price Index (HFPI) since 2009, according to the Wood Resource Quarterly. With mixed price trends for softwood fiber, the Softwood Fiber Price Index (SFPI) has been fairly stable the past two years.

Seattle, USA. The costs of hardwood fiber for the manufacturing of pulp have trended downward for over three years. The global **Hardwood Fiber Price Index (HFPI)**, which tracks prices for pulplogs and wood chips in 14 regions around the world, reached its lowest level since 2009 in the 3Q/14 when the HFPI fell to \$96.76 per oven-dry metric ton (odmt). The biggest declines in prices from the 2Q/14 occurred in Sweden, Russia, Brazil and Australia mainly as the result of a stronger US dollar.

The HFPI index has trended downward for over three years when the all-time high of \$117.90/odmt was reached. The largest consumption of hardwood fiber in the world is in Brazil where the pulp production has been on an upward trend for over two decades.

Despite the continued increase in pulp production, and as a consequence higher consumption of wood fiber, prices for Eucalyptus logs have not changed much in Brazilian Real terms, according to the Wood Resource Quarterly (WRQ). In US dollar terms the picture is somewhat different, with prices having fallen as the Brazilian Real has depreciated.

The **Softwood Fiber Price Index (SFPI)**, which tracks global prices of softwood chips and pulplogs, has been fairly steady over the past two years, fluctuating between \$98-100/odmt. The major changes in softwood prices in 2014 occurred of sawmill residuals in Western US and Western Canada, where prices increased, and in Germany and Brazil where prices have fallen this year.

In Western Canada, chip prices have gone up mainly because of higher prices for softwood market pulp (NBSK), to which they often are linked, while recent price increases in Western US have been driven by a rise in the volumes of exported chips to Japan.

Although wood raw-material costs for the Russian forest industry have not changed much in Ruble terms, the costs in US dollars for pulplogs have fallen dramatically from the 2Q to the 3Q this year because of the weakening Russian currency. Pulpwood prices have come down to levels not seen in more than six years. Currently, both softwood and hardwood pulplog prices are lower in Russia than in any of the 17 other regions covered

by the WRQ (www.woodprices.com).

*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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