

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Global trade of softwood lumber increased in 2015, though prices have trended downward in key markets during the 3Q/15, reports the Wood Resource Quarterly

Both domestic and export prices of softwood lumber have fallen in the US, Europe and China during the 3Q/15, reports the Wood Resource Quarterly. Russian lumber exporters have had a good year with record-high export volumes, competitive export prices and 20% higher prices in Ruble terms.

Seattle, USA. Despite occasional gloomy reports from the sawmilling industry around the world this year, softwood lumber trade increased during the first nine months of 2015 as compared to the same period in 2014. It should also be noted that global trade in 2015 will likely reach its highest level since 2006.

The following is an excerpt from the Global Lumber Market Update from the most recent issue of the Wood Resource Quarterly (www.woodprices.com):

North America

Lumber production in North America has been trending upwards ever since the Global Financial Crises (GFC) in 2008 when the lumber market crashed. The biggest production increase during the first eight months of 2015 occurred in Eastern Canada where the region is on pace to reach the highest annual production level since 2007. Lumber prices in the US started to recover in October and November after hitting a 3 1/2 year low in the month of September.

Northern Europe

Both Finland and Sweden have exported more lumber during the first eight months this year than during the same period last year. Export prices, in US dollar terms, have fallen dramatically, making the Nordic lumber producers more competitive in markets trading lumber in US dollars. The Calejo Future Intelligence firm (www.calejo.se) predicts that the BMI Timber Index, an Index which forecasts lumber prices, will decline short-term, followed by an increasing price trend starting in the spring of 2016.

Russia

Softwood lumber exports from Russia fell slightly in the 3Q/15 as compared to the previous quarter, which had the highest quarterly lumber shipments ever recorded. This year is likely to be the third consecutive year with increasing export volumes, predominantly from the eastern provinces in the country. The average export price has fallen dramatically in US dollar terms since early 2014, while prices in Ruble terms have

increased by over 20% during the same period.

Japan

During the first nine months of 2015, lumber importation to Japan was eight percent lower than during the same period in 2014. The biggest declines in shipments have been from Sweden, Finland, Chile and Romania. Both domestic and import prices for lumber have been very stable in Yen terms this fall.

China

Lumber import prices to China have fallen during 2014 and 2015, as have import prices. In October this year, average lumber import prices were 25% lower than their peak in September of last year. The biggest price declines have been for lumber imported from Europe, while the price fall for hemlock and Douglas-fir from the US has been quite moderate. It is interesting to note that the Swedish and Finnish sawmills, which are selling into the high-end market in China, have actually been increasing shipments to China the past year.

*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*

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