

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Weaker lumber markets and a strengthening US dollar have pushed the Global Sawlog Price Index down almost 22% in two years, according to the Wood Resource Quarterly

Sharp reductions of sawlog prices occurred in Russia, Brazil, Central Europe and Western Canada in 2015 because of weaker currencies, less demand for lumber and reduced trade of logs, reports the Wood Resource Quarterly. European sawlog prices have fallen faster than prices in most other regions of the world.

Seattle, USA. The **Global Sawlog Price Index (GSPI)** continued its two-year decline in the 4Q/15 when the Index fell another 4.8% quarter-over-quarter, as reported in the Wood Resource Quarterly. In just two years, the GSPI has fallen 21.6% both because of a strengthening US dollar and lower demand for lumber in Asia, the MENA countries and in Europe.

There have been some spectacular price reductions in US dollar terms in a number of countries over the past two years including Russia (-48%), Brazil (-32%), Norway (-31%), Austria (-30%), Germany (-28%) and British Columbia (-26%). The only region experiencing higher sawlog prices in late 2015 than in 2013 was the US South, where prices have slowly trended upward for much of the past three years because of increased production levels at the region's sawmills.

Sawlog prices in Europe have generally fallen faster than in other parts of the world, with the Central European prices decreasing by almost one-third in two years. In the 4Q/15, the **European Sawlog Price Index (ESPI)** reached US\$91.00/m³, the lowest level since the 1Q/09. Much of decline in prices can be attributed to the weakening of the currencies in Europe against the US dollar. In the local currencies, changes in sawlog price have been more modest and they have even gone up in a few countries including Sweden and Poland.

Global trade of softwood sawlogs fell ten percent from 2014 to 2015 with Asian countries importing substantially less because of a decline in the demand for lumber. WRI estimates that global log trade fell from approximately 84 million m³ in both 2013 and 2014 to just over 75 million m³ in 2015. Although import volumes to the three major destinations in Asia, China, South Korea, and Japan, fell substantially in 2015, they still imported almost half of globally traded softwood logs in 2015. Other major importing countries included Germany, Austria, Sweden and the Czech Republic.

*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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