

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The prices for globally traded hardwood chips fell to a record low in May 2016, while softwood chip prices reached the highest level in seven months, according to the latest FOEX Chip Price Indexes

Global trade of hardwood chips have trended upward for six years and totaled almost 24 million tons in 2015. By far, the two largest wood chip-importing markets are Japan and China, both countries with limited forest resources to supply the pulp industry with sufficient wood fiber.

The general price trend for hardwood chip traded overseas have been downward since late 2011 when the FOEX price index (PIX-HCG) reached a record high of almost \$207/odmt. In May of this year this Index was \$167.29, representing a 19.1% decline in 4 ½ years. Some of the biggest price declines the past 12 months have been for hardwood chips shipped from Australia to China, from South Africa to Japan, and from Uruguay to Portugal.

The FOEX softwood chip price index (PIX-SCG) has also fallen from a peak almost five years ago, but the price decline has been less dramatic than that of hardwood chips. During 2016, the SCG index has actually increased to reach \$165.55/odmt in May, which was the highest level in seven months. The major price increase so far this year has been for softwood chips exported from the US to Turkey. A majority of global softwood chip trade is in Europe, as opposed to the hardwood chip trade, which is concentrated to Asia.

About the PIX wood chip prices indices

FOEX and Wood Resources International (WRI) have cooperatively launched two wood chip price indices, the Softwood Chip Global (SCG) and Hardwood Chip Global (HCG), both part of the PIX index family of FOEX. The Indices represent prices (CIF) for wood chips that are traded globally overseas for the manufacturing of wood pulp and wood-based panels. The Indices are reported monthly the third Tuesday of the month on the FOEX web site (www.foex.fi). If you are interested in participating as a data provider, subscribing to the index histories (data available from January 2010), or are considering using the Indices commercially, please contact tuomo@foex.fi.

About FOEX Indexes Ltd

FOEX Indexes Ltd is a private, independent company which specializes in providing audited, trade-mark registered price indices for pulp, paper, recovered paper, biomass and wood chips.

Financial institutions use the FOEX Indices as benchmarks when setting prices for SWAP-deals and other financial instruments hedging against product price risks.

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About Wood Resources International LLC

Wood Resources International LLC, an internationally recognized forest industry-consulting firm, publishes two quarterly timber and pulpwood price reports and has subscribers in over 30 countries. The Wood Resource Quarterly, established in 1988, is a 52-page quarterly market report which includes global prices and trade for sawlogs, pulpwood, wood chips, lumber and pellets, as well as market commentary about developments in the global timber, biomass and forest industries. If you have any questions regarding our subscription services, please contact Hakan Ekstrom (hakan@woodprices.com) or visit our website www.woodprices.com