

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

European sawlog prices have fallen over nine percent in two years with the biggest declines occurring in Austria, Germany and the Czech Republic, reports the Wood Resource Quarterly

The European Sawlog Price Index (ESPI) has fallen for eight consecutive quarters to reach its lowest level since 2010, according to the Wood Resource Quarterly. The biggest price declines have occurred in Central Europe. Despite substantial reductions in domestic log costs for sawmills in Austria and Germany, both countries continue to import large volumes of low cost sawlogs from neighboring countries.

Seattle, USA. Sawlog prices have trended downward in most European countries in both US dollars terms and in the local currencies over the past two years. The European Sawlog Price Index (ESPI), which represents nine major softwood sawlog markets in Europe, did not change much quarter-over-quarter and was €82.33/m³ in the 1Q/16, according to the latest issue of the Wood Resource Quarterly (WRQ). However, before this last quarter, the ESPI had been in steady decline for two years and in the first quarter of this year was nine percent below the 1Q/14 level. The biggest price declines since 2014, in Euro terms, have occurred in Austria, Germany and the Czech Republic.

Softwood sawlog prices in both Austria and Germany have been falling since early 2014, but in the 1Q/16 they reached their lowest level since the 2Q/10 (in Euro terms). In US dollar terms, the price decline has been more dramatic with current prices in the two countries being almost 30% below the average prices in the 1Q/14. Despite the substantial price reductions as of late, sawmills in Austria and Germany still have higher wood costs than lumber producers in the Nordic countries and in Eastern Europe.

The high costs for domestically sourced sawlogs have driven sawmills in both countries to increasingly source wood raw-material from neighbouring countries where log prices are lower. Germany and Austria are currently the second and third largest importers of softwood logs in the world and particularly Germany has increased importation substantially over the past five years. In 2008, Germany was actually a net log exporter of about 1.6 million m³ but the flow of logs has since turned around and the country was a net log importer of 5.4 million m³ in 2015, reports the WRQ (woodprices.com). The major log supplying countries in 2015 and early 2016 have been the Czech Republic, Poland, Norway and Estonia. The average import price for spruce sawlogs has declined the past year and was about 10% lower in the 1Q/16 than in the same quarter last 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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