

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

New Zealand log export volumes and prices have increased in 2016 because of higher shipments to India and South Korea, reports the Wood Resource Quarterly

New Zealand, the leading softwood log exporter in the world, increased log shipments to India and South Korea during the first five months of 2016, while exports to China were down, reports the Wood Resource Quarterly. With total shipments trending higher, log export prices have gone up by 36% from September of 2015 to May 2016.

Seattle, USA. New Zealand continues to be the world's leading exporter of softwood logs followed by Russia and the US. These three countries accounted for almost 50% of globally traded logs in 2015, with a majority being destined for the Chinese market, according to the Wood Resource Quarterly (WRQ).

New Zealand is exporting over 50% of the country's total harvest in log form. In 2015, New Zealand exported 14.7 million m³ of radiata pine logs, of which almost ten million m³ was shipped to China. This was down from a record high of almost 12 million m³ in 2013. In late 2015 and early 2016, Chinese log buyers became more active in the New Zealand log market with shipments increasing from 1.8 million m³ in the 3Q/15 to 2.5 million m³ in the 1Q/16.

However, during the first five months of 2016, total NZ shipments to Asia have increased slightly with 2016 year-to-date volumes being two percent higher than the same period in 2015. The biggest rises so far this year have been in shipments to India and South Korea, while exports to China were down 10%.

The good news for log exporters in New Zealand over the past 12 month has been the steady increase in log export prices. The average log export price in May of this year was 36% higher than its six year low in September last year. The FOB prices for the major destinations in May 2016 had converged to a range of US\$100-106/m³, reports the WRQ (www.woodprices.com).

Over the past four years, prices for logs exported to Asia have been on a roller-cost ride, averaging just over US\$90/m³ in 2012, reaching an all-time high of US\$130/m³ in the 1Q/14, falling to US\$82/m³ in the 3Q/15 (the lowest level since 2010), then rising significantly in early 2016. These export log price fluctuations have strongly impacted

the price trends for both sawlogs and pulplogs consumed by the domestic forest industry in New Zealand over the past ten years.

*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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