

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Global softwood lumber prices trended upward in early 2017 with prices in North America hitting a 13-year high, Chinese import prices increasing 13% in 18 months and Japanese prices moving modestly higher in the 1Q/17, according to the Wood Resource Quarterly

This is an excerpt from the newly released market report Wood Resource Quarterly. To read the full 52-page report, please visit www.woodprices.com to initiate an annual subscription.

- 30 Years of Global Wood Price Reporting

Global Lumber Trade

Globally traded softwood lumber reached an all-time high in 2016. WRI estimates that 118 million m³ of lumber was traded last year, or 10 percent more than in 2015. Imports to the US account for about one-third of globally traded lumber and have almost doubled in five years. China accounted for about 17% of import volumes in 2016, followed by the United Kingdom, Japan and Germany.

The biggest declines in imports globally from 2015 to 2016 were to the MENA region, where demand for lumber fell in all the major markets, including Egypt, Algeria, Saudi Arabia and Morocco.

Lumber markets – North America

Lumber production in North America in 2016 was up six percent from the previous year, reaching its highest level since 2007. The biggest rises in production occurred in the US South and Eastern Canada, while the increases in western Canada and the western US were more modest.

Prices for lumber in the US have jumped during the first four months of the year to hit a 13-year high in April. Many of the commonly traded grades surged in price by more than 20% from April of 2016.

Lumber markets – Northern Europe

Sweden exported 12.9 million m³ of softwood lumber in 2016, which was the highest volume exported since 2006. The increase from 2015 was a modest 1.5%, with shipments

to Denmark, Japan, China and France rising the most.

Domestic lumber prices in both Finland and Sweden continue to be close to their lowest levels in ten years in US dollar terms, as reported in the Wood Resource Quarterly.

Lumber markets – China

Prices for imported softwood lumber to China have been in a steady upward trend during 2016 and 2017 with the average import price in March 2017 being 13% higher than 18 months earlier. The biggest change in pricing over the past two year has been that prices for Russian lumber are no longer substantially cheaper than those for lumber from other supplying regions, but instead are rather close to the average import price.

Lumber market – Japan

Total housing starts were up 3.2% in Japan in the 1Q/17 as compared to the same quarter in 2016, and the economic outlook for the coming year is slightly more optimistic than that for last year.

Prices for domestic and imported lumber have remained practically unchanged for almost a year in Yen terms. With the Yen strengthening against the US dollar during the first four months of 2017, lumber prices have increased so far this year in US dollar terms.

Lumber market – Russia

After a substantial decline in softwood lumber export prices during 2014 and 2015, Russian lumber prices have trended upward for most of 2016 and early 2017. Average export prices in March 2017 were 12% higher than in the same month last year, and prices for wood going to China have gone up even faster over the same time-period.

Export volumes to China in the 1Q/17 were unchanged from the previous quarter, holding steady at the second highest level on record.

*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, wood chip, 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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