

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Sawlog prices in Brazil have gone up over the past 12 months after five years in decline and the expectations are that the recent upward trend will continue for the remainder of the year, reports the Wood Resource Quarterly

Stronger wood product exports from Brazil have resulted in higher demand for logs and increasing sawlog prices during 2016 and early 2017, reports the Wood Resource Quarterly. Despite the recent price increases, current prices are below the long-term trend lines in the local currency.

Seattle, USA. In the 1Q/17, pine sawlog prices in Brazil increased in both US dollars and in the Brazilian Real quarter-over-quarter. Over the last 12 months, sawlog prices have gone up by 26%, according to the Wood Resource Quarterly. Most of the rise in prices has been the result of a stronger Real, but there have also been smaller upward price adjustments in the local currency because of higher labor and energy costs. The recent price increases follow a downward price trend that lasted for much of 2011-2015.

There are expectations that sawlog prices may continue to go up in the coming months because of improved opportunities for Brazilian exporters of lumber, plywood and value-added products such as doors and mouldings to increase shipments overseas. During the first quarter of 2017, pine lumber exports reached an all-time high and were equal to the annual export volume just five years ago. The countries that have increased imports of Brazilian lumber the most in the past year are, in descending order, the US, Mexico, China and Saudi Arabia.

An analysis of long-term timber price trends, volatility, and a point-in-time assessment of current timber prices relative to historical trends was recently undertaken by the timberland investment consultancy firm ForestEdge LLC (www.forestedgellc.com). Sixteen products were tracked, generally representing plantation roundwood products in Brazil, Chile, South Africa and New Zealand, in addition to conifer sawlogs in Sweden and hardwood pulpwood in the US South. Only pulpwood in Brazil (both pine and Eucalyptus) and conifer products in South Africa (pulpwood, small and large sawlogs) registered increasing prices over the 1995-2016 period in inflation adjusted US dollars.

With respect to current delivered timber prices in local currency, it is interesting to note that with few exceptions, most timber prices in the local currencies in the 4Q/16 were not

far from their trend-line values. Prices in both Brazil and Chile remained below their local currency trend lines, reflecting somewhat depressed timber markets.

*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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