

# Global Timber and Wood Products Market Update

*- a news brief from Wood Resources International LLC*

## **Log and wood chip supply has been tight for sawmills and pulpmills in Sweden in 2017 and first half of 2018 as the forest industry has been running in high gear and forest fires have restricted log flows, reports the Wood Resource Quarterly**

*The forest industry in Sweden has been running at high operating rates for over a year, resulting in increased importation of wood raw-material and higher domestic prices for sawlogs and pulplogs, according to the WRQ. From late 2016 to early 2018, domestic prices for sawlogs and pulplogs were up 16% and 19%, respectively.*

**Seattle, USA.** Consumption of wood raw-material by the Swedish forest industry increased in 2017 and early 2018, especially in the pulp sector, which struggled to supply their mills with wood fiber during the winter months. As a result, log and wood chip importation rose and domestic prices for sawlogs and pulpwood increased, according to the Wood Resource Quarterly (WRQ). Softwood log imports were up over 25% during the first four months of 2018 as compared to the same period in 2017, and hardwood pulplog imports were up over 70% in the same period. There were also three rare shipments of Eucalyptus chips from Brazil and Uruguay to Swedish ports during the winter as supply of both domestic and imported hardwood logs had become tight.

Softwood log imports to Sweden increased for the second consecutive year in 2017 to 4.5 million m<sup>3</sup>, with Finland and Estonia expanding their market share the most. However, in the 4Q/17, import volumes fell to their lowest levels in two years because of weather-related struggles in sourcing logs around the Baltic Sea. When the weather improved in early 2018, shipments of softwood logs increased and 1Q/18 imports from Finland and Estonia were up 88% and 42% respectively, from the 1Q/17.

The biggest changes in supply sourcing over the past five years include a dramatic decline in softwood logs being shipped from Latvia to Sweden and a steady increase in logs coming from Norway to pulpmills in Central Sweden. Log imports from Norway to Sweden have increased from two million m<sup>3</sup> in 2013 to 2.5 million m<sup>3</sup> in 2017 and accounted for 56% of Sweden's total log import volume last year.

Average import prices for pulplogs from Norway have risen over 30% in the last year to reach US\$60/m<sup>3</sup> in the 1Q/18, a substantially steeper increase than that seen for domestic pulplog prices, reports the WRQ. Domestic log prices in Sweden have been on a steady

upswing from the 4Q/16 to the 1Q/18 with prices for sawlogs and pulplogs increasing by 16% and 19%, respectively.

During July, over 25,000 hectares of forests have been destroyed by fires in Sweden. Substantial restrictions in timber harvests and reduced log deliveries have resulted in declining log inventories throughout the forest industry. As a consequence, it is likely that log imports will increase during the second half of 2018.

*Global lumber, sawlog and pulpwood market reporting is included in the 56-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](http://www.WoodPrices.com)***

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