

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Sawlog prices have trended downward throughout the world over the past two years with the GSPI Index being 14.3% lower in the 3Q/16 than in the 3Q/14, reports the Wood Resource Quarterly

The GSPI sawlog price index fell again in the 3Q/16 and was 21% below its all-time high five years ago, as reported in the Wood Resource Quarterly. Over the past two years, sawlog prices have fallen far more in Europe than in North America, where prices have only seen a modest decline.

Seattle, USA. Global sawlogs prices fell in the 3Q/16 after a temporary increase in the 2Q/16 following an almost two year-long downward trend. The Global Sawlog Price Index (GSPI) has fallen by 14.3% in two years and is currently almost 12% below the ten-year average and 21% down from the all-time high in the second quarter of 2011.

The biggest price declines quarter-over-quarter occurred in British Columbia, Eastern Canada, Poland and Sweden. Although most key lumber-producing countries experienced lower log costs in the 3Q/16, there were also several regions where prices increased in US dollar terms, including Brazil, Russia, Norway and New Zealand. The major reason for the higher prices in this group of countries has been the strengthening of the currencies relative to the US dollar. In the local currencies, log price adjustments have been minimal in 2016.

Over the past two years, sawlog prices have fallen the least (just over five percent) in North America as compared to Latin America and Oceania, where prices were down by about 14%, and in Europe where prices currently are more than 20% below 2014 prices, reports the Wood Resource Quarterly. The biggest price declines on the European continent have been in Central Europe.

Regional sawlog prices around the world have generally converged during 2015 and 2016 with prices in high-cost regions having declined more than prices in low-cost regions. Despite these developments, price discrepancies between the large lumber-producing regions of the world have been higher in 2016 than they were back in 2000-2005.

Note: The GSPI Price Index is a volume-weighted price index comprising of average sawlog prices in 20 of the largest sawlog-consuming regions of the world. The Index tracks prices from the 1Q/95 to the current quarter and is published each quarter in the WRQ.

*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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