

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

There were substantial increases in wood costs for pulpmills in Western US and Canada in the 1Q/18, while wood fiber prices fell to record lows in Eastern Canada, reports the North American Wood Fiber Review

Price movements for wood fiber throughout North America were mixed in the 1Q/18 with substantial increases seen in the Western US and Western Canada, while prices for softwood chips fell substantially in Eastern Canada, according to the North American Wood Fiber Review. The only region where wood prices remained practically unchanged was in the US South, where the pulp industry continues to have some of the lowest fiber costs on the continent.

Seattle, USA. Wood fiber costs for pulpmills in North America were mixed in the 1Q/18 as compared to the 4Q/17, according to the latest issue of the North American Wood Fiber Review (NAWFR). The biggest increases quarter-over-quarter were seen in British Columbia and the Western US, where prices for wood chips, the major fiber source for the two region's pulpmills, increased by 12% and 15% respectively. Tight fiber supply, low fiber inventories, wildfires in the fall, reduced harvest levels and transportation challenges were all factors that contributed to the upward price pressure on both wood chip and pulplogs during the winter season.

In Eastern Canada, growing lumber production has created ample supplies of residual chips while demand for wood fiber has stagnated. This imbalance, building over the past 18 months, finally resulted in significant price declines when the annual price negotiations of 2018 were concluded. Wood chip prices in the 1Q/18 were at their lowest level in over 30 years and the region's pulpmills now has the lowest softwood fiber costs in North America.

In the continent's largest forest industry region, the U.S. South, prices for softwood fiber have stayed quite stable for the past 18 months despite increased harvesting activities and a higher supply of sawmill residuals. Prices for pine pulplogs throughout 2017 and early 2018 have been at their lowest levels in five years in both the Southeastern and South Central sub-regions. While there were ample supplies of softwood fiber throughout the south in the 1Q/18, the picture was different for hardwood fiber. The supply/demand balance for hardwood pulpwood, particularly in the Gulf states, was tighter than that of softwood because of continued strong demand for hardwood fiber by both pulpmills and chipping facilities, paired with constrained log supply. The limited supply of both logs and wood chips has resulted in upward prices pressure over the past six months, with average

prices in the South Central region reaching their highest levels in almost two years.

Following a notable increase in softwood fiber pricing in the US Northwest in the 4Q/17, prices surged in the 1Q/18, according to the NAWFR. Low pulplog inventories and limited opportunities for obtaining additional fiber volumes left fiber buyers scouring the region for pulplogs and scrambling to secure sufficient supplies of residual chips. The increases in fiber prices for both pulplogs and wood chips resulted in the highest price levels seen in the region for six years.

*The North American Wood Fiber Review (NAWFR) has tracked wood fiber markets in the US and Canada for over 30 years and it is the **only publication** that includes prices for sawlogs, pulpwood, wood chips and biomass in North America. The 36-page quarterly report includes wood market updates for 15 regions on the continent in addition to the latest export statistics for sawlogs, lumber, wood pellets and wood chips. **To subscribe to the NAWFR**, please go to www.WoodPrices.com*

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