

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Declining trade of softwood lumber, plummeting lumber prices in the US and slowing wood demand in China were some of the biggest international lumber developments in the 3Q/18, reports the Wood Resource Quarterly

This is a brief excerpt from the newly released market report Wood Resource Quarterly). To read the full 56-page quarterly report, please visit www.WoodPrices.com to initiate a subscription.

WRQ - 31 Years of Global Wood Price Reporting

Global Softwood Lumber Trade

Global trade of softwood lumber from January through September 2018 was down 2.5% as compared to the same period last year. China, Japan, the United Kingdom and the MENA region reduced their imports, while the US and continental Europe have imported more lumber this year than in 2017.

Lumber markets – North America

After US lumber imports reached a 10-year high in the 2Q/18, import volumes fell 3.5% to 9.44 million m³ in the 3Q/18, which was still over ten percent more than in the same quarter in 2017. The trend over the past few years has been that the market share for overseas lumber supply to the US has increased at the expense of Canadian supply, as reported in the Wood Resource Quarterly (WRQ). The Canadian share has fallen from 95% of total imports in 2016 to 91% in 2018.

Lumber prices in the US plummeted during the summer and fall, with major grades falling about 40% from June to November.

Lumber exports from Canada were down in all markets in the 3Q, and the total export volume was down 4.3% q-o-q. Almost 80% of the shipments were destined for the United States. During the first nine months of 2018, export volumes to China were 16% lower than the same period last year.

Lumber markets – Northern Europe

Lumber exports from both Finland and Sweden slowed substantially in the late summer, with August shipments being down 10% (Finland) and 6% (Sweden) from August 2017. The biggest decrease in Finnish exports so far this year have been in shipments to China and Saudi Arabia, while Swedish sawmills have reduced exports to Egypt, China and Japan the most. Both countries have kept up sales in the European market in 2018 with only minor changes in shipped volumes from 2017, according to the WRQ. Lumber prices in both Finland and Sweden have remained fairly stable during most of 2018.

Lumber market – United Kingdom

The United Kingdom is the world's third largest importer of softwood lumber, after the US and China. In 2017, the country imported 7.5 million m³ of lumber, the highest level seen since 2007 and up almost 50% from five years ago. Sweden has long been the major supplier, with a market share of about 45%. However, demand for imported lumber to the UK has fallen by 20% during the first nine months of 2018.

Import prices for lumber have trended upwards in US dollar terms in the past few years to reach a three-year high in the 2Q/18, followed by a decline of 7.3% in the 3Q/18.

Lumber markets – China

A gloomier outlook by Chinese consumers and a shortage of credits for many provincial governments and state-run firms have contributed to reduced demand for forest products. As a result, total softwood lumber imports to China have slowed in 2018, with volumes in the first nine months falling 11% as compared to the same period in 2017, according to Chinese customs data. Imports were down from all supplying countries except Russia.

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, 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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