

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

**Pulpwood prices in North America were 5-10% higher in the 1Q/19 than the 1Q/18, with prices in the US South having increased the most due to challenging weather conditions, as reported by the *North American Wood Fiber Review***

*The winter weather impacted availability and costs for pulplogs and wood chips in both Canada and the US in late 2018 and early 2019, according to the North American Wood Fiber Review. Slowing lumber production throughout North America led to reduced supplies of residual chips and slightly higher prices in early 2019.*

**Seattle, USA.** Prices for pulplogs and wood chips moved up slightly in the US in the 1Q/19 while they were unchanged or slightly lower in Canada, as compared to the 4Q/18, according to the latest issue of the North American Wood Fiber Review. For several regions in North America, the year began with higher fiber prices due to harvesting slowdowns after some inclement weather. In the US South Central and Southeast regions, there was particular demand for hardwood fiber, which resulted in an uptick in prices. These were also the regions that saw the highest quarter-to-quarter (q-o-q) increases on the continent in the 1Q/19.

## US South

Pulpmills along the US Atlantic coast saw their wood fiber costs rise almost 10% over the past year both because of higher transportation costs and tighter log supplies due to difficult weather conditions. The harsh weather continued into the second half of 2018 as the region was hit with hurricanes and extreme rain. Hurricane Florence in the third quarter and Hurricane Michael in the fourth quarter led to wet ground conditions that slowed harvest operations and interrupted the hauling of logs across the region.

With the tight supply of wood fiber, wood chip and pulplog prices in the 1Q/19 reached their highest levels in almost seven years in both in the South Central and Southeastern states.

Softwood sawlog prices remained unchanged in the 1Q/19 from the previous quarter and were practically the same as they were in 2017 and 2018.

## US Northwest

Prices for both wood chips and pulplogs in the US Northwest increased by a few percent q-o-q in the 1Q/19, continuing the upward price trend seen over for the past two years. Log supply for both sawmills and pulpmills tightened during the rainy season and when fires restricted logging and hauling during the summer months. The latest price increases took chip and pulplog prices to their highest levels in seven years.

Sawlog prices have fallen substantially in Washington and Oregon over the past six months as lumber demand fell in the domestic market, and lumber prices in April reached their lowest levels in over four years. In the 1Q/19, average sawlog prices in the Northwest were over 20% lower than in the 1Q/18.

## US Lake States

Rain and snow in early 2019 made logging and hauling challenging in the Lake States. Low inventories of wood fiber resulted in modest price increases of both pulplogs and wood chips in the 1Q/19. Prices were up 2-3% for hardwood fiber q-o-q, partly because of longer hauling distances. One interesting development was that during the first few months of the year, fiber buyers from Alabama purchased from as far away as the Lake States, transporting hardwood pulplogs down to their mills as local supply became tight.

## US Northeast

Snowstorms disrupted harvesting and trucking in Maine during the 1Q/19, which negatively affected fiber inventory levels in the region. With no promise of a longer winter season before breakup, fiber prices for both softwood and hardwood pulplogs rose to incentivize timely harvesting and deliveries. Prices for softwood and hardwood pulplogs were up 5% and 7% respectively, from the 1Q/18 to the 1Q/19, reaching their highest levels since early 2016.

## Canada West

In the 1Q/19, residual chip price trends in the western provinces were mixed. As prices fell from the previous quarter in British Columbia's Coast and North Interior regions, they rose in the Southern Interior of BC and in Alberta. Year-over-year, chip prices in the Interior of BC have gone up almost 15% in Canadian dollar terms, while price increases in US dollar terms have been quite modest. The tightening supply of sawmill chips over the past six months has increased demand for pulplogs and resulted in higher prices for pulplogs throughout British Columbia.

## Canada East

Challenging weather conditions during the winter months affected harvesting operations in Eastern Canada, from Ontario in the west to the Maritime provinces in the east. Slowing operating rates at the region's sawmills reduced the availability of sawmill residuals, and increased the demand for pulplogs. The highest increases in wood fiber prices in Eastern Canada the past year were seen in hardwood pulplogs, which were about 5% higher in the 1Q/19 than the same quarter in 2018. Softwood sawlog prices in Ontario and Quebec have been quite stable for over a year, holding at their lowest levels since 1999.

***About the North American Wood Fiber Review (NAWFR):** The newly revamped market report has tracked wood fiber markets in the US and Canada for over 35 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 learn more about the NAWFR, please go to [www.WoodPrices.com](http://www.WoodPrices.com)***

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