

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The price discrepancy between overseas traded hardwood and softwood chips was at its greatest in February 2015 when compared to the prior twelve months, according to the FOEX Chip Price Indexes

Prices for wood chips traded overseas have trended downward for much of the period since 2011 when they reached their five-year highs. In February 2015, the FOEX softwood chip price index (PIX-SCG) was 14.8 percent below its peak, while the hardwood chip price index (PIX-HCG) was 9.1 percent below its five-year high.

In just six months, the PIX-SCG index has fallen from \$185.73 per oven-dry metric ton (odmt) to \$169.31/odmt, a decline of almost nine percent, partly because of lower import prices by some supplying countries to Japan.

The PIX-HCG index has turned around since late last year and reached \$183.93/odmt in February this year, the highest level in seven months. Some of the recent increases were the results of higher import prices in Portugal and higher volumes of lower-cost chips to China.

The price discrepancy between softwood and hardwood chip prices has widened the past year and was almost 15 Euros per odmt in February, 2015. However, the current price premium for hardwood chips is close to the average premium over the past five years.

About the PIX wood chip prices indices

FOEX in cooperation with Wood Resources International (WRI) has launched two wood chip price indices, the Softwood Chip Global (SCG) and Hardwood Chip Global (HCG), both part of the PIX index family of FOEX. The Indices represent prices (CIF) for wood chips that are traded globally overseas for the manufacturing of wood pulp and wood-based panels. The Indices are reported monthly the third Tuesday of the month on the FOEX web site (www.foex.fi). If you are interested in participating as a data provider, subscribing to the index histories (data available from January 2010), or are considering using the Indices commercially, please contact tuomo@foex.fi.

About FOEX Indexes Ltd

FOEX Indexes Ltd is a private, independent company which specializes in providing audited, trade-mark registered price indices for pulp, paper, recovered paper, biomass and wood chips. Financial institutions use the FOEX Indices as benchmarks when setting prices for SWAP-deals and other financial instruments hedging against product price risks.

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About Wood Resources International LLC

Wood Resources International LLC, an internationally recognized forest industry-consulting firm established in 1987, publishes two quarterly timber and pulpwood price reports and has subscribers in over 30 countries. The Wood Resource Quarterly, established in 1988, is a 50-page quarterly market report which includes global prices for sawlogs, pulpwood, wood chips, lumber and pellets, as well as market commentary about developments in the global timber, biomass and forest industry. If you have any questions, please contact Hakan Ekstrom (hekstrom@wri-ltd.com).