

# **Global Timber and Wood Products Market Update**

*- a news brief from Wood Resources International LLC*

Global trade of softwood lumber reached a 10-year high in 2015, with lumber prices trending downward in many key markets over the course of the year, reports the Wood Resource Quarterly

*Following is an excerpt from the Global Lumber Market Update from the most recent issue of the Wood Resource Quarterly ([www.woodprices.com](http://www.woodprices.com)):*

## Global lumber trade

A majority of the 20 largest softwood lumber-consuming countries in the world increased their importation of lumber in 2015, resulting in global trade reaching its highest level in ten years. The US imported 10% more lumber year-over-year and a number of countries in Europe also raised their consumption of imported lumber last year.

## North America

The US lumber market was a bright spot as compared to most other regions of the world in 2015. As a result of a healthy housing market, lumber consumption was up almost five percent as compared to 2014 and import volumes in 2015 were 10 percent higher than in the previous year. The strong domestic market and a weakening Asian market also resulted in less lumber being exported in 2015, as reported in the WRQ. Export shipments were down 9.7%, while imports were up 10% from 2014.

Lumber exports from Canada reached an eight-year high in 2015 when sawmills took advantage of the fairly strong US lumber market, which combined with the weak currency, allowed them to ship 9.2% more lumber to the US than in 2014. Shipments to China, on the other hand, fell over 13% to the lowest level since 2010.

## Northern Europe

Lumber prices in the Nordic countries have trended downward since early 2014, in US dollar terms, as the dollar has strengthened against both the Euro and the Swedish krona. From the five-year high in March 2014, prices in Sweden have fallen almost 30%.

During 2015, Swedish sawmills increased export volumes by almost five percent as compared to the previous year, reaching the highest annual shipment since 2006. Of the ten largest consumers of Swedish lumber, Germany, the Netherlands and China increased their import shipments from Sweden the most.

The Finnish sawmilling industry experienced a similar trend as that of Sweden with higher export volumes in 2015. The biggest expansions in shipping volumes were to China, Japan and Israel.

## China

Although importation of softwood lumber to China fell by two percent in 2015 from the previous year, Russian volumes were up by almost 20 percent year-over-year. Russia is now the largest supplier of lumber to China and had a market share of 52 percent last year.

Lumber import prices fell throughout 2015 with average values in December being 24 percent lower than in the same month in 2014. Current import prices are at their lowest level in over ten years.

## Japan

Demand for wood in Japan has fallen the past two years partly as the result of an eight percent decline in housing starts. Domestic lumber production fell an estimated nine percent from 2013 to 2015, and lumber import volumes were down 20% from 2013.

Lumber prices have been fairly stable in both US dollar and Yen terms over the past 12 months. The only exceptions have been European whitewood, which increased eight percent from January 2015 to January 2016, and Canadian hemlock, which was up four percent over the same time period.

## Russia

Russia continues to be the world's second largest softwood lumber exporter behind Canada, accounting for about 22% of globally traded lumber in 2015. Shipments were up to practically all markets with the exception of the CIS countries, which imported 19 percent less in 2015. Russian lumber export prices have now trended downward for two years.

*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, 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](http://www.woodprices.com)***

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