



Wood Resources
International

WRI Market Insights 2020

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Global Wood Fiber Markets

WRI's Hardwood Fiber Price Index fell to a 16-year low in the 2Q/20, driven by lower pulplog prices in Brazil, Russia and Eastern Canada

Wood raw-material costs fell for most pulp manufacturers throughout the world in the 2Q/20, reducing WRI's two fiber price indices for the fifth consecutive quarter. The q-o-q declines for the **Hardwood Fiber Price Index (HFPI)** and the **Softwood Fiber Price Index (SFPI)** were 4.8% and 1.9%, respectively. The HFPI Index reached \$79.88/odmt in the 2Q/20, the lowest level since 2004, and substantially below the average rate since the Index's inception in the 1Q/1988.

The HFPI is composed of regional prices for wood chips and pulplogs delivered to pulpmills in 14 key regions around the world, and is weighted based on the proportional amount of fiber consumption in each region. Over the past year, fiber prices (in US dollars) have fallen the most in Brazil, Russia, Eastern Canada, France, Chile, and the US South (in descending order). Brazil has a long history of having some of the lowest wood fiber costs in the world. This was cemented in the 2Q/20 when the country had both the lowest softwood and hardwood fiber costs of all 18 regions tracked by the Wood Resource Quarterly.

Hardwood fiber prices have dropped in US dollar terms, in part due to the strengthening of the dollar against all currencies in the WRQ countries over the past year, barring the Yen, over the past year. In local currencies, wood fiber costs from the 2Q/19 to the 2Q/20 have fallen the most in France, Eastern Canada, the US South, Russia, and the US Northwest (in descending order).

Prices for softwood fiber have also been declining the past few years, albeit in a less dramatic fashion than hardwood fiber. As a result, the SFPI was almost six dollars per odmt higher than the HFPI in the 2Q/20, the biggest discrepancy since 2Q/07.

Over the past year, softwood fiber prices (in US dollars) declined predominantly in Latin America and Europe. Prices in Brazil and Chile were down because of the weakening local

currencies, while an oversupply of residues and pulplogs in Central Europe resulted in continued downward price pressure on wood fiber in key markets.

*Interested in wood products market insights from around the world? The Wood Resource Quarterly (WRQ) is a 70-page report, established in 1988 and has subscribers in over 30 countries. The report tracks **prices for sawlog, pulpwood, lumber & pellets** worldwide and reports on trade and wood market developments in most key regions around the world. For more insights on the latest international forest product market trends, please go to WoodPrices.com*

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