

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

*- a news brief from Wood Resources International LLC*

## **Record high prices for softwood lumber in North America in the 3Q/17 and rising lumber export prices in Sweden, Finland and Russia as lumber demand picks up in key markets, reports the Wood Resource Quarterly**

*This is an excerpt from the newly released market report Wood Resource Quarterly. To read the full 56-page quarterly report, please visit [www.woodprices.com](http://www.woodprices.com) to initiate an annual subscription.*

### ***WRQ - 30 Years of Global Wood Price Reporting***

#### Global Lumber Trade

Demand for imported softwood lumber to the US has fallen by six percent during the first nine months of 2017 as compared to the same period in 2016. In contrast, Chinese import volumes have been up 21% year-over-year.

The lumber trade in Europe has also picked up in 2017 with the United Kingdom, the Netherlands, Austria, Denmark and Spain having increased imports the most so far in 2017. Countries in the Middle East and North Africa, also known as the MENA countries, have sharply reduced consumption of lumber this year, reports the Wood Resource Quarterly (WRQ). In the first eight months of 2017, Egypt and Algeria (the two biggest lumber consumers in the region) have decreased their imports by 24% and 39% respectively as compared to the first eight months of 2016.

#### Lumber markets – North America

Lumber consumption in the US did not change much during the first eight months of this year as compared to the same period in 2016, according to the Western Wood Products Association. However, there was an increase in demand during the third quarter, which was met by higher domestic production both in the South and the West. US lumber production has gone up by 3.2% year-over-year, and the only region of North America that saw a reduction in lumber production this year was British Columbia. In August when the forest fires were at their peak, production was 8.7% lower than in August last year.

Increased lumber demand in the Western US and Asia pushed Douglas-fir lumber prices

to record highs in the 3Q/17. In the US South, prices for pine lumber were stable during the summer but picked up in the fall after the two hurricanes impacted both the log flow and lumber demand.

#### Lumber markets – Northern Europe

Shipments of lumber from the Nordic countries slowed in the 3Q/17, with export volumes for Finland and Sweden being down 13% and 18% respectively from the previous quarter. The biggest change in destinations for exported lumber for both countries over the past two years has been the expansion in sales to Asia. In 2017, 20% of the export lumber volume from the Nordic countries was shipped to China and Japan. Lumber prices in both Finland and Sweden strengthened in 2017, and in August, reached their highest levels since early 2015.

#### Lumber markets – China

Chinese softwood lumber importation is likely to reach a new record high in 2017. During the first nine months, imports were 21% higher than in the same period in 2016, with volumes in the second and third quarter being the highest quarterly imports on record. Russia has been increasing its share of the Chinese lumber market, accounting for 57% of total imports in the 3Q, up from 52% in 2015, according to the WRQ. Average import prices to China have continued their three year climb this fall and were 19% higher in September than in early 2016 when they were at an eight-year low.

#### Lumber market – Japan

The lumber market in Japan has been very stable in 2017. In fact, import volumes have consistently ranged between 1.5 and 1.6 million m<sup>3</sup> per quarter over the past few years. There have been small shifts in supply sources, with a slight decline in Canadian lumber supply and an increase in shipments from Finland. Prices for domestic and imported lumber to Japan have remained unchanged throughout 2017 in Yen terms except for prices for imported Douglas-fir, which have gone up six percent from January to November.

#### Lumber market – Russia

The Russian sawmilling sector continues to add capacity in Siberia and the Far East, targeting the expanding demand for lumber in China. Just during the first eight months of this year, Russia increased shipments to China by 23% as compared to the same period in 2016. Although Russian lumber prices have not changed much in Ruble terms over the

past two years, there has been a steady increase in export prices as measured in US dollars.

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

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