Global Timber and Wood Products Market Update

 - a news brief from ForestEdge LLC and Wood Resources International LLC

US Demand for Softwood Lumber is Forecasted to Increase in the Next 15 years – Where Will the Wood Come From?

*A new study forecasts that softwood lumber consumption in the US will reach all-time highs by 2030. As a consequence, there are likely to be increased investments in production capacity in the US, changes in Canadian lumber trade flows, a rise in overseas supply, and upward pressure on sawlog prices. Detailed analyses of different demand and supply forecast scenarios can be found in the newly released comprehensive report: **"Future Suppliers of Softwood Lumber to the US Market – Supply and Demand Outlook 2017-2030".***

Seattle, USA. US softwood lumber demand is expected to continue its upward trajectory from the lows of the global financial crisis of 2008-2009, reaching an all-time high by mid 2020s, according to a newly released US Lumber Outlook Study by ForestEdge LLC and Wood Resources International LLC (USLOS2018). In the study's base case scenario, lumber consumption in the end-use category "Non-Residential Construction" is forecasted to grow the fastest and increase its share of softwood lumber consumption from 11% in 2016 to 14% by 2030. However, the biggest end-use market will continue to be the residential housing sector, including repair and remodeling, at a total share of about 70% of the total lumber consumption by 2030.

It is expected that supply sources will shift to meet future increase in lumber demand. Factors influencing these shifts include changes in availability of timber supply, prices of sawlogs, competitiveness of lumber producers, exchange rates and developments in alternative markets for lumber producers in Canada and overseas. The USLOS2018 study closely examines how reductions in harvest levels in British Columbia will impact lumber exports from the province and opportunities for lumber producers in Eastern Canada to increase shipments. It also looks at which overseas countries are forecasted to be supplying the US in the coming 15 years.

Overseas shipments have been, on average, 4.8 percent of total imports over the past decade. This share is likely to increase in the coming decades to reach a projected 6.5% by 2030 in the base demand scenario and possibly as high as 35% of total imports in the high demand scenario.

The main contents of the comprehensive 218-page study include:

- Demand forecasts of softwood lumber in the US from 2017 to 2030, including a detailed analysis of the outlook for lumber consumption in all lumber end-use categories in the US market.
- Projected domestic and international sources that will meet US softwood lumber demand from 2017 to 2030. This section includes detailed regional and country profiles analyzing future lumber production levels and export potential based on log availability, sawlog prices and competitiveness of regional sawmills.
- Supply Curve Analysis. Alternative scenarios of lumber supply and demand are presented on a delivered cost basis to identify the most likely supplying regions to the US by 2025 and 2030.
- Conclusions and Sensitivities. Various demand scenarios and sensitivities around exchange rates are included, as well as an alternative supply scenario where lumber supply in the US South is lower and Canada is forecasted to be higher than in the base scenario.

*The new multi-client study **"Future Suppliers of Softwood Lumber to the US Market – Supply and Demand Outlook 2017-2030"** is published by ForestEdge LLC and Wood Resources International LLC. For more information about the study or to inquire about the purchasing of the 218-page report, please contact either Robert Hagler (robert@forestedge.com) or Hakan Ekstrom (hakan@woodprices.com)*

More information about the study, including the table of contents, and subscription costs can be found at our website. Click here!

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