

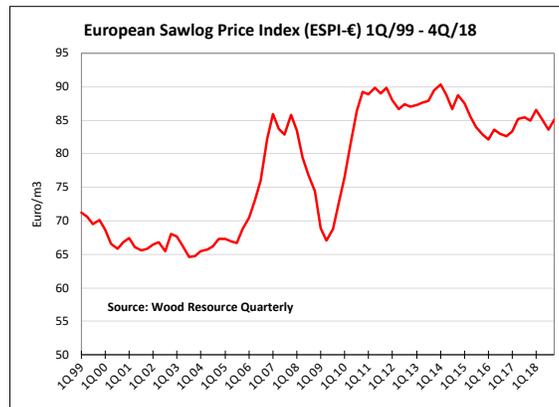
The Global Forest Industry in the 4Q/2018

Excerpts from the Wood Resource Quarterly (www.WoodPrices.com)

WRQ - 31 Years of Global Wood Price Reporting

Global Timber Markets

- In early 2018, the **Global Sawlog Price Index (GSPI)** reached \$80.73/m³, its highest level since 2014. Sawlog prices generally increased in local currencies during 2018, but with a stronger US dollar, the dollar-denominated GSPI index fell by about five percent during the year.
- Mixed price movements in Europe resulted in fairly small changes in the European Sawlog Price Index (ESPI-€). In the 4Q/18, the index was up 1.8% q-o-q, but was practically unchanged from the 4Q/17.



Global Pulpwood Prices

- Prices for softwood pulplogs and softwood chips rose in most markets worldwide in the 4Q/18. The biggest increases occurred in Chile, Brazil, New Zealand and Australia, while prices fell the most in France, Japan and Germany.
- WRI's **Softwood Fiber Price Index (SFPI)** moved up by 0.5% from the 3Q/18 to the 4Q/18. The **Hardwood Fiber Price Index (HFPI)** increased 1.9% quarter-over-quarter to in the 4Q/18, driven mainly by higher costs for hardwood pulplogs in the US South, Brazil and Indonesia. Hardwood fiber prices fell in Europe in both the local currencies and in US dollars.

Global Pulp Markets

- NBSK and HBKP prices fell in all major regions in the 4Q/18 and early 2019. The biggest price declines were in pulp destined for China.
- The NBSK price in Europe has fallen from a record high of \$1300/ton in October last year to \$1180/ton in early 2019.

Global Lumber Markets

- In 2018, **global trade of lumber** fell for the first time in five years, with total trade down seven percent y-o-y to an estimated 115 million m3.
- **US lumber prices** have gone through a historical roller-coaster ride over the past 12 months. Average prices for pine in the US South were at about \$420/m3 in January 2018, peaked at \$554/m3 in June and fell to \$372/m3 in early 2019.
- Softwood lumber exports from **Canada** were down 5% y-o-y in 2018, with the biggest decline being in shipments to China.
- Sawmills in the **Nordic countries** had a very good second half of 2018, with lumber prices in the local currencies in the second half reaching their highest levels since 2007.
- Lumber imports to **China** fell for two consecutive quarters to reach 5.9 million m3 in the 4Q/18.
- **Russia's** share of total imports to China has moved up from 55% in the 4Q/17 to 63% in the 4Q/18 as the sawmilling sectors in Siberia and the Far East continue to expand and deliver competitively priced lumber.
- Despite substantial declines in the **gross margins for sawmills** in the US South, profits were still above the ten-year average in the 4Q/18.

Global Biomass Markets

- **Global trade of wood pellets** jumped almost 18% y-o-y in 2018 when a new record of over 20 million tons was shipped.

- **Pellet prices** in Austria and Germany reached their highest prices in five years in the 1Q/19.

*Wood Resource Quarterly (WRQ). The 56-page report, established in 1988 and with subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices and trade, and market developments in most key regions around the world. **To subscribe to the WRQ, please go to www.WoodPrices.com***

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