

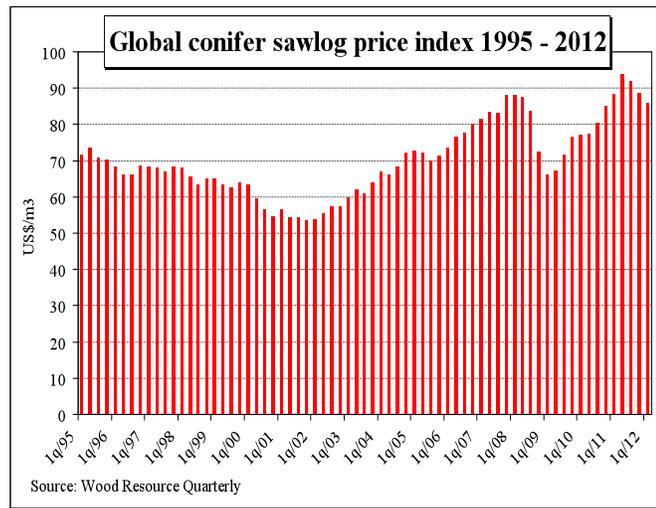
# The Global Forest Industry in the 1Q/2012

*Excerpts from the Wood Resource Quarterly (www.woodprices.com)*

## Global timber markets

Prices for conifer sawlogs fell in virtually all 21 regions worldwide covered by the Wood Resource Quarterly (WRQ), both in local currencies as well as in US dollars. This resulted in the third consecutive decline of the **Global Sawlog Price Index (GSPI)** to US\$85.90/m<sup>3</sup>. The Index was down 2.7 percent from the 4Q/11 and 8.6 percent lower than the all-time high in the 2Q/11.

Lower demand for lumber in many markets in Europe and reduced log imports to China were two major factors that pushed log prices downward in the first quarter.

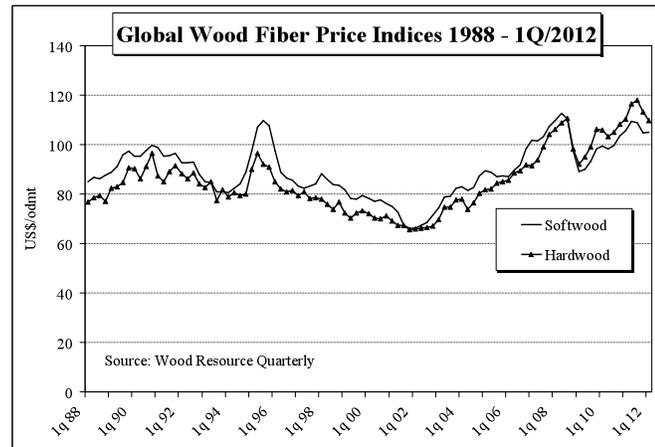


## Global pulpwood prices

Wood fiber prices fell throughout the world in the 1Q/12. As a consequence, both the SFPI and the HFPI declined to their lowest levels in over a year. The **Hardwood Wood Fiber Price Index** (www.woodprices.com) experienced the biggest decline, falling by 3.5 percent from the 4Q/11 to US\$109.67/odmt. Since its all-time high last fall, the HFPI has come down seven percent in just two quarters. Wood costs were down the most in Europe and Japan. The price premium for hardwood fiber over softwood fiber is currently the lowest since 1Q/11.

The **Softwood Wood Fiber Price Index** fell a more modest 0.4 percent from the previous quarter to US\$104.88/odmt. Softwood fiber price trends were mixed, with increases in Oceania, Chile and the US South and falling prices in Europe, Western

Canada and Japan.



### Global pulp markets

Market pulp production fell 1.9 % during January and February as compared to last year, with **Western Europe** and **North America** cutting back over three percent. **Latin America** was the only region that increased production early in the year.

During the first four months of 2012, hardwood pulp (BHKP) prices have increased faster than softwood pulp (NBSK) prices. In April, BHKP prices were at \$760/ton in Europe (up \$85/ton from January) and \$820/ton (\$50/ton higher) in the US. The rise in price for NBSK was more modest, around \$30/ton from January through April.

### Global lumber markets

After a sharp decline in global demand for lumber in 2008 and 2009 as a result of the global recession, global trade of softwood lumber increased an estimated 25 percent over the past two years. The **Middle East/North African** region has had a growing appetite for lumber for its construction sector; and the region imported 36 % more lumber in 2010 than in 2007. This steady upward trend was interrupted last year when the Egyptian revolution, the civil war in Libya and riots in Algeria created temporary chaos and uncertainty in the region.

Lumber prices in **the US** and **Canada** have gone up most of this year, reaching their highest levels since early 2011. Lumber prices, both domestic and imported, have fallen steadily for over six months in **Japan** in dollar terms, and many grades are at their lowest levels since early 2010.

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Softwood lumber imports to **China** were up three percent in the 1Q/12 as compared to

the 1Q/11. The biggest increase the past few years has been in shipments from Canada.

### **Global biomass markets**

Pellet exports from **North America** to **Europe** reached a new record high in the 4Q/11. Shipments have increased practically every quarter for four years to almost 600,000 ton in the 4Q/12, as reported in the North American Wood Fiber Review.

Pellet prices in **Germany, Austria** and **Sweden** moved up slightly during the winter months despite the mild weather and weak demand in Central Europe.

*Global timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices, 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)***

### **Contact Information**

Wood Resources International LLC

Hakan Ekstrom

[info@wri-ltd.com](mailto:info@wri-ltd.com)