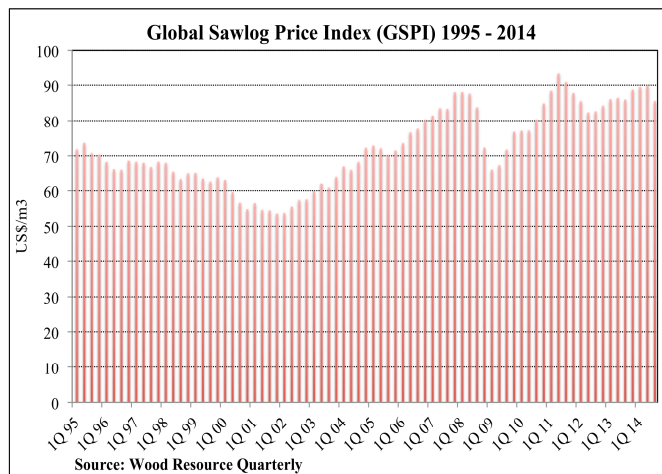


# The Global Forest Industry in the 3Q/2014

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

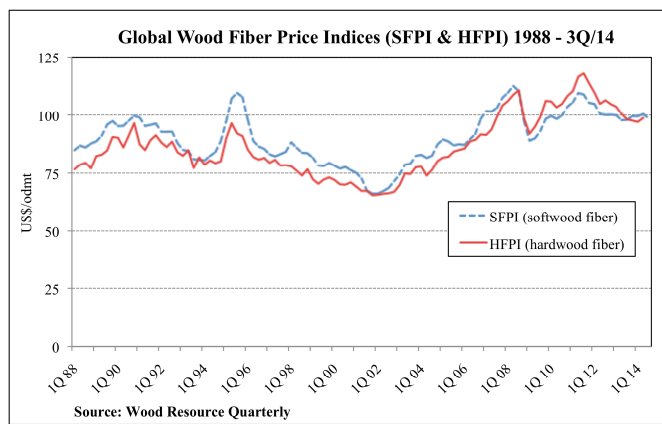
## Global Timber Markets

- Sawlog prices were lower in the 3Q in most of the 20 regions that are the basis for the **Global Sawlog Price Index (GSPI)**. The Index fell by 4.6% from the 2Q to \$85.56/m<sup>3</sup>, with the biggest price reduction occurring in the Nordic countries and Eastern Europe. The decline came after three consecutive quarters of increases and the GSPI reaching a three-year high in the 2Q/14.
- Global **trade of softwood logs** has picked up in 2014 and was about nine percent higher during the first nine months of the year compared to the same period in 2013.



## Global Pulpwood Prices

- Prices for hardwood fiber have trended downward for over three years. The global **Hardwood Fiber Price Index (HFPI)**, which tracks prices for pulplogs and wood chips in 16 regions around the world, reached its lowest level since 2009 in the 3Q/14 when the HFPI fell to \$96.76/odmt.
- The biggest declines in prices from the 2Q/14 occurred in Sweden, Russia, Brazil and Australia mainly as the result of a stronger US dollar.
- On the other hand, the **Softwood Fiber Price Index (SFPI)** has been fairly steady over the past two years, fluctuating between \$98-100/odmt. The major changes in fiber prices in 2014 were those of sawmill residuals in Western US, Western Canada, Germany and Brazil.



## Global Pulp Markets

- The **hardwood pulp** (BHKP) market has been somewhat stronger than the **softwood pulp** (NBSK) market during the second half of 2014.
- Hardwood pulp prices have been in steady decline for over a year but have flattened out the past few months. There are signs that the bottom in pricing might have been reached.

## Global Lumber Markets

- After **lumber prices** peaked in the late summer in **North America**, prices have trended downward during the fall and November prices were 5-15% below those in August. Despite the recent decline, the RL Lumber Price Index has been at a consistently high level this past year, with prices that have not been seen in over ten years.
- **Lumber prices in both Sweden and Finland** have been trending upward since early 2012, and in the 3Q/14 were at their highest levels in 3 1/2 years.
- Benefiting from a weakening currency, **Russian lumber** exporters have increased export volumes during the summer and fall this year with the 3Q/14 shipments reaching a record high.
- The **housing market in Japan** has taken a hit this year when the country's sales tax increased from 5% to 8%. Wooden housing starts were down 8.5% the first nine months this year.
- **China** has increased the importation of **softwood lumber** by five percent during the first nine months of this year.
- The average **import prices** for softwood lumber to **China** have trended upward for almost five years and were close to record highs in the 3Q.

## Global Biomass Markets

- **Pellet shipments from the US and Canada** to Europe have gone in opposite directions during the first nine months of 2014, with the shipments from the US South being up almost 50%, while Canadian volumes declining 5% during the same period.
- **South Korea's** demand for **pellets** has increased substantially in 2014. During the first ten months, importation of wood pellets was five times higher than in 2013, reaching almost 1.5 million tons.
- **Pellet prices** were lower in all the three major markets in **Europe** this fall compared to a year ago, and the expectations are for only modest price increases in the coming months.

*Global timber and wood market reporting is included in the 52-page quarterly publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 30 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 <http://www.woodprices.com>*

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