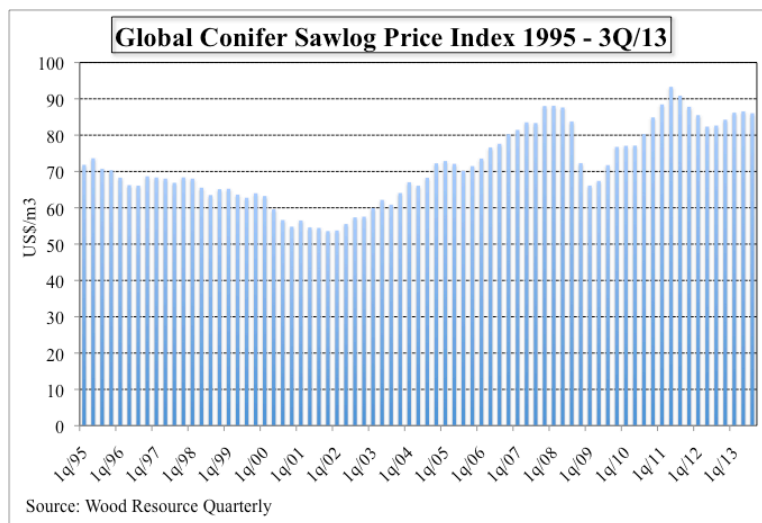


The Global Forest Industry in the 3Q/2013

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

Global Timber Markets

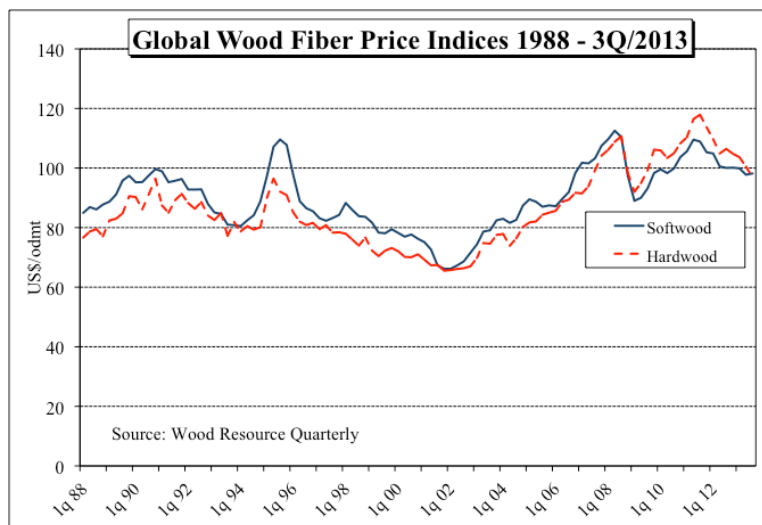
- Sawlog prices were higher in practically all of the 20 regions worldwide as tracked by the WRQ each quarter. The only exceptions were in Canada, Western US, Finland and Brazil where prices were slightly lower than in the previous quarter.
- The reduced prices in North America resulted in a 0.6 % drop in the Global Sawlog Price Index (GSPI) to \$85.94/m³, the first decline since the 2Q/12.
- Global trade of logs may reach just over 76 million m³ in 2013, which would be six percent higher than in 2012 but slightly lower than in 2011.



Global Pulpwood Prices

- Softwood fiber prices were up in most countries worldwide with just a few exceptions including Sweden, Brazil and Oceania. The largest price increases were seen in the US South, Germany, France and Spain.
- The Softwood Wood Fiber Price Index (SFPI) edged up to \$97.94/odmt in the 3Q/13.
- This was \$0.19/odmt higher than in the previous quarter but \$2.11/odmt below 3Q/12 price.

- The Hardwood Wood Fiber Price Index (HFPI) fell for the fourth consecutive quarter to \$98.15/odmt in the 3Q/13. This was down 2.3 percent from the previous quarter and the lowest level since the 2Q/09.
- The biggest price declines from the last quarter occurred in Asia and Latin America.
- Wood fiber costs for the pulp sector in Europe were generally higher in the 3Q/13 as compared the previous quarter both in Euro terms and US dollar terms.



Global Pulp Markets

- Demand for pulp has picked up in all regions of the world with the biggest increases in Eastern Europe, Japan and North America. The past five months, NBSK pulp prices increased five percent, while BHK pulp fell six percent. Historically, it has been very unusual for these pulp prices to move in opposite directions.

Global Lumber Markets

- Higher lumber consumption in the US has resulted in both increased domestic production and a rise in importation of lumber in 2013.
- Lumber prices in both the US and Canada have started to recover the past three months after the dramatic decline earlier in the spring this year when prices fell by close to 20%.
- Russian sawmills have increased shipments to practically all of their major markets, except for Egypt, in 2013.

- The mood in the sawmilling sector in the Nordic countries has improved this fall after a year of mostly disappointing sales to traditional markets. There is cautious optimism for multiple reasons including improved housing markets in the US, higher lumber demand in China and Japan, and signs of a recovery in Europe.
- During the first ten months of 2013, China's lumber imports were 20 % higher than last year. Canada is the largest lumber supplier, but this year Europe, Russia, Chile and New Zealand have all increased their shipments to China at a faster pace than has Canada.
- Softwood lumber imports to Japan have been 20% higher this year than last year, with the biggest increases in shipments from Sweden, Finland and Austria.

Global Biomass Markets

- Pellet export volumes from North America to Europe continued to rise during the 2Q/13, representing steady growth for the past seven quarters.
- In the US South, pellet export volumes in the 2Q/13 increased 16% from the previous quarter to just over 700,000 tons.
- As often has been the case, pellet prices in Germany were on the move upwards in the fall after a quiet summer.

*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 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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