

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The total value of imported logs and lumber to China fell in August to its lowest level since 2010; the Nordic countries increased lumber sales to the high-end market, reports the Wood Resource Quarterly

Importation of softwood logs and lumber to China has fallen from a peak of 900 million dollars in April last year to only 500 million dollars in August 2015, reports the Wood Resource Quarterly. The average cost of imported softwood lumber has declined 15% in 12 months, with European lumber prices having fallen the most.

Seattle, USA. China imported softwood logs and lumber valued at just over 500 million dollars during the month of August this year. This was 28% lower than the same month in 2014 and the lowest level in five years. As recent as in April last year, the import value reached an all-time high of almost 900 million dollars.

The reduced demand for both overseas and domestic wood products in 2015 has been a consequence of the slowdown in the Chinese economy, which has not only reduced construction activities but also consumer spending on home remodeling and furniture.

Not only have log and lumber imports plummeted the past year, but so has the price paid for imported products. In August, the average costs of imported softwood logs were down 28% from their peak in April of 2014 to reach their lowest level since 2009. The biggest price drops this year have been for logs from Canada, New Zealand and Russia. Domestic log prices have been more stable in 2015, with Chinese fir sawlog prices declining only five percent from 2Q/14 to the 2Q/15, according to Wood Resource Quarterly (www.woodprices.com).

Lumber import prices have also fallen during 2014 and 2015, but the decline has been less dramatic than those for logs. In August this year, average lumber import prices were US\$191/m³, or 15% lower than their peak in September last year. The biggest price declines have been for lumber imported from Europe, while the price fall for hemlock and Douglas-fir from the US has been quite moderate.

It is interesting to note that the Swedish and Finnish sawmills, which are selling into the high-end market in China, actually have been increasing shipments to China the past year. This is in contrast to most other supplying countries, which have reduced their sales to China in 2015. With the higher cost lumber, the market share for the Nordic sawmills was only six percent of the total import volume in August, but had reached as high as ten percent of the total import value of lumber.

*Global lumber, sawlog and pulpwood market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To subscribe to the WRQ,***

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