

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The Global Sawlog Price Index reached a 16-year high in the 2Q/11; the biggest price increases occurred in Europe, Canada, Russia and New Zealand, reports the Wood Resource Quarterly

Increased consumption of softwood lumber throughout the world has moved sawlog prices to new highs in 2011. The Global Conifer Sawlog Price Index (GSPI) reached a 16-year record high in the 2Q/11, with the greatest increases over last year's prices occurring in Latvia, Poland, Japan, Russia and Germany, according to the Wood Resource Quarterly.

Seattle, USA. Wood costs often account for 65-75 percent of the production costs when manufacturing softwood lumber. This cost has trended upwards for over two years in many of the major lumber-producing countries around the world, as reported in the Wood Resource Quarterly.

The higher sawlog costs have been the result of growing demand for lumber, not only in the traditional markets of Europe, the US and Japan, but also in China, the Middle East and Northern Africa. For example, the biggest gains in exports for the Nordic countries this year has been to Morocco, a new fast growing market for wood products, and Egypt is now the second most important export market for sawmills in Finland.

China's increasing demand for wood products is a major factor in the increase in log prices in regions supplying China with lumber, including Western US, British Columbia and New Zealand.

In the 2Q/11, the Global Conifer Sawlog Price Index (GSPI) reached a new all-time high of US\$92.27 per m³. This was 5.6 percent more than the previous quarter, and an almost 20 percent jump from the past year. The GSPI has gone up every quarter since the 1Q/09 when the Index was at US\$66.10/m³. This almost 40 percent increase in two years is due not only to the weakening of the US dollar against all other currencies in the Index, but also to the higher costs of logs in local currencies. According to the Wood Resource Quarterly (WRQ), the biggest price adjustments in local currencies since early 2009 have occurred in Latvia (+58%), Poland (+39%), Japan (+36%), Russia (+35%) and Germany (35%).

Countries in Western Europe, Japan and China currently have the highest sawlog prices of the 21 regions tracked by the WRQ, while prices in Western Canada, Chile, US South and Russia are lower than the global average. This ranking has not change much the past few years with the exception of the Baltic States of Latvia and Estonia, which now are below the GSPI after having been above the global average three years ago.

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.

Contact Information

Wood Resources International LLC

Hakan Ekstrom

info@wri-ltd.com

www.woodprices.com