

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Wood fiber costs for pulp mills in the Western US have increased substantially over the past year while other regions in the US have experienced only modest increases, according to the North American Wood Fiber Review

Pulp mills in the US South continued to have stable wood fiber prices in the 1Q/15 at levels lower than any other region in the country. The dramatic increase in chip prices in the Northwest during 2014 started to level off early in 2015, while tight fiber supply in both the Lake State region and in the Northeast resulted in upward price pressure, reports the North American Wood Fiber Review.

Seattle, USA. Wood fiber costs for pulp mills in the **US South** were substantially lower than the costs for pulp companies in the rest of the US in the 1Q/15. Prices for softwood residual chips in the Southern states were over 30 percent lower than in the Northeast, Lake States and the Northwest, according the latest issue of the North American Wood Fiber Review (NAWFR).

Pulplog and wood chip prices have held steady in the South for the past 12 months at prices nearing 10-year highs. Sufficient supply of pulplogs and residual chips and steady production levels at the region's pulp mills have contributed to a healthy fiber supply and demand balance.

With pulpmills generally able to build healthy wood inventories in the 1Q/15 and with a number of maintenance outages scheduled for the second quarter, the stage is set for a possible reduction in pulpwood pricing in some southern states in the near future.

Heavy snowfalls across the **Northeast**, excluding the northern half of Maine, have created challenges for forest access and transportation during the 1Q/15. Fiber inventories, particularly those of hardwood, remained short resulting in concerns over having sufficient supplies on hand to carry through the spring, when road weight limitations and mud season greatly diminish harvest levels. Pulplog prices in this region were slightly higher in the 1Q/15 as compared the previous quarter.

Prices for both logs and chips in the **Lake States** were up to record high levels as obtaining adequate fiber supplies remained a serious challenge in the 1Q/15. Prices remained high despite the reasonable snow levels and standard temperatures.

In the 1Q/15, wood chip prices in the **US Northwest** continued their upward trend that started in late 2013, reaching their highest levels in almost three years. In only the past 12 months, softwood chips prices have gone up 21 percent. With the recent increases, this region had some of the highest wood chip prices in North America, reports the NAWFR

(www.woodprices.com). With additional residual chips generated by increased lumber production in the coming months, it is likely that chip prices will decline later in 2015.

*The North American Wood Fiber Review has tracked wood fiber markets in the US and Canada for over 20 years and it is the **only publication** that includes prices for sawlogs, pulpwood, wood chips and biomass in North America. The 36-page quarterly report includes wood market updates for 15 regions on the continent in addition to the latest export statistics for sawlogs, wood pellets and wood chips.*

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