

# Global Timber and Wood Products Market Update

*- a news brief from Wood Resources International LLC*

**North American wood fiber prices have trended downward for most of 2015 and 2016 with prices in the 3Q/16 being at their lowest levels in over two years, according to the North American Wood Fiber Review**

*Wood fiber costs for pulpmills in Canada and the US have fallen over the past year as a result of higher availability of residual chips from the continent's sawmills, reports the North American Wood Fiber Review. The biggest price declines have been in the US Northwest and Northeast regions, but prices have also fallen quite dramatically throughout Canada.*

**Seattle, USA.** Prices for wood fiber consumed by the pulp industry in North America have fallen over the past year in all regions of the continent with the exception of the US South, reports the North American Wood Fiber Review (NAWFR). The biggest declines have been in the northwestern and northeastern US where prices have fallen between 10-15% from the 3Q/15 to the 3Q/16.

In the **US Northwest**, where a majority of the fiber furnish is sawmills residuals, prices have fallen 11% in one year but are still higher than the 25-year average price. Current price levels for softwood chips in Washington and Oregon are the second highest in North America, behind the Lake States region. The lowest cost regions for chips are the US South, British Columbia, Alberta and Quebec.

Healthy operating rates at the sawmills in the Pacific Northwest and high chip inventories at the region's pulpmills are the major factors behind the recent price declines, and this downward trend is likely to continue into the 4Q/16. The high supply of residual chips has resulted in less demand for costlier roundwood chips, leading to declining pulplog prices. The average prices for Douglas-fir and hemlock log prices were 13% lower in the 3Q/16 as compared to the 3Q/15, according to the NAWFR ([www.woodprices.com](http://www.woodprices.com))

Chips and pulplogs prices in the **US South**, which have been nearly unchanged for over a year at levels close to the highest since the 1980's when NAWFR started tracking prices in that region, also showed some modest easing during the fall but not to the degree seen in other regions in North America.

Canadian wood fiber prices, in US dollar terms, have come down substantially from their record highs in 2012. Pulpmills throughout **Canada** have become much more competitive over the past few years and have gone from having the highest wood fiber costs in North America five years ago to currently having the lowest costs on the continent.

In **British Columbia**, wood chip prices would most likely have fallen more than they have the past year had it not been for the commonly used formula linking chip prices to the NBSK pulp price, a price that has stayed fairly stable the past year.

*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, lumber, wood pellets and wood chips.*

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