

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

**European sawlog prices continued their downward trend in late 2016, resulting in a decline of the European Sawlog Price Index by 6.6% over the course of two years, reports the Wood Resource Quarterly**

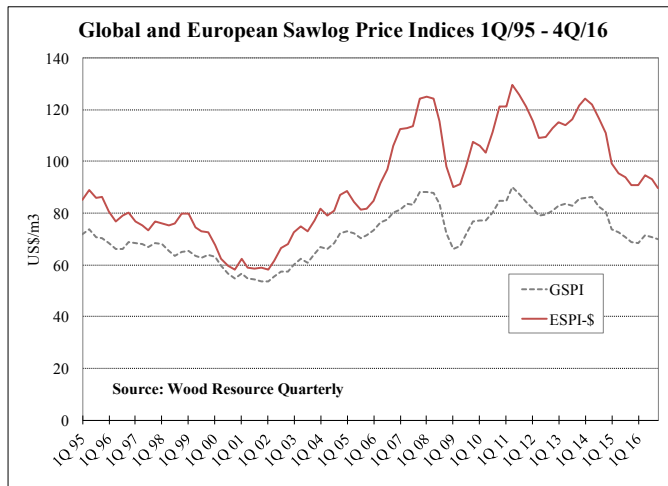
*Sawlog prices have fallen faster in Europe than in the rest of the world for the past two years but are still higher than in North America, Oceania and Latin America reports the Wood Resource Quarterly. The discrepancy between the global and European sawlog price indices reached its lowest level since 2006.*

**Seattle, USA.** Sawlog prices in Europe have been trending downward over the past three years from their record high levels in 2014. The biggest price drops have occurred in the Nordic countries and in Central Europe, while the log costs have fallen slightly less for sawmills in Eastern Europe.

The European Sawlog Price Index (ESPI-€) in the 4Q/16 was 6.6 % below its peak in 2014. Sawlog prices in Sweden, Finland and Norway are currently at their lowest levels in over ten years in their local currencies despite healthy lumber markets for sawmills in the region and high production levels. In Germany and Austria there has been a slight increase in sawlog prices during 2016, but prices are still close to their lowest they have been since 2010.

Wood raw-material costs for European lumber producers (which typically range between 60-70% of the production costs) have declined faster than in most other regions of the world over the past few years and sawmills on the continent have become more competitive, according to the Wood Resource Quarterly (WRQ). The European Sawlog Price Index (in US dollar terms) has fallen 19% from 2014 to 2016, while sawlog prices in North America and Latin America have declined by six percent and 13 percent respectively, during the same period. Although European sawmills continue to have some of the highest raw-material costs in the world, the discrepancy between the global sawlog price index (GSPI) and the European sawlog price index (in US dollar terms) has fallen, and in the 4Q/16 was at its lowest level in over ten years.

**Note:** The ESPI price index is a volume-weighted index comprised of sawlog prices for log grades commonly used for manufacturing lumber into construction and better grade lumber in the largest log-consuming countries in Europe. The Index tracks prices from the 1Q/95 to the current quarter and is published each quarter in the WRQ.



*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, please go to [www.woodprices.com](http://www.woodprices.com)***

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