

The Global Forest Industry in the 1Q/2018

Excerpts from the Wood Resource Quarterly (www.WoodPrices.com)

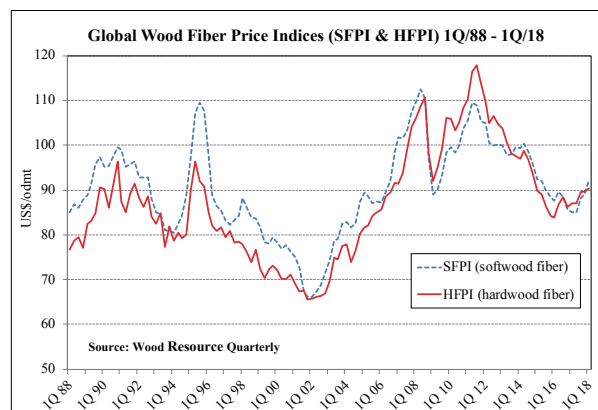
WRQ - 31 Years of Global Wood Price Reporting

Global Timber Markets

- The **Global Sawlog Price Index (GSPI)** jumped 5.1% q-o-q in the 1Q/18 to reach its highest level since late 2014.
- There has been a steady increase in sawlog prices worldwide over the past year with the GSPI increasing just over 15% in 12 months.
- The Euro-based **European Sawlog Price Index (ESPI)** reached its highest level in almost three years in early 2018, continuing an upward trend that started in 2016.

Global Pulpwood Prices

- Strong pulp markets and record high prices for both softwood and hardwood market pulp resulted in upward price pressures on wood fiber throughout the world.
- The **Global Softwood Fiber Price Index (SFPI)** was up by 3.4% from the 4Q/17 to the 1Q/18, the second highest q-o-q increase in seven years. Softwood prices rose in all regions covered by the WRQ, with the exception of Eastern Canada where chip prices fell 16%.
- Hardwood pulpwood saw a more modest price increase than softwood pulpwood, with prices rising the most in Russia, Spain and Finland. The **Global Hardwood Fiber Price Index (HFPI)** reached a three-year high of \$90.47/odmt in the 1Q/18.



Global Pulp Markets

- Global shipments of **market pulp** fell 3.3% q-o-q in the 1Q/18 but increased 2.4% as compared to the same quarter in 2017.
- In the 1Q/18, **exports of wood pulp** by the major producing countries worldwide were mixed, with Brazil, Chile and Indonesia increasing hardwood pulp exports by more than ten percent as compared to the 1Q/17. The US and Canada reduced exports over the same period.
- Strong demand, coupled with tight supply and lower inventories, pushed **NBSK pulp prices** upward during the first four months of 2018 in both Europe and North America. **BHKP** pulp prices were also on a rising trajectory, but at a slower pace than that of NBSK.

Global Lumber Markets

- After softwood lumber consumption in the **US** reached a ten-year high in 2017, demand fell in early 2018. Despite the reduced consumption, lumber production on the US west coast jumped by over nine percent y-o-y in the 1Q/18 thanks to strong demand for lumber from China during the past year.
- In the **Nordic** countries, the sawmilling industry has seen its markets improve both in regard to demand and pricing during 2017 and early 2018.
- Demand for wood in **China** slowed in the 1Q/18, with total import volumes of softwood lumber falling to their lowest levels since the 4Q/16.
- **Russian** lumber exports increased by 10% from the previous year, reaching an all-time-high volume of 28 million m³ in 2017 (more than double the export volume in 2007).

Global Biomass Markets

- Wood fiber costs for pellet producers in both Canada and the US were slightly higher in the 1Q/18 than in the previous quarter, continuing an upward trend that started in early 2017. Both the US and Canadian **Pellet Feedstock Price Indices** were up in the 1Q/18.

- The United Kingdom, the world's largest consumer of wood pellets, imported 37% of globally **traded pellets** in 2017. However, imports fell three percent from 2016, the first y-o-y decline in nine years.

*Wood Resource Quarterly (WRQ). The 56-page report, established in 1988 and with subscribers in over 30 countries, tracks sawlog, pulpwood, lumber and pellet prices and trade, and market developments in most key regions around the world. **To subscribe to the WRQ, please go to www.WoodPrices.com***

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