

# Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

**WRI's global and European sawlog price indices have both fallen over the past two years as sawlog prices have moved downward in most countries worldwide, reports the WRQ**

*Wood raw-material costs for many lumber producers in Europe and North America have fallen over the past year both because of increased timber harvests and reduced log demand, particularly in North America and Asia. Some of the biggest price changes in the 1H/19 have been seen in the Western US, Central Europe and New Zealand.*

**Seattle, USA.** The **Global Sawlog Price Index (GSPI)** fell for the fifth consecutive quarter in the 2Q/19, reaching a two-year low. Log prices were down on all continents, with the biggest declines occurring in Europe, according to the Wood Resource Quarterly. Plentiful supply from storm-damaged and beetle-infested forests in Central Europe changed the log demand/supply balance and trade flow throughout Central and Northern Europe in the spring and summer.

In North America, there have been only small price adjustments in the major log markets the past 12 months. The only exception is the US Northwest, where sawlog prices have fallen from record highs in early 2018 to levels closer to their 25-year averages in the 2Q/19. Prices for domestically consumed Douglas-fir sawlog fell 20% from the 1Q/18 to the 2Q/19, while hemlock log prices were down 25% during the same period. Plentiful log supply, lower production at the region's sawmills in the first six months of the year (down 2.7% from 1H/18), and reduced log exports to Asia (25% lower year-to-date than in 2018) are all factors which have driven down log prices in the first six months of 2019.

In the 2Q/19, the **European Sawlog Price Index (ESPI)** fell 3.7% quarter-over-quarter, reaching a nine-year low. In Euro terms, average sawlog prices in Austria and Germany have fallen almost 20% in two years, benefiting the two countries' sawmilling industry sectors, which have had some of the highest wood raw-material costs in the world over the past 25 years. In the 2Q/19, the discrepancy between the average sawlog prices in Austria and the ESPI was at its lowest level since 2008. The log price trend in Germany has been similar to the one in Austria but the price surge from 2017 to 2019 has been even more dramatic. In the 2Q/19, the average spruce sawlog price in Germany was down 22% from the 2Q/17, as compared to the 17% decline seen in Austria during the same time period.

Prices for logs from fast-growing pine plantations in Australia, Brazil and Chile continue

to be among the lowest in the world, while radiata pine prices in New Zealand have increased faster than the GSPI index and have surpassed the index during the past two years.

*Global lumber, sawlog and pulpwood market reporting is included in the 56-page quarterly publication, the Wood Resource Quarterly (WRQ). The report, which was established in 1988 and has subscribers in over 30 countries, tracks sawlog, pulpwood, wood chip, lumber and pellet prices, trade and market developments in most key regions around the world. Please visit our website **WoodPrices.com** to learn more about our subscription services.*

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