

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Global trade of softwood lumber slowed in the 3Q/19 but was still on pace to be higher than in 2018. Russia, Belarus, Germany and Finland have boosted their lumber sales the most this year, reports the WRQ

This is a brief excerpt from the newly released market report Wood Resource Quarterly. To read the full 56-page quarterly report, please visit www.WoodPrices.com to initiate a subscription.

WRQ - 32 Years of Global Wood Price Reporting

Global Softwood Lumber Trade

- Russia has surpassed Canada to become the world's largest exporter of softwood lumber, and is on track to ship almost 32 million m³ of lumber in 2019 (23% of globally traded lumber this year). Despite slowing economies in North America, Europe and Asia, lumber imports to these markets were higher in 2019 than in 2018.
- Volume traded during the first nine months of 2019 represented the second lowest y-o-y increase for the period in eight years, according to the WRQ. Of the world's ten leading exporting countries, Russia, Belarus, Germany and Finland have boosted their lumber sales the most this year.

Lumber Market – North America

- Lumber production has fallen in both the US and Canada in 2019 because of disappointingly low activity in the US housing market and meager demand for North American lumber in overseas markets. From January to September in 2019, lumber exports from Canada were down 5% y-o-y, while US shipments fell as much as 23%.
- All the major lumber-producing companies in British Columbia have taken downtime this fall, causing production to plummet 19% in 2019.
- Prices for softwood lumber were quite stable during the summer and fall in three of the four major lumber-producing regions of North America. Only in the US Northwest, where log supply has been tight and demand for lumber along the US

west coast has stayed healthy, did lumber prices move up from their lower prices early in the year.

Lumber markets – China

- China imported 15% more softwood lumber in the first nine months of 2019 than during the same period in 2018. Importation has trended upward for over five years.
- Russia supplied 60% of the import volume to China in the 3Q/19, a slight decline from the 3Q/18. Imports from Canada rose 18% y-o-y and import volumes more than doubled from a few smaller suppliers this past year, including Germany, Ukraine and Belarus. Lumber import prices have fallen for three consecutive quarters to average \$174/m³ in the 3Q/19, the lowest level since 2016.

Lumber Market – Germany

- Germany's exports of softwood lumber reached a ten-year record high of 8.2 million m³ in 2018, which was 10% higher than the previous year and 23% more than in 2014. Exports have continued to grow in 2019, with the biggest increases coming in shipments to China, the US, the UK and India. The development in trade with China has been quite remarkable, with export volumes surging from 102,000 m³ during the first nine months of 2018 to 580,000 m³ during the same period in 2019.
- The US has become the major destination for German lumber, with shipments increasing ten-fold in just three years. The US is not only the largest market for German lumber exporters, but it has also been the market that has paid the highest prices, as reported in the latest issue of the WRQ.

Wood Resource Quarterly (WRQ). This 56-page report, established in 1988 and with subscribers in over 30 countries, tracks prices for sawlog, pulpwood, lumber & pellets worldwide. The WRQ also reports on trade and wood market developments in most key regions around the world. For more insights on the latest international forest product market trends, please go to www.WoodPrices.com

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