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SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP

Global demand for lumber has increased in 2015 and 2016, resulting in a rise in trade by 10.2% in 2015, and WRI estimates that the increase will be as much as 13.6% in 2016. Lumber prices have been mixed in 2016 with increases in North America, Japan and China, while fairly stable in Northern Europe and Russia. An excerpt from the newly released market report Wood Resource Quarterly. For subscription to the full 52-page report, please visit www.woodprices.com

Global Trade of Softwood Lumber Forecasted to Increase by Almost 14% in 2016, Driven by Higher Wood Demand in China and the US

HELSINKI, Dec 18, 2016 -- Global Lumber Trade

The World Trade Organization (WTO) reported in September that world trade will expand by only 1.7% in 2016, a downward revision from earlier this year and the slowest pace since the global financial crisis in 2009. This gloomy forecast cannot be extrapolated to the global trade of softwood lumber. Rather, global demand for lumber has increased in 2015 and 2016, resulting in a rise in trade by 10.2% in 2015, and Wood Resources International estimates that the increase will be as much as 13.6% in 2016. The major markets that have been driving this surge in trade are the US and China.

Lumber markets – North America

The slow and steady improvements in the US housing market in 2016 have resulted in both higher production domestically and an increase in lumber imports. During the first eight months of 2016, lumber production was up 3.6% as compared to the same period in 2015.

US lumber imports are up 31% so far this year and may reach an eight-year high of almost 40 million m3 in 2016. Prices for lumber surged in late 2015 and throughout 2016 as exemplified by prices for southern yellow pine, which jumped over 35% in 12 months.

Lumber markets – Northern Europe

Lumber exports from Sweden have remained practically unchanged in 2016 as compared to 2015 with total shipments likely to reach about 12.5 million m3 this year. Although the total export volumes have not changed much, the destinations have. Shipments to the key markets in the MENA region have declined, while more lumber has been shipped to Asian and European markets so far this year. Lumber export prices in Finland and Sweden continue to track each other, with average prices for Swedish softwood lumber being slightly higher than prices for Finnish exports.

Lumber markets – China

During the summer and fall, China has seen strong demand for imported softwood lumber, with the import volumes for the 2Q/16 and the 3Q/16 reaching their highest level on record. Although the volumes were down in the 3Q/16 from the previous quarter, they were still 24% higher than in the 3Q/15. Russia continues to be the major supplier with a 59% market share in the 3Q/16. Import prices have remained at historically low levels in most of 2016.

Lumber market – Japan

Demand in Japan for overseas lumber has picked up this year with import volumes during the first nine months being about seven percent higher than during the same period last year. Importation in the 3Q/16 was 7.5% higher than in the 3Q/15, with Canada being the largest supplier, followed by Finland, Russia and Sweden. Prices for softwood lumber, both domestic and imported, have remained practically unchanged in 2016 in Yen terms.



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Lumber market – Russia

Russian export prices have been fairly stable so far this year with only slight increases during the fall. In US dollar terms, prices continue to be at their lowest levels in over ten years, thanks to the weak Rouble, reports the WRQ. The very competitive prices for Russian softwood lumber in the export market have mainly resulted in higher production in the sawmilling sector in Siberia, while exportation of lumber from Northwestern Russia into the European market has fallen substantially the over the past decade.

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, wood chip, 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

Wood Resources International LLC (WRI), an internationally recognized forest industry-consulting firm established in 1987, publishes two quarterly timber price reports and have subscribers in over 30 countries. The Wood Resource Quarterly, established in 1988, is a 52-page market report and includes sawlog prices, pulpwood and wood chip price and market commentary to developments in global timber, biomass and forest industry. The other report, the North American Wood Fiber Review, tracks prices of sawlogs, pulpwood, wood chips and biomass in most regions of Canada and the US.

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