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**Wood Resources
International LLC**

Sawlog Prices Fell on all Continents Except North America in the 2Q/18

The Global Sawlog Price Index (GSPI) fell by 1.4% from the 1Q/18 to the 2Q/18. This was the first quarter-over-quarter decline since the 4Q/16. Sawlog prices fell on all continents (in US dollar terms) except for North America, where prices in the 2Q/18 were 3.0% higher than the previous quarter and up 13.5% from the 2Q/17. Most of the price increases in North America over the past year have occurred in Western US and Western Canada, while log prices in Eastern Canada and the US South have stayed quite stable during the same time period.

In the Western US, sawlogs prices rose sharply during 2017 and early 2018 but came to a halt in late spring when prices slightly declined. With limited interruptions in harvesting operations and declining log exports in the first half of the year, log supply was sufficient in the summer, which eased the consistently upward price pressure seen over the past two years. Prices are likely to continue downward from their high levels seen the second half of 2018 because of the weakening demand for softwood lumber in the US.

The biggest price declines for sawlogs from the 1Q/18 to the 2Q/18 occurred in Russia, Brazil and Eastern Europe. In the Baltic States, sawlog prices fell about three percent quarter-over-quarter in the 2Q/18 after having increased by more than 20% over the past two years, reports the Wood Resource Quarterly.

Although Russian softwood sawlog prices continued their four-year upward trend in Ruble terms in the 2Q/18, the country had their largest quarter-to-quarter decline in US dollar terms in two years because of the strengthening dollar. In the 2Q/18, average prices in both the Northwestern provinces and in Siberia were down to the same level

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