

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

Forest2Market Newsletter - August 2022

Well, I found every article in this Forest2Market newsletter to be of interest so I am forwarding it in its entirety. Thanks to Håkan Ekström and the rest of the team for sharing outstanding content (and consulting services).
Regards, Rich

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August 2022 Newsletter



Visualizing Forest Carbon Data with SilvaStat360's Carbon Analysis Tool

By: Forest2Market

Forest2Market continues to take the lead in developing innovative analytical solutions for participants in the forest value chain – all of which are designed to help inform meaningful decision-making in a rapidly changing global economy. Our Carbon Analysis 360 tool was specifically designed with two important goals in mind.

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Wood Fiber Prices Continue to Soar in the Pacific Northwest

By: John Greene

Demand for conifer wood chips and pulpwood softened in the Pacific Northwest (PNW) in response to the onset of the Covid-19 pandemic in early 2020. After initially dropping, prices reflected the widespread sense of extreme uncertainty for the next several quarters and hovered around the 10-year floor price. But prices reversed course sharply in 3Q2021 and have been climbing ever-higher since; conifer primary and residual chip prices are now at a 10-year high in the region.

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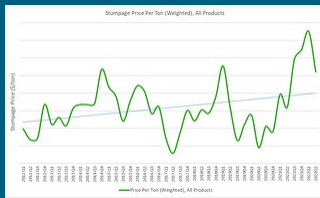
WRI Market Insights: Global Softwood Lumber Markets

By: Håkan Ekström

Global trade of softwood lumber slowed in early 2022, in particular lumber headed to China, the US, and Germany, where import volumes were down in the range of 6-20% from the same period in 2021. Wood trade will likely continue to slide in 2Q22 due to inflation going up in Europe and the US, as this impacts consumer spending.

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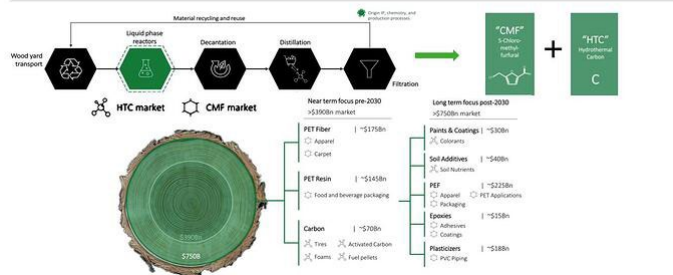
Creative Markets & Opportunities for Southern Timberland Owners

By: John Greene

While Southern timber prices have increased over the last year, they remain at low levels compared to historical trends and many southern timberland owners (particularly non-industrial private forest [NIPF] owners) are asking the obvious question: Why continue growing timber at all?

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Case Study: Origin Materials



Plastic Bans Hit India; Will Its P&P Industry Rise to Meet New Demand?

By: Rajat Sarkar

Packaging accounts for a third of India's plastic consumption, and 70% of plastic packaging is turned into waste in a short time span.

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Paper-Polymer-Plastic: 'Rock Paper Scissors' Game For Packaging Sector

By: Jane Denny

USDA estimates that new sustainable products and practice within biobased industry sectors reduced oil consumption by 9.4 million barrels in 2017.

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Impact of Skyrocketing Fuel Prices on Forest Products Transportation

By: Forest Resources Association

Rising fuel prices impact everyone's pocketbook through increased costs which are driving up prices. This increase in cost is especially true for the trucking industry, which is critical to maintaining the supply chain and is often viewed as a barometer of the U.S. economy. While 2020 data from the U.S. Department of Energy Alternative Fuels Data Center shows that the average fuel economy for cars was 24.2 miles/gallon, it was 5.29 miles/gallon for heavy trucks with a gross vehicle weight rating exceeding 33,000 pounds, such as a 5-axle tractor-trailer log truck.

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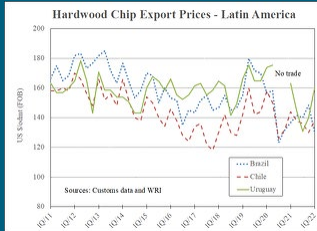
Lower Housing Starts, Higher Home Prices, and Surging Inflation

By: John Greene

One noteworthy and related challenge in the current inflationary environment is the rapidly diverging relationship between the median new home sales price and the shelter component of the Consumer Price Index (CPI). The shelter component represents rent and owner's equivalent rent, which together comprise roughly 1/3 of the index by weight. Consider that new home prices are up roughly 40% cumulatively since January 2020, and rents on apartment leases also continue to skyrocket. Meanwhile, the shelter component of the CPI is up only 9% cumulatively since January 2020.

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Wood Chip Exports From Brazil and Uruguay Hit Record Levels

By: Håkan Ekström

Eucalyptus plantations in Latin America are a significant supply source to pulpmills in China and Japan. However, the Latin American share of total Asian import volumes has declined over the past five years because of the increased availability of plantation fiber in Southeast Asia (predominantly from Vietnam) and higher fiber demand from local pulpmills in Latin America.

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Industrial Activity Metrics			
Metric / Industry	Previous		
	2022:04	Month	Year
	% Change		
Industrial Production Index	105.6	1.1	6.4
Manufacturing	104.0	0.8	6.0
Wood Products	104.7	1.1	6.3
Paper	97.0	0.0	1.6
Capacity Utilization Index	79.0	1.0	5.6
Manufacturing	79.5	0.7	5.5
Wood Products	84.4	0.9	5.4
Paper	85.4	0.1	1.2
Capacity Index	133.7	0.1	0.7
Manufacturing	130.9	0.0	0.5
Wood Products	124.1	0.2	0.8
Paper	113.7	-0.1	0.4
New Orders (Billion \$)	533.2	0.3	12.7
Ex. Transportation	446.4	0.3	11.5
Investment Spending	73.2	0.4	6.4

Sources: Federal Reserve Board & U.S. Census Bureau

Manufacturing Growth in Forest Industry Slows in Early Summer

By: Forest2Market

After annual revisions, total industrial production (IP) moved up less than 0.1% in May (+4.8% YoY); output has increased in every month of the year so far, with an average monthly gain of nearly 0.6%. Less encouragingly, manufacturing output (which accounts for 78% of total IP) slipped by -0.5% in May after three months during which growth averaged +0.9%. Wood products (-3.1%) led the May drop among durable industries, while paper (-0.2%) was among nondurables experiencing losses less than 1%.



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