

# **Global Timber and Wood Products Market Update**

*- a news brief from Wood Resources International LLC*

**The global sawlog price index in the 1Q/12 was down almost nine percent from early 2011, with Europe experiencing the biggest decline in prices, reports the Wood Resource Quarterly**

*Reduced global demand for lumber has resulted in a reduction in the Global Sawlog Price Index by almost nine percent in 12 months, as well as a recent decline in the global trade of logs, as reported by the Wood Resource Quarterly.*

**Seattle, USA.** Prices for sawlogs fell in virtually all twenty countries covered by the Wood Resource Quarterly ([www.woodprices.com](http://www.woodprices.com)), both in local currencies as well as in US dollars. This resulted in the third consecutive quarterly decline of the Global Sawlog Price Index (GSPI) to US\$85.90/m<sup>3</sup>. The Index was down 3.0 percent from the 4Q/11, and 8.6 percent lower than the all-time high in the 2Q/11.

Lower demand for lumber in many markets in Europe and reduced log imports to China were two major factors that pushed softwood log prices downward in the first quarter. In US dollar terms, prices fell the most in the Nordic countries, Coastal British Columbia, Poland, Germany and Austria.

The slowdown in Chinese lumber and log demand affected sawlog prices for hemlock on the BC Coast during the winter months, where they dropped 17 percent from the 3Q/11 to the 1Q/12. Prior to the recent slide, there was an almost 50 percent increase in hemlock sawlog prices between 2009 and 2011.

In many European countries, sawlog prices fell during the winter months, according to the WRQ. This was the result of reduced domestic demand for lumber, slowing markets in the Middle East and Northern Africa, and uncertainty over the near-term financial health of the European Union.

Trade of sawlogs fell in early 2012 because of reduced demand in most key lumber-producing countries in the world. This downturn comes after four years of consecutive increases in traded volumes from 2008 to 2011. Of the ten largest softwood log-importing countries, China, Germany and Spain have reduced imports the most so far this year, as compared to early 2011. Only two countries, Japan and South Korea, have increased importation of logs to supply their sawmills and plywood mills with more raw-material.

Japanese sawmills have not only increased their supply of imported logs, but are also using more domestic logs. During the first three months of 2012, log consumption by the country's sawmills was up seven percent compared to the same period last year. Log consumption is expected to increase slowly in the coming years because demand for lumber and plywood will grow as the country is rebuilt in the aftermath of devastating earthquake and tsunami last year.

*Global timber market reporting is included in the 52-page quarterly publication Wood Resource Quarterly (WRQ). The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices and market developments in most key regions around the world. **To subscribe to the WRQ, please go to [www.woodprices.com](http://www.woodprices.com)***

**Contact Information**

Wood Resources International LLC

Hakan Ekstrom

[info@wri-ltd.com](mailto:info@wri-ltd.com)

[www.woodprices.com](http://www.woodprices.com)