

# Global Timber and Wood Products Market Update

- excerpts from the market report *Wood Resource Quarterly*

## The Global Forest Industry in the 4Q/2011

### Global timber markets

Sawlog prices in the 4Q/11 were down both in US dollar terms and in local currencies in most of the 20 regions covered by the Wood Resource Quarterly (WRQ) as compared to the previous quarter. **The Global Sawlog Price Index (GSPI)** declined for the second straight quarter to \$87.28/m<sup>3</sup> in the 4Q. The Index was down six percent from the all-time high in the 2Q/11. In US dollar terms, the biggest declines from the 3Q/11 occurred in the Nordic countries and Oceania.

### Global pulpwood prices

In the 4Q, the US dollar continued to strengthen against the currencies of all of the countries covered by the WRQ *except* Japan. This development, together with a downward price pressure on pulplog and wood chips in local currencies because of weakening pulp demand, resulted in a decline of both of the global wood fiber indices.

The **Softwood Wood Fiber Price Index** fell for the second straight quarter to US\$105.30/odmt in the 4Q/11. This was down 3.3 percent from the previous quarter, but 1.6 percent higher than 4Q/10. The biggest price declines from the 3Q took place in Western Canada, Brazil, Spain, Germany and Finland.

The **Hardwood Wood Fiber Price Index** fell 3.6 percent from the 3Q/11 to the 4Q/11, when it averaged US\$113.69/odmt. Despite this drop, this was still 5.0 percent higher than in the 4Q/10 and the third highest level ever recorded. The biggest price reductions from 3Q to 4Q occurred in Spain, Finland, Brazil and Chile.

### Global pulp markets

Production of market pulp on a worldwide basis was up four percent from October to November, and operating rates reached 91 percent for the 20 of the world's largest-producing countries in the world. For the first 11 months of 2011, world production was 3.7 % higher than the same period in 2010, with production going up the most in **Latin America and W. Europe**. Prices for hardwood pulp (BHKP) fell more than those for softwood pulp (NBSK) last fall, but they seemed to reach a bottom in early January and have been slowly climbing during late January and early February.

### Global lumber markets

Softwood lumber production and trade were down in many of the major markets worldwide during the fall of 2011. In the **US and Canada**, production fell sharply in

November by nine and six percent, respectively, from the previous month. Production was reportedly down also in the **Nordic countries, New Zealand, Latvia, Austria and Japan**. Prices for imported lumber to **Japan** fell during the last few months in 2011 after having increased for much of the past two years.

Lumber prices fell in both **Finland and Sweden** during the fall, reaching their lowest levels since early 2010.

In **China**, a tightening monetary policy with a restricted money supply resulted in reduced activities in the construction sector in the second half of 2011. As a consequence, the importation of softwood lumber to China was down ten percent in the 4Q from the previous quarter.

### **Global biomass markets**

Pellet exports from the **US South** showed steady shipments for three consecutive quarters in late 2010 and early 2011 before a significant increase occurred in the second and third quarter of 2011.

Residential wood pellet prices increased slightly in the 4Q/11 in the three major consuming countries in Europe. **Sweden** continues to have the highest prices, averaging €284/ton, while prices in **Austria and Germany** averaged €231/ton and €235/ton, respectively.

*Global timber and wood market reporting are included in the 52-page quarterly publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices, as well as market developments in most key regions around the world. **To subscribe, 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)