

Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

The first half of 2013 saw increased production of lumber in the US, lower prices and higher importation from overseas, reports the Wood Resource Quarterly

Higher lumber consumption in the US has resulted in both increased domestic production and a rise in importation of lumber in 2013, reports the Wood Resource Quarterly. Total production in North America was up almost seven percent from January through July this year compared to 2012, and imports from Canada and overseas jumped 18% during the same period.

Seattle, USA. North American lumber production was up 6.7% during the first seven months of 2013 as compared to the same period in 2012, with all regions on the continent showing higher production this year, according to the latest WWPA data. The biggest increases occurred in the Canadian provinces of Quebec and Alberta, and in the Northwestern states of the US. Lumber production levels in the US and Canada have gradually gone up since 2009, and lumber shipments are currently back up to the same levels as in 2008, just after the beginning of the global financial crises, as reported in the Wood Resource Quarterly. There has been an over 35 percent increase in production the past four years, with the biggest gains on the US west coast.

After the sharp increase in lumber prices in 2012 and early 2013, prices for the common species; Douglas-fir (US West coast), South pine (US South) and spruce-pine-fir (Canada) fell approximately 25 percent from March, which was a eight year peak to June because of weaker demand and healthy supply during most of the spring and summer months. During the summer and early fall, lumber prices have recovered somewhat, but are still substantially below the levels reached in the 1Q/13.

Despite falling lumber prices during the second quarter, the improved housing market in the US attracted more interest from a number of countries overseas. The importation of softwood lumber over the first seven months this year has been the highest since 2008, which was just after the collapse in housing market.

Canada is still, by far, the largest lumber supplier to the US with a market share of over 96 percent by volume and 92 by value of total imports. However, overseas lumber suppliers in Chile, Sweden, Brazil and Germany have all increased shipments to the US in 2013. Importation in the 2Q/13 was up 13%, from the 1Q/13 and as much as 24% higher than in the 2Q/12. For the first half of 2013, the largest increases year-over-year have been in shipments from Sweden (+250%), Germany (+63%) and Chile (+48%), according to the WRQ. With continued weak demand for lumber in Europe, the Middle East and Northern Africa, it is likely that lumber shipments from European sawmills to the US will continue to increase in the 4Q and into 2014.

*Global pulpwood and 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 30 countries, tracks sawlog, pulpwood, lumber and pellet prices, trade and market developments in most key regions around the world. **To subscribe to the WRQ, please see www.woodprices.com***

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