

Press Release – For Immediate Release

The slumping economy has reduced sawlog prices in Europe and North America to the lowest levels in five years, reports the WRQ.

Softwood lumber markets have continued to weaken and as a result, demand for sawlogs has fallen worldwide and the Global Conifer Sawlog Price in the 1Q/2009 was down 26 percent from a year ago, according to the Wood Resource Quarterly.

Seattle, USA. June 2009. Sawmills in North America have taken a great deal of market-related downtime in 2009 with no region being immune to the deteriorating markets. Lumber production in the US South was 27 percent lower in the 1Q this year as compared to the same quarter last year, while production in western US was down 30 percent over the same period, according to WWPA. As a consequence, log demand was down and sawlog prices fell substantially, particularly in the US Northwest where sawlog prices are currently 50 percent lower than two years ago.

The biggest drop in lumber manufacturing in Canada has occurred in British Columbia, where production in the 1Q/09 was 30 percent lower than the same quarter in 2008. Eastern Canada had only 19 percent reduction in output. Production as a share of practical capacity was a mere 51 percent in March this year. News about reduced lumber output and permanent sawmill closures continued to pour in during the spring, and additional sawmills are likely to cut production particularly in the eastern provinces. The reduced demand for sawlogs in BC has pushed log prices down to levels not seen in over 15 years.

The sawmilling sector in Finland has also been hard hit with production in the 1Q/2009 being down 25 percent from last year and the outlook for the rest of 2009 and 2010 looking fairly bleak with further reductions in output. A major reason for the gloomy outlook is the high cost of sawlogs in the country, which make the industry less competitive as compared to Russia, Sweden and countries in Eastern Europe. Finnish sawmills currently have some of the highest wood raw-material costs of all countries tracked by the Wood Resource Quarterly.

Prices for softwood sawlogs have fallen sharply in most regions worldwide the past 12 months. The WRQ Global Conifer Sawlog Price has declined 26 percent from last year, reaching US\$67.51/m³ in the 1Q/09. The WRQ Index, which is based on a basket of sawlog prices in 19 regions worldwide was, in the 1Q, at its lowest level since 2004.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks sawlog and pulpwood prices in most regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

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