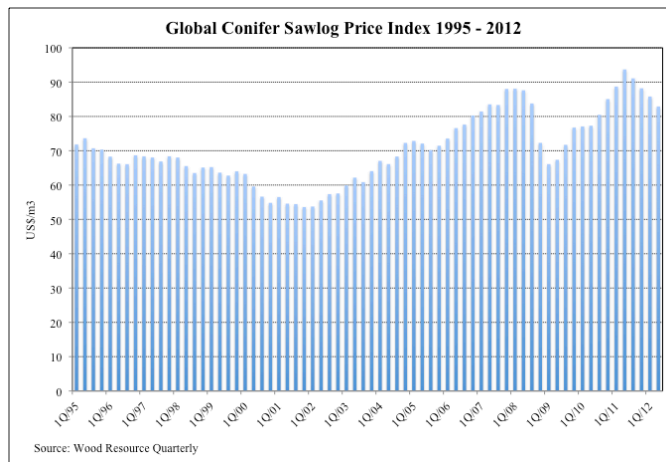


# The Global Forest Industry in the 1Q/2012

*Excerpts from the Wood Resource Quarterly (www.woodprices.com)*

## Global Timber Markets

Softwood sawlog prices continued their slide throughout the world in the 2Q/12, and the Global Sawlog Price Index (GSPI) was down for the fourth consecutive quarter to \$82.90/m<sup>3</sup>. The Index was down 3.4 % from the 1Q/12, and 11.5 % from 2Q/11.



Log prices were down in practically all major regions worldwide both in the local currencies and in US dollar terms, Western US and British Columbia being the only exceptions thanks to strong exports of lumber to Asia and higher demand for lumber in the US.

## Global Pulpwood Prices

In the 2Q/12, prices for wood chips and pulplogs fell in practically all regions tracked by the WRQ. Uncertainty in pulp markets, lower pulp and paper prices and a healthy supply of sawmill chips were all factors that put downward pressure on wood fiber prices.

The Softwood Wood Fiber Price Index (SFPI) fell 4.1% in the 2Q/12 to \$100.54/odmt. The biggest price declines occurred in Brazil, the US Northwest, Australia and Eastern Canada.

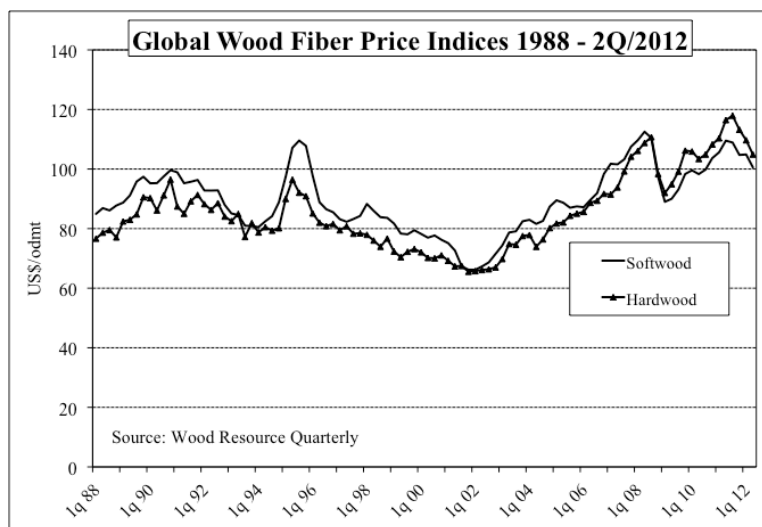
Hardwood fiber prices have fallen even more than softwood fiber prices this year. The Hardwood Wood Fiber Price Index (HFPI) was \$104.88/odmt in the 2Q/12, down 4.4 percent from the previous quarter. The HFPI has now fallen for three consecutive quarters since the all-time high in the 3Q/11.

## Global Pulp Markets

Global demand for market pulp has continued to whither during the second quarter 2012, particularly in Europe and North America.

Softwood market pulp (NBSK) prices have fallen dramatically from a year ago. NBSK prices in Europe were around \$790/ton in July, down from \$1040/ton in the 2Q last year.

The price fall for hardwood pulp (BHKP) has not been as steep as for NBSK, with the current \$770/ton price in Europe down from \$880/ton in July 2011.



## Global Lumber Markets

In May, lumber consumption in **the US** was 13% higher than in May 2011 and was the highest seen in the month of May since 2008.

The **Canadian** sawmilling industry ramped up production the first five months of 2012 as compared to the same period in 2011.

Pine lumber prices in the **US South** have gone up almost 35 % this year, while spruce-pine-fir (SPF) prices in Canada have increased by about 30 %.

Sawmills in **Finland and Sweden** increased exports year-over-year by almost 10% the first five months of 2012. Export prices in the 2Q/12 were below the average for the past three years.

**China's** importation of softwood lumber increased in the 2Q/12, up 27% from 1Q/12, but only less than one percent more than the 2Q/11.

During the 2Q/12, lumber prices in **Japan** for both domestic and imported softwood lumber trended upward but were still generally lower this year than in 2011.

### **Global Biomass Markets**

In the 2Q/12, **woody biomass prices** were down between 2-10% in the key biomass-consuming region of the US as compared to the 1Q/12.

North American shipments of **pellets to Europe** continue to steadily increase, reaching a new high in the 1Q/12.

**Pellet prices** in Europe experienced a decline during the summer months, as is typical.

*Global timber market reporting is 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, 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)***

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