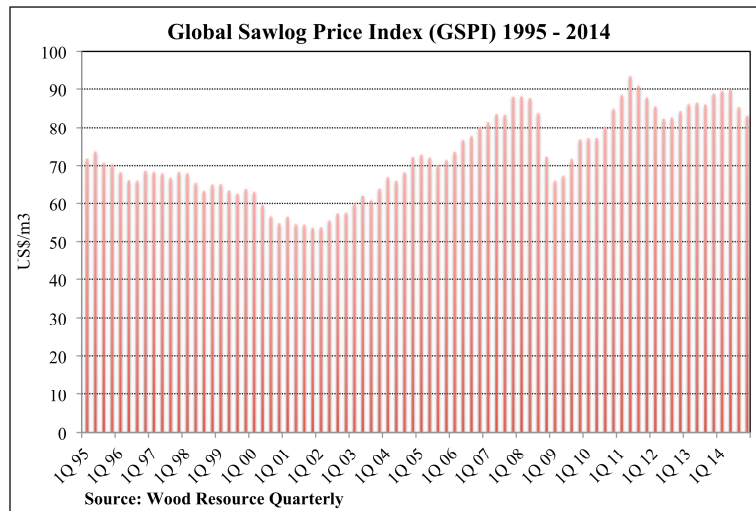


The Global Forest Industry in the 4Q/2014

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

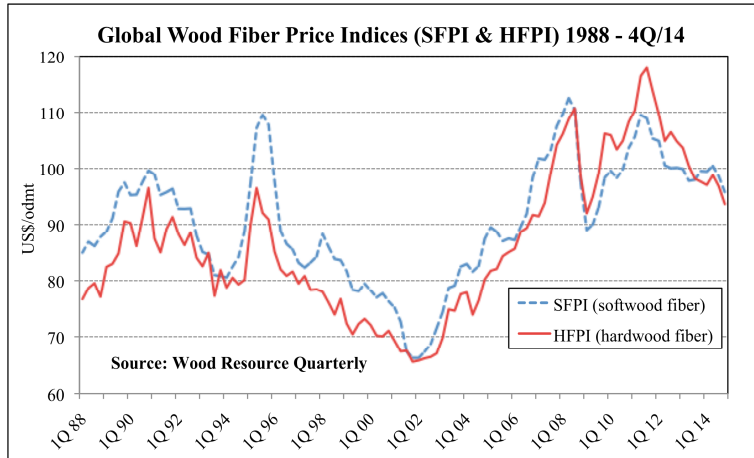
Global Timber Markets

- **Sawlog prices** were generally lower throughout the world in the 4Q as compared to earlier in the year. The Global Sawlog Price Index (**GSPI**) fell for the third consecutive quarter to \$83.12/m³, which was down 2.6 % from the previous quarter.
- In 2014, global softwood **log trade** reached an eight-year high of approximately 85 million m³, according to estimates by WRI. China increased imports in 2014, and now accounts for about 40% of total world imports,



Global Pulpwood Prices

- A strengthening US dollar and relatively modest price adjustments of pulplogs and wood chips in most world regions resulted in lower WRI wood fiber price indices in the 4Q.
- The **Softwood Fiber Price Index (SFPI)** fell to \$95.72/odmt, which was a decline of 3.0 percent from the previous quarter. The biggest price declines occurred in Germany, Russia, New Zealand and Japan.
- The **Hardwood Fiber Price Index (HFPI)** declined 3.2 percent from the 3Q/14 to the 4Q/14 to reach a six-year low of \$93.62/odmt. Wood fiber prices fell in practically all regions outside North America.



Global Pulp Markets

- The world market prices for **NBSK pulp** have remained practically unchanged in Western Europe, North America and China over the past six months. In Europe, the NBSK price averaged \$935/ton, or about five dollars higher than in the previous quarter. The price premium for NBSK over **BHKP** reached more than \$200/ton in the fall of last year, which was biggest price discrepancy in over 15 years.

Global Lumber Markets

- **Global trade of softwood lumber** has continued to trend upward ever since the global financial crises in 2008, according to the Wood Resource Quarterly. In 2014, export volumes were up 5-8 percent for a majority of the largest lumber-exporting countries in the world, including Canada, Russia, Finland, Sweden and Germany.
- Lumber consumption in **the US** increased 6.1% during the first eleven months of 2014 as compared the same period in 2013.
- **US lumber prices** have gone through some up-and-downs the past two years with southern yellow pine prices having fluctuated between \$198/m³ and \$284/m³ over the two-year period. Prices averaged around \$250/m³ in February, 2015.
- Lumber prices declined for much of the fall of 2014 in both **Sweden and Finland** because of the export market weakened in the second half of the year.
- Despite the prospects of substantially higher profits for **Russian** exporters, there has not yet been a surge in export volumes of forest products from either Eastern Russia to the major market in China, or from NW Russia to Europe.
- Lower demand for lumber impacted both lumber production in **Japan**, which was down four percent, and the importation of wood products in 2014. Softwood lumber import volumes were down 17% year-over-year to their lowest level since 2009.

- The demand for lumber in **China** weakened during the second half of 2014, with import volumes of softwood lumber in the last quarter of the year falling nine percent from the 3Q/14 and six percent from the same quarter in 2013.

Global Biomass Markets

- Pellet exports from **North America** rose in the 3Q after a stable first half of the year. While pellet exports to Europe were up just marginally, the increase to Asia was more noticeable.
- Prices for pellets in the three major pellet markets in Europe, **Sweden, Austria and Germany** have converged to a fairly narrow price range in early 2015. This occurred because prices have fallen in Sweden for more than three years, while Central European prices have increased slightly.

Global timber and wood market reporting is included in the 52-page quarterly publication Wood Resource Quarterly. The report, established in 1988 and with subscribers in over 30 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 <http://www.woodprices.com>

Contact Information

Wood Resources International LLC
Hakan Ekstrom
Seattle, USA
info@wri-ltd.com