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# WOOD MARKETS MONTHLY INTERNATIONAL REPORT HIGHLIGHTS

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Featuring Lumber, Panels and Wood Products Analysis

## WHAT'S INSIDE...

### Features

- 2 In Memory of Gerry Van Leeuwen
- 3 Europe and Russia: Lumber Market Developments • 2014 & H1/2015

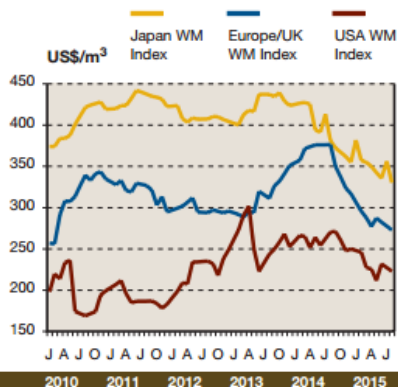
### Global Statistics

- 7 Japan & Global Housing
- 9 U.S. & Canada Quarterly
- 11 U.S. & Canada Housing

### Analysis

- 13 Price Forecasts: One-Year Price Outlooks
- 15 Monthly Prices: World Lumber & Panel Prices

## GLOBAL PRICE TRENDS



Source: WOOD MARKETS  
Note: Features structural lumber products from our Global Prices section

## VIENNA INTERNATIONAL WOOD PRODUCTS & MARKET CONFERENCE

### Looking for Markets...

**D**uring WOOD MARKETS' inaugural Vienna International Wood Products & Markets Conference (held in mid-June to coincide with the biannual Schweighofer Prize), the atmosphere was mixed, and in fact was rather similar to that noted in our Vancouver conference in May: concern about the oversupplied commodities lumber market was apparent, but there was also considerable optimism about the future of engineered wood products. With the U.S. and Chinese markets bottoming out, Europe is still generally stuck in neutral, but with a few notable gains being achieved.

The conference featured four sessions: two related to European lumber and engineered wood products; one on North America/Russia; and one on Asia and the Middle East/North Africa (MENA). The following provides highlights of the European sessions.

### Europe

Europe's economy remains fragile, with spotty demand, excess production, volatile export markets and strong competition keeping European producers cautious about short-term prospects. The northern countries are faring better than their Mediterranean counterparts.

Total European demand for sawn softwood was stable in 2014, with a 7% increase in production (attributable mainly to Sweden, Finland and Poland) driven by a rise in overseas exports. Germany has been the most important market for sawn softwood products, with consumption of 18.4 million m<sup>3</sup> (29.6% of the total) in 2014, followed somewhat distantly by the U.K. at 8.8 million m<sup>3</sup> (14.5%), with France in third at 12.8%.

The mild recovery in sawn softwood production that began in 2011 continued into 2015 with mixed results. For the European Organization of Sawmills (EOS) member countries, total sawn softwood output grew by 3.3% in 2014 to 80.5 million m<sup>3</sup>. The recovery seems to be stalling in 2015, and there is a likelihood that predominantly sluggish markets could limit output growth to a scant 0.7%. Developments in 2014 were not equal among the EOS members: Romania and Austria reported declines of 2%–7%, while most of the other countries recorded growth ranging from 0.8% (Latvia) to 9.5% (Switzerland).

Export markets are becoming more important for the European sawn softwood industry, especially those of China, Japan and the MENA countries (led by Egypt).

**AUSTRIA:** Austria is the largest log-importing country in Europe and second largest in the world (after China). With the central European region having seen a huge expansion of lumber capacity since the late 1990s, a chronic log shortage has developed, with Austria and Germany experiencing some of the worst imbalances of sawlogs versus mill capacity.

...continued

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### SPECIAL REPORT

#### VIENNA INTERNATIONAL WOOD PRODUCTS & MARKET CONFERENCE

##### Looking for Markets...(cont'd)

ity. Adding to that, they have the highest sawlog prices in the world, with declining demand in key markets.

**ENGINEERED WOOD:** There are emerging strategies for engineered wood in Austria and other European countries, including the production of more value-added lumber and the integration of mill production with glu-lam beams and cross-laminated timber (CLT) products. Growth in CLT is based on exceptional dimensional stability, strength and rigidity, features that make it a viable alternative to concrete, masonry and steel in many applications. ■

(The full WOOD MARKETS article provides further details.)

### MARKET REPORT

#### EUROPE/RUSSIA: LUMBER MARKET DEVELOPMENTS • 2014 & H1/2015

##### Slow and Unsteady Recovery Continues

**EUROPE:** Although still historically low, European consumption rose by 2.7% in 2014 over 2013. For Sweden (with half of all production growth in Europe, led by robust construction/remufacturing and steadily rising exports), consumption rose by 17%; output continued to drop in Austria, France and the Czech Republic. In Q1/15, euro-based prices rose in the Middle East/China, declined in Japan, and were flat in Europe. Rising overseas exports added 17% (mainly to Asia/North Africa); exports to Japan dropped 18% y/y. Swedish figures indicate that exports to China/the U.S. rose by 24% and 31%, respectively; exports to Japan dropped by 21%.

**CIS/RUSSIA:** The ruble's drop led to more supply of softwood logs to China, raising ruble-based prices for sawmillers in the domestic market. In H2/15, Russia gave back much of its currency advantage through lower prices.

**NORTH AMERICA:** Housing growth lifted softwood lumber consumption by 4.2% in 2014 over 2013; U.S. output rose 5.4%, with a minimal rise in Canadian output. Canada still dominates U.S. imports: ~97% share in 2014, with shipments up 10.4% (highest volume since before the financial crisis). ■

(The full article goes into much greater depth, with several graphs for clarity.)

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## HIGHLIGHTS

### WHAT'S NEW

#### REMINDER:

##### Gerry Van Leeuwen Celebration of Life

September 1, 2015, 13:00-16:00

Royal Vancouver Yacht Club

3811 Point Grey Road, Vancouver, BC V6R 1B3

#### COMING IN SEPTEMBER 2015:

##### Global Timber/Sawmill/Lumber Cost Benchmarking 2014 Annual Basis & Q1/15

- [www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-report-2014/](http://www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-report-2014/)

##### U.S. Clear Pine Lumber & Moulding Market

###### Outlook to 2020

- <http://www.woodmarkets.com/publication/us-moulding-market-report/u-s-clear-pine-lumber-moulding-market-outlook-2015-2020/>

#### NOW AVAILABLE:

##### WOOD MARKETS 2015 • Outlook to 2019 (December)

- [www.woodmarkets.com/publication/5-year-outlook/outlook-2019/](http://www.woodmarkets.com/publication/5-year-outlook/outlook-2019/)

##### Russia: Forest Industry Competitiveness & Export Outlook

- [www.woodmarkets.com/publication/russian-reports/russia-outlook-2013/](http://www.woodmarkets.com/publication/russian-reports/russia-outlook-2013/)

##### N.A. Stud Industry & Market • Outlook to 2017

- [www.woodmarkets.com/publication/special-reports/na-stud-market-2017/](http://www.woodmarkets.com/publication/special-reports/na-stud-market-2017/)

#### SIGN UP:

##### CHINA BULLETIN (monthly)

- [www.woodmarkets.com/publication/china-bulletin/](http://www.woodmarkets.com/publication/china-bulletin/)



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