

SENT TO LSU AGCENTER/LOUISIANA FOREST PRODUCTS DEVELOPMENT CENTER - FOREST SECTOR / FORESTY PRODUCTS INTEREST GROUP



The Global Forest Industry in the 4Q/2018

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Excerpts from the 4Q 2018 issue of the Wood Resource Quarterly.

Global Timber Markets • In early 2018, the Global Sawlog Price Index (GSPI) reached \$80.73/m³, its highest level since 2014. Sawlog prices generally increased in local currencies during 2018, but with a stronger US dollar, the dollar-denominated GSPI index fell by about five percent during the year. • Mixed price movements in Europe resulted in fairly small changes in the European Sawlog Price Index (ESPI-€). In the 4Q/18, the index was up 1.8% q-o-q, but was practically unchanged from the 4Q/17. **Global Pulpwood Prices** • Prices for softwood pulplogs and softwood chips rose in most markets worldwide in the 4Q/18. The biggest increases occurred in Chile, Brazil, New Zealand and Australia, while prices fell the most in France, Japan and Germany. • WRI's Softwood Fiber Price Index (SFPI) moved up by 0.5% from the 3Q/18 to the 4Q/18. The Hardwood Fiber Price Index (HFPI) increased 1.9% quarter-over-quarter to in the 4Q/18, driven mainly by higher costs for hardwood pulplogs in the US South, Brazil and Indonesia. Hardwood fiber prices fell in Europe in both the local currencies and in US dollars. **Global Pulp Markets** • NBSK and HBKP prices fell in all major regions in the 4Q/18 and early 2019. The biggest price declines were in pulp destined for China. • The NBSK price in Europe has fallen from a record high of \$1300/ton in October last year to \$1180/ton in early 2019.

Global Lumber Markets • In 2018, global trade of lumber fell for the first time in five years, with total trade down seven percent y-o-y to an estimated 115 million m³. • US lumber prices have gone through a historical roller-coaster ride over the past 12 months. Average prices for pine in the US South were at about \$420/m³ in January 2018, peaked at \$554/m³ in June and fell to \$372/m³ in early 2019. • Softwood lumber exports from Canada were down 5% y-o-y in 2018, with the biggest decline being in shipments to China. • Sawmills in the Nordic countries had a very good second half of 2018, with lumber prices in the local currencies in the second half reaching their highest levels since 2007. • Lumber imports to China fell for two consecutive quarters to reach 5.9 million m³ in the 4Q/18. • Russia's share of total imports to China has moved up from 55% in the 4Q/17 to 63% in the 4Q/18 as the sawmilling sectors in Siberia and the Far East continue to expand and deliver competitively priced lumber. • Despite substantial declines in the gross margins for sawmills in the US South, profits were still above the ten-year average in the 4Q/18.



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Global Biomass Markets • Global trade of wood pellets jumped almost 18% y-o-y in 2018 when a new record of over 20 million tons was shipped. • Pellet prices in Austria and Germany reached their highest prices in five years in the 1Q/19.

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