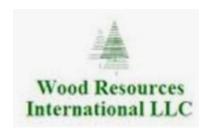


27 March 2019



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



The Global Forest Industry in the 4Q/2018

Hakan Ekstrom

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 40/18. • Russia's share of total imports to China has moved up from 55% in the 40/17 to 63% in the 40/18 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 tenyear average in the 40/18.



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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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