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



The Global Forest Industry This Quarter

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Global Timber Markets

• Sawlog prices fell in most of the major regions of the world in the 2Q/20. A strengthening US dollar, weaker log demand early in the quarter, and sufficient log supply in some markets contributed to the lower prices. • The Global Sawlog Price Index (GSPI) declined four percent q-o-q to its lowest level in over ten years, reports the Wood Resource Quarterly. • The European Sawlog Price Index (ESPI) has fallen 9.1% in the past year. The largest sawlog price decreases have occurred in Central Europe. • Global trade of softwood logs fell by approximately 15% y-o-y during the first half of 2020 as the consumption of lumber dropped throughout the world.

Global Pulpwood Markets

• Wood raw-material costs fell for most pulp manufacturers throughout the world in the 2Q/20, which reduced WRI's two fiber price indices for the fifth consecutive quarter. The Hardwood Fiber Price Index (HFPI) dropped to its lowest level since 2004. • The world's two largest purchasers of wood chips, China and Japan, drastically reduced their chip importation in the 2Q/20, as the COVID-19 epidemic took its toll on pulp and paper consumption in the two countries.

Global Pulp Markets

• Prices for hardwood market pulp (HBSK) have remained practically unchanged during the COVID-19 epidemic, despite short-term increases in demand for tissue and other paper hygiene products. • Prices for softwood pulp (NBSK) have inched up slightly this year from a three-year low in early 2020.

Global Lumber Markets

• The good news for lumber producers in North America has been the increased usage of wood products in the repair and remodeling sector. • US softwood lumber prices have risen spectacularly this year. Market prices for commonly traded grades have more than doubled from May to August. • In the 2Q/20, China increased importation of softwood lumber by 42% q-o-q, reaching 7.1 million m3. This large increase followed a quarter where import volumes had fallen to a four-year low. • As estimated eight percent of globally traded lumber is shipped to the Middle East/Northern Africa (MENA) region. Following two years of increases, this year saw imports decline. • Record high lumber prices in the US and slightly lower costs for sawlogs moved 2Q/20 gross margins for US sawmills to some of the highest levels seen since 2005.



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Global Biomass Markets

- Import prices for industrial wood pellets fell q-o-q in the 2Q/20 for the four major markets in Europe, with the largest declines occurring in Denmark and Belgium.

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