Tropical Timber Market Report

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Finally trading begins to be profitable

A close look at price movements over the past two years suggests that, at last, financial returns to producers have improved. This follows a previously long period when prices barely, if at all, kept pace with inflation and the steady increases in costs for power, fuel and other inputs.

Although there was some concern that the economies in the main consumer countries could falter once more causing another round of weakness, the current debate in the consumer countries tends to focus on whether supplies can be maintained to meet demand not falling consumption.

Producers now adept at balancing production with demand

Reports from producers over the past months have indicated that they are now much more adept at balancing production levels and short term demand. In this way they can avoid building up stocks beyond the volumes needed to service the market.

Producers report that trade is brisk at current prices in the major markets of China, Middle East, Vietnam and India but that no attempts have been made to raise prices even for contracts stretching to year-end.

The only downside to current business is the level of trade with European importers which is un-inspiring with little prospect of any serious improvement volumes or prices in the short term. The focus of buyers in Europe remains sapele, sipo and a very few other species.

Impact of Ebola on trade

In a recent article, Enase Okonedo, Dean of the Lagos Business Schoo,l talked about the impact of the Ebola crisis on trade from and within West Africa. She points out that, “Of the 16 countries in West Africa only three – Guinea, Liberia and Sierra Leone – are currently affected by the Ebola virus. Nevertheless, it is having an economic impact on not only these affected countries but many others in the region.”

The exodus of foreign workers in crucial sectors of the economy, even in unaffected countries, has had an immediate impact. Okonedo writes “In Ghana, for example, a country with no reported cases of Ebola, some global companies have evacuated non-essential foreign personnel. For countries affected by the virus it is much worse.”

As highlighted by Okonedo “Trade within the region was beginning to increase following concerted efforts by governments to facilitate the movement of goods and expansion of services. But border closures by countries like Senegal, Côte d'Ivoire and Ghana as well as travel bans are having an adverse effect on trade in the region.”

For the full article see: http://theconversation.com/ebolas-impact-on-the-west-african-economy-33327

Insurance a grey area when it comes to Ebola

There is a debate at present on whether traders or shipping companies could claim force majeure if they could not meet contractual agreements for reasons related to Ebola.

Companies shipping wood products internationally have insurance cover to protect themselves from the risk of natural disasters, political unrest etc. but it is not clear if delays and disruptions as a result of the spread of Ebola would be covered by existing insurance policies.

It may be that a shipping company will refuse to enter a port in an affected area or a port in a consumer country may refuse to handle a vessel with cargo from an affected area. In either of these circumstances it is not clear if force majeure can be claimed.

For more see:
http://www.lexology.com/library/detail.aspx?g=f4d5342e-a2de-4506-9894-e045cd7bb0b3
http://www.nortonrosefulbright.com/knowledge/publications/119826/west-african-ebola-outbreak-legal-guidance-on-projects
http://online.wsj.com/articles/delays-in-commodity-shipments-due-to-ebola-fall-into-murky-legal-area-1413561697

Log Export Prices

West African logs, FOB		€ per m^3	
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	235	235	155
Azobe & Ekki	235	230	150
Belli	300	295	-
Bibolo/Dibétou	150	145	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	340	340	260
Moabi	330	300	220
Movingui	210	210	160
Niove	160	155	-
Okan	290	285	-
Padouk	300	275	210
Sapele	350	350	250
Sipo/Utile	375	375	250
Tali	320	320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m^3
Ayous	FAS GMS	360
Bilinga	FAS GMS	520
Okoumé	FAS GMS	480
	Merchantable	275
	Std/Btr GMS	350
Sipo	FAS GMS	660
	FAS fixed sizes	660
	FAS scantlings	670
Padouk	FAS GMS	820
	FAS scantlings	870
	Strips	500
Sapele	FAS Spanish sizes	675
	FAS scantlings	670
Iroko	FAS GMS	620
	Scantlings	695
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	470
Moabi	FAS GMS	580
	Scantlings	560
Movingui	FAS GMS	420

Report from Ghana

Involvement of the younger generation in REDD+

A member of the Planning Committee of Ghana REDD+, Ms Ama Kudom Agyeman, has asked Metropolitan, Municipal and District Assemblies (MMDAs), to ensure that policies enacted to achieve sustainable management of forests and the environment are taken seriously.

Addressing major stakeholders and students as part of the Ghana REDD+ Road Show in the Volta Region Ms Agyeman said, the MMDAs stand to benefit from the forests and environmental resources and it behoves on them to protect these resources against deforestation and degradation.

She said students are being involved in order to create awareness, build their capacity and inculcate a culture of appreciation of sustainable management of forest and water resources.

The project dubbed, "Think Development, Think Sustainability, Think REDD+" is supported through the World Bank's Forest Carbon Partnership under the auspices of the Forestry Commission and the Ministry of Lands and Natural Resources.

Forest fringe communities lauded

A leading timber producer and exporter, Samartex Ghana Limited, has organised a forum for communities within 5 kiliometers of its operational area in the Awoin and Suaman districts of the Western Region as part of its inclusive social responsibility agreement.

Speaking at the forum, District Manager for the Forestry Services Division (FSD) of the Forestry Commission (FC) in the Aowin and Suaman districts, Mr. Lawrence Fosu, said government and Forestry Commission highly value communities closest to forest reserves because they provide security for the forests

Mr. Fosu applauded Samartex Ghana Limited for assisting communities in the area of which they are operating. He cautioned communities leaders that illegal chainsaw operators destroy the forest and warned anyone found guilty would be dealt with severely under the law.

President assures business community on 'transformation'

The President of Ghana, Hon. John Dramani Mahama, has assured the international community his administration would step up measures to transform the economy in the coming years.

Speaking to the international business community in London on Ghana's economic transformation he said this will focus on adding value to primary goods such as cocoa and timber in order to boost export earnings and create jobs.

Boule Export prices

	Euro per m^3
Black Ofram	245
Black Ofram Kiln dry	425↑
Niangon	478↑
Niangon Kiln dry	550

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9 mm)	FACE (2mm)
Ceiba	290	340↓
Chenchen	320	355↓
Ogea	326	355↑
Essa	318	364
Ofram	315↓	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.58↑
Asanfina	1.40	0.47↓
Avodire	1.15↓	0.75
Chenchen	1.10	0 .40
Mahogany	1.30	0.72↓
Makore	1.30	0.53
Odum	1.76	0.99

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	945
Asanfina	485	564
Ceiba	242↓	310
Dahoma	311↑	365
Edinam (mixed redwood)	390	465
Emeri	410↑	500↓
African mahogany (Ivorensis)	593	720
Makore	580	618
Niangon	615↑	710
Odum	610	700↓
Sapele	567	585↓
Wawa 1C & Select	275	340

Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	420	600	641
6mm	400	575	622
9mm	382	450↑	510
12mm	374	440	450
15mm	355↑	385↑	386
18mm	300	357	370

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	14.00↑	15.70	18.80
Odum	9.80	13.30↑	11.80↓
Hyedua	14.00↓	14.93	18.45
Afrormosia	15.50↑	18.65	18.55

Grade 2 less 5%, Grade 3 less 10%.

Report from Malaysia

Malaysian architects avoid designing with timber

Ironically for a major timber producing country such as Malaysia, architects, builders and specifiers tend to avoid specifying timber in construction mainly, say analysts due to their lack of knowledge and appreciation of the properties of timber.

Common fallacies in the building sector and amongst consumers range from the non-durability of timber, timber being a fire hazard and the myth that timber harvesting contributes to the destruction of the environment.

To start addressing this problem the Malaysian Timber Council (MTC) recently met with some 135 architects, all members of the Malaysian Institute of Architects, to begin work on dispelling the myths and misconceptions on the suitability of timber in construction.

MTC's Director of Timber Industries Development, Dr Wong Tuck Meng, reminded the audience of the 'green' credentials and properties of wood.

One major issue which emerged from the discussion with architects was the marketing of sub-standard building components. An instances was cited where timber roof trusses collapsed but, as pointed out by Dr. Wong, this was a problem of manufacture not the timber its self.

More FSC certified forests for Sabah
The Sabah Times, a domestic newspaper, has reported that the Trusmadi Forest Reserve, Timimbang-Botitian Forest Reserve, Pin Supu Forest Reserve and Northern Gunung Rara Forest Reserve in Sabah (in total about 150,000 hectares) are on their way to becoming FSC certified.

Other forest reserves in Sabah that have been certified by FSC are Tangkulap-Pinangah and Ulu Segama-Malua.

WWF-Malaysia is assisting in the FSC certification by providing technical assistance throughout the certification process. In support of the FSC certification, WWF-Malaysia recently organised a training course on High Conservation Values (HCV) which was attended by state forestry officers and civil society stakeholders.

The training focused on HCV identification, management and monitoring and it served as an avenue for the participants to clarify the HCV concept and its application in forest management.

Sarawak Chief Minister – 1 million hectares of national parks to come
The Chief Minister of Sarawak, Adenan Satem, continues to surprise industry observers and detractors by moving aggressively against illegal activities in the forests.

Adenan has issued a 'no mercy' directive against illegal loggers saying "those holding logging licences have been warned that they must not cross the line". He expressed outrage after illegal loggers were found to have entered two national parks in Sarawak, one of which is the state's largest totally protected peat swamp forest.

The Star newspaper reported Adenan saying "We are asking the State Attorney-General to recommend court actions. Enough is enough. I want to see results in the fight against these illegal loggers. I expect the Forestry Department to deliver concrete results and not give me more of the same".

The Maludam National Park is the largest totally protected peat swamp in Sarawak and is located in the Sri Aman division in southern Sarawak. Bukit Tiban National Park is located in the Bintulu division in northern Sarawak. Both are home to rare and endangered species of plants, trees and animals.

The Chief Minister has been quoted as saying he wanted to gazette more forests in Sarawak as national parks and is aiming for at least one million hectares gazetted as national parks.

Report from Indonesia

Ministries of Forestry and Environment merged
Indonesia's new president, Joko Widodo, has reorganised several ministries with the Ministry of Forestry being merged with the Ministry of Environment. The new entity will be headed by Dr. Siti Nurbaya an environmental activist and longtime bureaucrat.

The domestic press in Indonesia has provided a profile on the new ministers.
See:
http://thejakartaglobe.beritasatu.com/news/indonesias-new-ministers/

Intensified challenge to corruption
The Corruption Eradication Commission (Komisi Pemberantasan Korupsi, KPK) has entered into a MOU with several ministries to strengthen its work to eliminate corruption in the forestry sector.

The deputy chairman of the KPK said this MOU involves his agency and the Ministries of Home Affairs, Forestry, Public Works Ministry as well as the National Land Agency.

Warnings issued to local administrations and companies
Several regencies and municipalities as well as almost 20 companies in Riau have been warned to improve their compliance with environmental regulations as they are suspected as being complicit in using fire to clear land.

This warning comes after an investigation conducted by a team comprising representatives of the President's Delivery Unit for Development Monitoring and Oversight (UKP4), the REDD+ Management Agency, the Ministry of Forestry and the Riau Police.

Update on legality verification service providers
Beginning January 1, 2013 Indonesia implemented a timber legality verification system based on a certification approach best described as 'operator-based licensing'.

To achieve certification verification bodies must audit the legality of the operations of timber producers, timber traders, processors and exporters.

The following lists those companies, as of September 2014, offering verification services.

Verification bodies for SFM

PT. Ayamaru Certification
PT. Sarbi International Certification
PT. SUCOFINDO SBU (SICS)
PT. Almasentra Certification
PT. Rensa Global Trust
PT. Forescitra Sejahtera
PT. Mutuagung Lestari
PT. Nusa Bakti Mandiri
PT. Equality Indonesia
PT. Multima Krida Cipta
PT. TUV International Indonesia
PT. Global Resource Sertifikasi
PT. Transtra Permada
PT. Trustindo Primakarya

Verification bodies for timber processing legality

PT. BRIK
PT. Sucofindo
PT. Mutuagung Lestari
PT. Mutu Hijau Indonesia
PT. TUV International Indonesia
PT. Equality Indonesia
PT. Sarbi Moerhani Lestari
PT. SGS Indonesia
PT. Transtra Permada
PT. Trustindo Primakarya
PT. Ayamaru
PT. PCU Indonesia
PT. Global Resource Certification
PT. Scientific Certification System Indonesia
PT. Lambodja Sertifikasi

Domestic Log Prices

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	200-240
Falcata logs	150-190
Rubberwood	95-120
Pine	120-140
Mahoni (plantation mahogany)	130-150

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic		US$ per m^3
Kampar (Ex-mill)		
	AD 3x12-15x400cm	510-620
	KD	-
	AD 3x20x400cm	590-630
	KD	-
Keruing (Ex-mill)		
	AD 3x12-15x400cm	550-720
	AD 2x20x400cm	490-520
	AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	650-680
3mm	670-700
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	370-420
12mm	350-400
15mm	320-350

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB			US$ per m^3
Particleboard	Export	9-18mm	720-750
	Domestic	9mm	900-990
		12-15mm	650-670
		18mm	520-600
MDF	Export	12-18mm	700-750
	Domestic	12-18mm	430-530

Report from Myanmar

Open tender prices for teak and hardwoods

On 24 October the Myanma Timber enterprise (MTE) sold teak and hardwood logs as well as sawnwood by open tender. Prices secured are shown below. Logs are measured in hoppus tons while sawnwood is measured in cubic tons.

Logs

Sawing Grade logs were sold by open tender ex-site Katha and Mandalay (Pyin Oo Lwin) area. A total of 484 hoppus tons was sold comprising SG7- 427 h. tons; SG8- 18 h. tons; SG9- 29 h. tons and Thinning Posts (Girth 2')- 12 h. tons.

17 log lots were unsold. It was reported that 2 lots did not attract bids while bids for the other 15 lots did not reach the reserve price. Observers say it is possible that the difficulty in transport timber from distant sale sites to mills could be one reason for the lots not being sold.

Sawnwood

All prices mentioned below are in US dollars per ton of 50 cubic feet.

First, Second and Market Quality of teak flitches (width 6" to 19" x thickness 3" to 15" x length 6' & up to 19') and boards (width 7" to 14" x thickness 1"-2" x length 6' to 12') and teak squares (width 10" & up x thickness 10" & up x length 6' & up) were sold by special open tender.

- Mandalay (Pa-leik) area- teak boards, 7 cubic tons, average price US$ 3104
- Toung Oo (Phyu-kwin) area- teak flitches and squares, 32 cubic tons, average price US$2495
- Toung Oo (Tha-ga-ya) area- hand-sawn teak flitches, 25 cubic tons, average price US$2492

The following sawn teak products were sold from the MTE sawmill No.1

Scantlings (width 1”-4” x thickness 0.5”-3” x lengths various ranging from 1.5’ to 6’ & up); squares (10” & up x 10” & up x 10’ & up, 6’/9’), Posts (6”/9” X 6”/9” X 6’ & up), Square-ends (lengths 1’ to 5.5’), and post-ends (lengths1’ to 5.5’).

Prices of scantlings range from US$901 to US$3098 per ton depending on the sizes and quality. Teak squares Market Grade fetched US$1220 to US$1777 per ton. Teak Posts were sold at prices from US$1215 to US$1335 per ton. Third Quality teak scantlings (134 tons) were sold at an average price of US$654 per ton.

Seized hardwood sales

- Tamalan hewn timber, 143 tons, average price US$3410 per ton
- Tamalan sawn timber, 23 tons, average price US$5088 per ton.
- Padauk hewn timber, 154 tons, average US$3013 per ton
- Padauk logs from Mandalay area, 11 h. tons at US $2787 per h.ton
- Sagawa log,s 50 tons, atUS $ 411/h.ton

MTE Hardwood Open tender ex- Yangon Depots

	Hoppus tons	US$/h.ton
Pyinkado	18	486
Thayet	120	137
Pyinma	1	275
Binga	2	235
Yemane	1	275
Yon	42	242
Thitsi	4	245
Thingadu	16	325
Ingyin	23	265
Thabye	33	262

Armed security in forest reserves

The domestic press (Messenger Daily) has reported that armed officers from the Myanmar Police Department will be assigned to patrol forest areas to prevent illegal felling and transport of illegally harvested logs.

The officers will reportedly patrol only during the time when the weather allows harvesting that is from November until April.

Normally trees are felled during May to October the rainy (monsoon) season in Myanmar and trucked out of the forests from November to April, the so-called ‘open season’. During the up-coming open season armed guards will patrol the reserved forests of Yangon Division, Mandalay Division, Bago Division, Sagaing Division and the Shan State.

Malaysian success at trade show

A press release from the Malaysia External Trade Development Corporation (MATRADE) says that it arranged for some 70 Malaysian companies to participate in the “Malaysia Services Exhibition and Showcase Malaysia 2014” held in Yangon in early October. Contracts worth RM991 million were reported by Malaysian exhibitors during the event.

In addition to the exhibition a cross-border programme that involved meetings with local government officials and the private sector was held to explore investment opportunities in Myanmar’s fast emerging market.

MATRADE says: Over the last five years trade between Malaysia and Myanmar has increased from RM1.22 billion in 2009 to RM2.89 billion in 2013.

For the first eight months of 2014, Malaysia’s trade with Myanmar was valued at RM2.18 billion, while exports recorded RM1.8 billion an increase of 48.3 per cent compared to the previous year.

For more see: http://www.matrade.gov.my/en/about-matrade/media/press-releases/press-releases-2014/3632--promising-opportunities-in-myanmar-for-malaysian-companies-22-october-2014

Report from India

Wood product price index drops

The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI). The official Wholesale Price Index for ‘All Commodities’ (Base: 2004-05 = 100) for the month of September 2014 declined by 0.4 percent to 185.0 (provisional) from 185.7 (provisional) for the previous month.

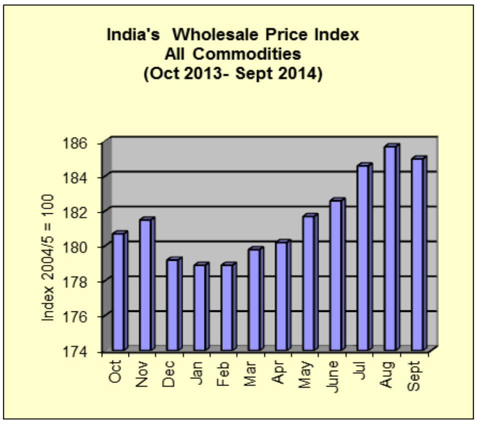
The annual rate of inflation, based on the monthly WP, stood at 2.38% (provisional) for September 2014 (over September2013) as compared to 3.74% (provisional) for August.

For more see: http://www.eaindustry.nic.in/cmonthly.pdf

Timber and plywood wholesale price indices

The OEA also reports Wholesale Price Indices for a variety of wood products.

The Wholesale Price Indices for Logs/timber and Plywood are shown below.



Data source: Office of the Economic Adviser to the Indian government

The September index for the 'Wood and Wood Products' group rose by 0.4 percent to 186.1 (provisional) from 185.4 (provisional) in August due mainly to higher prices for plywood and fibreboard.

See: http://eaindustry.nic.in/display_data.asp

Red Sanders auction now a court matter

The auction of red sanders scheduled for October 10 was halted after a Chennai-based individual filed a complaint with the National Green Tribunal claiming that red sander, an endangered species, was on the brink of extinction owing to large-scale felling and smuggling. The Andhra Pradesh government is preparing to file a petition against the tribunal's order to halt the sale.

Red sanders is included in Appendix-II of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) 1995 and classified as endangered. Red sanders is also on the red list of the International Union for Conservation of Nature.

The proposed sale by India was authorised by CITES and this was to be the third time since 1995 that India had been given permission to export logs seized from smugglers.

The sale of red sanders became big news locally after the Chandra Babu Naidu government announced that it was thinking of using the sale proceeds to fund the crop loan waiver scheme. The government is expecting Rs.20 billion from the sale of red sanders for which auctions are planned.

As many as 140 overseas buyers, including 109 from China, plus 275 Indian businesses have already inspected the red sanders logs in readiness for the auction.

Importers react to smaller plantation teak logs – prices driven down

In case of Congo D.R., Sudan, Tanzania and Uganda, minimum prices offered for plantation teak have fallen reflecting the smaller logs that are now on offer from exporters.

However, in case of Panama top end prices have improved as some good size logs are coming into the market. For other shippers prices remain stable.

Current C&F prices for plantation teak

	US$ per cu.m C&F
Belize logs	350-400
Benin logs	320-680
Benin sawn	400-800
Brazil logs	390-750
Brazil squares	360-680
Cameroon logs	390-510
Colombia logs	320-650
Congo logs	380-710
Costa Rica logs	360-840
Côte d'Ivoire logs	330-720
Ecuador squares	300-540
El-Salvador logs	340-695
Ghana logs	370-650
Guatemala logs	270-550
Guyana logs	300-450
Kenya logs	350-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	350-525
Nicaragua logs	370-535
Nigeria squares	340-450
Panama logs	275-750
PNG logs	400-575
Sudan logs	450-700
Tanzania teak, sawn	350-885
Thailand logs	460-700
Togo logs	230-715
Trinidad and Tobago logs	420-680
Uganda logs	410-860
Uganda Teak sawn	680-900

Variations are based on quality, length of logs and the average girth.

Exmill prices for sawnwood

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1550-1650
Balau	1700-1900
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	925-975
Radiata pine AD	550-650
Whitewood	600-650

Variations are based on quality, length and average girth of logs

Myanmar sawnwood begins to arrive in India

Domestic end-users continue to firmly resist efforts by those Indian companies holding the remaining stocks of Myanmar teak stockiest to push up prices.

Myanmar teak sawnwood imports are beginning to arrive in India but some sizes are in short supply. However, this is expected to be only a short-term issue which will be overcome as deliveries increase. The improved arrival of teak sawnwood should mean the consumer has a wider choice of product at more affordable prices say analysts.

Sawnwood (Ex-mill)	Rs. per ft^3
Myanmar Teak (AD)	
Export Grade F.E.Q.	7500-17500
Plantation Teak A grade	5700-6200
Plantation Teak B grade	4200-4700
Plantation Teak FAS grade	3400-3700

Price variations depend mainly on length and cross section

Imported 12% KD sawn wood prices per cu.ft ex-warehouse

Sawnwood, (Ex-warehouse) (KD)	Rs per ft^3
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

Gurjan veneer imports

Shipments of gurjan core and face veneers produced in Myanmar by Indian plywood mill owners have started arriving in India and this has eased the raw material supply situation for those millers with the foresight to invest in off-shore veneer production.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	37.00
6mm	50.00
9mm	63.50
12mm	78.40
15mm	104.00
18mm	109.70

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.19.50	Rs.28.70
6mm	Rs.29.90	Rs.37.00
9mm	Rs.37.50	Rs.44.60
12mm	Rs.44.60	Rs.54.30
15mm	Rs.55.00	RS.66.30
19mm	RS.63.30	Rs.74.20
5mm Flexible ply	Rs.39.00	

More forest areas to be opened to mining

Forest Survey of India (FSI), the government's top body for assessing and monitoring forests, is recommending that mining be permitted in some 463,000 hectares of the almost 650,000 ha. of areas where there are coal resources. The recommendation, if accepted by The Ministry of Environment, would increase domestic coal production and reduce the import bill.

The re-assessment exercise by FSI was conducted at request of the Environment Ministry to determine how much of the forests should be excluded from mining activities.

Coal is at the foundation of the country's energy policy and the current re-assessment claims to have taken into considerations various issues such as forest cover and hydrological values, wildlife, biodiversity and the landscape.

The Indian coal industry is set for major change as the government is to allow private Indian companies to both mine and sell coal, the most significant change in the energy sector for 40 years.

Report from Brazil

Tropical sawnwood and plywood exports perform well

In September 2014 wood products exports (except pulp and paper) increased 22% in value terms compared to September 2013, from US$195.7 million to US 238.8 million.

Tropical sawnwood export volumes in the same period were up 6.4%, from 28,300 cu.m in September 2013 to 30,100 cu.m in September 2014. In terms of value, exports increased 11.5% from US$14.8 million to US$16.5 million over the same period.

Pine sawnwood exports increased by 46% in value in September 2014 compared to September 2013, from US$15.0 million to US$21.9 million. In terms of volume, exports rose 44%, from 64,700 cu.m to 93,200 cu.m over the same period.

Tropical plywood exports increased 26.5% in volume, from 3,400 cu.m in September 2013 to 4,300 cu.m in September 2014 (but still very low compared to levels 10 years ago). In terms of value, tropical timber exports climbed 22.7%, from US$2.2 million in September 2013 to US$2.7 million in September 2014.

Pine plywood exports also increased by 28.9% in value in September 2014 in comparison with September 2013, from US$29.4 million to US$37.9 million. Export volumes increased 25%, from 81,700 cu.m to 102,100 cu.m, during the same period.

Wooden furniture exports grew from US$40.2 million in September 2013 to US$45.9 million in September 2014, a 14.2% improvement.

Brazilian plywood industries seek to increase international business

Plywood producers in Brazil recently met to assess international market opportunities given the improvement in exports to the US which increased by almost 15% in August this year.

Further market diversification was another issue being promoted by the Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI). So far this year there has been a 15% increase in the volume of exports to new destinations, mostly emerging economies.

According to ABIMCI, the latest data show that many companies have orders stretching well into November.
However, despite the 17% growth in production from 2009 to 2013, exports have not yet returned to pre-2009 crisis levels.

A construction boom in the domestic market has meant that more than half of the plywood output was consumed locally. But the weakening of the Brazilian economy has resulted in falling investments in civil construction. Under these circumstances plywood producers are seeking to increase sales in the international market.

Brazilian furniture exports to US up 50% in September

Brazilian furniture exports in September 2014 increased 12.0% in value compared to the same month of the previous year, from US$41.1 million in September 2013 to US$46.0 million in September 2014.

The main markets for Brazilian furniture in September 2013 were: the United States (16.1%), the United Kingdom (15.3%), Peru (8.3%) and Angola (8.2%). In the same month in 2014, the United States continued as the main importer of Brazilian furniture accounting for 21.7% of all furniture exports followed by the UK at 14.6%, Peru (9.4%) and Angola (8.4%).

Growth in furniture exports was highest in the US market were year on year growth in September rose over 50%. In the UK a 7.4% growth in sales was recorded.

Producers in the state of Rio Grande do Sul where the main furniture exporters in September 2014, accounting for 38% of the value of furniture exports. Exports by producers in Santa Catarina accounted for a further 38% with 14.4% being exported from Paraná.

Annual growth in output tops 5%

According to Brazilian Institute of Geography and Statistics (IBGE), Brazilian timber industry production has expanded steadily since 2009, the year when output collapsed.

In the period 2009-2014 domestic production increased approximately 30% corresponding to an average annual growth of 5%. The timber industry in Paraná state achieved an average annual growth of 8%.

Despite this growth, Brazil is still producing 18% less wood products compared to 2004 when the timber industry was at its peak.

An International Conference ‘Wood Products Industry and Exports’ in Curitiba, Paraná state will consider how growth in the industry can be maintained and whether it is possible that production can return to the 2004 levels.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	182⬇
Jatoba	107⬇
Massaranduba	114⬇
Miiracatiara	120⬇
Angelim Vermelho	110⬇
Mixed redwood and white woods	99⬇

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	895⬇
Jatoba	509⬇
Massaranduba	426⬇
Muiracatiara	470⬇
Angelim Vermelho	409⬇
Mixed red and white	254⬇
Eucalyptus (AD)	245⬇
Pine (AD)	182⬇
Pine (KD)	199⬇

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	795
10mm WBP	648
15mm WBP	554
4mm MR	716
10mm MR	539
15mm MR	509

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	332
15mm MDF	481

Economic news

Brazil’s Consumer Price Index (IPCA) increased 0.57% in September 2014, more than twice the rate in August.

In September, the accumulated annual IPCA stood at 4.61%, well above the 3.79% registered in the same period in 2013. Over the past 12 months, the index has climbed 6.75% the highest since October 2011, when it reached 6.97%.

The Monetary Policy Committee (COPOM) of the Brazilian Central Bank kept the prime interest rate (Selic) at 11% when it last met. The rate has not been changed since May this year when the cycle of high interest rates ended after over a year of increases.

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1279
Jatoba	1029
Massaranduba	741
Miiracatiara	731
Pine (KD)	223

Export Plywood Prices

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	353
12mm C/CC (WBP)	328
15mm C/CC (WBP)	318
18mm C/CC (WBP)	314

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,320
	Jatoba	1,520

Report from Peru

New markets and double-digit growth for Peruvian Boards

Peruvian Boards S.A. (Tapesa), the sole manufacturer of composite boards marketed as Maderba Peru, said it plans to expand its presence in international markets.

Tapesa currently exports to Colombia and Bolivia and plans to enter the markets of Ecuador and Chile where it will face tough competition from domestically manufactured boards. The market strategies developed for the new initiative are expected to result in double digit growth in 2014 and 15% growth in 2015.

Tapesa has a production facility in La Libertad, northern Peru close to sources of its raw materials which are pine, eucalyptus and bagasse.

The company was founded over 30 years ago also has a significant national presence with 23 dealers, 14 of them in Lima.

Forestry Law would take effect in 2015

The Forestry and Wildlife Act will come into effect next year according to the Director of the Forest Service and Wildlife (SERFOR), Fabiola Munoz.

He is quoted as saying: "In January 2015 we expect to approve the regulations and enforce the new law which has a holistic approach to land management, promoting plantation and community forestry and will offer training to indigenous organisations”. Because of the consultative process in developing the new regulations communities were able to participate.

Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US$ per m^3
Mahogany S&B KD 16%, 1-2” random lengths (US market)	1570-1655
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	545-598

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	439-508
Grade 2, Mexican market	388-423
Cumaru 4" thick, 6’-11’ length KD	
Central American market	841-865
Asian market	871-916
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	606-631
Marupa (simarouba) 1”, 6-11 length Asian market	444-495

Peru Sawnwood, FOB Iquitos	US$ per m^3
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	433-474
Grade 2, Mexican market	342-381
Grade 3, Mexican market	161-176
Marupa (simarouba) 1”, 6-13 length KD	
Grade 1, Mexican market	369-426

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	-
Virola	162-189⬆
Spanish Cedar	296-355⬆
Marupa (simarouba)	133-145⬆

Export Veneer Prices

Veneer FOB Callao port	US$ per m^3
Lupuna 3/Btr 2.5mm	221-249
Lupuna 2/Btr 4.2mm	234-266
Lupuna 3/Btr 1.5mm	219-228

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US$ per m^3
Copaiba, 2 faces sanded, B/C, 15mm		328-365
Virola, 2 faces sanded, B/C, 5.2mm		466-489
Cedar fissilis, 2 faces sanded.5.5mm		759-770
Lupuna, treated, 2 faces sanded, 5.2mm		373-399
Lupuna plywood	B/C 15mm	413-441
	B/C 9mm	366-385
	B/C 12mm	350-360
	C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.		370-393

Domestic Plywood Prices (excl. taxes)

Iquitos mills	US$ per m3
122 x 244 x 4mm	508
122 x 244 x 6mm	513
122 x 244 x 8mm	522
122 x 244 x 12mm	523
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	513

Domestic Prices for Other Panel Products

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Export Prices for Added Value Products

Peru, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1287-1388
Cumaru KD, S4S	Swedish market	915-1043
	Asian market	1224-1254
Cumaru decking, AD, S4S E4S, US market		1187-1278
Pumaquiro KD # 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		493-519
	2x13x75cm, Asian market	732-815

Report from Guyana

Advantages of cutting for quality and grade emphasised

The Forest Products Development and Marketing Council, in collaboration with The Forestry Training Centre's, Chainsaw Milling Project, along with Farfan and Mendes Ltd. hosted two workshops with members of the Moraikobai Logging Community located in the Mahaicony River and members from the Charity, Pomeroon region.

The focus was on timber grading and solar kiln construction and drying. There was also a presentation on marketing and the requirements for the export of timber products.

A session on best practices in chainsaw milling to produce quality and high yields while using safe processing techniques was popular. As a follow-up there was discussion on correct cutting procedures and stacking practices. The advantages of cutting for quality and grade as against cutting for volume were emphasised.

Export Prices

There were no exports of greenheart logs or baromalli plywood in the period reviewed.

Logs, FOB Georgetown	US$ price per m^3		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	200-235	-	-
Mora	120	130	-

Export Sawnwood Prices

Sawnwood, FOB Georgetown		US$ price. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	1,060	-
	Standard	-	806-960
	Select	800-1484	-
	Sound	-	-
	Merchantable	-	
Purpleheart	Prime	-	-
	Standard	-	721-1,260
	Select	694-1080	-
	Sound	-	-
	Merchantable	-	
Mora	Prime	-	-
	Select	500-694	-
	Sound	-	-
	Merchantable	500	-

In the case of no price indication, there is no reported export during the period under review.

Export Plywood Prices

Plywood, FOB Georgetown Port			US$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	No export
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Better than expected industrial production and retail sales

September's industrial output expanded at the fastest pace in eight months. Production in September was up 2.7% from the previous month, an increase for the first time in two months.

The sectors contributing most to the expansion of output were transport equipment, electronic parts and devices and electrical machinery. But the Ministry of Trade and Industry is forecasting that production could decline 0.1% in October but tip up again in November. Inventories held by companies fell in September compared to August the first fall for five months.

The better than expected news on output and the rise in September retail sales, the third monthly increase in a row, is boosting opinions that the economy may have turned the corner after the collapse after the sales tax increase earlier in the year.

For more see:
http://www.meti.go.jp/english/statistics/tyo/iip/index.html

But, doubts raised on pace of economic recovery

The latest data show that Japan's September exports clocked the fastest growth in seven months boosted by improved sales into Asian markets. However, renewed signs of slowing global growth may undermine future growth which would add more doubts to whether Japan’s economy is really recovering. Already the IMF has halved its forecasts for growth in the Japanese economy for 2014.

The good news on exports was undermined as government data shows the September trade deficit widening which if not reversed would mean Japan ends 2014 with yet another record deficit.

In its mid-October assessment of the outlook for the economy the Japanese government maintained its pessimistic forecast which is fuelling fears of a recession and certainly raises doubts that the country could withstand the second consumption tax increase scheduled for next year.

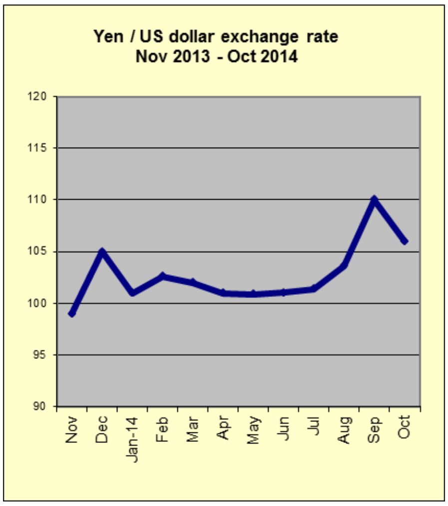
Etsuro Honda, a University of Shizuoka professor and economic adviser to Japan’s Prime Minister has said in public that the sales tax increase should be delayed as an increase now would pose a huge threat to the fragile economy.

Good and bad sides of weaker yen

At a recent parliamentary meeting the governor of the Bank of Japan said that the weaker yen had the twin and opposite effects of driving exports but undermining the profitability of small and medium manufacturers which rely on imported raw materials.

From a high of yen 106 to the US dollar in early October there has be a steady decline in the exchange rate as investors in Japan moved funds to US and European bonds.

The dollar strengthened in anticipation of a rise in US interest rates next year but a statement from the Federal Reserve that a change may come later than expected slowed the upward trend.



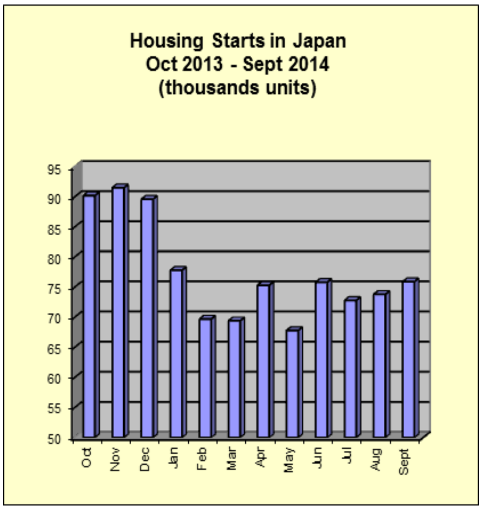
Year on year September housing down sharply

Data from the Ministry of Land, Infrastructure, Transport and Tourism show that housing starts rose slightly on levels a month earlier but were down just over 41% year on year. August starts were down around 12% year on year

On an annualised basis 2015 housing starts, after including the September data, will total 880,000. Annual starts were 841,000 in 2011, 893,002 in 2012 and 987,254 in 2013.

The survey conducted by the ministry reveals that September orders received by the 50 largest building contractors fell a massive 40% year on year.

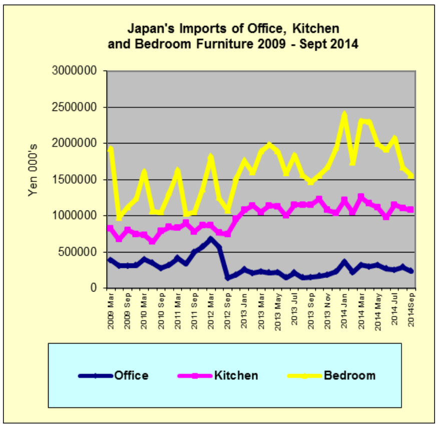
For the full data see: http://www.e-stat.go.jp/SG1/estat/ListE.do?lid=000001127843



Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Trends in office, kitchen and bedroom furniture imports

Japan’s office, kitchen and bedroom furniture imports from 2009 to the end of September 2014 are shown below. Japan’s imports of bedroom furniture continued to fall in September and imports of kitchen and office furniture followed suit. The weakening of furniture imports reinforces the view that consumer sentiment is negative and that the economy is yet to recover from the consumption tax increase in April.



Source: Ministry of Finance, Japan

Office furniture imports (HS 9403.30)

Office furniture imports were 18% down in September compared to August levels and aprt for the slight rise in August, imports have been falling since May this year.

September 2014 office furniture imports

Source	Imports, Sept 2014 Unit 1,000 Yen
S. Korea	270
China	127133
Taiwan P.o.C	8802
Hong Kong	-
Vietnam	-
Thailand	-
Singapore	-
Malaysia	5476
Philippines	-
Indonesia	12494
Sweden	-
Denmark	5263
UK	1037
Netherlands	303
Belgium	-
France	6288
Germany	6231
Switzerland	-
Portugal	11265
Italy	28215
Poland	15704
Lithuania	3610
Czech Rep.	1556
Slovakia	1703
Canada	-
USA	626
Mexico	-
Australia	-
Total	235976

Source: Ministry of Finance, Japan

The number one supplier of office furniture to Japan in September was China (54%) followed by Italy (12%) and Poland (6%). These three suppliers accounted for around 72% of all September office furniture imports.

China is the main supplier but saw its market share drop by around 11%. The other main suppliers, Italy and Poland also saw a decline in imports by Japan.

Kitchen furniture imports (HS 9403.40)

Overall, kitchen furniture imports by Japan fell by 3% in September but the main supplier, Vietnam, saw trade rise by around 6%. The other winner in September was Indonesia which saw exports to Japan rise by almost 25%. Other SE Asian suppliers of kitchen furniture to Japan, such as Thailand and Malaysia, saw imports fall in September

September 2014 kitchen furniture imports

Source	Imports Sept 2014 Unit 1,000 Yen
S. Korea	-
China	159821
Taiwan P.o.C	-
Vietnam	529776
Thailand	21425
Malaysia	2358
Philippines	193512
Indonesia	123683
India	-
Sweden	-
Denmark	-
UK	1123
France	1298
Germany	24595
Portugal	-
Italy	9738
Poland	-
Austria	2510
Romania	538
Turkey	922
Lithuania	268
Canada	2182
USA	3974
Total	1077723

Source: Ministry of Finance, Japan

Bedroom furniture imports (HS 9403.50)

Japan's September imports of bedroom furniture fell 6.6% compared to August with China seeing its share of bedroom furniture imports slide almost 13%.

The top three suppliers China, Vietnam and Thailand accounted for the bulk (88%) of the bedroom furniture imports but both China and Thailand saw their share of imports fall. In contrast, Japan's September imports of bedroom furniture from Vietnam rose 12%.

Suppliers in the EU and US account for just a small part of Japan's bedroom furniture import and the value of these countries monthly exports of bedroom furniture remains fairly consistent.

September 2014 Bedroom furniture imports

Source	Imports, Sept 2014 Unit 1,000 Yen
S. Korea	-
China	819831
Taiwan P.o.C	25756
Vietnam	472430
Thailand	75992
Singapore	-
Malaysia	60312
Philippines	1951
Indonesia	31325
Kazakhstan	-
Sweden	-
Denmark	3863
UK	740
France	-
Germany	209
Switzerland	-
Spain	417
Italy	19360
Poland	19612
Austria	294
Romania	5711
Turkey	-
Latvia	-
Lithuania	1308
Croatia	215
Bosnia and Herzegovina	307
Slovakia	6243
USA	12148
Brazil	-
Australia	-
New Zealand	-
Total	1558024

Source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to extract and reproduce news on the Japanese market.

The JLR requires that ITTO reproduces newsworthy text exactly as it appears in their publication.

For the JLR report please see:
http://www.n-mokuzai.com/modules/general/index.php?id=7

Imported south sea (tropical) hardwood plywood

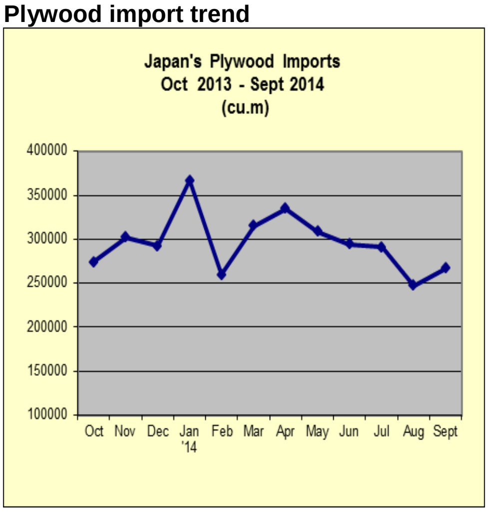
Future cost of imported South Sea hardwood plywood has been climbing sharply by recent steep depreciation of the yen.

The supply side maintains bullish attitude and increases the export prices before rainy season starts in October as log cost would be going up by tight supply. The market in Japan is rapidly firming under this situation.

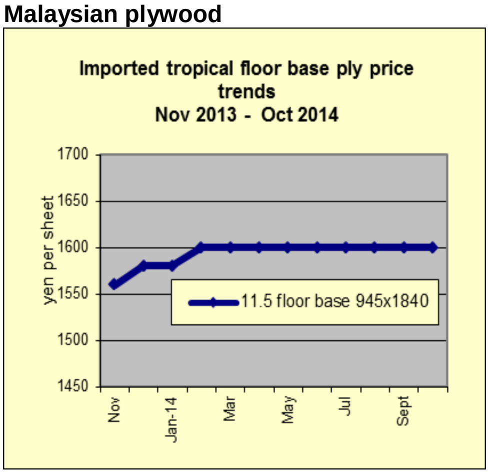
The largest supplier in Malaysia has been raising the export prices since last July by about USUS$10 per cbm every month. Since last May, purchase by Japan decreased because of depressed demand so the market prices have been inching up gradually, pushed by higher import cost. Up until early August, future cost was over market prices.

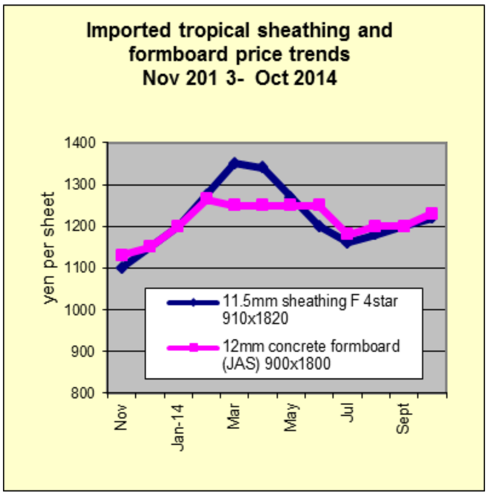
For instance, cost of JAS 3x6 concrete forming panel for costing was 40-50 yen per sheet higher than the purchase cost then the yen has started weakening rapidly since late August and the cost of future purchase soared so the difference between the cost and going market prices widened. Thus, the market started tightening since the third week of September.

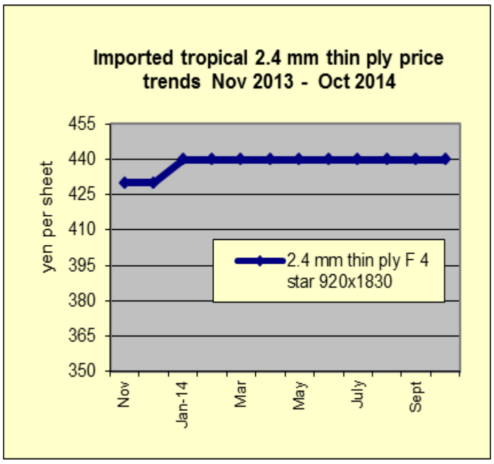
Plywood import trend



Price trends for Japanese imports of Indonesian and Malaysian plywood







Plywood export to Taiwan P.o.C

Seihoku Corporation (Tokyo) and Japan Kenzai Co., Ltd (Tokyo) jointly plan to export 100% domestic softwood plywood to Taiwan P.o.C. They plan to expand the export market to other Asian countries in future. The first container will sail to Taiwan P.o.C sometime in October from Yokohama. This is trial shipment of about 1,200 sheets of 12 mm thick 3x6.

They plan to continue the shipment regularly every month to develop market of items like floor base. Japan Kenzai's subsidiary in Taiwan P.o.C will market in Taiwan P.o.C. Seihoku has been seeking a chance to develop overseas market then Japan Kenzai has overseas marketing base so both interest fit the start of this business. Recent sharp drop of the yen also helps promote this business.

In Taiwan P.o.C, majority of housing is condominiums so that plywood is used for floor base. Normally floor is placed directly on top of floor sheathing plywood.

Housing starts in Taiwan P.o.C in 2012 were about 100,000 units. Domestic plywood production is about 81,000 cbms while the imports are 639,200 cbms so share of imports is high. Major source of plywood is 45.3% from Malaysia, 41.8% from China, 11% from Indonesia. Taiwan P.o.C uses plywood size of both 3x6 and 4x8. Japan Kenzai estimates that size of plywood market in Taiwan P.o.C is about 10% of Japan.

Plywood conference

Three countries regular plywood conference was held in Jakarta, Indonesia in September. Indonesia, Malaysia and Japan discussed and exchanged information on plywood and relating materials. Supplying countries of Indonesia and Malaysia reported various factors to push manufacturing cost.

Indonesia reported that despite steady growth of domestic demand, cost push factors like weak currency of Rupiah and imported energy like oil will be burden for the manufacturers.

Malaysia reported that minimum wage of workers is significantly increased to 800 Ringgit a month since last January then value added tax of 6% is introduced so the manufacturing cost is up.

On new timber harvest right, allowable period is extended to 60 years, which gives a chance to program long term forest management but acquisition of forest certificate on both natural and plantation timber by 2017, which is another cost push factor.

Therefore, both countries hope to have a new price level but Japan reported that the demand has been dwindling after the consumption tax hike since last April and slump seems to continue for some time.

Both supplying countries regard Japan as important market but are concerned to declining export volume in shrinking market and increase use of domestic softwood plywood for base board and concrete forming panel.

Japan explained market condition of different kind of plywood and the supply side asked many questions for use of domestic species to which Japan replied that the supply is not enough.

South Sea (tropical) logs

Log export prices are firming in Sarawak before rainy season. In Sarawak, rain started since middle of August and unstable weather continues before beginning of rainy season in October and November.

Production of quality yellow meranti regular, which Japan market looks for, is down and majority of supply is low grade MLH and small diameter logs.

The Japanese buyers struggle to buy necessary logs. Some say that up until 2012, two shipments a month were regular pace but now because of lack of supply, even with three ships in two months are hard to fill up ships.

In Sabah, log supply seems rather stable but it is necessary to apply for export permit prior to two weeks of ship's arrival so any extra volume is not allowed to load.

India keeps buying MLH and small logs. In India, monsoon season is July through September so it will buy more after Monsoon season is over.

Prices of low grade meranti logs for India are USUS$265 per cbm FOB, unchanged from September. Meranti regular prices for Japan are USUS$280-295.Small meranti is USUS$255-260 and super small is about USUS$230.They are unchanged from September.

Report from China

7.3% GDP growth but trends mixed

Speculation is mounting that the government will introduce another round of stimulus measures to boost an economy which grew at its slowest pace since the global financial crisis. China's GDP grew year on year by 7.3% in the third quarter of this year down from the 7.5% in the second quarter.

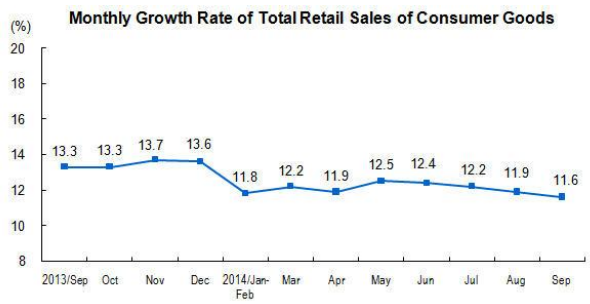
On the bright side industrial production was higher than expected and manufacturing output rose in September but capital investment was down compared to September 2013.

The latest data is fuelling fears that as growth continues to slow there will be a corresponding impact in those countries which trade heavily with China.

In September 2014 retail sales of consumer goods were up by 11.6 percent year-on-year. Between January and September this year total retail sales of consumer goods has grown 12.0 percent year-on-year with a huge jump recorded in online sales (49.9 percent year-on-year).

See:
http://www.stats.gov.cn/english/PressRelease/201410/t20141022_627660.html

Year on year change in monthly retails sales



Source: National Bureau of Statistics, China

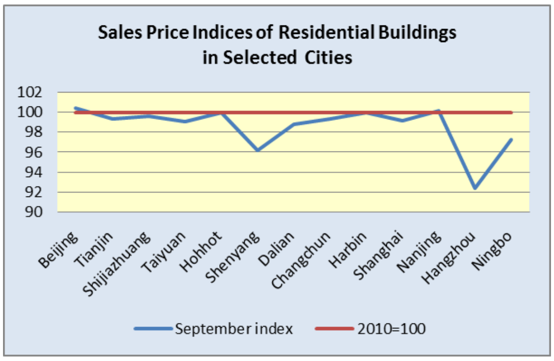
Prices for newly constructed residential buildings fall further

Compared to August, prices for newly constructed residential buildings in September declined in 69 cities across China, in only 1 city was there an increase in the house price index.

Prices for second-hand residential buildings fell in all 70 cities included in the survey conducted by the National Bureau of Statistics, the first time this has been observed in two years. The average price of new homes declined 1.1% in September from a year earlier compared with a 0.5% gain in August.

However, new orders rose in September compared with August boosted by easier rules on home ownership but analysts say current measures will not solve the problem of too many new homes coming onto the market.

For more see:
http://www.stats.gov.cn/english/PressRelease/201410/t20141024_629133.html



Evolving timber production and marketing

In tandem with China's economic development and as living standards rise, consumer preferences for quality wood products is growing. In recent years domestic demand for wood products has shifted from low cost to quality. This change has meant manufacturers servicing the domestic market have had to pay more attention to workmanship and appearance.

Chinese consumers are also becoming more conscious of environmental and conservation issues and there is a growing interest in wood products that reflect cultural values.

Another change has been with the location of the wood processing enterprises. Many have transferred from the developed and high cost eastern coastal regions to less developed areas in central and western China. The most recent development has been the rapid growth in online sales of wood products.

Building an image of credibility

Recently the government has been encouraging enterprises to pay more attention to building an image of 'good faith and credibility' in the minds of consumers.

The government has adopted a policy on credibility building and this is outlined in a document entitled "Planning the Construction of a Social Credibility System" . Through this policy efforts will be directed at promote greater credibility in many areas especially business management. The aim is to achieve a high level of self-regulation and credible market mechanism for industry and to cultivate awareness of the benefits of reliable market services.

As early as 2004, the China Timber and Wood Products Distribution Association (CTWPDA) took the lead in setting up a working committee of timber enterprises to design ways to improve credibility in the timber sector and the committee developed a system for credibility evaluation in the timber industry.

Currently more than 30 large timber processing enterprises have been assessed as AAA after evaluation and have registered with the Ministry of Commerce as 'pacesetter' in the wood products industry.

A decision had been made by the CTWPDA to conduct a survey to assess companies in terms of legality to promote trust and integrity in the eyes of global consumers.

A 'green' wood industry supply chain
According to Tao Yiming, vice President and Secretary General of the CTWPDA, a 'green' wood industry must be created which would involve setting environmental standards along the complete wood industry chain. This would involve 'green' procurement, production, distribution and marketing.

To achieve this, says the CTWPDA, three requirements should be met. First, raw materials should meet the requirements of sustainable forest management. Secondly, the manufacturing processes should satisfy the requirements of product standards. Thirdly, how to recycle wood products needs to be addressed.

Despite the latest initiatives problems remain in achieving development of a green wood industry chain in China:

- The standards for market access for timber and wood products are not perfect. Whether it is the standards of industry or national standards most are voluntary. There are few mandatory standards for timber and wood products.

- The supervision, inspection and testing of product quality is not well established and there is no oversight or control of wood products placed on the market.

- The preparation of up-to-date laws and a system that builds credibility is slow.

- Consumers awareness and the ability to identify and reject wood products with toxic and harmful substances is low.

The CTWPDA has offered suggestion to address these problems. First the authorities should develop and ensure implementation of the 'green' wood industry policy; it should speed development of laws, regulations and standard for a 'green' wood industry; it should strengthen market supervision to eliminate marketing of wood products with toxic and harmful substances.

In addition, systems should be put in place to ensure the legality of wood products for the domestic and international market.

Zhangjiagang and Taicang Ports earn little from timber importers
The local governments in Zhangjiagang and Taicang welcomed timber enterprises to their regions when the ports were opened and many processing plants have been established close to the ports.

These companies contribute large tax revenues to the region and have created many job opportunities so the local government is very supportive of these enterprises.

On the other hand, timber imports with no processing facilities are now not so welcome by the local government. The main complaint is that timber importers occupy a large area in the ports but generate little benefit to the region.

In addition, trading enterprises only need to pay a 13% value-added tax to central government and do not need to pay taxes to the local government.

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	5200-5400
Bangkirai	dia. 100 cm+	5300-5500
Kapur	dia. 80 cm+	2800-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	2000-2200
Kempas	dia. 60 cm+	2000-2100
Teak	dia. 30-60 cm	8000-12000

	Logs	yuan/cu.m
Greenheart	dia. 40 cm+	2300-2450
Purpleheart	dia. 60 cm+	3100-3300
Pau rosa	dia. 60 cm+	4700-4800
Ipe	dia. 40 cm+	4000-4800
yuan per tonne		
Cocobolo	All grades	53000-58000

	Logs	yuan/cu.m
Wenge	All grades	4300-5200
Okoume	All grades	2200-2500
Okan	All grades	3700-3800
African blackwood	All grades	8000-15000
African rosewood	All grades	5000-6500
Bubinga	dia. 80 cm+	13000-15000

	Logs	yuan/cu.m
Ash	dia. 35 cm+	4200-4300
Basswood	dia. 36 cm+	3500-3800
Elm	dia. 36	2800-3600
Catalpa	dia. 36	2800-4200
Oak	dia. 36 cm+	4000-5500
Scots pine	dia. 36 cm+	2000-2200
Larch	dia. 36 cm+	1550-1900
Maple	dia. 36 cm+	2700-3050
Poplar	dia. 36 cm+	1650-1950
Red oak	dia. 30 cm+	2500-2600

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7300
Zebrano	Grade A	12000-15000
Walnut	Grade A	9500-10000
Sapelli	Grade A	7500-7900
Okoume	Grade A	4200-4500
Padauk	Grade A	14500-17000
Mahogany	Grade A	6500-7000
yuan/tonne		
Ebony	Special grade	16000

	Sawnwood	yuan/cu.m
Ulin	All grade	9000-10000
Merbau	Special grade	8600-9500
Lauan	Special grade	4600-4800
Kapur	Special grade	5500-6000
Teak	Grade A	9600
Teak	Special grade	14000-20000

	sawnwood	yuan/cu.m
Cherry	FAS 2 inch	10000-12800
Black walnut	FAS 2 inch	14000-16000
Maple	FAS	7500-10000
White oak	FAS	8000-11000
Red oak	FAS	6800-9000
Finnish pine	Grade A	3000

	Sawnwood	yuan/cu.m
Maple	Grade A	10000-10500
Beech	Special grade	5300
Ash	no knot	5000-5800
Basswood	no knot	2700-3500
Oak	no knot	4000-5500
Scots pine	no knot	2800

Shanghai Furen Forest Products Market Wholesale Prices

Logs

Logs All grades	000's yuan/tonne
Bois de rose	250-300
Red sandalwood	1600-2000
Siam rosewood	100-550
Burma padauk	27-45
Rengas	8-15
Mai dou lai	6000-8000
Neang noun	32-65
Burma tulipwood	28-60
Cocobolo	43-180
Morado	10 - 15
Ebony	15-40
Trebol	7-8
African sandalwood	18-32

Sawnwood

	Sawnwood	yuan/cu.m
Okoume	Grade A	4500-4700
Sapelli	Grade A	7600-7900
Zebrano	Grade A	8000-9000
Bubinga	Grade A	13500-15800
Mahogany	Grade A	6000-7000
Wawa	FAS	3700-3900
Ayous	FAS	4000-4200

	Sawnwood	yuan/cu.m
Lauan	Grade A	3700-3900
Merbau	All grade	8000-10000
Teak	All grade	11500-36000

	Sawnwood	yuan/cu.m
Beech	Grade A	4200-4800
Ash	Grade A	5500-6500
Elm	Grade A	4900-5300
Red oak	2 inch FAS	8000-8600
White oak	2 inch FAS	7500-8500
Maple	2 inch FAS	9800-10500
Cherry	2 inch	9500-10500
Black walnut	2 inch	15000-17000

Zhangjiagang Timber Market Wholesale Prices

Logs, all grades	yuan/tonne
Sapelli	4500-5700
Kevazingo	8700-34000
Padouk de africa	3000-3800
okoume	2100-2600
Okan	3490-3650
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

Report from Europe

EU wooden furniture market

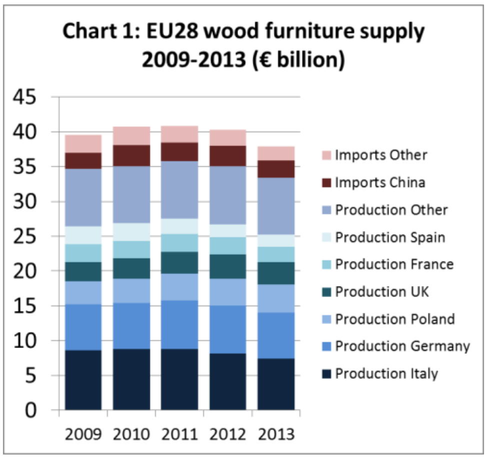
This analysis of EU wooden furniture supply draws on production data from the Eurostat database of manufacturing statistics and trade data from the Eurostat COMEXT database. In line with Eurostat practice, all value data is reported in euros. The data covers all types of wooden furniture with the exception of kitchens. Kitchen furniture is excluded because it is supplied almost exclusively by domestic manufacturers and is therefore less relevant to overseas manufacturers.

In practice, the EU's kitchen furniture industry has more in common with the joinery sector than with other parts of the furniture industry. Note that while all data is ultimately derived from Eurostat, it has been subject to significant adjustment during preparation of this report in an effort to remove numerous inconsistencies.

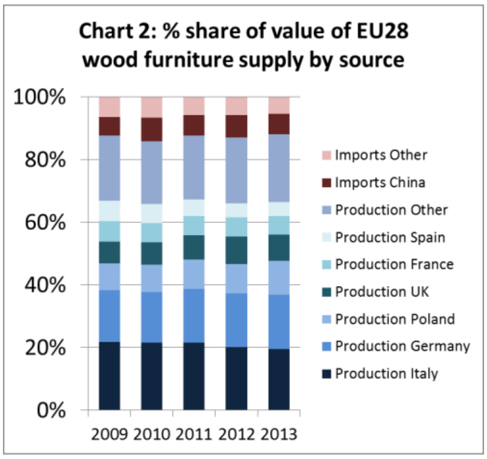
Total supply of wooden furniture into the EU28 market is estimated to have been €37.9 billion in 2013, down 6% from €40.3 billion in 2012 (Chart 1). EU28 wooden furniture production decreased 4% from €46.45 billion to €45.22 billion between 2012 and 2013.

Imports decreased 13% from €5.2 billion to €4.5 billion during the same period. In 2013, imports accounted for 12% of wooden furniture supply to the EU, down from 13% the previous year and the peak level of 14% recorded in 2010 (Chart 2). Overall consumption is estimated to have fallen 8% in 2013 from €32.7 billion to €30.0 billion (Chart 3).

The Eurostat wooden furniture production index suggests that the downward trend in EU furniture manufacturing has levelled off in 2014 (Chart 4). Production has risen sharply in Poland and the UK since the middle of last year. After sliding in 2013, production in Germany, Italy and France stabilised in the first half of 2014. However production has continued to slide in Spain this year.



Source:FII Ltd analysis of Eurostat

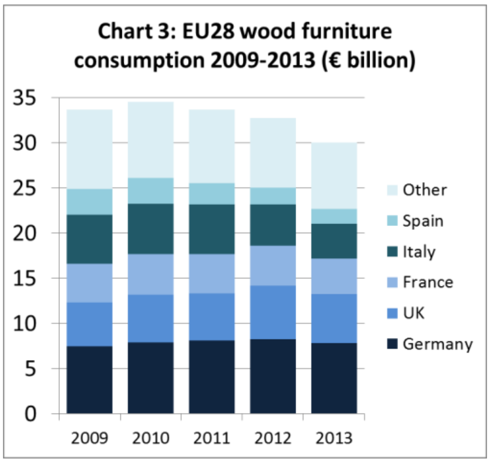


Source:FII Ltd analysis of Eurostat

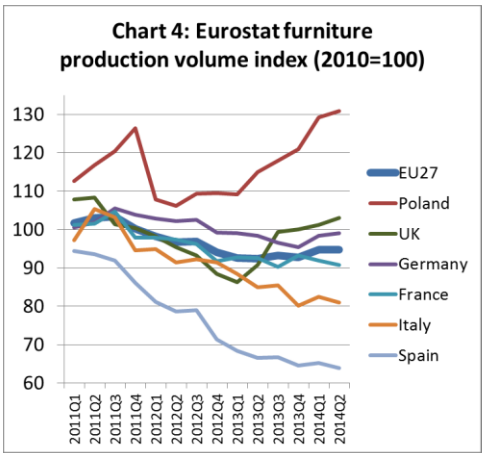
Italian wooden furniture production down 8% in 2013

The value of wooden furniture production in Italy is estimated to have fallen 8% to €7.45 billion in 2013, continuing the decline of the previous two years. Italian manufacturers recorded a 1% decrease in export market sales during 2013, from €4.27 billion to €4.21 billion.

Continuing weakness in the Italian domestic furniture market led to a sharp 9% decline in imports from €702 million to €636 million. Overall wooden furniture consumption in Italy is estimated to have fallen 15% from €4.57 billion to €3.88 billion during 2013.



Source:FII Ltd analysis of Eurostat



Source:FII Ltd analysis of Eurostat

After a year of relative stability in 2012, the German wooden furniture market declined in 2013. German wooden furniture production is estimated to have fallen by 5% from €6.91 billion in 2012 to €6.57 billion in 2013, mainly due to a 6% decrease in domestic market consumption from €8.27 billion to €7.81 billion in 2013.

Between 2012 and 2013, German wooden furniture exports decreased 14% from €2.65 billion to €2.28 billion, while imports decreased 12% from €4.01 billion to €3.52 billion.

Meanwhile Poland, a country which has seen significant inward investment in furniture production capacity in recent years, recorded a 7% increase in production value from €3.81 billion in 2012 to €4.01 billion in 2013. This reverses a slight decline the previous year.

The rise in production was mainly due to growth in the local market. Poland's domestic consumption of wooden furniture increased 30% to reach €936 million in 2013, the highest level for four years.

Poland's wooden furniture exports remained stable at around $3.35 billion in both 2012 and 2013.

Euro value of UK wooden furniture consumption down 8% in 2013

In terms of € value, UK consumption of wooden furniture recorded an 8% fall from €5.94 billion in 2012 to €5.49 billion in 2013. UK production declined 10% from €3.54 billion in 2012 to €3.18 billion in 2013.

UK exports of wooden furniture decreased 4% from €331 million in 2012 to €318 million in 2013. The value of UK wooden furniture imports fell 4% from €2.74 billion in 2012 to €2.63 billion in 2013.

These negative numbers for the euro value of consumption and production in the UK need to be considered in the light of exchange rate fluctuations. The GBP was on average around 10% weaker against the euro in 2013 compared to 2012. This depresses the € value of UK production and trade in 2013 relative to 2012.

The UK government's own Index of Production for UK furniture suggests production measured in GBP fell to a low in February 2013 but then increased consistently for the next 18 months.

After a slow year in 2012, French wooden furniture consumption suffered a further 11% decline to €3.90 billion in 2013. French products also came under increasing competitive pressure in export markets. Exports of wooden furniture from France decreased 3% from €688 million in 2012 to €669 million in 2013.

Overall, French wooden furniture production fell 7% from €2.44 billion in 2012 to 2.27 billion in 2013. Imports of wooden furniture into France decreased 13% to €2.30 billion in 2013.

Catastrophic collapse of Spanish furniture sector continues

The catastrophic collapse of Spain's wooden furniture sector continued during 2013. Production fell a further 7% from €1.83 billion to only €1.70 billion. Concerted efforts to boost overseas sales led to a 5% increase in exports from €515 million in 2012 to €541 million in 2013. This follows a 3% rise in exports the previous year.

However this could not offset a 13% decrease in Spanish wooden furniture consumption from €1.90 billion in 2012 to €1.64 billion in 2013. Spain's imports of wooden furniture declined 16% from €579 million in 2012 to €485 million in 2013.

In contrast to Spain, wooden furniture production in Portugal has rebounded quite strongly. Production in Portugal increased 42% to €682 million between 2011 and 2012, and then gained a further 2% to reach €697 million in 2013. Portugal's domestic market has remained very weak. Imports into the country fell 16% to €123 million, while total consumption was down 19% at €294 million in 2013. However, Portugal's wooden furniture exports increased 13% to €527 million in 2013.

Dutch wooden furniture market falls sharply

In the Netherlands, wooden furniture consumption fell 16% to €1.024 billion in 2013. Production in the country fell 12% to €649 million while imports were down 20% at €782 million. Weaker demand in neighbouring EU countries also led to a 19% decline in Dutch wooden furniture exports to €408 million in 2013.

Wooden furniture consumption and trade were also much weaker in Belgium last year. Consumption in the country declined 10% to €811 million, production was down 5% at €631 million and imports fell 13% to €841 million. Exports from Belgium were €520 million in 2013, 16% less than the previous year.

Rise in Romanian wooden furniture production

Wooden furniture production continued to rise in a number of Eastern European countries during 2013. Romania is the second largest manufacturer of wooden furniture in Eastern Europe after Poland. Wooden furniture production in the country increased 4% to €1.05 billion in 2014.

Romanian exports of wooden furniture were €783 million in 2013, little changed from the previous year. After a steep decline in 2012, domestic consumption of wooden furniture in Romania increased 10% to €382 million in 2013.

However the Romanian furniture sector may face challenging times ahead. Romania's economy is weakening and there are reports of shortages of wood for furniture manufacture in the country.

Wooden furniture production in Lithuania increased 3% from €766 million in 2012 to €788 million, the vast majority of this being exported. The value of wooden furniture production in Lithuania has increased by around 65% in the last five years. Following recent investment, Lithuania is now the fifth largest supplier of products to the furniture giant IKEA.

Elsewhere in Eastern European during 2013, wooden furniture production increased 7% to €442 million in Slovakia and was stable in Czech Republic (€337 million), Estonia (€224 million), Hungary (€287 million), and Slovenia (€163 million). Wooden furniture production in Croatia was €133 million in 2013, a 30% decline compared to the previous year.

EU wooden furniture imports recover some ground in 2014

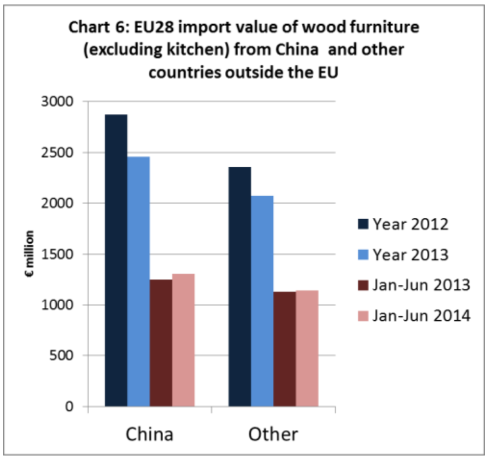
Imports of wooden furniture into the EU from outside the region declined 13% from €5.27 billion in 2012 to €4.53 billion last year. However, the falling trend in imports in 2013 has reversed in 2014. In the first 6 months of 2014, the EU imported €2.45 billion of wood furniture, 3% more than the same period in 2013.

These trends are broadly in line with those across the EU market for wooden furniture which declined in 2013 but is showing signs of recovery this year.

EU import performance has varied widely by product group this year (Chart 5). During the first 6 months of 2014, there was a rise in imports of upholstered seats (+5%), dining/living room furniture (+6%) and of bedroom furniture (+5%).

However there was a decline in imports of un-upholstered seats (-2%). EU imports of wooden furniture components and of shop and office furniture – which already account for only a tiny share of the market - were also declining.

Source:FII Ltd analysis of Eurostat



Source:FII Ltd analysis of Eurostat

After falling 14% to €2.46 billion in 2013, EU imports of wooden furniture from China were €1.31 billion in the first 6 months of 2014, 5% more than the same period in 2014 (Chart 6). EU imports of wooden furniture from Vietnam were also up 6% at €316 million in the first half of 2014 (Chart 7). But imports declined from Indonesia (-1% to €157 million) and Malaysia (-4% to €87 million) during the 6 month period.

In the first six months of 2014, imports of wooden furniture from non-EU countries increased into the UK (+7% to €813 million), Germany (+1% to €452 million), Italy (+2% to €91 million), Sweden (+4% to €85 million), Denmark (+4% to €83 million) and Spain (+14% to 70 million).

Imports from non-EU countries have fallen into France (-1% to €334 million), Netherlands (-4% to €169 million) and Belgium (-4% to €111 million).

Source:FII Ltd analysis of Eurostat

Source:FII Ltd analysis of Eurostat

Report from North America

Demand to be highest for wood/plastic composite and plastic decking

Wood-plastic and plastic decking is forecast to have the strongest market growth over the next four years, but wood will remain the main material on US decks, according to market research company Freedonia's latest market outlook (Wood & Competitive Decking, Study).

The outlook for tropical hardwood use in decking is positive. Even when overall decking demand declined during the downturn in the housing market, demand for tropical hardwood decking grew.

Homeowners look for low maintenance materials, and tropical hardwoods offer a natural, attractive appearance compared to plastic or wood plastic composite. Tropical hardwood decking is also known to perform well in the long term, while wood plastic composites had performance issues in the past. Overall demand for decking is forecast to grow 2.4% per year between 2013 and 2018.

Total demand is estimated at US$6.5 billion in 2018, equivalent to 3.5 billion linear feet of decking. The strongest demand growth will be in wood plastic composite and plastic decking.

Performance and looks of both types of decking have improved in recent years with the arrival of capstock-coated composite decking and cellular PVC decking. High-end composite and plastic decking is at a similar price level as tropical wood decking.

The majority of decking will continue to be wood due to the lower price of treated softwood decking and the large number of existing wooden decks that are often renovated with the same material. About 80% of decking by volume will be treated softwood and tropical hardwood by 2018. Freedonia predicts an annual growth of 1.1% for wood decking.Residential decking accounts for about 60% of the market which is forecast to grow 2.7% annually driven by higher housing starts and deck renovations. The trend towards larger decks and greater outdoor living space also supports growth in decking demand.

Ipe and keruing imports rise

US imports of hardwood sawnwood increased by 35% in August to 108,384 cu.m. Temperate hardwood imports grew by 37%, while tropical imports were 27% higher than in July. Tropical imports were 23,133 cu.m in August (+5% year-to-date).

US imports of sawn tropical hardwood, by species (cu.m.)

	August 2014	Change from previous month	Year-to-date August 2014	Change from previous year
Balsa	3,800	-24%	36,888	40%
Sapelli	3,591	84%	23,178	38%
Acajou d'Afrique	2,284	68%	13,632	-24%
Keruing	1,747	57%	12,202	-12%
Ipe	2,309	87%	16,911	7%
Mahogany	2,023	-3%	11,344	16%
Virola	2,084	232%	7,393	-18%
Meranti	916	43%	5,441	40%
Cedro	1,080	-17%	6,639	14%
Jatoba	612	39%	2,083	-41%
Teak	353	-40%	3,727	-53%
Iroko	4	33%	196	-32%
Padauk	53	-35%	435	28%
Aningre	7	-30%	201	60%
Other tropical	2,270	26%	14,216	-11%
Total	23,133	27%	154,486	5%

Data source: US Department of Commerce, US Census Bureau, Balsa imports declined in August to 3,800 cu.m (-24%), but other sawnwood imports grew. The largest increase was in imports from Africa of sapelli (3,591 cu.m) and acajou d'Afrique (2,284 cu.m). Imports of ipe (2,309 cu.m), keruing (1,747 cu.m) and virola (2,084 cu.m) also grew from the previous month.

Imports from Brazil were at their highest level since January 2013. Brazilian ipe sawnwood shipments to the US increased by 88% to 2,140 cu.m. US imports of padauk also grew in August.

Sawnwood imports from Peru greatly increased in August, but compared year-to-date imports are lower than last year. The US imported 1,228 cu.m of virola sawnwood from Peru in August.

Malaysian shipments of keruing to the US grew to 1,485 cu.m in August. Sapelli imports from Congo/Brazzaville doubled to 1,150 cu.m

Foreign Trade Statistics

US imports of sawn tropical hardwood, by source (cu.m.)

	Year to Aug	% change
Total	154,486	5%
Ecuador	36,803	45%
Brazil	23,824	-4%
Cameroon	15,926	-9%
Malaysia	15,053	-2%
Congo-Brazz.	9,279	26%
Peru	6,190	-32%
Indonesia	6,594	6%
Ghana	8,554	30%
Cote d'Ivoire	5,974	-7%
Other	26,289	-9%

Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Canada's year-to-date tropical sawnwood imports almost 25% higher

Canadian imports of tropical sawn hardwood increased by 36% in August to US$3.1 million (all values in US dollars). Year-to-date imports in 2014 were almost one quarter higher than at the same time last year.

The main growth was in imports from Brazil, which doubled to US$1.4 million in August. However, year-to-date imports remain below 2013 levels.

Imports from Ecuador, Ghana and Indonesia also increased in August. Both Ecuador and Indonesia shipped more than double the value of sawn hardwood to Canada on a year-to-date basis.

Imports from Cameroon, Congo and Malaysia declined in August, but with the exception of Malaysia and Brazil, year-to-date imports are higher for all major suppliers to Canada than in 2013.

Sapelli imports declined again in August to US$346,480 following record imports in spring and summer. Year-to-date imports of sapelli were 50% higher than in August 2013.

Imports of almost all other species grew in August. Mahogany sawnwood imports were worth US$168,758 (+34%) and meranti imports US$112,202 (+95%).

Canada imports of sawn tropical hardwood by source (cu.m)

	Year to Aug.	% change
Total	18,867,898	25%
Brazil	4,186,970	-12%
Cameroon	2,878,240	14%
Ecuador	2,369,208	112%
Congo-Brazz.	1,028,155	44%
Ghana	1,113,337	31%
Bolivia	192,243	-71%
Indonesia	1,128,667	114%
DR Congo	796,862	37%
Malaysia	301,871	-47%
United States	1,173,271	66%
Others	3,241,133	50%

Source: Statistics Canada

Canada-EU trade deal expected to boost Canadian forest industry

The Comprehensive Economic and Trade Agreement (CETA) with the EU is Canada's most ambitious trade initiative to date. Almost all tariffs between Canada and the EU will be removed and there will be greater market access for services and investments.

This Canada-EU trade deal will eventually eliminate European tariffs of up to 10% on wood composite panels, including particleboard, OSB and plywood. Europe is currently the third largest export market for Canadian producers, after the US and China. Europe accounts for 4% of total exports of wood, pulp and paper products from Canada.

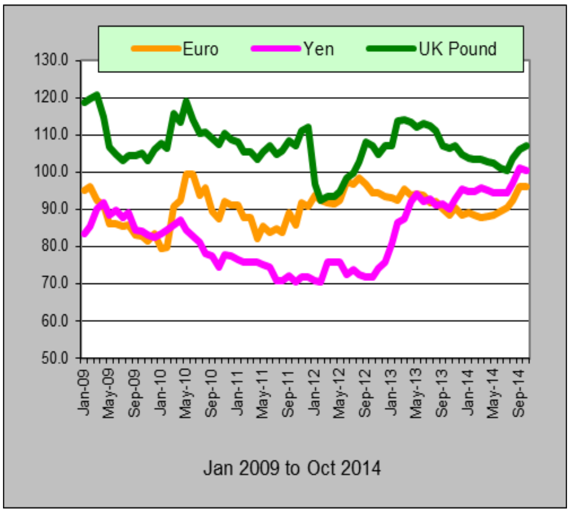
The Forest Products Association of Canada supports the trade deal to help develop closer trade relations with Europe. Non-tariff barriers to trade will also be addressed in the agreement.

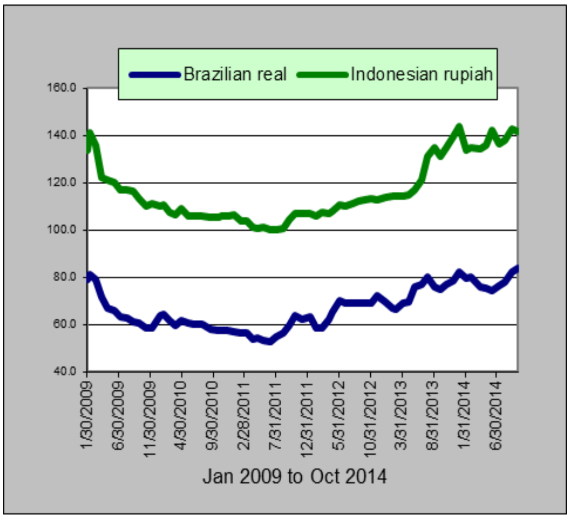
US Dollar Exchange Rates

As of 27th October 2014

Brazil	Real	2.4713
CFA countries	CFA Franc	518.17
China	Yuan	6.11819
EU	Euro	0.7892
India	Rupee	61.10
Indonesia	Rupiah	12,032
Japan	Yen	108.16
Malaysia	Ringgit	3.2740
Peru	New Sol	2.9085
UK	Pound	0.6215
South Korea	Won	1057.15

Exchange rate index (Dec 2003=100)



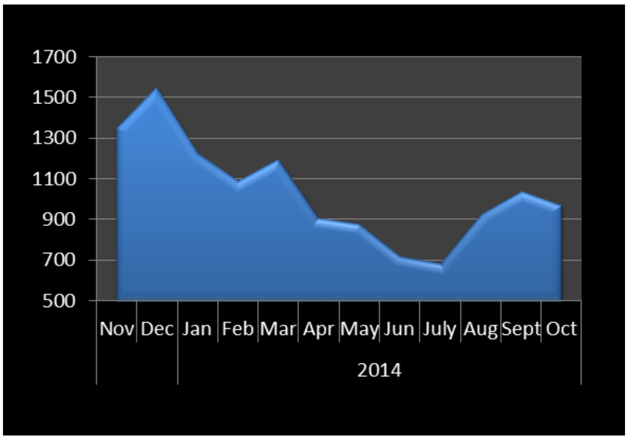


Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF, CNF	Cost insurance and freight
C&F	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
November 2013 – October 2014



Data source: Open Financial Data Project

The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

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