Tropical Timber Market Report

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Top Story

Furniture manufacturers struggle against weak domestic demand

Brazilian furniture production fell by almost 11% in February and amongst producers in Rio Grande do Sul State, one of the leading furniture producer states, the decline was just over 19%. This downturn in factory output reflects mainly the decline in domestic demand.

The latest figures also show that furniture prices in the domestic market have increased by almost 4.5% over the past 12 months because rising energy prices have driven up production costs.

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Report from Central/West Africa

Producers avoiding stock build up

Producers report that demand levels remain only moderate with buyers concentrating on the most popular species. Sapele is back in demand and this has encouraged a rise in production but millers are careful to balance production with demand so as not to over produce and risk weakening prices.

Other species for which demand is holding up are dibetou, belli and doussie. Buyers for the Chinese market are prepared to pay the asking prices for these species but have become very tough on specifications.

Okoume remains out of favour with buyers for the Chinese market. Buyers say that okoume stocks in China are still high so they do not expect to resume any substantial new purchases of okoume logs or sawnwood for several months.

Red species are in demand for Middle East markets but buyers have been negotiating hard on prices as there is strong competition in these markets from Malaysian timbers.

Regional power transmission network project

The World Bank's board of directors has approved a US$200 million loan to facilitate a West African regional power transmission network that will stretch across Gambia, Guinea, Guinea-Bissau and Senegal.

The loan will fund construction of transmission lines for the Gambia River Basin Organisation's (OMVG) Inter connection project that will stretch across four member countries.

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	260	260	180
Azobe & Ekki	230	230	160
Belli	330	330	-
Bibolo/Dibétou	150	145	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	240	240	160
Moabi	335	305	225
Movingui	210	210	160
Niove	160	160	-
Okan	250	250	-
Padouk	300	275	210
Sapele	360	360	270
Sipo/Utile	380	380	255
Tali	320	320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m^3
Ayous	FAS GMS	400
Bilinga	FAS GMS	500
Okoumé	FAS GMS	400
	Merchantable	225
	Std/Btr GMS	300
Sipo	FAS GMS	610
	FAS fixed sizes	610
	FAS scantlings	660
Padouk	FAS GMS	880⬆
	FAS scantlings	940⬆
	Strips	500
Sapele	FAS Spanish sizes	600
	FAS scantlings	600
Iroko	FAS GMS	610
	Scantlings	660⬆
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	470
Moabi	FAS GMS	610
	Scantlings	615
Movingui	FAS GMS	420

Report from Ghana

Exports 27% lower in third quarter 2014

Contracts covering export shipments of 120,588 cu.m were approved by the Timber Industry Development Division (TIDD) of the Forestry Commission during the fourth quarter of 2014. This represented a decline of 27% when compared to the volume approved for export in the third quarter of the same year.

The main reason behind the decline in fourth quarter exports was the sharp fall in teak logs/billet exports where a 52% fall was recorded.

Exports of plywood to the neighbouring West African countries and other international markets fell 9% and 20% respectively compared to the third quarter.

An analysis of fourth quarter contracts showed that exports of all categories of wood products (primary, secondary and tertiary) fell from the previous quarter. The table below shows the comparative analysis;

Product Category	Q3 xports cu.m	Q4 exports cu.m	% Change
Primary	40,090	27,573	-31.22
Secondary	122,319	90,444	-26.06
Tertiary	2,769	2,571	-7.15
total	165,178	120,588	-27

Source:TIDD

For 2014 exports of primary products accounted for approximately 24% of all exports while secondary and tertiary products accounted for 74% and 2% respectively.

Neighbouring countries the main market for plywood

West African markets continue to be the major destinations for Ghana's plywood. Of the 12,058 cu.m approved for export in 2014, 97% was destined for countries in the West Africna sub region with Nigeria being the major importer.

Almost all the tertiary products, sliced veneer and kiln dried lumber were shipped to European markets.

The United States continued to be an important market especially for mahogany and cedrella sawnwood and rotary peeled veneer. The Middle East and Egyptian markets emerged as major destinations for backing grade veneer. Little interest has been generated for any product other than teak sawnwood and logs and gmelina logs in India.

Boule Export prices

	Euro per m^3
Black Ofram	305⬆
Black Ofram Kiln dry	395
Niangon	490
Niangon Kiln dry	520⬆

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	290	400
Chenchen	320	355
Ogea	450	400
Essa	325	375
Ofram	350	500

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.84
Asanfina	1.40	0.56
Avodire	1.15	0.29
Chenchen	1.10	0 .51
Mahogany	1.30	0.82⬇
Makore	1.60⬇	0.85
Odum	1.76	1.20

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	925⬇
Asanfina	492	564
Ceiba	240	272⬆
Dahoma	410⬆	495⬆
Edinam (mixed redwood)	525	580⬇
Emeri	450	520
African mahogany (Ivorensis)	630⬆	950
Makore	573	790
Niangon	560	580
Odum	660	816⬆
Sapele	642⬆	790
Wawa 1C & Select	300	348

Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	485	510	641
6mm	400	535	615
9mm	393	460	510
12mm	360	445⬆	450
15mm	450	399	374
18mm	322	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 grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	14.00	16.00⬆	18.80
Odum	10.00	12.10	11.70
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

National 'heritage tree" scheme underway

The National Landscape Department (NLD) of Malaysia's Ministry of Urban Wellbeing, Housing and Local Government has published a list of national heritage trees in order to draw attention to unique and ancient individual trees in the country.

The concept of heritage trees emerged after a property development company was fined RM 966,000 (approx. US$270,000) for the unauthorised felling of trees on a housing development site.

The NLD surveyed parks, roadsides, car parks and riversides in 28 local authority urban areas to identify heritage trees. To be classified as a heritage tree the tree should have a special value in terms of natural beauty or contribute to the landscape's aesthetics. Rare and endangered tree species are also labelled heritage trees.

The listed trees have been assigned a price to deter felling with the most expensive tree in the country, a Pokok Ara (Ficus benjimina) in the state of Pahang, being valued at over RM1.5 million (approx. US$400,000).

The NLD continues to work with local councils to educate the public on the importance and value of heritage trees, as well as developing an online map of the trees.

Unions fail to get minimum wage increased

Despite trade union Labour Day calls for an increase in the minimum wage the prime Minister has said that for now the minimum wage must as it is. The PM pointed out that it was only a year and a half ago that the rate was increased.

The minimum wage policy in Malaysia decided in 2013 was fully implemented in January last year and was set at RM900 per month for workers in Peninsula Malaysia and RM800 for those in Sabah and Sarawak. The minimum wage must be reviewed once in two years under the Minimum Wage Order 2012.

However the Malaysian PM proposed the country's Social Security Organisation's (Socso) protection scheme, presently covering those with a monthly income of RM3,000 (approx. US$ 835) and below, be extended to all workers in the private sector regardless of their salaries.

If implemented this would increase the number of employees protected under Socso by 500,000 from the present six million.

Report from Indonesia

Moratorium on forest clearing to be extended and strengthened

The current moratorium on new plantation concessions involving the clearing of primary forests and peat land expired on 13 May. However, prior to the expiration the Environment and Forestry Ministry indicated not only would it be extended but also strengthened.

Secretary-Genera,l Hadi Daryanto, in an interview reported by the Jakarta Post, said the new regulations will be more inclusive and target specific institutions such as the Public Works and Housing Ministry, the Agriculture Ministry and the National Land Agency.

In related news, the Executive Director of the Riau chapter of the Indonesian Forum for the Environment (Walhi), has called for more drastic action and demands the conduct of an audit and evaluation of concessions granted before a moratorium.

This call comes after it was discovered that forest clearing permits in the forests of Riau have been over-issued since 2009.

Ministry criticised for no public disclosure of documents

The Indonesian Environment and Forestry Ministry is defending its decision not to release what it deems to be confidential documents but which several civil society organizations say are key to its mandated role to monitor the performance of the forestry sector.

Forest Watch Indonesia (FWI) said it had been denied access to four documents which they claim are essential if FWI is to monitor the implementation of the domestic timber legality verification system (SVLK).

The four types of documents requested by FWI are the Timber Usage Working Plan (RKUPHHK), the Annual Timber Usage Working Plan (RKTUPHHK), the Industrial Material Fulfillment Plan (RPBBI) and the Timber Exploitation Permits (IPK).

Q1 GDP growth target missed

Indonesia's year on year GDP growth in the first quarter of this year was 4.7%, slightly worse than forecast. As a result analysts have raised concerns about growth prospects for the rest of the year.

The poor first quarter results were largely because of a drop in export earnings, a reflection of a sluggish global economy and low commodity prices.

On the domestic front, consumers are bearing the brunt of high interest rates and businesses are holding back on expansion plans. When slow government spending is added to the mix, prospects for high growth begin to fade.

Going forward, there are further risks to growth from weaker economic growth in China and Japan this year, Indonesia's key trading partners. China and Japan account for about 20% of Indonesia's non-oil and gas exports.

Domestic Log Prices

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	135-150
Falcata logs	120-140
Rubberwood	115-1135
Pine	120-135
Mahoni (plantation mahogany)	130-145

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	500-600
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	520-710
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	500-550
3mm	570-620
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	420-450
12mm	390-420
15mm	340-360

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB			US$ per m^3
Particleboard	Export	9-18mm	710-735
	Domestic	9mm	700-750
		12-15mm	650-700
		18mm	590-620
MDF	Export 12-18mm		590-620
	Domestic 12-18mm		430-530

Report from Myanmar

New faces in Myanmar Timber Merchants Association

The Myanmar Timber Merchants Association (MTMA) has elected new executive committee members for 2015-16.

The President is Dr. Sein Win, the Vice President is U Tin Oo and the Secretary is U Kyaw Kyaw Win. Most of the previous committee members are not included in the new executive.

Timber industry circles keenly await news on developments and hope that the FLEGT and certification processes continue uninterrupted.

Timber export earnings decline

The domestic press, Eleven Media, quoting a Ministry of Commerce source, says that Myanmar earned US$94 million from wood product exports in fiscal year 2014-15, down significantly from the previous year.

Severe penalties for timber smuggling planned

Harsher penalties for timber smuggling are being considered in a revised version of the Forest Law. The changes are being made in response to the rise in illegal felling and smuggling.

The indications are that penalties under the law will be much harsher than in the current law such that the previous one year jail term will be extended to five years. The amendments to the law will cover jail sentences and the level of fines.

April log sales

The following timber was sold by the Myanma Timber Enterprise by tender on 27 April 2015. The volume of logs is expressed in hoppus tons (H.tons) and the volume of conversions or sawn teak including hewn timber are shown in cubic tons (C.tons).

Grade	H.tons	Average US$/H.ton
SG-2	7	5022
SG-4	28	3788
SG-5	38	2903
SG-6	15	2559
SG-7	137	1511

Myanmar Kyat weakens against the dollar

The US dollar strengthened against the Myanmar Kyat in recent weeks. The Kyat was trading at MMK1020 per US dollar during the first week of April but it ended the month at MMK1098 and continued to weaken to around MMK1100 in mid-May.

Report from India

Rising list prices disguise heavy discounts on offer in housing market

According to figures from the property research firm Liases Foras, there was over 800 million sq ft of unsold housing stock at the end of 2014 and that sales in the final quarter of 2014 fell 8%.

While list prices for new homes rose in the final quarter of 2014 this hides the heavy discounts on offer from builders who are anxious to generate cash flow in the dull market conditions.

Yashwant Dalal, President of the Estate Agents Association of India, says even with the higher incentives being offered to brokers, the problem is the lack of buyers. Analysts anticipate a rise in demand only when interest rates on home loans come down.

It has been estimated that, given the completed stock of new homes, even with a 1% fall in interest rates it will take around 40 months for this stock to be cleared at current rates of sales.

Property Fair in Abu Dhabi

In related news an India Property Fest will be held in Abu Dhabi 29-30 May. Abu Dhabi has a large Indian expatriate population. Builders from India will present their selecetion of residential and commercial properties. Representatives from financial institutions will also be present to offer financing. In a press release the organisers offer some insights into the Indian housing market:

- a dynamic and organised sector with a long-term road map for growth
- the sector is the second largest employer after agriculture
- the sector is set to grow at 30% over the next decade
- there is firm demand for office space in India's leading urban and semi-urban centres
- the market is expected to grow to US$180 billion by 2020

Bengaluru, Chennai, Hyderabad, Mangaluru, Mumbai, New Delhi, Goa, Kerala and Pune are some of the most favoured locations for investment.

For more see
http://www.daijiworld.com/news/news_disp.asp?n_id=317372

Teak sales in Central India forest depots

Log auctions were held at Timarni, Khirakia, Narmada Nagar, Ashapur and other depots in Central India and sales were brisk as the quality of the logs was good and millers were active in the market. Around 3,000 cubic metres of logs were successfully auctioned.

The latest auction prices for natural forest teak logs are shown below.

4-5 metre length	**Rs per Cu.ft**
91 cms & up girth	1800-2000
76 to 90 cms girth	1700-1800
61 to 75 cms girth	1600-1700
46 to 60 cms girth	1400-1450
3-4 metre length	
91 cms & up girth	1500-1550
76 to 90 cms girth	1450-1500
61 to 75 cms girth	1300-1400
46 to 60 cms girth	1200-1300
2-3 metre length	
91cms & up girth	1250-1350
76 to 90 cms girth	1100-1200
61 to 75 cms girth	900-1000
46 to 60 cms girth	850-900

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

The flow of imports is being maintained at levels that do not result in a build-up of stocks. Prices remain unchanged from two weeks ago.

	US$ per cu.m C&F
Belize logs	350-400
Benin logs	318-775
Benin sawn	530-872
Brazil logs	404-797
Brazil squares	370-680
Cameroon logs	365-510
Colombia logs	415-797
Congo logs	408-710
Costa Rica logs	455-840
Côte d'Ivoire logs	435-720
Ecuador squares	289-688
El-Salvador logs	377-712
Ghana logs	300-650
Guatemala logs	369-550
Guyana logs	300-450
Kenya logs	515-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	363-525
Nicaragua logs	350-596
Nigeria squares	333-450
Panama logs	372-750
PNG logs	400-575
Sudan logs	466-970
Tanzania teak, sawn	307-885
Thailand logs	460-700
Togo logs	388-715
Trinidad and Tobago logs	420-680
Uganda logs	408-959
Uganda Teak sawn	680-900

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

Prices for domestically milled sawnwood from imported logs

Prices remain firm.

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1500-1650
Balau	1500-1600
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	900-950
Radiata pine AD	600-725
Whitewood	600-700

Price variations depend mainly on length and cross section

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-14000
Teak A grade	5500-6500
Teak B grade	4000-4250
Plantation Teak FAS grade	3000-3250

Price variations depend mainly on length and cross section

The prices below are 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

Plywood and laminates market review

US based Research and Markets (R&M) recently announced the release of a market report "Indian Plywood and Laminates Market: Trends and Opportunities 2015-2019"

See http://www.researchandmarkets.com/research/g5lclq/indian_plywood

This report offers an insight into the plywood and laminates market in India. The press release from R&M says "The report assesses the market sizing and growth of the Indian plywood and laminates and analyses various market segments and major end users.

The report also discusses key factors driving growth in the sector, major trends and challenges faced by manufacturers of plywood and laminates."

In introducing the report R&M state "the market for plywood and laminates is mainly driven by increasing demand from housing market. The demand has increased due to growing significance of new construction industry.

Plywood and laminates have become an indispensable part of big and evolving markets like real-estate market, furniture market, modular kitchen market as well as the flooring market. The increased demand in these markets triggers the demand in the plywood and laminates market.

Apart from this, increasing urban population, rising per capita income and a gradual shift towards non-food industry are other key factors driving the growth of plywood and laminates industry in India.

Further, the implementation of Goods and Services Tax (GST) in the near future will provide an impetus to plywood and laminate industry."

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	41.00
6mm	54.50
9mm	69.10
12mm	85.60
15mm	113.20
18mm	119.30

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.80	Rs.30.80
6mm	Rs.31.60	Rs.39.60
9mm	Rs.39.80	Rs.48.00
12mm	Rs.47.30	Rs.58.10
15mm	Rs.58.10	RS.71.00
19mm	RS.67.30	Rs.79.50
5mm Flexible ply	Rs.42.00	

Report from Brazil

Amazon forest concessions approved

40 year concessions have been approved in four management units in the Altamira National Forest (Pará state). The concessions cover an area of approximately 362,000 hectares.

Altogether the Altamira National Forest extends over 725,000 hectares in the municipalities of Altamira, Itaituba and Trairão.

The area currently under concession management in the Altamira National Forest can produce around 200,000 cubic metres of logs annually. It is expected that the new forest concessions will generate R$80 million in annual revenues and create around 900 jobs.

According to the Ministry of Environment (MMA), forest concessions are a socioeconomic solution that guarantees the viability of conservation actions through slowing deforestation. Additionally, concession management impacts the behavior of local communities and consumers who learn to appreciate legally harvested timber.

Furniture manufacturers struggle against weak domestic demand

According to the Furniture Industry Association of Rio Grande do Sul state (MOVERGS) and the Institute of Studies and Industrial Marketing (IEMI) Brazilian furniture production fell by almost 11% in February. Amongst producers in Rio Grande do Sul State, one of the leading furniture producer states, the decline was just over 19%.

This downturn in factory output reflects mainly a decline in domestic demand. Also, in the first two months of this year Brazilian furniture exports totalled only US$85 million, a 14% decline compared to the same period in 2014.

The latest figures also show that furniture prices have increased by almost 4.5% over the past 12 months and the

authors of the study say this is mainly the result of higher production costs driven up by rising energy costs.
While some 1,900 new jobs were created in the furniture sector in January only 24 new posts were registered in February. Overall employment in the Brazilian furniture manufacturing sector as of February this year was 275,173 of which 39,308 posts were registered in Rio Grande do Sul state.

African mahogany has great potential in Brazil

The 2nd International Workshop on African mahogany was held in late April in São Paulo bringing together exhibitors, investors and producers.

The event delivered new information and opportunities for business and dealt with topics such as silviculture, enduses and marketing.

According to African Mahogani Australia (AMA), one of the largest private plantation managers of high value African Mahogany (Khaya senegalensis), Khaya senegalensis tolerates a variety of soil types and climate making it a feasible proposition in Brazil. Two other species, Khaya ivorensis and Khaya anthotheca were also said likely to adapt well areas in Brazil.

According to the Brazilian Institute for Forestry Development (IBDF), African mahogany cultivation has several advantages including legislation that considers it an exotic species which means there are limited logging restrictions. And, says IBF, there will always be market for hardwood plantation species as values tend to rise due to restrictions of harvesting timber from natural forests.

The African mahogany market already generates R$500 million per year in Brazil and according to AMA the market will expand in the future as China and European countries begin to favour plantation wood.

Research is underway to determine which species are suitable for the climatic regions in Brazil. The Brazilian Association of African Mahogany Producers (ABPMA) presented statistics indicating an increase in the African mahogany plantation areas in Brazil.

IBÁ takes command of ICFPA

The president of the Brazilian Tree Industry (IBÁ) has taken the helm at the International Council of Forest and Paper Associations (ICFPA). The term of office is two years and during this period Brazil will host the headquarters of ICFPA. This is the first time that an ICFPA member from Southern Hemisphere is chairing the ICFPA.

ICFPA, created in 2002, brings together associations of forest-based industry from 33 countries to discuss common issues among members and promote cooperation among them.

This entity represents the forest sector in international forums such as the United Nations Food and Agriculture Organization (FAO), the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).
The topics covered by ICFPA involve issues relevant to the forest sector development, such as multiple forest use, global trends in the timber industry, forest products trade, new technologies, bio-economy, amongst others.

The IBA´s nomination to head ICFPA shows the increasing presence of Brazil in the international forestry community. In 2015 the focus of ICFPA will be collaboration of forest based industries in mitigating the effects of climate change in relation to the participation of ICFPA in the United Nations Conference (COP21) to be held in December 2015.

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	741
Jatoba	396
Massaranduba	341
Muiracatiara	374
Angelim Vermelho	323
Mixed red and white	202
Eucalyptus (AD)	198
Pine (AD)	139
Pine (KD)	156

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	148
Jatoba	85
Massaranduba	89
Miiracatiara	93
Angelim Vermelho	86
Mixed redwood and white woods	75

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	564
10mm WBP	453
15mm WBP	394
4mm MR	510
10mm MR	383
15mm MR	362

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	242
15mm MDF	349

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1319
Jatoba	1005
Massaranduba	756
Miiracatiara	708
Pine (KD)	228

Export Plywood Prices

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	368
12mm C/CC (WBP)	339
15mm C/CC (WBP)	338
18mm C/CC (WBP)	325

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,362
	Jatoba	1,545

Report from Peru

First export of plantation timber to US

Reforestadora Amazónica S.A.C. (RAMSA) recently shipped to the US a consignment of plantation grown bolaina (Guazuma crinita) and Capirona (Calycophyllum sp.).

If this is a success the company aims to market these species in Europe and Asia, according to Felipe Koechlin, RAMSA General Manager.

He stressed that the company was encouraged to enter the plantation business after the government recognised the potential of the plantation sector and introduced Decree No. 017 (Promotion System Forest Plantations on private land).

The company, which is FSC certified, manages 14,000 hectares and has around 4,000 hectares of native bolaina and capirona. RAMSA recently exported products manufactured from eight year old plantation logs.

Satellites help fight deforestation

A geospatial system, linked to satellites will enable real-time monitoring land use and relief of forests and help three state agencies in efforts to combat illegal logging and deforestation in the Ucayali region.

This is the first satellite monitoring unit to assess deforestation and illegal logging in Pucallpa and was possible through support from the US Agency for International Development (USAID) through the Initiative for Conservation in the Andean Amazon (ICAA).

Initial trials will focus on the Ucayali region as it has the second largest forest area (more than nine million hectares) and a high rate of deforestation.

Manufacturing output continues to slide

Cesar Peñaranda, Executive Director of the Institute of Economics and Business Development (IEDEP) within the Lima Chamber of Commerce expressed concern on the 1.4% projected decline in first quarter manufacturing output. He noted that slowing domestic consumption and weaker export demand is having a negative impact on production.

This decline is of concern as manufacturing is the second most important activity after services and contributes around 16% to GDP. The current weaker manufacturing output comes on top of the 10 consecutive monthly falls since May 2014.

For more see:
http://www.camaralima.org.pe/principal/noticias/noticia/sector-manufactura-caeria-1-4-en-primer-trimestre-del-presente-ano/326

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	457-532
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	623-653
Marupa (simarouba) 1", 6-11 length Asian market	456-506

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	457-532⬆
Grade 2, Mexican market	408-440⬆
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	173-198
Spanish Cedar	299-362
Marupa (simarouba)	151-168

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		1296-138
Cumaru KD, S4S	Swedish market	922-1058
	Asian market	1123-1142
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

Over the past two weeks the news from Guyana has been dominated by the general election. The results of the vote have been released showing the opposition coalition has won a majority.

The Partnership for National Unity and Alliance for Change coalition led by David Granger won a majority and will form the new government

Export prices

There were no exports of greenheart logs but exports of purpleheart and mora logs continued.

Logs, FOB Georgetown	US$ price per m^3		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	220-330	220-260	-
Mora	140-150	130-140	120-130

Export Sawnwood Prices

Sawnwood, FOB Georgetown		US$ price. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	950	-
	Standard	-	700-1272
	Select	590-890	-
	Sound	500-575	-
	Merchantable	400-800	-
Purpleheart	Prime	-	-
	Standard	-	700-750
	Select	650-1080	-
	Sound	575-600	-
	Merchantable	400-650	-
		-	
Mora	Prime	-	-
	Select	595	-
	Sound	450	-
	Merchantable	400	-

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

Export plywood prices

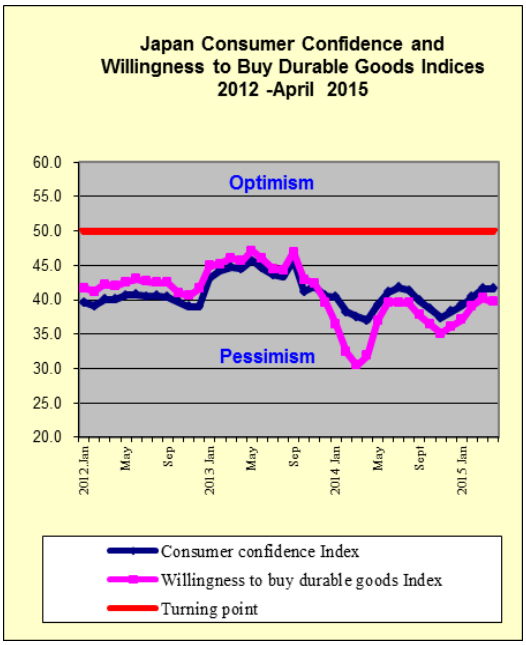
Plywood, FOB Georgetown Port			US$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	415-584
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Consumer confidence drops for first time in five months

Japan's consumer confidence index in April worsened for the first time in five months. The results of the latest survey from the Cabinet Office shows the overall index falling to 41.5, down 0.2 points from the previous month.

In terms of the various elements making up the index the livelihood index fell to 38.4 (down 0.4 from the previous month), the income growth index fell to 39.3. However the employment index improved but the willingness to buy durable goods which is a measure of consumer interest in purchases of furniture amongst other durable goods, fell.



Source: Cabinet Office, Japan

Adapting inflation target to economic realities

A spokesperson for the central government has said the Bank of Japan (BoJ) should not expand its monetary easing policy further even though the inflation target will be missed.

The spokesperson noted that the delay in achieving the inflation target has been undermined by the low price of oil and the BoJ can respond appropriately to these changing conditions. It was pointed out that, while a weak yen benefits exporters it is hurting small firms which form the backbone of regional economies.

For now the BoJ has revised the timeframe within which it hopes to achieve its inflation target and is convinced that rising wages and a stronger economy will spur inflation next year.

2014 buying spree distorts retail sales trends

March retail sales in Japan fell almost 10% year on year but the decline was generally anticipated as the March 2014 figure was exceptionally high because consumers

went on a buying spree in advance of the April 2014 consumption tax rise.
Not too much should be read into the year on year change in retail sales, a better assessment of the situation will emerge when April and May figure become available. However, retail sales over the past six months have been weak and this is in a country where private consumption accounts for around 60% of the economy.

The sharp decline in energy and fuel costs should have provided a stimulus for higher consumer spending but it seems households have chosen to save rather than spend.

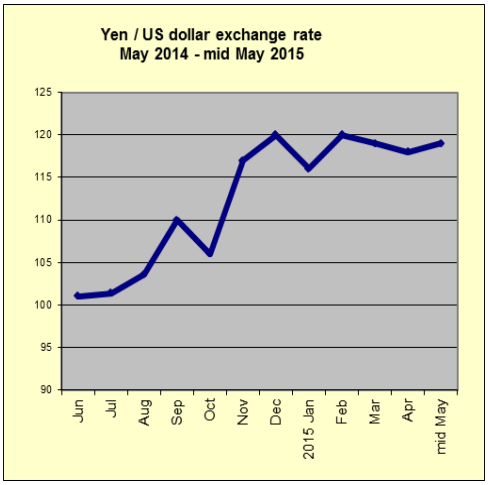
Japan to build industrial townships in India
Japan has identified more than 10 sites where it is feasible to establish new industrial townships in India the aim of which is to attract investment into the country.

Japan's offer of assistance with construction of new townships is a follow-up on the promises made during a visit to Japan by India's Prime Minister.

The sites for development are in Tumkur in Karnataka, Ghilot in Rajasthan, Mandal in Gujarat and Supa in Maharashtra. As part of the package of support the Japanese government will offer training to Indian workers.

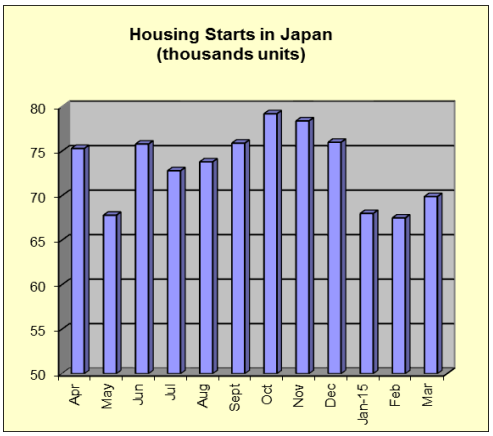
Weak US economic data lifts yen
Disappointing job creation in the US, along with a batch of other weaker than expected indicators of the economy, has halted the recent strengthening of the dollar.

In mid-May the yen:dollar exchange rate stood at 119 slightly weaker than the 118 level seen just before Japan's golden week holidays when three consecutive public holidays encourage workers to take leave and travel to their home towns.



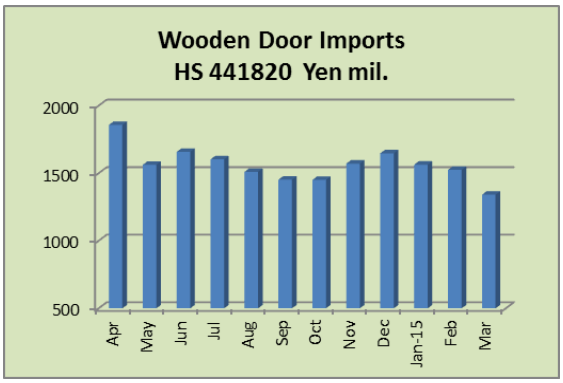
New eco-points housing programme
In 2009 and again in 2011 the Japanese government implemented an 'eco-point' scheme through which home buyers and owners who build or renovate house to energy-saving standards would receive 'eco-points' which could be exchanged for coupons and other items.

A similar scheme is now being introduced to help boost the housing sector and to create a pool of energy efficient homes. This latest scheme makes it easier for home owners to benefit when they renovate and incorporate energy efficient technologies.



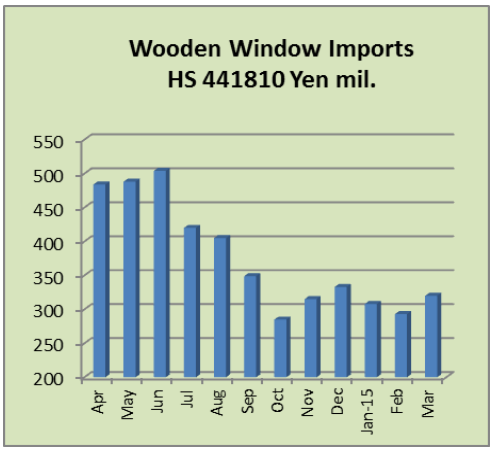
Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import round up
The fall in March 2105 wooden door imports marks the third straight month of declines. March imports were down 12% from February and year on year March 2015 wooden door imports fell 23%.



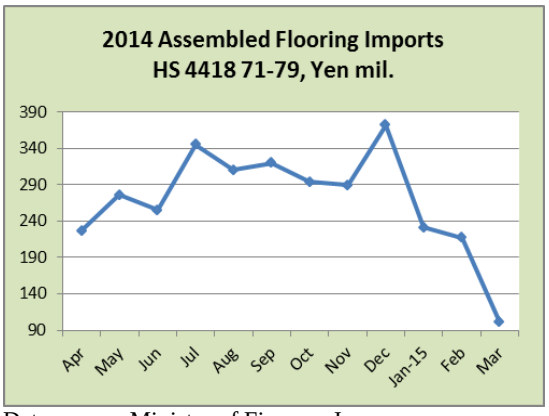
Data source: Ministry of Finance, Japan

Wooden window imports in March 2015 picked up slightly on levels seen in February but were a massive 32% down year on year.



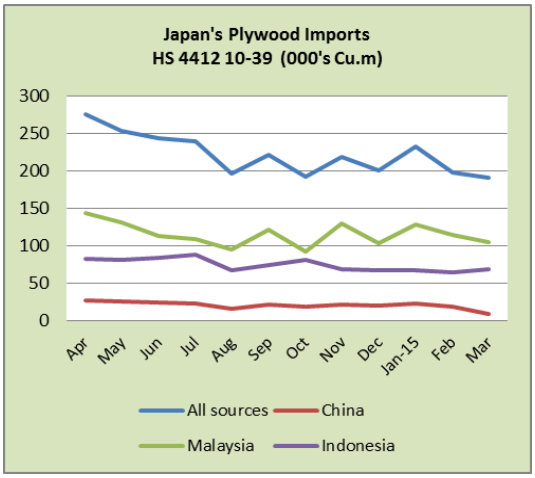
Data source: Ministry of Finance, Japan

Japan's imports of assembled wooden flooring continue to slide with March imports coming in at only half the level a month earlier. Year on year March 2015 imports of assembled wooden flooring are almost 60% down.



Data source: Ministry of Finance, Japan

Malaysia continues to be the largest supplier of plywood to Japan but March deliveries were down from a month earlier (-9%) extending the downward trend which began in Janauary.



Data source: Ministry of Finance, Japan

		000's cu.m		
		China	Malaysia	Indonesia
2014	Jan	31	146	97
	Feb	21	121	70
	Mar	24	125	91
	Apr	27	144	83
	May	26	131	81
	Jun	24	113	84
	Jul	23	109	88
	Aug	16	95	67
	Sep	21	121	74
	Oct	19	92	81
	Nov	21	130	68
	Dec	20	104	67
2015	Jan	23	128	67
	Feb	18	115	65
	Mar	8.5	104,4	68.3

Data source: Ministry of Finance, Japan

The volume of plywood imports from Indonesia move in a narrow range such that since November last year imports have been stuck at around 66,000 cubic metres per month. March imports from Indonesia just bucked the trend coming in at 68,000 cubic metres.

For the past 12 months supplies of plywood from China into the Japanese market have stood at about half that from Indonesia and a quarter of that from Malaysia. This pattern was abruptly broken in March when Japan's plywood imports from China plummeted by around 50%.

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 reproduce news on the Japanese market precisely as it appears in the JLR.

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

Shibushi the top log export port

According to the Nagasaki Customs House, port of Shibushi, Kagoshima prefecture exported 179,706 cbms of logs in 2014, 57.9% more than 2013 and the port is the top log export port for five consecutive years.

By destination, 66.3% for China, 26.6% for Taiwan, 7.0% for Korea and 0.1% for Thailand. Port of Shibushi has international container terminal, which 50,000 ton class ships can berth and this port is one of major cattle feed importing ports.

The port is considering toincrease export of forest, agricultural and marine products. It is considering to expand port log yard.

Total log export of Japan in 2014 was more than 520,000 cubic meters, almost double of 2013. In this, port of Shibushi took 34.7% share, followed by 10.1% of Hosojima, Miyazaki prefecture, 9.5% of Yatsushiro, Kumamoto prefecture, 6.8% of Saiki, Ohita prefecture then 6.8% of Hakodate, Hokkaido. Except Hakodate, all the ports are in Kyushu.

Unilin group's strategy

Unilin (Belgium), general building materials manufacturer in Europe, plans to restructure marketing to Japan since it considers Japan is one of the important markets of flooring. It lines-up four different type items for Japan and starts marketing actively.

Universal Flooring Japan office, which is Japan office of Unilin, will develop the market in Japan. It will develop agents in Japan, which make direct deal with Unilin.

Newly line-up items are Quick Step Laminate, Quick Step Parquet, Quick step Lyvyn and Pergo Laminate. Quick step Laminate is multi layered flooring with base material of HDF.

It has four layers with surface protecting melamine resin impregnated layer and curable resin layer, which is easy to apply with strong abrasion and water resistant performance.

Quick Step Parquet is three layered high grade flooring with multi-fit specification, which is produced by Universal Flooring in Malaysia. The surface material is solid wood thick board.

Quick step Lyvyn is polyvinyl chloride tile flooring, which has strong resistance to heat so that it can be used for floor heating room with strong frictional performance.

South Sea (tropical) logs

Rain fall until late February in Sarawak, Malaysia was the heaviest in last ten years then it stopped and dry weather continues since March. Now water level of rivers get down too low and some forest fires occur. Local weather bureau forecasts that rain may come back in May again.

In dry weather, log production was expected to recover but it remains low because of government campaign of stopping illegal harvest. Surveillance continues from land, air and rivers and some got arrested so log production does not increase at all. During the first quarter, reduction of log supply might drop by 20-30% but now it is 40-50%.

Meantime, India had stopped log purchase in February and March because of excessive inventories in India but now it started buying again in tight supply so it will push the log prices up higher.

Plywood mills in Japan are cornered by high FOB prices with weakening yen since last summer and there is no way out as FOB prices have no chance to drop and the yen is now stabilizing at about 120 yen.

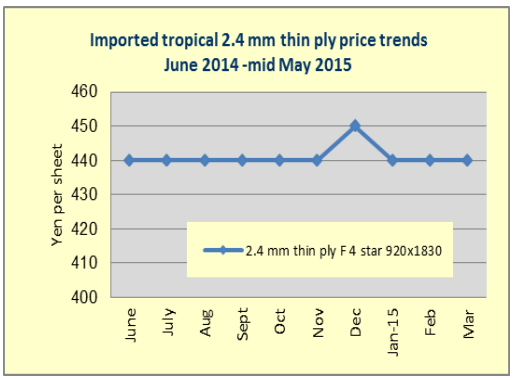
Imported South Sea (tropical) plywood

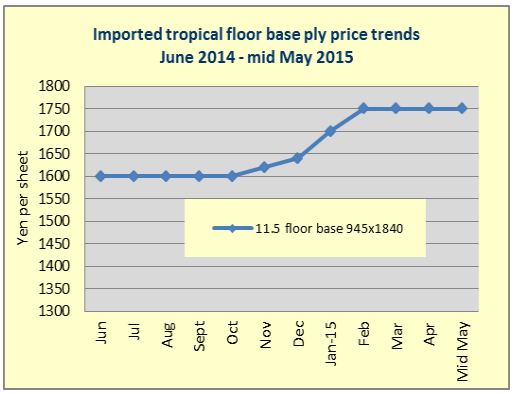
Log supply situation in Sarawak, Malaysia is getting critical. Despite continuation of fine weather, log supply remains extremely tight because of severe control of illegal harvest by the government.

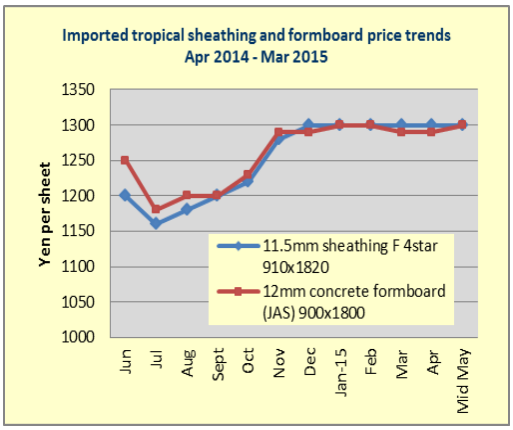
Because of this log supply shortage, local plywood mills' production has been dropping not because of insufficient orders from Japan but log supply and large mills suffer loss operation during February and April.

Furthermore, the provincial government decided to impose harvest tax on virgin timber of 30 centimeter or under from present 10 ringgit to 65 ringgit per ton. This is about 100 yen per sheet cost up on 12 mm 3x6 plywood.

Production of plywood mills, which rely on purchase logs, has dropped by about half of normal operations. Large mills, which consume large amount of logs, suffer considerable drop of production, which push up fixed cost. They have to continue asking higher plywood export prices for the Japanese buyers to cover much higher cost.







Laos delegation visited Japan

UNIDO (United Nations Industrial Development Organization) invited wood manufacturing industry people to Japan on April 10 and set up meeting with the Japanese wood manufacturing group. Laos, which has very little wooden housing, has been exporting logs, lumber and furniture.

To obtain hard currency, Laos has been actively exporting forest resources to neighboring countries like Thailand and China together with expanding construction of hydro-electric facilities, which accelerates timber harvest in the developing areas

The Laos government is now concerned to rapid exhaustion of forest resources of its own country so it banned log export temporarily to promote switching using plantation wood and encourage producing value added wood products by improving wood processing technique.

Since Japan has highly sophisticated technique of wood processing, Laos is very much interested in learning lumber manufacturing technique and trend of recent designing of wood products.

Laos has mainly hardwood species like teak. The delegation of lumber manufacturers and furniture manufacturers came from Southern province of Savannakhet, which has about 40 wood processing industries. This province is important place, where main highway connecting Thailand and Vietnam runs.

Rubberwood parquet floor developed

Sanyu Yukakoji (Tokyo), wooden floor applicator for condominium, school and commercial buildings, has developed rubberwood flooring blocks jointly with a flooring manufacturer in Thailand. It will start marketing the product since this summer.

Main target is low grade flooring market for DIY stores. Parquet flooring block is 12 mm rubber wood finger jointed lumber plus 3 mm of polyethylene, making total of 15 mm thick.

Parquet flooring blocks are generally made out of oak, beech and birch but cost of such hardwood species have been soaring and they are hard to get so the market is looking for less costly product.

Rubber wood is low cost material and the quality has been tested by experimental works by Sanyu. Initial shipment is 20 feet container, which takes about 900 square meters.

Report from China

Third interest rate cut in five months

The People's Bank of China has announced that the lending rate would be reduced by a quarter of a percent to 5.1 percent seen as a move to boost spending and lift the economy. This is the third time in five months that the rate has been cut.

Weaker than expected export figures, with April exports dropping over 6% along with signs of weakness in other areas of the Chinese economy are beginning to worry policy makers.

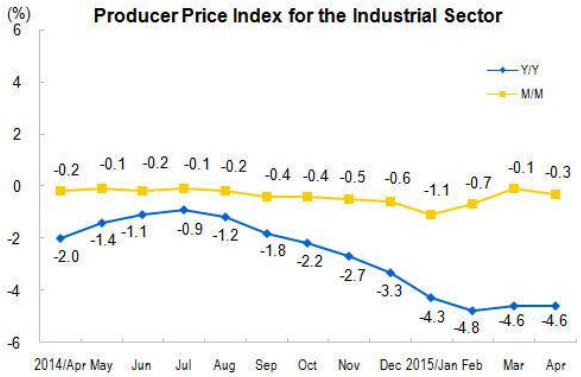
A reduction in interest rates would normally drive up business investment but the business community in China has a watchful eye on developments in major export markets and is unlikely to look for loans until the global economy strengthens further.

Weaker than expected industrial producer prices

The National Bureau of Statistics released the April Producer Price Index (PPI) for manufactured goods in early May showing a decline of 0.3% month-on-month and a 4.6% drop year-on-year.

In the same month the purchasing price index for manufactured goods fell 0.2% month-on-month and was down 5.5% year-on-year.

At the same time consumer inflation increased at a much slower rate than anticipated and the April figure marked the 37th consecutive month of declining pace of growth.



Source: National Bureau of Statistics, China

Importers reminded of suspension of imports from Laos

On 6 April 2015, the CITES Secretariat received an adequate national ivory action plan from the Democratic Republic of the Congo. The plan has been made available on the Secretariat's national ivory action plan web portal at http://cites.org/eng/niaps.

CITES has now informed participating countries that its recommendation to suspend commercial trade in CITES-listed species with the Democratic Republic of the Congo has been withdrawn.

China's National Endangered Species and Import Management Office has reminded timber importers not import CITES listed timbers from Laos as the directive from CITES Standing Commission still applies to CITES-listed species from the Lao People's Democratic Republic due to the failure to submit a National Ivory Action Plan.

http://cites.org/sites/default/files/notif/E-Notif-2015-021.pdf

The total output value of China's forestry industry in 2014

According to the State Forestry Administration, the value of output from China's forestry sector in 2014 was RMB5.26 trillion, up 11% over 2013.

The contribution from the secondary and tertiary sectors was over 65%. The report notes that in 2014 100,000 different forest products were produced; there were more than 1 million forestry enterprises and millions of forest farmers. It was been reported that the annual average growth in the value of output from the national forestry sector was 22% since 2001.

Calls for the legalisation of the China-Myanmar timber trade

A national workshop on the China-Myanmar timber trade was held on 22 April in Kunming City, Yunnan Province.

The workshop was sponsored by the Southwest Forestry University and the FLEGT foundation of the European Forest Institute (EFI) and hosted by the Greater Mekong Sub-Region Forestry Development Research Center of Southeast Forestry University.

Participants shared the preliminary results of a China-Myanmar timber trade study and discussed the challenges and difficulties encountered by timber traders who aim to see the legal and sustainable development of the China-Myanmar timber trade. Experts called for immediate action to bring the trade under the law.

The workshop heard that some timber from Myanmar is processed in Yunnan while some is transported to manufacturers in Southern and Eastern China who then sell into the domestic market as well as export products to Japan, the USA and Europe.

China is one of Myanmar's important markets for wood products and China accounted for around 37% of Myanmar's wood product exports in 2013 valued at USD621 million.

But clouding the legitimate trade remain some considerable challenges as illegal timber is also crossing the Myanmar/China border.

Myanmar and China recently agreed to implement a series of measures proposed by authorities in Yunnan Province aimed at cooperative management of Myanmar's timber and mineral trade. These measures require timber importers to submit registration certificate and trade contracts approved by the central government in Myanmar. Controlling the Myanmar/China timber presents huge challenges.

Investigation show that the redwood trade between Myanmar and China slowed after June of 2014. However, workshop participants heard that it was difficult to judge if the slowdown was the result of the log export ban in Myanmar or factors such as the rainy season, armed conflict in Kachin or other factors.

Lower imports from Guyana

According to the statistics from Zhangjiagang Entry-Exit Quarantine and Inspection Bureau, deliveries of timber from Guyana through Zhangjiagang port have fallen and only 6,000 cubic metres was delivered in the first quarter.

The species from Guyana include purpleheart and koraro and these timbers were transported to China in containers.

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 *

Emerging signs of recovery in the EU joinery sector

The European construction and joinery sectors continue to recover slowly. The rate of recovery in the UK, which was rapid in 2014, weakened again in the first quarter of 2015. However there is confidence that the UK market will pick up again over the summer months.

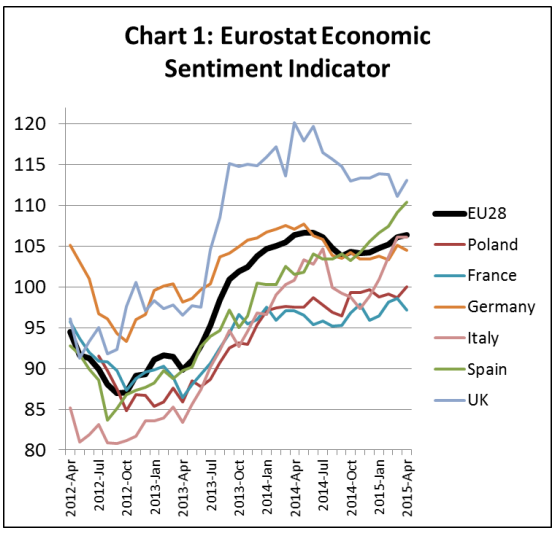
The large German market remains stable with good consumption. There is improving activity in the Netherlands, Poland, Spain and Belgium. The Italian and French construction markets are still weak and declining but there are signs of improving economic conditions in both countries.

Imports of finished joinery products from outside the EU increased slightly in 2014, but the weak euro is acting as a drag on imports in 2015.

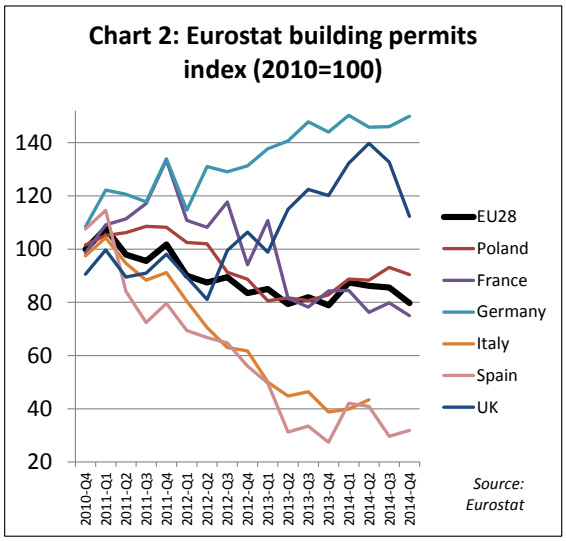
Total GDP across the EU expanded by 0.4% in the first quarter of 2015, the same rate of growth as in the previous quarter. Growth in the UK and Germany slowed in the first quarter of 2015. However growth in France, Italy and Spain was stronger than anticipated.

Overall the data suggests that economic recovery is becoming more resilient and widespread across Europe.

Economic Sentiment in the EU was falling in the second half of 2014 but has been improving again in 2015. Overall economic sentiment has improved significantly in Spain and Italy this year, although this has yet to filter through into a significant increase in construction activity. (Chart 1)



After a brief surge in the number of building permits issued across the EU in the first quarter of 2014, these declined again in the second half of the year. This was mainly due to a sharp rise and fall in building permits issued in the UK during 2014 (Chart 2).

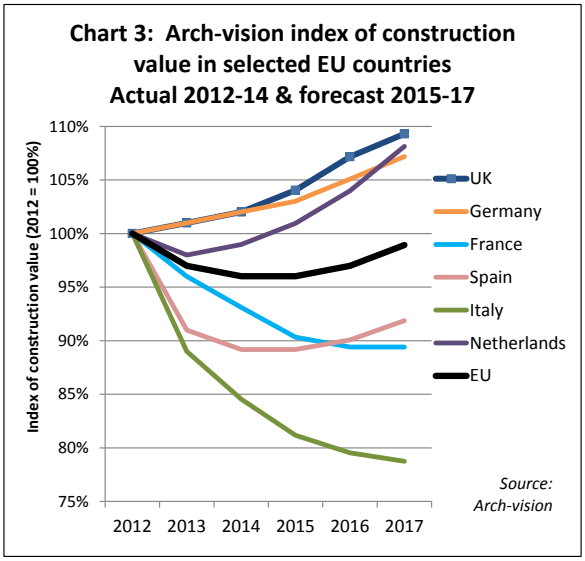


EU construction forecast to remain flat in 2015

The independent research organisation "Arch-vision" estimates that total EU construction value may have declined 1% from around €830 billion in 2013 to €820 billion in 2014.

Construction value is expected to remain level at around €820 billion this year before rising 1% to €830 billion in 2016.

These forecasts draw on the latest European Architects Barometer (EAB) survey of 1,600 architects undertaken by Arch-Vision in eight European countries for the first quarter of 2015 combined with analysis of other European construction industry data (Chart 3).



More detailed consideration of construction sector activity at the national level is provided below.

United Kingdom: the construction market continues to improve in 2015 but at a slightly slower pace than in 2014. According to Eurostat, construction confidence in the UK fell in the first 3 months of the year, but increased sharply in April.

Most construction companies expect continuing growth in the market in 2015. Arch-Vision's survey in the first quarter of 2015 indicates most architects have good order books and expect rising turnover for the rest of the year.

Arch-vision's forecasts are more conservative than those of the UK Construction Products Association which forecasts that construction output may increase by as much as 5.5% in 2015.

Germany: most construction market indicators remain positive. Building permits are high and stable. Arch-Vision's survey suggests that architect's order book and turnover development were positive in the first quarter of 2015. The Eurostat construction confidence indicator is higher than in most other EU countries.

However it is still negative – indicating that German construction companies remain cautious about the future. Arch-Vision expects 1% growth in German construction value in 2015 followed by 2% growth in 2016.

France: although the French economy improved significantly in the first quarter of 2015, the construction sector is not yet showing any improvement. Construction confidence remains very low.

The Arch-vision survey indicates that French architects order books continue to decline. Arch-Vision predicts that French construction value will decrease 3% in 2015 and a further 1% in 2016.

Spain: after several years of serious depression in the Spanish construction sector, there was a significant rise in both confidence and production last year. However this trend has levelled off in 2015. Building permits also remain at historically very low levels.

The results of the Arch-vision survey are equally mixed. Spanish architects continued to report improving order books in the first quarter of 2015. But they also reported an increase in the number of cancelled or postponed projects. Arch-Vision concludes that overall construction value will remain flat at historically low levels in 2015, before rising 1% in 2016 and 2% in 2017.

Italy: the construction sector is still in deep recession. Construction production value remains static at only around two thirds the level of 2010. Construction confidence has improved a little in 2015 but remains deep in negative territory.

The Arch-vision survey indicates that architects order books and turnover development continued to decline in the first quarter of 2015. Arch-Vision predicts that Italian construction value will fall 4% in 2015 with further falls of 2% in 2016 and 1% in 2017.

Netherlands: the construction market is showing signs of significant improvement. The Arch-vision survey indicates that architects order books and turnover were improving throughout 2014. This positive trend strengthened in the first quarter of 2015.

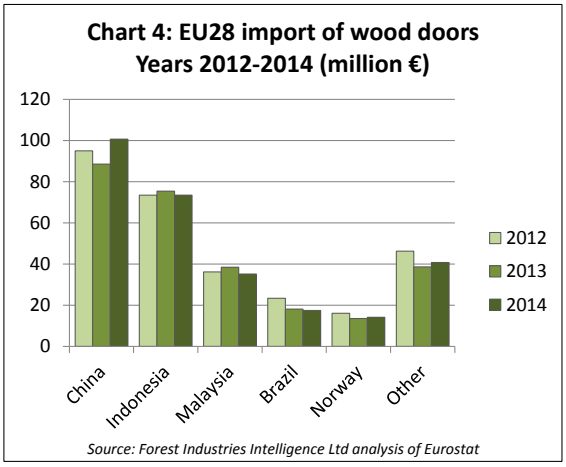
The Eurostat confidence indicator and the number of building permits has increased sharply since the start of 2014. The construction production index has been rising gradually over the same period. Arch-Vision forecasts construction value will increase 2% in 2015, with growth rising to 3% in 2016 and 4% in 2017.

European joinery product import trends

With the exception of flooring products, imports contribute only a small proportion of total EU consumption of joinery products. In terms of value, only around 4.5% of doors and glulam, and around 0.5% of wood windows installed in the EU are imported from outside the region.

This is indicative of the very strong commercial benefits from proximity to the consumer in the joinery sector and the essential need for detailed knowledge of national construction markets. The EU imported wooden doors with total value of €285.3 million in 2014, 3.8% more than the previous year. The value of wooden door imports from China, the largest non-EU supplier, increased 13.7% to €100.7 million in 2014.

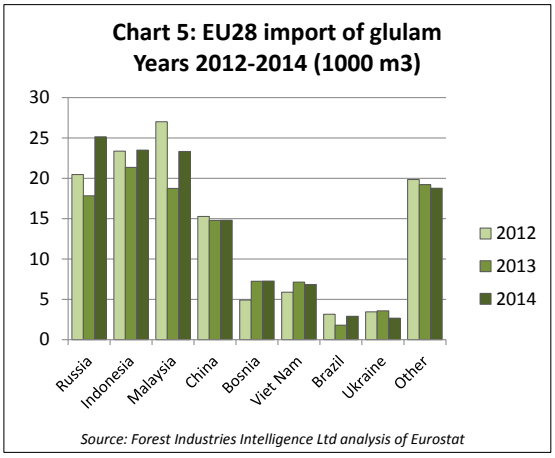
However imports decreased from Indonesia and Malaysia - the second and third largest non-EU suppliers. Imports from Indonesia declined 2.6% to €73.4 million in 2014. Imports from Malaysia declined 8.7% to €35.1 million (Chart 4).



The EU imported 125,200 m3 of glulam in 2014, 12.1% more than the previous year. Most glulam imported from outside the EU consists of Laminated Veneer Lumber (LVL) for window frames and other smaller dimension products rather than larger structural beams.

During 2014 there was a significant increase in imports of LVL from Russia, Indonesia and Malaysia, the three largest external suppliers of this commodity to the EU. Imports from Russia increased particularly strongly, by 41% to 25,100 m3, boosted by the weakness of rouble in the second half of 2014.

Imports from China, the fourth largest external supplier, were at a similar level to the previous year (Chart 5). Competition from European LVL production is expected to increase significantly in 2016 with development of new domestic capacity.



EU imports of wood windows were €24.8 million in 2014, 7.3% more than the previous year. Most of these imports derive from other European countries, notably Norway, Bosnia, Switzerland and Serbia. Imports from China, the largest supplier outside Europe, were only €1.9 million in 2014, 5.3% less than the previous year (Chart 6).

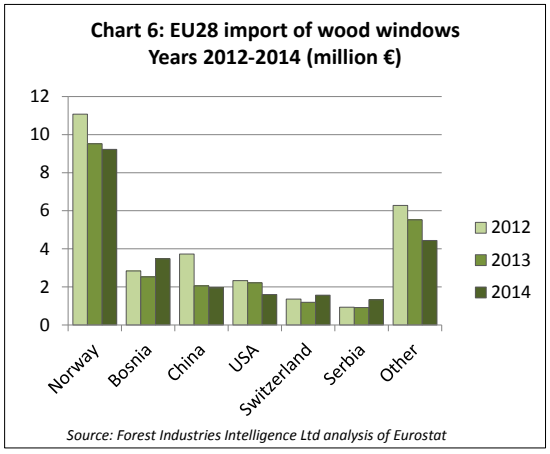
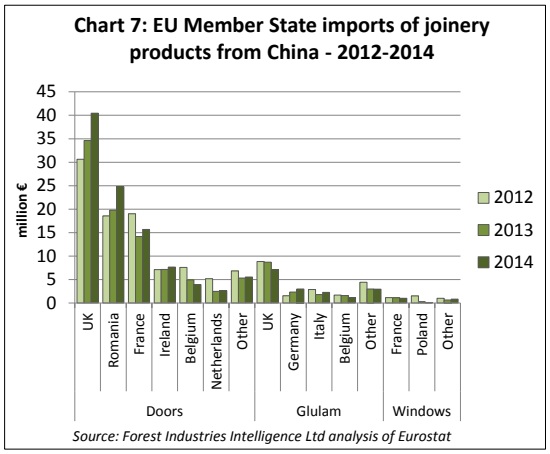


Chart 7 provides more detail of recent trends in EU markets for joinery products imported from China. Imports of wooden doors from China increased into the UK, Romania, France and Ireland during 2014, but declined into Belgium.

German and Italian imports of Chinese glulam increased slightly in 2014, but this was offset by a decline in imports into the UK. EU imports of wooden windows from China were mainly destined for France in 2014. Exports to Poland, previously a significant market, were negligible last year (Chart 11).



Large increases in LVL capacity in Europe and Russia

The German trade journal EUWID reports that LVL capacity in the EU is expected to rise from the current level of 410,000 m3 to 590,000 m3 by the middle of next year. Current capacity consists of a 230,000 m3 line operated by Metsa in Finland and a 180,000 m3 line operated by Pollmeier in Germany.

An additional 80,000 m3 of capacity is now being installed by Steico in Poland and a further 100,000 m3 by Stora Enso in Finland.

Meanwhile, MLT which operates in western Russia currently has 120,000 m3 of installed LVL capacity. New investment by MLT is expected to increase this capacity to 150,000 m3 by the middle of next year.

This production is believed to be based on softwoods, with the exception of Pollmeier in Germany which utilises beech.

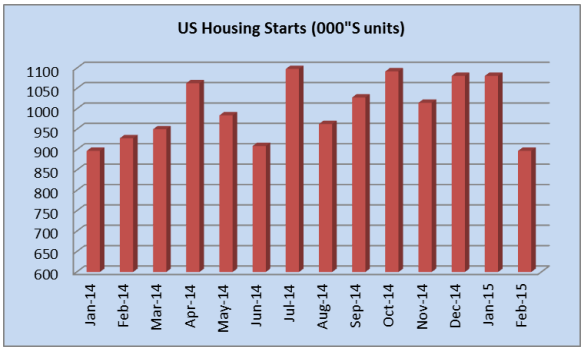
* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

Report from North America

February residential construction down 15%

Housing starts fell by 17% to a seasonally adjusted annual rate of 897 million units in February, according to data from the Commerce Department. Single-family housing starts decreased 15% from January, while multifamily construction fell by 21%.

Home construction declined in all regions of the country. Lower consumer confidence in the economy is affecting new home construction, especially among lower and middle income households.



Data source: US Census Bureau

The number of building permits was up in February at 1.092 million units. Permits for single-family homes declined, while multi-family permits increased by 18%.

Builders' confidence in the market for newly built single-family homes fell again in March. According to the National Association of Home Builders, the drop in confidence is mainly related to shortages in building lots and labour shortages. The highest decline was in the West.

Slight cooling in Canadian housing market

Canadian housing starts fell 19% in February to 151,000 at a seasonally adjusted annual rate. The decline was mainly in multi-family construction, while single-family home starts decreased by just 5%. At 36% the share of single family in total housing starts was higher than average in recent years.

Construction intentions decreased 7.5% in January from the previous month, based on the number of approved building permits.

Growth in US non-residential construction

Investment in non-residential construction increased slightly in February at a seasonally adjusted annual rate according to US Census Bureau data. Private investment in non-residential construction was revised up for December and January.

The largest growth in February was in public commercial construction, which grew by 12% from the previous months.

The American Institute of Architects reported slow growth for commercial and industrial construction. The market for institutional buildings (education, health care) has grown for nine months.

Temperate timber the only winner

With the exception of hardwood flooring and temperate sawn hardwood, imports of other wood products declined in February. Wooden furniture imports fell significantly and were even slightly lower than at the same time in 2014.

The winter weather, a slow housing market and lower consumer confidence contributed to the decline in imports.

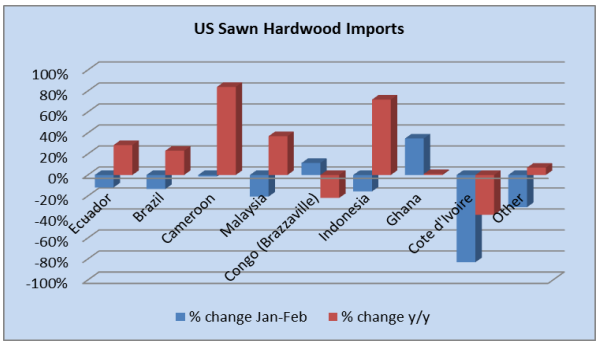
February sawn hardwood imports more than doubled from to 190,933 cu.m. However the growth was exclusively for temperate species, tropical hardwood imports declined by 2% in the same period to 22,472 cu.m. But year-to-date tropical imports were 32% higher than in February 2014.

Sapelli and virola sawnwood imports increased to 4,202 cu.m. and 2,868 cu.m., respectively. Imports of most other tropical species were down in February from the previous month.

Despite the overall decline in imports, shipments from Peru, Ghana and Congo (Brazzaville) to the US increased in February. Virola imports from Peru jumped to 2,731 cu.m. in February, according to US trade data.

Ipe sawnwood shipments from Brazil declined to 2,388 cu.m. in February. The volume of sawnwood from Cameroon was nearly unchanged from January. Acajou d'Afrique imports from Cameroon fell but sapelli shipments increased.

February imports from Malaysia declined from the previous month to 2,367 cu.m., but compared to 2014, year-to-date Malaysian shipments are up one third.



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

Canada's sapelli imports grow

Canadian imports of tropical sawn hardwood were valued at US$1.25 million in January, up one third from December. However, imports are only half of the import values seen last summer. Africa remains the largest source of imports for Canada, followed by South America (mainly balsa) and then Asia.

Balsa imports from Ecuador were worth US$296,183 in January. The second-largest source of imports was Cameroon at US$208,387, although the value of imports from Cameroon fell from December.

Imports from Indonesia declined slightly from December, but at US$182,678 they were higher than in January 2014.

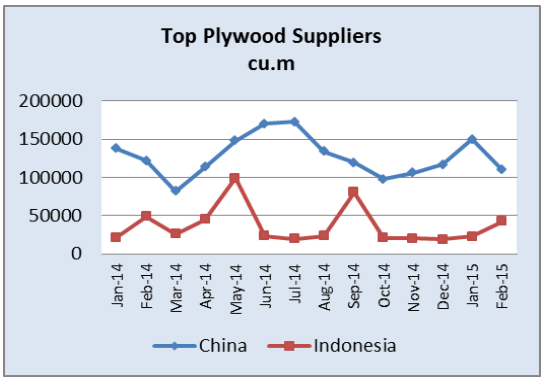
A drop in hardwood plywood imports from China

US imports of hardwood plywood at 212,044 cu.m. were down 10% in February from the previous month.

The largest decline in hardwood plywood imports was from China, following strong growth in January. February imports from China fell 27% from the previous month to 109,937 cu.m. Year-to-date imports (January and February) were unchanged from 2014.

On the other hand imports from Indonesia grew to 42,740 cu.m. in February, but year-to-date imports were lower than at the same time in 2014.

Hardwood plywood imports from Canada and Malaysia also increased in February, while Russian shipments declined.



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

China remains largest hardwood mouldings supplier

While hardwood moulding imports from China declined in February (US$5.1 million), year-to-date imports were 25% higher than at the same time in 2014; but, imports from Brazil increased by 9% from January to US$4.3 million.

Hardwood moulding imports from Malaysia fell by one third to just over US$0.7 million in February and overall shipments by Malaysia were also down compared to 2014.

Indonesia does well in assembled flooring market

Hardwood flooring imports increased slightly in February to US$2.7 million. Import levels were almost unchanged the same time last year. However, imports Malaysia grew by 27% from January and year-to-date imports were 16% higher than in February 2014.

Imports from Indonesia also increased from last year, while shipments from China were down. China trails Malaysia and Indonesia in hardwood flooring shipments to the US to date in 2015.

Despite a slight decline in February, year-to-date imports of assembled flooring panels increased by 22% from the same time in 2014 and were worth US$10.5 million in February, down 7% from the previous month. China remained the main supplier at US$5.8 million, followed by Indonesia (US$2.6 million).

Tropical suppliers see US furniture imports fall

US Wooden furniture imports declined in February following a decrease in January. Total wooden furniture imports were worth $1.02 billion, down 19% from January. Year-to-date imports were 1% lower than in February 2014.

Canada was the only major supplier that increased furniture shipments to the US in February. The US imported US$97.9 million of wooden furniture from Canada, up 12% year-to-date from February 2014. Canadian manufacturers benefit from a lower Canadian dollar.

Furniture imports from China decreased by 22% from January to US$484.1 million, the lowest since level of imports since March 2014.

Imports from Vietnam, Malaysia and Indonesia also declined in February. Year-to-date imports from Mexico were up 10% compared to February 2014.

Almost all major supply countries saw a decline in shipments to the US. Imports from China were worth US$618 million, down 5% from December. Vietnam's shipments fell by 6% to US$224.9 million. Only imports from Malaysia remained unchanged at US$51.7 million.

Wooden furniture imports from Europe declined in February, but they remain higher than at the same time last year.

Wooden bedroom furniture imports fell the most in February, followed by upholstered wooden seating furniture and kitchen cabinets. The smallest decline was in wooden office furniture imports.

Furniture market outlook positive for 2015 and 2016

The latest available data on furniture orders and shipments were positive, especially compared to the same time in 2014.

However, international trade data shows a month-over-month decline in US furniture imports. Housing starts decreased at the start of 2015, which usually slows demand for furniture.

US furniture consumption is forecast to grow by 3% in 2015 and 2016, according to CSIL, the Center for Industrial Studies in Milan. Overall economic conditions are positive, with lower unemployment and low interest rates. As the weather improves in spring both the housing market and furniture sales are expected to grow.

Another positive sign for furniture manufacturers is the record number of buyers at this month's High Point Furniture show. Over 45,000 buyers from more than 14,000 companies registered for the largest furniture trade fair in High Point, North Carolina.

Furniture orders, shipments and retail sales down

Both furniture orders and shipments were slightly down in January from the previous month. However, new furniture orders were 7% higher compared to January 2014, according to the Smith Leonhard industry survey.

Furniture shipments declined from December. Compared to January 2014, shipments were 10% higher this year. Over 60% percent of companies reported higher shipments in January.
Inventory levels at distributors and manufacturers were up 1% from September and 5% higher than in January 2014.

Retail sales at furniture stores in the US declined 4% from January to February, according to US Census Bureau data. The decline may be mainly seasonal, but sales are slightly lower than expected for February. However, retail sales were 4% higher than in February 2014.

Calls for finalisation of formaldehyde emission standard

Following media reports about high formaldehyde emissions in laminate wood flooring from China, industry associations are asking that the draft national formaldehyde emission standard be quickly finalised.

Because of the media reports, installers, residential and commercial customers became concerned about formaldehyde emissions from wood flooring. The new standard when released would ensure consistent formaldehyde emission standards for all wood products sold in the US market.

The Environmental Protection Agency (EPA) has worked on a national standard for composite wood products for several years now. The standard is largely based on the existing Californian standard.

However, a draft version of the standard was heavily criticised by the industry. Unlike the Californian standard, it would require furniture manufacturers who laminate in-house to test and re-certify panels purchased for lamination.

The new emission rules will apply to hardwood plywood, particleboard, MDF and finished products containing these materials. Both imported and domestically produced products must meet the standards.

Interest rate increase likely in second half of 2015

The US Federal Reserve board is split on whether to raise interest rates in June or later as while employment has improved, economic growth appears to slow. The first increase in interest rates appears more likely in the second half of 2015.

The US unemployment rate was unchanged at 5.5% in March. The number of long-term unemployed (jobless for 27 weeks or more) accounted for almost one third of all unemployed. Long-term unemployment change little from February to March, but over the last year it declined significantly.

Slower growth in US manufacturing

Economic activity in the manufacturing sector continued to expand in March according to the Institute for Supply Management. However, production was unchanged and new orders slowed. Wood product manufacturers reported growth in production while the furniture industry produced less in March.

* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

Disclaimer: ***Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.***

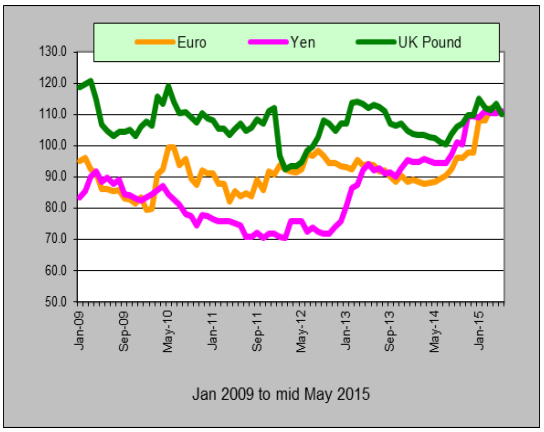
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

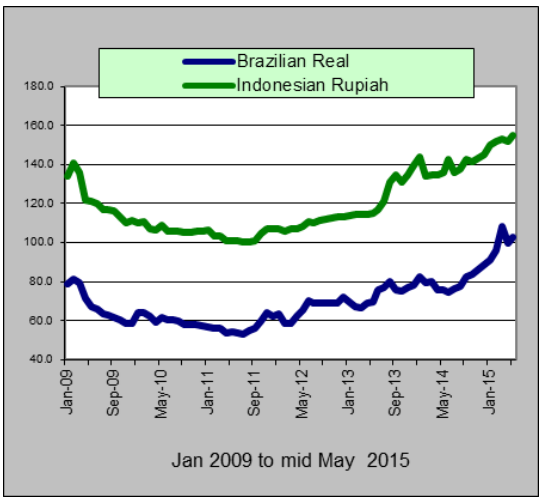
US Dollar Exchange Rates

As of 10 May 2015

Brazil	Real	3.0198
CFA countries	CFA Franc	583.65
China	Yuan	6.2073
EU	Euro	0.8917
India	Rupee	64,147
Indonesia	Rupiah	13159
Japan	Yen	119.87
Malaysia	Ringgit	3.6014
Peru	New Sol	3.1527
UK	Pound	0.6381
South Korea	Won	1093.24

Exchange rate index (Dec 2003=100)



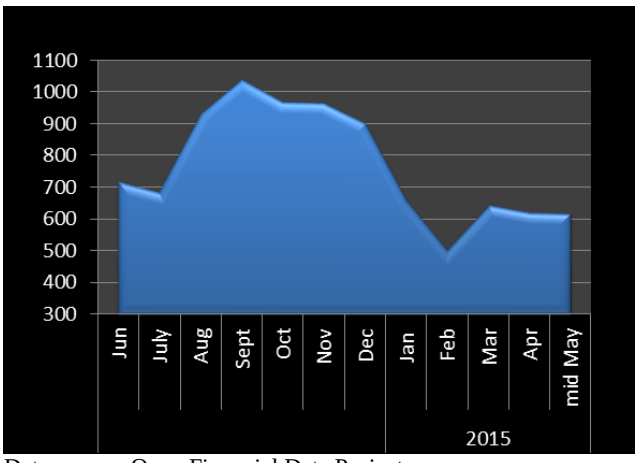


Abbreviations and Equivalences

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
May 2014 – mid May 2015

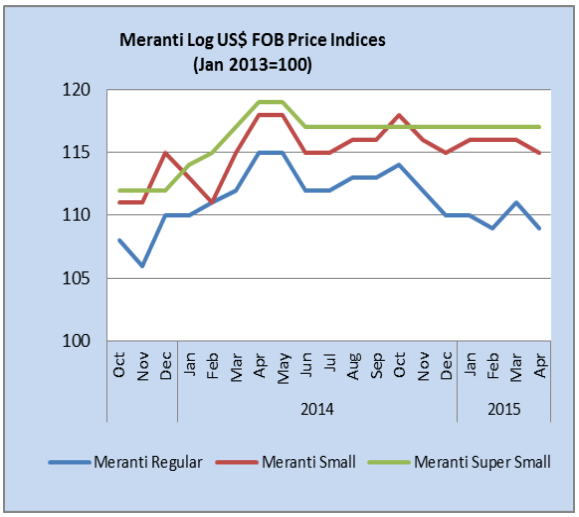


Data source: Open Financial Data Project

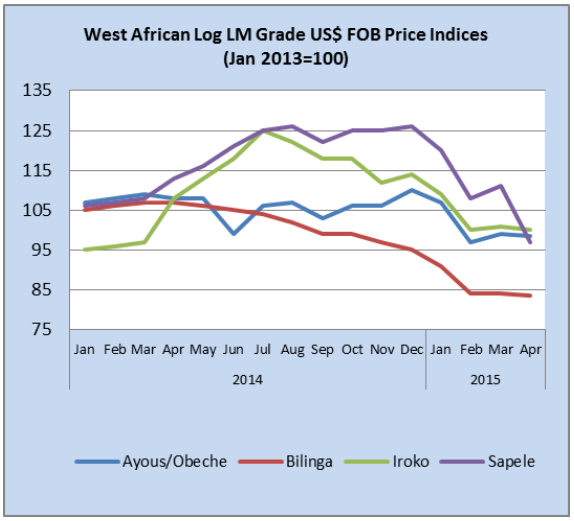
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

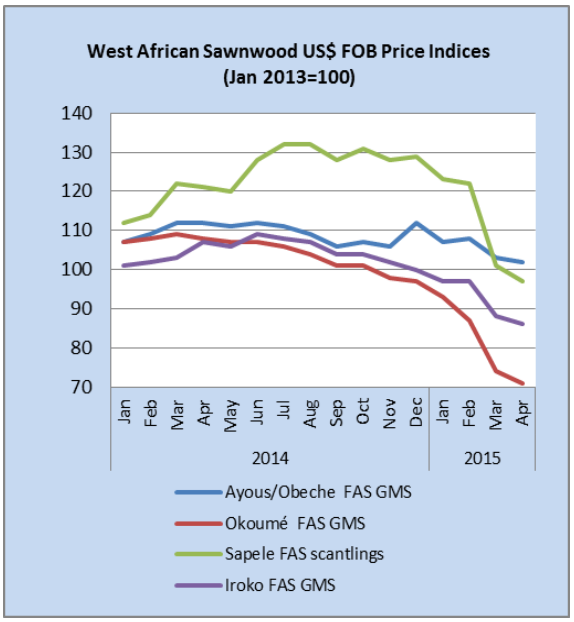
Price indices for selected products

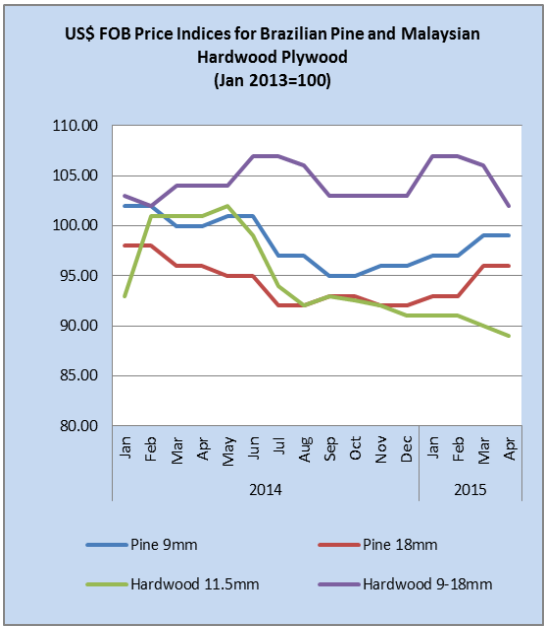
The following indices are based on US dollar FOB prices.

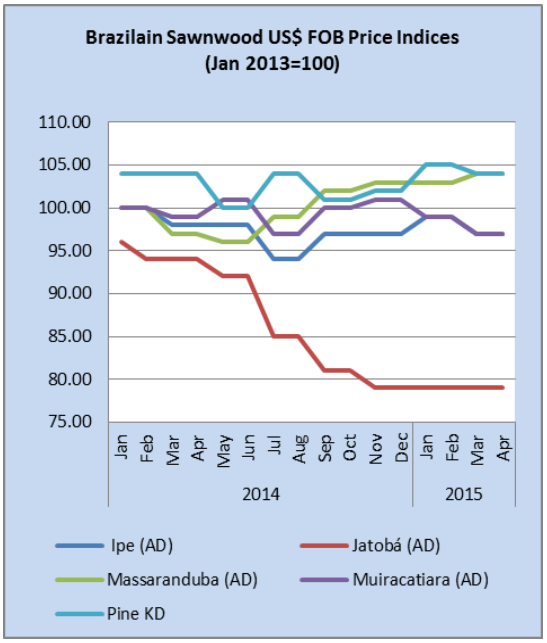


Note: Sarawak logs for the Japanese market









Note: Jatobá mainly for the Chinese market.

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