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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Log Prices, Gabon

Okoume, FOB Grade	*F.CFA per Cu.m*
LM	*146,000*
QS	*129,500*
CI	*99,000*
CE	*83,500*
CS	*67,000*

Ozigo, FOB Grade	*F.CFA per Cu.m*
LM	*103,000*
QS	*90,000*
CI	*70,000*
CE	*59,500*

Logs	*F.CFA per Cu.m*
Agba	*55,000*
Moabi	*65,000*
Niangon	*78,000*
Douka	*55,000*
Abura	*65,000*
Sapelli	*85,000*
Iroko	*58,000*
Sipo	*95,000*
Padouk	*55,000*

Malaysia

Sarawak Log Export Prices (FOB)		*per Cu.m*
Meranti	*SQ up*	*US$210-220*
	small	*US$180-190*
	super small	*US$150-160*
Keruing	*SQ up*	*US$220-225*
	small	*US$190-195*
	super small	*US$160-165*
Kapur	*SQ up*	*US$215-225*
Selangan Batu	*SQ up*	*US$230-235*

Cameroon Log Prices

FOB		*Per Cu.m*
N'Gollon	*70cm+LM-C*	*FFR1450*
Ayous	*80cm+LM-C*	*FFR1150*
Sapele	*80cm+LM-C*	*FFR1500*
Iroko	*70cm+LM-C*	*FFR1500*

South Sea Logs

FOB	*per Cu.m*
Pometia	*US$150-155*
Calophyllum	*US$135-145*
Terminalia	*US$110-120*
Other mixed species	*US$105-110*

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Domestic Log Prices

Report From Brazil

New IBAMA regulations have substantially increased forest fees and the cost of services provided. The trade is reporting that in some cases, for example, log transportation authorization fees were increased by over 2,800%. On average increases are around 400%.

New fees were also introduced for exports of some tropical timbers, notably Mahogany.

Some analysts are saying that the IBAMA initiative is not compatible with the aim of economic stability and will not help sustainable forest management. The new fees will increase costs and reduce the competitiveness of Brazilian tropical timber.

It appears that several meetings have been held between the timber industry and IBAMA, but little progress has been achieved so far. IBAMA needs additional funds to maintain its administration, and they find it necessary to increase timber industry charges.

The trade is saying that a legal dispute between timber industry and IBAMA may emerge if negotiations between the two sides are unsuccessful.

Logs at mill yard	per Cu.m
Mahogany Ist Grade	US$420
Ipe	US$80
Jatoba	US$51
Guaruba	US$42
Mescla(white virola)	US$46

Ghana

Logs FAQ	Per Cu.m
Ceiba	90cm + US$40
Otie/Ilombe	60cm + US$50
Emire/Framire	60cm + US$55
Ofram/Frako	55cm + US$45
Ekki/Azobe	70cm + US$50
Kussia/Billina	70cm + US$50
Guarea	60cm + US$60
Chenchen	70cm + US$45
Cedrella	50cm + US$45

Report from Indonesia

Domestic log prices	Per Cu.m
Plywood logs	
Face Logs	US$155-165
Core logs	US$ 125-135
Sawlogs	US$120-135
Falkata logs	US$52-58
Rubberwood	US$38-40
Pine	US$65-68
Teak	US$1000-1200
Mahoni	US$200-215

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	Per Cu.m
Meranti Bukit (SQ)	US$250-265
Kembang Semangkok	US$195-210
Merbau	US$195-200
Peeler Core logs	US$135-145
Rubberwood	US$34-37
Kempas	US$150-160
Keruing	US$205-215

Sawnwood Prices

International Prices

Brazil

Tropical sawnwood exports, in terms of both volume and prices, continue at the same level as during the December. Some reaction is projected in the next few weeks.

Export Sawnwood	per Cu.m
Mahogany KD FAS	
UK market	US$1030
Jatoba Green	US$445-485
Curupixa (Europe)	US$520
Asian Market	
Guaruba	US$285
Angelim pedra	US$270
Mandioqueira	US$245
Pine (AD)	US$145

The Asian market has been attractive to Pine exporters. Volumes to Asia of added value product are increasing. Korea is buying significant volumes of pine edge glued panels and Brazilian producers are finding that prices are more attractive in Korea than in many other markets. Some edge glued panel producers have all 1997 production sold forward.

Ghana

The export prices for Odum and Wawa remain firm. At these prices the domestic market is not attractive and the domestic market is now absorbing more of Dahoma and Chenchen as substitutes. Logs of these substitutes are in short supply and the demand has encouraged a higher level of illegal felling which is being addressed by the authorities.

Rough Sawn Prices FOB	
	Per Cu.m
Mixed Redwoods	*US$330*
low grade Odum (Iroko)	*US$400*
Wawa	*US$220*
Wawa fixed dimensions	*US$260*
Wawa Boules	*US$219*
70cm log dia. 25-75mm. 450cm length	

Mahogany	*per Cu.m*
FAS 100mm plus 1.8m plus	*US$480*
FAS 150mm plus 2.4m plus	*US$520*
Odum FAS 100mm	*US$700*
Wawa FAS 1.8m plus	*US$400*
Anegre	
FAS 150mm plus 2.4m plus	*US$640*

		per Cu.m
Guarea	*FAS*	*US$460*
Ofram	*FAS*	*US$270*
Emire	*FAS*	*US$460*
Ekki	*FAS*	*US$335*
Kussia	*FAS*	*US$330*
Dahoma	*FAS*	*US$250*
Cedrella	*FAS*	*US$410*

Malaysia

Sawn Timber	
Export(FOB)	*per Cu.m*
Dark Red Meranti (DUC)	
GMS select & better (KD)	*US$715-725*
Seraya	
Scantlings (75x125 KD)	*US$775-780*
Sepetir Boards	*US$350-*
Perupok (25mm&37mm KD)	*US$870-880*
K.Semangkok	
(25mm&37mmKD)	*US$695-705*

Taiwan Province of China

Rubberwood	*per Cu.m*
25mm boards	*US$425-455*
50-75mm squares	*US$470-495*
75-100mm squares	*US$510-530*
Sepetir	
GMS (AD)	*US$385-400*
Ramin	*US$600-615*
Oak 25mm boards	*US$670-700*
Maple	*US$930-955*
Cherry	*US$1150-1200*

Domestic Sawnwood Prices

Report from Brazil

The Brazilian domestic market is reported as slower as it is vacation time in Brazil. The economic prospects are good, better than previous years. During 1996 inflation was 10%, the lowest level since 1950. For 1997 inflation is projected an even lower level and an economic growth is expected to be in the region of 4-5%.

Domestic prices are stable, despite the rain season in the Amazon region, and a decline in supplies of veneer and tropical sawn wood. As demand is low at the moment prices might react only after holiday period is over, that is in the second half of February.

Sawnwood (Green ex-mill)	
Northern Mills	*per Cu.m*
Mahogany	*US$910*
Ipe	*US$408*
Jatoba	*US$380*
Eucalyptus	*US$165*
Southern Mills	
Pine (KD) First Grade	*US$160*

Ghana

Dahoma, Chenchen, Antiaris	
	per Cu.m
Mill Run 50x150mm	*US$95-125*
50x100mm	*US$72-105*
50x50mm	*US$105-150*
25x300mm	*US$72-105*
Mixed Redwood	
40x300x3.6m	*US$105-240*

Gabon

Sawnwood Up to 6m length	
80x40mm up to 250x50mm	
Okoume, Ozigo,Olon,Alone,Faro,Abura,	
Agba and Andoung heitz	
	F.CFA 110,000 per Cu.m
Acajou,Movingul,Kosipo,	
Afo, Aiele,Bosse fonce,Eblara	
	F.CFA 115,000 per Cu.m
Prices before sales tax	

Report from Indonesia

Domestic construction material

Kampar	
AD 6x12-15x400cm	*US$340-355*
KD	*US$470-480*
AD 3x20x400cm	*US$410-415*
KD	*US$525-530*
Keruing	
AD 6x12-15cm	*US$290-300*
AD 3x20cm	*US$380-385*

Malaysian Domestic Sawnwood Prices

Sawnwood	*per Cu.m*
Balau(25&50mm,100mm+	*US$420-435*
Kempas50mm by	
(75,100&125mm)	*US$225-235*
Red Meranti	
(22,25&30mm by180+mm)	*US$330-340*
Rubberwood	
(25mm & 50mm)	*US$285-290*
50mm squares	*US$310-325*
75mm+	*US$365-370*
Mixed Hardwood Piling	
5-6 ins x5-6 ins sections	*US$210-215*

Plywood and Veneers

International Prices

Indonesian Plywood

Plywood (export, FOB)	
MR,	*per Cu.m*
Grade BB/CC	
2.7mm	*US$490-495*
3mm	*US$450-455*
6mm and above	*US$370-380*
WBP,	
Grade BB/CC	
12-18mm	*US$475-480*

Ghana

Sliced Veneer		*per Sq.m*
Asanfona	*Face*	*US$1.20*
	Interior	*US$1.00*
	Backing	*US$0.65*
Redwoods (Mahogany, Candollei, Edinam)		
		per Sq.m
	Face	*US$1.15*
	Interior	*US$0.90*
	Backing	*US$0.55*

Ready Spliced Veneer (layons)	
Thickness 6mm	
	per Cu.m
Sapele	*US$1370*
Anegre	*US$1062*
Mahogany	*US$1149*
Koto	*US$1153*

The bulk of the plywood manufactured still goes to the UK and is predominantly of Ceiba.

Plywood 2440x1220mm		
Grade BB/CC,	*Per Cu.m*	
Ceiba	*WBP*	*MR*
4mm	*US$522*	*US$430*
6mm	*US$438*	*US$387*
9mm	*US$433*	*US$395*
12mm	*US$407*	*US$373*
18mm	*US$400*	*US$357*

Most of the peeled veneer is destined for the US and is of Ceiba.

Rotary Cut Veneer	
	per Cu.m
Face Veneer1-1.6mm	
Ceiba	*US$320*
Koto	*US$500*
Otie/Ilomba	*US$440*
Ofram	*US$440*

Brazilian Plywood and Veneer

Veneer	*per Cu.m*
White Virola Face	
2.5mm	*US$265-310*
Pine Veneer (C/D)	*US$210*
Mahogany Veneer	*per Sq.m*
0.7mm	*US$2.40*
Plywood	
White Virola (US Market)	
5.2mm OV2 (MR)	*US$360*
15mm BB/CC (MR)	*US$350*

For Caribbean countries	*per Cu.m*
White Virola 4mm	*US$480*
9mm	*US$380*
Pine USA market	
9mm C/CC (WBP)	*US$290*
15mm C/CC (WBP)	*US$260*

Malaysian Plywood

MR Grade BB/CC FOB	
	Per Cu.m
2.7mm	*US$495-500*
3mm	*US$455-460*
9-12mm	*US$380-385*
18mm plus	*US$360-375*
WBP Grade BB/CC	
9-18mm	*US$450-470*
Phenolic Overlayed	
12-18mm	*US$500-510*
Domestic plywood	
9-18mm	*US$450-475*

Taiwan Province of China

Plywood	*per Cu.m*
2.7mm x 4' x 8'	*US$600-620*
9.0mm x 4' x 8'	*US$495-510*
12-18mm	*US$460-490*

Domestic Plywood Prices

Brazil

Rotary Cut (Northern Mill)	
	per Cu.m
White Virola Face	*US$175*
White Virola Core	*US$120*
Plywood	
(ex-mill Southern Mill)	
Grade MR	*Per Cu.m*
4mm White Virola	*US$670*
15mmWhite Virola	*US$495*
4mm Mahogany 1 face	*US$1,450*

Indonesia

Domestic MR plywood	
(Jarkarta)	*per Cu.m*
mm	*US$425-450*
12mm	*US$415-430*
15mm	*US$405-420*
18mm	*US$375-400*

Gabon

Okume Plywood		
(250x122cm)	*F.CFA Per pc*	
	Untaxed	*Taxed*
4mm	*3,430 -*	*3,780*
5mm	*5,314 -*	*6,270*
8mm	*8,886 -*	*9,540*
10mm	*9,010 -*	*11,047*
12mm	*10,762 -*	*12,699*
15mm	*13,019 -*	*15,362*
19mm	*15,790 -*	*18,632*

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	*per pc*
Rubberwood Chair seats	*US$3.00-3.10*
Rubberwood unfinished	
Queen Anne Chairs	
(excluding soft seat)	*US$13.5-15.00ea*
Queen Anne Legs	
2 1/4 ins square x 18 ins	*US$1.00-1.10ea*
2 3/4 ins square x 28 ins	*US$2.00-2.10ea*

Other Panel Product Prices

Brazil

Export Prices	
Blockboard 18mm	*per Cu.m*
White Virola Faced	
B/C	*US$310*

Domestic Prices	
Ex-mill Southern Region	*per Cu.m*
Blockboard	
15mm White Virola Faced	*US$510*
15mm Mahogany Faced	*US$850*
Particleboard	
15mm	*US$320*

The furniture industry is continuing to demand higher volumes of panels. Imports of particleboard and MDF are expected to continue and increase during 1977. In 1996 imports of particleboard topped 150.000 Cu.m and MDF imports were 70.000 Cu.m.

Indonesia

Other Panels	*Per Cu.m*
Export Particleboard FOB	
9-18mm	*US$145-155*
Domestic Particleboard	
9mm	*US$260*
12mm	*US$225*
15mm	*US$225*
18mm	*US$200*
MDF Export (FOB)	
12-18mm	*US$210-220*
MDF Domestic 15-18mm	*US$290-310*

Taiwan Province of China, Imports

MDF	*per Cu.m*
Domestic Prices	
3mm thick	*US$340-350*
4.75mm	*US$310-320*
12-18mm x 4' x 8'	*US$270-290*
Particleboard	*per Cu.m*
12-18mm (4x8)	*US$175-190*

Malaysia

Particleboard (FOB)	
	per Cu.m
6mm & above	*US$145-155*
Domestic	
6mm & above	*US$170-180*

MDF (FOB)	*per Cu.m*
Less than5mm	*US$230-240*
Gretaer than 6mm	*US$210-220*
Domestic Sales	
	per Cu.m
6-21mm	*US$230-245*

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	*per Cu.m*
(for the Italian market)	*US$885-895*
Crown using Pulai or Jelutong	
(for Japanese market)	*US$800-810*
Laminated Scantlings	*US$650-680*
Laminated Boards	
Falkata wood	*US$395-410*
Laminated Boards	
Pine	*US$880-900*

Malaysia

Mouldings (FOB) per Cu.m	
Selagan Batu Decking	*US$570-580*
Kembang Semangkok	
S4S to Japan	*US$990-1050*
Laminated Scantlings	
72mmx86mm	*US$675-695*

Rubberwood parts and components:

Malaysia

Shaped chair seats	
(18-22mm 16"-18" squares)	
	US$2.95-3.20per pc
	per Cu.m
Finger jointed	
laminated boards	*US$825-840*
top grade	*US$880-890*

Doors (FOB)	
Meranti (red) panel doors	
Grade A	*US$53-56per pc*
Grade B	*US$46-50per pc*
Grade C	*US$42-45per pc*

Furniture

Dining suite	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	*US$63-68ea*
Same with	
Oak veneered MDF	*US$75-80ea*
Windsor Chair	*US$11.50-12.50ea*
Colonial Chair	*US$14.00-15.00ea*
Napolean Chair	*US$22-28ea*
Queen Anne Chair (with soft seat)	
without arm	*US$23-26ea*
with arm	*US$24-29ea*

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and	
chairs (6 per set)	
	US$235-250per set

Japan's Furniture Imports

Source Kagu Shinbun 1997

The Japanese economy has been going through a long recovery period. Although an economic recovery appeared to be just around the corner, the Hanshin-Awaji Earthquake in January 1995 brought with it effects that shook the foundation of the economic structure, and the promise of an economic recovery receded into the future. However, economic indicators began to show an upward trend toward the end of 1995 and into the first quarter of 1996, and there appeared a chance for a real recovery to occur.

In the furniture industry, however, any economic improvement did not result in an expansion of demand, and the situation today is that many furniture companies are faced with a severe business environment. At the peak of the bubble economy, furniture demand was rising in line with increased demand for housing, offices, public institutions, and resort development, and domestic furniture deliveries by value for wooden furniture rose steadily from 1984 to 1991, reaching an annual figure of 2 trillion yen. Since 1992, however, every year has seen a decline. Metal furniture has experienced similar trends. The furniture market overall has yet to see a sustained recovery in demand.

Japan's furniture demand in the boom days drove up furniture imports which showed rapid annual growth of 20-30% every year from 1987 to 1991. The industry went into decline in 1992 and 1993, but then returned to a sharp increase in 1994. Furniture imports by value in 1995 were 230.3 billion yen, an increase of 10.8% on 1994.

At the beginning of the decade the furniture industry in Japan expanded mainly under the impetus of domestically produced goods. The share of imported furniture in Japan's furniture market remained stagnant at around 3-4% up to 1980s. Now, however, the share has risen to 12% of the market, due to such factors as the advent of the strong Yen economy, sharp increases in imported furniture volumes, and a rapid shift by domestic furniture manufacturers toward overseas production.

The following data, compiled from customs figures, shows imports of furniture by region for the period 1991 to 1995 and Wooden Furniture imports for the first 10 months of 1996.

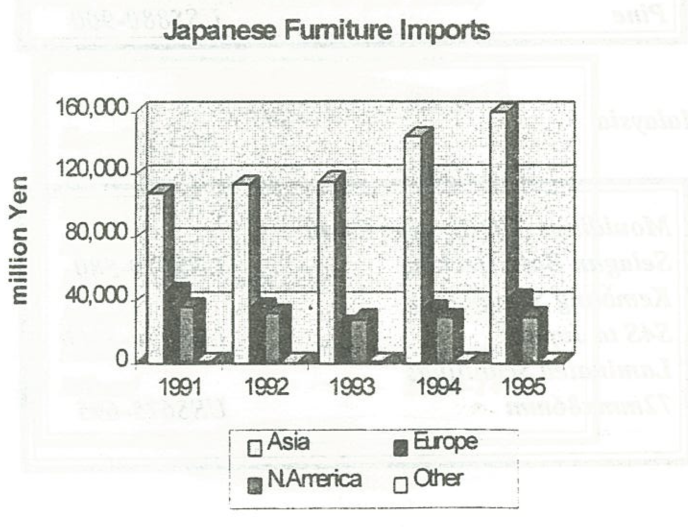
Finished products accounted for 80% of furniture import in 1995, by value, with the remaining 20% being furniture parts. Wooden furniture accounted for 122.6 billion Yen, or 66.4% of the total, rattan furniture was 13.5 billion Yen, or 7.3%, metal furniture was 42.2 billion Yen, 22.9%, and furniture made from other materials was 6.4 billion Yen.

Furniture Imports by Region (million Yen)

Region	1991	1992	1993	1994	1995
Asia	107,379	113,372	115,358	143,984	159,200
Europe	44,953	35,934	24,328	34,561	40,689
N.America	35,864	31,624	28,052	28,569	29,496
Other	358	326	405	691	961
Total	188,554	181,256	168,143	207,805	230,346

1995 imports from Asia were 159.2 billion Yen (69% of the total), followed by Europe, at 40.7 billion yen (17%), N. America, at 29.5 billion yen (12%), and all other regions, at 1.0 billion yen.

Asia continues to maintain its high share, and imports from there have been rising annually. In contrast, imports from



Europe rose sharply in the latter half of the 1980s, and then began to decline in 1992 before turning upward again in 1994. Although imports from North America, mainly from the US, fell during the worst of the recession, the total is now still higher than during the best years.

Wooden Furniture Imports January-October 1996 (million Yen)

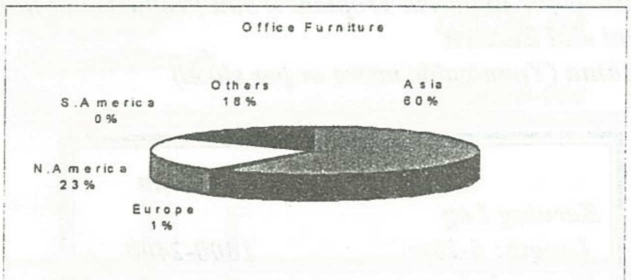
	Asia	Europe	N.America	S.America	Others
Office Furniture	1,015	21	395	0	270
Kitchen Furniture	2,331	1,221	1,926	9	43
Bedroom Furniture	7,505	1,055	283	11	23
Shelved Furniture	523	121	123	0	136
Other Furniture	45,319	14,286	4,754	121	136
Furniture Parts	14,769	1,603	783	12	142
Total	71,462	18,307	8,264	153	750

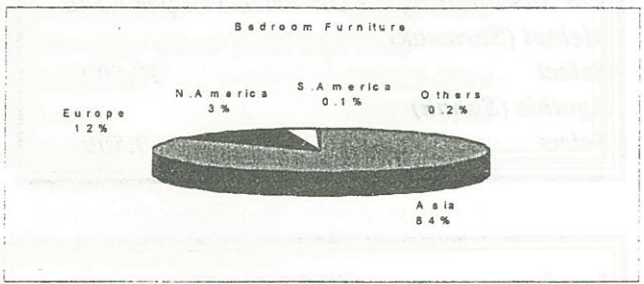
The background to this increase in Japan's furniture imports lay in the strength of the Yen and of internationalisation in the broadest sense. The yen appreciated against the dollar as the economy grew. The yen has tripled in value from the days in the 80"s when one dollar equaled 360 Yen to the current value at around 115 Yen to the dollar.

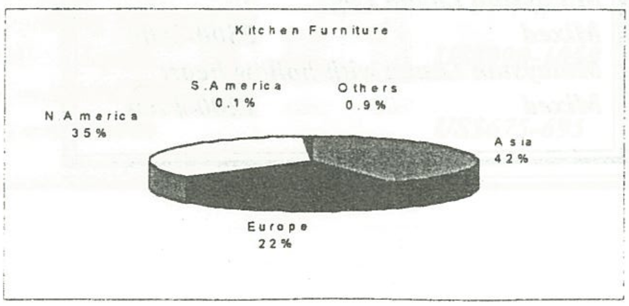
The average price for imported furniture has dropped over the years. The impression that imported furniture equates to high quality and high prices has faded, and there is now an extremely broad selection of imported products, qualities and prices from a wide range of sources and import channels. More and more, furniture manufacturers overseas are turning their attention to Japan's furniture market, and exporters from many different countries are entering the market. The entry of imported furniture into Japan's furniture market has put huge downward pressure on furniture market prices, and has forced Japan's domestic furniture manufacturers, with their poor ability to compete on price, into a difficult situation.

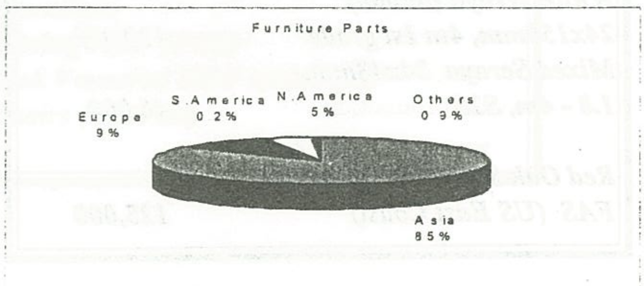
Furniture imports, in the past, were generally handled by specialist furniture import trading companies. Often, these companies would sign licensing contracts for brand name and engage in domestic production. In today's conditions, however, many different kinds of companies are entering the business of furniture importing, including domestic furniture manufacturers, furniture wholesalers, furniture retailers, and other companies outside the furniture. In addition furniture manufacturers are turning their attention to overseas production as domestic production costs have risen, and are trying a wide variety of methods that involve either the import of finished goods or contracts with foreign manufacturers for the import of parts. Furniture retailers, meanwhile, are taking advantage of the marketing power of their retail chain stores to increasingly engage in direct import or, in many cases, to encourage foreign manufacturers to target furniture retailing directly.

Source of Imports by Type for 1996









Consumers Report

Report From Japan

Delivered Prices

Asian Log, Lumber and Panel Prices

Log For Plywood Manufacturing	CIF Price Yen per Koku
Meranti (Hill, Sarawak) Medium Mixed	7,850
Meranti (Hill, Sarawak) STD Mixed	7,900
Meranti (Hill, Sarawak) Small Lot (SM60%, SSM40%)	7,100
Taun, Calophyllum (PNG) and others	6,700
Mix Light Hardwood (PNG G3-G5 grade)	5,500
Okume (Gabonese)	7,900
Keruing (Sarawak) Medium MQ & up	8,300
Kapur (Sarawak) Medium MQ & up	8,200

Logs For Sawnmilling	FOB Price Yen per Koku
Melapi (Sarawak) Select	10,500
Agathis (Sabah) Select	9,500

Lumber	FOB Price Yen per Cu.m
White Seraya (Sabah) 24x150mm, 4m 1st grade	120,000
Mixed Seraya 24x48mm, 1.8 - 4m, S2S	46,000
Red Oak 5/4x6 ins and wider FAS (US East Coast)	125,000

Plywood	Mill Gate Price Tokyo Area Yen per sheet
Concrete Formboard Domestic Production from S.E Asian Logs 11.5x900x1800mm Type 1	1,280
Thin 2.3x910x1820mmType 2	340
Medium 4.0x910x1820mm Type 2	530
5.5x910x1820mm Type 2	640

(Tokyo Market Price Per Sheet)	
Plywood	
2.4x91x1820mm	Yen340
3.6x91x1820mm	Yen460
5.2x91x1820mm	Yen580
Plywood for flooring	
11.5x94.5x1840mm	Yen1660
Plywood for Printing	
3.6x123x2440mm	Yen800

Report From China

Prices for Imported Tropical Wood Products in Shanghai and Eastern China (Yuan/cubic metre or per sheet)

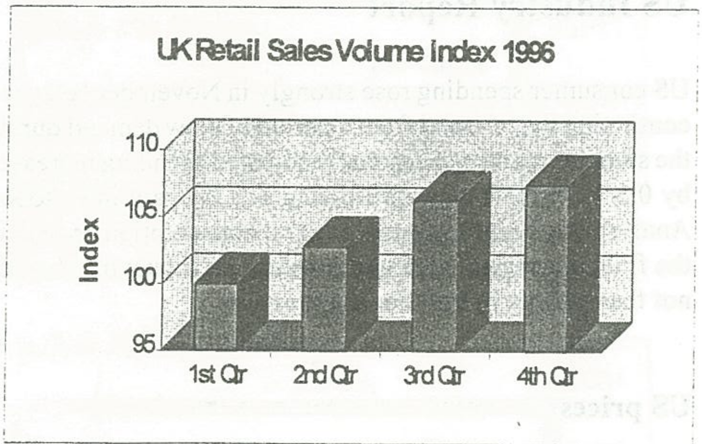
	Per Cu.m
Keruing Log Length: 6-20m	1800-2400
Mengaris Log Length 6m+	1800-1900
Malaysian Lauan Log Mixed	2500-2600
Malaysian Lauan with hollow heart Mixed	1200-1400

Lauan lumber	
Thickness:5-6cm	
Length: 3-4m	*2850-3450*
Lauan tongued, grooved flooring strip	
18mmx50-70mmx3m	*110-125*
Malas tongued, grooved flooring strip	
18x70mm x2.2-4.1m	*110-125*
Plywood from Malaysia	
12mm	*3.6-4.0*
18mm	*4.8-5.0*

From Europe, An Update on the UK

The UK company, Silentnight Holdings has taken over Meredew Cabinets, UK producer of living room and bedroom furniture with an annual turnover of ú7 million. Meredew was formerly a UK subsidiary of Spring Ram Corporation Ltd.

Timber and MDF supplier James Latham lifted sales by 3.5% to ú42.3 m in the first six months of its financial year. Pre-tax profits increased by 30% to ú1.02 m.



Airsprung Furniture (beds and upholstery manufacturer) has announced the sale of its subsidiary Confortluxe Furniture, which imports upholstery. The subsidiary has been sold back to Belgian company Confortluxe, profits in the six months to 30 September 1996.

Sun Wood Industries Plc has taken over Lister Company Ltd, UK furniture retailer. Sun Wood has been the only teak wood garden furniture supplier to Lister for a long time. Now Lister brand name will come under Sun Wood.

Prices in uk

Wooden Windows

Upper Price Hardwood 120x135cm
Sterling, 293.00
Medium Price Hardwood 120x135cm
Sterling 215.90
Lower Price Softwood 120x135cm
Sterling 103.85

Solid Wooden Doors
Upper Price Meranti
76.2x198.1x3.5cm Sterling 239.00
Medium Price Sapele
76.2x198.1x3.5cm Sterling 141.30
Lower Price Veneered
76.2x198.1x3.5cm Sterling 40.75

Kitchen Chair
Upper Price Solid Oak
Sterling 323.00

Dining Chair
Upper Price African Mahogany
Sterling 328.00
Medium Price African Mahogany
Sterling 208.00

Dining Table
Upper Price African Mahogany
80x160cm Sterling 1019.00
Medium Price African Mahogany
80x160cm Sterling 884.00
Lower Price African Mahogany
80x160cm Sterling 693.00

Furniture and Components

Wardrobe Door
Lower Price 50x180cm
Sterling 51.60

Kitchen Cabinet Door 71.5x49.5cm
Medium Price Oak 71.5x51.60cm
Sterling 19.10

Drawer Front	
Upper Price	
Melamine Faced Particleboard	
100x10cm	***Sterling 0.74/pc***
Medium Price	
Melamine Faced Particleboard	
100x10cm	***Sterling 0.59/pc***
Lower Price	
Melamine Faced Particleboard	
100x10cm	***Sterling 0.53/pc***

Other News from Europe

The annual European production of furniture is worth 60 billion ECU, 17.8% of the total supply is controlled by 50 manufacturing companies, of which 27 are from Germany, 8 from France and 3 each from Italy, the United Kingdom and Sweden.

This share is quite modest compared to that of other consumer goods, or to the US furniture market. In 1994, 50% of the US furniture market was satisfied by the top 25 companies, following a period of increased concentration as a result of numerous mergers and acquisitions which took place during the eighties.

Although there is evidence of a similar trend in Western Europe, it is not on the same scale and has only begun to develop recently. One of the main reasons for this is that the prospect of a single, continental wide market is a comparatively recent phenomenon.

However, there have been a number of acquisitions and/ or mergers of European companies in the last few years:
- in the kitchen sector the Italian Snaidero acquired Rational (Germany) and became on of the top 10 European kitchen furniture producers, while the Swedish Skane Gripen acquired Poggenpohl (Germany);
- in the office sector the Dutch Ahrend acquired Samko (Belgium) and Samas acquired a majority share in Schaerf (Germany), having already taken over the leader of the British market, Vickers;
- in the upholstered sector Steelcase Strafor (French-American joint venture) acquired Cassina (Italy), Schieder absorbed Masuren Moebel and Bydgoszc Meble in Poland, and the German Welle acquired Miller and 3K (both Germany).

The ever increasing integration of international markets promises to reinforce the trend to fewer larger companies.

Other Company news

Europe Capital Partners, a financial group based in Luxembourg, will take over a majority stake in Wilhelm Joerding GmbH & KG, a Germany company located in Enger which manufacturers furniture with a staff of 170.

System B8 Mobler of Denmark is planning to extend its plant at Bjerringbo with 2500 square metres of new floor space by end of 1999. The firm will invest Dkr 25 million.

Xey, the Spanish kitchen furniture company which is expected to end 1996 in red, will close its facility in Urnieta and transfer all its production to the Zumaia plant. As a consequence, 56 of the 191 jobs will be cut and the company will manufacturer only high quality products.

Furniture production in Poland was worth $1.608 billion in 1995 (annual growth rates between 1990 and 1995 averaged 25%). Exports, mainly to Germany (69%), reached $1.337 billion and imports increased by 50% to $167 million. The top five furniture manufacturers are MM International, Forte, Swarzedzkie, Fournel and Bydgoscsz.

US Industry Report

US consumer spending rose strongly in November last year, continuing the rebound from a period of slow demand during the summer months. Seasonally adjusted spending increased by 0.5 % in November, following a 0.7% gain in October. Analysts say that the figures suggest consumption growth in the final quarter of 1996 will prove to be robust but they do not fear a surge in inflationary pressure.

US prices

Rough Sawn Hardwood Lumber	
Appalachian Red Oak	
kiln dried, FAS	
	US$1,490 per MBF

Dressed Hardwood Lumber	
North American Species	
Appalachian Oak	
planed 2 sides	***US$1,535 per MBF***

Hardwood Dimension Stock
Appalachian Red Oak Strips
random length, clear 1 face and 2 edges
6" to 16'10% 4'-5' US$1,477 per MBF

Lumber, Genuine Mahogany
Bolivia, Brazil, Honduras
Select or Better 1 ins Stock
Dock side US West Coast
Kiln Dry US$2530 per MBF
Air Dry/Green US$2360

Lumber, Philippine Mahogany / Meranti
Kiln Dried, kiln dried
Dock side US West Coast
LR Meranti US$2050 per MBF
DR Meranti US$2185 per MBF

Plywood and Veneer

Hardwood Plywood
Red Oak plywood, 5-ply, lumber core
cross bands of poplar or gum
Both exterior layers of Red Oak
Furniture grade, rotary cut 4' x 8' 0.75" thick
US$49.95 per Sheet

Veneer Red Oak, 1/45", flat stock,
Container loads/truck-loads
US cents 9.0 - 14.0 per sq.ft.

Reconstituted Boards

Particleboard
Industrial grade board, 4' x 8' x 3/4"
South Central Region
US$278 per 1000 sq.ft

Medium Density Fibreboard
Industrial grade board, 4' x 8' x 3/4"
US$382 per 1000 sq.ft

Millwork

Wood Window Units
Wood sliding window Double glassed,
Upper/lower sash can be titled
32" x 54" US$81.50ea

Wood Doors
Interior door solid wood Raised colonial panels
without frame and hinges.
2'8" x 6'8" x 1.75" US$59.50ea

Wood Mouldings
White Pine moulding, 3.625" wide,
1" stock, finger jointed length approx. 16'
US$0.32 per linear foot

Wood Frames for Upholstered Chairs
Frame for lounge chair, 1" stock
nailed corner blocks
US$44.50ea

Wooden Furniture

Dining Room Table
18th century, French oval dining room table
extendible, with casters Mahogany veneer
on particleboard 64" x 44" two 15" leaves,
extends to 94", Ht.
30"Apron to floor 26.5"
US$608.00

Dining Room Chair
18th century French Mallard chair Solid Maple
21" x 22", Ht. 44.5"Seat 21" x 17.75, Ht. 18"
US$189.00

Bookcase for the Living Room
18th century traditional styled bookcase
Sheraton accents.
Base 2 doors one adjustable shelf behind doors
Top cabinet deck 3 adjustable wood shelves.
Maple solids and select cherry veneer
Hand-rubbed cherry finish.
50.25" x 16.5", Ht.88.5"
US$795.00

Headboard for Bed
18th century French Fairhope headboard
Mahogany veneer on particleboard.
Width 43", Ht.60.6"
US$265.00

Dresser used in the Bedroom
18th century French Elm Bluff 9 drawers.
Mahogany veneer on particleboard.
64" x 19", Ht.36"
US$475.00

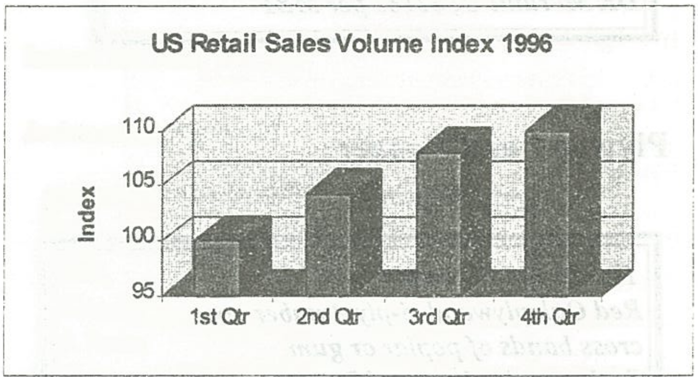
Desks for use in the Office
Conference desk 5 drawers
Mahogany veneer on particleboard.
72" x 36", Ht.29"
US$895.00

1996 Price Movements

With a few exceptions, prices of wooden raw materials, semi-finished products and finished products increased during 1996. Nevertheless the price advances only partially compensated for the price declines in 1995, and average prices for most products in 1996 are below the average prices of 1995. In fact, many products are still quoted below prices which prevailed two years ago.

Raw-material prices advanced at a much slower pace than most semi-finished and finished products. Dressed hardwood lumber, Particleboard and MDF closed the year at lower prices than at the beginning of 1996. The price decline of MDF was particularly steep, at almost 6%. Average 1996 prices for MDF are 11.6% below the average of 1995. MDF's price weakness is not based on lack of demand, but rather on the industry's global overcapacity which has been continuously building up throughout the year. Prices for hardwood dimension stock and hardwood veneer showed very little fluctuations throughout the year and year-end prices were virtually unchanged from those 12 months earlier.

Rough Hardwood Lumber and Hardwood Plywood witnessed the strongest price pressure during 1996, and year end prices were at, or close to, the peak of the previous twelve months. Much of the price pressure was the result of strong demand from the booming residential construction sector especially in the second half of the year. Appalachian Red Oak (per MBF, 1" thick, FAS, Kiln dried) traded within a range of US$1325 and US$1510. The corresponding prices for Hard Maple were between US$1755 and US$1865. The trade is forecasting some lumber shortages during the first quarter of this year and consequently prices are likely to continue their upward trend.



Prices for imported Mahogany increased during 1996, and are up by 11.0% since the beginning of 1995. Since March of 1995, Mahogany prices have stabilized at a relatively high level. Prices for kiln dried Mahogany (per MBF, Select or Better, US West Coast) stood at approximately US$2530, and air-dried or green wood was traded at approximately US$2360. Compared to Mahogany, prices for Meranti advanced at a much slower pace.

Between the beginning of 1995 and the May 1996, prices advanced by 6.8%, however the advance has since turned into a moderate price decline. For 1996 as a whole, Meranti prices increased by only 0.2%. Prices quoted at year end stood at US$2200 Clear, Dark Red Meranti (per MDF, Kiln dried, US West Coast) and the Clear, Light Red variety was priced at approximately US$2035.

Prices for finished and semi-finished wooden products increased much faster than that for raw-materials. Us furniture prices advanced significantly during the past year, averaging about 2.2%, and by year end when prices for many products stood at record levels. An anomaly is provided by wooden doors, whose prices advanced slowly, well below average. This is surprising in light of the strong residential building boom.

The strongest price hike occurred for wood moulding, advancing by 8.5% during 1996. However, this came after several years of price decline. The average 1996 price is still some 0.7% below the average price of 1995.

Abbreviations

LM	Loyale Merchant, a grade of log parcel
FOB	Free-on-Board
SSQ	Select Sawmill Quality
AD	Air Dry
Boule	A Log Sawn Through and Through the boards from one log are bundled together
BB/CC	Grade B faced and Grade C backed Plywood
MBF	1000 Board Feet
Sq.Ft	Square Foot
FFR	French Franc
Koku	0.278 Cu.m or 120BF
Cu.m	Cubic Metre
SQ	Sawmill Quality
KD	Kiln Dry
FAS	Sawnwood Grade First and Second
WBP	Water and Boil Proof
MR	Moisture Resistant
pc	per piece
ea	each
BF	Board Foot
MDF	Medium Density Fibreboard
F.CFA	CFA Franc