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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Exchange Rates Crashing

The surging US Dollar is now a big problem in many of the emerging economies in Eastern Europe. Collapsing exchange rates are also creating havoc in Asia. The Dollar has risen 46% against the Yen and 37% against the Mark since early 1995. Since the Czechs released the Krouna from its link to the Dollar, the Czech currency has fallen 12%, the Zolty has fallen 7%, the Greek Drachma 6.5% and the Slovak Krouna by more than 4%.

In SE Asia the currency carnage continues, as of the 28th July, the Thai Baht was down 22%, the Philippine Peso down 8%, the Indonesian Rupiah down 7% and the Malaysian Ringgit is down over 5%. The currency woes do not stop there, the Singapore Dollar is down 3% and the South Korean and Hong Kong currencies have come under attack. The currency upheavals are impacting interest rates. Overnight borrowing costs are18% in Thailand, 24% in the Philippnes and 14-15% in Indonesia.

Producers Report

Log Prices

International Prices

Malaysia

Sarawak Log Export Prices (FOB)	*per Cu.m*
Meranti SQ up	*US$195-200*
small	*US$165-170*
super small	*US$135-140*
Keruing SQ up	*US$210-220*
small	*US$180-190*
super small	*US$150-160*
Kapur SQ up	*US$215-220*
Selangan Batu SQ up	*US$210-220*

Solomon Isands

SIFIA Indicative FOB Prices

	Current Indicative Price per Cu.m	*Forecast Movement*
Group 1A		
Kwila	*US$220*	*unchanged*
Group 1B		
Palaquium	*US$ 158*	*mod. fall*
Planchonella	‘‘	*signif. fall*
Calophyllum	‘‘	*mod. fall*
Pometia	‘‘	*mod. fall*
Gonostylus	‘‘	*mod. fall*
Schizomeria	‘‘	*mod. fall*
Group 2		
Canarium	*US$ 138*	*mod. fall*
Burckella	‘‘	*mod. fall*
Terminalia	‘‘	*mod. fall*
Group 3		
Dillenia	*US$ 120*	*signif. fall*
Celtis	*US$ 118*	*signif. fall*
Alstonia	‘‘	*unchanged*
Dysoxylum	‘‘	*mod. fall*
Eugenia	‘‘	*signif. fall*
Endospermum	‘‘	*mod. fall*
Vitex	‘‘	*unchanged*
Amoora	‘‘	*mod. fall*
Group 4		
Campnospermum	*US$ 116*	*slight fall*
Parinari	*US$ 108*	*mod. fall*
Maranthes	‘‘	*mod. fall*
Others (white)	‘‘	*mod. fall*
Others (red)	‘‘	*mod. fall*

Moderate to significant falls are expected across the board.

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Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+ LM-C	FFR1400 ⇓
Ayous	80cm+LM-C	FFR1100 ⇓
Sapele	80cm+LM-C	FFR1700 ⇓
Iroko	70cm+LM-C	FFR1700

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
Mahogany Ist Grade	US$380
Ipe	US$88
Jatoba	US$62
Guaruba	US$47
Mescla(white virola)	US$47

Ghana

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

Report from Indonesia

Domestic log prices	per Cu.m
Plywood logs	
Face Logs	US$145-165 ⇓
Core logs	US$ 115-130
Sawlogs	US$130-160 ⇓
Falkata logs	US$60-62
Rubberwood	US$37-40 ⇓
Pine	US$65-70
Teak	US$1250
Mahoni	US$290-295

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	per Cu.m
DR Meranti	US$250-260 ⇓
Balau	US$195
Merbau	US$200-210
Peeler Core logs	US$130-140
Rubberwood	US$30-32
Kempas	US$130-140 ⇓
Keruing	US$210-230 ⇓

Sawnwood Prices

International Prices

Brazil

Export Sawnwood	per Cu.m
Mahogany KD FAS FOB	
UK market	US$1030
Jatoba Green	US$520
Asian Market	
Guaruba	US$290
Angelim pedra	US$270
Mandioqueira	US$245
Pine (AD)	US$175

Ghana

The US government, through USAID, has commissioned a study to determine the US market for processed African rare and exotic wood products. Ghana has been chosen for the study, which is part of US efforts to promote greater trade between Africa and the US.

At a recent meeting of the Ghana Timber Millers Organisation, Mr. Ben Kufour, managing director of Primewood Products, was elected as the new president. The Organisation plans to open offices in London and in the US so as to obtain more market intelligence and promote exports. The Organisation, at its recent meeting, urged members to invest in reforestation.

Sawnwood shipments to Saudi Arabia are of a grade below FAS and admit some defects.

Sales to Saudi Arabia	
	per Cu.m
Mahogany	US$320
Edinam	US$320
Candollei	US$315
Wawa	US$220
Odum	US$400
Danta/Kotibe	US$310

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

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

In Ghana small blade mobile saws, imported from the US and Canada, are being introduced to process small diameter plantation logs of Teak and Cedrela.

Malaysia

Sawn Timber	
Export(FOB)	per Cu.m
Dark Red Meranti (2.5ins x 6ins & up)	
GMS select & better (KD)	US$680-700 ⇓
Seraya	
Scantlings (75x125 KD)	US$720-735 ⇓
Sepetir Boards	US$310-320

Perupok (25mm&37mm KD)	US$915-950 ⇓
K.Semangkok	
(25mm&37mmKD)	US$725-740 ⇓

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US$395-400 ⇑
50-75mm squares	US$455-465 ⇑
75-100mm squares	US$505-515 ⇑
Sepetir	
GMS (AD)	US$390-400
Ramin less than 2 ft.	US$550-565
greater than 2 ft.	US$635-650
Oak 25mm boards	US$730-740
Maple	US$1100-1150 ⇑
Cherry	US$1150-1200

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	per Cu.m
Mahogany	US$808
Ipe	US$427
Jatoba	US$512
Eucalyptus AD	US$180
Southern Mills	
Pine (KD) First Grade	US$180

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

Report from Indonesia

Sawn timber
Domestic construction material

Kampar	*per Cu.m*
AD 6x12-15x400cm	*US$330-355* ⇓
KD	*US$450-465*
AD 3x20x400cm	*US$395-415*
KD	*US$490-510*
Keruing	
AD 6x12-15cmx400	*US$290-305*
AD 2x20cmx400	*US$320-340*
AD 3x30cmx400	*US$340-350*

Malaysian Domestic Sawnwood Prices

Sawnwood	*per Cu.m*
Balau(25&50mm,100mm+	*US$390-410*
Kempas 50mm by (75,100&125mm)	*US$215-225*
Red Meranti (22,25&30mm by180+mm)	*US$310-325*
Rubberwood	
25mm & 50mm Boards	*US$240-255* ⇓
50mm squares	*US$300-330* ⇓
75mm+	*US$350-370*

Plywood and Veneers

International Prices

Indonesia

Indonesian millers are reportedly asking for INDO 96 plus 11% in the UK market up from plus 6% at the same time last year.

Plywood (export, FOB)	
MR,	*per Cu.m*
Grade BB/CC	
2.7mm	*US$460-485* ⇓
3mm	*US$415-440* ⇓
6mm and above	*US$335-370* ⇓
WBP,	
Grade BB/CC	
12-18mm	*US$440-450*

Ghana

Two more Ghanaian owned rotary veneer mills are being built. One plant belongs to Oti Yeboah Complex Ltd and is going up in Abesim near Sunyani. Another plant is being installed by Asuo Bomosadu Timbers and Sawmill Ltd at Berekum. Both mills are in the Brong Ahafo region. Oti Yeboah is already exporting rotary cut veneers of Ceiba and Otie to the US.

Rotary Cut Veneer FOB	
	per Cu.m
Face Veneer	*1-1.6mm*
Ceiba	*US$320*
Koto	*US$500*
Otie/Ilomba	*US$440*
Ofram	*US$440*

Sliced Veneer FOB		*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) FOB

Thickness 0.55mm, Width 950 - 1250mm, Length 1550, 1850, 2150, 2450 mm.

Species	*Grade*	*DM per Sq m.*
Angre	*Interior*	*3.05*
Angre	*Backing*	*2.28*
Sapele	*Backing*	*2.25*
Makore	*Backing*	*2.25*
Khaya, Edinam, Kosipo	*Backing*	*2.06*

Plywood 1220 x 2440 mmGrade BB/CC, FOB Ceiba for the UK market		
	per Cu.m	
	WBP	MR
4mm	Stg347	Stg278
6mm	Stg296	Stg249
9mm	Stg284	Stg248
12mm	Stg275	Stg238
18mm	Stg270	Stg230
25mm	Stg282	——

Plywood 1220 x 2440mm Grade c/c WBP FOB Ceiba for the German market	
	per Cu.m
4mm	DM735
6mm	DM623
9mm	DM613
12mm	DM600
15mm	DM587
18mm	DM573

Brazilian Plywood and Veneer

Millers are not actively seeking out UK plywood buyers. High interest rates and high costs for shippers continue to be a problem. Prices for pine ply is around US$320-330 per Cu.m C&F for 18mm and mills are resisting lower prices. For hardwoods mills are asking K14 plus 10% butthe market is linger at only plus 7-8%.

Veneer FOB	per Cu.m
White Virola Face	
2.5mm	US$280-330
Pine Veneer (C/D)	US$190-210
Mahogany Veneer	per Sq.m
0.7mm	US$2.70

Plywood FOB White Virola (US Market)	
5.2mm OV2 (MR)	US$430
15mm BB/CC (MR)	US$355
For Caribbean countries	
White Virola 4mm	US$470
9mm	US$370
Pine USA market	
9mm C/CC (WBP)	US$270
15mm C/CC (WBP)	US$250

Malaysian Plywood

According to reports Guyana's parliament recently passed a Bill allowing the granting of permission to foreign companies to explore up to 400,000 ha of rain forest for potential export products.

Following the vote, the Government approved a long-standing bid from a joint Malaysian and Guyanese timber venture to invest in plywood production. Malaysian entrepreneur Villupilla Kanagalingam and Case Timbers Ltd, will begin construction of a US$28 million mill to be supplied from a 95,000 ha. concession in Berbice in the eastern part of the country. The company will offer immediate employment to 600 Guyanese, this will rise to 1,500 workers within two years. Exports are expected to reach US$ 40 mil. At full capacity.

Another Asian company, Barama Company Ltd, currently exports more than US$40 million a year from Guyana to Europe and the US. The company, which won concessionary rights to 1.6 mil. ha of Guyan's forest in the early 1990s, is jointly owned by Samling of Malaysia and Sunkyong of Korea. At least three firms, including two Malaysian companies, have been granted three-year exploration permits over the past two years, and more are likely to benefit under the new Bill.

The new leases limit the companies to exploration activities, and demand an environmental impact studies before cutting is permitted. The companies will also be confined to exporting veneer, plywood and other value-added goods.

The Government estimates that Solid Timbers, together with the Berjaya Group and Kwitaro Investments, of Malaysia, could invest as much as US$300 million in the local economy and provide thousands of jobs in Guyana. The timber industry in Guyana exported around US$70 million last year.

MR Grade BB/CC FOB	
	per Cu.m
2.7mm	US$470-490 ⇓
3mm	US$420-440 ⇓
3.6mm	US$400-420 ⇓
9-18mm	US$350-375 ⇓
WBP Grade BB/CC	
9-18mm	US$420-430
Phenolic Overlayed	
12-18mm	US$495-510

Domestic plywood	per Cu.m
3.6mm	US$450-475 ⇓
9-18mm	US$450-465

Taiwan Province of China

Plywood	per Cu.m
2.7mm x 4' x 8'	US$600-600 ⇓
9.0mm x 4' x 8'	US$495-510 ⇓
12-18mm	US$455-460

Domestic Plywood Prices

Brazil

Rotary Cut Veneer (ex-mill Northern Mill)	per Cu.m
White Virola Face	US$159
White Virola Core	US$120
Plywood (ex-mill Southern Mill)	
Grade MR	per Cu.m
4mm White Virola	US$580
15mmWhite Virola	US$420
4mm Mahogany 1 face	US$1,340

Indonesia

Domestic MR plywood (Jarkarta)	per Cu.m
9mm	US$435-455
12mm	US$425-430
15mm	US$410-425
18mm	US$395-400

Ghana

Decorative Sliced Veneer Surfaced Plywood

Avodire/Walnut/Figured Anegre/Hyedua Mansonia/Sapele faces	Cedi per Sheet
4mm	20,000
6mm	23,000
9mm	25,000
12mm	30,000
15mm	33,00
18mm	36,000

Mahogany/Edinam Faces	Cedi per Sheet
4mm	18,000
6mm	20,700
9mm	22,500
12mm	27,000
15mm	29,700
18mm	32,000

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	per pc
Rubberwood Chair seats	US$2.85-3.00
Rubberwood unfinished	
Queen Anne Chairs	
(excluding soft seat)	US$12.5-14.00ea
Queen Anne Legs	
2 1/4 ins square x 18 ins	US$1.10-1.20ea
2 3/4 ins square x 28 ins	US$2.10-2.25ea

Other Panel Product Prices

Ecuador First with MDF

The first MDF plant in tropical Latin America is in full operation in the province of Cotopaxi, Ecuador and is owned by Aglomerados Cotopaxi S.A.

The plant has an annual production capacity of 50,000 Cu.m. and utilises available Pinus radiata plantations. Other MDF producer countries in Latin America are Chile and Argentina.

Brazil

Brasil is the largest regional importer of MDF. However two factories are presently being built in the country. The first, owned by Duratex S.A., will be in operation soon and will have an initial production capacity of 140,000 Cu.m per year.

The second plant, resulting from a joint-venture between Brascan S.A. and Sunae S.A. is expected to be in operation in 1998, with an annual capacity of 150.000 Cu.m.

Export Prices	
Blockboard 18mm	*per Cu.m*
White Virola Faced	
B/C	*US$285*

Domestic Prices	
Ex-mill Southern Region	*per Cu.m*
Blockboard	
15mm White Virola Faced	*US$410*
15mm Mahogany Faced	*US$830*
Particleboard	
15mm	*US$280*

Indonesia

Other Panels	*Per Cu.m*
Export Particleboard FOB	
9-18mm	*US$140-155* ⇑
Domestic Particleboard	
9mm	*US$230*
12-15mm	*US$220-230*
18mm	*US$195*

MDF Export (FOB)	
12-18mm	*US$190-205*
MDF Domestic 15-18mm	*US$265-295*

Taiwan Province of China, Imports

MDF	*per Cu.m*
Domestic Prices	
3mm thick	*US$400-415* ⇑
12-18mm x 4' x 8'	*US$265-280* ⇓
Particleboard	*per Cu.m*
12-18mm (4x8)	*US$185-195*

Malaysia

Particleboard (FOB)	*per Cu.m*
6mm & above	*US$145-160*
Domestic	
6mm & above	*US$160-180* ⇓
MDF (FOB)	*per Cu.m*
Less than5mm	*US$220-230*
Gretaer than 6mm	*US$200-210*
Domestic	*US$245-255*

Prices of Added Value Products

Indonesia

Mouldings	
Ramin casings	*per Cu.m*
(for the Italian market)	*US$930-950* ⇓
Crown using Pulai or Jelutong	
(for Japanese market)	*US$780-790* ⇓
Laminated Scantlings	*US$620-635* ⇓
Laminated Boards	
Falkata wood	*US$390-415* ⇑
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	*US$815-825* ⇓
Grade B	*US$605-620* ⇓

Malaysia

Mouldings (FOB)	*per Cu.m*
Selagan Batu Decking	*US$610-625* ⇑
Kembang Semangkok	
S4S to Japan	*US$1100-1250*
Laminated Scantlings	
72mmx86mm	*US$645-660*
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	*US$825-845* ⇓
Grade B	*US$660* ⇓

Doors (FOB)	
Meranti (red) panel doors	
Grade A	*US$51-53per pc*
Grade B	*US$46-47per pc*
Grade C	*US$42-45per pc*

Rubberwood Parts and Furniture

Malaysia

Finger jointed	*per Cu.m*
laminated boards	*US$790-810* ⇓
top grade	*US$820-850* ⇓
Rubberwood S4S	*US$430-440* ⇓

Dining table	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	*US$49-58ea* ⇓
Same with	
Oak veneered MDF	*US$62-70ea* ⇓
Windsor Chair	*US$11.50-12.00ea* ⇓
Colonial Chair	*US$13.00-15.00ea* ⇓
Napolean Chair	*US$20-24ea*
Queen Anne Chair (with soft seat)	
without arm	*US$20-24ea*
with arm	*US$24-28ea*

Brazil

Edge Glued Pine Panel	
	per Cu.m
for Korea 1st Grade	*US$790*
US Market	*US$550*

Taiwan Province of China

Rubberwood Chair Seats	*US$2.85-3.00*
Rubberwood Unfinished	
Queen Anne Chairs	*US$12.5-14.0ea*
Queen Anne Legs 2.25 ins square	
18ins Long	*US$1.10-1.20ea*
2.75ins Square 28 ins Long	*US$2.10-2.25*
Rubberwood finger joint	*per Cu.m*
table tops	*US$815-835*

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and chairs (6 per set)	
4ft dia.	*US$200-220per set-*
Dining table Cheery veneer Occasional table	
Cherry veneertop 2ftx4ft	*US$32-35ea*

Consumers Report

Report From Japan

Imports Up

In the first quarter of 1997 total wood imports totaled 8,815,000 Cu.m up 18.2% compared to the same period in 1996. Imports in the first quarter continued a trend which began in the last half of 1996. Imports of sawnwood from the US, Chile, Europe were particularly active as were imports of logs from Russia and Africa.

As consumption in Japan has started to fall, following the decline in housing starts (down over 6%), timber stocks have been rising. Imports of Southsea logs have stagnated, while in the first quarter imports of plywood have increased considerably.

First Quarter Imports Cu.m

Tropical Logs	Jan	Feb	Mar	97/96 % Change
Sabah	14,384	2,639	1,043	
Sarawak	296,540	241,268	146,205	-16
Solomon Is.	34,545	27,227	45,212	-13
PNG	149,357	197,348	168,416	1
Africa	78,285	49,344	60,806	73
Others		6,003	2,759	-63
Total	573,111	523,829	424,441	-3

Southsea Lumber and Mouldings	Jan	Feb	Mar	97/96 % Change
China	10,758	7,352	7,415	-26
Thailand	1,865	3,092	2,164	-7
Malaysia	61,712	32,782	18,007	31
Philippines	787	1,479	1,430	-22
Indonesia	50,911	48,024	26,709	17
Others	4,480	1,804	1,873	-34
Total	130,513	94,533	57,598	12

Plywood	Jan	Feb	Mar	97/96 % Change
Malaysia	226,154	140,084	112,428	74
Indonesia	452,435	306,148	249,846	32
Canada	30,343	20,792	55,448	54
USA	10,821	6,355	6,871	80
NZ	4,567	3,683	5,467	56
Others	11,997	7,885	8,522	26
Total	736,317	484,947	438,582	44

Conservation Focus

The Ministry of Agriculture, Forestry and Fisheries has been advised to implement new forestry administrative measures. Recommendations include drastic changes in national forest management. The advisory committee suggested focusing attention on environmental conservation which is a move away from the past focus on production of wood.

Projected Housing Starts

The Fuji Institute Corporation has made medium to long term projections of housing starts. Average annual housing starts for the years 2004-2008 are expected to be 1.24 million, down 220,000 from the average of 1.46 million in 1984-1994. Although the number of "scrap and build" replacement units is expected to stay steady, new housing starts are projected to decrease as number of households decrease.

Plywood Imports

Nippindo announced that it would try to stabilise plywood markets by reducing plywood imports from Indonesia by 20 percent and reducing import of JAS half-inch plywood to 50,000 Cu.m per month. The price of half-inch plywood for July shipment was cut by US$40 because market prices are down.

Japan's Domestic Plywood Production

Plywood production in May was 380,000 Cu.m, which is 6.7 percent less than the preceding month. This is first in the past five months that production has decreased.

Markets Remain Slow

Domestic markets for Southeast Asian logs remain weak. Plywood manufacturers have reduced log purchases as sales of plywood have slowed and prices have gone down.

The market price for Taun and Callophylum logs from Papua New Guinea is down Yen 300-400 from the last month to Yen 6,700-6,800 per koku, CIF Japan on board vessel.

Lumber Markets Weaken

Sales of Southeast Asian lumber slowed in July. Market prices are down and the recent strong Yen reduced import costs. Market prices in general became slightly weaker. However, market prices are not going down sharply.

Imported laminated lumber and finger-jointed lumber prices are slightly lower as the Japanese Yen has strengthened. Finger-jointed Perupok lumber is sold at Yen 160,000 per Cu.m.

MDF for Japan

Rayonier in New Zealand has commissioned its fourth medium-density-fibreboard plant. The plant is located in Mataura, South Island. The company invested NZ$180 million and the plant will produce 140,000 Cu.m annually. All production is of E1 grade and E0 is possible. The company exports 85-90% of its production, half of which goes to Japan.

Sales and Profits Up

The seven major kenzai (building materials) sales companies have reported increased sales and profits for fiscal 1996 ending March 31, 1997. Five of them achieved especially high sales and profits. The total turnover of the seven companies totaled Yen 1.017 trillion, up 15.8 percent of the preceding year. This is the first time turnover has topped the one trillion yen mark.

All firms increased their plywood sales. Nissho Iwai Building Materials sold Yen 71,987 mil. in plywood, an increase of Yen 16,986 mil. over the year before, and passed Itochu Kenzai who was the top plywood wholesaler last year. The third in the league was Marubeni Building Materials whose plywood sales amounted to Yen 52.161 mil. All of the major kenzai firms strengthened plywood sales and they also increased sales of locally made softwood plywood.

Delivered Prices

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	*CIF Price Yen per Koku*
Meranti (Hill, Sarawak) Medium Mixed	*8,000* ⇓
Meranti (Hill, Sarawak) STD Mixed	*7,800* ⇓
Meranti (Hill, Sarawak) Small Lot (SM60%, SSM40%)	*7,100* ⇓
Taun, Calophyllum (PNG) and others	*6,800*

Mixed Light Hardwood	
(PNG G3-G5 grade)	*5,400* ⇓
Okume (Gabonese)	*8,100* ⇓
Keruing (Sarawak)	
Medium MQ & up	*8,600* ⇓
Kapur (Sarawak) Medium	
MQ & up	*8,200* ⇓
Logs For Sawmilling	*FOB Price Yen per Koku*
Melapi (Sarawak)	
Select	*12,000*
Agathis (Sarawak)	
Select	*10,000* ⇓

July Wholesale Panel Prices

		Yen per Sheet
Indonesian Plywood		
2.4mm (thin plywood, A board)	920 X 1830	350
3.6mm (midium thickness, OVL)	910 X 1820	500
5.2mm (midium thickness, OVL)	910 X 1820	610
8.5mm for sheathing (UTY)	910 X 1820	880
11.5mm for foundation	910 X 1820	1070
12mm concrete-form ply (JAS)	900 X 1800	1150
11.5mm flooring board (JAS)	945 X 1840	1760
3.6mm Baseboard for overlays (OVL)	1230 X 2440	810
5.2mm for packing	1230 X 2440	950
8.5mm for packing	1230 X 2440	1470
Malaysian Plywood		
2.4mm (thin plywood, A board)	920 X 1830	340
3.6mm (midium thickness, OVL)	910 X 1820	480
5.2mm (midium thickness, OVL)	910 X 1820	600
8.5mm for sheathing (UTY)	910 X 1820	880
11.5mm for foundation	910 X 1820	1060
11.5mm concrete-form ply (non-JAS)	900 X 1800	1120
11.5mm flooring board (non-JAS)	945 X 1840	1650
3.6mm Baseboard for overlays (OVL)	1230 X 2440	800
Softwood Plywood		
9.5mm foundation of wall (JAS)	1220 X 2440	1350
12.5mm Sheathing (T&G JAS)	606 X 2273	1000
15.5mm foundation (T&G JAS)	1220 X 2440	2300
9.5mmfor packing (non-JAS)	1220 X 2440	1300
Particleboard		
12mm for woodworking	910 X 1820	560
15mm for woodworking	910 X 1820	670
OSB		
11.9mmfoundation of roof (JAS)	910 X 1820	820
9.5mm Foundation for 2 by 4	910 X 2440	920
6.5mm for packing (non-JAS)	1220 X 2440	680
9.5mm for packing (non-JAS)	1220 X 2440	1050

Report From China

Home Ownership

After four decades, during which most Chinese could only rent their homes, the door is opening in China to private home ownership. More and more of the urban middle-class are buying houses or apartments and this trend is generating substantial opportunities for a wide range of timber industries.

The Chinese government is encouraging home buying, hoping that housing development will 'kick-start' the recently slowing pace of economic growth. China plans to build over one billion square metres of urban housing by the year 2000. If this can be achieved it would equal almost half the total housing developed in the past 20 years and would increase average living space to 10 sq.m per person from the current eight.

To encourage private home ownership, the government has asked each province to set up a workers provident fund. Participants would be allowed to withdraw money from the fund or borrow against it to buy homes. The fund would also be available to developers of low-cost housing projects. In addition, the central bank has increased the money available for loans to home buyers and developers and extended the terms of mortgage loans to 20 years from 15 years.

At present Chinese families spend around 4% of their family income on rent. The government is expected to allow rents to increase to a level of around 15% of family income, the point at which home purchase becomes a feasible option.

Almost all homeowners in China renovate their properties before moving in. Unlike new western homes, which come with doors, floorboards and are usually painted inside, most new Chinese apartments are only the concrete shell. State-owned housing which is being sold tends to be badly in need of renovation and improvement.

The cost of renovation for a middle-class family preparing to move into a new or recently purchased State apartment is said to be at least US$6,000, to cover putting in kitchen and other cabinets, doors and kitchen and bathroom fixtures.

Singapore Company in Lianyungang City

The construction of Hongyang wood-working Ltd. a company owned by Wande Wood-working Ltd., Singapore recently began in Fanshan town, Liangyuangan City. With a total investment of Yuan 40 million, the company is expected to be in operation by the end of October. All production is to be exported.

Trends in China's Furniture Industry Development

With rapid development of the economy, China's furniture industry is developing rapidly. There have been big increases in demand for furniture both at home and overseas and these have challenged the domestic industry. Two trends have been emerged:

- furniture manufactures in some countries are transferring production to China to take advantage of the country's relatively cheap manpower, land and raw materials as well as the high demand in China's market. Investors are coming from Singapore, the US, Japan, Malaysia, Sweden, Hong Kong and Taiwan P.o.C, and elsewhere. It is estimated that there over 650 furniture overseas manufacturers are involved. Amongst the investors are some 10 furniture manufactures from Singapore who have established a presence in Jiansu Province.

- getting production and styles up to international standards. In China, traditional furniture, inlaid furniture and furniture imitating old styles has a good market. Influenced by a philosophy of "returning to nature", customers in China now prefer natural raw materials and the demand for solid wood furniture is increasing. Manufacturers in China are adapting modern processing technologies to produce traditional style products to meet the changing demands of buyers.

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

Keruing Log	*per Cu.m*
Length: 6-20m	*1880-2400*
Malaysian Lauan Log	
various sizes	*2500-2600*
Malaysian Lauan with hollow heart	
various sizes	*1200-1400*
Teak log Myanmar	
2.6m 40 cm dia	*2400*
Lauan lumber	*per Cu.m*
Thickness:5-6cm	
Length: 3-4m	*2850-3450*

Luan/Malas tongued, grooved flooring strip	
18x70mm x2.2-4.1m	*110-125per Sq.m*
Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	*300-350per Sq.m*
Plywood from Indonesia	
3mm 1220x2240	*41 per sheet*
US Lumber	*per Cu.m*
Oak, Maple, Cherry	*7000-14000*
T&G Cherry Flooring	
18x50-70mm x 2-4m	
	120-140per Sq.m

Stronger Yuan

As most of Asia's bankers search for ways to protect their currencies from tumbling any further, China's central bank has another problem- how to keep the value of the Yuan from appreciating any faster.

The People's Bank of China maintains tight control over the local Yuan market through dealings in the Shang-hai based exchange. Analysts point out that that alone should insulate the Yuan from destabilising currency attacks such as those seen around the region recently. While the Central Bank's strict control has shielded the currency the Yuan has not been immune to market forces.

From Europe, An Update on Germany

During recent months German imports of West African logs have continued to decline and sawnwood imports are remaining steady without much change. The trade generally attributes this trend to declining supply possibilities rather than to influences in the consumer markets. However the debate on tropical timber use seems to have caused a lasting weakness in demand for these timbers. In addition the trend in Europe towards lighter colour timbers has weakened interest in the "redwoods" from West Africa.

In 1996 imports of West African logs were down some 69% over the previous year, similarly imports of SE Asian logs were down 27% in 1996. German importers recognise that the traditional markets for West African timbers in Europe are losing importance as the producing countries turn to markets in Asia

According to BVDM (the Germany association of the furniture and furnishings trade) a 3-4% decrease in the turnover of the furniture trade is expected in 1997. In 1996 German manufacturers exported Ecu 3.054 million of furniture with kitchens accounting for Ecu 539 million, office furniture for Ecu 497 million, upholstered furniture for Ecu 455 million, while exports of household furniture and other furniture were worth Ecu 1,564 million.

Company News from Germany

In fiscal 1996 Mobel-Walther, the German furniture store chain, increased its group turnover by 22% to DM1.04 billion, while its profits reached DM106 million (+27%). The company is planning further growth and two new centres are to be opened by the end of this year, to improve the availability of goods in the stores and thus raise the proportion of take out furniture sales. Moreover, Mobel-Walther is planning new openings in Poland and in Czechia, where its Sconto outlet in Prague will be expanded.

Alno, Germany kitchen furniture manufacturer, registered a group turnover of DM909.4 million in 1996 with a loss of DM3.8 million in the joint-stock company. Alno kitchens were sold at reduced prices but the company is now planning to improve profitability by giving up loss-leader selling.

Regina Knchen, a German kitchen furniture manufacturer, and a Thai company will establish a joint-venture to market kitchen and bathroom products in Thailand and other Asian countries. The new company is expected to reach a turnover of Bht200 mil in the first year.

Prices in Germany

Producer prices have not changed since the last report.

Wooden Windows

Medium Price Meranti, 120x135cm	*DM448*
Lower Price PVC, 120x135cm	*DM388*

Solid Wooden Doors

Upper Price, Meranti,	*DM1,605*
Medium Price, Meranti,	*DM1,498*
Lower Price, PVC	*DM1,119*

Furniture and Components

Kitchen Chairs	
Medium Price, Beech,	*DM169*
Lower Price, Kauri Pine,	*DM69*

Dining Chair	
Upper Price, Beech	*DM526*
Medium Price, Beech	*DM390*
Lower Price, Beech,	*DM169*

Kitchen Table	
Lower Price, Pine, 80x140	*DM329*

Dining Table	
Upper Price, Beech 90x180	*DM1,624*
Medium PriceBeech 90x180	*DM1,033*
Lower Price Beech 80x180	*DM671*

Kitchen Doors	
Upper Price, Solid Oak, 57x50cm.	*DM270*
Medium Price,Oak Frame and Veneer 57x50cm.	*DM179*

Wardrobe Doors	
Upper Price. Beech Veneer80x45cm	*DM331*
Medium price, Beech Veneer 180x45cm	*DM207*
Lower Price, Beech Veneer 194x40cm.	*DM106*

Drawer Fronts (Office Furniture)	
Upper Price, Particleboard 100x10cm	*DM37*
Medium Price, Particleboard100x10cm	*DM30*
Lowest Price, Particleboard100x10cm	*DM25*

Wooden Shelving	
Upper Price, Solid Alder	*DM152*
Medium Price, Beech Veneer	*DM95*
Lowest Price, Alder	*DM41*

Other News from Europe

Ikea Italia is planning the opening of four more stores in the cities of Bologna, Roma, Padova and Genova. In 1996 the Swedish chain bought L280 billion articles from Italian suppliers. Now Ikea could build a new depot in the city of Piacenza to be used by its Italian suppliers rather than have them send goods to the main Lyon depot.

The Austrian furniture chain Michelfeit (which registered a turnover of Sch 3 billion in 1996) has opened its third outlet in Hungary. With the new opening Michelfeit turnover in Hungary should increase to Ft 7 billion.

Habitat, the Portuguese operation of furniture chain Habitat, reported a turnover of Esc 485 million in the first five months of activity in 1996-1997 turnover is expected to reach Esc 1,000 million. New store openings are planned for the next year.

Current Furniture Styles in the US

American consumers buy a wide variety of styles when furnishing their homes. Some of the popular styles are:

Contemporary: This includes Art Deco, Architectural contemporary, Casual contemporary, European modern, and Scandinavian

American Country: Early American/Colonial, Mission/Arts & Crafts, Shaker, and Southwestern

European Country: English country, French country, and Mediterranean

18th Century: English and American 18th century

Other Traditional: Campaign, Formal French, Italian, Neoclassic, European traditional and Victorian

Oriental:Chinese and Japanese

Changes in Style

The terminology above is in common use but exactly what constitutes a particular style has become somewhat 'fuzzy', names used to describe styles may now mean different things to different people.

Furniture styles change frequently, are difficult to predict and are subject to fashion trends which may vary from region to region. Also, and contrary to earlier time periods, within a home furniture styles are intermingled liberally, often within the same room.

Furthermore, there are distinct variations in style for furniture of different price categories. Since the market size of mid-priced furniture outweighs both the high-end and the low-end markets, changes occurring in the mid-price segment are of the most relevance. The mid-price furniture market captures about 50%, while the low-end and the high-end segment each capture about 25%.

While bearing in mind that generalizations are subject to inaccuracies, it is fair to say that Americans are abandoning traditional and formal life styles, choosing instead relaxed and casual surroundings. This is reflected in the wide and growing popularity of casual and contemporary furniture. The more formal lines, notably the 18th century styles, are loosing ground except in the top end of the market.

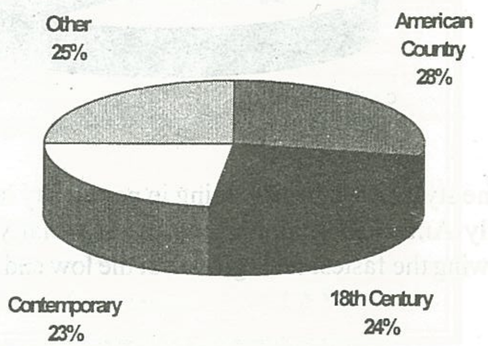
Not only are there differences in the preference for a particular style by price category, there are also differences by products categories.

Bedroom Furniture

For low end bedroom furniture sets (less than US$1000 for a headboard, dresser, mirror, and chest) Contemporary styles account for slightly more than one-third of sales, with American Country style running a close second.

In the middle price range (US$1000 to US$3000), Contemporary, American Country, and 18th Century have a fairly even split, with American Country having a slight edge.

Sales Distribution by Style for Mid-Priced Bedroom Furniture



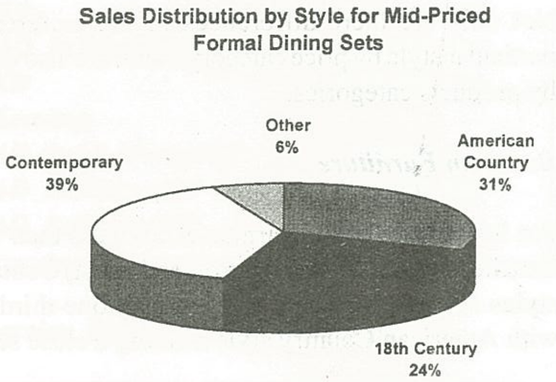
At the high-end (over US$3000), 18th Century styles hold the largest market share, accounting for almost one-third of sales. Between them, American Country, Contemporary and European Country capture a little more than half of the high market end bedroom sales.

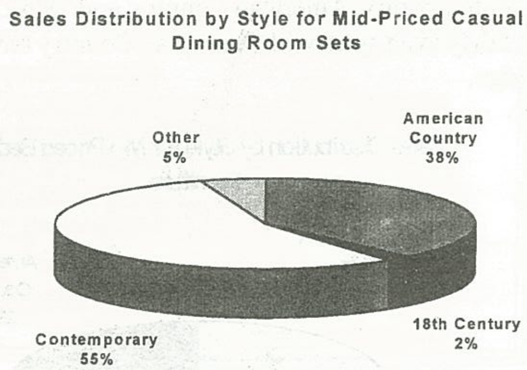
Oak furniture is strong, particularly at the lower and middle price ranges. At the high end, cherry is the favorite, as might be expected with the dominant market share held by 18th Century styles.

Painted or lacquered finishes of medium tones are selling well, while washed look bedroom furniture seem to show sales growth.

Dining Room Furniture

With regard to formal dining room furniture, at both the lower (less than US$1500 for a table, 4 chairs and a china cabinet) and middle (US$1500 to US$3000) price points, the Contemporary style has the biggest slice of the market. American Country styles are also widely favored.





Some styles have been gaining in popularity in recent years. Early American/Colonial styles, especially in pine, are showing the fastest sales growth at the low end of the market.

Painted finishes are very popular and gaining market share. At the middle market point, Casual Contemporary styles are showing the fastest sales growth, above all in lacquer finishes. Medium tones are in high demand for both, middle prices and low-end furniture.

At the high market end (over US$3000) more than half of sales are in 18th Century styles. Analysts believe that this style will continue to dominate this segment of the market. Medium tones are showing the fastest sales growth.

Contemporary and American Country styles account for better than 90% of casual dining furniture sales at the low (less than US$500 for a table and four chairs) and middle (US$500 to US$1200) price levels and almost three-fourths of sales at the higher (over US$1200) market level.

Medium tones sell best for casual dining furniture, but painted finishes are showing positive sales growth at the low and middle price levels.

Casual Contemporary is showing fast sales growth at all price levels, but its popularity seems to fade as the price tag increases.

Glass-top tables are the most popular at low and middle price points, while oak is most widely used at the high end.

World Value of the US Dollar 18th July 1997

Australia	Dollar	1.3531	Indonesia	Rupiah	2517.5
Austria	Schilling	12.6505	Ireland	Punt	0.6699
Belgium	Franc	37.155	Italy	Lira	1751.15
Bolivia	Boliviano	5.24	Japan	Yen	115.805
Brazil	Real	1.081	Korea, Rep. of	Won	895.1
Cambodia	Riel	2744	Liberia	Dollar	1
Cameroon	C.F.A.Franc	607.84	Malaysia	Ringgit	2.6431
Canada	Dollar	1.3767	Myanmar	Kyat	6.3013
Central African Republic	C.F.A.Franc	607.84	Nepal	Rupee	56.95
China	Yuan	8.2915	Netherlands	Guilder	2.0256
Colombia	Peso	1104.5	New Zealand	NZ Dollar	1.5363
Congo D.R	New Zaire	112500	Norway	Krone	7.4201
Congo, People's Rep.	C.F.A.Franc	607.84	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	607.84	Papua New Guinea	Kina	1.4006
Denmark	Krone	6.8515	Peru	New Sol	2.6605
Ecuador	Sucre	3983.5	Philippines	Peso	28.75
Egypt	Pound	3.3839	Portugal	Escudo	181.79
Fiji	Dollar	1.4415	Russian Fed.	Ruble	5784
Finland	Markka	5.3175	Spain	Pesata	151.6
Gabon	C.F.A.Franc	607.84	Sweden	Krona	7.7989
Germany	Mark	1.7994	Switzerland	Franc	1.484
Ghana	Cedi	2145	Thailand	Baht	30.55
Greece	Drachma	282.76	Togo, Rep.	C.F.A.Franc	607.84
Guyana	Dollar	142.3	Trinadad and Toba	Dollar	6.2529
Honduras, Rep.	Lempira	13.175	United Kingdom	Pound	0.597
India	Rupee	35.7	Venezuala	Bolivar	493
			EU	Ecu	1.1014

Abbreviations

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

This Market Service can be accessed on the ITTO Internet Home Page at:

http://www.itto.or.jp

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