Vol.2 No. 15 Aug 1997 1 - 15 Aug 1997

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

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$200-210* ⇓
small	*US$170-180* ⇓
super small	*US$140-150* ⇓
Kapur SQ up	*US$210-220* ⇓
Selangan Batu SQ up	*US$220-230* ⇑

Sabah Export Duties

The Sabah State Government has lowered the export duty for certain types of logs to ensure that the prices for timber products remain competitive. The duty on Class C logs had been reduced from RM230 to RM170 per Cu. m.

There is no change in the export duty rates for Class A and B logs, currently at RM600 and RM500 per Cu. m respectively. Class C logs comprise such species such as Seraya, Keruing, Kapur and Selangan Batu. Class B logs refer to Agathis and Merbau species and Class A logs are the Belian species.

According to the Timber Association of Sabah, the reduction in export duty was the result of a request made by the Association to the State Government. The Association had appealed to the State Government to reduce the rate of duty on Class C logs as the markets were weak. Meanwhile the Sabah Timber Industries Association has expressed disappointment that its request for a lower export duty on processed timber products has not yet been agreed.

Solomon Isands

SIFIA Indicative FOB Prices

	Current Indicative Price per Cu.m	*Forecast Movement*
Group 1A		
Kwila	*US$200* ⇓	*no report*
Group 1B		
Palaquium	*US$ 158*	*signif. fall*
Planchonella	‘’	*signif. fall*
Calophyllum	‘’	*signif. fall*
Pometia	‘’	*signif. fall*
Gonostylus	‘’	*no report*
Schizomeria	‘’	*signif. fall*
Group 2		
Canarium	*US$ 138*	*signif. fall*
Burckella	‘’	*signif. fall*
Terminalia	‘’	*mod. fall*
Group 3		
Dillenia	*US$ 120*	*mod. fall*
Celtis	*US$ 118*	*mod. fall*
Alstonia	‘’	*signif. fall*
Dysoxylum	‘’	*signif. fall*
Eugenia	‘’	*signif. fall*
Endospermum	‘’	*mod. fall*
Vitex	‘’	*no report*
Amoora	‘’	*signif. fall*

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Group 4		
Campnospermum	*US$ 116*	*mod. fall*
Parinari	*US$ 110*	*signif. fall*
Maranthes	*''*	*signif. fall*
Others (white)	*''*	*mod. fall*
Others (red)	*''*	*signif. fall*

Some significant declines have been noted. A depressed SE Asian market signals significant price falls.

Cameroon Log Prices

FOB		*per Cu.m*
N'Gollon	*70cm+ LM-C*	*FFR 1450* ⇓
Ayous	*80cm+LM-C*	*FFR 1100* ⇓
Sapele	*80cm+LM-C*	*FFR 1700* ⇓
Iroko	*70cm+LM-C*	*FFR 1700* ⇓

Gabon Log Prices

Okoume, FOB	*per Cu.m*
LM	*FFR 1450*
QS	*FFR 1285*
CI	*FFR 1165*
CE	*FFR 980*
CS	*FFR 780*
Ozigo, FOB	*per Cu.m*
LM	*FFR 1020*
QS	*FFR 890*
CI	*FFR 815*
CE	*FFR 690*

Domestic Log Prices

Report From Brazil

Last week, IBAMA made available the documents to bidders interested in the Tapajos National Forest area. The area made available for logging is 5,000 ha, located around 80 km from Santarem, accessible by road and by river. The volume to be logged is around 200.000 m3. Companies interested have to contact IBAMA to obtain the basic documents for bidders.

Logs at mill yard	*per Cu.m*
Mahogany Ist Grade	*US$340* ⇓
Ipe	*US$87* ⇓
Jatoba	*US$60* ⇓
Guaruba	*US$47*
Mescla(white virola)	*US$52* ⇑

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$135-150* ⇓
Falkata logs	*US$63-68* ⇑
Rubberwood	*US$37-40*
Pine	*US$65-70*
Teak	*US$1250*
Mahoni	*US$300-315* ⇑

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	*per Cu.m*
DR Meranti	*US$225-265* ⇓
Balau	*US$195*
Merbau	*US$200-210*
Peeler Core logs	*US$130-140*
Rubberwood	*US$30-31* ⇓
Kempas	*US$130-140*
Keruing	*US$210-215* ⇓

Sawnwood Prices

International Prices

Brazil

Although the log supply situation is back to normal, as the felling season gets underway in Brazil, the demand for Mahogany in the UK is very quiet.

So far exporters of sawnwood to the Asia market (mainly Thailand and Philippines) have not been affected by economic problems in those economies. Exports volumes and prices have been maintained.

Export Sawnwood	
Mahogany KD FAS FOB	*per Cu.m*
UK market	*US$1020* ⇓
Jatoba Green	*US$520*
Asian Market	
Guaruba	*US$290*
Angelim pedra	*US$270*
Mandioqueira	*US$245*
Pine (AD)	*US$170* ⇓

Ghana

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*

Malaysia

The recent devaluation of the Thai baht has dealt a big blow to sawmill operators in Sarawak. Because of the baht devaluation, Thai importers have asked for a 15% price cut, which Sarawak exporters are unable to grant. Exports to Thailand were almost zero in July whereas before the devaluation, Thailand was the main market for Sarawak's sawn timber, taking up between 40 and 50 per cent of its production.

The trade in sawn timber between Thailand and Malaysia is in ringgit terms. The devaluation of the Philippine peso has also affected sales of sawn timber to the Philippines which absorb about 20 per cent of Sarawak's output.

Figures from the Statistics Department reveal that Sarawak's export earnings from sawn timber dropped sharply by almost 24 per cent to RM36.3 million in the first five months of this year compared to last year.

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$390-400* ⇓
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$851* ⇑
Ipe	*US$490* ⇑
Jatoba	*US$455* ⇓
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$320-345* ⇓
KD	*US$435-455* ⇓
AD 3x20x400cm	*US$385-410* ⇓
KD	*US$490-505* ⇓
Keruing	
AD 6x12-15cmx400	*US$280-300* ⇓
AD 2x20cmx400	*US$320-330* ⇓
AD 3x30cmx400	*US$340-350*

Malaysian Domestic Sawnwood Prices

Sawnwood	*per Cu.m*
Balau(25&50mm,100mm+)	*US$375-400* ⇓
Kempas50mm by (75,100&125mm)	*US$205-215* ⇓

Red Meranti	*per Cu.m*
(22,25&30mm by180+mm)	*US$310-325*
Rubberwood	
25mm & 50mm Boards	*US$235-245* ⇓
50mm squares	*US$295-310* ⇓
75mm+	*US$340-350* ⇓

Plywood and Veneers

International Prices

Indonesian Plywood

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

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)		
	Face	*US$1.15*
	Interior	*US$0.90*
	Backing	*US$0.55*

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

Brazilian plywood exporters are optimistic. The Caribbean plywood market is strong, and is expected to remain strong for the next months.

Veneer is also selling well, but prices are only steady. The main veneer market continues to be North America, but the Asian market is now active. Several producers have been contacted by Asian companies for thin veneer mainly (1.0 to 1.5 mm), but the prices offered are lower than those from North America and is unlikely that producers will change their market.

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$420 ⇓
15mm BB/CC (MR)	US$340 ⇓
For Caribbean countries	
White Virola 4mm	US$490 ⇑
9mm	US$390 ⇑
Pine USA market	
9mm C/CC (WBP)	US$270
15mm C/CC (WBP)	US$250

The II Machinery and Timber Products Fair to be held in Belem 4-9 November sold out on exhibitor space. Around 150 companies from around the world will be there to present their products and over 7000 people are expected to visit the Fair. The Fair, together with the III Plywood and Tropical Timber International Congress, will be among the most important regional events for the tropical timber industry

Malaysian Plywood

MR Grade BB/CC FOB	
	per Cu.m
2.7mm	US$460-480 ⇓
3mm	US$415-425 ⇓
3.6mm	US$400-420
9-18mm	US$340-360 ⇓
WBP Grade BB/CC	
9-18mm	US$420-430
Phenolic Overlayed	
12-18mm	US$495-510
Domestic plywood	
3.6mm	US$435-455 ⇓
9-18mm	US$430-450 ⇓

Taiwan Province of China

Plywood	per Cu.m
2.7mm x 4' x 8'	US$595-600 ⇓
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$165 ⇑
White Virola Core	US$125 ⇑
Plywood (ex-mill Southern Mill)	
Grade MR	Per Cu.m
4mm White Virola	US$583 ⇑
15mmWhite Virola	US$416 ⇓
4mm Mahogany 1 face	US$1,312 ⇓

Indonesia

Domestic MR plywood	
(Jarkarta)	*per Cu.m*
9mm	*US$425-435* ⇓
12mm	*US$405-420* ⇓
15mm	*US$400-415* ⇓
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	*33,000*
18mm	*36,000*
Mahogany/Edinam Faces	
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$2.80-2.90* ⇓
Rubberwood unfinished	
Queen Anne Chairs	
(including soft seat)	*US$20.00-24.00ea*
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$2.00-2.15ea* ⇓

Other Panel Product Prices

Brazil

Domestic market prices are now stable. For some products, such as MDF, the demand is very strong. Not all domestic demand has been satisfied locally as domestically produced MDF is still not available. The start up of the first mill (DURATEX) initially anounced for June has been postponed. Last information points out that the start up will be still in August.

Export Prices	
Blockboard 18mm	*per Cu.m*
White Virola Faced B/C	*US$285*
Blockboard Domestic Prices	
Ex-mill Southern Region	*per Cu.m*
15mm White Virola Faced	*US$460* ⇑
15mm Mahogany Faced	*US$860* ⇑
Particleboard	
15mm	*US$260* ⇓

An investment of US$200 million in an OSB plant has been announced this week. Information available points out that the plant will be located in Parana State (south Brazil), and will produce 400 thousands cubic meters of OSB by the year 2000. A significant amount of the production will be for the domestic market, and will take some of the market share of construction plywood. The investment will be a joint venture between a local company and two Canadian companies. Few details have been released so far.

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$190-200* ⇓
MDF Domestic 15-18mm	*US$260-280*

Taiwan Province of China, Imports

MDF	*per Cu.m*
Domestic Prices	
3mm thick	*US$400* ⇓
12-18mm x 4' x 8'	*US$265-270* ⇓
Particleboard	*per Cu.m*
12-18mm (4x8)	*US$185-195*

Malaysia

Particleboard (FOB)	
	per Cu.m
6mm & above	*US$140-155 ⇓*
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$920-935 ⇓*
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*

Rubberwood Parts and Furniture

Malaysia

Peninsular Malaysia based furniture manufacturer, Latitude Tree Holdings Bhd, was recently listed on the Second Board of the Kuala Lumpur Stock Exchange. The company's turnover for 1996 was about US$29 million, out of which more than 90 % of the total turnover came from the export of wooden furniture.

Rubberwood is the main raw material for export furniture. Currently, Latitude Tree exports 90 % of its production to the US and the remaining 10 % to European and Asian markets. The company is looking into setting up additional processing facilities to process raw materials for its existing factories. Latitude Tree is also looking to increase its customer base in US, Sweden, Japan and West Asia before effectively pursuing new markets in Africa and Europe.

Finger jointed	*per Cu.m*
laminated boards	*US$780-800 ⇓*
top grade	*US$820-830 ⇓*
Rubberwood S4S	*US$430 ⇓*

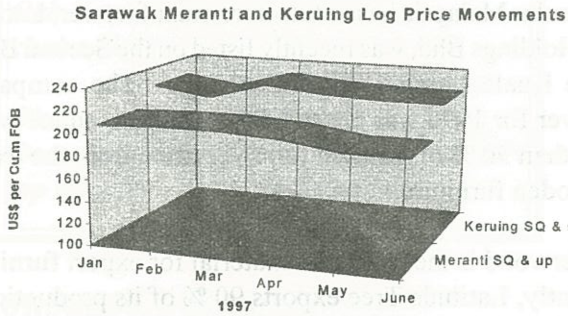
Dining table	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	*US$48-56ea ⇓*
Same with	
Oak veneered MDF	*US$60-68ea ⇓*
Windsor Chair	*US$11.50-12.00ea ⇓*
Colonial Chair	*US$12.50-14.50ea ⇓*
Napolean Chair	*US$20-24ea*
Queen Anne Chair (with soft seat)	
without arm	*US$20-24ea*
with arm	*US$24-28ea*

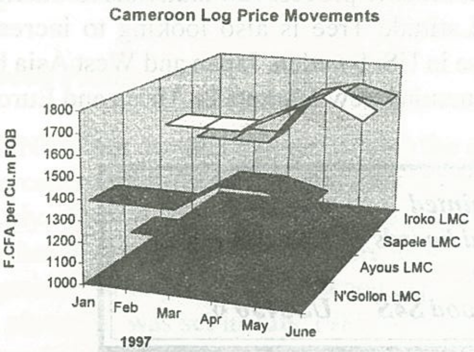
Brazil

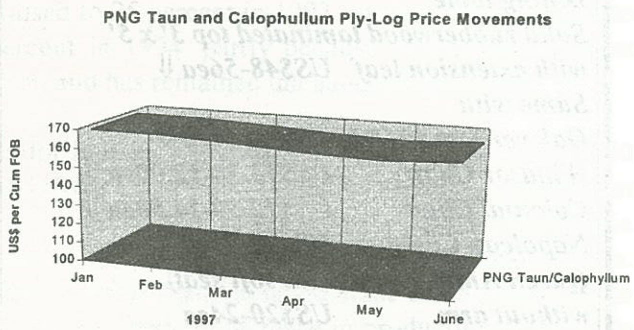
Edge Glued Pine Panel	
	per Cu.m
for Korea 1st Grade	*US$780 ⇓*
US Market	*US$550*

Continued on page 10

A Commodity Price Round-up Jan-June 1997







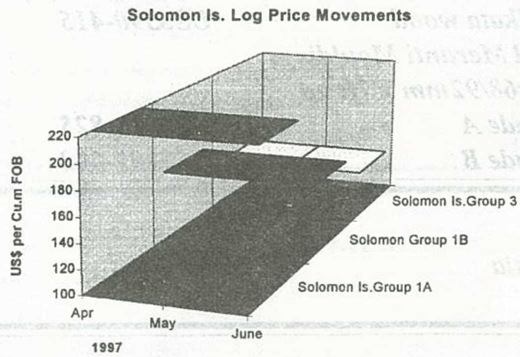
Log Price Movements

Prices for SE Asian and Pacific logs have been affected by declining demand in Japan. Consumption of logs, particularly for plywood, was driven up during the first months of the year as builders scrambled to complete housing projects before the May increase in sales tax.

From around March/ April this year demand has started to decline and this has affected prices. Meranti from Sarawak is down around 5% from its peak earlier in the year. Keruing prices, however, have remained more stable.

Log prices in the Solomon Islands and PNG have also declined by around 3-4% and the indications are that the market will remain weak.

Log prices in the Cameroon have been buoyed by European demand. Prices for N'gollon are up 9% on January levels and Ayous and Sapele prices are up by as much as 13-14%. The biggest increase has been with Iroko where prices are now around 23% above the lowest point seen this year.



Sawnwood Price Movements

After the rapid rise in Mahogany FOB prices towards the end of last year, prices have steadied. Brazilian Mahogany Select and Better for the UK market held at US$1030 per Cu.m for the main part of the first half yea., Only during May was there a suggestion that prices were moving again but the US$20 jump in May was not sustained and prices fell back.

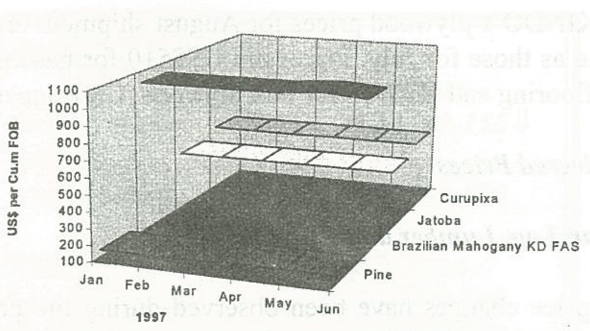
The Asian market, while remaining active has not stimulated much in the way of price changes. For the first 6 months of the year prices have remained largely unchanged. The weakening of the Philippine Peso and the Thai Baht against the dollar resulted in buyers asking for price reductions.

The health of the US economy and that of the Caribbean area has spurred Brazilian Pine prices which have recorded a 10% improvement during the first six months of the year.

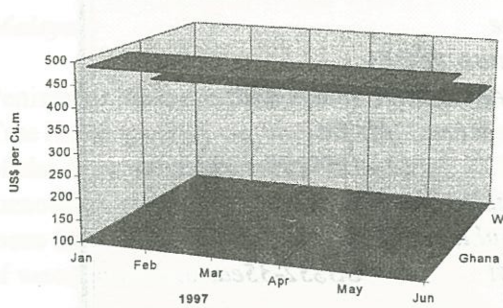
SE Asian sawnwood prices have been affected by the confidence in the UK market on the one hand and the uncertainties in the Japanese market on the other. Dark red Meranti for Europe has moved to US$725-730 per Cu.m in the last weeks, this is up by about 3% from the start of the year.

Demand for Perupok has run contrary to general demand trends for sawnwood in Japan. Perupok prices were up by between 7-8% during April-May this year but have weakened slightly but are still up some 6-7% from the early part of the year.

Brazilian Sawnwood Price Movements



Ghana Sawnwood Price Movements

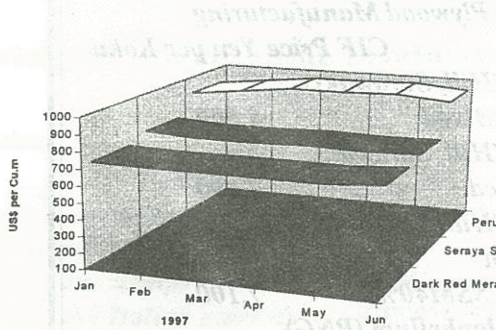


Plywood Price Movements

Demand for thin plywood in Japan has fallen back from a peak in the first quarter when it was driven by housing completions in advance of the increase in Japanese sale tax. At present housing starts in Japan are down around 10% and this has lowered demand and weakened prices. Indonesian and Malaysian thin plywood started the year at between US$490-492 per Cu.m peaked at around 495-500 in March and then began to fall back as demand declined.

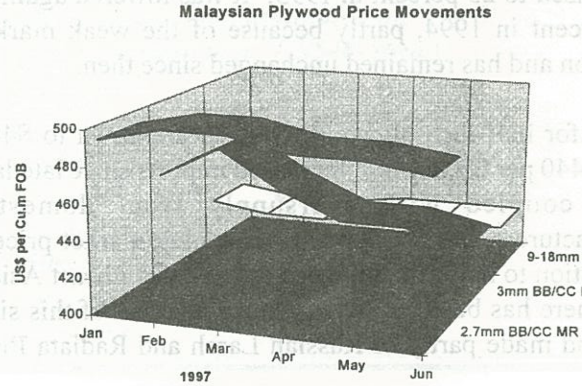
Brazilian Virola plywood was fetching US$360 per Cu.m at the beginning of the year but prices slipped towards the end of the first quarter by about US$15 per Cu.m. By the end of June, however, prices had started to firm again and had almost recovered back to the level seen in January. Pine plywood prices, in contrast, dipped early in the year and still have not recovered.

Malaysian Sawnwood Price Movements

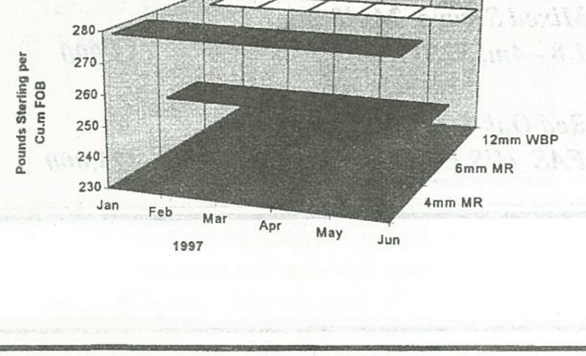


Indonesian Plywood Price Movements

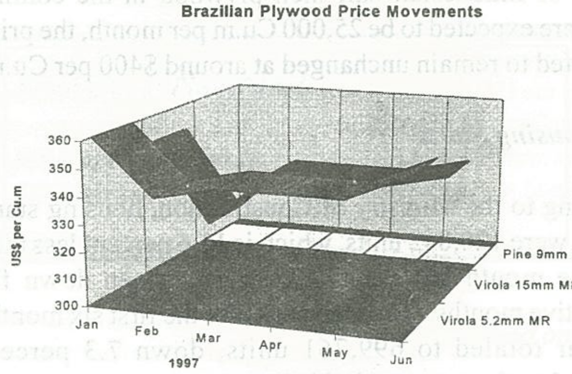
Malaysian Plywood Price Movements



Ghanian Plywood Price Movements



Brazilian Plywood Price Movements



Taiwan Province of China

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 veneer top 2ftx4ft	*US$32-35ea*

Consumers Report

Report From Japan

Plywood Prices

APKINDO has decided that it will ease the obligation that 10 percent of total plywood exports to Japan should be half-inch ply. Export prices for half-inch plywood in Japan are such that plywood manufacturers are loosing money. The obligation that 10 percent of plywood export has to be half-inch plywood, was set in July 1987 in an effort to expand Indonesian plywood sales in Japan. In 1987, when the scheme started, the percentage was set at 10 percent, but was raised to 25 percent in 1993. It was lowered again to 10 percent in 1994, partly because of the weak market situation and has remained unchanged since then.

Prices for half-inch plywood to Japan are down to $400 from $440 per Cu.m C&F. Increased imports since late last year, coupled with oversupply from domestic manufacturers, has accelerated weakening market prices. In addition to half-inch plywood made of Southeast Asian logs, there has been an increase in production of this size plywood made partly of Russian Larch and Radiata Pine logs.

Imports of Indonesian half-inch plywood in the coming months are expected to be 25,000 Cu.m per month, the price is expected to remain unchanged at around $400 per Cu.m.

1997 Housing Starts

According to the Ministry of Construction, housing starts for June were 120,842 units, which is 11.6 percent less than the same month last year. Starts have been down for consecutive months. The total starts for the first six months this year totaled to 699,761 units, down 7.3 percent compared to the same period last year.

Prices for Indonesian Plywood Unchanged

APKINDO's plywood prices for August shipment are the same as those for July. Prices are US$510 for base panel for flooring and US$555 for thin plywood, C&F Japan.

Delivered Prices

Asian Log, Lumber and Panel Prices

No price changes have been observed during the period under review which is, as usual, a very quiet time.

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*
Mix 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*

Lumber	*FOB Price Yen per Cu.m*
White Seraya (Sabah) 24x150mm, 4m 1st grade	*125,000*
Mixed Seraya 24x48mm, 1.8 - 4m, S2S	*53,000*
Red Oak 5/4x6 ins and wider FAS (US East Coast)	*125,000*

Other News From Japan

Regional Economic Performance

Japan's regional economies are performing well. The table below shows trends in industrial production by region. Production levels in Kanto, Tokai and Kinki have consistently fallen below the national average since the previous economic trough and through the most recent recovery phase. In contrast, production levels in the regions generally registered a smaller decline during the recession and have subsequently recovered more smoothly than in the urban areas. In particular, production in Kyushu, Shikoku and Hokkaido has recovered steadily and, according to the most recent figures, has now surpassed the level achieved at the peak of the previous expansionary phase.

Trends in Industrial Production by Region

	High Jan-Mar 1991	Low Oct-Dec 1993	Recent Oct-Dec 1996
Nationwide	100	86.5	98.0
Kanto	100	84.4	95.1
Tokai	100	82.6	94.3
Kinki	100	85.2	94.2
Hokkaido	100	95.8	106.8
Tohoku	100	89.6	97.7
Hokuriku	100	86.4	96.8
Chugoku	100	89.4	97.0
Shikoku	100	96.1	101.7
Kyushu	100	93.7	103.0

Employment figures tell a similar story. For many years, unemployment rates were invariably higher in the regions than in the urban areas, but since the beginning of the 1990s, the positions have been reversed. The most recent figures show that urban unemployment stands at 3.7%, in contrast, unemployment in the regions stands at 3.1%.

Structural Change Provides Impetus

One of the reasons for the strong performance of the regions since the beginning of the 1990s has been the fact that Japan relied heavily on fiscal incentive measures. The government introduced a series of packages to stimulate the economy. The regions have tended to benefit more from such large-scale economic packages than the urban areas because they are more dependent on public investment than the latter. In fact, public investment accounts for over 10% of total production in the regions compared with 6-7% in the urban areas.

It is also true that the regions suffered far less following the collapse of the "bubble" economy. It is well-known that land prices in urban areas climbed rapidly in the second half of the 1980s, only to collapse after the beginning of the 1990s, leaving the corporate sector with severe problems. In contrast, damage to balance sheets in companies in the regions was relatively light because land prices in the regions did not rise so high and there was less of a correction.

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	*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 x2.2-4.1m110-125per 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 7	*000-14000*
T&G Cherry Flooring	
18x50-70mm x 2-4m	*per Sq.m*
	120-140

Pulp and Paper Industry Development

The consumption of paper and paperboard in China is forecast to be up to 34 million tons in 2000 and over 50 million tons in 2010. In the year 2000 the production of paper and paperboard will be 30 million tons on the basis of consumption of 26 kilograms per person and an annual growth rate of 4.6%.

The paper industry is worth a total of yuan 90 billion (at 1990 prices) and is expected to generate US$800 million in exports earnings by the year 2000. In 2010 the production of paper and paperboard is forecast at between 40-45 million tons and annual per capita consumption is forecast at 36 kilograms.

To achieve the targets in the Ninth Five-year Plan and Projections for 2010, the following measures are to be introduced:

Adjustment of the raw material base — The forest base will be enlarged, full use will be made of nonwood fibre material such as bulrush, bamboo, bagasse and straw. The extent of recycling of waste paper will be expanded. The share of woodpulp will be increased to 18% in the year 2000 from the present 14%. In the year 2010 the wood fibre component is expected to be around 22%. Waste paper pulp is expected to account for 35% of the pulp furnish in 2000 and 37% in 2010.

Adjustmentof the industrial structure— The emphasis will be on developing merchantable pulp, super offset-printing newsprint and printing paper and restricting production of low grade inferior tiling paper, yellow paperboard, primary oilpaper.

Regulation of the scale of enterprises— In the Ninth Five-year, several state-owned pulp and paper groups will be rebuilt.

Adjustment of the technical structure— In pulp manufacturing, emphasis will be on developing highly efficient and low pollution techniques. Similarly, in paper making, emphasis will be on developing high quality, highly efficiency mills.

Regulation of distribution— In order to efficiently allocate resources and labour, the focus for production of raw materials will be the northeast of China. The paper making industrial base will be set up in the south area of Yangtze River, especially in Fujian, Guangdong, Guangxi, Hunan, Hubei and Yunnan provinces,

Pollution ontrol and environmental protection— In order to realize the planned development of the pulp and paper industries the capacity of the newly built pulp and paper enterprises will be increased In the period 1996-2010, about 200 billion yuan will be invested in controlling pollution and environmental protection.

US Report

Prices for Raw Materials

Prices for wooden raw materials advanced somewhat faster than prices of semi-finished and finished wood products during the past twelve months. Of course, the situation varies from manufacturer to manufacturer, depending upon the producer's mix of raw-materials used and products produced. For instance, manufactures of solid wood, high-end dining room tables had to pay 4.3% more for dressed domestic hardwood lumber and 6.6% more for imported Mahogany lumber. Integrated manufacturers, processing their own rough lumber, suffered even higher cost increases of up to 7.2% as log prices climbed.

The economic realities in the consumer market made it impossible for manufactures to pass on the higher costs. In fact, prices for finished dining room tables increased by a mere 1.8% between June 1996 and June 1997, leaving manufacturers with much reduced profit margins.

Producers of laminated particleboard office desks fared much better. While end-user prices of desks increased by 3.8% during the past twelve months, particleboard prices declined by 5.2% during the same time period.

The above observations refer to the period June 1996 and June 1997. The situation may be completely different if other periods and/or different intervals would be considered. For instance, the relatively fast advance of rough lumber prices is a recent phenomenon. Taking January 1995 as reference point, today's prices of US hardwood lumber have remained remarkably stable. On the other hand, prices of Mahogany lumber are increasing. Conversely, the decline of particleboard prices is in line with a long-term downward trend of this product.

MDF prices have declined. The price index for this product presently stands 18% below the level which was prevailing in January 1995. Nevertheless, MDF prices are 2.5% higher than one year ago. Due to the price softness of MDF, this material has gained market share with furniture and cabinet manufacturers. If prices remain at their present level, we believe, that MDF will continue to capture more of the markets held by particleboard and, to some extent, hardwood lumber.

Reference prices August 1997

Prices for 1000 board feet (MBF), 1 inch thick, top quality)

Mahogany (at West coast port of entry)
KD US$2695 no change
AD US$2550 no change

Meranti (at West coast port of entry)
Clear, dark red
KD US$2300 ⇑ US$30 since July
Clear, light red
KD US$2115 ⇑ US$30 since July

Cherry
Appalachians KD US$2500 no change

Hard Maple
Northern Region KD US$2290 no change
AD US$1865 no change
Appalachians KD US$2195 ⇑ US$10

Red Oak
Northern Region KD US$1623 ⇑ US$35
AD US$1310 no change
Southern Region KD US$1303 no change
AD US$995 ⇓ US$15
Appalachians KD US$1458 no change
AD US$1118 ⇑ US$18

White Oak
Northern Region KD US$1380 ⇑ US$10
AD US$975 no change
Southern Region KD US$1260 no change
AD US$930 no change
Appalachians KD US$1443 no change
AD US$1098 no change

Walnut
Appalachians KD US$1923 no change
AD US$1385 no change

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
per Sheet US$47.00 ⇑

Veneer Red Oak, 1/45", flat stock,
Container loads/truck-loads
per sq.ft. US$0.10-0.15

Reconstituted Boards

Particleboard
Industrial grade board, 4' x 8' x 3/4"
South Central Region
per 1000 sq.ft US$273 ⇓

Medium Density Fibreboard
Industrial grade board, 4' x 8' x 3/4"
per 1000 sq.ft US$383

Prices of Added Value Products

Wood Window Units
Wood sliding window Double glassed,
Upper/lower sash can be titled.32" x 54"
US$82 ⇑

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

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

Wood Frames for Upholstered Chairs
Frame for lounge chair, 1" stock
nailed corner blocks US$44

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$615

Dining Room Chair
18th century French Mallard chair Solid Maple
21" x 22", Ht. 44.5"Seat 21" x 17.75, Ht. 18"
US$186

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 ⇩

Headboard for Bed
18th century French Fairhope headboard
Mahogany veneer on particleboard.
Width 43", Ht.60.6"
US$265

Dresser used in the Bedroom
18th century French Elm Bluff 9 drawers.
Mahogany veneer on particleboard.
64" x 19", Ht.36"
US$479

Desks for use in the Office
Conference desk 5 drawers
Mahogany veneer on particleboard.
72" x 36", Ht.29"
US$903

Semi-Finished and Finished Products

In contrast to the situation with raw materials, the price movements for semi-finished and finished wooden products have tended to move in unison along a more uniform path. While all products being monitored have recorded higher prices than one year ago, many of them have peaked and are now showing a moderately declining trend. This, no doubt, is the direct result of the gradual slowdown of the economy.

The strongest price advances have been witnessed for office desks. The price index for this product is more than 10% higher now than on January 1995. Much of the inflationary push, 3.8%, has occurred during the past 12 months. The higher prices for office furniture are understandable as the business sector of the US economy has fared much better than the household sector.

The only wooden household furniture category enjoying strong demand is Ready-to-Assemble (RTA) furniture. Cabinets for Living Rooms are typically of the RTA-type and prices for these products have advanced by 3.7% since June 1996, and 9.3% since January 1995.

Demand for other furniture, as well as for wooden windows and doors is only luke-warm, and prices are not under any great upward pressure. Prices for most of these items have advanced by only between 1% and 2% during the past twelve months.

World Value of the US Dollar 8th August 1997

Australia	Dollar	1.3657	Indonesia	Rupiah	2595
Austria	Schilling	13.1225	Ireland	Punt	0.698
Belgium	Franc	38.542	Italy	Lira	1821.75
Bolivia	Boliviano	5.26	Japan	Yen	117.45
Brazil	Real	1.0851	Korea, Rep. of	Won	894.5
Cambodia	Riel	2744	Liberia	Dollar	1
Cameroon	C.F.A.Franc	629.85	Malaysia	Ringgit	2.6505
Canada	Dollar	1.3872	Myanmar	Kyat	6.2797
Central African Republic	C.F.A.Franc	629.85	Nepal	Rupee	56.95
China	Yuan	8.2897	Netherlands	Guilder	21029
Colombia	Peso	1118	New Zealand	NZ Dollar	1.5705
Congo D.R	New Zaire	112500	Norway	Krone	7.685
Congo, People's Rep.	C.F.A.Franc	629.85	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	629.85	Papua New Guinea	Kina	1.4045
Denmark	Krone	7.1094	Peru	New Sol	2.6605
Ecuador	Sucre	3983	Philippines	Peso	28575
Egypt	Pound	3.3923	Portugal	Escudo	189.05
Fiji	Dollar	1.4628	Russian Fed.	Ruble	5812.5
Finland	Markka	5.5814	Spain	Pesata	157.445
Gabon	C.F.A.Franc	629.85	Sweden	Krona	8.0236
Germany	Mark	1.8657	Switzerland	Franc	1.5275
Ghana	Cedi	2185	Thailand	Baht	30.9
Greece	Drachma	291.96	Togo, Rep.	C.F.A.Franc	629.85
Guyana	Dollar	142.3	Trinadad and Toba	Dollar	6.1575
Honduras, Rep.	Lempira	13.195	United Kingdom	Pound	0.637
India	Rupee	35.725	Venezuala	Bolivar	494.5
			EU	Ecu	1.053

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

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