



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producer's Report

Log Prices

International Prices

Log Prices, Gabon

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

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

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

Malaysia

Japanese buyers are reporting that log supplies are tight in Sarawak as a result of the combined effects of the rain season, the New Year holidays and active buying from India. It is reported that exporters are looking for a US\$5-10 increase in prices and that this is being strongly contested by buyers who are looking for prices quoted in dollars to be reduced to off-set the rapid appreciation of the dollar against the Yen.

<i>Sarawak Log Export Prices</i>	
<i>(FOB)</i>	<i>per Cu.m</i>
<i>Meranti SQ up</i>	<i>US\$205-215</i>
<i>small</i>	<i>US\$170-180</i>
<i>super small</i>	<i>US\$140-150</i>
<i>Keruing SQ up</i>	<i>US\$220-225</i>
<i>small</i>	<i>US\$190-195</i>
<i>super small</i>	<i>US\$160-165</i>
<i>Kapur SQ up</i>	<i>US\$215-225</i>
<i>Selangan Batu SQ up</i>	<i>US\$220-230</i>

Cameroon Log Prices

<i>FOB</i>	<i>Per Cu.m</i>
<i>N'Gollon 70cm+ LM-C</i>	<i>FFR1375</i>
<i>Ayous 80cm+LM-C</i>	<i>FFR1100</i>
<i>Sapele 80cm+LM-C</i>	<i>FFR1550</i>
<i>Iroko 70cm+LM-C</i>	<i>FFR1400</i>

International Tropical Timber Organization (ITTO)

Pacifico-Yokohama 1-1-1 Minato-mirai, Nishi-ku, Yokohama 220 JAPAN

Tel: (81-45) 223-1110 Fax: (81-45) 223-1111 e-mail: mjadams@itto.or.jp

South Sea Logs

FOB	per Cu.m
<i>Pometia</i>	US\$150-155
<i>Calophyllum</i>	US\$135-145
<i>Terminalia</i>	US\$110-120
<i>Other mixed species</i>	US\$105-110

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
<i>Mahogany 1st Grade</i>	US\$390
<i>Ipe</i>	US\$82
<i>Jatoba</i>	US\$62
<i>Guaruba</i>	US\$42
<i>Mescla(white virola)</i>	US\$43

Ghana

Export demand, especially in the UK, is still high but the local supply position is gloomy with logs in short supply, log prices remain unchanged, however. Renewal of the timber property marks usually takes place in January but it has been delayed and is not expected to be completed until the end of February.

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

Report from Indonesia

Log production for 1996 is reported at almost 24 million Cu.m, registering a decrease of about 5 % compared to 1995. Revenue from the reforestation levy and forest royalties in 1996 totaled US\$ 610 million.

The Forestry Ministry is predicting total earnings would increase by about 10 % in 1997 due to a projected increase

in land clearing and forest conversion projects which would boost the output of logs.

Domestic log prices Per Cu.m	
<i>Plywood logs</i>	
<i>Face Logs</i>	US\$150-160
<i>Core logs</i>	US\$ 125-135
<i>Sawlogs</i>	US\$125-145
<i>Falkata logs</i>	US\$55-58
<i>Rubberwood</i>	US\$38-40
<i>Pine</i>	US\$65-70
<i>Teak</i>	US\$1000-1250
<i>Mahoni</i>	US\$210-225

Report from Malaysia

Logs	Per Cu.m
<i>Domestic (SQ ex-log yard)</i>	
<i>Meranti Bukit (SQ)</i>	US\$260-270
<i>Kembang Semangkok</i>	US\$205-210
<i>Merbau</i>	US\$195-200
<i>Peeler Core logs</i>	US\$130-140
<i>Rubberwood</i>	US\$34-36
<i>Kempas</i>	US\$155-165
<i>Keruing</i>	US\$215-225

Sawnwood Prices

International Prices

Brazil

It has been announced that Brazilian exports of sawn timber, veneer and plywood dropped by 20% last year. Producers are blaming the strong Real and high production costs for exports. These factors may have contributed to the decline but also a stronger domestic demand for wood products has played an important role.

Export volumes and prices, continue at the same level as during January. More and more exporters are looking to the Asian market. Apparently there is interest in several products, including low grade pine sawnwood (construction) tropical sawnwood (particularly LKS), edge glued pine panels and furniture.

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

Malaysia

Sawn Timber	
<i>Export(FOB)</i>	<i>per Cu.m</i>
Dark Red Meranti (DUC)	
<i>GMS select & better (KD)</i>	US\$715-720
Seraya	
<i>Scantlings (75x125 KD)</i>	US\$760-770
<i>Sepetir Boards</i>	US\$320-330
<i>Perupok (25mm&37mm KD)</i>	US\$890-900
K.Semangkok	
<i>(25mm&37mmKD)</i>	US\$700-715

Ghana

Changes in demand are mainly affecting Odum. The ban imposed by Cote d'Ivoire, coupled with the heavy rains during June and September, has reduced the availability of Odum lumber to Europe.

Taiwan Province of China

Rubberwood	<i>per Cu.m</i>
<i>25mm boards</i>	US\$435-450
<i>50-75mm squares</i>	US\$480-495
<i>75-100mm squares</i>	US\$510-520
Sepetir	
<i>GMS (AD)</i>	US\$385-400
<i>Ramin</i>	US\$600-615
<i>Oak 25mm boards</i>	US\$670-700
<i>Maple</i>	US\$930-955
<i>Cherry</i>	US\$1150-1200

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

Mahogany	<i>per Cu.m</i>
<i>FAS 100mm plus 1.8m plus</i>	US\$480
<i>FAS 150mm plus 2.4m plus</i>	US\$520
<i>Odum FAS 100mm</i>	US\$700
<i>Wawa FAS 1.8m plus</i>	US\$400
Anegre	
<i>FAS 150mm plus 2.4m plus</i>	US\$640

<i>Guarea</i>	<i>FAS</i>	<i>US\$460</i>
<i>Ofram</i>	<i>FAS</i>	<i>US\$270</i>
<i>Emire</i>	<i>FAS</i>	<i>US\$460</i>
<i>Ekki</i>	<i>FAS</i>	<i>US\$335</i>
<i>Kussia</i>	<i>FAS</i>	<i>US\$330</i>
<i>Dahoma</i>	<i>FAS</i>	<i>US\$250</i>
<i>Cedrella</i>	<i>FAS</i>	<i>US\$410</i>

Domestic Sawnwood Prices

Report from Brazil

The domestic market is becoming active as the holiday period (and carnival) comes to an end. Economic indicators are strong and government reforms are back on track, the prospects are good for 1997.

Some companies, especially the furniture industry based on pine from plantations, are facing supply shortages at the moment. Higher grades of pine sawnwood (KD) are not available in sufficient volumes and this is putting some pressure on prices. Some millers are investing in new processing plant to meet the demand.

Generally speaking domestic prices are stable, in spite of the high demand for some products and low inventories in the north due to rain season.

Sawnwood (Green ex-mill)	
<i>Northern Mills</i>	<i>per Cu.m</i>
<i>Mahogany</i>	<i>US\$890</i>
<i>Ipe</i>	<i>US\$395</i>
<i>Jatoba</i>	<i>US\$380</i>
<i>Eucalyptus</i>	<i>US\$165</i>
<i>Southern Mills</i>	
<i>Pine (KD) First Grade</i>	<i>US\$170</i>

<i>Keruing</i>	<i>per Cu.m</i>
<i>AD 6x12-15cmx400</i>	<i>US\$290-300</i>
<i>AD 2x20cmx400</i>	<i>US\$292-300</i>
<i>AD 3x30cmx400</i>	<i>US\$330-340</i>

Malaysian Domestic Sawnwood Prices

<i>Sawnwood</i>	<i>per Cu.m</i>
<i>Balau(25&50mm,100mm+</i>	<i>US\$415-425</i>
<i>Kempas50mm by</i>	
<i>(75,100&125mm)</i>	<i>US\$225-235</i>
<i>Red Meranti</i>	
<i>(22,25&30mm by180+mm)</i>	<i>US\$320-330</i>
<i>Rubberwood</i>	
<i>(25mm & 50mm)</i>	<i>US\$285-300</i>
<i>50mm squares</i>	<i>US\$315-325</i>
<i>75mm+</i>	<i>US\$365-375</i>
<i>Mixed Hardwood Piling</i>	
<i>5-6 ins x5-6 ins sections</i>	<i>US\$210-220</i>

Ghana

The high cost of all building materials, as well as the sluggish state of the economy, is affecting the construction industry badly and this has affected domestic timber sales.

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

Gabon

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

Report from Indonesia

Sawn timber
Domestic construction material

<i>Kampar</i>	<i>per Cu.m</i>
<i>AD 6x12-15x400cm</i>	<i>US\$335-345</i>
<i>KD</i>	<i>US\$470-480</i>
<i>AD 3x20x400cm</i>	<i>US\$400-410</i>
<i>KD</i>	<i>US\$520-530</i>

Plywood and Veneers

International Prices

Indonesian Plywood

Plywood exports in 1996 reached US\$4.73 billion, an increase of nearly 20 % over 1995 exports of around US\$3.95 billion. Japan represented the most important market for Indonesian plywood exports. The industry is confident that 1997 will even be better than last year. A bright future is indicated, by January 1997 plywood exports to Japan amounted to about 330,000 Cu.m, where traditionally the figure is around 200,000 Cu.m.

The Japanese have designated PT Mutuagung Lestari in Jakarta as another Foreign Testing Organisation (FTO) for plywood. The expansion of FTO's is in line with Japanese policies towards deregulation and housing cost reductions. PT Mutuagung Lestari is engaged in the inspection and quality certification of plywood and has test facilities in Jakarta and Samarinda and can now issue JAS marks. This is the fifth FTO for plywood.

Plywood (export, FOB)	
MR,	per Cu.m
Grade BB/CC	
2.7mm	US\$485-495
3mm	US\$440-450
6mm and above	US\$370-380
WBP,	
Grade BB/CC	
12-18mm	US\$430-450

Ghana

No price changes have been reported.

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

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

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

Brazilian Plywood and Veneer

Domestic demand for veneer and plywood are relatively constant. Malaysian companies continue to visit Brazil looking for investment opportunities. Negotiations involve mainly plywood mills located in Belem and Manaus.

Veneer FOB	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\$2.50

Plywood FOB	per Cu.m
White Virola (US Market)	
5.2mm OV2 (MR)	US\$340
15mm BB/CC (MR)	US\$320
For Caribbean countries	
White Virola 4mm	US\$470
9mm	US\$380
Pine USA market	
9mm C/CC (WBP)	US\$270
15mm C/CC (WBP)	US\$250

Malaysian Plywood

Trading companies in Japan importing Malaysian plywood are concerned that the market will resist the price increases being sought by exporters.

MR Grade BB/CC FOB	
	Per Cu.m
2.7mm	US\$490-495
3mm	US\$455-450
9-12mm	US\$370-380
18mm plus	US\$345-350
WBP Grade BB/CC	
9-18mm	US\$410-430
Phenolic Overlayed	
12-18mm	US\$500-510
Domestic plywood	
9-18mm	US\$470-490

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 Veneer (ex-mill Northern Mill)	per Cu.m
White Virola Face	US\$165
White Virola Core	US\$115
Plywood (ex-mill Southern Mill)	
Grade MR	Per Cu.m
4mm White Virola	US\$670
15mm White Virola	US\$495
4mm Mahogany 1 face	US\$1,410

Indonesia

Domestic MR plywood (Jarkarta)	per Cu.m
9mm	US\$455-460
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

Demand for reconstituted panels is high. Imports of particleboard and MDF are continuing to expand. Also, expansion of local production is under study.

Export Prices	
Blockboard 18mm	per Cu.m
White Virola Faced B/C	US\$305
Domestic Prices	
Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US\$510
15mm Mahogany Faced	US\$860
Particleboard	
15mm	US\$320

Indonesia

Other Panels	Per Cu.m
Export Particleboard FOB	
9-18mm	US\$150-155
Domestic Particleboard	
9mm	US\$260
12mm	US\$235
15mm	US\$220
18mm	US\$200

MDF Export (FOB)	<i>per Cu.m</i>
12-18mm	US\$210-220
MDF Domestic 15-18mm	US\$300-310

Taiwan Province of China, Imports

MDF	<i>per Cu.m</i>
Domestic Prices	
3mm thick	US\$390-400
4.75mm	US\$380-390
12-18mm x 4' x 8'	US\$270-290
Particleboard	<i>per Cu.m</i>
12-18mm (4x8)	US\$195-205

Malaysia

Particleboard (FOB)	<i>per Cu.m</i>
6mm & above	US\$150-155
Domestic	
6mm & above	US\$180-185
MDF (FOB)	<i>per Cu.m</i>
Less than 5mm	US\$230-240
Greater than 6mm	US\$210-220
Domestic Sales	<i>per Cu.m</i>
6-21mm	US\$240-245

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	<i>per Cu.m</i>
(for the Italian market)	US\$885-895
Crown using Pulai or Jelutong	
(for Japanese market)	US\$800-810
Laminated Scantlings	US\$640-660
Laminated Boards	
Falkata wood	US\$390-410
Laminated Boards	
Pine	US\$850-880

Malaysia

Mouldings (FOB)	<i>per Cu.m</i>
Selagan Batu Decking	US\$570-580
Kembang Semangkok	
S4S to Japan	US\$990-1050
Laminated Scantlings	
72mmx86mm	US\$675-685

Rubberwood parts and components:

Malaysia

Shaped chair seats	
(18-22mm 16"-18" squares)	
	US\$2.95-3.20per pc

Finger jointed	<i>per Cu.m</i>
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

Recent statistics indicate that 1996 exports of Malaysian furniture topped US\$ 930 million compared to about US\$ 800 million in 1995. The wooden furniture sector accounted for about 85 % of the total exports, or about US\$ 790 million. Of this amount, wooden furniture made from Rubberwood accounted for more than US\$ 630 million or more than 80 % of the of the total wooden furniture exports.

The demand for the Malaysian wooden furniture was relatively weak for December 1996 and January this year but it is projected that shipments will pick up from March onwards. In 1997, the industry is confident that the wooden furniture exports will exceed the US\$ 900 million mark

Dining suite
Solid rubberwood laminated top 3' x 5'
with extension leaf **US\$60-65ea**
Same with
Oak veneered MDF **US\$75-80ea**
Windsor Chair **US\$11.50-13.00ea**
Colonial Chair **US\$14.00-15.50ea**
Napolean Chair **US\$22-26ea**
Queen Anne Chair (with soft seat)
without arm **US\$22-25ea**
with arm **US\$24-28ea**

Brazil

Edge Glued Pine Panel
for Korea **US\$510 per Cu.m**

Taiwan Province of China

Furniture
Dining suite (FOB)
Oak Veneered MDF tables and
chairs (6 per set)
US\$235-245per set

Consumer's Report

Report From Japan

Outlook for the Japanese Economy in 1997

For the Japanese economy, 1996 was a year of disappointment. Hopes for a recovery, which appeared possible at the beginning of the year, were unfulfilled. A series of fiscal and monetary measures scored some successes in the first half of the year, and the corrective depreciation of the Yen benefited the economy. Early in the year sentiment, on both the business and consumer levels, brightened somewhat. Supported by improved corporate performance, business investment in plant and equipment traced a moderate upward path, and personal consumption also moved higher. The threat of serious unemployment, which once gripped the nation, appeared to recede.

Strong housing investment, with housing starts at an annual rate of 1.6 million units, and the implementation of the economic stimulus package announced in September 1995, the largest ever, also played a major role in improving sentiment.

However the economic recovery failed to show the strength that was originally expected. Inventory adjustments, which were expected to end in the spring were instead prolonged. The financial markets presented an entirely different picture with the arrival of autumn. When the Bank of Japan's tankan, released at the end of August, confirmed the view that the business mood was not improving, the market took a downturn and stock prices began to drop. The outlook for the Japanese economy has again become uncertain.

The economic recovery lacks strength because the private sector, which could act as the engine of growth, has not yet achieved sufficient structural adjustment to enable it to drive an economic recovery. The corporate environment is not encouraging companies to expand their operations, as seen in the unprecedented declines in return on assets. A look at the household sector also shows that, with corporations' wage bills remaining at a high level, the job picture is dismal while the income growth is stagnant. As a result, both capital investment and personal consumption, the two main components of domestic private-sector demand, are still low.

A Difficult 1997

Analysts report that the economy in 1997 will depend to a large extent on the progress of structural adjustment and to whether this structural adjustment will impact quickly, creating an environment that is conducive to a recovery of domestic private-sector demand.

The household sector shows little promise. With declining corporate profits foreseen for the time being, no big improvement can be expected in employment or household income. Moreover, household will be hit by a heavier tax burden from April as the consumption tax rate will be increased and the special income tax reduction will be discontinued. Under these conditions personal consumption cannot be expected to lead the economy forward. Moreover, housing investment, which has been growing vigorously, will be affected negatively. Analysts forecast that the road for the Japanese economy in 1997 will not be smooth and that here is unlikely to be enough pace to the adjustment process to allow it to gather sufficient momentum for an self-driven recovery.

Source: Tokyo-Mitsubishi Review

Other News from Japan

The continued fall in the value of the Yen is having a serious impact on import costs.

Exporter prices to Japan have risen. The rain season has slowed logging in Sarawak and this, coupled with the growing domestic log consumption, has caused shortages and price increases. Red Meranti SQ and Up has gone to US\$210-213 Per Cu.m FOB.

In a recent survey conducted by the Kansai Nettai Mokuzai Shiyo Sakugen Iinkai (Kansai Tropical Timber Use Reduction Committee) it was identified that a total of 159 local governments are trying to reduce the use of tropical timber in public sector works.

Seven Swedish exporters have formed a consortium with the aim of improving softwood sales to Japan. The seven companies will operate under the trade umbrella name of "Trahusgruppen Nippon"

Delivered Prices

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	
CIF Price Yen per Koku	
Meranti (Hill, Sarawak)	
Medium Mixed	7,900
Meranti (Hill, Sarawak)	
STD Mixed	8,000
Meranti (Hill, Sarawak)	
Small Lot (SM60%, SSM40%)	7,500
Taun, Calophyllum (PNG)	
and others	7,000
Mix Light Hardwood	
(PNG G3-G5 grade)	5,800
Okume (Gabonese)	8,100
Keruing (Sarawak)	
Medium MQ & up	8,400
Kapur (Sarawak) Medium	
MQ & up	8,300

Logs For Sawmilling	
FOB Price Yen per Koku	
Melapi (Sarawak)	
Select	11,500
Agathis (Sabah)	
Select	9,800

Lumber	FOB Price Yen per Cu.m
White Seraya (Sabah)	
24x150mm, 4m 1st grade	125,000
Mixed Seraya 24x48mm,	
1.8 - 4m, S2S	50,000
Red Oak 5/4x6 ins and wider	
FAS (US East Coast)	125,000

Plywood

The demand for the thicker grades of plywood is still good. NIPPINDO has raised the prices further. Prices for half inch plywood are touching Yen 1330 per sheet on the local market.

FOB prices for Malaysian plywood remain high at around US\$430-435 per Cu.m and some importers are reporting that the market for Malaysian ply is becoming more difficult than that for Indonesian products.

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	
2.3x910x1820mm Type 2	340
Medium	
4.0x910x1820mm Type 2	530
5.5x910x1820mm Type 2	640

Tokyo Market	Price Per Sheet
Plywood	
2.4x91x1820mm	Yen340
3.6x91x1820mm	Yen480
5.2x91x1820mm	Yen620
Plywood for flooring	
11.5x94.5x1840mm	Yen1710
Plywood for Printing	
3.6x123x2440mm	Yen820

January Wholesale Prices in Japan

		Yen Per Sheet
Indonesian Plywood		
2.4mm (thin plywood, A board)	920x1830	340
3.6mm (medium thickness, OVL)	910x1820	480
5.2mm (medium thickness, OVL)	910x1820	620
8.5mm for sheathing (UIY)	910x1820	910
11.5mm for foundation	910x1820	1200
12mm concrete-formply (JAS)	900x1800	1270
11.5mm flooring board (JAS)	945x1840	1660
3.6mm Baseboard for overlays (OVL)	1230x2440	850
5.2mm for packing	1230x2440	970
8.5mm for packing	1230x2440	1480
Malaysian Plywood		
2.4mm (thin plywood, A board)	920x1830	330
3.6mm (medium thickness, OVL)	910x1820	470
5.2mm (medium thickness, OVL)	910x1820	590
8.5mm for sheathing (UIY)	910x1820	900
11.5mm for foundation	910x1820	1160
11.5mm concrete-formply (non-JAS)	900x1800	1220
11.5mm flooring board (non-JAS)	945x1840	1550
3.6mm Baseboard for overlays (OVL)	1230x2440	820
Softwood Plywood		
9.5mm foundation of wall (JAS)	1220x2440	1400
12.5mm Sheathing (T&G JAS)	606x2273	1080
15.5mm foundation (T&G JAS)	1220x2440	2100
9.5mm for packing (non-JAS)	1220x2440	1280
Particleboard		
12mm for woodworking	910x1820	560
15mm for woodworking	910x1820	670
OSB		
11.9mm foundation of roof (JAS)	910x1820	900
9.5mm Foundation for 2 by 4	910x2440	980
6.5mm for packing (non-JAS)	1220x2440	800
9.5mm for packing (non-JAS)	1220x2440	1130

Report From China

China's Timber Market in Early 1997

According to Chinese expert forecasts, demand for wood products in early 1997 will be stable, demand will increase slightly, and prices are expected to rise moderately. Analysts in China cite the following reasons for this forecast:

- as the State policy of macro-economic control and adjustment will be implemented further, the scale of

construction activity will expand significantly, finance and currency policy will be more tightly controlled and this will result in more stable market conditions. Through State adjustment and control over several years, the national economy has been heading for a soft landing. The State is expecting to increase input to agriculture, so timber for agricultural use will be increasing.

- the State will continue its support the development of real estate, the stock of commercial property will be increased, input for the construction of residential housing will increase and programmes for providing housing for low income families will be expanded. On top of this the government will fund key construction projects.

- development of the wood based furniture industry will be encouraged by the State.

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

Keruing Logs	per Cu.m
Length: 6-20m	1880-2400
Mengaris Log	
Length 6m+	1800-1900
Malaysian Lauan Logs	
Mixed	2500-2600
Malaysian Lauan with hollow heart	
Mixed	1200-1400
Lauan lumber	per Cu.m
Thickness: 5-6cm	
Length: 3-4m	2850-3450
Lauan tongued, grooved flooring strip	
18mmx50-70mmx3m	110-125 per m
Malas tongued, grooved flooring strip	
18x70mm x2.2-4.1m	110-125
Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	300-350
Plywood from Indonesia	
3mm 1220x2240	41 per sheet

Other News from China

According to the latest statistics, the production of machine made paper and paperboard reached 27.8 million ton in 1995, only just behind the US and Japan in world production. Production is up 52% over 1980, increasing, on average,

almost 12% each year. However, the greatest proportion of the total production was produced by small factories with an annual production of less than 5,000 tons. Almost all of these mills use straw as raw material. There are currently 11,025 manufacturers of pulp and paper, of which 9,141 have annual production less than 3,000 ton.

The annual volume of polluted discharge water by China's pulp and paper manufacturers is estimated at about 3 billion ton, making up 13% of the total of polluted water discharge. Of all pulp production, straw pulp makes up about 55%, and much of the pollution by these small scale industries is hard to control.

In order to reduce the severe pollution in Wei River, the State Council ordered the closure of more than 1,000 factories with an annual production of less than 5,000 ton, and the closure of straw pulp factories without any pollution control facilities in Henan, Anhui, Jiangsu, and Shandong provinces in 1996. To obtain alternative raw materials the country will develop large scale forest plantations for pulp use, expand production of commercial wood pulp and increase the use of recycled waste paper. As one of the cornerstones of economic development during the Ninth five-year plan, the State will encourage the development of large scale the pulp and paper industries.

China Invests in Chile

The joint venture timber processing mill, Kepiwei Forest Company Ltd., Chile, began operation in December 1996. This is a joint venture involving China and the Chinese Minister of Housing and Construction, the Deputy General Manager of Production and Development and China's Ambassador attended the opening ceremony.

With 30% share, China International Trust Investment Company is the largest shareholder of Kepiwei Forest Company. The registered capital of the company totals US\$ 7.5 million, the plant occupies an area of 9,000 sq.m, has 200 staff and an annual production capacity of 40,000 Cu.m of sawnwood. The mill's production will be sold mainly to Asia, Europe and North America. Annual earnings are estimated to be US\$ 12 million.

From Europe, An Update on France

The French production of furniture fell by 1% in 1996 to Ffr 65.2 billion. The domestic market was flat (+1% at current prices last year to Ffr 68.1 billion) with the French industry covering just 73% of the domestic demand. Unifa, an association of 800 French furniture companies, is therefore urging members to join its campaign aimed at doubling exports over 10 years.

The French spend an average of Ffr 7,700 per year on furniture (1.6% of their total spending). In the first eleven months of 1996 the sales of furniture decreased by 0.9% (compared to the same period of 1995). Retailers are reporting that while quality demands are up, average prices are down, due to the many promotions offered by the sector.

Manufacturer's Prices in France

Solid Wooden Doors

<i>Upper Price, Oak,</i>	<i>FFR10,018</i>
<i>Medium Price, Oak,</i>	<i>FFR7,920</i>
<i>Lower Price, Oak,</i>	<i>FFR6,073</i>

Furniture and Components

Kitchen Chairs	
<i>Medium Price, Beech,</i>	<i>FFR234</i>
<i>Lower Price, Beech,</i>	<i>FFR140</i>
Dining Chair	
<i>Upper Price, Solid Cherry</i>	<i>FFR1,650</i>
<i>Medium Price, Beech</i>	<i>FFR280</i>
<i>Lower Price, Beech,</i>	<i>FFR181</i>

Kitchen Table	
<i>Medium Price, Beech</i>	
<i>100x70cm</i>	<i>FF561</i>
<i>Lower Price, Melamine</i>	
<i>Covered 115x74cm</i>	<i>FFR238</i>

Dining Table

<i>Upper Price, Cherry</i>	
<i>150x90cm</i>	<i>FFR11,700</i>
<i>Lower Price, Softwood</i>	
<i>115x74cm</i>	<i>FFR1,000</i>

Kitchen Doors	
<i>Upper Price, Solid Oak,</i> 58.8x49.5cm	FFR560
<i>Medium Price, Solid Oak,</i> 58.8x49.5cm	FFR327
<i>Lower Price, Solid Oak</i> 58.8x49.5cm	FFR265

Mouldings	Per Lin. m
<i>Medium Price, Pine</i> 1.4x4.8cm	FFR8.56
<i>Lower Price, Pine</i> 1.0x2.9cm	FFR5.05
1.0x2.7cm	FFR5.56

Other News from Europe

SH-Shieder Moebel Holding is planning to expand its business in Eastern Europe. The group already has a subsidiary in Hungary and one in Poland (whose turnover was worth DM 100 million in 1996 and is expected to grow by 20% this year) and plans to acquire companies in Czechia and Croatia.

A recent FIRA survey shows the UK domestic furniture market to be worth Sterling 3.4 billion and forecasts it will grow to Sterling 3.5 billion in 1996, and Sterling 3.7 billion by 1998.

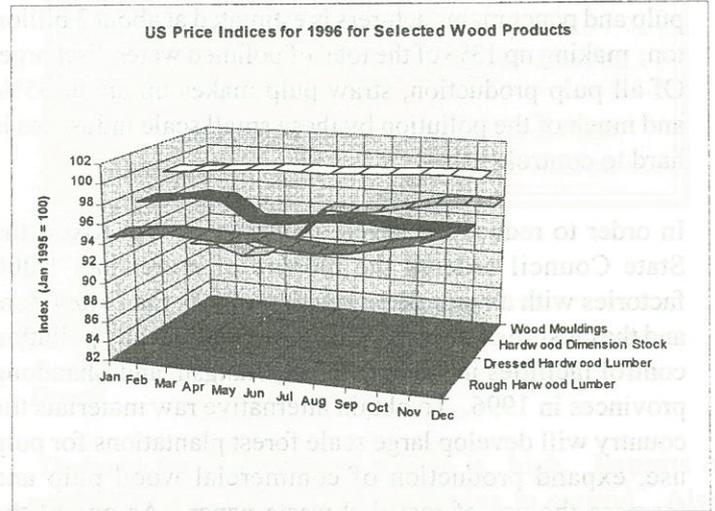
Welle of Paderborn, the German furniture producer which had a turnover of DM 1.6 billion in 1996, is planning to merge its subsidiaries Rolf Benz, Leight Kuechen and Ruf Betten into Moebel Marken Holding AG. Further acquisitions are planned and the export business, especially to Asia, is to be increased. Welle will open showrooms in Beijing, Shanghai and Singapore.

In 1995 the Hungarian furniture market was worth about Ft 30 billion with imports (mainly from Germany and Italy) accounting for about 33%. The success of imported furniture is partly due to the expansion of foreign chains such as Ikea, Tutto Mobili and Michelfeit. In 1995 exports accounted for about 43% of the domestic furniture companies' sales.

Promles-Sever, a timber company located in Archangel (Russia), is planning to invest about US\$418,000 into furniture production in Azerbaijan. The company has already opened a representative office in Baku.

Aebi & Cie., the Swiss wooden furniture company located in Huttwill, has been acquired by Novex Ergonom AG. The production of wooden furniture and components will go on, but 50 jobs will be cut.

US Industry Report



Rough Sawn Hardwood Lumber
Appalachian Red Oak
kiln dried, FAS
US\$1,512 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\$1,480 per MBF

Lumber, Genuine Mahogany
Bolivia, Brazil, Honduras
Select or Better Kiln dried
Dock side US West Coast
US\$2,530 per MBF

Lumber, Philippine Mahogany / Meranti
Kiln Dried, kiln dried
Dock side US West Coast
Dark Red
US\$2,200 per MBF
Light Red
US\$2,035 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\$47.00 per Sheet

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

Reconstituted Boards

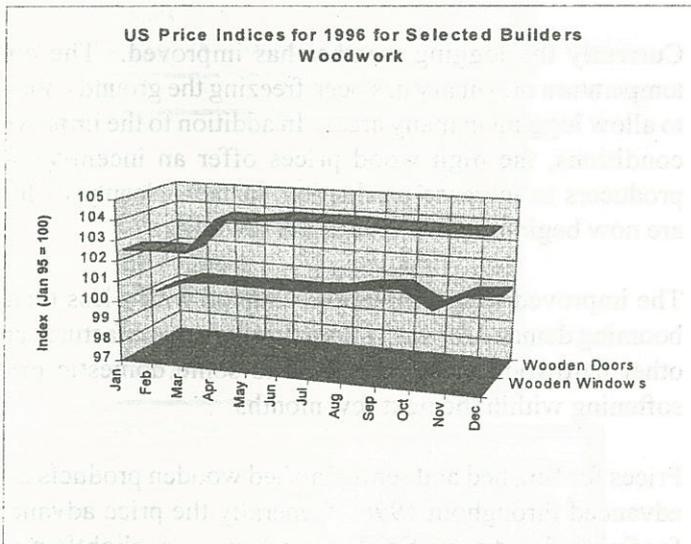
Particleboard

*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\$383 per 1000 sq.ft*

Millwork



Wood Window Units

*Wood sliding window Double glassed,
Upper/lower sash can be titled. 32" x 54"*
US\$81.50

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'*
US\$0.32 per linear foot

Wood Frames for Upholstered Chairs

*Frame for lounge chair, 1" stock
nailed corner blocks*
US\$44.50

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\$610.00

Dining Room Chair

*18th century French Mallard chair Solid Maple
21" x 22", Ht. 44.5" Seat 21" x 17.75, Ht. 18"*
US\$188.00

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

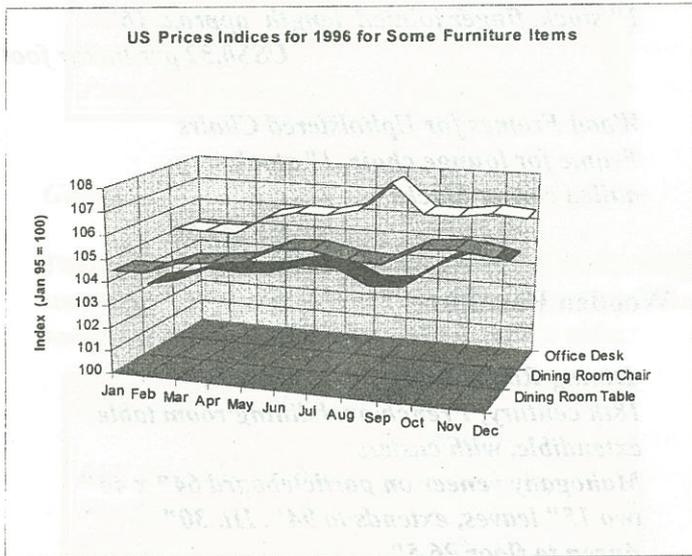
*18th century French Fairhope headboard
Mahogany veneer on particleboard.
Width 43", Ht. 60.6"*
US\$265.00

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



The final U.S. producer price index for 1996 has now been released and they allow last year's price movements to be plotted. The data reveals the following:

Most raw material prices moved up during 1996 and the trend has been accelerating in recent months. For instance, the price index of domestic hardwood lumber advanced by 2.95% and imported Mahogany prices advanced by 2.64% between January and December of 1996, a departure from this general trend has been Particleboard and MDF. Prices for those engineered wood products declined by 1.45% and 5.10% respectively during the same interval. The main reason is the over-capacity in the industry.

In spite of the upward movement of prices, overall, prices in 1996 remained below those for 1995 for most domestically produced wooden raw materials. Again, this applies above all to Particleboard and MDF. Average 1996 particleboard prices are 4.16% below the average of 1995, and MDF prices are 11.56% lower. An exception was hardwood plywood, with average 1996 prices being 3.22% above the 1995 average.

Contrary to US produced wooden raw materials, average Mahogany prices in 1996 stood 6.37% above the average prices one year earlier. The equivalent figures for Meranti is +3.2%.

The upward trend of domestic lumber prices, which started almost four months ago, is not the result of strong demand from the wood-using industries. Rather, it is the response to depressed lumber production due to unusually poor logging conditions.

Logging conditions have been very poor this winter. There has been a lot of rain and the ground remained unfrozen during November and December of 1996 which made any logging activity almost impossible in many regions.

As a result, an acute shortage of logs developed and prices started to move upwards in recent weeks. This could be seen particularly in the northern Appalachian region where production is estimated to be about 30% below "normal levels". On the other hand, supply in the all important furniture region of North Carolina was less affected.

Generally log prices increased more than lumber prices. The competitive environment in the sawmill industry makes it almost impossible for operators to raise their output prices in unison with their input prices. While prices for some species, such as Walnut and White Oak, have remained almost immune to the price pressure, the more popular woods felt the full force of the price drive. For instance prices for Hard Maple advanced by 4.5% in January of 1997 alone. Somewhat lesser increases could be observed for Cherry (2.1%) and Red Oak (0.7%).

Currently the logging weather has improved. The cold temperature in January has been freezing the ground enough to allow logging in many areas. In addition to the improved conditions, the high wood prices offer an incentive for producers to increase production, in fact, plenty of logs are now beginning to arrive at the sawmills.

The improved supply situation, coupled with a less than a booming demand for wood from furniture manufactures and other hardwood users, may lead to some domestic price softening within the next few months.

Prices for finished and semi-finished wooden products also advanced throughout 1996. Generally the price advances for finished and semi-finished products were slightly more pronounced than for wooden raw materials. Also, with very few exceptions, average 1996 prices for finished and semi-finished products stood above the averages of 1995.

World Value of the Dollar 7.Feb.97

Cameroon	C.F.A.Franc	559.9	Australia	Dollar	1.3128
Central African Republi	C.F.A.Franc	559.9	Canada	Dollar	1.3517
Congo, People's Rep.	C.F.A.Franc	559.9	China	Yuan	8.2916
Cote d'Ivoire	C.F.A.Franc	559.9	Egypt	Pound	3.3985
Gabon	C.F.A.Franc	559.9	Austria	Schilling	11.675
Ghana	Cedi	1760	Belgium	Franc	34.235
Liberia	Dollar	1	Denmark	Krone	6.3317
Togo, Rep.	C.F.A.Franc	559.9	Finland	Markka	4.9197
Zaire, Rep.	New Zaire	144001.5	Germany	Mark	1.6595
Cambodia	Riel	2300	Greece	Drachma	260.05
Fiji	Dollar	1.4237	Ireland	Punt	1.599
India	Rupee	35.8735	Italy	Lira	1630.3
Indonesia	Rupiah	2388.5	Netherlands	Guilder	1.8638
Malaysia	Ringgit	2.495	Portugal	Escudo	166.84
Myanmar	Kyat	6.2271	Spain	Pesata	140.45
Papua New Guinea	Kina	1.3717	Sweden	Krona	7.419
Philippines	Peso	26.347	United Kingdom	Pound	1.633
Thailand	Baht	26.015	Japan	Yen	124.225
Bolivia	Boliviano	5.21	Nepal	Rupee	56.95
Brazil	Real	1.047	New Zealand	NZ Dollar	1.4593
Colombia	Peso	1064.5	Norway	Krone	6.5054
Ecuador	Sucre	3715	Korea, Rep. of	Won	867.5
Guyana	Dollar	140.3	Switzerland	Franc	1.4345
Honduras, Rep.	Lempira	12.76	Russian Fed.	Ruble	na
Panama	Balboa	1			
Peru	New Sol	2.639			
Trinidad and Tobago	Dollar	6.179			
Venezuala	Bolivar	474.75			

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
Boule	A Log Sawn Through and Through the boards from one log are bundled together	Second	
BB/CC	Grade B faced and Grade C backed Plywood	WBP	Water and Boil Proof
MBF	1000 Board Feet	MR	Moisture Resistant
Sq.Ft	Square Foot	pc	per piece
FFR	French Franc	ea	each
Koku	0.278 Cu.m or 120BF	BF	Board Foot
		MDF	Medium Density Fibreboard
		F.CFA	CFA Franc

