Vol.2 No.6 March 1997

16 - 31 March 1997

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+ LM-C	FFR1375
Ayous	80cm+LM-C	FFR1100
Sapele	80cm+LM-C	FFR1550
Iroko	70cm+LM-C	FFR1400

South Sea Logs

FOB	per Cu.m
Pometia	US$145-155
Calophyllum	US$135-140
Terminalia	US$115-120
Other mixed species	US$100-110

Malaysia

Sarawak Log Export FOB Prices	per Cu.m
Meranti SQ up	US$205-210
small	US$175-180
super small	US$145-150
Keruing SQ up	US$225-235 ⇑
small	US$185-195 ⇑
super small	US$150-160
Kapur SQ up	US$220-230 ⇑
Selangan Batu SQ up	US$230-235 ⇑

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
Mahogany Ist Grade	US$390
Ipe	US$82
Jatoba	US$60
Guaruba	US$43
Mescla(white virola)	US$46

Ghana

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

Report from Indonesia

Domestic log prices	per Cu.m
Plywood logs	
Face Logs	US$155-160 ⇑
Core logs	US$ 130-135 ⇑

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

cont.

Sawlogs	*US$125-135*
Falkata logs	*US$55-60*
Rubberwood	*US$38-40*
Pine	*US$65-68*
Teak	*US$1050-1250*
Mahoni	*US$230-235 ⇑*

Report from Malaysia

Logs		
Domestic (SQ ex-log yard)	*per Cu.m*	
Meranti Bukit (SQ)	*US$265-275*	⇑
Kembang Semangkok	*US$220-235*	⇑
Merbau	*US$200-210*	
Peeler Core logs	*US$140-145*	⇑
Rubberwood	*US$35-37*	
Kempas	*US$145-155*	⇑
Keruing	*US$220-230*	

Sawnwood Prices

International Prices

Brazil

Export Sawnwood	*per Cu.m*
Mahogany KD FAS FOB	
UK market	*US$1030*
Jatoba Green	*US$440-490*
Curupixa (Europe)	*US$520*
Asian Market	
Guaruba	*US$285*
Angelim pedra	*US$270*
Mandioqueira	*US$245*
Pine (AD)	*US$150*

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

Sawn Timber		
Export(FOB)	*per Cu.m*	
Dark Red Meranti (2.5ins x 6ins & up)		
GMS select & better (KD)	*US$705-710*	
Seraya		
Scantlings (75x125 KD)	*US$740-750*	
Sepetir Boards	*US$325-345*	⇑
Perupok (25mm&37mm KD)	*US$950-980*	⇑
K.Semangkok		
(25mm&37mmKD)	*US$710-720*	

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US$410-420 ⇓
50-75mm squares	US$460-480 ⇓
75-100mm squares	US$490-500 ⇓
Sepetir	per Cu.m
GMS (AD)	US$385-395
Ramin less than 2 ft.	US$520-535 ⇑
greater than 2 ft.	US$610-620 ⇑
Oak 25mm boards	US$710-725 ⇑
Maple	US$950-985 ⇑
Cherry	US$1150-1200

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	per Cu.m
Mahogany	US$830
Ipe	US$412
Jatoba	US$386
Eucalyptus	US$165
Southern Mills	
Pine (KD) First Grade	US$175

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$325-340 ⇓
KD	US$460-470 ⇓
AD 3x20x400cm	US$400-405 ⇓
KD	US$510-515 ⇓
Keruing	
AD 6x12-15cmx400	US$260-275 ⇑
AD 2x20cmx400	US$300-310 ⇑
AD 3x30cmx400	US$335-340 ⇑

Malaysian Domestic Sawnwood Prices

The Malaysian government has recently lifted the export quota on Rubberwood sawntimber exports following stabilisation of favorable prices for sawn Rubberwood in the domestic market. The export quota was imposed some six years ago to put Rubberwood prices at remunerative levels for both local producers and consumers. In the last year alone the price of Rubberwood has been very high in the domestic market, almost at the same level as quoted for exports.

Sawnwood	per Cu.m
Balau(25&50mm,100mm+	S$415-420 ⇓
Kempas50mm by	
(75,100&125mm)	US$220-225
Red Meranti	
(22,25&30mmby180+mm)	US$310-320 ⇓
Rubberwood	
(25mm & 50mm)	US$275-285 ⇓
50mm squares	US$315-320 ⇓
75mm+	US$365-375 ⇓
Mixed Hardwood Piling	
5-6 ins x5-6 ins sections	US$210-220

Plywood and Veneers

International Prices

Indonesian Plywood

Indonesia's plywood production is projected to reach 10.5 mil Cu.m in 1997. This represents an increase of about 10%

over production in 1996 and assumes favorable demand and adequate raw material supplies, mainly from land clearing projects in Kalimantan. Of the 10.5 mil Cu.m production, 9.3 mil Cu.m are available for export.

Indonesian exporters are resisting the pressure from Japanese importers to lower prices for plywood and seem determined to maintain prices at current levels. It is reported in the trade that not until the Yen drops to around 130-140 to the dollar would exporters be prepared to consider price changes.

Plywood (export, FOB)	
MR,	per Cu.m
Grade BB/CC	
2.7mm	US$485-500 ⇓
3mm	US$445-455 ⇓
6mm and above	US$360-375 ⇓
WBP,	
Grade BB/CC	
12-18mm	US$440-450 ⇑

Ghana

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) Thickness 6mm FOB	
	per Cu.m
Sapele	US$1370
Anegre	US$1062
Mahogany	US$1149
Koto	US$1153

Plywood 1220 x 2440 mm Grade 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

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

Brazilian Plywood and Veneer

Veneer FOB	per Cu.m
White Virola Face	
2.5mm	US$270-320
Pine Veneer (C/D)	US$220
Mahogany Veneer	per Sq.m
0.7mm	US$2.70
Plywood FOB	per Cu.m
White Virola (US Market)	
5.2mm OV2 (MR)	US$345
15mm BB/CC (MR)	US$340
For Caribbean countries	
White Virola 4mm	US$470
9mm	US$370

Pine USA market	*per Cu.m*
9mm C/CC (WBP)	*US$270*
15mm C/CC (WBP)	*US$250*
Cedro (puerto Rico Market)	
4mm	*US$810*

Malaysian Plywood

MR Grade BB/CC FOB	*per Cu.m*
2.7mm	*US$495-510*
3mm	*US$450-460*
9-12mm	*US$370-380*
18mm plus	*US$345-350*
WBP Grade BB/CC	
9-18mm	*US$410-430*
Phenolic Overlayed	
12-18mm	*US$495-510*
Domestic plywood	
9-18mm	*US$475-500*

Taiwan Province of China

The plywood market is dominated by Indonesian suppliers. There is a small domestic production coming into the market at about 8-10% below that of Indonesian panels.

Plywood	*per Cu.m*
2.7mm x 4' x 8'	*US$620-635*
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$120*
Plywood	
(ex-mill Southern Mill)	
Grade MR	*Per Cu.m*
4mm White Virola	*US$670*
15mmWhite Virola	*US$495*
4mm Mahogany 1 face	*US$1,410*

Indonesia

Domestic MR plywood	
(Jarkarta)	*per Cu.m*
9mm	*US$450-460* ⇓
12mm	*US$425-430* ⇑
15mm	*US$410-420* ⇑
18mm	*US$380-400* ⇑

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$2.90-3.10ea* ⇓
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$1.00-1.10ea*
2 3/4 ins square x 28 ins	*US$2.10-2.25ea*

Other Panel Product Prices

Brazil

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$135-145* ⇓
Domestic Particleboard	
9mm	*US$245*
12mm	*US$230*
15mm	*US$210*
18mm	*US$200*
MDF Export (FOB)	
12-18mm	*US$200-210* ⇓
MDF Domestic 15-18mm	*US$285-300* ⇓

Taiwan Province of China, Imports

The MDF market continues to be dominated by US suppliers, however Malaysian producers ,using Rubberwood raw material, are competing successfully. Malaysian MDF is priced about 5% below that of US panels.

MDF	*per Cu.m*
Domestic Prices	
3mm thick	*US$410-425*
4.75mm	*US$390-400*
12-18mm x 4' x 8'	*US$270-290*
Particleboard	*per Cu.m*
12-18mm (4x8)	*US$200-205*

Malaysia

Particleboard (FOB)	
	per Cu.m
6mm & above	*US$140-155* ⇓
Domestic	
6mm & above	*US$175-185* ⇓

MDF (FOB)	*per Cu.m*
Less than5mm	*US$225-230* ⇓
Gretaer than 6mm	*US$200-215* ⇓
Domestic Sales	*per Cu.m*
6-21mm	*US$240-245*

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	*per Cu.m*
(for the Italian market)	*US$915-925* ⇑
Crown using Pulai or Jelutong	
(for Japanese market)	*US$800-810*
Laminated Scantlings	*US$635-640* ⇓
Laminated Boards	
Falkata wood	*US$395-425* ⇑
Laminated Boards	
Pine	*US$850-880*
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	*US$820-835*
Grade B	*US$620-635*

Malaysia

Mouldings (FOB)	*per Cu.m*
Selagan Batu Decking	*US$560-570* ⇓
Kembang Semangkok	
S4S to Japan	*US$1000-1200*
Laminated Scantlings	
72mmx86mm	*US$675-685* ⇓

Rubberwood parts and components

Malaysia

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

Finger jointed	*per Cu.m*
laminated boards	*US$815-820*
top grade	*US$870-880*
Rubberwood S4S	*US$440-450*

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

Furniture

Dining suite	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	*US$58-60ea* ⇓
Same with	
Oak veneered MDF	*US$72-75ea*
Windsor Chair	*US$11.50-13.00ea*
Colonial Chair	*US$14.50-15.50ea*
Napolean Chair	*US$22-26ea*
Queen Anne Chair (with soft seat)	
without arm	*US$22-25ea*
with arm	*US$26-30ea*

Brazil

Edge Glued Pine Panel	
	per Cu.m
for Korea 2nd Grade	*US$510*
1st Grade	*US$770*
US Market	*US$550*

Taiwan Province of China

Rubberwood Chair Seats	*US$2.90-3.10ea*
Rubberwood Unfinished	
Queen Anne Chairs	*US$12.5-14.0ea*
Queen Anne Legs 2.25 ins square	
18ins Long	*US$1.00-1.10ea*
2.75ins Square 28 ins Long	*US$2.10-2.25*

Rubberwood finger joint	*per Cu.m*
table tops	*US$810-830*
Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and	
chairs (6 per set)	
	US$215-225per set

Consumers Report

Report From Japan

Production of Plywood Down in 1996

The Japan Plywood Manufacturers' Association has reported that production of plywood in 1996 dropped by 1.8% compared to the production of 644,319,000 sq.m in 1995. There has been a continuous decline in plywood production over the past nine years. However production of 4mm thickness increased 5.1%. Stocks at the end of 1996 reached 82,662,000 sq.m, an increase of 4.7% over the previous year.

Production by thickness for 1996 shows some interesting trends. Plywood of a thickness of 12mm registered an increase of 9,7%, the largest increase, followed by 6-12mm with an increase of 3.5%. On the other hand, production of thinner boards has been dropping: 3-6mm registered a decrease of 5.7% and thinner than 3mm a decrease of 10.7%. As a result, 12mm and up ply accounted for 37.8%, a larger share than 3mm product, which accounted for 36.4%, for the first time.

Record Fiberboard Production for 1996

Japan's production and sales of wooden boards (particleboard, MDF, hardboard and insulation board) for 1996 recorded an all-time high and the sales value of the four panel items was over Yen 100 billion, also the highest recorded to-date.

It is considered that increased consumption was driven by higher housing starts and by steady substitution for plywood. Also the prices of these products, which moved comparatively moderately, contributed to the expansion of the market. The value of sales did not increase much however and conditions are severe for manufacturers. The recent improvement in panel prices has be welcomed by manufacturers.

Japan's production of MDF for last year totaled 401,412 Cu.m, an increase of 27% over the previous year. Sales were valued at Yen 21,296 million, up by 24%.

Production of particleboard totaled 1,292,424 Cu.m, an increase of 2% over the previous year, and the sales were 3% up. Total sales increased by Yen 1 million to Yen 51,024 million. Demand for prefabricated houses and for fancy board for home equipment and appliances continued to favour shipments throughout last year.

Shipments of hardboard were dull for the first half of last year but recovered in the second half of the year. Production totaled 115,445 Cu.m, a decrease of 2% over the previous. Sales were recorded at Yen 10,560 million.

Insulation board is used mainly for the core of the Japanese "tatami" mat. Sales for the first half of last year were inactive but recovered in the second half. Interestingly there was no substantial increase in either production or deliveries in spite of the favorable housing starts and this clearly suggest a trend away from traditional Japanese style residential building with the "tatami" mat (Japanese room). Production totaled 636,660 Cu.m, a decline of over 2% from the previous year. Sales stood at Yen 17,509 million for 1996, about the same as in the previous year.

Delivered Prices

The trade is still reporting that the relatively strong log prices are causing problems as the market is not moving to accept new prices structures reflecting the value of the Yen. An example is quoted for Meranti where the CIF price is Yen 8,800 per Koku some 2-300 Yen over the current market price.

Prices for small and super small 50:50 lots for plywood manufacture are reported at arond Yen 7,900-8,100 per Koku CIF up from the last report. Plywood manufacturers are having to absorb the price increase as plywood prices are moving only slowly.

The market for First Grade White Seraya is active and currently prices are at Yen 188,000-120,000 per Cu.m delivered to wholesalers in Tokyo unchanged however from last month. The supply of finger jointed Perupok is very tight and there are many inquiries. The price for "A" grade lumber is still at around Yen 170,000 but an upward movement is expected.

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	*CIF Price Yen per Koku*
Meranti (Hill, Sarawak) Medium Mixed	*8,600 ⇑*
Meranti (Hill, Sarawak) STD Mixed	*8,500*
Meranti (Hill, Sarawak) Small Lot (SM60%, SSM40%)	*7,900 ⇓*
Taun, Calophyllum (PNG) and others	*7,200 ⇑*
Mix Light Hardwood (PNG G3-G5 grade)	*6,000*
Okume (Gabonese)	*8,700 ⇑*
Keruing (Sarawak) Medium MQ & up	*9,000 ⇑*
Kapur (Sarawak) Medium MQ & up	*8,800 ⇑*

Logs For Sawmilling	*FOB Price Yen per Koku*
Melapi (Sarawak) Select	*11,500*
Agathis (Sarawak) Select	*10,000 ⇑*

Lumber	*FOB Price Yen per Cu.m*
White Seraya (Sabah) 24x150mm, 4m 1st grade	*135,000 ⇑*
Mixed Seraya 24x48mm, 1.8 - 4m, S2S	*55,000 ⇑*
Red Oak 5/4x6 ins and wider FAS (US East Coast)	*125,000*

March Wholesale Prices in Japan

		March
Indonesian Plywood		
2.4mm (thin plywood, A board)	920 X 1830	360
3.6mm (midium thickness, OVL)	910 X 1820	520
5.2mm (midium thickness, OVL)	910 X 1820	650
8.5mm for sheathing (UTY)	910 X 1820	950
11.5mm for foundation	910 X 1820	1220
12mm concrete-form ply (JAS)	900 X 1800	1310
11.5mm flooring board (JAS)	945 X 1840	1760
3.6mm baseboard for overlays (OVL)	1230 X 2440	860
5.2mm for packing	1230 X 2440	1000
8.5mm for packing	1230 X 2440	1520
Malaysian Plywood		
2.4mm (thin plywood, A board)	920 X 1830	350
3.6mm (midium thickness, OVL)	910 X 1820	510
5.2mm (midium thickness, OVL)	910 X 1820	640
8.5mm for sheathing (UTY)	910 X 1820	940
11.5mm for foundation	910 X 1820	1200
11.5mm concrete-form ply (non-JAS)	900 X 1800	1270
11.5mm flooring board (non-JAS)	945 X 1840	1650
3.6mm baseboard for overlays (OVL)	1230 X 2440	820
Softwood Plywood		
9.5mm foundation of wall (JAS)	1220 X 2440	1480
12.5mm Sheathing (T&G JAS)	606 X 2273	1100
15.5mm foundation (T&G JAS)	1220 X 2440	2400
9.5mmfor packing (non-JAS)	1220 X 2440	1400
Particleboard		
12mm for woodworking	910 X 1820	560
15mm for woodworking	910 X 1820	670
OSB		
11.9mmfoundation of roof (JAS)	910 X 1820	970
9.5mm foundation for 2 by 4	910 X 2440	1080
6.5mm for packing (non-JAS)	1220 X 2440	850
9.5mm for packing (non-JAS)	1220 X 2440	1200

Plywood

The market is still not accepting prices that will cover the depreciated value of the Yen. Although FOB prices of Malaysian plywood have come down marginally, Japanese traders are still saying that market prices are still to low to give them a profit.

Thin and medium thickness plywood is said to be in short supply as interior work continues at a high level. Margins on these products are particularly tight. Prices are Yen 350-360 per sheet for 2.3mm and Yen 690-700 for 5.5mm ply. Imports are continuing at a high level but imported shipments are said to be slow. While softwood plywood prices remain unchanged the price of ply from SE Asian logs has increased. Seikoku is to raise the price of structural ply by Yen 10-20 per sheet.

Panels	*Mill Gate Price Tokyo Area Yen per sheet*
Domestic Production from S.E Asian Logs	
11.5x900x1800mm Type 1	*1,290* ⇑
Thin	
2.3x910x1820mmType 2	*350* ⇑
Medium	
4.0x910x1820mm Type 2	*540* ⇑
5.5x910x1820mm Type 2	*670* ⇑
Particleboard 15mm	*44* ⇓
MDF 15mm	*70* ⇓

Outlook for the Japanese Economy

In fiscal 1996 (which ends in March) the Japanese economy will probably have achieved the 2.5% growth forecast by government, putting Japan's growth at the head of the G7 group of countries. For 1997 the analysts appear pessimistic, some say unduly so. The reasons for the pessimism revolve around two main factors, the Yen 7 trillion tax burden on consumers as consumption tax is increased in April, and the non-performing loans problems which seem to be worsening and may result in some bankruptcies.

Despite these worries the government has recently released its economic forecasts for the coming year which are more optimistic than feared. The following is a summary of a statement by the Economic Planning Agency.

The Japanese Economy in 1997

Although the economy is expected to slow in the first half of 1997, due to such factors as the increased consumption tax, it is expected to improve as the effects of the structural economic reform including deregulation are felt, thereafter gradually recover led by private demand should lead to sustained growth. In relation to the impact of the increase in consumption tax, some observers point out that consumers have probably already incorporated the new tax rate into their buying behavior and that there will not be a very noticable change when the new rates come into force.

It is anticipated that incomes will pick up slowly due to improvements in the employment environment. Although there may be a negative reaction in demand accompanying the rise in the rate of the consumption tax, in general, private consumption will continue its gradual recovery. While consumer prices will rise because of the increased consumption tax, they are forecast to stabilise because of structural changes on the supply side.

It is forecast that private investment in plant and equipment will be positively influenced by increases in production and improvements in corporate profits, and that new investment opportunities will emerge as the economic reforms emerge. Thus, even though there are sectors that will continue to experience post-bubble effects, given that the recovery that began in large manufacturing enterprises is evidently broadening to small and medium-sized firms and non-manufacturing firms, investment will largely continue its upward trend. Business sentiment in Japan has been improving, all industrial sectors are forecasting an improvement in profitability.

Although it is anticipated that there will be a drop in housing starts, private residential investment will still remain high. In this way, production, corporate profits and personal income will recover together, with private demand slowly leading the economy as a whole. The reduction of the surpluses in both the goods and services accounts and the current account will continue at a slower pace. Although the employment situation will continue to be severe, it will progressively improve in line with the recovery of the economy. The growth of Japan's gross domestic product in 1997 is forecast at 1.9 %, in real terms.

Report From China

China is shipping four layer laminated larch posts to Japan. The post sizes are 120x120mm by 6000mm length, 105x105mm by 3000mm length. Shippment is from Jilin and prices are Yen 120,000 per Cu.m for the 6m lengths and Yen100,000 per Cu.m for the 3m lengths

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

Keruing Log Length: 6-20m	*1880-2400 ⇑*
Mengaris Log Length 6m+	*2000-2100 ⇑*
Malaysian Lauan Log	
Mixed	*2850-3200*
Malaysian Lauan with hollow heart	
Mixed	*1200-1400*

Lauan lumber Thickness:5-6cm	
Length: 3-4m	*3700-3900*
Lauan tongued, grooved flooring strip	
18mmx50-70mmx3m	*110-125*
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*
9mm 1220x2440	*122 per sheet*
12mm 1220x2440	*165 per sheet*
15mm 1220x2440	*205 per sheet*

China's Forest and Woodworking Machinery Market

Compared to other machinery sectors, the production and sales of woodworking machinery in China was higher in 1996, despite its rapid development in 1995. According to a recentsurvey, a group of key wood working manufactures performed well in 1996. The best performers included forest machine manufacturers in Changzhou, Taizhou, Suzhou, Zhenjian, Shanghai wood based panel machinery manufacturers, the wood working machinery plant of Mu Dan Jiang, the Wei Hai Wood machinery manufacturer, and Dong Hua machinery manufacturer in Sihuan.

The annual demand of forest and wood working for machine is estimated 5 billion yuan, and this demand is increasing. The improvement in disposable incomes has resulted in rapid development of domestic demand for furniture and household improvement and decoration. The following statistics provide the background to the rapid development of the forest and woodworking machinery industry.

- planned national log yields, determined by the state, reached 60 million Cu.m, and total commercial log yields totaled 80 million Cu.m.

- the national sawnwood yield was about 42 million Cu.m, and wood-based panel yield was about 16.8 million Cu.m

- log imports are estimated at 3.2 million Cu.m, of which tropical logs comprised about 2 million Cu.m. Plywood imports were about 1.77 million Cu.m, of which tropical plywood accounted for more than 90%. Sawnwood and veneer import reached almost 1.3 million Cu.m.

- China has about 20,000 furniture manufacturers. Their total output has been estimated at 300 million sets with value of US$4.5 billion.

- annually, construction of residential housing in urban areas reached 40 million square meters, with 3 million new households.

- about 10 million couples get married annually in China, their demand for furniture is estimated 3 billion Yuan.

- hotels and restaurants in China renew furniture at a value of 240 million Yuan annually.

- the national demand for household decoration is estimated at around 76 billion Yuan and forecast to reach 200 billion Yuan by the year 2000.

From Europe, An Update on Germany

According to the Germany Office for Statistics, the German retail trade remained stagnant registering a real turnover decrease of 1% in 1996. The Furniture business suffered a 3% fall in turnover (a 4% drop in real terms).

Wooden Windows

Statistics recently available, show that sales of window frames were down 4% during 1996 compared to 1995. This was the first decline in the market since 1985. In 1996 24.5 million units were sold and for 1997 it is anticipated that sales will reach only 23.8 million units. While the market in western Germany declined by 14% in 1996, the number of units installed in eastern Germany rose 13.5%.

For 1997 sales in western Germany are forecast to drop by around 4% and sales in eastern Germany could drop by about 0.5%, however in recent weeks demand has been unseasonally good.

The dominance of the laminated scantling market by Indonesia and Malaysia appears to be consolidating. Laminated scantlings are currently at around DM7.40-8.20 per metre for 72x80mm CIF.

Company News

In 1997 K&M Kruse, Meinert & Co. GmbH (Kirchlengern) plans a listing on the stock exchange. The furniture holding K&M produces furniture elements for kitchens, living rooms and bathrooms and it is the fifth largest kitchen manufacturer in Germany.

The Schieder Group expects to achieve a 5% increase in turnover to DM21 billion in the fiscal year ending 31 March 1997. The group reported a considerable growth in the upholstered furniture sector, with turnover worth DM450 million.

Weilmann Group (a kitchen and bathroom furniture manufacturer) reported a turnover worth DM802 million in 1996. This was the result of a 2.7% increase in domestic sales (to DM 721 million) and of a 1.3% increase in exports (to DM 81 million). Last year the German group invested about DM 32 million, mainly in production automation. Company representative are quoted as being moderately optimistic on forecasts for 1997.

Prices in Germany

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 90x180DM1,033
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 Veneer
180x45cm DM331
Medium price, Beech Veneer
180x45cm DM207
Lower Price, Beech Veneer
194x40cm. DM106

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

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

Furniture Production in Russia

The first half of the 90's witnessed a considerable decline in furniture production in Russia, as well as in the majority of other sectors of Russian industry. The furniture industry's share of the total output of wood related production (timber woodworking, furniture, pulp and paper industries) dropped from 25% in the 80's to 14%-15% in 1995.

Prior to the 90's, furniture was in short supply in Russia. The furniture industry developed in an attempt to satisfy a large demand for simple, cheap, uniform products. With the arrival of market reforms in the Russian economy, the situation in furniture industry changed dramatically and these changes are still ongoing.

Between 1991 and 1995 the volume of Russian furniture production was reduced by approximately two thirds. The most significant slump was recorded for the production of upholstered furniture, beds, chairs, and other separate furniture units (tables, shelves, etc.). In 1995 total annual shipments of Russian furniture were valued at US$2.1 billion. The sharpest decline (-30% compared to the previous year) was recorded in 1995.

The trend in furniture production is obviously reflected in employment and in the degree of utilization of production capacity. Between 1991 and 1995 the total number of employees engaged in furniture production in Russia dropped by 20% in the sector as a whole, to reach 340,000 in 1995. The current capacity utilization rate in the Russian furniture industry is estimated at about 40%-55%.

According to official data there are at present more than 2,000 furniture producing enterprises in Russia. As in previous years, large furniture factories with serial production account for the majority share of the total industrial output (about 80%), while small companies claim barely 10%. The majority of Russian furniture factories rely on old, out-of-date equipment. Only joint ventures and those Russian enterprises which have been able to adapt properly to new market conditions have partly replaced their machinery. But most factories still have to find the resources to renew their production technologies.

The second half of the 90's witnessed the first signs of recovery in production. Towards the end of 1995 and in early 1996 significant improvements were recorded for some companies which had successfully adapted to new conditions. During that period there were about 50 national companies operating in the market, actively distributing their products and increasing production volumes and the number of employees (among these, joint stock companies Mebel Chernozemya, Shatura, Moskva, Ladoga, ODEKS, Formex, ELT). They reorganized their production capacities for the flexible manufacture of a wide range of products of improved design and quality in small series.

Though the process of creating small flexible enterprises is limited to some regions (Moscow, the Moscow region, St. Petersburg, the central Chernozemniy Region, Povolzhye), it has had a positive influence on the Russian furniture industry.

US Industry Report

Trends in the US Furniture Industry

The American Fine Hardwood Veneer Association conducts regular surveys at the High Point furniture fairs. The purpose is twofold; Firstly, the Association tries to gain an impression of the general mood of the market and retailers' willingness to buy. Secondly - and more importantly - the Association endeavors to pinpoint trends in consumers' preference for certain wood species. The following is a summary of the results of the last survey, conducted during the October 1996 fair.

Species Preferences in the US Market

	All Furniture %	Bedroom Furniture	Dining Room Furniture	Living Room Furniture
Cherry	19.0	18.0	21.0	19.0
Red Oak	14.0	13.0	16.0	12.0
Pine	10.0	11.0	9.1	8.5
White Oak	9.4	8.3	7.6	14.0
Hard Maple	5.7	7.2	5.9	3.5
Ash	4.6	5.2	5.3	2.9
Birch	1.5	0.5	3.2	0.9
Mahogany	7.2	7	9.3	4.8
Rubberwood	1.0	0.1	2.8	0
Teak	0.2	0.3	0.4	0
Rattan	0.2	0.1	0.2	0
Wood Panels	20	22.0	12.0	28.0
Others	7.2	7.3	7.2	6.4
Total	100	100	100	100

Throughout 1996 the furniture industry has tried to put forward a positive image, and for the most part, they have been successful .

According to the American Furniture Manufacturers Association, shipments in 1996 were up 5.6% in dollar terms, and are expected to increase another 5 - 6% in 1997. This positive trend applies to both, wooden casegoods and upholstered furniture.

For most exhibitors, the October High Point fair was probably better than had been expected.

According to the survey, 71% of the showroom furniture pieces were manufactured in the United States, up marginally from 69% at the April 1996 High Point fair.

In almost half of all showrooms (47%), the furniture was made of solid wood, at the April 1996 High Point market this was only 44%, the rest of the furniture were constructed of a combination of solid lumber and decorative veneered panels.

Regarding the use of species, Cherry stood at the top, followed by Red Oak, Pine, White Oak, Mahogany, and Hard Maple. Walnut remained flat, but is expected to undergo a resurgence since the timber supply statistics are looking better each year. It was not long ago, that this wood was considered in short supply but it is now readily available and very affordable.

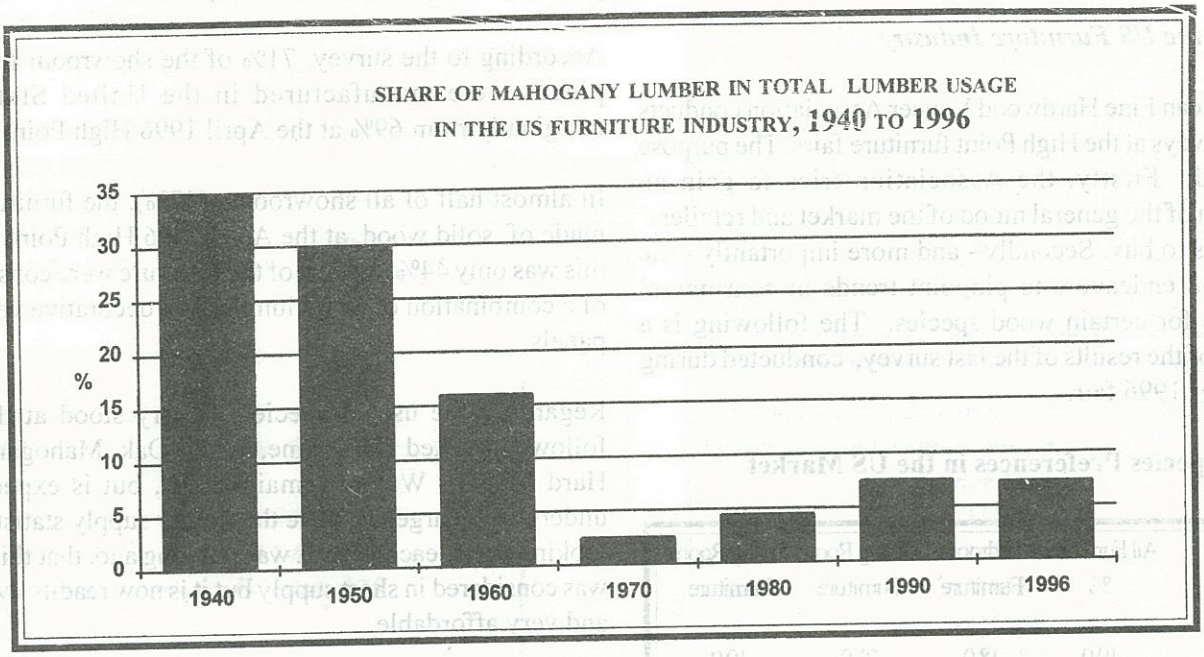
Cherry is the most popular species in virtually all types of casegoods. However, the species is most dominant in bedroom and dining room furniture. On the other hand, it is used to a slightly lesser degree for living room furniture, above all in the fast growing category of wall units, home computer stations and entertainment centres.

Just over 7% of furniture is made of Mahogany. This percentage has been declining from its peak level of 35% in 1940, to its low point of only 2% in 1974. Since 1974 the market share of Mahogany started a mild recovery. Mahogany is most popular for dining room furniture, where its share stood at 9.3 in 1996.

The corresponding share for bedroom furniture was 7% and for living room furniture it was only 4.8%. Mahogany is mainly used in formal furniture, while its application in casual and country furniture is minimal. With the growth of a casual lifestyle in North America, the use of Mahogany and other redwoods may further decline in the years to come.

The use of other tropical woods - including Rubberwood and Teak - is almost insignificant.

The survey revealed few changes in the preference for colors. Warm brown tones remained popular. However, a surprisingly large number of casegoods had a "white wash" or pigmented finish.



Wood Panels

Wood panels, once more, captured a sizable portion of the market share. Panels serve mainly the lower price elements, however, some paneled furniture belong to the high priced categories. As printing and laminating technology has improved, and the quality of Particleboard and MDF substrates are getting better, there is likely to be a continued growth of panel products. This growth is further heightened by the increasing scarcity of high quality furniture woods.

SHARE OF FURNITURE PRODUCED WITH WOOD PANELS

	Bedroom Furniture	Dining Room Furniture	Living Room Furniture	All Furniture
1994	20.1	12.5	13.8	16.1
1995	25.2	13.2	19.1	20.0
1996	24.9	13.4	29.6	22.1

World Value of the US Dollar 21st March 1997

Cameroon	C.F.A.Franc	570.42	Australia	Dollar	1.274
Central African Republic	C.F.A.Franc	570.42	Canada	Dollar	1.3782
Congo, People's Rep.	C.F.A.Franc	570.42	China	Yuan	8.2956
Cote d'Ivoire	C.F.A.Franc	570.42	Egypt	Pound	3.3942
Gabon	C.F.A.Franc	570.42	Austria	Schilling	11.9015
Ghana	Cedi	1885	Belgium	Franc	34.9
Liberia	Dollar	1	Denmark	Krone	6.4485
Togo, Rep.	C.F.A.Franc	570.42	Finland	Markka	5.0444
Zaire, Rep.	New Zaire	168500	Germany	Mark	1.6908
Cambodia	Riel	2300	Greece	Drachma	266.42
Fiji	Dollar	1.4148	Ireland	Punt	0.6402
India	Rupee	35.875	Italy	Lira	1691.05
Indonesia	Rupiah	2405.95	Netherlands	Guilder	1.9035
Malaysia	Ringgit	2.4785	Portugal	Escudo	170
Myanmar	Kyat	6.2784	Spain	Pesata	143.52
Papua New Guinea	Kina	1.3831	Sweden	Krona	7.6491
Philippines	Peso	26.342	United Kingdom	Pound	0.6284
Thailand	Baht	25.9725	Japan	Yen	123.43
Bolivia	Boliviano	5.22	Nepal	Rupee	56.95
Brazil	Real	1.0615	New Zealand	NZ Dollar	1.4464
Colombia	Peso	1060.75	Norway	Krone	6.7382
Ecuador	Sucre	3715	Korea, Rep. of	Won	884.95
Guyana	Dollar	141.1	Switzerland	Franc	1.4567
Honduras, Rep.	Lempira	12.76	Russian Fed.	Ruble	5715
Panama	Balboa	1			
Peru	New Sol	2.642			
Trinadad and Tobago	Dollar	6.2206			
Venezuala	Bolivar	477.25			

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
BB/CC	Grade B faced and Grade C backed Plywood	MR	Moisture Resistant
		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

It is also freely available by E-mail.
To be included on our E-mail mailing list please send your E-mail address to:

mjadams@itto.or.jp