Tropical Timber Market Report

Volume 22 Number 19 1st – 15th October 2018

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Headlines

Top Story

US tariff schedule revision affects wood products

The US has secured World Customs Organisation approval for revision of some wood product tariff schedules.

The former subheading 4412.32 for plywood is eliminated and replaced by a new subheading 4412.33 for plywood with at least one outer ply of specified species.

A new subheading 4412.34 is created for plywood with at least one outer ply of a species of non-coniferous wood not listed in subheading 4412.33 (other than bamboo).

See page 22

Central and West Africa

All concessions to be FSC certified say Gabon's President

The President of Gabon has announced that by 2022 all forest concessions in Gabon will have to be certified by the Forest Stewardship Council (FSC).

This has caused considerable consternation in trade circles particularly as some companies are already certified but under the Programme for the Endorsement of Forest Certification (PEFC). The question yet to be answered is does this announcement truly reflect a policy shift by the government.

While there have been no statements from timber associations either in Gabon or in those countries with close trading links with Gabon, the statement by the President of Gabon has been welcomed by FSC (naturally) and by WWF.

A press release from FSC says "FSC appreciates this forward-looking decision by the government of Gabon. Increasing the already important level of FSC certification in Gabon will serve as a catalyst to increase responsible forest management while stimulating external demand for responsibly sourced timber and forest products from Gabon. At the same time, FSC certification will benefit local communities and help protect Gabon's unique wildlife and its natural resources."

Marthe Mapangou, Director of WWF-Gabon, writes on the WWF website "The government's decision to require FSC certification for all forest concessions is a positive step to protect Gabon's forest ecosystems and to ensure benefits for local communities."

See:
https://ic.fsc.org/en/news-updates/fsc-press-releases/id/2177
and
https://wwf.panda.org/?335911/WWF-welcomes-Gabon-governments-declaration-to-have-all-forest-concessions-FSC-certified-by-2022

An in-depth commentary on the announcement by the President of Gabon has been published by a Gabonese Non-Governmental Organization 'Brainforest' under the title 'Analysis of the declaration of the Head of State concerning the withdrawal of permits to non-FSC certified companies by 2022'.

The focus of this analysis is, in the words of the author, Marc Ona Essangui, that "In a context of free competition, the State would be in its role by leaving to each forest concessionaire the possibility of freely choosing the system of certification which suits him.

Why favor the FSC system, to the detriment of PEFC or PAFC? Without becoming a critic of the FSC or defender of other repositories, it would be more just and equitable for the State to remain impartial by confining itself to a role of accompaniment and encouragement.

On the withdrawal of permits to non-certified companies: In the current state of national legislation, forest certification is not a legal requirement."

See: http://www.brainforest-gabon.org/

Ghana

Ecuador and Ghana to share experience on REDD+

The United Nations Development Programme (UNDP) will play a pivotal role as a partnership facilitator and the broker of technology transfer in a recently signed agreement between Ghana and Ecuador which focuses on forestry development.

This agreement, which will be centred on reducing emissions from deforestation and forest degradation (REDD+), was announced during a South-South Knowledge Exchange Programme supported by the UNDP.

Ghana has a national strategy for REDD+ implementation and already has access to funds from the Carbon Fund to finance various emission reduction efforts. Both Ghana and Ecuador are actively pursuing the REDD+ agenda and now have the opportunity to share their experiences on REDD+ implementation.

Crack-down on illegal chainsaw operators

A joint forestry and military exercise code-named 'Operation Halt', was recently mounted to detain illegal chainsaw operators.

The joint operation involved two helicopters and many ground personnel and resulted in the seizure of large volumes of illegally produced sawnwood and the arrest of the operators. Some 30 unlicensed sawmills in forest reserves in the Western Region were destroyed.

Forestry personnel charged with bringing a halt to illegal chainsaw milling operations face threats from those involved but despite this they continue this dangerous work.

Grant to address barriers to investment in renewable energy

The Sustainable Energy Fund for Africa (SEFA), part of the African Development Bank is providing a US$1.5 million grant to support Ghana's renewable energy investment drive.

The money will be spent to overcome technical, financial, regulatory and institutional barriers to scaling-up renewable energy investments in Ghana.

Boule Export prices

	Euro per m³
Black Ofram	330
Black Ofram Kiln dry	400
Niangon	570⬇
Niangon Kiln dry	610

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	306	415
Chenchen	400⬆	505
Ogea	473	590
Essa	505⬇	615⬇
Ofram	350	435⬆

Export Sliced Veneer

Sliced face veneer	FOB Euro per m³
Arormosia	-
Asanfina	953
Avodire	433
Chenchen	636
Mahogany	881
Makore	989
Odum	1,728

Export Plywood Prices

Plywood, FOB	Euro per m³		
BB/CC	Ceiba	Ofram	Asanfina
4mm	382⬆	640	641
6mm	412⬆	535	604
9mm	367	446	560
12mm	470	463	480
15mm	450	377	430
18mm	405	417	383

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export Sawnwood Prices

Ghana Sawnwood, FOB	Euro per m³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	490	564
Ceiba	240	320
Dahoma	363⬆	460
Edinam (mixed redwood)	520	645⬇
Emeri	490	564
African mahogany (Ivorensis)	843	997⬇
Makore	775	925
Niangon	555⬆	710
Odum	936	1080
Sapele	700	780⬆
Wawa 1C & Select	360	439

Malaysia

Muar the 'Furniture City' of Malaysia

The theme of next years' Malaysian International Furniture Fair (MIFF) will be 'Muar, the Furniture City of Malaysia'. The fair organisers have indicated that over 200 furniture manufacturers based in Muar, making up half of all Malaysian exhibitors, will showcase a wide range of products.

Analysts write, enterprises in Muar account for about 70% of Malaysia's furniture exports. Muar was accorded the title of 'Furniture City of Malaysia' in April when the 400-hectare Muar Furniture Park was launched. This will be completed in two years.

To ensure local factories have sufficient raw materials the government banned the export of sawn rubberwood. Government support for the sector also comes in the form of competitive loan to encourage greater automation to address the labour shortage in Malaysia.

Furniture manufacturing in Muar can be traced back to the small sized family businesses in the early 1980s. In just a few decades Muar was transformed into a thriving city with a place in the global furniture trade with over 700 factories which ship 6-7,000 containers every month.

For more information on MIFF, visit: http://2019.miff.com.my/

Malaysia's export of major woodproducts
(Jan – May RM million)

	2017	2018	Change (%)
Wooden furniture	3,261	2,984	-8.7
Plywood	1,963	1,834	-6.6
Sawntimber	1,638	1,498	-8.6
Fibreboard	475	485	2.2
Logs	666	468	-29.7
Builders woodwork	524	443	-15.5
Mouldings	354	363	2.6
Particleboard	172	202	18
Veneer	143	112	-21.9
Wooden frames	52	49	-5.5
Rattan furniture	13	2	-82.7
Other products	477	483	1.2
Total	9,738.20	8,923.80	-8.4

Cooperation on reforestation and forest inventory

The Federal Government is cooperating with the Sarawak State Government in its reforestation efforts and the completion of a consolidated national forest inventory. Water, Land and Natural Resources Minister, Dr Xavier Jayakumar, said this is critical as the country moves forward on the international stage for carbon credit rating and green commodity exports. He emphasised that Malaysia is no longer tolerating deforestation.

The Minister said Sarawak will benefit from this programme of cooperation which will begin in 2019 adding that the use of drones will speed forest inventory efforts.

Building upon the new era of cooperation, Dr. Jayakumar, said agencies and organisations with expertise in forest diversity and community development are being encouraged to become involved in conservation projects in the Heart of Borneo region, a 22 million hectare forest area spanning Sarawak, Sabah, Brunei and Kalimantan.

See: http://www.theborneopost.com/2018/09/27/federal-sarawak-govt-tie-up-in-forest-inventory-sought/

MTC hosts business meetings with suppliers from Chile and Canada

For many years the Malaysian Timber Council (MTC) has been helping domestic enterprises identify new sources of raw materials. This effort continued recently when suppliers from Chile and Canada were invited to Kuala Lumpur to interact with local companies.

A press release from MTC says the timber raw materials offered by the invited suppliers ranged from hardwood and sawn softwood and decorative veneer.

A total of 62 participants from 42 Malaysian companies registered for the programme and 38 Malaysian companies participated in the 'Business Matching Session' which followed.

The overseas suppliers reported having very productive sessions with the local company representatives.

For more see:
http://www.mtc.com.my/images/media/632/Oversea_Suppliers-Malaysian_Importers_Manufacturers_Exchange_Programme_-ENG-_final.pdf

Plywood prices

Traders based in Sarawak reported the following plywood export prices:

FB (11.5mm)	US$ 750 – 760 FOB
CP (3' x 6')	US$ 550 – 560 C&F
UCP (3' x 6')	US$ 660 C&F
Middle East (thick panels)	US$435 FOB
South Korea (9mm and up)	US$ 500 C&F
Taiwan (9mm and up)	US$ 490 – 500 FOB
Hong Kong	US$ 540 FOB

Indonesia

IFMAC supports technology adoption for developing the furniture sector

The International Furniture Manufacturing Components Exhibition (IFMAC) and the Woodworking Machinery Exhibition (WOODMAC) were jointly held in Jakarta in late September. Around 300 companies from 23 countries including new exhibitors from Finland, Denmark, Latvia and Gabon were present and for the first time there were 12 exhibiting companies in the German Pavilion.

The General Manager of PT Wahana Kemalaniaga Makmur which arranged the exhibition said the increasing participation of international companies and major domestic companies allowed for a fruitful interaction on technology adoption for developing the furniture sector in Indonesia.

See: https://www.ifmac.net/news-pressreleases.php

Tough price competition from Vietnamese and Chinese manufacturers

The Indonesian Furniture and Handicraft Industries Association (HIMKI) said, to increase exports at this time, Indonesia must compete with Vietnamese and Chinese manufacurers.

Abdul Sobur, Secretary General of the HIMKI, said domestic companies face very strong competition from Vietnamese and Chinese products and this is mainly because Indonesian made products are more expensive.

According to Sobur, the potential for increasing exports is becoming tougher and the Association's target for a 9% growth in export values this year is unlikely to be achieved mainly because of price competition stemming from high raw material costs.

Development of biomass energy plantations

A press statement from the Ministry of Environment and Forestry (KLHK) says the agency is encouraging the development of biomass plantations as the government aims to expand the use of renewable energy sources to 23% by 2025 and of this some 5% of this is expected to be from biomass sources.

It is projected that this year biomass yields could reach 6.2 million tonnes rising to 6.4 million tonnes next year.

The aim is to achieve 8.3 million tonnes by 2025 but this will require considerable investment in additional plantations. As of June this year bioenergy plantation sources extended over only 22,000 ha, just 20% of the target.

https://industri.kontan.co.id/news/pengembangan-biomassa-klhk-melalui-pengembangan-hutan-tanaman-energi?page=2

Indonesia develops rapid wood Identification system

As a result of collaboration between the Indonesian Institute of Sciences and the Ministries of Environment and Forestry and Research, Technology and Higher Education an innovative technology for wood identification called AIKO has been developed.

A lead researcher, Esa Prakasa, said AIKO is a mobile phone based application that is able to identify wood through cross-sectional photo images. Until now and because there are more than 100 wood characters that must be observed, manual identificationhe said is a slow process.

The new technology operates on a photograph of a cross-section of wood taken using a smartphone and sent to the website of Xylarium Bogoriense.

See: http://xylarium.pustekolah.org/

Perhutani introduces online log sales

At the Indonesia Business and Development Expo recently concluded at the Grand City Surabaya, Perhutani, the state-owned enterprise which manages a vast forest area, launched its online sales of logs.

Endung Trihartaka, Head of Perhutani East Java Regional Division, said that the online marketing will help avoid illegal timber transactions as well as save time. The online system can be accessed at www.tokoperhutani.com,

Forestry sector a major employer

Indonesia's Minister of Environment and Forestry, Siti Nurbaya, has reported that the forestry and wood working sector employs a workforce of around 3.9 million.

This was announced at the National Forest Management Unit Festival and Forestry Business Exhibition in Yogyakarta. She further said that the management of industrial plantations and timber enterprises continue to perform well and that she is optimistic that as the governments 'social forestry' policy is implemented this will absorb another 1.5 million workers.

Asia the main market for Indonesian wood products

Indonesia's export of processed wood products topped US$9.4 billion up to the end of September according to Sigit Pramono, Head of Forest Products Certification and Marketing in the Ministry of Environment and Forestry. Total exports in 2017 amounted to US$10.94 billion according to Sigit.

He said the healthy export growth was mainly due to increased demand in Asian markets which were worth US$6.63 billion up to the end of September followed by exports to North America (US$1.21 billion) and the European Union (US$844 million).

The main export products were panel products (US$2 billion) followed by paper products (US$3 billion) and pulp (US$2 billion).

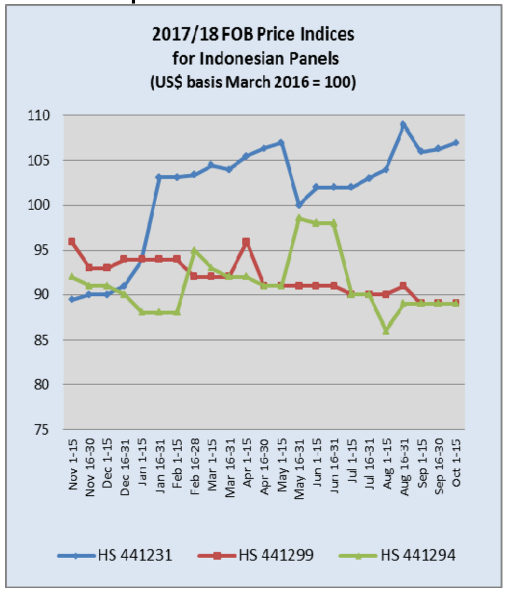
Sustainable forest management cooperation extended

A new MOU (2018 - 2021) on cooperation between the Association of Indonesian Forest Entrepreneurs (APHI) and the Borneo Initiative (TBI) for the second period was signed recently.

This extends the arrangement whereby APHI members commit to sustainable production forest management through the Indonesian SVLK and any other voluntary certification scheme. According to TBI Executive Board member, Jesse Kuijper, this partnership has seen 3.6 million ha. of natural forest and plantations being certified.

APHI Deputy General Chairperson, Rahardjo Benyamin, said that many challenges continue such as increasing the number of active forest units in the scheme, encouraging Reduced Impact Logging (RIL) and improving fiscal and financial standards and strengthening relations with the government departments.

Indonesian panel indices



Data Source: License Information Unit. http://silk.dephut.go.id/

Myanmar

MTLAS workshop provides feedback

According to the Forest Department website, U Zaw Min, the Deputy Director General (Administration), delivered the opening speech to launch a Training Workshop on Independent Third Party Verification based on Myanmar's Timber Legality Assurance System (MTLAS) held at Forest Research Institute in late September.

According to Barber Cho, Secretary of Myanmar Forest Certification Committee (MFCC) the training was intended to let forest managers from both the Forest Department and the Myanma Timber Enterprise understand not only the content of MTLAS but also the verifiers checklists.

Cho also said that the training was very successful since MFCC learnt from the participants how well the MTLAS is understood. The MFCC will evaluate the inputs and feedback from the participants to strengthen the certification process. MFCC plans to hold more training workshops for field staff and operators.

The MFCC is implementing the Myanmar Forest Certification Systems (MFCS) for Sustainable Forest Management and MTLAS for timber legality verification. MFCC plans to be member of the PEFC within one or two years.

Acacia now the top plantation timber in Myanmar

Acacia mangium has become the main species for both private and government commercial plantations in Myanmar but the government will also establish plantations of some indigenous species.

Mangiumcia, the local name for Acacia mangium, has been widely planted in SE Asia and the processing technology for this timber is well established. Eucalypts was once a favorite in Myanmar but this species did not prove popular.

The Forestry Department's Deputy Director U Thaung Oo said, when speaking to the press, that the government plans to establish around 26,000 hectares of plantations on denuded forest land by 2028. The aim is to attract private sector investment in a further 100,000 ha., said U Thaung Oo.

Skins of illegally hunted animals incinerated

For the first time in Myanmar seized illegal wildlife skins have been incinerated. The items burnt included elephant skins, leopard and tiger bones with a street value estimated at US$1.3 million. Analysts write that trafficking protected animals and plants is rampant across Myanmar especially in border areas and this illegal trade is said to be worth US$20 billion annually.

Supervising the incineration was Nyi Nyi Kyaw, Director General of the Forest Department. Myanmar is a signatory to CITES which means that hunting protected wildlife is illegal in the country.

Long-term plan for mangrove resortation

One million mangrove trees will be planted along the coast of Kungyangon township in Yangon Region as part of efforts to conserve the country's mangrove forests, according to the international conservation organization Worldview International Foundation.

Mangrove replanting will also be carried out in Kawhmu, Thanlyin and Kayan along the coast in southern Yangon.

Reports suggest mangrove forests throughout Myanmar are under threat from overharvesting of firewood and from clearing for fish farms.

In 2000, there was an estimated 4,600 sq. km. of mangrove forests in the country but the area dropped to 3,960 sq. km. in little over a decade Conservationists estimated that if the current rate of loss of mangrove forests continues there will be only 2,600sq km by 2030.

MTE provides historical trade data

The Myanma Timber Enterprise issued a 70th Anniversary Commemoration in an effort to improve transparency. magazine has some useful statistics which was welcomed by researchers.

Production (in cubic tons)

Financial Year	Teak	Hardwoods
2008-09	386671	1530356
2009-10	300866	1467854
2010-11	270703	1365608
2011-12	270938	1572798
2012-13	269516	1597798
2013-14	180751	846248
2014-15	72736	670722
2015-16	79366	658055
2016-17	6159	13154
2017-18	15201	328469

Sales value

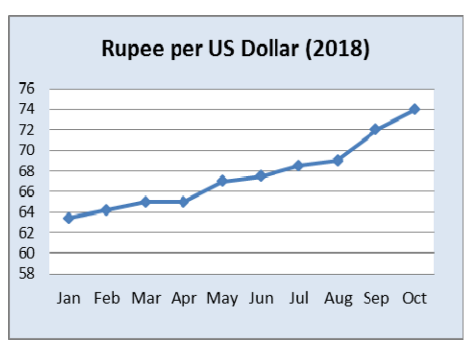
Financial Year	US$ (million)
2008-09	402.789
2009-10	492.189
2010-11	525.202
2011-12	808.719
2012-13	706.198
2013-14	820.4
2014-15 Log export ban begins	404.925
2015-16	299.534
2016-17	184.183
2017-18	137.974

India

Rupee could fall to 75 to the US dollar

Up to the end of September 2018 the rupee had fallen almost 15% against the US dollar, a far steeper decline than any other Asian currency. At rupee 74 to the dollar the currency hovered close to an all-time low after the Reserve Bank of India (RBI) unexpectedly kept interest rates unchanged at its latest meeting.

The decision of the RBI and a likely further rise in US interest rates combined with rising crude oil prices are expected to further exert pressure on the Indian rupee with some analysts talking of rupee 75 to the US dollar.



Business group discusses how to expand exports

Recent discussions between CAPEXIL and the Central Government have focused on how to address the various constraints which are hindering growth in exports.

CAPEXIL is a non-profit making organization whose role is to promote export of Chemical and Allied Products from India. Established in 1958 CAECIL has become the voice of Indian business community in its dealings with the Central government.

See: https://www.capexil.com/overview.php

Most recently CAPEXIL has been pursuing an export strategy for plywood and allied products. In India this broad category includes furniture, other articles of wood, plywood, other plywood products, hardboard of wood fibre, sawnwood, veneer, cork and cork products, sandalwood chips and tea chest panels.

It has been decided that India needs to improve exports of all products and that there are opportunities to increase wood product exports. Analysts point out that the global market for plywood and allied products group is worth around a US$130 billion and that this market has not been fully explored by Indian manufacturers.

While acknowledging the timber industry plays a vital role in shaping the robust growth of the Indian economy there is room for considerably more growth of the sector. The country has skilled carpenters and wooden furniture producers and many companies are highly conscious of the need to produce to international standards even though many of these companies are medium sized family businesses.

On major constraint to expanding exports is the availability of raw materials. India does not have a sufficient domestic timber resource which is a major constraint and there is no enabling policy for industrial plantation development.

A further constraint to growth in wood product output is the generally low production capacity in most enterprises. In India most timber companies are classified as micro enterprises and their size limits the opportunity to accept large international orders.

Greenply to expand production in Gabon

At a recent press conference Greenply Industries announced it intends to scale up production capacity at its plant in the NKOK Special Economic Zone in Gabon.

The main output from this mill is okoume face veneers. The monthly capacity of the plant will be increased to around 8,000 cubic metres by early 2019.

See: https://economictimes.indiatimes.com/industry/indl-goods/svs/paper-/-wood-/-glass/-plastic/-marbles/greenply-industries-sets-up-euro-11-mn-facility-in-gabon/articleshow/65950212.cms

Maharashtra mangroves redefined

The Maharashtra State Government has gazetted over 15,000 hectares of mangroves across as reserved forest, becoming the first State in the country to do so. This decision, however, comes some 10 years the Bombay High Court told the state government to declare mangroves as forests.

The result of this decision means the State Forest Department is now responsible for conservation and protection of mangrove forests. Until the recent change only mangroves on government land were classified as reserved forest.

DELHIWOOD 2019

Delhi Wood, the International Trade Fair for Furniture Production Technologies, Woodworking Machinery, Tools, Fittings, Accessories, Raw Materials and Products will be held 13-16 March 2019 at the India Expo Centre and Mart in Greater Noida, India.

The organisers say “DelhiWood 2019 showcasing modern automated solutions in furniture and wood-based production technologies will open opportunities to the projected US$35 billion by the year 2020 in the Indian wood-based furniture and products market.”

See: http://www.delhi-wood.com/show.html

Plantation teak

Demand for imported plantation teak logs has firmed in recent weeks and prices in the domestic market have been raised by around 3% which goes some way to off-set the higher landed costs, the result of the weakness of the rupee against the US dollar.

Analysts report that Import credit facilities have still not resumed which continues as a big handicap for importers.

C&F prices remain unchanged

Plantation teak prices

	US$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452

Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends mainly on length and girth

Locally sawn hardwood prices

As the realty market has started to improve the demand for timber has also seen warming up. The imported costs are rising due to weakening rupee so to meet the situation the sales prices have to be raised and the market has responded to this need.

The dollar and rupee exchange rate has been oscillating on foreign developments like oil prices and tariff war and affect the trade to a great extent.

Reserve Bank of India is closely monitoring the situation and hope stability will return to good extent.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4000-4200↑
Balau	2500-2700↑
Resak	1750-1950↑
Kapur	2200-2400↑
Kempas	1550-1750↑
Red Meranti	1250-1350↑
Radiata pine AD	850-950↑
Whitewood	850-950↑

Price range depends mainly on length and cross-section of sawn pieces

Myanmar teak

The firmer housing market is underpinning healthy sales of Myanmar teak. However, ex-yard prices in the domestic market are unchanged.

Myanmar teak prices

Sawnwood (Ex-yard)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	11000-18500
Teak A grade	8000-9000
Teak B grade	6500-7500
Plantation Teak FAS grade	5500-6500

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

A recent modest improvement in demand in the domestic market for imported hardwoods has provided the opportunity for importers to raise prices to address the higher import costs due to the weak rupee.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1650-1800↑
Sycamore	1800-2000↑
Red Oak	1900-2000↑
White Oak	2500-2600↑
American Walnut	5000-5500↑
Hemlock STD grade	1500-1600↑
Western Red Cedar	2000-2200↑
Douglas Fir	1800-2000↑

Price range depends mainly on lengths and cross-section

Plywood market

On the back of strong economic growth and the knock-on effect on demand veneer and plywood manufacturers are now feeling less pressure as the recent price increases have improved margins.

Manufacturers would like to increase prices once again this year but are watching improvements in the housing market and the movement of exchange rates before deciding on when a further price rise should be tried.

Analysts write that the volume of veneers, especially okoume, coming from Gabon may be affected due as there are suggestions that the government may restrict the approval of any more licenses for peeler mills in an effort to attract investment in plywood production for export.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	63.00
6mm	84.00
9mm	105.00
12mm	130.00
15mm	175.00
18mm	183.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	31.50	46.00
6mm	47.00	60.00
9mm	60.00	73.50
12mm	73.50	86.00
15mm	87.00	105.00
19mm	101.00	120.00
5mm Flexible ply	63.00	

Brazil

IBAMA databases are now open source

The Brazilian Institute of Environment and Natural Resources (IBAMA) is responsible for licensing, issuing permits and monitoring utilisation of natural resources including logging.

IBAMA uses an extensive array of data sources all of which are digitalised to allow for systematic supervision, monitoring, registration of entrepreneurs and properties and the imposition of penalties.

In September this year IBAMA provided open access to 15 of its internal databases on a platform called "Open Data". These databases can be used to monitor IBAMA as well as the basis for independent studies.

The databases made available include:

(i) aerial imagery

(ii) Brazilian wetland vegetation; Evolution of revenues collected (e.g. fees, contributions and other sources)

(iii) Environmental licenses for activities and undertakings licensed by IBAMA (e.g. licenses for research, logging, deforestation, others)

(iv) DOF (Document of Forest Origin) of products of sawmills, industries and charcoa and

(v) Embargoed areas by IBAMA, as a result of non-compliance with environmental legislation.

In related news, an Amazon Protection System using micro-wave technology and satellites was the subject of recent discussions. The Operational and Management Center for the Amazon Protection System (Censipam) in the Ministry of Defence presented details of an Amazônia SAR Project developed in partnership with the National Institute for Space Research and IBAMA.

This deforestation detection system in Amazonia allows observing the earth even through clouds and is a powerful tool to combat illegal deforestation, identifying illegal activities and transmitting information to IBAMA.

See:
http://www.defesanet.com.br/en/defense/noticia/20615/Technological-Initiatives-Help-Brazilian-Armed-Forces-Reduce-Deforestation/

CIPEM hosts Japanese visitor

The Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) recently hosted a visit by a representative from Japan's Natural Resources and Ecosystem Services team in the Institute for Global Environmental Strategies (IGES).

During the visit CIPEM provided details of the Sustainable Forest Management model developed in Mato Grosso and explained the Federal and State environmental legislation for the timber sector. One of the key objectives of the Japanese visitor was to understand how the origin of wood products offered to international markets could be assured.

For Japanese importers it is necessary that they comply with the Japanese Clean Wood Act which aims to promote the use and distribution of timber and timber products manufactured from timber harvested in accordance with the laws and regulations of the country of origin. The IGES representative was reportedly impressed with the systems in place in Mato Grosso.

Growth in wood panel exports

Statistics from the Brazilian Tree Industry Association (IBÁ) show that there was a significant increase in exports by the timber industry between January to August this year. Pulp exports grew 38% year on year while paper exports rose 4% and woodbased panel exports expanded 7%.

Latin America was the main destination for Brazilian woodbased panels and totalled US$115 million in the first 8 months of the year. Woodbased panel production grew expanded between January and August this year rising to 644,000 cubic metres with around 14% being traded in the domestic market.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	198
Jatoba	111
Massaranduba	106
Miiracatiara	107
Angelim Vermelho	104
Mixed redwood and white woods	88

Source: STCP Data Bank

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	809
Jatoba	408
Massaranduba	387
Muiracatiara	379
Angelim Vermelho	356
Mixed red and white	231
Eucalyptus (AD)	184
Pine (AD)	140
Pine (KD)	161

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	508
10mm WBP	409
15mm WBP	342
4mm MR	399
10mm MR	288
15mm MR	264

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	218
15mm MDF	246

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1472
Jatoba	903
Massaranduba	842
Muiracatiara	839
Pine (KD)	201

FOB Belém/PA; Paranaguá/PR; Navegantes/SC and Itajaí/SC Ports. High quality wood (no cracks / without knots) / Measuring 2,50 m in length; 15 cm wide; and 30 mm thick.
Source: STCP Data Bank

Export Plywood Prices

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	332
12mm C/CC (WBP)	315
15mm C/CC (WBP)	296
18mm C/CC (WBP)	288

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,697
	Jatoba	1,450

Source: STCP Data Bank

Peru

United States and Peru to strengthen timber legality verification

As a result of claims that the legality of some shipments of wood products from Peru to the US, specifically three timber shipments from Peru to the US in early 2017, could not be verified Peruvian authorities conducted an investigation the results of which have just been released.

In a report released last month both Peru and the US acknowledge that while two shipments were in line with Peru's domestic laws there were doubts over the legality of the timber in a third shipment.

A statement from the United States Trade Representative says "while Peru has made valuable headway in its forest management efforts, more work remains in ensuring the legality of its timber supply chain can be properly ensured and verified."

The US Trade Representative, Robert Lighthizer, welcomed efforts made to date while noting that "there is more work to do," and that he is "committed to using the tools available under our trade agreement (the US-Peru Trade Promotion Agreement) " strengthen monitoring and legality verification.

For more see: https://www.ictsd.org/bridges-news/bridges/news/us-peru-assess-efforts-to-tackle-illegal-logging-under-trade-accord

ADEX – Peru must export higher volumes to off-set falling prices

Exports represent one of the engines of growth for Peru but according to Juan Varilias, President of the Peruvian Exporters Association (ADEX) commodity prices are falling and this will result in lower export earnings and put economic growth at risk. To avoid a shortfall in earnings Varilias has forecast that export volumes will have to be increased by around 20%.

In its recent Inflation Report for September, the Central Reserve Bank of Peru announced that this year it expects higher export volumes especially of agricultural and marine products as well as textiles, chemicals and iron and steel products. The Bank forecasts that this year export earnings could be around 15% higher than last year.

Export Sawnwood Prices

	US$ per m^3
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD	
Mexican market	556-599

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	523-599
Grade 2, Mexican market	489-502
Cumaru 4" thick, 6'-11' length KD	
Central American market	921-954⬆
Asian market	998-1041⬆
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	662-679
Marupa 1", 6-11 length KD	
Asian market	526-595

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	-
Virola	252-266⬆
Spanish Cedar	332-374
Marupa (simarouba)	205-217

Export Veneer Prices

Veneer FOB Callao port	US$ per m^3
Lupuna 3/Btr 2.5mm	221-249
Lupuna 2/Btr 4.2mm	234-266
Lupuna 3/Btr 1.5mm	219-228

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)	US$ per m^3
Copaiba, 2 faces sanded, B/C, 8mm	342-371
Virola, 2 faces sanded, B/C, 5.2mm	466-489
Cedar fissilis, 2 faces sanded.5.5mm	759-770
Lupuna, treated, 2 faces sanded, 5.2mm	389-412
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	466-487

Domestic Plywood Prices (excl. taxes)

Iquitos mills	US$ per m^3
122 x 244 x 4mm	508
122 x 244 x 6mm	513
122 x 244 x 8mm	522
122 x 244 x 12mm	523
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	513

Domestic Prices for Other Panel Products

Peru, Domestic Particleboard	US$ per m^3
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Export Prices for Added Value Products

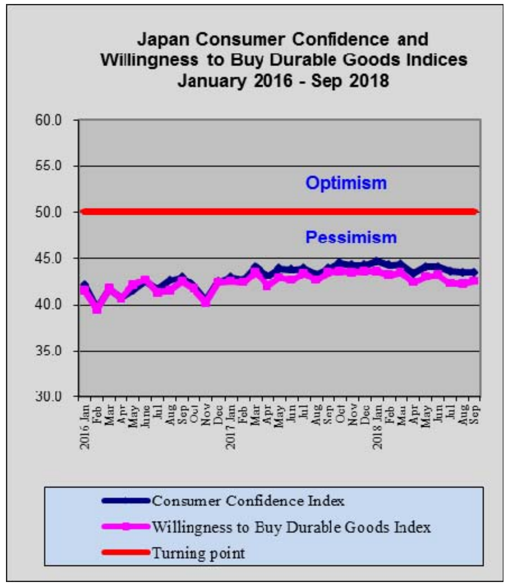
Peru, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1304-1391
Cumaru KD, S4S	Swedish market	979-1098
	Asian market	1085-1115
Cumaru decking, AD, S4S E4S, US market		1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		523-545
	2x13x75cm, Asian market	732-815

Japan

Optimism detected in consumer sentiment survey

Japan's September consumer confidence index was slightly up from a month earlier according to the Cabinet Office in Japan.

Of the individual components used to compile to overall index that for income growth prospects rose, not surprising given the tight labour market in Japan. The slightly more optimistic tone of the survey results was also reflected in a rise in the index on prospects for expenditure on durable goods.



Data source: Cabinet Office, Japan

IMF calls for fresh look at economic challenges in Japan

Christine Lagarde, Head of the IMF, was recently in Japan where she called for an overhaul of Japan's economic policy (so-called 'Abenomics') to tackle stubbornly low inflation and sluggish growth.

She warned that "the economic challenges facing Japan will only grow as Japan's population continues to age and shrink," noting that both the size of the economy and the population would contract by a quarter over the next 40 years.

The report from the IMF says "Six years into 'Abenomics', notwithstanding considerable accomplishments, a fresh look at remaining challenges is warranted. On the positive side, unemployment rate is at a 25 year low and the fiscal deficit has been halved, employment and female labor force participation have increased substantially, deflationary risks have been reduced and corporate cash reserves are at all-time highs.

However, inflation remains well below BoJ's target, fiscal policies have yet to put public debt on a sustainable path, and household incomes remain stagnant.

Demographic change will depress growth and productivity due to a shrinking and ageing labor force and a shift toward consumption, while fiscal challenges will magnify with rising age-related government spending and a shrinking tax base.

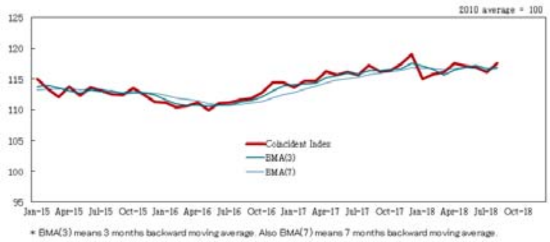
Additionally, labor market rigidities limit productivity growth and hamper the pass-through of demand stimulus to real wages and prices—effectively undercutting monetary transmission and blunting the impact of fiscal support."

Multiple natural disasters drive down business sentiment

A string of natural disasters seriously disrupted industrial production and drove down business confidence among Japan's big manufacturers as reflected in the latest Bank of Japan (BoJ) quarterly review. In fact, business confidence dropped to its lowest in more than a year.

The prospect of escalations in the trade friction between the US and China dampened businesses capital expenditure plans.

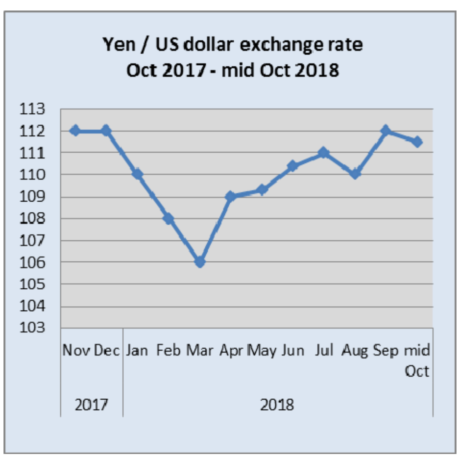
The overall impression from the latest business survey is at odds with the rosy picture of economic prospects from the BoJ.



Stock market dip drives down dollar – yen gains

The US dollar struggled to maintain its recent gains as a result of the mid-month decline in US and global stock values. Looking forward, weaker than expected US consumer price movement in September has driven fears that the Federal Reserve may skip an interest rate hike at its next review which would further dampen interest in US dollar holdings.

In the face of uncertainty the yen once again became the favorite and over the past two weeks has been showing some gains against the US dollar.



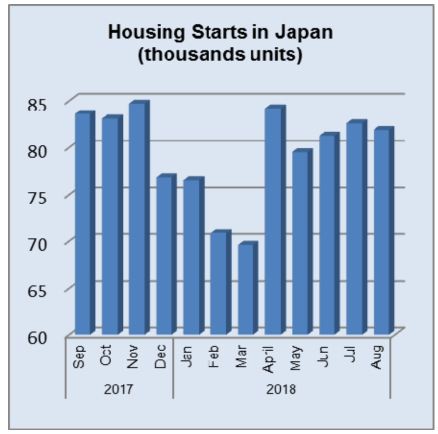
Prefab home production represents new market opportunity

In Japan, around 15%, approx. 10,000 units of new homes are prefabricated by the top three house builders which specialise in producing factory-perfect home components.

The prefabricated housing technology developed in Japan is opening up new opportunities for house builders in export markets.

A recent article Preparing for our prefab future: A burgeoning US prefab market has much to learn from Japan" highlights the advances of Japanese factory-built houses.

See: https://www.curbed.com/2017/10/25/16534122/prefab-homes-manufacturing-japan-vs-us



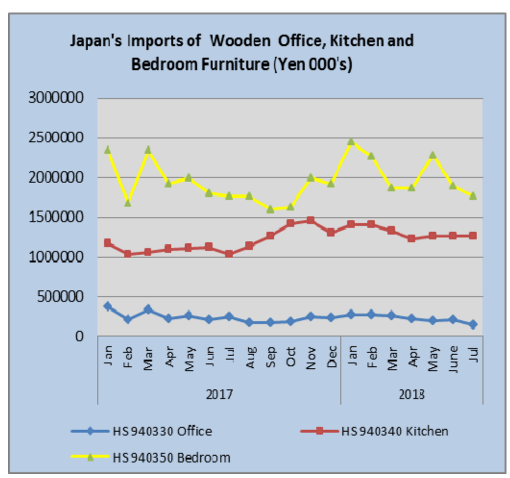
Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Wooden furniture imports

The combined value of Japan's wooden office, kitchen and bedroom furniture imports between January and July this year was the lowest for the year mirroring the pattern seen in 2017. This largely reflects importers adjustment of shipments to take account of the holiday period when furniture sales are traditionally quiet.

Compared to the month earlier, July imports of wooden office, kitchen and bedroom furniture were down around 6%. If imports follow the pattern in previous years there should be a pick-up in the value of furniture imports beginning in September.

Of the three categories of wooden furniture tracked the sharpest decline in July was in office furniture, there was a slight drop in the value of wooden bedroom furniture but imports of kitchen furniture held up well.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Year on year, the value of Japan's July 2018 imports of wooden office furniture (HS940330) fell over 40%, the lowest level for the year to July.

In contrast, month on month imports were down just 28%. Shippers in China and Portugal saw a 30% decline in orders from Japan in July.

The top three shippers of wooden office furniture to Japan in July were China, Germany and Portugal. These three accounted for over 70% of all Japan's imports of wooden office furniture.

Office furniture imports

	Imports July 2018 Unit, 000's Yen
S. Korea	945
China	85561
Taiwan P.o.C	8991
Vietnam	261
Thailand	-
Singapore	-
Malaysia	2938
Indonesia	2669
India	-
Sweden	-
Denmark	321
UK	1809
Netherlands	208
France	-
Germany	10566
Switzerland	-
Portugal	9612
Spain	-
Italy	8131
Poland	9508
Romania	-
Turkey	807
Lithuania	975
Slovenia	-
Slovakia	3514
USA	617
Mexico	-
Total	147433

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

The value of Japan's kitchen furniture imports have moved up and down in a very narrow range this year. Year on year imports of wooden kitchen furniture were 23% higher in July 2018 but month on month they dropped 7% with most of this decline being borne by shippers in China.

As has been the case since the beginning of 2018, three suppliers accounted for most of Japan's wooden kitchen furniture imports; the Philippines, (52% up slightly month on month), Vietnam (36%, unchanged month on month) and China (7% down slightly month on month).

Kitchen furniture imports

	Imports July 2018 Units,000's Yen
S Korea	313
China	80355
Taiwan P.o.C	-
Vietnam	418404
Thailand	12162
Malaysia	2383
Philippines	615007
Indonesia	3612
India	-
Denmark	253
UK	467
Belgium	-
France	-
Germany	8448
Italy	8143
Finland	2545
Poland	-
Austria	-
Romania	-
Canada	16446
USA	5034
Total	1173572

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

July marked the second consecutive month on month decline in the value of Japan's wooden bedroom furniture imports. However, year on year the value of imports was largely unchanged.

China retained its position as the number one shipper of wooden bedroom furniture to Japan, accounting for over half of all imports of this category of furniture.

Vietnam also retained its second ranked position accounting for an additional 30% of all of Japan's wooden bedroom furniture imports. Interestingly, July shipments from Vietnam were up 12% as it seems shippers in Vietnam are capturing market share from exporters in Thailand.

Bedroom furniture imports

	Imports, July 2018 Units, 000's Yen
S Korea	854
China	995601
Taiwan P.o.C	3107
Hong Kong	323
Vietnam	578223
Thailand	65424
Malaysia	29365
Philippines	1008
Indonesia	8462
Cambodia	-
India	-
Sri Lanka	309
Sweden	-
Denmark	1566
UK	27906
Netherlands	-
Belgium	-
France	602
Germany	220
Switzerland	203
Portugal	-
Italy	15592
Poland	21361
Austria	2229
Romania	7384
Turkey	-
Estonia	2365
Latvia	-
Lithuania	2399
Ukraine	-
Bosnia Herzegovina	1065
USA	1500
Total	1767068

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to reproduce news on the Japanese market precisely as it appears in the JLR.

For the JLR report please see:
http://www.n-mokuzai.com/modules/general/index.php?id=7

South Sea (tropical) log imports for the first half 2018

Total South Sea log import for the first half of this year was 80,657 cbms, 31.1% more than 2017.
Since Sabah, Malaysia stopped log export, log import for the second half would decrease considerably.

In 2017, Sarawak, Malaysia tightened log harvest and timber premium was raised the India purchased large volume before GTS tax was raised so log FOB prices soared then India's purchase slowed down in fall 2017 at which time, Japan purchased larger volume, which arrived Japan in early 2018. This pushed the volume for the first half.

Sabah's log export ban started in May this year. Japan relied on Sabah logs recently.

Actually over 10,000 cbms of Sabah logs were imported in January, February and May and total of Sabah logs were 30% more than 2017. The importers are looking for substituting sources and only source seems to be PNG. Without Sabah logs, log buyers go to Sarawak.

Meranti regular log prices in Sarawak had been about US$300 per cbm FOB but now the prices climbed to US$320. Log prices in PNG are leveling off after China, the main PNG log buyer, slowed down after general economy peaked off.

Japanese plywood mills carry ample log inventories now with large arrivals in the first half. In any case, price hike of wood products of South Sea logs.

South Sea (tropical) logs and lumber

After Sabah, Malaysia banned log export in last May, log purchase shifted to PNG. There have been no logs from Sabah since June.

Logs from Sarawak, Malaysia continue coming in but the volume is limited by harvest restriction by environmental reasons and increased duty. Meranti regular log prices in Sarawak are minimum of US$320 per cbm FOB, sizable increase after Sabah logs became unavailable. Some buyers procure small MLH in Sarawak.

Prices of mersawa from PNG shot up temporarily but leveled off after China slowed down the purchase. The prices are higher than meranti but the Japanese plywood mills intend to continue buying mersawa steadily.

Keruing for lumber is short with very little log supply. The buyers in Japan keep buying lumber from South East Asian countries but the supply is unstable.

Price of Vietnamese eucalyptus plywood for crating is edging up by higher production cost and increasing plywood production facilities by China.

Plywood conference by three countries

Plywood conference by three countries of Indonesia, Malaysia and Japan was held in Tokyo in September.

At the meeting, each country explained situation of plywood industry, raw material problem and trend of trade.

Japan explained that majority of raw material of plywood is now domestic wood and 52 % of plywood supply is domestic but 48% is imports, which is indispensable materials for such items like floor base and concrete forming panel.

Domestic manufacturers mainly produce structural panel but they are now trying to produce non-structural products like floor base and concrete forming panel with softwood but the volume is limited and it is far from replacing imports.

Both in Indonesia and Malaysia, use of planted trees has been increasing. In Sarawak, Malaysia forecast of natural grown timber harvest is 4.4-4.5 million cbms, 1.0 million cbms less than 2017 while plantation wood will be 1.6-1.8 million cbms, 200,000 cbms more than 2017. Therefore, manufacturing of plantation wood is key to the future.

In Indonesia, it is suffering duty sanction by the U.S.A. for plywood export. U.S.A. is the second largest market next to Japan but the future is unpredictable. China is the biggest target of U.S.A. trade sanctions so exporting plywood from China to U.S.A is becoming difficult so China is now shifting producing facilities to Indonesia and export plywood to the U.S.A through third country like Vietnam.

Wood pellet supply

The Forestry Agency announced wood pellet supply in 2017. Domestic production was 126,532 tonne, 5.3% more than 2016.

Import of wood pellet increased considerably to 506,353 tonne, 46% more. Domestic share is now down to 20% while imports is up to 80%.

Reason of supply increase is demand of fuel increased. Total wood pellet supply in 2017 was 632,885 tonne, 35.5% more than 2016. In 2013, total was about 190,000 tonne and share of imports was 43% then the imports exceeded in 2015 and the share rose to 80% in 2017.

Sources of imports are mainly Canada and Vietnam. Others like Southern U.S.A., Malaysia, Thailand and Russia will increase the supply for Japan.

Domestic supply has increased for three straight years. Fuel use was 122,047 tonne, 7.4% more than 2016. Use for heating like wood stove was not main reason of increase. Combination use with coal for power generation increased, which uses mainly imported wood pellet.

Number of wood pellet manufacturers in Japan is 147, one less than 2016. Raw materials are 45% of sawmills' residue of 56,920 tonne then 45,926 ton of logs and leftover fiber in the woods and 21,657 tonne of building scraps.

Import wood pellet prices

Wood pellet prices in Vietnam, one of main wood pellet supplying countries, soared since September last year by bullish purchase by Korea and the prices in this summer are US$145-148 per tonne FOB, US$40 up from September last year then Korean purchase slowed down by excessive inventories and the prices turned softer and the prices in early this month are down to less than US$140. Present market continues weak with the prices being US$135 and forecast is the prices would soon drop less than $130.

PKS prices are holding at about US$80 per tonne FOB.

Indonesian PKS prices are US$108 per ton C&F. The prices vary by degree of removal of debris. Then there is difference of ocean freight by loading location.

PKS supply is ample and buyers' market pushed the export prices down but now the supply and demand are balancing so the export prices should be bottoming.

Wood biomass used for energy

The Forestry Agency disclosed wood biomass used for energy. In 2017, wood chip used for energy such as biomass power generation was about 8,370,080 BD tonne, 12.8% more than 2016. It has been increasing steadily for last three years.

This proves that there are increasing numbers of biomass power generation facilities under FIT system. This investigation is based on owners of boiler or power generation, which use biomass fuel such as biomass power generation facilities, power generation facilities, which use biomass fuel combined with coal, boiler to generate heat.

The Agency investigated amount of biomass. In total of 1,447, 1,398 companies responded.

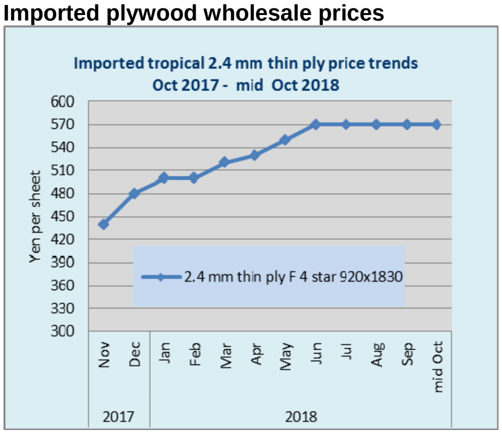
Wood chip made from thinning and leftover fiber in the woods increased by about 40%. Imported wood chip increased by 15 times although absolute volume is small yet.

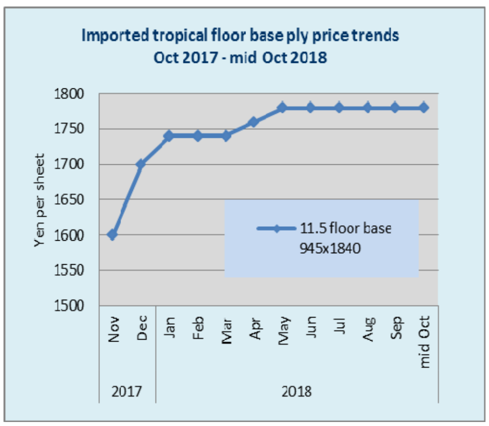
Wood chip derived from sawmill residue decreased to 1,500,000 BD tonne, about 150,000 tonne less than 2016 while wood chip from building scrap increased by about 150,000 BD ton. Low price of wood chip made from building scrap replaced wood chip by sawmill residue.

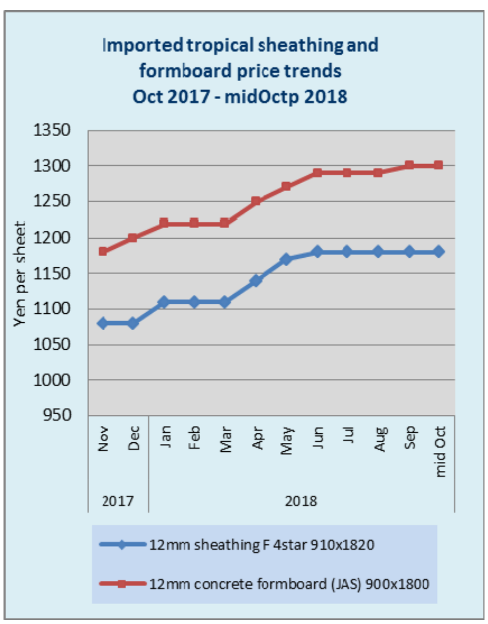
Total wood chip volume was 12.8% more than 2016 or one million BD ton. Main reason is increased number of FIT biomass power generation facilities and increased use of wood chip by coal burning power generation facilities.

By statistics the Agency for natural resources and energy made, new FIT power generation stations, which use biomass fuel and started the operation in 2017 was 25 with total output of 329,368 kw. Not only large power stations, there are increasing number of small biomass power stations and localized heat stations.

Imported plywood wholesale prices







China

3000 plywood enterprises closed

A massive restructuring effort to eliminate outdated and polluting wood processing mills, many of them being plymills had, by the end of 2017, resulted in around 3,000 plymills across the country being closed.

A total of 621 fibreboard production lines were dismantled or shut down eliminating over 20 million cubic metres of production capacity. However, within a year fibreboard output had recovered.

In addition, more than 900 particleboard production lines were either relocated or closed reducing the installed production capacity by around 17 million cubic metres. Overall in 2017 there was a 15% decline in the number of woodbased panel enterprises.

These changes affected mainly the smaller companies such that by the end of 2017 production capacity had consolidated in fewer but large and medium-sized enterprises. This restructuring has resulted in an increase in cross-industry mergers and acquisitions within the industry.

By the end of 2017 there were 117 continuous flat pressure fibreboard production lines throughout the country with an annual production capacity of 19.4 million cubic metres accounting for 41% of the national total production capacity of fibreboard. There were also 40 continuous flat pressure particleboard production lines in operation.

Wood processing industry in Guangdong Province

Wood product output from plants in Guangdong Province has been steadily increasing in tandem with increased of domestic and international demand.

In 2017 total output from mills in Guangdong Province exceeded 10 million cubic metres. Much of the raw material is available locally and the standing forest stock in Guangdong Province is over 600 million cubic metres say analysts.

The expansion of wood processing industries in Guangdong Province has driven investment in forestry and an increase in timber imports and advances in recycling and residue utilisation.

The total value of wood product output in Guangdong province in 2017 was RMB802.3 billion, a year on year increase of 4% and accounting for 12% of the national total.

It is estimated that there are more than 20,000 wood processing plants in Guangdong employing some 3 million people and this sector has contributed to economic development and social stability in Guangdong Province.

Output of major wood products - Guangdong Province 2017

Category	Output 2017	Yoy % Change
Wooden furniture (mli. pieces)	57.34	-1%
Plyw ood (mil. cu.m)	3.58	-8
Fiberboard (mil. cu.m)	4.2	8%
Particleboard (mil. cu.m)	2.02	8%
Solid flooring (mil. sq.m)	150 000	1%
Composite flooring (mil. sq.m)	18.81	18%
Paper and paperboard (mil. tonnes)	21.78	3

Data source:www.wood168.net/woodnews/50843.html

Value of major wood product output - Guangdong Province 2017

Category	Output value (bil. RMB)	% Change
Wooden furniture	125	5%
Wood-based panels	46.2	-10%
Other w ood products	20.8	7%
Paper and paperboard	261.3	15%

Data source:www.wood168.net/woodnews/50843.html

Log imports are an important source of raw materials for wood processing plants in Guangdong Province accounting for over 50% of raw material requirements. In 2017 about 63 million cubic metres (log equivalent) were imported with about a quarter of this transported from Heilongjiang, the Inner Mongolia Autonomous Region and Jiangsu Provinces.

Rise in the value of wood products exports through Weifang city

According to Weifang Customs, in the first three quarters of 2018 the value of wood product exports through Weifang City amounted to US$752 million, a year on year increase of 19%, setting a new record for exports by local companies.

There are currently 192 wood processing enterprises that are exporting wooden furniture and wood-based panels mainly exported to the United States, South Korea, the United Kingdom and Japan.

Weifang Customs has shortened its inspection and quarantine time and generally improved its efficiency in order to support export growth. In the first three quarters of this year Weifang Customs issued 1,391 certificates of origin to timber exporters and the enterprises received more than US$20 million in foreign tariff relief to improve their price competitiveness.

Rise in price for radiata pine

It has been reported that the price for radiata pine logs has recently increased by RMB50 per cubic metre. Prices for hemlock, douglas fir and scots pine logs are also moving higher.

According to some businessmen the rise in prices for US logs is the result of trade policies in the US.

Market analysts comment that the rise in prices of these logs is mainly due to fluctuations in the exchange rates and increased US domestic consumption and that this has created an opportunity for radiate shippers to raise prices.

Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4600
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2000-3000
Teak	dia. 30-60 cm	8500-8600
Greenheart	dia. 40 cm+	2300-2400
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2800-3000
Ipe	dia. 40 cm+	3200-3400
yuan per tonne		
Cocobolo	All grades	40-70000

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	9800-11800
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-15000
Sapelli	Grade A	5000-7500
Okoume	Grade A	3700-4700
Padauk	Grade A	15000-18000
Mahogany	Grade A	6500-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	7500-9500
Lauan	special grade	4300-4700
Kapur	special grade	5000-6000
Teak	special grade	14000-22000

Zhangjiagang Timber Market Wholesale Prices

Logs, All grades	Yuan/tonne
Sapelli	3000-4000
Kevazingo	8000-32000
Padouk de afric	2400-3100
okoume	1400-1800
Okan	2400-2800
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de afica	3000-3500
Ovengkol	3100-3600
Paorosa	5900-6600
Merbau	3500-5800
Lauan	1800-2020
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400

Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-10000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	9000-9500
Ash	No knot	5600-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots pine	No knot	2100

Europe

UNECE forecast continuing stasis in EU sawn hardwood consumption

The UNECE Committee on Forests and the Forest Industry (COFFI) released their Annual Market Review 2017-2018, together with several market statements by national governments in the UNECE region (which includes the sub-regions of Europe, North America and the CIS), in advance of their 76th session to be held in Vancouver on 5-9 November

see http://www.unece.org/index.php?id=47708

COFFI report that total consumption of sawn hardwood in Europe fell by 3.8% in 2017, to 12.6 million cu.m, due primarily to a 6% fall in consumption in Turkey, the sub-region's largest national market for sawn hardwood. This was driven by falling domestic production which accounts for the large majority of wood supply in Turkey.

COFFI forecast no significant change in the overall market for sawn hardwood in Europe during 2018, with stasis in consumption (12.6 million cu.m), production (14.0 million cu.m), imports (5.0 million cu.m) and exports (6.3 million cu.m).

According to COFFI data, European apparent consumption of sawn tropical hardwood was flat at around 1.12 million cu.m per year between 2016 and 2018. Consumption of tropical sawn hardwood was stable in most European countries, although a continuing fall in France was offset by a rise in the Netherlands.

As Europe's tropical log imports have fallen to a negligible level, Europe's demand for tropical sawnwood is now fed by direct imports from the tropics.

The key trend in European sawn hardwood markets highlighted by COFFI is the continuing strong preference for European oak, for which prices continued to increase in 2017 and the first half of 2018. According to COFFI, this rising trend is likely to continue.

European oak log prices are escalating partly because of increased overseas demand, particularly in China and Vietnam, coupled with log export bans in Croatia and Ukraine.

Domestic sawn hardwood production has increased in Croatia, a key supplier of good quality oak to the rest of Europe. Croatian production nearly doubled in the five years to 2017, to 1.4 million cu.m, and now accounts for 10% of European production. However, this has been insufficient to offset the shortfall in total European oak supply.

Due to supply shortages most European sawmills now require orders for oak to be placed well in advance and insist that their customers purchase lesser grades to secure the prime grades. Supplies of beech, on the other hand, are not so restricted and prices are more stable.

While overall sawn hardwood consumption in Europe has changed little in the last three years, COFFI highlight various trends in consumer sectors with significant potential to change the future direction of trade and utilisation of hardwood in Europe.

Hardwood opportunities in the construction sector

In the European construction sector, COFFI observe that the current rate of very slow growth is unlikely to pick up for some time. Despite a clear need for more housing to satisfy rising demand, the numbers of building permits and starts have trended downward in Europe in recent years, and the outlook for new residential starts is for a decline in the longer term.

On the other hand, residential remodelling is forecast to increase and to reinforce its position as the principal construction activity in Europe. In the euro-zone residential remodelling activity is forecast to increase from Euro 407.4 billion in 2018 to Euro 418.4 billion in 2020. This, at least, is good news for hardwoods which tend to be more widely used to upgrade existing houses than in the new-build sector.

In addition to lacklustre forecasts in residential construction the type of structures built in this sector are changing, with a gradual shift away from separate houses in favour of flats and other higher density construction.

This is a result the aging of the population, declining household size, substantial reductions in state subsidies for housing, and rapid increases in land prices and construction costs.

Again, these changes may present opportunities for increased wood use, including hardwoods, in Europe. The desire to reduce construction costs and time on site is driving a slow rise in demand for modular wood-based construction systems using a variety of engineered wood products.

COFFI particularly highlights the rapid growth in European production and use of cross-laminated timber (CLT) which is particularly well suited for efficient and rapid high-density construction. COFFI observe that the share of CLT in European wood construction is still small, but interest and investment in the product is rising.

Drawing on a review of the strategic plans of European producers, COFFI Predict that European CLT production will more than double from 0.7 million cu.m in 2017 to 1.81 million cu.m in 2020

Of course, most of production of CLT and other engineered wood products comprises softwood, a situation which is unlikely to change. Compared to softwoods, hardwoods are much less readily available in large consistent volumes and grades at competitive prices.

However, there is potential to develop specialist grades of CLT using hardwoods for applications where high strength, durability or aesthetic character are needed.

For this reason, a major focus of American Hardwood Export Council (AHEC) promotion in Europe is to encourage use of hardwood for CLT manufacture.

Most recently AHEC sponsored “MultiPly”, a major demonstration project in collaboration with Waugh Thistleton Architects and Arup as part of London Design Festival, which “combines American tulipwood with innovative methods of modular construction to confront two of the current age’s biggest challenges – the pressing need for housing and the urgency to fight climate change.”

To date only a very small volume of hardwood CLT has been manufactured in the EU to supply high-end bespoke projects, notably a health centre completed in the UK in 2017 claiming to be the world’s first hardwood CLT building.

While at present only temperate hardwoods are being considered for use in CLT in the EU, some larger tropical suppliers have expressed interest in exploring the opportunities for tropical hardwood in this sector, given the high strength to weight ratio of many tropical species, and their durability (implying competitive advantages for tropical hardwoods in CLT elements exposed to the weather).

European joinery markets shaped by energy efficiency and environment

In relation to the joinery market in Europe, COFFI note that demand for windows and exterior doors is increasingly shaped by energy efficiency and environmental performance, including recycling options.

COFFI suggest that wood is considered an excellent source of material for window frames in Europe because of its aesthetics, stability over a high temperature range, excellent thermal and acoustic insulation qualities and green credentials.

On the other hand, wood frames now account for only about 20% of the European window market, and metal–wood-combination frames account for an additional 5%. The remaining three-quarters of the European window-frame market comprises PVC and metal.

The preferred materials differ significantly among European countries, due mainly to differences in tradition and climate. Southern European countries largely use metal frames for their windows, and Nordic countries have a clear preference for wood.

In Eastern European countries, where overall consumption volumes are still low compared to Western Europe but growing more rapidly, PVC is strongly preferred for window frames and accounts for about 80% of the market, with metal accounting for nearly 10% of the rest.

Combinations of metal (typically aluminium) and wood are gaining popularity in all European markets due to their good price– performance ratio, low maintenance requirements, and their ability to carry the now standard double and triple glazing units.

The same tendency can be observed in the exterior-door segment, where combining metal and wood not only gives stability but also increases the perceived level of security. The interior- door segment in Europe continues to use mainly wood, although plastic doors are appearing on the market.

Shifts in European furniture sector problematic for tropical suppliers

The COFFI review also highlights several trends in the European furniture sector with significant potential to impact on European trade in both hardwoods and finished wood furniture products.

The long-term shift in global furniture production away from the UNECE region to Asia, particularly China, is noted in response to lower production costs and rising demand in emerging markets. However, COFFI suggest this shift is now slowing "due to increased automation, demand by customers for shorter delivery times and increasing costs in previously low-cost regions."

COFFI also observe the large switch in European wood furniture production from Western Europe to Eastern Europe, particularly Poland and Lithuania, where manufacturers both of which are low cost manufacturers with easy access to the EU market.

This last trend is obviously a blow to non-EU suppliers of wood furniture, who may struggle to compete with the emergence of a relatively low cost and highly automated furniture manufacturing sector in Eastern Europe.

It is also problematic for external hardwood suppliers. The Eastern European furniture industry so far has been generally less inclined to utilise hardwoods imported from the tropics and other non-EU countries than the traditional industries of Western European countries like Italy, Spain and France.

This is very clear from Polish wood furniture and timber production data reported by COFFI. Production of wood furniture in Poland, which increased 10% in 2017 to US$7.7 billion, depends almost entirely on European panel products and softwood.

Poland imported only 300,000 cu.m of sawn hardwood in 2017 and nearly all consisted of oak and beech from neighbouring countries. Only 5% of sawn hardwoods imported into Poland in 2017 were tropical species.

Another key trend, on-going for a long time but showing no signs of slowing, has been a shift away from traditional long-lasting hardwood furniture, which was viewed as a long- term investment, to low-cost "flat-pack" "semi-disposable" furniture. People are moving more often, and many younger consumers like the flexibility that "temporary" and affordable furniture provides.

Rising plywood production in Finland and Russia

On plywood, COFFI report that overall consumption in Europe was 8.7 million cu.m in 2017, up by 3.4% over 2016. Market expectations are generally positive, with plywood consumption in Europe expected to grow by 0.2% in 2018.

Drawing on data from the European Panel Federation, COFFI note that the main plywood applications in Europe are construction (39%) and furniture (30%) followed by transport (13%), packaging (8%) and other uses (10%).

European plywood production increased by 5.1% in 2017, to 5.1 million cu.m. Finland – the most important producer in the subregion, accounting for more than 24% of total production – recorded a 9% increase in production volume in 2017. Europe's UNECE members forecast another increase in plywood production in 2018, but at much slower pace of only 0.5%.

While COFFI report that plywood production in Russia declined 0.8% to 3.7 million cu.m due to a shortage of raw materials new investment looks set to increase Russia's production capacity dramatically in the next two years.

Drawing on a review of eight large plywood investment projects by the WhatWood consultancy agency in Russia, COFFI suggest that Russia's plywood production capacity will increase by at least 700,000 cu.m between 2017 and 2021.

CEI-Bois and ETTF team up to give European industry a stronger voice

The European Timber Trade Federation (ETTF) decided at their General Assembly in Madrid this summer to become a member of CEI-Bois. The decision gives the wider European timber sector a more united and stronger voice in dealings with decision makers in government and the market, according to a report in the latest ETTF newsletter.

"Our respective memberships are complementary," said ETTF Secretary General André de Boer. "CEI-Bois is the lead body representing the woodworking and processing industries across Europe, while the ETTF's national member federations bring to that a global trading pillar, representing the leading timber importers and distributors.

The ETTF remains an independent legal entity, continuing to pursue its own projects and strategies in the separate and specific interests of the ETTF membership. For the first three years, the ETTF will evaluate its membership of CEI-Bois on an annual basis to assess the wider benefits to its own members.

"But we can see value in CEI-Bois having its base in Brussels and thus strong connections with EU government," said Mr de Boer. "In forming part of their new trade working group, we can also share our expertise in the international market and particularly on such key topics as the EU Timber Regulation and the EU FLEGT Action Plan."

Mr Antonicoli, CEI-Bois General Secretary, welcomed the ETTF's move. "Having our two forces under one roof will bring us greater influence so we can achieve more for all our members," he said. "A tight cooperation with the ETTF will help develop and consolidate our new trade working group, which we set up several months ago and where it could play significant role.

"We are also a well recognised and respected voice and brand among the EU institutions," said Mr Antonicoli. "And we have committed to include ETTF priorities in our yearly advocacy plan and to adapt our messages to the EU to ensure we effectively represent and defend the interests of European timber traders."

EC reports steady progress in EUTR implementation

On 5th October, the European Commission (EC) formally adopted the EU Timber Regulation (EUTR) Report 2017, the second biennial report on implementation since the regulation came into law in March 2013. The second report covers the period March 2015 to February 2017 and is based on the reports from the 28 EU Member States and Norway.

According to the EC, the report "reveals steady progress after four years of its application. Almost all countries comply with the formal requirements of the EUTR. Over the reporting period, the number of checks made and sanctions applied for violation of the EUTR have significantly increased".

However, the EC also notes that "continuous efforts are needed to ensure a uniform and effective application of the EUTR across countries. Uneven implementation can have potential implications in terms of both the effectiveness of legislation and a level playing field for market operators. Further effort should be made to ensure that the scope and quality of the checks carried out reflect a more consistent approach across the EU".

The EC intends to "continue to cooperate with the Member States on supplementing EUTR guidance to achieve a uniform application and facilitate its implementation by the operators" and will also "help approximate enforcement approaches between competent authorities and continue to explore additional tools to improve the EUTR implementation in cooperation with the Member States and relevant stakeholders".

EC publishes'country overviews' to help EUTR implementation

UNEP-WCMC, as part of their EC-funded project to provide information services in support of EUTR implementation, have released the first five country overviews on "timber-exporting third countries", namely Brazil, China, Myanmar, Russian Federation and Ukraine.

The announcement on the EC EUTR website (http://ec.europa.eu/environment/forests/timber_regulation.htm) states that the overviews aim "to help operators and Competent Authorities identify and assess the risk of sourcing illegally harvested timber for a sound implementation of the EU Timber Regulation".

The country overviews all include the following disclaimer, that "their content does not necessarily reflect the views or policies of UN Environment, UNEP-WCMC, the European Commission, contributory organisations, editors or publishers, and they cannot be held responsible for any use which may be made of the information contained therein."

This means they have no legal status, and in no way constitute an equivalent form of guidance to that contained in the text of the EUTR itself or in the European Commission Guidance Document for the EUTR (Commission Notice of 12.2.2016).

However, the country overviews are significant for being the only source of information on individual supply countries to aid implementation of the EUTR "prepared for the European Commission" and which are referenced on the EC's own EUTR website.

This implies the reports are likely to be widely used and referenced, at least as background information, by EU Competent Authorities, Monitoring Organisations and operators to help implement and regulate EUTR due diligence systems.

UNEP-WCMC notes that the documents "are updated periodically based on available information and are subject to external review" and invite input for consideration for inclusion in the next update to be sent to timber@unep-wcmc.org.

FLEGT IMM Germany Consultation, 16th November 2018

The EU FLEGT Independent Market Monitor (IMM), the ITTO project funded by the EU, is holding its third Trade Consultation of the year in Berlin on November 16, with the support of German timber trade federation GD Holz.

The IMM monitors EU trade flows from countries engaged in the Voluntary Partnership Agreement (VPA) process. The key focus is to track trade volumes and market impacts of FLEGT-licensing by VPA countries, applicable to all Indonesian exports to the EU since November 2016.

"The IMM's remit is also to gauge EU trade perceptions and ideas for the development of the VPA project and FLEGT licensing and to feed these back to the EU and VPA Partners," said IMM Lead Consultant Sarah Storck.

"So the objective of the IMM Trade Consultations is both to share our latest trade monitoring results and provide importers and other timber sector stakeholders the opportunity to discuss the EU FLEGT programme."

The first IMM Consultation took place in London with support from the UK Timber Trade Federation, the second in Nantes at the Carrefour International du Bois exhibition in association with the International Tropical Timber

Technical Association (ATIBT). Delegates represented import, distribution, end-user and specifier sectors.

In response to trade feedback from the first two events, the Berlin Consultation will place even greater emphasis on discussion workshops. These will focus on three themes:

- Trends in the European tropical timber sector – background, reasons and solutions
- Recognising priorities and purchase dynamics for tropical wood products. Assessing how supply chain relationships develop and the relevance and impact of FLEGT licences.
- FLEGT and "sustainability" – European timber procurement policies/sustainable timber definitions and their recognition of FLEGT.

The Consultation is free and takes place from 10am to 2.30pm in Berlin's Verbändehaus. It is the day after GD Holz's Branchentalk on digitialisation, so delegates can attend both.

For more information contact Sarah Storck at lead@flegtimm.eu
For more details and to register:
http://www.flegtimm.eu/index.php/imm-events

Data to help drive EU tropical timber market share
Accurate, accessible market information and intelligence are vital for developing European demand for sustainably sourced tropical timber. That is the core theme of the European Sustainable Tropical Timber Coalition annual conference, taking place in Paris's Tropical Gardens on October 25.

An international line-up of speakers will address the topic of 'Using data to drive market share'. These will include Sarah Storck and Rupert Oliver, respectively Lead Consultant and Trade Analyst for the FLEGT Independent Market Monitor, an ITTO project.

Other speakers include Benoit Jobbé-Duval of ATIBT, Arnaud Hétroit of France's Le Commerce du Bois, Julia Kozlik of PEFC International, Anand Punja of FSC Europe, and David Hopkins of the UK Timber Trade Federation.

The premise for the STTC Conference is that reliable data is key to 'shaping marketing strategy, enhancing transparency and unlocking sales share in any business'.

However, a question mark hangs over the current calibre of market intelligence on the European tropical timber sector. Actions needed to address this will be discussed and an afternoon of workshop discussions will allow delegate feedback.

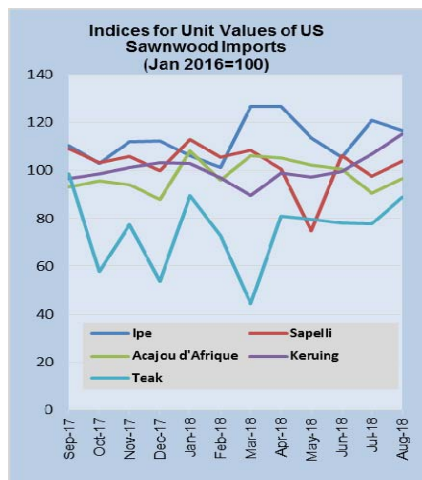
North America

Tropical sawnwood import volumes drop
After a healthy rise in July, US imports of tropical sawn hardwood returned in August to the lower numbers seen throughout 2018. The August volume of tropical sawn hardwood imports was down 17% from the previous month at 16,598 cu.m., while the value of imports grew by 5%.

Year-to-date, tropical hardwood imports were down 14% compared to 2017. The overall decline in tropical sawnwood year-to-date is mainly due to lower balsa and Sapelli imports. Sapelli imports dropped sharply in August and are now 30% down from 2017 year-to-date.

Changes in year-to-date imports vary greatly by species. Jatoba imports were up significantly from 2017 along with Keruing and Padauk, while Acajou and Virola declined.

In August, Balsa and Padauk imports increased but imports of most other tropical hardwood species declined month-on-month. Cedro and Meranti sawnwood imports decreased in August but continue to surpass 2017 numbers.



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics
Note: Indices are derived from customs value and exclude shipping, insurance and duties

ITC 2018 Harmonised Tariff Schedule revisions affect wood products
The US International Trade Commission issued Revision 12 to the Harmonized Tariff Schedule. The relatively comprehensive update implements, as of October 1, new provisions for wood products agreed to by the World Customs Organization.

Changes also include new provisions for the third, US$200 billion list of 10% Section 301 tariffs, including those on wood products from China that took effect beginning September 24.

Among the numerous changes for imports to the US the former subheading 4412.32 for plywood "with at least one outer ply of non-coniferous wood" is eliminated and replaced by new subheading 4412.33 for plywood with at least one outer ply of one of the following species: Alder, Ash, Beech, Birch, Cherry, Chestnut, Elm, Eucalyptus, Hickory, Horse Chestnut, Lime, Maple, Oak, Plane Tree, Poplar and Aspen, Robinia, Tulipwood or Walnut.

A new subheading 4412.34 is created for plywood with at least one outer ply of a species of non-coniferous wood not listed in subheading 4412.33 (other than bamboo).

See:
https://hts.usitc.gov/view/release?release=2018HTSARevision12

Deal struck to update NAFTA

The US and Canada struck a deal on trade and announced the framework for a new, revised North American Free Trade Agreement (NAFTA) — now known as the United States-Mexico-Canada Agreement, or USMCA. The three countries reached a consensus after more than a year of talks.

This revision of the nearly 25-year-old NAFTA agreement contains major changes on cars and new policies on labor and environmental standards, intellectual property protections, and some digital trade provisions. All three countries involved must still ratify the deal.

The agreement includes strong support for sustainable forest management and notes that forest products, when sourced from sustainably managed forest contribute to global environmental solutions, including sustainable development, conservation and sustainable use of resources and green growth. The agreement also includes provisions to enhance the effectiveness of inspection of shipments containing wild fauna and flora and to support the trade in legally harvested wood products.

See: https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-secures-modern-rebalanced-trade-agreement-canada-mexico/

The Forest Products Association of Canada (FPAC) applauded the Canadian government's efforts on reaching an agreement. "The USMCA will ensure certainty and improved trade stability among all three countries," says FPAC CEO Derek Nighbor. "FPAC is specifically pleased with the outcome of maintaining the existing Dispute Settlement Mechanism as this allows all industries in the three countries to challenge discriminatory trade actions."

https://www.woodbusiness.ca/industry-news/news/fpac-welcomes-the-conclusion-of-the-usmca-5206

Federal Reserve raises interest rates

The Federal Reserve (Fed) raised interest rates in September and signaled that an additional increase is expected by the end of this year. It was the third rate increase this year and the benchmark rate is now at 2 to 2.25%.

The Fed described economic conditions as "strong." It predicted that growth this year could top 3%, before slowing in coming years. Unemployment remains low, inflation remains around the 2% pace the Fed regards as optima, and the pace of investment has increased it said.

According to the US Department of Labour the US unemployment rate dropped in September and the number of unemployed persons fell by 200,000 to 6.0 million. Employment in construction continued to trend up in September (+23,000) and has increased by 315,000 over the past 12 months.

Despite tariff concerns US consumer sentiment reached very favorable levels in September as the University of Michigan's survey index's measure topped 100.0 for only the third time since January 2004.

Consumers anticipated continued growth in the economy and expected the unemployment rate to continue to slowly decline during the year ahead. The single issue that was cited as having a potential negative impact on the economy was tariffs. Concerns about the negative impact of tariffs were cited by nearly one-third of all consumers in September.

See: http://www.sca.isr.umich.edu/

New housing sales and starts rebound

Sales of newly built, single-family homes rose 3.5% in August to a seasonally adjusted annual rate of 629,000 units after being revised down June and July reports, according to the US Department of Housing and Urban Development and the US. Census Bureau.

These downward revisions suggest softness in new home sales activity this summer. However, on a year-to-date basis, sales are up 6.9% from this time in 2017. The National Association of Home Builders credits the rise to the overall strength of the economy but is cautious about future sales.

The NAHB says "Housing affordability has taken a toll on new home sales over the summer, and there could be market volatility in the months ahead as communities grapple with the after effects of Hurricane Florence," Moody Analytics estimates the hurricane caused between US$17 billion and US$22 billion in flood damage in the Atlantic coast states of North and South Carolina.

Privately-owned housing starts in August were at a seasonally adjusted annual rate of 1,282,000. This is 9.2% above the revised July estimate of 1,174,000 and is 9.4% above the August 2017 rate of 1,172,000. Single-family housing starts in August were at a rate of 876,000 -- up 1.9% from the revised July figure.

See: http://www.sca.isr.umich.edu/

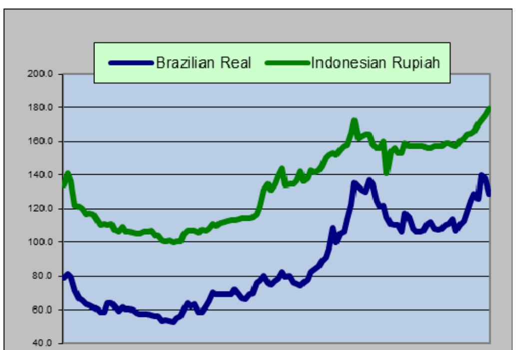
Dollar Exchange Rates

As of 10 October 2018

Brazil	Real	3.7799
CFA countries	CFA Franc	566.70
China	Yuan	6.8899
EU	Euro	0.8624
India	Rupee	74.05
Indonesia	Rupiah	15235
Japan	Yen	112.16
Malaysia	Ringgit	4.159
Peru	New Sol	3.32
UK	Pound	0.7556
South Korea	Won	1135.55

Exchange rate indices (US$, Dec 2003=100)

Jan 2009 to mid Oct 2018



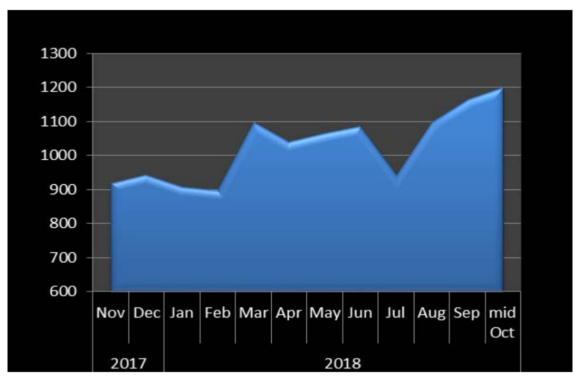
Jan 2009 to mid Oct 2018

Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR., WBP	Moisture resistant, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
November 2017 – mid October 2018

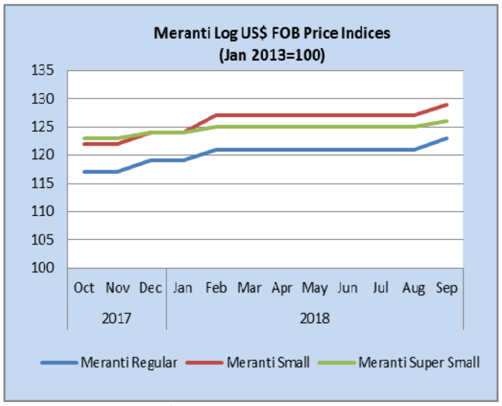


Data source: Open Financial Data Project

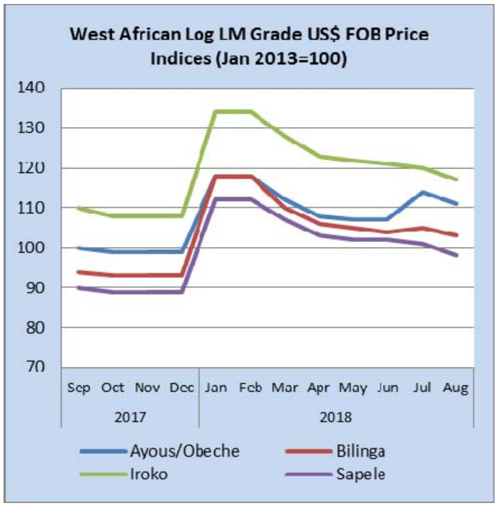
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

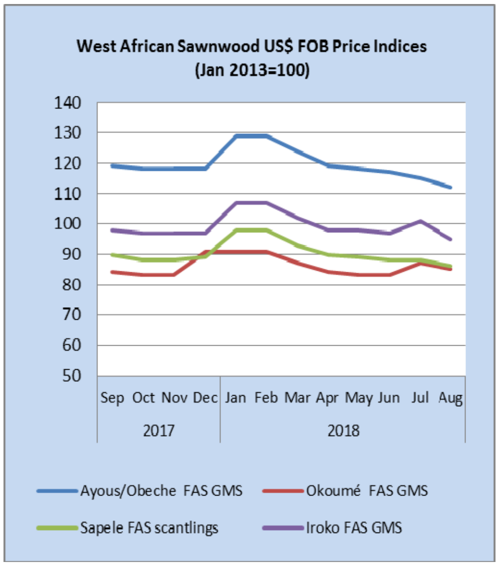
Price indices for selected products

The following indices are based on US dollar FOB prices

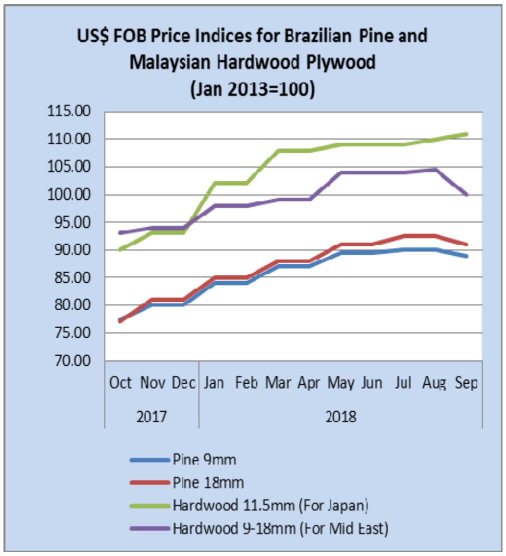


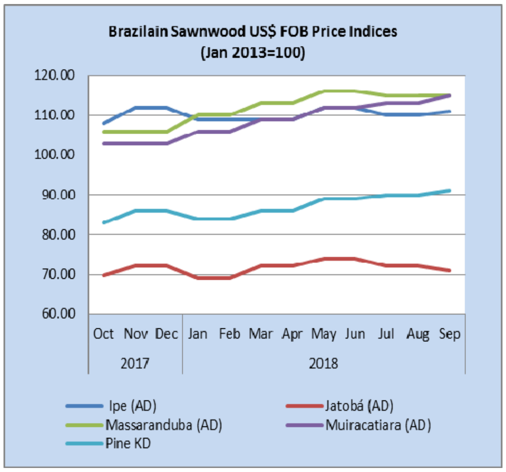
Note: Sarawak logs for the Japanese market





West African log and sawnwood price indices will be updated when prices become available.





Note: Jatobá is mainly for the Chinese market.

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