

GTI-WOODBASED PANEL (GTI-WBP) REPORT

MONTHLY

GGSC-No. 09/2024

Tracking and monitoring the global woodbased panel market trend.



The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Ghana, Brazil, Mexico, and China. In 2022, the total production of woodbased panel in the nine countries mentioned above was 336 million cubic meters, accounting for **63.8%** of the total global production volume of woodbased panel.

Introduction to the GTI-Woodbased Panel

GTI-Woodbased Panel (GTI-WBP), a specialized prosperity index for woodbased panel industry, reflecting the development trend of woodbased panel industry in all GTI pilot countries.

Calculation Method

The GTI-WBP index takes leading woodbased panel enterprises in GTI pilot countries as the survey objects. Each month, the enterprises need to fill the GTI index questionnaire, including the information of production, orders and export, employees, logistic, etc. Then the GTI-WBP index will be calculated and analyzed, and the report will be released at the middle of the following month.

GTI-WBP index contains diffusion index and comprehensive index.

1. GTI-WBP diffusion index. There are 10 diffusion indices (or called sub-indices) based on the data from 10 objective questions which covers production, new orders, new export orders, existing orders, inventory of products, purchasing quantity, purchasing prices of main raw materials, inventory of raw materials, employees, and delivery time. The diffusion index is calculated by adding the percentage of enterprises with positive answers to half of the percentage with unchanged answers.

2. GTI-WBP comprehensive index. GTI-WBP comprehensive index (GTI-WBP index for short) is calculated based on five diffusion indexes with different weights: production, new orders, inventory of raw material, employees, delivery time. The five diffusion indexes and their weights are determined according to their influence on the industrial economy.

Interpretation

The value of the index is between 0-100%, and 50% is the critical value of the index. GTI-WBP index reading above 50 percent indicates that the industry prosperity is generally expanding; below 50 percent indicates that it is generally declining.

Survey Method

With the support of The International Tropical Timber Organization (ITTO), the GTI platform has set up focal points in pilot countries, including timber producing and consuming countries.

At the end of each month, major leading woodbased panel enterprises are organized by focal points to fill out survey questionnaires. The questionnaire is usually filled out by the person in charge of production and operation or personnel from the statistics department. The Global Green Supply Chains Initiative (GGSC) organizes experts to analyze the collected data and prepare the GTI-WBP index report.

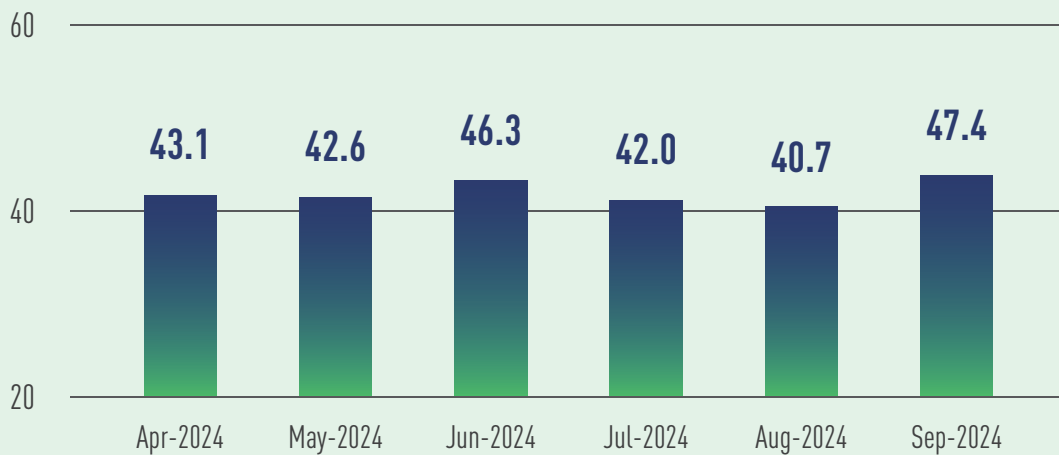
Index Representativeness

The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Ghana, Brazil, Mexico and China. In 2022, the total production of woodbased panel in the nine countries mentioned above was 336 million cubic meters, accounting for 63.8% of the total global production volume of woodbased panel.

GTI-Woodbased Panel Index in September 2024



GTI-WBP Comprehensive Index



In September, the GTI-Woodbased Panel (GTI-WBP) Index registered 47.4%, an increase of 6.7 percentage points from the previous month, was below the critical value (50%) for six consecutive months, indicating that the business prosperity of wood-based panel industry represented by the index shrank from last month, however, the contraction had eased.

On the demand side, the demand for wood-based panels showed a recovery trend in pilot countries. This month, new orders index registered 50.6%, rose above the critical value for the first time, indicating an increase for new orders which was mainly driven by domestic demand in the pilot countries. The export orders index registered 40.9% (still below the critical value), an increase of 6.2% from the previous month, indicating a decrease in export orders of wood-based panels, however, the decline had narrowed.

On the supply side, the production index registered 49.4%, an increase of 6.2 percentage points from the previous month. Although the index had been below the critical value of 50% for six consecutive months, production recovery could be expected, as the inventory of wood-based panels had been reduced worldwide for several consecutive months.

From a price perspective, the purchase price index for raw materials registered 53.5%, above the critical value for three continuous months, indicating an overall upward trend in purchase prices. Affected by rising log prices and higher transportation costs, enterprises' pressure on costs continued to increase in Malaysia, Mexico and some other countries.

In terms of market conditions and developments, starting from 25 June 2024, China implements management of industrial production permits for six items, including plywood and blockboard. Enterprises without the permits are not allowed to produce these products. As of September, some provinces with concentrated wood-based panel (WBP) industry clusters, such as Guangxi, Anhui, Shandong, Zhejiang, and Guizhou, announced the first batch of enterprises that had received WBP production permits. In August, Brazil's exports of tropical plywood were US\$0.9 million in value and 1500 cubic meters in volume, showing a significant year-on-year decline of 40.0% and 37.5% respectively. In Gabon, benefiting from strong demand in the European Union, Asia, and local areas, the plywood production index increased by 21%.

Table: Overview of GTI-WBP Sub-Indexes (%)



	Apr. 2024	May. 2024	Jun. 2024	Jul. 2024	Aug. 2024	Sep. 2024	MoM	Performance
Comprehensive Index	43.1	42.6	46.3	42.0	40.7	47.4	6.7 ↑	Contract
Production Index	47.7	40.8	43.3	39.1	43.2	49.4	6.2 ↑	Contract
New Orders Index	38.6	40.4	48.5	40.0	36.5	50.6	14.1 ↑	Expand
Export Orders Index	43.0	44.9	50.0	44.9	34.7	40.9	6.2 ↑	Contract
Existing Orders Index	37.1	44.1	44.0	45.6	39.5	46.7	7.2 ↑	Contract
Inventory Index of Finished Products	50.8	48.5	52.9	43.9	45.2	48.9	3.7 ↑	Contract
Purchase Quantity Index	44.1	39.0	46.4	44.1	40.1	48.6	8.5 ↑	Contract
Purchase Price Index	52.9	51.2	46.2	57.6	54.2	53.5	-0.7 ↓	Expand
Inventory Index of Main Raw Materials	37.3	40.8	53.9	38.4	38.5	38.0	-0.5 ↓	Contract
Employees Index	48.5	47.1	46.1	44.8	38.3	43.3	5.0 ↑	Contract
Delivery Time Index	41.0	44.8	42.1	49.4	49.3	49.4	0.1 ↑	Contract



Main Challenges Reported by GTI-WBP Enterprises

- Shipping delayed at the ports. (Brazil)
- Enterprises had less orders. (China)
- Customers' purchasing power decreased. (Thailand)
- Exposure to moisture was a problem for raw materials during the rainy season. (Thailand)
- Low-priced imported products caused unfair competition. (Mexico)



Main Suggestions from GTI-WBP Enterprises

- Have less materials for production during the rainy season. (Thailand)
- Regulate imports, and encourage customers to use local panels. (Mexico)
- Lower export tariffs. (Ghana)



ITTO
INTERNATIONAL TROPICAL
TIMBER ORGANIZATION

About ITTO

The International Tropical Timber Organization, ITTO for short, is an intergovernmental organization promoting the sustainable management and conservation of tropical forests and the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests. It located in Yokohama, Japan. At present, there are 76 ITTO members countries. ITTO's membership represents about 90% of the global tropical timber trade and more than 80% of the world's tropical forests.



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About GGSC

Global Green Supply Chains Initiative (GGSC) is part of the Legal and Sustainable Supply Chains (LSSC) Programme, which was approved at the 53rd session of the International Tropical Timber Council for being included into the Biennial Work Programme (BWP) of International Tropical Timber Organization (ITTO). Launched in 2018 by leading Chinese enterprises in forest products industry, GGSC became an international initiative in 2019. Since then, GGSC has been acting as a global platform for serving the sustainable development of the forest products industry.

Declaration

GTI-WBP report is compiled based on the data provided by the woodbased panel enterprises in the pilot countries. The data can not be used in investment decision-making, but can help to understand the timber industry trend.

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