Tropical Timber Market Report

Volume 25 Number 4 16th – 28th February 2021

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Headlines

Top story

Sharp fall in tropical share of European wood products market

While the overall level of EU27+UK imports of wood and wood furniture products remained surprisingly resilient during 2020, there were winners and losers.

Unfortunately for tropical suppliers, their share of the European trade fell sharply in 2020 after making some tentative gains the previous year.

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Central and West Africa

Production seriously impacted by covid control measures

Producers in the region report no adverse weather but production continues to be impacted by corona virus control measures. These are particularly strict in Gabon where all business operations are closed between 18.00hrs to 06.00hrs.

In a joint press release the Ministers of the Interior and of Defense provided details concerning the issuance of laissez-passer (pass for travel outside Greater Libreville) and special permits for movement in Greater Libreville during curfew hours.

Revival in demand for sawn okoume

Stocks of sawn tropical hardwoods are said to be low in the main European markets and this, it is hoped, will spur demand as the European winter ends. Demand from buyers for the Chinese market has not yet picked up after the holidays but orders for azobe and the redwood species are steady and there has been a revival in demand for sawn okoume which has been welcomed by exporters.

There has been recent enthusiasm among producers as there is firming demand for amazakoue. This is one of the common names of Guibourtia ehie. Other names for this timber are amazique, amazoue, ovangkol, hyedua, black hyedua, Mozambique and shedua. Producers report stable demand for okoume and andoung in Middle East markets.

Risk that kevazingo prices may be undermined

Analysts are fearful that the delay in resolving the kevazingo export issue in Gabon may cause prices for this timber to decline. There are still large stocks of kevazingo in the country but there is no indications that export licenses will be issued.

Factories in Gabon's Special Zone are said to be running low on log raw materials. This is the result of strict control of truck movements. Each truck on public roads must be authorised and carry a permit.

Strike action again in Gabon

The president of the National Union of Water and Forest Professionals (Synapef) of Gabon, Didier Atome Bibang, announced an indefinite strike on 17 February. The issue at the core of the union action is the failure of the government to pay bonuses provided for in forestry legislation despite an agreement with the Minister of Water and Forests signed in September last year. The union has called for arbitration.

See: https://www.lenouveaugabon.com/fr/gestion-publique/2202-16490-en-greve-les-agents-des-eaux-et-forets-s-en-remettent-au-president-ali-bongo

Congo okoume production will add to competition

News is circulating of a revival in okoume sawnwood and veneer production in the Congo for the Chinese market. This will add a new dimension to competition in markets for okoume.

Correction: In the previous report it was stated that a reduced area tax applies only to FSC certified forests, this was incorrect. Below is a translated extract from the Official Journal of the Gabonese Republic of July 22, 2020.

SPECIFIC TAXES; Chapter 1: Forest taxation; Section 2: Area tax. New Article 318.
The rate for the area tax is set at:
300 FCFA for FSC or PAFC/PEFC certified concessions
600 FCFA for certified legal concessions
800 FCFA for non-certified concessions

See: https://pafc-certification.org/gabon/actualite-pafc-gabon/2576-loi-finance-gabon

log export prices

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	225⬆	225⬆	220
Moabi	330	330	250
Movingui	180	180	-
Niove	160	160	-
Okan	200	200	-
Padouk	270	240	200
Sapele	260	260	200
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	320
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	900
FAS scantlings	950
Strips	350
Sapele FAS Spanish sizes	420
FAS scantlings	450
Iroko FAS GMS	600
Scantlings	640
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana

2020 exports declined in volume and value

Ghana's exports of wood products in 2020 dropped to 226,158 cu.m representing a 25% year on year decline compared with 2019. The export earnings for the year were down 23% to Eur116.15 million in 2020 from Eur300.455 million in 2019.

Export volumes (cu.m)

	2019	2020	Y-O-Y % Change
AD sawnwood	175,845	113,032	-36.00
KD sawnwood	47,286	35,102	-26.00
Billets	24,734	25,890	5.00
Plywood (Overland)	20,474	21,409	5.00
Mouldings	9,558	10,406	9.00
Sliced Veneer	9,953	9,258	-7.00
Rotary Veneer	6,786	8,330	23.00
Boules (AD)	1,115	1,263	13.00
Others	4,704	1,468	-69.00
Total	300,455	226,158	-25.00

Data source:TIDD

Air and kiln-dried sawnwood accounted for 66% of total export volumes in 2020 but air dry sawnwood exports were down 36% and kiln dry sawnwood exports fell 26%.

However, an increase in export in volumes was recorded for rotary veneer (up 23%), air-dried boules (up 13%) and mouldings (up 9%).

Overal,l export revenues plummeted but there were some gains recorded for rotary veneer, mouldings, billets, air-dried boules and plywood for regional markets but combined these products accounted for only 25% of total 2020 exports.

Export values (euro 000s)

	2019	2020	Y-O-Y % Change
AD sawnwood	85,461	56,421	-34.0
KD sawnwood	28,344	20,835	-27.0
Billets	9,084	10,233	13.0
Plywood (Overland)	6,834	7,344	7.0
Mouldings	6,176	7,304	18.0
Sliced Veneer	9,793	8,699	-11.0
Rotary Veneer	2,636	3,959	50.0
Boules (AD)	617	678	10.0
Others	1,687	677	-60.0
Total	**150,632**	**116,150**	**-23.00**

Data source:TIDD

Direction of trade

Ghana's wood product trade was largely with Asian markets which accounted for over 60% of total exports in 2020. However, this was about 7% below levels seen in 2019.

The key markets were India, Vietnam, China and United Arab Emirates. The major products were billets (plantation logs) and sawnwood.

Wood product exports to Europe accounted for almost 19% of 2020 exports compared to 16% in 2019 and included sawnwood, veneers, moulding, boules, plywood, kindling and briquettes. The key markets were Germany, Belgium and United Kingdom.

Neighbouring country wood products imports from Ghana increased from 11% of all exports in 2019 to13% in 2020. The ECOWAS market (mainly Senegal, Nigeria, Niger, Gambia, Mali, Benin, Burkina Faso and Togo) accounted for 83% of the volume of exports. Plywood and rotary veneer dominated exports to ECOWAS member countries.

Ghana to benefit from EU funded mangrove project

Ghana is to benefit from an EU funded four-year project on the management of mangrove forest that seeks to protect mangroves in selected African countries from Senegal to Benin.

The project aim is to strengthen the management of protected and unprotected mangrove sites in these countries.

National forest and land use map

The Ghana Forestry Commission has launched a National Map of Forests and Land Use the culmination of a three-year project supported by Forests 2020, managed by Ecometrica and supported by the UK Space Agency's International Partnership Programme.

See: https://www.geospatialworld.net/news/national-map-of-forests-and-land-use-by-ghana-forestry-commission/

Ghana recipient of COVAX vaccine

In a press release the UNICEF Representative in Ghana, Anne-Claire Dufay and WHO Representative to Ghana, Dr. Francis Kasolo announced the arrival of the first COVID-19 vaccines in Ghana.

The shipment, consisting of 600,000 doses of the AstraZeneca vaccines, arrived at Kotoka International Airport in Accra. The Minister for Health-designate, Kwaku Agyeman-Manu, led a government delegation to receive the consignment.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	530
Niangon Kiln dry	622

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	347	441
Chenchen	540	631
Ogea	443	590
Essa	543	589
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,027
Avodire	573
Chenchen	932
Mahogany	1,035
Makore	834
Odum	700

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfina
4mm	350	580	641
6mm	412	535	604
9mm	377	499	560
12mm	516	476	480
15mm	450	414	430
18mm	450	441	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 cu.m	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	498	574
Edinam (mixed redwood)	520	595
Emeri	465	605
African mahogany (Ivorensis)	886	1,020
Makore	740	755
Niangon	583	592
Odum	649	735
Sapele	720	742
Wawa 1C & Select	355	459

Malaysia

Vaccine roll-out scheduled

The pandemic is still disrupting life and businesses in Malaysia but the government expects to complete its vaccination programme by February next year covering 80% of its population of about 32 million people.

The first phase of the vaccine rollout is from February and will involve 500,000 frontline workers followed by 9 million high-risk individuals who will be vaccinated between April and August. A third and final phase will involve more than 16 million adults aged 18 and older.

The country has seen a sharp spike in corona infections in recent weeks after having largely reigned in the epidemic for most of last year. The surge in cases has pushed the cumulative total above 220,000.

2020 timber industry performance

The Malaysian Timber Industry Board (MTIB) has reported last year's performance of the timber sector. Exports were RM 22.02 bil (RM 22.50 bil in 2019) while total imports were RM 6.81 bil (RM 5.95 bil in 2019).

Timber exports contributed 2.2% of the country's overall exports of RM 980.99 bil. The workforce in the forestry sector was estimated at 140,000 of which 55% are estimated to be foreign and 45% local. Annual investment data are available only for 2019 showing domestic investments were RM 479.88 mil and foreign investments RM 851.42 mil.

Exports in the first quarter 2020 were badly impacted by measures to address the Covid-19 pandemic though timber companies were later allowed to operate with a 50% reduction in manpower. The industry faces a shortage of raw materials both domestic and imported. Moreover, from July ocean freight rates for containers increased sharply and the situation was made worse by disruption in container availability.

The top five export destination in 2020 by value were:

USA	RM 7.45 bi.,	+49.9%,
Japan	RM 2.73 bil.	-21.1%,
China	RM 2.25 bil.	+23.2%,
Australia	RM 0.88 bil.	- 14.0%,
Singapore	RM 0.83.	- 24.3%.

The top five countries supplying Malaysia in 2020 by value:

China,	RM 2.76 bil,
Indonesia,	RM 1.59 bil,
Thailand,	RM 537.6 mil,
Vietnam,	RM 396.2 mil,
USA,	RM 320.6 mil.

The industry suffered from a shortage of and sustainable supply of raw materials. Marketing was made more challenging with the US Lacey Act, Australia's Illegal Logging Prohibition Act, the EUTR and the California Anti Deforestation Act. Also, there was stiff competition in pricing and quality from neighbouring Indonesia and Vietnam.

E-commerce became more common during the Covid 19 pandemic and this was a challenge as not all products can be sold in e-markets. The heavy reliance on foreign labour is of concern though there seems to be no clear path to address this.

There is a severe lack of skilled workers as can be seen by the low productivity. The timber sector worker productivity is about RM 47,000/worker/year while the national average is RM 77,000/worker/year. Overall there seems to be a lack of innovation in wood products and original designs.

Wood Products Exports (RM million)

	2019	2020	% Change
logs	759.56	509.56	-32.9
Sawnwood	3379.84	2393.17	-29.2
Fibreboard	1060.57	726.93	-31.5
Plywood	3402.1	2840.54	-16.5
Mouldings	872.15	687.89	-21.1
Veneer	171.43	94.06	-45.1
Builders Joinery & Carpentry	1036.71	971.75	-6.3
Wooden furniture	9143.65	10627.73	16.2
Particleboard	367.09	266.47	-27.4
Other products	2311.59	2904.36	25.6
Total	22,503.70	22,022.45	-2.14

Data source: MTIB

Shipping a major headache

The timber industry is experiencing a disruption of container flows. Some shippers are keeping their containers longer than usual and an imbalance between exports and imports in some major trading countries has caused surpluses in some ports and shortages in others.

Westports Holdings managing director, Ruben Emir Gnanalingam, pointed out that, due to slow retail sales because of the lockdowns, many companies have stored packed containers and only when sales pick up can the containers be unstuffed and put back into circulation. He said under normal circumstances the container shipping cycle averages about five to six shipments globally per annum. However, container shipments take much longer now and the cycle has dropped to between four and five because of the pandemic.

See:
https://www.nst.com.my/business/2021/02/667840/container-shortage-due-shippers-keeping-longer-expected

Attracting engineers and technologist to the timber industries

A press release from the Malaysian Timber Council (MTC) introduces its first 'Engineer Placement and Internship in the Timber Industry Programme', a move to attract engineers to the timber sector.

The programme will begin in March and is aimed at engineers, wood technology graduates as well as undergraduates who will be invited to join timber companies for an internship that may lead to them building successful careers in the industry.

The MTC internship programme will be a collaboration between the Council, companies, higher learning institutions and timber associations. MTC CEO, Muhtar Suhaili, says the need for engineers is becoming more crucial as timber-based manufacturers remodel their operations towards digitalisation and smart manufacturing

He added that this programme is part of the MTC's Five-Year plan which focuses on building the knowledge talent in the industry.

See: http://www.mtc.com.my/media-PressRelease.php

Indonesia

Indonesia's exports of wood products better than expected in 2020

Indonesia's exports of forest and wood products to all destinations held up better than expected in 2020. According to a statement in January 2021 by Bambang Hendroyono, the Secretary General in the Indonesian Ministry of Environment and Forestry, Indonesia's 2020 export target for forest and wood products was projected to be exceeded despite the impact of the corona pandemic on production and trade.

Early in 2020 the export target was lowered from US$10 billion to US$7 billion to take account of the anticipated disruption of business. However, export earnings in 2020 are expected to exceed US$11 billion, even more than the original target and only 5% below that of 2019. The Secretary General emphasised that Indonesian Government incentives and relaxation of regulations helped achieve this success.

Indonesian forest products export data can be found at:
https://www.flegtimm.eu/index.php?view=article&id=275:indonesia-s-exports-of-forest-and-wood-products-better-than-expected-in-2020&catid=21:market-news

With growth in January 2021 of 6.3% compared to January 2020 prospects for the year look positive. The strongest growth in terms of export value was by the furniture sector. Reacting to the positive growth level attained by forestry exports in January the Association of Indonesian Forest Entrepreneurs (APHI) Chairman, Indroyono Soesilo, said he anticipates 2021 export earnings by the forestry sector will be US$2 billion.

See: https://foresthints.news/indonesias-forestry-exports-move-back-to-positive-growth/

Finland an appreciative market for teak products

According to a press release from the Indonesian Embassy in Helsinki, Ambassador Ratu Silvy Gayatri has seen that teak furniture made in Solo and Yogyakarta has found a market in Finland.

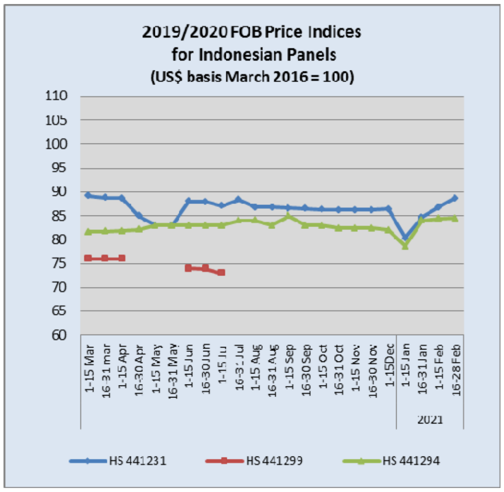
A furniture store operator in Finland said "Indonesian furniture is known for using high quality wood and unique designs, which the Finnish people appreciate."

The Ambassador has been promoting furniture products made by Indonesian micro, small and medium enterprises to support improve the export performance.

See: https://sinarjateng.pikiran-rakyat.com/internasional/pr-1001474366/dinilai-unik-furnitur-indonesia-punya-banyak-peminat-di-finlandia

President urges early preparation for forest fire season
The Indonesian President has urged local authorities to be prepared to tackle forest fires later this year highlighting growing risks in Sumatra, Kalimantan and Sulawesi. The high risk period begins in May and peaks in August to September. The President said fires cause considerable financial losses and serious damage to the ecosystem.

As most fires are caused by human activity the President stressed that the law should be applied without compromise and anyone who sets fire to forests will face the full weight of the law.



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

Myanmar

Civil Disobedience Movement – businesses closed
After the military-led State Administration Council took control of government on 1 February 2021 employees from the private sector, along with government employees, have joined the Civil Disobedience Movement in protest. This resulted in almost all business ceasing operations and exports. Only those containers stuffed before 1 February have been shipped. The Myanma Timber Enterprise suspended the monthly tender sale.

Priority for Economic Recovery
The new Minister of Investment and Foreign Economic Relations of the State Administration Council outlined plans for economic recovery in the aftermath of COVID-19.

See: https://www.mmtimes.com/news/myanmar-prioritise-economic-recovery-says-minister.html

Threat of sanctions a risk for businesses
Many firms, especially foreign-owned businesses in Myanmar have reacted with shock to the declaration of a yearlong state of emergency.Dr. Maung Maung Lay, vice chair of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), told The Irrawaddy newspaper many investors are in shock over the military takeover adding that businesses are waiting to see how the situation unfolds.

Economist Dr. Aung Ko Ko said the military takeover would impact small and medium-sized enterprises in the country and jeopardise the economic reforms implemented by the civilian government.

See: https://www.irrawaddy.com/news/burma/sanctions-threat-already-chilling-effect-business-activity-myanmar.html

Running short of cash
A growing number of businesses reported that they are running short of cash with banks closed. Most banks in the country have been unable to open for business as employees failed to report for work in order to participate in the nationwide protest. Almost all 27 national banks have been closed for the past two weeks.

See:https://www.mmtimes.com/news/myanmar-businesses-call-stability-banking-sector.html

World Bank - Myanmar's development prospects threatened
In a statement on its website the World Bank says the coup threatens Myanmar's development prospects. The statement dated 19 February reads:

"The World Bank Group is gravely concerned about the ongoing situation in Myanmar following the events of February 1, which constitute a major setback to the country's transition and its development prospects.

Effective February 1, we have temporarily put a hold on disbursements on our operations in Myanmar, as we closely monitor and assess the situation. The World Bank Group's internal policies and procedures lay out processes in these situations which we are following carefully.

We are putting in place enhanced monitoring of projects that are already underway, to ensure compliance with World Bank Group policies.

For the last decade, the World Bank Group has been a committed partner in supporting Myanmar's transition to democracy, and its efforts to achieve broad-based sustainable growth and increased social inclusion. We remain firmly committed to these goals and to the development aspirations of the people of Myanmar."

See:
https://www.worldbank.org/en/news/statement/2021/02/01/developments-in-myanmar

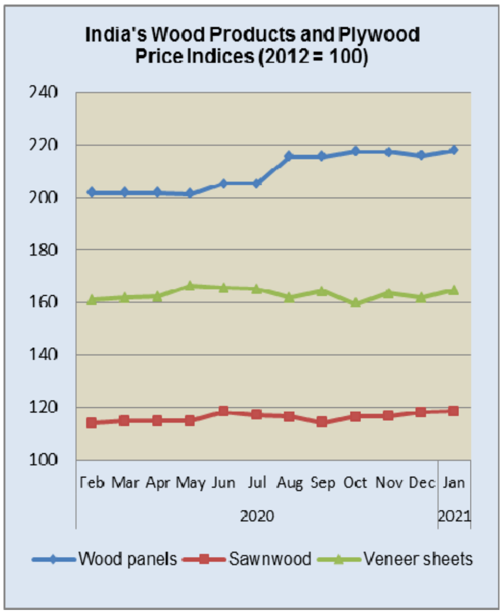
India

Wood product price indices rise

The Ministry of Commerce and Industry has reported the official Wholesale Price Index for 'All Commodities' (Base: 2011-12=100) for January 2021 increased to 124.0 in January from 123.0 in December 2020.

The index for manufactured products increased in January 2021. 18 groups saw increased prices including furniture, paper and paper products, wood and of products of wood and cork compared to December, 2020. The rate of inflation based on monthly WPI stood at 2.03% in January 2021 compared to 3.52% in January 2020.

The press release from the Ministry of Commerce and Industry can be found at: http://eaindustry.nic.in/cmonthly.pdf



Data source: Indian Ministry of Commerce and Industry

Encouraging export growth

India recorded a 6% surge in exports in January, the second monthly improvement since the beginning of the pandemic. Imports also grew for the second successive month in January, rising 2% according to the Indian Ministry of Industry and Commerce.

Supreme Court – foregone benefits from tree clearing to be included in development project costs

Chief Justice SA Bobde of India's Supreme Court's Green Bench has declined to approve tree felling in the Taj Trapezium Zone, an area of 10,400 sq. km around the Taj Mahal. The court ruling says felling of mature, beneficial trees for development work, including laying roads and setting up industries is banned. The court further ordered the inclusion of the value of trees, such as its oxygen production, to be included in the project cost.

See: https://www.hindustantimes.com/india-news/sc-puts-on-hold-felling-of-trees-for-road-projects/story-NijChv0l4f9qgvj9N18A6N.html

(On April 16,1996, a division bench of the Supreme Court (SC) comprising Justices Kuldip Singh and S Saghir Ahmed directed the chief justice of the Calcutta High Court to constitute a special division bench to hear environment-related petitions - and the nation's first green bench was born. The SC has directed this bench to meet once a week.)

Teak planted on over 1,000 hectares in Tiruchi and Thanjavur

The Forest Department has planted teak seedlings along the canal bunds of Cauvery river and on Padugai lands in Tiruchi and Thanjavur circles.

About 30,000 saplings were planted at Samayapuram Upparu, Natham and along Nattuvaikkal at Melur covering a total area of 150 hectares. This is the fifth year of implementation of the scheme that has been put in place with the multiple objectives that includes meeting the timber requirements and enhancing green cover. The teak plantations would be harvested after 30 years and would be sold through public auction by the Department.

Prices differential between Eucalyptus and poplar narrowing

Plyreporter, in its January 2021 Indian panel journal, said timber raw material costs appear to be heading higher this year as firm demand, along with limited supply, fuels price increases. Poplar and eucalyptus are used for core veneer and composite panel production but poplar logs are becoming more difficult to secure resulting in a switch to eucalyptus as an alternative.

At the beginning of this year poplar log prices rose by 10 to 15%. An analyst suggests it will not be until 2022 that the new harvest of poplar will come on stream and that prices for large girth freshly harvested poplar will rise. The rising demands for particleboard and MDF is adding to the supply constraint and thus driving prices higher.

Sawn hardwood prices

Some of the main traders have accepted increased container cost so as to move their timber. For a short while, as the corona cases flattened, there was an improvement in demand but now the virus has begun spreading more rapidly and the market has become slow.

Merchants are anticipating that the government will reintroduce lockdowns in badly affected areas.

Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
Sycamore	1,850-2,000
Red Oak	2,100-2,200
White Oak	2,650-2,800
American Walnut	4,050-4,500
Hemlock STD grade	1,350-1,600
Western Red Cedar	2,350-2,450
Douglas Fir	1,850-2,000

Price range depends mainly on lengths and cross-sections.

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,800-2,000
Kapur	2,100-2,200
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	850-890
Whitewood	850-890

Price range depends mainly on lengths and cross-sections.

Plywood
Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	68.00
6mm	94.00
9mm	114.00
12mm	140.00
15mm	185.00
18mm	200.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	45.00	64.00
6mm	64.00	80.00
9mm	80.00	98.00
12mm	98.00	116.00
15mm	116.00	140.00
19mm	136.00	157.00
5mm Flexible ply	86.00	

Vietnam

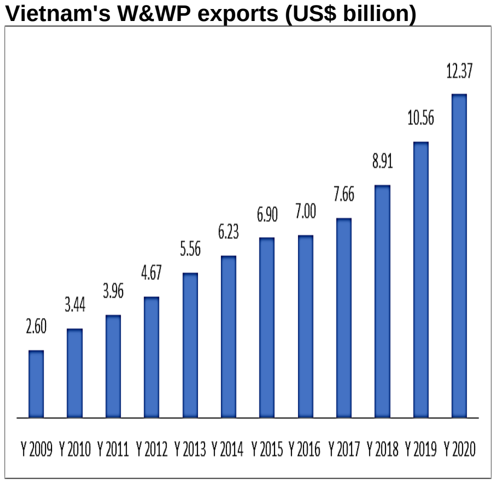
Wood and wood product exports 2020

In 2020, in spite of the pandemic, exports of wood and wood products (W&WP) amounted to US$12.371 billion, a year-on-year growth of 16%. Of this, WP export were valued at US$9.535 billion, 22.5% up compared to 2019 and accounted for 77% of total W&WP exports. With this growth rate W&WP steadily remain amongst top 6 export commodity groups in Vietnam.

The US continued as the top destination for of Vietnam's W&WP exports. In 2020, W&WP export to the US reached US$7.166 billion, 34% higher than in 2019 and accounted for 58% of the total W&WP exports.

With the current momentum, in 2021 W&WP export growth is forecast to expand 15% generating US$14.0 billion provided no major export market uncertainties occur.

Vietnam's W&WP exports (US$ billion)



Data source Customs, Vietnam

W&WP export by foreign enterprises

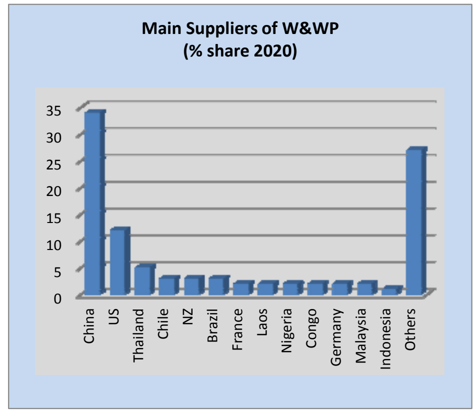
In 2020, exports of W&WP by foreign enterprises were valued at US$6.15 billion, 30% higher than in 2019 and accounted for around half of all W&WP exports by the entire industry (in 2019, this indicator was 42%). Exports by foreign companies of WP reached US$5.661 billion, 318% up compared to 2019 and accounted for 93% of the total value of W&WP exported by foreign enterprises.

Export markets

The US continued as the top market, followed by Japan consuming 11% of total W&WP exports. W&WP exports to Canada and Australia also experience high growth rate with the year-on-year growth of 14% each compared to 2019.

China and South Korea remain important buyers of Vietnam's W&WP but growth of exports was not significant. In contrast, exports to the UK and France declined by 27% and 19% respectively.

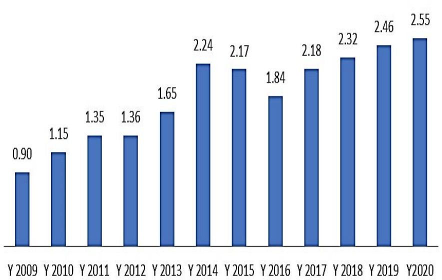
Data source: Customs Vietnam



Data source: Customs Vietnam

Imports
In 2020, W&WPs imported into Vietnam were valued at US$2.558 billion showing a minor year-on-year growth of 0.6%.

W&WP imported into Vietnam, 2009-2020(US$ billion)



Data source: Customs Vietnam

W&WP imports by foreign enterprises
In 2020 the value of W&WP imported by foreign enterprises reached US$1.045 billion, 35% up compared to 2019 and accounted for 41% of the total W&WP imports.

Main suppliers
In 2020, China continued as the largest W&WP supplier for Vietnam accounting for US$862 million and a share of 34% of total imports.

Imports of W&WP from Thailand and Russia increased by 15% and 88% respectively compared to 2019. Conversely, imports of W&WP from the US, Chile, Brazil, and France declined compared to 2019.

W&WP exports by key products, 2020
The top W&WP exported in 2020 included wood chips, wood-based panels, wood pellets, chairs and wooden furniture. Of these, peeled veneer grew at the highest rate, increasing by 94% in volume and 51% in value, followed by chairs with a growth of 32% in export value and wooden furniture of 22% compared to 2019.

- Wood pellet: Export volume 3.2 million tons, valued at: US$352.03 million, 15% up in quantity and 13% up in value against 2019.
- Fibreboard: Export volume 111,200 cu.m, value US$45.78 million, 28% down in volume and 1 % in value against 2019
- Peeled veneer: Export volume 694,230 cu.m, value US$81.69 million, 94% up in volume and 51% up in value against 2019
- Particleboard: Export volume 39,700 tons, value US$9.5 million, 16% down against 2019
- Plywood: Export volume 2.09 million cu.m, value US$719.41 million, 0.2% down against 2019
- Woodchips: Export volume 11.6 million tons, value US$1.48 billion, 3% down in volume and 12% down in value against 2019
- Chairs: Export value US$2.67 billion, 32% up against 2019
- Wooden furniture: Export value US$5.87 billion, 22% up against 2019

W&WP importss by key products, 2020
Key imported W&WP included logs, sawnwood, fibreboard, and plywood. In 2020 imports of logs and sawnwood declined while the imports of wood-based panels increased.

- Logs: Import volume 2.02 million cu.m, value US$563 million
- Fibreboard: Import volume 744,670 cu.m, 8% up in volume and 2 % up in value against 2019

- Sawnwood: Import volume 2.54 million cu.m, value US$ 42.06 million, 9% down in volume and 1% down in value against 2019

- Particleboard: Import volume 434,720 cu.m, value US$84.69 million, 16% up in volume and 7% up in value against 2019

- Plywood: Imports 604,280 cu.m, 16% up in volume and 6% up in value against 2019

- Veneer: Imports 275,980 cu.m, value US$208.13 million, 27% up in volume and 9% up in value against 2019

- Chairs: Import value (HS 9401) US$ 163 million, 28% up against 2019

- Wooden furniture: Import value (HS 9403) US$ 187.95 million, 51% up against 2019

Brazil

Record low interest rate maintained

Inflation, as measured by the Broad National Consumer Price Index (IPCA), was 0.25% in January 2021, 1.1% down from December. Over the last 12 months inflation came in at 4.56%. In January 2021 the Central Bank decided to leave the basic interest rate (Selic) unchanged at a record low of 2.00%.

Advances in development of technical standards

The process of development and updating technical standards in Brazil involves discussion between representatives of the production sector, regulatory agencies, government and consumers.

One of the sectors that works intensively in this area is the timber industry because products must be manufactured to established standards which guarantee performance and quality requirements for the consumer. The Brazilian Association for Mechanically Processed Timber (ABIMCI) has worked to advance updating and development of new technical standards for wood products.

In 2020, two parts of the standard (ABNT NBR 16864) for sawnwood were published and now a standard for civil construction, packaging and general timber use is under discussion. Additionally, other standards such as “wood preservatives” (ABNT NBR 16143) is being reviewed and a text for a wood pellets standard is under preparation. The most recently created Study Committee was charged with developing a standard for film faced plywood.

Another standard under consideration in the wood and civil construction sectors is for “light-frame wood construction” (ABNT NBR 16936) a draft has been submitted for national consultation.

ABIMCI expects that once the standard is agreed there will be many business opportunities for wood products manufacturers in this new construction system for housing with the possibility of an increase in domestic consumption.

Another standard directly linked to civil construction, specifically related to wooden doors (ABNT NBR 15930 - Part 3), has been drafted. The new standard includes additional performance requirements such as wooden soundproof doors, radiation protection doors and emergency exits doors.

Amazon deforestation dropped in January

Deforestation alerts in the Legal Amazon in January 2021 were the lowest in the past four years, dropping of 70% compared to January 2020. This information was released by the Ministry of Defense and was based on data from the National Institute for Space Research (INPE).

Between August 2020 and January 2021 there was a 988 sq. km reduction in deforestation alerts according to INPE. The Ministry of Defense said that the data show the success of work coordinated by the National Council of the Legal Amazon in the region, mainly through the Operation “Verde Brasil 2” (Green Brazil 2) to combat environmental crimes in the Legal Amazon.

The Ministry of Defense explained that the Integrated Group for the Protection of the Amazon (GIPAM) verifies information available in the databases of environmental protection and law enforcement agencies and produces reports that detail where illegal deforestation has occurred. Based on these reports, the operation “Verde Brazil” and environmental agencies plan the action of the Armed Forces and inspection teams.

Export update

In January 2021 Brazilian exports of wood-based products (except pulp and paper) increased 22.8% in value compared to January 2020, from US$206.6 million to US$253.6 million.

Pine sawnwood exports dropped 6% in value between January 2020 (US$37.5 million) and January 2021 (US$35.2 million). In volume, exports fell 8% over the same period, from 207,700 cu.m to 191,000 cu.m.

Tropical sawnwood exports increased 7.2% in volume, from 29,000 cu.m in January 2020 to 31,100 cu.m in January 2021. In terms of value, exports grew almost 1% from US$12.7 million to US$12.8 million, over the same period.

Pine plywood exports saw a surge of 91% in value in January 2021 in comparison with January 2020, from US$26.4 million to US$50.3 million. In volume terms exports increased 41% over the same period, from 121,000 cu.m to 170,400 cu.m.

As for tropical plywood, exports declined in volume (-28.3%) but the value remained stable. Export earnings US$1.8 million in January 2020 and US$ 1.8 million in January 2021.

An encouraging increase in wooden furniture exports was recorded in January with the value increased from US$30.0 million in January 2020 to US$41.1 million in January this year, a boost of 37% jump.

2020 export performance

In early February 2021, the Brazilian Association for Mechanically Processed Timber (ABIMCI) published the 2020 export performance for wood products. With regard to tropical plywood the volume shipped reached 101,720 cu.m., representing a 14% increase in relation to the volume shipped in the previous year.

Tropical veneer exports in 2020 were 83,625 cu.m, an increase over the previous year with Asia being the main destination.

In 2020 exports of tropical sawnwood were 450,217 cu.m, a 15% year on year decline. Vietnam was the main destination for tropical sawnwood in 2020.

Tropical mouldings (profiled timber) followed the same trend with a 7% decrease in the volume shipped compared to 2019. Engineered wood flooring exports were 4,028,076 kg. down 29% over the previous year with the United States being the main destination for the product.

For solid wood flooring the volume shipped reached 69,866,937 kg. an increase of approximately 27% compared to the volume exported in the previous year. The United States was the main market for this product.

As for the exports of wooden doors, the total exported in 2020 was 169,125,340 kg. representing a 30% growth in relation to the amount shipped in the previous year. The main exported type is solid wooden doors.

An overview of furniture exports

ABIMÓVEL, the Brazilian Association of Furniture Industries, recently presented an overview of 2020 furniture exports by state. The states in the Southern Region are the largest furniture exporters in Brazil. Together, the states of Santa Catarina (41.3%), Rio Grande do Sul (27.6%) and Paraná (14.9%) accounted for almost 85% of Brazilian furniture exports in 2020.

Despite the quite impressive performance exports from Santa Catarina and Rio Grande do Sul declined compared to 2019. In Santa Catarina there was a drop of US$5.9 million and in Rio Grande do Sul there was a drop of US$16.2 million in exports. Paraná State, on the other hand, experienced a growth in furniture exports of US$2.3 million.

In 2020 the states of Pará and Rio de Janeiro managed to expand their share of exports but from a very low base. 2020 exports from Pará expanded 121% year on year while the furniture industry in the state of Rio de Janeiro exported 93% more in 2020 compared to a year earlier.

The export of furniture is an important employment sector and provides significant opportunities regardless of the size of the company and the segment in which it operates.

ABIMÓVEL is helping companies seize opportunities in e-commerce and new logistical modalities. It supports export promotion along with Apex-Brazil (Brazilian Trade and Investment Promotion Agency).

Domestic log prices

Brazilian logs, mill yard, domestic	US$ per cu.m
Ipê	173⬇
Jatoba	86⬇
Massaranduba	78⬇
Miiracatiara	82⬇
Angelim Vermelho	76⬇
Mixed redwood and white woods	64⬇

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per cu.m
Ipé	722⬇
Jatoba	349⬇
Massaranduba	347⬇
Muiracatiara	312⬇
Angelim Vermelho	310⬇
Mixed red and white	207⬇
Eucalyptus (AD)	158⬇
Pine (AD)	104⬇
Pine (KD)	130⬇

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US$ per cu.m
4mm WBP	388⬇
10mm WBP	335⬇
15mm WBP	277⬇
4mm MR.	315⬇
10mm MR.	246⬇
15mm MR.	219⬇

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US$ per cu.m
15mm MDParticleboard	161⬇
15mm MDF	199⬇

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per cu.m
Ipe	1,533
Jatoba	905
Massaranduba	884
Muiracatiara	886
Pine (KD)	180

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US$ per cu.m
9mm C/CC (WBP)	275
12mm C/CC (WBP)	264
15mm C/CC (WBP)	241
18mm C/CC (WBP)	230

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports		US$ per cu.m
Decking Boards	Ipê	3,117
	Jatoba	1,495

Source: STCP Data Bank

Peru

Exports declined in 2020

The FOB value of semi-manufactured wood product exports in 2020 totalled US$55.4 million representing a year on year decline of 31%.

The main market for wood products in 2020 was China which took just over half of all wood products but in 2020 there was a 36% decline in exports to China. The second most important market for the semi-manufactured products in 2020 was France with a 15% share of exports but, as with China, exports to France fell year on year in 2020 dropping by a third.

Denmark was the third placed market in terms of export value with an almost 9% share of exports and there was a rise of around 7% in the value of 2020 exports compared to a year earlier.

Exports of wooden furniture defy the trend

Exports of furniture and furniture parts in 2020 were worth US$3.8 million FOB, just 3% below that in 2019. The main markets were the US which accounted for around 75% of exports followed by Italy with a 9% share. The value of exports of furniture and parts to these two markets increased slightly in 2020.

Furniture manufacturers in Peru had to contend with many disruptions throughout the year and most were operating well below capacity.

Peruvian chipboard imports set a new record

In 2020, despite a sharp fall in the first half of the year imports, Peru's imports of composite panels were a record US$108.9 million, up on 2019 by about 8%.

With an increase in shipments of 1.6% (US$44.9 million, 2020, US$4.2 million2019) Ecuador was once again the main shipper followed by Chile (US$23.7 million). Spain, was the third placed shipper (US$21.9 million) up 27% year on year. Producers in Brazil supplied composite panels valued at US$15.1 million.

8 million hectares identified for restoration

The Ministry of Agrarian Development and Irrigation (MIDAGRI) has been advised by the National Forest and Wildlife Service (Serfor) that 8.2 million hectares of degraded forest have been identified for restoration. Of this, 2.2 million are in the Andean zone, 519,000 hectares in the Amazon and 149,000 hectares along the coast.

The main issues identified with degraded forests is the loss of natural vegetation cover, loss of biodiversity and reduced of ecosystem services for water regulation.

There are also cases of grazing, pasture burning and forest fires, land use change, inadequate water management and deforestation.

The departments with the largest areas with a very high priority for restoration are Ayacucho with 2.1 million hectares, followed by Áncash with 1.9 million, Huánuco with 1.7 million, Piura with 1.7 million and Cusco with 1.6 million hectares.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US$ per cu.m
Pumaquiro 25-50mm AD	
Mexican market	647-659
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	584-612
Grade 2, Mexican market	498-523
Cumaru 4" thick, 6'-11' length KD	
Central American market	985-1001⬆
Asian market	1079-1099⬆
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	583-597
Dominican Republic	694-710
Marupa 1", 6-11 length KD	
Grade 1 Asian market	569-598

Domestic sawnwood prices

Peru sawnwood, domestic	US$ per cu.m
Mahogany	-
Virola	241-265
Spanish Cedar	342-355
Marupa (simarouba)	237-242

Export veneer prices

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

Domestic plywood prices (excl. taxes)

Iquitos mills	US$ per cu.m
122 x 244 x 4mm	512
122 x 244 x 6mm	519
122 x 244 x 8mm	522
122 x 244 x 12mm	528
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	516
122 x 244 x 8mm	521

Export plywood prices

Peru plywood, FOB Callao (Mexican market)	US$ per cu.m
Copaiba, 2 faces sanded, B/C, 8mm	349-379
Virola, 2 faces sanded, B/C, 5.2mm	487-511
Cedar fissilis, 2 faces sanded, 5.5mm	766-783
Lupuna, treated, 2 faces sanded, 5.2mm	396-419
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
B/C 8mm	466-487
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	391-407

Domestic prices for other panel products

Peru, domestic particleboard	US$ per cu.m
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 cu.m
Cabreuva/estoraque KD12% S4S, Asian market		1327-1398
Cumaru KD, S4S	Swedish market	986-1119
	Asian market	1089-1119
Cumaru decking, AD, S4S E4S, US market		1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		544-577
2x13x75cm, Asian market		756-822

Japan

Rising exports lift growth

Japan’s GDP rose in the third quarter of 2020 by over 3% according the Cabinet Office, this was much better than expected.

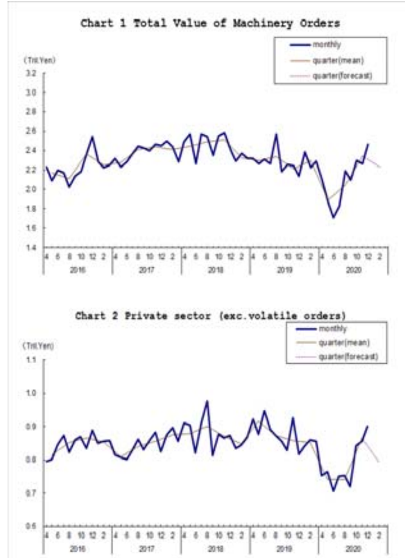
This positive growth helped drive down the losses for the year as a whole and resulted in a 2020 contraction of 4.8%, less than the minus 5.7% projected. Better than expected international trade and some improvement in household spending lifted growth.

Japan's exports accelerated in December led by a jump in Chinese demand. Ministry of Finance data showed that exports rose 6.4% last month from a year earlier. The fourth quarter 2020 also saw businesses increasing investment.

The Minister of Economy pointed out that consumer spending remains below average and exports could be impacted if the new strains of the corona virus cause governments in the main overseas markets to introduce more restrictions.

Machinery orders set to decline

Private-sector machinery orders(an indiacation of industry sentiment) excluding those by ship builders and power companies increased by around 5% in December and were up by over 14% year on year in the last quarter of 2020. Forecasts by Cabinet Office analysts suggest in the first quarter of this year the value of machinery orders is likely to decline.

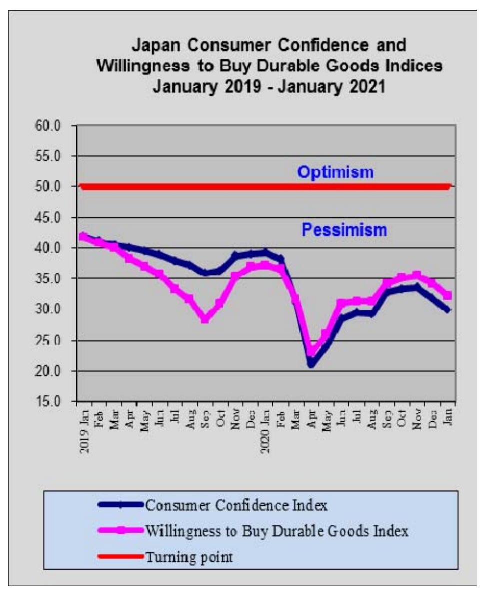


Source: cabinet Office, Japan

Outlook for economy less certain

In its February report the Cabinet Office downgraded its assessment of the economy for the first time in 10 months saying it is showing “weakness in some components” as consumption is slowing because of the ongoing state of emergency.

For January the report declared the economy was “still in a severe situation” but showing signs of picking up.



Data source: Cabinet Office, Japan

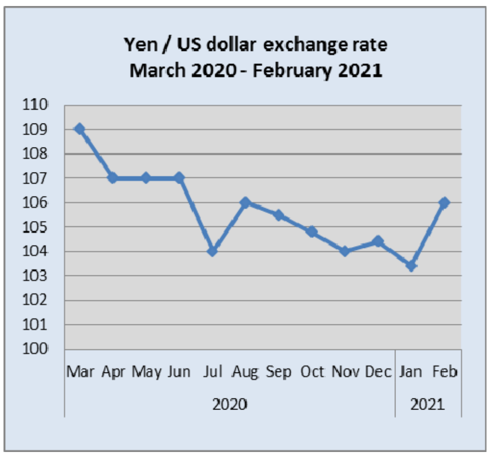
Consumer spending is a key indicator and this was revised downward for the third consecutive month. A surge of infections after the New Year holidays led the government to declare a state of emergency last month covering the Tokyo metropolitan area, Osaka, Aichi and other hard-hit prefectures.

This had a huge impact on spending as people cut back on activities. However, spending on goods such as cars, home appliances and furniture were higher than expected.

Yen direction hinges on dollar trend

The Japanese Yen has weakened against the US Dollar in recent weeks after a strong performance against the US dollar in the 12 months to January 2021. This weakening appears to be the result of rising yields on US Treasuries which has been buoyed by prospects of rising inflation on the back of the US fiscal stimulus plans and progress in vaccinations across the US.

The US dollar gained strength from comments by the US Federal Reserve after it reiterated interest rates will remain at near-zero levels and it will continue its asset purchases at the current rate until "substantial further progress" has been made toward its goals of maximum employment and price stability.



March 2011 tsunami anniversary approaches – many familes still without a home

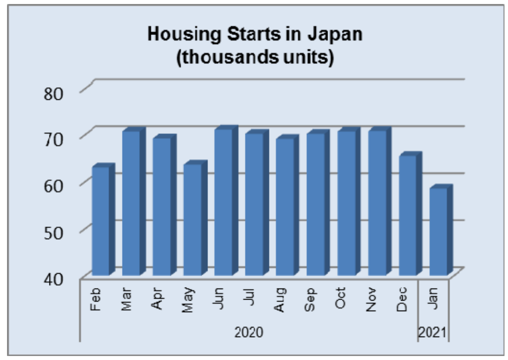
After waiting a decade most of the families left without a home after the March 2011 Great East Japan Earthquake and tsunami can finally move into the Minami-Aoyama apartment complex, the last built for victims of the earthquake. The public housing complex opened on 11 February for new residents.

Replacement home construction started in only 2016 and work on the Minami-Aoyama apartment complex started in 2017. A decade has passed since the 2011 disaster, a long time to wait for a home. Around 30,000 public housing apartments for disaster victims in eight prefectures have been completed.

Construction activity likely to be subdued for some time

The Japan Cement Association has reported sales of cement in Japan fell to a 54-year low in 2020 as the coronavirus control measures caused delays to construction work. The Association has warned the low number of new construction projects means the business climate for cement producers and timber suppliers is likely to remain difficult for some time.

Year on year, housing starts in January 2021 were down 13% and compared to a month earlier January starts dropped 12%.



Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Furniture import snapshot

Three year performance

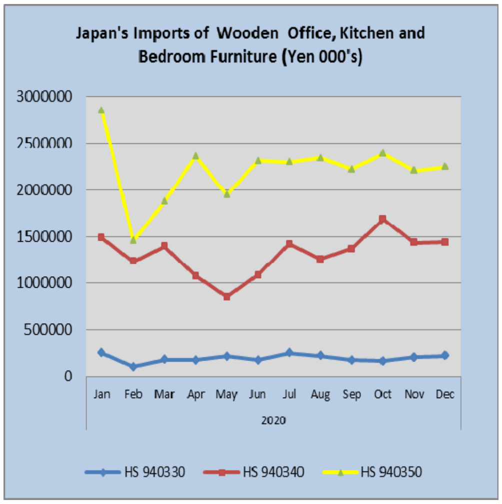
Japan's wooden furniture imports (HS940330-60) rose around 2% year on year in 2019 but then fell back in 2020 dropping 3.5%. Given the drop in consumer spending and in the consumer confidence index in 2020 a 3.5% decline in the year of the pandemic seems a good performance.

Data source: Ministry of Finance, Japan

2020 imports of wooden office, kitchen and bedroom furniture

The value of both wooden kitchen and bedroom furniture (HS9403/40 and 50) imports fell steeply in the first half of 2020 as the corona control measure impacted consumer spending and, to a lesser extent, the building of new homes.

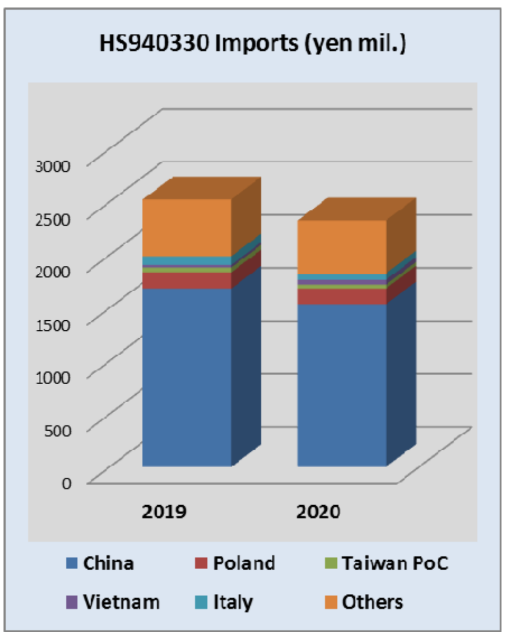
However, the down turn was reversed in the second half of 2020 when there was a surge of 20% in imports of wooden kitchen furniture. Imports of wooden bedroom furniture in the second half of 2020 recovered and stabilised.



Data source: Ministry of Finance, Japan

2019 and 2020 office furniture imports (HS 940330)

In 2020 Japan's imports of wooden office furniture fell 8% compared to a year earlier. In 2020 Chna was the main source of imports and accounted for 66% of all wooden office funiture imports, the same percentage as in 2019. Other main shippers in 2020 were Poland (6%), Italy (3%), Vietnam (2%, double that in 2019) and Taiwan PoC (2%). See table below.



Data source: Ministry of Finance, Japan

Top suppliers, HS940330 % of total

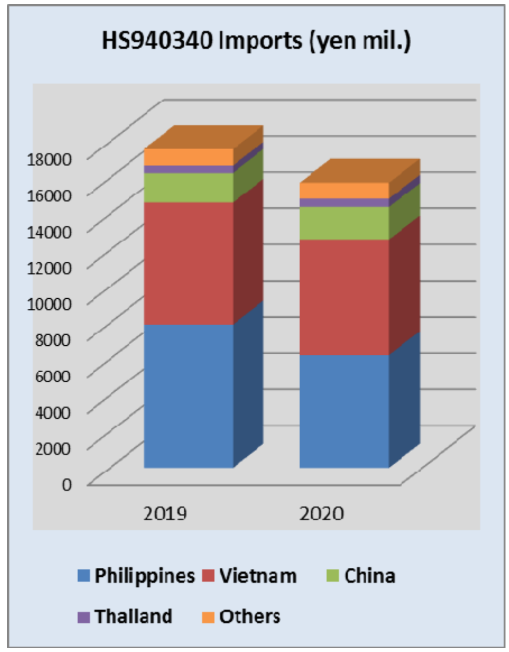
	2019	2020
China	67	66
Poland	6	6
Taiwan PoC	2	2
Vietnam	1	2
Italy	4	3
Others	20	21

Data source: Ministry of Finance, Japan

2019 and 2020 kitchen furniture imports (HS 940340)

There was an 11% decline in the value of Japan's 2020 imports of wooden kichen furniture compared to a year earlier.

The Philippines and Vietnam were the main suppliers accounting for over 80% of the total value of Japan's imports of wooden kitchen furniture. In 2020, shipments from the Philippines were around 6% less than in 2019. See table below.



Data source: Ministry of Finance, Japan

Top suppliers, HS940340 % of total

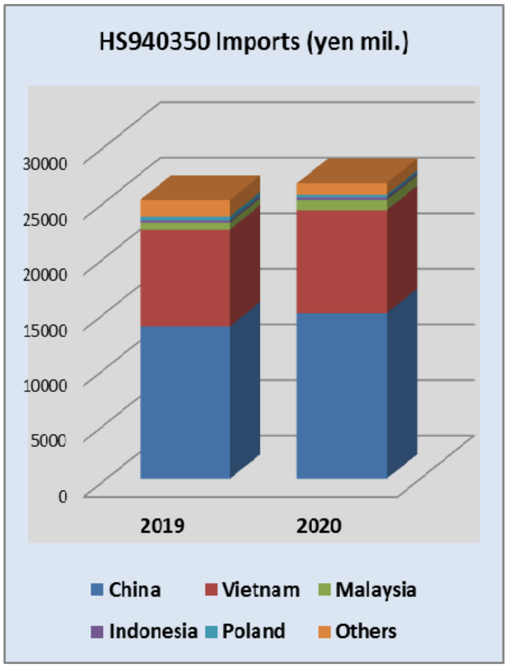
	2019	2020
Philippines	45	39
Vietnam	38	41
China	9	11
Thailand	2	3
Others	6	6

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

In sharp contrast to the declining level of office and kichen furniture in 2020 compared to a year earlier the value of Japan's wooden bedroom furniture imports in 2020 rose 16% year on year.

Imports from the two main shippers, China and Vietnam rose and these two accounted for almost 90% of Japan's wooden bedroom furniture imports in 2020. The other shippers in the top five suppliers were Malaysia (3.5%), Indonesia (1%) and Poland (1%).



Data source: Ministry of Finance, Japan

Top suppliers, HS940350 % of total

	2019	2020
China	55	56
Vietnam	35	35
Malaysia	2.5	3.5
Indonesia	1	1
Poland	2	1
Others	4.5	3.5

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: https://jfpj.jp/japan_lumber_reports/

Increasing cedar log export for China

Cedar log export during January and October last year is 955,749 cbms, 26.0% more than the same period of 2019. After China stopped buying Australian logs and declining supply of Russian logs, log inventory in China had been decreasing and Japanese cedar log inventory in Shanghai at the end of 2020 is only 60% of normal level.

Normally log import gets slower about two months around Chinese New Year (February 12 this year) but because of low level of log inventory, active purchase continues even in January. Export prices are US$135- 140 per cbm C&F, US$15-20 higher than January 2020. Log prices seem to go higher after the New Year holidays.

Cedar log prices in loading ports are climbing. The prices of 8 centimeter up log prices were about 7,500 yen per cbm delivered ports until last October then the prices inflated to 9,000-10,000 yen by late December.

18 cm up logs to manufacture cedar fence for the U.S. market are 10,000-11,000 yen but because of container shortage, freight is climbing by US$15 per cbm, which hold log prices down. Higher C&F prices are offset by higher container freight.

With increasing housing starts in the U.S.A., demand for fence materials is increasing, which is one major reason of active purchase of cedar logs by China but 25% duty is imposed to the Chinese made products.

Meantime, cedar fence materials export to the U.S.A. by the Japanese manufacturers has been increasing. Export volume for the first ten months last year was 39,662 cbms, 87.6% more than 2019. Export prices of fence materials are US$440-450 per cbm C&F, US$40-50 up but because of higher freight, sawmills’ revenue does not increase.

In the first half of 2020, volume of softwood logs imported by China was 17,640 M cbm, 16.2% less than 2019 due to corona epidemic but the second half is recovering.

Japanese cedar log export for China would be reaching one million cbms and log export for Taiwan PoC and Korea is also increasing so total in 2020 should be the highest in record.

Plywood supply in December and 2020

December plywood supply wass 448,100 cbms, 9.6% less than December of 2019 and 4.8% more than November. Production of domestic plywood surpassed 270,000 cbms for two straight months, which balance out monthly shipment volume.

December end inventory is 100,900 cbms, 5,000 cbms more than end of November. The manufacturers’ production is slower because of cold temperature, which reduce efficiency of drying. Meantime, the shipment is steady so January end inventory should drop again.

On imported plywood, Malaysian supply increased but Indonesian supply decreased. In producing regions, log production is largely declined due to labor shortage by corona virus outbreak so low level import would continue.
Total plywood supply in 2020 is 5,207,700 cbms, 11.1% less than 2019. This is the lowest in last ten years. Imported plywood is 2,215,000 cbms, 12.6% less, more than 10% decrease for two consecutive months.

Domestic production is 2,992,700 cbms, 10.0% less, first time after five years that the volume dropped less than 3 million cbms.

Movement of domestic softwood plywood is pausing with tight supply feeling continuing. Dealers have ample inventory now so the inquiries are simmering down.

Precutting companies have ample orders for February so the demand is not so weak. There are still delayed deliveries in the Western Japan.

Plywood mills are running with normal pace since last month but drying veneer takes more time in winter by low temperature so total production is lower than normal. Also by heavy snow fall, transportation is confusing.

Plywood mills try to push the prices further up but major precutting plants are cautious as demand slow period of early spring is approaching and price hike of other materials like structural laminated lumber. Import plywood continues tightness with port inventories vanishing so the dealers struggle to secure the volume.

In South East Asian countries, log supply shortage is caused by poor weather and labor shortage so plywood mills are not able to accept new orders. If the importers place new orders, the prices are way higher than Japan market prices and the importers are aware of obvious loss if they place new orders so supply increase is impossible.

Share of domestic is 57.5%, 0.8 point up

Imported plywood volume decreased because of depressed tropical hardwood plywood market in Japan and corona virus outbreak in 2020 so the importers reduced placing new orders. Domestic plywood market also suffered corona virus epidemic in 2020 as the market confused and the prices skidded so all the domestic manufacturers started curtailing the production since March so total production decreased.

Volume of imported plywood decreased by 320,000 cbms, which equals to stop of one and half months' supply.

Since late 2020, inventory of imported plywood dropped in Japan but the supply did not recover since the supply side suffered sluggish export prices with log supply shortage by labor shortage and insufficient log supply by foul weather and many plywood mills closed so the monthly import volume has been less than 200,000 cbms since last June.

The domestic manufacturers have started production curtailment program since March 2020 so the production dropped down by 15-20 % then the market deteriorated in summer, the manufacturers reduced the production by 25-30% then they produce only for the demand.

They succeeded to stop oversupply. The shipment of softwood plywood is 10.4% less than 2019 but the production is also down by 9.8%. The inventory of softwood peaked in May 2020 then it has kept dropping and end of December inventory is 112,800 cbms.

Preparing to accept foreign construction workers

The Ministry of Land, Infrastructure, Transport and Tourism came up with receiving foreign workers in corona virus outbreak. The idea is to train foreign workers at their mother country and reduce sending trainers and lecturers from Japan to foreign countries. In other words, rearing trainers locally by lecturing technical education by telework to local trainers. It will form the system to train skilled workers in construction fields who have status of residence in Japan.

Initially it is considering to start in Vietnam then other countries like Indonesia and Philippines. Presently 642 workers are staying in Japan after finishing skill training and work with specific skill.

China

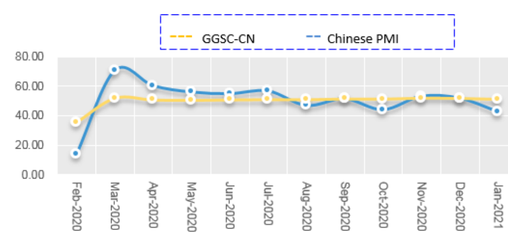
GGSC-CN Index Report (January 2021)

Inventory of raw materials increased and exports remained weak

In January 2021, despite a rebound in corona infections China's economy maintaineds an upward trend. The purchasing managers index (PMI) for the manufacturing industry is 51.3%, only slightly lower than that in the previous month.

The index has been above 50 for seven consecutive months. However, in January the wood sector production and manufacturing industry continued to shrink. Although production was the same as last month the number of new orders declined significantly in January, the inventory of raw materials increased and exports remained weak.

The GGSC-CN comprehensive index for January registered 42.9% (48.4% for last January and 38.3% for January 2019), a decline of 19% from the previous month. The operations of the wood product enterprises represented in the GGSC-CN index shrank from last month.



Source: GGSC-CN, China

The production index in January registered 50%, the same as the previous month. The new order index registered 28.6%, a drop of 31% from the previous month. The new export order index reflecting international trade registered 35.7%, a decline of 4% from the previous month.

The main raw material inventory index registered 57%, an increase of 17% points from the previous month.

This indicates that the raw material inventory of forest products enterprises included in the index increased in January from the previous month.

The employment index registered 42.9%, a drop of 7% from the previous month as companies cut back on the workforce. The supplier delivery time index was 50%, same as the previous month indicating that the deliver time of raw materials from suppliers was almost the same as in December 2020.

See: http://www.itto-ggsc.org/site/article_detail/id/210

Canadian decision on China's plywood

In January 2021 the Canada Border Services Agency (CBSA) terminated the dumping and subsidy investigation in respect of certain decorative and non-structural plywood originating in or exported from China.

The statement from the CBSA is provided below and the source of the full determination is shown.

On 21 January 2021, pursuant to paragraph 41(1)(a) of the Special Import Measures Act, the Canada Border Services Agency terminated the dumping investigation in respect of certain decorative and other non-structural plywood originating in or exported from China by:

Celtic Co., Ltd.
Linyi Evergreen Wood Co. Ltd.
Linyi Huasheng Yongbin Wood Co., Ltd.
Pingyi Jinniu Wood Co., Ltd.
Pizhou Jiangshan Wood Co., Ltd.
Shandong Good Wood Imp. and Exp. Co., Ltd.
and
Xuzhou Shengping Imp and Exp Co., Ltd.

Similarly, on the same date, pursuant to paragraph 41(1)(a) of the Special Import Measures Act the Canada Border Services Agency terminated the subsidy investigation in respect of certain decorative and other non-structural plywood originating in or exported from China by Celtic Co., Ltd., Linyi Evergreen Wood Co., Ltd., Linyi Huasheng Yongbin Wood Co., Ltd., Linyi Jiahe Wood Industry Co., Ltd., Pingyi Jinniu Wood Co., Ltd., Pizhou Jiangshan Wood Co., Ltd., Shandong Good Wood Imp. and Exp. Co. Ltd., and Xuzhou Shengping Imp and Exp Co., Ltd.

On the same date, pursuant to paragraph 41(1)(b) of the Special Import Measures Act, the Canada Border Services Agency made final determinations respecting the dumping and subsiding of certain decorative and other non-structural plywood originating in or exported from China, with respect to exporters for which the investigations have not been terminated.

The full determination can be found at: https://www.cbsa-asfc.gc.ca/sima-lmsi/i-e/donp2020/donp2020-fd-eng.html

New national standard for Veneer

The national standard, GB/T 13010-2020, for wood veneers has been released by the National Technical Committee for Standardisation of wooden panels and this will come into force on 1st June 2021.
This new standard is an integration and revision of two previous standards for sliced veneer (GB/T 13010-2006) and rotary veneer (LY/T 1599-2011).

The implementation of this new standard for veneer will effectively regulate product quality, enterprise production and marketing of wood veneer in China and is a significant step towards higher technological capacity in the sector.

See: http://rbw.criwi.org.cn/news/?pid=406

Increased natural forest area and stocking

China now has 1.98 million hectares of natural forest accounting for 64% of the country's forest area and more than 83% of its forest stock.

Since the 13th Five-Year Plan, the central government has continuously supported protection of natural forests. RMB240 billion was spent on protecting natural forests in China over the past five years accounting for more than 40% of the total investment in forests and grasslands from the central government. An amount of RMB223.4 billion was from the central government and RMB16.6 billion from local governments.

China has achieved a net increase of 5.93 million hectares in the area of natural forests over the past five years and a net increase of 1.375 billion cubic metres in stocking volume.

Rise in sales of flooring products in 2020

According to data from the China Forest Products Industry Association annual sales of flooring products rose 1.35% to 903 million square metres in 2020. Of the total sales of wood and bamboo flooring was about 412 million square metres, stone-wood-plastic-ploymer composite flooring sales were 4.17 square metres and wood plastic flooring sales were 74 million square metres.

However, **s**ales of wooden and bamboo flooring fell 3% to 411.7 square metres in 2020. Sales of laminated wooden flooring were 199 million square metres, a year on year decline of 8%, wooden composite floors, 138 million square metres, year on year up 9%, solid wood floors, 41 million square metres, year on year down 12%, bamboo floors, 28.6 million square metres, year on year down 5% and other floors, 5.1 million square metres, year on year up 11%.

Annual sales of stone-wood-plastic-polymer floors rose 5% to 417 million square metres in 2020 with around 95% being exported.

Annual sales of wood and plastic flooring increased about 6% to 74 million square metres in 2020. 60% are exported and 95% are for outdoor flooring.

Main features of the flooring industry in 2020
Domestic sales of wood-bamboo flooring declined.
The differentiation of domestic marketing channels has becoming more and more significant. Sales for commercial facilities continued to expand driving the sales growth of composite flooring. Sales in the retail/home market declined affecting solid wood flooring and laminate flooring.

The pandemic had little influence on the export of flooring in 2020 and sales of stone-wood-plastic floors and wood plastic flooring increased slightly.

See:
https://baijiahao.baidu.com/s?id=1692544577341206432&wfr=spider&for=pc

Many enterprises increase prices for wood panels
After the Spring Festival prices for chemical raw materials soared by more than 50% forcing wood panel makers to raise prices. Further prices increases have been forecast. As panel prices rise there will be a knock-on effect to furniture makers.

As a result of the increased in production and labour costs a number of decorative paper producers have raised the price of panel coatings.

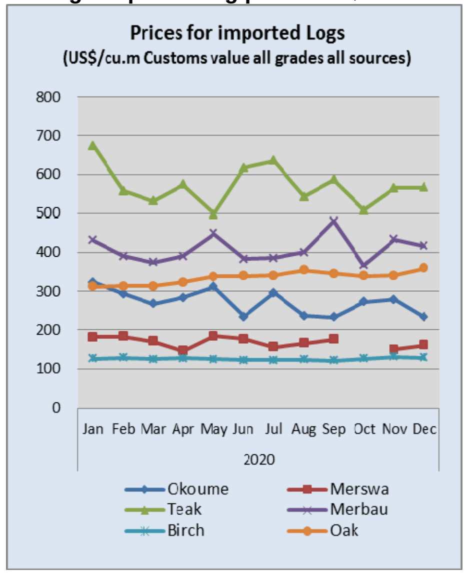
Shangrao wooden blinds sold well in 2020
According to Shangrao Customs (Jiangxi Province), exports of wooden window blinds made in Shangrao City exceeded RMB120 million in 2020, a year-on-year growth of 23%. In the second half of 2020 exports increased by more than 50% year on year.

Because of the pandemic control measures in the main overseas markets people have been spending more time at home and have turned to home improvements to relieve stress. Shangrao Customs adapted its inspection methods to aid enterprises with many steps being achieved online. This greatly assisted exporters and saved them money and time.

To ensue enterprises meet the regulatory requirements Shangrao Customs took the initiative to conduct what it termed "Cloud Inspection" and field operations in the mode of "No Contact".

See:
http://www.srxww.com/html/article/1024/2021_1200543.html

Average imported log prices US$/cu.m CIF



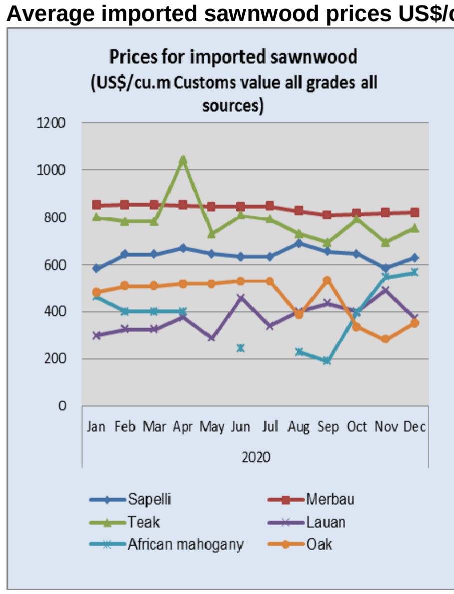
Data source: China Customs. Customs value all grades, all sources

Average imported log prices US$/cu.m CIF

	2020 Nov	2020 Dec
Okoume	278	233
Merswa	149	160
Teak	565	566
Merbau	434	417
Birch	131	228
Oak	341	360

Data source: China Customs. Customs value all grades, all sources

Average imported sawnwood prices US$/cu.m CIF



Data source: China Customs. Customs value all grades, all sources

Average imported sawnwood prices US$/cu.m CIF

	2020 Nov	2020 Dec
Sapelli	586	630
Merbau	20	822
Teak	694	754
Lauan	489	372
African mahogany	547	567
Oak	283	353

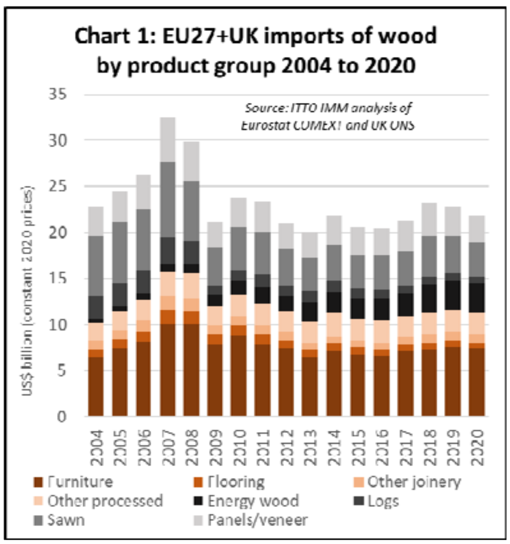
Data source: China Customs. Customs value all grades, all sources

Europe

Sharp fall in tropical share of European wood products market

Despite upheaval in the EU27+UK wood market and wider economy in 2020 due to the COVID-19 pandemic, the total dollar value of EU27+UK imports of wood (HS44) and wood furniture (HS94) products fell only 4% to US$21.86 billion euro in 2020.

In dollar terms, EU27+UK imports in 2020 were higher than during the 2015-2017 period and not significantly out of alignment with the trend of the previous 10 years (Chart 1).



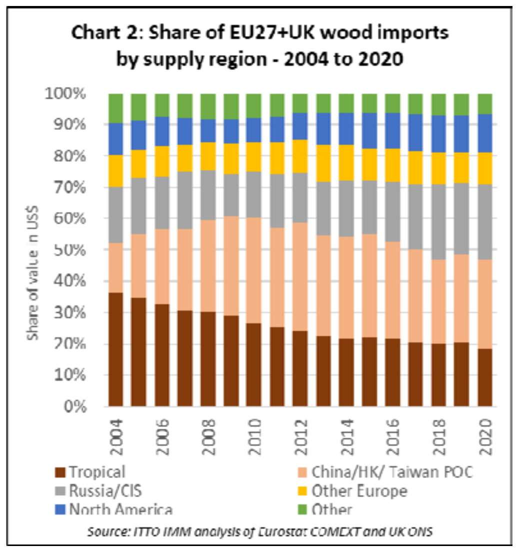
While the overall level of EU27+UK imports of wood and wood furniture products remained surprisingly resilient during 2020, there were winners and losers. Unfortunately for tropical suppliers, their share of the European trade fell sharply in 2020 after making some tentative gains the previous year. In total, wood and wood furniture imports into the EU27+UK from the tropics were US$4.08 billion in 2020, 13% less than the previous year. The share of tropical suppliers in the total value of EU27+UK wood product imports decreased from 20.5% in 2019 to 18.5% in 2020, the lowest level ever recorded which compares to a figure of over 35% only 15 years before (Chart 2).

The latest downturn in tropical wood's share of the EU27+UK market is partly due to supply side problems in tropical countries during the pandemic, compounded by severe lack of container space, particularly in shipments from South East Asia to Europe.

Another key factor was that in 2020 the pandemic impacted most heavily on a few western European countries – notably the UK, Spain, Italy, Belgium and France – which are the largest markets for tropical wood and wood furniture products in the region.

At the same time, the largest single market for tropical wood and wood furniture products in the region – the UK – went through the painful process of removing itself from the EU, officially leaving the bloc on 31st January 2020 and the single market on 31st December after a brief transition period last year.

In contrast to tropical countries, the total value of EU27+UK imports of wood and wood furniture products from China declined just 3% to US$6.18 billion in 2020, mainly driven by a slight decline in wood furniture. This follows marginal 1% gains in EU27+UK import value from China in 2018 and 2019 after a period of decline between 2014 and 2017.



EU27+UK imports of wood and wood furniture products from CIS countries actually increased in 2020, rising 1% to US$5.27 billion. The share of CIS countries in total EU27+UK imports increased from 22.9% in 2019 to 24.1% in 2020. EU27+UK imports of softwood sawnwood, birch plywood and wood furniture from the CIS region all made gains in 2020 while imports of wood pellets were stable. EU27+UK imports of wood and wood furniture products from other non-EU European countries declined 2% to US$2.17 billion in 2020 and share of imports from these countries increased slightly, from 9.7% in 2019 to 9.9% in 2020.

After dipping sharply early in the year, imports from Norway (mainly softwood logs and sawnwood) and Bosnia and Herzegovina (mainly wood furniture and some sawn hardwood) rebounded strongly in the second half of 2020.

However, imports from Switzerland (mainly furniture and panels), Serbia (mainly furniture), and North Macedonia (all furniture) were recovering only slowly.

EU27+UK imports of wood and wood furniture products from North America (excluding Mexico) decreased by just 1% in 2020 to US$2.68 billion. The region's share of total EU27+UK imports increased from 11.8% in 2019 to 12.3% in 2020. Rising imports of pellets offset declining imports of sawnwood, furniture, and veneers from North America.

EU wood furniture imports down 3% in 2020

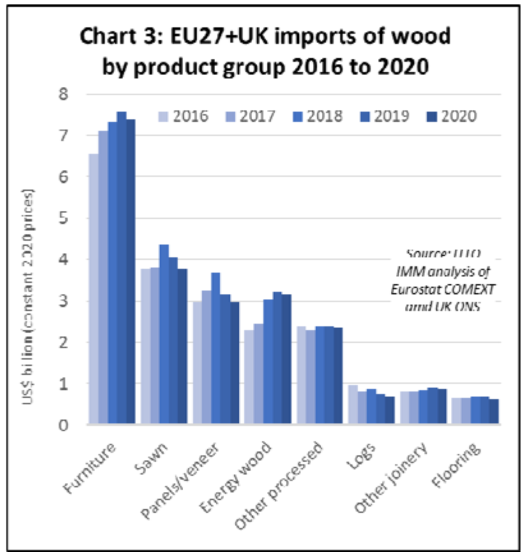
Considering individual products (Chart 3), the dollar value of EU27+UK imports of wood furniture decreased by 3% to US$7.4 billion in 2020 after a 4% increase in 2019. Wood furniture imports from temperate countries fared much better than imports from tropical countries during the year.

Imports of wood furniture from China, which alone accounts for around 50% of the EU27+UK external trade, declined only 3% to US$3.7 billion. Imports of wood furniture from all the other leading supply countries in temperate regions increased during the year including Turkey (+19% to US$335 billion), Bosnia (+6% to US$233 billion), Ukraine (+17% to US$215 billion), Belarus (+28% to US$183 billion) and Serbia (+3% to US$153 billion).

In contrast, there was a universal fall in imports of wood furniture from tropical countries in 2020, including Vietnam (-14% to US$751 billion), Indonesia (-12% to US$367 billion), India (-6% to US$280 billion), and Malaysia (-16% to US$222 billion).
Such consistency across the board - with rises in imports from temperate countries matched by declines from tropical countries - is unusual.

It may be a short-term adjustment as European importers switched to more regional suppliers with the sharp drop in availability of container space and rising freight rates and other problems in sourcing products from South East Asia during the pandemic.

On the other hand, it may have long term consequences if it reinforces the trend towards 'reshoring' and a preference for sourcing furniture from neighboring countries in Eastern Europe on-going now for some time in the region.



A similar trend is apparent for sawnwood. EU27+UK imports of sawnwood (inclusive of both softwood and hardwood, and decking) declined 6% to US$3.79 billion in 2020 following a 7% fall the previous year.

The biggest falls in sawnwood imports during 2020 were all reserved for tropical suppliers. Imports fell 15% from Cameroon to US$223 million, 12% from Brazil to US$237 million, 17% from Malaysia to US$117 million and 15% from Indonesia to 114 million.

In contrast to tropical wood, imports of sawnwood from Russia, by far the largest external supplier, recovered 9% to US$889 million after falling 11% the previous year. Imports from Belarus also remained quite stable in 2020, declining only 2% to US$462 million after a 4% fall the previous year.

Most sawnwood imports from Russia and Belarus comprise softwood and lower value hardwood species such as birch and aspen. EU27+UK imports of sawn wood from both countries have been high in recent years following imposition of log export bans.

Imports of sawnwood from Ukraine, comprising a mix of softwood and hardwood, fell 12% in 2020 to US$310 million following a 13% fall the previous year. Imports from the United States, almost exclusively hardwood, are also declining, down 14% to US$291 million in 2020 following a 13% decline the previous year.

EU27+UK imports of plywood and other wood panels decreased 7% to US$2.95 billion in 2020 after a 14% decline the previous year.

This European market for plywood and panels weakened sharply in the second half of 2019 with widespread reports of overstocking and falling prices as the economy began to cool at that time. The onset of the pandemic last year deepened the prevailing downward trend.

With few exceptions, the downturn impacted on all the leading suppliers of plywood and panels, both in temperate regions and the tropics. Imports from Russia fell 5% to US$694 million following a 14% decline the previous year, similarly China fell 5% to US$510 million in 2020 following a 14% decline in 2019, Ukraine was down 7% in 2019 and 1% in 2020 to US$304 million, and Brazil fell 16% in 2019 and 26% in 2020 to only US$225 million.

Of temperate suppliers, only Belarus made gains in 2020, rising 6% to US$249 million but this followed a 19% fall the previous year.

Amongst tropical suppliers of plywood and panels, EU27+UK imports declined 30% to US$86 million from Indonesia in 2020 after a 13% fall the previous year. However, in 2020 gains were made by Gabon, with imports rising 13% to US$110 million after a 5% fall the previous year, and Malaysia, from where imports increased 5%, to US$37 million, after falling 33% the previous year.

Following nearly 20 years of almost uninterrupted growth, the dollar value of EU27+UK imports of energy wood fell 1% to US$3.18 billion in 2020. Imports of energy wood are now dominated by pellets from North America, Russia and the CIS countries. Imports from the United States continued to rise in 2020, by 3% to US$ 1.4 billion, and also increased 25% from Canada to US$374 billion.

Imports from Russia were US$501 million in 2020, no change compared to 2019. However, imports from Belarus fell 3% to US$190 million in 2020. Imports from Ukraine, which includes much charcoal as well as pellets and other fuelwood, declined 7% to US$185 million in 2020.

EU27+UK imports of logs declined 8% to US$680 million in 2020 after a 15% fall the previous year. In 2020, imports fell from nearly all the countries that continue to allow log exports, including Russia (-5% to US$290 million), Norway (-15% to US$223 million), Switzerland (-19% to US$43 million), and USA (-15% to US$35 million).

However, after falling to negligible levels in 2018 and 2019 following imposition of tight export controls, log imports from Belarus increased sharply last year to US$21 million.

After years of decline, EU27+UK log imports from tropical countries are now very low and fell from all main supply countries in 2020, down 15% from Republic of Congo to US$18.1 million, 31% from Central African Republic to US$6.2 million, and 44% from DRC to US$3.7 million.

The value of EU27+UK imports of wood flooring fell 6% to US$640 million in 2020 after a 3% fall the previous year.

Flooring imports from China, by far the largest external supplier accounting for around two thirds of the total, declined 9% to US$385 million in 2020, while imports from Ukraine were down 4% to US$97 million. However flooring imports from Malaysia increased last year, by 25% to US$29 million. Imports from Indonesia were down 4%, to US$21 million, continuing a long-term downward trend.

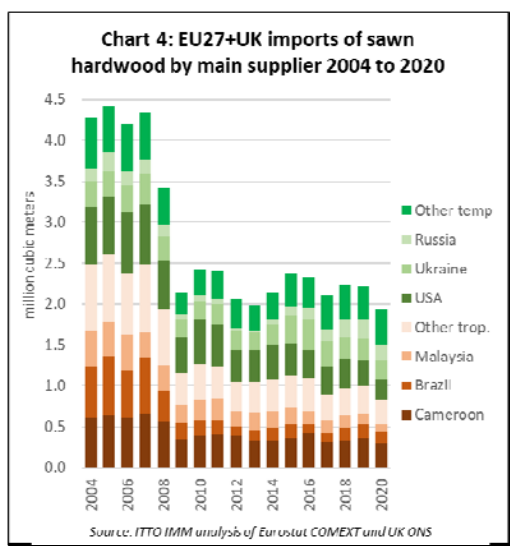
EU27+UK imports of 'other' joinery products (i.e. excluding flooring and mainly comprising doors and laminated wood for window frames and kitchen tops) fell 3% to US$880 million in 2020 after a gain of 5% the previous year. Imports from China were stable at US$206 million in 2020 after rising 4% in 2019.

However, imports from Indonesia were down 16%, to US$174 million, reversing the 9% gains made the previous year. Imports from Malaysia also declined in 2020, by 6% to US$95 million after rising 10% in 2019. Imports from Vietnam increased by 1% to US$26.7 million in 2020, building on a 14% gain in 2019.

Record low EU27+UK imports of sawn hardwood in 2020

In quantity terms, EU27+UK imports of sawn hardwood fell 13% to 1.93 million cu.m last year, the lowest level for at least thirty years and only the second year ever (alongside 2013 during the euro currency crises) that imports have fallen below 2 million cu.m. EU27+UK import quantity of tropical sawn hardwood declined 18% last year to only 828,000 cu.m, the lowest level ever recorded. Import quantity of temperate sawn hardwood fell 8% to 1.11 million cu.m.

Despite the sharp decline in trade, the level of EU27+UK sawn hardwood imports last year was not significantly out of alignment with imports in any year since 2009. The reality is that European sawn hardwood imports have been stuck at historically low levels ever since the financial crises. The decline last year is a relatively minor blip compared to the huge 50% fall between 2007 and 2009 (Chart 4).



In quantity terms, in 2020 EU27+UK imports of tropical sawnwood declined 17% from Cameroon to 303,000 cu.m, 25% from Brazil to 129,000 cu.m, and 13% from Malaysia to 105,000 cu.m. Imports of temperate sawn hardwood also declined from all leading supply countries including the US (-13% to 261,000 cu.m), Ukraine (-17% to 224,000 cu.m) and Russia (-15% to 197,000 cu.m).

EU27+UK imports of tropical plywood down 22% in 2020

In quantity terms, in 2020 EU27+UK imports of plywood fell 6% to 4.28 million cu.m following a 5% decline the previous year. While EU27+UK imports of plywood declined in both 2019 and 2020, they were still at historically high levels, last year being the fourth strongest year for plywood imports in the last 20 years (Chart).

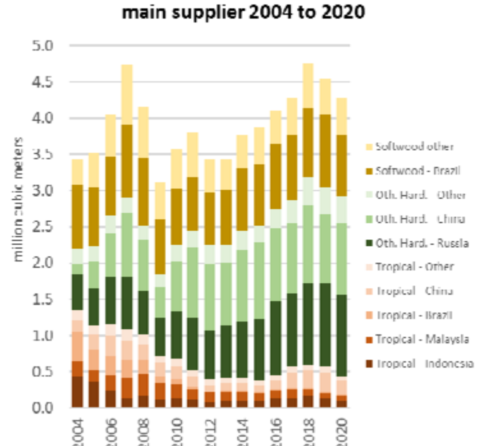
While overall EU27+UK plywood imports were strong in 2020, there was a significant loss of market share for tropical products. Imports of tropical hardwood plywood fell 22% to 441,000 cu.m last year and share of all plywood import quantity declined from 12% in 2019 to 10% in 2020.

Although imports of tropical hardwood plywood increased 24% from Malaysia to 72,000 cu.m, they declined from other leading supply countries including Indonesia (-27% to 104,000 cu.m) and China (-31% to 187,000 cu.m).

In 2020, tropical hardwood plywood lost share mainly to non-tropical hardwood plywood from China, including both mixed light hardwood (comprising mainly eucalyptus and poplar) and birch products. Total EU27+UK imports of non-tropical hardwood plywood increased 1% to 2.49 million cu.m in 2020.

A 6% increase in imports from China to 998,000 cu.m offset a 5% decline in imports from Russia to 1.12 million cu.m. EU27+UK imports of softwood plywood fell 10% to 1.35 million cu.m in 2020, mainly due to a 17% decline in imports from Brazil to 842,000 cu.m.

Chart 5: EU27+UK imports of plywood by main supplier 2004 to 2020



Source: ITTO IMM analysis of Eurostat COMEXT and UK ONS

North America

Housing starts fall for first time since August

The US Census Bureau reported home builders started construction on homes at a seasonally adjusted annual rate of 1.58 million units in January, representing a 6% decline from the previous month. Compared with January 2020, housing starts were down roughly 2%. Building permit applications, however, were the highest since 2006.

A slowdown in the construction of single-family homes prompted the decline in housing starts in January. Single-family starts were down 12% nationwide, whereas multifamily starts were up 16%.

Regionally, the Northeast was the only part of the country where housing starts were up on a monthly basis in January, with a 2.3% increase. The Midwest, meanwhile, saw the biggest drop in starts, with a 12% decline, followed by the West (down 11%) and South (down 2.5%).

Canadian housing starts soar 22.7% in January

The Canadian Mortgage and Housing Corporation reported that housing starts were trending at 282,428 units in January, up 22.7% from 229,350 units in December. Nationally urban housing starts increased by 24% to 193,328 units in January and single-detached urban starts increased by 38% to 73,549 units.

Record low supply of existing home for sales weighs on market

US home sales rose unexpectedly in January despite tight inventories boosting house prices. Sales of existing homes in January increased 0.6% compared with December 2020 according to the National Association of Realtors.

Sales ended the month at a seasonally adjusted, annualised rate of 6.69 million units, which was almost 24% higher compared with January 2020. That is the second-highest sales pace since April 2006.

The lack of supply in the face of strong demand continues to push home prices higher and higher. There were 1.04 million homes for sale at the end of January, a 26% drop from a year ago.

January 2021 saw existing-home sales in the Northeast fall 2.2while existing-home sales in the Midwest inched up almost 2%. Existing-home sales in the South grew 3.2but existing-home sales in the West fell 4.4%in January compared to a month earlier.

See; https://www.nar.realtor/newsroom/existing-home-sales-tick-up-0-6-in-january

Manufacturing output growing despite COVID setbacks

US manufacturing output grew a bit slower in January as the coronavirus caused more work disruptions but companies are still expanding rapidly and anticipating a stronger economy in 2021.

The Institute for Supply Management said its manufacturing index slipped to 58.7% in January from 60.5% in the previous month. December's reading was the highest in almost 2½ years and was close to a 16-year peak. Readings over 50% indicate growth, and anything over 55% is considered exceptional. Sixteen of the 18 industries tracked by ISM expanded in January, unchanged from the prior month.

The best news in the report was an increase in the employment barometer to 52.6% from 51.7% — the highest level in 20 months.

See: https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/january/

Consumer confidence dips

US consumer sentiment unexpectedly fell in early February amid growing pessimism about the economy among households with annual incomes below US$75,000 even as the government is poised to deliver another round of COVID-19 relief checks.

The easing of sentiment reported by the University of Michigan was also despite a decline in new coronavirus cases and an improvement in the distribution of vaccines. This, says the university report, underscored the so-called K-shaped recovery, where better-paid workers are doing well while lower-paid workers are losing out.

The government provided nearly US$900 billion in additional fiscal stimulus in late December which included direct cash payments to lower- and middle-income households and an extension of a weekly Federal unemployment supplement.

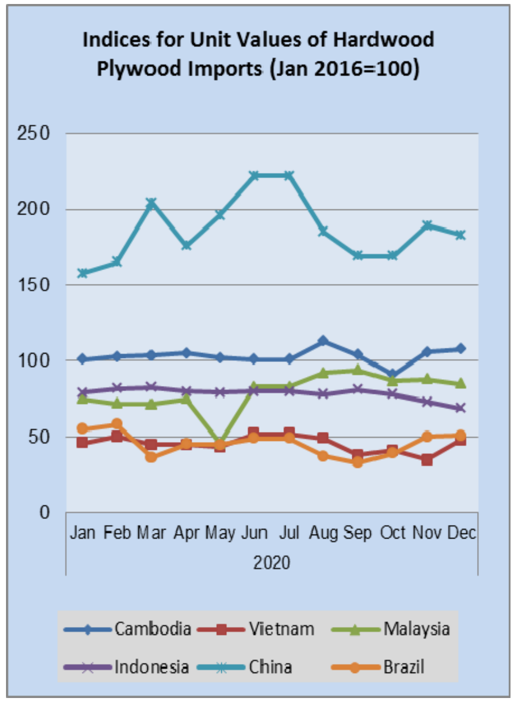
See: http://www.sca.isr.umich.edu/

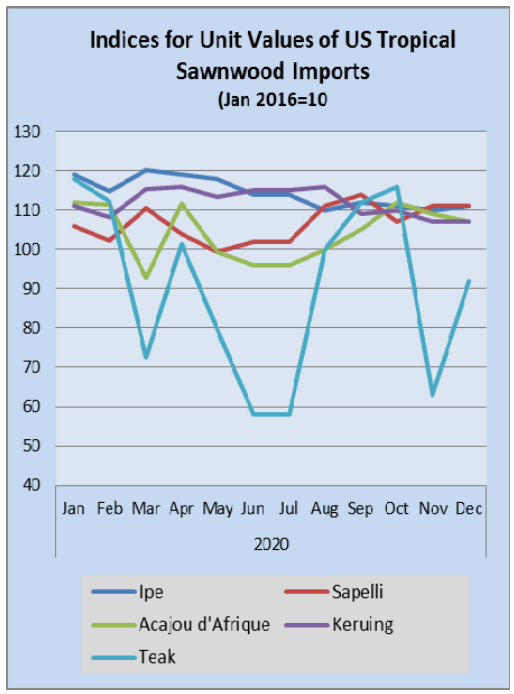
Home improvements – more to be spent in 2021

In a recent poll, almost all respondents say they will spend as much or more time on home projects this year compared to 2020.

This was the conclusion of a survey released by Axiom Marketing asking consumers about their recent projects, accomplishments and home improvement plans for the year ahead.

See: https://axiomcom.com/2021-homefront-insights-survey/ and
https://www.woodworkingnetwork.com/markets/home-improvement-survey-respondents-spend-more-projects-2021





Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

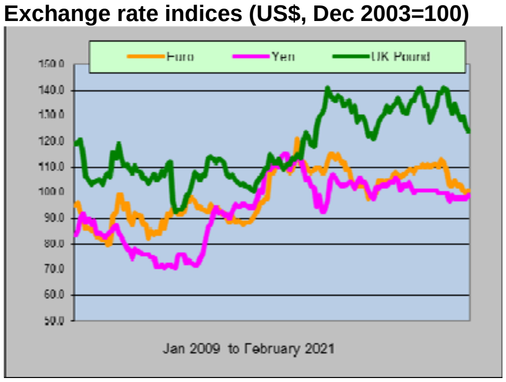
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 February 2021

Brazil	Real	5.5989
CFA countries	CFA Franc	541.17
China	Yuan	6.4752
Euro area	Euro	0.8283
India	Rupee	73.937
Indonesia	Rupiah	14260
Japan	Yen	106.56
Malaysia	Ringgit	4.0545
Peru	Sol	3.63
UK	Pound	0.7184
South Korea	Won	1124.89

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

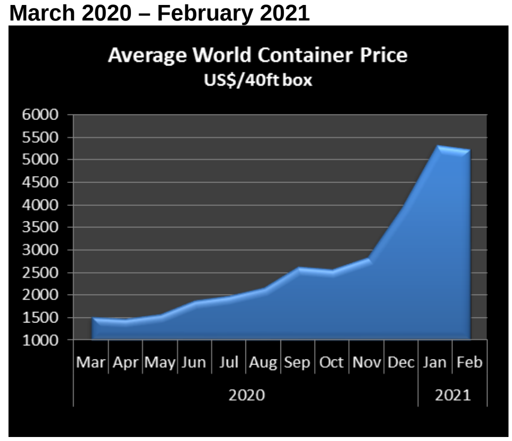


Abbreviations and Equivalences

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 Container Freight Index

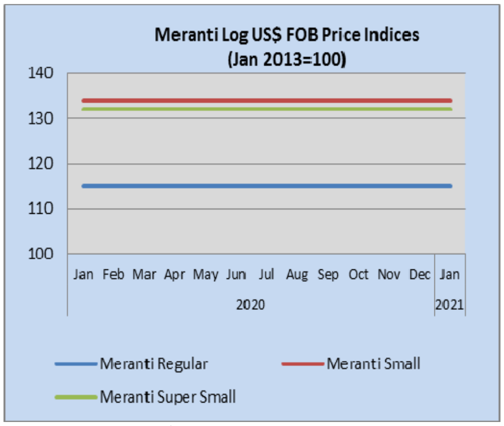
March 2020 – February 2021



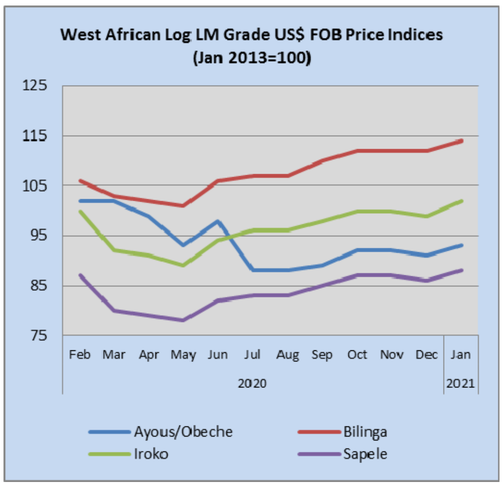
Data source: Drewry World Container Index

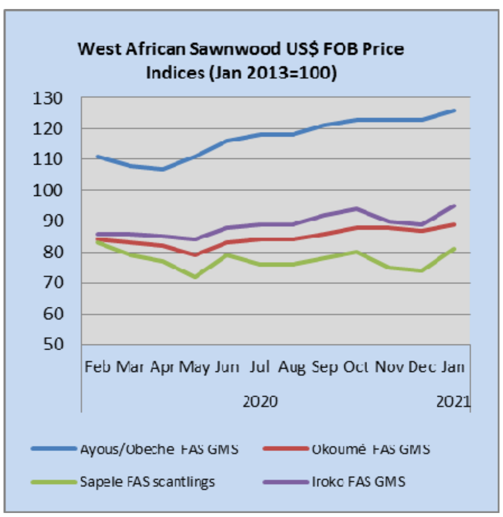
Price indices for selected products

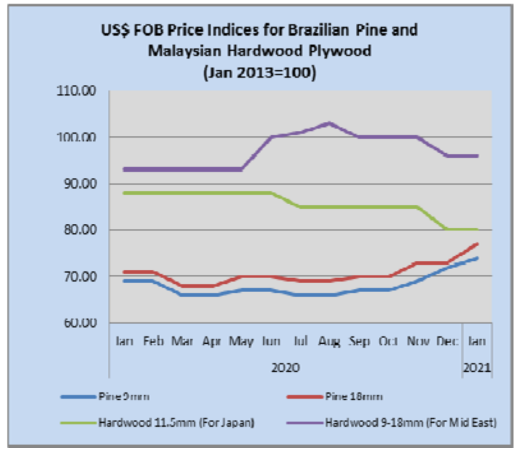
The following indices are based on US dollar FOB prices

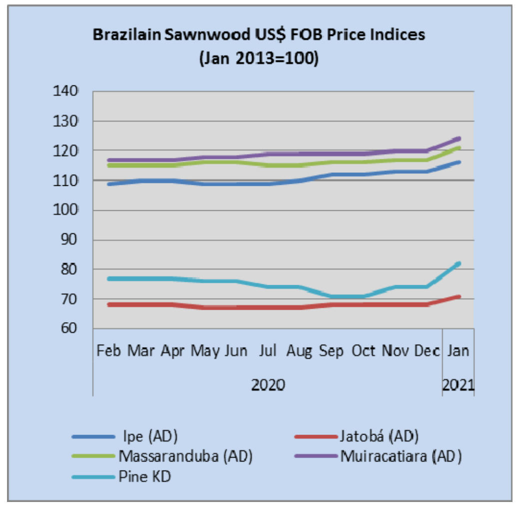


Note: Sarawak logs for the Japanese market









Note: Jatobá is mainly for the Chinese market.

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