

Tropical Timber Market Report

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Top story

Japan's imported biomass fuel in the first half – most from SE Asia

Japan's imports of wood fuel for bio-energy production in the first half of this year have risen sharply. Imports of wood pellets and palm oil seed shells (PKS) jumped 20% from same period in 2021. It is estimated that Japan will import around 7 mil. tonnes of wood and PKS fuel this year.

This year the PKS came from Indonesia, 1 mil. tonnes and 0.35 mil. tonnes from Malaysia. The main suppliers of wood pellets in the first half were Vietnam, 1,090,000 tonnes, up 54% and Canada, 640,000 tonnes, up 26% year on year.

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Sawnwood export tax hike feared

The implementation of a log export ban in CEMAC countries scheduled to come into effect 1 January 2023 will result in a significant loss of revenue to those governments imposing a ban.

In order to maintain revenues there are discussions on log export quotas linked to mill output as one option to sustain government revenues. Another option that has been mentioned is an increase in export taxes on sawnwood. While nothing is yet decided companies are anticipating an increase in export taxes. The the log export ban will result in job losses in the short-term and job creation in the sector, through expansion of processing, is likely to be slow.

In a related News-Flash on 22 September the ATIBT (International Tropical Timber Technical Association) wrote "The various positions taken by the forestry authorities in the CEMAC zone regarding the cessation of log exports have not yet been officially confirmed. Moreover, the means and support that should be financed by the African Development Bank are still pending".

ATIBT continued "Considering the impact of this stop on our sector, it is urgent that the profession be informed of these deadlines and of the accompanying measures envisaged, because the consequences will be numerous. It is necessary that the whole profession - forestry companies, processing industries, traders and transporters, among others - is prepared. The domestic wood market will have to be able to turn resolutely towards sustainable wood, and here too, measures will be needed to accompany this change".

Another news item from the ATIBT says at the end of August 2022 the government of Cameroon issued a circular providing for an increase in public procurement of wood products manufactured in Cameroon. This specifies that the Cameroonian government will work to "direct public procurement of goods and services towards local production, particularly in the "wood" sector.

See: <https://www.atibt.org/en/news/13216/in-cameroon-the-prioritization-of-local-producers-of-wooden-furniture-in-public-procurement>

Ocotber should see some relief from bad weather

Heavy rains continue in Cameroon and many mills have either ceased or reduced production. It has been reported that log transport to mills is nearly impossible due to bad road conditions. As of next month the mills will be back in operation as the rains should have stopped. Bad weather is also disrupting production in Gabon.

Wagner Group in timber business

A recent report by European Investigative Collaborations (EIC), a transnational investigative journalism project, claims that Wagner, a Russian paramilitary is engaged in the forestry business in the Central African Republic (CAR).

Reports say The CAR authorities have authorised operations by the company Bois Rouge which is reportedly a Wagner company. If news from the region is correct Wagner is shipping around 3,000 cu.m of logs monthly through Douala.

See: <https://eic.network/projects/bois-rouge.html> and <https://african.business/2022/09/energy-resources/russias-wagner-group-involved-in-central-african-forestry-trade/>

Deputy Forestry Minister to meet with Gabon operators

Contacts in Gabon have welcomed the efforts of the Deputy Forestry Minister in trying to deal with the incessant delays facing operators trying to get documents processed at the Ministry. It has been reported that the Deputy Minister has propose a series of meetings with the private sector to be informed on the issues of concern.

In Gabon the government has reportedly increased the price of diesel for companies from CFA903 to CFA1,030 per litre. The public pays just CFA585 per litre.

Recycle wood waste at Nkok

At a recent commemoration of the 'International Day of Clean Air for blue Skies' the Delegate Minister of Water and Forests, Stéphane Bonda, urged operators in the Nkok Special Economic Zone to stop the practice of burning waste wood. This comes as the government aims to reduce greenhouse gas emissions. The minister called instead for recovery of waste through recycling.

See: <https://www.lenouveaugabon.com/fr/economie/1909-18922-zone-de-nkok-le-gouvernement-condamne-le-brulage-de-dechets-de-bois-a-l-air-libre>

Container availability improving

Contacts in the region say the problem of container availability has eased. It is suggested that this is because exports from China have dropped thus freeing up containers. Freight rates have been slowly dropping which is very welcomed. See graph page 24.

The slow demand in China has led to a build-up of okoume peeler logs at the GSEZ estimated at around 40,000 cu.m and this is driving down prices.

The peeler mills in the GSEZ have plenty of stock as the Indian market has been flooded with veneers which would have normally been shipped to China. Demand for okoume in China has fallen but for other species such as Ovankol, Bellie, Okan demand is reported as stable.

Open letter on proposed EU deforestation regulation

The ATIBT, with members in Cameroon, Central African Republic, Democratic Republic of Congo, Gabon, Republic of Côte d'Ivoire and Republic of Congo has, along with other entities, signed an open letter ahead of the Plenary vote on the Proposal for a Regulation on the making available on the Union market as well as export from the Union of certain commodities and products associated with deforestation and forest degradation.

The signatories write “the European woodworking industries ask policy makers to refrain from introducing new legal or technological requirements that have not been adequately assessed from an economic, scientific and feasibility perspective” the text continues with constructive suggestions.

See:

https://www.atibt.org/files/upload/news/EU_REGULATION/Open_Letter_ahead_of_the_Plenary_vote_on_the_Proposal_for_a_Deforestation-free_Products_Regulation.pdf

Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	310	310	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	215↓	215↓	220
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	250	230	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	460
Bilinga FAS GMS	580
Okoumé FAS GMS	380↓
Merchantable KD	380
Std/Btr GMS	400
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200
FAS scantlings	1,400
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	580
Scantlings	620
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

First half exporter performance

Export data for the first half year showed that 98 exporters traded in June, the highest number this year. These companies traded a volume of 34,948 cu.m of wood products. The number of exporters in March was 83 and 79 in each of April and May.

The lowest number of exporters was 74 in February when 20,888 cu.m of wood products were exported. The data indicate a direct correlation between the number of exporters and the volume of export. The table below shows trends from January to June 2022.

Monthly exports and number of exporters



Data source: TIDD

For the period under consideration an average of 10 different products were produced and exported monthly from various wood species including teak, wawa, ceiba, denya, essa and gmelina. The products included air and kiln-dried sawnwood, billets, plywood for the regional market and sliced veneer.

The volumes of these top five products over the half-year period together accounted for 91% of the total export volume for the 6-months ending June 2022, which stood at 165,630 cu.m. There was a decline export volumes in the first half of 2022 against 2021 attributed to reduced exports of billets and sliced veneer.

ECOWAS to help address local market challenges

Kolawole Sofola, the ECOWAS Director of Trade announced that ECOWAS Trade Directorate is organising a programme to connect suppliers of local products to a network of buyers within and outside the sub-region. He noted that there are many opportunities for local firms that are yet to seize the chance of trading in ECOWAS countries. Ghana's wood product export data showed that significant volumes go to regional ECOWAS markets rather than to the other African markets.

See:

<https://www.ghanaweb.com/GhanaHomePage/business/Local-firms-have-untapped-potentials-ECOWAS-Director-of-Trade-1627049>

UNDP to plant 5 million trees around the Black Volta landscape

The United Nations Development Programme (UNDP) has launched a programme dubbed 'OneTreePlanted' aimed at restoring degraded areas in and around the Black Volta landscape, an international water ecosystem that generates clean energy from the Bui hydropower plant.

The US\$1 million programme under the UNDP Global Environment Facility Small Grant Programme (GEF/SGP) will be implemented in the Bole Bamboi District of the Savannah region and aims to restore about 170 hectares of degraded areas to contribute to Ghana's climate action agenda.

See: <https://www.undp.org/ghana/press-releases/undp-launch-1-million-onetreeplanted-programme-restore-black-volta-landscape>

Economy expands

The economy has seen impressive growth in second quarter of the year according to figures released by the Ghana Statistical Service (GSS) which show a 4.8% growth quarter on quarter.

The services sector recorded the highest growth rate of 5.2% followed by the agricultural sector 4.6% and industry 4.4%. However, manufacturing increased by only 1.8% in the second quarter compared to the first quarter.

See: <https://thebftonline.com/2022/09/22/economy-grows-4-8-in-second-quarter/>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	822
Niangon Kiln dry	690

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	376	441
Chenchen	489	612
Ogea	471	590
Essa	485	619
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB FAS 25-100mmx150mm up x 2.4m up	Euro per cu.m	
	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfinia	465	564
Ceiba	290	320
Dahoma	437	477
Edinam (mixed redwood)	640	707
Emeri	602	685
African mahogany (Ivorenensis)	1,239	930
Makore	560	780
Niangon	565	862
Odum	634	917
Sapele	800	850
Wawa 1C & Select	422	486

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfinia	1,682
Avodire	1,325
Chenchen	822
Mahogany	2,595
Makore	979
Odum	2,373
Sapele	1,560

Export plywood prices

Plywood, FOB	Euro per cu.m		
BB/CC	Ceiba	Ofram	Asanfinia
4mm	458	580	641
6mm	412	535	604
9mm	370	504	560
12mm	583	476	480
15mm	450	414	430
18mm	460	463	383

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

Malaysia

Exports top trillion ringgit

Malaysia's international trade in the first eight months of 2022 jumped 33% year-on-year to RM1.873 trillion with exports surpassing RM1 trillion. This is the shortest period for exports to reach this trillion ringgit milestone.

The growth in exports was driven by higher shipments of electrical products, petroleum products, palm oil and palm oil-based agriculture products, liquefied natural gas (LNG) as well as optical and scientific equipment.

Exports to the main trading partners, ASEAN, China, the US, the European Union and Japan recorded double-digit growth. The highest monthly export value was registered for Japan.

See: <https://www.theedgemarkets.com/article/exports-breached-rm1-trillion-mark-eight-months-says-azmin>

Malaysia eyes Thai rubberwood resources

In a press release the Malaysian Timber Council (MTC) announced the signing of a Memorandum of Understanding (MoU) with the Thai Hevea Wood Association (THA) and the Wood Processing Industry Club to enhance ASEAN member countries' competitiveness as a region.

The activities to be undertaken will help to promote the development of the Malaysian and Thailand timber trade as well as to establish timber trade standardisation between the two countries. The MoU also include promotional activities for MTC's upcoming Malaysian Wood Expo (MWE) to encourage participation from Thai timber-industry players in the Fair, says the MTC press release.

The MoU signing was followed by a Business-To-Business (B2B) matching session between 19 timber companies from Malaysia and 15 companies from Thailand.

The press release continues: “Sourcing and augmenting raw material supply for local timber-based manufacturers is one of MTC’s top priorities and Thailand’s rubberwood is much sought-after. MTC started reaching out to its trade partners within ASEAN to revive business and trade relationships that were halted due to the COVID-19 pandemic. This year alone, MTC visited Singapore in March, Thailand in April, Vietnam in June and Indonesia in July. There is a scheduled visit to The Philippines in November”.

See:

https://mtc.com.my/images/media/1304/MTC_INKS_MOU_WI_TH_THAI_COUNTERPARTS.pdf

Companies given time to adjust to new employment Act

On 26 August the Minister of Human Resources, M Saravanan, announced that the implementation of the Employment (Amendment) Act 1955, to provide for shorter working hours has been postponed to allow employers more time to ensure that the implementation can be carried out smoothly.

Apart from reducing working hours from 48 to 45 hours per week, the amended law will also increase maternity leave from 60 days to 98 days and paternity leave from three days to seven days.

Malaysian Employers Federation (MEF) president, Syed Hussain, said the amendments would have huge cost implications up to the tune of RM110 billion per year for businesses and it would require businesses to have policies and procedural guidelines.

See:

https://www.mfc.my/_files/ugd/fd8b5c_7edccffbc52c4fd8bba84e303883e02bf.pdf

Resilient industrial tree plantations

The Borneo Forestry Cooperative (BFC) with support from the Sabah Forestry Department and Timber Association of Sabah organised a symposium ‘Developing Resilient Industrial Tree Plantations in Sabah: Forestry Pests & Diseases’.

Speakers at the symposium were local experts as well as experts from University of Pretoria, South Africa and University of Sunshine Coast, Australia. They spoke on pests and pathogen threats to tropical plantation forestry and discussed pest management, including surveillance and mitigation.

Frederick Kugan, Chief Conservator of Forests, Sabah Forestry Department (SFD), in his opening remarks quoted the Forest Plantation Action Plan for Sabah (2022-2036) and reported that Sabah is rebuilding the productive capacity of its forest reserves by scaling up high-yielding Industrial Tree Plantation (ITP) development in the State.

SFD signed a Memorandum of Understanding with BFC to strengthen, promote and develop research cooperation on the basis of equitable and mutual benefit as well as to promote and support productive, profitable and sustainable ITP in Sabah through relevant research in advanced tree breeding and silviculture.

Indonesia

APHI-IFCC cooperation to increase global market share

The Association of Indonesia Forest Concession Holders (APHI) and the Indonesian Forestry Certification Cooperation (IFCC) will collaborate to encourage implementation of voluntary forest management certification under the PEFC (Programme for the Endorsement of Forest Certification) scheme. The aim is to strengthen Indonesian wood product penetration in international markets.

The implementation of PEFC certification is expected to strengthen the acceptance of Indonesian wood products that already have the mandatory SVLK (Timber Legality Verification System) certificate.

A memorandum of understanding between APHI and IFCC was signed by the chairperson of APHI, Indroyono Soesilo, and the chairperson of IFCC, Saniah Widuri, in the presence of the Director General of Sustainable Forest Management of the Ministry of Environment and Forestry, Agus Justianto.

There are consumers who require certified wood products but this entails additional costs. This cost could be reduced if a combined audit of mandatory and voluntary schemes is carried out in accordance with ISO 19011:2018, said Agus.

Agus also noted that the audit process should not create new standards saying “the voluntary scheme must require SVLK as one of the audit components. The SVLK logo must also be included on transportation documents, certificates, products and packaging,” he said.

See: <https://forestinsights.id/2022/09/14/aphi-ifcc-kerja-sama-implementasikan-sertifikasi-hutan-pefc-perkuat-penetrasi-ke-internasional/> and <https://ekbis.sindonews.com/read/885183/34/aphi-ifcc-lakukan-kerjasama-sertifikasi-untuk-pengelolaan-hutan-lestari-1663157375>

Furniture and craft sector strategy to address weakening demand

Furniture and craft industries who are members of the Indonesian Furniture and Craft Industry Association (Himki), have decided a strategy to deal with the current weakening market situation.

The chairman of Himki, Abdul Sobur, is quoted by Antara as saying “to overcome the weakening demand from our main markets, namely the United States and Europe, we need to look for new market opportunities. Some opportunities are in emerging market countries, especially those in Asia and the Middle East.

See: <https://www.antaranews.com/berita/3120009/industri-mebel-dan-kerajinan-atr-strategi-hadapi-pelemahan-pasar>

IFMAC WOODMAC 2022

The International Furniture Manufacturing Components (IFMAC) and WOODMAC 2022 exhibitions, important trade fairs in Indonesia for the procurement of furniture manufacturing components and wood machinery technology, opened on 21 September at the JIExpo Kemayoran in Jakarta.

In addition to exhibiting and conducting machine demonstrations various seminars were held jointly with associations, government and academics. These seminars offered suggestions to the problems of the Indonesian furniture industry and provided the latest insights on world furniture industry trends.

The chairman of the Indonesian Sawmill and Wood working Association (ISWA), Wiradadi Soeprayogo, said that the IFMAC WOODMAC exhibition is very helpful for the furniture and wood processing industry because it provides information on recent technological developments.

See: https://www.beritasatu.com/ekonomi/979533/ifmac-woodmac-2022-dorong-pertumbuhan-industri-pengolahan-kayu-nasional/1/?utm_source=beritasatu.com&utm_medium=article&utm_campaign=Baca-Selanjutnya

Preventing mangrove conversion

Satyawan Pudyatmoko, Deputy Head of Planning and Evaluation in the Peat and Mangrove Restoration Agency (BRGM), said that preventing the conversion of mangrove ecosystems could help reduce national emissions by the land use sector.

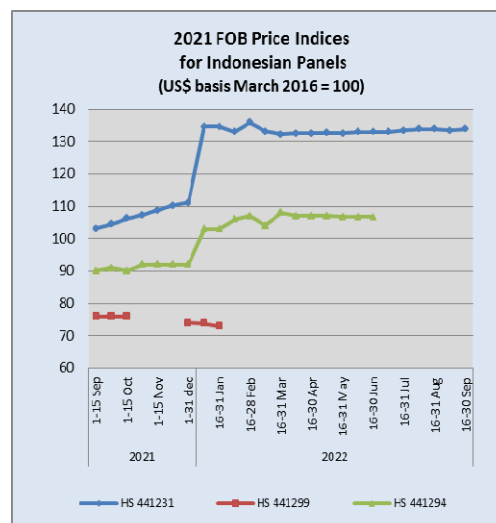
This, he said, is because mangroves have the ability to store massive amounts of carbon, about 4-5 times greater than other ecosystems. Between 1980 and 2010 it is estimated that Indonesia has lost 800,000 hectares of mangrove ecosystems.

In related news, it is estimated that Indonesia could lose 26,000 hectares of mangrove forests annually due to land conversion for development of infrastructure, aquaculture and from illegal clearing according to BRGM.

Deforestation and conversion of the mangrove ecosystem releases stored carbon and impacts the climate targets stated in Indonesia's nationally determined contributions (NDC) document said BRGM Secretary, Ayu Dewi Utari.

She warned "we need to pay attention to maintaining the mangrove ecosystem as deforestation and conversion of mangrove forests will dismantle the underground carbon stock which will impact our NDCs.

See: <https://en.antaranews.com/news/250893/ri-may-lose-26100-ha-mangrove-area-per-year-brgm> and <https://www.antaranews.com/berita/3130645/brgm-cegah-konversi-mangrove-kurangi-30-persen-emisi-sektor-lahan>



Data source: License Information Unit. <http://silk.depht.go.id/>

Myanmar

Timber re-classification announced

The Ministry of Natural Resources and Environmental Conservation (MONREC) has issued definitions for sawnwood.

See <http://www.mte.com.mm/index.php/en/announcements/1441-2022-09-27-11-12-24> A translated version is not yet available.

According to the new definition products under HS44.07 have been re-classified. It is understood that sawnwood over 6 mm or wider and with a cross sectional area of more than 24 square inches or more (154.84 square cm) is defined as Rough Sawn.

If the cross sectional area is between 12 to 24 square inches and under 4 inches thickness and 14 inches width the product is defined as Semi-Finished. Similarly, any sawnwood under 12 inches cross sectional area without restriction of thickness and width is also defined as Semi-Finished Classification.

MONREC did issue a notification saying the export of rough sawn timber will end 1 January 2023 but with the new definitions it appears sawnwood exports may be permitted.

Export earnings

For the first four months of the 2022-2023 Financial Year from April to July timber exports earned US\$56 million. For the six months of the mini budget of 2021-2022 from October 2021 to March 2022 earnings were US\$84 million.

The statistic issued by Ministry of Commerce indicate stable exports although the total amount is relatively so low if compared to other timber exporting countries such as Malaysia, Indonesia, Thailand and Vietnam.

The general forecast is that the export volume will not be increased in the coming years because of the impact of the sanctions. Only products from logs bought from the Myanmar Timber Enterprise before June 2021 can be imported without infringing sanctions.

Currency shows signs of recovery

After surging to over 4,000 MMK against the US dollar at the beginning of September the local currency levelled off at around 3,000 to the dollar. While the Central Bank of Myanmar fixed the official exchange rate at 2,100 MMK one private bank announced it will pay 3,000 MMK/US\$ for overseas remittances.

India

Manufacturing output improves, services sector stunning

India's economy grew at a stunning 13.5% year-on-year in the second quarter of 2022 but growth is likely to slow as higher interest rates drive down sentiment. Second quarter growth was driven by manufacturing and services which have rebounded. The last time India's economy grew faster was in April-June 2021 when it gained 20.1% over the pandemic-depressed level a year earlier.

Ritesh Kumar Singh, founder of Indonomics Consulting has said growth prospects remain sound and the large companies are continuing to invest and consumer demand for cars, travel and other discretionary purchases is on a strong recovery path. GST tax collection remains robust providing the government with resources to support economic growth.

However, Singh commented that the optimism may be overdone as manufacturing output expanded by just 4.8% in the second quarter and it was services that lifted the overall growth figure.

See: <https://asia.nikkei.com/Opinion/India-s-double-digit-GDP-growth-is-less-than-it-appears>

Positive outlook for Indian plywood sector

IndustryARC analysts released a report that forecasts that the plywood market value could reach US\$61.3 billion by 2027 after growing at a CAGR of 5.2% during the forecast period. This potential growth forecast matches expectations for the Indian plywood sector.

See: <https://www.industryarc.com/Research/Plywood-Market-Research-508149>

Sajjan Bhajanka, chairman of Century Ply Boards (India) said "The building material market is expected to grow in the coming 5-6 years and plywood, mostly used for interior decoration, has become an essential building material."

He added that the company intends to invest an additional US\$150 million to expand production of plywood and decorative veneers.

Rupee at record low

The Indian rupee hit a record low to the US dollar after the US Federal Reserve (Fed) raised interest rates and hinted at more aggressive future rate hikes.

After the Fed announcement the rupee opened at a record low of 80.285 per US dollar, down from 79.975 a day earlier. The Fed raised rates by 75 points, in line with expectations. More importantly, it hinted that more hikes were coming and that rates would stay elevated until 2024. Many other Asian currencies opened weaker with the yen dipping to 145 to the US dollar and the yuan slipping below 7.10 to the US dollar.

Jawaharlal Nehru Port best performing port

The Times of India has reported the Jawaharlal Nehru Port Authority (JNPA) at Navi Mumbai will improve its service by upgrading its technology and operations. JNPA aims to handle 10 million TEUs by 2025.

The JNPA at Navi Mumbai accounts for around 50% of all containerised cargo in the major ports of India. Recently JNPA became India's best performing port according to the logistics performance index.

The port has developed a centralised parking plaza with an objective to provide a parking facility for trucks carrying export containers and enable completing pre-gate entry formalities and documentation for export under one window system. This system has reduced the congestion of container trucks and helped the respective terminals to plan their container movements.

JNPA's aim has always been to reduce logistics costs and JNPA constantly aims to innovate and up-scale port operations towards meeting the global standards.

See: https://jnport.gov.in/performance_highlights

and <https://swarajyamag.com/infrastructure/port-led-development-131-projects-of-rs-105-lakh-crore-under-implementation-in-maharashtra>

Indian companies to list on Belarusian commodity exchange

A press release from the Belarusian Universal Commodity Exchange (BUCE) says they and the Inventivepreneur Chamber of Commerce and Industries (ICCI) headquartered in New Delhi plan to bring Indian companies to the Belarusian commodity exchange. This follows a visit of the ICCI delegation led by ICCI Chairperson Dr. Ritika Yadav, to the BUCE.

Dr. Yadav said the Indian delegation believes that the use of the commodity exchange platform will help boost trade between Belarus and India and also create favorable conditions for closer cooperation in the future. The ICCI has over 10,000 members across India.

These are mainly small and medium-sized businesses operating in various industries and agriculture.

See: <https://www.butb.by/en/news/2022/butb-i-indiyskaya-tpp-planiruyut-sotrudnichat-v-sfere-birzhevoy-torgovli/> and <https://eng.belta.by/economics/view/chambers-of-commerce-of-belarus-india-to-cooperate-in-exchange-trade-153232-2022>

Prices for recent shipments of teak logs and sawnwood

	Logs US\$ C&F per hoppus cu.m	Sawn US\$ C&F per c.um
Benin	-	325-712
Brazil	313-600	489-777
Cameroon	-	974
Colombia	245-615	-
Costa Rica	350-652	-
Ecuador	246-495	-
Gabon	370	-
Ghana	270-559	485
Guatemala	277-594	-
Iv. Coast	263-458	375-752
Mexico	322-439	373-585
Panama	252-539	-
PNG	389-595	492-677
Tanzania	344-930	471-1,068
Togo	259-532	-
S. Sudan	367-676	342-633
Nigeria	290-630	-
El Salvador	320-520	-
Nicaragua	-	328-564
Solomon Is.	248	-
Surinam	222	-
Myanmar	-	791-980

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3,800 - 4,200
Balau	2,500 - 2,700
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,500 - 1,800
Radiata pine	900 - 1,050
Whitewood	900 - 1,050

Price range depends mainly on lengths and cross-sections.

Plywood

Please note plywood prices are now shown below free of local taxes.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	88.00
9mm	104.00
12mm	129.00
15mm	164.00
18mm	180.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	52.00
6mm	65.00
9mm	77.00
12mm	92.00
15mm	122.00
19mm	131.00
5mm Flexible ply	85.00

Vietnam

Wood and Wood Product (W&WP) trade highlights

Customs data shows that W&WP exports in August 2022 were estimated at US\$1.35 billion, up 65% compared to August 2021. In particular WP exports were US\$851 million, up 60.5% compared to August 2021.

Generally, in the first 8 months of 2022 W&WP exports stood at US\$11.07 billion, up 6.2% over the same period in 2021.

Imports of logs and sawnwood in August 2022 were estimated at 646,800 cu.m, worth US\$239.3 million, up 8.6% in volume and 5.9% in value compared to July 2022; compared to August 2021 it increased by 32% in volume and 34% in value.

In the first 8 months of 2022, log and sawnwood imports were reported at 4,088 million cu.m, worth US\$1,575 billion, down 12% in volume but up 3% in value over the same period in 2021. The W&WP export turnover to members of the CPTPP markets in August 2022 reached US\$203 million, up 51% over the same period in 2021. In the first 8 months of 2022 exports to these markets are estimated at US\$1.7 billion, up 25.3% over the same period in 2021.

Exports of NTFPs in August 2022 increased once again reaching US\$60 million, up 11% compared to July 2022, but down 0.7% compared to August 2021. In the first 8 months of 2022, NTFP exports reached US\$592,05 million, up 1.7% over the same period in 2021.

Vietnam ranked second globally for wood pellet exports

Vietnam has emerged as the world's second largest exporter of wood pellets, one of the important export items of the domestic wood industry according to details provided by the Vietnam Timber and Forest Products Association.

Vietnam earned US\$354 million from exporting approximately 2.4 million tonnes of wood pellets in the first half of the year and it aims to raise the export value for the whole year to around US\$700 million.

Wood pellets are anticipated to enter the group of agro-forestry products which boast an export turnover of over US\$1 billion in the coming years.

The volume and value of pellet exports increased steadily since October 2021 and export prices soared to reach an average of nearly US\$150 per tonne, up more than 27% compared to the average price recorded last year. The sharp rise in the export volume and price can be attributed to the sudden increase in demand from the EU.

Experts said there remain ample opportunities to boost exports of wood pellets particularly as the majority of Vietnamese wood pellets are exported to Japan and the South Korea.

However, the industry faces numerous challenges including a shortage of raw materials and stringent requirements imposed by foreign importers such as sustainability certification.

The association recommended that Vietnamese businesses actively grasp market information and prepare to meet strict requirements in order to penetrate demanding global markets.

See: <https://english.vov.vn/en/economy/vietnam-ranks-second-globally-for-wood-pellet-exports-post956709.vov>

Vietnam to pilot carbon credit market by 2025

With its large forest reserves, Vietnam has great potential for developing a forest carbon credit market. A project proposal to develop the carbon market in Vietnam, with a view to piloting a carbon credit exchange by 2025, has been submitted to the Prime Minister according to the Ministry of Natural Resources and Environment.

Each carbon credit represents one tonne of carbon dioxide (CO₂) or one tonne of other greenhouse gases converted into one ton of CO₂ equivalent which will bring significant benefits to sellers including farmers and forest owners.

Carbon credits are viewed by experts as a new resource in Vietnam giving the country much-needed funding to improve incomes for forest growers and to protect and expand forest coverage.

It was expected that Vietnam would be able to sell 57 million carbon credits annually with each of the credits fetching as much as US\$5 per tonne.

Dr. Nguyen Ba Ngai, vice-chairman of the Vietnam Forest Owners Association, said that the carbon credit market in the world has been established for a long time and includes voluntary and compulsory markets.

Currently, carbon storage services are now available in 23 localities nationwide including Quang Nam Province in central Vietnam.

With a total of 628,000 hectares of forest, the Quang Nam Province can store approximately one million tonnes of carbon every year, meaning one million carbon credits can be put up for sale internationally, said Le Minh Hung, Director of the Quang Nam Department of Agriculture and Rural Development.

The Province is expected to sell some six million carbon credits for US\$30 million by 2025, Hung said, adding that the Province has asked for the government's permission to be the first in the country to join the voluntary carbon market.

Quang Nam submitted a pilot project on a forest carbon credit business to the Prime Minister and, if approved, the scheme will be piloted from this year until 2026 said Tran Ut, Deputy Director of the provincial Department of Agriculture and Rural Development.

To date, five foreign companies and organisations have expressed interest in purchasing carbon credits from the Province.

The World Bank has recently, through a partnership fund, signed agreements with Vietnam to pilot the purchase of 10.5 million tonnes of forest carbon credits.

In addition, a number of other international bodies are exploring the possibility of purchasing forest carbon credits from Vietnam, including several non-profit organisations that have a pilot scheme in a small area in Kon Tum Province in the Central Highlands region.

Currently, Vietnam is testing three major carbon credit trade agreements including the Emission Reductions Payment Agreement (ERPA) signed with the World Bank's Forest Carbon Partnership Facility (FCPF) in October 2020.

Under the deal, Vietnam will cut 10.3 million tonnes of carbon dioxide emissions from six north-central provinces until 2025 to receive up to US\$51.5 million.

The Ministry of Agriculture and Rural Development also signed a letter of intent with the Organization for Forest Financing (Emergent), a trustee for the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition under which Vietnam will transfer 5.15 million tonnes of carbon dioxide emission reductions from forests in the south-central region and Central Highlands to LEAF/Emergent between 2022 and 2026. The deal will bring the country another US\$51.5 million.

The main beneficiaries of the carbon market projects will be forest owners, organisations, households, individuals and communities.

With an area of about 43,000 hectares of natural forest, considered having great potential for carbon credit sales, mountainous Nam Tra My District is among the locales selected by the Quang Nam administration to pilot sales.

Nguyen Vinh Hien, Deputy Director in charge of Nam Tra My Protection Forest Management Board, said that selling forest carbon credits would create a source of funding. "Forest protection forces and locals will benefit from revenue from the sale, thereby forests will be protected better by resident communities from deforestation or other damage," Hien said.

Deputy Prime Minister, Le Van Thanh, recently demanded the Ministry of Finance coordinate with the Ministry of Natural Resources and Environment and agencies concerned to draft a domestic carbon market development plan in line with the 2020 Law on Environmental Protection.

The ministry has submitted a "draft project to develop the carbon market in Vietnam" to the prime minister. According to the Ministry's proposed road map, along with the completion of a legal framework, Vietnam will start piloting a carbon credit exchange by 2025 and the market will officially operate from 2028.

See: <https://tuoitrenews.vn/news/business/20220509/vietnam-will-likely-pilot-carbon-credit-market-by-2025-ministry/67029.html>

Brazil

Export procedures at the Cuiabá dry port

The Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) recently discussed the export procedures to be recommended at the Cuiabá dry port and the 'Rooted Values' project (Projeto Valores Enraizados).

To meet the requirements of shippers the current storage and transport capacity in the proposed dry port which can be integrated with the Rumo Logística railway in Rondonópolis, Mato Grosso state is being analysed by the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA).

CIPEM reported that a pilot project is under study for export through the Port of Santos located in the state of São Paulo and that the level of demand for such a facility is being examined in order to check the speed and security of the export processes. When passing through the Port wood products can be inspected by IBAMA and the Internal Revenue Service.

The project "Rooted Values: green industry and the future of Mato Grosso" developed by Federation of Industries of Mato Grosso State (FIEMT) in partnership with Page (UN organisation focused on the green economy) was also part of the debate. The main themes discussed were: a) review of the forestry industry and its value chains and; b) the evaluation of the potential for value-added products in the forestry sector with a focus on green economy models.

According to FIEMT the aim is to hold an event in 2022 to explain the results of the various discussions in order to highlight the main opportunities related to Glued Laminated Timber (MLC), Carbon Credits and environmental, social and governance (ESG) investment. CIPEM says that this initiative offers an opportunity for growth of the forest sector since it should bring forest entrepreneurs, partners, investors and stakeholders closer together.

See: <https://cipem.org.br/noticias/sexta-reuniao-de-diretoria-discute-processo-de-exportacao-de-madeira-via-porto-seco-livro-um-dia-de-floresta-e-o-projeto-valores-enraizados>

'Woodtrade' Brazil

The 4th Woodtrade Brazil Fair in Curitiba, Paraná State brought together entrepreneurs in the forestry, manufacturing, logistics and export sectors traders. The objective of the event was to stimulate discussion on conditions, perspectives, challenges and potentials in the timber and forest products markets.

See: https://abimci.com.br/woodtrade-brazil-reune-mais-de-600-participantes/?utm_campaign=Abimci+News&utm_content=Woodtrade+Brazil+re%C3%BAne+mais+de+600+participantes+%E2%80%94+ABIMCI+

Three main themes were discussed: markets, forest supply and logistics. Regarding the market, the evaluation of trends and perspectives for mechanically-processed wood products addressed the market for sawnwood, frames, pellets, floorings, doors and plywood.

In relation to forest supply the debate provided an update with data and perceptions on the national forest supply its trends, productivity challenges, production costs, new investments, changes in management techniques and land conversion.

As for logistics the approaches discussed were around the change in the dynamics of global maritime logistics especially over the last two years of the pandemic with new freight charges, port traffic, lack of containers, market concentration, costs and incidents in bookings, detention, demurrage, storage and operationalisation and bureaucracy of the agencies processing exports procedures.

Export update

In August 2022 the value of Brazilian exports of wood-based products (except pulp and paper) declined 2.0% compared to August 2021 from US\$412.6 million to US\$404.6 million.

Pine sawnwood exports grew 8.3% in value between August 2021 (US\$69 million) and August 2022 (US\$.7 million). In volume, exports dropped slightly over the same period from 255,300 cu.m to 254,200 cu.m.

Tropical sawnwood exports increased 1% in volume, from 35,300 cu.m in August 2021 to 35,700 cu.m in August 2022 and in value exports grew 25% from US\$13.0 million to US\$6.2 million, over the same period.

Pine plywood exports saw a massive 54% decline in value in August 2022 compared to August 2021, from US\$108.8 million to US\$50.5 million. In volume, exports also dropped 35% over the same period, from 195,900 cu.m to 127,100 cu.m.

As for tropical plywood, the volume of exports also fell (44%) and in value (34%), from 9,200 cu.m (US\$5.6 million) in August 2021 to 5,200 cu.m (US\$.7 million) in August 2022.

As for wooden furniture exported values fell US\$66.4 million in August 2021 to US\$0.9 million in August 2022, an 8% drop year on year.

'Orchestra Brazil' project promotes exports

The 'Orchestra Brazil' is organised by the Bento Gonçalves Furniture Industry Union (SINDMOVEIS) with support from the Brazilian Trade and Investment Promotion Agency (APEX-Brasil). The project carried 16 companies to the Tecno Mueble Fair in Mexico and the International Woodworking Fair in the United States.

In Mexico eleven furniture manufacturers participated in the Tecno Mueble Fair to expand business with a country importing around US\$180 million of Brazilian wood products.

According to the 'Orchestra Brazil' project this strategic marketing initiative is of importance for Brazilian producers especially as Jalisco, the State where Tecno Mueble took place, is a strong furniture production cluster.

After the Fair the delegation participated in the International Woodworking Fair in Atlanta, the State which is the main consumer of the Brazilian furniture.

See: <https://www.sindmoveis.com.br/mexico-e-estados-orchestra-brasil/>

Resilience of the furniture industry

The furniture sector in Rio Grande do Sul State ended 2021 with encouraging numbers: revenues of R\$11.2 billion, generation of 2,623 jobs and US\$293 million in transactions with the foreign market (64% higher than the previous year).

However, factors such as the war in Ukraine, inflation and high interest rates curbed growth in the first half of 2022.

Between January and June 2022 sales were positive, growing 5% year on year and totaled R\$5.4 billion. Exports, however, suffered a decline. In the first six months of 2022 furniture exports from the Rio Grande do Sul State were valued at US\$126.8 million, down 5% and only 199 new jobs were created.

The Furniture Industry Association of Rio Grande do Sul (Movergs) says exports were important in the first half of 2022 but countries such as Chile, the United Kingdom, Peru, Mexico, Colombia and France all cut back on imports. The United States remains the leading buyer trading US\$30.1 million in the first half of 2022 up by 29% year on year.

The problems manufacturers faced in 2020 and 2021 in securing production inputs because of the pandemic affected output and has still not fully recovered.

See: <https://www.movergs.com.br/noticias/balanco-do-setor-moveleiro-gaucha-no-primeiro-semester-de-2022>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	337▲
Jatoba	171▲
Massaranduba	156▲
Muiracatiara	152▲
Angelim Vermelho	156▲
Mixed redwood and white woods	120▲

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,709▲
Jatoba	831▲
Massaranduba	834▲
Muiracatiara	735▲
Angelim Vermelho	735▲
Mixed red and white	439▲
Eucalyptus (AD)	290▲
Pine (AD)	211▲
Pine (KD)	274▲

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	589▲
10mm WBP	469▲
15mm WBP	421▲
4mm MR.	580▲
10mm MR.	433▲
15mm MR.	370▲

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	314▲
15mm MDF	385▲

Source: STCP Data

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per cu.m
Ipe	3,005↑
Jatoba	1,563↑
Massaranduba	1,616↑
Muiracatiara	1,610↑
Pine (KD)	282

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per cu.m
9mm C/CC (WBP)	421↓
12mm C/CC (WBP)	381↓
15mm C/CC (WBP)	360↓
18mm C/CC (WBP)	346↓

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per cu.m
Decking Boards Ipê	5,081↑
Jatoba	2,258↑

Source: STCP Data Bank

Peru**Imports of chipboard increased in the first half of 2022**

Peruvian imports of particleboard (PB/MDP) reached US\$93.5 million in the first half of this year compared to US\$73.5 million in 2021. 2022 first six half imports were a record and were up 27% year on year.

Ecuador was once again the main supplier of PB/DP to Peru with shipments of US\$34.7 million which represented an increase of 15% year on year. Spain strengthened its position as the second supplier at US\$21.8 million, an increase of 26% followed by Brazil (US\$17.2 million) and Chile (US\$15.1 million).

Forest Fair will be held in November

FENAFOR the international fair for machinery, supplies, accessories and services for the forestry, wood and furniture industry will be held in Lima from 10-12 November. This is the first Fair since the beginning of the pandemic.

SERFOR promotes community forest management

The National Forest and Wildlife Service (SERFOR) is leading the implementation of the third 'Program for the Exchange of Experiences in Community Forest Management, from knowledge management' (IEMFC). The programme began 9 September will be delivered virtually through twelve sessions until 2 December.

The programme is aimed at specialists from the Regional and Forest and Wildlife Authorities of Amazonas, Junín, Loreto, Madre de Dios, Pasco, San Martín and Ucayali, as well as leaders, specialists and technicians from national and regional indigenous organisations and representatives of non-governmental organisations and international cooperation linked to community forest management.

Evaluation of fire damage in Porcón

Forest fires in La Shoclla and Pampa Caballero – Porcón caused serious damage and SERFOR has assessed the damage caused in pine plantations and natural ichu pastures. Thanks to the Satellite Monitoring Unit that SERFOR has it was possible to identify six forest fires in the area and plan fire-fighting.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD	682-695
Mexican market	
Virola 1-2" thick, length 6"-12" KD	
Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538
Cumarú 4" thick, 6"-11" length KD	1044-1077
Central American market	
Asian market	
Ishpingo (oak) 2" thick, 6"-8" length	622-642
Spanish market	
Dominican Republic	
Marupa 1", 6-11 length KD	712-731↑
Grade 1 Asian market	
	595-615

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	249-274
Spanish Cedar	343-351
Marupa (simarouba)	246-251

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

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 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	582-611
2x13x75cm, Asian market	774-831

Japan

OECD - economy forecast to pick up

The Organisation for Economic Co-operation and Development (OECD) in its mid-year Economic Forecast Summary said covid restrictions, weak external demand and surging prices for energy, raw materials and commodities and the Russian invasion of Ukraine weighed heavily on domestic demand in Japan early in the year. Under these conditions pent-up demand has risen, boosted by substantial policy support. As a result, the economy is forecast to pick up from the slow start to the year with GDP growth projected to be 1.7% in 2022 and 1.8% in 2023.

See: <https://www.oecd.org/economy/japan-economic-snapshot/>

Japan opening 11 October

From 11 October Japan will allow visa-free, independent tourism and abolish the daily arrivals limit. This comes after nearly 2½ years of strict Covid restrictions. The government will also re-launch the domestic travel discount programme.

The private sector has welcomed this announcement. The economic impact of restricted inbound travelers has been estimated at about five trillion yen. Lifting the restrictions will mean more foreign exchange coming into the country and should help regional economies recover.

See:

<https://www.japantimes.co.jp/news/2022/09/23/national/kishida-japan-border-opening/>

Japan's economy has been slow to recover from the pandemic fallout and now the rising cost of living is undermining consumer sentiment. The government intends to introduce an economic package to mitigate the burden on households and companies from rising prices and a weaker yen.

According to the Prime Minister the package will include mechanism to help everyone cope with higher electricity bills amid surging natural gas.

This new support comes on top of relief measures already announced to mitigate the impact of higher energy and food prices on households.

See:

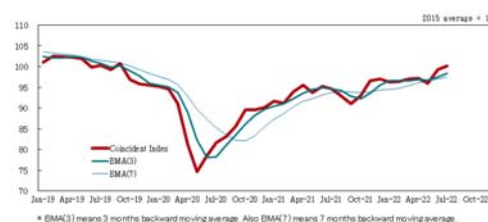
<https://mainichi.jp/english/articles/20220929/p2g/00m/0na/060000c>

Uncertain business conditions

The government revised down its composite index of coincident economic indicators for July. According to the Cabinet Office the revised coincident index of business conditions for July stood at 100.1 against the 2015 base of 100, down from 100.6 in the preliminary report released on 7 September. A rise in the coincident index indicates an expansion of economic activity and a decline indicates a contraction.

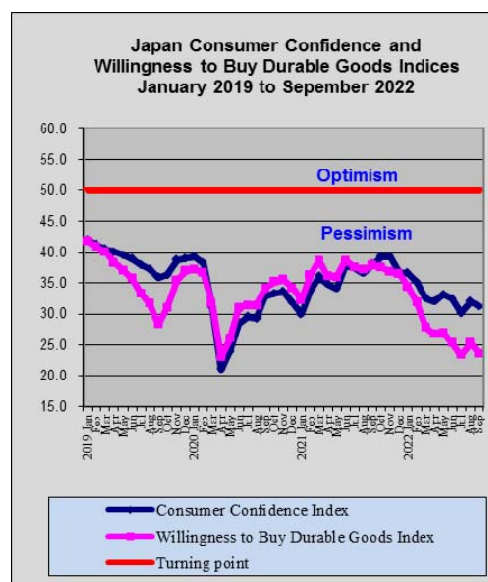
See:

<https://english.news.cn/20220928/11bbf85d5b69479aa37dc69ba70028ee/c.html>



Sentiment undermined Index drops

The consumer confidence index declined in September 2022 from the 3 month high seen in August. Rising prices and economic uncertainty undermined sentiment.



Intervention in market to stem fall of yen

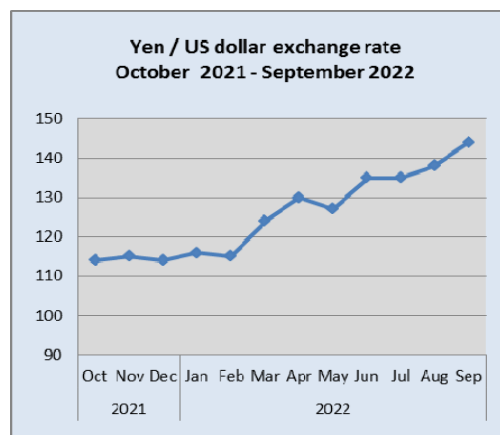
The Japanese government made a surprise intervention in the currency market in early September in an effort to stem the rapid decline in the yen's value against the dollar.

This came after the Bank of Japan (BoJ) announced it intends to stick with its easy monetary policy. After the BoJ announcement the yen crashed to 145 to the US dollar which prompted the intervention, the first time in 24 years.

The intervention came as a surprise as many economists said it would be difficult for Japan to engage in a meaningful intervention as the impact of such a move by Japan alone would be limited. This proved to be correct as at the end of September the yen was back close to 145 to the US dollar

See:

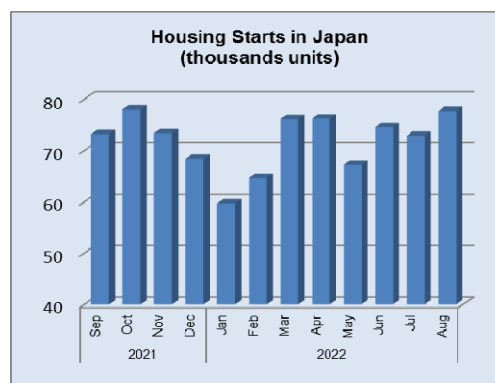
<https://www.japantimes.co.jp/news/2022/09/22/business/economy-business/boj-dovish-stance-yen-intervention/>



Land prices rise for first time in 31 years

Government data from the Land Ministry has shown the average price of residential land in Japan, as of July 2022, rose very, very slightly from the previous year, increasing for the first time in 31 years. The 0.1% change is, however, well within the margin of error. The average commercial and overall land prices climbed 0.5% and 0.3%, respectively, both rebounding for the first time in three years.

August housing starts rose around 7% month on month and by almost 5% year on year. From the end of the first quarter starts have been healthy. There was the usual dip in May because of national holidays but subsequently the pace of starts rose.



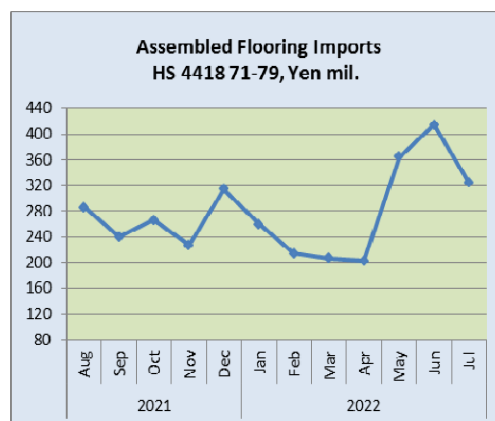
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Assembled wooden flooring imports

The rise in the value of assembled wooden flooring imports (HS441871-79) began in May and extended to June but there was a correction in July with the value of imports dropping just over 20% compared to June. The lower imports could be the result of companies lowering stocks ahead of the August holidays when construction companies commonly close for 10 days or more.

Of total assembled flooring imports, China was the main supplier in July accounting for around 48% followed by Vietnam 20%, Malaysia 17% and Indonesia. The only significant shipper outside of SE Asia was Austria. HS441875 is the main category of flooring imports accounting for just over 50% of the total as was the case in June. Austria was a major supplier of HS441875 in July.



Data source: Ministry of Finance, Japan

Plywood imports

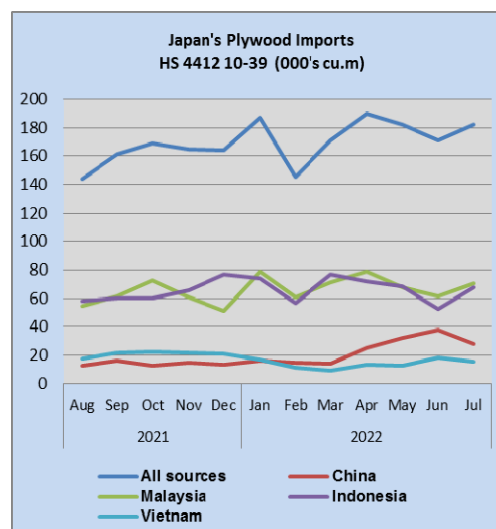
July imports of plywood stood at 182.5 cu.m up around 7% from the previous month and up 10% year on year.

Indonesia and Malaysia are the main suppliers of plywood to Japan and together they accounted for around 75% of Japan's July imports. For both suppliers, July shipments were higher than the previous month. Plywood imports from China have been steadily rising since the start of the second quarter but trended down in July as production in China was disrupted by covid control measures.

Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14.0	91.2	66.4	11.9
	Feb	11.1	85.3	75.0	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59.0	12.1
	Aug	12.1	61.8	68.9	11.0
	Sep	10.0	53.0	62.0	12.0
	Oct	10.6	66.3	72.0	12.0
	Nov	13.1	69.5	68.1	12.6
	Dec	13.0	74.4	57.4	14.0
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9
	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2

Data source: Ministry of Finance, Japan



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/

Lifted - the banned export of veneers

The Russian government announced that they lifted the banned exporting veneers to Japan on 27th, August. The veneers are permitted to export from only Vladivostok, Nakhodka and Wikizero including Plastun by only seaborne. However, the Japanese government prohibited importing veneers from Russia since 19th, April.

Orders for house builders in July

Orders to eight major housing companies and three major house builders are getting slow. Orders in July of some companies are decreased over 10 points. One of reasons is that the prices of land are rising and it is difficult to buy property to put up units built for sale. Therefore, they have less inventory of completed units for sale.

The orders to eight major housing companies are 90% compared to July, 2021 and to three major house builders are 82% compared to same month in last year. Another reason is that a decrease in land. There were a lot of demand for houses in 2021 and land with good conditions, such as near to the stations, were sold sooner.

Now, there is high-priced land with inconvenient conditions. Clients hesitate to buy houses. Also, housing companies could not advertise about housing exhibits to clients because there was not a big holiday in July. There are a lot of inquiries from the internet but clients are anxious about the increased cost of living in October so clients hesitate to be serious about buying houses.

It is hard for unit built for sale builders to buy new land because of high-priced and a number of completed houses is declining. An influence of high-priced land and materials made the builders to raise the selling prices and the builders have to change a target to sell.

Imports of European lumber

The amount of softwood lumber from Europe in January to June, 2022 is 1,395,319 cbms, 33.7% more than the same periods in 2021. This is for the first time in five years of this much increase. Between January to June, 2021, it was 18.2% less than the same months of 2020 due to a lack of containers and confusions at marine transportations such as congested ports and delayed transshipments.

This situation made a shortage of lumber and overpriced lumber in Japan. After that, supply to Japan recovered from overseas. Since a delay of arrival solved, the softwood lumber arrived to Japan with a large amount and now it is oversupply.

However, the arrivals of softwood lumber will be a half of the usual amount after autumn. It is 514,625 cbms, 29.3% more than the same months of 2021, for whitewood KD studs, taruki and dressed timber. It is 880,667 cbms, 36.4% more, for lamina and raw boards. It does not reach the amount of the 1st half of 2017, 970,000 cbms but it is the highest amount since 2018.

The amount from several countries is as follows. 493,791 cbms from Sweden, 39.2% more, 433,346 cbms from Finland, 24.9% more, 161,410 cbms from Austria, 56.1% more, from Latvia for 63,950 cbms, 45.4% more, from Germany for 61,887 cbms, 177.9% more, from the Czech Republic for 50,165 cbms, 28.9% more, from the Republic of Estonia for 38,526 cbms, 52.1% more and from Ukraine for 21,080 cbms, 10.7% more than January to June, 2021. The amount from Romania is 57,050 cbms, 26.6% less than the same months of 2021.

A reason for that is HS Timber Group stopped producing softwood lumber in Romania at the end of March in this year. The amount of European softwood lumber at the 1st half of 2017 was 1,445,659 cbms, 1.9% more than the 1st half of 2016. The amount kept decreasing in 2018 to 2021 continuously and it was 1,043,388 cbms in 2021. Nevertheless, new housing starts in 2017 were 964,641 units and then the new starts at the 1st half of 2022 are 418,507 units, 1.6% more than last year. It is unlikely to reach 900,000 units in this year.

Sojitz to produce more falcata plywood

Sojitz Building Materials Corporation expands to produce falcata plywood to 8,000 cbms from 5,500 cbms in a month in Indonesia. This is because a company, which has sole agency contract, in Indonesia reinforced its facility for drying and gluing.

The company will start producing thin products. This company is known for producing 100% of falcata plywood in Indonesia and has a JAS certification.

There is falcate timber around a plant so there are fresh logs to produce white and beautiful plywood. Sojitz concluded contract with this company in March, 2016 and developed falcata plywood at Japanese plywood markets. Almost every product is for Japan and 12mm of 3 x 6 is the main products. 5,500 cbms of product were sold in a month in last year. By adding new dryers and presses, it would be able to produce not only thick plywood but also thin and medium thick plywood.

South Sea lumber

Movement of South Sea lumber and Chinese lumber is slow. Laminated lumber in any sizes is not really inquired in Japan and distribution companies have enough inventory. They will not change the prices due to the weak yen.

Manufacturers in China and Indonesia keep the same prices. The prices of Indonesian Merkusii pine lumber are US\$950, C&F per cbm and of Chinese red pine lumber are US\$1,000 – 1,050, C&F per cbm. In Japan, Indonesian Merkusii pine lumber is ¥138,000, on track per cbm and Chinese red pine lumber is ¥143,000 on track per cbm. This is ¥3,000 higher than last month on each lumber.

Movement of South Sea log is stabilised. Demand for steel and ship building companies are lively. Demand and supply of South Sea log is balanced.

Supply of plywood for the 1st half of 2022

The supply of imported and domestic plywood for the 1st half of this year is almost same as last year's result. Chinese softwood plywood arrived to Japan with 10,900 cbms in 2019 and the volume for the 1st half of this year is already 47,300 cbms. This is 4.3 times more volume. Especially, in May and June, the volume was over 19,000 cbms.

One of reasons is that some distribution companies order to replace a shortage of domestic softwood plywood. The shortage is now eased by softwood plywood from China. 'Buying Chinese softwood plywood is just temporary', some people think. Now, demand in Japan is decreasing and it is easier to buy domestic plywood than before so there is less demand for Chinese softwood plywood. The peak is over.

An inventory at domestic plywood manufacturers is only 0.3 month. There is a difference between manufacturers and distribution business. Manufacturers work hard to produce enough inventory. The volume of softwood plywood from Malaysia remains on the same level and from Indonesia increases by 20% more than January to June in last year. It will be a rainy season in Malaysia and Indonesia in October so there will be no increasing supply in the fourth quarter.

Imported wood fuel in the first half

The amount of imported wood fuel from January to June, 2022 is growing greatly. Since operations at wood biomass power plants and biomass co-generating power plants started at many places, the amount of consumption grows. Not only the amount of wood pellet but also PKS grows by 20% from same periods of 2021.

The amount of wood pellet and PKS increases and the estimated amount will be 7,000,000 ton in this year. The imported PKS is from Indonesia 1,030,000 ton, 12.3% more and from Malaysia by 350,000 ton, 78.9% more than the same periods in 2021. An increase of Malaysian PKS is because of the lifted lockdown of corona epidemic and many inquiries due to soaring prices in Indonesia.

Demand and supply of PKS has been an excessive supply for a long time and an influence of the war in Ukraine by Russia caused the prices increase of fossil and biomass fuel. Today, demand of PKS is definitely excessive. There are a lot of demand from Japan especially, other countries and even from Indonesia for biomass co-firing power plants. However, inquiries from Japan are getting slow recently due to the high prices.

The imported wood pellet is from Vietnam by 1,090,000 tonnes, 54.1% more and from Canada by 640,000 tonnes, 26% more than the same months of 2021. After Russia invaded Ukraine, the prices of wood pellet soared in all Europe and wood pellet suppliers in North America prepared to supply the wood pellet to Europe. Therefore, as substitution sources, it was supplied from Asia

China

Rise in output value of China's wooden doors

According to the China Wooden Door and Window Association the value of China's wooden door output rose 2% to RMB160 billion in 2021. The value of China's wooden door output increased between 2010 to 2021 benefitting from technological upgrading.



Data source: China Wood Door and Window Association

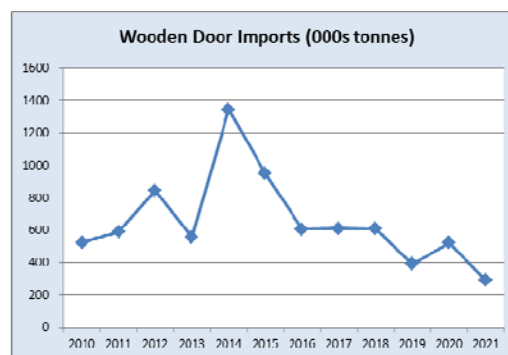
At present, there are more than 10,000 wooden door enterprises with industrialised production standards of which about 3,000 have an output value of more than RMB20 million and in total employ about 2 million people. More than 100 enterprises have an output value of more than RMB100 million.

The rise in production has been spurred by a growth in manufacturing capacity to serve the international and domestic markets such that imports of wooden door have fallen steadily in recent years.

Production enterprises are mainly distributed in six areas, the Pearl River Delta, Yangtze River Delta, Bohai Rim and northeast, southwest and northwest. More and more wooden door enterprises are investing in research and development and are promoting the "wooden door + wardrobe + cabinet + wall panel" customisation of whole homes.

See: https://www.soonfor.com/gsxw/info_3.aspx?itemid=9393

According to the data from China Customs the country exported far more wooden doors than it imported between 2010 and 2021. China exported around 300,000 cubic metres of wooden doors in 202. China's wooden door imports increased between 2010 to 2014 but have been declining since 2015 however, there was a rebound in imports in 2021.



Data source: China Customs

Diverse international markets for China's wooden doors

The markets for China's wooden door exports are diverse with exports to 159 countries in the first half of 2022. In the first half of 2022 the volume of China's wooden doors exports reached 168,000 tonnes valued at US\$402 million, up 10% and 25% respectively.

China's wooden doors exports to the top six countries was 113,000 tonnes, accounting for only 67% of the national total in the first half of 2022. However, wooden door imports were just 132 tonnes, down 5% year on year in the first half of 2022.

The US is the largest market for China's wooden doors followed by the UK accounting for 27% and 10% of total exports, up 48% and 2% respectively.

However, China's wooden doors exports to Japan and Hong Kong fell 0.4% and 19% respectively in the first half of 2022.

Main markets for China's wooden doors, first half 2022

	Tonnes 000s	YoY % change
Total	168	10%
USA	46	48%
UK	16	2%
Japan	15	-0.40%
Hong Kong	13	-19%
Canada	12	11%
Romania	10	-8%

Data source: China Customs

Value

	Value US\$ mil.	YoY % change
Total	402	25%
USA	101	53%
UK	31	95%
Japan	47	208%
Hong Kong	56	242%
Canada	24	119%
Romania	13	13%

Data source: China Customs

Formaldehyde-free woodbased panel production

It has been reported that formaldehyde-free woodbased panel production in Lizhuang Town, Tancheng County industrial zone of Shandong Province will come into production by the end of 2022. It is forecast that the annual output of the formaldehyde-free woodbased panels will be 700,000 cubic metres.

There are more than 21,000 timber enterprises with annual output of 35 million cubic metres accounting for one-third of national plywood output in Linyi City known as one of the three largest woodbased panel processing bases in China. Linyi also hosts the World Woodbased Panel Conference and a national forestry industry demonstration zone has been built in this City however, there are challenges.

The Linyi woodbased panel industries are limited by the production processes and technology employed which has meant they cannot produce high-end products. Because of this they capture market share through low prices. More recently they have faced challenges of low output, low degree of agglomeration, failure to adapt to market changes and failed to meet environmental protection standards.

Formaldehyde-free wooden panel is more and more popular in China market as people become more health consciousness.

Because of this a project on formaldehyde-free production has been initiated in Tancheng County implemented by the Linyi municipal government and leading enterprises.

An annual output of 300,000 cubic metres of formaldehyde-free straw particleboard and 300,000 cubic metres of formaldehyde-free veneer and 200,000 cubic metres of formaldehyde-free plywood will be achieved through this effort.

See:

https://www.wooden365.cn/Industry/IndustryInfo_275248.html

Developments in the woodbased panel industry

Russian timber from Fuhun Wooden Industry was recently transported to Zhuangzhai County by the China-Europe railway. This opens a new trade pattern for the domestic wooden panel industry.

Wooden harvested in Russia is rough-processed and transported to Zhuangzhai Town, Caoxian County in Shandong Province by the China-Europe freight train. On arrival it processed into woodenbased panels used for furniture manufacturing.

The Fuhun Wooden Industry is building a China-Russia Tomsk Timber Industry and Trade Cooperation Zone in Russia, part of the Belt and Road Initiative. The company has 870,000 hectares of forest resources in Russia.

Zhuangzhai town is one of the three main wooden products processing bases in China. At present Fuhun Wooden Industry has made strategic cooperation agreement with Zhuangzhai Wooden Industry Association and will provide 1 million cubic metres of Russian timber to Zhuangzhai County. It is also expected to promote the overall transformation and upgrading of the domestic wooden industry.

See:

https://baijiahao.baidu.com/s?id=1743906274048377023&wfr=s_pider&for=pc

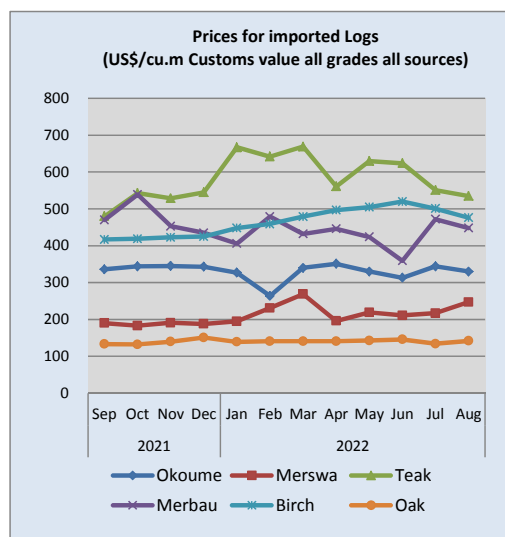
Real Estate Investment

Between January and August this year real estate development investment declined 7.4% year-on-year. Residential investment was down 6.9%.

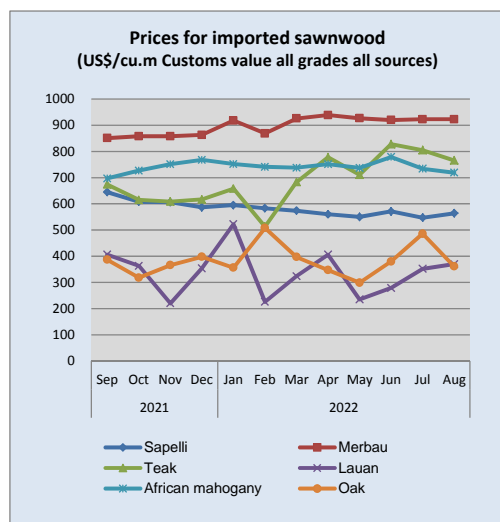


See:

http://www.stats.gov.cn/english/PressRelease/202209/t20220916_1888409.html



Data source: Customs, China



Data source: Customs, China

Average log price, (US\$/cu.m Customs value all grades all sources)

	2022 Jul	2022 Aug
Okoume	344	330
Merswa	217	247
Teak	551	535
Merbau	472	448
Birch	501	476
Oak	134	142

Average sawnwood price, (US\$/cu.m Customs value all grades all sources)

	2022 Jul	2022 Aug
Sapelli	547	564
Merbau	923	923
Teak	805	766
Lauan	552	370
African mahogany	734	719
Oak	486	361

Data source: Customs, China

UK

UK hardwood imports slow dramatically as recession looms

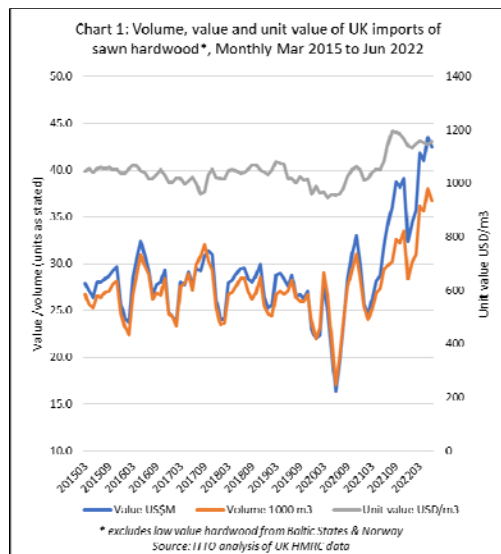
UK imports of hardwood products were rising strongly both in volume and value terms during the second half of 2021 and first half of this year as importers were building stocks on a rising market.

However, in the third quarter this year the market has changed dramatically as import prices have fallen and UK importers are sitting on a lot of wood bought earlier at higher prices. This has occurred just at a time when consumption has weakened as the UK heads into recession and the GBP has fallen to the weakest ever level against the USD and is also declining against the EUR.

Reports from UK hardwood importers suggest that trade has slowed dramatically this month with little prospect of any significant improvement for months ahead. A change of economic policy following installation of a new Prime Minister in the first week of September, including dramatic, and largely unfunded, cuts in income tax in a high-risk effort to boost short-term economic growth has done little to boost confidence.

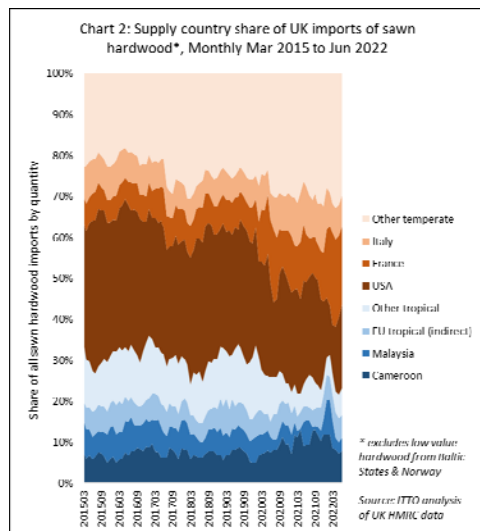
The monthly trend in UK imports of sawn hardwood to the end of June this year is shown in Chart 1. This highlights that both the volume and value of imports increased sharply in the two years following the lows of the first COVID lockdown in June 2020 to reach well above the pre-COVID level in the first half of this year.

Monthly import volume of sawn hardwood was averaging over 35,000 cubic meters in the second quarter of this year compared to the long-term pre-COVID average of around 28,000 cubic meters.



In terms of value, the increase in UK sawn hardwood imports in the period to end June this year was even greater, from around US\$28 million per month pre-COVID to over US\$40 million in the second quarter of this year. Average unit value of sawn hardwood imported into the UK was around US\$1150 per cubic meter in the second quarter of this year, compared to around US\$1000 per cubic meter pre-COVID. Due to the weakness of the of the GBP, this rise in US\$ values is felt even more acutely by UK importers.

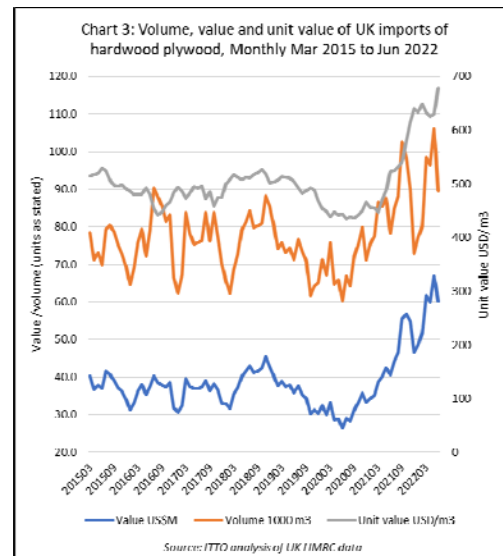
While there was a significant increase in UK imports of tropical sawnwood in the first quarter of this year, particularly from Cameroon and Malaysia, tropical wood's overall share of UK sawn hardwood imports has been sliding in the last two years. During this period share has principally been lost to European hardwoods imported mainly from France and Italy (Chart 2).



The overall trend in UK imports of hardwood plywood has been similar, with both volume and value rebounding dramatically after June 2020 to well above the pre-COVID level (Chart 3).

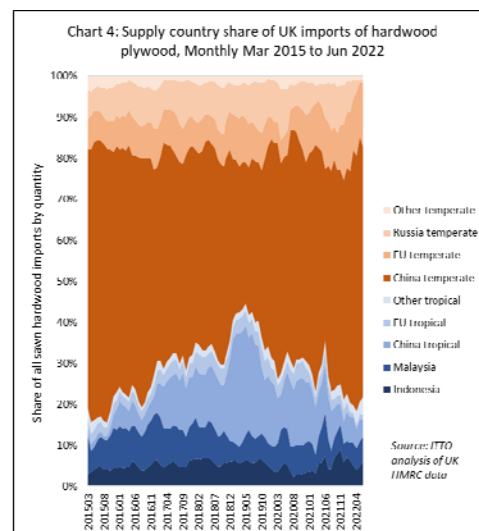
Monthly import volume of hardwood plywood was averaging around 95,000 cubic meters in the second quarter of this year which compares to the long-term pre-COVID average of around 75,000 cubic meters.

The unit value of UK hardwood plywood imports was averaging around US\$650 per cubic meter in the second quarter this year, up from around US\$500 per cubic meter pre-COVID.



In terms of UK market share, tropical hardwood plywood from Indonesia has made some gains this year, but by far the biggest recent shift in the UK hardwood plywood trade has been a sharp decline in imports of Chinese products faced with tropical hardwoods in favour of Chinese products faced with temperate hardwoods.

Chinese temperate hardwood plywood has been the largest beneficiary of UK sanctions against all trade in Russian wood products since the start of the Ukraine conflict (Chart 4).



This raises questions about the origin of the temperate hardwoods used to manufacture some of the plywood products in China's export mix. There is a chance it contains Russian wood traded via China to bypass the sanctions. Timber Development UK (TDUK – formerly TTF) recently issued an alert to all members warning them of the risk of sanctioned wood from Russia being used to manufacture Chinese plywood products exported to the UK.

Prospects for UK imports of both sawn hardwood and plywood have taken a dramatic turn for the worse in recent weeks. The Bank of England (BOE) Monetary Policy Committee voted to raise its base interest rate to 2.25% from 1.75% at their meeting in September. This is its seventh consecutive rise and takes U.K. interest rates to a level last seen in 2008.

Inflation in the UK stood at 9.9% year-on-year in August, well above the bank's 2% target. In announcing the interest rate rise, the BOE said it believed the UK economy was already in a recession, as it forecast GDP would contract by 0.1% in the third quarter, down from a previous forecast of 0.4% growth. It would follow a 0.1% decline in the second quarter.

In addition to the BOE forecast, numerous analysts along with business association the British Chambers of Commerce have previously said they expect the UK to enter a recession before the end of the year. As well as energy price shocks, the UK faces trade bottlenecks due to COVID and Brexit, declining consumer sentiment, and falling retail sales.

Indicators in sectors particularly relevant to the timber industry are all in the red. UK construction lost 347 firms in July 2022 and 3,841 firms in the last year, the highest since the financial crisis more than a decade ago, according to the Insolvency Service.

The S&P Global/CIPS construction Purchasing Managers' Index (PMI) came in at 49.2 in August, edging up from 48.9 in July but staying below the 50.0 threshold denoting growth.

"Not only did construction activity fall for the second month running, but a range of indicators from the survey pointed to further weakness ahead," said Andrew Harker, economics director at S&P Global Market Intelligence. He went on to note that "new orders showed the weakest growth since June 2020 and concerns about the sector and the wider economy hit confidence".

The Builders Merchant Federation's Building Index (BMBI) latest August report on sales of building materials in the UK, also underscores the impact of price inflation on the sector. Overall sales revenue in Quarter 2 2022 was the highest since the BMBI started in 2015 but, just as in the first quarter of the year, this was largely driven by price inflation rather than volume growth.

Comparing Q2 2022 with Q2 2021 shows total builders merchant sales value increased by +4.0%. However, volume sales were 11.3% lower, while prices increased by 17.3%. Considering just timber and joinery, sales value declined 3.0% in the second quarter.

John Newcomb, CEO of the Builders Merchants Federation said that: "the negative effect of rampant inflation is starting to show with escalating input costs across fuel, energy, raw materials and wages impacting production costs and adding to existing material supply issues.

It is plain to see that the increase in sales values of building materials during the first half of the year has been driven by price inflation rather than volume growth. Regrettably, this pattern seems set to continue into 2023."

Mr Newcomb also noted that "The second quarter of this year has amplified some of the global difficulties, with the continued Russian invasion and spiralling cost of living issues at the forefront. Unfortunately, no immediate end is in sight. With UK inflation approaching double digits, the counterbalance between inflation and interest rates is increasingly difficult to control and will be the ultimate test for the next year or so."

North America

Housing starts rebound but other data signal trouble ahead

Construction of new homes rose a seasonally adjusted 12.2% in August to 1.58 million according to the U.S. Department of Commerce. The rise in home construction reverses a steep fall in July where housing starts fell a revised 11%. The annual rate of housing starts is still much lower than the 1.81 million level seen in April.

Regionally, construction of homes surged in the Midwest and South. There was a modest increase of housing starts of 1.1% in the West while the Northeast saw a steep drop of 17%. Single-family construction in the Midwest led the jump with a 218% increase.

Overall, economic data reflecting the conditions of the housing market have been weak. Even though starts rose, permits fell 10% to 1.52 million in August, signaling a drop in future projects. Permits for single-family homes fell 3.5% in August, while permits in buildings with at least five units dropped 18%.

And even the boost in housing starts may be short-lived. In September builders said they continue to be pessimistic about the near-term which hints at further declines in the housing sector. Except for during the pandemic, builder confidence is at the lowest level in eight years.

Depressed buyer demand and rising construction costs have weakened buyer confidence. The sharp rise in rates and high home prices have discouraged buyers, who are finding it hard to afford to purchase.

Nationally, home ownership as of June this year is at the lowest level since the Atlanta Fed started monitoring the data in 2006.

Canadian housing starts fell 3% in August compared with the previous month as a decline in multi-unit urban starts offset a slight increase in single-detached units. The seasonally adjusted annualized rate of housing starts was 267,443 units in August, down from a revised 275,158 units in July, Canadian Mortgage and Housing Corporation (CMHC) data showed. Analysts had forecast starts would dip to 265,000.

Existing-home sales fall for the seventh straight month
Existing-home sales fell 0.4% to a seasonally adjusted annual rate of 4.8 million in August according to the National Association of Realtors. This is the lowest level of existing home sales since May 2020, during the pandemic downturn. Compared with August 2021, home sales were down 19.9%.

Sales of existing homes were mixed across the country. Sales increased in the Northeast and the West, but sales fell surprisingly in the Midwest. Sales in the south were unchanged. Interest rates have flown past 6% and are expected to rise further as the Federal Reserve embarks on its aggressive quest to quell inflation.

“The housing market is showing an immediate impact from the changes of monetary policy,” Lawrence Yun, chief economist at the National Association of Realtors said.

See: <https://www.nar.realtor/newsroom/existing-home-sales-retreated-5-9-in-july>

Hiring slows but remains strong

Hiring slowed from its recent breakneck pace but remained robust in August, with the economy adding 315,000 jobs and the unemployment rate was 3.7%, according to data released by the Bureau of Labor Statistics. So far this year employment has boomed. The robust hiring numbers have defied expectations and quieted fears of a major slowdown.

Government data put out in mid-September reinforced evidence that the jobs market remains strong. Job openings rose in July after falling for three consecutive months according to U.S. Bureau of Labor Statistics data which showed job openings on the last day of July had jumped to 11.2 million from 11 million the month prior.

Manufacturing employment continued to trend up in August, gaining 22,000 jobs. Manufacturing has added 461,000 jobs over the year.

Speaking to ABC News, Ann Elizabeth Konkel, a senior economist with Indeed Hiring Lab, said the labour market has so far withstood the Federal Reserve's effort to slow the economy, even as the central bank tries to bring down inflation in part by cutting demand for workers and slowing wage increases.

(See: <https://abcnews.go.com/Business/august-jobs-data-show-us-sustained-hiring-boom/story?id=89102409>)

Consumer sentiment rose less than expected in September

Consumer sentiment improved modestly in early September as gas prices continued to decline but Americans' confidence in the economy remains near a record low. The University of Michigan's consumer sentiment index rose to 59.5 in September, up from the August reading of 58.2 but below economists' forecast for a reading of 60.0.

While Americans remain concerned about the state of the economy as painfully high inflation persists a recent decline in the price of gasoline helped to bolster the economic mood nationwide. Still, there are dark clouds on the horizon. Wall Street is increasingly convinced that the Federal Reserve will trigger a recession with its aggressive interest rate hike campaign. Even more concerning is that so-called core prices, which outstripped the more volatile measurements of food and energy, re-accelerated last month: Core prices climbed 6.3% from the previous year, above the 6.1% forecast from economists and climbed 0.6% on a monthly basis, a bigger increase than in April, May, June and July and a troubling sign that underlying inflationary pressures in the economy remain strong.

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

Furniture manufacturers struggling and report another decline in new orders

The manufacturing sector is still at its weakest since the early days of the pandemic. The Institute for Supply Management's August index reading came in at 52.8%, level with last month when it hit its lowest point since June 2020.

Compared with July, manufacturers recorded a 3% decrease in production and a 7.5% decline in consumer prices (its lowest reading since June 2020). But the sector also recorded a 3.3% increase in new orders and a 4.4% increase in employment, a return to expansion.

Once again, furniture performed poorly compared with the other 17 manufacturing industries recognised by the ISM. Furniture and wood products saw the two biggest declines in new orders and were just two of three to report that customers' inventories are too high. Furniture was one of eight to report paying more for raw materials than it did in July.

Furniture and wood products led in faster supplier deliveries compared with June, when it also improved from May. The industry reported lower backlogs and no change in production or employment from July, perhaps a good sign as both metrics declined significantly in May.

See: <https://www.furnituretoday.com/industry-issue/furniture-manufacturers-struggle-again-in-august-report-another-decline-in-new-orders/>
and
<https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/august/>

Rail strike averted

The country narrowly averted a potentially crippling national rail strike as the Labor Department helped broker a late-hour agreement between rail companies and union negotiators. Rail companies had warned the strike could result in lost productivity of US\$2 billion a day had an agreement not been reached by 17 September.

The deal will now go to the unions for a vote to finalise the agreement. The presidents of the unions representing rail workers said the breakthrough provides for "the highest general wage increases over the life of the agreement in over 45 years". A shutdown would have threatened to disrupt nearly all supply chains.

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.

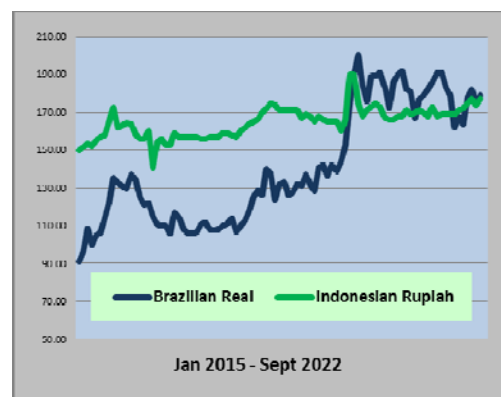
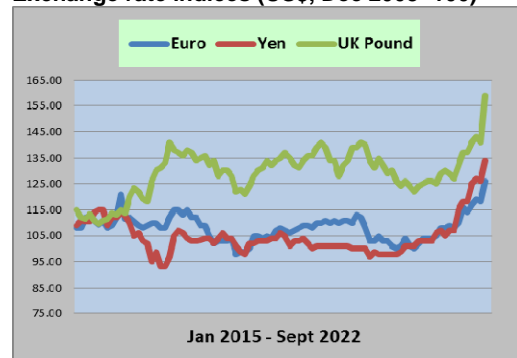
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 26 September 2022

Brazil	Real	5.263
CFA countries	CFA Franc	672.5
China	Yuan	7.1284
Euro area	Euro	1.032
India	Rupee	81.25
Indonesia	Rupiah	15,038
Japan	Yen	143.34
Malaysia	Ringgit	4.5785
Peru	Sol	3.96
UK	Pound	0.9217
South Korea	Won	1,422.9

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

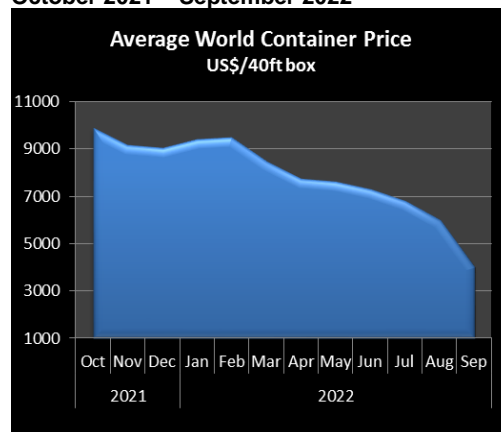


Abbreviations and Equivalences

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

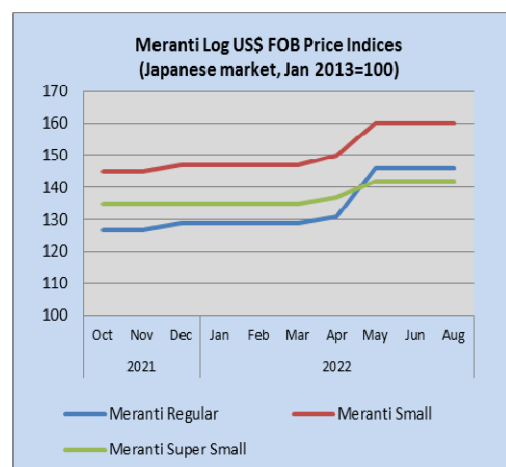
October 2021 – September 2022



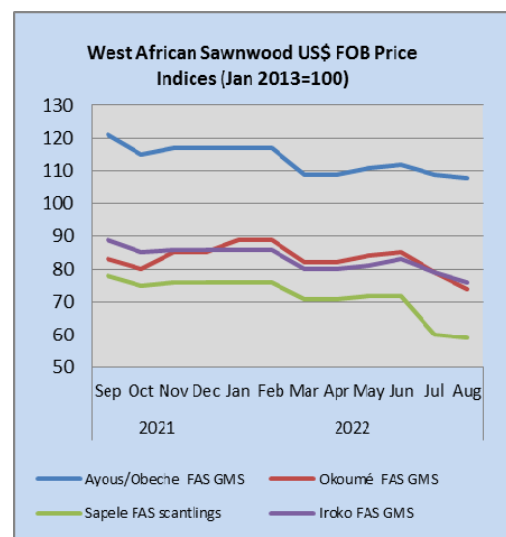
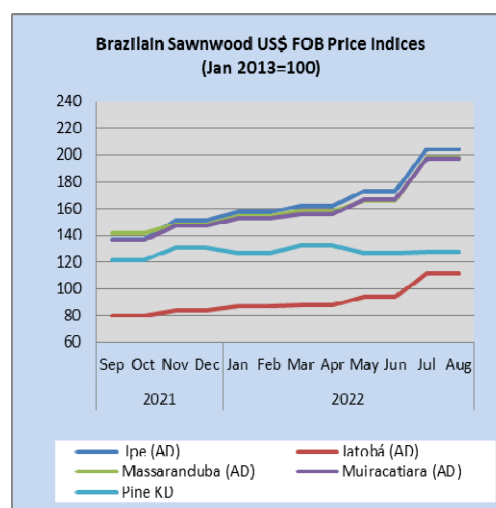
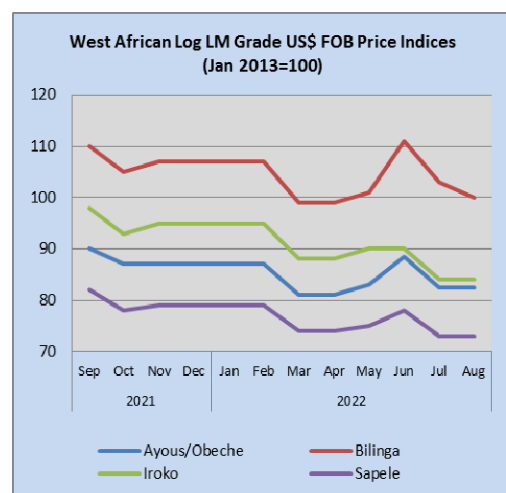
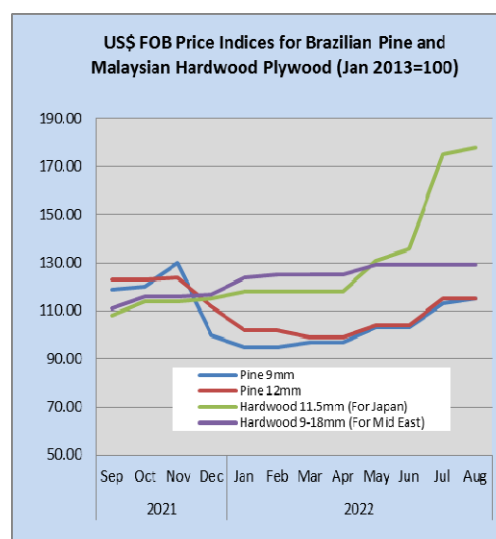
Data source: Drewry World Container Index

Price indices for selected products

The following indices are based on **US dollar FOB prices**



Note: Sarawak logs for the Japanese market



Note: Indices for W. African logs and sawnwood are recalculated from Euro to US dollar terms.

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