

Tropical Timber Market Report

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The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to ti@itto.int.

Contents

Central/West Africa	2
Ghana	3
Malaysia	5
Indonesia	6
Myanmar	7
India	8
Vietnam	10
Brazil	12
Peru	14
Japan	16
China	21
UK	24
North America	28
Currencies and Abbreviations	31
Ocean Freight	31
Price Indices	32

Headlines

	Page
Power outages plague Ghana	3
Productivity boost can come from strong domestic woodworking machinery sector	6
Raw material from ‘Trees Outside Forest’ vital for Indian manufacturers	8
Vietnamese exporters report improvement in exports to the US	10
Bill presented for development of Peru’s forest industries	14
100% domestic timber for Japanese homes	19
US housing starts make sharp rebound on multi-unit surge	28

Top story

UK tropical wood and wooden furniture imports at all time low

UK tropical wood and wooden furniture imports in the first eight months of this year were US\$655 million, 38% less than the same period last year. This is an extraordinarily low figure. It is 5% less than recorded in the first eight months of 2020 when the country was at a complete standstill at the start of the COVID pandemic.

Coming as it does after two historically good years for the UK trade in 2021 and 2022 during the immediate post-COVID recovery, this is a classic case of boom and bust.

Page24

Third Announcement

The Third Announcement on the Global Legal and Sustainable Timber Forum 2023 is now available. The Forum will be held 21–22 November 2023 at the Galaxy International Convention Center, Macao SAR, China.

For more see:

https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7520&no=3

The next market report will be released during the week of November 20 following the 59th Session of the International Tropical Timber Council

Central and West Africa

Rain delaying operations

Operators in Gabon have been experiencing long delays in harvesting due to heavy rain. Logging in Cameroon has also been significantly impacted by heavy rain. The excessive rainfall has led to some mills temporarily reducing or ceasing operations across the region especially in the Central African Republic and Congo.

Decline in sales of okoume

Some Chinese-owned mills have stopped production due to the decline in sales of okoume and peeling mills in the special economic zone are still feeling the effects of the industrial action by workers. There are rumours in trade circle that the government may put the special economic zones under military control.

The new government in Gabon has taken a firm stance on suspicions of irregularities where significant state funds were allocated for projects but where not fully utilised for their intended purposes. Those found to have misappropriated funds or failed to complete projects are required to return the money or finalise the work paid for.

There is an ongoing effort to improve the efficiency of the Ministry of Forestry. The new Forest Minister is conducting visits to the provinces to evaluate operations.

Second quarter 2023 production in Gabon down almost 30%

Lenouveaugabon.com has reported, quoting the latest economic report from the Ministry of the Economy that at the end of the second quarter of 2023 production by the timber industries in Gabon was 29% lower than during the same period in 2022, dropping from 1.3 million cubic metres at the end of June 2022 to 982,006 cubic metres at the end of June 2023.

This fall, according to the same source, is the result of logistical problems in the sector in recent months particularly linked to recurring incidents on the railway and the poor state of the road network during the rainy season. These difficulties have negatively affected the supply of factories, particularly those installed in the Nkok special economic zone.

See: <https://www.lenouveaugabon.com/fr/agro-bois/0410-20172-industrie-du-bois-la-production-chute-de-30-au-2e-trimestre-en-raison-des-difficultes-d-approvisionnement-des-usines>

Chinese buyers on the sidelines

Milling operations have slowed as mills run down log stocks built up during the dry period. Producers report order levels are stable but completing shipments is being held up.

Poor weather during what was supposed to be the dry season disrupted harvesting which is now being felt as log yard stocks fall. The absence of Chinese buyers in the market has contributed to lower demand.

The government has imposed tight controls on the export of logs. Export is only possible for certain operators who demonstrate 'responsible' processing.

There is no shortage of containers in Cameroon. Port operations, particularly in Douala and Kribi, are generally steady. Efforts have been made to better organise timber dispatch in Douala.

Producers in Congo point to weakening prices

Heavy rain is impacting harvesting, especially in the northern regions of the Congo. It is reported that the bad weather extends to the northern border with Cameroon and is seriously affecting trucking on laterite roads.

Port operations in Pointe Noire remain steady with no significant disruptions. Order levels have been stable for approximately two months. A log export quota system is in operation in order to generate greater revenue, at the same time there is pressure on millers to expand tertiary processing.

Producers point to a softening of prices in Europe which they suspect is linked to high landed stocks and the cautious approach by buyers as the European winter season approaches. Customers from countries such as Turkey, Iraq, and Iran are not showing significant activity as the ongoing conflicts in the region are undermining confidence.

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	230	230	225
Azobe & ekki	275	275	175
Belli	250	250	-
Bibolo/Dibétou	200	200	-
Bilinga	275	275	-
Iroko	290↓	270↓	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	200	200	-
Moabi	260	260	220
Movingui	180	180	-
Niove	160	160	-
Okan	210	210	-
Padouk	300	270	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260	260	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	425
Bilinga FAS GMS	580
Okoumé FAS GMS	460
Merchantable KD	400
Std/Btr GMS	390
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	800↓
FAS scantlings	850↓
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	700
Scantlings	750↓
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in the Republic of Congo and Gabon.

See: <https://www.itto-ggsc.org/static/upload/file/20231017/1697507334917952.pdf>

Ghana

'Dumsor' (power outages) plague the country

Large areas of Ghana are facing power blackouts due to gas shortages at a major power facility adding to the difficulties manufacturers face due to the economic crisis in the country.

Ghana Gas Chief Executive Officer, Ben Asante, said the problem was related to gas delivery rather than supply, adding that the outages occurred because the pipeline operated by the West African Gas Pipeline Company, responsible for transporting approximately 100 million standard cubic feet of gas per day from Takoradi to Tema, had been temporarily taken out of service. Ghana partly relies on natural gas for power generation

See: <https://www.africanews.com/2023/10/27/limited-gas-supply-triggers-nationwide-power-outage-in-ghana/>

Banks asked to do more for SMEs

The President has added his voice to calls for local banks to do more to support agribusinesses (incl. forest plantations and wood processing) describing the agricultural sector's share of bank loans is far too low.

The President acknowledged the current efforts being made by the banks but said "your efforts are only scratching the surface of the crisis in the agricultural sector".

He added that there are about 3.5 million farmers in the country but the level of credit that goes into financing their activities is not only discouraging but also the lowest in West Africa.

See: <https://thebftonline.com/2023/10/24/akufo-addo-tells-banks-to-do-more-for-agric/>

Wood product export slump

Receipts from exports of wood products in the first eight months of 2023 slumped by 11% to Eur92.35 million compared to the Eur103.84 million for the same period in 2022.

According to data source from the Timber Industry Development Division (TIDD) this was because of a 14% drop in the volume of wood products exported (205,127 cu.m) during the period in 2023 compared to 237,464 cu.m for the same period in 2022.

Wood product export volumes (cu.m)

	2022	2023	YoY
	Jan-Aug	Jan-Aug	% change
AD Sawnwood	127,933	115,168	-10
KD Sawnwood	30,450	26,830	-12
Plywood (Regional)	22,805	16,767	-26
Plywood	6,479	10,159	57
Mouldings	6,462	6,707	4
Billeta	28,405	9,867	-65
Sliced Veneer	6,804	4,665	-31
Rotary Veneer	5,811	6,065	4
Briquettes	445	1,394	213
Boules (AD)	1,696	721	-57
Boules (KD)	13	53	308
Others (4)	161	6,731	
Total	237,464	205,127	-14

Data source: TIDD

In spite of the 2023 poor overall performance export volumes of kiln dried boules, briquettes and plywood recorded significant increases in volume during the period compared to the same period in 2022. The top three export products for both 2022 and 2023 were AD and KD sawnwood and plywood for the regional West Africa markets. These products accounted for 168,924 cu.m and 18,188 cu.m respectively of the total export volume.

During the period under review some products also recorded significant decreases in volumes. Their performance in 2023 negatively affected the corresponding revenues for the period when compared to the previous year. Receipts from exports of billet and veneer dropped by 67% and 37% respectively to register Eur3.03 million in 2023 against Eur9.09 million in 2022

About eighty exporters contributed to the export of seventeen wood products during the period from thirty-eight species. The leading species included teak, ceiba, wawa, eucalyptus and rubberwood. Demand for wood products in Asian and African markets dropped. The major destinations for these wood products were India, United States of America, China, Togo and the United Kingdom.

Decline in approved contracts

The volume of approved export contract in the second quarter of this year was 61,268 cu.m and 87,000 pieces of bamboo. Compared to the volume during the same period in 2022 this showed a decrease of over 40% according to TIDD data sources.

Table below shows the total contract volume processed and approved during the period classified into Primary, Secondary and Tertiary products;

Contracts approved by product categories

Category	Q2 2022	Q2 2023
	Vol (cu.m)	Vol. (cu.m)
Primary	9873	4331
Secondary	91010	54028
Tertiary	3133	2910
Total	104016	61269

Data source: TIDD

The table below shows the contracts processed and approved by the TIDD offices in Takoradi, Tema, Kumasi and Sunyani in the second quarter of 2023;

Location	Vol (cu.m)	% of Total
Takoradi	48,360	79%
Kumasi	10,472	17%
Sunyani	2,237	4%
Accra	200	1%
Total	61,269	100%

Data source: TIDD

The highest contract volume was processed and approved in Takoradi followed by Kumasi with Sunyani and Accra accounting for less than 5%.

New member for Forestry Commission board

The new Executive Secretary of Lands Commission, Benjamin Arthur, has been sworn in as a new member of Forestry Commission Board following the retirement of James K. Dadson, the previous Executive Secretary of the Lands Commission.

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	880▲
Niangon Kiln dry	910

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	317▼	441
Chenchen	472▼	612
Ogea	495	590
Essa	671	711▼
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	500▼
Ceiba	290	351▲
Dahoma	460-	629▲
Edinam (mixed redwood)	640	713
Emeri	660	644▼
African mahogany (Ivorensis)	695▼	1,0254▲
Makore	560	912
Niangon	861	1,000
Odum	806▲	1018▼
Sapele	800	893▲
Wawa 1C & Select	513	521

Export sliced veneer prices

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	975▼
Avodire	673▼
Chenchen	647▼
Mahogany	1,400▼
Makore	812▼
Odum	2,067▼
Sapele	1,774▲

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	504▲	580	641
6mm	412	535	604
9mm	418	504	560
12mm	699	512	480
15mm	450	385	430
18mm	460	415	383

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

Malaysia

Ringgit weakening

The big issue at the moment for businesses is the weakening ringgit and how it will impact the trading environment. The US dollar/ringgit pair moved above the 4.75 psychological level and rose close to 4.78/dollar.

Behind the change in exchange rates is the growing strength of the US dollar driven by its position as a safe-haven in view of the Middle East geopolitical risks. The other driver is the possibility of another US Federal Reserve interest rate increase this year. Expectations are that Malaysian interest rates will be maintained for now to support domestic demand in view of declining external trade.

See: <https://www.thestar.com.my/business/business-news/2023/10/21/opr-likely-to-remain-at-3-into-next-year>

Adding value to peeler core residues

Sarawak based Samling Group announced it will produce engineered wood products in cooperation with Loggo IP Co Ltd, an Australian company. The companies will work on a pilot project in Sarawak using Loggo IP's patented engineered wood technology to process small diameter peeler cores. It is known that every year tens of thousands of peeler cores (residues) from plywood production but are only used to produce low value products packaging or for fuel.

In Australia Loggo IP uses acacia and eucalyptus to produce engineered products for housing, commercial and government buildings.

See: <http://theborneopost.pressreader.com/article/281702619384272>

Furniture design competition

The next Malaysian International Furniture Fair (MIFF) is scheduled for 1 – 4 March 2024 in Kuala Lumpur and a furniture design competition is part of the 2024 show.

The MIFF Furniture Design Competition (MIFF FDC) aims to discover young talent to support Malaysia's thriving furniture industry. Organised each year since 2010 in conjunction with Malaysian International Furniture Fair (MIFF), it offers a platform to emerging designers to showcase their innovative ideas before a global audience.

See: <https://www.miffdc.com/about/>

Eucalyptus pests invaded Asian eucalyptus plantations

Demand for wood is expected to increase by four times by 2050 and this comes as the supply from native forests is decreasing. This will lead to increasing dependence on industrial tree plantations. To put the issue into perspective Asia will face an annual deficit of 10 to 17 million tonnes in wood chips alone.

This was the message from Dr. Simon Lawson, an Australian professor, in a presentation made in Sabah. He emphasised the growing importance of pest control in tree plantations pointing out that a number of herbivore species from the native range of eucalyptus have invaded many eucalyptus plantations in Asia over the past 30 years and there is a risk that pests in eucalyptus plantations can establish on native tree species.

In related news, a Sabah Forestry Department researcher, Dr Arthur Y. C. Chung from Sandakan, has been awarded the 2023 Science and Technology Award by the Malaysia Toray Science Foundation. This was for his contribution to the nation's science and technology through his research on tropical forest entomology focussing on insect diversity, insects in nature tourism and forest insect pest management.

See: <http://theborneopost.pressreader.com/article/281526525737730>

MyTLAS promotion

The Malaysian Timber Industry Board has organised a programme to promote wider use of the Malaysia Timber Legality Assurance System for Peninsular Malaysia (MyTLAS), one of the earliest timber legality verification system developed by Malaysia. MyTLAS has also put in place comprehensive control procedures to ensure the exclusion of unverified timber.

MyTLAS complies with a set of principles and criteria which include the 24 criteria, also known as the MyTLAS Schedule.

See: <https://www.mtib.gov.my/en/maskayu>

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in Malaysia.

See: <https://www.itto-ggsc.org/static/upload/file/20231017/1697507334917952.pdf>

Indonesia

Interest rate increase

Just after Indonesia's surprise interest rate increase in late October the Philippine central bank also announced an unexpected rate increase. These moves have highlighted the challenge Asian central banks face in defending their currencies and curbing inflation,

See: <https://www.reuters.com/markets/asia/indonesia-cbank-unexpectedly-raises-rates-amid-falling-rupiah-2023-10-19/>

Germany welcomes SVLK promotion campaign

Indonesian Deputy Minister of Environment and Forestry, Alue Dohong, led a delegation to promote Indonesia's Legality and Sustainability Verification System (SVLK) to German wood product importers and representatives of international trade authorities.

During meetings Acting Director General of Sustainable Forest Management (PHL), Agus Justianto, said that Forest Law-Enforcement Governance and Trade (FLEGT), from which the Timber Legality Assurance System (TLAS) was developed in Indonesia is known as the SVLK is an important tool used by the Indonesian Government and various stakeholders in monitoring and ensuring the legality of wood products from Indonesia.

The Director of Forest Product Processing and Marketing Development, Krisdianto, explained the process, which is transparent, is recorded in the Legality and Sustainability Information System (SILK) and the data is open to all on the 'Satu Data PHL' website.

Director Krisdianto added "the flow of wood from the forest to industrial points is accompanied by a legal certificate of forest products (SKSHH) and monitored so that the chain of custody of logs can be followed. We also carry out a similar process in community forests but of course in a different way".

The domestic media in Indonesia reported that during the discussion importers in Germany welcomed the SVLK promotion campaign and hoped that trade authorities in every European country would understand the SVLK as an option in developing a due diligence system related to the implementation of EUDR.

The German participants were told Indonesian wood product exporters have questioned the status of the FLEGT process established between the European Union and Indonesia. The German State Secretary, Silvia Bender, said that the German government understands the problems of implementing the EUDR, especially for small and medium businesses because the implementation of the EUDR also has an impact on business actors in Germany.

The German government itself is still reviewing the implementation of due diligence requirements, she said. She added that the German government understands the aspirations of the Indonesian Government and will convey this at a higher European Union forum.

See: <https://forestinsights.id/wamen-lhk-promosikan-svlk-kepada-importir-jerman-asal-usul-kayu-bisa-ditelusuri/> and <https://www.menlhk.go.id/news/wamen-lhk-diskusikan-flegt-wpa-dan-restorasi-gambut-dengan-pemerintah-jerman/>

Productivity boost can come from strong domestic woodworking machinery sector

The Chairman of the Indonesian Furniture and Crafts Industry Association (HIMKI), Abdul Sobur, said that assistance with machinery restructuring and a consistent supply of raw material will lead to an increase in domestic sales of furniture and crafts which could reduce the need for imports. Sobur said that to increase productivity, efficiency and capacity companies need appropriate technology.

He added that one of the keys to successful down-streaming is building a technologically advanced machinery industry. HIMKI sees China's success in building productivity because it is supported by very strong woodworking machinery sector.

Abdul Sobur also pointed out that the furniture and crafts industry is expanding into new markets in response to declining demand in Europe and the United States. The potential markets identified include the Middle East, India, China, Africa, Japan and other ASEAN member countries.

According to Sobur, a number of countries in the Middle East such as Qatar, Bahrain, Oman, and the United Arab Emirates are accelerating infrastructure development which will have an impact on the need for furniture, crafts and home décor.

Apart from the Middle East, the next target market is India, a country with very rapid growth. African markets, such as Egypt, Morocco and other countries are potential markets to explore. Meanwhile, the ASEAN market, including the Philippines, is the next that needs to be worked on seriously said Sobur.

See <https://agroindonesia.co.id/pelaku-industri-furnitur-garap-potensi-emerging-market/> and <https://www.msn.com/id-id/berita/other/himki-bantuan-restrukturisasi-permesinan-dapat-menahan-laju-import/arsAAIeeGW>

Wood pellet factory for Sumatra

A joint venture company will build and operate a renewable energy biomass business. The company plans to build and operate a wood pellet factory in Sumatra with construction to start in early 2024. The company anticipates production can start in the first quarter of 2025.

Wood pellets play an important role in the green renewable energy landscape and has broad market potential amidst global demands to reduce carbon emissions. The company said the development of the wood pellet industry will provide added value, not only to the company, but more broadly to society and the environment. In the future, the community will become one of the partners in supplying raw materials for production, which in turn is expected to improve social welfare, community economic resilience, environmental sustainability and national energy security.

See: <https://swa.co.id/swa/business-strategy/pabrik-wood-pellet-di-sumatera-segera-dibangun-dengan-investasi-us48-juta>

In related news the Ministry of Environment and Forestry (KLHK) continues to promote the cultivation of non-food biomass industries to produce low-emission energy raw materials to replace fossil fuels.

During the period 2020-2024 the target area for businesses to utilise production forests for bioenergy is 15,000 hectares. The KLHK noted that there are 31 units of Industrial Plantation Forest Timber Product Management Business Permits (IUPHHK-HTI) and Perum Perhutani that have supported the development of energy plantation forests.

Indonesia is striving to accelerate the energy transition from coal to new and renewable energy through steps including using wood-based biomass energy as a substitute for fossil energy. The KLHK supports biomass utilisation programs by promoting plantation forests for energy development and optimising wood waste from forests and the timber industry.

See: <https://en.antaranews.com/news/295746/klhk-encourages-cultivation-of-biomass-plants-to-replace-fossil-energy>

Customary forests area reaches 244,000 hectares

The Ministry of Environment and Forestry (KLHK) reported that the area of customary forests in Indonesia reached 244,195 hectares as of October 2023. Head of the Sub-Directorate for Determination of Customary Forests and Private Forests, Yuli Prasetyo Nugroho, said that the area is occupied by 131 customary groups.

Most of the inventoried customary forests are on the island of Kalimantan with the largest in Central Kalimantan covering an area of 62,426 hectares, followed by West Kalimantan (50,711 hectares) and East Kalimantan (7,771 hectares).

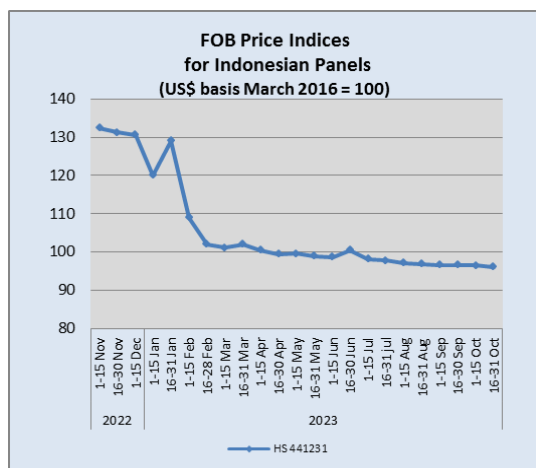
The establishment of customary forests is believed to be an important step in ensuring the living space for forest communities, preserving ecosystems, protecting local wisdom and traditional knowledge as well as becoming a pattern for resolving conflicts related to communities in and around forest areas.

See: <https://www.antaranews.com/berita/3768177/klhk-luas-hutan-adat-kini-capai-244-ribu-hektare>

Trade surplus for 41 straight months

Indonesia has maintained a trade surplus for 41 consecutive months even in the face of a declining in exports. The Central Statistics Agency (BPS) reported that Indonesia's export earnings in September 2023 amounted to US \$20.76 billion, a 5.6% decrease compared to August 2023. Meanwhile, imports dropped by 8% to US\$17.34 billion.

See: <https://jakartaglobe.id/business/indonesia-posts-trade-surplus-for-41-months-in-a-row>



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

Through the eyes of industry

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See: <https://www.itto-ggsc.org/static/upload/file/20231017/1697507334917952.pdf>

Myanmar

MTE offers less teak in October tender

According to the MTE website a much lower volume of teak logs were offered in the October Tender. The offer was for about 500 tons of teak logs compared to previous average monthly quantity of 1,000 tons. With export opportunities severely curtailed millers are facing considerable challenges and for the first time are seeing falling orders for the much prized Myanmar natural teak.

Another issue hampering trade is the suspension of online export document processing, Myanmar TradeNet 2.0, for companies that were deemed not to have correctly detailed incoming remittances. This delayed some shipments to Asian markets.

Some exporters could not settle payments for the logs purchased from MTE in time and their 'earnest money' (or good faith deposit) of US\$10,000 was seized. MTE tender conditions mention that the 'earnest money' will be confiscated if the payment is not completed within sixty days.

Recently, a government spokesperson was quoted as saying export incentives are under consideration. However, there is a risk that there may not be coordination between monetary control and export incentives.

See: <https://sso.myanmartradenet.com/?locale=en>

Labour shortage

The rubber sector in the south-east region is facing a labour shortage because workers are moving to neighbouring countries, mainly Thailand. The local media has reported there may be as many as 5 million Myanmar migrant workers in Thailand. In fact, the labour shortage in Myanmar is not only in rubber plantations but also other areas including farming. The worker shortage in the rubber sector is having an impact on the supply of rubberwood.

See- <https://burmese.dvb.no/archives/category/news/economics-new>

Pay tax before renewing passports

According to media sources passport renewal by overseas Myanmarers will be linked to tax payments. The Union Tax Law 2023 was recently amended to state that income tax on the salaries of Myanmar workers in foreign countries must be paid in foreign currency starting October 2023.

Earlier, the government introduced a rule requiring workers abroad to remit at least 25% of their foreign-currency income through the country's banking system. The remittances will be converted at the official exchange rate of 2,100 kyats per US dollar. The market rate is about 3,300 kyats.

Migrant workers who do not comply will be barred from working abroad for three years after their current work permit expires. Previous military regimes before 2010 also levied income tax on Myanmar migrant workers but this was repealed under the first civilian government of Thein Sein.

See- <https://www.irrawaddy.com/news/burma/myanmar-junta-demands-expats-pay-tax-before-renewing-passports.html>, <https://www.gnfm.com.mm/income-tax-on-salaries-of-myanmar-nationals-working-abroad-must-be-paid-in-foreign-currency-from-october/#> and <https://www.bangkokpost.com/world/2654338/myanmar-slaps-tax-on-migrant-workers-earnings>

Myanmar economic forecast

It has been estimated the Myanmar economy grew faster in FY 2023 (October 2022–September 2023) than in the previous fiscal year. Business conditions in the manufacturing sector recovered in October 2022 to September 2023 period after deteriorating in FY 2022.

Additionally, merchandise exports continued to expand robustly year on year in the October-June period. However, foreign direct investment flows into the country. Economic activity continues to be stalled by armed conflict, foreign exchange and trade controls, energy shortages and sanctions.

See - <https://www.focus-economics.com/countries/myanmar/>

India

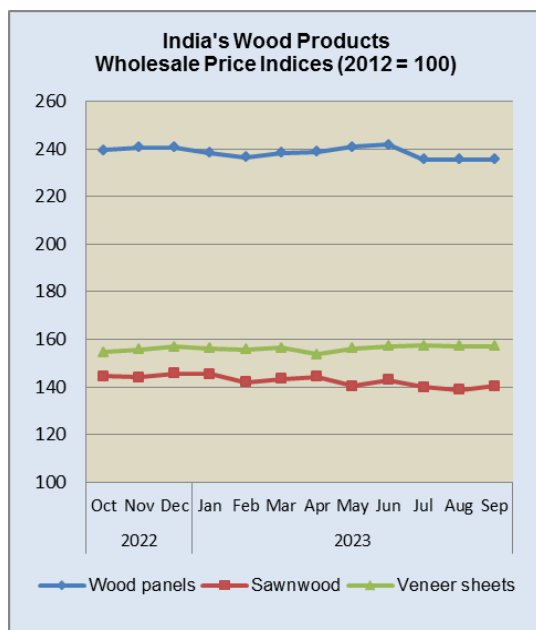
Inflation cools

The annual rate of inflation in September based on the all India Wholesale Price Index (WPI) was minus 0.26% compared to minus 0.52% recorded in August 2023.

Out of the 22 NIC two-digit groups for manufactured products, 14 groups witnessed an increase in prices in September whereas 8 groups witnessed decreases in prices. The month-on-month increase in prices were mainly contributed by basic metals; other transport equipment, fabricated metal products, machinery and equipment, rubber and plastic products. The index for sawnwood rose while the indices for veneers and panel products remained flat.

Some of the groups that witnessed a decrease in price were food products, motor vehicles, trailers and semi-trailers, electrical equipment, leather and related products, chemical and chemical products.

See: https://eaindustry.nic.in/pdf_files/cmonthly.pdf



Data source: Ministry of Commerce and Industry, India

Construction - the third largest sector in India

At a recent construction sector conference participants learned that with a US\$3 trillion GDP India is one of the largest and fastest growing economies. It is witnessing massive public investment, robust private consumption and structural reforms leading to rapid growth.

Construction in India is emerging as the third largest sector and estimates suggest it could reach US\$750 billion in value in 2024. Urbanisation will contribute over 80% to GDP by 2050 and analysts say cities need to be receptive, innovative and productive to foster sustainable growth and ensure a high quality of living.

The focus of the conference was on steel and concrete for construction, there was no mention of wood which is surprising as the conference came on the heels of the release of a UN report “Building materials and the climate: Constructing a new future”. This report offers policy makers, manufacturers, architects, developers, engineers, builders and recyclers a three-pronged solution to reduce “embodied carbon” emissions and the negative impacts on natural ecosystems from the production and deployment of building materials, cement, steel, aluminium, timber and biomass.

See: <https://www.unep.org/news-and-stories/press-release/un-plan-promises-massive-emission-cuts-construction-sector-most> and <https://ghc-india.gov.in/Content/pdf/25-aug-conf/ppt/Emerging-Construction-Systems-for-Mass-Housing.pdf> and <https://ghc-india.gov.in/Content/pdf/25-aug-conf/ppt/Technology-Transition-through-Light-House-Projects.pdf>

Raw material from ‘Trees Outside Forest’ vital for manufacturers

In a significant development promoting sustainable management of trees outside of forests in India the Network for Certification and Conservation of Forests (NCCF), the National Governing Body in India, has secured full endorsement of the Trees outside Forest Certification System (ToFSTD) by the Programme for the Endorsement of Forest Certification (PEFC).

This provides the foundation for certification of wood-based raw material originating from Tree outside Forests (ToF). Currently Indian wood-based industries procure 75% of their wood-based raw materials from ToF, 5% from native forests and the balance from imports.

The NCCF, along with other key stake holders in the industry have been working towards the development of a country-specific certification scheme since 2016.

See: <https://plyinsight.com/nccf-achieves-100-approval-for-tof-scheme-endorsement-by-pefc/>

Veneer prices set to rise

PlyReporter, in its latest magazine, says production of face veneer by mills operating in the Gabon Special Economic Zone, NKOK has dropped due to industrial unrest. If this continues the supply of veneer will fall and prices will rise. PlyReporter forecasts that falling output set against steady demand could push up prices of okoume veneer by 15-20%.

There are over 40 veneer and plywood manufacturing companies established in Gabon through considerable investments from Indian companies.

See: <https://www.plyreporter.com/current-issue#>

NZ/India log trade to resume

A resumption of the New Zealand log trade with India may soon be possible. New Zealand did have a modest log export trade with India (about 1.7 million cubic metres a year) but the implementation of a ban in NZ on the use of methyl bromide fumigant as a log treatment brought exports to an end because Indian regulations stipulate methyl bromide must be used with no alternatives proposed.

Recently the Indian authorities updated the phytosanitary requirements for Indian log imports, allowing fumigation of logs in ships holds on arrival in India in lieu of treatment prior to sailing from NZ. A trial is underway.

See: <https://www.farmersweekly.co.nz/markets/rule-change-on-logs-could-kickstart-india-trade/>

Import update

Teak log prices, C&F US\$/Hoppus cu.m

	Hoppus cu.m	US\$ C&F
Brazil	124	288
Colombia	99	320
Costa Rica	124	225
Ecuador	158	232
Ghana	124	280
Ivory Coast	101	500
Nigeria	124	270
South Sudan	73	305
Tanzania	104	300
Laos	-	-

Teak sawnwood prices, C&F US\$/cu.m

	cu.m	US\$ C&F
Benin	91	610
Brazil	146	360
Colombia	124	344
Costa Rica	90	289
Ecuador	127	550
Ghana	120	365
Ivory Coast	-	-
Nigeria	145	350
South Sudan	108	360
Tanzania	123	345
Togo	117	330
Venezuela	116	411

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000 - 4,300
Balau	2,700 - 3,000
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,700 - 2,000
Radiata pine	900 - 1,050
Whitewood	900 - 1,050

Price range depends mainly on lengths and cross-section

Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,600 - 1,900
Sycamore	2,000 - 2,300
Red Oak	2,500 - 3,000
White Oak	2,800 - 3,300
American Walnut	4,700 - 5,500
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,200 - 2,400

Price range depends mainly on lengths and cross-sections

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	80.00
6mm	92.00
9mm	109.00
12mm	132.00
15mm	170.00
18mm	187.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	55.00
6mm	70.00
9mm	81.00
12mm	96.00
15mm	129.00
19mm	138.00
5mm Flexible ply	87.00

Wood and Wood Product (W&WP) trade highlights

According to the General Department of Customs, W&WP exports to the Australian market in September 2023 amounted to US\$13.2 million, down 11% compared to September 2022. In the first 9 months of 2023 W&WP exports to Australia reached US\$105.4 million, down 30% over the same period in 2022.

In September 2023 bedroom furniture exports were valued at US\$141 million, down 11% compared to September 2022. In the first 9 months of 2023 exports of bedroom furniture earned US\$1.2 billion, down 35% over the same period in 2022.

Vietnam's poplar wood imports in September 2023 were 30,800 cu.m, worth US\$11.7 million, up 4% in volume and 2.5% in value compared to August 2023. Compared to September 2022 imports dropped 9% in volume and 31% in value. In the first 9 months of 2023 poplar imports reached 235,200 cu.m, worth US\$97.8 million, down 19% in volume and 33% in value over the same period in 2022.

Raw wood (logs and sawnwood) imported from China into Vietnam in September 2023 amounted to 45,000 cu.m, at a value of US\$21.0 million, down 11% in volume and 4% in value compared to August 2023. Over the first 9 months of 2023 the raw wood Vietnam imported from China totaled 380,940 cu.m with a value of US\$190.74 million, down 27% in volume and 39% in value over the same period in 2022.

Wood processors awaiting market recovery

Vietnamese wood businesses are facing countless difficulties due to a lack of orders, rising costs and slow VAT tax refunds. Many have scaled back operations as they wait for the market to recover.

The latest statistics from Vietnam Customs show that in the 12 months to 15 September Vietnam's total export value reached US\$242.04 billion, down US\$23.44 billion or 9% year-on-year. Of which, shipments of wood and wood products fetched US\$9.01 billion, a decrease of 23% compared to the figure of US\$11.67 billion achieved in the same period last year.

Vietnam's wood industry is targeting exports of US\$17 billion in 2023. However, exports of wood and wood products have been slow this year with most businesses facing a shortage of orders.

In the first eight months of 2023 Vietnam's exports of wood and wood products reached about US\$8.3 billion, down nearly 26% year-on-year.

"Since May 2023 Vietnam's exports of wood and wood products have shown signs of a recovery, with over US\$1.2 billion in exports per month on average. Meanwhile, Vietnamese raw wood imports have climbed 5-10% per month.

This shows that wood producers are preparing for year-end orders said Nguyen Chanh Phuong, Vice Chairman of HAWA.

He predicted that exports in the final quarter of this year could bring home an additional US\$6 billion raising the total exports in 2023 to between US\$14-14.5 billion.

Regarding the recovery prospects of the wood industry a representative of Thien Thanh Phat Timber Co., Ltd said that the wood industry is completely dependent on international markets. When the world economy remains unsettled the Vietnamese wood industry struggles.

According to Le Hoang Hai, director of CMH Vietnam Import-Export Trading Co., Ltd., there are signs of uneven recovery in the wood industry reflected in the irregular number of orders while at the same time raw material prices are escalating.

"The current wood market is unpredictable, with unstable prices and orders. For example, to produce domestic furniture we need to buy wood. But furniture orders are irregular with only short-term orders of two or three months causing difficulties for the balancing of production materials.

The recovery of the wood market depends much on the real estate industry which is forecast by the Vietnam National Real Estate Association to remain quiet until the end of 2023 and only recover and develop healthier from the second or third quarter of 2024, thanks to legal improvements, economic growth and removal of financial bottlenecks.

In addition, many wood businesses revealed that one of the current difficulties is the delay in refunding value-added tax (VAT). In fact, many of them have had tax refunds delayed for two years in a row which disrupts their financial planning.

See: <https://theinvestor.vn/vietnam-wood-processors-await-market-recovery-d6746.html>

Improvement in exports to the US

Wood product exports to the US are warming up although sales over the past few months were down compared to the same period last year.

The Ministry of Industry and Trade's Agency for Foreign Trade Information Center reports the US remained the main market for Vietnamese wood. In the first half of 2023 exports reached US\$3.3 billion, accounting for 54% of the total but down 33% over the same period in 2022.

The driver of demand growth in the US market is low inventories and increased construction activity. Furthermore, the market becomes more active as the holiday shopping season approaches.

Low availability of housing combined with the numerous incentives offered by construction companies has increased buyer interest in new homes which has lifted demand for imported wood and wood products particularly wooden furniture.

The U.S. economy is showing signs of revival with consumer demand increasing. The U.S. government and its corporations continue to pay attention to Vietnam and pledge robust business collaboration. As a result of the positive rebound, big US retail chains have begun to resume orders with Vietnam.

According to Tran Lam Son, Deputy General Director of Thien Minh Import-Export Co., Ltd., the US market is exhibiting signs of improvement. Thien Minh specialises in plantation wood as well as bamboo and rattan.

Two years ago the Japanese market accounted for approximately 50-60% of this enterprise's overall export earnings while the US accounted for approximately 40%. However, the U.S. market currently accounts for approximately 50-60% of the company's overall export revenue.

Son said that, while shipments to the US were still down from the previous year, orders were up because clients were gearing up for the holiday shopping season.

He noted that during peak times, shipping costs to the US were more than US\$10,000 per container but that cost has fallen which allowed more competitive pricing.

According to a representative of Bao Hung Co., Ltd., a manufacturer of wooden furniture, shipments to Japan accounted for 60% of its total export revenue two years ago, while the U.S. accounted for 40%. Now, 60-70% of exports are to the U.S. The U.S. market gained somewhat due to end-of-year imports while the Japanese market remained stagnant.

See: <https://theinvestor.vn/wood-exports-to-the-us-warming-up-association-d6153.html>

Building a brand

In the context of an increasingly difficult and challenging world market, building a brand for Vietnamese wood and bringing higher value to wooden and interior products is a "problem" that businesses face.

In addition to meeting the average domestic consumer demand of about US\$3-4 billion/year, Vietnam's wood industry exports an average of over US\$15 billion each year, making Vietnam the 5th largest W&WP exporter.

Currently, the export markets for Vietnamese wooden furniture have expanded from 60 countries and territories in 2008 to over 120 countries and territories in 2022.

Although wooden furniture has a solid foothold in the domestic market, strong brands in Vietnamese wood and furniture such as Hoang Anh Gia Lai Wood Joint Stock Company (Gia Lai), An Cuong Wood Joint Stock Company (Binh Duong), Thuan An Wood Joint Stock Company (Binh Duong) has still not been able to make a mark in the international.

Most Vietnamese wood products have only won the trust of wholesalers and foreign agents but are almost "unknown" to the final consumer.

According to the General Department of Forestry the cause of this situation is that the policy to develop the wood processing industry's brand has not been implemented. Meanwhile, Vietnamese wood and wood product businesses do not have experience and do not have enough resources in terms of capital, people and management qualifications to develop an overseas sales system, a foundation to build a brand.

Developing overseas markets requires large-scale production capacity and few Vietnamese enterprises can meet this requirement.

Mr. Nguyen Quoc Khanh, Chairman of the City Handicraft and Wood Processing Association (Ho Chi Minh HAWA) and Chairman of the Board of Directors of AA Company said it is time for Vietnamese businesses to change their thinking of making money by diligence in production, taking work as profit but need to build their own brand.

Branding will help businesses develop vision, direction, increase customer base, easily access international markets and optimise profits.

The brand itself will increase commercial value not only contributing to increasing export turnover and domestic wholesale value but also positioning Vietnam's wooden furniture industry on the world map.

Through building brands for themselves businesses will contribute to creating a brand for the Vietnamese wood industry.

At the workshop "Bringing Vietnamese fashion, furniture and household goods into the foreign distribution system" recently organised by the European-American Market Department (Ministry of Industry and Trade) Nguyen Chanh Phuong, Deputy Chairman and Secretary General of HAWA emphasised that Vietnam has the advantage of a complete, sustainable supply chain in terms of policies people, and raw material supply.

But to promote the export of Vietnamese wood products and furniture more effectively it is necessary to form a logistics and trade promotion center for Vietnamese furniture. In terms of market, businesses need to break away from traditional markets and target markets with good purchasing power such as Canada, England, Japan, Korea, India and Saudi Arabia.

At the same time, the timber and furniture industries also need to actively expand online exports and exports by projects. Promoting the promotion of national furniture brands at international furniture fairs is a strategy that Vietnamese businesses need to focus on for highly effective trade promotion.

Assessing the challenges of Vietnam's wood industry, Mr. Eryk Dolinski, Director of Wood Product Business Development, Supply Department of IKEA Group in Southeast Asia said that Vietnam's wood processing and furniture industry is still highly labour-intensive and raw material sources are mainly located in small farmers so origin is difficult to trace.

To solve the above problems, Mr. Dolinski said that the wood products and furniture industries need to focus on investing in automation to help increase production efficiency and product quality.

Automation not only in the factory but throughout the supply chain to meet the increasing demands of the market. At the same time, we must create a better working environment and reduce carbon emissions; And increase efficiency in wood origin certification.

Optimising the supply chain from raw material transportation, sawmills to production and transportation stages must be focused on to maximise savings on raw materials, energy and logistics costs.

With the burden of origin and quarantine, Vietnam needs a different approach in exporting wood and wood products. In addition, businesses need to invest more in production to have green, clean production processes and reduce emissions to keep up with increasing demands from buyers.

See: <https://www.vietnam.vn/en/dinh-vi-thuong-hieu-go-viet-khi-ra-bien-lon/>

Rubber Group Green Growth Development Strategy

According to Le Thanh Hung, General Director of the Vietnam Rubber Group (VRG) the Group always determines its pioneering role in developing the rubber industry. The new Green Growth and Sustainable Development Strategy is one of the Group's important guidelines to simultaneously implement three goals: economic development, environmental protection and responsibility towards the community and society.

Accordingly the strategy was built to meet the sustainable development trend of Vietnam and the world, contributing directly to reducing greenhouse gas emissions towards a long-term carbon-neutral economy.

Greening the supply chain

Specifically, the target for 2030 is to reduce greenhouse gas emissions in energy activities by at least 15% compared to 2023 and by 2050 reduce greenhouse gas emissions in energy activities by at least 30% compared to 2023.

From there, it is possible to meet the increasingly high and demanding requirements of customers, especially the requirements of tire manufacturers, wood processors, industrial rubber producers, etc., as well as meet policies to only purchase natural rubber from companies committed to ensuring sustainability throughout the entire supply chain.

VRG continues to implement national and international certifications on sustainable development towards the goal of the business committing to sustainable supply, having transparent traceability policies, completing the governance system and improving business standards for international integration.

Regarding the supply chain the Group sets a goal that by 2030, 60% of rubber areas and production forests will achieve national and international sustainable forest management certifications (VFCS, PEFC, FSC, etc.), and 100% of latex processing factories will achieve the chain of custody certificate.

From the moment the European Commission (EC) proposed the EUDR the Ministry of Agriculture and Rural Development (MARD) and the Vietnam Rubber Group (VRG) directed relevant units to focus on monitoring and controlling the growing area to avoid deforestation and forest degradation.

See: <https://vietnamagriculture.nongnghiep.vn/vrg-finalizes-its-green-sustainable-growth-strategy-d363947.html>

Brazil

Biomass survey of the Amazon rainforest

A biomass map of the Brazilian Amazon from multisource remote sensing, conducted by INPE (National Institute for Space Research), resulted in the creation of the largest above-ground biomass map of the Amazon Forest. This map was generated by combining aerial scans with airborne lasers, satellite images and geolocation field inventories, integrated by heavy computational processing with machine learning.

The study estimated the total biomass of the Amazon rainforest based on the mapping of 3,600 square kilometers through transects distributed across all the region's vegetation categories. It showed an average biomass concentration of 174 tonnes per hectare and a maximum of 518 tonnes per hectare, providing crucial data for planning policy, conservation and sustainable management, especially at a critical time for the Amazon due to concerns about carbon emissions and loss of biomass due to deforestation.

In deforested areas, cross-referencing map data with deforestation information provided by INPE's Prodes system makes it possible to calculate the loss of biomass with greater precision.

The research is relevant in the context of the environmental crisis in the Amazon and has significant implications for decision-making regarding forest conservation and climate change mitigation.

See: <https://www.remade.com.br/noticias/19527/mapa-mostra-levantamento-da-biomassa-da-floresta-amazonica>

Technical standard for light wood frame buildings

Wood frame construction, an industrialised construction system, is common in countries such as the United States, Canada, Germany, Finland and Sweden and this construction method is gaining importance in Brazil, especially after the approval of the new ABNT (Brazilian Association for Technical Standards / Associação Brasileira de Normas Técnicas) regulating wood frame construction in the country.

Wood frame combines construction efficiency, versatility and energy benefits, aspects that are increasingly valued in the civil construction industry. In addition, this system offers a solution to Brazil's housing shortage.

The ABNT NBR 16936 technical standard which regulates light wood frame buildings is the result of an extensive collaborative effort involving associations, universities, companies in the timber industry, system suppliers and construction companies.

With this regulation the sector now has technical guidelines to ensure the quality and safety of buildings built with this system for up to two-storey building, representing an important milestone for the civil construction industry in Brazil.

However, challenges such as public policies, inclusion of the construction system in financing credit lines and a coordinated communication campaign presenting its differentials and benefits should be addressed in order to boost the growth of wood frame in the country.

See: <https://www.remade.com.br/noticias/19514/entenda-a-norma-abnt---edificacoes-em-light-wood-frame>

Export update

In September 2023 the value of Brazilian exports of wood-based products (except pulp and paper) decreased 24% in value compared to September 2022, from US\$341.3 million to US\$259.7 million.

Pine sawnwood exports declined 41% in value between September 2022 (US\$69.6 million) and September 2023 (US\$41.3 million). In volume, exports dropped by 25% over the same period, from 242,300 cu.m to 182,000 cu.m.

Tropical sawnwood exports decreased 25% in volume, from 30,800 cu.m in September 2022 to 23,000 cu.m in September 2023. In value, exports decreased 31% from US\$14.8 million to US\$10.2 million, over the same period.

In contrast, pine plywood exports saw a 14% increase in value in September 2023 compared to September 2022, from US\$41.6 million to US\$47.4 million and in volume, exports increased 34% over the same period, from 114,100 cu.m to 153,400 cu.m.

However, tropical plywood exports decreased in volume 39% and in value by 48%, from 3,300 cu.m and US\$2.3 million in September 2022 to 2,000 cu.m and US\$1.2 million in September 2023, respectively.

Wooden furniture export earnings in September dropped from US\$53.8 million in September 2022 to US\$ 47 million in September 2023, a 13% fall.

Participation in Macau Forum

Entrepreneurs from the forest sector in the state of Mato Grosso in the Amazon Region are preparing to take part in the Global Legal and Sustainable Timber Forum (GLSTF) 2023 to be held 21-22 November in Macau, China.

This event represents a valuable opportunity for the forest sector to access new markets, expand business and diversify sales of native timber species on the international market. The Center of Timber Producing and Exporting Industries of the State of Mato Grosso (CIPEM) discussed the importance of participation of forest companies in this event with its members from the eight forestry unions.

CIPEM considers the GLSTF an important agenda for the forest sector as it is specific to the segment and more than 300 forest products importers are expected to participate in the event facilitating direct contact with clients and strengthening business relationships.

The Chinese market is an important consumer of wood products coming from sustainable forest management areas. In the first eight months of 2023 forest-based companies of the state of Mato Grosso exported 7,784 tonnes of wood to China.

This volume represents 13% of the total (62,000 tonnes) traded by industries in Mato Grosso State, with a turnover of US\$5.8 million, equivalent to 9% of the US\$64.9 million earned from the State's wood product exports according to the Ministry of Agriculture and Livestock (MAPA).

The participation of entrepreneurs from Mato Grosso State at the GLSTF is important because there is an opportunity to show that the state has a high production volume, product quality and traceability and has joined efforts to consolidate the State's position in the international market.

See: <https://forestnews.com.br/industrias-mato-grosso-forum-global-da-madeira/>

Latin America conference discusses SFM

The opening of the IUFRO (International Union of Forest Research Organizations) 2023 Latin America Conference was attended by the conference's Organizing and Scientific Committee emphasising the importance of the diversified programme to reflect on sustainable management in natural and planted forests and the sustainable use of timber as a renewable raw material.

Genetic improvement, planting trees to absorb carbon emissions, new uses for planted forests with renewable and sustainable raw materials were among the priority topics.

In addition, the conference emphasised the importance of forests in the context of the Sustainable Development Goals, addressing issues such as food security, sustainable agriculture and environmental management, while also promoting collaboration among various stakeholders to boost the country's economic growth through solid partnerships, including the internationalisation of knowledge in the area of forestry.

Brazil plays an important role in environmental sustainability management which is essential for biosafety especially in relation to research into genetically modified organisms according to EMBRAPA (Brazilian Agricultural Research Corporation). Sustainably managed natural and planted forests have become sources of energy generation, manufacture of timber products and economic growth, resulting from national and international cooperation.

See: <https://www.embrapa.br/florestas/busca-de-noticias/-/noticia/84134935/manejo-sustentavel-de-florestas-e-tema-de-conferencia-iufro-2023-america-latina>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	592↓
Jatoba	237↓
Massaranduba	210↓
Muiracatiara	202↓
Angelim Vermelho	206↓
Mixed redwood and white woods	158↓

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	2,315↓
Jatoba	1,155↓
Massaranduba	1,047↓
Muiracatiara	948↓
Angelim Vermelho	1,005↓
Mixed red and white	631↓
Eucalyptus (AD)	354↓
Pine (AD)	265↓
Pine (KD)	332↓

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ pe3 cu.m
Parica	
4mm WBP	637↓
10mm WBP	490↓
15mm WBP	436↓
4mm MR.	605↓
10mm MR.	453↓
15mm MR.	388↓

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDParticleboard	381↓
15mm MDF	415↓

Source: STCP

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,378
Jatoba	1,731
Massaranduba	1,744
Muiracatiara	1,722
Pine (KD)	189

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	308
12mm C/CC (WBP)	293
15mm C/CC (WBP)	280
18mm C/CC (WBP)	276

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards	
Ipê	5,500
Jatoba	2,496

Source: STCP Data Bank

Through the eyes of industry

The latest GTI report lists the challenges identified by the private sector in Brazil.

See: <https://www.itto-ggsc.org/static/upload/file/20231017/1697507334917952.pdf>

Peru

Bill presented for development of the forest industry

Peru has about 72 million hectares of natural forests and according to Antonio Castillo of the Garay Institute of Economic Studies, National Society of Industries (SNI), of this 7 million hectares are feasible for the development of the forest industries.

He explained that currently around 500,000 ha. of operationing concessions generate wood products worth s between US\$125 million and US\$130 million in exports despite the problems that the sector has such as poor traceability and lack of financing.

He added that through SFM and robust traceability exports can grow and jobs can be created. Castillo said that the bill that the SNI has prepared focuses on forestry sector development.

B-to-B with foreign buyers

During an October business conference held in Pucallpa 169 business-to-business meetings were arranged for manufacturers and buyers of sawnwood, flooring, moldings, boards, beams, doors, finger joint boards among others.

Foreign buyers had the opportunity to check the quality of the Peruvian timber and commitments for trade to the value of US\$8 million were made with some US\$600,000 immediate sales contracts signed.

Ten buyers from South Korea, the United States, Mexico and the Dominican Republic and 25 exporting companies from Ucayali, Loreto and Lima participated bringing together in one place wood producers, processors, exporters, importers, distributors, investors and other professionals related to the value chain of the sector and its products.

The Peruvian companies pointed out they have sustainable management certifications ensuring environmentally sound and legal production.

See: <https://agraria.pe/noticias/compradores-extranjeros-demandaron-oferta-maderera-por-us-8--33524>

Government allocation to promote forestry sector

The Ministry of Economy and Finance (MEF) approved the transfer of US\$ 1.3 million to the National Forestry and Wildlife Service (Serfor) to finance the additional goals of interventions that promote the forestry and wildlife sector.

According to Supreme Decree 223-2023-EF, published in the Official Gazette El Peruano the resources will be taken from the MEF Contingency Reserve. The supreme decree is endorsed by the President of the Republic, Dina Boluarte and the Minister of Economy and Finance, Alex Contreras.

See: <https://agraria.pe/noticias/ejecutivo-destina-s-4-9-millones-para-impulsar-sector-forest-33569>

Illegal logging and timber trade – a decline in 2019

Efforts made by the Forest and Wildlife Resources Supervision Agency (Osinfor) have resulted in a reduction in the rate of illegal logging and trade in illegal wood.

This is the conclusion of the study "Estimation of the Illegal Logging and Timber Trade Index in Peru in 2019" carried out jointly by OSINFOR, the Regional and Wildlife Authorities (ARFFS) and the National Forest and Wildlife Service (Serfor) with technical support of the FOREST+, a programme of USAID and the US Forest Service.

With the data provided by the study, regional and national forestry authorities, as well as decision makers in the sector, will have a clearer understanding of the existing weaknesses within their powers.

In addition, it establishes a concrete framework for action to combat illegal logging as they carry out their functions and design improved public policies, in order to strengthen efforts to combat illegal logging and move towards sustainable forest management in Peru.

See: <https://www.gob.pe/institucion/osinfor/noticias/852223-talaya-comercio-ilegal-de-madera-se-redujo-en-2019-de-acuerdo-con-estudio-del-osinfor>

Export prices for added value products

	US\$ per cu.m
Strips for parquet Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market Asian market	986-1119 1079-1101
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

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	687-706
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	582-602
Grade 2, Mexican market	527-541
Cumaru 4" thick, 6"-11" length KD Central American market	990-1016
Asian market	1006-1031
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	629-645
Dominican Republic	744-793
Marupa 1", 6-11 length KD Grade 1 Asian market	564-581↑

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 sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	218-236
Virola	225-238
Spanish Cedar	182-218
Marupa (simarouba)	192-227

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

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

Japan

Tax cuts to help households

The government has decided on a temporary reduction in income tax to help households. If agreed the tax cut could be for one year and a separate programme will help low-income earners who are already exempt from taxation.

Critics question the effectiveness of a tax cut as a means to address rising prices of everyday goods and cite the lengthy process and legislative work that will be required to implement the scheme. It is anticipated it will take until June 2024 to have all the procedures in place.

See: <https://mainichi.jp/english/articles/20231020/p2g/00m/0na/065000c>

Tourism and domestic demand drives growth

The Bank of Japan (BoJ) recently raised its forecast for economic growth in six of the nation's nine regions. Growth was helped by stronger domestic demand (despite inflation) and the rise in foreign tourist arrivals.

The Kanto-Koshinetsu area centered on Tokyo is among the six that saw an upgrade. All nine regions reported that their respective economies had been either picking up or recovering moderately. Private consumption has been supported by pent-up demand for services after the removal of antivirus restrictions.

See: <https://mainichi.jp/english/articles/20231019/p2g/00m/0bu/037000c>

Relief as exports rise

Japan's exports grew for the first time in three months in September but the conflict in the Middle East and slowdown in China could undermine further expansion. Exports grew 4.3% in September from a year earlier according to the Ministry of Finance.

Exports were driven by car shipments, which account for 18% of overall exports, offsetting declines in exports of chip-related products. China-bound food exports, including fishery products tumbled 58% year-on-year in September due to its ban on Japanese food imports on worries about water released from the Fukushima nuclear power plant.

Exports to the US rose 13% year-on-year led by hybrid vehicles, mining and construction machinery and motors. The trade data also showed imports fell 16% in the year to September.

See: <https://japannews.yomiuri.co.jp/news-services/reuters/20231019-144156/>

In related news, according to the Ministry of Economy Trade & Industry (METI) retail sales increased 7% year-on-year in August 2023, unchanged from the revised figure for the previous month and exceeding the consensus forecast for a 6.6% growth. The latest rise was the 18th consecutive month of expansion in retail sales and the fastest pace since February as consumption continued to recover from the pandemic-induced slump.

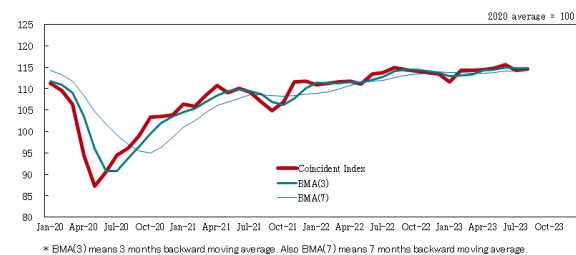
By sector, sales for food retailers advanced the most (9.4%), followed by automobile retailers (9.0%), fuel retailers (7.9%), various product retailers (7.2%), other retailers (6.8%), machine equipment retailers (5.6%), pharmaceuticals and cosmetics (3.9%), non-store retailer (3.5%) and textile, apparel & accessories retailers (0.9%).

See: <https://www.meti.go.jp/english/statistics/tyo/syoudou/index.html>

Measure of current economic conditions

A report from the Cabinet Office shows Japan's coincident indicator index rose for the first time in four months in October as economic activity expanded. The October index of coincident economic indicators, which consists of a range of data including factory output, employment and retail sales, gained from the previous month.

Japan's index of coincident indicators measures current economic conditions and offers an insight to the amplitude of the fluctuations of economic activities. The composite indices are constructed by aggregating the changes in a range of selected economic series.



Source: Cabinet Office, Japan

Wage increases – plan needed for small companies

In fiscal 2021 over 60% of small companies in Japan did not declare a profit so did not pay any tax which means plans by the government to offer tax relief to companies that raise wages will not help workers in small companies. Small and midsize businesses make up more than 99% of companies in Japan.

Fueling interest in the expansion of appropriate and meaningful tax incentives for companies is the growing concept of "human capital management," which sees employees as capital and their education and training as an investment to boost productivity.

See: <https://asia.nikkei.com/Spotlight/Datawatch/Japan-fails-to-boost-wages-with-tax-break>

Cost-push inflation to slow in coming months

Consumer prices rose just 3% in September, the slowest pace in about a year as imported energy costs dipped but this was above the Bank of Japan’s (BoJ) 2% target for the 18th straight month. Much of the pressure on prices was because the weak yen has pushed up the cost of imports.

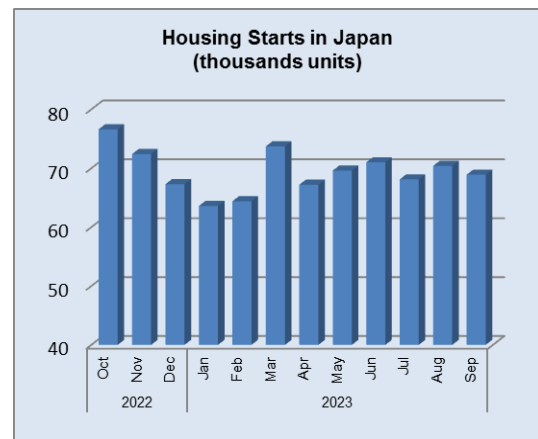
The BoJ expects cost-push inflation to slow in the coming months. A fresh outlook report will be released at the end of a two-day policy meeting in late October.

See: <https://mainichi.jp/english/articles/20231020/p2g/00m/0bu/02000c>

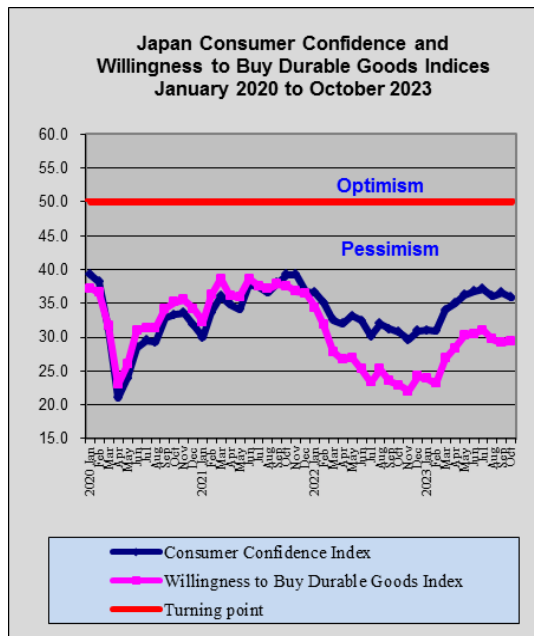
Kaito Ogata, the chief technology officer, said the company initially aimed to offer affordable housing to young people because of surging house prices in urban areas. The company was surprised that many of the inquiries were from people aged 60 or older.

When interviewed some of the older people said they found it too expensive to renovate their aging homes while others said they were considering buying low-priced housing because they were refused rental contracts once they turned 60. Ogata said this exposes the unique situation Japan’s elderly population face with housing.

See: <https://japannews.yomiuri.co.jp/editorial/political-pulse/20231014-142876/>



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



Data source: Cabinet Office, Japan

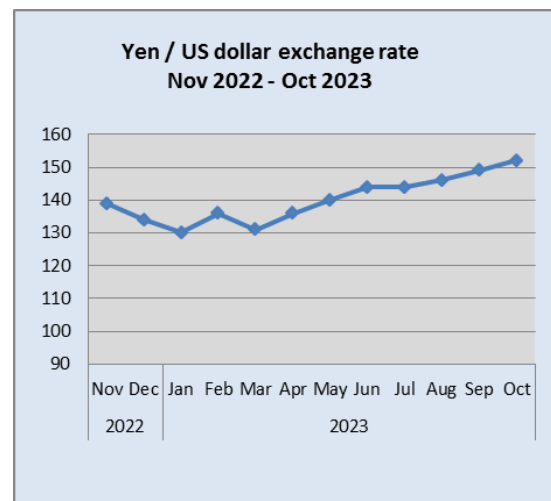
Interest rate change at BoJ but Yen unresponsive

At its recent policy board meeting the BoJ further loosened its grip on long-term interest rates by changing its bond yield control policy and this was interpreted as another signal that its unique and controversial monetary stimulus policy may be slowly dismantled.

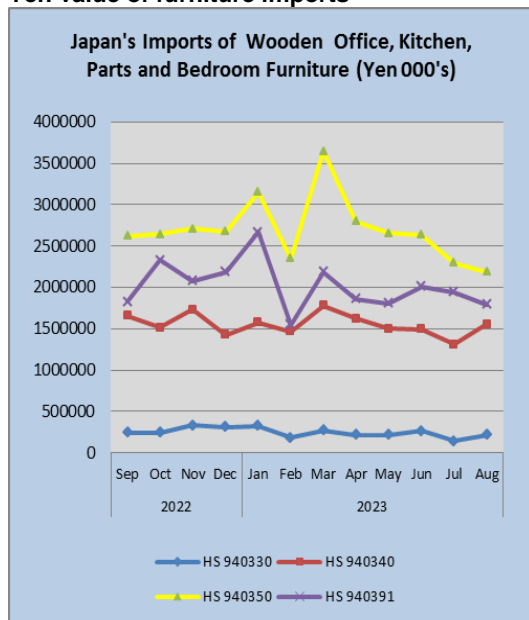
But, rather than strengthening the yen it actually weakened after the decision as traders focused on the BoJ's dovish pledge to "patiently" maintain its current policy.

Tiny homes attract interest from older generation

In 2021 a start-up company based in Nishinomiya, Hyogo Prefecture announced plans to develop a micro house using a 3D printer and since then the company has received many inquiries. The homes have a floor space of just 10 square metres and are priced at between 3-4 million yen (US\$20-25,000).



Yen value of furniture imports



Data source: Ministry of Finance, Japan

Wooden bedroom furniture (HS940350) imports into Japan are worth more than all other categories of wooden furniture and the value of imports has consistently been higher than all others. Over the past 5 months the value of wooden bedroom furniture has steadily declined and in August the value of imports dropped closer to the value of wooden kitchen furniture and furniture parts.

August wooden office furniture imports (HS 940330)

The value of Japan's wooden office furniture imports in August up a massive 56% compared to the unusually low value of July imports.

In August shippers in China and Malaysia dominated imports accounting for 44% and 37% respectively of total imports of wooden office furniture (HS940330). For the first time shippers in Turkey shipped sufficient for the country to enter the top 20 shippers but at just 4% of total imports of wooden office furniture this was small.

Year on year, the value of August 2023 imports of wooden office furniture was down 14% but compared to the value of July imports there was a slight increase. The diversification of sources of wooden office furniture observed in July appears to have been maintained into August.

August imports (HS 940330)

	Imports Aug 2023 Unit, 000's Yen
China	122,550
Vietnam	4,209
Thailand	1,314
Singapore	506
Malaysia	70,637
Indonesia	1,675
Sweden	282
Denmark	1,660
UK	474
Germany	831
Switzerland	1,686
Italy	3,424
Poland	1,983
Hungary	203
Turkey	4,260
Lithuania	789
Czech Rep.	492
Slovakia	1,361
USA	1,458
Total	219,794

Data source: Ministry of Finance, Japan

August kitchen furniture imports (HS 940340)

The Philippines and Vietnam together accounted for over 80% of the value of Japan's imports of wooden kitchen furniture in August, as was the case in previous months.

August imports (HS 940340)

	Imports Aug 2023 Unit, 000's Yen
China	95,714
Taiwan P.o.C	-
Vietnam	576,501
Thailand	69,631
Malaysia	24,334
Philippines	683,455
Indonesia	30,464
UK	617
France	7,211
Germany	25,011
Italy	19,885
Romania	12,962
Canada	5,181
USA	7,692
Total	1,558,658

Data source: Ministry of Finance, Japan

In August, the top four shippers, the Philippines, Vietnam, China and the EU all recorded a rise in the value of August arrivals.

Year on year the value of wooden kitchen furniture imports in August dropped 14% adding to the 28% month on month decline in July.

In August shipments from the Philippines accounted for 44% of the value of imports of HS940340 with a further 37% coming from Vietnam.

August wooden bedroom furniture imports (HS 940350)

Since April this year there has been a steady reduction in the value of Japan's imports of wooden bedroom furniture.

China and Vietnam were the main suppliers of wooden bedroom furniture in August, together accounting for over 90% of imports of this category of wooden furniture. August imports from China were at around the same level as in July but there was a drop in the value of imports from Vietnam.

The decline in the value of imports from these two main shippers disguises the advances made in market share by some other shippers such as Malaysia and some EU member states. Having achieved a significant market share in July (around 7%) Malaysia share of August arrivals dropped to around 4%.

August imports (HS 940350)

	Imports Aug 2023 Unit, 000's Yen
China	1,342,856
Vietnam	685,756
Thailand	29,128
Malaysia	58,017
Philippines	819
Indonesia	29,362
India	843
Denmark	284
UK	464
France	610
Germany	609
Portugal	10,210
Italy	16,380
Poland	6,818
Romania	1,575
Lithuania	650
USA	5,082
Total	2,189,463

Data source: Ministry of Finance, Japan

August wooden furniture parts imports (HS 940391)

Since the third quarter of 2022 there has been a steady decline in the value of Japan's wooden furniture parts imports. Year on year the value of August wooden furniture parts imports dropped 21% and there was an 8% decline compared to the value of July imports.

The top suppliers in August were, as in previous months, China (43%), Indonesia (22%), Vietnam 12% up from the 7% in July) and Malaysia (10%).

August imports (HS 940391)

	Imports Aug 2023 Unit, 000's Yen
S. Korea	33,002
China	767,726
Taiwan P.o.C	30,457
Vietnam	206,549
Thailand	36,735
Singapore	2,147
Malaysia	183,400
Philippines	8,081
Indonesia	387,462
Norway	215
Sweden	660
Denmark	5,977
Germany	13,975
Switzerland	2,986
Portugal	245
Spain	3,077
Italy	74,717
Finland	5,203
Poland	11,829
Austria	4,993
Hungary	1,946
Greece	718
Turkey	7,001
Slononia	424
Slovakia	790
Canada	244
USA	2,344
S. Africa	272
Total	1,793,175

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://ifpj.jp/japan_lumber_reports/

100% domestic timber for homes

Daito Trust Construction Co., Ltd. started construction work for apartment houses made of all domestic lumber by 2 x 4 method in Iwate Prefecture.

This is the company's first to build a house made of all domestic lumber. In some area, only cedar is used for studs or other several parts of a house but in this case, domestic lumber is used for all parts of a house.

Red pine is used for floor joists and taruki. Daito Trust Construction had been testing the strength of red pine lumber with the relevant organizations and they confirmed that the strength of 2 x 4 red pine lumber is good enough. Kesen Precut Business Cooperative produces 2 x 4 cedar and red pine lumber and supplies panels.

There are two houses and floor area of one house is about 350 square meters and floor areas of the other house is about 460 square meters. 2 x 4 and 2 x 6 of cedar lumber is used for studs of walls, frames and sills. 2 x 4, 2 x 6, and 2 x 10 of red pine lumber is used for floor joists on the first floor and the second floor. 2 x 4 – 10 cedar and red pine are used for lintels. 4 x 10 larch structural LVL is used for beams.

Domestic softwood plywood such as cedar plywood, larch plywood and red pine plywood are used for the apartment houses. All lumber is made in Iwate Prefecture. Total volume of lumber used for one house is 44 cbms except plywood and the other house is 60 cbms. 50 cbms of red pine lumber, 51 cbms of cedar lumber and 3 cbms of larch lumber are used for these two houses.

After the confirmation of the strength on 2 x 4 red pine lumber last year, Kesen Precut got the JAS certification on red pine lumber. They expect to expand the use of 2 x 4 red pine lumber in Tohoku area.

South Sea logs and lumber

The price of laminated board in South East Asia has been declining. South East Asian sellers did not lower the price because demand in Japan was low. Since demand in China is sluggish, so the South East Asian sellers lowered the price, which is the similar price of Indonesian Merkusih pine lumber. Distributors do not purchase new laminated boards because of low demand and the weak yen in Japan.

Inquiries for South Sea lumber recovered slightly. There was a certain number of orders for decks when the yen was 146 yen against the dollar. Also, there was a certain number of orders for truck bodies. South Sea log for Keruing lumber has been in short supply. Since production of truck has recovered, demand of truck body also has recovered and some trading companies order South Sea log to manufacturers in Japan because it takes a lot of time to import South Sea logs from South Asia.

However, the manufacturers in Japan do not have enough South Sea logs. Therefore, the trading companies imported 8,797 cbms of South Sea log in August by containers in a hurry. The import cost is rising due to the weak yen against the dollar.

Short supply of logs

Cedar posts and cypress sills are in short supply in Kanto area. In Tochigi Prefecture, there are less cypress logs and an operational rate at plants, which produce cedar post, is declining. Inquiries to cypress sills and taruki are increasing instead of Douglas fir lumber. The price of cedar and cypress logs keep rising but there are still not many logs. Now, the prices of cedar post and cypress sill are rising.

Movement of lumber in August and September, 2023 was sluggish and KD cedar post was 55,000 yen, delivered per cbm but the price is 60,000 yen, delivered per cbm.

The price of KD cypress sill used to be around 70,000 – 75,000 yen, delivered per cbm in September and the price is now 80,000 yen, delivered per cbm. The log price kept rising in August and September but the lumber price did not rise so the profitability was not good. 3 m cedar log costs around 11,000 yen, delivered per cbm at the end of June and it is around 16,000 yen, 45 % up from June.

4 m cypress log was around 16,000 yen at the end of July and the price increased to around 23,000 yen, 44 % up from July. Cedar post is around 55,000 yen and cypress sill are around 70,000– 75,000 yen. Logs started to decline in July in Tochigi Prefecture. The logs at the market in September was 30 % less than September, 2022. Therefore, many lumber plants were losing logs from their inventory.

Lumber plants are concerned about the movement of lumber after October and if the price hike of cedar or cypress lumber did not succeed, it would be difficult to run the lumber plants. There is a possibility that cedar and cypress logs will be not enough volume. 3 m cedar log was around 17,000 yen and 4 m cypress log was around 21,000 cbms in the beginning of this year.

The price of cypress is skyrocketing to be around 30,000 yen, which was the price at the woodshock. However, the loggers feel dangerous to deliver logs to the log market because once the log price dropped suddenly in spring. Cedar log was around 10,000 yen and cypress log was around 14,000 yen at that time and these low-priced logs kept for several months.

Supply and demand for lumber in 2022

Unit : 1,000 cbms

		2019	2020	2021	2022
Total	Volume	81,905	74,439	82,130	85,094
	Domestic	30,988	31,149	33,721	34,617
Lumber	Volume	27,619	24,597	26,179	26,263
	Domestic	12,875	11,165	12,861	12,937
Plywood	Volume	10,474	8,919	10,294	9,820
	Domestic	4,745	4,195	4,661	4,912
Pulp / Chip	Volume	31,579	26,064	28,743	29,547
	Domestic	4,651	4,420	4,744	4,563
Fuel	Volume	10,386	12,805	14,742	17,390
	Domestic	6,932	8,927	9,348	10,264

Source: JLR

This is two straight years increasing. Demand for lumber, plywood and pulp / chip is unchanged from the previous year but demand of woody fuel is 18 % increased. Domestic woody fuel is 10 % up and imported woody fuel is 32 % up from last year. Domestic woody fuel increases thirteen years continuously.

Imported woody fuel increases by 30 % for two years continuously so a rate of self-sufficiency in domestic woody fuel is 40.7 % down for two straight years. Total demand for woody fuel exceeds 85,000,000 cbms for the first time in sixteen years. Total demand is 17,390,000 cbms, 18 % up from 2021. In 2021, total starts of owner’s unit increased about 10 % from 2020 so as the demand of structural materials increased.

Since the woodshock in spring, 2021 affected lumber and plywood to be a short supply, there was a movement of supplying for structural lumber. Then, total demand of structural lumber and plywood has leveled off from 2021. Imported woody fuel has been increasing since 2021. In 2021, imported woody fuel was 5,390,000 cbms, 39 % more than 2020. In 2022, it was 7,130,000 cbms, 32 % more than 2021.

Domestic woody fuel was 9,350,000 cbms, 5 % up from 2020 and was 10,260,000 cbms, nearly 10 % up from 2021. Imported woody fuel consists of 80 % wooden pellets, 10 % fuel chips and 10 5 charcoals. Wooden pellet in 2021 was 70 %. Domestic woody fuel consists of 99 % fuel chips.

Total demand for structural lumber and plywood is 36,080,000 cbms, 1.1 % less than 2021. A rate of self-sufficiency in domestic structural lumber / plywood is 49.5 %, 1.5 point up. Total demand for pulp, chip and woody fuel is 49,010,000 cbms, 7.3 % more than the previous year. A rate of self-sufficiency is 34.2 %, 1.3 point less than last year.

Total domestic consumption of total demand 85,000,000 cbms is 34,620,000 cbms. The details are 70 % logs and 30 % woody fuels. The details of imported wood, 50,000,000 cbms are 7 % logs, 20 % lumber, 9 % plywood, 10 % pulp, 40 % chip and 14 % woody fuels.

China

Investment in real estate

Between January and September investment in real estate development was 8,726.9 billion yuan, a year-on-year decrease of 9%. Investment in residential buildings was 6,627.9 billion yuan, down by 8.4%.

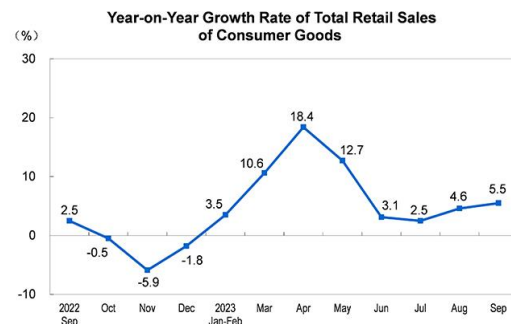
In the first nine months of 2023 the floor space under construction was 8,156.88 million square metres, a year-on-year decrease of 7% and the under construction floor space of residential buildings was 5,742.50 million square meters, down by 7.4%.



Source: National Bureau of Statistics, China

Retail sales in September 2023

In September this year retail sales of consumer goods reached 3,982.6 billion yuan, a year-on-year increase of 5.5% and retail sales, other than automobiles, reached 3,544.3 billion yuan, up by 5.9%. Sales of furniture rose 0.5% in September and rose by 3% in the first nine months of this year. However, sales of Building and Decoration materials dropped 8% in September and are also down 8% for the year to September.



Source: National Bureau of Statistics, China

From January to September retail sales of consumer goods in urban areas increased almost 7% year on year as did sales in rural areas.

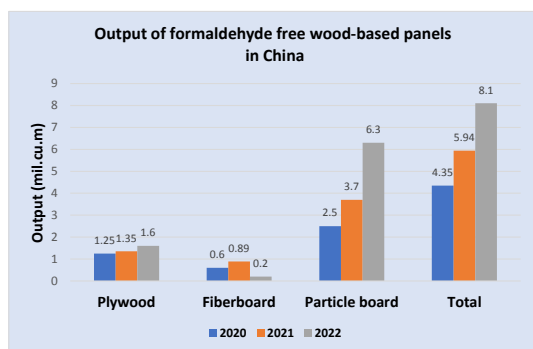
Formaldehyde-free wood-based panel market share

The output of China's wood-based panels in 2021 was 336.73 million cubic metres, a year on year increase of 8% and came after four consecutive years of growth. With the improvement of people's living standards in China the safety of the living room environment became a topic of concern and demand for formaldehyde-free wood-based panel products increased.

The formaldehyde-free wood-based panel industry

With the green upgrading of the wood-based panel industry the production of formaldehyde-free wood-based panel products has steadily increased and the market share of these products continues to expand.

The output of formaldehyde-free wood-based panel products was about 8.1 million cubic metres in 2022. Formaldehyde-free plywood, fiberboard and particle board was 1.6 million cubic metres, 0.2 million cubic metres and 6.3 million cubic metres respectively, a year on year increase of 36%.



Source: wood365.cn

The output of formaldehyde-free plywood products in China has maintained a steady growth trend in recent years, a year on year increase of 37% in 2021 and 36% in 2022. The proportion of formaldehyde-free particleboard is largest at 57% in 2020, 62% in 2021 and 78% in 2022.

The varieties of formaldehyde-free products have expanded and the main adhesives include aqueous polyurethane adhesives (EPI), bean-based protein adhesives, lignin adhesives and thermoplastic resin film adhesives, etc.

Formaldehyde-free plywood is mainly made with polyurethane, bean-based protein, thermoplastic film adhesives in China. The proportion of formaldehyde-free plywood made with bean-based protein adhesives dominated and was 64% (800,000 cubic metres) in 2020, 57% in 2021 (770,000 cubic metres) and 63% (1 million cubic metres) in 2022.

Formaldehyde-free fiberboard is mainly made with polyurethane and bean-based protein in China. The proportion of formaldehyde-free fiberboard made by polyurethane adhesives dominated and is 83% (500,000 cubic metres) in 2020, 87% in 2021 (770,000 cubic metres) and 50% (100,000 cubic metres) in 2022.

Formaldehyde-free particle board is mainly made by polyurethane (MDI), polyurethane (EPI) and bean-based protein adhesives in China. The proportion of formaldehyde-free particle board made by polyurethane (MDI) adhesives dominated and is 80% (2 million cubic metres) in 2020, 83% in 2021 (3.08 million cubic metres) and 90% (5.65 million cubic metres) in 2022.

Current formaldehyde emission limits for wood-based panels

Formaldehyde release is an important indicator to evaluate environmental performance of wood-based panels products. There are 7 formaldehyde emission limits for wood-based panel products in China, including 4 national standards, 1 environmental protection industry standard and 2 group standards.

Technical indicators of current formaldehyde emission limits of wood-based panel have reached international standards, of which the ENF level (0.025mg /m³) in GB/T 39600-2021 'The classification of Formaldehyde emission for wood-based panels products' is the most stringent international requirements for formaldehyde emission limits of wood-based panels products. ENF levels are commonly known as formaldehyde-free level in the industry. It mainly provides the formaldehyde limit index that consumers are most concerned about.

Group standard T/CNFPIA 3002-2018 "Formaldehyde-free wood-based panels products" gives the definition of formaldehyde-free wood-based panels and gives the requirements from the use of adhesive, formaldehyde release limit (0.03 mg/m³) and TVOC release rate not exceeding 0.50 mg/ (m²·h) (72 h).

The soluble heavy metal content of formaldehyde-free wood-based panel products with color paint finish should also meet the requirements of GB 18584-2001 'Interior decoration materials harmful substances limits in wood furniture'.

Non-formaldehyde and low-formaldehyde products are the future development direction and the research on the revision of China's formaldehyde-free wood-based panel industry standards continues to promote the green development of wood-based panel products industry.

Application of non-formaldehyde wood-base panel products

More than 95% of formaldehyde-free wood-based panels products have surface finishes. The main finishing methods include impregnated film paper finishing, high-pressure laminates (HPL), polypropylene (PP) finishing, paint finishing, polyvinyl chloride (PVC) film finishing and continuous pressure laminate (CPL) finishing.

China's non-formaldehyde wood-based panel products

Application field	Proportion
Furniture	75% to 80%
Building	5% to 10%
Packaging	3% to 5%
Flooring	2% to 5%
Other	5% to 10%

Source: wood365.cn

For the limits of indoor use for wood-based panels, GB 39598-2021 'The Guidelines for indoor load limits of wood-based panels on limiting formaldehyde release' provides the calculation method for indoor load limits of wood-based panels on the limit amount of formaldehyde release and other information to be considered.

It is suitable for wood-based panels used in wood products such as interior furniture, cabinets, wooden doors, wooden wallboards and wooden floors. Depending on use consumers can choose between E1, E0 and ENF grade or formaldehyde-free wood-based panels products.

ENF grade and formaldehyde-free wood-based panel products are more suitable for use in a space where the amount of wood-based panel products is large, the space used by sensitive people, special places such as hospitals, nursing homes and kindergartens and special consumer groups.

Future development prospect

The proportion of formaldehyde-free wood-based panel products will continue to expand and the substances that affect human health such as VOC release and free phenol in the production process and use will gradually attract consumer attention.

The variety of formaldehyde-free wood-based panel products will be further enriched and the production efficiency and quality requirements will be further improved.

The functional requirements of formaldehyde-free and wood-based panel products will gradually be combined and functional formaldehyde-free products, such as ultra-thin, shaped, flame retardant, moisture-proof, antibacterial, insect-proof, anti-static and low-odor products, will become one of the main development directions according to different application fields and places. The development of formaldehyde-free finishing materials will become more urgent.

See: https://www.wood365.cn/Industry/IndustryInfo_278595.html

Decline in imported log and sawnwood CIF prices

According to China Customs, between January and September 2023 CIF prices for logs and sawnwood imports declined year on year.

CIF prices for log and sawnwood imports

	Log imports		Sawnwood imports	
	CIF 2023	% change YoY	CIF 2023	% change YoY
Jan.	173	-11%	298	-16%
Feb.	172	-10%	278	-9%
Mar.	174	-14%	291	-12%
Apr.	182	-12%	301	-13%
May	183	-13%	307	-15%
Jun.	169	-21%	312	-20%
Jul.	163	-20%	303	-24%
Aug.	173	-16%	289	-17%
Sept.	159	-19%	273	-13%

Data source: Customs, China

The decline in CIF prices for both logs and sawnwood imports was because global ocean freight rates have fallen sharply and because stocks at Chinese ports are high due to weak demand.

Largest Russian timber company shipping plywood to China

It has been reported that the company Sveza Uralsky (formerly Perm Plywood Factory) the largest plywood manufacturer in Russia's Perm Krai Region has started shipping plywood to China. Sveza Uralsky lost its markets in Europe in 2022 due to Western sanctions and company revenues fell dramatically and the company posted net losses for several years. The company has diversified with new markets such as East Asia, CIS countries, the Middle East and Africa.

According to the Russian Animal and Plant Inspection and Quarantine Bureau the export of birch plywood from Perm Krai to China increased to 8,800 cubic metres between January and August.

See: <http://www.rc-sc.cn/newsshow.aspx?mid=380&id=8820>

GTI-China index for September

In September the GTI-China index registered 37.3%, a decrease of 15.3 percentage points compared to that of the previous month, falling below the critical value (50%) after 2 months and indicating that the business prosperity of the timber enterprises represented in the GTI-China index shrank from August.

The production index registered 34%, a decrease of 22 percentage points from the previous month and fell below the critical value after 2 months indicating that the production volume of the timber enterprises represented in the GTI-China was less than that of August.

The new orders index registered 40%, a decrease of 13 percentage points from the previous month and fell below the critical value after 2 months indicating that the number of new orders of the timber enterprises represented in the GTI-China was less than that of August.

The export orders index registered 50%, an increase of 8 percentage points from the previous month and rose after 5 months indicating that the number of export orders of the timber enterprises represented in the GTI-China was the same with that of August.

On 15 September the National Bureau of Statistics released macroeconomic data for August. In terms of trade China's exports in August were down 3.2% and imports were down 1.6%. In the industrial sector profits of industrial enterprises grew by 17% year-on-year and achieved positive growth for the first time since the second half of last year.

The General Office of the Central Committee and the General Office of the State Council jointly issued a "Plan on Deepening the Reform of the Collective Forest Right System" which outlines multiple tasks for instance to support eligible forestry carbon sink projects.

See: <https://www.itto-ggsc.org/static/upload/file/20231017/1697507334917952.pdf>

Average CIF prices, Tropical logs US\$/cu.m

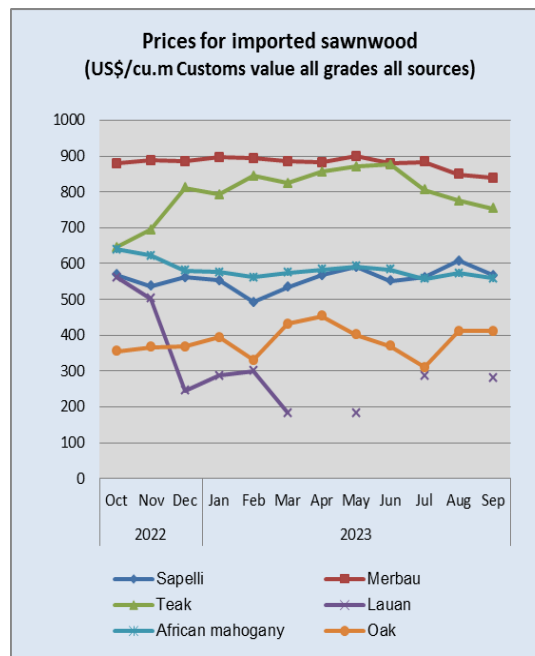
	2023 Aug	2023 Sep
Okoume	276	299
Merswa	204	206
Teak	491	530
Merbau	415	444
Birch	442	436
Oak	123	126

Data source: Customs, China

Average CIF prices, Tropical sawnwood, US\$/cu.m

	2023 Aug	2023 Sep
Sapelli	608	568
Merbau	849	839
Teak	775	753
Lauan		281
African mahogany	573	559
Oak	412	411

Data source: Customs, China



Data source: Customs, China

UK

UK tropical wood and wooden furniture imports at all time low

The import value of tropical wood and wooden furniture into the UK in the first eight months of this year was USD655 million, 38% less than the same period last year. In quantity terms, the UK imported 273,400 tonnes of tropical wood and wooden furniture in the January to August period, 19% less than the same period last year.

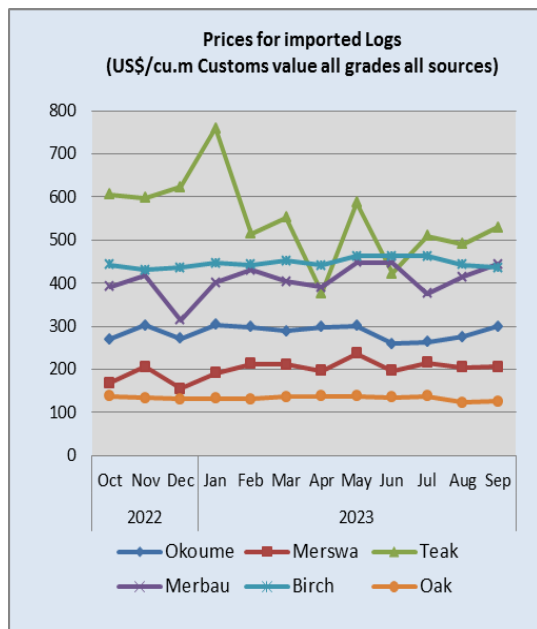
This is an extraordinarily low figure, in tonnage terms the lowest level of UK tropical wood products imports for the first eight months of the year since at least the early 1990s, and probably well before then.

It is 4% below the previous record low which came in the first eight months of 2013 at the end of one of the longest periods of economic stagnation on record in the UK. It is 5% less than recorded in the first eight months of 2020 when the country was at a complete standstill at the start of the COVID pandemic.

Coming as it does after two historically good years for the UK trade in 2021 and 2022 during the immediate post-COVID recovery, this is a classic case of boom and bust.

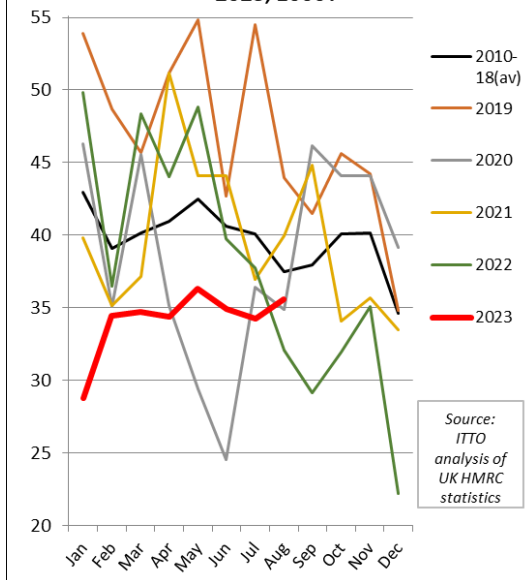
The monthly data shows that the total tonnage of UK imports of tropical wood and wooden furniture fell to an extreme low of only 22,000 tonnes in December 2022 before rising to 35,000 tonnes in February 2023.

Since then, imports have barely shifted from this level which is about 20% below the long-term average for the time of year (Chart 1).



Data source: Customs, China

Chart 1: UK monthly tropical wood and wood furniture imports by year, 2010 to 2023, 1000T



Mounting signs of stagnation in the UK economy

The extremely slow pace of UK tropical wood and wooden furniture imports this year is symptomatic of a wider economic downturn in the country. KPMG's latest UK Economic Outlook issued 25th September notes that "high interest rates, continued uncertainty and low productivity could see the UK struggle to keep its head above water in the second half of the year – with GDP growth forecast at 0.4% in 2023 and 0.3% in 2024".

KPMG go on to report that "While the labour market is gradually returning to balance, household excess savings are broadly used up and the effect of higher interest rates is now feeding through to investment intentions, transaction volumes and corporate insolvencies, with the full impact on households and housing sectors yet to be felt".

The Institute for Fiscal Studies (IFS), an independent thinktank, observes in its latest report on the UK economy published on 17th October that "UK GDP is still 5.2% short of its 2012–19 trend: a worse relative performance than either the United States or the Euro Area where the shortfalls range between 2% and 3%. The UK economy remains stuck between weak growth but continued inflationary risks".

IFS note that the support previously offered to the UK economy by COVID recovery measures and falling energy prices since the heights of last winter are now fading. Furthermore, credit growth has, in recent months, dropped to levels only previously observed in the immediate aftermath of the 2008 Global Financial Crises.

The value of both financial and housing wealth has been eroded since 2020 by the surge in inflation. Unemployment has increased from 3.5% in the 2022 trough to 4.3% now.

The signs of resilience in the UK construction sector reported in the summer months this year have also faded away. The latest S&P Global/CIPS UK Construction Purchasing Managers' Index (PMI) registered 45.0 in September, down sharply from 50.8 in August and below the neutral 50.0 value for the first time since June.

Residential work (index at 38.1) was by far the worst performing area of construction output during September, followed by civil engineering activity (45.7). Aside from the pandemic, the latest fall in housing activity was the steepest since April 2009.

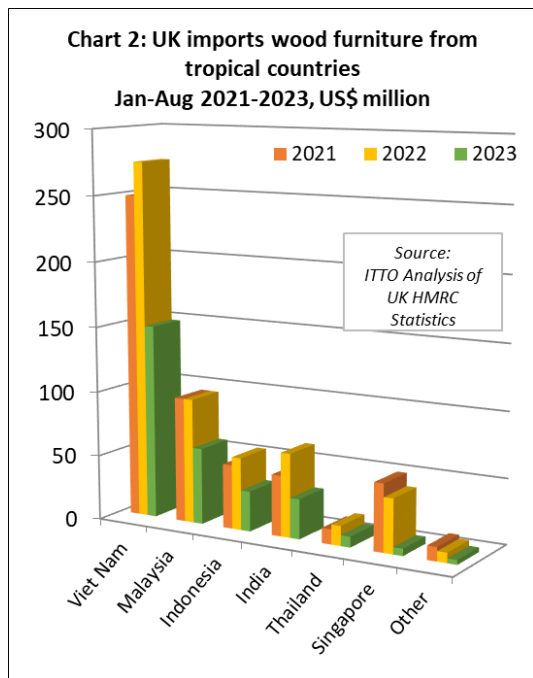
Respondents to the S&P Global/CIPS survey widely commented on cutbacks to house building projects amid rising borrowing costs and weak demand conditions. Commercial building declined at only a modest pace in September (index at 47.7), but this represented a considerable setback after the solid growth seen throughout the summer. Some firms noted that worries about the economic outlook had dampened client demand and led to a lack of new work to replace completed projects.

Sentiment surrounding prospects in the UK construction sector were a little more positive. According to the S&P Global/CIPS survey, the number of construction firms predicting a rise in output over the year ahead (41%) continued to exceed those forecasting a decline (17%). This was linked to long-term business expansion plans and hopes of a turnaround in customer demand.

UK import value of tropical wooden furniture falls

The UK imported USD287 million of tropical wooden furniture products in the first eight months of 2023, which is 48% less than the same period last year. In quantity terms, wooden furniture imports were 77,600 tonnes during the eight-month period, 32% less than the same period last year.

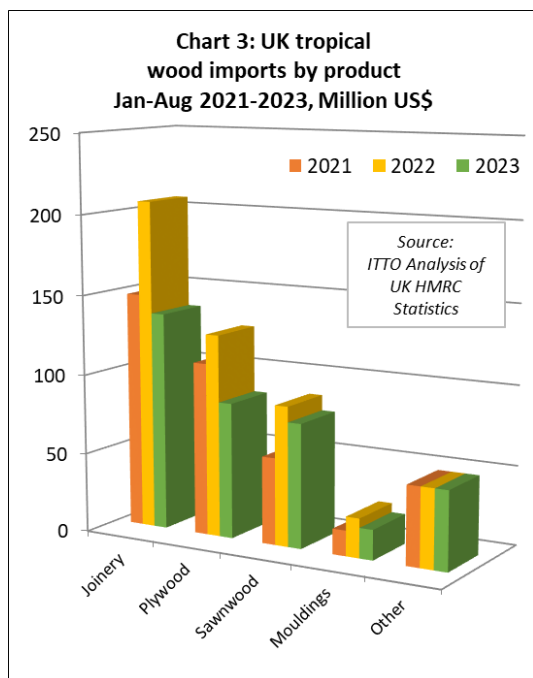
In the first eight months of 2023 compared to last year, UK import value of wooden furniture from Vietnam was down 46% to USD149 million, Malaysia was down 39% to USD59 million, India was down 52% to USD31 million, Indonesia was down 45% to USD31 million, Thailand was down 46% to USD8 million, and Singapore was down 87% to USD5 million (Chart 2).



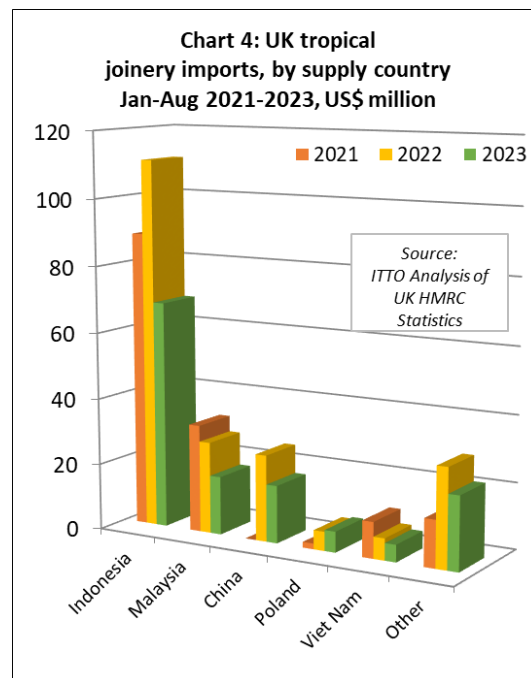
Across the board decline in UK import value of all tropical wood products

Total UK import value of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes was USD368 million between January and August this year, 26% less than the same period in 2022. In quantity terms imports decreased 12% to 195,800 tonnes during the period.

Compared to the first eight months of 2022, UK import value of tropical joinery products decreased 34% to USD137 million, import value of tropical plywood decreased 33% to USD85 million, import value of tropical sawnwood decreased 11% to USD78 million, and import value of tropical mouldings/decking decreased 23% to USD19 million (Chart 3).

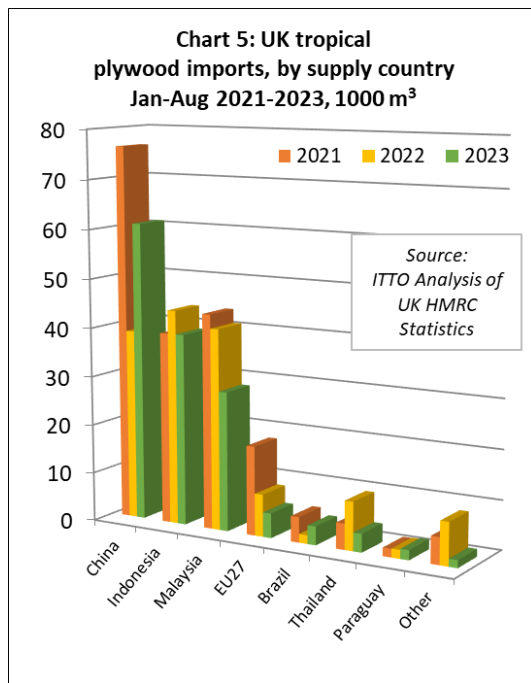


UK import value of joinery products from Indonesia (mainly doors) was USD69 million in the first eight months of 2023, down 38% compared to the same period last year. UK import value of joinery products from Malaysia (mainly laminated products for kitchen and window applications) fell 36% to USD18 million during the same period. UK import value of Chinese tropical joinery products, nearly all comprising doors, was USD17 million in the January to August period, 33% less than the same period last year (Chart 4).



UK direct imports of tropical hardwood plywood offset by rise from China

In the first eight months of 2023, the UK imported 144,800 cu.m of tropical hardwood plywood, 6% less than the same period last year. A significant decline in direct imports of tropical hardwood plywood from tropical countries partly offset by a rise in imports from China (Chart 5).



The UK imported 61,000 cu.m of tropical hardwood plywood from China in the first eight months of 2023, 57% more than the same period last year. Last year, UK imports of Chinese products faced with tropical hardwoods fell sharply in favour of Chinese products faced with temperate hardwoods.

This trend has been reversed in 2023 with China again shipping a larger proportion of tropical hardwood faced plywood to the UK. This is likely to at least partly reflect concern that plywood comprised of Russian birch was being shipped from China in contravention of UK trade sanctions imposed following Russia’s invasion of Ukraine.

UK imports of Indonesian plywood in the first eight months this year were, at 39,200 cu.m, 10% less than the same period last year. The UK imported 28,500 cu.m of plywood from Malaysia in the first eight months of 2023, 31% less than the same period last year.

UK plywood imports from Thailand were down 62% to 3,800 cu.m in the first eight months this year. However, in the same period there was a large percentage increase from a very small base in tropical hardwood plywood imports from Brazil (+115% to 3,800 cu.m). Imports from Paraguay also increased 13% to 2,000 cu.m.

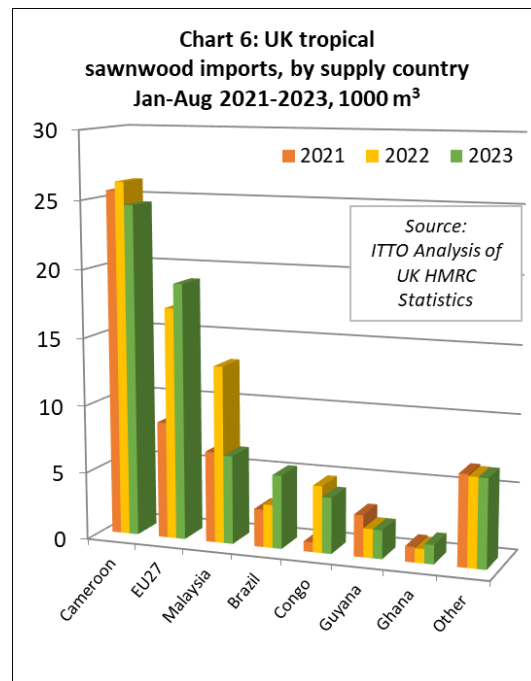
Meanwhile, the combined effects of Brexit, supply shortages and rising energy and other material costs on the European continent continue to impact on UK imports of tropical hardwood plywood from EU countries which were just 5,000 cu.m in the first eight months of this year, 42% less than the same period last year.

Rising UK imports of tropical sawnwood from the EU

UK imports of tropical sawnwood were 69,700 cu.m in the first eight months of this year, 6% less than the same period in 2022.

Although UK imports of this commodity appear to have held up reasonably well compared to other tropical products this year, a larger share has been sourced indirectly from the EU and not direct from the tropics (Chart 6).

Furthermore, a large increase in UK imports of tropical hardwood sawnwood (HS 4407) from Brazil this year is also offset by a significant decline in imports of Brazilian tropical hardwood decking/mouldings (HS4409). Therefore, it may be that reported trends for both commodities are distorted by changes in the way products from Brazil are categorized respectively as “sawnwood” and “mouldings”.



UK imports of tropical sawnwood from Cameroon were 24,500 cu.m in the first eight months of 2023, 6% less than the relatively high level in the same period in 2022. UK tropical sawnwood imports from Malaysia, which revived to some extent last year after many years of decline, fell by 50% in the first eight months of this year to 6,500 cu.m.

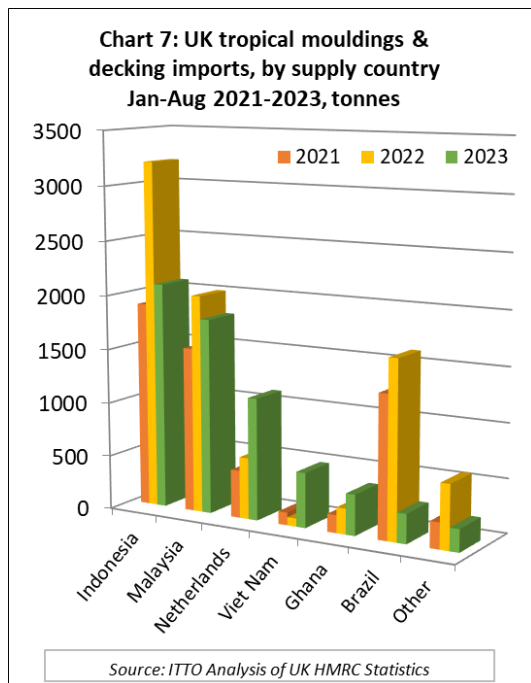
UK imports of tropical sawnwood from Brazil were reported as 5,400 cu.m in the first eight months of this year, a gain of 70% compared to the same period in 2022. Imports also increased from Ghana during the eight-month period, by 36% to 1,400 cu.m. However, imports from Republic of Congo fell 16% to 4,100 cu.m. Imports from Guyana, at 2,100 cu.m were the same as last year.

Indirect UK imports of tropical sawnwood via the EU recovered ground despite the Brexit disruption, increasing 11% to 19,000 cu.m in the first eight months of 2023. To some extent, UK’s continuing dependence on indirect imports of tropical sawnwood from the EU is due to a shortage of kiln drying space in African supply countries combined with lack of any hardwood kiln drying capacity in the UK.

UK imports of tropical hardwood mouldings/decking fell 23% in the first eight months of 2023 to 6,400 tonnes. Imports of 2,100 tonnes from Indonesia were 35% less than the same period in 2022.

Imports from Malaysia totalling 1,800 tonnes were down 10% compared to the same period last year. Imports of this commodity group from Brazil were recorded at less than 300 tonnes in the first eight months of this year, 83% less than the same period last year.

In contrast, imports increased 99% from the Netherlands to 1110 tonnes, while imports from Vietnam increased nearly 6-fold to 500 tonnes from a very small base (Chart 7).



North America

US housing starts make sharp rebound on multi-unit surge

New US home construction rebounded sharply in September, boosted by demand for new construction amid a dearth of previously owned homes but the highest mortgage interest rates in nearly 23 years could slow momentum. Overall housing starts accelerated 7% to a rate of 1.358 million units in September.

Single-family housing starts, which account for the bulk of homebuilding, increased 3.2% to a seasonally adjusted annual rate of 963,000 units last month, the US Department of Commerce reported. Data for August was revised to show starts at a rate of 933,000 units instead of 941,000 units as previously reported.

Starts for housing projects with five units or more soared 17.1% to a rate of 383,000 units in September. Further gains are likely to be limited by reduced access to credit access for builders as well as a huge stock of multi-family housing under construction.

Confidence among single-family homebuilders deteriorated for a third straight month in October with the National Association of Home Builders/Wells Fargo Housing Market Index dropping to a nine-month low. Builders reported lower levels of buyer traffic.

Canadian new construction also climbed higher. The monthly seasonally adjusted annual rate (SAAR) of units started climbed 8% to 270.5k in September. Multi-unit construction drove the growth, rising 10% to a monthly SAAR of 207.7k units.

Single-family units lagged but still improved, rising 3% to a monthly SAAR of 43k units. Canada's Big Three real estate markets are largely seeing a healthy inflow of starts. Montreal (+98%) and Toronto (+20%) both saw aggressive growth in September. Vancouver (-17%) suffered a minor setback, but still remains 37% higher than last year.

See: <https://betterdwelling.com/canadian-new-housing-starts-are-rising-with-inventory-bad-news-for-prices/>

US home sales fell in September

US Home sales in September fell to the lowest level in 13 years as high mortgage rates continue to hammer the market.

Total existing-home sales, completed transactions that include single-family homes, townhomes, condominiums and co-ops, waned 2.0% from August to a seasonally adjusted annual rate of 3.96 million in September the National Association of Realtors (NAR) reported. Year-on-year, sales dropped 15.4% (down from 4.68 million in September 2022).

"As has been the case throughout this year, limited inventory and low housing affordability continue to hamper home sales," said NAR Chief Economist Lawrence Yun. "The Federal Reserve simply cannot keep raising interest rates in light of softening inflation and weakening job gains."

Existing-home sales in the Northeast rose 4.2% from August to an annual rate of 500,000 in September, down 16.7% from September 2022. In the Midwest, existing-home sales declined by 4.1% from the previous month to an annual rate of 930,000 in September, down 18.4% from one year ago.

Existing-home sales in the South dipped 1.1% from August to an annual rate of 1.82 million in September, a decrease of 11.7% from the previous year. In the West, existing-home sales trailed off 5.3% from the previous month to an annual rate of 710,000 in September, down 19.3% from one year ago.

The US housing market is in a serious slowdown that is primarily driven by high mortgage rates. High rates spook home buyers, drying up demand, and high rates also deter homeowners from selling since they may have to purchase another home.

For a homeowner with a 3% mortgage rate for the next few decades, there's little incentive to move. In this environment, demand for mortgages has collapsed, and some outlets like Mortgage News Daily are quoting a rate of 8% for a 30-year loan.

See: <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>
and
<https://www.msn.com/en-us/money/realestate/us-home-sales-fell-in-september-to-the-lowest-level-since-the-great-recession/ar-AA1ivNSe>

Job market continues to surprise with its strength

The US economy added an estimated 336,000 jobs in September, greatly exceeding expectations, according to Bureau of Labor Statistics data. It's the largest monthly employment increase since January and is significantly above August's net gain of 227,000 jobs, a total that was revised up by 40,000 from initial estimates.

The job growth occurred across all major sectors although there was only negligible growth in some major industries including construction, manufacturing, and other services.

President Joe Biden touted the stronger-than-expected report. "It's no accident, it's Bidenomics, we're growing the economy from the middle out, the bottom up and not the top down," Biden said during a press conference. "And inflation's coming down at the same time."

While September marks the 33rd consecutive month of job growth for the United States, the Federal Reserve has been aiming to slow the economy and cool down the labor market. The resiliency of the labor market has helped to keep consumer spending strong and the economy churning, but Fed officials have expressed concern that rising wages could be too much of a good thing and put upward pressure on inflation.

See: <https://edition.cnn.com/2023/10/06/economy/september-jobs-report-final/index.html>

US consumer sentiment falls again on inflation worries

US consumer sentiment fell sharply in October as households anticipated higher inflation over the next year. The University of Michigan's preliminary reading on the overall index of consumer sentiment came in at 63.0 this month compared to 68.1 in September.

"Nearly all demographic groups posted setbacks in sentiment, reflecting the continued weight of high prices," Joanne Hsu, the director of the University of Michigan's Surveys of Consumers, said in a statement.

Assessments of personal finances declined about 15%, primarily on a substantial increase in concerns over inflation, and one-year expected business conditions plunged about 19%. However, long-run expected business conditions are little changed, suggesting that consumers believe the current worsening in economic conditions will not persist.

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

US manufacturing shows signs of improvement

A barometer of business conditions at American factories contracted in September for the 11th month in a row, but there were signs of improvement and many companies even added workers.

The Institute for Supply Management's manufacturing survey rose to 49.0 last month from 47.8 in August. It was the third straight increase and the index matched a 10-month high.

"Companies are still managing outputs appropriately as order softness continues, but the month-over-month improvement in September is a clear positive," said ISM Chair Timothy R. Fiore.

Despite the optimism, 11 of the 18 industries surveyed by ISM reported contraction in September, including the Wood Products industry and Furniture & Related Products. The Furniture & Related Products sector also reported a decline in new orders in September.

See: <https://www.marketwatch.com/story/u-s-manufacturers-show-improvement-ism-finds-but-they-still-face-tough-times-816a1425>

US flooring suppliers "cautiously optimistic"

In his opening speech at the National Wood Flooring Association (NWFA) Expo, NWFA president and CEO Michael Martin said members are cautiously optimistic. He reported that roughly 40% anticipate an increase in sales this year, while another nearly 40% expect sales to be flat and only 5% are worried about sales being down significantly.

Still, there are concerns: most notably the economy, supply chain challenges, an ongoing labor shortage, and the global political climate.

See: https://www.globalwood.org/news/2023/news_20231017.htm

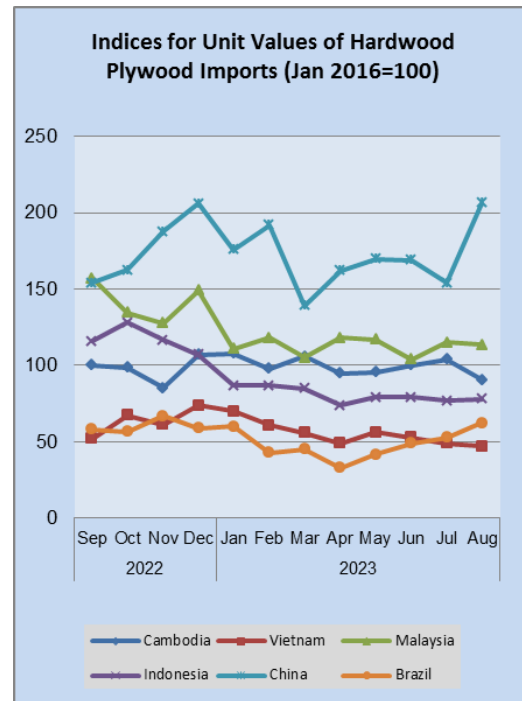
Residential remodeling forecast to weaken in 2024

Annual spending for improvements and repairs to owner-occupied homes is expected to decrease at a moderate rate over the coming year, according to the Leading Indicator of Remodeling Activity (LIRA) released by the Remodeling Futures Program at the Joint Center for Housing Studies of Harvard University. The LIRA projects annual owner expenditures for home updates and maintenance to decline by 7.7% through the third quarter of 2024.

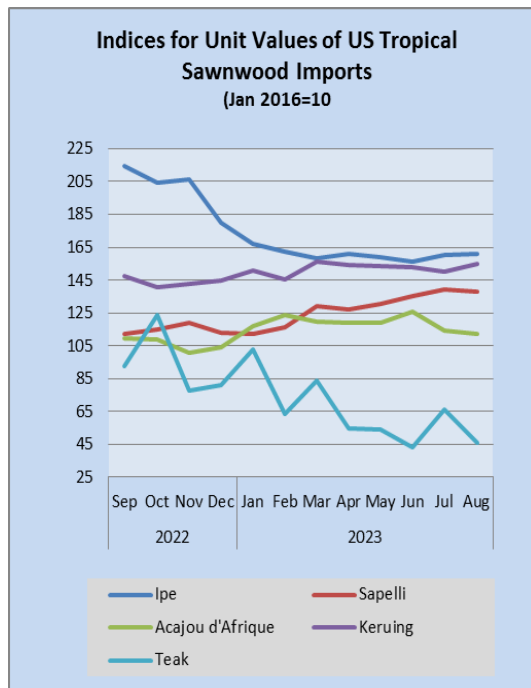
“The ongoing weakness in the housing market caused by high interest rates and low supply of existing homes is expected to weigh on remodeling activity next year,” says Carlos Martín, Project Director of the Remodeling Futures Program at the Center. “Homeowner concerns about the health and direction of the broader economy may also dampen plans for remodeling projects.”

“The level of annual spending on improvements and repairs is projected to fall from US\$489 billion today to US\$452 billion over the coming four quarters,” says Abbe Will, Associate Project Director of the Remodeling Futures Program. “While the rate of market decline should decelerate significantly in the second part of the year, 2024 is shaping up to be a challenging year for home remodeling.”

See: <https://www.woodworkingnetwork.com/news/woodworking-industry-news/weakening-residential-remodeling-anticipated-2024>



Data source: US Census Bureau, Foreign Trade Statistics



Data source: US Census Bureau, Foreign Trade Statistics

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.

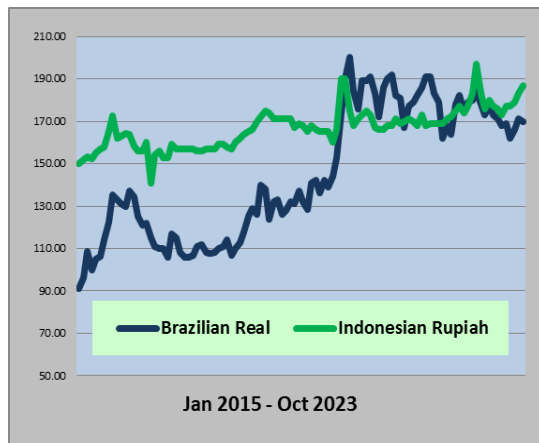
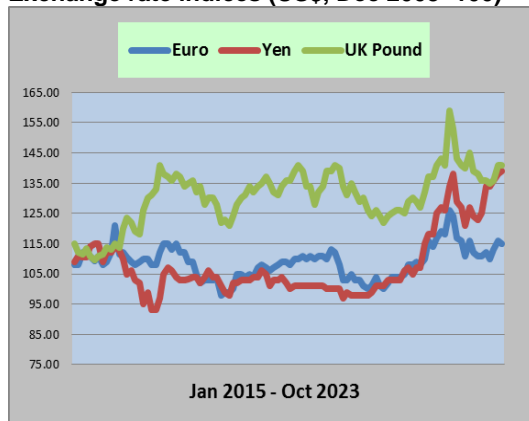
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 October 2023

Brazil	Real	5.01
CFA countries	CFA Franc	616.97
China	Yuan	7.30
Euro area	Euro	0.94
India	Rupee	83.02
Indonesia	Rupiah	15,868
Japan	Yen	151.00
Malaysia	Ringgit	4.79
Peru	Sol	3.80
UK	Pound	0.82
South Korea	Won	1,344.36

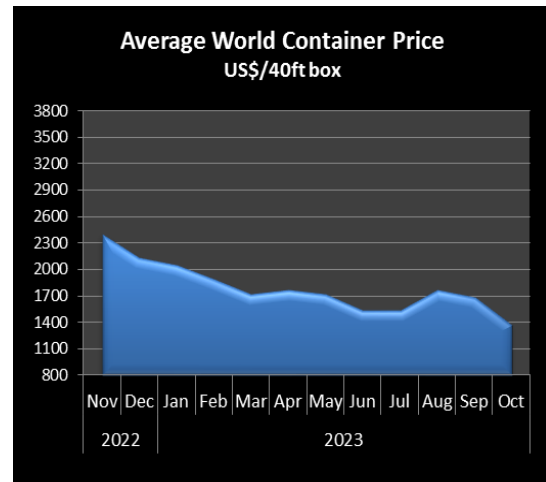
Exchange rate indices (US\$, Dec 2003=100)



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

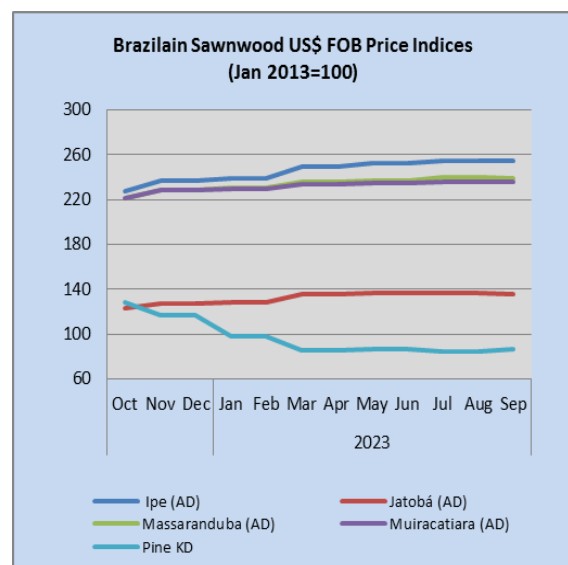
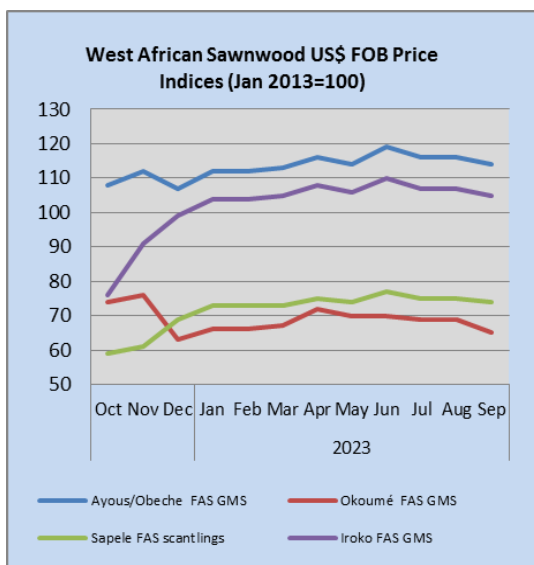
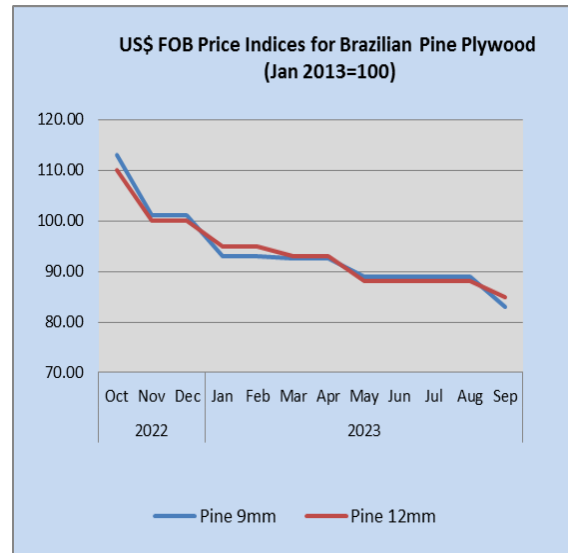
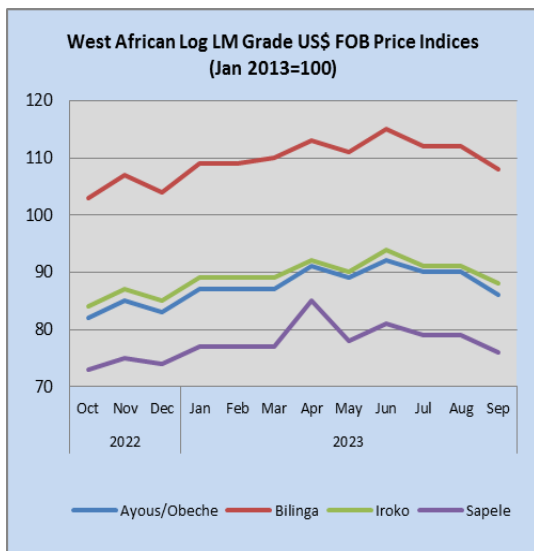


Data source: Drewry World Container Index

See: <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>

Price indices for selected products

The following indices are based on US dollar FOB prices



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

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