



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Log Prices, Gabon

No changes have been reported in the prices for logs.

<i>Okoume, FOB</i>	<i>F.CFA per Cu.m</i>
<i>Grade</i>	
<i>LM</i>	146,000
<i>QS</i>	129,000
<i>CI</i>	99,000
<i>CE</i>	83,500
<i>CS</i>	67,000

<i>Ozigo, FOB</i>	<i>F.CFA per Cu.m</i>
<i>Grade</i>	
<i>LM</i>	103,000
<i>QS</i>	90,000
<i>CI</i>	70,000
<i>CE</i>	59,500

<i>Logs</i>	<i>F.CFA per Cu.m</i>
<i>Agba</i>	55,000
<i>Moabi</i>	65,000
<i>Niangon</i>	78,000
<i>Douka</i>	55,000
<i>Abura</i>	65,000
<i>Sapelli</i>	85,000
<i>Iroko</i>	58,000
<i>Sipo</i>	95,000
<i>Padouk</i>	55,000

Malaysia

Japanese importers are indicating that, during June, log shipments have been slow and exporter prices are firm. This, it is felt in Japan, is largely because log suppliers have tried to fulfill their obligation to the domestic markets.

Sarawak Log Export Prices

<i>(FOB)</i>	<i>per Cu.m</i>
<i>Meranti SSQ</i>	US\$210
<i>Keruing SSQ Ply Face</i>	US\$250
<i>Mixed Light H'woods</i>	US\$130
<i>Peeler Logs</i>	US\$145

Cameroon Log Prices

<i>FOB</i>	<i>Per Cu.m</i>
<i>N'Gollon</i>	<i>LM-C</i> FFR1350
<i>Ayous</i>	<i>LM-C</i> FFR1050
<i>Sapele</i>	<i>LM-C</i> FFR1450
<i>Iroko</i>	<i>LM-C</i> FFR1450

South Sea Logs

The present log market in Japan is Yen7,900 per koku CIF for Meranti logs for plywood manufacturing (20% small logs), and Yen6,700 per koku for logs from PNG for plywood manufacturing (50% Taun and Calophyllum).

In Papua New Guinea the Forest Industries Association (FIA) has announced that they would stop logging after August 1 as a measure to resist the new royalties and taxes that the government has proposed. However, it is uncertain whether all the log suppliers have agreed to stop logging. Japan's log imports from Papua New Guinea during the

International Tropical Timber Organization (ITTO)

Pacifico-Yokohama 1-1-1 Minato-mirai, Nishi-ku, Yokohama 220 JAPAN

Tel: (81-45) 223-1110 Fax: (81-45) 223-1111 e-mail: mjadams@itto.or.jp

first five months this year were some 35% of total imports of tropical timber from Southeast Asia. If logging is stopped in PNG then the impact would be far reaching.

Report from Malaysia

The demand for Rubberwood logs continues to be the major concern for the primary industries in P. Malaysia. With the current strong demand for Rubberwood sawnwood millers are focusing on cutting thin boards from the available smaller logs in order to capitalise on demand. This is resulting in table manufacturers being unable to secure adequate supplies, especially of thicker sections (3 1/4 ins), for the manufacture of table legs.

FOB	per Cu.m
<i>Pometia</i>	US\$145-155
<i>Calophyllum</i>	US\$145-155
<i>Terminalia</i>	US\$130-140
<i>Other mixed species</i>	US\$105-110

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
<i>Mahogany Ist Grade</i>	US\$290
<i>Ipe</i>	US\$70
<i>Jatoba</i>	US\$60

Logs

Domestic (SQ ex-log yard)	Per Cu.m
<i>Meranti Bukit (SQ)</i>	US\$225
<i>Kembang Semangkok</i>	US\$160
<i>Selangan Batu</i>	US\$145
<i>Merbau</i>	US\$210
<i>Peeler Core logs</i>	US\$145
<i>Rubberwood</i>	US\$30

Sawnwood Prices

International Prices

Brazil

In press statements released in Brazil it has been announced that the Brazilian President has signed legislation banning the felling of Mahogany and Virola. The news release states that the ban will be in effect for 2 years. At the same time legislation has been enacted to limit the area of forest that can be cleared for grazing land. This ban will have far reaching consequences for the Brazilian trade in sawnwood and plywood.

Ghana

Logs FAQ	Per Cu.m
<i>Ceiba</i>	90cm + US\$40
<i>Otie/Ilombe</i>	60cm + US\$50
<i>Emire/Framire</i>	60cm + US\$55
<i>Ofram/Frako</i>	55cm + US\$45
<i>Ekki/Azobe</i>	70cm + US\$50
<i>Kussia/Billina</i>	70cm + US\$50
<i>Guarea</i>	60cm + US\$60
<i>Chenchen</i>	70cm + US\$45
<i>Cedrella</i>	50cm + US\$45

Report from Indonesia

Domestic log prices	Per Cu.m
<i>Plywood logs</i>	
<i>Face Logs</i>	US\$180-195
<i>Core logs</i>	US\$ 145-150
<i>Sawlogs</i>	US\$140-150
<i>Falkata logs</i>	US\$45-50
<i>Rubberwood</i>	US\$35-36
<i>Pine</i>	US\$55-60
<i>Teak</i>	US\$800-1200
<i>Mahoni</i>	US\$160

Export Sawnwood	per Cu.m
<i>Mahogany KD FAS</i>	
<i>UK market</i>	US\$980
<i>Jatoba Green</i>	US\$440-480
<i>Curupixa (Europe)</i>	US\$540
<i>LKS (Asian Market)</i>	US\$220-270

The demand for LKS sawnwood for the Asian market is strong. It is reported that two large shipments will be leaving Para in the next few weeks.

Ghana

Rough Sawn Prices FOB

	<i>Per Cu.m</i>
<i>Mixed Redwoods</i>	US\$335
<i>low grade Odum (Iroko)</i>	US\$400
<i>Wawa</i>	US\$220
<i>Wawa fixed dimensions</i>	US\$267
<i>Wawa Boules</i>	US\$219
<i>70cm log dia. 25-75mm. 450cm length</i>	

Mahogany *per Cu.m*

<i>FAS 100mm plus 1.8m plus</i>	US\$480
<i>FAS 150mm plus 2.4m plus</i>	US\$520
<i>Anegre</i>	
<i>FAS 150mm plus 2.4m plus</i>	US\$640

<i>Guarea</i>	<i>FAS</i>	US\$466
<i>Ofram</i>	<i>FAS</i>	US\$270
<i>Emire</i>	<i>FAS</i>	US\$460
<i>Ekki</i>	<i>FAS</i>	US\$335
<i>Kussia</i>	<i>FAS</i>	US\$335
<i>Dahoma</i>	<i>FAS</i>	US\$256
<i>Cedrella</i>	<i>FAS</i>	US\$413

Malaysia

Sawn Timber

<i>Export(FOB)</i>	<i>per Cu.m</i>
<i>Dark Red Meranti (DUC)</i>	
<i>GMS select & better (KD)</i>	US\$705
<i>Seraya</i>	
<i>Scantlings (75x125 KD)</i>	US\$725
<i>Perupok (25mm&37mm KD)</i>	US\$755
<i>K.Semangkok</i>	
<i>(25mm&37mmKD)</i>	US\$625

Meranti prices have firmed slightly and the Dutch market has, reportedly, been more active. In Japan the price for imported laminated lumber of Perupok finger-jointed lumber, A-quality, is Yen 145,000-150,000, this is about Yen 5,000 higher than the previous month price.

Taiwan Province of China

<i>Rubberwood</i>	<i>per Cu.m</i>
<i>25mm boards</i>	US\$365
<i>50-75mm squares</i>	US\$425
<i>75-100mm squares</i>	US\$450
<i>Sepetir</i>	
<i>GMS (AD)</i>	US\$380
<i>Ramin</i>	US\$485
<i>Oak 25mm boards</i>	US\$525
<i>Maple</i>	US\$820
<i>Cherry</i>	US\$1050

Domestic Sawnwood Prices

Report from Brazil

<i>Sawnwood (Green ex-mill)</i>	<i>per Cu.m</i>
<i>Mahogany</i>	US\$770
<i>Ipe</i>	US\$450
<i>Eucalyptus</i>	US\$160

Ghana

Dahoma, Wawa, Odum, Antiaris

	<i>per Cu.m</i>
<i>Mill Run 50x150mm</i>	US\$90-120
<i>50x100mm</i>	US\$70-100
<i>50x50mm</i>	US\$100-250
<i>25x300mm</i>	US\$70-100
<i>Mixed Redwood</i>	
<i>40x300x3.6m</i>	US\$100-240

Gabon

Sawnwood

<i>Sawnwood Up to 6m length</i>	
<i>80x40mm up to 250x50mm</i>	
<i>Okoume, Ozigo, Olon, Alone, Faro, Abura, Agba and Andoung heitz</i>	<i>F.CFA 110,000 per Cu.m</i>
<i>Acajou, Movingul, Kosipo, Afo, Aiele, Bosse fonce, Eblara</i>	<i>F.CFA 115,000 per Cu.m</i>
<i>Prices before sales tax</i>	

Report from Indonesia

Sawn timber	
Domestic construction material	
	per Cu.m
Kampar AD6x12-15cm	US\$380-395
KD	US\$500-510
AD3x20cm	US\$435-455
KD	US\$550-560
Keruing AD6x12-15cm	US\$290-300
AD3x20cm	US\$380-385

Ready Spliced Veneer (layons)	
Thickness 6mm	
	per Sq m.
Sapele	US\$1370
Anegre	US\$1062
Mahogany	US\$1149
Koto	US\$1153

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau(25&37mm,100mm+)	US\$435
Kempas50mm by (75,100&125mm)	US\$215
Red Merantis (22,25&30mm by180mm)	US\$350
Rubberwood (25mm & 50mm)	US\$280
50mm squares	US\$320
75mm+	US\$360
Kapur (50mm by 75,100,125mm)	US\$225
Kembang Semangkok	US\$535
Ramin Boards	US\$530

Plywood 2440x1220mm	
Grade B/BB, WBP	
	per Cu.m
Ceiba	US\$554
4mm	US\$498
6mm	US\$478
9mm	US\$420
12mm	US\$426
15mm	US\$420
18mm	US\$420
MR B/BB 10 % less	

Rotary Cut Veneer		
	per Cu.m	
	Face	Core
	1-1.6mm	1.7-2.5mm
Ceiba	US\$413	US\$360
Koto	US\$503	US\$450
Otie/Iloba	US\$440	US\$415
Chenchen	US\$426	US\$415
Wawa	US\$440	US\$415
Bombax	US\$440	US\$415

Plywood and Veneers

International Prices

Ghana

Sliced Veneer		per Sq.m
Asanfona	Face	US\$1.20
	Interior	US\$1.00
	Backing	US\$0.65
Redwoods (Mahogany, Candollei, Edinam)		per Sq.m
	Face	US\$1.15
	Interior	US\$0.90
	Backing	US\$0.55

Brazilian Plywood and Veneer

Veneer	per Cu.m
White Virola Face	
2.5mm	US\$260-320
	Per Sq.m
Plywood	
For Europe	
White Virola	INDO 93 + 7-9%
For Caribbean countries	
White Virola	BR 96 + 8%
Pine CDX USA	US\$245

The international market for plywood is becoming active. During the past weeks several European importers have placed

new orders but prices are low, according to Brazilian exporters and they are not accepting big orders in expectation of improving prices. The market is expected to react strongly to the restrictions on felling of Virola and Mahogany, exports of sawn and plywood are expected to decline sharply.

Malaysian Plywood

Export prices for plywood have been firm over the past 4-6 weeks. Demand has improved and there is a reported short-term shortage of core logs in P. Malaysia.

MR Grade BB/CC FOB

	Per Cu.m
2.7mm	US\$515
3mm	US\$445
9-12mm	US\$390
18mm plus	US\$375
WBP Grade BB/CC	
9-18mm	US\$485
Phenolic Overlayed	
12-18mm	US\$530

Domestic plywood

9-18mm	US\$505-515
--------	-------------

Indonesian Plywood

It is reported that APKINDO, counting on favorable prices and stronger demand, plans to increase the volume of its plywood exports in September. Currently improved prices were recorded in almost all of Indonesia's 13 major markets, including the US, Canada, China, Hong Kong, Taiwan P.O.C., Japan S.Korea, South East Asia and the Middle East.

Plywood (export, FOB)

MR,	per Cu.m
Grade BB/CC	
2.7mm	US\$490-505
3mm	US\$455-460
4.0-6.0mm	US\$390-400
6mm and above	US\$370-390
WBP,	
Grade BB/CC	
12-18mm	US\$485

Taiwan Province of China

Plywood	per Cu.m
2.7mm x 4' x 8'	US\$585
5.0mm x 4' x 8'	US\$550

Domestic Plywood Prices

Brazil

Rotary Cut (Northern Mill)

	per Cu.m
White Virola Face	US\$160
White Virola Core	US\$120
Plywood	
(ex-mill Southern Mill)	
Grade MR	Per Cu.m
4mm White Virola	US\$595
15mm	US\$480
15mm Film Faced	
Concrete Formwork	US\$720

The domestic market improved in the first three weeks of this month but has slowed once more. Demand for Virola ply remains stable and the demand for decorative plywood is expected to improve. An across the board improvement is being predicted by the trade, the market usually picks up in the period July to November.

Indonesia

Domestic MR plywood

(Jarkarta)	per Cu.m
9mm	US\$480
12mm	US\$450
15mm	US\$430
18mm	US\$400

Gabon

Okume Plywood (250x122cm)	
	<i>F.CFA Per pc</i>
	<i>Untaxed Taxed</i>
4mm	3,430 - 3,780
5mm	5,314 - 6,270
8mm	8,886 - 9,540
10mm	9,010 - 11,047
12mm	10,762 - 12,699
15mm	13,019 - 15,362
19mm	15,790 - 18,632

As a product in the Brazilian market, MDF is getting stronger. Several producers have been holding promotional seminars to show the advantages of the product. Demand has been growing but prices have been falling as European shippers have entered the market.

Indonesia

Other Panels	Per Cu.m
Particleboard	
9mm	US\$260
12mm	US\$280
15mm	US\$235
18mm	US\$230
MDF (FOB)	US\$255

Furniture Parts and Components
Taiwan Province of China, Imports

Imports C&F	per pc
Rubberwood Chair seats	US\$3.30-3.50
Rubberwood unfinished Queen Anne Chairs (excluding soft seat)	US\$16-16.5
 Rubberwood table-tops	 per Cu.m
	US\$775-795

Taiwan Province of China, Imports

MDF (FOB)	per Cu.m
3-4mm thick	US\$350-355
12-25mm x 4' x 8'	US\$270-280
 Particleboard	 per Cu.m
18mm (5' x 8')	US\$175-180
MDF	
Imported 16-20mm	US\$265

Other Panel Product Prices
Brazil

Export Prices	
Blockboard 18mm	per Cu.m
White Virola Faced For UK	US\$350-370
 Domestic Prices	
Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US\$420
15mm Mahogany Faced	US\$810
Particleboard	
15mm	US\$310

Malaysia

Particleboard (FOB)	per Cu.m
6mm & above	US\$150-160
Domestic	
6mm & above	US\$170-180
 MDF (FOB)	 per Cu.m
Less than 5mm	US\$260-270
Greater than 6mm	US\$245
 Domestic Sales	 per Cu.m
6-21mm	US\$275-290

The first shipment of MDF from Sarawak to Japan is expected during August.

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	per Cu.m
(for the Italian market)	US\$810-835
Crown using Pulai or Jeluton	
(for Japanese market)	US\$715
Laminated Scantlings	US\$685
Laminated Boards	
Falkata wood	US\$305
Laminated Boards	
Pine	US\$850-900

Doors (FOB)

Meranti (red) panel doors

Grade A	US\$54-55 per pc
Grade B	US\$48 per pc
Grade C	US\$44 per pc

Furniture

Demand for wooden furniture continues to be healthy. Interest has been particularly strong from buyers in S. Korea, the Middle East and Australia but less so from the traditional US market.

Malaysia

Mouldings (FOB)	per Cu.m
Kembang Semangkok	
S4S to Japan	US\$910
Skirting	US\$1050
Rubberwood	
S4S to Japan	US\$460

Dining suite

Solid rubberwood laminated top 3' x 5' with extension leaf and six hard seat chairs

US\$190-200 per set

Windsor Chair

US\$12-12.50 ea

Colonial Chair

US\$14-15 ea

Napolean Chair

US\$22-25 ea

Oak Veneered MDF

table top (3'x5')

US\$63-65

Taiwan Province of China

Furniture

Dining suite (FOB)

Oak Veneered MDF tables and chairs (6 per set)

US\$295-315 per set

Brazil

Added Value Products	per Cu.m
Edge Glued Panel	
Clear Pine	US\$830

Rubberwood parts and components:

Malaysia

Shaped chair seats (18-22mm 16"-18" squares)	US\$2.95-3.10 per pc
Finger jointed	per Cu.m
laminated boards	US\$780-840
top grade	US\$890

Freight Costs

Brazil

Sawnwood	
Paranagua-Rotterdam	
Container 20 ft.	US\$1300
Container 40 ft.	US\$2000
Paranagua-Baltimore	
Container 20 ft.	US\$1500
Container 40 ft.	US\$1800

Bulk Sawnwood *US\$66per Cu.m*
(Hardwoods over 750kg/Cu.m)

Plywood
Paranagua-UK
Palletised *US\$42per Cu.m*

Indonesia

40ft Container
Jakarta-Rotterdam *US\$2,200*
Jakarta-LA(west coast USA) *US\$2,800*
Jakarta-NY(east coast USA) *US\$4,200*

Ghana

Bundled Sawnwood
Ghana to Europe (Antwerp-Hamburg), US\$65 to US\$83 per Cu.m depending on quantity and the buyers' relation with the shipping lines.

Containers

Containerized sawnwood and other products from Ghana for N. European Ports
US\$2070 for a 20ft container
US\$3730 for a 40ft container

Taiwan Province of China

40ft. container
West Coast USA from Taiwan Province China US\$1950
East Coast USA from Taiwan Province China US\$ 2400

Malaysia

Bundled Sawnwood
Malaysia to Rotterdam US\$42 per Cu.m.

40 ft. container
Malaysia to West Coast USA at US\$2500
Malaysia to East Coast USA US\$3150
Malaysia to Ports in Taiwan Province of China US\$535

Port Klang / Ports of Taiwan Province of China Province of China
USD 42 per Cu.m Bundled Sawnwood

Taiwan Province of China Province of China/West Coast USA, US\$1950 per 40ft Container.
Taiwan Province of China Province of China?East Coast USA, US\$2400 per 40ft container.

Consumers Report

Report From Japan

Record high imports of plywood

Recently released figures reveal that plywood imports during May were a record high of 471,000 Cu.m. This surpassed the high 428,000 Cu.m in January this year. Of the total for May, 299,000 Cu.m came from Malaysia, up 11%. Softwood plywood from Canada was up 108% to 40,000 Cu.m. The total for the first 5 months of the year now stands at 2,038,000 Cu.m, up 14%. 1,332,000 Cu.m from Indonesia, up 8.2% and 499,000 Cu.m from Malaysia, up 28% and 133,000 Cu.m from Canada, up 32%.

Imported plywood prices

During the month NIPPINDO, the import agent for plywood from Indonesia, raised the price for half-inch plywood by 20 yen per sheet at the time the Yen was up to 110 Yen to the dollar. Their price to buyers was Yen 1,170-1,180, on-truck at dock. The price was Yen 1,240-1,260 delivered to wholesalers. Exporter prices for July shipment plywood are US\$450 per Cu.m, C and F Japan, JAS, down US\$15. The price for thin plywood and plywood for flooring has remained unchanged.

Delivered Prices

Asian Log, Lumber and Panel Prices

Log For Plywood Manufacturing CIF Price Yen per Koku	
Meranti (Hill, Sarawak)	
Medium Mixed	7,900
Meranti (Hill, Sarawak)	
STD Mixed	7,950
Meranti (Hill, Sarawak)	
Small Lot	
(SM60%, SSM40%)	7,150

Taun, Calophyllum (PNG)
and others 6,800

Mix Light Hardwood
(PNG G3-G5 grade) 5,600

Okume (Gabonese) 8000

Keruing (Sarawak)
Medium MQ & up 8,400

Kapur (Sarawak) Medium
MQ & up 8,200

For Sawmilling FOB Price Yen per Koku
Melapi (Sarawak)

Select 11,500

Agathis (Sabah)
Select 11,000

Lumber FOB Price Yen per Cu.m

White Seraya (Sabah)
24x150mm, 4m 1st grade 120,000

Mixed Seraya 24x48mm,
1.8 - 4m, S2S 45,000

Red Oak 5/4x6 ins and wider
FAS (US East Coast) 125,00

Plywood Mill Gate Price Tokyo Area
Yen per sheet

Concrete Formboard
11.5x900x1800mm Type 1 1,210

Thin
2.3x910x1820mm Type 2 305

Medium
4.0x910x1820mm Type 2 500

5.5x910x1820mm Type 2 610

Indonesian Plywood Price
(Tokyo Market Price Per Sheet)

Plywood
2.4x91x1820mm Yen335

3.6x91x1820mm Yen460

5.2x91x1820mm Yen570

Plywood for flooring
11.5x94.5x1840mm Yen1570

Plywood for Printing
3.6x123x2440mm Yen800

News From Japan

Japan's Economy

Japan is currently enjoying a moderate economic recovery. The index of industrial production, a general measure of economic activity, is on the increase. Listed companies appear to have marked their second consecutive year of strong profit growth in fiscal 1995, with manufacturers leading the way. This good news has been further bolstered by the quarterly survey of business sentiment taken in May 1996 by the Bank of Japan. In the May survey, or tankan, the diffusion index of business conditions - the difference between the percentage of businesses that expect conditions to worsen and those that see improvement - was a negative 6% for principal enterprises in all industries. While that is still in negative territory, it represents a dramatic reduction in pessimism. The reason for the current strength is that domestic demand has begun to stage a comeback.

Government spending, which at one point ran out of steam, is now leading the economy. That is, primarily, because of the stimulus package introduced last September, the effects of which are now making themselves manifest. The package was valued at more than Yen 14 trillion.

Corporate Earnings

It should be pointed out that, despite the infusion of finance, the reason the Japanese economy has been so uncertain during this recovery period is that medium-term structural factors are in many cases preventing expanding demand from translating into better corporate earnings results and, because of this, the main engines of the economy - capital investment and consumer spending - have been slow to ignite.

One of the main factors is the fact that the large differences between domestic and foreign prices, the increased production capacity in Asian countries is resulting in a sharp expansion in manufactured imports, which is capping domestic sales volume growth. During fiscal 1995, about 60% of the increase in aggregate demand for manufactured goods was met by increased imports. The influx of lower-cost imports is subjecting domestic finished goods to strong competition.

The Outlook

The Japanese economy is enjoying a moderate recovery, but it is not a strong one brought on by structural reform and will not develop into an autonomous private-sector-led recovery. The boost to corporate earnings from the exchange rate

correction will run its course and public investment will lose steam. Therefore, the growth of the economy is likely to begin slowing down in the second half of fiscal 1996. Assuming that the outlook for corporate earnings presented here is correct, it is hard to see an expansion of domestic, private-sector, demand.

To sum up, the high Yen and last year's economic stimulus will enable the economy to continue to recover, but Japan will still be subject to heavy structural adjustment pressures that will prevent domestic private-sector demand (capital investment and consumer spending) from any fast expansion. In the second half of fiscal 1996, when the exchange rate ceases to boost profits and public investment loses steam, the economy may undergo a pronounced slowdown.

Retail Prices for Bedroom Furniture

Traditional Wide Chest
Made in Japan
4 Drawer 116x44x75cm
Plywood Overlid with PVC on front
Overlaid with printed paper on side
Yen 39,000

Wardrobe
Made in Japan
3 Shelves, 85x55x184cm
Plywood Overlaid with Embossed paper
Yen 28,900

Blazer Chest
Made in Japan
Natural Pine Front, Sides Plywood
Overlaid with printed paper
87x56x180cm Yen 52,500

Wide Chest
Made in Japan
4 Drawers at top, 2 below and 2
rows of single drawers at bottom
Natural Pine Front, Side of Overlaid
Plywood, 116x39x75cm
Yen 35,800

Wide Wardrobe
Made in Japan
Front Laminated Merkusii (pine)
Side Plywood overlaid with printed paper
79x58x180 Yen 48,800

Wide Chest
Made in Japan
N.American Alder Front, Side
Plywood overlaid with printed paper
117x45x78cm Yen 58,000

Small Wardrobe
Made in Japan
Front Laminated Pine, Side Overlaid
Plywood. 80x54x176cm
Yen 55,500

From Europe, An Update on Italy

Italian industry appears to be responding to the confidence brought back into Italian politics by the recently formed coalition government. With GDP growth estimates now suggesting a 2.6% annual growth in 1996, the economic projections are looking better.

The weakness of the lira contributed to an increase in Italian exports in 1995 which reached a level of Lira 343 Billion (up +52% on 1994). Of particular interest has been the growth in the kitchen furniture sector. In recently released data it appears that in 1995 the Italian production of kitchen furniture reached 3,640 billion lira (+9.8% on 1995 at current prices). Production increased particularly in the low and middle market range. Exports increased by 52% in value (+36% in quality) to 343 billion lira, while imports were worth 30 billion lira. It is worth noting that the kitchen furniture production sector is rather concentrated with 4 companies producing over 15% of the total output.

Company News

Scavolini, the Italian kitchen furniture manufacturer, increased its turnover by 9% to 168 billion lira last year, domestic sales accounted for 157 billion lira, while exports were worth 9.5 billion and pre-tax profits exceeded 10 billion. A few months ago Scavolini took over 95% of Ernesto Meda from Nicolini Spa.

Raffaele Gaetani, an Italian company located in Lecce, has signed a letter of intent with Shandong Stone Industry Association to set up a joint venture to produce marble kitchen and bathroom furniture in China.

Prices in Italy

For the past two months the Italian furniture manufacturing sector has been predicting that conditions in the market would improve to such an extent that some price improvement would be possible. Finally conditions have improved and the industry is reporting modest price increases.

Wooden Windows

Upper Price,	
Douglas Fir, 150x120cm	Lira 826,000.
Medium Price	
Douglas Fir, 150x120cm	Lira 655,000.
Lowest Price	
Pine, 150x120cm	Lira 472,000.
Medium Price	
Mahogany, 150x120cm	Lira 540,000.
Lowest Price	
Mahogany, 150x120cm	Lira 367,000

Solid Wooden Doors

Upper Price,	
Mahogany	Lira 1,000,000
Oak/Elm	Lira 896,000
Medium Price, Tanganika	Lira 577,000
Redwood	Lira 700,000
Lowest Price, Tanganika	Lira 330,000
Mahogany	Lira 250,000

Furniture and Components

Kitchen Chairs

Medium Price, Beech	Lira 188,000
Lowest Price, Pine	Lira 39,000
Dining Chair	
Upper Price, Walnut	Lira 675,000
Medium Price, Walnut	Lira 435,000
Lowest Price, Beech	Lira 210,000

Kitchen Table

Upper Price, Walnut edge glued	
80x160cm	Lira 3,242,000
Medium Price, Walnut edge glued	
80x160cm	Lira 2,969,000
Lowest Price, Oak/Walnut	
80x120cm	Lira 362,000
Lowest Price, Pine	
80x140cm	Lira 299,000

Dining Table

Upper Price, Walnut edge glued	
90x180cm	Lira 4,082,000
Medium Price, Walnut edge glued	
90x160cm	Lira 2,890,000
Lowest Price, Beech Cherry Walnut	
90x180cm	Lira 1,150,000

Wardrobe Doors

Upper Price, Walnut edge glued	
250x45cm	Lira 1,018,000
Medium price, Walnut edge glued	
250x45 cm	Lira 699,000
Lowest Price, Pine	
201x40cm	Lira 357,000

Drawer Fronts (Office Furniture)

Upper Price, Birch multilayer	
100x10cm	Lira 2,150
Medium Price, Birch multilayer	
100x10cm	Lira 1,800
Lowest Price, Birch multilayer	
100x10cm	Lira 1,500

Wooden Shelving

Upper Price, Walnut edge glued

100x24cm Lira 365,000

Medium Price, Walnut edge glued

100x24cm Lira 230,000

Lowest Price, Walnut 100x24cm

Lira 100,000

Moulding

Veneered Ramin Lira 8,870 per Lin Metre

News from Other European Countries

In recently released data from the UN it appears that in 1994 Eastern and Central European countries provided 6% of the total world exports of furniture. Poland was the 12th largest exporting country in the world with exports valued at US\$895 million followed by Romania, Slovenia, Croatia, Hungary and Bulgaria. The potential for growth of exports to W. Europe is tremendous as can be deduced from the expansion of sales by Hungary (up 128%) at US\$176mil. and those of Poland at US\$122mil.

Klaipėdos Baldai, a Lithuanian furniture producer with a staff of 480, has increased its share capital by Lt.7.4 million to Lt. 8.16 million. The company's monthly outputs has increased to Lt. 2.6 million and in May 1996 it made profits worth Lt. 250,000. Klaipėdos Baldai manufactures kitchen, hall and bedroom furniture which is sold both in Lithuania and other East European countries, while single pieces of furniture are exported to Belgium. In 1996 the company's turnover is expected to exceed Lt. 21 million turnover in 1995.

Last year, the German timber industry's turnover decreased by 2% to DM75.6 billion and static business is expected in 1996. Furniture accounted for DM42.9 billion of the sector's overall turnover; the construction-related segment and wood-based materials accounted for DM14.6 billion and DM7.3 billion respectively. Employees in the sector were 314,638 (-3%).

According to the president of AIMAP (the Portuguese association of the wood and wood products sector), the Portuguese wood sector is in danger of disappearing, if the government doesn't take measures to solve its problems. The trade balance is still favorable but, while imports are

significantly increasing, exports of wood and furniture are declining, due to raw material problems: the lack of a coordinated forestry policy, high incidence of forest fires, and the small average size of operators.

Finnish furniture exports declined by 11% to Fmk 1.4 billion last year, while imports were worth Fmk 0.7 billion (+3.5%). The decline in exports was due to currency-rate fluctuation and the stagnating economic situation of the main export markets.

US Industry Report

The economic indicators of the state of the US economy are generally very positive. The US Federal Reserve continues to maintain a close grip on the economy. Since January 1996 long term interest rates have increased by over 1% to slow GDP to around 2.2%. This has resulted in a rise in mortgage rates (now at around 8%) and housing starts are forecast to come down from the 1.5 mil. Starts recorded in May.

Prices for American hardwoods appear to have bottomed out but they are still close to the lowest point for the past 12 months.

Rough Sawn Hardwood Lumber

Appalachian Red Oak

kiln dried, FAS

US\$1,400 per MBF

Dressed Hardwood Lumber

North American Species

Appalachian Oak

planed 2 sides

US\$1,526 per MBF

Hardwood Dimension Stock

Appalachian Red Oak Strips

random length, clear 1 face and 2 edges

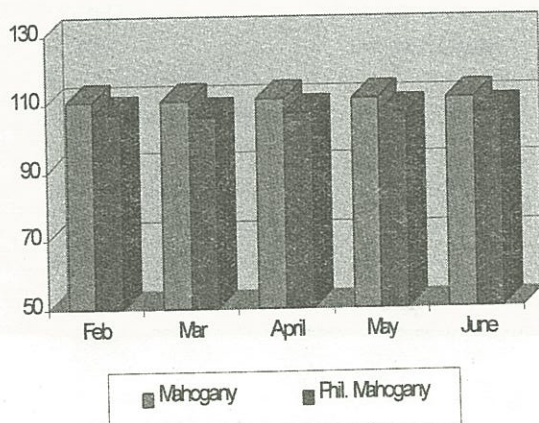
6" to 16'10% 4'-5' US\$1,473 per MBF

Lumber, Genuine Mahogany
Bolivia, Brazil, Honduras
Select or Better Kiln dried
Dock side US West Coast
US\$2,580 per MBF

Lumber, Philippine Mahogany / Meranti
Kiln Dried, kiln dried
Dock side US West Coast
US\$2,245 per MBF

In previous reports it appears that the price indications for both genuine Mahogany and Philippine Mahogany have been overstated by between 10-15%. At present kiln dried genuine Mahogany trades at the US east coast for between US\$2575-2585 per MBF (25mm top grade). The price of Philippine Mahogany is around 13% lower at US\$2245 per MBF. The trend in prices over the past months can be gauged from the data below.

Monthly Price Indices for Mahogany and Philippine 'Mahogany'



Plywood and Veneer

Hardwood Plywood
Red Oak plywood, 5-ply, lumber core
cross bands of poplar or gum
Both exterior layers of Red Oak
Furniture grade, rotary cut 4' x 8' 0.75" thick
US\$50.00 per Sheet

Veneer Red Oak, 1/45", flat stock,
Container loads/truck-loads
US\$0.10-0.15 per sq.ft.

Reconstituted Boards

With the exception of plywood, which derived considerable strength from the growth in the housing market, other wood panels performed similar to the lumber market with prices at historically low levels. While industry analysts are expressing the view that the panel market has bottomed out they are quick to point out that this does not cover MDF where further falls are likely.

Particleboard
Industrial grade board, 4' x 8' x 3/4"
South Central Region
US\$280 per 1000 sq.ft

Medium Density Fibreboard
Industrial grade board, 4' x 8' x 3/4"
US\$359 per 1000 sq.ft

Millwork

All millwork products (mouldings, windows and doors) have benefited from the rising residential housing market. Doors and mouldings seem to have recouped the price erosion which occurred during the second and third quarters of 1995.

Wood Window Units
Wood sliding window Double glassed,
Upper/lower sash can be tilted. 32" x 54"
US\$81.50

Wood Doors

*Interior door solid wood Raised colonial panels
without frame and hinges. 2'8" x 6'8" x 1.75"
US\$59.20*

Wood Mouldings

*White Pine moulding, 3.625" wide,
1" stock, finger jointed length approx. 16'
US\$0.31 per linear foot*

Wood Frames for Upholstered Chairs
*Frame for lounge chair, 1" stock
nailed corner blocks*

US\$44.50

Headboard for Bed

*18th century French Fairhope headboard
Mahogany veneer on particleboard.
Width 43", Ht.60.6"
US\$265.00*

Dresser used in the Bedroom

*18th century French Elm Bluff 9 drawers.
Mahogany veneer on particleboard.
64" x 19", Ht.36"
US\$474.00*

Desks for use in the Office

*Conference desk 5 drawers
Mahogany veneer on particleboard.
72" x 36", Ht.29"
US\$899.00*

Wooden Furniture

Furniture prices have improved during the past 12 months.

Dining Room Table

*18th century, French oval dining room table
extendible, with casters
Mahogany veneer on particleboard 64" x 44"
two 15" leaves, extends to 94", Ht. 30"
Apron to floor 26.5"
US\$610.00*

Dining Room Chair

*18th century French Mallard chair Solid Maple
21" x 22", Ht. 44.5" Seat 21" x 17.75, Ht. 18"
US\$188.00*

Bookcase for the Living Room

*18th century traditional styled bookcase
Sheraton accents.
Base 2 doors one adjustable shelf behind doors
Top cabinet deck 3 adjustable wood shelves.
Maple solids and select cherry veneer
Hand-rubbed cherry finish.
50.25" x 16.5", Ht.88.5"
US\$790.00*

Abbreviations

LM	Loyale Merchant, a grade of log parcel	Cu.m	Cubic Metre
FOB	Free-on-Board	SQ	Sawmill Quality
SSQ	Select Sawmill Quality	KD	Kiln Dry
AD	Air Dry	FAS	Sawnwood Grade First and Second
Boule	A Log Sawn Through and Through the boards from one log are bundled together	WBP	Water and Boil Proof
BB/CC	Grade B faced and Grade C backed Plywood	MR	Moisture Resistant
MBF	1000 Board Feet	pc	per piece
Sq.Ft	Square Foot	ea	each
FFR	French Franc	BF	Board Foot
Koku	0.278 Cu.m or 120BF	MDF	Medium Density Fibreboard
		F.CFA	CFA Franc

