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INTERNATIONAL TROPICAL TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Gabon

Okoume wholesale log prices have advanced by between 12 - 15%. In France Okoume plywood demand is strong and prices into Germany are currently at around DM5 per sq.m. for 4mm panels.

One of the main reasons given for the increase in price is the strong demand in Benelux countries. The trade is expecting prices of Okoume plywood for the German market to advance.

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

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

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

Malaysia

Sarawak Log Export Prices (FOB)	*per Cu.m*
Meranti SQ up	*US$195-205*
small	*US$170-175*
super small	*US$140-145*
Keruing SQ up	*US$220-225* ⇩
small	*US$190-200* ⇩
super small	*US$160-170* ⇩
Kapur SQ up	*US$215-225*
Selangan Batu SQ up	*US$230-235*

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Solomon Isands

SIFIA Indicative FOBPrices

	Current Indicative Price per Cu.m	Forecast Movement
Group 1A		
Kwila	US$220	no report
Group 1B		
Palaquium	US$ 158	mod. fall
Planchonella	‘’	signif.fall
Calophyllum	‘’	slight. fall
Pometia	‘’	slight. fall
Gonostylus	‘’	no report
Schizomeria	‘’	mod. fall
Group 2		
Canarium	US$ 138	mod. fall
Burckella	‘’	mod. fall
Terminalia	‘’	slight fall
Group 3		
Dillenia	US$ 120	mod. fall
Celtis	US$ 118	slight fall
Alstonia	‘’	signif. fall
Dysoxylum	‘’	mod. fall
Eugenia	‘’	mod. fall
Endospermum	‘’	mod.fall
Vitex	‘’	no report
Amoora	‘’	mod.fall
Group 4		
Campnospermum	US$ 116	slight fall
Parinari	US$ 108	slight fall
Maranthes	‘’	slight fall
Others (white)	‘’	slight fall
Others (red)	‘’	slight fall

Cameroon Log Prices

FOB		Per Cu.m
N’Gollon	70cm+ LM-C	FFR1500 ⇑
Ayous	80cm+LM-C	FFR1250 ⇑
Sapele	80cm+LM-C	FFR1750 ⇑
Iroko	70cm+LM-C	FFR1700

South Sea Logs

FOB	per Cu.m
Pometia	US$145-155
Calophyllum	US$135-140
Terminalia	US$115-120
Other mixed species	US$100-110

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
Mahogany Ist Grade	US$400 ⇑
Ipe	US$83
Jatoba	US$54
Guaruba	US$45
Mescla(white virola)	US$48

Ghana

The fuel situation is returning to normal. Logging conditions are getting worse as the rains intensify.

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

Report from Indonesia

Domestic log prices	Per Cu.m
Plywood logs	
Face Logs	US$145-150 ⇓
Core logs	US$ 120-135
Sawlogs	US$140-145 ⇓
Falkata logs	US$58-62

Rubberwood	US$37-39
Pine	US$68-70
Teak	US$1050-1250
Mahoni	US$270-295
Kembang Semangkok	US$180-190

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	Per Cu.m
DR Meranti	US$255-270
Balau	US$180-190
Merbau	US$200-210
Peeler Core logs	US$135-150
Rubberwood	US$34-36⇑
Kempas	US$135-145
Keruing	US$210-220⇓

Sawnwood Prices

International Prices

Brazil

At present foreign investment is providing the much needed capital to the Brazilian sawmilling and plywood manufacturing sectors. Off-shore investment into Brazil is not new and comes from many sources including the US Europe and Asia. Of the fully foreign owned companies operating in Amazonia, 39% are Asian, 39% are European and 22% are North American.

Export Sawnwood	per Cu.m
Mahogany KD FAS FOB	
UK market	US$1050⇑
Jatoba Green	US$440-490
Curupixa (Europe)	US$520
Asian Market	
Guaruba	US$290
Angelim pedra	US$270
Mandioqueira	US$245
Pine (AD)	US$160

Ghana

Rough Sawn Prices FOB		
	per Cu.m	
Mixed Redwoods	US$330	
low grade Odum (Iroko)	US$400	
Wawa	US$220	
Wawa fixed dimensions	US$260	
Wawa Boules	US$219	
70cm log dia. 25-75mm. 450cm length		
Mahogany	per Cu.m	
FAS 100mm plus 1.8m plus	US$480	
FAS 150mm plus 2.4m plus	US$520	
Odum FAS 100mm	US$700	
Wawa FAS 1.8m plus	US$400	
Anegre		
FAS 150mm plus 2.4m plus	US$640	
Guarea	FAS	US$460
Ofram	FAS	US$270
Emire	FAS	US$460
Ekki	FAS	US$335
Kussia	FAS	US$330
Dahoma	FAS	US$250
Cedrella	FAS	US$410

Malaysia

Sawn Timber	
Export(FOB)	per Cu.m
Dark Red Meranti (2.5ins x 6ins & up)	
GMS select & better (KD)	US$700-710 ⇓
Seraya	
Scantlings (75x125 KD)	US$740-750
Sepetir Boards	US$315-330
Perupok (25mm&37mm KD)	US$950-1000
K.Semangkok	
(25mm&37mmKD)	US$730-735

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US$400-415
50-75mm squares	US$450-470
75-100mm squares	US$490-500

Sepetir	*per Cu.m*
GMS (AD)	*US$375-385*
Ramin less than 2 ft.	*US$550-545*
greater than 2 ft.	*US$615-635*
Oak 25mm boards	*US$720-735*
Maple	*US$980-1000*
Cherry	*US$1200-1250*

Domestic Sawnwood Prices

Report from Brazil

Sawnwood (Green ex-mill)	
Northern Mills	*per Cu.m*
Mahogany	*US$830*
Ipe	*US$4124*
Jatoba	*US$398*
Eucalyptus	*US$165*
Southern Mills	
Pine (KD) First Grade	*US$180*

Ghana

Dahoma, Chenchen, Antiaris	
	per Cu.m
Mill Run 50x150mm	*US$95-125*
50x100mm	*US$72-105*
50x50mm	*US$105-150*
25x300mm	*US$72-105*
Mixed Redwood	
40x300x3.6m	*US$105-240*

Report from Indonesia

Sawn timber
Domestic construction material

Kampar	
AD 6x12-15x400cm	*US$325-340*
KD	*US$460-470*
AD 3x20x400cm	*US$400-405*
KD	*US$510-515*

Keruing	
AD 6x12-15cmx400	*US$270-275*
AD 2x20cmx400	*US$315-335*
AD 3x30cmx400	*US$345-350*

Malaysian Domestic Sawnwood Prices

Sawnwood	*per Cu.m*
Balau(25&50mm,100mm+	*US$380-400*
Kempas50mm by	
(75,100&125mm)	*US$210-220*
Red Meranti	
(22,25&30mmby180+mm)	*US$310-325*
Rubberwood	
(25mm & 50mm)	*US$255-265*
50mm squares	*US$310-325*
75mm+	*US$375-385*
Mixed Hardwood Piling	
5-6 ins x5-6 ins sections	*US$200-215*

Plywood and Veneers

International Prices

Indonesian Plywood

Plywood (export, FOB)	
MR,	*per Cu.m*
Grade BB/CC	
2.7mm	*US$475-490*
3mm	*US$435-450*
6mm and above	*US$340-370*
WBP,	
Grade BB/CC	
12-18mm	*US$435-450*

Ghana

Sliced Veneer FOB		*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*

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

Demand for Ceiba plywood is on the increase. Mills are being urged to look at expanding export production and diversifying markets. One major plywood manufacturer is installing an additional line to double exports

Plywood 1220 x 2440 mm		
Grade BB/CC, FOB		
Ceiba for the UK market		
	Per Cu.m	
	WBP	*MR*
4mm	*Stg347*	*Stg278*
6mm	*Stg296*	*Stg249*
9mm	*Stg284*	*Stg248*
12mm	*Stg275*	*Stg238*
18mm	*Stg270*	*Stg230*
25mm	*Stg282*	

Plywood 1220 x 2440mm	
Grade c/c WBP FOB	
Ceiba for the German market	
	per Cu.m
4mm	*DM735*
6mm	*DM623*
9mm	*DM613*
12mm	*DM600*
15mm	*DM587*
18mm	*DM573*

Rotary Cut Veneer FOB	
	per Cu.m
Face Veneer	*1-1.6mm*
Ceiba	*US$320*
Koto	*US$500*
Otie/Ilomba	*US$440*
Ofram	*US$440*

Brazilian Plywood and Veneer

Veneer FOB	*per Cu.m*
White Virola Face	
2.5mm	*US$280-330*
Pine Veneer (C/D)	*US$220*
Mahogany Veneer per Sq.m	
0.7mm	*US$2.70*

Plywood FOB	*per Cu.m*
White Virola (US Market)	
5.2mm OV2 (MR)	*US$345*
15mm BB/CC (MR)	*US$340*
For Caribbean countries	
White Virola 4mm	*US$470*
9mm	*US$370*
Pine USA market	
9mm C/CC (WBP)	*US$270*
15mm C/CC (WBP)	*US$250*
Cedro (puerto Rico Market)	
4mm	*US$810*

Malaysian Plywood

MR Grade BB/CC FOB	
	Per Cu.m
2.7mm	*US$485-500*
3mm	*US$435-445*
3.6mm	*US$410-425*
9-18mm	*US$365-380*
WBP Grade BB/CC	
9-18mm	*US$420-430*
Phenolic Overlayed	
12-18mm	*US$495-510*

Domestic plywood	per Cu.m
3.6mm	US$475-490
9-18mm	US$455-470

Taiwan Province of China

Plywood	per Cu.m
2.7mm x 4' x 8'	US$610-620
9.0mm x 4' x 8'	US$505-510
12-18mm	US$470-480

Domestic Plywood Prices

Brazil

Rotary Cut Veneer	
(ex-mill Northern Mill)	per Cu.m
White Virola Face	US$165
White Virola Core	US$120
Plywood	
(ex-mill Southern Mill)	
Grade MR	Per Cu.m
4mm White Virola	US$680
15mm White Virola	US$510
4mm Mahogany 1 face	US$1,420

Indonesia

Domestic MR plywood	
(Jarkarta)	per Cu.m
9mm	US$450-460
12mm	US$425-430
15mm	US$420-425
18mm	US$395-410

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	per pc
Rubberwood Chair seats	US$2.85-3.00
Rubberwood unfinished	
Queen Anne Chairs	
(excluding soft seat)	US$12.5-14.00ea
Queen Anne Legs	
2 1/4 ins square x 18 ins	US$1.10-1.20ea
2 3/4 ins square x 28 ins	US$2.10-2.25ea

Other Panel Product Prices

Brazil

Export Prices	
Blockboard 18mm	per Cu.m
White Virola Faced	
B/C	US$295
Domestic Prices	
Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US$510
15mm Mahogany Faced	US$860
Particleboard	
15mm	US$310

Indonesia

Other Panels	Per Cu.m
Export Particleboard FOB	
9-18mm	US$135-145
Domestic Particleboard	
9mm	US$235
12mm	US$230
15mm	US$220
18mm	US$200
MDF Export (FOB)	
12-18mm	US$200-210
MDF Domestic 15-18mm	US$275-295

Taiwan Province of China, Imports

MDF	*per Cu.m*
Domestic Prices	
3mm thick	*US$420-425*
4.75mm	*US$400-420*
12-18mm x 4' x 8'	*US$270-280*
Particleboard	*per Cu.m*
12-18mm (4x8)	*US$190-195*

Malaysia

Particleboard (FOB)	
	per Cu.m
6mm & above	*US$140-155*
Domestic	
6mm & above	*US$175-185*

MDF (FOB)	*per Cu.m*
Less than5mm	*US$220-230*
Gretaer than 6mm	*US$210-220*
Domestic	*US$245-255*

Prices of Added Value Products

Indonesia

Mouldings	
Ramin skirting	*per Cu.m*
(for the Italian market)	*US$940-960*
Crown using Pulai or Jelutong	
(for Japanese market)	*US$790-800*
Laminated Scantlings	*US$625-630*
Laminated Boards	
Falkata wood	*US$375-390*
Laminated Boards	
Pine	*US$810-835*
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	*US$820-835*
Grade B	*US$620-635*

Malaysia

Mouldings (FOB)	*per Cu.m*
Selagan Batu Decking	*US$590-600*
Kembang Semangkok	
S4S to Japan	*US$1100-1250*
Laminated Scantlings	
72mmx86mm	*US$650-660*
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	*US$840-855*
Grade B	*US$650-670*

Doors (FOB)	
Meranti (red) panel doors	
Grade A	*US$51-53per pc*
Grade B	*US$46-47per pc*
Grade C	*US$42-45per pc*

Rubberwood parts and Furniture

Malaysia

Shaped chair seats	
(18-22mm 16"-18" squares)	
	US$2.95-3.20per pc
	per Cu.m
Finger jointed	
laminated boards	*US$800-815*
top grade	*US$845-865*
Rubberwood S4S	*US$440-450*

Dining suite	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	*US$54-62ea*
Same with	
Oak veneered MDF	*US$68-72ea*
Windsor Chair	*US$12.00-14.50ea*
Colonial Chair	*US$15.00-16.50ea*
Napolean Chair	*US$22-26ea*
Queen Anne Chair (with soft seat)	
without arm	*US$20-23ea*
with arm	*US$25-30ea*

Brazil

Edge Glued Pine Panel	*per Cu.m*
for Korea 2nd Grade	*US$510*
1st Grade	*US$790*
US Market	*US$550*

Taiwan Province of China

Rubberwood Chair Seats	*US$2.85-3.00ea*
Rubberwood Unfinished	
Queen Anne Chairs	*US$12.5-14.0ea*
Queen Anne Legs 2.25 ins square	
18ins Long	*US$1.10-1.20ea*
2.75ins Square 28 ins Long	*US$2.10-2.25*
Rubberwood finger joint	*per Cu.m*
table tops	*US$815-835*
Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and	
chairs (6 per set) 4ft dia.	
	US$200-220per set
Dining table Cheery veneer	
pedestal legs	*US$48-51ea*
Occasional table Cherry veneer	
top 2ftx4ft	*US$32-35ea*

Consumers Report

Report From Japan

MDF Base Panels

Around 17 percent of base panels for printed panels and colored panels are now MDF. Production of printed panels and colored panels in January was 7.85 million sheets of which 83 percent were of plywood and 17 percent of MDF. MDF is now more popular for colored panesl. This trend is expected to continue.

MDF is becoming more popular, expanding markets, improving quality and increasing the supply of thin products. Instead of being called printed plywood and colored plywood, terms such as printed fancy board and colored fancy board are appearing.

Housing Starts Down

Housing starts in March were 113,218 units, some 7.5 percent less than the same month of a year ago. Starts have been declining for three consecutive months. Equivalent annual rates are projected at 1,479,900. A rate below 1.5 million would be the first for 17 years.

Indonesian plywood prices remain unchanged

Prices for May shipments of Indonesian plywood have remained unchanged at US$450 for half-inch plywood for concrete formboard, US$510 for material for flooring and US$550 for thin plywood C and F Japan.

Cuts in softwood plywood production

Seihoku, a major plywood manufacturing group, has started cutting production of plywood as market are weakening. Production has been reduced by about 20 percent to 110,000 Cu.m per month by adjusting number of working days.

As to production of softwood plywood, production has been reduced by about 30 percent to 30,000 Cu.m per month. Consumption of plywood slowed following a rush before the rise in consumption tax. Indonesia has reduced prices to the Japanese markets. Arrivals of imported plywood during March were down 9.6 percent from the preceding month. Imports from Malaysia have calmed, however, they are 26 percent up compared to the same month a year ago.

Delivered Prices

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	
CIF Price Yen per Koku	
Meranti (Hill, Sarawak)	
Medium Mixed	*8,600*
Meranti (Hill, Sarawak)	
STD Mixed	*8,500*
Meranti (Hill, Sarawak)	
Small Lot	
(SM60%, SSM40%)	*8,000*
Taun, Calophyllum (PNG)	
and others	*7,200*
Mix Light Hardwood	
(PNG G3-G5 grade)	*6,100 ⇑*
Okume (Gabonese)	*8,700*

Keruing (Sarawak)	
Medium MQ & up	*9,000*
Kapur (Sarawak) Medium	
MQ & up	*8,900* ⇑

Logs For Sawmilling	*FOB Price Yen per Koku*
Melapi (Sarawak)Select	*11,500*
Agathis (Sarawak)Select	*10,500* ⇑

Lumber	*FOB Price Yen per Cu.m*
White Seraya (Sabah)	
24x150mm, 4m 1st grade	*135,000*
Mixed Seraya 24x48mm,	
1.8 - 4m, S2S	*54,000* ⇓

May Wholesale Prices in Japan

	Yen per sheet
Indonesian Plywood	
2.4mm (thin plywood, A board)	360
3.6mm (midium thickness, OVL)	520
5.2mm (midium thickness, OVL)	650
8.5mm for sheathing (UTY)	930
11.5mm for foundation	1180
12mm concrete-form ply (JAS)	1280
11.5mm flooring board (JAS)	1760
3.6mm Baseboard for overlays (OVL)	860
5.2mm for packing	1000
8.5mm for packing	1520
Malaysian Plywood	
2.4mm (thin plywood, A board)	350
3.6mm (midium thickness, OVL)	510
5.2mm (midium thickness, OVL)	640
8.5mm for sheathing (UTY)	920
11.5mm for foundation	1170
11.5mm concrete-form ply (non-JAS)	1260
11.5mm flooring board (non-JAS)	1650
3.6mm Baseboard for overlays (OVL)	820
Softwood Plywood	
9.5mm foundation of wall (JAS)	1470
12.5mm Sheathing (T&G JAS)	1070
15.5mm foundation (T&G JAS)	2450
9.5mmfor packing (non-JAS)	1450
Particleboard	
12mm for woodworking	560
15mm for woodworking	670
OSB	
11.9mmfoundation of roof (JAS)	930
9.5mm Foundation for 2 by 4	1050
6.5mm for packing (non-JAS)	800
9.5mm for packing (non-JAS)	1180

Report From China

Imports of Timber into Shanghai Decreasing

Since the second half of 1993, imports have been declining. According to Customs statistics imported timber entering Shanghai harbour in 1993 totalled 1.423 mil Cu.m, 0.835 mil. Cu.m in 1994, 0.475 mil. Cu.m in 1995 and down to 0.33 mil. Cu.m in 1996.

Log imports from the US have dropped considerably. Douglas Fir, Spruce and Hemlock logs were imported in considerable quantities in 1993. Imports totalled 0.463 mil. Cu.m in 1993, accounting for 33% of total timber imports. In 1993 only 17,000 Cu.m of US hardwoods (mainly sawn white Oak) entered Shanghai Harbour.

Analysts in China suggest that the decline in log imports is due to changes in the construction sector and price structures. Logs for processing for basic construction and maintenance have decreased as a result of changes in national macroadjustment policies. Additionally US softwood logs were not very profitable for importers as the purchase price was high and the on-selling price low. Part of this business has been captured by some cheaper imported logs and by domestic logs.

There have been changes in the structure of domestic consumption, and now two types of imported log have become very popular namely plywood logs and logs for decorative end products.

In the past, most of the logs for plywood manufacture in China were Malaysian Lauan. In recent years, the export of Lauan logs from Malaysia has declined and in order to maintain production, some of the domestic plywood manufacturers have had to secure logs from countries such as Gabon, other West African countries and PNG.

Imports from these countries have grown considerably. Some 137,000 Cu.m were imported at Shanghai in 1995, accounting for 29% and 113,000 Cu.m were imported in 1996, accounting for around 34% of imports.

Imports from Africa have not been without problems and according to the Custom office ten shipments of logs totalling 113,000 Cu.m from Gabon were imported in 1996. Due to poor quality, incorrect tree species and volume discrepancies, five claims of a total volume of 76,000 Cu.m have been recorded.

Sawnwood from Malaysia

A total of 50,000 Cu.m of sawnwood from Malaysia entered Shanghai harbour in 1996, a decrease of 50% over 1995. The proportion of Lauan sawnwood declined and mixed hardwood sawnwood increased. The market was not good and consumers were not prepared to absorb the increases in price.

High grade sawn hardwood from the US.

A total of 90 shipments (4,000 Cu.m) of US high grade sawn hardwood entered Shanghai in 1996 comprising white oak, red oak, maple, beech and cherry. The kiln dried lumber was mainly for indoor decoration and veneer. In addition Shanghai recorded imports of 31 batches or 3,058 Cu.m of high grade sawnwood from France and Germany 1996. Imports of Teak, in , Pterocarpus and Ebony have increased. At the present time in China hardwood is very popular, and softwood is difficult to sell and merchants have had to drop the price of softwoods.

Prices for Imported Tropical Wood Products in Shanghai and Eastern China (Yuan/cubic metre or per sheet)

	Per Cu.m
Keruing Log	
Length: 6-20m	1880-2400
Mengaris Log	
Length 6m+	1800-1900
Malaysian Lauan Log	
Mixed	2500-2600
Malaysian Lauan with hollow heart	
Mixed	1200-1400
US Douglas Fir	1450

Lauan lumber	per Cu.m
Thickness:5-6cm	
Length: 3-4m	2850-3450
Luan/Malas tongued, grooved flooring strip	
18x70mm x2.2-4.1m	110-125per Sq.m
Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	300-350per Sq.m
Plywood from Indonesia	
3mm 1220x2240	41 per sheet

US Lumber	per Cu.m
Oak, Maple, Cherry	7000-14000
T&G Cherry Flooring	
18mmx50-70mmx2-4m	
	120-140per Sq.m

From Europe, An Update on Germany

In 1996 German production of furniture was worth DM42.489 billion (down 0.8% in value terms if compared to 1995). Seating registered the best performance with an increase of 2.3% to DM12.182 billion, followed by kitchen furniture (+1.5%, to DM7.828 billion), while a 6.9% decrease was recorded by office furniture and shop fittings (to DM5.441 billion). Total foreign sales were worth DM5.280 billion.

K & M is a big German manufacturer producing complete and disassembled furniture for kitchens, living rooms and bathrooms. In 1996 the company registered a net profit of DM8.9 million on a turnover worth DM431.3 million. K & M is now going public, its shares have been placed on the stock exchanges in Frankfurt and Dusseldorf. Through this share issue K & M expects a maximum capital of DM168.2 million.

The German group Welle of Paderborn has acquired Paidi (of Hafenlohr), children's furniture manufacturer, and Kolbuszowska Fabryka Mebli, a Polish producer of wooden furniture. Paidi will be integrated in the group's subsidiary Mobel Market Holding AG, while the Polish firm will be expanded.

Prices in Germany

Wooden Windows

Medium Price Meranti,	
120x135cm	DM448ea
Lower Price PVC,	
120x135cm	DM388ea

Solid Wooden Doors

Upper Price, Meranti,	***DM1,605***
Medium Price, Meranti,	***DM1,498***
Lower Price, PVC	***DM1,119***

Furniture and Components

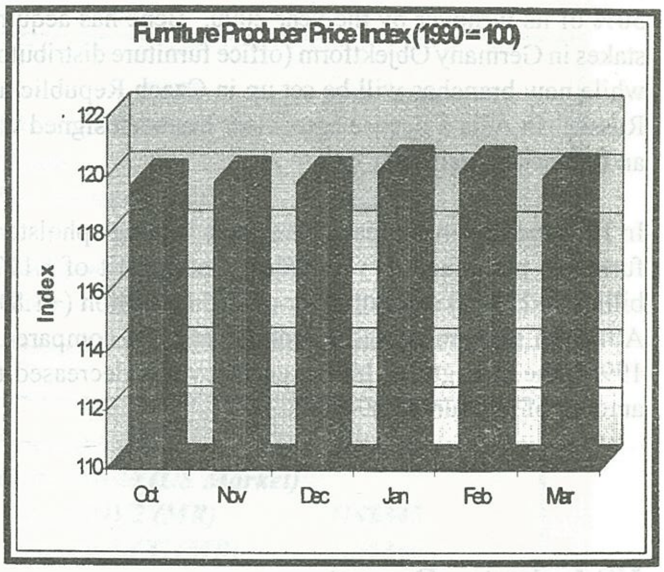
Kitchen Chairs	
Medium Price, Beech,	***DM169***
Lower Price, Kauri Pine,	***DM69***
Dining Chair	
Upper Price, Beech	***DM526***
Medium Price, Beech	***DM390***
Lower Price, Beech,	***DM169***
Kitchen Table	
Lower Price, Pine, 80x140	***DM329***
Dining Table	
Upper Price, Beech 90x180	***DM1,624***
Medium PriceBeech 90x180	***DM1,033***
Lower Price Beech 80x180	***DM671***
Kitchen Doors	
Upper Price, Solid Oak, 57x50cm.	***DM270***
Medium Price,Oak Frame and Veneer 57x50cm.	***DM179***

Wardrobe Doors	
Upper Price. Beech Veneer 180x45cm	***DM331***
Medium price, Beech Veneer 180x45cm	***DM207***
Lower Price, Beech Veneer 194x40cm.	***DM106***

Drawer Fronts (Office Furniture)	
Upper Price, Particleboard 100x10cm	***DM37***
Medium Price, Particleboard 100x10cm	***DM30***
Lowest Price, Particleboard 100x10cm	***DM25***

Wooden Shelving	
Upper Price, Solid Alder	***DM152***
Medium Price, Beech Veneer	***DM95***
Lowest Price, Alder	***DM41***

The Producer Price Index for furniure manufacture in Germany has remained remarkably steady. In October 1996 the index stood at 119.7, in January the index moved up slightly to 120.4 where it has remained.



Other News from Europe

The UK tropical harwood trade is optimistic that demand is likely to pick up provided the summer budget of the new government set for July 2nd or 3rd is positive. The fear in the trade is that by the time the demand picks up the government will be moving faster on environmental issues which may impact trade with Indonesia, Brazil and some African countries. This could be an advantage for Ghana which attracts less negative attention.

Tropical timber promotion is badly needed and especially the promotion of finger jointed material. Rubberwood has shown the way but other species need to be actively promoted if the tropical timber markets are to be maintained.

In fiscal 1995-96 the Slovak furniture industry, which has assets of about Sk 6.5 billion, invested Sk 2.4 billion in production and sales. The sector employs about 14,000 people, with 18 companies having more than 300 staff and accounting for 56% of total production.

The Finnish furniture industry posted a 3% increase in production in 1995-96 after a growth of 10% in 1994. Domestic sales increased; the market share of Finnish manufacturers is now about 80%. In 1995 Finnish companies registered an average net profit per net sales of 8%. Positive forecasts for the near future and consumer spending is expected to grow in 1997 and 1998.

Austrian Bene Buromobel, (office furniture manufacturer) wants to expand its sales abroad. In 1997 exports should account for 30% of Bene sales (estimated at over Sch 1 billion). The company's aim is to generate export sales of 50% of its turnover by the year 2000. Bene has acquired stakes in Germany Objektform (office furniture distributor), while new branches will be set up in Czach Republic and Russia. In Asia a license agreement has been signed with an Indonesian partner.

In 1996 the Italian company Natuzzi (a leading upholstered furniture manufacturer) recorded a net profit of L117.4 billion (+22.5%) on a turnover of L854.6 billion (+1.8%). Although sales increased in volume (+7.6% compared to 1995), the strength of Italian currency has decreased the amount of real turnover.

US Industry Report

Trends in the US MDF Market

Domestic Demand

A downturn in the demand for MDF beginning in the late 80s reached its lowest point in 1991. Thereafter, the market began to I prove, fueled mainly by industrial end-users. It gaining considerable momentum in 1992-94 when the American demand for MDF grew at a rate of approximately 7% per annum. New consumption records were set in both 1993 and 1994. In fact, in 1994 MDF consumption stood at 1255 MMBF (Million Board Feet) or 28% above that of 1991

As a result of the strong demand, the availability of MDF became a problem as operating ratios started to climb over 95%. Also, prices escalated to unprecedented highs. Even though, some domestic users switched to particleboard and other lower-priced and more easily available materials, the overall demand for MDF continued to grow until 1994.

In late 1994, US domestic markets started to lose momentum. The usage dropped for most applications, particularly in the rather subdued furniture industry. The recovery in housing and furniture production in the second half of 1995 boosted consumption in these markets, but this was not enough to raise total MDF demand. In fact, total US MDF consumption fell 4.5% in 1995 to a relative low point of only 1203 MMSF.

Overseas Demand

As a result of the firm domestic market and rising prices during the 1992-1994 period, the USA lost sales in Asian and European markets. This loss was further magnified due to new and inexpensive capacity additions in many countries with low production costs. US mills became increasingly uncompetitive in global markets, as evidenced by the staggering 60% drop in US MDF exports between 1992 and 1996. This happened in spite of many new mills openings up in North America.

MDF Demand by Major End-Use markets

MDF demand is made up of three major segments:

-the industrial market, mainly composed of furniture manufacturers,

-the construction market, composed of residential construction, repair and remodeling. This includes millwork, moulding, flooring, and kitchen cabinets applications

-the export market

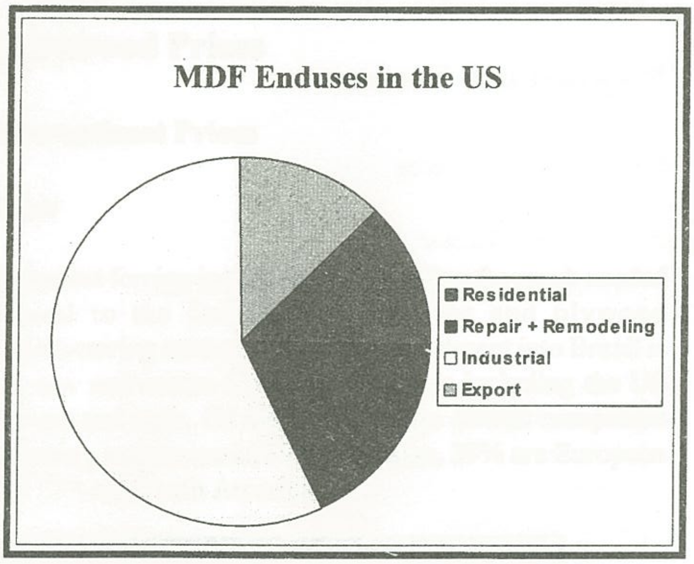
The core business for U.S. MDF producers remains the domestic industrial market, especially household furniture. Much of the increase in total MDF demand in the late 1980s was accounted for by this segment. The share of industrial demand in total MDF demand (exclusive of kitchen cabinets) hovered around 64% during the early 1990s but rapid growth in furniture and other industrial markets has lifted its share to about 68% at the present time. Despite a continued increase in volumes, the industrial share may slip somewhat in the foreseeable future as exports are forecast to grow at an above average rate and command a larger market share.

Some 80% of the industrial demand (or one-half of total MDF demand) is absorbed by household furniture manufacturers. Office furniture and fixtures accounts for another 11% of the industrial market. Starting in the late

1980s, MDF use in office furniture started a moderate decline but this trend appears to have now run its course. The remaining 9% of the industrial volume was consumed in other industries, such as toys and TV/stereo cabinets.

The construction market's consumed close to 20% during the early 1990s. This is now projected to grow as consumption in millwork, moulding, and flooring advances faster than in traditional furniture end-uses. With the growing acceptance of MDF the construction market's share may advance by 6 to 7 percentage points within the next few years.

Some of the increase in total MDF consumption in the late 1980s was also the result of higher exports. The export share of the total market jumped from 13% in 1987 to 19% in 1991/92, a historic culmination point. With the decline in exports in 1993 the export market share fell for the first time in several years and is now standing at an estimated 7%. It is projected to recover moderately in the years to come. However, given the worldwide glut of MDF, international markets are extremely competitive and the US export share is not likely to exceed 10% anytime soon.

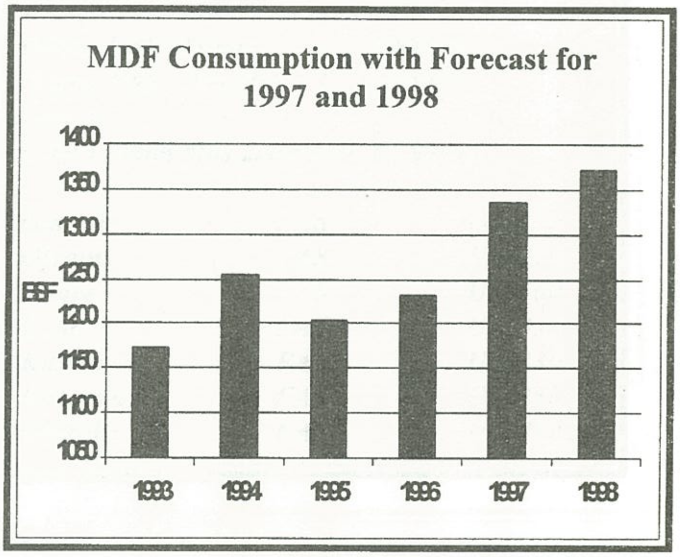


Demand Forecast

The increased availability of MDF has significantly depressed prices in recent years. Lower prices may stimulate the use of MDF in the US, particularly in light of the resumption of healthy economic growth. It is forecast that total MDF consumption may rise to an estimated 1335 MMSF in 1997 and 1373 MMSF in 1998. This represents a 14% increase over the 1995 low. The bulk of the growth is likely to be in domestic industrial markets. The use of MDF is anticipated to rise not only in millwork, mouldings, and flooring, but also in furniture and cabinets, possibly propelling domestic consumption to a succession of record years.

On the other hand increased and abundant export volumes from many foreign producing countries (including Canada) over the next several years make it improbable that US MDF exports will become a strong engine for the industry. While some moderate growth in exports is likely to occur, export levels will not reach the 1992 level any time soon.

The combined domestic and export demand is expected to advance by around 8% this year. Growth between 1997 and 1998 will be slower, probably in the 2% to 3% range.



New applications for MDF are being developed on a continuous basis and future increases of MDF are likely to concentrate on non-traditional end-use markets.

World Value of the US Dollar 22nd May 1997

Cameroon	C.F.A.Franc	569.2	Australia	Dollar	1.3003
Central African Republic	C.F.A.Franc	569.2	Canada	Dollar	1.3753
Congo, People's Rep.	C.F.A.Franc	569.2	China	Yuan	8.2923
Cote d'Ivoire	C.F.A.Franc	569.2	Egypt	Pound	3.3952
Gabon	C.F.A.Franc	569.2	Austria	Schilling	11.8905
Ghana	Cedi	2025	Belgium	Franc	35.879
Liberia	Dollar	1	Denmark	Krone	6.4994
Togo, Rep.	C.F.A.Franc	569.2	Finland	Markka	5.1058
Zaire, Rep.	New Zaire	147500	Germany	Mark	1.7071
Cambodia	Riel	27380	Greece	Drachma	269.86
Fiji	Dollar	1.4073	Ireland	Punt	0.6613
India	Rupee	35.775	Italy	Lira	1666.85
Indonesia	Rupiah	2441.5	Netherlands	Guilder	1.8997
Malaysia	Ringgit	2.5025	Portugal	Escudo	170.55
Myanmar	Kyat	6.194	Spain	Pesata	142.53
Papua New Guinea	Kina	1.3879	Sweden	Krona	7.5862
Philippines	Peso	26.325	United Kingdom	Pound	0.6155
Thailand	Baht	25.55	Japan	Yen	115.7
Bolivia	Boliviano	5.23	Nepal	Rupee	56.95
Brazil	Real	1.0706	New Zealand	NZ Dollar	1.4456
Colombia	Peso	1073.45	Norway	Krone	7.0355
Ecuador	Sucre	3908.5	Korea, Rep. of	Won	890.9
Guyana	Dollar	142.31	Switzerland	Franc	1.4063
Honduras, Rep.	Lempira	13.105	Russian Fed.	Ruble	5751
Panama	Balboa	1			
Peru	New Sol	2.6605			
Trinadad and Tobago	Dollar	6.226			
Venezuala	Bolivar	484.25			

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
		MR	Moisture Resistant
BB/CC	Grade B faced and Grade C backed Plywood	pc	per piece
		ea	each
MBF	1000 Board Feet	BF	Board Foot
Sq.Ft	Square Foot	MDF	Medium Density Fibreboard
FFR	French Franc	F.CFA	CFA Franc
Koku	0.278 Cu.m or 120BF	⇓ ⇑	Price has moved up or down

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