



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producers Report

Log Prices

International Prices

Gabon

<i>Okoume, FOB</i>	<i>F.CFA per Cu.m</i>
<i>Grade</i>	
<i>LM</i>	146,000
<i>QS</i>	129,500
<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

Malaysia

<i>Sarawak Log Export Prices</i>		
<i>(FOB)</i>		
		<i>per Cu.m</i>
<i>Meranti</i>	<i>SQ up</i>	US\$195-200 ↓
	<i>small</i>	US\$165-170 ↓
	<i>super small</i>	US\$135-140 ↓
<i>Keruing</i>	<i>SQ up</i>	US\$220-225
	<i>small</i>	US\$190-200
	<i>super small</i>	US\$160-170
<i>Kapur</i>	<i>SQ up</i>	US\$215-220 ↓
<i>Selangan Batu</i>	<i>SQ up</i>	US\$220-230 ↓

Solomon Islands SIFIA Indicative FOB Prices

	<i>Current</i>	<i>Forecast</i>
	<i>Indicative Price</i>	<i>Movement</i>
	<i>per Cu.m</i>	
<i>Group 1A</i>		
<i>Kwila</i>	US\$220	unchanged
<i>Group 1B</i>		
<i>Palaquium</i>	US\$ 158	mod. fall
<i>Planchonella</i>	"	mod.fall
<i>Calophyllum</i>	"	slight. fall
<i>Pometia</i>	"	unchanged
<i>Gonostylus</i>	"	unchanged
<i>Schizomeria</i>	"	mod. fall
<i>Group 2</i>		
<i>Canarium</i>	US\$ 138	mod. fall
<i>Burckella</i>	"	mod. fall
<i>Terminalia</i>	"	slight fall
<i>Group 3</i>		
<i>Dillenia</i>	US\$ 120	slight fall
<i>Celtis</i>	US\$ 118	slight fall
<i>Alstonia</i>	"	slight fall
<i>Dysoxylum</i>	"	unchanged
<i>Eugenia</i>	"	slight fall
<i>Endospermum</i>	"	slight fall
<i>Vitex</i>	"	unchanged
<i>Amoora</i>	"	unchanged
<i>Group 4</i>		
<i>Camptospermum</i>	US\$ 116	slight fall
<i>Parinari</i>	US\$ 108	slight fall
<i>Maranthes</i>	"	slight fall
<i>Others (white)</i>	"	slight fall
<i>Others (red)</i>	"	slight fall

Few changes have been recorded

International Tropical Timber Organization (ITTO)

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Cameroon Log Prices

FOB		Per Cu.m
N'Gollon	70cm+ LM-C	FFR1450 ↓
Ayous	80cm+LM-C	FFR1250 ↓
Sapele	80cm+LM-C	FFR1750 ↓
Iroko	70cm+LM-C	FFR1650 ↓

Domestic Log Prices

Report From Brazil

Logs at mill yard	per Cu.m
Mahogany 1st Grade	US\$390
Ipe	US\$82 ↓
Jatoba	US\$55 ↓
Guaruba	US\$45
Mescla(white virola)	US\$46 ↓

Ghana

Heavy rains continue to disrupt logging operations.

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

Plywood logs	Per Cu.m
Face Logs	US\$145-160 ↑
Core logs	US\$ 115-120 ↓
Sawlogs	US\$140-160 ↑
Falkata logs	US\$60-62 ↑
Rubberwood	US\$37-39
Pine	US\$65-70 ↓
Teak	US\$1050-1250
Mahoni	US\$290-295↑
Kembang Semangkok	US\$180-190

Report from Malaysia

Logs	
Domestic (SQ ex-log yard)	Per Cu.m
DR Meranti	US\$260-270 ↑
Balau	US\$190-195 ↑
Merbau	US\$205-210 ↑
Peeler Core logs	US\$130-140 ↓
Rubberwood	US\$32-33 ↓
Kempas	US\$135-145
Keruing	US\$225-235 ↑

Sawnwood Prices

International Prices

Brazil

Exports of sawnwood to Asia continue to be strong. Last year exports totalled 340,000 Cu.m, and this is expected to be surpassed by this year exports.

The first large scale Eucalyptus sawmill is under construction in south Bahia. Aracruz has a joint venture arrangement with an American company, and most of the production is expected to be exported to USA. The sawmill is expected to be in operation next year and a value added mill (mouldings) will be installed immediately after start up.

An initiative on certification is under discussion at the national level. The initiative has been taken by ABNT (Brazilian Technical Standards Association), the national forum for the development of standards. ABNT is the national representative at ISO, and the initiative has received strong support from the private sector.

Export Sawnwood	per Cu.m
Mahogany KD FAS FOB	
UK market	US\$1030 ↓
Jatoba Green	US\$440-490
Asian Market	
Guaruba	US\$290
Angelim pedra	US\$270
Mandioqueira	US\$245
Pine (AD)	US\$160

Ghana

No price changes are reported. Demand for kilned sawnwood is outstripping supply, all kiln space is committed. Enquiries for Odum KD/PAR are having to be refused as plants do not have capacity over that committed to regular buyers.

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\$720-735 ↑
Seraya	
Scantlings (75x125 KD)	US\$750-755 ↑
Sepetir Boards	US\$325-335 ↑
Perupok (25mm&37mm KD)	US\$935-960 ↓
K.Semangkok	
(25mm&37mmKD)	US\$735-750 ↑

Taiwan Province of China

Rubberwood per Cu.m

25mm boards	US\$385-400 ↓
50-75mm squares	US\$435-455 ↓
75-100mm squares	US\$485-500 ↓

Sepetir

GMS (AD)	US\$380-390 ↑
Ramin less than 2 ft.	US\$540-550 ↑
greater than 2 ft.	US\$620-630 ↑
Oak 25mm boards	US\$730-740 ↑
Maple	US\$950-980 ↓
Cherry	US\$1150-1200 ↓

Domestic Sawnwood Prices

Report from Brazil

The Domestic market continues to be generally weak, but some reactions have been felt by producers during last week. Prices have not reflected the recent changes in the market demand.

Sawnwood (Green ex-mill)

Northern Mills	per Cu.m
Mahogany	US\$830
Ipe	US\$420 ↓
Jatoba	US\$398
Eucalyptus	US\$170 ↑
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	per Cu.m
AD 6x12-15x400cm	US\$330-340 ↑
KD	US\$450-460 ↓
AD 3x20x400cm	US\$395-415
KD	US\$500-520
Keruing	
AD 6x12-15cmx400	US\$280-295 ↑
AD 2x20cmx400	US\$320-340 ↑
AD 3x30cmx400	US\$335-345 ↓

Malaysian Domestic Sawnwood Prices

Sawnwood	per Cu.m
Balau(25&50mm,100mm+)	US\$380-400
Kempas50mm by (75,100&125mm)	US\$215-225 ↑
Red Meranti (22,25&30mmby180+mm)	US\$300-315 ↓
Rubberwood	
(25mm & 50mm)	US\$250-265 ↓
50mm squares	US\$320-340 ↑
75mm+	US\$360-375 ↓
Mixed Hardwood Piling	
5-6 ins x5-6 ins sections	US\$200-215

Plywood and Veneers

International Prices

Indonesian Plywood

Apkindo has revised its 1997 target for plywood production from 10 million Cu.m to about 9.5 million Cu.m due to revised projections of raw material supply. Exports for 1997 will be targeted at around 8.2 to 8.4 million Cu.m, while domestic consumption is estimated at around 1 to 1.2 million Cu.m for this year.

1996 statistics indicated that last year Indonesia produced about 9.6 million Cu.m with an export volume of nearly 8.5 million Cu.m. Domestic consumption for 1996 was about 1.05 million Cu.m. Meanwhile the Association has

reported that plywood is showing strong sales in Europe with firmer prices and it was reported that an increase to INDO plus 10 % was possible.

Plywood (export, FOB)	
MR,	per Cu.m
Grade BB/CC	
2.7mm	US\$470-490 ↓
3mm	US\$420-440 ↓
6mm and above	US\$340-380 ↑
WBP,	
Grade BB/CC	
12-18mm	US\$435-450

Ghana

Ceiba peeled veneers are accounting for 75% of plywood veneer exports with the US taking the bulk of the production.

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

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

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/Iomba	US\$440
Ofram	US\$440

Brazilian Plywood and Veneer

Some price improvement has been felt by plywood exporters, but the price changes were not sufficient to improve profitability, say producers. Many plywood producers have reduced exports. Pine veneer production, on the other hand, is increasing. Many plywood companies are now preferring to export veneer since the price is structure is better. The market is expanding and significant exports have been registered to Europe (Portugal, France and others), Israel and also Asia (Korea and even Malaysia).

A large veneer and plywood company in Itacoatiara (Amazonia) was recently taken over by a Malaysian company. Itacoatiara is becoming the centre of interest for many international companies due to its location. In the region there are two European owned sawmills already in operation.

Veneer	FOB	per Cu.m
White Virola Face		
2.5mm		US\$280-330
Pine Veneer (C/D)		US\$190-210 ↓
Mahogany Veneer		
0.7mm		per Sq.m US\$2.70

Plywood FOB per Cu.m

White Virola (US Market)	
5.2mm OV2 (MR)	US\$355 ↑
15mm BB/CC (MR)	US\$345 ↑
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

Some 20 plywood factories in the Sandakan district of the State of Sabah have recently decided to cut their production by 40%, beginning this month. Based on the installed capacity of these plants, this would represent a drop of some 45,000 Cu.m in plywood output per month. The decision to cut production was made after taking into consideration the unstable prices for the commodity and the demand for plywood, particularly the demand in China. These Sabah producers rely heavily on the China market for their sales and China has reduced its imports since early this year.

MR Grade BB/CC FOB

	Per Cu.m
2.7mm	US\$480-495 ↓
3mm	US\$425-440 ↓
3.6mm	US\$410-420 ↓
9-18mm	US\$360-375 ↓
WBP Grade BB/CC	
9-18mm	US\$420-430
Phenolic Overlayed	
12-18mm	US\$495-510
Domestic plywood	
3.6mm	US\$465-480 ↓
9-18mm	US\$450-465 ↓

Taiwan Province of China

Plywood	per Cu.m
2.7mm x 4' x 8'	US\$605-610 ↓
9.0mm x 4' x 8'	US\$500-510 ↓
12-18mm	US\$455-460 ↓

Domestic Plywood Prices

Brazil

The rain season is finishing, but supplies of tropical timber, especially veneers from the Amazon region, are still slow. Apparently this reflects the fact that many veneer producers have closed their operations due to low profitability.

Rotary Cut Veneer (ex-mill Northern Mill)	
White Virola Face	per Cu.m US\$155 ↓
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 (Jakarta)	
9mm	per Cu.m US\$435-455 ↓
12mm	US\$425-430
15mm	US\$410-425 ↓
18mm	US\$395-400 ↓

Furniture Parts and Components

Taiwan Province of China, Imports

Imports C&F	
Rubberwood Chair seats	per pc 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

Demand for value added products, such as furniture, has also slowed during the last months, but it is expected to improve shortly. As a result of a reduction in the furniture industry activity, the demand of particleboard continues to be weak.

A recent survey shows that there are 6 new projects being studied for reconstituted panels (mainly particleboard and MDF). Out of the 6 projects at least 3-4 will be implemented. This means that by the end of the century Brazil will have a significant surplus of MDF and Particleboard. At least two companies are studying value added products based on MDF. One company has already ordered a plant for the production of flooring material based on MDF.

Export Prices	
Blockboard 18mm	per Cu.m
White Virola Faced B/C	US\$285 ↓
Domestic Prices	
Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US\$510
15mm Mahogany Faced	US\$860
Particleboard	
15mm	US\$300 ↓

Indonesia

Other Panels	
Export Particleboard FOB	Per Cu.m
9-18mm	US\$135-145
Domestic Particleboard	
9mm	US\$230 ↓
12mm	US\$230
15mm	US\$220
18mm	US\$195 ↓
MDF Export (FOB)	
12-18mm	US\$190-205 ↓
MDF Domestic 15-18mm	US\$280-300 ↑

Taiwan Province of China, Imports

MDF	per Cu.m
Domestic Prices	
3mm thick	US\$400-415 ↓
4.75mm	US\$400-420
12-18mm x 4' x 8'	US\$275-290 ↑
Particleboard	per Cu.m
12-18mm (4x8)	US\$185-195 ↓

Malaysia

Particleboard (FOB)	per Cu.m
6mm & above	US\$145-160 ↑
Domestic	
6mm & above	US\$170-190
MDF (FOB)	per Cu.m
Less than 5mm	US\$220-230
Greater than 6mm	US\$200-210 ↓
Domestic	US\$245-255

Prices of Added Value Products
Indonesia

Mouldings	
Ramin skirting	per Cu.m
(for the Italian market)	US\$930-950 ↓
Crown using Pulai or Jelutong	
(for Japanese market)	US\$790-800
Laminated Scantlings	US\$630-645 ↑
Laminated Boards	
Falkata wood	US\$380-395 ↓
Laminated Boards	
Pine	US\$810-835
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$815-835 ↓
Grade B	US\$605-630 ↓

Malaysia

Mouldings (FOB)	per Cu.m
Selagan Batu Decking	US\$580-595 ↓
Kembang Semangkok	
S4S to Japan	US\$1100-1250
Laminated Scantlings	
72mmx86mm	US\$645-660 ↓
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$845-855 ↑
Grade B	US\$680 ↑

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

Rubberwood parts and Furniture
Malaysia

Shaped chair seats	
(18-22mm 16"-18" squares)	
	US\$2.95-3.20 per pc
	per Cu.m
Finger jointed	
laminated boards	US\$810-825+
top grade	US\$845-865
Rubberwood S4S	US\$440-450

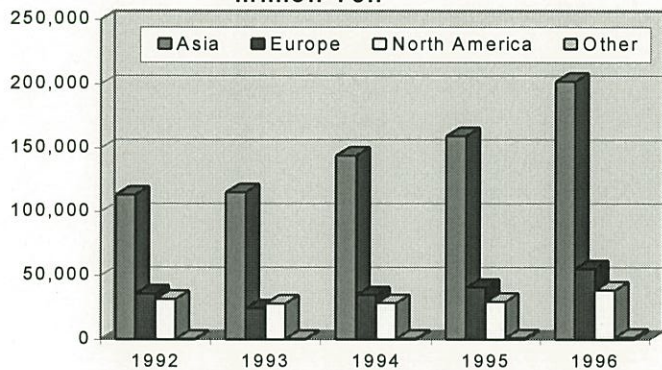
Dining suite	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	US\$56-63 ea ↑
Same with	
Oak veneered MDF	US\$70-75 ea ↑
Windsor Chair	US\$12.50-15.00 ea ↑
Colonial Chair	US\$15.50-17.00 ea ↑
Napolean Chair	US\$22-26 ea
Queen Anne Chair (with soft seat)	
without arm	US\$20-24 ea ↑
with arm	US\$24-28 ea ↓

continued on page 10

Japan's Furniture Imports

Domestic demand has always been central to Japan's furniture market, which has grown as a result of the force of domestic production but imports are rising. Japan's furniture producers generally think of Asian producers as "furniture producing districts just a little farther south than Kyushu", and many people are worried about the large volumes of low-priced products entering the country. The Japanese industry has realised that internationalisation of the furniture business is here to stay.

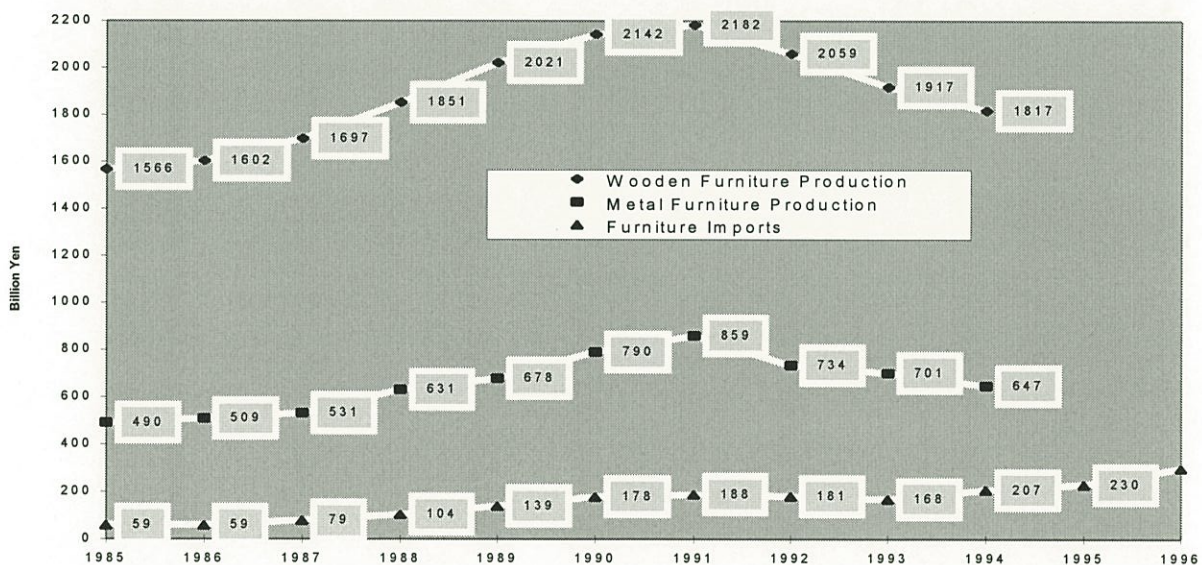
Furniture Imports by Region, 1992 - 1996
million Yen



The major issues facing Japan's furniture manufacturers are considering how to become internationally competitive and how to respond to the internationalisation of the furniture market and of its production and distribution. Domestic furniture manufacturers are taking steps to survive in many different ways. Some furniture manufacturers have begun furniture imports, while others are shifting their production bases overseas.

Japan sets practically no tariff barriers to furniture imports so the furniture market is wide open. However, the furniture market has been led by domestic production and domestic demand. The ratio of imports to domestic furniture remained at about 3-5% for a long time and it has only been the surge in imports over the last 10 years that has brought it up to the current 12% level.

Japan's Furniture Production and Imports



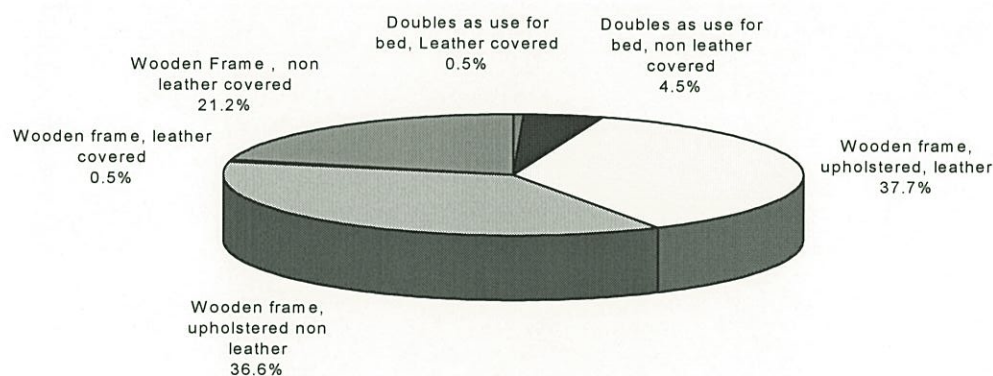
Japan's reliance on imports is one of the lowest of the industrialised nations. Nevertheless, internationalisation will continue to progress in the future and the proportion of the market supplied from imports will continue to rise. In fact, while the official customs clearance statistics indicate that the import ratio is currently 12%, the ratio of imports including foreign wood materials and furniture made in part overseas can certainly be expected to be much higher.

A Statistical Round up of Japan's Furniture Imports

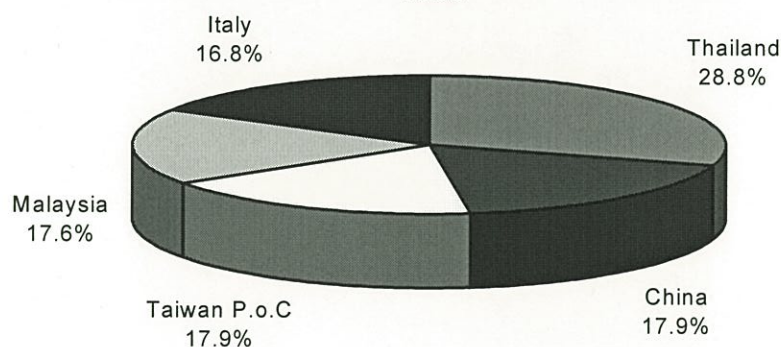
Imports of Wooden Furniture by Item - 1996

	Tariff Code	Item	Value Yen mil.	Market Percent	Annual Change
Wooden Seating	40-010	Doubles as use for bed, Leather covered	288,599	0.5	175%
	40-090	Doubles as use for bed, non leather covered	2,715,730	4.5	106%
	61-010	Wooden frame, upholstered, leather	22,204,635	36.7	108%
	61-020	Wooden frame, upholstered non leather	22,127,319	36.6	158%
	69-010	Wooden frame, leather covered	279,832	0.5	120%
	69-090	Wooden Frame , non leather covered	12,840,200	21.2	106%
Total Seating			60,456,315	100	122%
Other Furniture	30-000	Wooden Office Furniture	1,964,571	2.0	156%
	40-000	Wooden Kitchen Furniture	6,827,555	6.9	157%
	50-000	Wooden Bedroom Furniture	10,503,287	10.5	122%
	60-010	Wooden Furniture with Shelves (excluding cupboards and bookshelves designed for hanging on walls or for stacking	1,013,910	1.0	150%
	60-020	Other Wooden Furniture	79,086,831	79.6	136%
Total Other Wooden Furniture			99,396,154	100	136%

Import Sources for Wooden Seating 1996



Top Five Wooden Furniture Exporters to Japan in 1996



Source : Japan Exports and Imports, Ministry of Finance, Japan

Brazil

Edge Glued Pine Panel	
	<i>per Cu.m</i>
for Korea 1st Grade	US\$790
US Market	US\$550

Taiwan Province of China

Rubberwood Chair Seats	US\$2.85-3.00
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	<i>per Cu.m</i>
table tops	US\$815-835

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and	
chairs (6 per set) 4ft dia.	
	US\$210-225per set ↑
Dining table Cheery veneer	
pedestal legs	US\$48-51ea
Occasional table Cherry veneer	
top 2ftx4ft	US\$32-35ea

Plywood markets are weak except for thin plywood. Sales of domestic and imported plywood is slow. For half-inch plywood imported products from Indonesia lead the markets as domestic manufacturers have reduced production. Although imports are decreasing overall, monthly imports of above 250,000 Cu.m have caused stocks to increase.

Delivered Prices

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	
CIF Price Yen per Koku	
Meranti (Hill, Sarawak)	
Medium Mixed	8,400 ↓
Meranti (Hill, Sarawak)	
STD Mixed	8,300 ↓
Meranti (Hill, Sarawak)	
Small Lot	
(SM60%, SSM40%)	7,700 ↓
Taun, Calophyllum (PNG)	
and others	7,000 ↓
Mix Light Hardwood	
(PNG G3-G5 grade)	5,800 ↓
Okume (Gabonese)	8,400 ↓
Keruing (Sarawak)	
Medium MQ & up	9,000
Kapur (Sarawak) Medium	
MQ & up	8,600 ↓

Consumers Report

Report From Japan

Southeast Asian Logs

Domestic plywood markets have weakened for half-inch plywood for concrete formwork and structural use. As a result, importers are reluctant to be firm on log purchases. Southeast Asian log purchases have cooled.

Southeast Asian Lumber

Perupok laminated lumber is fetching high prices as arrivals have been small and demand is active. Wholesalers and retailers have asked for a price cut as the recent stronger Yen has reduced import costs.

Logs For Sawmilling	FOB Price Yen per Koku
Melapi (Sarawak)	
Select	12,000 ↑
Agathis (Sarawak)	
Select	11,000 ↑

Lumber	FOB Price Yen per Cu.m
White Seraya (Sabah)	
24x150mm, 4m 1st grade	175,000 ↑
Mixed Seraya 24x48mm,	
1.8 - 4m, S2S	53,000 ↓
Red Oak 5/4x6 ins and wider	
FAS (US East Coast)	125,000

Plywood

<i>Panels</i>	<i>Mill Gate Price Tokyo Area Yen per sheet</i>
Concrete Formboard	
Domestic Production from S.E Asian Logs	
11.5x900x1800mm Type 1	1,240 ↓
Thin	
2.3x910x1820mm Type 2	350
Medium	
4.0x910x1820mm Type 2	540
5.5x910x1820mm Type 2	650
	<i>per sq. ft</i>
Particleboard 15mm	44
MDF 15mm	70

Report From China

Okoume from Gabon Popular in Shanghai

China's imports of African logs have increased very rapidly in recent years. Before 1994, the Shanghai wood market had been dominated by US Douglas Fir, Spruce and Hemlock logs. In 1994 and 1995 the log imports were mainly from Malaysia, and since 1996 African logs have been dominating log imports. Now Okoume, from Gabon, has become very popular in the Shanghai market. The price of Okoume has increased to US\$235 from US\$225 per Cu.m, while the wholesale price in China has risen to Yuan 2500 per Cu.m.

It is said that the main reasons that Okoume from Gabon has such a good market in China are as follows:

-the logs are good for plywood production, and China needs huge amounts of raw materials for plywood manufacture

-Malaysian began to restrict the export of Lauan logs

-there exists fierce competition in China's market between domestic plywood and imported plywood, Chinese manufactures need a cheaper raw material than Lauan logs for plywood production

The China's Plywood imports Falling

According to statistics from China's Customs Office imports of plywood (consisting solely of sheets of wood) totalled

198,374 Cu.m in the first quarter of 1997, a drop of around 27% compared to the same period last year.

Of the total imports, 104,131 Cu.m was from Malaysia, a drop of 24%; 82,654 Cu.m from Indonesia, a decline of some 30%.

In the first quarter of 1997, 74,353 Cu.m of plywood were shipped to Shantou Harbor, Guandong province, accounting for 37.5% of the total, an increase of 92% compared to last year; Shanghai harbor handled 25,378 Cu.m (accounting for 13% of the total), down by 59%; Xiaomen harbor imported 22,738 Cu.m (11.5% of the total). Huanpu harbor, Guandong province imported 26,899 Cu.m (13.6% of the total), increasing by 99.2%; Tianjin harbor imported 1,987 Cu.m.

Prices for Imported Tropical Wood Products in Shanghai and Eastern

China (Yuan/cubic metre or per sheet)

	<i>Per Cu.m</i>
Keruing Log	
Length: 6-20m	1880-2400
Malaysian Lauan Log	
Mixed	2500-2600
Malaysian Lauan with hollow heart	
Mixed	1200-1400
Medang log, Myanmar	2400

	<i>per Cu.m</i>
Lauan lumber	
Thickness: 5-6cm	
Length: 3-4m	2850-3450
Luan/Malas tongued, grooved flooring strip	
18x70mm x 2.2-4.1m	110-125 per Sq.m
Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	300-350 per Sq.m
Plywood from Indonesia	
3mm 1220x2240	41 per sheet

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

From Europe, An Update on France

In 1996 Seribo, a French wood specialist, posted a net profit of Ffr 10 million on a turnover of Ffr 1 billion. The group wants to reach a 0.8 debt ratio by 1999 (it is 1.5 today) and expects Gautier, its bedroom furniture subsidiary, to achieve total sales of more than Ffr 1 billion by the year 2001 (they were Ffr 649 million in 1996). In 1996 Seribo's engineering activity (turnkey wood production plants) reported a loss of Ffr 27 million.

Eurosit, the French manufacturer of office seats with a 1997 turnover of Ffr 91 million, has been acquired by Sokoa, a leading company in this sector with a turnover worth Ffr 125 million. Eurosit, which lost half of its turnover in the last five years, is now expected to return to a 10% yearly growth. The combined operation will allow the new company to set up commercial and industrial synergies as well as to cut raw materials costs.

Manufacturers Prices in France

Window

Venetian Blind 120x150cm FFR2,376 ↑

Solid Wooden Doors

<i>Upper Price, Oak,</i>	<i>FFR10,018</i>
<i>Medium Price, Oak,</i>	<i>FFR7,920</i>
<i>Lower Price, Oak,</i>	<i>FFR6,073</i>

Furniture and Components

<i>Kitchen Chairs</i>	
<i>Medium Price, Beech,</i>	<i>FFR234</i>
<i>Lower Price, Beech,</i>	<i>FFR140</i>
<i>Dining Chair</i>	
<i>Upper Price, Solid Cherry</i>	<i>FFR1,690</i>
<i>Medium Price, Beech</i>	<i>FFR280</i>
<i>Lower Price, Beech,</i>	<i>FFR181</i>
<i>Kitchen Table</i>	
<i>Medium Price, Beech</i>	
<i>100x70cm</i>	<i>FF561</i>
<i>Lower Price, Melamine</i>	
<i>Covered 115x74cm</i>	<i>FFR238</i>

Dining Table

<i>Upper Price, Cherry</i>	<i>FFR11,700</i>
<i>150x90cm</i>	
<i>Lower Price, Softwood</i>	
<i>115x74cm</i>	<i>FFR1,000</i>

Kitchen Doors

<i>Upper Price, Solid Oak,</i>	<i>FFR571 ↑</i>
<i>58.8x49.5cm</i>	
<i>Medium Price, Solid Oak,</i>	
<i>58.8x49.5cm New Line</i>	<i>FFR307 ↓</i>
<i>Lower Price, Solid Oak</i>	
<i>58.8x49.5cm New Line</i>	<i>FFR269 ↓</i>

Mouldings

	<i>Per Lin. m</i>
<i>Medium Price, Pine</i>	
<i>1.4x4.8cm</i>	<i>FFR8.56</i>
<i>Lower Price, Pine</i>	
<i>1.0x2.9cm</i>	<i>FFR5.05</i>

Other News from Europe

More kitchens were sold in Germany in 1996 than a year earlier. Kitchen furniture sales were worth DM 6.06 billion (+1.7%). The German production of kitchens registered a 2% increase to DM 6.95 billion in 1996, while exports exceeded DM 1 billion and imports increased by 16% to more than DM 140 million.

Ikea is to build a 600,000 sq. ft distribution centre in Thrapston (Northamptonshire UK) to supply its seven UK stores, currently supplied by distribution sites in Belgium and Sweden. The centre will be opened by the end of the year. Meanwhile the chain, which had sales of Stg285 mil. in the year ending August 1996, is due to open its eighth store near Nottingham, while another three stores are being planned.

The German trading group Metro AG will sell its loss making furniture chain Mobel Unger GmbH. The chain, which runs 63 furniture stores, closed 1996 in the red with a turnover of DM 1.23 billion, it will be sold to a group of investors in July 1997.

The UK firm Silentnight registered an increase in overall profits due to an increased turnover of cabinets of Stg59 million (+8%) and a turnover for beds of Stg113.5 million (+12%). However, losses were sustained at Meredew

Cabinets, a recently acquired firm and bed sales growth is expected to be down in 1997.

Adamant, a Russian retail chain specialized in furniture trade, is to inaugurate a new furniture store in St. Petersburg by the end of May 1997, while another shop will be opened in September. At present the chain operates three furniture stores.

Ikea has announced plans to increase its acquisition of articles from Spanish suppliers. In 1997 the Swedish chain will spend Pta 2.6 billion to buy items from Spanish companies, while in 1998 the amount of these investments could reach Pta 3.6 billion.

Stompa AS, Norwegian furniture manufacturer owned by Moller Industrier, will start exporting furniture for children and young people, to boost sales in UK and German markets.

US Industry Report

The bad weather at the beginning of this year has had a major impact on log availability and production of hardwood lumber in the US. The limited log supply coincided with a strong demand, resulting in noticeable price increases. Recently, log inventories have improved and relatively few sawmills have had trouble harvesting. There were a few exceptions in the upper Midwest and in parts of the South. Heavy rains during the past month have raised river levels in some areas to the point where mills had to be closed.

Generally, sawmills have expanded their operations and a sizeable increase in the production of green lumber was seen in May. While the general price trend for hardwood is still moving upward, the improved supply situation brought about some easing of the pressure.

However, demand for lumber by end-users has also increased at a fast pace. Housing starts were particularly strong in the early part of this year. The robust demand is adding to the inflationary pressure on wood prices. Currently, most market in the US are booming and lumber of almost every type and grade remains in limited supply.

Demand for Hard Maple from domestic and foreign users is particularly heavy and production is brisk. Nevertheless, it seems that prices have peaked. The demand for Red Oak is varied. Generally, prices have increased with the exception of the thicker stocks. Top grade lumber is in tight supply in

the South but more readily available in other regions. Green and air-dried Red Oak lumber from the Appalachian is experiencing some slowed demand and softness in pricing. Much of the demand for Red Oak stems from hardwood flooring manufacturers.

The situation in the Particleboard and MDF market is still weak. Even though furniture manufacturers are using more engineered boards than ever before, the industry is still reeling from over-production and declining prices.

Some reference prices as of June 2, 1997 for lumber in selected producer regions are shown below:

Prices for 1000 board feet (MBF), 1 inch thick, Top Quality

Mahogany (at West coast port of entry)
KD US\$2695 no change since May 1, 1997
AD US\$2550 no change since May 1, 1997

Meranti (at West coast port of entry)
Clear, dark red
KD US\$2220 no change since May 1, 1997
Clear, light red
AD US\$2035 no change since May 1, 1997

Cherry
Appalachians **KD US\$2480 + \$ 10**

Hard Maple
Northern Region, **KD US\$2200 + \$ 60**
AD US\$1840 + \$ 20
Appalachians **KD US\$2145 + \$55**

Red Oak
Northern Region **KD US\$1573 no change**
AD US\$1300 no change
Southern Region **KD US\$1298 + \$50**
AD US\$1010 no change
Appalachians **KD US\$1458 no change**
AD US\$1100 - \$5

White Oak

Northern Region *KD US\$1370 no change*
 AD US\$975 no change

Southern Region *KD US\$1270 no change*
 AD US\$940 + \$10

Appalachians *KD US\$1443 no change*
 AD US\$1098 no change

Walnut

Appalachians *KD US\$1948 no change*
 AD US\$1385 no change

Analysts believe that the conditions in the US will remain favorable for lumber producers in the near future, but the pace of activity will be less hectic than during the past three months. Apart from the traditional summer vacation period, economic growth is likely to slow down to a more sustainable level.

The modest up-trend of interest rates will continue and put a damper on housing construction. Demand for "big-ticket" durable consumer goods, including furniture may also be affected negatively.

The strength of the dollar is an additional concern as imports of secondary wood products, including furniture, are flooding the country. This coincides with the continued weakness of many overseas economies, thus curtailing the American export potential of hardwoods.

While export shipments have remained strong to the Far East, shipments to many European destinations (United Kingdom, Belgium and Holland) are slow. Also, on international markets, U.S. hardwood lumber producers are confronted with increasing competition from several new non-traditional overseas sources, including countries from the former East Block.

Under this scenario a situation of lumber over-production may occur in the second half of this year. A level of abundant supply, combined with a possible decline in demand, may lead to price reductions for some species.

This general picture, however, should not detract from the fact that some species, such as Cherry, White Oak and Soft Maple, will enjoy continued strong demand and prices will remain firm.

Cherry is the most popular species of wooden household furniture manufacturers. There is also a strong demand in the export markets for upper grade Cherry.

Demand for good quality lumber remains extremely strong and prices are high. Recently some decline in the usage of Cherry was observed as manufacturers begin to substitute the wood with other less costly species. Logging and lumber production of Cherry has been stepped-up, but this will probably not be enough to noticeably dampen prices for quality wood in the near future.

The supply of Read Oak will greatly increase in the next few months. This may lead to softer prices or at least stop the price increases of the recent past. As many secondary wood products manufacturers have learned how to successfully use lower grade lumber, the demand for such lower grades has picked-up noticeably and prices will be less prone to decline.

The domestic demand for White Oak will remain strong and keep prices at their present fairly high level, however, export demand for White Oak is only fair.

Walnut production will stay within narrow limits this year. There seems to be a slight increase in the use of Walnut by American manufacturers. On the other hand, exports will remain subdued. Under this scenario, the risk of over-production and declining prices is of little significance.

World Value of the US Dollar 9th June 1997

Cameroon	C.F.A.Franc	584.3	Australia	Dollar	1.3145
Central African Republic	C.F.A.Franc	584.3	Canada	Dollar	1.3787
Congo, People's Rep.	C.F.A.Franc	584.3	China	Yuan	8.2932
Cote d'Ivoire	C.F.A.Franc	584.3	Egypt	Pound	3.3952
Gabon	C.F.A.Franc	584.3	Austria	Schilling	12.1985
Ghana	Cedi	2050	Belgium	Franc	35.775
Liberia	Dollar	1	Denmark	Krone	6.475
Togo, Rep.	C.F.A.Franc	584.3	Finland	Markka	5.204
Zaire, Rep.	New Zaire	122500	Germany	Mark	1.7002
Cambodia	Riel	2738	Greece	Drachma	275.39
Fiji	Dollar	1.417	Ireland	Punt	0.676
India	Rupee	35.7975	Italy	Lira	1702.45
Indonesia	Rupiah	2429.85	Netherlands	Guilder	1.79
Malaysia	Ringgit	2.5145	Portugal	Escudo	174.93
Myanmar	Kyat	6.2109	Spain	Peseta	146.27
Papua New Guinea	Kina	1.3928	Sweden	Krona	7.7675
Philippines	Peso	26.3885	United Kingdom	Pound	0.6148
Thailand	Baht	24.03	Japan	Yen	115917
Bolivia	Boliviano	5.23	Nepal	Rupee	56.95
Brazil	Real	1.072	New Zealand	NZ Dollar	1.4544
Colombia	Peso	1075.15	Norway	Krone	7.1725
Ecuador	Sucre	3926.5	Korea, Rep. of	Won	890.5
Guyana	Dollar	142.3	Switzerland	Franc	1.4557
Honduras, Rep.	Lempira	13.105	Russian Fed.	Ruble	5764.5
Panama	Balboa	1			
Peru	New Sol	2.6605			
Trinidad and Tobago	Dollar	6.2575			
Venezuela	Bolivar	486.25			

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 Sawed 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
		↓ ↑	Price has moved up or down

This Market Service can be accessed on the ITTO Internet Home Page at:

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