



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producer's Report

International Log Prices

Malaysia

The Sabah government may provide incentives to ensure its newly introduced sustainable forest management program is economically viable for investors. Among the incentives being considered are tax deductions on profits for forest management and tax exemption for the purchase of reduced impact logging equipment.

Sarawak Log Export Prices

(FOB)	per Cu.m
Meranti SQ up	US\$160-170
small	US\$130-140
super small	US\$100-110
Keruing SQ up	US\$190-200
small	US\$160-170
super small	US\$130-140
Kapur SQ up	US\$190-205 ↓
Selangan Batu SQ up	US\$200-215 ↓

Solomon Islands

Forestry Department Indicative FOB Prices and SIFIA's forecast price trend

	Forestry Department Indicative Price per Cu.m	SIFIA Forecast Movement
Group 1A		
Kwila	US\$150	signif. fall

Group 1B	per Cu.m	
Palaquium	US\$ 125 ↓	signif. fall
Planchonella	"	no report
Calophyllum	"	signif. fall
Pometia	"	signif. fall
Gonostylus	-	no report
Schizomeria	"	signif. fall

Group 2		
Canarium	US\$ 110 ↓	signif. fall
Burckella	"	signif. fall
Terminalia	"	signif. fall

Group 3		
Dillenia	US\$ 105	mod. fall
Celtis	US\$ 95 ↓	signif. fall
Alstonia	"	no report
Dysoxylum	"	signif. fall
Eugenia	"	mod. fall
Endospermum	"	signif. fall
Vitex	US\$150 ↑	no report
Amoora	US\$135	signif. fall

Group 4		
Campnospermum	US\$105	signif. fall
Parinari	US\$90 ↓	mod. fall
Marathes	"	mod. fall
Mixed white	"	signif. fall
Mixed red	"	signif. fall
Low Grade Logs	US\$80	signif. fall

No improvement in the log export market is expected in the short term.

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Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+ LM-C	FFR 1500
Ayous	80cm+LM-C	FFR 1100
Sapele	80cm+LM-C	FFR 1700
Iroko	70cm+LM-C	FFR 1650

Myanmar

Logs per Hoppus ton FOB		
Teak	Sept 97	Oct 97
3rd Grade	US\$4141	US\$3366 ↓
4th Grade	US\$2983	US\$2864 ↓
SG-1 Grade	US\$1968	US\$1949 ↓
SG-2 Grade	US\$1486	US\$1467 ↓
SG-3 Grade	US\$969	US\$ 911 ↓
SG-4 Grade	US\$1021	US\$ 960 ↓
Padauk		
3rd Grade	-	-
4th Grade	-	US\$969
Assorted	US\$705	US\$743 ↑
Pyinado	US\$294	US\$236 ↓
Gurjan	US\$294	US\$183 ↓
Thinwin	-	US\$646

Hoppus ton equivalent to 1.8 Cu.m. Teak 3-4th Grade for sliced veneer.

Teak grade 1-4 for sawmilling. SG Grade 3 3ft - 4ft 11" girth, other grades 5ft girth minimum.

Papua New Guinea

Latest Price offers for November shipments are:

	FOB per Cu.m
Taun	US\$110-120
Calophyllum	US\$100-120
Group 2	
Amoora, Hopea	US\$80-95
wide variation depending on mix	
Group 3	
Celtis, Watergum	US\$70-85
Group 4	
Mixed Reds/Whites	US\$50-60
no buyer interest	

Gabon Log Prices

Okoume, FOB	per Cu.m
Grade	
LM	F.CFA 147000
QS	F.CFA 130000
CI	F.CFA 100000
CE	F.CFA 90000
CS	F.CFA 70000

Ozigo, FOB	per Cu.m
Grade	
LM	F.CFA 104000
QS	F.CFA 100000
CI	F.CFA 80000
CE	F.CFA 60000
Agba	F.CFA 65000
Niangon	F.CFA 78000
Sapelli	F.CFA 85000
Faro	F.CFA 90000
Padouk	F.CFA 95000

Domestic Log Prices

Report From Brazil

A new emergency plan to protect Brazilian real has been put in place by the Government it included interest rate and tax increases amongst other things. This will affect the economy and particularly the timber industry. The economy is expected to grow less next year. Projections suggest 2% economic growth for 1998, against 4% expected for this year.

Logs at mill yard	per Cu.m
Mahogany 1st Grade	US\$340 ↑
Ipe	US\$65 ↓
Jatoba	US\$50 ↓
Guaruba	US\$40 ↓
Mescla(white virola)	US\$59 ↑

Report from Peru

Domestic Log	Prices Pucallpa
	per Cu.m
Tahuari (Ipe)	US\$ 57
Estoraque (Cabreuva)	US\$ 53
Largarto (Jacareuba)	US\$ 45

<i>Quinilla (Macaranduba)</i>	US\$ 45
<i>Yacushapana (Tanimbuca)</i>	US\$ 44
<i>Cumala (Virola)</i>	US\$ 41
<i>Catahua (Assacu)</i>	US\$ 25

Ghana

Prices for domestic logs have not changed. Log availability is low but prices remain stable.

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

Report from Indonesia

Domestic log prices	per Cu.m
<i>Plywood logs</i>	
<i>Face Logs</i>	US\$135-150 ↑
<i>Core logs</i>	US\$105-120 ↓
<i>Sawlogs (Merantis')</i>	US\$120-150 ↓
<i>Falkata logs</i>	US\$65-68 ↓
<i>Rubberwood</i>	US\$32-35
<i>Pine</i>	US\$63-65
<i>Mahoni</i>	US\$380-400 ↑

Report from Malaysia

Logs	per Cu.m
<i>Domestic (SQ ex-log yard)</i>	
<i>DR Meranti</i>	US\$160-180 ↓
<i>Balau</i>	US\$180-200
<i>Merbau</i>	US\$190-200
<i>Peeler Core logs</i>	US\$100-120 ↓
<i>Rubberwood</i>	US\$28-31
<i>Keruing</i>	US\$180-200 ↓

International Sawnwood Prices

Brazil

Sawnwood exports to the Asian market are affected badly by economic problems in that region. Large trading companies are moving out of the market due to low prices and small orders. This has affected mainly small Brazilian producers that have concentrated on those markets, many of these small companies are now without any orders.

Export Sawnwood	per Cu.m
<i>Mahogany KD FAS FOB</i>	
<i>UK market</i>	US\$980
<i>Jatoba Green (dressed)</i>	US\$505
<i>Asian Market</i>	
<i>Guaruba</i>	US\$265 ↓
<i>Angelim pedra</i>	US\$250
<i>Mandioqueira</i>	US\$205 ↓
<i>Pine (AD)</i>	US\$175

Peru

Export Sawnwood FOBCallao/Lima	per Cu.m
<i>Caoba (Mahogany)</i>	US\$881
<i>Cumala (Virola)</i>	no report

Ghana

A Timber Resources Management Bill has reportedly been put before parliament. The Bill seeks to introduce a 'timber utilisation contract' instead of the present Lease, License or Concession. The trade is reporting that the principal innovation is that the Lands Commission is no longer directly involved in the allocation of forest land.

Rough Sawn Prices FOB	per Cu.m
<i>Mixed Redwoods</i>	US\$330
<i>low grade Odum (Iroko)</i>	US\$400
<i>Wawa</i>	US\$220
<i>Wawa fixed dimensions</i>	US\$260
<i>Wawa Boules</i>	US\$219
<i>70cm log dia. 25-75mm. 450cm length</i>	

<i>Mahogany</i>	<i>per Cu.m</i>
<i>FAS 100mm plus 1.8m plus</i>	<i>US\$480</i>
<i>FAS 150mm plus 2.4m plus</i>	<i>US\$520</i>
<i>Odum FAS 100mm</i>	<i>US\$700</i>
<i>Wawa FAS 1.8m plus</i>	<i>US\$400</i>
<i>Anegre</i>	
<i>FAS 150mm plus 2.4m plus</i>	<i>US\$640</i>

<i>Guarea</i>	<i>FAS</i>	<i>US\$460</i>
<i>Ofram</i>	<i>FAS</i>	<i>US\$270</i>
<i>Emire</i>	<i>FAS</i>	<i>US\$460</i>
<i>Ekki</i>	<i>FAS</i>	<i>US\$335</i>
<i>Kussia</i>	<i>FAS</i>	<i>US\$330</i>
<i>Dahoma</i>	<i>FAS</i>	<i>US\$250</i>
<i>Cedrella</i>	<i>FAS</i>	<i>US\$410</i>

Malaysia

For the first seven months of this year, the production of wood based products, excluding furniture, dropped 2% (Jan-July 1996: 11.6%) largely because of a decline in sawn timber production.

Sarawak sawmillers are now relying mainly on Taiwan to consume the bulk its sawntimber. Taiwan was now the only active market for medium and low-grade sawntimber as other markets in South East Asia have been badly hit by the currency turmoil report the STA. But prices are down. Thai importers have stopped buying sawntimber from Sarawak since the baht devaluation and the onset of its economic and political crises. Previously more than 50% of Sarawak's sawntimber was sold to Thailand and the Philippines, the latter has also cut its imports by half.

<i>Sawn Timber</i>	<i>per Cu.m</i>
<i>Export(FOB)</i>	
<i>Dark Red Meranti (2.5ins x 6ins & up)</i>	
<i>GMS select & better (KD)</i>	<i>US\$580-600 ↓</i>
<i>Seraya</i>	
<i>Scantlings (75x125 KD)</i>	<i>US\$640-650 ↓</i>
<i>Sepetir Boards</i>	<i>US\$280-290</i>
<i>Perupok (25mm&37mm KD)</i>	<i>US\$880-900</i>
<i>K.Semangkok (25mm&37mmKD)</i>	<i>US\$725-740</i>

Taiwan Province of China

<i>Rubberwood</i>	<i>per Cu.m</i>
<i>25mm boards</i>	<i>US\$310-330 ↓</i>
<i>50-75mm squares</i>	<i>US\$370-380 ↓</i>
<i>75-100mm squares</i>	<i>US\$440-450 ↓</i>
<i>Sepetir</i>	
<i>GMS (AD)</i>	<i>US\$300-320 ↓</i>
<i>Ramin less than 2 ft.</i>	<i>US\$580-600</i>
<i>greater than 2 ft.</i>	<i>US\$635-650</i>
<i>Oak 25mm boards</i>	<i>US\$780-800</i>
<i>Maple</i>	<i>US\$1200-1300</i>
<i>Cherry</i>	<i>US\$1150-1200</i>

Domestic Sawnwood Prices

Report from Brazil

<i>Sawnwood (Green ex-mill)</i>	<i>per Cu.m</i>
<i>Northern Mills</i>	
<i>Mahogany</i>	<i>US\$853</i>
<i>Ipe</i>	<i>US\$380</i>
<i>Jatoba</i>	<i>US\$305</i>
<i>Eucalyptus AD</i>	<i>US\$175</i>
<i>Southern Mills</i>	
<i>Pine (KD) First Grade</i>	<i>US\$170 ↑</i>

Peru

<i>Domestic sawnwood (Green)</i>	<i>per Cu.m</i>
<i>Caoba (Mahogany)</i>	<i>US\$593</i>
<i>Cedro (Cedro)</i>	<i>US\$411</i>
<i>Estoraque (Cabreuva)</i>	<i>US\$158</i>
<i>Copaiba</i>	<i>US\$130</i>
<i>Catahua</i>	<i>US\$84</i>

Ghana

There has been a decline recently of illegal chain sawn or bush-cut lumber, however demand is sluggish.

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

International Plywood and Veneers Prices

Indonesia

According to APKINDO, Indonesia exported 6.1 million Cu.m of panel products (plywood, blockboard, particleboard, MDF and fancy plywood) in 1997 compared to about 6.2 million Cu.m for in 1996. According to APKINDO, 1997 exports are estimated to reach 8 million Cu.m down by half a million cubic metres on 1996.

Report from Indonesia

Sawn timber, Domestic construction material

<i>Kampar</i>	<i>per Cu.m</i>
<i>AD 6x12-15x400cm</i>	<i>US\$290-310 ↓</i>
<i>KD</i>	<i>US\$395-415 ↓</i>
<i>AD 3x20x400cm</i>	<i>US\$365-380 ↓</i>
<i>KD</i>	<i>US\$460-480 ↓</i>
<i>Keruing</i>	
<i>AD 6x12-15cmx400</i>	<i>US\$260-280</i>
<i>AD 2x20cmx400</i>	<i>US\$300-310</i>
<i>AD 3x30cmx400</i>	<i>US\$320-330</i>

Plywood (export, FOB)

<i>MR,</i>	<i>per Cu.m</i>
<i>Grade BB/CC</i>	
<i>2.7mm</i>	<i>US\$420-440</i>
<i>3mm</i>	<i>US\$360-390 ↓</i>
<i>6mm and above</i>	<i>US\$310-330</i>

Ghana

Malaysian Domestic Sawnwood Prices

<i>Sawnwood</i>	<i>per Cu.m</i>
<i>Balau(25&50mm,100mm+)</i>	<i>US\$280-300 ↓</i>
<i>Kempas50mm by</i>	
<i>(75,100&125mm)</i>	<i>US\$175-190</i>
<i>Red Meranti</i>	
<i>(22,25&30mmby180+mm)</i>	<i>US\$280-300</i>
<i>Rubberwood</i>	
<i>25mm & 50mm Boards</i>	<i>US\$170-180</i>
<i>50mm squares</i>	<i>US\$230-250 ↓</i>
<i>75mm+</i>	<i>US\$290-300</i>

Rotary Cut Veneer FOB

	<i>per Cu.m</i>
<i>Face Veneer-1.6mm</i>	
<i>Ceiba</i>	<i>US\$320</i>
<i>Koto</i>	<i>US\$500</i>
<i>Otie/Iloba</i>	<i>US\$440</i>
<i>Ofram</i>	<i>US\$440</i>

Sliced Veneer FOB

	<i>per Sq.m</i>
<i>Asanfona Face</i>	<i>US\$1.20</i>
<i>Interior</i>	<i>US\$1.00</i>
<i>Backing</i>	<i>US\$0.65</i>

Redwoods (Mahogany, Candollei, Edinam)

	<i>per Sq.m</i>
<i>Face</i>	<i>US\$1.15</i>
<i>Interior</i>	<i>US\$0.90</i>
<i>Backing</i>	<i>US\$0.55</i>

Myanmar

Sawn Hardwoods, length 6ft and up. Prices remain unchanged.

	<i>per ton</i>
<i>2nd Grade Sawn Teak</i>	<i>Kyat100,00</i>
<i>3rd Grade sawn Teak</i>	<i>Kyat55,000</i>
<i>Sawn Pyinkado</i>	<i>Kyat55,000</i>
<i>Sawn Padauk</i>	<i>Kyat60,000</i>
<i>Sawn Gurjan</i>	<i>Kyat36,000</i>
<i>Mixed Species</i>	<i>Kyat32,000</i>
<i>One ton equivalent to 1.4 Cu.m</i>	

Traditionally Mahogany has been the main timber for the production of curls. As the domestic slicing capacity has expanded so to has the range of species processed. Now other redwoods such as Anegre, Makore, Edinam and Candollei are gaining market acceptance.

Thickness 0.55mm, Width 950 - 1250mm, Length 1550, 1850, 2150, 2450 mm.

Species	Grade	DM per Sq m.
Angre	Interior	3.05
Angre	Backing	2.28
Sapele	Backing	2.25
Makore	Backing	2.25
Khaya, Edinam, Kosipo	Backing	2.06

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

Brazilian Plywood and Veneer

The market for Brazilian plywood is very slow at the moment and in general prices have drooped by 5% in the last two weeks. The reason has been associated with larger offers of Malaysian and Indonesian plywood due to the market drop in Asian markets.

Veneer	FOB	per Cu.m
White Virola Face		
2.5mm		US\$280-330
Pine Veneer (C/D)		US\$185-210
Mahogany Veneer		per Sq.m
0.7mm		US\$2.80

Plywood FOB per Cu.m

White Virola (US Market)	
5.2mm OV2 (MR)	US\$390 ↓
15mm BB/CC (MR)	US\$330 ↓
For Caribbean countries	
White Virola 4mm	US\$470 ↓
9mm	US\$385 ↓
Pine USA market	
9mm C/CC (WBP)	US\$255 ↓
15mm C/CC (WBP)	US\$240 ↓

Malaysian Plywood

The production of plywood and veneer expanded by 8.7% in the first seven months of the year in tandem with the increase in the number of plywood mills to 123 from 111 for the same period last year.

MR Grade BB/CC FOB

	per Cu.m
2.7mm	US\$430-450
3mm	US\$380-400
3.6mm	US\$340-360 ↓
9-18mm	US\$300-320

Domestic plywood

3.6mm	US\$385-400
9-18mm	US\$350-380 ↓

Myanmar

Hardwood plywood, FOB. Prices remain unchanged.

	per Cu.m
9mm BB/CC	US\$300
9mm Utility	US\$281
9mm B2	US\$262
9mm B3	US\$244
15mm BB/CC	US\$289
15mm Utility	US\$267
15mm B2	US\$256
15mm B3	US\$233

Domestic Plywood Prices

Brazil

Domestic market prices have not improved and producers are now sure that no changes are to be expected up to march next year. Most of the prices have dropped. Prices of plywood continue to drop in the domestic market, and some mills are reducing their production.

Rotary Cut Veneer (ex-mill Northern Mill)	<i>per Cu.m</i>
White Virola Face	US\$165 ↑
White Virola Core	US\$119 ↑

Plywood (ex-mill Southern Mill)	
Grade MR	<i>per Cu.m</i>
4mm White Virola	US\$506 ↓
15mm White Virola	US\$346 ↓
4mm Mahogany 1 face	US\$1,209 ↓

Indonesia

Domestic MR plywood (Jarkarta)	<i>per Cu.m</i>
9mm	US\$400-410 ↓
12mm	US\$380-390 ↓
15mm	US\$360-370 ↓
18mm	US\$330-350 ↓

Ghana

Decorative Sliced Veneer Surfaced Plywood

Avodire/Walnut/Figured Anegre/Hyedua /Mansonia/Sapele faces	
	<i>Cedi per Sheet</i>
4mm	20,000
6mm	23,000
9mm	25,000
12mm	30,000
15mm	33,000
18mm	36,000

Mahogany/Edinam Faces

	<i>Cedi per Sheet</i>
4mm	18,000
6mm	20,700
9mm	22,500
12mm	27,000
15mm	29,700
18mm	32,000

Other Panel Product Prices

Brazil

Export Prices	
Blockboard 18mm	<i>per Cu.m</i>
White Virola Faced	
B/C	US\$275

Domestic Prices	
Ex-mill Southern Region	<i>per Cu.m</i>
Blockboard	
15mm White Virola Faced	US\$480 ↓
15mm Mahogany Faced	US\$870 ↓
Particleboard	
15mm	US\$239

The strong MDF market is now slowing down, following the same trend as particleboard.

Indonesia

Other Panels	<i>per Cu.m</i>
Export Particleboard FOB	
9-18mm	US\$140-150
Domestic Particleboard	
9mm	US\$230
12-15mm	US\$200-210 ↓
18mm	US\$190-200 ↓
MDF Export (FOB)	
12-18mm	US\$200-210
MDF Domestic 12-18mm	US\$250-270 ↓

Taiwan Province of China, Imports

MDF	per Cu.m
Domestic Prices	
3mm thick	US\$330-340 ↓
16-18mm x 4' x 8'	US\$245-250 ↓
Particleboard	per Cu.m
12-18mm (4x8)	US\$180-195 ↓

Malaysia

Particleboard (FOB)	per Cu.m
6mm & above	US\$150-155
Domestic	
6mm & above	US\$160-170
MDF (FOB)	per Cu.m
Less than 5mm	US\$240-250
Greater than 6mm	US\$200-210
Domestic Price	US\$220-240 ↓

Prices of Added Value Products

Indonesia

Mouldings	
Ramin casings	per Cu.m
(for the Italian market)	US\$980-1000 ↑
Laminated Scantlings	US\$600-620 ↓
Laminated Boards	
Falkata wood	US\$375-390 ↓
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$780-810
Grade B	US\$580-600

Malaysia

Mouldings (FOB)	per Cu.m
Selagan Batu Decking	US\$590-600 ↓
Laminated Scantlings	
72mmx86mm	US\$600-620 ↓

Red Meranti Mouldings

11x68/92mm x 7ft up

Grade A	US\$810-825 ↓
Grade B	US\$630 ↓

Subur Tiasa Holdings Bhd (STH) expects to invest RM25mil in an expansion program that includes venturing into furniture making. The company plans to increase its plywood production and plans to manufacture furniture for export. The company expects to invest RM5mil in plant and machinery initially for this purpose.

Rubberwood Parts and Furniture

Malaysia

	per Cu.m
Finger jointed laminated boards	US\$700-710 ↓
top grade	US\$750-780 ↓
Dining table	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	US\$45-50ea
Same with	
Oak veneered MDF	US\$58-62ea-
Windsor Chair	US\$11.00-12.00ea
Colonial Chair	US\$12.0-14.0ea
Napolean Chair	US\$20-24ea
Queen Anne Chair (with soft seat)	
without arm	US\$18-20ea
with arm	US\$23-25ea

Hotline Furniture Bhd, a listed company is to invest RM6 million to upgrade operation of its existing factory to produce laminated medium density boards for table-tops and other products. The commercial production of the new installation is expected to begin towards the end of the year. In addition Hotline is also investing another RM3 million to increase the production facilities of its subsidiary company involved in the manufacture of wooden furniture.

Brazil

Edge Glued Pine Panel	per Cu.m
for Korea 1st Grade	US\$570 ↓
US Market	US\$530

The US market for pine clear blocks and moldings is declining and this is causing many producers to revise their investment plans. There seem no prospects for improvement in this market in the short-term.

The South Korean market for pine edge glued panels continues to be dull, there is virtually no business for the moment.

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and chairs (6 per set) 4ft dia.	US\$165-180per set
Dining table Cheery veneer	
Occasional table Cherry veneer top 2ftx4ft	US\$28-30ea

Consumer's Report

Report From Japan

The Japanese government unveiled a package of economic measures that focuses on accelerating deregulation to help boost confidence in the economy. Roughly half of the 120-item package consists of specific deregulation measures in areas such as telecommunications, welfare, employment, finance, distribution and education, as well as steps to increase market access.

The main elements of the plan affecting the timber sector are:

Building-to-land ratios in city centers will be eased to encourage new construction on the sites of old structures.

Rules would be relaxed so that land used for farming can be sold for other purposes.

Measures would be created to help people purchase second homes.

Efforts will be made to reduce duplicated inspections of imported products.

Housing starts

According to data reported on 31 October by the Ministry of Construction, housing starts for September were 114721 units, which is 22.1 percent down on September last year. Starts have been declining every month since January this year. Projections of starts by an economy study group for fiscal year of 1997, (year ending 31 March 1998) is 1.34 million. For a fiscal year of 1998 the projection is for 1.416 million units, up 5.6 percent on the estimate for 1997.

Declining Imports of Plywood

Imports of plywood in September were 398,000 Cu.m, 17 percent less than September last year. Imports have been down for three consecutive months. Imports from Indonesia, the main supplier, were 244,000 Cu.m, down 19 percent and from Malaysia, 117,000 Cu.m, down 10 percent. Imports of Canadian plywood were 20,000 Cu.m, down as much as 33 percent. Under the present market situation, an increasing number of domestic plywood manufacturers have reduced production.

European Suppliers Reduce Prices to Japan

European suppliers are offering reduced prices as Japanese importers are less active. European prices have been declining for the past nine months. Austrian suppliers have reduced their prices for kiln-dried Whitewood stud to \$295 per Cu.m, CIF Japan, down \$55 or 16 percent, this surprised suppliers in Canada and the United States

Arrivals of European lumber during the first nine months this year amounted to 1,485,347 Cu.m, 82 percent up compared to the same period of last year. Since importers have reduced contracts, arrivals in September were down. The sizable arrivals prior to September have not been absorbed by the markets.

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	
CIF Price Yen per Koku	
<i>Meranti (Hill, Sarawak)</i>	
<i>Medium Mixed</i>	7,400 ↓
<i>Meranti (Hill, Sarawak)</i>	
<i>STD Mixed</i>	7,300
<i>Meranti (Hill, Sarawak)</i>	
<i>Small Lot</i>	
<i>(SM60%, SSM40%)</i>	6,500
<i>Taun, Calophyllum (PNG)</i>	
<i>and others</i>	6,400
<i>Mix Light Hardwood</i>	
<i>(PNG G3-G5 grade)</i>	5,200
<i>Okume (Gabonese)</i>	7,600
<i>Keruing (Sarawak)</i>	
<i>Medium MQ & up</i>	8,000
<i>Kapur (Sarawak) Medium</i>	
<i>MQ & up</i>	7,600 ↓

Logs For Sawmilling	
FOB Price Yen per Koku	
<i>Melapi (Sarawak)</i>	
<i>Select</i>	10,500
<i>Agathis (Sarawak)</i>	
<i>Select</i>	9,500

Lumber	
FOB Price Yen per Cu.m	
<i>White Seraya (Sabah)</i>	
<i>24x150mm, 4m 1st grade</i>	115,000
<i>Mixed Seraya 24x48mm,</i>	
<i>1.8 - 4m, S2S</i>	47,000
<i>Red Oak 5/4x6 ins and wider</i>	
<i>FAS (US East Coast)</i>	125,000

Other News From Japan

Laminated Veneer Lumber

Keytec in Tokyo is to construct a second mill to manufacture laminated veneer lumber for structural use. The monthly production capacity is 4000 cubic metres which will make this mill one of the largest in the world. The company has been manufacturing laminated veneer lumber for structural use for six years. At first the product was mainly used for large wood-frame buildings, recently enduses have been extended to residential buildings. An increasing number of house manufacturing companies use laminated veneer lumber.

November Wholesale Prices

		Yen per Sheet
Indonesian Plywood		
2.4mm (thin plywood, A board)	920 X 1830	310
3.6mm (midium thickness, OVL)	910 X 1820	440
5.2mm (midium thickness, OVL)	910 X 1820	550
8.5mm for sheathing (UTY)	910 X 1820	830
11.5mm for foundation	910 X 1820	930
12mm concrete-form ply (JAS)	900 X 1800	1020
11.5mm flooring board (JAS)	945 X 1840	1730
3.6mm baseboard for overlays (OVL)	1230 X 2440	800
5.2mm for packing	1230 X 2440	910
8.5mm for packing	1230 X 2440	1410
Malaysian Plywood		
2.4mm (thin plywood, A board)	920 X 1830	310
3.6mm (midium thickness, OVL)	910 X 1820	430
5.2mm (midium thickness, OVL)	910 X 1820	560
8.5mm for sheathing (UTY)	910 X 1820	790
11.5mm for foundation	910 X 1820	920
11.5mm concrete-form ply (non-JAS)	900 X 1800	1000
11.5mm flooring board (non-JAS)	945 X 1840	1620
3.6mm baseboard for overlays (OVL)	1230 X 2440	760
Softwood Plywood		
9.5mm foundation of wall (JAS)	1220 X 2440	1300
12.5mm Sheathing (T&G JAS)	606 X 2273	1000
15.5mm foundation (T&G JAS)	1220 X 2440	2300
9.5mm for packing (non-JAS)	1220 X 2440	1250
Particleboard		
12mm for woodworking	910 X 1820	560
15mm for woodworking	910 X 1820	670
OSB		
11.9mm foundation of roof (JAS)	910 X 1820	760
9.5mm foundation for 2 by 4	910 X 2440	870
6.5mm for packing (non-JAS)	1220 X 2440	620
9.5mm for packing (non-JAS)	1220 X 2440	1020

Report From China

Timber Orders for 1998

A meeting to decide on the wood products production for 1998 recently ended in Xian, capital of Shangxi Province. The meeting was hosted by the Ministry of forestry, Domestic Commercial Ministry and the Beijing State Timber Market and focused on commercial cooperation, business and advanced purchasing. This year's orders were the largest of this year's timber meetings totaling yuan 2.1 billion for 4.577 million cubic metres. The items covered included logs, sawntimber, wooden finished and semi-finished products, wood-based panels, bamboo products and others.

1997 Business Trends

The general business situation in domestic wood markets in the first three quarters of 1997 showed an slightly increasing trend. Compared with the same period last year, total wood production and sale were slightly down and prices increased while stocks were reduced. The main feature of the timber market was that production was determined by sales, log production was down slightly. Total sales of wood products were reduced. Good quality logs continue to sell well. Small, substandard logs and fuelwood were overstocked. The price of timber was on the upswing and there were considerable differences depending on region and species. Although timber stocks were reduced the stocked product mix is still considered unbalanced. Imports have been increasing and it is expected that China's wood market situation will continue to grow moderately in 1998.

Northwest Wood Market

It is reported that a Wood Market, one of the largest of its kind, will be established in Xian, Northwest China, and will begin business in May, 1998.

Although Xian is strategically located in to supply the large consuming centres in Northwest China, and Shangxi province, the current distribution network there can not meet market demands. In order to improve the availability of wood in the Northwest, the Forestry Bureau of Shangxi Province and Lianhu District Government of Xian city decided to establish the wood market to take advantage of the location of Xian as the main distribution centre.

Prices in Hong Kong, September 1997

	<i>HK\$ per Cu.ft</i>
<i>Sarawak log 54"-71"</i>	26.00
72"	27.00
<i>Sawnwood</i>	
<i>Mixed Hardwood (locally sawn)</i>	42-43.00
<i>Imported Kapur</i>	104-106.00
<i>Imported Meranti</i>	55.00-58.00
<i>Taiwan P.o.C Plywood</i>	
2.7mm	2.00
3.0mm	2.10
<i>Plywood from Malaysia</i>	
12mm	3.70-4.40
18mm	4.80-5.00
<i>Plywood from Korea</i>	
12mm	3.70-3.90
18mm	4.80-5.00
<i>Plywood from Philippine</i>	
12mm	3.80-4.00
18mm	4.70-4.90

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

	<i>Yuan per Cu.m</i>
<i>Keruing Log</i>	
<i>Length: 6-20m</i>	1880-2400
<i>Malaysian Lauan Log</i>	
<i>various sizes</i>	2500-2600
<i>Malaysian Lauan with hollow heart</i>	
<i>various sizes</i>	1200-1400
<i>Teak log Myanmar</i>	
<i>2.6m 40 cm dia</i>	2400
<i>Lauan lumber</i>	
<i>Thickness: 5-6cm</i>	
<i>Length: 3-4m</i>	2850-3450

<i>Luan/Malas tongued, grooved flooring strip</i>	
<i>18x70mm x 2.2-4.1m</i>	110-125
<i>Balian Flooring Top Grade Myanmar</i>	
<i>18x50-70x2400mm</i>	300-350
<i>Plywood from Indonesia</i>	
<i>3mm 1220x2240</i>	4407
<i>US Lumber</i>	
<i>Oak, Maple, Cherry</i>	7000-14000
<i>T&G Cherry Flooring</i>	
<i>18x50-70mm x 2-4m</i>	120-140

From Europe an Update on Italy

In 1997 the Italian production of furniture is expected to have remained stable (+0.3%): this is the result of a decline in domestic consumption (-3%) compensated for by the performance of exports (+3.7%). Imports are forecast to have grown by 8%. In 1998 it is estimated that production will perform, with growth of 3%, thanks to an increase in domestic consumption (+2.5%) and to the strengthening of the positive trend of exports (+4.2%). Imports are expected to grow by 10%.

In 1996 Italian exports of furniture amounted to ECU 6,790 million, with a growth of 11.4% compared to 1995 (the average yearly growth rate in the years from 1992-1996 was 11.6%). As far as furniture imports are concerned, they registered a 13.9% increase to ECU 432 million (the average growth rate in the years from 1992-1996 was 2.6%).

Manufacturer's Prices

Manufacturer prices of finished furniture have not changed since the last report on Italy.

Wooden Windows

Upper Price,	
Douglas Fir, 150x120cm	Lira 793,000
Medium Price	
Douglas Fir, 150x120cm	Lira 629,000
Lowest Price	
Pine, 150x120cm	Lira 453,000
Medium Price	
Mahogany, 150x120cm	Lira 567,000
Lowest Price	
Mahogany, 150x120cm	Lira 385,500

Solid Wooden Doors

Upper Price,	
Mahogany	Lira 1,100,000
Oak/Elm	Lira 860,200
Medium Price, Tanganika	Lira 554,000
Mahogany	Lira 742,000
Lowest Price, Tanganika	Lira 317,000
Mahogany	Lira 270,000

Furniture and Components

Kitchen Chairs	
Medium Price, Beech	Lira 172,000
Lowest Price, Pine	Lira 43,000
Dining Chair	
Upper Price, Walnut	Lira 675,000
Medium Price, Walnut	Lira 448,050
Lowest Price, Beech	Lira 170,000
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 320,000
Lowest Price, Pine	
80x140cm	Lira 299,000

Dining Table

Upper Price, Walnut edge glued	
90x180cm	Lira 4,163,640
Medium Price, Walnut edge glued	
90x160cm	Lira 2,976,700
Lowest Price, Beech Cherry Walnut	
90x180cm	Lira 1,100,000

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 380,000

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

Other news from Europe

Airsprung Furniture, the UK manufacturer of furniture and upholstery, is anticipating that its profits for the six months to 30 September 1997 could be as low as Stg 1.5 million. Full year profits in 1996 were worth Stg 6.86 million and analysts had previously expected profits for 1997 to reach Stg 8 million. The poor performance is mainly due to management problems: the company expects to return to normal profit by the second half of this financial year.

Data just released shows that in 1996 Belgium exported ECU 1,028 million worth of furniture: upholstered furniture accounted for 22.5% of total exports, followed by living rooms (20.4%), seating (11.9%) and bedrooms (11.4%).

Belgian furniture imports amounted to ECU 1,332 million, with seating accounting for the largest share of total imports.

1996 was a year of marked decline for the German furniture industry and 1997 should be no different. It is estimated that the drop in production will be about 3% in volume (after a fall of 3.3% in 1996). These results reflect the negative economic climate and the weakness of consumption: German consumption of furniture fell by 0.2% in 1996 and a further reduction of 0.8% is expected for 1997.

Baltika, a Russian furniture plant located in the Leningrad region (Kolpino district) was declared bankrupt and its 1,200 workers are now out of work. As a consequence, four lots (the main building and three workshops) are to be sold at an auction but the new owner is not obliged to continue the same type of production.

US Report

The US MDF and Particleboard Market

Demand

The North American economy is still in a healthy state, even though growth next year will be slower than the anticipated 3.5% rate estimated for 1997. GDP is expected to advance by 2.6% in 1998 and another 2.0% in 1999.

Despite long term interest rates remaining very low, housing starts have weakened in comparison to the first half of this year. The decline covers the entire housing spectrum, including single-family and multiple-family dwellings. For 1997 as a whole, anticipated housing starts are expected to amount to 1.44 million, compared to 1.47 million in 1996.

The likely slowing of income and employment growth in 1998, combined with a deterioration in affordability, may push starts down to approximately 1.36 million next year. In the same way, lack of demand and deterioration in affordability have had a negative impact on the mobile home market. The declining trend in the mobile home market may accelerate in 1998.

Non-residential construction has fallen for several months and is likely to continue its decline for the remainder of this year and next year. This, however, may be mitigated by stepped-up office building construction, induced by low office vacancy rates in many American metropolitan areas. Growth in industrial production has been very strong

throughout the first three quarters of this year. However, it is not likely that the last quarter will match this same performance. Next year's growth rate will lie well below the one of this year. Furniture sales still benefit from employment induced income advances and strong consumer confidence. Nevertheless, slowing home sales is expected to take a toll on furniture sales in 1998.

Against this economic backdrop, American particleboard consumption is likely to increase by 0.8% in 1997 to 5.0 BSF, to be followed by no growth in 1998. The lackluster demand is a concern for an industry for which capacity is still growing.

In contrast to the flat profile for the particleboard market, American MDF consumption is forecast to climb 11% in 1997, before rising another 5.3% in 1998. This is a remarkable performance in light of the cooling economy. At 1.4 BSF in 1998, MDF consumption will be almost 17% above its 1996 pace. MDF's share of the combined particleboard and MDF market will climb and possibly reach 22% in 1998.

The outlook for particleboard and MDF consumption over the next two years is largely determined by the economic growth and the enduse factors. As economic growth will be somewhat slower in the years to come, only a moderate stimulus can be expected from this side. Enduse factor growth is largely determined by relative prices, plus the technical ability the product as a substitute.

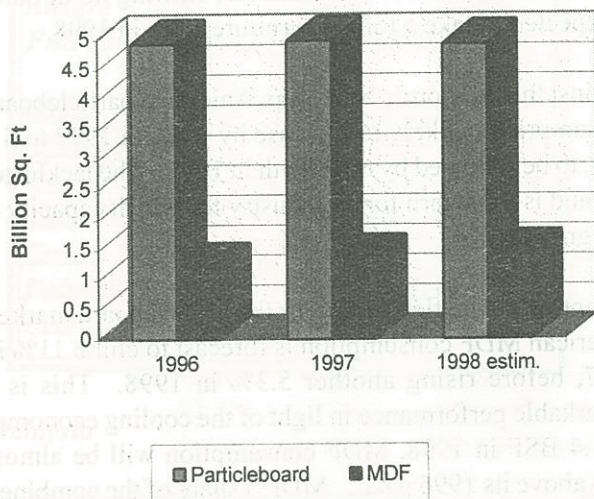
Particleboard is a relatively mature product and its potential to expand its use is limited. To the contrary, particleboard is facing strong competition from MDF, at least as long as MDF prices continue to decline. It is, therefore, not surprising that the product is presently facing a flat demand. The weakness is most pronounced in the Southern and Eastern regions. On the other hand, the West is witnessing some growth.

The price advantage for particleboard may come more to the forefront again in 1998 as new particleboard capacity will lead to oversupply and prices dropping more rapidly than MDF prices. In fact MDF prices may stabilize in 1998 and possibly rebound from their cyclical lows.

At the present time, MDF consumption is driven by its ability to substitute for lumber, plywood, hardboard and particleboard. MDF prices are well below their mid-1990s peak and continue to fall, whereas particleboard prices, for example, are still relatively close to their cyclical highs.

Abundant supplies and the narrowing price spread with particleboard have promoted the use of MDF.

1996 US Consumption of Particleboard and MDF



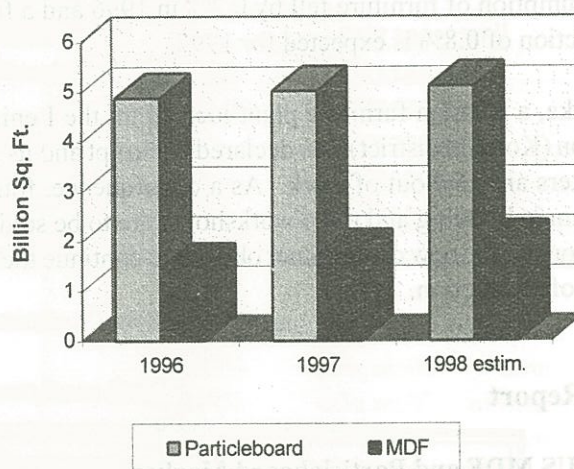
Supply

Total US and Canadian particleboard capacities are still increasing. However, in view of the modest demand, particleboard sales hardly advanced in recent months. At the same time, particleboard orders have been slow and mill stocks have edged moderately higher. Both, the demand/capacity ratio and the order/stock ratio have drifted lower. The decline is likely to continue into 1998. With demand/capacity ratios trending lower, particleboard prices will fall in the months to come.

Domestic and foreign supplies of MDF are well above last year's level. As consumption has also climbed, mill stocks could be kept at acceptable levels. However, orders are currently down and the order/stock ratio has plunged to one of the lowest levels ever. This is a poor indicator for MDF markets later in 1998 when additional capacity will come on stream. While MDF price declines may not be as great as over the past two years, primarily because prices are already close to costs, some further downward pressure can be expected over the next few months, before the bottom is finally hit in mid to late 1998. These declines will occur despite record consumption, reflecting the low order/stock and demand/capacity ratios.

MDF prices are expected to hit bottom in the first half of 1998. They are likely to remain close to the bottom line until early 1999. Thereafter, they may rise slowly as operating rates climb. Particleboard prices are projected to continue their slide until at least the beginning of 1999 and only then may they see a modest recovery.

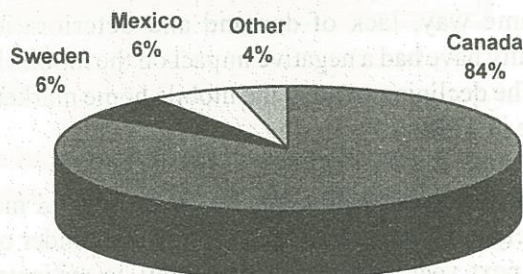
1996 US Particleboard and MDF Capacity



Imports and Exports

Particleboard imports are exceptionally strong. This year's imports are set to exceed total 1996 imports by 6% to 7%, reaching an estimated 0.69 BSF. The bulk stems from Canada (84%) but the strongest growth comes from European countries, particularly Sweden. Sweden's share keeps growing and is likely to reach some 6% this year. Much of the imports from Scandinavian countries are of laminated flooring. Mexico's share will continue to slide as more of the Mexican production is used domestically to meet growing home demand. US particleboard exports are modest in comparison to imports. For 1997 exports are estimated to reach 0.24 BSF.

US Particleboard Imports



World Value of the US Dollar 21st November 1997

Australia	Dollar	1.4354	Indonesia	Rupiah	3590
Austria	Schilling	12.289	Ireland	Punt	0.67
Belgium	Franc	36.019	Italy	Lira	1712.65
Bolivia	Boliviano	5.33	Japan	Yen	125.635
Brazil	Real	1.1089	Korea, Rep. of	Won	1055.5
Cambodia	Riel	3000	Liberia	Dollar	1
Cameroon	C.F.A.Franc	584.61	Malaysia	Ringgit	3.415
Canada	Dollar	1.419	Myanmar	Kyat	6.3271
Central African Republic	C.F.A.Franc	584.61	Nepal	Rupee	56.95
China	Yuan	8.2802	Netherlands	Guilder	1.9678
Colombia	Peso	1297.4	New Zealand	NZ Dollar	1.5988
Congo D.R.	New Zaire	118500	Norway	Krone	6.9386
Congo, People's Rep.	C.F.A.Franc	584.61	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	584.61	Papua New Guinea	Kina	1.6273
Denmark	Krone	6.6841	Peru	New Sol	2.7085
Ecuador	Sucre	4286	Philippines	Peso	34.4
Egypt	Pound	3.4045	Portugal	Escudo	178.3
Fiji	Dollar	1.4965	Russian Fed.	Ruble	5910.5
Finland	Markka	5.2699	Spain	Peseta	147.485
France	Franc	5.8461	Sweden	Krona	7.608
Gabon	C.F.A.Franc	584.61	Switzerland	Franc	1.4199
Germany	Mark	1.7464	Thailand	Baht	39.675
Ghana	Cedi	2237.5	Togo, Rep.	C.F.A.Franc	584.61
Greece	Drachma	273.56	Trinidad and Tobago	Dollar	6.18
Guyana	Dollar	142.8	United Kingdom	Pound	0.5926
Honduras, Rep.	Lempira	13.21	Venezuela	Bolivar	499.505
India	Rupee	37.75	EU	Ecu	1.1403

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
		↓ ↑	Price has moved up or down

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