



INTERNATIONAL TROPICAL

TIMBER ORGANIZATION

Tropical Timber Market Information

Towards Greater Transparency in the Tropical Timber Markets

Producer's Report

International Log Prices

Malaysia

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\$180-190
small	US\$150-160
super small	US\$120-130
Kapur SQ up	US\$160-170 ↓
Selangan Batu SQ up	US\$170-180 ↓

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		
Palaquium	US\$ 110	signif. fall
Planchonella	"	no report
Calophyllum	"	signif. fall
Pometia	"	signif. fall
Gonostylus	"	no report
Schizomeria	"	signif. fall

Group 2

Canarium	US\$ 100	signif. fall
Burckella	"	signif. fall
Terminalia	"	signif. fall

Group 3

Dillenia	US\$ 95 mod. fall	
Celtis	US\$ 90 mod fall	
Alstonia	"	signif. fall
Dysoxylum	"	signif. fall
Eugenia	"	mod. fall
Endospermum	"	signif. fall
Vitex	US\$150	no report
Amoora	US\$110	signif. fall

Group 4

Camponospermum	US\$95	signif. fall
Parinari	US\$80	signif. fall
Marathes	"	signif. fall
Mixed white	"	signif. fall
Mixed red	"	signif. fall
Low Grade Logs	US\$80	signif. fall

Cameroon Log Prices

FOB		per Cu.m
N'Gollon	70cm+ LM-C	FFR 1750
Ayous	80cm+LM-C	FFR 1100
Sapele	80cm+LM-C	FFR 1730
Iroko	70cm+LM-C	FFR 1800

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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.

Ozigo, FOB

Grade	per Cu.m
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

Liberia

Reports are suggesting that the Liberian log trade may be re-emerging. Timber concessions are being acquired at a frantic pace but many of the companies are said to be poorly equipped as far as logging and haulage equipment.

European buyers are reluctant to commit to purchases as yet, but there are reports of Indian and Singaporean companies ready to place orders.

Papua New Guinea

FOB	per Cu.m
Taun	US\$100-120
Calophyllum	US\$100-110
Group 2	
Amoora, Hopea	US\$80-95
Group 3	
Celtis, Watergum	US\$70-85
Group 4	
Mixed Reds/Whites	US\$50-60

Some indicative prices are as follows:

Company 1	
Teak Logs FOB	per Cum
15-24cm dia	US\$ 260
25cm plus	US\$320
Company 2	
Teak Logs FOB	per Cu.m
up to 26cm dia	US\$320
27cm plus	US\$350
Company 3	
Other logs FOB	per Cu.m
Tetrabelinia 70cm plus	US\$135
Didelotia 70 cm plus	US\$ 135
(both allow 20% 20-60cm)	

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

Niangon 60cm plus	FFr1600
Makore	FFr1600
Walnut	FFr1300
Tiama	FFr1450
Iroko	Ffr1580
(All 80cm plus allowing 25% 75-79cm)	

Domestic Log Prices**Report From Brazil**

The rain season has started in the Amazon. Present inventories of tropical veneers and veneer logs are low. Some problems might be faced on the supply side in the next months.

<i>Logs at mill yard</i>	<i>per Cu.m</i>
<i>Mahogany 1st Grade</i>	<i>US\$359 ↑</i>
<i>Ipe</i>	<i>US\$65</i>
<i>Jatoba</i>	<i>US\$48 ↓</i>
<i>Guaruba</i>	<i>US\$40</i>
<i>Mescla(white virola)</i>	<i>US\$58 ↓</i>

Report from Peru

<i>Domestic Log</i>	<i>Prices Pucallpa</i>
	<i>per Cu.m</i>
<i>Tahuari (Ipe)</i>	<i>US\$ 57</i>
<i>Estoraque (Cabreuva)</i>	<i>US\$ 53</i>
<i>Largarto (Jacareuba)</i>	<i>US\$ 45</i>
<i>Quinilla (Macaranduba)</i>	<i>US\$ 45</i>
<i>Yacushapana (Tanimbuca)</i>	<i>US\$ 44</i>
<i>Cumala (Virola)</i>	<i>US\$ 41</i>
<i>Catahua (Assacu)</i>	<i>US\$ 25</i>

Ghana

Domestic log prices have not moved. Inflation and a the declining value of the cedi against the US dollar and major currencies is becoming a problem and depressing demand.

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

Report from Indonesia

<i>Domestic log prices</i>	<i>per Cu.m</i>
<i>Plywood logs</i>	
<i>Face Logs</i>	<i>US\$130-145 ↓</i>
<i>Core logs</i>	<i>US\$105-120 ↓</i>
<i>Sawlogs (Merantis')</i>	<i>US\$120-140 ↓</i>
<i>Falkata logs</i>	<i>US\$65-68</i>
<i>Rubberwood</i>	<i>US\$30-33 ↓</i>
<i>Pine</i>	<i>US\$63-65</i>
<i>Mahoni</i>	<i>US\$380-400</i>

Report from Malaysia

<i>Logs</i>	
<i>Domestic (SQ ex-log yard)</i>	<i>per Cu.m</i>
<i>DR Meranti</i>	<i>US\$135-150 ↓</i>
<i>Balau</i>	<i>US\$150-160 ↓</i>
<i>Merbau</i>	<i>US\$150-160 ↓</i>
<i>Peeler Core logs</i>	<i>US\$90-110 ↓</i>
<i>Rubberwood</i>	<i>US\$25-28 ↓</i>
<i>Keruing</i>	<i>US\$170-190 ↓</i>

The Malaysian Ministry of Primary Industries has recently allowed the export of Rubberwood sawnwood from Peninsular Malaysia. It has proposed the export of 60,000 Cu.m of Rubberwood sawnwood. This was announced following a study conducted by the Malayusian Timber Industry Board which found that there was over 200,000 Cu.m of excess Rubberwood sawntimber on the local market which the local furniture manufacturers were unable to use.

International Sawnwood Prices**Brazil**

Sawnwood exports to the Asian market are slowly recovering, but volumes are still small and prices are always under discussion. Other sawood market are selling well, the only problem is that the traditional markets only take a limited number of species.

The US market for pine clear blocks and moldings has reached the lowest level ever. Many producers of clear blocks are closing down, or changing to other products. One of the alternatives is fencing material, but this may result in an over supply in the near future with a negative impact on prices.

Export Sawnwood	per Cu.m
Mahogany KD FAS FOB	
UK market	US\$999 ↑
Jatoba Green (dressed)	US\$510 ↑
Asian Market	
Guaruba	US\$265
Angelim pedra	US\$250
Mandioqueira	US\$205
Pine (AD)	US\$170 ↓

Peru

Export Sawnwood FOB Callao/Lima	per Cu.m
Caoba (Mahogany)	US\$881
Cumala (Virola)	no report

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	per Cu.m
Export (FOB)	
Dark Red Meranti (2.5ins x 6ins & up)	
GMS select & better (KD)	US\$550-560 ↓
Seraya	
Scantlings (75x125 KD)	US\$580-600 ↓
Sepetir Boards	US\$230-250 ↓
Perupok (25mm&37mm KD)	US\$850-900
K.Semangkok	
(25mm&37mm KD)	US\$725-740

Taiwan Province of China

Rubberwood	per Cu.m
25mm boards	US\$300-310 ↓
50-75mm squares	US\$330-360 ↓
75-100mm squares	US\$390-410 ↓
Sepetir	
GMS (AD)	US\$270-300 ↓
Ramin less than 2 ft.	US\$560-590
greater than 2 ft.	US\$630-650
Oak 25mm boards	US\$800-830 ↑
Maple	US\$1300-1500 ↑
Cherry	US\$1200-1300 ↑

Domestic Sawnwood Prices

Report from Brazil

Even at these low prices demand is weak. Several mills have stopped production due to increasing inventories. Producers are taking advantage of the holiday period and most are only to be back to production at the second week of January.

The domestic market has been affected by the recent interest rate increase, promoted by the government to protect the Brazilian real from international speculation.

Sawnwood (Green ex-mill)	per Cu.m
Northern Mills	
Mahogany	US\$786 ↓
Ipe	US\$430 ↓

<i>Jatoba</i>	US\$314 ↑
<i>Eucalyptus AD</i>	US\$165
<i>Southern Mills</i>	
<i>Pine (KD) First Grade</i>	US\$158

Peru

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

Ghana

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

Report from Indonesia

Construction activity has almost come to a halt and millers are anxious to dispose of stocks. With Hari Raya nearing the market has become very quiet.

Sawn timber

Domestic construction material

<i>Kampar</i>	
<i>AD 6x12-15x400cm</i>	US\$270-290 ↓
<i>KD</i>	US\$360-380 ↓
<i>AD 3x20x400cm</i>	US\$320-350 ↓
<i>KD</i>	US\$430-460
<i>Keruing</i>	
<i>AD 6x12-15cmx400</i>	US\$240-250-
<i>AD 2x20cmx400</i>	US\$260-280 ↓
<i>AD 3x30cmx400</i>	US\$280-300 ↓

Malaysian Domestic Sawnwood Prices

<i>Sawnwood</i>	<i>per Cu.m</i>
<i>Balau(25&50mm,100mm+)</i>	US\$25-0280 ↓
<i>Kempas 50mm by</i>	
<i>(75,100&125mm)</i>	US\$150-160 ↓
<i>Red Meranti</i>	
<i>(22,25&30mmby180+mm)</i>	US\$250-260 ↓
<i>Rubberwood</i>	
<i>25mm & 50mm Boards</i>	US\$160-180
<i>50mm squares</i>	US\$220-230
<i>75mm+</i>	US\$250-270

Myanmar

Sawn Hardwoods, length 6ft and up.

Prices remain unchanged.

	<i>per ton</i>
<i>2nd Grade Sawn Teak</i>	Kyat100,00
<i>3rd Grade sawn Teak</i>	Kyat55,000
<i>Sawn Pyinkado</i>	Kyat55,000
<i>Sawn Padauk</i>	Kyat60,000
<i>Sawn Gurjan</i>	Kyat36,000
<i>Mixed Species</i>	Kyat32,000

One ton equivalent to 1.4 Cu.m

International Plywood and Veneers Prices

Indonesia

For the first time ever the Indonesian rupiah fell below the 6,000 to the dollar level on the 24th December, this represents a drop of over 60% since the beginning of the year. The decline in the rupiah implies a huge increase in the cost of servicing the country's overseas debt. Manufacturers in Indonesia are facing extremely difficult times with the costs of imports to maintain production soaring and market prices at very low levels with little signs of a short-term turn around.

<i>Plywood (export, FOB)</i>	
<i>MR,</i>	<i>per Cu.m</i>
<i>Grade BB/CC</i>	
<i>2.7mm</i>	US\$370-400 ↓
<i>3mm</i>	US\$300-330 ↓
<i>6mm and above</i>	US\$280-300

Ghana

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**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**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***4mm WBP** Stg347**MR** 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**

Markets for the Brazilian plywood continue to be very slow. Prices have again dropped. Most producers are not selling as prices offered are now 10 to 12% lower than three months ago. Malaysian and Indonesian companies are blamed for the price reduction.

Veneer FOB *per Cu.m***White Virola Face****2.5mm** US\$270-330 ↓**Pine Veneer (C/D)** US\$185-220 ↑**Mahogany Veneer** *per Sq.m***0.7mm** US\$2.80**Plywood FOB** *per Cu.m***White Virola (US Market)****5.2mm OV2 (MR)** US\$370 ↓**15mm BB/CC (MR)** US\$320 ↓**For Caribbean countries****White Virola 4mm** US\$430 ↓**9mm** US\$370 ↓**Pine USA market****9mm C/CC (WBP)** US\$250 ↓**15mm C/CC (WBP)** US\$240

The Government announced last week a small reduction in the interest rate. The stock exchange reacted positively. Further reductions will take place unless international pressures do not allow. The present interest rate is 39% per year. This is not reducing investments only because market has a perception that it is a transitory position.

Investments continue to flow into Brazil. Following direct investments in the solid wood business, companies are now focusing on investment in chemical, overlay and other production for the timber industry. In the medium term this will increase the competition among timber industry

suppliers, and could improve the competitiveness of *Indonesia* Brazilian timber products in the international market.

Malaysian Plywood

MR Grade BB/CC FOB	
	per Cu.m
2.7mm	US\$380-420
3mm	US\$320-360
3.6mm	US\$300-320
9-18mm	US\$270-310-
Domestic plywood	
3.6mm	US\$330-360 ↓
9-18mm	US\$010-330 ↓

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

Rotary Cut Veneer	
(ex-mill Northern Mill)	per Cu.m
White Virola Face	US\$170 ↑
White Virola Core	US\$125 ↑
Plywood	
(ex-mill Southern Mill)	
Grade MR	per Cu.m
4mm White Virola	US\$515 ↑
15mm White Virola	US\$358 ↑
4mm Mahogany 1 face	US\$1,210 ↑

Domestic MR plywood

(Jarkarta)	per Cu.m
9mm	US\$350-380 ↓
12mm	US\$350-360 ↓
15mm	US\$300-330 ↓
18mm	US\$280-320 ↓

Ghana

Decorative Sliced Veneer Surfaced Plywood

Avodire/Walnut/Figured Anegre/Hyedua/ Mansonia/Sapele faces	
	Cedi per Sheet
4mm	20,000
6mm	23,000
9mm	25,000
12mm	30,000
15mm	33,00
18mm	36,000
Mahogany/Edinam Faces	
	Cedi per Sheet
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	per Cu.m
White Virola Faced	
B/C	US\$265 ↓
Domestic Prices	
Ex-mill Southern Region	per Cu.m
Blockboard	
15mm White Virola Faced	US\$490 ↑
15mm Mahogany Faced	US\$870
Particleboard	
15mm	US\$222 ↑

Indonesia

Other Panels	per Cu.m
Export Particleboard FOB	
9-18mm	US\$140-150
Domestic Particleboard	
9mm	US\$200 ↓
12-15mm	US\$180-190 ↓
18mm	US\$160-180 ↓
MDF Export (FOB)	
12-18mm	US\$180-210
MDF Domestic 12-18mm	US\$220-230 ↓

Taiwan Province of China, Imports

MDF	per Cu.m
Domestic Prices	
3mm thick	US\$280-310
16-18mm x 4' x 8'	US\$225-240 ↑
Particleboard	per Cu.m
12-18mm (4x8)	US\$180-190 ↑

Malaysia

Particleboard (FOB)	per Cu.m
6mm & above	US\$140-155
Domestic	
6mm & above	US\$150-170
MDF (FOB)	per Cu.m
Less than 5mm	US\$210-240
Greater than 6mm	US\$180-200
Domestic Price	US\$200-240

Prices of Added Value Products

Indonesia

Mouldings	per Cu.m
Ramin casings	
(for the Italian market)	US\$900-930 ↓
Laminated Scantlings	US\$560-580 ↓
Laminated Boards	
Falkata wood	US\$315-330 ↓
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$730-780 ↓
Grade B	US\$530-550 ↓

Malaysia

Mouldings (FOB)	per Cu.m
Selagan Batu Decking	US\$560-580
Laminated Scantlings	
72mmx86mm	US\$550-580 ↓
Red Meranti Mouldings	
11x68/92mm x 7ft up	
Grade A	US\$790-800 ↓
Grade B	US\$620 ↓

Rubberwood Parts and Furniture

Malaysia

Finger jointed laminated boards	per Cu.m
top grade	US\$620-650 ↓
	US\$700-750
Dining table	
Solid rubberwood laminated top 3' x 5'	
with extension leaf	US\$40-42ea ↓
Same with	
Oak veneered MDF	US\$52-56ea ↓
Windsor Chair	US\$10.0-12.0ea
Colonial Chair	US\$12.0-13.0ea
Napolean Chair	US\$20-22ea
Queen Anne Chair (with soft seat)	
without arm	US\$16-18ea
with arm	US\$21-23ea

Brazil

Edge Glued Pine Panel	
for Korea 1st Grade	per Cu.m
Last price	no business
US Market	US\$570
	US\$530

Taiwan Province of China

Furniture	
Dining suite (FOB)	
Oak Veneered MDF tables and chairs (6 per set) 4ft dia.	
	US\$145-160per set ↓
Dining table Cherry veneer	
Occasional table Cherry veneer	
top 2ftx4ft	US\$28-30ea

Consumer's Report

Report From Japan

Prices Down

In addition to the depressed market, supply and demand of wood products have become seriously out of balance. Prices for lumber and building materials have all declined. Prices of processed products went down first followed by those of raw materials such as logs. Plywood prices went down first and then those of Southeast Asian logs.

Housing Starts

While the actual 1997 statistics will be reported by the Ministry of Construction at the end of January, the current estimate is that housing starts are 1.35 million, or roughly 18 percent less than last year. Housing starts have been above one million units for the past 30 years.

Many factors have contributed to the drop in housing starts, the rate of consumption tax has been raised, until December there was no reduction in income tax as was seen last year and on top of this the family budget has had to absorb increases in medical expenses as subsidies have been drastically reduced. These factors, combined with uncertainty in the employment sector, has undermined confidence and reduced purchasing power.

Starts of wood-frame housing have been particularly badly hit. It has been estimated that the number of units of traditional post and beam construction method not including wood-frame prefabricated houses and two-by-four construction houses, will be below the level of 1965 and this has had a considerable dampening effect on demand for wood products.

Demand for North American Timbers

The North American Log and Lumber Conference of Japan has made projections for the supply and demand for North American species log and lumber in 1998. The trade in North American lumber, that has doubled in the past decade, has declined in 1997 and this trend is expected to continue into 1998. Imports are expected to fall below 6 million cubic meters.

1998 Tropical Imports Down

The Southeast Asian Log Conference of Japan has projected demand for tropical logs for 1998. For Southeast Asia and Africa projections for imports are at 5,430,000 cubic metres, down 10.5 percent from the average of the first nine months this year. Some 4,887,000 cubic metres will be for plywood manufacturing, down 10.7 percent and 543,000 cubic metres for sawmill use, down 8.2 percent.

Projections of demand for plywood for the first quarter of 1998 stand at 2,050,000 cubic metres. Imported plywood is projected at 1,100,000 cubic metres and domestic production at 950,000 cubic metres. For the second quarter demand is expected to rise moderately to 2,260,000 cubic metres, of which, imported plywood will be 1,160,000 cubic metres and domestic production 1,100,000 cubic metres.

Logs imports are forecast at 4,765,000 cubic metres from Southeast Asia, down 5.5 percent, 575,000 cubic metres from Africa, down 4 percent and 1,680,000 cubic metres of softwood logs, up 7.7 percent. The opinion of the trade is that increasing amounts of softwood will be used.

Export Prices for Asian Logs

The trade is beginning to feel that export prices of Southeast Asian logs are at the bottom of their range. At lower prices logging will be discontinued as unprofitable. At present it is the rain season which is easing the situation. Some exporters are pushing for price increases. Prices of US\$150-155 per Cu.m for Meranti regular, FOB out of Sarawak were the lowest this year.

Plywood markets are weak and Japanese importers continue to request lower prices especially as the Malaysian and Indonesian currencies continue to weaken against US dollar. Prices of Taun and Calophyllum logs are steady at US\$140-145 and US\$130-135.

Asian Log, Lumber and Panel Prices

Logs For Plywood Manufacturing	
	CIF Price Yen per Koku
Meranti (Hill, Sarawak)	
Medium Mixed	7,300
Meranti (Hill, Sarawak)	
STD Mixed	7,200
Meranti (Hill, Sarawak)	
Small Lot	
(SM60%, SSM40%)	6,500
Taun, Calophyllum (PNG)	
and others	6,300
Mix Light Hardwood	
(PNG G3-G5 grade)	4,800
Okume (Gabonese)	7,600
Keruing (Sarawak)	
Medium MQ & up	8,000
Kapur (Sarawak) Medium	
MQ & up	7,500
Logs For Sawmilling	
	FOB Price Yen per Koku
Melapi (Sarawak)	
Select	10,500
Agathis (Sarawak)	
Select	9,500

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

Report From China

China is to abolish quotas on lending by state run commercial banks in a bid to aid the development of a more modern commercial banking sector.

Prices in Hong Kong, Advised in September 1997

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

Prices for Imported Tropical Wood Products in Shanghai and Eastern China

	Yuan per Cu.m
Keruing Log	
Length: 6-20m	1880-2400
Malaysian Lauan Log	
various sizes	2500-2600
Malaysian Lauan with hollow heart	
various sizes	1200-1400
Teak log Myanmar	
2.6m 40 cm dia	2400
Lauan lumber	
Thickness: 5-6cm	
Length: 3-4m	2850-3450
Luan/Malas tongued, grooved flooring strip	
18x70mm x 2.2-4.1m	110-125
Balian Flooring Top Grade Myanmar	
18x50-70x2400mm	300-350
Plywood from Indonesia	
3mm 1220x2240	Yuan 4407
US Lumber	
Oak, Maple, Cherry	7000-14000
T&G Cherry Flooring	
18x50-70mm x 2-4m	120-140

From Europe an Update on Germany

According to CSIL, the Milan based market research organisation, in the period 1998-1999 the German furniture sector will still only partly benefit from the acceleration in private consumption expected in Germany and in the other European countries. This is because it is expected that any increase in domestic demand (forecast 2.8% in 1998 and 3.5% in 1999) will translate into high import flows (respectively 6.1% and 7.9%) but exports will fail to take off. The prospects for the furniture sector are therefore for a further two years of stagnation.

Hans Feierabend GmbH, the German kitchen manufacturer located in Einbeck, has been bought by Austrian Regina Holding AG (Weikersdorf) from Robert Bosch GmbH (Stuttgart). The Austrian company (which is part of the Swiss group Emesco) produces kitchen and bathroom furniture and has an annual turnover of about DM 230-250 million. Feierabend will continue to produce Bosch kitchens.

Sachsenk Chen GmbH, the German kitchen furniture producer based in Obercarsdorf, has inaugurated a new production mill. The new mill should generate an annual turnover of about DM 80 million.

Prices in Germany

Wooden Windows

Medium Price Meranti,	
120x135cm	DM448
Lower Price PVC,	
120x135cm	DM388

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	DM540 ↑
Medium Price, Beech	DM400 ↑
Lower Price, Beech,	DM169

Kitchen Table

Lower Price, Pine, 80x140 DM329

Dining Table

Upper Price, Beech 90x180	DM1,667 ↑
Medium Price Beech 90x180	DM1,061 ↑
Lower Price Beech 80x180	DM689 ↑

Kitchen Doors

Upper Price,	
Solid Oak, 57x50cm.	DM230
Medium Price, Oak Frame	
and Veneer 57x50cm.	DM175

Wardrobe Doors

Upper Price. Beech Veneer	
180x45cm	DM340 ↑
Medium price, Beech Veneer	
180x45cm	DM212 ↑
Lower Price, Beech Veneer	
194x40cm.	DM109 ↑

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	DM161 ↑
Medium Price, Beech Veneer	DM97 ↑
Lowest Price, Alder	DM42 ↑

Other news from Europe

In the third quarter of 1997 Ekornes, the Norwegian furniture manufacturer, registered a 60% increase in pre-tax profits to NK 118.4 million, compared to the same quarter of 1996.

The company, which produces the famous Stressless armchair, reported strong growth in all markets including Japan (+77%) and Germany (+73%). The best performance was registered in the domestic market, with an increase of NK 60 million.

According to the UK Office of National Statistics, in the three month period June-August 1997 the output of sawmills and planing mills registered a 2.7% decrease compared to the same period of 1996.

In the first six months of 1997 Danish furniture exports increased by 5% to DKr 6.4 billion, compared to the same period of 1996. Significant increases were reported for exports to Norway (+108% to DKr 501 million), the UK (+89%, to DKr 452 million), Sweden (+43%) and France (+26%), while exports to Germany, which is the most important market for Danish furniture, declined by 2%.

Following strong growth in trading between Norway and Italy and arrangements to boost investments and trade between the two countries, Norwegian furniture producers are set to penetrate the Italian market with specialty furniture for the elderly and the disabled.

The US Office Furniture Market

Background Economic Growth

Table 1. Summary of US Economic Data with Outlook to 1999					
	(US\$ Billions)				
	1995	1996	1997	1998	1999
Real GDP percent	2.0	2.7	3.8	2.7	2.2
			US\$	billions	
Business Investment	1010.2	1057	1125	1176	1228
% Change	3.0	4.6	6.4	4.5	4.5
Non Res. Buildings	181.1	189.9	197.5	205	213
% Change	7.3	4.9	4.0	4.0	3.5
Res. Buildings	262.8	277	271.5	276	285
% Change	-2.3	5.4	-2.0	1.5	3.5
Net Trade	-107.6	-114	-115.4	-100	-87
Exports	775.4	825.8	883.6	959	1035
% Change	8.9	6.5	7	8.5	8.0
Imports	883	939.8	999	1059	1122
% Change	8.0	6.4	6.3	6.0	6.0
Govn. Purchases	1260.2	1270.9	1283.5	1289.1	1291.2
Unemployment %	5.6	5.4	5.4	5.6	5.7

The American economy grew by 2.7 percent in 1996 and 3.8 percent in 1997. The only sectors not growing last year were defense and non-defense spending which continued to decline in real terms.

The surprising resilience of the expansion should carry growth forward until at least the end of this century. However, recent increases in interest rates set in motion as the result of Federal Reserve Board concerns that the economy might be overheating will curb growth to something in the order of 2.7 percent in 1998 and 2.2 percent in 1999. Table 1 summarizes some macro-economic variables of importance to the US office furniture industry.

Anticipated Growth in the Service Industries

Employment in the "office intensive" sector (defined as finance, insurance and real estate, business services industries and government) is expected to grow at a pace exceeding that for the economy as a whole during the remainder of the 1990s. The US economic outlook described above calls for total employment growth of about 1.0 percent per year in each of 1997 and 1998, and a slight slowdown to just 0.8 percent in 1999.

Table 2 compares total employment growth in the United States over the last decade with that of the "office intensive" sector. Office employment is projected to grow by 1.5 percent in each of 1997 and 1998 and by 1.3 percent in 1999.

Anticipated Commercial Construction

Table 3 compares the time profile of investment in commercial structures to overall business investment in nonresidential structures, in constant dollar terms, over the course of the period 1981 to 1996. Over this period commercial structures accounted for about one-third of all non-residential structural investment in the US.

The table shows clearly that activity in commercial buildings outstripped non-residential expenditures in general during the 1980s and 1990s, except during the early 1990s recession. The higher rates of growth among commercial structures

were propelled by the general decline in office vacancy rates in recent years, especially in those urban areas where vacancy rates have dropped well below the national average.

Table 2. Employment Growth 1990-1999 (000's)				
	Total	%	Office	%
	Employed	Change	Employed	Change
1990	109,416	1.4	30,153	2.6
1991	108,261	-1.1	30,141	0
1992	108,596	0.3	30,554	1.4
1993	110,726	2.0	31,326	2.5
1994	114,153	3.1	32,289	3.1
1995	117,202	2.7	32,924	2.0
1996	119,549	2.0	33,615	2.1
1997	120,745	1.0	34,119	1.5
F 1998	121,950	1.0	34,630	1.5
F 1999	122,930	0.8	35,080	1.3

Non-residential building spending is expected to continue growing throughout the forecast horizon, though at a reduced pace from that recently. It is projected that gains of 4 percent in each of 1997 and 1998 and about 3.5 percent in 1999 will be achieved. It is expected that commercial building activity will also slow down, but that its pace of expansion will continue to exceed that of the broader category. Gains in commercial building activity could be in the order of 5 to 7 percent range in 1997 and remain above 5 percent in each of 1998 and 1999.

Anticipated Office Furniture Demand

Table 3. Private Investment in Non-Residential and Commercial Buildings							
	(Index 1980=100)						
	1990	1991	1992	1993	1994	1995	1996
Non Residential Structures	126	97	82	81	89	99	108
Commercial Buildings	98	88	82	81	82	88	94

Using fairly conservative assumptions regarding the average rate of depreciation for office furniture and the historical stock of office furniture per office worker forecasters estimate that the underlying annual need for office furniture replacement, that is the amount required simply to replace worn out and/or discarded existing furniture stock, accounted for about 75 percent of office furniture purchases in 1996. That means that, of US \$10.0 billion of office furniture shipped in 1996, US \$2.5 billion represented a net new addition to the existing stock of office furniture.

Office employment growth is expected to continue to increase at a steady pace over the course of the next few years. According to projections, office furniture purchases attributable to new office job creation will slow slightly over the next two years.

Adding these amounts to the underlying replacement need, which increases slightly each year as the existing capital stock increases, and the

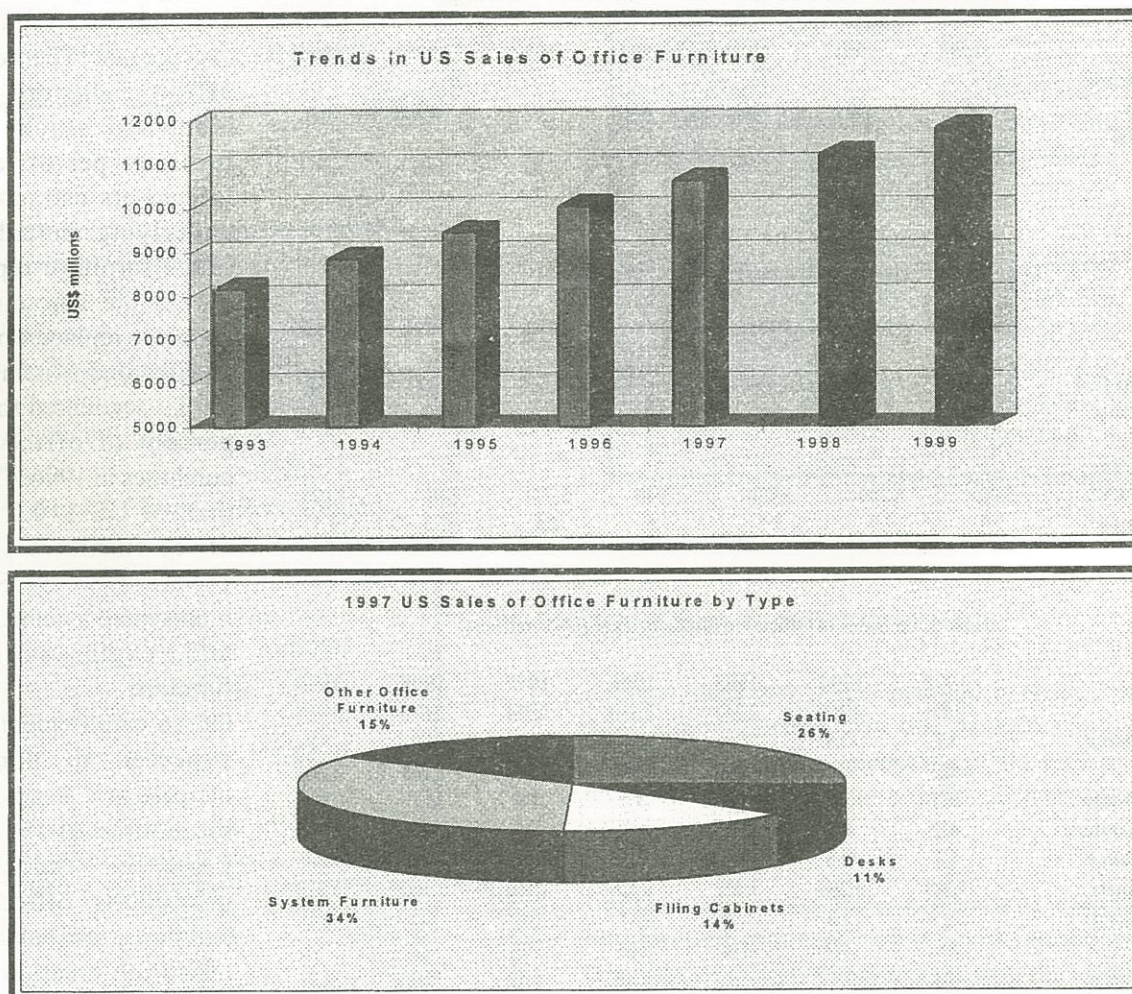
Table 4. US Sales of Office Furniture (US\$ millions)							
	1993	1994	1995	1996	1997	F 1998	F 1999
Current US\$	8,160	8,850	9,450	10,040	10,630	11,223	11,825
% Change	5.8	8.5	6.8	6.2	5.9	5.6	5.4
Constant 1980 US\$	5,065	5,280	5,438	5,630	5,771	5,903	6,027
% Change	1.9	4.0	3.7	2.6	2.5	2.3	2.1

Table 5. US Sales of Office Furniture by Type (US\$ millions)							
	1993	1994	1995	1996	1997	1998	1999
Seating	1,991	2,266	2,353	2,550	2,714	2,876	3,067
% Annual Change	3.7	13.8	3.9	8.4	6.4	6.0	5.9
Desks	922	956	1,002	1,084	1,168	1,265	1,361
% Annual Change	10.7	3.7	4.8	8.2	7.7	8.3	7.6
Storage Furniture	432	487	510	562	597	632	669
% Annual Change	5.8	12.5	4.8	10.2	6.2	5.8	5.9
Filing Cabinets	1,289	1,266	1,427	1,416	1,486	1,560	1,623
% Annual Change	10.7	-1.8	12.8	-0.8	5.0	5.0	4.1
Tables	547	549	576	663	703	746	792
% Annual Change	12.6	0.4	5.1	15.0	6.1	6.0	6.2
Systems Furniture	2,725	3,106	3,289	3,424	3,628	3,815	4,009
% Annual Change	4.0	14.0	5.9	4.1	6.0	5.2	5.1
Other Furniture	253	221	293	341	334	329	325
% Annual Change	-8.9	-12.5	32.4	16.5	-2.1	-1.6	-1.3
Total	8,160	8,850	9,450	10,040	10,631	11,233	11,825
% Annual Change	5.8	8.5	6.8	6.2	5.9	5.6	5.4

domestic demand for office furniture to meet both needs, should increase to demand to a projected US\$10.6 billion in 1997, and US\$11.2 billion in 1998 and US\$11.8 billion in 1999, (all measured in current dollars). In real terms it is expected that office furniture purchases to increase by 2.5 percent this year, 2.3 percent in 1998 and 2.1 percent in 1999. Table 4 summarizes this forecast.

Anticipated Office Furniture Demand by Type

Table 5, separates the forecast for overall office furniture demand by major furniture types. The largest market segment, if the trends by type emerge as projected here, would be systems at US\$4.0 billion, followed by seats at US\$3.0 billion and filing cabinets at US\$1.6 billion.



World Value of the US Dollar 19th December 1997

Australia	Dollar	1.5244	Indonesia	Rupiah	5300
Austria	Schilling	12.4345	Ireland	Punt	0.6861
Belgium	Franc	36.48	Italy	Lira	1735.4
Bolivia	Boliviano	5.34	Japan	Yen	128.675
Brazil	Real	1.1145	Korea, Rep. of	Won	1575
Cambodia	Riel	3000	Liberia	Dollar	1
Cameroon	C.F.A.Franc	592.07	Malaysia	Ringgit	3.84
Canada	Dollar	1.427	Myanmar	Kyat	6.3896
Central African Republic	C.F.A.Franc	592.07	Nepal	Rupee	56.95
China	Yuan	8.2797	Netherlands	Guilder	1.9921
Colombia	Peso	1287.4	New Zealand	NZ Dollar	1.7122
Congo D.R.	New Zaire	110500	Norway	Krone	7.2149
Congo, People's Rep.	C.F.A.Franc	592.07	Panama	Balboa	1
Cote d'Ivoire	C.F.A.Franc	592.07	Papua New Guinea	Kina	1.7241
Denmark	Krone	6.7347	Peru	New Sol	2.708
Ecuador	Sucre	4450	Philippines	Peso	39.27
Egypt	Pound	3.4025	Portugal	Escudo	180.85
Fiji	Dollar	1.5477	Russian Fed.	Ruble	5945
Finland	Markka	5.342	Spain	Peseta	149.655
France	Franc	5.9207	Sweden	Krona	7.7251
Gabon	C.F.A.Franc	592.07	Switzerland	Franc	1.431
Germany	Mark	1.7678	Thailand	Baht	45.15
Ghana	Cedi	2243.5	Togo, Rep.	C.F.A.Franc	592.07
Greece	Drachma	278.52	Trinidad and Tobago	Dollar	6.2
Guyana	Dollar	142.8	United Kingdom	Pound	0.5967
Honduras, Rep.	Lempira	13.2	Venezuela	Bolivar	502.7
India	Rupee	39.19	EU	Ecu	1.1133

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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