Wood Raw-Material Markets – Globally and Locally

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Key Market Factors

Mountain Pine Beetle

President Trump

Spruce Bark Beetle

Climate Change
A Few Numbers of Interest

BC Lumber Production - 21%

US Log Exports to China - 52%

Russian Lumber Exports to China +12%

German Log and Lumber Exports +150% and +16%
Global Production of Pulp and Lumber

Sources: FAO and WRI Databank
Global Trade of Forest Products

Sources: Customs Statistics and WRI Databank

Wood Chips
Pulp
Softwood Lumber
Softwood Logs
Global Sawlog Price Index (GSPI) 1Q/95-3Q/19

Source: Wood Resource Quarterly

US$/m³
Wood Markets - China

- Continued Strong Lumber Imports
- Expansion of Pulp Capacity has Slowed
- Domestic Forest Resources Insufficient
- Largest Hardwood Chip Importer in the World
- High Log and Wood Fiber Costs
Imports of Softwood Logs and Lumber to China

Million m$^3$

Sources: Customs data and WRI est.
Softwood Log Imports to China

Sources: Customs data and WRI estimates

Million m³

0
5
10
15
20
25
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019e

New Zealand
Russia
North America
Other

Sources: Customs data and WRI estimates
Softwood Lumber Imports to China

Sources: Customs data and WRI estimates

Note. 1 mbf ~ 1.7 m³
Wood Markets – North America

• Mixed Wood Raw-Material Cost Trends the Past Few Years
• Expanding Forest Industry in the US South
• Reduced Timber Harvests in British Columbia
• Outlook for Increased Demand for Lumber in the US
• Reduction in Log Exports from North America to Asia
• Canada no Longer the Largest Lumber Exporter in the World
Overseas Lumber Imports to the US

Sources: Customs data and WRI Databank
Log Exports From Western US to Asia

Sources: Customs data and WRI estimates
Log Exports From British Columbia to Asia

Sources: Customs data and WRI estimates
Sawlog Prices – US Northwest

Price Index, US$ (1Q/08 = 100)

- Douglas-fir (Domestic)
- Hem-fir (Domestic)
- Douglas-fir (Export)
- Hem-fir (Export)

Source: WRI databank
Sawlog Prices – British Columbia

Source: Wood Resource Quarterly
Sawlog Prices for Key Lumber Producers 3Q/19

Source: Wood Resource Quarterly
Residual Chip Prices in North America

Source: North American Wood Fiber Review

US West
US South
Canada West

Source: North American Wood Fiber Review
Gross Margins in the Sawmilling Industry

Source: Wood Resource Quarterly

Profit Margin Index (1Q/05=100)

- US South
- US NW, Hem-fir
- Can BC, Interior

Source: Wood Resource Quarterly
Key Takeaways

- Global forest product production, which had been in a steady expansion mode for almost ten years, levelled off in 2018 and 2019.
- China continued to increase importation of softwood lumber in 2019 and surpassed the US to become the world’s largest importer in late 2019.
- Wood raw-material costs were generally lower for both the pulp and sawmilling sectors in 2019, with the biggest declines occurring in Europe and Western North America.
- Lumber and pulp prices are likely to increase in 2020, resulting in moderate upward pressure on prices for pulpwood and sawlogs in the coming year.
Questions?

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Publisher of the Wood Resource Quarterly

WoodPrices.com