

Global sawlog prices close to five-year low because of weak lumber markets in the 2Q/09, reports Wood Resource Quarterly

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Prices for softwood lumber have fallen in most markets worldwide the past year, including in Europe, North America and Japan, reports the Wood Resource Quarterly. The weak lumber markets have pushed sawlog prices close to a five-year low.

Seattle, USA. August 2009. The Global Sawlog Price Index (GSPI) in the 2Q/09, increased for the first time since late 2007, reaching \$68.87/m³. The Index, which is based on conifer sawlog prices in 19 key regions worldwide from 1995 to present, was still close to its lowest level in five years. Prices were slightly higher in most world regions this quarter mainly because of a weaker US dollar. In the local currencies, log prices adjusted downward in practically all countries with Russia and Western Canada being the only exceptions.

Sawmills in Chile, Russia, Western US and Western Canada had the lowest wood raw-material costs in the 2Q, almost 35% below the global average. Although log prices fell over 20% in Germany and Austria during the past 12 months, these two countries still had substantially higher log costs than any other country tracked by the WRQ. The biggest fall in log costs the past year has been in the Baltic States, where prices were more than 50 percent lower than they were in the 2Q/08.

Continued weak lumber markets kept the demand for sawlogs low in Europe. The total lumber imports by the eight largest importing countries in Europe have fallen each month for the past two years and were, in April, just over one million m³, down from 1.75 million m³ in early 2007. The good news is that the fall has slowed down in recent months and that the demand from the repair and remodelling sectors is fairly healthy. Lumber export prices in Sweden and Finland were 45% lower in May than their peak two years ago, as reported in the Wood Resource Quarterly.

Lumber production in the US was 23% lower in May this year than in the same month last year, and 38% below May 2007. The biggest decline occurred in Western US where practically every sawmill has reduced operating rates this past year. The WWPA estimates that the sawmills in this region ran at 56% of practical capacity this spring. Random Lengths Composite Lumber Index, which consists of a basket of 12 different species and grades, was at a twelve-year low in the first quarter. Early in the 3Q, lumber prices in North America started to move up as markets slowly improved.

Global timber market reporting is included in the 50-page publication Wood Resource Quarterly. The report, established in 1988 and with readers in over 25 countries, tracks sawlog, pulpwood, lumber and pellet prices in key regions around the world and also includes regular updates of the latest developments in international timber, pulp, lumber and biomass markets.

Wood Resources International LLC (WRI), an internationally recognized forest industry consulting firm established in 1987, publishes two quarterly timber price reports and have readers in over 25 countries. The Wood Resource Quarterly, established in 1988, is a 50-page market report and includes delivered sawlog prices, pulpwood and wood chip prices and market information from all major regions of the world, including Asia, North America, South America, Oceania and Europe.

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