



Wood Resources
International

WRI Market Insights 2020

- a subscription service from Wood Resources International

The Global Forest Industry This Quarter

Global Timber Markets

- There were relatively few price changes for sawlogs throughout the world in the 1Q/20 despite interruptions in trade and uncertainty in short-term lumber demand in many of the key markets.
- The **Global Sawlog Price Index** (GSPI) remained practically unchanged from the 4Q/19 to the 1Q/20. This followed a period of two years when the Index was in constant decline
- Over the past two decades, sawlog prices in **Eastern Europe** have gone up the most on the continent, albeit from low levels, while prices in **Central Europe** have declined substantially, particularly in 2019.

Global Pulpwood Markets

- Wood fiber costs fell for many hardwood pulp-producing countries worldwide in the 1Q/20. The biggest declines were seen in the US Russia, and Latin America.
- The **Hardwood Fiber Price Index (HFPI)** dropped 4.2% in the 1Q/20. This was the fourth q-o-q decline, resulting in a 9.2% reduction of the Index since the 1Q/19 and the lowest price in four years.
- The **Softwood Fiber Price Index (SFPI)** also spent last year in decline, although not as severe of one as the HFPI.

Global Pulp Markets

- Following a plunge in **pulp prices** of almost 30% in Europe and approximately 20% in North America from late 2018 to late 2019, prices bottomed out and even saw small price increases in early 2020.

- The premium for **softwood pulp** over hardwood pulp is currently about \$160/ton, the highest premium in over a year, and substantially more than the ten-years' average premium of \$106/ton.

Global Lumber Markets

- Importation of softwood lumber to **the US** fell for the third consecutive year in 2019. However, in the 1Q/20, the import volume was up y-o-y, and the month of March was surprisingly strong despite the Coronavirus Epidemic.
- Softwood lumber imports to **China** plunged in the 1Q/20, 14% lower than the previous quarter and 37% lower than the all-time-high in the 2Q/19.
- **Profitability** generally improved for lumber producers around the world in the 1Q/20. This followed a year of mostly gloomy financial news with many lumber producers making very low or even no profits at all.
- Declining export prices for sawmills in the **Nordic countries** coupled with only incremental reductions in log costs gradually reduced profitability during 2019 and early 2020.

Global Biomass Markets

- Domestic prices for residential pellets in the three major markets in Europe (**Austria, Germany and Sweden**) held up quite well during the first five months of 2020 and were just slightly lower than during the same period in 2019.

*Interested in wood products market information from around the world? The Wood Resource Quarterly (WRQ) is a 56-page report, established in 1988 and has subscribers in over 30 countries. The report tracks **prices for sawlog, pulpwood, lumber & pellets** worldwide and reports on trade and wood market developments in most key regions around the world. For more insights on the latest international forest product market trends, please go to www.WoodPrices.com*

Contact Information

Wood Resources International LLC

Hakan Ekstrom, Seattle, USA

info@WoodPrices.com

www.WoodPrices.com