

## WRI Market Insights 2023

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### **The Global Forest Industry this Quarter**

#### **Global Timber Markets**

Wood raw-material costs for sawmills in North America and Europe eased in the 3Q/22 as demand and prices for lumber fell.

The **Global Sawlog Price Index (GSPI)** fell five percent from its all-time high in the previous quarter to US\$90.54/m<sup>3</sup>. The decline follows a two-year increasing streak when the index had only one occasion when it declined q-o-q.

#### **Global Wood Fiber Markets**

Prices for pulplogs and wood chips have increased in practically all markets worldwide in the 3Q/22. As a result, the **Hardwood Fiber Price Index (HFPI)** has moved upward for over two years to reach \$100.47/bdmt in the 3Q/22, 26% higher than its 15-year low in the 2Q/20.

Global softwood fiber prices have also risen over the past few years, with the **Softwood Fiber Price Index (SFPI)** increasing for nine consecutive quarters. In the 3Q/22, the SFPI was \$101.63/bdmt, the highest level since early 2021.

#### **Global Pulp Markets**

Market pulp prices continued up in the 3Q/22 but started to level off late in the quarter and into early 4Q/22. Softwood and hardwood chemical pulp prices were substantially higher in the 3Q/22 y-o-y, with the most substantial increases occurring in China, where NBSK was up 18% over the past years, and HBSK has risen 36%.

#### **Global Lumber Markets**

After three months of incremental price decreases, the North American lumber market continues to struggle against inflationary pressures and high-interest rates that are taking a toll on the housing market.

Forest2Market's Southern yellow pine lumber price composite for November was \$253/m<sup>3</sup>, almost half of what it was in November 2021 and the lowest since early 2020.

Lumber production has declined in three of the four major regions of North America during the first eight months of 2022. Only the US South increased production (+6.9% y-o-y), while output in BC, Eastern Canada, and US Northwest fell by 12.5%, 6.6%, and 6.9%, respectively.

As a result of Russia's invasion of Ukraine and the boycott by western countries in trading with Russia, the country's exports have fallen from an all-time high of 31 million m<sup>3</sup> in 2019 to an estimated 19 million m<sup>3</sup> in 2022, and Russia's share of global trade declined from 22% to about 14%.

### **Global Biomass Markets**

The wood pellet market in Europe has been turbulent during the fall, with prices for industrial and residential pellets jumping to all-time highs.

In some markets, residential pellet prices in the 3Q/22 were three times as high as in the 3Q/21.

*Wood Resource Quarterly has been digitized and is now available as an interactive online business intelligence platform, **WoodMarket Prices (WMP)**. The pricing data service, established in 1988, has subscribers in over 30 countries. The WMP tracks **prices for sawlog, pulpwood, lumber & pellets** and reports on trade and wood market developments in most key regions worldwide. For more insights on the WMP platform, a unique and valuable tool for every company and organisation that require updates on the latest developments of global forest products markets, please go to [Global Wood Prices](#)*

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