

WOOD MARKETS



HIGHLIGHTS

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Featuring Lumber, Panels and Wood Products Analysis

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Super-Cycle for Logs & Lumber Conference Speakers Agree: Prices to Soar!

Almost 200 delegates from 20 countries attended WOOD MARKETS' Global Wood Products: Industry and Markets Conference in Vancouver on Tuesday, May 10.

While near-term improvements in the North American and European markets were not expected to create much of a ripple due to weak demand prospects, it is the 2013–15 period that speakers identified as the break-out period, when an imbalance in supply and demand will lead to much higher log and lumber prices. The mid-term outlook for OSB and plywood was considered to be more subdued, but rising demand in the mid-term period will allow for more curtailed OSB mills to start up, with improving prices a foregone conclusion.

Every speaker mentioned or addressed the role of China as one of the major stimuli in increasing global exports and creating higher log and lumber prices. China's growing appetite for logs and lumber will continue to increase imports from supplying countries around the world. As the U.S. and European markets begin to improve significantly in 2013, the issue of which country will be willing to pay the highest price to obtain the wood will be an interesting one to watch; according to many speakers, there may be a collision course ahead.

The role of China is expected to continue to make logs and lumber a tight commod-

ity as the super-cycle heats up — this is in direct contrast to the market conditions over the last five years and for what is expected in 2011 and perhaps even 2012! Since there are many issues that will limit eastern Russian log production, it is now expected that it will take a number of years for Siberia and the Far East to increase its log exports even marginally, even if its log export tax is reduced as part of its WTO membership. Consequently, China will need to continue to search the world for more log and lumber suppliers.

The Global Conference featured 11 speakers, as well as another eight in two panel sessions that covered all continents in terms of major issues and trends impacting the supply, demand and trade of logs, lumber and other wood products. Full conference proceedings are now available from WOOD MARKETS at a cost of US\$295.

Note the next two upcoming WOOD MARKETS conferences:

- **China SOFTWOOD Import/Export International Conference**, Tianjin, China — September 15–16, 2011 (plus optional three-day log port and lumber/wood products tour September 12–14, 2011).
- **The 2nd Global Wood Products Industry/Market Conference**, Vancouver, BC — Wednesday, May 9, 2012. ■

By Russ Taylor, President

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GLOBAL PRICE TRENDS

International WOOD MARKETS Group Inc. is pleased to provide you with an overview of our monthly 12-page WOOD Markets newsletter. The excerpts displayed in this two-page summary showcase why, since 1996, WOOD MARKETS has been the leading report addressing strategic issues and global topics that impact the solid wood products sector.

WOOD MARKETS (full 12-page report) is available by annual subscription for US\$530 (international US\$565) or Cdn\$565 per year. Call 1-604-801-5996, by e-mail at info@woodmarkets.com, or visit www.woodmarkets.com.

www.woodmarkets.com**WHAT'S NEW:****Pages 2–3****U.S. Wood Products Imports in 2010****Imports on the Rise But Some Products Still Lagging**

Imports rose in 2010 by 16%, but are still less than half the value of the peak in 2005. One factor for the upturn was a 6% increase in housing starts.

The top five imported wood products were softwood lumber (up \$679 million; consumption up 1.3 billion bf); builders' carpentry (up \$81 million); hardwood plywood (up \$251 million; softwood plywood consumption unchanged); mouldings (up \$115 million); and OSB (up \$178 million; consumption up 840 million sf). However, the greatest decline in wood

product imports over the last three years was in softwood lumber and OSB.

MDF imports fell by 74 million sf in 2010; particleboard imports declined to 341 million sf.

Given the weak start to building activity in 2011, wood products demand will be hard pressed to improve on the 2010 uptick. Once it returns closer to historical levels, though, wood products suppliers are confident prices/volumes will rise also, rewarding their perseverance in maintaining relationships with U.S. customers. ■

(The full *WOOD MARKETS* article provides further details, including graphs showing the rise and fall.)

Pages 4–5**2010 U.S. & Canada Wood Products Exports****Canadian Offshore Lumber Exports Big Winner in 2010!**

In 2010, Canadian offshore softwood lumber exports vaulted by 42%, representing the output of about 29 average-sized sawmills. U.S. softwood lumber exports increased by 35% in 2010, with exports to China growing the fastest (rising 169%). First-quarter data suggest that U.S. lumber exports to China are likely to rise by more than 100% in 2011.

U.S. softwood plywood exports (primarily to Canada and Mexico) rose by 64.9% in 2010, while Canadian softwood plywood exports dove by 84%.

Collectively, U.S. and Canadian OSB exports jumped by 66%, MDF exports remained flat, and particleboard exports turned up by 25%.

With continued growth in global export markets (especially China) forecast, U.S./Canadian offshore wood products exports are expected to close the gap on the peaks of 2007. Japan is set to increase its softwood lumber and particleboard imports in the second half of this year as the country rebuilds after the March earthquake and tsunami. ■

(The full *WOOD MARKETS* article provides further details, including graphs showing the rise and fall.)

CONFERENCE:**China SOFTWOOD Import/Export International Conference: 2011****Focus on Logs & Lumber**

- September 12–14 (3-day tour), Shanghai to Tianjin.
- September 15 (conference), Tianjin, China.
- September 16 (one-day tour).
- Visit www.woodmarkets.com/conf_conferences.html for details and order form.

AVAILABLE LATE JULY 2011:
Global Timber/Sawmill/Lumber Cost Benchmarking
2010 Annual Basis & Q1/2011

- Cost details of global timber, sawmill and lumber industry in various regions.
- Log and sawmill manufacturing costs summaries.
- Rankings of lowest-/highest-cost producing regions.
- www.woodmarkets.com/p_globalreport.html.

SIGN UP:
CHINA BULLETIN

- China "Industry News in Brief."
- Special Report.
- Statistics (graphs and tables).
- Prices (graphs and tables).
- Visit www.woodmarkets.com/p_chinabulletin.html for details and order form.

NOW AVAILABLE:**WOOD MARKETS 2011 • Outlook to 2015**

- Covering lumber, OSB, plywood, MDF & particleboard.
- Featuring a five-year outlook for supply, demand and prices, including operating rates.
- Includes economic analysis of U.S. housing-market recovery and the key demand drivers.
- Go to www.woodmarkets.com/p_wmbook.html for details and order options.

U.S. Moulding Market Outlook 2011–15

- Executive summary analysis report.
- U.S. shop & better lumber supply and price outlooks.
- U.S. moulding market and price outlooks.
- Click here: www.woodmarkets.com/p_moulding-market.html for detailed options.

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