WOOD MARKETS
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Featuring Lumber, Panels and Wood Products Analysis

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Global Lumber Trends

China Now Ranks as One of Top Global Softwood Producers/Consumers/Importers

The global softwood lumber trade is dominated by just a handful of countries, as follows (listed in order of descending 2010 volumes):

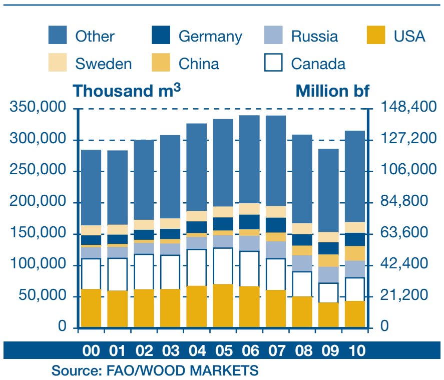
- 50% of global **consumption** is represented by five countries: the U.S., China, Germany, Japan and Canada.
- 60% of global **production** is represented by six countries: the U.S., Canada, Russia, China, Germany and Sweden.
- 75% of global **exports** are represented by six countries: (in descending order) Canada, Russia, Sweden, Germany, Austria and Finland.
- 90% of global **imports** are represented by four countries/regions: (in descending order) Europe (as a whole), the U.S., China and Japan.

The traditional powerhouses of Europe, the U.S., Canada and Japan have dominated production and trade in the global wood products business for decades. **However, the emergence of China and its staggering growth rate in global softwood lumber is depicted below:**

- **Global Production:** From #15 (3.9 million m³) in 2000 to #4 (~23.5 million m³) in 2010.
- **Global Consumption:** From #13 in 2000 (4.9 million m³) to #2 (~25 million m³) in 2010.
- **Global Imports:** From #12 (1.1 million m³) in 2000 to #3 (13.5 million m³) in 2010 (higher if Europe is broken into countries, and should be the #1 country in 2012, ahead of the U.S.).
- **Global Exports:** China consumes almost all of its lumber and is a small exporter. ■

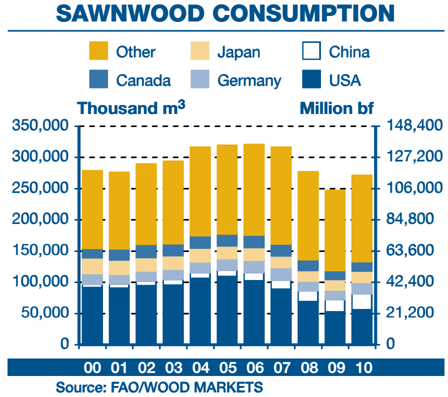
By Russ Taylor, President

Figure 1
GLOBAL SOFTWOOD SAWNWOOD PRODUCTION



Source: FAO/WOOD MARKETS

Figure 2
GLOBAL SOFTWOOD SAWNWOOD CONSUMPTION



Source: FAO/WOOD MARKETS

WHAT'S INSIDE

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.

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Top 300 Home Channel Retailers • 2010

Finally, Some Signs of Improvement

Following hemorrhagic sales declines since 2006, the trend of decreasing home channel sales revenues finally took a breather in 2010.

Revenues from 2006 to 2010 were down by 60% for pro dealers, while home centres dropped only 13%.

Pro-Build remains the top pro dealer, with 84 Lumber climbing to second place and Stock Building Supply staying in third spot. There was more rightsizing, along with some mergers and acquisitions.

In comparison, home centres enjoyed relatively smooth sailing. Most of the top 20 in 2009 remained in the same position in 2010. Home Depot, Lowe's and Menards far exceed all the other companies.

After the three-year havoc of 2007–2009, 2010 and 2011 appear to mark a turning point for the building materials industry. An interesting development among the pro dealers surveyed appears to be a shift in strategy from "rapid growth" to "optimum size for profitability." With housing starts anticipated to grow very slowly over the next few years, this may be a very good idea. ■

(The full *WOOD MARKETS* article provides further details, including graphs and tables for the Home Channel Retailers in 2010.)

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U.S. Distribution Channels in 2010

Minor Gains for Most Distributors — Big Change from Last Year!

Despite a modest improvement in new residential construction, sales by the top 100 distributors rose by just 1.6%, still about US$15 billion below the 2006 peak. This is the first year since then in which more companies reported growth than losses.

Overall, Ace Hardware stayed at the top of the two-step distributors, followed by Lumbermens Merchandising and Weyerhaeuser. Do it Best, and the only one of the top four to show a loss, was fourth.

U.S. home channel two-step distributors can be categorized into four distinct groups: hardware co-ops, hardware distributors, lumber & building materials distributors and lumber & building materials co-ops.

While results were favourable in 2010, the industry did not do enough consolidating and capacity removal. Some firms may lack the financial wherewithal to survive another weak building season. ■

(The full *WOOD MARKETS* article provides further details, including graphs and tables.)

WHAT'S NEW:

COMING IN NOVEMBER: WOOD MARKETS 2012 Outlook to 2016

- 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.
- Visit www.woodmarkets.com/p_wmbook.html.

NOW AVAILABLE: 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.htm.

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.

MARK YOUR CALENDAR: 2nd Global Wood Products Industry & Market Conference May 9, 2012

- Hyatt Regency Hotel, Vancouver, BC.
- Visit www.woodmarkets.com/conf_conferences.html.

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