

Featuring Lumber, Panels  
and Wood Products Analysis

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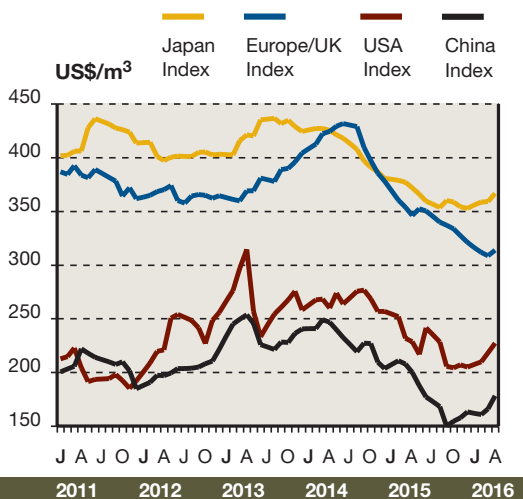
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## GLOBAL PRICE TRENDS



Source: WOOD MARKETS  
Note: Features structural lumber products from our Global Prices section

## BILLION BOARD FOOT CLUB IN 2015

### Acquisitions and Improving Markets Enable the Big to Get Bigger

The annual WOOD MARKETS “Billion Board Foot Club” list of lumber companies showed further gains in output by most of the 11 companies making the list in 2015 (versus output in 2014). North American companies all recorded gains, the result of steady increases in U.S. housing starts for the sixth consecutive year (despite slowing demand in export markets). The largest North American firms increased their output, due mainly to mill capex programs and/or outright acquisitions. Only two recorded production declines, and they were those with operations outside North America. As a result, the average rise in production was 6.3% for the 11 companies on the list (versus 4.0% in 2014), with two achieving gains of more than 15%. The list is based on companies with reported softwood lumber production exceeding one billion board feet (bf) on a nominal basis (or more than ~2.3 million m<sup>3</sup> for mills situated outside North America).

The same 11 companies that made the list in 2013 and 2014 did so again in 2015. As well, these 11 have added more than 7 billion bf (+30%) of production between 2010 and 2015. The club’s breakdown consisted of the following:

- Nine North American companies (five in Canada and four in the U.S.);
- One European company; and
- One South American company.

The total output of these 11 firms was 30.35 billion bf nominal in 2015, an increase of 1.8 billion bf from 2014’s 28.57 billion bf (+6.3%). This compared to total global lumber production growth of about 3.9% (+7.0 billion bf) during the same period. The global market share of the largest 11 sawmilling companies remained at 16% in 2015.

Sawmill acquisitions, especially in the U.S. South, have been a big part of the story over the last few years, and this continued in 2015 and into 2016. The largest increase in softwood lumber output in 2015 was recorded by Canfor (+674 million bf), followed by Interfor (+396 million bf), both the result of acquisitions in the U.S. South. West Fraser also showed strong gains (+314 million bf), the combined effect of output increases at existing sawmills and acquisitions. The 173 sawmills owned collectively by these 11 firms averaged some 165 million bf nominal per mill (~265,000 m<sup>3</sup> net) of lumber produced, slightly lower than in 2014.

Four of the top eight largest firms are based in B.C. (West Fraser, Canfor, Interfor and Tolko), with the first three holding substantial sawmilling assets in the U.S. (collectively, these three companies own more mills in the U.S. than in Canada). Currency devaluations continued in 2015 and pushed most other currencies lower against the U.S. dollar. With a slowdown in China, more Canadian mills redirected shipments to the

...continued

SPECIAL REPORT *cont'd***BILLION BOARD FOOT CLUB IN 2015  
Acquisitions and Improving Markets Enable the  
Big to Get Bigger**

the U.S., as did a growing number of U.S. mills due to the strength of the greenback.

North American companies West Fraser, Canfor, Weyerhaeuser, Interfor and Georgia-Pacific topped the 2015 list (in terms of nominal board feet). If the company rankings are viewed on a cubic-metre, net-size basis, then non-North American mills would have higher output in terms of solid wood, and this is a more accurate basis on which to make company comparisons (e.g., on a net-cubic-metre basis, Stora Enso is technically #4, not #6, and Arauco is technically #9, not #11). In next year's survey, we will try to show the top 20 global lumber companies (in net cubic metres). ■

(The full *WOOD MARKETS* article details the top 11 companies.)

## MARKET REPORT

**NORTH AMERICAN WOOD PELLETS****Rapid Expansion Continues**

Wood and/or biomass waste for energy generation and heating is one of the fastest-growing segments of both the forest products and energy sectors. *WOOD MARKETS'* 2016–2020 outlook report includes analysis of the North American wood pellet industry.

As new wood stove and home furnace designs using wood pellets develop rapidly into sophisticated and super-efficient systems available at competitive prices, wood pellet heating is starting to compete with oil, natural gas, propane and even electricity as a cost-efficient, green source of energy.

With a rising emphasis around the world to reduce greenhouse gases, it is expected that subsidies to industry and commercial businesses/residential homeowners will spur growth in wood pellet demand at better-than-normal energy consumption rates, leading to new innovations in the form of user- and producer-efficient technologies. ■

(The full *WOOD MARKETS* article articulates this topic in great detail.)

**MARK YOUR CALENDARS:****NEW 2-Day Global Softwood Log & Lumber  
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May 5–6, 2016 at Fairmont Hotel Vancouver

- <https://www.woodmarkets.com/conference/conferences-vancouver/2016-global-softwood-conference/>

**NOW AVAILABLE:****WOOD MARKETS 2016 • Outlook to 2020**

- [www.woodmarkets.com/publication/5-year-outlook/outlook-2019/](http://www.woodmarkets.com/publication/5-year-outlook/outlook-2019/)

**Global Timber/Sawmill/Lumber Cost Benchmarking  
2014 Annual Basis & Q1/15**

- [www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-report-2014/](http://www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-report-2014/)

**U.S. Clear Pine Lumber & Moulding Market  
Outlook to 2020**

- <http://www.woodmarkets.com/publication/us-moulding-market-report/u-s-clear-pine-lumber-moulding-market-outlook-2015-2020/>

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