

Featuring Lumber, Panels  
and Wood Products Analysis

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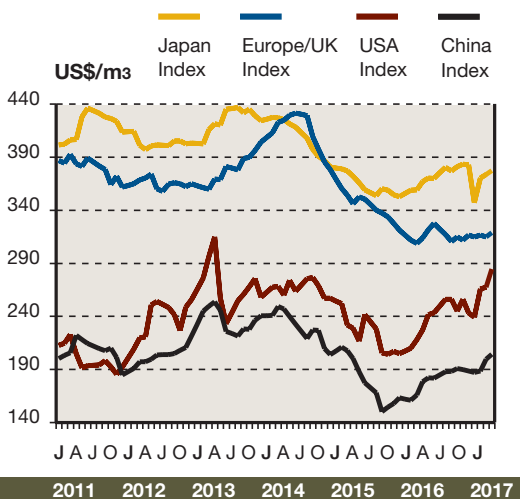
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## GLOBAL PRICE TRENDS



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

## BILLION BOARD FOOT CLUB IN 2016

### Improved Markets = Increased Output

The annual WOOD MARKETS “Billion Board Foot Club” list of top global lumber companies showed further gains in production by eight of the dozen companies making the list in 2016 (compared to 2015). Three North American companies recorded output declines despite robust U.S. market demand (this was due mainly to timber supply shortages in the B.C. Interior and the U.S. West). The largest North American firms increased their output; this occurred mainly as a result of mill capex programs at existing operations, as there were only a few mill acquisitions in 2016. The average rise in production was 3.6% for the 12 companies on the list — slower than the last two years (6.3% in 2015 and 4.0% in 2014) — with two firms achieving gains of 10% or more. 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 since 2010 did so again in 2016. There was one new member to the club this year: Idaho Forest Group. The 11 core members have added more than 8 billion bf (+35%) of production between 2010 and 2016. The club’s breakdown comprises the following:

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

The total output of these 12 firms was 32.4 billion bf nominal (54 million m<sup>3</sup> net) in 2016, an increase of 1.3 billion bf from 2015’s 31.2 billion bf (+3.6%). This compares to total global lumber production growth of about 1.6% (+3.0 billion bf) over the same period. In 2016, the global market share of the largest 12 sawmilling companies remained where it’s been since 2012: at 16%.

Sawmill acquisitions, especially in the U.S. South, have been a big part of the story over the last few years, but this slowed in 2016 as companies digested and improved the operations from their previous acquisitions. The largest increases in softwood lumber output at companies were smaller than in previous years: West Fraser gained the most at 326 million bf (+5.8%) and Weyerhaeuser was next with 264 million bf (6.2%, in part due to the acquisition of Plum Creek’s timberlands and two sawmills). The largest percentage increase was recorded by Idaho Forest Group (+185 million bf; +11.8%) and Resolute Forest Products (+112 million bf; +9.9%). The 182 sawmills owned collectively by these 12 firms averaged some 178 million bf (nominal) per mill (~285,000 m<sup>3</sup> net) of lumber produced, an increase of 2% from 2015.

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.

...continued

SPECIAL REPORT *cont'd***BILLION BOARD FOOT CLUB IN 2016****Improved Markets = Increased Output**

West Fraser, Canfor and Weyerhaeuser remained the top three companies, followed by Georgia-Pacific and Interfor.

On a board foot basis, Stora Enso remained in sixth place (fourth place on a net basis). Most non-North American mills produce lumber sold on the actual size of lumber produced (net). As a result, if rankings were on a cubic-metre, net-size basis, it would be a more accurate comparison of the producers, and Stora Enso would move up to fourth and Arauco to tenth. ■

## MARKET REPORT

**RUSSIA INDUSTRY UPDATE****Russian Exports: a Competitive Force**

Russia is one of the world's dominant log and lumber producers and exporters. Consider the following:

- **Softwood timber harvest:** Russia has a 12% market share of global output and surpassed Canada in 2014 for the #2 spot;
- **Softwood lumber production:** Russia represents 10% of global lumber production and that level is growing. It is the third-largest country producer (after the U.S. and Canada);
- **Softwood log exports:** Russia has a 15% global market share and is second only to New Zealand; and
- **Softwood lumber exports:** Russia represents 21% of global lumber exports and has been growing its share steadily. It is now the second-largest country exporter (after Canada).

The country's influx of investment into forestry and sawmill capital improvements has greatly enhanced its cost-competitiveness.

Our Global Softwood Log & Lumber Conference (May 11) will feature Roman Romanovskiy from the Russian Forest Products Group — one of the companies starting up a new sawmill and veneer plant in Russia's Far East. ■

(Additional details are available in the full articles, complete with graphs to offer further insight into the global lumber market.)

Please contact us for pricing details for the full *WOOD MARKETS Monthly International Report*.

## COMING SOON!

**Annual Global Softwood Log & Lumber Conference**

- May 11, 2017
- Hyatt Regency Vancouver
- <https://www.woodmarkets.com/conference/conferences-vancouver/2017-global-softwood-conference/>

**Global Timber/Sawmill/Lumber Cost Benchmarking Report – 2016 Annual Basis & Q1/2017**

- Available July 2017
- <https://www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-report-2016/>

## AVAILABLE NOW

**Global Timber/Sawmill/Lumber Regional Cost & Revenue Profiles**

Quarterly Log and Sawmill Costs, with Lumber/By-Product Revenues/Prices, Starting from Q1/2017 for 20 Countries/Regions

- <https://www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-quarterly-update-2016h1/>

**WOOD MARKETS • 2017 Edition**

Detailed Analysis and Forecast for the North American Wood Products Industry & Market

- Outlook 2017–2021
- <https://www.woodmarkets.com/publication/5-year-outlook/outlook-to-2021/>

## SIGN UP:

**CHINA BULLETIN (monthly)**

- [www.woodmarkets.com/publication/china-bulletin/](http://www.woodmarkets.com/publication/china-bulletin/)

## MARK YOUR CALENDARS FOR 2017:

**China/Global Supply China Conference & Tour**

- October 30–31, 2017
- <https://www.woodmarkets.com/conference/conferences-china/2017-china-supply-chain-conference/>

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Vancouver, BC, Canada

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