

Featuring Lumber, Panels
and Wood Products Analysis

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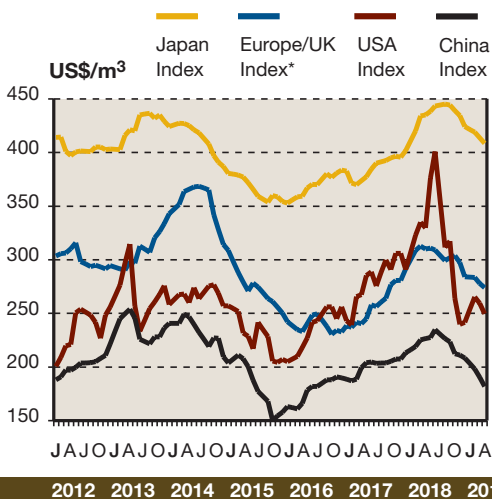
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WOOD MARKETS' STRUCTURAL LUMBER PRICE INDICES



Source: WOOD MARKETS
*Europe/UK Index revised
Note: Features structural lumber products from our
Global Prices section

U.S. MARKET IN 2019

Is a Rebound Still Possible — Or Not?

Amid a slow start to U.S. wood products demand in 2019, one ongoing and major factor that continues to delay housing starts is unseasonably wet, cold weather that is fostering an imbalance in the market — and low lumber prices. In fact, declining lumber prices are now a theme in *all* major global markets, not just the U.S. In this month's price summary on page 14 that covers 45 products in 10 countries, not a single product price increased from March to April: 30% of the items showed no change, while the other 70% declined (and by a lot in some cases). Furthermore, all 10 countries recorded some product-price declines. The Chinese market is similarly distressing, with a meltdown occurring in most lumber species (especially SPF, which is used in the construction market; see our Russia Industry — Part 2 article on page 4 for more on this).

Looking ahead at the rest of 2019, a range of supply-side factors could continue to have notable effects on the direction of the U.S. market, e.g., impacts from B.C. forest fires; regional mill curtailments/closures; increasing supplies of Douglas-fir, southern yellow pine and imported European lumber; labour shortages; and substitute products. ■

By Russ Taylor, Managing Director, FEA-Canada

FEA/WOOD MARKETS

FEA's Professional Analysts Share a Common Goal: To provide top-notch analysis without compromising our independence or integrity. We are established economists and industry professionals with a passion for discovering, forecasting, and communicating about trends in the forest products industry.

Rigorous Economics/Analysis, Clear Communication: Our team combines sophisticated mathematical and econometric methods with practical experience to provide useful insights and analysis in concise, accessible language.

Industry-Leading Analysts: A group 18 of the most experienced and respected economists and analysts in the global wood products industry. This sets us apart from the competition.

Outlooks: We produce over 100 monthly forecasts annually for the North American wood products industry, along with many others covering international products/regions.

SPECIAL REPORTS

BILLION BOARD FOOT CLUB IN 2018**Steady Growth for Many Companies, But Headwinds are Evident**

The annual WOOD MARKETS "Billion Board Foot Club" list of top global lumber companies revealed further gains in production in 2018. A total of 15 companies made the list (10 holding or increasing their output due to a mixture of capacity growth and acquisitions). Five other firms reduced their output, due mainly to ongoing timber supply and cost issues in the B.C. Interior and U.S. West. Of note, several European companies are just below the billion bf (2.3 million m³ net) threshold, depending on how the volumes are counted. ■

U.S. NON-CANADIAN LUMBER IMPORTS**Offshore Imports Surge in 2018 on High U.S. Prices**

In 2018, rising (and then record-high) U.S. lumber prices enabled offshore softwood lumber exports to the U.S. to expand rapidly. In 2019, however, a less dynamic trend is expected due to much weaker prevailing price levels. The largest source of non-Canadian lumber imports into the U.S. continues to be Europe (excluding Russia). ■

MARKET REPORT

RUSSIAN INDUSTRY — PART 2**Highly Competitive Sawmill Sector Emerging**

FEA-Canada has been conducting competitive analyses of global sawmill costs and delivered lumber costs to key export markets since the late 1990s. An update has been carried out looking at the various Russian regions ahead of a scheduled ninth release (in Q3/2019) of our biennial *Global Timber/Sawmill/Lumber Costs Benchmarking* report, and the results are striking. Of note, with their low-capital-cost operations, Chinese mills will undoubtedly continue to expand their collective footprint in Russia. ■

(The full articles provide in-depth details, with graphs and tables to tell the story.)

MARK YOUR CALENDARS:**9th Annual Global Softwood Log & Lumber Conference**

- Wednesday, May 8 and Thursday, May 9, 2019
- Hyatt Regency Hotel, Vancouver, BC, Canada
- <https://www.woodmarkets.com/conference/conferences-vancouver/2019-global-softwood-conference/>

9th CHINA GLOBAL WOOD TRADE CONFERENCE

- Chongqing, China
- Sept 7-8, 2019
- More details to come
- <https://www.woodmarkets.com/conference/conferences-china/2019-china-global-wood-trade-conference-tour/>

LATEST OFFERINGS:**China's Import Demand for Softwood Logs and Lumber to 2023**

- Examines the changing supply chain in China, with a focus on Russia's industry/export potential
- Available now
- <https://www.woodmarkets.com/publication/china-book/outlook-to-2023/>

Russia Forest Industry Competitive & Export Outlook to 2025**Focus on China**

- New field analysis on Siberia and the Russian Far East
- Available now
- <https://www.woodmarkets.com/publication/russian-reports/russia-forest-industry-competitiveness-export-outlook-to-2025>

CHINA BULLETIN (monthly)

- <http://www.woodmarkets.com/publication/china-bulletin/>

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