

Featuring Lumber, Panels
and Wood Products Analysis

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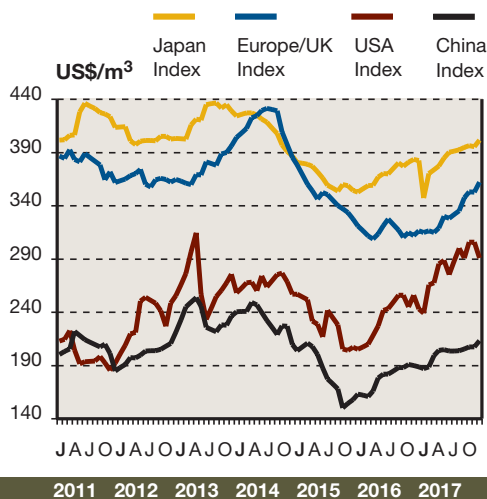
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GLOBAL PRICE TRENDS



Source: WOOD MARKETS

Note: Features structural lumber products from our Global Prices section

GLOBAL LUMBER OUTLOOK 2018–19

Most Markets Fired Up, Led by the U.S.

After the currency-driven global lumber price slump in 2015, market demand and prices both started to improve in 2016. While overall global demand improved modestly in 2017 — at only half the rate of 2016 — it has been supply disruptions and changing dynamics that created a wild and unpredictable market that surpassed everyone's expectations.

All markets appeared to be at least good to strong in 2017; this included the U.S., Canada, most of Europe, Japan, China and much of Asia. Only one market region remained unsettled again: the Middle East/North Africa (MENA) — Egypt and Algeria, specifically, along with some areas of the Middle East. The U.S. was a solid growth market again in 2017 (the case since 2010), but supply dislocations (forest fires, hurricanes, etc.) and other developments resulted in surging prices throughout the year.

As usual, there are various change factors at work that can directly or indirectly lead to unpredictable swings in lumber supply, demand and prices, and this was especially the case in 2017. One of the largest market variables this year has been the initiation of import duties on Canadian lumber shipments to the U.S. (announced in late April and including retroactive duties back to late January of this year). These duties were expected to cause huge disruptions and volatility, and certainly did so as Canadian

exporters successfully pushed up U.S. market prices to cover all of the import duties. The following excerpts from *WOOD MARKETS 2018 • The Five-Year Solid Wood Products Outlook 2018–2022* — address some of the important lumber market changes expected in the next two years.

WOOD MARKETS 2018 Outlook for Lumber and Panels • 2018–2022

WOOD MARKETS 2018 • *The Five-Year Outlook for North American Wood Products: 2018–2022* has just been released! The report features our standard five-year forecasts on supply, demand, trade and prices for softwood lumber, plywood and OSB. For 2018–2022, the biggest story continues to be the impact of U.S. import duties on Canadian lumber. In addition, we address the very real question of a North American timber and lumber shortage that will witness record-level prices. For OSB, new capacity and curtailed mill restarts will lead to some price uncertainty in 2019 and beyond.

Global Economic Overview

Overall global GDP growth accelerated in 2017. From a pace of 3.2% in 2016, it is estimated to have risen to 3.6% in 2017, reflecting faster growth in North and South America, Europe,

...continued

SPECIAL REPORT

GLOBAL LUMBER OUTLOOK 2018–19

Most Markets Fired Up, Led by the U.S.
(continued)

Asia and sub-Saharan Africa. Overall, global GDP growth likely to rise to 3.8% by 2022.

All major softwood lumber consuming areas are expected to record gains of up to 8% in 2018. Supply trends will mirror the pace of consumption, but some areas (e.g., China) will find it tough to locate supply (outlined in our *China Bulletin*). Our new report due out in Q2/2018 — *China's Import Demand for Softwood Logs & Lumber to 2022* — will provide further insights.

Even with the slow rate of growth in U.S. housing starts in 2017 and given what is expected from 2018 to 2022, supply-side impacts have already led to major imbalances. Overall demand and market activity is anticipated to remain active and volatile in 2018 and beyond.

WOOD MARKETS 2018 • Outlook to 2022 incorporates various global supply dynamics and market growth in key countries into its predictions around trends in the supply/demand balance and prices. Markets were jolted by the implementation of U.S. import duties on Canadian lumber shipments, creating huge uncertainty in the early part of the year. Our outlook also calls for rising European lumber exports to the U.S. to help balance out reduced Canadian exports at higher prices. With demand expected to exceed supply for much of the time, rising and volatile prices are a pervasive component of our five-year outlook, with strong potential for further record-level pricing over the next five years.

Of course, there are still some wild cards out there, e.g., what will happen if Canadian import duties are substantially reduced or eliminated via arbitration, and what will be the impact if a new U.S.–Canada lumber deal is struck? ■

Extracted from WOOD MARKETS 2018 • The Solid Wood Products Outlook 2018–2022.

(The full report contains in-depth details on this critical topic, complete with graphs to tell the story.)

MARK YOUR CALENDARS FOR 2018:

Global Softwood Log & Lumber Conference

- 8th Annual Event: May 9–10, 2018
- Hyatt Regency Hotel, Vancouver, Canada
- Sponsorships available
- <https://www.woodmarkets.com/conference/conferences-vancouver/2018-global-softwood-conference/>

PUBLICATIONS AVAILABLE:

Global Timber/Sawmill/Lumber Cost Benchmarking
2016 Annual Basis & Q2/2017

- Available now
- <https://www.woodmarkets.com/publication/global-costbenchmarking/benchmarking-report-2016/>

WOOD MARKETS • 2018 Edition

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

- Outlook 2018–2022
- Available early December 2017
- <https://www.woodmarkets.com/publication/5-year-outlook/outlook-2022/>

CHINA BULLETIN (monthly)

- www.woodmarkets.com/publication/china-bulletin/

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