

Featuring Lumber, Panels
and Wood Products Analysis

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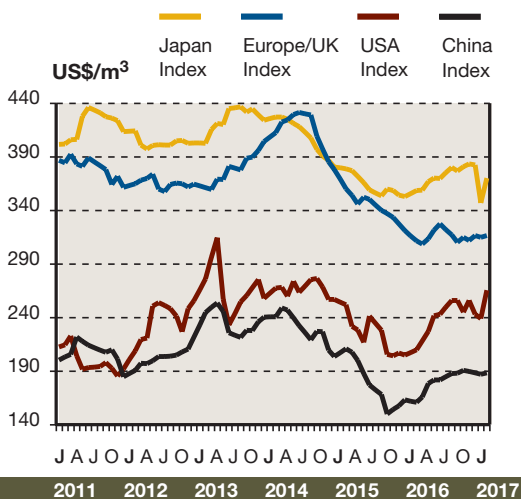
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GLOBAL PRICE TRENDS



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

U.S. LUMBER PRICES SOAR

Impact of Pending Export Duties Now Built into the Market

The U.S. lumber market is already seeing some major price volatility: W-SPF lumber prices soared by a whopping 25% (US\$78/Mbf) in the three-week period between January 27 and February 17, 2017, and were up by US\$83/Mbf over the five-week period starting January 13. Canadian mills have been pushing up prices in an attempt to cover possible countervailing duties that could be retroactive to early February. At the same time, the market is in buying mode and that has helped fuel price hikes; however, the emotions that caused prices to soar should soon give way to the reality that supply and demand forces may only be mildly out of balance.

This three-week increase in U.S. lumber prices is one of the largest short-term changes of the past twenty years. It mirrors a similar scenario back in early 2001, when CVDs on Canadian lumber shipments into the U.S. moved into their 90-day retroactive period (mid-May 2001) and anti-dumping duties followed. The initial combined duties of 32.3% were in effect as of November 2001. Three of the largest price swings ever, based on the price changes in consecutive weeks, occurred in 2001:

- From April 6–May 25, 2001, prices leapt by US\$165/Mbf — probably the largest-ever price spike;
- Immediately after, from June 1–July 6, 2001, prices plunged by US\$111/Mbf; and
- Shortly after this, from August 24–October 26, 2001, prices collapsed by another US\$122/Mbf.

The year 1996 was also one of volatile price swings:

- From April 12–May 10, 1996, prices surged by US\$87/Mbf;
- Later in the year, from October 11–November 8, 1996, prices rose again by US\$114/Mbf; and
- Right after this, from November 15–29, 1996, prices reversed by US\$102/Mbf.

There were two other notable price spikes in consecutive weeks (2003–04):

- From August 1–September 12, 2003, prices rose by US\$116/Mbf; and
- The largest single price collapse was from September 10–November 12, 2004, when prices collapsed by US\$164/Mbf.

However, the greatest price volatility has occurred in OSB. As shown in figure 1, OSB prices saw massive increases of more than US\$300/Msf (up to 170%) in the 2003–2005 period. By comparison, lumber price cycles rarely change by 50% (only one price spike in consecutive weeks was in excess of 50%).

...continued

SPECIAL REPORT cont'd

U.S. LUMBER PRICES SOAR cont'd

These volatile times are likely to persist for the rest of 2017. Attending WOOD MARKETS' 7th Annual Global Log & Lumber Conference on May 11, 2017 will be timely given the unveiling of the final countervailing duty (CVD) rate on Canadian lumber exports to the U.S. on April 27 (implemented May 4) and the preliminary anti-dumping duty (ADD) on May 4. ■

SPECIAL REPORT

EGYPT: TRENDS & OVERVIEW

A Key Market for European Lumber Exporters

Egypt has no real forests and lacks a sawmilling industry. It imports mainly sawn timber, with about 70% of its softwood imports consumed by the construction industry. The Egyptian construction market is promising, but both the government's ability to finance its economy and the forex crisis are of grave concern. Without a quick recovery in Egyptian imports, European countries will be forced to push more lumber volumes into other markets, leading to oversupply and, potentially, lower prices. In short, a healthy Egyptian market will be a key requirement in 2017. ■

MARKET REPORT

STRUCTURAL PANELS IN 2017-18

Growing Demand & High Operating Rates = Strong Prices

Although 2017 should be a great year for structural panels, a number of factors could negatively impact the results in '18: how quickly capacity (additional/curtailed) is brought online, and the role imports will play as prices move up. The strong U.S. dollar has had a large impact: Canadian (and "other offshore") exports to the U.S. are much more competitive and have attracted increased plywood into the U.S. For OSB, an imbalance in supply and demand should yield some of the highest levels since the housing market peaked (2004-05) in 2017. ■

(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!

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

- Available March 2017
- <https://www.woodmarkets.com/publication/global-cost-benchmarking/benchmarking-quarterly-update-2016h1/>

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/>

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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:

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

MARK YOUR CALENDARS FOR 2017:

Annual Global Softwood Log & Lumber Conference

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

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