

Featuring Lumber, Panels  
and Wood Products Analysis

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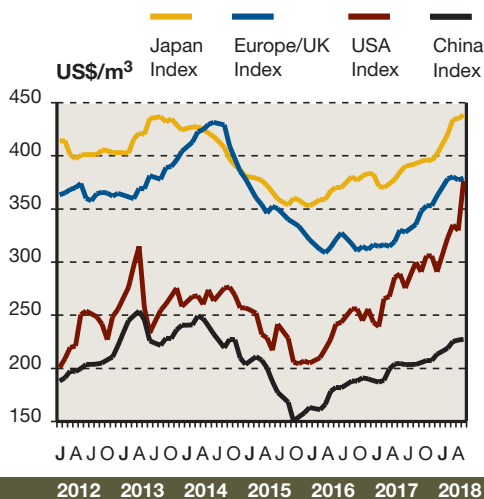
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## GLOBAL PRICE TRENDS



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

## 8<sup>TH</sup> ANNUAL GLOBAL SOFTWOOD LOG & LUMBER CONFERENCE

### Part 1: Global Trends Looking Good!

**D**ynamic global trade and emerging volatility were dominant themes of FEA/WOOD MARKETS' 8th Annual Global Softwood Log and Lumber Conference (held May 9/10 in Vancouver). This year's conference featured a most unusual sense of optimism, the result of U.S. commodity lumber prices that have pushed well through the US\$600/Mbf ceiling for western species and are approaching US\$700/Mbf on the east coast. At the same time, all major global markets were in good shape, with no real downside in sight — a rare situation for the global log and lumber industry! In addition, panels are doing well globally and the pulp market is on a tear.

Part 1 of this two-part series will focus on the reasons global softwood supply and demand could remain out of balance to keep log and lumber prices elevated. Part 2 will discuss the consensus/outlook for the North American market and offsite construction.

### North American/Global Trends

What a difference a year makes! Russ Taylor, Managing Director of FEA Canada (WOOD MARKETS), opened this year's conference with comments about the recent run-up in worldwide softwood lumber prices. All-time price records have been reached in the U.S. and Japan, with markets in China and Europe remaining healthy amid rising prices (see indices graph at left). Despite log and lumber producers' attempts to ramp up production and add additional capacity, these increases have not been enough to match demand in the U.S. and some export markets. Although the current commodity lumber price spike will ebb at some point (perhaps once seasonal transportation delays ease), the overall trend of above-average (and high) prices is expected to continue for the next two years and possibly longer. This article highlights some of the global trends driving the supply and demand of softwood logs and lumber, as presented by conference speakers.

Robert Hagler of U.S.-based ForestEdge offered some insights into worldwide trends in wood consumption. While total global industrial roundwood consumption lagged GDP growth over the 20-year period 1996–2016, pulpwood consumption has risen more quickly. Although the supply of hardwood pulp logs (plantation-grown eucalyptus) has risen to match demand, there is currently a shortage of softwood pulp in parts of East and South Asia. Global coniferous (non-pulpwood) log demand has averaged 0.55% per year since 1996, while coniferous pulpwood demand has grown by 1.62% annually. Looking out to 2030, global industrial roundwood demand (all species and grades) is expected to increase from 1.88 billion m<sup>3</sup> to 2.08 billion m<sup>3</sup> per year, a gain of 200 million m<sup>3</sup> per year.

...continued

## SPECIAL REPORT

## 8TH ANNUAL GLOBAL CONFERENCE

## Part 1: Global Trends Looking Good! (cont'd)

Several common trends emerged at this year's conference:

- Tight labour markets are causing major constraints;
- Some governments are offering incentives to use more wood in construction;
- Fumigation requirements in China and India are forcing log exporters to find alternatives to some soon-to-be-banned chemicals;
- China's initiative to improve rail/port infrastructure will facilitate the flow of wood products;
- Domestic timber is being used more in Japan and South Korea, but less in China;
- Log-export ban/restrictions in Eastern Europe, Russia and many tropical countries are tightening the available log supply; and
- Mills continue to upgrade and invest in larger facilities, adopting more efficient technology. ■

## MARKET REPORT

## SOUTH KOREAN MARKET OUTLOOK

## Imported Logs Decreasing; Imported Lumber Increasing

South Korea, although a relatively small wood market versus Japan and China, has become one of the fastest-growing world markets (and an important one for exporters given that the country imports 80% of its wood products). Substantial growth in home construction could propel wood usage further in the short-term before the advent of a projected slowdown.

The positives: a strong outlook for economic growth; a robust currency (the won); the desire of many young families to purchase homes rather than rent; and a growing green movement that is helping to advance wood's acceptance as a construction material.

The negatives: higher mortgage rates; substantial unsold housing; high personal household debt; and a predominantly aging demographic that could lead housing demand to ease and then begin reversing over time. ■

(The full articles contain in-depth details, complete with graphs and tables.)

## CONFERENCE PROCEEDINGS:

## Global Softwood Log &amp; Lumber Conference

- Speaker Presentations available now
- <https://www.woodmarkets.com/conference/conferences-vancouver/2018-global-softwood-conference/>

## MARK YOUR CALENDARS:

## 2018 China Global Wood Trade Conference

- Chongqing, China
- September 16–17, 2018
- <https://www.woodmarkets.com/conference/conferences-china/2018-china-global-wood-trade-conference/>

## NEW REPORT:

## China's Import Demand for Softwood Logs and Lumber to 2022

- Examines the changing supply chain in China, with a focus on Russia's industry/export potential
- Available Q2/2018
- <https://www.woodmarkets.com/publication/china-book/outlook-to-2022/>

## PUBLICATIONS AVAILABLE:

## Global Timber/Sawmill/Lumber Cost Benchmarking 2016 Annual Basis &amp; 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 &amp; 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/](http://www.woodmarkets.com/publication/china-bulletin/)

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## Publisher &amp; Editor

Russell E. Taylor  
Managing Director  
FEA–Canada

Managing Editor/Layout  
Research  
Subscriptions

Jane Keyes  
Chari Gimenez  
Barb MacDonald

## Mailing Address

Suite 260, 625 Howe Street  
Vancouver, BC, Canada V6C 2T6

Phone: 604-801-5996 (country code 1)  
Email: [info@woodmarkets.com](mailto:info@woodmarkets.com)  
Website: [www.woodmarkets.com](http://www.woodmarkets.com)

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