

Featuring Lumber, Panels
and Wood Products Analysis

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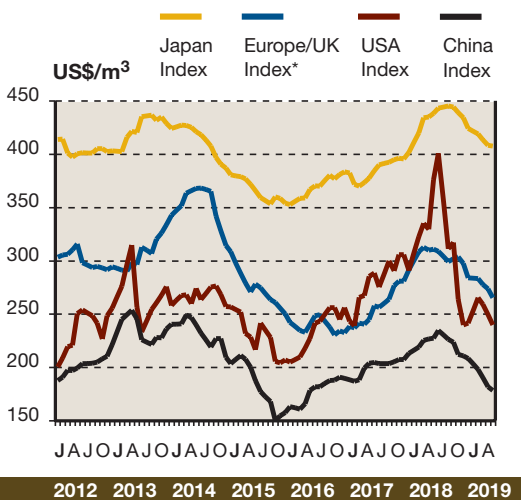
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WOOD MARKETS' STRUCTURAL LUMBER PRICE INDICES



Source: WOOD MARKETS

*Europe/UK Index revised

Note: Features structural lumber products from our Global Prices section

BC INTERIOR INDUSTRY IN 2028

Thirteen More Sawmills to Close?

At the 9th Annual FEA/WOOD MARKETS Global Softwood Log and Lumber Conference in Vancouver, three panelists took a “deep dive” into the BC Coast and Interior regions’ forest industries to offer their perspectives about what lies ahead. However, it was local BC consultant and industry forecaster, Jim Girvan, who left some of the audience stunned with his forecast for BC Interior lumber production in the next decade.

As background, in 2010 Girvan, business partner Murray Hall and Russ Taylor (WOOD MARKETS) collaborated in producing a blockbuster outlook report on the BC Interior timber harvest and wood products industry. The resulting forecast — “16 sawmills to close by 2018” — made headlines nationally and around the world.

In brief, it will be the residual impacts of the MPB, forest fires and the spruce beetles, plus government program to protect caribou habitat, that will combine to result in an unprecedented decline in timber supply in the BC Interior.

Jim Girvan’s 2019 *BC Interior Regional Fibre Supply Forecast Report*, featuring an outlook to 2028, will be available in August through FEA. ■

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.

MARKET REPORT

AUSTRALIAN LUMBER INDUSTRY

Timber Deficit Creates Import Opportunities

Australia is both a major exporter (logs) and a major importer (lumber). In recent years, the country's plantation timber supply has gone through a somewhat volatile period that is now being marked by large areas of timber being harvested and sold for reversion to alternate uses; this includes being replanted as longer-rotation softwood stands. In terms of woodchips, however, the development of short-rotation hardwood pulpwood plantations has seen Australia transition its exports from mainly native hardwood to predominantly plantation hardwood in recent years.

Some of the more important factors and trends impacting the future of Australia's wood products industry include the following:

- Australia's plantation development program has stagnated over the past decade.
- The country continues to be a net importer of timber products; this is expected to continue for a long time to come.
- Housing-led structural product demand will be satisfied by a balance of competing substitute products, including steel framing, brick, light-weight concrete, fibre cement products and plastics.
- Softwood structural timber demand (and per capita consumption) will be sustained only if the industry can defend against substitution.
- Export log prices are now driving domestic log prices.
- Higher lumber prices, driven by increased log prices and stronger demand, will support both imports and substitution.
- Builders who convert to steel will be difficult to lure back to timber, due in part to the supply-and-construct steel framing model that offers a huge benefit.
- Structural timber in Australia is now in a very competitive market.
- Exporters that establish a distribution partnership with a local Australian producer should be able to gain optimal market access and returns.
- Price-based product substitution represents a true long-term threat to the worldwide lumber industry (despite the obvious green credentials of timber). ■

(The full article provides in-depth details, with graphs to tell the story.)

MARK YOUR CALENDARS:

9th China Wood Trade Conference & Tour:
Registration is now open!

- September 7 –8, 2019
- Ambassador Hotel, Chongqing, China
- <https://www.woodmarkets.com/conference/conferences-china/2019-china-global-wood-trade-conference-tour/>

FEA Forum (along with “Who Will Own the Forest?”)

- World Forestry Centre, Portland, OR
- September 17, 2019
- Early bird Pricing ends June 20, 2019
- <https://www.wwof.org/register>

IWBC (Industrialized Wood-Based Construction Conference)

- The Westin Boston Waterfront, Boston, MA
- November 4–6, 2019
- <https://www.iwbcc.com/>

NEW REPORT:

BC Interior Regional Fibre Supply Forecast to 2028

- Early bird Pricing ends July 15, 2019
- Scheduled for release August 2019
- Contact dbattaglia@getfea.com for pricing
- <https://www.woodmarkets.com/publication/special-reports/bc-interior-regional-fibre-supply-forecast-2019-report/>

CHINA:

CHINA BULLETIN (monthly)

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

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

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