

April 2017 General Hardwood Market Conditions

► General Outlook

Global demand remains firm from most parts of world. For the first time, China's share of the total US hardwood exports exceeded 50% of production and this upward trend looks like continuing in 2017.

Along with strong demand from most major Hardwood markets, notably, US domestic, Asia and, a stable, to strong, Europe means lumber costs continue to rise.

The biggest factor, for sure, in 2017, like 2016, will be uncertainty post Brexit to the economy and sterling.

► North America

Prices are firm and have been for a long time in White Oak with sawmills battling with the Oak stave business to buy logs. This competition has driven log prices up.

US domestic demand continues to increase placing even more pressure on supply lines.

Prices for Poplar and Cherry remain stable. Ash, Maple and Black Walnut have softened of late: Ash because of the changes in the EU regulations has increased the competition in the UK export market. Maple and Black Walnut due to their weaker demand overall.

Note: the FSC price premium is on the increase due to reducing supply options!

► West Africa

BBUKs sales have remained strong for Q1 2017 following on from a very good 2016.

From a supply prospective, the impact of the EUTR continues to change trade practices with a limited number of suppliers shipping into UK.

Sapele prices remain stable at the moment with supply lines currently reasonably reliable.

However, shippers are talking up prices for Q3/Q4 2017.

The supply of Iroko is easier compared to the predictions of 6 months ago, but it is very tight as current demand outstrips supply - FSC, especially, is difficult to source – and prices are very firm

Both the Idigbo and Utile prices are stable just now with good availability.

Europe

European Oak demand is very strong and there is still intense competition for log supply for the majority of sawmills. Prices continue to rise and supply, in some sizes, may well run short. Most importers will look to order well in advance to ensure supply and the majority of exporters are insisting that their customers purchase 50% joinery grade to secure the prime. The demand for CND Steamed Beech has weakened in Q1 but demand is still stronger than the current supply in certain key sizes and lengths.

Far East

Increases in freight rates have impacted on prices for 2017.

The availability of Meranti is under pressure due to the 2016 changes in Malaysian regulations for the supply of logs.

Post Brexit pricing saw UK demand increase in late 2016/ early 2017 and there are current shortages being reported in some sizes, notably the 225mm and wider sizes.

This coupled with reports that Meranti will be approved for government funded projects in The Netherlands means the supply of Meranti could become more difficult from the middle of 2017 onwards.

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