

Tropical Timber Market Report

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Top Story

EU manufacturers demand credible product-specific data

Wood product manufacturers, construction companies and other customers increasingly require credible data on the full range of technical and environmental performance issues for wood raw materials.

The demand for technical performance data in Europe has been given added impetus by enforcement of the Construction Products Regulation.

For more see page 21

Headlines

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The way forward - stimulate demand in EU for wider range of species

African producers continue to report good levels of business especially with the Middle East and regional markets.

The main problem for West African millers is securing sufficient logs to maintain production however, they appear confident of being able to live with the tighter controls imposed by forest authorities and to satisfy current demand.

Market conditions in the EU are very quiet and the volumes being purchased are still at a low level in spite of some expansion of housing starts, notably in the UK.

It is anticipated that the steady demand in the EU for the traditional special timbers such as iroko, aobe, sipo, sapele, dousie and wenge, for example, will be sustained but unlikely to expand significantly.

Analysts say that the only immediate prospect for increased exports would be if a change could be brought about in European architectural and furniture fashions away from the common, plain lighter coloured woods, mainly from North America, to darker colour tropical timbers.

Middle East home owners demand quality hardwoods with top class finish

In contrast to the subdued market sentiment in the EU and US the vast Middle East market continues to be buoyant but West African suppliers face tough competition in these markets.

Tropical hardwood utility timbers such as meranti and okoume are in steady demand but the list of species being imported into the region is very extensive extending to European beech from Germany and Romania, Scandinavian softwoods, to a variety of Brazilian species and hardwoods from other South American suppliers.

In recent years okoume has established a firm foothold in Middle East markets while meranti was slightly less popular until prices were reduced. Currently, some Middle East buyers are tending to, once more, favour okoume which may put pressure on meranti suppliers to adjust prices.

Home owners in the Middle East are said to expect high quality and well finished hardwoods for doors and door frames as well as for trim and decorative features.

The Middle East markets are highly competitive and the larger importers are prepared to distribute imported timber throughout the region with little concern for distances or cross border re-export issues; perhaps this explains why importers are very price sensitive.

ECOWAS/EU Free trade talks resume

Talks have restarted on an Economic Partnership Agreement (EPA) between West African ECOWAS member countries and the European Union intended to create a free trade area.

In a press release ECOWAS says:

“EPA negotiations were suspended in 2012 following divergence mainly over market access and the EPA Development Programme (EPADP), a dedicated funding programme to enable West Africa cope with the cost of adjustment to the impending trade regime.”

Initially, the West African negotiators had offered to open 60 per cent of its market over 25 years, later revising this to 70 per cent over the same period citing the need to protect the region’s fragile industrial base from cheaper goods from the EU. The EU has maintained its original position of an 80 per cent market opening over 15 years.

For the ECOWAS press release see:

<http://news.ecowas.int/>

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	220	220	155
Ayous/Obeche/Wawa	225	210	150
Azobe & Ekki	235	230	150
Belli	230	230	-
Bibolo/Dibétou	150	145	-
Iroko	250	225	210
Okoume (60% CI, 40% CE, 20% CS) (China only)	330	320	245
Moabi	300	300	-
Movingui	220	200	175
Niove	165	165	-
Okan	250	250	-
Padouk	310	280	210
Sapele	280	270	180
Sipo/Utile	310	285	190
Tali	295	295	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³
Ayous FAS GMS	335
Bilinga FAS GMS	520
Okoumé FAS GMS	480
Merchantable	270
Std/Btr GMS	350
Sipo FAS GMS	550
FAS fixed sizes	-
FAS scantlings	550
Padouk FAS GMS	800
FAS scantlings	800
Strips	400
Sapele FAS Spanish sizes	535
FAS scantlings	555
Iroko FAS GMS	565
Scantlings	590
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	415

Report from Ghana

Latest figures show growth in 2013 timber exports

The latest 'Export of Wood Products Report' from the Timber Industry Development Division of the Ghana Forestry Commission reports earnings of approximately euro 91.4 mil. from the export of 206,603 cu.m of wood products in the first nine months of 2013.

This equates to an increase in the value of exports of 32.5% and a 14.9% growth in the volume of exports compared to the same period in 2012.

The figures illustrate that the average FOB price in the first three quarters of 2013 increased to euro 442 per cu.m from Euros 383 per cu.m January to September 2012, a 15% plus improvement.

Sawnwood, boules, veneers and plywood were the main products exported and altogether contributed approximately euro 83.1 mil. or 91% of the total export earnings. Export of poles (round wood and billets) earned about euro 2.0 mil., slightly down on 2012 levels.

Exports of mouldings, flooring, dowels and profile boards contributed around euro 6.3 mil. for a volume of 11,239 cu.m to in the period January to September 2013.

Europe was the major market for Ghana's wood product exports, accounting for 48.5% of all exports in value terms. Markets in Africa took 75,500 cu.m for a value of euro 24.8 million in the first three months of 2013. The overall share of markets in Africa grew by over 30% in the first three quarters of 2013 compared to the same period in 2012.

The ECOWAS market (mainly Nigeria, Niger, Senegal, Burkina Faso, Togo, Benin and Mali) accounted for the bulk of Ghana's exports to African markets.

For more see:

http://www.fcghana.org/assets/file/Publications/Industry_Trade/Export_Reports/year%202013/Sept_2013.pdf

Domestic Log Prices

Ghana logs	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	150-160	164-185
Odum Grade A	170-175	180-188
Ceiba	115-133	138-150
Chenchen	100-112	118-128
Khaya/Mahogany (Veneer Qual.)	125-150	155-180
Sapele Grade A	152-157	161-185
Makore (Veneer Qual.) Grade A	106-116	141-166
Ofram	112-118	130-135

Boule Export prices

	Euro per m ³
Black Ofram	235
Black Ofram Kiln dry	333
Niangon	492
NiangonKiln dry	575

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	855	945
Asanfina	480	544
Ceiba	240	269
Dahoma	284	342
Edinam (mixed redwood)	350	470
Emeri	353	542
African mahogany (Ivorensis)	593	629
Makore	575	650
Niangon	570	617
Odum	530	641
Sapele	567	645
Wawa 1C & Select	275	323

Export Rotary Veneer Prices

Rotary Veneer 1-1.9mm , FOB	€ per m ³	
	CORE (1-1.9 mm)	FACE (2mm)
Ceiba	274	330
Chenchen	320	358
Ogea	298	350
Essa	322	330
Ofram	320	357

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.32	0.80
Asanfina	1.20	0.47
Avodire	1.12	0.47
Chenchen	0.85	0.53
Mahogany	1.30	0.47
Makore	1.26	0.43
Odum	1.88	1.08

Export Plywood Prices

Plywood, FOB BB/CC	€ per m ³		
	Ceiba	Ofram	Asanfina
4mm	428	600	641
6mm	422	592	622
9mm	360	415	475
12mm	357	435	439
15mm	325	363	380
18mm	305	363	367

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	12.70	15.36	18.80
Odum	10.70	11.20	12.40
Hyedua	14.08	14.00	18.45
Afromosia	14.30	18.65	18.55

Grade 2 less 5%, Grade 3 less 10%.

Report from Malaysia

Monsoon rains bring harvesting to a halt

Logging and milling operations in Malaysia have slowed considerably due to bad weather and as the country prepares for the upcoming Chinese New Year celebrations. It is now the monsoon season in Malaysia and more heavy rains are expected.

This year the rains have been exceptionally heavy in the eastern states. In addition, parts of Sarawak have been badly flooded. To make matters worse the north easterly winds are unusually cold and strong this year.

Rainfall in Sarawak has exceeded the monthly averages of 400 mm in Sibu and 300 mm in Miri. In the first three weeks of this year Sibu recorded total rainfall of 567 mm while in Miri some 490 mm was reported. In Bintulu some roads have been closed due to flash floods.

Big three log producers cut production

Reports indicate that three major Sarawak timber companies have reduced production because of dwindling supplies of logs.

These companies have reduced log production by between 3 – 16.5% on 2012 levels. The combined production of the three companies has fallen by around 225,000 cu.m to 2.0 million cu.m.

The listed company, Ta Ann, trimmed log production by about 5% and produced only around 369,000 cu.m between January and November last year compared to 387,800 cu.m in the same period in 2012.

Jaya Tiasa, reportedly the largest log producer in Sarawak, produced 1.06 million cu.m of logs last year, down from 1.18 million cubic metres in 2012. Jaya Tiasa has logging concessions covering an area of around 713,000 ha.

Subur Tiasa reported a 16.5% decline in log production to around 503,800 cu.m for the whole of last year, down from 603,680 cu.m in 2012. Jaya Tiasa and Subur Tiasa belong to the Rimbanan Hijau group of companies.

Another listed company based in Sarawak, WTK, reported a fall in log production of more than 3% last year to some 426,600 cu.m compared to the 441,400 cu.m harvested in 2012.

Annual log production in Sarawak has fallen below 10 million cubic metres for the last two years. The state government allows up to 40% of total log production to be exported the balance goes to local mills.

Thailand the top importer of Sabah sawnwood

The Sabah Department of Statistics has released sawnwood export data for the period January to November 2013. A total of 223,041 cu.m was exported for a total value of RM332, 584, 828 FOB (approximately US\$ 98.7 million).

The top importer of Sabah sawnwood in 2013 was Thailand (52,526 cu.m; RM 68.2 million), followed by China (34,352 cu.m, RM 52.1 million) and Taiwan P.o.C (27,917 cu.m, RM 36.7 million). The fourth ranked importer was Japan (19,775 cu.m, RM 38.8 million) and the fifth was South Africa (18,634 cu.m, RM 29.9 million).

Australian importers purchase Sabah sawnwood but tend to favour exotic and higher grade sawn timbers, the price of which in 2013 averaged RM3,067/cu.m for the 1,402 cu.m imported.

The statistics show that the average price for all sawnwood exported from the state was RM 1,491/cu.m.

Over the same 11 months period, Sabah also exported 594,948 cu.m of plywood worth RM 949,263,659 (approximately US\$ 281.7 million). The main importer was Japan (115, 296 cu.m, 19.4% of total), followed by Peninsular Malaysia (99,330 cu.m, 16.7%) and South Korea (70,615 cu.m, 11.9%). Other markets included Egypt (51,533 cu.m, 8.7%) and the USA (50,844 cu.m, 8.5%).

Other products exported include laminated board (47,656 cu.m, RM 77.28 million); mouldings (16,685 cu.m, RM 57.54 million) and veneer sheets (46,620 cu.m, RM 65.19 million).

2013 export performance satisfactory despite global recession

Malaysia's wood product exports for the period January to October 2013 were RM 16.1 billion (approximately US\$ 4.78 billion).

This is slightly down from the corresponding period last year (RM 16.8 billion; US\$ 4.98 billion). Despite the slight decline analysts are satisfied with this performance considering the economic climate in 2013.

Correction:

In a previous issue we incorrectly reported that the Timber Industry Forum (TIF) signed a MOU with the Forest Research Institute of Malaysia (FRIM). There are six members of the TIF and only four, in their own names, signed the MOU with FRIM. The four TIF member that signed the MOU are; Malaysian Wood Industries Association, Malaysian Panel-Product Manufacturers' Association, Malaysian Furniture Industries Council and Association of Malaysian Bumiputra Timber and Furniture Entrepreneurs.

Report from Indonesia

International role for three new appointees

The Ministry of Forestry has appointed three experts to represent Indonesia in international negotiations. The first is Tony Rachmat Soehartono who will represent Indonesia during the Nagoya Protocol negotiations, the UN Forum on Forests and the Convention on Biological Diversity.

The second appointee is Haryadi Himawan who will participate in UN and FAO efforts, particularly in the UN Convention to Combat Desertification. The final appointee is Trisnu Darisworo who will work with the Regional Community Forestry Training Centre.

Exports by Surakarta manufacturers slumped in 2013

Exports from Surakarta during 2013 fell dramatically compared to the performance in 2012 .

Data from the Department of Industry and Trade, office in Surakarta shows the value of exports in 2012 totalled US\$40.3 million but, for 2013, the value of exports fell 8%.

The decline has been attributed mainly to a fall in exports of wooden furniture. In 2012 the value of wooden furniture exports was US\$3 million, but in 2013 this fell to just US\$1.6 million.

Section Head of the Department of Industry and Trade in Surakarta, Maharani Endang, said exports fell as global demand was weak so there was little opportunity to increase exports .

He further pointed out tha, before the SVLK was introduced exporters could boost furniture sales to the EU but now, because many enterprises are still struggling to meet the SVLK requirements, exports could not be easily expanded.

The regional Vice Chairman of the Association of Indonesian Furniture and Handicraft (Asmindo), Darma Adi Santoso, pointed out that while exports of wooden furniture had fallen there was an increase in the export of rattan furniture .

New plywood factory for East Java

The Minister of Forestry, Zulkifli Hasan along with Hatta Rajasa, recently visited Perhutani Plywood factory in Kediri, East Java. The new plant is built on an area of 9 hectares and has a production capacity of 4,000 cubic metres per month.

Some 90% of the wood raw materials are derived from forests in Kediri and this ensures the mill will help improve the local economy.

Floods, once again, bring Jakarta to a standstill

Flooding in Jakarta has affected around 150,000 people and media reports say some 60,000 have had to evacuate. With more rain forecast in early February flood waters are expected to rise further.

According to government estimates the flooding in Jakarta in 2013 caused damage valued at over US\$500 million.

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
core logs	195-220
Sawlogs (Meranti)	200-220
Falcata logs	170-190
Rubberwood	95-110
Pine	125-140
Mahoni (plantation mahogany)	130-150

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	390-410
KD	-
AD 3x20x400cm	565-600
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	345-370
AD 2x20x400cm	455-500
AD 3x30x400cm	390-420

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	620-650
3mm	650-670
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	370-390
12mm	345-360
15mm	285-315

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB			US\$ per m ³
<i>Particleboard</i>	Export	9-18mm	680-720
	Domestic	9mm	960-1020
		12-15mm	585-610
		18mm	400-450
<i>MDF</i>	Export	12-18mm	720-755
	Domestic	12-18mm	325-450

Report from Myanmar

Teak and other hardwoods seized

The domestic newspaper, Daily Eleven, reported that around 35,000 tons of illegally harvested timber, including 5,000 tons of teak was seized from April to December 2013 quoting statistics from the Ministry of Environmental Conservation and Forestry.

The newspaper also reported that over 3,200 tons of various species of mainly high value timber were seized in Kachin and Northern Shan areas near the Myanmar-China border.

Foreign Investment in Myanmar

According to the Ministry of National Planning, foreign investment in Myanmar from 1988 up to the end of December 2013 amounted to US\$34.2 billion and came from some 25 countries.

China tops the list of investors at US\$14,1 billion followed by Hong Kong US\$6.4 billion and South Korea US\$3.0 billion. Oil and gas is the most popular sector with investments amounting to US\$13.6, billion; followed by electricity generation at US\$13.3 billion; mining with US\$2.3 billion.

IMF forecasts over 7 percent growth for Myanmar

Myanmar's economy is set to grow 7.5% this fiscal year according to the International Monetary Fund (IMF). However, the IMF warned that inflation is growing and could rise to 5-6% by March 2014.

The main risks to the forecasts will be inadequate macroeconomic management capacity but, on the other hand, the decision of the government to float the exchange rate, to establish central bank autonomy and to significantly increase spending on health and education are good signs says the IMF report.

January Open Tender prices

Teak log sales during the Open Tender held on 24 January 2014 totalled 3,258 hoppus tons.

Ex-site prices secured during the sale are shown below.

	Grade	Tons	Price /H. ton
Yangon	SG-7	2633	US\$ 790
Yangon	SG-8	46	US\$ 530
Eastern Myanmar	SG-1	54	US\$ 1879
Eastern Myanmar	SG-2	8	US\$ 1530
Upper Myanmar	SG-7	473	US\$ 629
Upper Myanmar	SG-8	33	US\$ 360
Upper Myanmar	SG-9	11	US\$ 261

Non-teak hardwood log prices secured during the sealed tender sale on 24 January 2014 are shown below.

	Tons	Price /H. ton
Padauk	21	US\$ 3862
Thinwin	47	US\$ 2010
Hnaw (Haldu)	15	US\$ 473
Gurjan (In)	98	US\$ 273
Gurjan (Kanyin)	506	US\$ 356

January teak log tender results

The following grades and volumes were sold by Myanmar Timber Enterprise (MTE) through competitive bidding on 24 and 27 January 2014.

Teak tender prices

Grade	Quantity (Tons)	US\$ per hoppus ton
4th Quality	-	-
SG-1	13	4939
SG-2	14	3740
SG-4	278	3561
SG-5	71	2541
SG-6	108	2186
SG-7	107	1521

Hoppus ton=1.8m³; All grades, except SG-3/5/6, are length 8' x girth 5' & up. SG-3/4/6 are girth 4' & up. SG-3 grade is higher than SG-4 but with lower girth and price. Prices vary due to quality and/or girth at the time of the transaction.

Setting inflation targets key to stable currency

On the economic front the Reserve Bank of India (RBI) said inflation eased to a five month low in December 2013.

News is emerging of plans by the RBI to adopt inflation targeting through a restructuring of the monetary policy framework. The RBI governor has said he believes this is the way to ensure better stability in the exchange rate amongst other advantages.

An RBI committee is recommending the adoption of a consumer price index growth target of 4% with a plus 2% upper margin. The RBI hopes to bring inflation down to 8% over the next twelve months and eventually to 6% in two years.

The recently released IMF 'World Economic Outlook' projects Indian GDP to expand over 4% in fiscal 2013-14. In a press release on the Outlook the IMF says "Growth in India picked up after a favourable monsoon season and higher export growth and is expected to firm further on stronger structural policies supporting investment".

Looking further ahead the IMF anticipates Indian GDP growth could top 5.5% in fiscal 2014-15 but this is down from its earlier forecast.

For more see:

<http://www.imf.org/external/pubs/ft/weo/2014/update/01/index.htm>

Log stocks in forest depots grow as auctions delayed

Stocks of teak and other hardwood logs are reported as satisfactory at Central and Western Indian forest depots.

In a move to improve efficiency at log auctions the authorities are planning to introduce electronic bidding and to computerise payments, dispatch and delivery orders etc. Log auction have been temporarily suspended and will resume after the new system has been installed and tested.

Analysts report that approximately 17-18,000 cubic metres of logs have been accumulated at south Gujarat depots. Central Indian depots are also expected to soon offer around 30,000 cubic metres of logs.

2013 exports held up well

India's exports of wood products remained resilient in fiscal 2012-13 despite the global recession. Figures from Indian Customs show that wood product exports rose 26% in terms of rupee and 11% in US dollar terms.

Exporters report that overseas demand remains steady and this suggests the specific markets serviced by Indian exporters have been less affected by the recent economic downturn.

Exports of Wood Products (US\$ millions)

	2011-12	2012-13
Cork & cork products	3	2.4
Hardboard of wood fibre	12.7	12.7
Other articles of wood	144.8	179.5
Sandalwood chips	2.2	1.1
Sawn timber	21.3	31.4
Tea chest panel	0.1	0.1
Veneer	14.8	16
Wooden furniture	348.3	369.4
Other plywood and products	20.4	16.4
TOTAL	567.6	628.9

ASEAN/India FTA means lower import duties

Under the terms of the ASEAN/India Free Trade Agreement, with effect from 1 January 2014 India's import duties on several wood products have been eliminated.

Logs, sawnwood and plywood from ASEAN countries are now zero rated for import duty but there remain counter veiling duties as shown below.

	Tariff	Import duty	Total duty
Wood in Rough	44034910	0	0
Wood Sawn	44072910	0	4
Fancy Plywood	44129290	0	16.85
Plywood	44129290	0	16.85
Fibre Board /Hard Board	4411	3	20.41

Plantation teak importers benefit from delayed domestic log auctions

The delayed log auctions at domestic forest depots has helped stockists of imported teak secure better sales. Since last month imports of plantation teak have increased and importers in Kandla, Mumbai, Mangalore and Vizag report increased. The trade is currently much more optimistic about the future than a month ago.

In view of the impending ban on the export of logs from Myanmar there has been a surge in shipments and dealers are stocking up on Myanmar teak and Gurjan logs.

Analysts report a slowing in arrivals of Selangan Batu from Malaysia but an increase in arrivals of kapur and this is put down to the competitive pricing of kapur.

Current C & F prices for imported plantation teak at Indian ports are shown below.

Plantation teak prices

	US\$ per cu.m
Tanzania teak, logs	350-885
Côte d'Ivoire logs	280-750
PNG logs	400-575
El-Salvador logs	340-650
Guatemala logs	350-550
Nigeria squares	330-450
Ghana logs	325-650
Guyana logs	300-450
Benin logs	320-650
Benin sawn	430-800
Brazil squares	360-680
Colombia logs	335-685
Togo logs	350-715
Ecuador squares	330-540
Costa Rica logs	355-700
Panama logs	365-550
Sudan logs	460-700
Congo logs	450-550
Kenya logs	390-600
Thailand logs	460-700
Trinidad and Tobago logs	400-680
Uganda logs	440-780
Uganda Teak sawn	680-800
Laos logs	320-605
Malaysian teak logs	140-450
Nicaragua logs	370-535
Liberia logs	350-460
Brazil logs	350-750

Variations are based on quality, lengths of logs and the average girth of the logs.

Recently plantation teak was imported from Cameroon at prices in the range of US\$350 to US\$510 per cu.m

Prices for domestically sawn imported logs

Demand and supply of domestically milled imported logs is balanced so landed costs and wholesale prices have not changed.

Prices for air dry sawnwood per cubic Foot, ex-sawmill are shown below.

Sawnwood,(Ex-mill) (AD)	Rs. per ft ³
Merbau	1550-1750
Balau	1550-1650
Kapur	1200-1250
Kempas	1100-1200
Red Meranti	850-950
Radiata Pine (AD)	550-650
Whitewood	600-650

Variations are based on quality, length and average girth of logs

Firm demand for Myanmar teak processed in India

Export demand for Myanmar teak milled and processed in India continues to be good and domestic demand remains unchanged.

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	6000-14000
Plantation Teak A grade	5000-5500
Plantation Teak B grade	4000-4250
Plantation Teak FAS grade	3250-3500

Price variations depend mainly on length and cross section

Imported sawnwood prices unchanged

Ex-warehouse prices for imported kiln dry (12% mc.) sawnwood per cu.ft are shown below.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

Plywood market prices

Indian plywood manufacturers are keen to raise prices but are stalled because of the competitive landed cost of plywood from ASEAN suppliers. Prices remain unchanged. Plywood prices on the domestic market remain unchanged.

Prices for WBP Marine grade plywood from domestic mills

Plywood, Ex-warehouse, (MR Quality)	Rs. per sq.ft
4 mm	35.50
6 mm	47.00
9mm	59.5
12 mm	74.00
15 mm	98.00
18 mm	103.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft
	Rubberwood Hardwood
4mm	Rs.18.00 Rs.27.50
6mm	Rs.27.50 Rs.34.50
9mm	Rs.34.50 Rs.42.00
12mm	Rs.41.00 Rs.51.00
15mm	Rs.50.40 RS.62.70
19mm	RS.58.00 Rs70.50
5mm Flexible ply	Rs.36.00

Report from Brazil

Inflation exceeds Central Bank target

In response to the higher than targeted inflation the Monetary Policy Committee (Copom) of the Central Bank increased the basic interest rate from 10% to 10.5%, the highest rate since January 2012 when it was also set at 10.5%.

Brazil's Consumer Price Index (IPCA) for December 2013 was 0.92% up on the November figure such that the accumulated 2013 IPCA was 5.91%, higher than in 2012 and above the Central Bank's target of 4.5%.

However, Consumer prices, while increasing, were up less than expected as of mid January and this is leading analysts to believe the Central Bank will not raise interest rates when it meets in February.

From the end of November 2013 up to the end of January the Brazilian currency depreciated against the US dollar, this has cheered exporters who suffered an overly strong currency in 2013.

Flona Jacundá concession management plan approved

Madeflona Industrial Lumber, a company with operations in the state of Rondônia has secured approval of its management plan for harvesting in 87,700 hectares in the National Forest of Jacundá in Rondônia. The company expects to begin operations in the second half of 2014.

Flona Jacundá is the second national forest in Rondonia in which a forest concession has been granted at the federal level, the first was the Jamari National Forest. Madeflona has already secured a concession in the Jamari National Forest.

In December 2013 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) approved two plans submitted by Madeflona, one for 55,000 hectares and the other for 32,700 hectares.

The approval of the management plan itself does not authorise the start of logging as the company is required to submit an Annual Operating Plan to the competent environmental agency.

This operating plan must include data on the inventory, amongst other things. The plan submitted by Madeflona identified, mapped and classified around 20,000 trees with diameter greater than 40 cm in one area. The approved log harvest amounts to approx. 25 cu.m per hectare (around four trees).

The activities of the company are creating jobs and by May this year the company plans to hire an additional 40 workers. As operations expand more job opportunities will be created.

Tax rate for the furniture sector worries retailers

The tax on industrial products (IPI) increased to 4% in January and it is anticipated this will jump to 5% in the second half of this year.

The Retail Trade Federation of Rio Grande do Sul state has said this increase would hit sales and if the tax is passed on to consumers this will add to inflation.

The Federation argues that the tax rate should be lowered not raised and that this could be possible if there were savings on public expenditure in the state.

The Bento Gonçalves furniture cluster creates jobs in the state of Rio Grande do Sul and feels a zero IPI tax would lead to more jobs being generated.

In March 2012, when the Federal Government set the IPI tax at zero for the furniture sector, there was a significant increase in retail sales in Rio Grande do Sul state. In February 2013, when the benefit was withdrawn and the IPI tax rate reintroduced, sales fell over 6%.

However, despite the recent increase in IPI tax, the custom furniture manufacturing sector is optimistic on the sales potential for 2014 as huge housing developments are underway.

According to the Association of Managers of companies in the real estate market in Rio de Janeiro, construction is focused on family home and this will spur furniture purchases.

The majority of these new homes are small-sized apartments of less than 80 square metres which has resulted in higher demand for custom made furniture. The manufacturers of custom furniture foresee healthy market growth for 2014.

Export prospects improving

In November 2013, timber products exports (except pulp and paper) increased to US\$218.8 mil., up 7.5% compared to November 2012. The gains recorded for November exports extended into December.

November pine sawnwood exports increased 19.2% year on year, from US\$15.6 million to US\$18.6 million. In terms of volume, exports rose 11.8%, to 81,500 cu.m, over the same period.

Tropical sawnwood exports continue to decline and November exports were down 17% to 31,300 cu.m compared to levels in November 2012.

The value of pine plywood exports also fell in November 2013 and were down 6% (US\$ 33.9 mil. or 93,300 cu.m) compared to November 2012. Tropical plywood exports decreased 45.5% in volume, from 6,600 cu.m in November 2012 to 3,600 cu.m in November 2013. In value, exports of tropical timber fell 42.1%, from US\$ 3.8 million in November 2012 to US\$ 2.2 million in November 2013. The downward trend in year on year exports continued into December.

The value of wooden furniture exports in November and December were down 10.2% and 4.2% respectively. December wooden furniture exports were just US\$38.9 mil.

2013 export performance

Overall, for 2013 Brazilian plywood exports fell 14% in value and 11% in volume compared to 2012.

Plywood export markets

	2012	2013
Argentina	34.1	20.9
Venezuela	13.7	6.1
USA	9.9	25.6
Puerto Rico	8.8	7.4
Germany	4.9	negligible
France	negligible	9.4
% of total exports	71.4	69.4

In 2012, the main export markets for Brazilian plywood were Argentina, Venezuela, the United States, Puerto Rico and Germany while in 2013 the main markets were the United States, Argentina, France, Puerto Rico and Venezuela.

In 2012 Brazilian plywood exports totaled 58,198 cubic metres while in 2013 they fell to 51,578 cubic metres. Exporters in Paraná state accounted for almost 46% of all plywood exports followed by Santa Catarina (32.2%), Pará (8.9%) and Rondônia (5.8%).

Brazilian sawnwood exports also declined in 2013 falling by 4.7% in value and 10.9% in volume compared to the previous year.

Sawnwood export markets

	2012	2013
Netherlands	13.2	9.1
China	12.5	15.2
France	12.3	10.8
USA	11.4	13.1
Vietnam	9.2	7.6
% of total exports	58.6	55.8

In 2012, the main market destinations for Brazilian sawnwood were the Netherlands, China, France, the United States and Vietnam, representing 13.2%, 12.5%, 12.3%, 11.4% and 9.2% respectively.

In 2013 the main export destinations were unchanged from 2012 however, China became the main destination accounting for 15.2%, followed by the United States, France, Netherlands and Vietnam.

Most export sawnwood came from millers in Pará, (35.3%) followed by Mato Grosso (25.8%), Rondônia (14.5%) and Paraná (10.1%).

Price trends

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	158
Jatoba	105
Guariuba	84
Mescla (white virola)	88

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Jatoba Green (dressed)	1278
Cambara KD	770
Asian Market (green)	
Guariuba	394
Angelim pedra	920
Mandioqueira	302
Pine (AD)	220

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green)	
<i>Northern Mills</i> (ex-mill)	
Ipê	803
Jatoba	568
<i>Southern Mills</i> (ex-mill)	
Eucalyptus (AD)	232
Pine (KD) 1st grade	204

Export Veneer Prices

	US\$ per m ³
Veneer, Export (Belem/Paranagua Ports) FOB	
White Virola Face 2.5mm	341
Pine Veneer (C/D)	240

Domestic Veneer Prices

	US\$ per m ³	
Rotary cut Veneer, domestic		
(ex-mill Northern Mill)	Face	Core
White Virola	247	202

Export Plywood Prices

	US\$ per m ³
Plywood, FOB	
White Virola (US Market)	
5.2mm OV2 (MR)	498
15mm BB/CC (MR)	483
White Virola (Caribbean market)	
4mm BB/CC (MR)	675
12mm BB/CC (MR)	493

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	368
15mm C/CC (WBP)	341
18mm C/CC (WBP)	337

Domestic Plywood Prices

	US\$ per m ³
Plywood, domestic (ex-mill Southern mill)	
Grade MR (B/BB)	
White Virola 4mm	776
White Virola 15mm	540

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

	US\$ per m ³
Belem/Paranagua Ports, FOB	
Blockboard Pine 18mm 5 ply (B/C)	422
<i>Domestic Prices, Ex-mill Southern Region</i>	
Blockboard White Virola faced 15mm	506
Particleboard 15mm	331

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US\$ per m ³
Decking Boards	Cambara	1,045
	Ipê	2,570

Report from Peru

Allocating production forest concessions will stem informal mining

According to the Association of Exporters (ADEX), the planned relaunch of the forest concession allocation process will contribute to the fight against illegal mining in forest areas. Companies allocated concessions will have management responsibility as well as legal rights over a concession area and can use this to stop illegal operations in the forest concessions.

The chairman of wood and wood Industry division of ADEX, Erik Fischer, said it is important to restart the granting of forest concessions in areas that are at risk of deforestation from illegal activities.

Fischer said in the past the concession demarcation process was good but it failed because of the inappropriate allocation of concessions to inexperienced and unskilled loggers.

Fischer added that as part of the new process of revival it is necessary to learn from the mistakes that were made in past concession allocations and to incorporate into the system in Peru 'industry best practices' from other countries to ensure success.

ADEX has reported that the value of wood product exports between January and November 2013 was US\$145.7 million representing a slight drop on the level during the same period in 2012.

Booming non-traditional exports to Chile

The Lima Chamber of Commerce reports that Peru's exports of non-traditional products to Chile is expanding fast. Between January and September 2013 non-traditional product exports to Chile grew almost 5% year on year supported by a 30% plus jump in farming sector exports and a huge jump in the export of handicrafts.

In the first nine months of 2013 peru's exports to Chile were worth US\$1.3 billion of which some US\$540 million was of non-traditional products.

For more see: www.camaralima.org.pe/principal/noticias/3

Private sector credit expands

The Central Reserve Bank (CRB) has reported that new sol credit to the private sector in 2013 was 225 higher than in 2012.

While credit in dollars was down in December but for all of 2013 there was a 2% overall increase. The CRB also reports that credit to individuals and mortgage loans are growing.

For more see:

www.bcrp.gob.pe/eng-docs/Publications/Weekly-Reports/2014/weekly-report-03-2014.pdf

Export Sawnwood Prices

	US\$ per m ³
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select	
North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	545-598

	US\$ per m ³
Peru Sawnwood, FOB Callao Port (cont.)	
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	428-487
Grade 2, Mexican market	358-404
Cumaru 4" thick, 6'-11' length KD	
Central American market	841-865
Asian market	866-939
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	584-598
Marupa (simarouba) 1", 6-11 length Asian market	421-482

	US\$ per m ³
Peru Sawnwood, FOB Iquitos	
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	429-467
Grade 2, Mexican market	332-377
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	349-398

Domestic Sawnwood Prices

	US\$ per m ³
Peru sawnwood, domestic	867-911
Mahogany	142-166↑
Virola	296-355
Spanish Cedar	110-121
Marupa (simarouba)	

Export Veneer Prices

	US\$ per m ³
Veneer FOB Callao port	
Lupuna 3/Btr 2.5mm	198-223
Lupuna 2/Btr 4.2mm	212-222
Lupuna 3/Btr 1.5mm	211-221

Export Plywood Prices

	US\$ per m ³
Peru plywood, FOB Callao (Mexican Market)	
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	423-439
Cedar fissilis, 2 faces sanded 4x8x5.5mm	759-770
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood	
B/C 15x4x8mm	399-426↑
B/C 9x4x8mm	366-385
B/C 12x4x8mm	350-360
B/C 8x4x15mm	416-439
C/C 4x8x4mm	389-425
Lupuna plywood B/C 8x4x4mm Central Am.	370-393

Domestic Plywood Prices

	US\$ per m ³
Lupuna Plywood BB/CC, domestic (Iquitos mills)	
122 x 244 x 4mm	444
122 x 244 x 6mm	397
122 x 244 x 8mm	415
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	463
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

Domestic Prices for Other Panel Products

	US\$ per m ³
Peru, Domestic Particleboard	
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Export Prices for Added Value Products

	US\$ per m ³
Peru, FOB strips for parquet	1287-1388
Cabreuva/estoraque KD12% S4S, Asian market	897-1025
Cumaru KD, S4S	
Swedish market	1255-1320↑
Asian market	
Cumaru decking, AD, S4S E4S, US market	1210-1298
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Report from Guyana

Wamara logs in demand

January started very quietly and in the period reviewed there were no exports of the three main commercial logs; greenheart, purpleheart and mora.

However, wamara (*Swartzia leiocalycina*) logs made headway on the export market securing favourable prices ranging from US\$125 to US\$140 per cubic metre FOB. The main market for Guyana's wamara logs was Asia.

Slow start to sawnwood exports in January

Sawnwood export sales also got off to slow start. Undressed greenheart (Select) FOB prices slipped from the top end price of US\$954 down to US\$933 per cubic metre, while Undressed greenheart (Sound) FOB prices remained unchanged from the last reporting period. North America and the Caribbean were the prime markets for Undressed greenheart (Sound).

There were no exports of Undressed purpleheart sawnwood and it was only for Undressed Mora (Merchantable) for which there was a change in average price to US\$595 per cubic metre FOB, securing a spot in the important Caribbean market.

There was no export of Dressed greenheart during the period reviewed. However, as was the case in the previous report, Dressed purpleheart sawnwood retained a firm footing in the market where FOB prices were US\$1,102 per cubic metre. The Caribbean was the leading market for this highly sought after timber species from Guyana.

Top prices paid for high quality timbers

Guyana's sawn washiba (*Ipe*) attracted a price of US\$ 2,500 per cubic metre FOB in the international market.

Similarly Guyana's lesser used species, darina (*Hymenolobium* spp) made a fair contribution to overall earnings attracting a price of US\$750 per cubic metre FOB in the North American market.

Export plywood top end prices remained unchanged at US\$584 per cubic metre FOB in South and Central American markets. Splitwood (wallaba shingles) secured FOB prices around US\$1,023 per cubic metre in North America.

Greenheart piles were traded at a top end price of US\$ 350 per cubic metre FOB in the North American market.

Housing development lifts domestic timber use

The government's effort to help Guyanese own their own homes has begun to bear fruit as there has been tremendous growth in the housing sector in recent years.

As a result of fiscal incentives from the government, commercial banks are better positioned to offer lower interest rates on mortgages. In addition, because of efforts by the Ministry of Housing's Central Housing and Planning Authority (CHPA), it is now simpler to acquire a house lot and build a house.

In recent years there has been a boom in housing construction and thousands house plots have been made available to Guyanese. Because of this there has been a significant increase in consumption of domestic sawnwood.

For the year 2013, overall timber production increased, export levels remained largely the same as in previous years so the growth in output was driven by demand in the domestic market.

Export Log Prices

Logs, FOB Georgetown	SQ - US \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	-	-	-
Purpleheart	-	-	-
Mora	-	-	-

*Small SQ is used for piling in the USA and EU. Price depends on length. In the case of no price indication, there is no reported export during the period under review.

Export Sawnwood Prices

Sawnwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		-Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	-
	Select	794-933	-
	Sound	848	-
	Merchantable	-	-
Purpleheart	Prime	-	-
	Standard	-	1,060-1,102
	Select	-	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	-	-
	Sound	-	-
	Merchantable	-	-

In the case of no price indication, there is no reported export during the period under review.

Export Plywood Prices

Plywood, FOB Georgetown Port			US\$ Avg unit val. per m ³
Baromalli	BB/CC	5.5mm	450-584
		12mm	450-584
Utility		5.5mm	No export
		12mm	No export

Report from Japan

Fiscal stimulus to offset tax hike says IMF

The Japanese government recently released revised GDP figures for the third quarter of 2013 showing the economy expanded by only 1.1% , slower than the forecast annual 1.9%.

A new International Monetary Fund (IMF) report forecasts growth in the global economy driven especially by expansion in the US and UK economies.

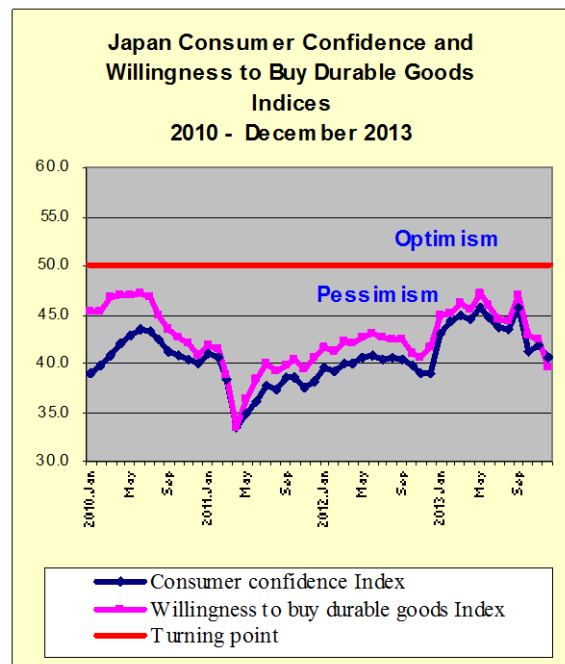
See IMF World Economic Outlook at: <http://www.imf.org/external/pubs/ft/weo/2014/update/01/pdf/infographic.pdf>

On Japan, the IMF report says continued fiscal stimulus, which lifted growth in 2013, could offset the negative effects of the consumption tax increase to 8 percent from the current 5 percent in April. Because of this the IMF thinks 2014 growth could be in the region of 1.7%.

For 2015 the IMF forecasts Japanese GDP growth will slow to 1% while global growth could be as much as 3.9% and growth in advanced economies could be around 2.3%.

December consumer confidence falls

Japan's Cabinet Office has released the results of the December consumer confidence survey and reports an unexpected decline in December.



Source: Japan Cabinet Office

The consumer sentiment index fell to 40.6 from 41.9 in November. Analysts put the weakening of consumer sentiment down to attitudes towards the coming increase in consumption tax.

The index for general households, which includes views on incomes and jobs, was negative in December and the index for consumer willingness to purchase durable goods also fell sharply. An index reading below 50 suggests consumer pessimism.

Massive trade deficit reported for 2013

Japan's Ministry of Finance has released data showing the trade deficit in 2013 stood at a massive yen 11.47 trillion yen (around US\$112 billion). The main reasons cited to explain the size of the deficit were the ballooning energy import bill and the weak yen.

Japan has shut down all nuclear power plants and is relying on imported oil and gas to produce its electricity needs.

Of the overall deficit most (yen 13 trillion) was with Middle East countries, the source of the largest share of Japan's imports of oil and gas.

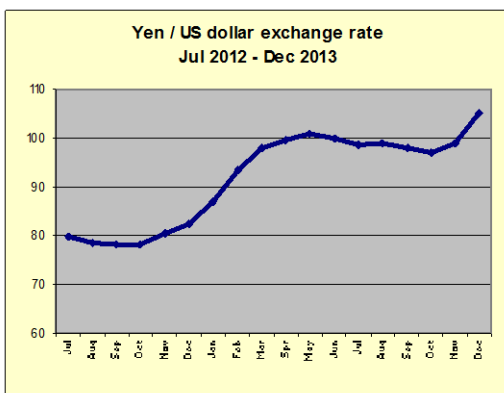
For details see:

http://www.customs.go.jp/toukei/shinbun/trade-st_e/2013/2013_114e.pdf

Yen strengthens against the US dollar

The yen strengthened in the second half of the month to a high of 102 to the US dollar after data from China showed that fourth quarter growth was below expectation which caused money to flow into yen.

However, analysts expect the yen to weaken progressively throughout out 2014 as the US economy picks up further and as Japan's Central Bank remains firm on its monetary easing policy.



Workforce reform

The Japanese government is making it easier for the private sector to recruit foreign workers for highly-skilled positions and as trainees, a move say analysts, which will help offset a declining domestic workforce and could speed economic growth.

This move comes on the heels of a decision to encourage and support expansion of the female workforce. To encourage qualified and skilled mothers to return to work the government is strengthening the child care system and is setting voluntary targets for female worker employment by companies.

The domestic workforce in Japan is shrinking as the country has the most rapidly aging society in the world, with a quarter of the population already over 65. The expansion of the foreign workforce and getting more women employed or re-employed are important for easing labour shortages and increasing tax revenues.

The government has indicated it is considering lowering corporate taxes to make Japanese firms more competitive. Japan's corporate tax rate, (close to 40 percent for a Tokyo corporation) is among the highest in the world.

Trade news from the Japan Lumber Reports (JLR)

The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to extract and reproduce news on the Japanese market.

The JLR requires that ITTO reproduces newsworthy text exactly as it appears in their publication.

For the JLR report please see:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

Wood Use Point system

The Forestry Agency announced Douglas fir produced in the U.S.A. is additional species for the Wood Use Point system and also added as type of construction wood prefabricated building in Hokkaido which is built with local larch and fir as main structural materials. American Softwood Conference also announced that Douglas fir is additionally authorized for the system.

This is the first foreign species authorized for the system. The two conditions of authorized species for the system are the resources are increasing and it contributes activating and vitalizing local economy.

Orvis to close Himeji mill

Orvis Corporation (Fukuyama, Hiroshima prefecture), the largest radiate pine lumber manufacturer in Japan, announced it would close down Himeji sawmill for good at the end of April because of prolonging depression of crating lumber demand.

The mill was built in 2008 as the most modern large sawmill to produce lumber for crating, wooden drum and temporary materials for public works.

At the peak time of August 2012, it consumed 25,000 cubic meters of radiate pine logs a month then since late 2012, it started reducing the production because of slower demand and monthly log consumption had been about 17,500 cbms a month in 2013, which was 30% less than 2012.

Long lasting strong yen rate of about 80 yen per dollar discouraged export businesses in Japan so that crating demand for export cargoes stagnated for a long time then the cost of logs increased by higher export prices from New Zealand pushed by aggressive Chinese purchase then devaluation of the yen over 100 yen per dollar since late last year pushed the arrived log cost higher.

South Sea (tropical) logs

Log producing regions in the South East Asia are in rainy season now and log production is dropping sharply.

In Sarawak, Malaysia, heavy rain hit the area and flooded cities. Also New Year holidays took logging camp workers out so early January log production dropped considerably and some local plywood mills are having hard time to keep running without log supply. Japanese log importers have trouble to fill up log ships. Some importers send ships to Sabah to fill up ships, which costs more by deviation penalty.

Even in this tight supply situation, there is no panic and price surge seen in last year because India has been holding down its purchase because of devaluation of their currency, Rupee so they do not pay higher prices for logs to fill up ships.

Export log prices in Sarawak have been gradually firming but there is no drastic price increase. Meranti regular FOB is unchanged at \$285 per cbm and meranti small are \$245 and super small are \$225. Meranti low grade regular for India is about \$250, \$10 higher than December.

In Sabah, FOB of seraya regular is \$265 and kapur regular is \$375.

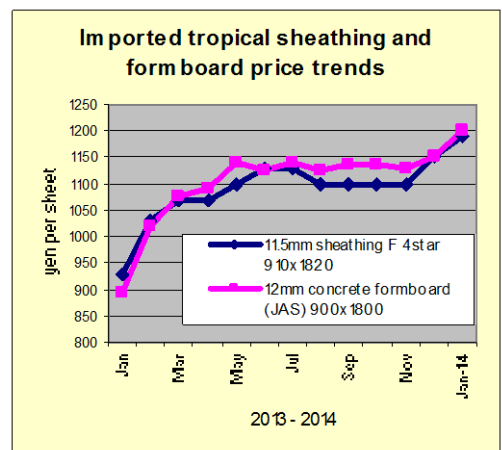
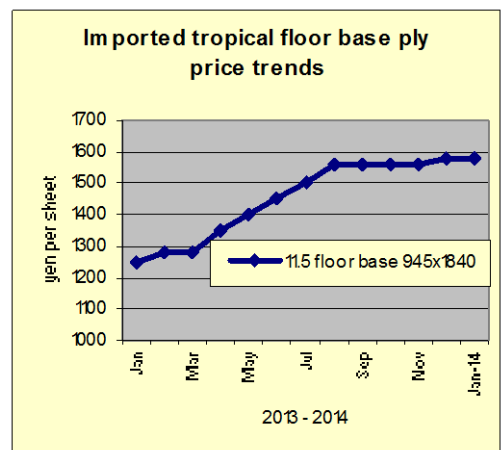
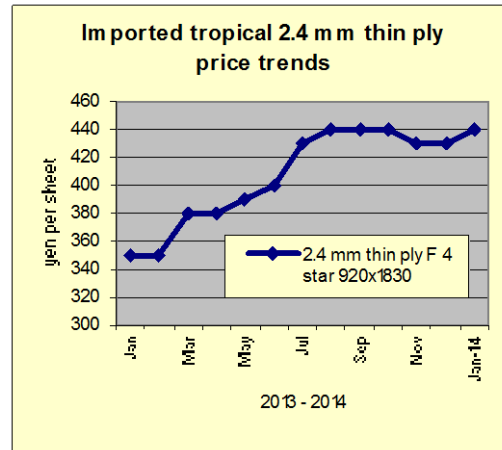
In PNG, China continues buying actively. China buys all type of logs compared to Japan and Korea, which are fussy about grade, diameter and specifications so log suppliers prefer to sell to China

Plywood markets

Softwood plywood market continues busy and brisk but distribution is getting difficult due to shortage of trucks. Deliveries to direct users like house builders and precutting plants had been smooth but now some precutting plants suffer delayed delivery.

There are many house orders, which have to complete works by the end of March. Supply of building materials is tight due to busy construction works then came delayed delivery of plywood.

Price trends for Japanese imports of Indonesian and Malaysian plywood



Softwood plywood shipment from the mills continues record high level for October through December.

November shipment was 246,000 cbms, all time high figure and this is 8.8% more than November last year.

Meantime the production in November was 229,300 cbms, 6.6% more than the same month a year ago. This is the third largest monthly production next to July last year. In November, the production was less than the shipment so that the inventories drooped down to 121,800 cbms, 10.9% less than October.

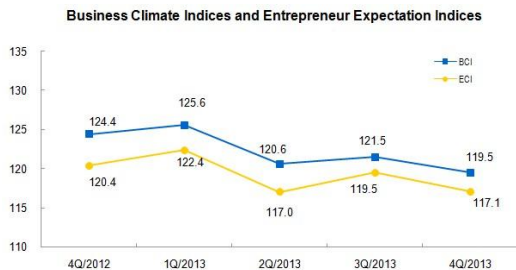
Business sentiment slipped in Q4 2013

The latest National Business Climate Survey shows that the business climate index (BCI) was 119.5 in the fourth quarter of 2013, down 2.0 points from the previous quarter.

However, an index figure above 100 signals optimism on the part of enterprises. See:

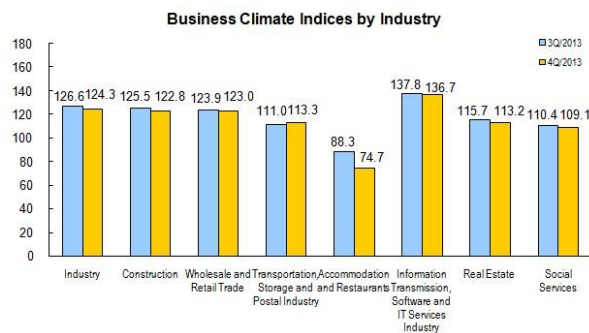
http://www.stats.gov.cn/english/PressRelease/201401/t20140121_503019.html

In the fourth quarter, the entrepreneur expectation index (ECI), a measure of future prospects was 117.1, down by 2.4 points quarter-on-quarter.



In terms of different industries, in the fourth quarter the BCIs were as follows; information transmission and software and IT service industry (136.7), manufacturing industry (124.3), wholesale and retail trade (123.0), construction (122.8), transportation, storage and postal industry (113.3), real estate (113.2), social services (109.1), accommodation and restaurants (74.7).

Except for accommodation and restaurants, the BCIs of all industries were above 100, the boundary between optimism and pessimism.

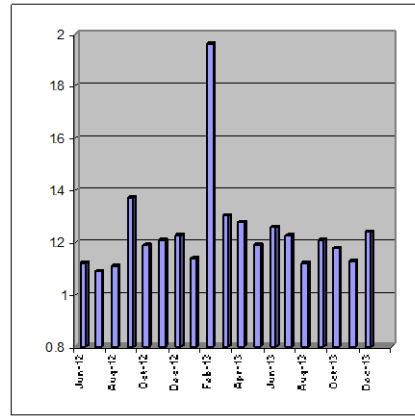


Retail sales recorded strong growth in December

In December 2013, total retail sales of consumer goods grew by 12.2 percent year-on-year of which retail sales of consumer goods by industrial enterprises increased 13.0 percent.

For 2013, retail sales of consumer goods reached yuan 23,438.0 billion, up by 13.1 percent year-on-year.

China's retail sales, month on month percent growth



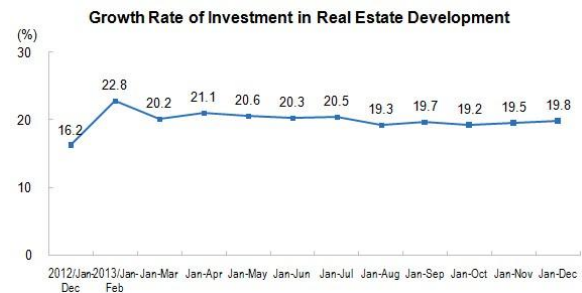
Consumption in urban areas was up 12.9 percent year on year while for rural inhabitants consumption grew 14.6 percent year on year.

For the National Bureau of Statistics press release see: http://www.stats.gov.cn/english/PressRelease/201401/t20140120_502518.html

Real estate investment

2013 investment in real estate development has been reported by the National Bureau of Statistics as yuan 8,601.3 billion, up by 19.4 percent year-on-year. Investment in residential buildings, which account for over 68% of all real estate investment, was up over 19 percent.

For the National Bureau of Statistics press release see: http://www.stats.gov.cn/english/PressRelease/201401/t20140120_502515.html

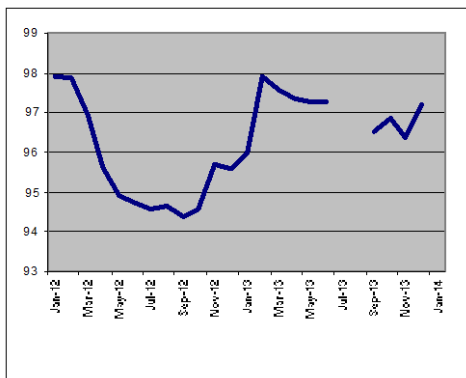


New-home prices in December climbed 20 percent in Guangzhou and Shenzhen from a year earlier and were up 18 percent in Shanghai and 16 percent in Beijing according to the National Bureau of Statistics.

China's overall economic growth remains heavily dependent on the real estate market. To cool expansion in the housing market and put a brake in speculative investment many provincial authorities have ordered an increase in interest rates and down payment for second homes.

For example Shenzhen, Shanghai and Guangzhou have reportedly raised minimum down payments for second homes to 70%.

National real estate climate index



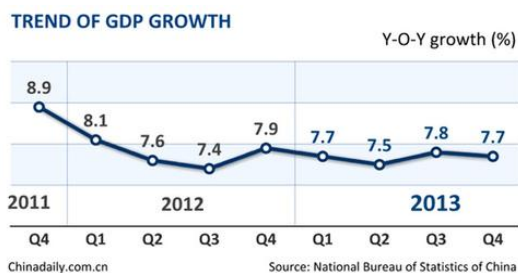
Source: National Bureau of Statistics, China

Understanding the real estate climate index

The national real estate climate index fluctuates following the economic and business cycle. In compiling the index the National Bureau of Statistics uses real estate development and investment as the benchmark along with related indicators such as real estate investment, capital, land area sales etc.

The national real estate index uses 2000 as the base year. In terms of interpreting the data the National Bureau of Statistics says “the most appropriate level of national real estate climate index is 100, the moderate level is between 95 and 105, the lower level is below 95, and the higher level is above 105”.

GDP growth Q 4 2011 – Q4 2013



Chinadaily.com.cn

Source: National Bureau of Statistics of China

Value of exports and imports almost balanced

The value of China’s imports and exports has picked up. China's imports and exports were valued at \$4,160 billion in 2013, an annual increase of 7.6 percent.

Of the total, the value of exports rose 7.9 percent to US\$2,210 billion, the value of imports rose 7.3 percent to US\$1,950.3 billion, and the country recorded a trade surplus of \$259.75 billion in 2013.

Rural incomes less than half those of urbanites

The income of urban and rural residents continued to grow. The average income of the urban residents was RMB29, 547. Of this, urban per capita disposable income was RMB26,955, a year on year nominal increase of 9.7 percent, the actual growth of 7 percent after deducting price factors.

The per capita net income of rural residents was RMB8,896, a year on year nominal increase of 12 percent, after deducting price factors, the actual growth of 9 percent.

Forecasts for China’s economy in 2014

The IMF forecasts that the world economy will grow by 3.6 percent in 2014 and that developed economies will grow by 2 percent, up 0.8% from 2013. On the other hand, emerging economies and developing country growth will expand by 5%.

China's pace of economic growth is forecast to drop from the 9-10% achieved in the Eleventh Five year plan to 7-8 percent in the current Five year plan.

Over the past two years, although China’s economic growth rate has slowed down; there has been no significant decline in domestic employment. It is estimated that under current circumstances, the growth rate of China's economy can continue around 7.5 percent.

The government plans to expand efforts to promote domestic consumption and in 2014, retail sales of consumer goods are forecast to grow by about 14%, slightly higher than in 2013.

GDP growth in 2014 is expected to be slightly better than in 2013, remaining within a range of 7.5-8%. Growth should be sustained by improvement in external demand, the ability to support potential growth, reform and a moderately stimulating macroeconomic policy.

Timber imports through Zhangjiagang up slightly in 2013

According to the statistics from Zhangjiagang Entry-Exit Inspection and Quarantine Bureau, timber imports through Zhangjiagang increased slightly in 2013 and were 3.07 million cubic metres valued at US\$776 million, a year on year increase of 4% in volume and 7% in value.

Of the total, log imports rose 5% to 3.01 million cubic metres but sawnwood imports declined 34% to 58,700 cubic metres.

The volume of timber shipped as bulk cargo rose 4% to 2.90 million cubic metres while container shipments increased 11% to 170,000 cubic metres.

Demand for wood products is surging again driven by resurgence in the housing market. China’s timber imports in 2013 were the highest ever.

Observers say Zhangjiagang Port has improved its clearance efficiency through better services at port and this helped the port expand business and reverse the decline in trade recorded in the first half of 2013.

For 2013 timber imports from Papua New Guinea dropped 7% to 1.26 million cubic metres but imports from Solomon Islands increased 31% to 676,000 cubic metres.

Timber imports from African countries continued to grow in 2013 and were 12% up on the previous year at 890,000 cubic metres. Timber imports from the Republic of Congo, Cameroon and Equatorial Guinea all increased more than 25%. Timber imports from Myanmar dropped significantly (down over 60%) to 18,000 cubic metres.

2013 furniture exports from Shunde exceeded US\$1 billion

According to the statistics from China’s Custom, the value of furniture and furniture parts export by manufacturers in Shunde City, Guangdong Province rose 15% to US\$1.05 billion in 2013.

Of the total, exports by private enterprises expanded 19% to US\$680 million, (65% of the total) while exports by foreign funded enterprises rose 6% to US\$360 million.

The European Union, the US and ASEAN countries were the major markets for furniture and parts from Shunde City. Furniture exports to the EU rose 17% to US\$250 million; exports to the USA grew 7% to US\$190 million while exports to ASEAN countries increased 22% to US\$100 million.

Exports to emerging markets also increased significantly. Exports to 17 Middle Eastern countries rose 20% to US\$160 million, to African countries 2013 exports rose 37% percent to US\$73.93 million, to Latin American countries exports expanded 1.7% to US\$72.24 million, to Australia exports rose 2.6% to US\$33.58 million and exports to Russia increased 15% to US\$20.35 million.

Inner Mongolia 2013 log imports down but sawnwood imports up

According to the Inner Mongolia Inspection and Quarantine Bureau, timber imports to the Inner Mongolia Autonomous Region in 2013 totaled 9 million cubic metres, a year on year decline of 3% percent. Imports into Inner Mongolia make up around 13% of the national total.

Inner Mongolia Autonomous Region of China



Source: wikipedia.org/wiki/Inner_Mongolia

Almost all timber imported into Inner Mongolia is from the Russia Federation. Of the total imports, log imports were 4.8 million cubic metres (down 10%) however sawnwood imports increased 6% to 4.2 million cubic metres.

Private enterprises are the main force in the timber import sector in Inner Mongolia Autonomous Region. Timber imports by private enterprises accounted for 98.6 % of all timber imports.

Price trends across China

Guangzhou Yuzhu International Timber Market

Logs		Yuan/cu.m
Lauan	Diameter 60 cm ⁺	2000-2200
Kapur	Diameter 80 cm ⁺	3100-3200
Merbau	Diameter 100 cm ⁺	5200-5400
Teak	Diameter 30-60 cm	6500-13000
Wenge		4300-4800
Red Oak (France)	Diameter 30 cm ⁺	2500-2600
Purpleheart	Diameter 60 cm ⁺	3500-3600
Rosewood		3700-4200
Sawnwood		Yuan/cu.m
Maple	Grade A	7500-9500
Walnut (USA)	FAS 2 inches	14000-16000
Cherry (USA)	FAS 2 inches	10000-12800
Sapelli	Grade A	6600-7000
Okoume	Grade A	4200-4500
Teak (plantation)	Grade A	9600

Shanghai Furen Forest Products Wholesale Market

Logs		Yuan/tonne
Red sandalwood (India)	All grade	1-2 mil.
Rengas (Vietnam and Nepal)	All grade	7000-8800
Granadillo (Mexico)	All grade	7500-8000
Sawnwood		Yuan/cu.m
Okoume (Africa)	grade A	4300-4700
Sapelli (Africa)	grade A	5800-6300
Beech (Europe)	grade A	4500-4800
Red Oak (North America)	2 inches FAS	7000-7300
Cherry (North America)	2 inches	9800-10500
Maple (North America)	2 inches	8700-8900
Merbau (Indonesia)	All grade	10000-11500

Hangzhou Timber Trading Market

Logs		Yuan/cu.m
As h	4 m 30 cm	3200-4800
Larch	4 m 8 cm 10 cm	1800-2900
Linden	4 m 26 cm	2400-3500
Sawnwood		Yuan/cu.m
Beech (Europe)	All grades	2800-5000
Black walnut (N. America)	All grades	7000-13000
Teak (Myanmar)	All grades	9000-18000
Red oak (N. America)	All grades	3500-5000
Alder (Myanmar)	All grades	4500-5300
Merbau	All grades	7200-12000
Plywood		Yuan/sheet
Red beech	3mm	50-75
Black walnut	3mm	60-102
Teak	3mm	70-148

Wenzhou Timber Trading Market

Logs		Yuan/cu.m
Ash	2 m 20-30 (cm)	1300
Chinese fir	4 m 16-18 (cm)	1500
Wenge	all grades	4500-5100
Teak (Plantation)	all grades	2100-2500
Merbau	all grades	3500-5000
Spelle	all grades	3200-3700
Plywood		Price yuan/ sheet
Red beech	4' x8' x3 mm	40-80
Black walnut	4' x8' x3 mm	40-85
Teak	4' x8' x3 mm	45-110

Shandong De Zhou Timber Market

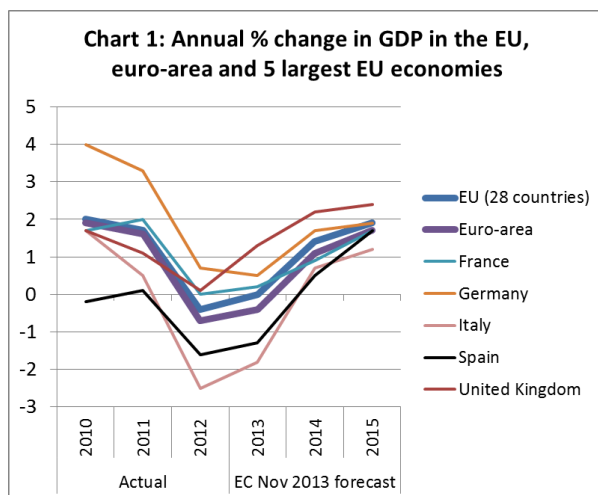
Logs	Length	Diameter	Yuan/ cu.m
Larch	4m	18-22 cm	1180
	4m	24-28 cm	1300
	4m	30 cm	1450
	6m	18-22 cm	1280
	6m	24-28 cm	1300
White Pine	6m	30 cm	1500
	4m	24-28 cm	1350
	4m	30 cm	1450
Korean Pime	6m	24-28 cm	1350
	6m	30 cm	1500
	4m+		-
Mongolian	6m+		2000
	4m	30 cm	1350
Scots Pine	4m	36 cm	1500
	6m	30 cm	1360
	6m	36 cm	1560

Report from Europe

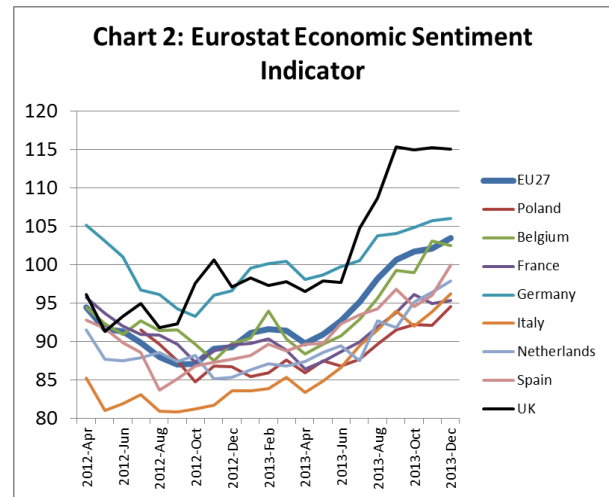
No growth in EU economy during 2013

While economic conditions varied across the EU during 2013, the latest European Commission (EC) data indicates 0% GDP growth for the region as a whole during 2013 (Chart 1).

That at least was an improvement on the 0.5% fall in GDP during 2012. The EC is also now confident that there will be a return to growth in 2014, albeit feeble at around 1.4%.



Source: FII Ltd analysis of eurostat



Source: FII Ltd analysis of eurostat

As a group, the 17 countries of the euro area performed less well in 2013 than the EU as whole. EC estimates that euro-area GDP fell by 0.4% in 2013 (after declining by 0.6% in 2012). The EC forecast euro-area growth of 1.1% in 2014.

The main impetus behind the euro-area's forecast recovery in 2014 will be a significant rise in German growth. Germany's economy probably grew by only 0.4% in 2013, but GDP is forecast by the EC to increase 1.7% in 2014.

There is also expected to be a modest return to growth in Italy of 0.7% in 2014 after a decline of 1.9% in 2013. Similarly, Spain's economy is expected to grow 0.5% in 2014 after declining 1.3% in 2013.

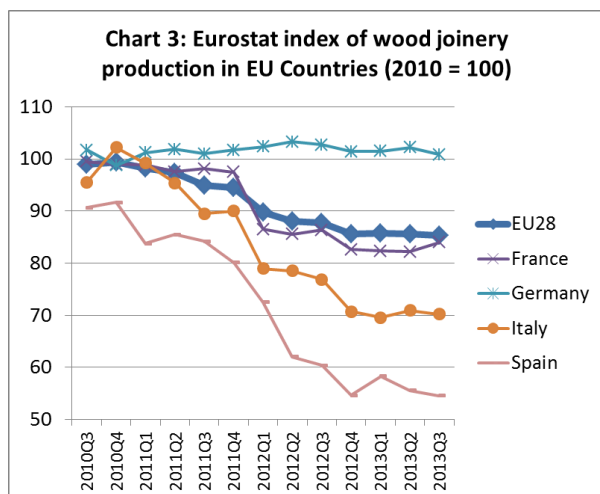
Outside the euro zone, the EC expects Sweden and Britain to do well in 2014, with growth of 2.8% and 2.2% respectively. However, the strongest growth rates in the EU in 2014 are forecast to be in the three Baltic States - Latvia (4.1%), Lithuania (3.6%), and Estonia (3.0%).

Rising confidence in the EU economy is evident from the significant improvement in the Eurostat Economic Sentiment Indicator between April and December 2013 (Chart 2). This indicator which draws on a regular monthly survey of perceptions and expectations in five sectors (industry, services, retail trade, construction and consumers) improved across a wide range of EU countries.

European joinery activity stable at a low level

In line with construction output, joinery activity in the EU remained flat at a low level during 2013 (Chart 3). Only in Germany was joinery activity being maintained in 2013 at a level comparable to that of the previous year.

Elsewhere activity hit bottom in the last quarter of 2012 but showed little improvement in 2013. In line with forecasts for the European economy and construction industry as a whole, joinery activity across the region is expected to recover slowly during 2014. Germany is likely to play a key role in driving this recovery.



Source: FII Ltd analysis of eurostat

Robust growth forecast in German window and door industry

In 2013, sales of windows in Germany increased 0.9% to 13.1 million units, while sales of external doors increased 1.1% to 1.316 million units. More significant increases in sales are forecast in both sectors during 2014.

There should be robust growth during 2014 throughout the German construction sector. This includes new build and renovation, residential and non-residential. The need to pursue energy-efficiency measures in the existing building stock adds impetus to the market. This is a key part of government plans to meet carbon reduction targets.

These are the main conclusions of an annual survey of the German joinery sector undertaken by Heinze GmbH, a market research company, in collaboration of four leading industry associations.

The survey suggests that in 2013 the weather-related slow start to the year and capacity constraints were a major factor limiting higher sales in the German window sector.

Although many manufacturers reported good demand during 2013, these factors meant they were unable to fulfil all orders during the year. There is now pent-up demand which will boost sales of windows in Germany by 5.7% to 13.9 million window units in 2014.

The share of wood windows in the German market is expected to decrease slightly to 15.3% in 2014. This is mainly due to a strong rise in market share for combination wood-metal windows, expected to reach 8.7% in 2014.

However, plastic windows remain dominant and their market share continues to rise. Plastic windows are forecast to account for 57.7% of sales in 2014. The market share of metal windows is projected to remain level at 18.3% during 2014.

In 2014, 65% of window sales are expected to be for residential construction and 35% for non-residential construction.

Some 61% of all windows sold in Germany during 2014 are forecast to be used in renovation projects on existing buildings, primarily for energy efficiency reasons. Sales to the renovation market are expected to rise 4% in 2014.

The share of windows used in new construction is lower, expected to account for 38.9% of all sales in 2014. However sales into the new build sector will grow more strongly, by 8.4%, during 2014.

German sales of external doors expected to increase 5.7% in 2014

The Heinze survey forecasts that sales of external doors in Germany will reach 1.39 million units in 2014, up 5.7% compared to 2013. Growth in sales is forecast to be distributed evenly across all material types with no change in market share.

Slightly more than one quarter (25.5%) of external doors sold in Germany during 2013 were made with wood. Plastic doors lead the market, accounting for 32.6% of sales in Germany during 2013. Aluminium doors accounted for 32.5% of the market in 2013. Other materials were used for 9.4% of external doors.

The survey notes that demand for both windows and external doors in Germany during 2014 and subsequent years will be partly dependent on progress to implement Germany's Energy Saving Ordinances. Since 2002, these laws have imposed minimum requirements for energy-saving in building construction and renovation.

The requirements (e.g. for U-values of new windows and doors) have been raised consistently and at shorter and shorter intervals over recent years. It is uncertain whether this trend will continue. Also uncertain is the level of future support for energy efficiency through practical measures such as tax incentives and low-interest loans to home-owners.

The priority attached to these measures is now heavily dependent on the make-up of Germany's new government (particularly the position of the Green party) and their emphasis on climate change initiatives.

Rise in home building boosts UK joinery sector

A recent increase in residential building starts has boosted joinery activity in the UK. However concerns remain about just how sustainable the market upturn is likely to be.

This is the main conclusion of the British Woodworking Federation (BWF) latest joinery industry survey covering the third quarter of 2013 and recently reported in the UK Timber Trade Journal (TTJ).

The BWF's State of Trade survey indicated that after two successive quarters where many respondents saw a decrease in sales volumes, the third quarter survey noted a balance of 43% of firms reporting an increase.

Manufacturers also remain confident that sales volumes would improve in the next quarter, with a balance of 52% predicting an increase this winter, and a balance predicting an increase over the next year.

The Survey showed that demand remains the most important restriction on activity. However, demand is less of an issue than it was. In fact, 20% of respondents now list capacity as a restraining factor. About two-thirds of firms said they had used more than 70% of their manufacturing capacity for the last year.

Capacity utilization was widely anticipated to increase over the next quarter and year. There are also a small proportion of companies that are now very busy. 15% of respondents indicated they are running at over 90% capacity for the previous year, three times the percentage of the previous survey.

Looking to the future, the survey showed respondents' order books are now more healthy. About three quarters stated that their order book of future work extends from between one and three months. 19% of companies reported a current order book extending beyond three months, up from only 7% in the previous quarter's survey.

Housing figures for the foreseeable future and data showing a rise in building permits in the UK during the third quarter of 2013, suggest continued growth in joinery activity during 2014. However, there are not yet signs of improving activity in repair and maintenance and in the commercial and public non-housing markets.

All these sectors remain subdued. Furthermore, margins in the UK joinery sector are still very thin. Intense competition for sales means it is difficult to raise goods prices even while raw material, fuel and energy costs have been increasing.

Imports only small proportion of EU joinery consumption

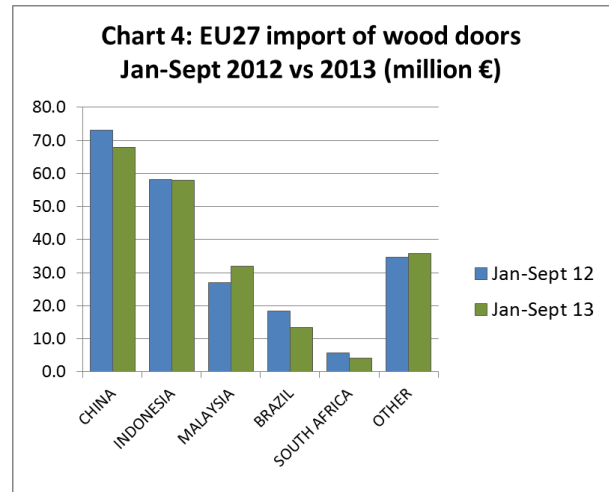
With the exception of flooring products (not covered in this report), imports contribute only a small proportion of total EU consumption of joinery products. In terms of value, only around 4.5% of doors and glulam, and around 0.5% of wood windows installed in the EU are imported from outside the region.

This is indicative of the very strong commercial benefits from proximity to the consumer in the joinery sector and the essential need for detailed knowledge of national construction markets.

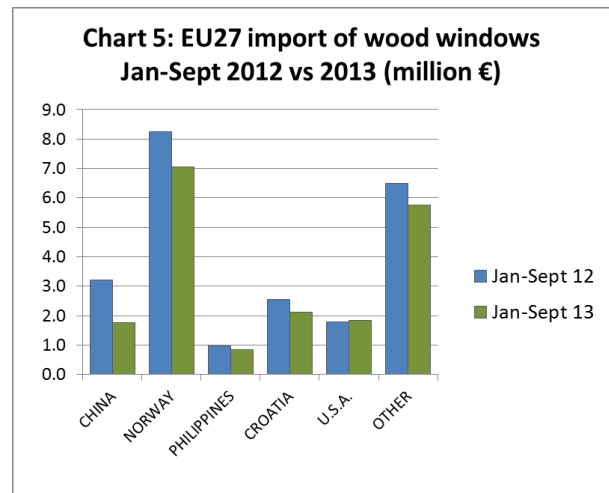
The EU imported wooden doors with total value of €211 million during the first nine months of 2013, 2.9% less than the same period in 2012 (Chart 4).

The value of wooden door imports from China, the largest non-EU supplier, fell 7.2% to €67.8 million during this period.

Imports from Indonesia, the second largest non-EU supplier, remained stable. Of other major suppliers, imports increased from Malaysia but declined from Brazil and South Africa in the first nine months of 2013.



Source: FII Ltd analysis of eurostat



Source: FII Ltd analysis of eurostat

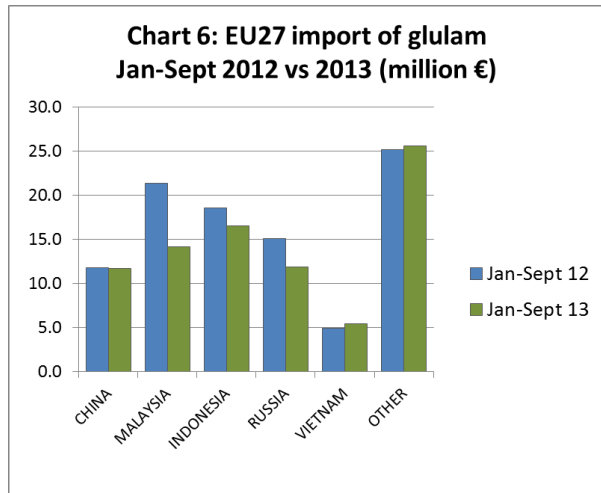
EU imports of wood windows were €19.4 million in the first nine months of 2013, 16.9% less than during the same period in 2012 (Chart 5). Most of these imports derive from other European countries, notably Norway and Croatia. Imports from China, the largest supplier outside Europe, were only €1.8 million in the first nine months of 2013, 45% less than the same period the previous year.

In the first 9 months of 2013, EU imported 85,500 m3 of glulam, 11.9% less than the same period in 2012 (Chart 6). During the nine month period, there was a significant fall in imports from Malaysia, Indonesia and Russia, the three largest external suppliers of glulam to the EU.

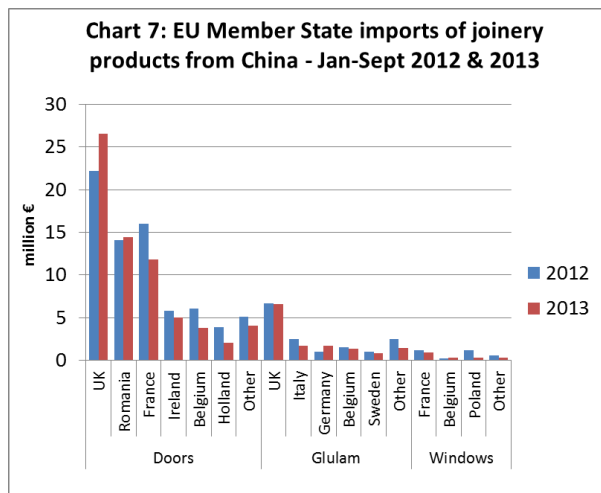
Imports from China, the fourth largest external supplier were at a similar level to the previous year. Imports of glulam from Vietnam increased slightly. The European glulam market is currently suffering from saturation, with too much production chasing limited demand.

Chart 7 provides more detail of recent trends in EU markets for joinery products imported from China. Imports of wooden doors from China increased into the UK and Romania during the first nine months 2013, but declined into France, Ireland, Belgium and the Netherlands.

During this period, German imports of Chinese glulam increased, but this was insufficient to offset declining imports into UK, Italy, Belgium and Sweden. EU imports of wooden windows from China have been mainly destined for France and Poland, both markets which weakened significantly in 2013.



Source: FII Ltd analysis of eurostat



Source: FII Ltd analysis of eurostat

Hard times drive development of leaner joinery industry

Over the last decade, the European joinery sector has been undergoing a major period of transformation. Various trends that began during the boom years before 2008 have deepened and become more widespread during the long period of recession.

Taken together these trends have driven the development of a sector which is leaner and more high-tech, quality

conscious, customer-oriented, environmentally aware and ultimately more competitive.

One particularly important trend led by joinery manufacturers has been the dramatic and far-reaching shift towards prefabrication. The trend has intensified and become more widespread during the recession.

It has been driven by a range of factors including improving technology, tougher quality, waste management and energy efficiency standards, requirements for long-term product guarantees, reduced costs of construction, rising material costs, and high labour costs and skills shortages.

Processing technologies have advanced rapidly in recent years and this in turn has fed into significant changes in other aspects of the industry, such as supply chains, design concepts and demands for personnel and skills.

To take one prominent example, there is an on-going trend towards increased use of Computer Numerical Control (CNC) in the industry.

CNC is helping to overcome the shortage of traditional carpentry skills in Europe while at the same increasing the precision and quality of wood components and greatly reducing waste.

Demand for credible product-specific data

Alongside the development of new processing and data management technologies, there is an increasing emphasis on information provision with all materials and products in the joinery sector.

Manufacturers, construction companies and other customers increasingly require credible data on the full range of technical and environmental performance issues. This data needs to be made available both at point of sale and as digital downloads on corporate websites.

Joinery manufacturers are now investing heavily in development of websites providing easily accessible, up-to-date information on their full range of products, as well as additional information such as advice and care instructions to technical specifications, certification and brand values.

Many sites have dedicated trade areas offering professional support and accurate information about products in CAD format so they can be inserted directly into building plans. All these services are seamlessly linked to information on pricing and with on-line ordering systems.

The demand for technical performance data in Europe has been given added impetus by the enforcement of the Construction Products Regulation (CPR). This dictated that from 1 July 2013 it is mandatory for manufacturers to apply CE marking to any construction products covered by a harmonised European standard (hEN) or European Technical Assessment (ETA).

Such standards already exist for a wide range of joinery products including windows and external doorsets (EN 14351) and traditionally designed prefabricated stairs made of solid wood (EN 15644).

Additional harmonised standards, for example covering internal pedestrian doorsets (EN 14351-2) and fire door performance (prEN16034), are expected to be published in 2014.

Requirement for comprehensive environmental information

The need for performance data includes coverage of the environmental issues. There's much focus in the timber industry on forest certification and illegal logging laws like EUTR. However the demand for environmental information now goes much further than this.

In the windows and doors sectors, demonstrating conformance to minimum energy efficiency standards has become critically important. This has driven numerous innovations in product design, many of which have benefitted the timber sector.

For example, a recent article in the TTJ includes the following quote from a representative of Skaala, a Finnish company which is a leader in production of very highly energy efficient windows including one model with a U-value of 0.58 W/m²K:

"Timber turned out to be an extremely competitive material compared to expensive and difficult to work with plastic composites despite its structural strength being slightly lower...[timber] is in a class of its own when it comes to the combination of thermal insulation and recyclability, so the goal was to maximise the amount of timber in the product structure."

Life cycle inventories being established

Meanwhile, developments in information technology are combining with the evolving science of Life Cycle Assessment (LCA) to offer a path towards integration of real environmental performance into key stages of joinery product design.

European governments and commercial companies specialising in LCA are now building comprehensive "Life Cycle Inventories" containing verifiable quantitative data on the use of the world's resources and outputs of emissions and pollutants.

At the same time, there has been significant progress to standardise the process of LCA to ensure comprehensive coverage of impacts and consistent results. The process is now subject to the ISO14040 series of international standards.

A global framework is emerging for issue of Environmental Product Declarations (EPDs) to communicate data on individual products to consumers.

At European level, the CPR requires use of EPDs to meet standards for environmental performance for construction products in all Member States.

The EU has published EN15804 to provide core rules for construction product EPDs.

These developments mean that competitiveness in material supply to the joinery sector is becoming increasingly dependent on provision of the full range of environmental data to manufacturers.

Wood suppliers are now responding by broadening the emphasis of their environmental communication to encompass LCA alongside existing messages on forestry and carbon.

For example, the American Hardwood Export Council (AHEC) has just launched an on-line system allowing AHEC member companies to issue "American Hardwood Environmental Profiles".

The aim is that the profiles will be delivered as part of the standard shipping documents with every consignment of US hardwood supplied by AHEC members into the EU. Each profile includes the data needed by EU importers to demonstrate EUTR conformance. It also includes data on forest sustainability and life cycle environmental impacts (including carbon footprint) of the US hardwood species in question.

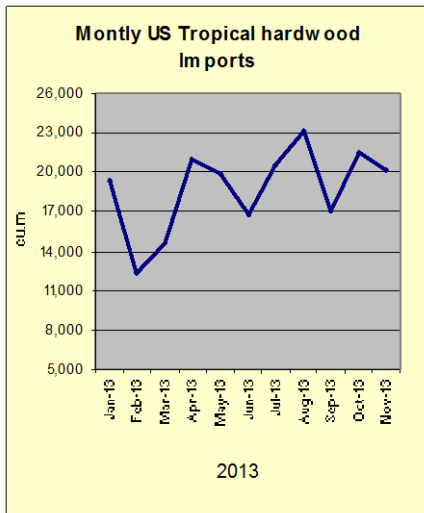
The signs are that the timber trade and industry, driven by intense competitiveness, is responding well to these new demands. In fact, the timber sector is playing a leadership role by challenging manufacturers and other material suppliers to improve the quality and environmental performance of their own products.

This was evident, for example, from comments made by Hugh Pearson, Editor of the journal of the Royal Institute of British Architects on the occasion of the UK Wood Awards held in London in November.

He observed that there is "no need to make the case for wood in architecture anymore, given timber's proven durability, technological advances, aesthetic possibilities and environmental credentials".

Higher sapelli imports from Cameroon

Total US sawn hardwood imports declined to 56,998 cu.m. in November 2013, but tropical sawnwood imports are only slightly lower than in October.



Source US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Year to Nov percent change in 2012-2013 imports

	Year to Nov % change 2012-2013
Balsa	-19%
Sapelli	13%
Acajou d'Afrique	7%
Keruing	5%
Ipe	-21%
Mahogany	16%
Virola	-5%
Meranti	-20%
Cedro	53%
Jatoba	-13%
Teak	89%
Iroko	-27%
Padauk	-10%
Aningre	309%
Other tropical	5%

Source US Department of Commerce, US Census Bureau, Foreign Trade Statistics

The largest increase in November was in imports from Peru which tripled from October to 1,108 cu.m., mainly due to higher imports of virola sawnwood (780 cu.m.). Imports of sapelli from Cameroon increased to 3,525 cu.m. in November, while total imports from Cameroon were 4,785 cu.m. (+52%).

Brazilian November shipments to the US declined by one third from October to 1,895 cu.m. Ipe imports were down (1,209 cu.m.) in November, and shipments of jatoba, cedro and other species were also lower than in October.

Keruing imports from Malaysia fell to 856 cu.m. in November, contributing to a 31% decline in overall sawnwood imports from Malaysia.

Canada imports more from Cameroon and Brazil

Canadian imports of tropical sawn hardwood declined by 12% in November to US\$2.0 million, but year-to-date imports remain well above 2012 levels. Imports from Brazil (US\$ 437,450) and Cameroon (US\$305,763) increased in November, while most other suppliers shipped less.

Sapelli sawnwood imports were worth US\$379,183 in November. Imports of mahogany were US\$95,836 and of virola, imbuia and balsa combined US\$257,683, more than double than 2012 on a year-to-date basis.

Increased funding requested to enforce Lacey Act

Two members of the US House of Representatives requested an increase in funding in 2015 to enforce wood import requirements under the Lacey Act. A letter sent to the US Office of Management and Budget claims that the illegal timber trade costs American producers of furniture, flooring and other wood products about US\$1 billion every year.

The bipartisan letter also warns that two proposed bills would weaken the Lacey Act and make it easier to import illegal timber. One bill proposes to limit the application of the Lacey Act to certain imported timber and wood products. The second bill, the Lacey Act Paperwork Reduction Act, proposes to simplify the declarations required under the Lacey Act.

US hardwood plywood producer group intends to appeal

The Coalition for Fair Trade of Hardwood Plywood has filed a summons with the US Court of International Trade on January 17 to appeal the decision against anti-dumping and countervailing duties on plywood from China.

The US International Trade Commission ruled last November that decorative plywood imported from China does not 'injure' the US industry. Industry associations and importers had argued that most plywood from China is lower grade than US produced plywood and it is used in different applications.

Disclaimer: *Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

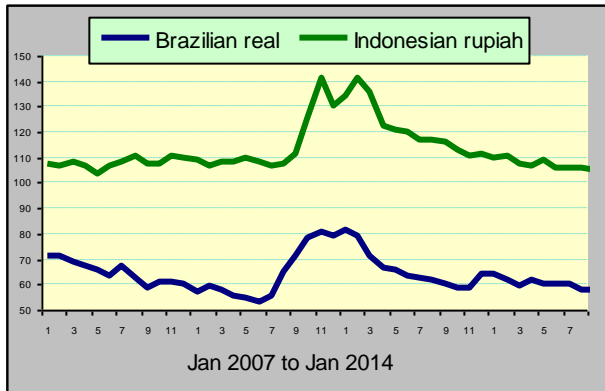
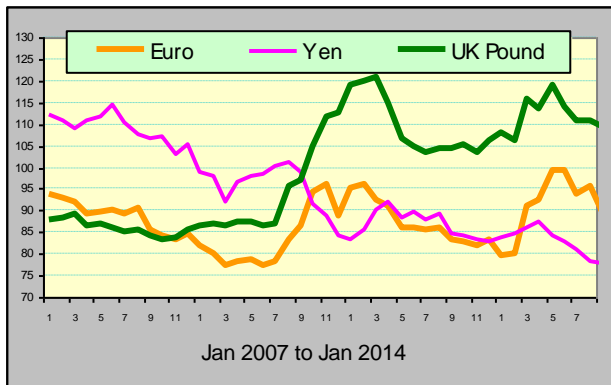
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Main US Dollar Exchange Rates

As of 27th January 2014

Brazil	Real	2.4213
CFA countries	CFA Franc	480.27
China	Yuan	6.0486
EU	Euro	0.7314
India	Rupee	61.449
Indonesia	Rupiah	12210
Japan	Yen	102.55
Malaysia	Ringgit	3.3482
Peru	New Sol	2.8235
UK	Pound	0.6030
South Korea	Won	1083.05

Exchange rates index (Dec 2003=100)

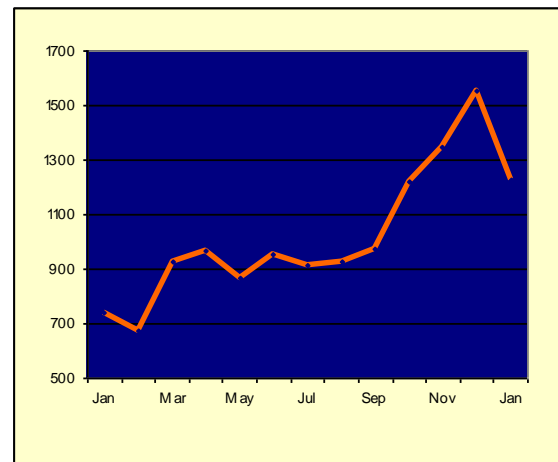


Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
CI, CE, CS	Supplimentaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality
TEU	20 foot container equivalent

Ocean Freight Index

Baltic Supramax Index January 2013 – January 2014



The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

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