

# Tropical Timber Market Report

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The ITTO *Tropical Timber Market (TTM) Report*, an output of the ITTO Market Information Service (MIS), is published in English every two weeks with the aim of improving transparency in the international tropical timber market. Its contents do not necessarily reflect the views or policies of ITTO. News may be reprinted provided that the ITTO *TTM Report* is credited. A copy of the publication should be sent to [ti@itto.int](mailto:ti@itto.int).

## Contents

Central/West Africa	2
Ghana	2
Malaysia	4
Indonesia	4
Myanmar	5
India	6
Brazil	9
Peru	10
Guyana	11
Japan	11
China	15
Europe	17
North America	21
Currencies and abbreviations	24
Ocean Freight Index	24
Price Indices	25

## Headlines

	<i>Page</i>
<b>No decline in teak auction prices after log export ban</b>	6
<b>Furniture industry braces for tough competition</b>	9
<b>Construction companies in Japan report firm orders</b>	12
<b>Oversupply drives down Chinese home prices</b>	15
<b>Downturn in European window and door market forecast for 2015</b>	19
<b>Steep decline in US plywood imports in October</b>	21
<b>New Feature - Price indices for selected products</b>	25

## Top Story

### China's 'redwood' imports close to 2 mil. cubic metres in 10 months

According to China Customs, between January and October 2014 China's redwood imports totalled 1.85 million cubic metres valued at US\$2.4 billion. This represents a rise of 92% in volume and 124% in value from the same period in 2013.

Of the total, redwood log imports were 1.57 million cubic metres valued at US\$2.05 billion, up 82% year on year.

See page 15

## Report from Central/West Africa

### Harvesting back to normal after rains

For a few of the most popular species minor price changes have been reported for early trade in the New Year. In general producers report demand remains 'steady' despite the slight slowing of business for Asian markets ahead of the Chinese New Year celebrations towards in February.

Some producers believe demand has peaked and without fresh stimulus it is possible that prices for some of the most sought after species may drift down. This could be accelerated as log harvests are now rising as the worst of the rain season is over.

### Competition for market share toughens as EU demand wanes

There is growing concern over economic prospects in the EU such that it is very difficult to forecast likely trends in demand even in the short-term. In terms of trade in all products, West Africa is the EU's most important trading partner in the African, Caribbean and Pacific region.

West African countries account for 40% of all trade between the EU and the African, Caribbean and Pacific region with Côte d'Ivoire, Ghana and Nigeria accounting for 80% of all exports to the EU.

Demand from Middle East buyers remains firm and prices are stable even in the face of growing efforts on the part of suppliers of European softwoods and temperate hardwoods to capture market share.

The lack of clear direction in the international markets will make it difficult for producers in Cameroon as they consider preparing offers for the annual auction of forest concession areas.

At the moment demand and supply is fairly evenly balanced but negative economic news in major markets could tip the balance and create pricing problems. The Chinese market now plays a major role in the timber trade and all eyes on how the Chinese economy will develop.

### Doula Port soon back to normal

Log stocks at Douala Port have now been reduced and all outstanding shipments are expected to be cleared by month end. The Gabon government is reported to be making further changes to the permitted cutting sizes for sawnwood and boules.

The market outlook for West and Central African business in the first quarter is difficult to forecast but producers are more optimistic for the second quarter as construction activity in the EU picks up after the winter lull.

## Log Export Prices

West African logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	260↑	260↑	180
Azobe & Ekki	235	235	160
Belli	330↑	330↑	-
Bibolo/Dibétou	150	145	-
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	335↓	335↓	220↓
Moabi	335	305	225
Movingui	210	210	160
Niove	160	160↑	-
Okan	290	285	-
Padouk	300	275	210
Sapele	355	355	260
Sipo/Utile	380	380	255
Tali	320	320	-

## Sawnwood Export Prices

West African sawnwood, FOB	€ per m <sup>3</sup>
Ayous FAS GMS	390↑
Bilinga FAS GMS	520
Okoumé FAS GMS	480
Merchantable	275
Std/Btr GMS	350
Sipo FAS GMS	690↑
FAS fixed sizes	670
FAS scantlings	690
Padouk FAS GMS	820
FAS scantlings	870
Strips	500
Sapele FAS Spanish sizes	685
FAS scantlings	670
Iroko FAS GMS	620
Scantlings	695
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	600
Scantlings	600
Movingui FAS GMS	420

## Report from Ghana

### Third quarter exports up 21%

The Timber Industry Development Division (TIDD) of the Ghana Forestry Commission (FC) has released its Timber Export Report for the first nine months of 2014.

In the first nine months of the year Ghana exported a total of 249,846 cu.m of timber and wood products worth euro 98.50 million. This represented increases of 21% in volume and 7.8% in value compared to same period in 2013.

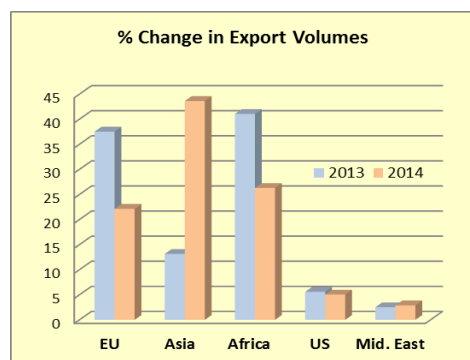
Products for which increases were recorded included kiln and air dry sawnwood, poles and billets. A large volume of gmelina poles were exported to India.

Table below shows the products exported during the period and the corresponding volumes and values.

JAN-SEP 2014		
	Vol. (cu.m)	Value (euro)
Poles	14,759	1,740,258
Billet	18,167	3,163,167
AD sawnwood	91,164	36,412,345
KD sawnwood	44,958	20,518,731
Boules (AD)	1,971	943,295
Boules (KD)	33	18,101
Veneers	21,337	15,271,679
Blockboard	11	13,165
Plywood	48,949	15,949,716
Dowels	189	129,713
Flooring	19	17,887
Mouldings	7,743	4,231,121
Profile Boards	35	21,824
Furniture Parts	0	0
Kindling	511	39,839
<b>Total</b>	<b>249,846</b>	<b>98,470,841</b>

Source:TIDD

The major markets for Ghana's wood product exports in the first three quarters of 2014 were Asia/Far East 44%, Africa 26% with the balance going to Europe. Other markets included the US (5%), Middle East (3%) and Oceania.



Source: TIDD

The Average Unit Price for 2014 exports to the ECOWAS market was in the range of euro 229-434 per cu.m, up slightly on the euro 223-392 per cu.m in the same period in 2013. Exports to Niger were the lowest priced while export prices in the Togo and Gambia markets were the highest.

The main export species included wawa, Mahogany, gmelina, teak, papao, koto, odum, ceiba, walnut, ofram.

### Manufacturers continue to struggle with power rationing

The National Petroleum Authority (NPA), the regulator of fuel prices in Ghana, lowered the prices of petroleum products by 10%, as off 1 January 2015. The price reduction followed a public outcry on delayed petroleum price reviews since world crude oil prices began to fall in June 2014.

Many have argued that the 10% reduction in prices by the regulator is woefully inadequate judging the drastic reduction of world crude prices by about 50%.

Meanwhile, manufacturing businesses continue to battle with power rationing and can only manage production by using independent generators which pushes up production costs.

### Boule Export prices

	Euro per m <sup>3</sup>
Black Ofram	268↑
Black Ofram Kiln dry	395↓
Niangon	492
Niangon Kiln dry	555↑

### Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	285↓	359↑
Chenchen	320	355
Ogea	328↑	345↓
Essa	318	360↓
Ofram	315	350

### Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.19	0.58
Asanfina	1.40	0.76↑
Avodire	1.15	0.75
Chenchen	1.10	0.35↓
Mahogany	1.30	0.67↓
Makore	1.30	0.49↑
Odum	1.76	0.90

### Export Sawnwood Prices

Ghana Sawnwood, FOB FAS 25-100mm x 150mm up x 2.4m up	€ per m <sup>3</sup>	
	Air-dried	Kiln-dried
Afrormosia	860	945
Asanfina	492↑	564
Ceiba	260↑	278↓
Dahoma	308↓	357↓
Edinam (mixed redwood)	392	547↑
Emeri	435↑	523↑
African mahogany (Ivorensis)	593	687↓
Makore	573↓	640↑
Niangon	591↓	644↓
Odum	610	835↑
Sapele	610	696↓
Wawa 1C & Select	300↑	420↑

### Export Plywood Prices

Plywood, FOB BB/CC	€ per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
4mm	420	600	641
6mm	400	575	622
9mm	382	450	510
12mm	374	440	450
15mm	355	385	401
18mm	313↑	357	370

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	14.00	15.70	18.80
Odum	10.00↑	12.10↓	11.70↓
Hyedua	14.00	14.93	18.45
Afromosia	15.50	18.65	18.55

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

### Report from Malaysia

#### Low oil prices to impact GDP

The falling price of crude oil continues to put pressure on the Malaysian currency the ringgit which was the worst performing currency in ASEAN last year. If the low crude prices persist then the outlook for Malaysia's economic growth in 2015 will dim.

Malaysia is the only net oil exporting country in ASEAN and analysts expect that the country will lose out most from plunging oil prices. The oil and gas sector contribution to the Malaysian economy is projected at 11% of gross domestic product in 2015.

#### New tax regime

The Goods and Service Tax (GST) will come into force on 1 April this year and businesses are concerned on how this will impact consumer sentiment, especially when it comes to the property market. Most analysts say property prices are sure to dip immediately after the new tax is introduced but should rebound once the initial shock subsides.

Timber traders are watching development closely and trying to anticipate how the GST will impact the industry.

#### Sabah plywood exports

The Sabah Statistics Department has released its January to November 2014 trade data.

In the first eleven months of 2014, Sabah exported 523,098 cu.m of plywood worth RM865 mil. (approx.US\$240 million). By comparison, in the same period in 2013 Sabah exported 594,948 cu.m of plywood worth RM949 mil.

#### Plywood exports January to November 2014

Destination	2013	2014	% change
	cu.m	cu.m	2013-14
Japan	115,296	112,202	-2.7
Peninsular Malaysia	99,330	92,876	-6.5
S.Korea	70,615	69,006	-2.3
USA	50,844	42,175	-17.1
Philippines	33,604	33,161	0
Mexico	42,367	32,039	-24.4
Egypt	51,533	30,511	-40.8
Thailand	24,663	28,858	17
Taiwan P.o.C	28,504	23,032	-19.2

Source: Sabah Statistics Department

### Sabah sawnwood export data

In the first eleven months of 2014, Sabah exported 236,625 cu.m of sawnwood worth RM358 mil.(approx. US\$99 million). In the same period in 2013 223,041 cu.m of sawntimber worth RM 333 mil. was exported

#### Sawnwood exports January to November 2014

Destination	2013	2014	% change
	cu.m	cu.m	2013-14
China	34,352	50,215	46.2
Taiwan P.o.C	27,917	37,409	34
Thailand	52,526	37,313	-29
Philippines	17,246	24,798	44
Japan	19,775	21,754	10
South Africa	18,634	18,220	0
Netherlands	4,407	7,781	76.6
Peninsula Malaysia	10,977	5,754	-47.6

Source: Sabah Statistics Department

#### Sarawak Forestry enlists help on plantation development

Sarawak is refocussing its attention on plantation forests as the rate of planting in recent years has been falling. The State Government has stepped in to help the industry move forward. Sarawak Forestry Corp. recently signed a three year contract with Forest Solutions Services Pvt Ltd (FSS) as part of the corporation's ambitious Planted Forest R&D programme.

Dr. Yusoff Hanifah, chairman of the Sarawak Forestry Corp (SFC) said this project, fully funded by the Government of Sarawak, has been designed to achieve fast track acquisition of R&D capacity and to address the shortage of high-quality planting materials and resolving pressing technical issues.

Glen MacNair, Managing Director of FSS, said that the company will provide a team of international specialists in various fields such as tree breeding and forest genetics to assist the state government achieve its aims.

### Report from Indonesia

#### PEFC certification

Indonesian timber companies will see improved access to international markets after the Programme for the Endorsement of Forest Certification (PEFC) endorsed the domestic 'Indonesian Forestry Certification Cooperation Programme (IFCC).

The PEFC requires standards to be developed through multi-stakeholder and consensus-based processes at the national level and IFCC IFCC chairman, Dradjad Wibowo, said his organization will work to maintain the high standards demanded to ensure the endorsement by PEFC remains valid.

### Revised regulations for wood product export controls.

The Indonesian Ministry of Forestry has issued a press release on revised regulations for wood product export controls.

This says, beginning 1 January this year, the revised regulations for Indonesia's domestic Timber Legality Assurance System (TLAS) came into effect. The revisions were agreed by the Ministry of Environment and Forestry, the Ministry of Trade and the Ministry of Industry and are aimed at supporting export growth through simplifying the TLAS requirements for small and medium sized enterprises.

The changes are defined in a regulation of the Ministry of Environment and Forestry, P.95 / Menhut-II / 2014 of December 22, 2014 and an Amendment to regulation No. P.43 / Menhut-II / 2014.

Changes have also been made to the regulation on Performance Assessment of Sustainable Production Forest Management, Timber Legality Verification and a Regulation on Export Control of forest products.

Under the previous regulations exports of wood product were only permitted from Registered Exporter of Forestry Product Industry (ETPIK) i.e. those that had valid TLAS certificates.

However, under the new system the requirements for SMEs and furniture manufacturers the ETPIK regulations have been simplified.

See: <http://www.dephut.go.id/index.php/news/details/9701>

Despite the simplified arrangements for small companies as many as 40% of the larger furniture manufacturers in Indonesia as yet do not have TLAS certificates said David Wijaya, Counsel for the Association of Indonesian Furniture and Handicraft Industry (Asmindo).

The Chairman of Asmindo - Surakarta, Yanti Rukmana, noted that implementation of the Indonesian TLAS can no longer be postponed and that Asmindo is ready to assist exporters through the TLAS process.

### Forestry administration re-organised

The Ministry of Environment and Forestry has completed preparations for their organizational restructuring. Under the new structure, the management of the Reduced Emissions from Deforestation and Forest Degradation Programme (REDD + BP) has been merged into the Directorate General for Control of Climate Change.

The Minister of Environment and Forestry, Siti Nurbaya Bakar, explained the ministry now comprises a Secretariat-General, Inspectorate General, and 9 Directorate General, namely:

- 1) Forestry Planning and Environmental Management,
- 2) Natural Resources Conservation and Ecosystems,
- 3) Watershed Management and Protection Forests,
- 4) Sustainable Forest Management,
- 5) Pollution Control and Environmental Degradation,

- 6) Management of Residues, Waste and Hazardous and Toxic Materials,
- 7) Control of Climate Change,
- 8) Social Forestry and Environmental Partnership,
- and 9) the Environment and Forestry Law Enforcement.

### Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	135-150↓
Falcata logs	120-140↓
Rubberwood	115-1135↑
Pine	120-135↓
Mahoni (plantation mahogany)	130-145↓

### Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
Kampar (Ex-mill)	
AD 3x12-15x400cm	500-600↓
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	520-710↓
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

### Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m <sup>3</sup>
2.7mm	500-550↓
3mm	570-620↓
6mm	-

### Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m <sup>3</sup>
9mm	420-450↑
12mm	390-420↑
15mm	340-360↑

### Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>
<i>Particleboard</i>	
Export 9-18mm	710-735↓
Domestic 9mm	700-750
12-15mm	650-700
18mm	590-620
<i>MDF</i>	
Export 12-18mm	590-620
Domestic 12-18mm	430-530

## Report from Myanmar

### A memorable year for MTE

2014 was a memorable year for the Myanma Timber Enterprise (MTE). The log export ban came into effect at the beginning of fiscal 2014 and this was followed by news of corporatisation of the enterprise. MTE sawmills are to be either being auctioned or leased and there is concern on the fate of the staff and workers.

In addition the year saw MTE being blamed for deforestation because they exceeded the annual allowable cut but local analysts point out that most of the deforestation has been caused by illegal felling.

Many of the areas with the worst record for illegal felling are those where armed conflict continues such that unarmed forestry officials are helpless to combat the problem.

**No decline in auction prices after log export ban**

Most analysts expected a sharp decline in the price of teak logs sold by the MTE after the export ban, in fact as can be seen from the table below they were wrong as prices have been sustained even though the supply of logs in the monthly sales by MTE remained almost at the same level as in the previous year.

The following table shows average tender prices for teak log sold by MTE. Prices are US\$ per ton hoppus measure.

Month	SG1	G2	SG4	SG5	SG6	SG7
Jan'14	4939	3740	3561	2541	2186	1521
Feb'14		4422	3438	2477	2132	1610
Mar'14	5722	4996	3362	3022	1501	1200
Apr'14	3889	3000	2840	2266	1666	
May'14	4384	3665	3332	2333	2107	1789
Jun'14	5152	4232	3694	3034	2340	1800
Jul'14		3947	3344	2822	1801	1879
Aug'14		4009	3377	2590	2552	2106
Sep'14		4111	3190	3077	2222	1687
Oct'14		3930	3874	2730	2558	1541
Nov'14		4010	3200	3133	2858	1960
Dec'14		4512	3453	2972	2509	1518

Note: The log export ban started 1 April 2014.

With the domestic boom in the building and construction sector there is a need for more timber which will help maintain price levels. However, Aluminum and steel are now replacing timber for structural use in construction of homes and bridges but for interior use decorative species are in demand.

**Fatal shooting of foresters**

The state run English newspaper, Global New Light of Myanmar, reported on a press conference held by the Forest Department (FD) on the fatal shooting of four forest officers in Langkho Township in Southern Shan States. It appears that on receiving news about illegal felling in the area the officers went over to Wansalaung village and during their inspection seized 202 tons of padauk logs.

On their return to Langkho they were fired upon by an armed group and four forestry officers, including the Assistant Director of the Shan State Forest Department were killed.

**Army seizes illegal logs and vehicles**

Between 2 and 5 January the Myanmar Army in operations in the north of Myanmar bordering China seized 472 vehicles and logging equipment.

Fourteen trucks were loaded with timber at the time and 20 Myanmar citizens and 119 foreigners were apprehended. In addition to the seized logging equipment

the officers found stimulants and raw opium in the belongings of those held.

The army continued its search and seized a further collection of logging equipment along with 240 high value logs. Some 17 workers from a neighboring country were detained.

According to Pyi Soan Myo of the FD, this operation netted the largest ever single haul of equipment and logs over the previous five years. According to FD statistics, 134 Chinese and 23,000 Myanmar nationals along with more than 140,000 tons of illegal timber, weapons, 3500 trucks and ancillary equipment were seized between April 2011 and November 2014.

It has been reported that a new round of talks will be held with Chinese officials during January which will focus on cross-border issues and matters relating to Chinese nationals being held by the Myanmar authorities.

**Open tender sales by MTE**

MTE will sell timber by open tender on the 23 and 26 January. About 900 tons will be sold at the first auction of 2015.

**Report from India**

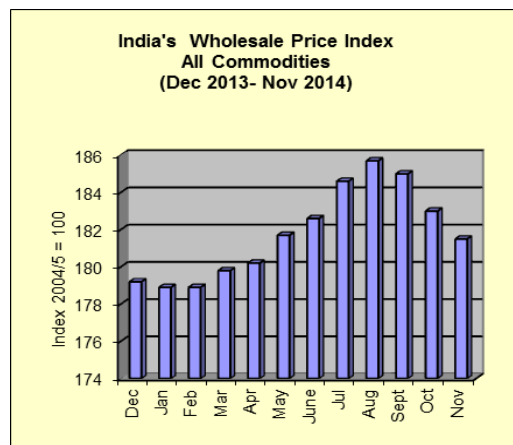
**Wood product price index drops**

The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI).

The official Wholesale Price Index for 'All Commodities' (Base: 2004-05 = 100) for the month of November 2014 fell to 181.5 (provisional) from 183 for the previous month.

The annual rate of inflation, based on the monthly WPI, remained at 1.77% (provisional) for November 2014.

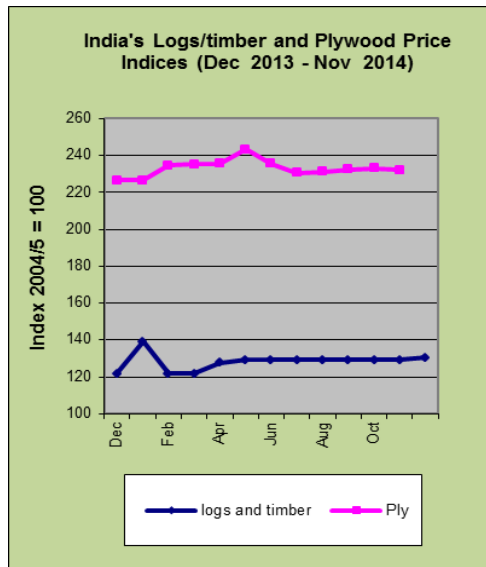
For more see: [http://eaindustry.nic.in/display\\_data.asp](http://eaindustry.nic.in/display_data.asp)



Data source: Office of the Economic Adviser to the Indian government

**Timber and plywood wholesale price indices**

The OEA also reports Wholesale Price Indices for a variety of wood products. The Wholesale Price Indices for Logs/timber and Plywood are shown below.



Source: OEA, India

The November index for the 'Wood and Wood Products' group rose by 0.2 percent to 186.5 (provisional) from 186.1 (provisional) in October due mainly to higher price of veneered particleboard.

See: [http://eaindustry.nic.in/display\\_data.asp](http://eaindustry.nic.in/display_data.asp)

**Development and environmental protection to go hand-in-hand**

The Indian government is examining a range of options to achieve its twin goals of economic growth and environmental protection.

Most of the new suggestions have come from the Ministry of Environment and could be incorporated into existing legislation or included as part of a new law which could be introduced in parliament next month. The suggestions include new measures to deal with air pollution, environmental risk mapping of the country, solid waste disposal, noise pollution as well as regulations on animal trapping.

Environmental mapping of the country would provide the basis for identifying sensitive areas where developments would be restricted. Such areas could include forests with as much as 70% tree cover, wildlife protected areas, eco-sensitive zones and bio-diversity hotspots.

The creation of a National Environment Management Authority (NEMA) at the national level and State Environment Management Authorities has been proposed

**Western region actions – e-action style resisted by traders**

Log stocks at various depots in the north and south divisions of the Dang Forests District are abundant and log auctions will take place this month. Approximately 12,000 cubic metres of mostly newly harvested teak logs and

about 1,000 cubic metres of hardwoods are expected to be sold. Additional logs are arriving in readiness for auctions in February and analysts expect around 20,000 cubic metres will be available.

The e-auction method adopted in recent sales has not been well received by buyers who prefer the old system where logs were sold by on the spot bids. But the Forestry Department wants to continue with the e-auction method.

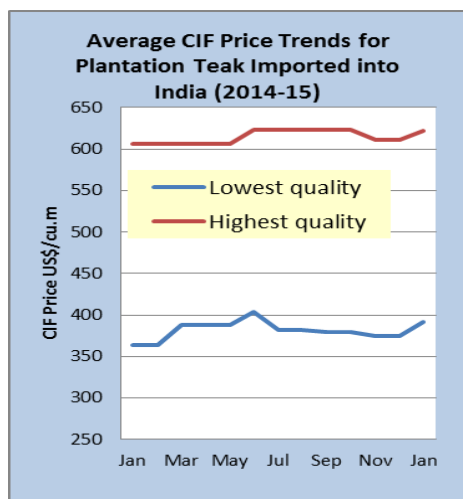
**Plantation teak imports**

The level of imports and domestic consumption of imported plantation teak are currently well balanced such that stock levels remain steady. Importers have reported a general improvement in the size and quality of the logs that have been arriving recently and this has lifted some price levels.

**Current C&F prices for plantation teak**

	US\$ per cu.m C&F
Belize logs	350-400
Benin logs	320-680
Benin sawn	530-800
Brazil logs	390-750
Brazil squares	390-680
Cameroon logs	365-510
Colombia logs	520-650
Congo logs	380-710
Costa Rica logs	470-840
Côte d'Ivoire logs	420-720
Ecuador squares	300-540
El-Salvador logs	340-695
Ghana logs	370-650
Guatemala logs	365-550
Guyana logs	300-450
Kenya logs	350-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	350-525
Nicaragua logs	350-650
Nigeria squares	320-450
Panama logs	350-750
PNG logs	400-575
Sudan logs	470-700
Tanzania teak, sawn	307-885
Thailand logs	460-700
Togo logs	230-715
Trinidad and Tobago logs	420-680
Uganda logs	410-860
Uganda Teak sawn	680-900

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



Average prices for logs from Brazil, Guatemala, Cameroon, Ghana, Thailand and PNG

### Prices for domestically milled sawnwood from imported logs

Current exmill prices for air dried sawnwood are shown below. As the housing market has weakened recently, sawnwood prices are not expected to change in the short term.

Sawnwood	Rs per cu.ft
Merbau	1550-1650
Balau	1700-1900
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	925-975
Radiata pine AD	550-650
Whitewood	600-650

Price variations depend mainly on length and cross section

### Sawn teak prices up slightly

Indian importers of sawn teak from Myanmar are optimistic that with some relaxation of the export regulations for sawn teak the flow of imports from Myanmar could improve.

Indian traders holding stocks of Myanmar teak logs have been pushing for price increases and have had some success in lifting prices during recent weeks.

### Housing development to boost plywood sales

The CREDAI e-newsletter of 16 December 2014 (<http://credai.org/sites/default/files/Issue-19-Real-Estate-at-Glance-16-12-2014.pdf>) reports on changes to FDI investment rules that could boost the housing market. The newsletter says "The government on has eased foreign direct investment (FDI) norms for the construction sector which is expected to provide a substantial boost to the sector in terms of greater foreign capital inflows."

### Prices for domestically milled Myanmar teak

Sawnwood (Ex-mill)	Rs. per ft <sup>3</sup>
Myanmar Teak (AD)	
Export Grade F.E.Q.	8200-18500
Plantation Teak A grade	6500-6750
Plantation Teak B grade	4500-4750
Plantation Teak FAS grade	3500-3750

Price variations depend mainly on length and cross section

### Imported 12% KD sawn wood prices per cu.ft ex-warehouse

Demand in India for imported hardwoods remains slow and prices are unchanged.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft <sup>3</sup>
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

### Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	39.00
6mm	52.50
9mm	66.50
12mm	82.30
15mm	109.00
18mm	115.00

### Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.00	Rs.29.60
6mm	Rs.30.50	Rs.38.10
9mm	Rs.38.25	Rs.46.00
12mm	Rs.45.50	Rs.55.90
15mm	Rs.56.00	RS.68.30
19mm	RS.64.60	Rs.76.50
5mm Flexible ply	Rs.40.50	



### Furniture industry braces for tough competition

The value of furniture output in Mato Grosso do Sul increased by over 70% in 2014 compared to the previous year, from R\$ 116.1 million to R\$ 201.3 million, according to the Inter-municipal Union for the Furniture Industry in Mato Grosso do Sul (SINDIMAD/MS).

However, production in 2015 is expected to expand by just 4% to R\$ 209.3 million mainly because of the negative impact of rising interest rates and a stagnant domestic economy.

According to SINDIMAD, the industry would benefit if the government simplified and lowered the tax burden, invested in infrastructure and encouraged innovation.

In 2015 the furniture industries in Brazil expect to face stiff competition from Chinese manufacturers so plan to investment in innovation, advanced technology and training.

The Mato Grosso do Sul furniture sector comprises of 405 industries and employs almost 3,000 workers.

### Address efficiency and design to remain competitive

The Bento Gonçalves furniture cluster reported a disappointing 2014 as furniture output fell. The weak domestic economy hit sales in 2014 and prospects for 2015 are not positive as the Brazilian economy is forecast to expand by just 1% in the year. The Brazilian National Confederation of Industry (CNI) expects low demand and anticipates a tough time for the furniture industry in the country in 2015.

Up to 2014 the Brazilian furniture industry recorded four consecutive years of growth after the 2009 financial crisis. However, between January and October 2014 the furniture sector in Bento Gonçalves faced serious problems; the labour force fell 3.6%, revenues dropped almost 4% and exports plummeted 14%.

According to SINDMÓVEIS, companies must address efficiency and improve their competitiveness through adopting design strategies, market diversification and technological innovations. SINDMÓVEIS is strengthening its technical training activities for members and seeking new opportunities in international markets.

### Pine sawnwood exports up 30%

In 2014 Brazilian exports of pine sawnwood totaled almost 1 million cubic metres year on year, representing a 30% growth compared to the previous year. Pine plywood exports also increased by 10% to around 1.2 million cubic metres in the same period.

This performance was underpinned by growth of the construction market in the United States and the appreciation of the US dollar against the Brazilian currency. Weakness in the domestic market in Brazil drove manufacturers to actively seek new international markets.

The United States market accounted for around 45% of Brazilian pine sawnwood exports in 2014 but Europe was the main market for Brazilian pine plywood and this trade was worth US\$470 million in 2014.

Saudi Arabia, Vietnam, Mexico and China were also important export destinations for Brazilian pine plywood.

Despite the good performance in 2014, exports of both pine sawnwood and plywood are still well below 2008 levels, i.e. before the global financial crisis suggesting there is considerable room for further growth if the US and EU economies improve.

### 2015 fair to promote international business dialogue

MOVELPAR 2015, the Paraná State furniture fair will be held in March. This will be the 10<sup>th</sup> fair which will see promotion of the international “Buyer Project”, which supports business negotiations between foreign importers and participants of the Brazilian Furniture Program managed by APEX Brazil (Brazilian Trade and Investment Promotion Agency) and ABIMÓVEL (Brazilian Furniture Association).

The aim of the fair is to present innovations in the Brazilian furniture industry focusing on quality, differentiation and design to strengthen ties between Brazilian manufacturers, retailers and designers and potential buyers.

The MOVELPAR 2015 is organised by Arapongas Furniture Industries Union (SIMA) and expects to host more than 20 importers for the business negotiations. In 2013 business at the fair exceeded US\$ 10 million, an increase of 50% compared to the results of the previous fair in 2011.

#### Domestic Sawnwood Prices

	US\$ per m <sup>3</sup>
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	919
Jatoba	504
Massaranduba	431
Muiracatiara	475
Angelim Vermelho	412
Mixed red and white	275
Eucalyptus (AD)	249
Pine (AD)	177
Pine (KD)	196

#### Domestic Log Prices

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	
Ipê	186
Jatoba	109
Massaranduba	114
Muiracatiara	114
Angelim Vermelho	109
Mixed redwood and white woods	99

#### Domestic Plywood Prices (excl. taxes)

	US\$ per m <sup>3</sup>
Parica	
4mm WBP	733
10mm WBP	596
15mm WBP	511
4mm MR	661
10mm MR	496
15mm MR	469

Domestic prices include taxes and may be subject to discounts.

### Prices For Other Panel Products

Domestic ex-mill Prices		US\$ per m <sup>3</sup>
15mm MDP Particleboard		313
15mm MDF		456

### Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB		US\$ per m <sup>3</sup>
Ipe		1283
Jatoba		1007
Massaranduba		752
Miiracatiara		737
Pine (KD)		224

### Export Plywood Prices

Pine Plywood EU market, FOB		US\$ per m <sup>3</sup>
9mm C/CC (WBP)		354
12mm C/CC (WBP)		329
15mm C/CC (WBP)		323
18mm C/CC (WBP)		315

### Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US\$ per m <sup>3</sup>
Decking Boards	Ipê	2,292
	Jatoba	1,505

## Report from Peru

### Higher agri-output without forest clearing

The Ministry of Agriculture and Irrigation (Minagri) aims to increase agricultural production through promoting efficient methods not through making more forested land available.

This is part of a plan by the Minagri in the development of Nationally Appropriate Mitigation Actions (NAMAs) for climate change revealed at the Twentieth Conference of the Parties to the Framework Convention United Nations Climate Change (COP20).

The ministry has prioritised three key issues on forests including the promotion of integrated and sustainable management of natural forests, creating forests through incentives to forest plantations and combating deforestation.

### Forestry has more potential to contribute to growth

José Luis Canchaya, Business Manager of Maderacre SA a leading exporter of hardwood floorings, speaking at COP20 said the export potential of the permanent production forests is estimated at US\$1.5 billion and the sector could support 100,000 jobs and as such has the potential to boost economic growth. However, he pointed out that in 2013 exports were on US\$153 million and the trade deficit in wood products was around US\$ 800 million.

### Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port		US\$ per m <sup>3</sup>
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

Peru Sawnwood, FOB Callao Port (cont.)		US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-12' KD		
Grade 1, Mexican market		439-508
Grade 2, Mexican market		388-423
Cumaru 4" thick, 6'-11' length KD		
Central American market		841-865
Asian market		871-916
Ishpingo (oak) 2" thick, 6'-8' length		
Spanish market		509-549
Dominican Republic		606-631
Marupa (simarouba) 1", 6-11 length Asian market		444-495

Peru Sawnwood, FOB Iquitos		US\$ per m <sup>3</sup>
Spanish Cedar AD Select Mexican market		911-931
Virola 1-2" thick, length 6'-13' KD		
Grade 1, Mexican market		433-474
Grade 2, Mexican market		342-381
Grade 3, Mexican market		161-176
Marupa (simarouba) 1", 6-13 length KD		
Grade 1, Mexican market		369-426

### Domestic Sawnwood Prices

Peru sawnwood, domestic		US\$ per m <sup>3</sup>
Mahogany		-
Virola		168-192
Spanish Cedar		296-355
Marupa (simarouba)		142-154

### Export Veneer Prices

Veneer FOB Callao port		US\$ per m <sup>3</sup>
Lupuna 3/Btr 2.5mm		221-249
Lupuna 2/Btr 4.2mm		234-266
Lupuna 3/Btr 1.5mm		219-228

### Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)		US\$ per m <sup>3</sup>
Copaiba, 2 faces sanded, B/C, 15mm		328-365
Virola, 2 faces sanded, B/C, 5.2mm		466-489
Cedar fissilis, 2 faces sanded.5.5mm		759-770
Lupuna, treated, 2 faces sanded, 5.2mm		373-399
Lupuna plywood	B/C 15mm	413-441
	B/C 9mm	366-385
	B/C 12mm	350-360
	C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.		370-393

### Domestic Plywood Prices (excl. taxes)

Iquitos mills		US\$ per m <sup>3</sup>
122 x 244 x 4mm		508
122 x 244 x 6mm		513
122 x 244 x 8mm		522
122 x 244 x 12mm		523
Pucallpa mills		
122 x 244 x 4mm		503
122 x 244 x 6mm		511
122 x 244 x 8mm		513

### Domestic Prices for Other Panel Products

Peru, Domestic Particleboard		US\$ per m <sup>3</sup>
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 <sup>3</sup>
Peru, FOB strips for parquet		1296-138
Cabreuva/estoraque KD12% S4S, Asian market		912-1045
Cumaru KD, S4S	Swedish market	1224-1254
	Asian market	1187-1278
Cumaru decking, AD, S4S E4S, US market		479-554
Pumaquiro KD # 1, C&B, Mexican market		493-519
Quinilla KD, S4S 2x10x62cm, Asian market		732-815
2x13x75cm, Asian market		

## Report from Guyana

### Press release from GFC

The Minister of Natural Resources and the Environment, Mr. Robert Persaud, in his end of year report on developments in the various agencies under the ministries control reported the following on the forestry sector:

The Land Reclamation Project saw the Government allocating US\$500 million for the execution of restoration, rehabilitation and replanting of areas affected by mining utilizing principally Acacia mangium.

The Geospatial Information Unit, one of whose main functions is to provide information on monitoring and compliance to the ministry and agencies under its purview was engaged in analysis of deforestation caused by mining, land reclamation project support, Amerindian land titling project support and near real time analysis during the year.

The ministry has made available to the public Guyana's Monitoring and Verification System (MRVS), Year 4 Report (2013). The findings of this report provide a useful basis for planning an ongoing monitoring programme focusing on key hotspots.

### First half 2013 export performance

The Guyana Forestry Sector Information Report covering the first half of 2014 shows that, as of the end of June, exports were worth US\$21.8 million compared with the US\$16.8 million in the first half of 2013, a 29% increase.

Exports of sawnwood and plywood increased in volume and value by 54% and 29% respectively. While log exports fell year on year in the first half, they still comprised almost 80% of all exports in terms of volume.

### Export Prices

There were exports of greenheart, purpleheart and mora logs in the period reviewed.

Logs, FOB Georgetown	US\$ price per m <sup>3</sup>		
	Std	Fair	Small
Greenheart	130-220	130-210	150-200
Purpleheart	200-235	170-220	150-215
Mora	120-150	130-140	-

### Export Sawnwood Prices

Sawnwood, FOB Georgetown		US\$ price. per m <sup>3</sup>	
		Undressed	Dressed
EU and US markets			
Greenheart	Prime	-	-
	Standard	-	700-1187
	Select	650-13570	-
	Sound	-	-
	Merchantable	800-820	-
Purpleheart	Prime	-	-
	Standard	-	700-1,169
	Select	650-1050	-
	Sound	-	-
	Merchantable	1050	-
Mora	Prime	-	-
	Select	500-595	-
	Sound	-	-
	Merchantable	-	-

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

### Export Plywood Prices

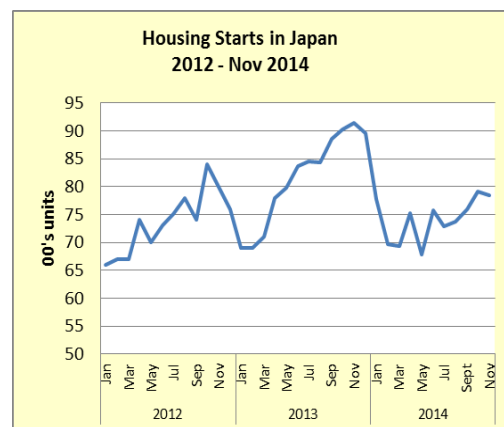
Plywood, FOB Georgetown Port			US\$ Avg unit val. per m <sup>3</sup>
Baromalli	BB/CC	5.5mm	No export
		12mm	460-584
	Utility	5.5mm	No export
		12mm	No export

## Report from Japan

### Construction companies report firm orders

Data from Japan's Ministry of Land, Infrastructure, Transport and Tourism show that housing starts fell sharply in November dropping by 14% year on year following the 12% drop in October.

As of November 2014 annual starts are likely to end the year at 888,000 units, a disappointing figure for the suppliers of wood products. On a brighter note the largest construction companies have reported new orders grew by 17% in November better than the October levels. The November figure for new orders represents the fastest gain in four months.



Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

In addition to reintroducing the eco-point system for energy efficient homes the government is working on guidelines for housing features deemed helpful to families with children. This is part of the government's effort to reverse the falling birth rate in Japan.

**Consumer sentiment remains weak**

Japan’s cabinet office released its assessment of the current state of the Japanese economy as of December 2014.

The report says: “The Japanese economy is on a moderate recovery, while weakness can be seen in private consumption.”

The report notes:

Private consumption holds firm, while weakness can be seen in consumer sentiment recently.

Business investment is almost flat.

Exports are flat.

Industrial production is bottoming out.

Corporate profits remain almost flat as a whole, while showing an improvement in large manufacturers.

Firms' judgment on current business conditions is almost flat.

The employment situation shows a trend toward improvement, while an increase in job offers to applicant ratio appears to be pausing.

Consumer prices are flat recently.

Concerning short-term prospects, although weakness remains for the time being, the economy is expected to recover, supported by the effects of the policies, while employment and income situation show a trend toward improvement. However, attention should be given to the downside risks of the Japanese economy such as declining in consumer sentiment and slowing down of overseas economies.”

See: <http://www5.cao.go.jp/keizai3/getsurei-e/2014dec.html>

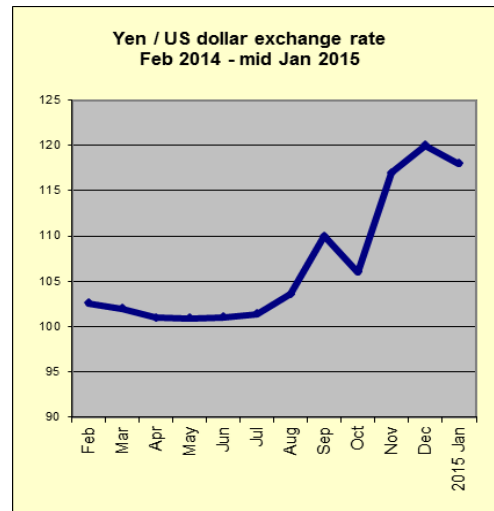
**Weaker yen – companies relocate back to Japan**

The Japanese government has implemented policies to weaken the yen in the hope of reversing deflation. The falling yen has benefitted exporters but companies dependent on imported raw materials have suffered.

Records on company bankruptcies in 2014 disguise the fact that many more companies have voluntarily stopped operations rather than go through bankruptcy proceedings.

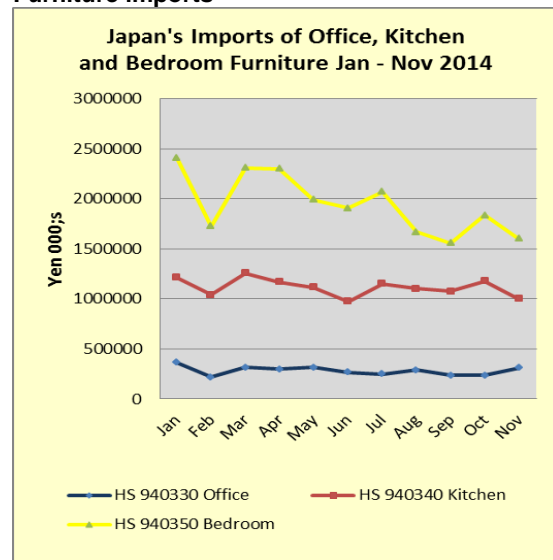
The yen continues to weaken and has fallen almost 10% since the Bank of Japan poured more cash into the economy in October and is now at a seven year low.

On the positive side the weak yen is causing some large manufacturers, especially electronic companies to consider returning some of their production facilities back to Japan as the declining yen makes domestically made goods more competitive.



**Import trends**

**Furniture imports**



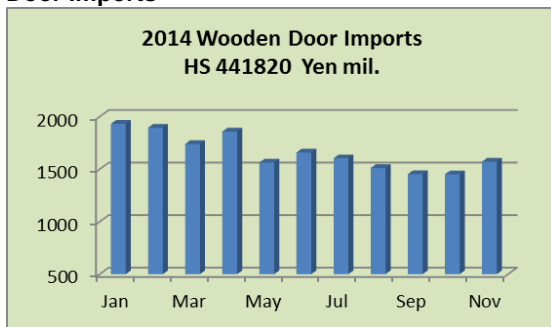
Data source: Ministry of Finance, Japan

Japan’s November 2014 office furniture imports rose slightly with China boosting its market share to 57%. Three ITTO producer countries accounted for 15% of Japan’s office furniture imports in November: Malaysia (12.4%) Indonesia (2.4%) and a small quantity was supplied from Thailand.

Kitchen furniture imports to Japan are dominated by suppliers in S.E.Asia which accounted for 78% of all kitchen furniture imports in November 2014. Vietnam was a major supplier (49%) followed by Philippines (14.5%), Indonesia (13.6%), Thailand (7%) and Malaysia (6.2%). Japan’s imports of kitchen furniture from China amounted to just 16% of total imports of this category of furniture.

In contrast, China supplied 56% of Japan’s November imports of bedroom furniture with a further 37% coming from ITTO member countries in Asia. The top Asian supplier was Vietnam (28%) followed by Thailand (4.5%), Malaysia (3.4%) and a small quantity of bedroom furniture was supplied from Indonesia.

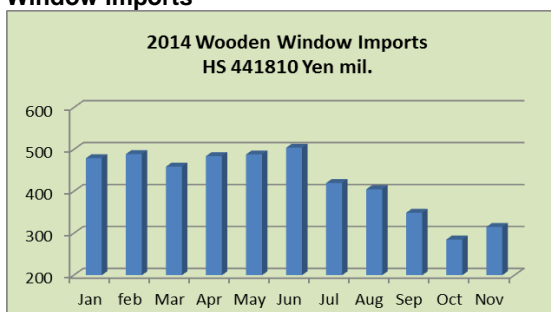
### Door imports



Data source: Ministry of Finance, Japan

Japan's door imports rose 8% in November compared to October and November 2014 imports were 2% higher than in November 2013.

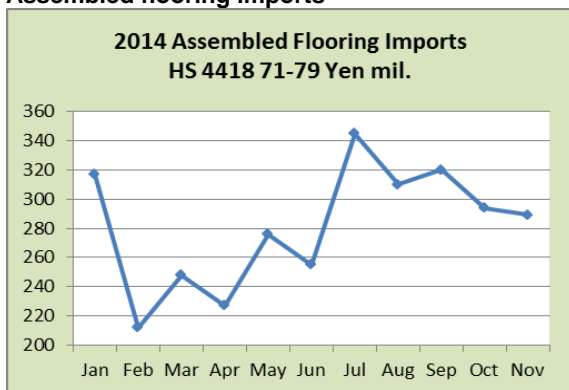
### Window imports



Data source: Ministry of Finance, Japan

Window frame imports to Japan rose 10.5% in November compared to October but November 2014 imports were a massive 49% lower than in November 2013.

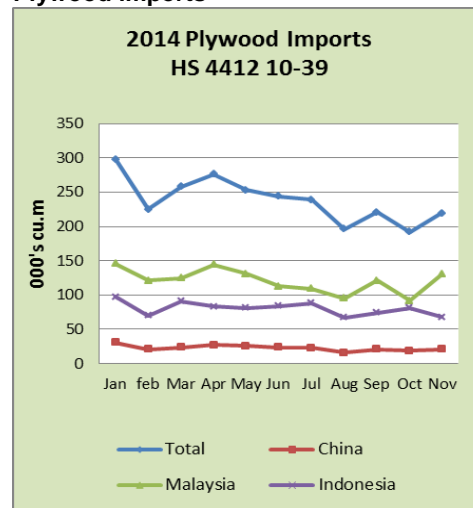
### Assembled flooring imports



Data source: Ministry of Finance, Japan

Japan's assembled flooring imports in November were down 2% compared to October but November 2014 imports were 2% higher than in November 2013.

### Plywood imports



Data source: Ministry of Finance, Japan

Imports of plywood from China rose 15.8% in November compared to October but November 2014 imports were 14% lower than in November 2013.

Japan's imports of plywood from Malaysia rose sharply in November (up 41% on October) but overall November 2014 imports were only 4% higher than in November 2013. In contrast plywood imports from Indonesia fell month on month and year on year.

### 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.*

### Rush to biomass power generation

After FIT (feed in tariff) system was introduced in July 2012, many plans of wood biomass power generation facility mushroomed and some have already started running.

There are total of about sixty plans out which 33 will start operation next year. There are 18 facilities, which will start up by next April. There are some huge generation plans with power output of 75,000-100,000 kw on the coast then small co-gen plants in local area.

Six facilities, which use unused wood, are already operating. They are Green Hatsuden Aizu, Green Hatsuden Ooita, Nagano Forest Resources Utilization Co-op., Woody Kawai, Nakagawa Biomass and Miye Enewood.

Fuel raw material procurement is progressing all over Japan. There are difference in supply capacity and prices by the area. In Western Japan and Shikoku, the price of unused wood is 8,000 yen per green ton delivered to chip plant. In Kyushu, there are growing new demand for logs for fuel and export and it is hard to procure with less than 7,000 yen.

Log production should be active in winter months but the log market may show different picture when low grade logs bring high prices, which may impact log prices for sawmills and plywood mills.

There are some revisions of the initial plan like downscale of generation capacity and there are some cases of cancellation by failure of property acquisition and opposition by local residents.

**Tropical (South Sea) log imports**

Log producing regions of Sabah and Sarawak have been in the rainy season since middle of November. Hauling logs by truck gets difficult by muddy road. Particularly Sabah depends on truck hauling so the production is dropping by about half of dry season.

On top of foul weather, environmental groups are now strongly demanding to watch illegal logging in Sarawak. The Forestry Bureau has started checking legality of harvested logs and watching if logging is properly done in designated areas and in some cases, harvest is stopped until legality of harvested logs is confirmed. This reduces log production in Sarawak.

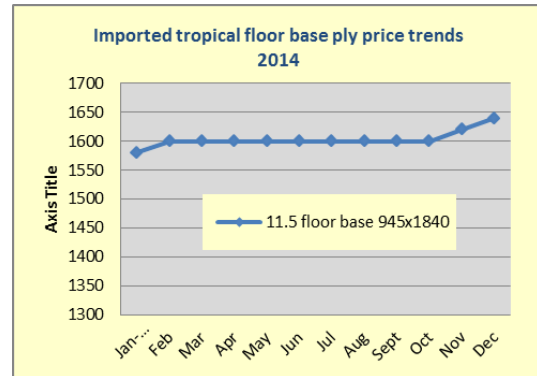
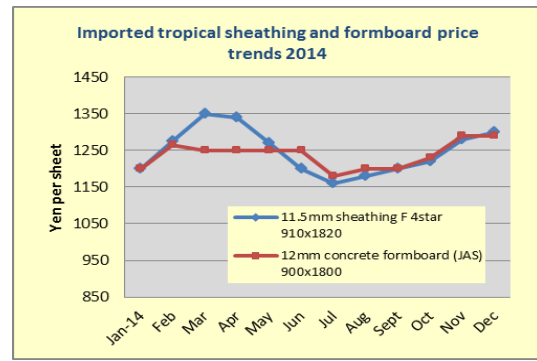
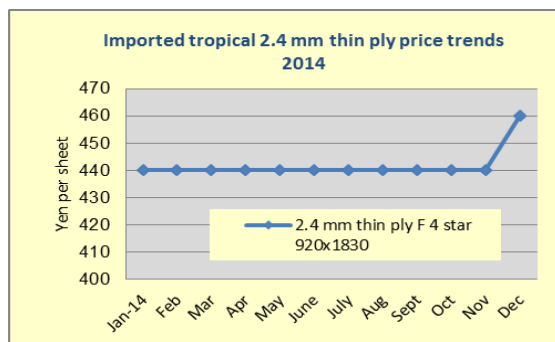
Due to slow purchase by China and normal pace of India’s purchase, log supply and demand seem to be balancing and the prices stay up high. FOB prices of Sarawak meranti regular for Japan market are \$270-295 per cbm and of meranti small are \$245-260 and super small are about \$230. All remain unchanged from last month

**Kitakami Plywood plans plywood export**

Kitakami Plywood mill is under construction and will be completed by the end of this year. It plans to acquire JAS certificate on structural plywood in January next year then will start commercial production in March.

The plant uses 100% locally produced species like cedar and cypress to produce about 3.3 million sheets (12 mm/3x6 base). The main product will be structural panel then in future it will make concrete forming panel and floor base panel. Since Seihoku group has other plywood mills in the same region, mills adjust producing items with each other. After Kitakami mill starts up, other mills reduce production of structural panel, which will be Kitakami’s main product and make other items.

**Imported plywood price trends**



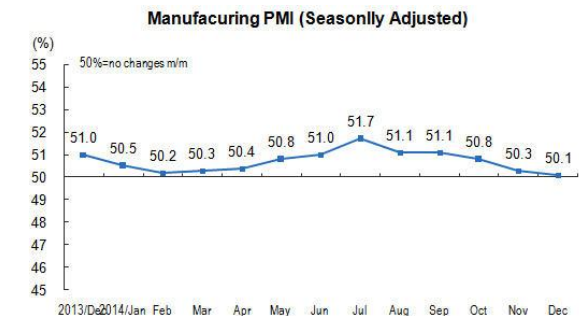
**Report from China**

**PMI lowest for 18 months**

There was further evidence of weakness in China’s manufacturing sector with the December purchasing managers index (PMI) falling. This suggests the 2014 economic growth target may be missed.

China’s National Bureau of Statistics recently released the December PMI data which shows a decline of 0.2% compared to a month earlier. However, the overall December figure was still, just, above the negative threshold.

The PMI of large-sized enterprises was 51.4 percent, down 0.2% month-on-month, that of medium-sized enterprises was 48.7 percent, up by 0.3% month-on-month, but still below the positive threshold. The PMI of small-sized enterprises was down sharply to 45.5 percent and continues to contract.



Source: National Bureau of Statistics, China

See:

[http://www.stats.gov.cn/english/PressRelease/201501/t20150104\\_662879.html](http://www.stats.gov.cn/english/PressRelease/201501/t20150104_662879.html)

**Oversupply drives down home prices**

The declines in home prices in China quickened in December according to the statistics released by the National Bureau of Statistics. Oversupply appears to be the main issue and home builders are beginning to offer steep discounts to generate cash flow.

Compared to prices in October amongst the 70 cities surveyed new home prices fell in 67, and remained unchanged in just 3 cities. A similar trend was reported for second hand homes with prices falling in 58 cities, being unchanged in 6 and rose in the others.

Year on year home prices are around 3% down and the pace of year on year declines appears to be quickening.

**First domestic standard on formaldehyde emissions**

A domestic standard for low formaldehyde plywood has been introduced by the Anhui Provincial Bureau of Quality and Technical Supervision and this fills a blank in the domestic industry.

This standard specifies the classification, technical requirements, test method, inspection rules, labeling and packaging of formaldehyde free plywood.

The standard will be applied to wood composite flooring, doors and furniture where plywood is used.

Before the new standard became mandatory the standard for the E0, E1 level of formaldehyde emission in China exceeded the 0.3mg/L international standard and because of this the US rejected a huge amount of China's wood products for failing to meet their formaldehyde standards.

**Acceleration of furniture exports to UK and Germany**

Between January and September 2014 China's furniture exports rose 10% to US\$10.18 billion, up 16% from the same period in 2013. The main destinations for China's furniture exports were North America, Asia and Europe which together accounted for 90% of the national total. Central and South American, Australian and African markets accounted for most of the balance.

The USA was the largest market for China's furniture accounting for 31% of the national total in the first nine months of 2014. The second largest market was Japan, at 8%. China's furniture exports to the UK, Germany and France made up more than 50% of China's furniture exports to Europe. The pace of growth in China's furniture exports to Germany and the UK reached 20% and 17% respectively in the first nine months of last year.

**Guangxi - the national timber reserve region**

A national fund for strategic timber reserves in seven provinces has been established and in Guangxi some RMB50 billion will be invested up to 2020 to establish around 3 million hectares of forest.

This area is expected to produce 25% of the national total timber output by 2020.

**New Zealand and USA major sources of logs for Fujian manufacturers**

According to statistics for the first ten months of 2014, log imports through Fujian province amounted to 6.44 million cubic metres valued at RMB6.85 billion, up 29% in volume and 38% in value from the same period of 2013.

New Zealand and the USA are the main sources of log imports to Fujian with 39% (2.51 million cubic metres) coming from New Zealand (up 13% year on year) and 19% (1.24 million cubic metres) were from the USA ( up 60%). A further 11% of Fujian log imports were supplied by Australia (up 14% to 740,000 cubic metres).

**'Redwood' imports close to 2 mil. cubic metres**

According to China Customs, between January and October 2014 China's redwood imports totalled 1.85 million cubic metres valued at US\$2.4 billion, up 92% in volume and 124% in value from the same period of 2013.

Of the total, redwood log imports were 1.57 million cubic metres valued at US\$2.05 billion, up 82% in volume and 113% in value from the same period of 2013. The average price for redwood log imports rose 16% to US\$1,280 per cubic.

Redwood sawnwood imports totalled 195,900 cubic metres valued at US\$355 million, up 178% in volume e from the same period of 2013. The average price for redwood sawnwood imports rose 2.5% to US\$1,631 per cubic.

Between January and October 2014 close to 1.07 million cubic metres of China's redwood imports were from Southeast Asia. A further 750,200 cubic metres were from Africa with most of the remaining volumes coming from Central and South America.

Between January and October 2014 the value of China's redwood furniture and other redwood product exports increased 18% from the same period of 2013.

**Guangzhou Yuzhu International Timber Market Wholesale Prices**

**Logs**

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	5200-5400
Bangkirai	dia. 100 cm+	5300-5500
Kapur	dia. 80 cm+	2800-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	2000-2200
Kempas	dia. 60 cm+	2000-2100
Teak	dia. 30-60 cm	8000-12000

	Logs	yuan/cu.m
Greenheart	dia. 40 cm+	2300-2450
Purpleheart	dia. 60 cm+	3100-3300
Pau rosa	dia. 60 cm+	4700-4800
Ipe	dia. 40 cm+	4000-4800
yuan per tonne		
Cocobolo	All grades	53000-58000

	Logs	yuan/cu.m
Wenge	All grades	4300-5200
Okoume	All grades	2200-2500
Okan	All grades	3700-3800
African blackwood	All grades	8000-15000
African rosewood	All grades	5000-6500
Bubinga	dia. 80 cm+	13000-15000

	Logs	yuan/cu.m
Ash	dia. 35 cm+	4200-4300
Basswood	dia. 36 cm+	3500-3800
Elm	dia. 36	2800-3600
Catalpa	dia. 36	2800-4200
Oak	dia. 36 cm+	4000-5500
Scots pine	dia. 36 cm+	2000-2200
Larch	dia. 36 cm+	1550-1900
Maple	dia. 36 cm+	2700-3050
Poplar	dia. 36 cm+	1650-1950
Red oak	dia. 30 cm+	2500-2600

#### Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7300
Zebrano	Grade A	12000-15000
Walnut	Grade A	9500-10000
Sapelli	Grade A	7500-7900
Okoume	Grade A	4200-4500
Padauk	Grade A	14500-17000
Mahogany	Grade A	6500-7000
<b>yuan/tonne</b>		
Ebony	Special grade	16000

	Sawnwood	yuan/cu.m
Ulin	All grade	9000-10000
Merbau	Special grade	8600-9500
Lauan	Special grade	4600-4800
Kapur	Special grade	5500-6000
Teak	Grade A	9600
Teak	Special grade	14000-20000

	sawnwood	yuan/cu.m
Cherry	FAS 2 inch	10000-12800
Black walnut	FAS 2 inch	14000-16000
Maple	FAS	7500-10000
White oak	FAS	8000-11000
Red oak	FAS	6800-9000
Finnish pine	Grade A	3000

	Sawnwood	yuan/cu.m
Maple	Grade A	10000-10500
Beech	Special grade	5300
Ash	no knot	5000-5800
Basswood	no knot	2700-3500
Oak	no knot	4000-5500
Scots pine	no knot	2800

#### Shanghai Furen Forest Products Market Wholesale Prices

##### Logs

Logs All grades	000's yuan/tonne
Bois de rose	250-300
Red sandalwood	1600-2000
Siam rosewood	100-550
Burma padauk	27-45
Rengas	8-15
Mai dou lai	6000-8000
Neang noun	32-65
Burma tulipwood	28-60
Cocobolo	43-180
Morado	10 - 15
Ebony	15-40
Trebol	7-8
African sandalwood	18-32



### Sawnwood

	Sawnwood	yuan/cu.m
Okoume	Grade A	4500-4700
Sapelli	Grade A	7600-7900
Zebrano	Grade A	8000-9000
Bubinga	Grade A	13500-15800
Mahogany	Grade A	6000-7000
Wawa	FAS	3700-3900
Ayous	FAS	4000-4200

	Sawnwood	yuan/cu.m
Lauan	Grade A	3700-3900
Merbau	All grade	8000-10000
Teak	All grade	11500-36000

	Sawnwood	yuan/cu.m
Beech	Grade A	4200-4800
Ash	Grade A	5500-6500
Elm	Grade A	4900-5300
Red oak	2 inch FAS	8000-8600
White oak	2 inch FAS	7500-8500
Maple	2 inch FAS	9800-10500
Cherry	2 inch	9500-10500
Black walnut	2 inch	15000-17000

### Zhangjiagang Timber Market Wholesale Prices

Logs, all grades	yuan/tonne
Sapelli	4500-5700
Kevazingo	8700-34000
Padouk de africa	3000-3800
okoume	2100-2600
Okan	3490-3650
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

### Report from Europe \*

#### EU joinery sector flatlines

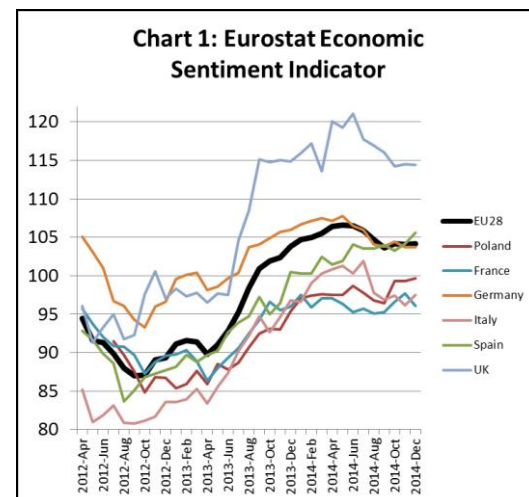
*A single word describes the current state of the joinery sector in Europe. That word is “flat”. It’s also a reasonable description of the state of the European economy as a whole. There are a few bright spots – notably the UK – but not enough to offset slow demand elsewhere.*

Total GDP across the EU expanded by 0.3% in the third quarter of 2014, only slightly better than 0.2% growth recorded in the second quarter (Table 1). Growth in the UK and Spain was good in Q3 2014.

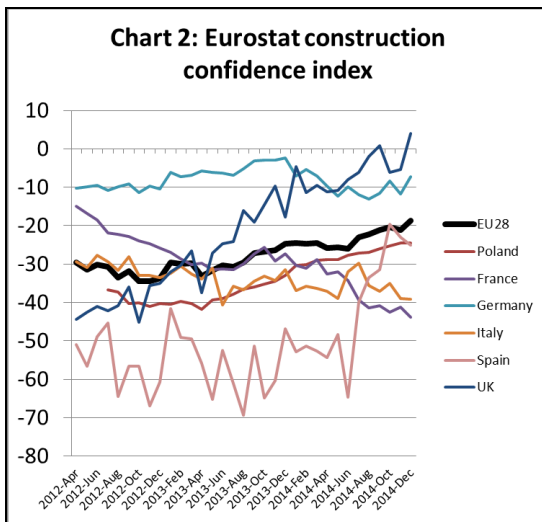
France recovered sufficiently in Q3 2014 to avoid entering a technical recession (usually defined by a fall in GDP in two successive quarters). Germany also avoided this fate, but just barely. Italy continued to decline.

Economic Sentiment in the EU was rising in the first half of 2014 but falling in the second half of the year (Chart 1). Construction confidence in Europe continued to rise to the end of 2014 (Chart 2).

However this was mainly on the back of better performance in the UK and Spain and overall sentiment is still in negative territory (meaning that a majority of construction companies still expect order books and employment levels to fall in the next 3 months).



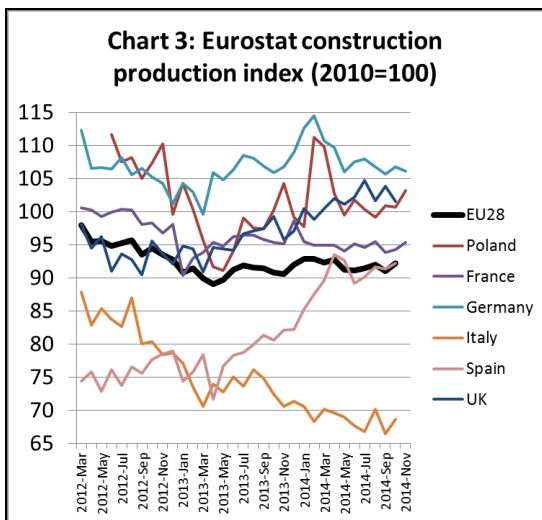
FII Ltd analysis of Eurostat COMEXT



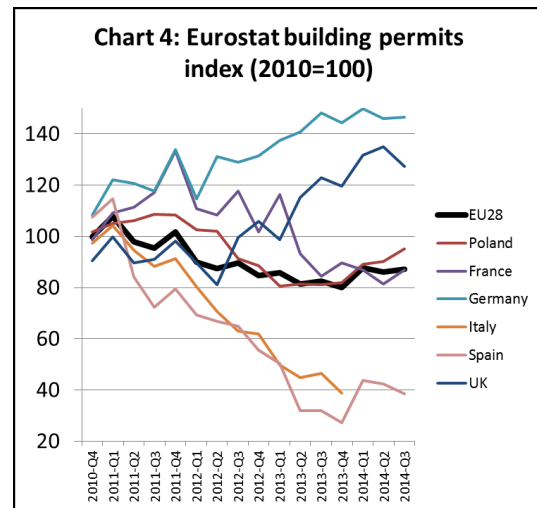
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Having recovered a little in the second quarter of 2013, EU construction production remained stubbornly stuck at 8% below the 2010 level at least until November 2014 (Chart 3).

Data on building permits is more encouraging. These increased across the EU in the first quarter of 2014 and remained at the higher level in the next 2 quarters (Chart 4).



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There follows more detailed consideration of construction sector activity at national level in the EU. This draws on results of the latest European Architects Barometer (EAB) survey of 1,600 architects undertaken by Archi-Vision in eight European countries for the third quarter of 2014.

**Germany:** there are clear signs of slowing growth in both the national economy and construction sector. The EAB survey showed only very slow growth in architect's order books and turnover in Q3 2014. All three economic confidence indicators (consumer, industrial and construction) declined slightly in Germany during the same period. Archi-Vision estimates German construction grew 1% in 2014 and will grow at the same slow rate in both 2015 and 2016.

**UK:** the construction sector continued to strengthen in the second half of 2014 but at a slower pace than in the first half. Building permits for both residential and non-residential construction in the UK are stable, although some confidence indicators show a slight decrease.

The EAB indicates that UK architectural firms remained positive in Q3 2014 with strong order books and expectations of good turnover development. Archi-Vision estimate that the UK construction market increased 3% in 2014 and will continue to grow at the same rate in 2015. Growth is forecast to slow only slightly to 2% in 2016.

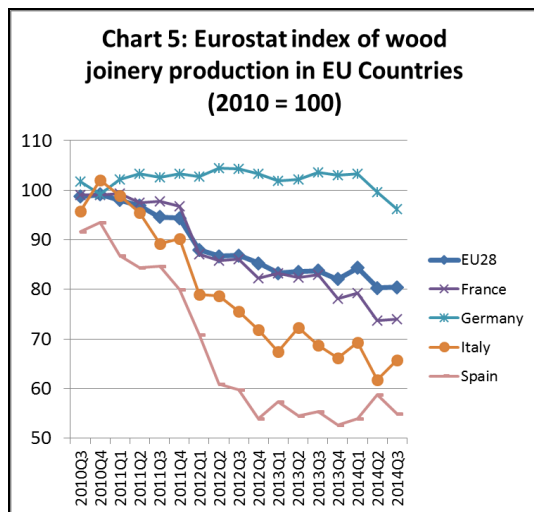
**France:** construction sector activity is contracting again. The EAB indicates architects order books fell sharply in Q3 2014. Archi-Vision estimates French construction activity fell 2% in 2014 and will fall another 1% in 2015 before stabilising at the lower level in 2016.

**Spain:** while well down on pre-recession levels, the construction market is slowly improving. The Eurostat construction production index indicates significantly higher levels of Spanish output in 2014 compared to the previous year. According to EAB, architects order books increased in each of the first three quarters of 2014.

However these positive figures do not align to the building permit trend. Permits for residential construction in Spain have been stable but there was a fall in non-residential permits in the second and third quarters of 2014. In contrast to Eurostat, Archi-Vision reckons that Spanish construction fell around 4% in 2014. Archi-vision forecast a further 1% contraction in 2015 and zero growth in 2016.

**Italy:** the construction market continues to slide and the outlook remains very poor. The EAB indicates architects order books were falling in the first three quarters of 2014. In Q3 2014, 50% of Italian architects reported negative developments in their order book and only 11% reported positive developments.

Data on Italian building permits in 2014 has yet to be published, but data for 2013 showed permits at only 40% of the 2010 level. This will dampen construction activity for several years. After declining 11% in 2013, Arch-Vision estimates that Italy's construction market fell 7% in 2014 and will fall a further 4% in 2015 and 1% in 2016.



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**Netherlands:** the construction market is recovering, but only very slowly. The EAB survey indicates that architects order books increased again in the third quarter of 2014, continuing a rising trend which began in the second half of 2013.

Positive architectural sentiment is also reflected in other economic indicators including consumer, industrial and construction confidence.

The Eurostat construction production index indicates activity remained flat at around 90% of the 2010 level throughout 2014. Archi-Vision estimate that construction activity in the Netherlands increased by 1% in 2014 and that growth will pick up to 2% in 2015 and 3% in 2016.

**Belgium:** the market is slow but tending to rise overall. However signals from various indicators of construction activity are mixed. The Eurostat construction production index shows rising activity between March 2013 and March 2014, but then a slight decline in activity during the rest of the year.

In contrast, EAB indicates a marginal improvement in architects' order books in the second and third quarters of 2014.

The building permit figures also show contrasting developments: a big fall for residential permits but a steady increase for non-residential. Archi-Vision estimate 2% growth in Belgian construction activity in 2014 and predict equivalent levels of growth in both 2015 and 2016.

**Poland:** construction market activity was only moderate in 2014 but is growing slowly. Unlike other large EU economies, Poland's construction sector relies heavily on new build which accounts for 73% of total volume.

Eurostat's construction production index for Poland increased sharply between May 2013 and March 2014, but then slipped in April 2014 before stabilising at a moderate level for the rest of the year.

The EAB indicates architects order books improved in the first half of 2014, but weakened a little in the third quarter of the year.

The Eurostat construction confidence index for Poland was rising throughout 2014, but still remains in negative territory.

However there was good growth in building permits in the first 3 quarters of 2014 suggesting better prospects in 2015. Archi-Vision estimate that construction activity increased 2% in 2014 and forecast the same rate of growth in 2015, rising to 3% in 2016.

**No change in EU joinery production in third quarter of 2014**

The Eurostat index of joinery production in EU countries (which excludes flooring but includes doors, windows and glulam) shows that production was stationary at around 80% of the 2010 level in both the second and third quarters of 2014 (Chart 5). A slight upturn in production in Italy and the UK was not sufficient to offset a decline in Germany and Spain.

**Downturn in European window and door market forecast for 2015**

According to an article in EUWID, the European timber trade journal, the German building fittings producer Roto Frank AG is forecasting a further downturn in European window and door markets in 2015.

Roto Frank AG reports that the European window and door market softened more than expected in 2014. A big decline in sales in South and Eastern Europe more than offset slightly higher sales in the UK, Germany and Switzerland.

Roto Frank AG also reports that growth in window and door consumption in Germany during 2014 was mainly supplied by imports from other European countries, notably Poland.

In 2014, Poland's output of windows and doors jumped sharply despite a fall in the domestic market. As a result more Polish-made products are now being exported to other European countries.

Sales by German manufacturers in 2014 were around 6-8 % lower than the previous year. Manufacturers in France and Italy also posted sharp falls in sales in 2014, while the Spanish market has stabilised.

With the exception of the UK, Roto Frank AG expects the European market to stagnate in 2015. The slump in Russia and Ukraine is expected to intensify.

**European joinery product import trends**

As noted in previous reports, imports make up only a very small component of EU consumption of joinery products.

In 2013, only €275 million (4.5%) of the €6.06 billion of wooden doors supplied to the EU were imported. In the case of wood windows, €23 million (0.4%) of the €5.96 billion supplied were imported. In 2013, glulam imports were 112,000 m3, only 4% of the 2.76 million m3 supplied to the EU.

The monthly trend in wooden door imports into the EU from leading supply countries during the 2012-2014 period is shown in Chart 6. Imports from China, the largest external supplier to the region, have been volatile but generally rising during this period.

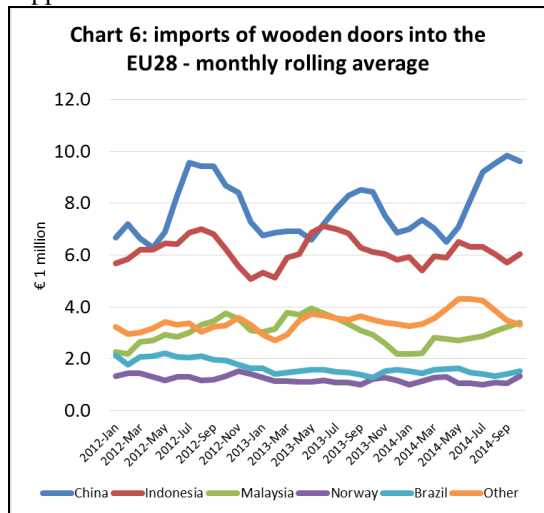
There was a particularly sharp increase in EU wooden door imports from China between April 2014 and October 2014. The EU imported doors from China with a total value of €10 million in both October and November 2014, the highest level for several years.

EU imports of wood doors from Indonesia, now the second largest external supply country, have consistently averaged €6 million per month during the last three years. Imports from other supply countries have remained relatively stable at a low level over the same period.

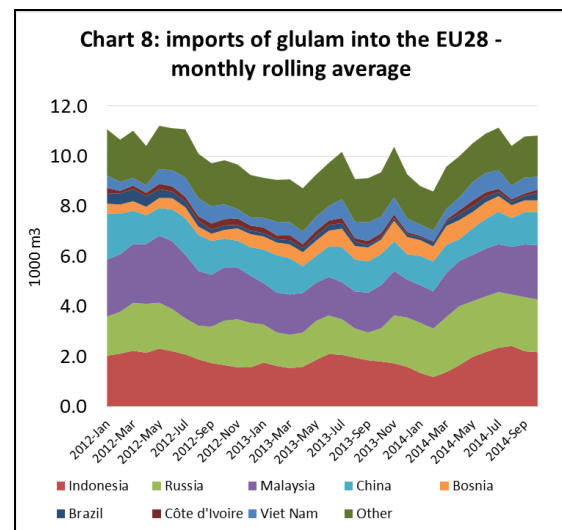
The small quantity of finished wood windows imported into the EU derive mainly from other European countries (Chart 7). This highlights the importance of proximity to the customer in the wood window sector.

Total EU imports of wood windows, which rarely exceed €1.4 million per month, were rising at the end of 2014, mainly from Bosnia and Switzerland.

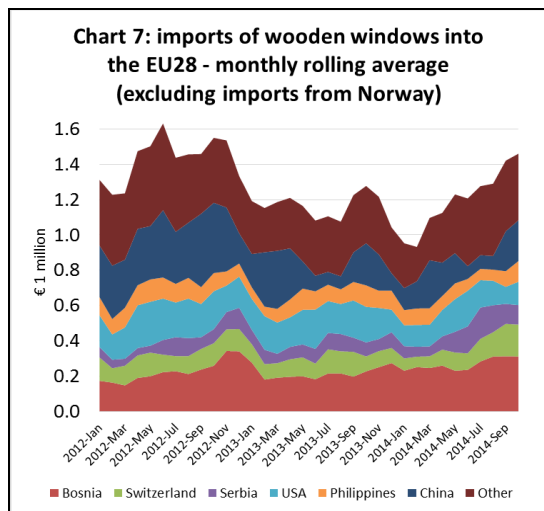
Imports from China are very limited and have declined in recent years. Most of the small volume of wood windows imported into the EU from the tropics are from the Philippines.



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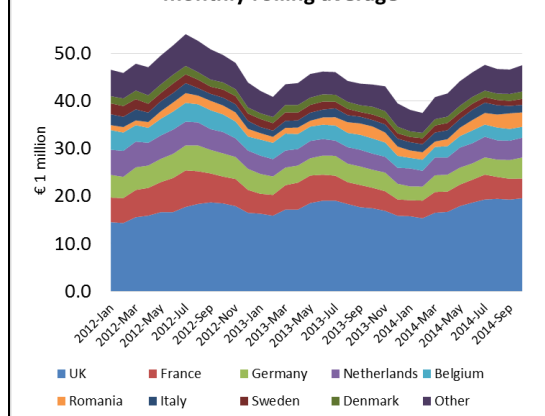


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**Chart 9: imports of joinery products (excl flooring) into the EU28 by destination - monthly rolling average**



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In line with the overall trend in the joinery sector, EU imports of glulam have remained flat over the last three years, averaging around 10000 m3 per month (Chart 8).

Much of this product comprises relatively small dimension glulam for window frames. There was a slight increase in imports of meranti scantling from Indonesia and Malaysia, and of Siberian larch scantlings from Russia and China in the second half of 2014.

Chart 9 shows that much of the recent growth in EU imports of joinery products from outside the region is destined for the UK, which alone accounts for around 40% of all import value.

Of other EU import markets, only Romania showed signs of growth during 2014. Imports from outside the EU into France, Belgium, Germany, and the Netherlands were either stable or slightly declining.

\* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

### Report from North America \*

#### Steep decline in plywood imports in October

US imports of hardwood plywood fell by almost one third in October. Total imports were 182,846 cu.m. Year-to-date imports were 1% lower than at the same time last year.

	2014 cu.m	% change on Sept 2014	2014 cu.m year to date	% change on 2013
Total imports	182,846	-31%	2,309,218	-8%
China	97,500	-18%	1,200,176	-1%
Indonesia	20,815	-74%	388,375	-14%
Ecuador	6,752	-29%	154,656	-33%
Canada	14,196	-16%	135,322	-13%
Russia	22,265	4%	218,772	2%
Malaysia	3,989	60%	60,163	-50%
Other	17,329	20%	151,754	11%

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

All major suppliers were affected by the decline in imports, but the strongest decrease was in imports from Indonesia. Indonesian plywood shipments to the US were 20,815 cu.m., down 74% from September. Year-to-date imports from Indonesia were 9% lower than in 2013.

Hardwood plywood imports from China decreased by 18% in October to 97,500 cu.m. Year-to-date imports remain 7% higher than in 2013. Imports from Canada and Ecuador fell by 16% and 29%, respectively.

Russia's hardwood plywood shipments to the US increased to 22,265 cu.m. Year-to-date imports from Russia were 12% higher than in October 2013.

#### Moulding imports from Brazil up 23%

There was little change in hardwood moulding imports in October. Total imports were worth US\$17.6 million. Year-to-date imports were 10% higher than in October 2013. All major suppliers shipped more moulding to the US compared to October 2013.

Hardwood moulding imports from China increased by 3% to US\$5.9 million in October. Brazil's shipments were worth US\$4.9 million, up 23% from September. Imports from Malaysia fell by 24% in October from the previous month, but year-to-date imports were 19% higher than in October 2013.

	2014 US\$ October	% change on Sept 2014	2014 US\$ year to date	% change on 2013
Total imports	17,734,129	1%	152,467,576	-1%
Brazil	4,891,182	23%	39,129,445	-3%
China	5,908,590	3%	49,535,692	2%
Malaysia	1,031,695	-24%	11,589,176	9%
Canada	2,028,517	-4%	20,168,696	38%
Other	3,874,145	-12%	32,044,567	-20%

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

#### Significant growth in assembled panel flooring imports from Indonesia

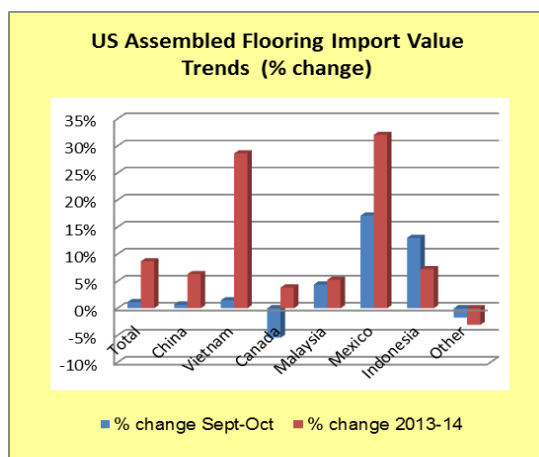
Hardwood flooring imports decreased by 13% to US\$3.4 million in October, but on a year-to-date basis imports remain higher than at the same time last year. Assembled flooring panel imports declined slightly from September to US\$12.1 million (+11% year-to-date).

The largest fall in hardwood flooring imports was from Malaysia. Imports fell by 18% to US\$928,701. Hardwood flooring imports from Indonesia declined by 3% to US\$606,766.

	2014 US\$ October	% change on Sept 2014	2014 US\$ year to date	% change on 2013
Total imports	12,147,187	-2%	94,822,558	-1%
China	6,051,354	3%	46,728,095	-18%
Canada	2,478,279	-15%	21,523,388	7%
Indonesia	893,509	12%	5,305,386	42%
Brazil	576,404	97%	3,200,977	-38%
Other	2,147,641	-13%	18,064,712	77%

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

Assembled flooring panel imports from China were US\$6.1 million in October, up from the previous month but lower than in 2013. Imports from Canada and Indonesia increased in October. Indonesia's monthly shipment value was nearly US\$1 million, and year-to-date imports from Indonesia were 65% higher than in October 2013.



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

### Strong growth in furniture imports from Vietnam and Mexico

Wooden furniture imports grew by 1% in October and were worth US\$1.28 billion. Year-to-date imports were 9% higher than at the same time in 2013.

Imports from most supplier countries increased in October, with the exception of Canada. Year-to-date imports from all major suppliers were higher than in October 2013. China's imports share was 47.5% in October. Vietnam's import share was 18%.

Furniture imports from China were worth US\$610 million, up 1% from September. Vietnam's wooden furniture shipments increased also by 1% to US\$232 million. Year-to-date imports from Vietnam were almost one third higher than in September last year.

The largest growth in wooden furniture imports compared to last year was from Mexico. October imports were worth US\$62.3 million. Year-to-date imports from Mexico were one third higher than in October 2013.

### October furniture retail sales down

Furniture retail sales declined by 3% in October, according to US Census data. However, furniture sales were 1% higher than in October 2013.

### GDP growth revised up, unemployment unchanged

The Department of Commerce has revised upwards its estimate of GDP growth in the third quarter of 2014, from previously 3.5% to 3.9%. Growth remains lower than in the second quarter, but the US economy is now healthier than most other large economies.

The unemployment rate was unchanged in November at 5.8%. Unemployment decreased by 1.2 percentage points in the last 12 months, according to the US Department of Labor. In November, the number of jobs in the manufacturing sector grew by 20,000. A total of 171,000 manufacturing jobs were added since November 2013.

### Growth in domestic furniture production in November

Furniture production was among the fastest growing manufacturing industries in November. Wood product manufacturing companies reported no significant change in production since September.

Both furniture and wood product manufacturers were generally satisfied with market demand.

### US consumer positive about economy

Consumer confidence in the US economy rose in November to the highest level since July 2007, according to the Thomson Reuters/University of Michigan consumer sentiment index.

Consumers said they were more likely to buy larger household items. Even younger consumers and long income households expect to buy more in the coming months. Consumers anticipate lower unemployment and higher incomes in the year ahead.

### US South home builders most confident in market

Builders' confidence in the market for newly built single-family homes declined in October, but the home builders' outlook was more positive in November.

Growing consumer confidence, higher employment and low interest rates support home construction and sales. Builders reported more home buyers and signed contracts in November.

Home builders in the US South were most positive about market conditions. Builders in the Northeast were the least confident.

### Housing starts over 1 million in October

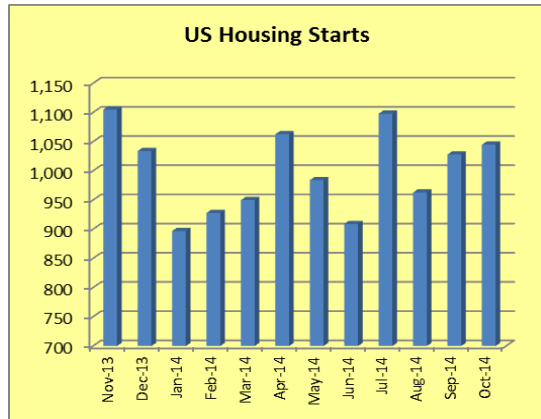
The housing market was strong in October with over 1 million starts at a seasonally adjusted annual rate. Single-family housing starts grew by 8% from the previous month. Single-family starts accounted for almost 70%, the highest share this year to date.

Multi-family construction declined in October. However, construction of apartment buildings appears to remain

higher than in the past because of high demand for rental housing.

The growth in residential construction was almost entirely in the US South.

The number of building permits increased by 5% to 1.08 million at a seasonally adjusted annual rate.



Source: US Census Bureau, CMHC

Sales of existing homes increased by 1.5% in October, according to the National Association of Realtors. Sales activity was the highest so far in 2014. Homes sales were also higher than at the same time last year.

Home prices also increased in October. The inventory of homes available for sale is higher than last fall and winter, which may prevent the strong price increases seen last year.

**Broad recovery in non-residential construction expected for 2015**

Private non-residential construction spending was unchanged from the previous month (at seasonally adjusted annual rate). Public construction grew by 3% in October.

The strongest growth was in public commercial construction (+11%) and public office construction (+8%). Architecture firms remained positive about business conditions in October. The American Institute of Architects expects a broad recovery in non-residential construction.

**US-Canada Softwood Lumber Agreement expires in 2015**

The agreement for Canadian exports of softwood sawnwood to the US will expire in October 2015. The current trade agreement from 2006 was a solution to US industry claims that Canadian forest policies subsidize sawnwood production. The agreement specifies higher duties on Canadian exports when softwood sawnwood prices are low.

The Canadian industry fears uncertainty if the trade agreement is not renewed. The US has agreed to not launch legal battles for twelve months after the current agreement expires in 2015.

According to reports by the newspaper Vancouver Sun, the Canadian industry would like to see the current agreement renewed. US sawmills represented by the US Lumber Coalition are reported to oppose a renewal. If Canadian sawmills will have to pay new higher duties on exports to the US, it is likely to affect trade flows to other markets including China.

Between 2001 and the signing of the 2006 agreement, Canadian producers paid CUS\$5 billion in export duties to the US. Most of the duties were returned when the 2006 agreement was signed.

Since 2006 several change have occurred in the industry. China has become the second largest export market for Canadian sawnwood producers. The Canadian market share in the US has fallen from 34% in 2006 to 29% in 2013, partly due to lower US demand.

Forest resources in British Columbia are significantly lower now because most trees killed by the mountain pine beetle infestation have been processed.

However, the falling value of the Canadian dollar due to lower oil prices is a threat to US producers. When the agreement expires, Canadian sawnwood will likely be cheaper for US buyers than any time since 2006.

The largest Canadian producers (Canfor, West Fraser Timber and Interfor) have bought sawmills in the US in recent years. This mitigates their risk if a new trade dispute starts after the current trade agreement expires.

\* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

**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.*

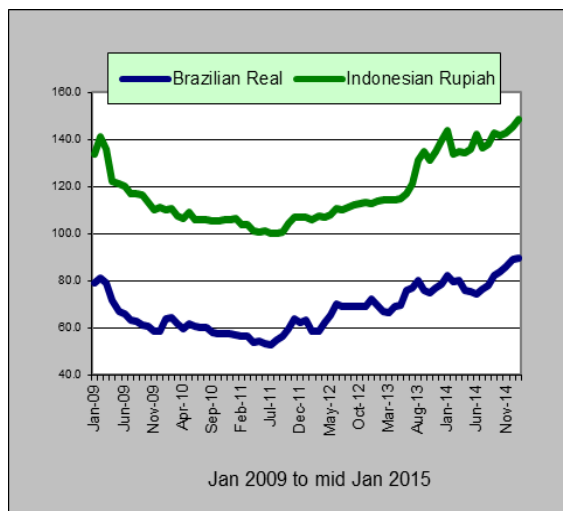
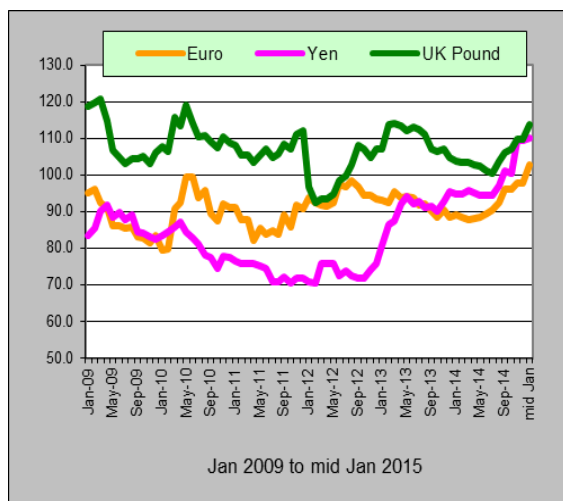
*The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.*

## US Dollar Exchange Rates

As of 10th January 2015

Brazil	Real	2.6361
CFA countries	CFA Franc	555.29
China	Yuan	6.2045
EU	Euro	0.8444
India	Rupee	62.34
Indonesia	Rupiah	12,606
Japan	Yen	118.50
Malaysia	Ringgit	3.56
Peru	New Sol	2.988
UK	Pound	0.6597
South Korea	Won	1085.33

Exchange rate index (Dec 2003=100)

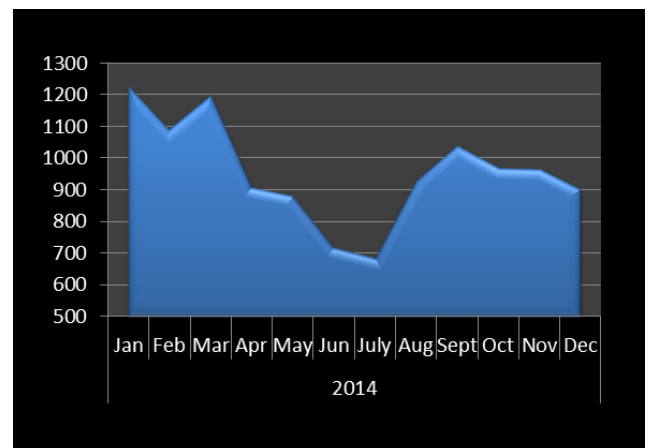


## Abbreviations and Equivalences

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
TEU	20 foot container equivalent
CIF, CNF	Cost insurance and freight
C&F	Cost and freight
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

## Ocean Freight Index

Baltic Supramax Index  
January – December 2014



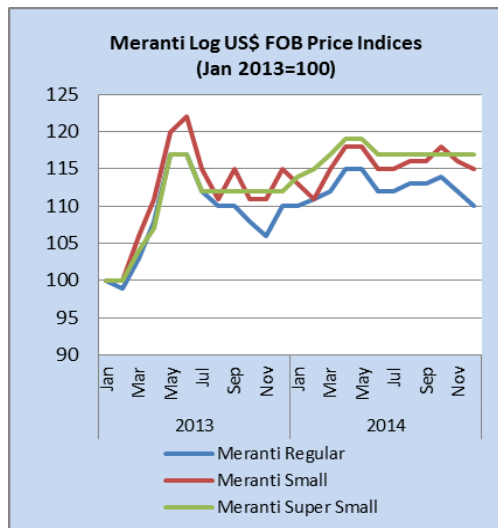
Data source: Open Financial Data Project

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.

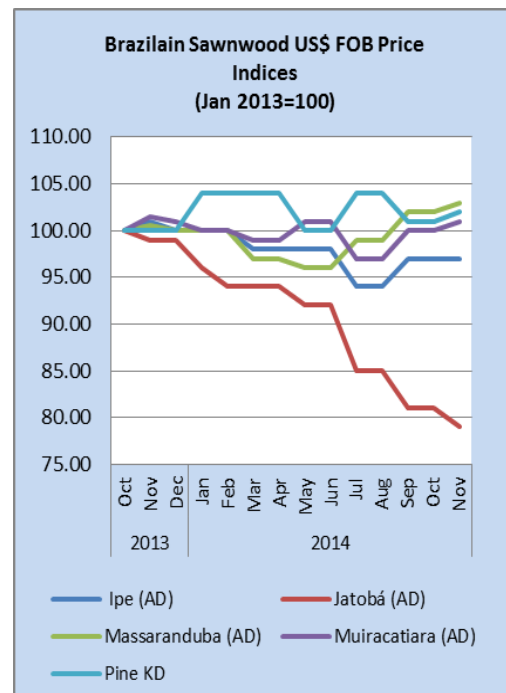
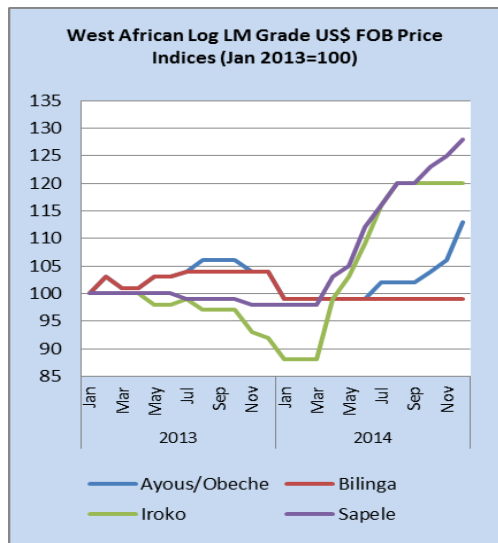
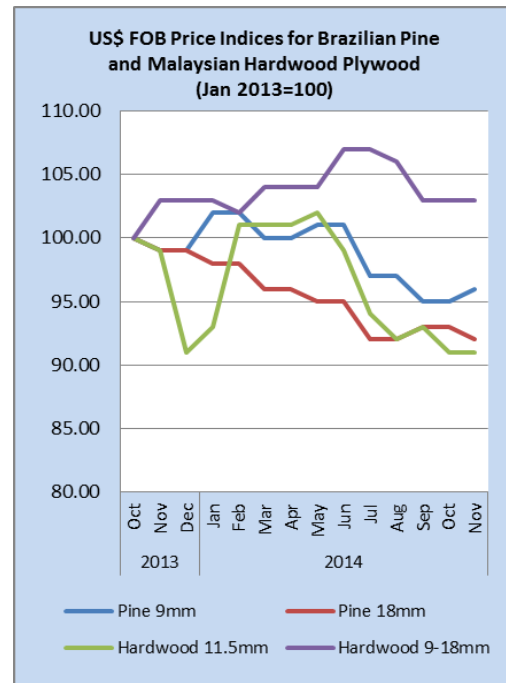


**Price indices for selected products**

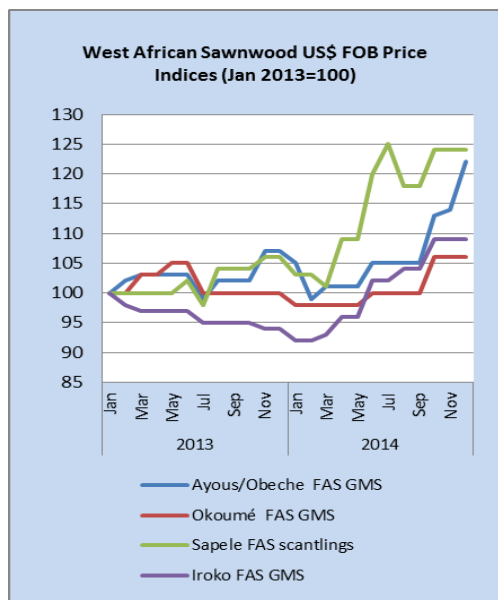
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatoba mainly for the Chinese market



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