

Tropical Timber Market Report

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Top Story

India to remove constraints to farm timber plantations

There is a long tradition of growing commercial timber trees on small farmers in India and such farm forests once were a primary source of raw materials for many domestic mills.

However, this practice has been declining over the past few decades mainly because of unfavourable legislation and overly complicated regulations relating to forestry and agriculture but this is about to change.

A new policy is being prepared to create a major shift in outlook towards farm forestry.

See page 5

Report from Central/West Africa

Sawnwood prices stable, but

Millers in West Africa report that markets for sawnwood are stable and that demand in some European countries continues to improve. However, okan is still out of favour with buyers and prices remain weak. On the other hand demand for sapele is good and this has resulted in firmer prices.

Prices for sawn bilinga and okoume (FAS GMS) have improved slightly and demand for iroko scantlings said to be firm. Sawn padouk prices have increased again in recent weeks on the back of good demand.

Log prices held up only by reduced availability

While markets for sawnwood have shown some life, the log market continues to be dull with no sign of any major resurgence in demand from China. What little business can be generated with China revolves around a few select species. There is still no interest from Chinese buyers for okoume logs.

Okoume log prices have slipped further in recent weeks driven down by the combined impact of weak demand and the entry of Equatorial Guinea as a supplier of okoume logs to Asian markets.

Overall, demand for logs is very quiet but prices have been sustained mainly because of availability issues. In Congo Brazzaville there is strict enforcement of the log export quota system and in Cameroon demand for logs by domestic mills is rising.

Analysts point out that if demand for logs was to suddenly revive supply would become a major issue. Log availability would get a boost from plans to allocate a few new concessions in Congo Brazzaville sometime this year but with Cameroon set to ban log exports from January 2016 the prospects for a substantial increase in log supply are dim.

Kribi deep water port enters administration phase

With Cameroon's Kribi deep water port nearing completion the French firm Necotrans has established a local company, Africa Truck Service Cameroon (ATS Cameroon), as a means to position itself to vie for a concession at the new port.

According to a company press release its scope ranges from "the study, construction, assemblage, purchase, sale and repair of all land, sea and river transportation materials" to "the transportation, processing, manufacturing and sale of energy products."

EIB opens office in Cameroon

The European Investment Bank (EIB) is to open an office in Cameroon to service Central African countries. Currently a headquarters agreement is being negotiated with the government. The EIB has said it intends to contribute to investment projects in Cameroon and to the development of the member states of Central African Economic and Monetary Community (CEMAC).

In Cameroon, the main projects for financing are the second phase of the Douala-Yaoundé highway project, the capital by-pass project and the development of an economic zone.

Log Export Prices

West African logs, FOB		€ per m ³		
Asian market		LM	B	BC/C
Acajou/ Khaya/N'Gollon		230	230	160
Ayous/Obeche/Wawa		260	260	180
Azobe & Ekki		230	230	160
Belli		300	280	-
Bibolo/Dibétou		150	145	
Iroko		330	290	260
Okoume (60% CI, 40% CE, 20% CS)		235↓	235↓	160
(China only)		335		
Moabi		210	305	225
Movingui		160	210	160
Niove		250	160	-
Okan		310	250	-
Padouk		320	285	225
Sapele		345	320	240
Sipo/Utile		320	340	265
Tali			320	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m ³
Ayous FAS GMS		410
Bilinga FAS GMS		500
Okoumé FAS GMS		370
Merchantable		225
Std/Btr GMS		280
Sipo FAS GMS		610
FAS fixed sizes		610
FAS scantlings		640
Padouk FAS GMS		930↑
FAS scantlings		980
Strips		680↑
Sapele FAS Spanish sizes		610↑
FAS scantlings		620↑
Iroko FAS GMS		610
Scantlings		690
Strips		440
Khaya FAS GMS		450
FAS fixed		460
Moabi FAS GMS		610
Scantlings		630
Movingui FAS GMS		420

Report from Ghana

Exports register healthy increase

The volume and value of Ghana's wood product exports for the first five months of 2015 were up on the same period in 2014.

According to the data released from the Research and Statistical unit of the Timber Industry Development Division (TIDD) of the Forestry Commission exports for the first five months of 2015 totalled 141,744 cubic metres worth around euro 72.74 million compared to the 114,161 cubic meters and euro 46.77 million in 2014.

The table below summarises the export performance.

Vol. 000's cu.m	Jan-May 2015	% change on 2014
Lumber, air dry	54.873	62.96
Lumber, kiln dry	25.558	3.44
Mouldings	3.955	-5.54
Plywood, regional	20.675	-14.14
Plywood, international	0.228	-77.58
Sliced Veneer	8.167	-8.86
Rotary Veneer	2.704	-1.85
Poles	11.511	
others	14.073	-3.89
Total	141,744	24.16

Source:TIDD

India a major buyer

Of the total exports for the period, primary products accounted for 23,976 cu.m, secondary products 113,679 cu.m and tertiary products 4,089 cu.m. The leading products in each category were billets (12,464 cu.m), air-dry sawnwood (53,975 cu.m) and mouldings (3.955cu.m.)

Markets in Asia imported 83,797 cu.m of Ghana's wood products, mainly poles and billets destined for India, followed by African regional markets (20%) and Europe (13%).



Source: TIDD

Fuel prices fall but job cuts loom

The steady appreciation of the cedi is having a welcome knock-on effect on fuel prices.

This has come as a huge relief to manufacturers, most of which had to utilise generators to keep plants operating. If fuel prices can be held at current levels consumers will eventually benefit from reduced prices.

However, there are risks ahead. In a mid-year review and presentation of a supplementary budget to parliament the

Minister of Finance, Mr. Seth Terkper, announced a revised forecast for GDP growth from 3.9% to 3.5% and he anticipates year-end inflation to worsened from 11.5% to 13.7%.

In a statement to the press after the review by the minister a spokesperson from the Association of Ghana Industries warned job losses are likely to rise as a result of the downward review of the GDP projections.

Boule Export prices

	Euro per m ³
Black Ofram	313
Black Ofram Kiln dry	395
Niangon	500↓
Niangon Kiln dry	570

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	373↓	400↓
Chenchen	330↑	355
Ogea	450	400
Essa	325	380
Ofram	350	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.84
Asanfina	1.40	0.63
Avodire	1.15	0.34
Chenchen	1.10	0.65
Mahogany	1.30	0.82
Makore	1.60	1.10
Odum	1.76	1.00

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	860	925
Asanfina	492	564
Ceiba	240	292↓
Dahoma	444↑	504↑
Edinam (mixed redwood)	525	580
Emeri	450↓	580
African mahogany (Ivorensis)	630	989
Makore	700↑	874↑
Niangon	518↑	580
Odum	660	829↑
Sapele	642	768
Wawa 1C & Select	300	400

Export Plywood Prices

Plywood, FOB	€ per m ³		
	BB/CC	Ceiba	Ofram
4mm		482	510
6mm		400	535
9mm		393	460
12mm		347	463
15mm		450	415
18mm		352	362
			Asanfina
			641
			615
			510
			450
			374
			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 grade	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	14.20	16.00	17.80
Odum	10.25	12.55	11.70
Hyedua	14.52	14.93	18.25
Afromosia	15.50	18.65	18.73

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

Report from Malaysia

Companies told – ‘Get serious about certification’

Certified sustainable forest management was the centre piece of a recent workshop in Sarawak “Market requirements for timber and timber product legality affecting Sarawak: forging the path forward”.

This two day workshop was organised by the Sarawak Forestry Department, WWF Malaysia and NEPCon (Nature, Ecology and People Consult).

State Forest Department Director, Sapuan Ahmad, told timber licensees in Sarawak that they must achieve the target of being certified for sustainable forest management by 2017.

Licensees were advised that they could choose the Malaysian Timber Certification Council (MTCC) or any other internationally recognised certification scheme. Sapuan also urged timber companies in the State to eliminate illegal timber from the domestic supply chain.

50% of forests in Sabah classified as permanent reserves

The fourth "Fact Sheet on Forest Reserves in Sabah" has been published by the Sabah Forestry Department. This provides information on the forest reserves in the State as well as news on areas gazetted, reclassified or removed.

In a press release, Sabah Forestry Director, Sam Mannan, said about 3.6 million hectares or 49 per cent of the total Sabah land mass has been gazetted as Permanent Forest Reserves bringing them under the jurisdiction of the Sabah Forestry Department.

Permanent Forest Reserves in Sabah are classified into seven classes based on their specific functions to serve both economic and environmental purposes.

Ringgit at 16 year low

The Malaysian ringgit has come under considerable pressure over the past 12 months. The fall in oil prices, the likelihood of an interest rate rise in the US and concerns on the finances of a Malaysian state investment company have all influenced the ringgit/dollar exchange rate.

So far this year the ringgit has fallen around 8% against the dollar and in mid-July fell to its lowest in 16 years.

Report from Indonesia

Economic case for conservation of Indonesia’s forests

A “Forest Ecosystem Valuation Study” for Indonesia has been released by the United Nations Office for REDD+ Coordination in Indonesia (UNORCID).

This is a critical step in capturing, demonstrating and recognising the multiple benefits provided by forest related ecosystem services for Indonesia’s economy and for the livelihoods of the rural poor.

The study demonstrates how timber, which acts as a critical provisioning service, adds more than US\$14 billion to the Indonesian economy. Not only would a further degradation of forest areas contribute to a decrease in this crucial source of revenue, but would also result in a significant loss in tax revenues.

The study emphasises the urgent need for the government to find alternative ways of conserving forests and simultaneously protecting the livelihoods of people dependent on forest services. One of the ways of achieving this is through community management of forest resources.

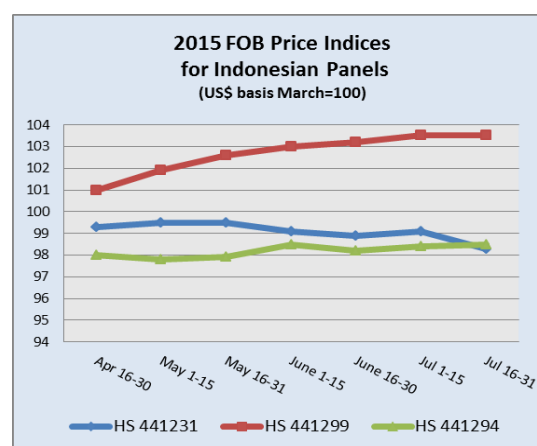
The study emphasises that at the national and provincial level forestry remains a key sector in terms of employment in remote areas, but also in its important contribution to other branches of the economy.

The report can be found at:

http://www.unorcid.org/upload/FEVS_Indonesia_Report-final.pdf

Boost to domestic demand for furniture and crafts

Domestic sales of furniture and craft items traditionally rise in the holiday period after Ramadan and this year sales were up around 12% on Eid Mubarak according to Abdul Sobur, Secretary General of the Association of Indonesian Furniture and Handicraft (AMKRI).



Report from Myanmar

Export earnings from the forestry sector

A rise in export earnings from the forestry sector has been reported. The value of export shipments between April and July were worth US\$48 million of which US\$2 million was earned by state enterprises.

The value of 2015 exports was better than the US\$12 million in the same period in 2014. According to the Ministry of Commerce, Myanmar earned US\$94 million from timber product exports in fiscal 2014-15.

Life sentences for timber smugglers

A court in Myitkyina, the capital of Kachin State has concluded the case against a group of Chinese charged with being in Myanmar illegally and of smuggling timber out of the country.

The defendants were charged under immigration laws and also under Ah-pa-ka 3 (Protection of Public Property Law No. 3) which carries a minimum 10 years in prison.

All defendants were found guilty and 153 were given life sentences (20 years) and two others were jailed for ten years. The harshness of the sentences has attracted worldwide attention.

Just two weeks after the conclusion of the trial the Myanmar government pardoned the prisoners and arranged for their repatriation to China

More on this story can be found at:

<http://www.globaltimes.cn/content/933479.shtml>
and
<http://www.channelnewsasia.com/news/asiapacific/myanmar-frees-chinese/2018204.html>

Latest tender prices

The following timber was sold by Myanma Timber Enterprise by tender on 24 July 2015. Log volumes are expressed in hoppus tons (H.tons) and conversions and sawn teak (including hewn timber) are shown in cubic tons (C.tons).

**Sawing Grade Teak logs
Open Tender, Yangon 24 July 2015**

Grade	H. tons	Avg. US\$/H.ton
SG-7	743	1241

Hardwood logs Yangon Depots

Species	Grade	Tons	Avg. US\$/H.ton
Pyinkado	Second	276	312
Kanyin	First	2086	291
Kanyin	Second	39	155
Thinwin	Second	88	425

Form-8 teak and hardwoods

Commodity	Grade	C.tons	Avg. US\$/H.ton
Teak Handsawn	Market 5' up	21	1931
Teak Handsawn	Market 3' only	16	1119
Tamalan Hewn	Market	782	2020
Padauk Hewn	Market	99	1198

Inflation rate trends down

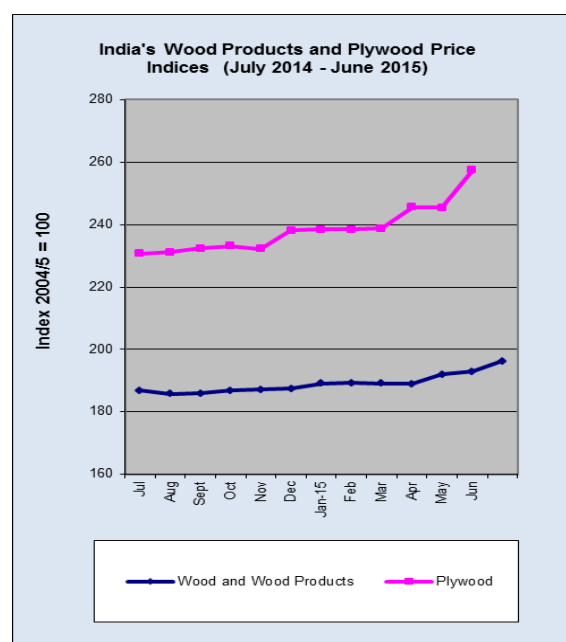
The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI).

The official Wholesale Price Index for all commodities (Base: 2004-05 = 100) for June rose by 0.5% to 178.6 from 177.7 in May. The year on year annual rate of inflation, based on monthly WPI, stood at -2.4% (provisional) for June 2015 compared to -2.36% for May.

For more see: <http://eaindustry.nic.in/cmonthly.pdf>

Timber and plywood price indices climb

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



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

The June price indices for wood and wood products and plywood both show marked gains from a month earlier reflecting increased demand as consumer confidence strengthens.

See http://eaindustry.nic.in/display_data.asp

Removing constraints to farm timber plantations

There is a long tradition of growing commercial timber trees on small farmers in India and such farm forests once were a primary source of raw materials for many domestic mills.

However, this practice has been declining over the past few decades mainly because of unfavourable legislation and overly complicated regulations relating to forestry and agriculture but this is about to change.

Discussions are underway to unravel the various regulations imposed by multiple agencies such as the State Departments of Forestry, the Land Revenue Office and other agencies which have imposed regulations on felling and transport of logs. The sheer complexity of regulations has discouraged the production of timber trees on farms.

A new policy will be developed to effect coordination of the various administrations. It has been proposed that the new policy would be implemented through a special forestry mission or board.

In addition, discussion are on-going on ensuring security of land tenure, promoting research and capacity building, felicitating participation of industry and appropriate incentives to farmers.

The new policy involves a major shift in outlook towards farm forestry. Earlier, farm forestry was viewed as the responsibility of the forestry administration but now the policy views it through the prism of agriculture.

The acceptance that farm plantation timber is an agri-product will enable the Central Empowered Committee to issue more licenses for wood based industries say analysts.

Prices for domestically milled sawnwood from imported logs

Overall, supply and demand remains steady.

Sawnwood	Rs
Ex-mill	per cu.ft
Merbau	1500-1650
Balau	1500-1600
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	900-950
Radiata pine AD	600-725
Whitewood	600-700

Price variations depend mainly on length and cross section

Current prices for Myanmar teak sawn in Indian mills

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-14000
Teak A grade	5500-6500
Teak B grade	4500-5000
Plantation Teak FAS grade	3500-4000

Price variations depend mainly on length and cross section

Prices for imported plantation teak, C&F Indian ports

	US\$/cu.m C&F
Belize logs	350-400
Benin logs	318-775
Benin sawn	530-872
Brazil logs	404-1063
Brazil squares	370-680
Cameroon logs	361-510
Colombia logs	224-836
Congo logs	408-710
Costa Rica logs	404-780
Côte d'Ivoire logs	435-720
Ecuador squares	253-740
El-Salvador logs	364-934
Ghana logs	255-808
Guatemala logs	303-603
Guyana logs	300-450
Kenya logs	515-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	363-525
Nicaragua logs	350-596
Nigeria squares	382-450
Panama logs	358-750
PNG logs	450-575
Sudan logs	404-970
Tanzania teak, sawn	307-885
Thailand logs	511-700
Togo logs	232-803
Trinidad and Tobago logs	420-680
Uganda logs	426-909
Uganda Teak sawn	680-900

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

Imported sawnwood

Ex-warehouse prices for imported sawnwood (KD 12%) 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 prices

Continuing weak demand in the housing sector is a major concern for domestic plywood manufactures many of which have cut output. Under present market conditions millers find it impossible to raise prices to off-set their increased production costs.

Prices for WBP Marine grade plywood from domestic mills

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	41.00
6mm	54.50
9mm	69.10
12mm	85.60
15mm	113.20
18mm	119.30

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.80	Rs.30.80
6mm	Rs.31.60	Rs.39.60
9mm	Rs.39.80	Rs.48.00
12mm	Rs.47.30	Rs.58.10
15mm	Rs.58.10	RS.71.00
19mm	RS.67.30	Rs.79.50
5mm Flexible ply	Rs.42.00	

Report from Brazil

Market recovery and exchange rate boost to exports

Recovery in the US housing market has benefited the timber sector in Paraná State. Sawnwood exports grew 16.7% to US\$64.9 million in the first half of 2015 compared to the same period last year. Plywood exports from mills in the state also increased, growing by almost 19% to US\$185.3 million in the same period.

According to the Federation of Industries of Paraná State (FIEP), MDF and plywood are primarily used in the construction and furniture industries in America.

As a result of the 2008 financial crisis demand in the US for woodbased panels fell sharply. Prior to 2008 around 50% of exports from Paraná were destined for the US but this fell to 15% during the crisis and while there has been some improvement. Currently the US accounts for just 22% of wood product exports from Paraná State.

The Paraná Institute for Economic and Social Development has forecast an improvement in exports in the second half of this year which should offset the poor performance in the first half.

Wood products prominent in exports

The main importers of Brazilian agri-products in June 2015 were China, the United States and the Netherlands. In total, imports by these countries totaled US\$4.35 billion and accounted for almost 48% of exports. Among the sectors that stand out in June include forest products, pulp, paper and timber.

According to the Brazilian Agri-business External Trade Statistics System (AGROSTAT), the main Chinese imports were soy bean products (US\$.95 billion), followed by forest products (US\$144.9 million) comprising pulp, paper and timber.

The main products imported by the United States in June 2015 were forest products, (US\$ 215.7 million) of which pulp accounted for US\$ 99.7 million followed by timber at US\$92.2 million and paper at US\$23.80 million.

The Netherlands is a major importer of Brazilian soy products (US\$255.2 million), followed by forest products (US\$88.8 million) most of which is pulp.

Amazon monitored by orbital radar

The Ministry of Defense has announced an investment of R\$ 80.5 million to combat illegal deforestation and other forest crimes in the Amazon.

Through coordination by the Operations and Management Center of the Amazonian Protection System (CENSIPAM) in partnership with the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) and the National Institute for Space Research (INPE) an 'orbital radar' system will be deployed to monitor deforestation in the Amazon. Information will be relayed to INPE to feed into the Deforestation Detection System (DETER).

Export update

In June 2015, the total Brazilian exports of wood-based products (except pulp and paper) increased 15.5% in value compared to June 2014, from US\$ 200.6 million to US\$ 231.7 million.

Pine sawnwood exports increased 73% in value in June 2015 compared to June 2014, from US\$17.9 million to US\$30.9 million. In volume terms, exports increased 76%, from 76,500 cu.m to 134,800 cu.m over the same period.

Tropical sawnwood exports fell 14%% from 30,600 cu.m in June 2014 to 26,300 cu.m in June 2015. In terms of value, exports fell from US\$16.5 million to US\$13.0 million over the same period.

On the other hand, pine plywood exports jumped 17% in value in June 2015 in comparison with June 2014, from US\$29 million to US\$34 million.

The volume shipped increased 29%, from 77,300 cu.m to 99,600 cu.m, during the same period.

Tropical plywood exports, while small, more than doubled from 4,400 cu.m in June 2014 to 9,800 cu.m in June this year. The value of tropical plywood exports increased 74%, from US\$2.7 million in June 2014 to US\$4.7 million in June this year.

Wooden furniture exports in June were disappointing rising to only US\$ 35.2 million in June this year from US\$35.1 million in June 2014.

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	784▲
Jatoba	41▲
Massaranduba	365▲
Muiracatiara	382▲
Angelim Vermelho	341▲
Mixed red and white	216▲
Eucalyptus (AD)	203▲
Pine (AD)	149▲
Pine (KD)	164▲

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	160▲
Jatoba	91▲
Massaranduba	96▲
Muiracatiara	100▲
Angelim Vermelho	92▲
Mixed redwood and white woods	80▲

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	569
4mm WBP	459▲
10mm WBP	403▲
15mm WBP	520▲
4mm MR	386
10mm MR	366
15mm MR	

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

	US\$ per m ³
Domestic ex-mill Prices	
15mm MDPparticleboard	250▲
15mm MDF	361

Export Sawnwood Prices

	US\$ per m ³
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	1380▲
Jatoba	978
Massaranduba	762▲
Muiracatiara	736▲
Pine (KD)	219▼

Export Plywood Prices

	US\$ per m ³
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	346▼
12mm C/CC (WBP)	320▼
15mm C/CC (WBP)	318▼
18mm C/CC (WBP)	311▼

Export Prices For Added Value Products

	US\$ per m ³
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,452▲
Jatoba	1,594▲

Peruvian furniture makers tour Brazil

Delegations of 20 furniture entrepreneurs from Peru recently visited Brazil and were hosted by the Union of Furniture Industries of Bento Goncalves.

The Peruvian visitors toured manufacturing companies in the region and took advantage to observe technologies and production processes being applied in furniture making. Peru is a major market for Brazilian furniture exporters. Surprisingly, domestically made furniture is not popular with consumers in Peru who prefer imported furniture.

In 2014 Peru was the second largest market for furniture exporters in Bento Goncalves but last year exports to Peru fell 25% compared to a year earlier. However, in the first quarter of this year Peru's imports of furniture from Bento Goncalves furniture producers expanded by over 50% year on year.

Particleboard imports fall

Peru's particleboards imports in the first half of this year were down 11% to US\$35.4 million compared to the US\$39.8 million in the same period in 2014.

Novopan Peru remained the largest particleboard importer with a 39% share of imports worth around US\$13.8 million but this was down around 17% year on year.

On the other hand Grupo Martin reported an expansion of imports of particleboard to US\$5.9 million compared with US\$ 3.8 million in the same period in 2014.

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	457-532
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	623-653
Marupa (simarouba) 1", 6-11 length Asian market	456-506

	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	451-514
Grade 2, Mexican market	355-391
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Asian market	460-511

Domestic Sawnwood Prices

	US\$ per m ³
Peru sawnwood, domestic	
Mahogany	-
Virola	186-217▲
Spanish Cedar	305-364
Marupa (simarouba)	158-174▲

Export Veneer Prices

Veneer FOB Callao port	US\$ per m ³
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 ³
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 ³
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 ³
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

Peru, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	950-1094
Swedish market	1122-1143↓
Asian market	1282-1333↓
Cumaru decking, AD, S4S E4S, US market	479-554
Pumaquiro KD Gr. 1, C&B, Mexican market	493-519
Quinilla KD, S4S 2x10x62cm, Asian market	732-815
2x13x75cm, Asian market	

Report from Guyana

First half export performance

Guyana's wood product exports comprise logs, sawnwood, roundwood and fuelwood, shingles and value added products. In the first half of 2015 earnings from wood product exports increased by just over 11% on the same period in 2014 to US\$21.7 million

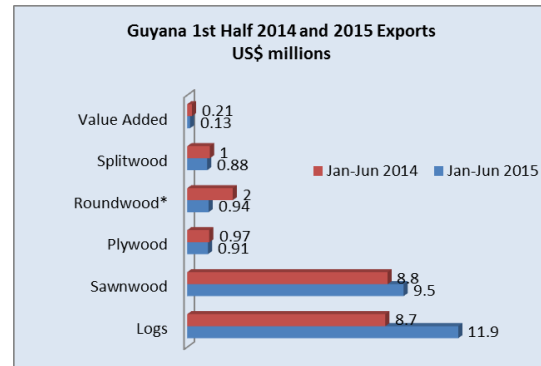
Log exports in the first half of 2015 generated earnings of US\$11.8 million compared to the US\$8.7 million in the first half of 2014.

First half 2015 sawnwood export earnings amounted to US\$9.4 million compared to US\$8.8 in the same period in 2014, an increase of almost 7%.

However, plywood exports fell during the first half of this year to US\$0.91 million as against the US\$0.97 million in the first half of 2014, a decline of around 6%.

Exports of shingles were encouraging and earned US\$0.88 million in the first half of 2015 and exports of roundwood and fuelwood fetched US\$0.94 million in the first half of this year. Guyana's exports of added value products are modest and first half 2015 earnings totaled just US\$130,000.

The majority of Guyana's wood product exports are to markets in Asia, the Caribbean, Europe, Oceania, Middle East countries and North and South America.



Source: Guyana Forestry Commission, FPDMC

* roundwood incl. fuelwood

Export prices

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

Logs, FOB Georgetown	US\$ price per m ³		
	Std	Fair	Small
Greenheart	130-220	130-200	-
Purpleheart	230-260	200-220	-
Mora	150	145	-

Export Sawnwood Prices

Sawnwood, FOB Georgetown	US\$ price. per m ³	
EU and US markets	Undressed	Dressed
Greenheart	Prime	-
	Standard	620-2178
	Select	605-1060
	Sound	700-742
	Merchantable	-
Purpleheart	Prime	-
	Standard	850-1102
	Select	800-850
	Sound	-
	Merchantable	-
Mora	Prime	-
	Select	575-595
	Sound	450-500
	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
		12mm
	Utility	5.5mm
		12mm
		No export
		400-818
		No export
		No export

Marked improvement in business sentiment among large companies

The latest Bank of Japan (BoJ) survey of business sentiment (June Tankan survey) has shown that for the first time in three months sentiment amongst Japan's large manufacturers improved,

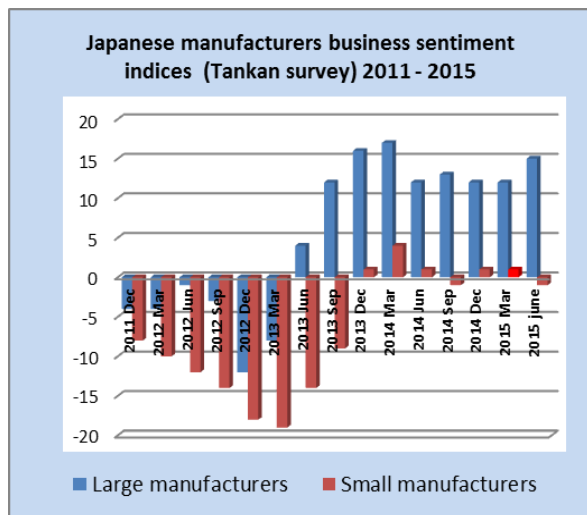
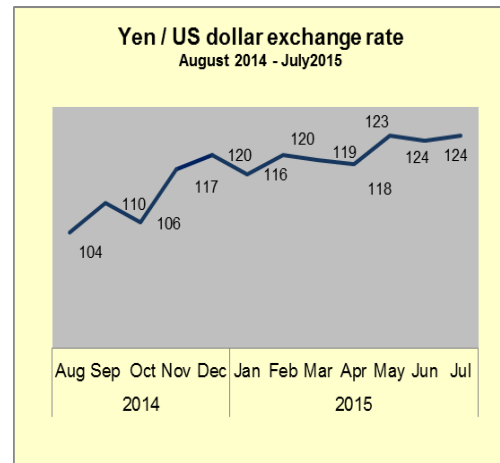
The Tankan survey seeks opinions on investment plans and business conditions from around 10,000 large medium and small companies and generates an index useful in gauging the likely direction of production and exports in the short-term.

The latest quarterly Tankan for the second quarter shows that the index for large manufacturers rose to 15 from 12 in March, well above expectations. However the index for small companies remained firmly negative.

In terms of trends, analysts remind that investment plans tend to expand in the second quarter as companies always appear more optimistic after the traditional slow start to the year.

At a news conference the BoJ chief confirmed his view that he did not see any need to expand the scope of quantitative easing but was ready to do so if required.

Kuroda's comments and data showing demand for labour is currently the strongest for more than 20 years gave a boost to the yen but this was not sustained and the dollar yen exchange rate settled back to 124 in July.



Data source: Bank of Japan

For details see: http://www.stat-search.boj.or.jp/index_en.html#

For large companies the yen exchange rate will be watched very carefully. A yen dollar exchange rate over 115 is seen as good news for exporters. A weak yen boosts overseas earnings and lifts profits when foreign currency earnings are repatriated to Japan. The downside is that a weak yen increases the cost of imports and it is this that impacts small companies the most.

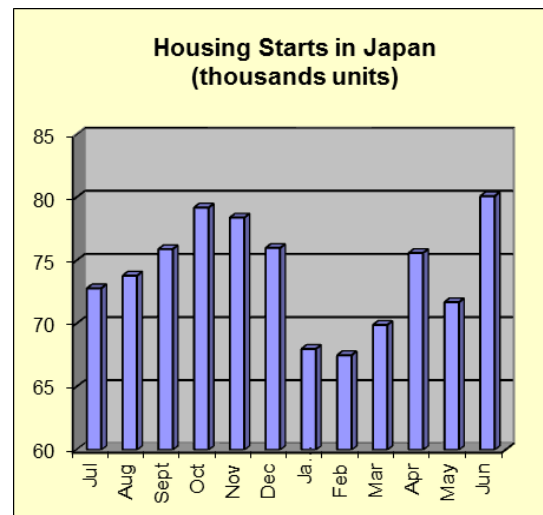
BoJ Governor says no more monetary easing

Bank of Japan (BoJ) Governor, Haruhiko Kuroda, has said the Bank still expects to meet its inflation target by the first half of 2016 but many economists consider this too optimistic given falling commodity prices, a weakening of import growth in China and worries over growth prospects in Europe.

Double digit growth in June housing starts

The 12% month on month and 6% year on year rise in June housing starts were much higher than forecast and according to data from the Ministry of Land, Infrastructure, Transport and Tourism, orders placed with large construction companies grew by over 15% in June.

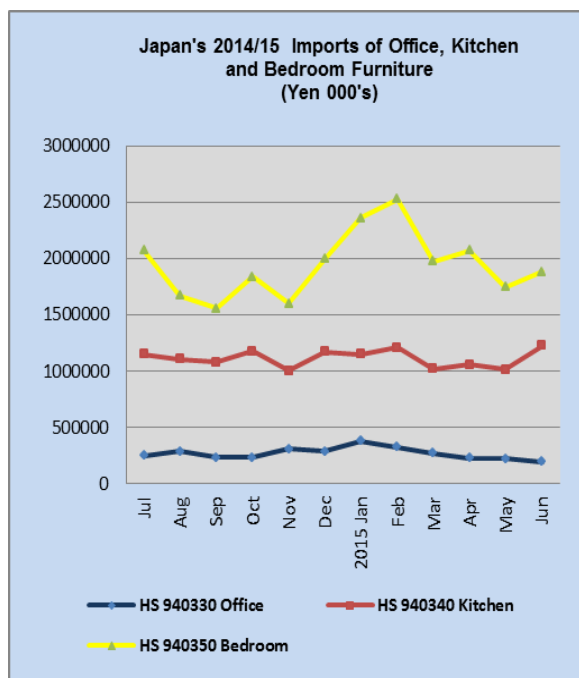
However, first half 2015 starts, at 434,000 units, are well below the 508,000 units reported in the first half of last year.



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

Japan's furniture imports

Japan's imports of kitchen and bedroom furniture are showing signs of recovering but imports of office furniture continue to slide. Compared to levels in May, Japan's imports of kitchen and bedroom furniture rose in June but imports of office furniture fell.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

June imports of office furniture were down 13% on May figures with suppliers in China, Portugal and Poland, the top three suppliers, registering declines (-8%, -18% and -26% respectively).

The top three supply countries account for 74% of Japan's total office furniture imports. Suppliers in Asia; Malaysia, Vietnam, Indonesia, South Korea and Taiwan P.o.C accounted for just 9% on June office furniture imports by Japan. Imports of office furniture in the first six months of 2015 were down 9% on the same period in 2014.

Office furniture imports

	Imports, June 2015 Unit 1,000 Yen
S. Korea	2623
China	78636
Taiwan P.o.C	5995
Vietnam	2016
Thailand	-
Malaysia	3014
Indonesia	3706
India	-
Lebanon	-
Sweden	-
Denmark	2139
UK	413
Netherlands	-
France	-
Germany	4753
Switzerland	-
Portugal	35119

Italy	15146
Poland	31423
Austria	-
Hungary	-
Serbia	375
Turkey	-
Lithuania	4434
Czech Rep.	240
Slovakia	2959
Canada	-
USA	2333
Total	195324

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

June imports of kitchen furniture were 21% higher than in May but year-on-year first half imports fell marginally (-1.5%).

Three suppliers dominate Japan's imports of kitchen furniture; Vietnam is the number one supplier followed by Philippines and China. Shipments from Indonesia in May were almost equal to those from China.

Kitchen furniture imports

	Imports, June 2015 Unit 1,000 Yen
China	161773
Taiwan P.o.C	514
Vietnam	536705
Thailand	30828
Malaysia	10678
Philippines	277674
Indonesia	151970
India	-
Sweden	245
Denmark	3976
UK	-
France	247
Germany	30202
Italy	7080
Poland	-
Austria	-
Romania	840
Canada	6166
USA	6571
Total	1225469

Data source: Ministry of Finance, Japan

The top three suppliers accounted for 78% of total June imports of kitchen furniture and, if shipments from Indonesia are included then the total comes close to 90%.

The only significant non-Asian supplier in June was Germany which captured 2.5% of the June import.

Bedroom furniture imports (HS 940350)

Japan’s bedroom furniture imports are more than the combined total of office and kitchen furniture imports.

The 8% rise in June imports of bedroom furniture reversed the sharp decline seen in May but first half 2015 imports are running at around the same level as recorded in the first half of 2014.

Bedroom furniture imports

	Imports, June 2015 Unit 1,000 Yen
S. Korea	-
China	1086977
Taiwan P.o.C	10408
Vietnam	509769
Thailand	75950
Malaysia	37983
Philippines	-
Indonesia	29430
Sweden	-
Denmark	8999
UK	-
Belgium	-
France	-
Germany	-
Switzerland	2415
Spain	-
Italy	6937
Poland	62124
Austria	1605
Romania	689
Turkey	-
Latvia	-
Lithuania	11867
Croatia	-
Bosnia and Herzegovina	-
Slovakia	4935
Canada	-
USA	31977
Total	1882065

Data source: Ministry of Finance, Japan

In the second half of 2014 bedroom furniture imports skyrocketed and it will be interesting to see if this pattern is repeated this year.

Two countries dominate Japan’s imports of bedroom furniture, China (58%) and Vietnam (27%). The third and

fourth ranked suppliers, Thailand and Poland, could only muster another 7-8% of total imports. In June both Thailand and Poland saw their share of imports more than double as did suppliers in the US.

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 reproduce news on the Japanese market precisely as it appears in the JLR.

For the JLR report please see:

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

Shift to softwood plywood for floor base

It is now apparent that log supply shortage in Malaysia is chronic and supply of hardwood plywood for floor base continues tight and the prices keep climbing. Japanese buyers are placing more orders of floor base plywood to Indonesian suppliers and increasing orders results in higher export prices.

Therefore, it is urgent issue for the Japanese flooring manufacturers to replace tropical hardwood plywood to domestic softwood plywood to solve supply instability and spiraling high prices of imported plywood now.

Indonesian floor base prices were about \$700 per cbm C&F on meranti overlay better up until October 2014 then sudden depreciation of the yen by about 15% pushed arrived yen cost higher for floor manufacturers. At the same time, new housing starts slowed down so floor manufacturers reduced orders to Indonesia so the Indonesian export prices kept dropping.

Prices of floor base produced in Sarawak, Malaysia were much lower than Indonesian floor base so the Japanese buyers had been buying Malaysian products first.

Quality of Indonesian floor base is higher than Malaysian products. Actually utility better A grade of Indonesian product is the same as Sarawak products or better but the prices are high. Meantime, Japanese floor manufacturers need low cost product.

Cost of Indonesian floor base is about 1,700-1,800 yen per sheet delivered with exchange rate of 120-125 yen while domestic softwood floor base is way lower in prices so the floor manufacturers hurriedly test and inspect quality of domestic softwood plywood to see if replacement is possible.

However, there is uneasiness of quality of softwood plywood in terms of workability and aging quality deterioration over 10 years.

In particular, problem may arise when it is used for floor heating. It is hard to guarantee the same quality as hardwood plywood so at some point, users need to realize

difference before softwood plywood is widely accepted and used.

Japan's log exports increase

Total volume of log export during January and May this year reached to 259,515 cbms, 47.5% more than the same period of last year. If this pace continues, total export for the year would be about 700-800 M cbms. However, log export for April and May from Kyushu, which took 80% share last year, slowed down.

There are active inquiries from China with price advantage by weak yen but ships' space is short so that logs are piled up at loading ports. Shipments for Korea has been slowing down by economic slump in Korea and there is surplus of supply as log length for Korea is 2.4 meters, which is not common length in Japan.

According to Kagoshima customs house, which covers shipping ports like Shibushi and Sendai in Kagoshima, log export in last January doubled, 34.2% more in February, 71.9% more in March, 36.2% down in April and 14% more in May.

Total value of log export in the first five months were 1,068. 56 million yen (estimated volume of about 90,000 cbms), 23.7% more than the same period of last year but it slowed down in April and May. Another port of Yatsushiro, Kumamoto prefecture in Kyushu doubled the volume for the first five months of this year.

In Kyushu, domestic log demand for lumber and plywood since start of the year has been sluggish and cedar logs with sweep are rushed for export and the prices are soft but with steady inquiries from overseas buyers, cedar log prices for export maintain 8,000 yen per cbm delivered port yard.

Plywood

Tide of domestic softwood plywood market changed after the manufacturers announced 20-30% production curtailment in middle of June. At the same time, they refused to accept low bid from the buyers.

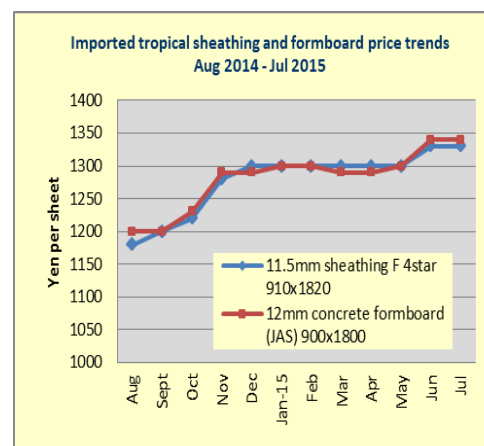
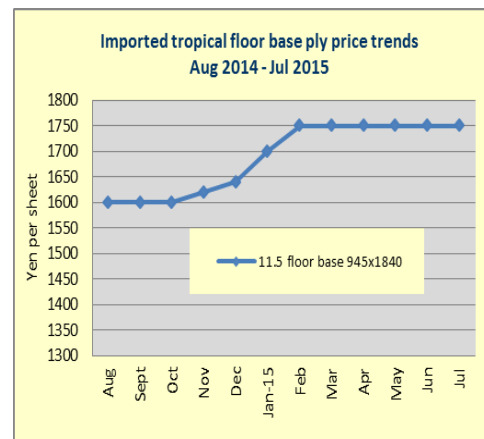
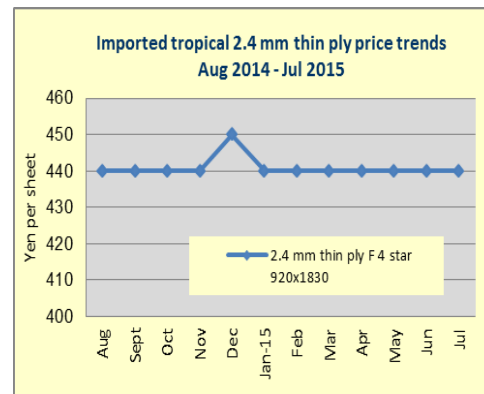
There was downward pressure to 650 yen per sheet delivered in the market, which is loss prices for the manufacturers. Since July the prices the manufacturers propose are 700 yen per sheet and they have ample orders with this price and next target is 50 yen by late July. By production cutback, deliveries are uncertain in July.

In Western Japan, commodity item of 12 mm 3x6 panel supply is tight since the manufacturers have many special items orders by direct deliveries to precutting plants and house builders.

Imported South Sea hardwood plywood market continues firm because of limited supply with high export prices although the demand in Japan lacks strength. Malaysian plywood suppliers continue being bullish because log supply is limited.

High export prices and weaker yen make arrived yen cost higher so the cost of the importers continues climbing and they have to insist on higher prices so the market prices have been inching up. Distributors are aware that they would lose money if they accept higher importers' offers so they manage to buy low priced offers the importers releasing at the end of the month for inventory adjustment.

Distributors sales prices have been gradually edging up but purchase prices are also go up so that there is no profit. May arrivals were extremely low at 216,300 cbms and low level arrivals are expected to continue.



Noda started shipping its own softwood plywood

Noda Corporation (Tokyo) started manufacturing softwood plywood with local species like cedar and cypress at newly built plywood plant in Fuji, Shizuoka prefecture. In May it started running and recent production reached 40% of capacity of 6,000 cbms.

Structural panels to be shipped will be 12,24,28 mm thick 3x6 with cedar and cypress veneer and for 12 mm panel, all cedar is made. In June, for the customer, which requests certificate of origin of local logs, thick panels of 24 and 28 mm were shipped.

Originally, the products are intended to be consumed in-house assembling so Noda is careful in marketing structural panels. It appeals end users of cypress panel as high value of unique cypress nature. Noda uses cypress panel for its own housing and it offers roof, sheathing and floor panel with stable prices and some users request cypress panel only. Shipment of unique product of composite floor base will start in late this month.

Presently, cypress logs are sent to its subsidiary company of Ishinomaki Plywood in Miyagi prefecture to make plywood then Fuji plant does secondary processing. The product of combination of plywood and MDF with popular decorative veneer of natural wood on surface has been sold steadily since imported hardwood floor base is tight in supply and high cost with weak yen.

Shipment of concrete forming panel is scheduled to start after September. In late May, paint coating line at Fuji plant is renovated so that it is ready to make coated concrete forming panel.

Daiken to build door plant in Indonesia

Daiken Corporation (Osaka) announced that it would build a new plant to manufacture door in suburb of Jakarta, Indonesia. Total investment will be about one billion yen. It will finalize the plan of production and marketing as soon as Indonesian Investment Agency approves the plan. Daiken hopes to start up building within this year.

Daiken has made up long term business plan named ‘GP26’ to give vision of corporation after ten years and target of sales in 2026 would be 250 billion yen. This intends to become international corporation from domestic corporation and this is one of this growth plans.

Daiken opened up Jakarta office in October of 2012 to conduct market research of fast growing Indonesian building materials market. In January 2014, it established a company ‘Pt. Suseta Daiken Indonesia’ to conduct interior furnishing works and marketing of the materials jointly with local company, Pt. Sumber Setia Abadi, which has been importing and marketing building materials in Indonesia.

In the past, Daiken has been marketing imported materials but now with its own manufacturing plant in Indonesia, it will market locally produced materials.

Wooden model house in Dalian, China

The Japan Wood Products Export Promotion Council announced to build a post and beam wooden model house in Dalian, China, which will start up in late July. The council has been campaigning Japanese wooden house in

China, which builds more than ten million units of house annually.

It tries to give correct understanding of Japanese wooden materials, housing equipment and techniques in China. It decided to put up a model unit as a subsidiary business of the Ministry of Agriculture, Fisheries and Forestry after Japanese species of cedar, cypress and larch are approved in the Chinese standard of wooden structure design.

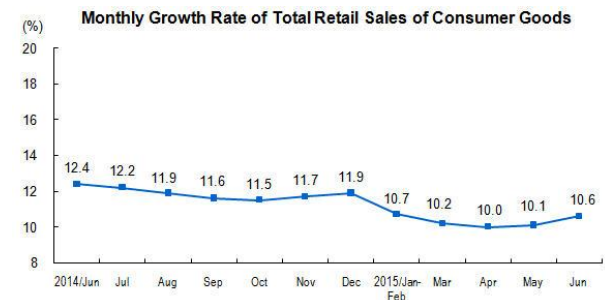
The house will be used and managed as a permanent exhibit by voluntary companies, which have been developing business in China. Design and construction works of the unit have been discussed by experts and experienced people by both China and Japan.

Report from China

Retail sales recovering

While there is no doubt that growth in the Chinese economy has slowed, recent data from the National Bureau of Statistics (NBS) shows that retail sales of consumer goods continue to recover.

June retail sales of consumer goods grew by 10.6% year-on-year. From January to June this year total retail sales expanded by just over 10% compared to the same period in 2014.

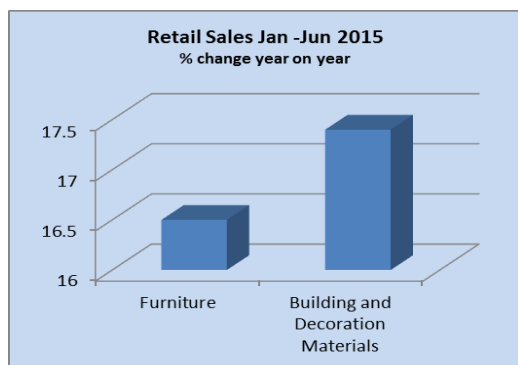


Source: National Bureau of Statistics, China

Year on year sales of furniture were up 16% in June and sales of building and decoration materials grew over 17%.

The NBS data shows that online sales continue to expand and that more and more physical goods as opposed to services are purchased online.

In 2014 Chinese consumers bought more online than US consumers and for 2015, given the almost 40% rise in online sales in the first half of the year, it is likely that China’s online business could double.



Data source: National Bureau of Statistics, China

Home sale price trends

June 2015 prices for newly built homes have been reported by China's National Bureau of Statistics.

Compared to a month earlier June selling prices assessed in 70 medium and large-sized cities declined in 34 cities, increased in 27 and remained unchanged in 9 cities. However, compared with June 2014 prices were down in 68 of the 70 cities surveyed.

Two measures of the Chinese economy are closely watched, the stock market and the housing sector. China's economic growth is linked to the housing market in a number of ways: the direct link through construction and the indirect link through purchases of goods and services by new home owners.

Export tax rebate increased

It has been reported that China has increased the export tax rebate on products manufactured from agricultural and forestry residues, defective and small diameter logs, fuelwood residues and straw.

The new rebate regulations came into effect on 1 July 2015 and raise the tax rebate to 70% for fiberboard, particleboard, blockboard and certain carbon products made from the specified list of raw materials most of which are residues.

Guangzhou Port adds new trade routes to its portfolio

According to the Guangzhou Port Group 8 new foreign trade routes have been added to the areas serviced by the port. The Guangzhou provincial government has an action plan aimed at building Guangzhou as a major international shipping centre by 2017 when 20 additional routes will be added.

Observers forecast that the wood products trade will benefit from the expansion of routes serviced by Guangzhou Ports.

Dayaowan Port, Dalian to use new fumigation treatment technology

Methylbromide fumigation technology has been used at China's ports for many years but this is about to change at Dayaowan Port.

A joint research and development project by Dalian Port Group, Tsinghua University and China's Quality Supervision, Inspection and Quarantine office will test microwave dielectric heating treatment technology. Trials will be conducted on imported logs in containers.

The research team claims the microwave dielectric technology is clean, environmentally friendly, safe and easy to operate.

Closures of many 'redwood' enterprises in Beijing

According to a representative from one of main 'redwood' markets in Beijing some 12 stores selling 'redwood' products have closed and only 2 remained open as of the end of July.

It has been reported that demand for 'redwood' products has cooled considerably and sales by the well-known, large redwood enterprises are slow and well down from a few years ago. The smaller manufacturers of 'redwood' have been particularly affected by the market downturn.

While there is some demand for high-end 'redwood' furniture analysts estimate that 50% of the furniture sold today is of wood-based panels and that these products dominate the market.

The future for 'redwood' furniture makers in Beijing does not look bright and analysts expect further closures as demand wanes.

Wood product exports through Suifenhe port at a record high

According to the statistics from Heilongjiang Entry-Exit Inspection and Quarantine Bureau, in the first half of 2015 the value of wood products exports through Suifenhe port rose 24% to RMB200 million, a record high.

The exported wood products included more than 30 types of wood products such as a variety of panels and flooring which were shipped to more than 50 countries.

The main reason for the increase is the innovative management at the port. In order to promote an increase wood product exports the Suifenhe Entry-Exit Inspection and Quarantine Bureau has strengthened and reformed its management of export procedures at port and implemented paperless customs clearance and inspection. This, say observers, has greatly enhanced efficiency reducing the burden on exporters.

In its latest move Suifenhe Entry-Exit Inspection and Quarantine Bureau is to broaden its risk classification management involving determining wood product risk levels and classification of enterprises for various export categories. Through this additional saving of time and expense will be achieved.

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
yuan/tonne		
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
Afromosia	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

Euroconstruct declares “an end in recessionary trend”

The Euroconstruct research unit reports that the European construction industry is growing slowly after several years of declining or low activity.

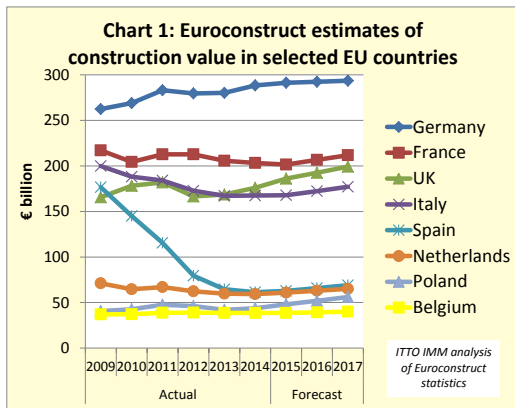
In its latest half-yearly report issued in June, Euroconstruct revised its forecasts for 2015 and 2016 upwards and also reported positive expectations for 2017.

Construction output for the EU is now expected to grow by 1.9% in 2015, slightly faster than 1.8% growth forecast in last year’s report. For 2016, Euroconstruct now forecasts that construction output will rise by 2.5%, a sharp upward revision compared to 1.8% forecast last year. Growth in 2017 is now expected to continue at a rate of 2.5%.

Euroconstruct estimates that the total value of European construction activity will be around €1,366 billion this year. Based on current forecasts, this figure will grow to €1,436 billion by 2017. However, Euroconstruct notes that this would still be 14% below the level of output in 2007 before the global economic and financial crisis.

Euroconstruct forecasts growth in all main segments of the construction market, although the rate of growth will vary considerably. The highest growth rate of 3.1% is expected in civil engineering, driven by infrastructure projects in Central and Eastern Europe. Growth in residential construction is expected to remain slow at only 1.7% this year.

Euroconstruct expects all the largest European construction markets to trend upwards between 2015 and 2017 (Chart 1).



Amongst Europe’s largest construction markets, the UK is showing the strongest upward trend, with Euroconstruct forecasting growth of 5.7% in 2015 and 3.5% in both 2016 and 2017.

Recovery in Spain, Italy, the Netherlands and France is also forecast to continue between 2015 and 2017. Output in Germany, which recovered from the recession earlier than other European countries, is forecast to stabilise at a relatively high level.

The highest growth rates in the period 2015 to 2017 are expected in Ireland and Poland, averaging 10.8% and 8.6% per year respectively. However, growth in Ireland follows a dramatic fall of almost 70% between 2007 and 2013. Growth in Poland will be mainly the result of sharp rises in civil engineering.

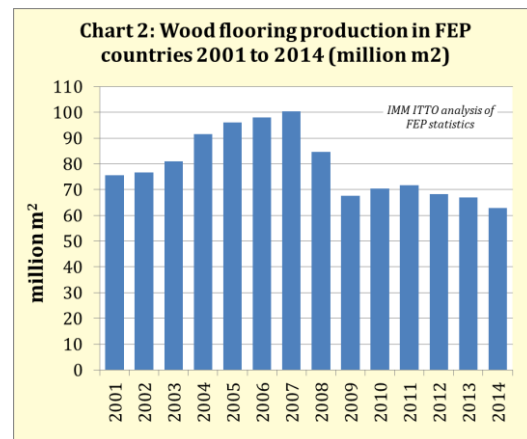
European wood flooring production down again in 2014

The European wood-flooring sector has yet to benefit from the turnaround in the building industry. According to a report by the Global Flooring Alliance, production of “real wood” flooring (not including laminate flooring) in the 17 countries covered by the European Federation of the Parquet Industry (FEP)¹ fell by 6.6% in 2014, after a moderate decline of 1.8% in 2013 (Chart 2).

Production in FEP member countries fell from 67.04 million sq.m in 2013 to 62.80 million sq.m in 2014. Production has fallen 37% from a peak of 100.33 million sq.m in 2007.

The decline in wood flooring production in Europe as whole, including countries not belonging to FEP, was less dramatic. According to FEP data quoted by the Global Flooring Alliance, production throughout the region fell by only 1% to around 76 million sq.m in 2014.

¹ Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Hungary, Italy, Netherlands, Norway, Poland, Romania, Slovakia, Spain, Sweden and Switzerland.



Consumption of wood flooring down 6.4% in 2014

Wood flooring consumption in the countries covered by FEP showed a similar trend last year. Consumption increased in only a handful of countries, including the Netherlands, Hungary, Slovakia and Sweden. Overall consumption in all FEP countries was down by 6.4% at just over 77 million sq.m.

The finalised figures for 2014 are a disappointment to FEP members who, at the FEP meeting in June 2014, suggested that the outlook for real wood flooring in Europe was improving and that demand should pick up in the second half of 2014.

Hopes are that the improved level of consumption registered in some northern European countries would filter through into large southern European markets for wood flooring failed to materialise.

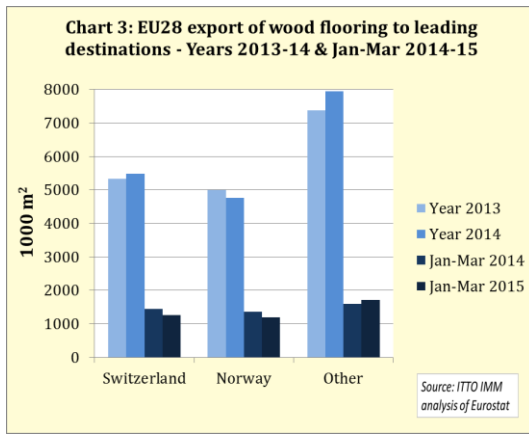
EU wood flooring export trend swings negative

EU exports of wood flooring were rising in the five years between 2009 and 2014, as manufacturers diversified into new markets during a period of slow demand in Europe. Exports increased by 4.7% to 17.707 million sq.m in 2013 and by another 2.7% to 18.179 million sq.m in 2014.

However, the positive export trend has slowed since the last quarter of 2014. In the first quarter of 2015, EU wood flooring exports were 4.174 million sq.m, 4.7% lower than in the same period the previous year.

The decline in EU wood flooring exports in the first quarter was primarily due to significantly lower deliveries to Switzerland (-12.4%) and Norway (-11.4%), the two largest European markets outside the EU (Chart 3).

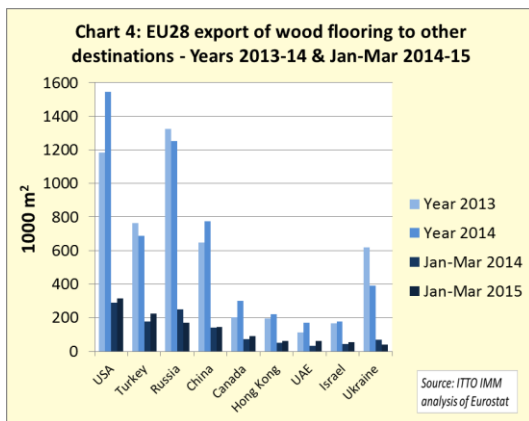
This is surprising in the case of Switzerland. The Swiss franc has gained considerably in value against the euro since the end of last year when the Swiss currency was untied from the euro exchange rate. Wood flooring produced in the EU has therefore become much cheaper for Swiss buyers.



EU wood flooring exports to countries outside the EU varied widely in the first quarter of 2015 (Chart 4). Exports increased to the USA (+8.8%), Turkey (+27.2%) and China (+2.9%) during this period.

Exports also continued to rise strongly to Canada (+20.6%), Hong Kong (+26.3%), the United Arab Emirates (+85%) and Israel (+26.1%) in the first quarter.

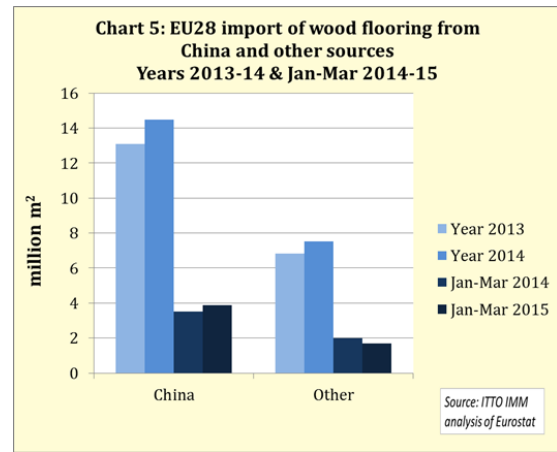
In contrast, the collapse in the value of the Russian rouble led to a 31.7% decline in EU exports of wood flooring to Russia in the first quarter of 2015. The unstable situation in the Ukraine caused exports to this market to fall sharply by 36.7% in 2014 and again by 45.3% in the first three months of this year.



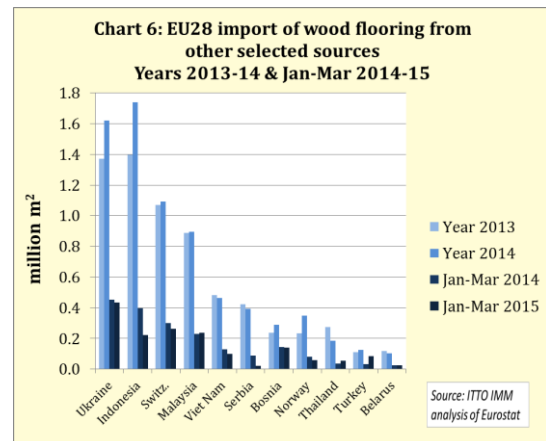
Wood flooring imports from China growing sharply

Imports of real wood flooring from outside the EU declined in 2013 but started to recover in 2014. Total EU real wood flooring imports in 2014 climbed by 10.4% to 22 million sq.m. This positive trend continued in the first quarter of 2015, but at a much slower rate of growth.

Imports in the first quarter were 5.6 million sq.m, 1.2% more than same period the previous year. Imports from China continued to rise rapidly, up 10.3% in the period. However these were offset by a 14.9% decline in imports from all other countries (Chart 5).



In the first quarter of 2015, EU imports were significantly lower than the same period in 2014 from Ukraine (-4.4%), Indonesia (-44.6%), Switzerland (-12.5%), Vietnam (-22.4%), Serbia (-77.2%), and Norway (-27.4%). However imports from Malaysia (+2.4%), Thailand (+47%) and Turkey (+178%) all increased (Chart 6).

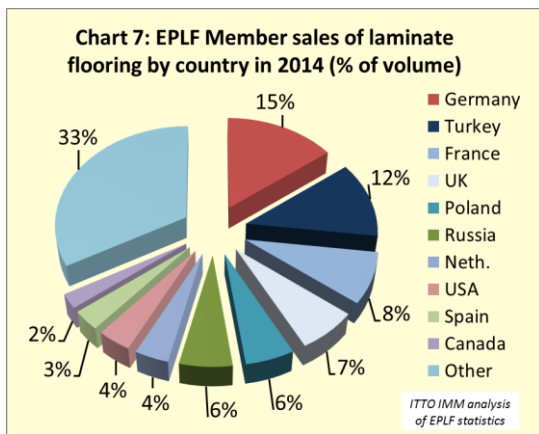


Slow recovery in European laminate flooring sales continued in 2014

According to final figures published by the European Producers of Laminate Flooring (EPLF) association, laminate flooring sales by EPLF members increased slightly by around 1% to 467 million sq.m last year.

Final sales were thus slightly higher than initial figures published earlier this year, which put total sales in 2014 at 465 million sq.m.

Market conditions for laminate flooring manufactured in Europe have varied widely by sales region. Chart 7 illustrates the importance of the different sales markets for EPLF members.



Sales in Germany, the largest single market, fell 4% to 69 million sq.m in 2014. EPLF believes that much of this decline is due to a shift towards LVT flooring in Germany.

Sales to Turkey - the second largest target market for EPLF members - fell by 13% to 57 million sq.m in 2014. EPLF attributes this development to a weaker economic situation, shortages in the supply of raw materials and the temporary shutdown of production plants in Turkey.

EPLF member sales of laminate flooring in the important French market stabilised at 39 million sq.m in 2014, the same amount as the year before. However sales in the UK increased by 10% to 32 million sq.m in 2014, boosted by growth in construction sector activity and improving consumer confidence. There was also a 4% increase in sales in Spain to 14 million sq.m.

In Eastern Europe, EPFL members saw a much better trend than in the west. Combined sales in this region rose by 6.8% to 110 million sq.m.

Growth in Eastern Europe was primarily owing to strong development in Russia, where sales increased by 19% to 28 million sq.m and Poland, which showed an improvement of 6% at 26 million sq.m. Sales volumes in Romania and Hungary were also higher than the year before.

In North America, the positive trend that started in 2013 continued into 2014. Most of this growth was attributable to the USA, where sales rose from 16 to 18 million sq.m. Sales in Canada were practically unchanged in 2014 at 11.2 million sq.m.

In Asia, EPLF members booked a strong 15.4% increase in sales to 15 million sq.m. EPLF member sales to China increased by around 25% in 2014, but at 5 million sq.m are still very small compared to the overall size of the market.

Downward trend in laminate flooring sales in early 2015

According to a press release issued following the EPLF annual general meeting in May, the market for laminate flooring produced by EPLF members showed slight

decline in the first quarter of 2015 compared to the same period the previous year.

In most cases, trends experienced by the individual markets and regions in 2014 have continued this year. Sales in Eastern Europe and Asia have continued to grow and the downward trend in Western Europe has also continued. However unlike last year, the North American market has deteriorated slightly in the first three months of this year.

The European market for laminate flooring is being influenced this year by Turkey's decision to impose anti-dumping duties on laminate flooring imported from Germany. EUWID reports that four German laminate flooring manufacturers that cooperated in a Turkish anti-dumping investigation launched in 2013 were assessed individual anti-dumping duties.

All other German laminate flooring manufacturers have to pay a punitive duty of US\$1.05/sq.m. The duties took effect upon publication of the ruling on 13 June 2015.

EPLF "Task Force Russia" has started working

European laminate flooring manufacturers have expressed concern about alleged widespread counterfeiting of products on sale in the Russian market.

In a statement last year, EPLF said that: "the high proportion of inferior-quality and incorrectly declared goods imported from Asia [into Russia] makes things difficult for EPFL manufacturers as it tends to cause lasting damage to the image of laminate flooring".

In response to these concerns, EPLF decided to set up a so-called Task Force Russia. The first meeting of this working group was held in March 2015 in Moscow.

It was decided that "a technical working group of companies who produce in Russia will set about developing a new Russian GOST standard along the lines of European standards". Moreover, a second working group will be established at a later date to actively promote quality laminate flooring in Russia.

Quality, design and environmental performance to create a competitive edge

At its annual general meeting EPFL announced new initiatives to help ensure that European laminate flooring maintains a "leading role on the world markets".

A new, generic Environmental Product Declaration for laminate flooring was established in June, which "sets a new standard for the ecological quality of laminate flooring", according to EPLF.

In addition new test procedures for displaying measurements on deeply structured laminate flooring were also presented. Deeply structured surfaces create a "rustic" or "used" look that has dominated laminate flooring

design in recent times – mirroring the fashion for rustic oak and other rustic wood surfaces in the real wood sector.

A first series of tests on deeply structured surfaces conducted by IHD Wood Technology Institute in Dresden, which examined the surfaces in highly trafficked areas, found that deep structures do not wear faster than shallow ones. According to EPLF, the so-called “Test Abrader” method for measuring abrasion resistance will be modified accordingly.

EPLF also noted the need for the organisation to become more actively involved in international communication and promotion activities, particularly as the European market for laminate flooring continues to show signs of weakness in 2015.

Report from North America

US interest rate hike possible in September

GDP growth in the first quarter of 2015 was revised down to -0.7%, according to the second estimate by the US Department of Commerce. Higher imports and lower private investment were the main reasons for a contraction in the economy.

Unemployment was 5.5% in May. The unemployment rate has changed little since February.

The Federal Reserve announced in June that interest target rates will likely increase, possibly by an average of one percentage point per year over the next three years. The interest rate has remained unchanged for now. Most analysts expect the first rate hike for September.

The manufacturing industries noted growing demand and better flow of imported goods through the West Coast ports, according to the Institute for Supply Management. Furniture manufacturing and the wood product industries reported production growth in May.

Consumer and builder confidence down in May

Consumer confidence in the US economy fell in May to a six-month low. The University of Michigan’s consumer confidence index declined from 95.9 in April to 90.7 in May.

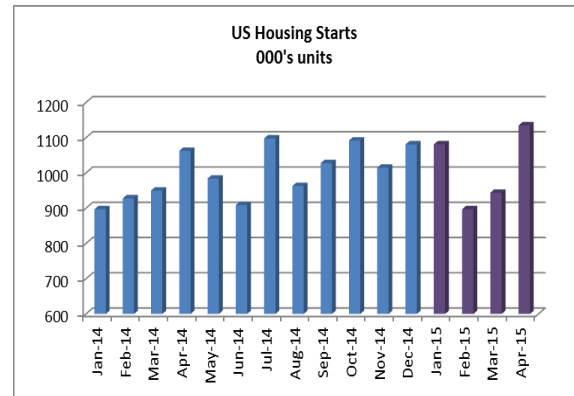
Weak economic growth in the first quarter and few changes in the unemployment rate affect consumers’ outlook. Growth in wages has been low, while the price of gasoline is rising again.

Builder confidence in the market for new single-family homes decreased in May, according to the National Association of Home Builders/Wells Fargo Housing Market Index.

Builder confidence reflects lower consumer confidence in the economy and the slow recovery in the housing market. Builders were most positive about market conditions in the South and Northeast.

Home construction up expect in US South

Housing starts were low in the two months up to March but they finally gained in April. Starts were 1.135 million at a seasonally adjusted annual rate, a 20% increase from March. Single-family housing starts grew 17%, while multi-family construction increased by 27%.



Source: US Census Bureau

Home construction increased in all regions of the country except the South. The value of building permits issued increased by 10% in April to US\$1.143 billion. Much of the growth was in permits for multi-family construction.

Homes sales (as opposed to Starts) on the other hand slowed in April, according to data collected by the National Association of Realtors. The association believes sales declined because of low supply on homes on the market relative to demand, which has increased prices.

Mixed signals in non-residential construction

Growth in non-residential construction appears to accelerate. Investment in non-residential construction increased by 3% in April (a seasonally adjusted annual rate). The US Census Bureau also revised up the March investment in private construction.

All categories of non-residential construction grew in April, except health care facilities. Despite the positive data, the American Institute of Architects reported a downturn in business conditions for firms in the commercial and industrial market. The institutional construction sector was more positive.

Growth in home remodeling to slow in 2015

Homeowner spending on home remodeling grew 5% in the third quarter of 2014, according to estimates by the Joint Center for Housing Studies of Harvard University. For 2015, the center predicts growth in the remodeling market, but at a lower rate than in 2014.

After a strong start in 2015, growth in remodeling spending is projected to decline to less than 3% in the second half of the year. Growth rates are based on a four-quarter moving rate of change which removes seasonality effects.

The recent slowdown in home sales has a negative effect on home renovation, repair and other remodeling activities.

Homes sales is the largest driver of remodeling as new home owners tend to purchase new flooring, kitchen cabinets or build home extensions.

The expected rise in interest rates will likely encourage home owners to invest in their homes sooner rather than later.

Wood products requiring declaration under Lacey Act

The following additional wood products will require declarations for US import starting August 6, 2015 (by HS code).

- 4416002020—(used assembled casks of wood)
- 4416003030—(used unassembled casks of wood)
- 4416006010—(new barrel staves of wood)
- 4416006020—(new barrel hoops of softwood)
- 4416006030—(new tight barrelheads of wood)
- 4416006040—(used barrels staves of softwood)
- 4416006050—(used hoops, tight barrelheads of softwood)
- 4416009020—(new other casks, barrels, wood)
- 4416009040—(used other cooper goods, wood)
- 8211926000—(hunting knives with wood handles)
- 8215992400—(table barbeque forks with wood handles)
- 9401612010—(upholstered teak chair, household)
- 9401612030—(upholstered teak chairs, other)
- 9401901500—(parts of bent-wood seats)
- 9403304000—(bent-wood office furniture)
- 9403404000—(bent-wood kitchen furniture)
- 9403504000—(bent-wood bedroom furniture)
- 9403604000—(other bent-wood furniture)
- 9614002100—(rough wood blocks for smoking pipe manufacture)

The list of all wood products that require declarations is available at http://www.aphis.usda.gov/plant_health/lacey_act/downloads/ImplementationSchedule.pdf

Lacey Act amendment bill in Senate

An amendment of the Lacey Act would change penalties from criminal to civil and reduce the maximum fine. Most significantly, it would also remove all references to “foreign law” within the Lacey Act. The change would make it easier for companies to comply with the legislation. If they do not comply the consequences would be less severe.

The proposed amendment will need to be approved by the US Congress. A previous attempt at similar Lacey Act change failed in 2012 the Lacey Act failed.

Import round-up

Imports of several wood product types declined in April, despite better supply chain flow through West Coast port. However, compared to the same time last year US imports are up except for hardwood mouldings. Demand is likely to recover before the summer as house construction and home sales grow.

Lower hardwood plywood imports

US imports of hardwood plywood decreased 28% month-over-month to 216,763 cu.m. in April. Year-to-date imports were 2% higher than in April 2014.

China’s share in imports declined to 50% in April because of a drop in Chinese shipments to 107,532 cu.m. Year-to-date imports (January to April) were 20% higher than in 2014 when the US anti-dumping duties had already been lifted.

	Year to April	% change
Total US imports	1,910,179	2%
China	999,726	20%
Indonesia	281,466	-2%
Ecuador	101,986	-77%
Canada	118,542	-4%
Russia	205,290	2%
Malaysia	61,816	-3%

Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Hardwood plywood imports from Russia grew in April to 32,868 cu.m., up 28% from the previous month. All other major suppliers to the US market shipped less year-to-date than in April 2014. The largest drop in shipments was from Ecuador.

Decline in hardwood moulding imports

April hardwood moulding imports fell 17% to US\$13.3 million. Year-to-date hardwood moulding imports were lower than in April 2014.

Despite the overall decline, imports of hardwood mouldings from China have grown this year. April imports from China were worth US\$3.8 million, compared to US\$3.0 million from Brazil.

First four month hardwood moulding imports from Malaysia were also up. 2015 imports were 7% higher than in April last year but compared to March there was a sharp drop.

	% change Mar-Apr 2015
World Total	-17%
Brazil	-6%
China	-38%
Malaysia	-39%
Canada	-2%
Other	16%

Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Indonesian flooring shipments up in April

Wood flooring imports decreased in April, but remains higher year-to-date than in April 2014.

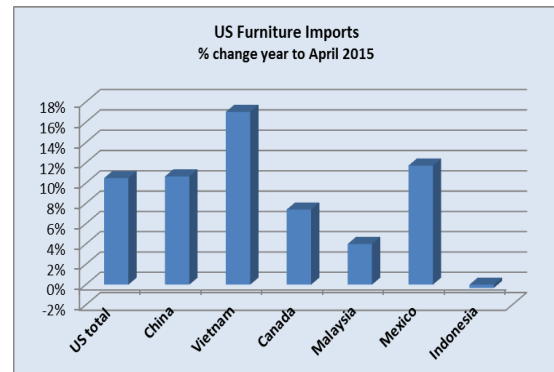
April hardwood flooring imports declined by 6% from the previous month to US\$3.3 million. Imports from Indonesia

grew 80% month-over-month to US\$995,495, making Indonesia the largest supplier in April.

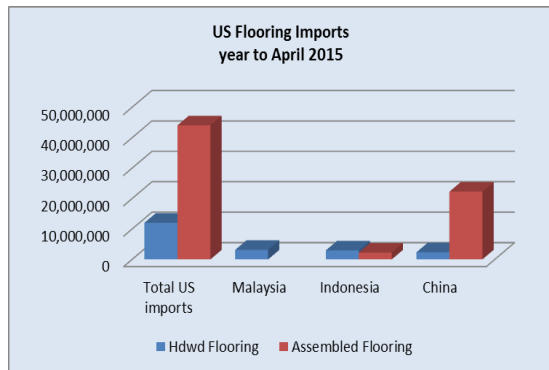
Both Indonesia and Malaysia had higher shipments year-to-date compared to last year.

China’s hardwood flooring shipments were down in April and growth in imports year-to-date was low compared to Malaysia, Indonesia and Canada.

Imports of assembled flooring panels fell 23% in April to US\$9.7 million. Year-to-date imports were up 23% over April 2014. Imports from all major supplier countries declined in April.



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics



Data source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Vietnam, Indonesia, Malaysia and Mexico grow furniture import share

Wooden furniture imports were worth US\$1.21 billion in April, down 13% from March. Year-to-date imports were 10% higher than in April 2014.

The largest month-over-month decline was in imports from China. Furniture imports from China were worth US\$505.8 million in April, down 23% from March. However, year-to-date imports were 11% higher than in April last year. China’s import share remains unchanged from 2014 at over 46%.

Vietnam’s furniture import share increased by one percentage point from March to 19% in April. Imports from Vietnam were worth US\$235.1 million in April.

Wooden furniture imports from Indonesia and Malaysia increased in April to US\$65 million and US\$63 million, respectively. Mexican shipments declined in April, but year-to-date furniture imports from Mexico were 12% higher than in 2014.

Decline in furniture retail sales

Retail sales at furniture stores in the US fell an estimated 7% from March to April, according to US Census Bureau data. Furniture sales remain higher (+5%) than at the same time last year. The decline in April sales of furniture and overall in retail reflects lower consumer confidence in the economy.

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

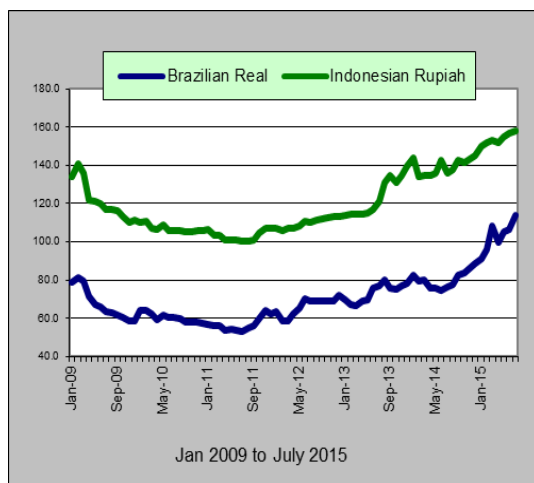
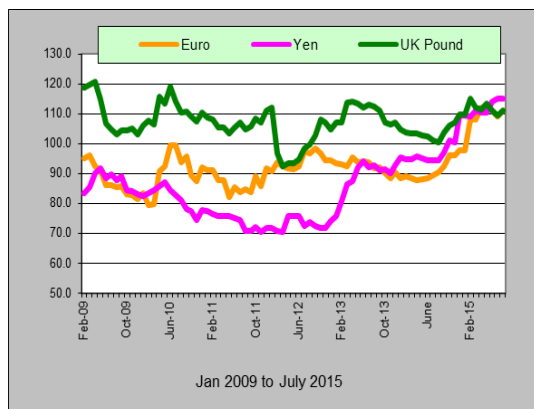
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 24th July 2015

Brazil	Real	3.3535
CFA countries	CFA Franc	593.20
China	Yuan	6.2085
EU	Euro	0.9104
India	Rupee	64.1062
Indonesia	Rupiah	13455
Japan	Yen	123.81
Malaysia	Ringgit	3.8188
Peru	New Sol	3.1856
UK	Pound	0.6447
South Korea	Won	1130.35

Exchange rate index (Dec 2003=100)

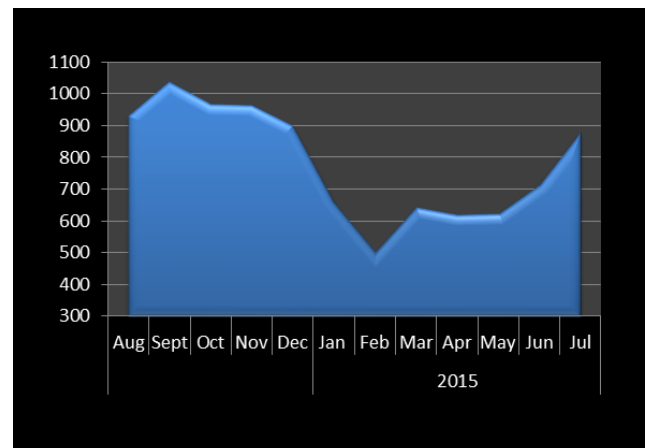


Abbreviations and Equivalences

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
Aug 2014 – July 2015

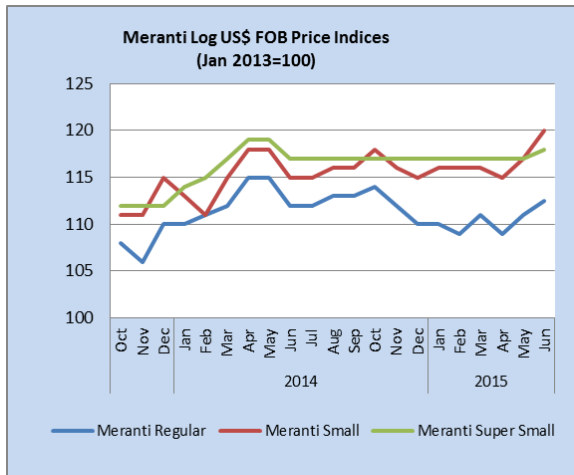


Data source: Open Financial Data Project

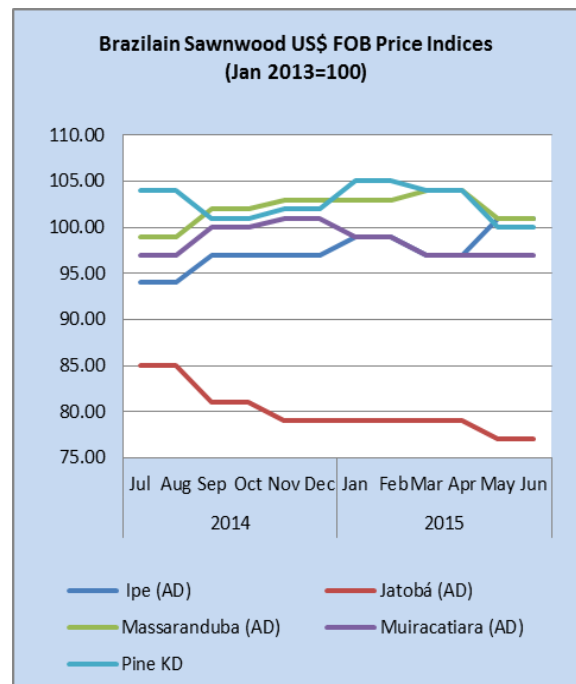
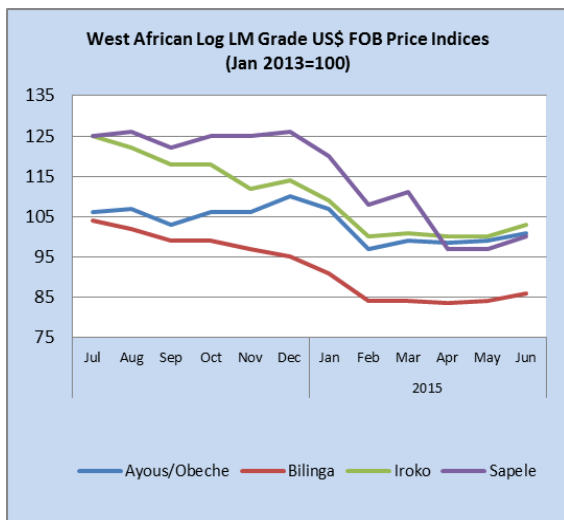
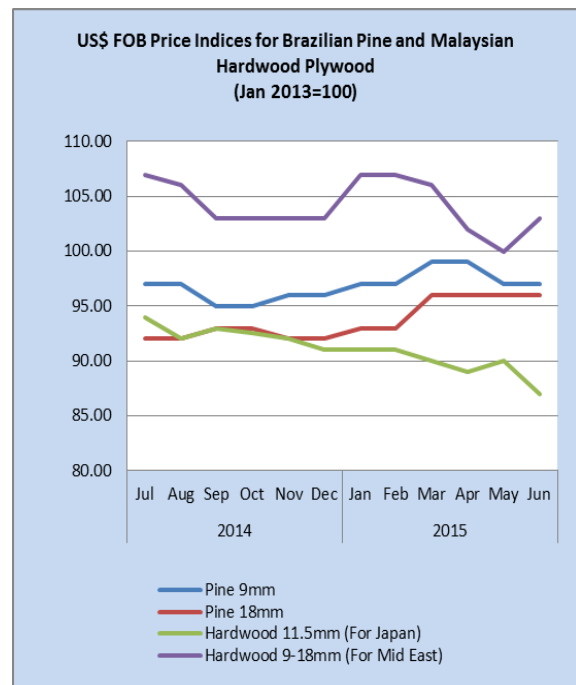
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

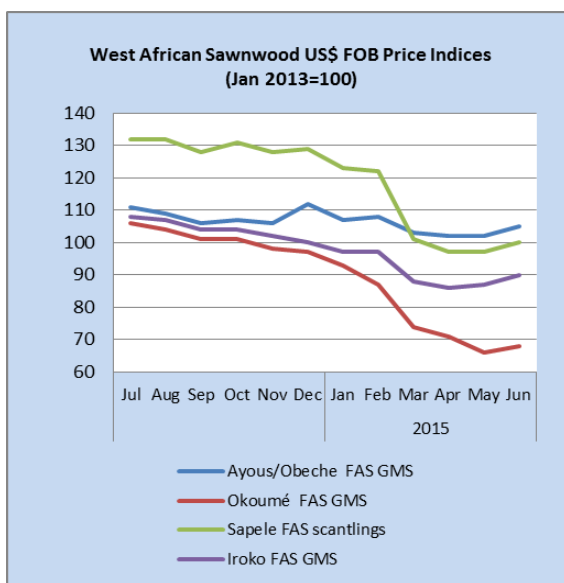
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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