

Tropical Timber Market Report

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Top Story

EU imports from Malaysia stabilise and Indonesian boom comes to an end

After a shift away from Malaysian plywood in favour of Indonesian and Chinese panels in 2014, EU imports of plywood from tropical countries have cooled this year.

EU imports of Malaysian plywood declined 15% in the first half of 2015 as Malaysia lost market share to China.

EU plywood imports from Indonesia rose 26% in 2014 but this pace of growth has not been sustained through the first half of 2015.

See page 19

Report from Central/West Africa

Slow demand from China dominates market sentiment

Okoume demand and hence prices continue to be very depressed in contrast to prices and demand for sapele and sipo which remain firm. Padauk is also in demand and prices have improved slightly.

The overriding factor influencing the market is slow demand from China. Until recently it was mainly overstocking of okoume which affected purchases but now the overstocking has extended to a wider range of timbers. For China, demand for species such as belli, okan and even sapele have declined and prices have eased.

The stabilisation of equity values on China's stock markets has improved consumer confidence but importers remain cautious and will need time to reassess domestic demand prospects which are largely dependent on a more positive outlook for the housing and construction industries.

At the moment buyers for China say there is no reason to place new orders when domestic sales have virtually halted.

Producers in Gabon hard hit by weak market for okoume

Reports suggest that currently West and Central African producers of okoume sawnwood are holding several thousand cubic metres of stock as many orders have been cancelled. This has affected producers in Gabon particularly hard as they have few alternative markets.

European demand in good shape say producers

In contrast to the depressing news from China, European markets are in better shape say producers with moderate demand in Germany, Netherlands, Belgium. Italy and UK despite it being the holiday period.

Buying for France is always slower in the vacation period but reports from French buyers are that timber continues to lose markets to plastics and aluminum products for joinery such as doors and windows.

African producers continue to hope for new market opportunities but are not well equipped for aggressive marketing. Market promotion has been largely ignored in the past as exporters could rely on steady demand in traditional markets.

Coast road to be upgraded in Liberia

News is circulating that China will rebuild the coastal highway for Liberia as part of its aid to the country. This news emerged from a news conference after a visit to Liberia by China's Foreign Minister Wang Yi.

The coastal highway is vital for commercial traffic but most is unpaved and road maintenance was affected by the Ebola epidemic.

The coast road runs from the capital Monrovia through the port city of Buchanan right to the border with Cote Ivoire

and is used for transport of export products such as iron ore and timber.

For more see:

www.ghanaweb.com/GhanaHomePage/worldNews/China-to-build-highway-for-Liberia-as-part-of-Ebola-recovery-aid-374356

and

http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1288481.shtml

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	315	290	230
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

Manufacturers express concern on economy

According to the second quarterly report from the Association of Ghana Industries (AGI), industry members have expressed concern on what they described as the 'worsening economic situation in the country'.

In a statement the AGI said businesses in the country are straining under the exchange rate volatility, the increased taxes and the unrelenting power crisis all of which is undermining business planning and consequently causing losses.

The AGI members comprise small, medium and large scale manufacturing and service industries and they are urging the government to reduce government expenditure and excessive borrowing in order to restore macro-economic stability.

In another development, the AGI has lauded the National Development Planning Commission (NDPC) for its initiative on a 40-year development plan but insists that the plan should focus on developing an industrial-based economy.

The development plan, which is still in the consultation process, has sought comments from various stakeholders such as political parties, professional bodies, civil societies, social organisations and religious groups. According to the chair of the Commission, the long-term plan falls in line with public outcry for single development framework that will guide successive governments.

Funding power generation

Funding from the World Bank has been secured for the country's power generation. This follows the approval of a record US\$700 million in guarantees for Ghana's Sankofa Gas Project - a project that will help address the country's serious energy shortages by developing new sources of clean and affordable natural gas for domestic power generation.

PPI rises sharply

Ghana's annual Producer Price Inflation (PPI) rose sharply to just over 23% in June from a revised figure of 18.8% the previous month. According to the Statistical Office the rise was caused by currency depreciation, higher cement prices, and changes in the extractive and manufacturing sectors.

Boule Export prices

	Euro per m ³
Black Ofram	313
Black Ofram Kiln dry	412▲
Niangon	500
Niangon Kiln dry	570

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (>2mm)
Ceiba	373	400
Chenchen	330	375▲
Ogea	450	497▲
Essa	325	445▲
Ofram	350	350

NB: Thickness below 1mm attract a Premium of 5%

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	1.00▲
Makore	1.60	1.30▲
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	320▼
Dahoma	444	504
Edinam (mixed redwood)	525	580
Emeri	450	580
African mahogany (Ivorensis)	650▲	989
Makore	700	874
Niangon	567▲	580
Odum	660	833▲
Sapele	642	920▲
Wawa 1C & Select	300	400

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	482	510	641
6mm	460▲	535	615
9mm	393	460	510
12mm	347	463	450
15mm	450	415	374
18mm	352	362	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

Weak ringgit pushing up production costs

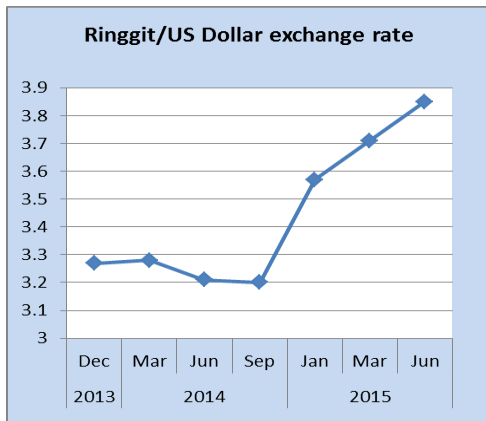
The issue currently dominating business community debate is the weakening ringgit/US dollar exchange rate. The ringgit fell to 3.928 on 11 August, the weakest since September 1998 during the Asian currency crisis when the government pegged the currency to the US dollar.

From the beginning of this year the exchange rate was stable but slowing demand, mainly in China, and domestic issues served to undermine the domestic currency.

The Malaysian Central Bank (Bank Negara Malaysia) has been forcefully supporting the ringgit but at a huge cost to foreign exchange reserves which recent fell below US\$ 100 billion. This in itself undermined confidence and exacerbated the situation.

During the early part of August, following the release of data showing exports declined for the fifth consecutive month, China began a round of devaluations of the yuan.

This impacted the ringgit/dollar exchange rate which tipped to 3.9605 at one point mid-month. The ringgit is Asia's worst performing currency over the past 12 months.



The Chairman of the Sarawak Timber Association, Wong Kie Yik, pointed out that while sales priced in dollars resulted in higher ringgit earnings the increased cost of raw material inputs is eating up the currency gains.

Sarawak Furniture Industry Association president, Lai Kim Min, said manufacturers are disadvantaged by the weakening ringgit. In addition Malaysian consumers are finding that prices for imported goods from China and Vietnam are rising.

Active promotion of high value goods key to increased export earnings

The Director-General of the Malaysian Timber Industry Board (MTIB), Dr Jalaluddin Harun, is forecasting wood product exports of RM22 billion this year.

In a press release he said from January to May export revenue from wood products increased 0.6% year on year to RM8 billion. Third quarter exports traditionally rise such that the target RM20-22 billion is attainable provided promotion of high value added products is maintained and Malaysia aggressively participates in international exhibitions. In 2014 the top five export destinations Japan, the US, EU, India and Australia.

'Go ahead, make my day' armed foresters set to patrol in Sabah

The Sabah Forestry Department has set up an armed team and a tracker dog unit in an effort to enforce the State's forestry laws and regulations.

Forestry Director, Sam Mannan, told the press that 40 armed personnel supported by the canine unit will be deployed and will not tolerate illegal activities. Initially the canine unit would focus on tracking gaharu (sandalwood) smugglers in forest reserves.

Sarawak company commissions new plywood mill in Australia

Ta Ann has recently commission a plywood mill in North West Tasmania after several delays. The investment began at the time of the previous Australian government which provided a large proportion of the capital required.

The mill will create some 120 jobs when at full production producing panels for the Australian market. The company hopes to capture 15 per cent of the Australian market for plywood.

For more see:

<http://www.fridayoffcuts.com/index.cfm?id=638#1>

Report from Indonesia

Reviving the Economic Partnership Agreement with EU

Minister of Trade, Rachmat Gobel, said that the Indonesian government plans to open negotiations with the EU on resumption of the Comprehensive Economic Partnership Agreement (CEPA) with the aim of improving market access for Indonesian products into the EU.

This was discussed when the British Prime Minister visited Indonesia. Trade between Indonesia and the UK in 2014 amounted to US\$2.5 billion with Indonesia's exports valued at US\$1.6 billion and imports valued at US\$894 million.

Investment funds for SMEs

Since 2007 the Ministry of Environment and Forestry has had a revolving fund of IDR2.1 trillion to finance community forest sector developments by furniture SMEs and community forest groups. Unfortunately the funds have not been accessed by local entrepreneurs.

Recently, community forestry entrepreneurs and SMEs were invited to the forestry ministry for a Business Investment Forum attended by representatives from the Bank of Central Java and Bank of East Java.

During the Forum the reasons for the slow uptake of loans was discussed along with issues related to implementation of Indonesia's domestic timber legality verification system.

Gearing up to tackle forest fires

Hot dry weather is affecting Indonesia and authorities are concerned about the high fire risk brought on by the El Nino phenomenon.

Indonesia suffered serious forest fires because of the 1997-98 El Nino when fire destroyed millions of hectares of forests and plantations valued at almost US\$2.5 billion.

Impact of yuan devaluation

The surprise devaluation of the yuan on 11 August drove Indonesian stocks lower on concern that China's imports will slow which would weaken Indonesia's exports to China, Indonesia's largest trading partner. Indonesia's exports to China already fell a quarter in the first half of 2015.

On the possible impact on exchange rates, Bank of Indonesia Deputy Governor, Mirza Adityaswara, reassured markets that the yuan devaluation is unlikely to impact the rupiah which is already at very competitive levels.

The International Monetary Fund welcomed China's move to devalue the yuan and said it doesn't directly impact China's aim to win reserve currency status for the yuan.

Report from Myanmar

August market prices

The following timber was sold by the Myanmar Timber Enterprise (MTE) by tender on 24 and 27 July 2015. Log volumes are expressed in hoppus tons (H.tons) and volumes for 'conversions' and sawn teak (including hewn timber) are shown in cubic tons (C.tons).

Teak conversions (scantlings), Yangon MTE Sawmills

MTE sold 352 cubic tons of various sizes of teak conversions produced from its own sawmills and 110 tons Second Quality (grade) timber. Average prices were as follows:

Long Lengths (6ft.& up avg. 8ft)
Second Quality US\$1638

Short lengths (3ft. to 5.5ft.)
Second Quality - US\$1554

Ultra shorts- (1ft. to 2.5 ft.)
Second Quality - US\$1404

A total of 242 tons of Third Quality timber of various lengths was sold at an average of US\$564 per cubic ton.

Sawing Grade teak log prices. Open tender 27 July

Grade	H. tons	Avg. US\$/ton
SG-1	8	5660
SG-2	23	4909
SG-4	100	3820
SG-5	64	2251
SG-6	57	2217
SG-7	249	1891

Export earnings FY 2015-16.

Export earnings for the first four months of FY 2015-16 were reported to be US\$3,455 million.

Sector-wise export earnings were:

Agriculture	US\$1036 mil.
Animal products	US\$2 mil.
Marine product	US\$129 mil.
Minerals	US\$305 mil.
Wood products	US\$58 mil.
Industrial products (including garments, plastics and natural gas)	US\$1810 mil.
other commodities	US\$115 mil.

Monsoon floods

Floods in the last week of July affected 12 out of 14 states and divisions in Myanmar with the Chin and Rakhine states as well as the Sagaing and Magway divisions being declared disaster areas.

According to Ministry of Social Welfare between 16 July and 8 August 223,700 families were affected.

These floods are the worst in decades. Kachin, Sagaing, Magway, Rakhine suffered the heaviest flooding.

Flooding has affected transportation of wood products. Logs and other wood products are commonly transported by barges but swollen rivers have brought shipments to a halt.

Report from India

Real estate companies under pressure from unsold units – prices set to fall

Because of rapid urbanisation and increasing income levels the Indian housing market is witnessing considerable change.

RNCOS, a business consulting service firm, has released a new report, "Indian Housing Sector Outlook 2020". The report highlights the strong growth in the Indian housing sector over the past few years driven by rising purchasing power, continuously rising population, increasing investments in socio-economic infrastructures, urbanisation and migration of people from rural areas.

The press release says the report provides an overview of the Indian housing market and provides a information on opportunities in the different industry supply materials to the sector. Forecast for housing market potential and demand have been provided till 2020. For more see: <http://www.rncos.com/index.htm>

In recent months Indian real estate developers have had a difficult time in disposing of the stock of housing. While it is difficult to get details on housing sales and indication of the problem of poor sales can be gauged from reports by the Reserve Bank of India (RBI). The Bank has recently released details on lending by commercial banks to the real estate sector.

The RBI notes that lending commercial banks to the estate sector in March was down 0.7%. While this may not seem a significant drop when viewed against overall lending the reality becomes apparent.

Over a period of one year lending to housing developers was around 1% below the rate of overall lending as developers are holding back on new project developments in the face of high levels of unsold units and this is affecting sales of wood products in the country.

The pressure is now on developers holding high levels of unsold units which should be good news for home buyers as the indications are that house prices will have to come down before further developments are started.

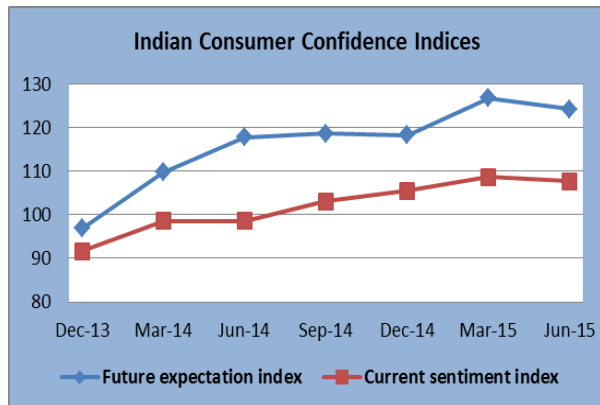
Slight weakening of consumer sentiment

India's Consumer Confidence Survey provides an assessment of the perceptions of respondents on general economic conditions and their financial situation currently and looking ahead 12 months.

The survey determines if respondents consider their financial situation likely to improve, be unchanged or

worsen. Respondents in Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi are surveyed.

The information collected is analysed in two parts- current situation as compared with a year ago and the expectations for a year ahead. The latest survey was conducted during the second to third week of June 2015 and secured responses from 5,400 people.



Data source: Reserve Bank of India

Findings from the latest survey show:

- Consumer perception on the general economic conditions for the current period and the year ahead continues to be positive.
- Both the Current Situation Index (CSI) and Future Expectations Index (FEI), which had steadily risen since September 2013, remained positive but there was moderation in sentiment on all the indicators except perceptions on spending.

GST to level playing field and benefit Indian plywood end-users

India is set to bring into law the Goods and Service Tax (GST) Bill officially titled The Constitution (One Hundred and Twenty-Second Amendment) Bill, 2014. This would bring in a unified Central and State wide Value added Tax as of April 2016. The GST will replace all indirect taxes levied on goods and services by the Indian Central and State governments.

The new tax regime will benefit the corporate sector through reducing the tax burden on companies and through reducing production costs. From a consumer view point GST will herald a reduction in the tax burden on goods which is currently around 25%-30%. Introduction of the GST will improve competitiveness at home and in international markets.

Major plywood manufacturers are looking forward to the introduction of the unified tax structure particularly as it will level the playing field for them and plywood makers in the so-called ‘unorganised sector’ as the price advantage enjoyed by ‘unorganised’ manufacturers would narrow. Existing corporate manufacturers pay 16% excise duty and 4% sales tax on their products.

The Indian Plywood Industries Research and Training Institute has said introduction of the GST will make

trading conditions tougher for the ‘unorganised’ plywood makers which generally produce low quality plywood and undercut plywood from major producers.

It is estimated that ‘unorganised’ plywood producers have a 60-65% share of the domestic market for plywood.

Prices for imported plantation teak, C&F Indian ports

	US\$ per 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	308-603
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	358-923
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

Price variations depend mainly on length and cross section

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

Durable tropical timbers from West Africa and Malaysia are slowly replacing imported natural forest teak because of its high price.

Even in traditional markets such as Middle Eastern countries iroko is finding favour in place of teak because of its quality and competitive price.

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

Imported sawnwood

Prices for imported sawnwood (KD 12%) shown below are per cu.ft ex-warehouse.

No significant price movements have been reported.

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

In the housing sector the problem of weak demand persists. It has been reported that as many as 700,000 apartments are lying unsold in eight major cities in the country. Compared to sales in the first half of last year sales as of June 2015 were down 19% and there has been a 40% decline in the launching of new housing projects.

The weak housing market is affecting plywood sales but because of their lower overhead costs small mills in the so-called 'unorganised' sector can offer high discounts to maintain sales.

With the monsoon season continuing to cheer farmers with a promise of good harvests demand in the building and construction sector may pick up at the end of the rain season.

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

Forest products exports improve in the first half 2015

In the first six months of 2015, revenue from exports of pulp, woodbased panels and paper totalled US\$3.6 billion, about the same level as in the first half of 2014. The January to June trade balance for the sector stood at US\$2.9 billion, a 6% increase compared to the same period in 2014.

The volume of pulp exports in the first half of 2015 totalled 5.5 million tons, a 7% rise year on year.

Woodbased panel export volumes in the first six months of this year totalled 289,000 cubic metres a 48% rise over the same period in 2014.

Paper exports reached 987,000 tons between January and June 2015, an almost 4% growth year on year.

Bahia forestry sector to create additional 45,000 jobs by 2018

According to Forest Plantation Producers Association of Bahia (ABAF) the state should achieve a 15% increase in the number of jobs in the forestry sector by 2018 as the plantation area increases.

Bahia is ranked fifth amongst the timber producing states in Brazil as it accounts for around 10% of the total planted area in the country.

Plantation growth rates in Bahia are good due to favourable soil and climatic conditions especially in the northeast. Output per hectare is said to be as high as 45 cubic metres while the national average is 33 cubic metres.

95 forest-based companies operate in the State and provide 300,000 direct and indirect jobs and the forestry sector contributes over 5% to State GDP.

Imaflora reviews new certification indicators

The Forest Stewardship Council is said to be reviewing its international generic indicators in Brazil, the review will result in changes in the Standards for Forest Management in the Brazilian Amazon (natural forests and forest plantations).

The standards will reportedly provide indicators for local communities and small farmers as standards for small and low intensity managed forests will be separated from the new standard.

Professionals in the areas of natural forests and forest plantations certification at the Institute for Agricultural and Forest Management and Certification (IMAFLORA) are debating appropriate indicators regarding small producers and communities to ensure the new standards reflect reality on the ground in Brazil. Public hearings on the draft proposals are planned for late 2015 and early 2016.

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m ³
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 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.

Domestic Log Prices

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

Prices For Other Panel Products

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

Export Sawnwood Prices

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

Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m ³
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

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

Report from Peru

Award for innovative prevention of deforestation

Peru's embassy in London was the venue for the "Environmental Finance Award - 2015".

The award was given to the authorities in Peru who, in cooperation with the Fund of the Americas (FONDAM) and the Association for Research and Integral Development (AIDER), were recognised for efforts in the Tambopata National Reserve and the Bahuaja Sonene National Park in Madre de Dios.

The award recognises the innovative approach to the conservation of landscapes in areas of greatest biodiversity and the design of a sustainable financial model attracting public and private funding for the development of conservation programmes that combine conservation and economic and social development.

Furniture Fair MADEXPO

The MADEXPO furniture and wood products fair will be held 11 to 14 November. The fair aims to promote technological developments in the timber sector and present a wide range of products and services available for the sector.

Tropical Forest, the event organisers, say MADEXPO is a perfect opportunity for entrepreneurs in southern Peru to interact and observe the latest technologies.

Export Sawnwood Prices

Peru Sawnwood, FOB Callao Port	US\$ per m ³
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 ³
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

Peru Sawnwood, FOB Iquitos	US\$ per m ³
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, Mexican market	394-444

Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
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

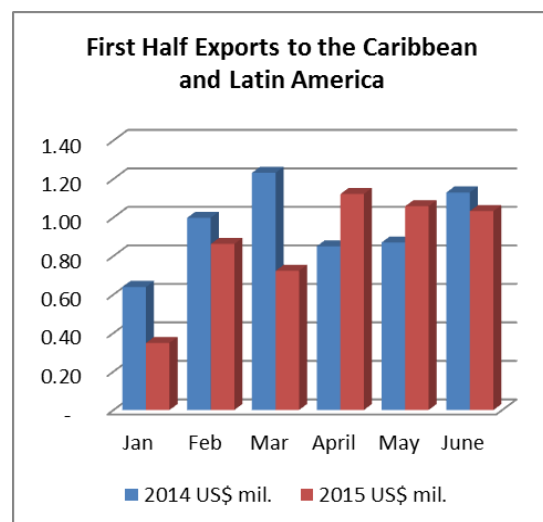
Peru, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	950-1094
Swedish market	1088-1110↓
Asian market	1211-1289↓
Cumaru decking, AD, S4S E4S, US market	1211-1289↓
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Report from Guyana

Caribbean and Latin America market in first half 2015

Economies of Caribbean countries and some Latin American countries continue to strengthen and this is driving demand for a significant part of Guyana's exports. In the first half 2015 earnings from the export of wood products to Caribbean and Latin America markets totalled US\$5.14 million.

First half year 2014 earnings in the same markets amounted to US\$ 5.72 million. Despite the over 10% decline in first half 2015 earnings these markets remain firm and stable.



Source: FPDMC

Both the Caribbean and Latin American markets account for the major portion of Guyana's exports of added value products such as doors, indoor and outdoor furniture, craft items, spindles, mouldings, prefabricated building

components, window frames and wooden utensils as well as non-timber forest products.

The Forest Products Development and Marketing Council (FPDMC) is taking initiatives to promote the manufacture of value added forest products for both domestic and international markets utilising both commercial and lesser used timbers.

Logging companies told to comply with concession agreement

The international and domestic media in Guyana has reported that China Forest Industry and Vaitarna Holdings of India could have their concession agreements nullified if they fail to establish wood processing plants as required under their concession contracts with the government.

Minister of Governance, Raphael Trotman, has said that following discussions with the two companies each had agreed to address this issue and establish milling capacity. Both companies have large forest concessions and both have benefitted from the tax concessions and other incentives on the understanding the companies will to install processing capacity.

Export prices

There were exports of greenheart and purpleheart logs but not mora logs in the period reviewed.

Logs, FOB Georgetown	US\$ price per m ³		
	Std	Fair	Small
Greenheart	200	180	-
Purpleheart	250	220	-
Mora	-	-	-

Export Sawwood Prices

Sawwood, FOB Georgetown		US\$ price. per m ³	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	742-1166
	Select	675-954	-
	Sound	-	-
	Merchantable	-	-
Purpleheart	Prime	-	-
	Standard	-	950-1102
	Select	950	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	595	-
	Sound	-	-
	Merchantable	-	-

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

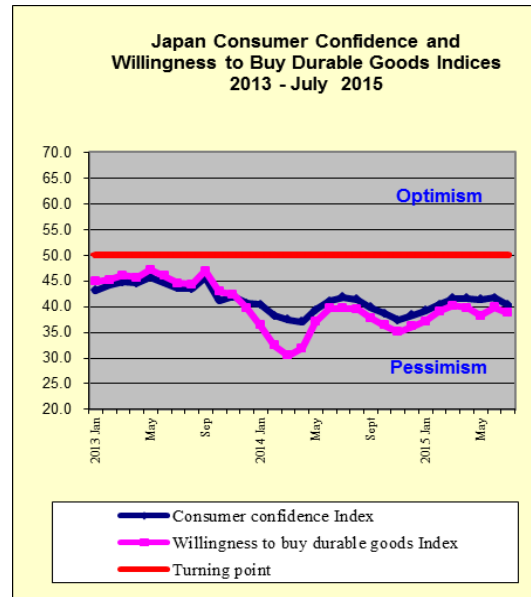
Export plywood prices

Plywood, FOB Georgetown Port			US\$ Avg unit val. per m ³
Baromalli	BB/CC	5.5mm	No export
		12mm	430-584
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Negative long-term prospects brings down consumer confidence index

The consumer confidence index released by Japan's Cabinet Office shows there was a weakening of sentiment in July, the index fell to 40.3 from the 41.7 in June, the lowest in six months.



Data source: Cabinet Office, Japan

All associated indicators contributed to the negative trend in sentiment in the July indices. The overall livelihood index fell to 38.1, the income growth index fell to 39.6 from 40.3, the employment prospect index dropped sharply and the willingness to buy durable goods index also fell.

The main reasons cited for the poor second quarter data are slow income growth, rising prices and negative long term perceptions for economic recovery.

For more see:

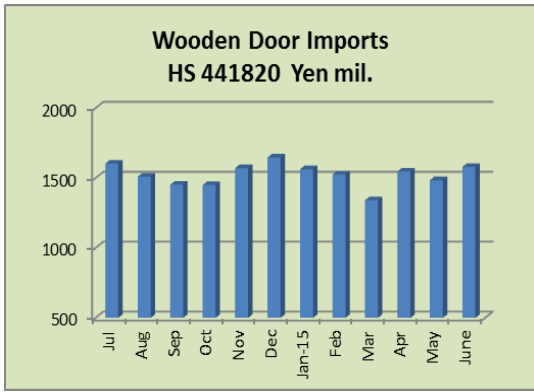
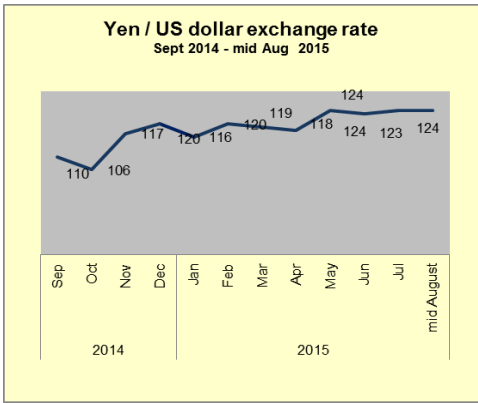
<http://www.esri.cao.go.jp/en/stat/shouhi/shouhi-e.html>

GDP forecast lowered

The Bank of Japan (BoJ) has lowered its forecast for GDP to a 1.7% year on year growth in the year to March 2016, down from 2% forecast at the beginning of the year as the latest figures show GDP growth was negative in the second quarter of the year. As a result of the slowing of the economy many in Japan are calling on the BoJ to come with further stimulus measures. But the BoJ signaled it has confidence the economy will turn-around which is defying all current indicators.

Yuan devaluation yet to impact yen exchange rate

In early August the yen weakened after the US Federal Reserve reaffirmed that the risks to the US economy from an interest rate rise were receding. However, with the latest round of yuan devaluations, the Federal Reserve may decide to delay a rate hike.



Data source: Ministry of Finance, Japan

First half housing starts

Despite the swings in month housing start data for the first quarter of 2015, overall starts for the six months to June 2015 are only marginally down on levels in the same period in 2014. Reassuringly, the trend in starts in the first half of each of the two years is following a similar pattern.

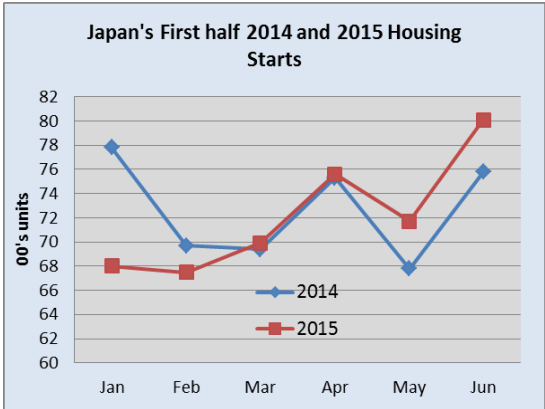
Japanese house buyers, especially those with young families, are beginning to look at second hand as they can get a good house at a reasonable cost.

Second hand homes are attracting those currently in rented apartments as monthly repayments on housing loans are turning out to be lower than the apartment rent in this time of low interest rates. But sales of homes, especially second hand homes are slow with around 10 homes available for every buyer.

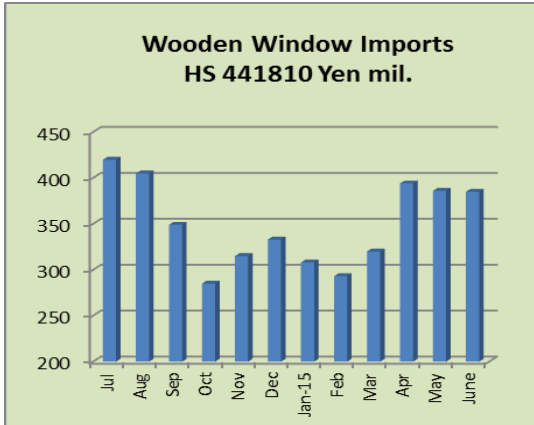
Windows

Japan’s June 2015 imports of wooden windows were unchanged from a month earlier but, compared to the first half of 2014, 2015 imports were down a massive 28%.

Imports from China accounted for 32% of imports as did imports from the Philippines. The third ranked supplier in June 2015 was the US at 23%.



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



Data source: Ministry of Finance, Japan

Import round up

Doors

June 2015 imports of wooden doors by Japan were slightly up on levels in May however figures for the first half of 2014 and 2015 show that Japan’s wooden door imports fell around 18% in the first half of 2015.

Assembled flooring

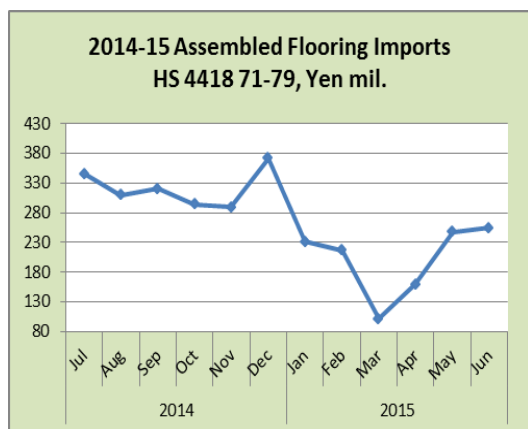
China 172126 Finland 16110 Indo 15723

June imports broke the firm upswing in imports of assembled flooring recorded during the early part of this year. First half 2015 imports of assembled flooring were down 21% on the same period in 2014.

China and the Philippines top the list of suppliers in June (59% and 16% respectively) but imports from Malaysia lifted the SE Asian nation into third place as a supplier of doors to Japan.

Suppliers in China hold a commanding position in Japan’s market for imported assembled flooring accounting for around 68% of total imports of this product.

The other main suppliers in June were Indonesia and Finland which each accounted for around 6% of assembled flooring imports.

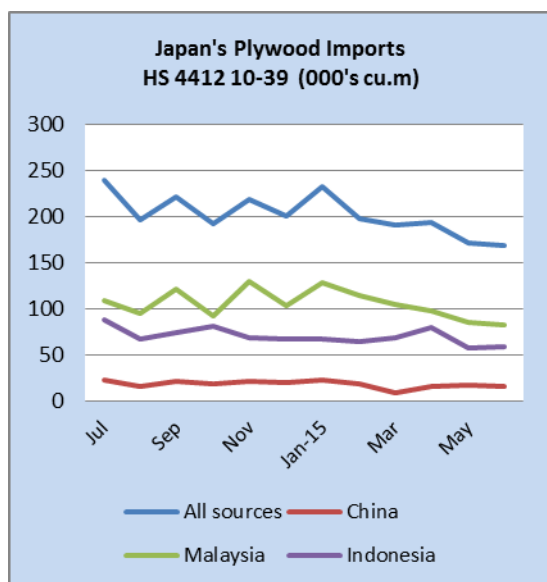


Data source: Ministry of Finance, Japan

Plywood

There has been a steady decline in Japan's plywood imports from the beginning of the year. First quarter 2015 plywood imports were down 26% on the first quarter of 2014 and all three major supply countries booked losses for 2015.

First half 2015 imports of plywood by Japan from China, Malaysia and Indonesia were down 36%, 21% and 22% respectively. June 2015 imports from all 3 of the main suppliers fell even more sharply than in the first half year. Imports of plywood from China were down 33%, Malaysia saw a 27% drop while Indonesia recorded a 31% decline.



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports

		000's cu.m		
		China	Malaysia	Indonesia
2014	Jan	31	146	97
	Feb	21	121	70
	Mar	24	125	91
	Apr	27	144	83
	May	26	131	81
	Jun	24	113	84
	Jul	23	109	88
	Aug	16	95	67
	Sep	21	121	74
	Oct	19	92	81
	Nov	21	130	68
	Dec	20	104	67
2015	Jan	23	128	67
	Feb	18	115	65
	Mar	8.5	104.4	68.3
	Apr	15.5	98.2	80.1
	May	17.4	85.2	57
	Jun	15.6	82.4	58.4

Data source: Ministry of Finance, Japan

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>

Demand projections for major wood products for the second half

The Forest Agency made up demand projection of major wood products for the second half of this year.

On domestic wood, demand for lumber increases while that for plywood declines and total year figures would be less than last year.

Imported lumber declines in the third quarter but increases in the fourth quarter and imported logs increases. Imported products will be less than last year. While new housing starts are estimated to increase but total wood demand would decline.

Domestic logs for lumber increased toward December but less than last year. Logs for plywood decreases because of plywood mills' production curtailment and rebound of large volume of last year. Imported logs increases in the second half of the year as they were low in the first half of the year.

Imported lumber is low for the third quarter but the demand increases in the fourth quarter after the inventories decline.

Plywood declines because of market slump and mills production curtailment programs plus decline of imported plywood from South East Asian countries. Laminated lumber domestic production decreases in the second half while the imports increases for both third and fourth quarters.

Shing Yang group reduces plywood production by half

The largest plywood manufacturer in Sarawak, Malaysia, Shing Yang group decided to reduce the production by half. The reasons are chronic shortage of log supply in Sarawak and prolonging market slump of Japan market. By this decision, plywood import from Malaysia to Japan would be less than 100 M cbms a month.

Log production in Sarawak has been around eight million cbms for last several years. Now further a decline is likely in future. Shing Yang has been producing about 100 M cbms of plywood out of which 60-80 M cbms has been shipped for Japan.

Malaysian plywood import in June was 88,300 cbms, the lowest in about four years. Shing Yang’s volume has been about 50% of total Malaysian import. After Shing Yang decreases the production, total import from Malaysia will further decline. There is no other sources to fill short fall of Shing Yang.

South Sea (tropical) logs

In Sabah and Sarawak, Malaysia, dry weather continues and rivers are drying up. This hampers barging logs from upstream to log loading ports in some areas. Log production continues low by this weather and tight control by the government in Sarawak. The control is tightening further and since July, measurement of logs and payment of royalty are done at logging sites so this further reduces log production.

India made log procurement more than usual in last May then it slowed down in June but this does not ease log market at all. On top of spiraling FOB prices, the yen is getting weak to 122-125 yen per dollar so the arrived cost of meranti regular is more than 13,000 yen per koku and the users in Japan are facing final stage and lose interest to keep buying. The log importers are desperately explaining cornered situation to the suppliers to no avail.

Present FOB prices of Sarawak meranti regular are \$285-295 per cbm, small meranti are \$260-270 and super small are \$250. They are unchanged from June. Due to continuing high FOB prices and drop of log quality in Sarawak, more are interested in PNG logs.

Imported plywood market

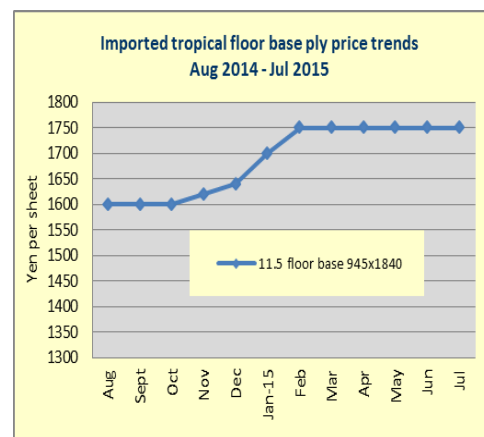
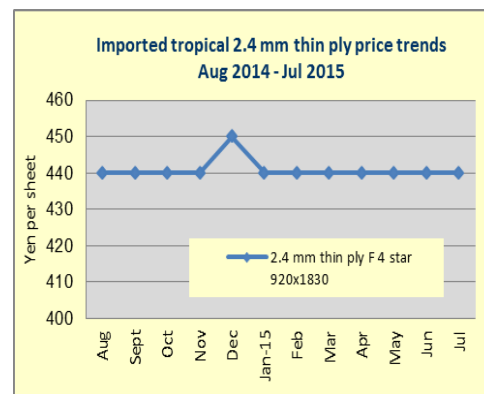
The market of imported plywood like concrete forming panel is firming. The demand remains sluggish so despite sharp drop of the supply, tight feeling is not serious.

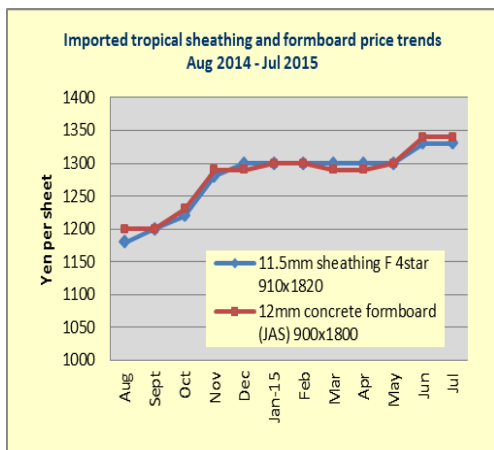
Cost for the importers and wholesaler have been increasing by higher FOB and weaker yen and the market is catching up little by little but dealings are mainly among dealers and the importers struggle to have enough sales.

With continuing measures to control illegal harvest in Sarawak, Malaysia tightens log supply and the suppliers face short log supply and higher log cost so that FOB export prices stay up high.

With weak yen of 121-123 yen per dollar and depressed market in Japan, it is hard to buy higher cost plywood than present market so spot purchases continue. The importers reduced future purchase due to large gap between the cost and market prices so the arrivals since last May would stay as low as 200 M cbms a month probably through August.

The importers hope that the market should react and rebound since late August. Present prices of 3x6 concrete forming panel are 1,500 yen per sheet delivered, which is lower than the cost for the importers so the importers are asking 1,550 yen.





Nitori to build furniture plant in Vietnam

Nitori Holdings Co., Ltd. (Sapporo, Hokkaido) announced to set up a subsidiary company in September to manufacture furniture and home furnishings (cabinet, bed, laundry and tableware related products) in Ba Ria Vung Tau province in Southern Vietnam.

Total capital is 2.7 billion yen and Nitori will be sole investor. This is the second manufacturing facility for Nitori in Vietnam and total overseas subsidiaries are twelve in total. New company's name is Nitori Furniture Ba Ria-Vung Tau Co., Ltd. The president is Mr. S. Matsukura, the president of Nitori Furniture Vietnam EPE, Hanoi, Vietnam.

Nitori will build manufacturing plant by leasing 400,000 hectares of property in some industrial park.

Details of manufacturing products and production is not decided yet. The plan is to start up the plant in 2017. Manufactured products will be shipped to Japan, Taiwan and China and will be marketed through Nitori's sales network.

Log export promotion by Fukuoka prefecture

Prefecture of Fukuoka decided to promote export of local logs as 2015 new business. Three prefectures of Kyushu, Fukuoka, Saga and Nagasaki tie up together for log export, which should make steady log procurement and strong stand for overseas buyers in price negotiation.

Three prefectures have been discussing joint export programme and Fukuoka prefecture plans to export local logs mainly to China. It plans to export about 3,700 cbms of cedar and cypress logs from Fukuoka prefecture from port of Imari, Saga prefecture. Total budget is 3.1 million yen for 2015. The business is managed by the conference formed by prefectural forest associations and the prefecture will subsidize 700 yen per cubic meter for local export logs.

Also the prefecture promotes to encourage entry of non-forest industries such as landscape gardeners and construction industry in an effort to stabilize forest workers and to increase wages, which should vitalize villages in the mountains.

To secure new comers by the forest conferences, the prefecture subsidizes with total budget of 8.325 million yen. Following last year, the prefecture will double the harvest in the prefecture by promoting increasing main harvest and also promotes building wooden structures. For this, budget of 34.202 million yen is allocated.

Report from China

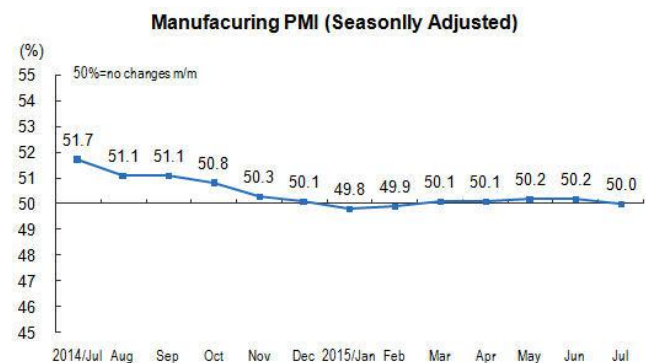
Yuan devaluations reverberate through the timber trade

The devaluation of China's currency is reverberating through the timber trade as exporters assess the prospects of further cuts in buying by the Chinese timber sector. The devaluation is also having a ripple effect on currencies in emerging countries.

The devaluation in China follows on the heels of falling industrial production, investment and retail sales and disappointing export figures for July. The devaluation will make China's exports that much more competitive but will also increase the cost to Chinese importers of wood products. Most analysts expect further devaluations.

PMI hovers around 50

In July 2015, China's manufacturing purchasing managers index (PMI) stood at 50.0 a slight drop on the previous month. The PMI for all sized enterprises fell.



Source: National Bureau of Statistics, China

The PMI for large enterprises stayed just above the negative threshold at 50. that of medium sized enterprises was 50.0 and that of small-sized enterprises was in negative territory at 46.9.

Among the five sub-indices comprising official PMI the production and supplier delivery time indices were above the negative threshold but the new orders, employed person and main raw materials inventory indices were below the negative threshold.

For more see: http://www.stats.gov.cn/english/PressRelease/201508/t20150804_1225090.html

Ash imports to resume

According to China’s Quality Supervision, Inspection and Quarantine Announcement No.143, 2015 imports of the species of ash associated with a die-back disease (Hymenoscyphus pseudoalbidus) can be resumed provided the timber undergoes high temperature treatment.

Ash products must be accompanied by a plant quarantine certificate issued by the exporting country and this must provide details of treatment. Ash sawnwood from areas where the die-back disease is not found must also be accompanied by a phytosanitary certificate.

Designated regions and countries where ash die-back is endemic are listed in the announcement No.156 in 2013 jointly issued by the quarantine office and the State Forestry Administration.

See:http://www.aqsiq.gov.cn/xxgk_13386/jlgg_12538/zjgg/2013/201311/t20131120_387793.htm

Streamlining forestry administration

It has been reported that the State Council has recently issue a notice ‘Cancellation of Non Administrative Licensing Approvals’. Through this administrative procedures will be streamlined. Some 133 approval processes will be adjusted or eliminated.

The following approval items will be abolished:

- Technical scheme and measures for preventing America white moth entry
- Sino Japanese non-governmental green cooperation project
- Harvesting quotas in natural and plantation forests in natural forest protection regions
- National ecological education base
- International wetland certification
- Import regulations on imported animal and plant species (CITES to take precedence)

The following regulations have been adjusted:

- Annual quota for the construction projects - requisition or occupancy of forestry land
- Planning of desert prevention and control
- Provincial planning registration of Beijing Tianjin sandstorm source control projects
- Forestry fixed assets investment projects
- Planning of national level natural protection regions managed by the forestry sector

National logo for commercial wood products

A national logo for commercial wood products has been drafted by the Timber Saving Center and the China Timber and Wood Products Distribution Association. The new logo will come into use in November 2015.

Use of the new logo will help eliminate the manufacture and sale of counterfeit/copied wood products, aid the development of standardisation in the market and protect consumer rights.

The logo will also further stimulate efforts at reducing the waste, protecting the environment securing the health and safety of consumers.

Padauk wholesale prices fall 60%

Many ‘redwood’ furniture manufacturers have stopped manufacturing because of weakening demand. Wholesale prices of ‘redwood’ logs have declined in recent weeks falling by around 10%.

The steepest decline in price was seen for Myanmar padauk for which log prices are down to around RMB10,000 per tonne from the RMB30,000 a month ago.

Advantages of Guangxi province for plywood manufacture and trade

During January to July the volume of plywood, MDF and eucalyptus veneer exports through ports administered by Guangxi province totalled 287,800 tonnes valued at USD152 million, up 38% in volume and 7% in value over the same period of last year.

Behind the rise in output and exports is that Guangxi province has an advantage in terms of raw material availability and an efficient transport system and efficient port logistics.

Currently 113 mills mainly in Nanning, Guigang, Wuzhou, Fangchenggang, Liuzhou, Yulin and Qinzhou cities in the province produce plywood, MDF and eucalyptus veneer.. These products are mainly exported to Korea, Japan, Singapore, Saudi Arabia and India as well as to Hong Kong Autonomous Region and Taiwan P.o.C through Fangcheng, Guigang, Wuzhou and Qinzhou ports.

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

		yuan/cu.m
Sawnwood		
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

		yuan/cu.m
Sawnwood		
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

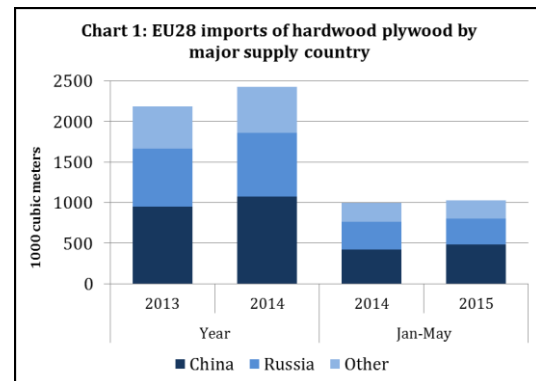
Logs, all grades	yuan/tonne
Sapelli	4500-5700
Kevazingo	8700-34000
Padouk de africa	3000-3800
okoume	2100-2600
Okan	3490-3650
Dibetou	2200-2500
Afromosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

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

Growth in EU hardwood plywood imports slackens

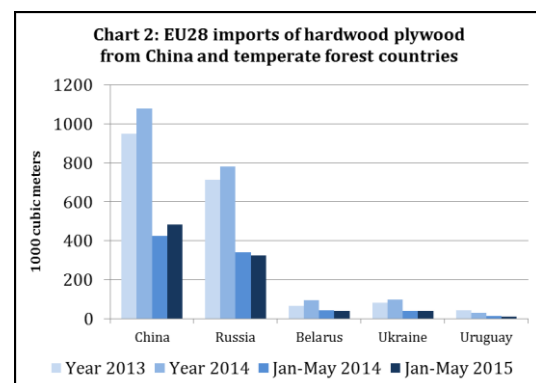
EU imports of hardwood plywood were 103.1 million cu.m in the first five months of this year, 3.3% more than in the same period of 2014. However, import growth has slowed in 2015 compared to the 11.1% increase registered for 2014 as a whole, (Chart 1).



Source: Forest Industries Intelligence analysis of Eurostat

The increase in EU hardwood plywood imports between January and May this year was due almost entirely to higher deliveries of mixed light hardwood (MLH) plywood from China. Hardwood plywood imports from China - now dominated by MLH products – increased 13.6% to 482,400 cu.m in the first five months of 2015.

In contrast, imports of temperate hardwood plywood from Russia (-5.3% to 323,200 cu.m), Belarus (-5.3% to 39,500 cu.m), and the Ukraine (-5.3% to 39,300 cu.m) all declined in the first five months of 2015 after rising in 2014. Deliveries from Uruguay declined again in the first 5 months of 2015 (-17.5% to 10,900 cu.m) continuing the sharp downward trend registered in 2014 (Chart 2).



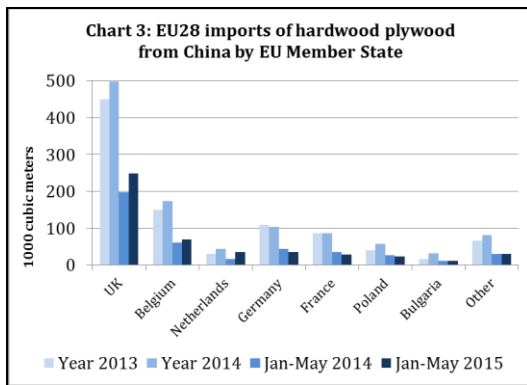
Source: Forest Industries Intelligence analysis of Eurostat

Chinese hardwood plywood performing well in UK and Benelux region

Continued growth in Chinese hardwood plywood deliveries to Europe in 2015 is almost entirely due to three countries: the UK, Belgium and the Netherlands (Chart 3).

The UK remains China’s most important European market. UK imports jumped 25.6% to 247,900cu.m in the first five months of this year, after a 10.7% increase in 2014 as a whole.

Roughly half of all China's hardwood plywood deliveries to the EU market are now destined for the UK (Chart 3).



Source: Forest Industries Intelligence analysis of Eurostat

The recovery in Chinese hardwood plywood imports observed in Belgium and the Netherlands in 2014 has continued into 2015. Imports into the Netherlands increased 105% to 36000 cu.m in the first five months of this year. During the same period imports into Belgium increased 14% to 69,900 cu.m.

In contrast, Chinese hardwood plywood imports into France fell 20.8% to 28,500 cu.m between January and May 2015, while those to Poland declined 13.4% to 23,500 cu.m.

German customs dispute disrupts Chinese plywood trade

German imports of hardwood plywood from China continue to be affected by a dispute between the German trade and customs officials. In the last three years, customs officials, particularly at the port of Bremerhaven, have been checking Chinese plywood to ensure that boards are cross-laminated rather than laid parallel to each other. According to German customs, boards should be reclassified as LVL if not fully cross-laminated.

This is frequently the case with lower-quality Chinese plywood manufactured using small veneer pieces for the cores. LVL incurs a higher rate of duty of 10% compared to 7% for plywood. According to EUWID, roughly 40% of Chinese hardwood plywood deliveries into Germany were reclassified in this way in 2012.

German import merchants and the timber trade federation GD Holz have held talks with German customs to try to more clearly define which products should be considered plywood and which LVL. According to GD Holz, these talks have been unproductive so far and customs continue to reclassify Chinese plywood. Several German importers have now filed lawsuits and results are still pending.

At the same time, GD Holz report that since 2014, several importers have been reimbursed for some instances of excessive duty paid. However, customs has not revealed why reimbursements were offered in some cases but not in others.

The uncertainty created by the dispute in Germany may partly explain the recent rise in imports of Chinese hardwood plywood into ports in Belgium and Netherlands. German buyers may be avoiding excess duty by buying from stocks landed in these neighbouring European countries.

The reclassification process has led to inconsistencies in the statistical data on German hardwood plywood imports. Data derived from Eurostat (used in Chart 3) indicates that German imports fell by 18.3% to 34,700 cu.m in the first five months of 2015. This followed a decline of 5.5% to 103,000 cu.m for the whole year 2014.

However, the Eurostat data deviates from figures published by the German Federal Statistical Office (Destatis) which indicate a 62% increase in German hardwood plywood imports from China in the first quarter of 2015. On enquiry, Destatis note that they have adjusted their data downwards for 2014 to take account of plywood reclassified as LVL.

However Destatis have not yet made the same adjustment to the 2015 data. As a result, Destatis data on deliveries to Germany appear to surge this year. Overall, once all adjustments are made, Destatis reckon German imports of Chinese hardwood plywood in the first five months of 2015 were probably around the same as last year.

Chinese plywood readily available

European importers report that Chinese plywood has been readily available during 2015 and that delivery times to Europe currently stand at around 4 to 5 weeks. The dominant issue for traders in the Eurozone is the rising cost of imports, especially since December 2014, due to the dramatic loss in value of the euro against the US dollar.

Against this background, Chinese producers lowered their prices by an average of US\$5-10/cu.m earlier this year. FOB prices have now stabilised at this new level.

However, CIF prices for delivery of Chinese plywood to Europe have continued to fall due to an unexpected slump in freight rates in March/April after a slowdown in China's overall trade. According to information from importers, freight costs per 40ft container from China to Central Europe temporarily fell to less than US\$500, before stabilising at around US\$700 in July.

By contrast, rates in July 2014 stood at more than US\$1200 per 40ft container. Shipping companies are currently pushing to increase prices to more than US\$1000 per container for shipments in August.

Mixed fortunes for Russian hardwood plywood

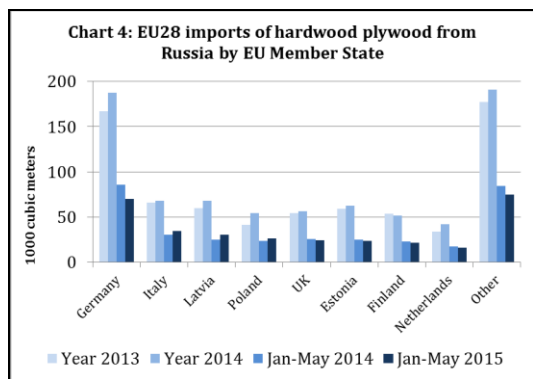
Russian hardwood plywood deliveries to the EU totalled 323,198cu.m in the first five months of this year, down 5.3% compared to 341,328cu.m in the same period of 2014. Deliveries to Germany, the largest single market, declined 18% to 70,320cu.m (Chart 4).

German imports fell particularly sharply in the first quarter due to stock build up at the end of 2014 when several companies ordered extra volumes to fulfil their purchasing quotas and receive related bonuses. However German consumption has remained stable and imports recovered a little in the second quarter.

In the first five months of 2015, Italy (+14.7%), Latvia (+22.7%), and Poland (+10.7%) all imported more plywood than in the same period in 2014. In contrast, deliveries to the UK (-4.9%), Estonia (-5.4%), Finland (5.5%) and the Netherlands (-9.8%) were all lower than one year ago.

European importers report that availability of Russian birch plywood has been good this year. There were widespread reports of overstocking at Russian mills earlier in the year. However the supply situation is gradually becoming better balanced as some smaller producers have reduced production and demand has picked up in export markets.

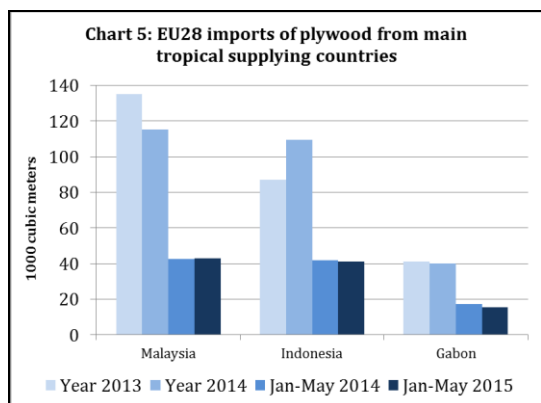
This has been boosted by price concessions of up to 20% granted by Russian producers and the sharp loss in value of the rouble against the euro. Prices are now beginning firm again, according to importers.



Source: Forest Industries Intelligence analysis of Eurostat

Imports from Malaysia stabilise while Indonesian boom comes to an end

After a significant shift away from Malaysian plywood in favour of Indonesian and Chinese product in 2014, EU imports of plywood from tropical countries have stabilised this year (Chart 5).



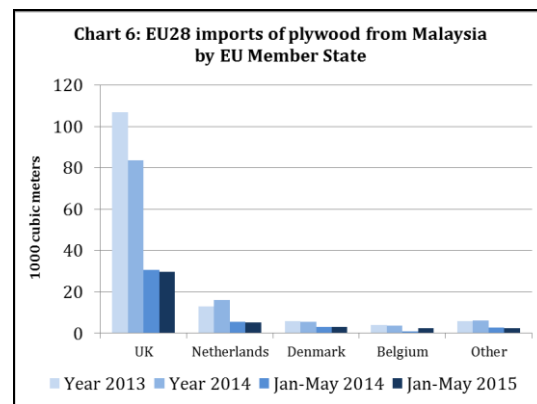
Source: Forest Industries Intelligence analysis of Eurostat

European imports of Malaysian plywood declined 14.8% to 115,300 cu.m in 2015. Some of this decline was explained by relatively low purchases at the beginning of the year. Malaysia lost its GSP status on 1 January 2014 and European importers had built up stocks of plywood imported at preferential taxes in advance.

European importers also note that Malaysian producers lost market share to China. Although Chinese plywood products are, on average, considered lower quality than Malaysian products, prices are considerably lower.

At the same time, European importers note that good quality, controlled and certified product ranges – for example BM Trada Q-Mark – can now be obtained in China at roughly the same price as Malaysian standard plywood. This type of material has also gained market share from Malaysian products.

Total Malaysian plywood deliveries to Europe in the first five months of 2015 were 43,000cu.m, very similar to the same period in 2014. However, there was a shift in the destination of product, with a rise in shipments to Belgium offsetting a slight decline in deliveries to the UK, Netherlands, Denmark and other countries (Chart 7).

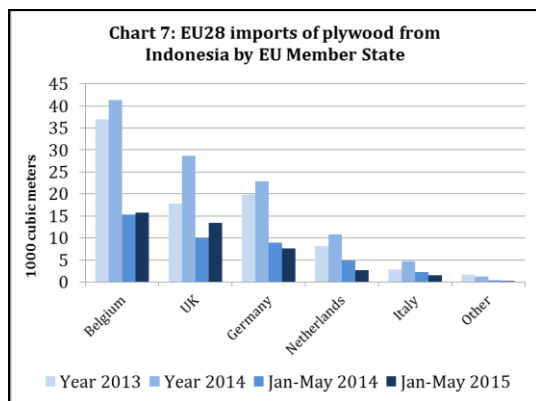


Source: Forest Industries Intelligence analysis of Eurostat

EU plywood imports from Indonesia increased 25.7% to 109,700 cu.m in 2014. Imports were 41,200 cu.m in the first five months of 2015, only 1.7% below the higher level achieved in the same period last year. However, as for Malaysian plywood, there has been a shift in the direction of European trade in Indonesian plywood this year.

Deliveries of Indonesian plywood to Belgium and the UK, the two largest European markets for this commodity, have continued to grow in 2015, but less rapidly than in 2014. There has also been a pronounced slow-down in deliveries to the Netherlands in 2015. Deliveries to this market rose 31.5% in 2014 but fell back by 46.2% in the first five months of this year.

A similar trend is seen in Germany, where imports of Indonesian plywood increased 15.5% in 2014 but fell 15.7% between January and May of this year (Chart 6).



Source: Forest Industries Intelligence analysis of Eurostat

European importers note that Indonesian and Malaysian plywood have been at a disadvantage compared to Russian material in the Eurozone this year, as the US dollar has strengthened against the euro while the rouble has weakened considerably. While Russian producers have been able to reduce their euro-denominated sales prices, prices for South-East Asian plywood, which is traded in US dollars, have increased for buyers in the Eurozone.

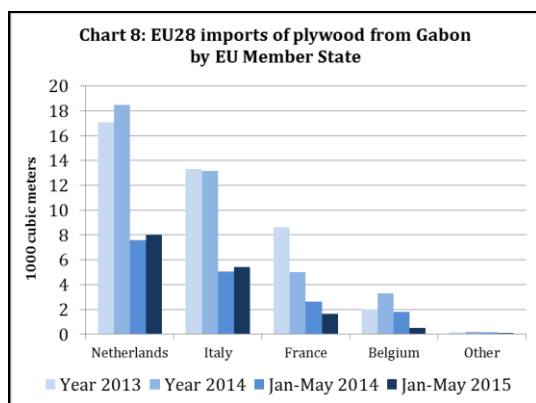
This development has been particularly significant for thicker panels of 12mm, 15mm, 18mm or 21 mm. European demand for thinner Asian hardwood panels (4mm and 8mm) has been less affected by the trend according to importers.

European demand for okoumé plywood remains low

In 2015, European imports of okoumé plywood from Gabon have declined further from the low levels recorded in 2014. European imports of Gabonese plywood declined 8.9% to 15,700 (17,200) cu.m in the first five months of 2015, following a 2.6% fall to 40,200 cu.m in 2014.

Although there has been some small recovery in the main Dutch and Italian markets for okoume plywood in 2015, this has been offset by a decline in sales to France and Belgium (Chart 8).

The French company Rougier, which operates plywood and veneer mills in Gabon, attributed its 3% lower plywood sales in the first quarter of 2015 to the continuing “unfavourable environment in European markets”, according to the financial report.



Source: Forest Industries Intelligence analysis of Eurostat

Opportunities for Chinese producers to engage in Europe’s okoume plywood market may open up again in 2016. Since 2 February 2011, four Chinese plywood manufacturers have been subject to anti-dumping duties of between 6.5% and 23.5% on their exports of okoume plywood to the EU, while all other producers have been subject to 66.7% duty.

In a notice issued on 14 May 2015, the EU announced that these anti-dumping measures would be lifted at midnight on 3 February 2016. This is according to the schedule of 5 years after the date of the original ruling in 2011. However EU producers may yet appeal against the lifting of the duties. They have until 2 November 2015 to lodge a written request for review.

According to the EU, this request must “contain sufficient evidence that the expiry of the measures would be likely to result in a continuation or recurrence of dumping and injury”. The notice is available at: http://trade.ec.europa.eu/doclib/docs/2015/may/tradoc_153444.imp-exp.en.C161-2015.pdf

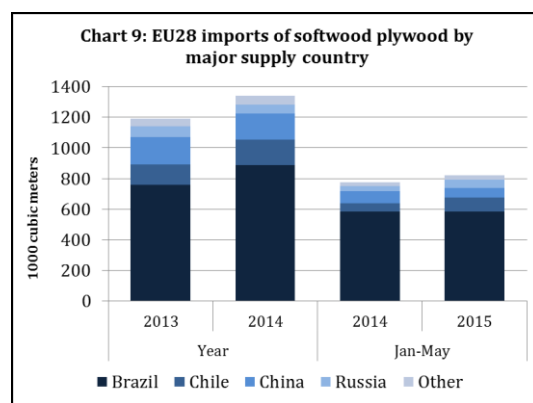
New Chilean softwood plywood capacity reaches Europe

EU softwood plywood imports during 2014 increased 12.5% to 777,400 cu.m in 2014. Growth in imports has continued this year, although at a slower rate. In the first five months of 2015, imports increased 5.9% to 823,100 cu.m, mainly due to higher imports from Chile and Russia.

European imports of softwood plywood from Brazil, still by far the largest supplier, were stable at 584,600 cu.m (Chart 9).

In Chile, the two largest plywood producers Paneles Arauco and Empresas CMPC both brought additional production capacity online in 2014. The extra volume now available is reflected in a 62.1% increase in EU softwood plywood imports from Chile in the first five months of 2015.

Arauco reports higher production and stable prices for its plywood products in the company’s financial report for the first quarter of 2015. CMPC says its plywood production increased by 70% in the first quarter, thanks to better utilisation of its new production line.



Source: Forest Industries Intelligence analysis of Eurostat

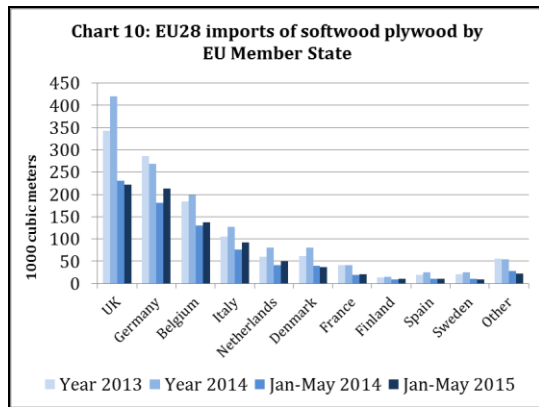
For Brazilian plywood, European importers are reporting exchange rate and demand-related uncertainty. Elliotis pine plywood is typically traded in US dollars with the result that weakening of the euro-dollar rate made the Brazilian product more expensive for European buyers in the early months of 2015.

However this is now being offset by reductions in FOB prices and a further decline in freight rates this year. The loss in value of the Brazilian real against the US dollar has given producers some space to reduce dollar prices in recent months. As a result, importers say that elliotis pine plywood – after import tax – has recently been cheaper than plywood ordered as a part of the duty-free quota earlier in 2015.

Availability is currently not a problem in the softwood plywood trade. On the contrary, European importers report that stocks of elliotis pine plywood are still high in several EU countries. Stocks are also reported to be readily available from Brazil as both the domestic and some export markets have slowed in 2015.

UK weaker, but Germany rebounds

Within Europe much of last year’s growth in softwood plywood imports was due to the strengthening UK market, which imported a total of 420,700 cu.m, 22.5% more than in 2013. This trend reversed in the first five months of 2015, as UK imports fell 4.1% to 221,800cu.m. In contrast, imports into Germany, the second largest European market, increased 18% to 213,300cu.m during the same period. Imports of softwood plywood also increased into Belgium (+6.1%), Italy (+21,2%) and the Netherlands (+19,7%) (Chart 10).



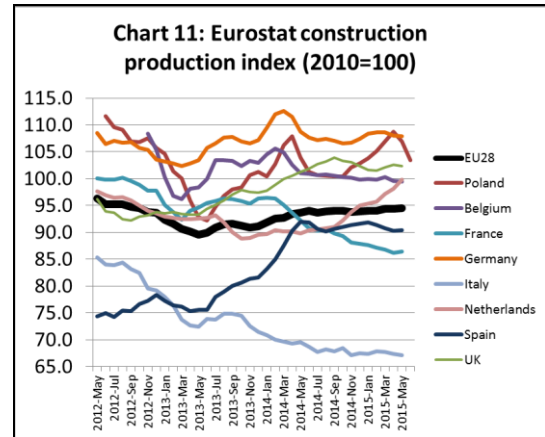
Source: Forest Industries Intelligence analysis of Eurostat

Prospects for the European markets still uncertain

While plywood importers are generally satisfied with the market situation in Central and Northern Europe in the first half of 2015, there is still uncertainty about the future. There is particular concern about the French market which has again disappointed in recent months. But other markets are also being slow to pick up momentum this year.

After a brief growth spurt in 2014, the Eurostat construction production index has largely stagnated –in some months even softened a little – from the level

reached in June 2014. The index value in all large EU countries with the exception of Poland, Germany and the UK is still below 100 – in other words construction production is lower than in the base year 2010. The Netherlands is the only construction market to have made significant gains so far in 2015 (Chart 11).



Source: Forest Industries Intelligence analysis of Eurostat

Uncertainty in Europe’s plywood trade is also fed by exchange rate fluctuations – especially in relation to the euro against the background of severe economic problems in Greece. Container rates remain volatile. There are also continuing reports of slowing economic conditions in other major consuming countries, including China and Russia, raising the prospect that prices might weaken in the future. Taken together, these factors continue to discourage more far-reaching moves by European plywood importer to build stocks.

Report from North America

Higher ip e sawnwood imports in May

Sawn hardwood imports increased by 36% in May from the previous month, but tropical imports grew just 5%. However, the growth in temperate imports was limited to few species (notably beech from Europe), while several others declined in May.

First five month import trends

	Year to May imports	% change Jan-May 2014-2015
Total	226,462	20%
Ecuador	45,404	-21%
Brazil	37,076	33%
Cameroon	35,826	101%
Malaysia	24,968	34%
Congo (Brazzaville)	15,694	23%
Peru	6,983	32%
Indonesia	9,509	24%
Ghana	9,198	1%
Cote d'Ivoire	7,162	-27%
Other	34,645	20%

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

The US imported 22,608 cu.m. of tropical sawnwood in May, a 20% increase in year-to-date imports from the same time last year.

Month-over-month imports from most countries grew with the exception of Cameroon (4,231 cu.m., -22%) and Ghana (363 cu.m., -59%). The decrease in imports from Cameroon was primarily in sapelli sawnwood. Ghana shipped less acajou d'Afrique in May.

Brazil was the largest source of tropical sawnwood imports in May at 4,336 cu.m. Year-to-date imports from Brazil were up one third from May 2014. Ipe sawnwood imports from Brazil increased by 18% from April to 3,199 cu.m. in May.

Year-to-date imports from Malaysia also increased by one third from May last year. Malaysia shipped 3,382 cu.m. of sawn hardwood to the US in May. Keruing and red meranti shipments increased from the previous month.

By species sapelli remained at the top of tropical sawnwood imports at 3,931 cu.m. in May despite a decline from the previous month. Ipe sawnwood took the second spot at 3,394 cu.m. Balsa was slightly up in May at 3,329 cu.m.

Canadian balsa demand rise – end-use? wind turbine blade manufacturing

The value of Canadian imports of tropical sawnwood increased 7% in May to US\$1.54 million. Year-to-date imports were 30% lower than in May 2014.

The largest month-over-month growth was in balsa imports from Ecuador, although year-to-date imports were slightly lower than in May 2014 (-4%). Balsa is mainly used in the manufacturing of wind turbine blades.

Wind energy installations in Canada have increased substantially in 2014, especially in Ontario where a policy to eliminate electricity from coal has helped with investment in green energy. Two wind turbine blade manufacturing plants have opened in Ontario since 2011.

Sawnwood imports from Brazil declined again in May (US\$128,643). Year-to-date imports from Brazil were less than half than at the same time last year.

Imports from Congo (formerly Brazzaville) were up in May and year-to-date (+59%).

Mahogany and red meranti sawnwood imports have increased on a year-to-date basis compared to May 2014, but most other species have declined. Sapelli imports were almost unchanged at -1% year-to-date in May compared the same time last year.

Emergency funding sought for wildfire fighting

Fires have consumed over 40,000 hectares in California so far in 2015, according to the California Department of Forestry and Fire Protection.

The worst and largest fire is to date is the Rocky Fire north of San Francisco, which is still burning.

The average federal land area burned every year has tripled since 1980. The majority of large wildfire burns have occurred since 2000, and the increase in fires is cutting into the US Forest Service's budget.

For the first time in its history the Forest Service is spending over half of its budget on fire-related programs this year, up from 16% in 1995. As a result funding and staff for forest management activities have fallen.

Research funding has also declined - by over \$36 million in the ten year period ending in 2013. According to a government report fire-related spending would reach two thirds of the Forest Service's budget by 2025 if the funding process for fire-fighting does not change.

The government hopes to change the funded mechanism and treat wildfires like a disaster rather than a normal government service. Emergency funding would be made available similar to damage from catastrophic floods or hurricanes.

A bipartisan bill (Wildfire Disaster Funding Act) with this intent was introduced in the Senate in January. The bill has wide support among forestry, conservation and recreation groups. The House on the other hand passed a bill in July that would not only provide emergency funding for firefighting but includes changes to environmental reviews and lawsuits.

In addition researchers with the US Forest Service have found that the typical high density pine plantations can increase the severity of fires. Forestry regulations specify a minimum planting density. Thinning, removal of debris and prescribed burns reduce the severity of fires and preserve at least part of the trees for future use.

The report on Forest Service budget impacts of rising firefighting costs is available here: <http://www.fs.fed.us/sites/default/files/media/2014/34/nr-firecostimpact-082014.pdf>

First Lacey Act prosecution of mill owner

A mill owner in Washington State has been charged under the federal Lacey Act for repeatedly purchasing illegally harvested wood, according the Northwest News Network. The wood was valuable big leaf maple from Washington State used for tonewood, such as guitars.

This is the first prosecution of a mill owner under the Lacey Act. Three men have also been charged of illegally cutting trees. Buyers of the alleged illegal wood from the mill have not been charged.

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.

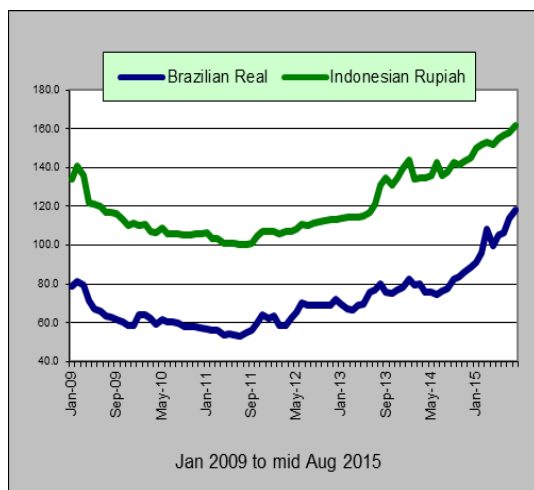
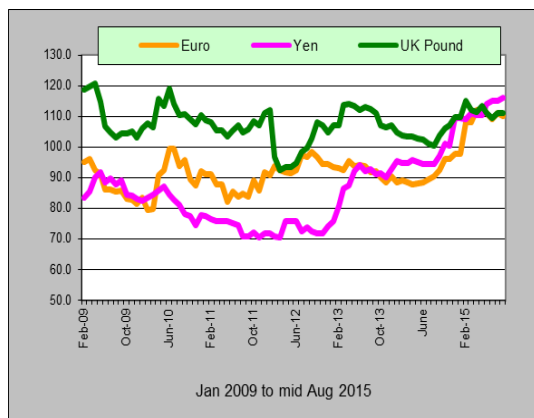
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 10th August 2015

Brazil	Real	3.475
CFA countries	CFA Franc	587.20
China	Yuan	6.3255
EU	Euro	0.9056
India	Rupee	64.3322
Indonesia	Rupiah	13722
Japan	Yen	124.40
Malaysia	Ringgit	3.9807
Peru	New Sol	3.2192
UK	Pound	0.6422
South Korea	Won	1179.23

Exchange rate indices (Dec 2003=100)

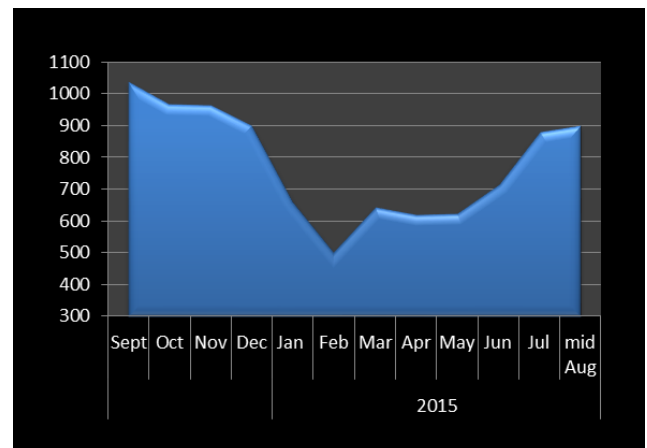


Abbreviations and Equivalences

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
Sept 2014 – mid Aug 2015

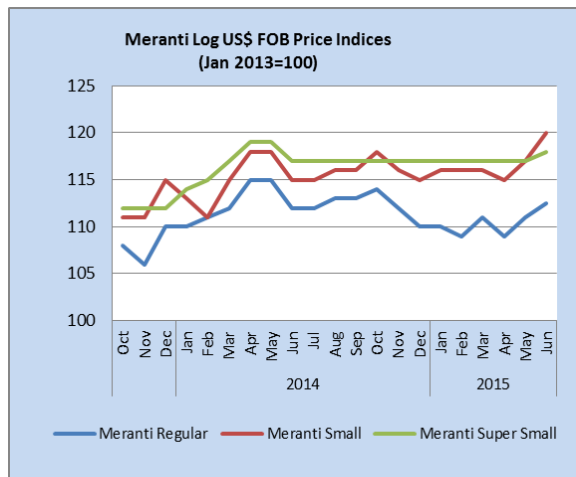


Data source: Open Financial Data Project

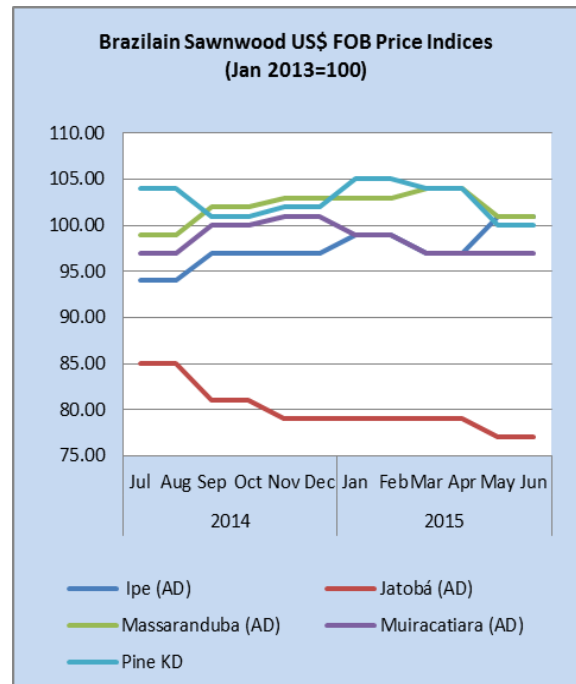
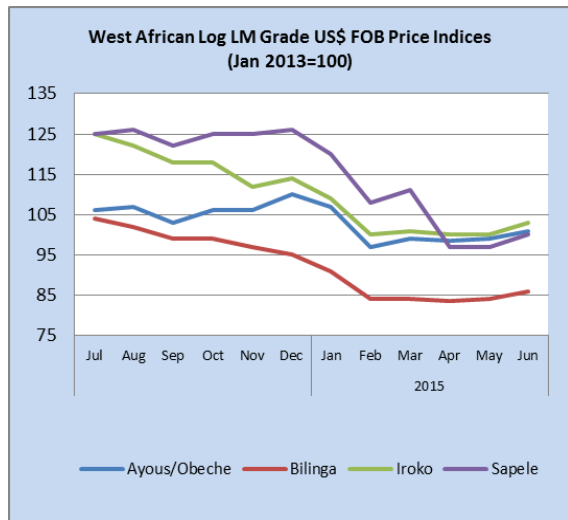
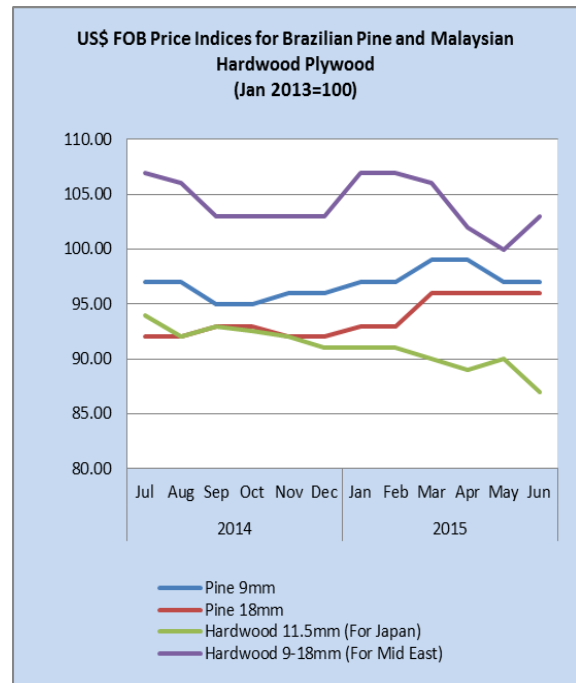
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

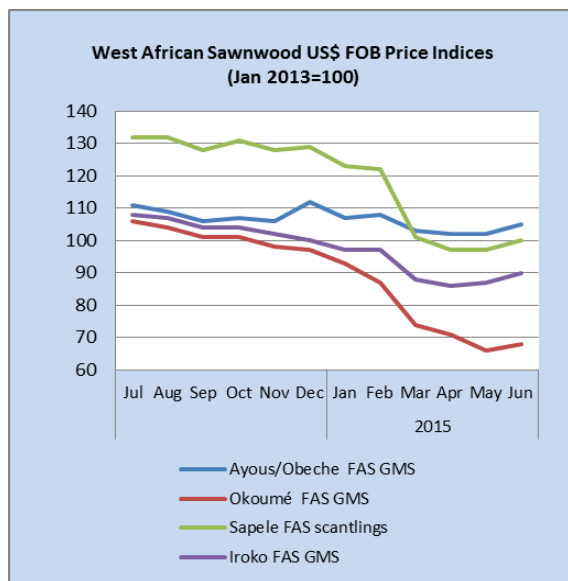
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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