Tropical Timber Market Report

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

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Top Story

Action by Peru to address forestry and timber trade issues

Representatives of the Governments of Peru and the United States met this month to exchange information on progress with the Peru - United States Trade Promotion Agreement.

Peru announced action that will be implemented promptly as part of its domestic agenda to address on-going challenges regarding the timber export trade and in strengthening the forestry sector.

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Central and West Africa

Could early 2017 herald a revival of Asian demand?

Some price movements have been reported but these should not be interpreted as a general shift in market sentiment. Traders in West and Central Africa appear satisfied with the current stable market conditions and many are now of the opinion that early 2017 could bring a revival in demand in Asian markets.

Slow exports hit government coffers

For some producer countries such as Gabon and Cameroon the extended period of steady but flat demand is causing problems for national finances as tax revenues have stagnated.

Gabon is said to be the most affected which has led to the constant rumours that the government may decide to resume log exports. Government revenues from the forestry sector are currently impacted by slow production due to the onset of the rain season.

The change of Forestry Minister in Gabon and the time it is taking to announce decisions on some vital issues such as the policy on development of further processing and the issue of bubinga/kevazingo exports is affecting sentiment in the sector.

The export ban on bubinga/kevazingo trapped at mills some 20,000 cu.m of slabs and flitches prepared for export. It is understood that this volume can now be shipped but the stock should be cleared before 1 January 2017. From next year only processed added value products of bubinga/kevazingo can be exported.

Rumours are circulating that the Cameroon government is considering an increase in timber export taxes from current 17.5% to 20%.

Exporters detect a beginning of recovery of demand in China

Despite the unsettling times exporters in Cameroon are quietly optimistic of an upward trend in prices early next year.

Stocks of so-called ‘promotional log species’ are rising and are said to be around 70,000 cu.m. These timbers are awaiting buyers in Asian markets but few are showing much interest at present.

Middle East buyers are the most active at present but some exporters say they detect a slow but steady upwards trend in buying activity for the Chinese market and because of this they are expecting export volumes to be higher in the second quarter of 2017.

Log Export

West African logs	FOB Euro per cu.m		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	240	240	160
Ayous/Obeche/Wawa	240	240	190
Azobe & Ekki	230	230	160
Belli	240↑	235	-
Bibolo/Dibétou	180↑	170	-
Bilinga	220	220	-
Iroko	325	300	265
Okoume (60% CI, 40% CE, 20% CS) (China only)	210	190	160
Moabi	330	300	235
Movingui	210	210	160
Niove	175	160	-
Okan	210	190	-
Padouk	300	280	230
Sapele	290	280	220
Sipo/Utile	310	290	255
Tali	330↑	320	-

Sawnwood Export Prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	420↑
Bilinga FAS GMS	530↑
Okoumé FAS GMS	340
Merchantable	290↑
Std/Btr GMS	266
Sipo FAS GMS	550
FAS fixed sizes	560
FAS scantlings	570↓
Padouk FAS GMS	865↑
FAS scantlings	950
Strips	645↑
Sapele FAS Spanish sizes	515↑
FAS scantlings	530↑
Iroko FAS GMS	620
Scantlings	710
Strips	450↑
Khaya FAS GMS	450
FAS fixed	470↑
Moabi FAS GMS	610
Scantlings	630
Movingui FAS GMS	430↑

Correction: We have been alerted to a misalignment in the log export price table in previous reports. This came about as the table was re-sized prior to lay-up. Corrections have been made to all back issues of the report which are available on the ITTO homepage.

Ghana

Roadmap to revitalize forest resource sector

The Minster for Lands and Natural Resources, Prof. Nii Osah Mills, has launched a three pronged strategy designed to address the challenges facing the country’s forest and wildlife sectors.

The strategies are set out in the ‘Ghana Forestry Development Master Plan’, the ‘Ghana National REDD (Reducing Emissions from Deforestation and forest Degradation) Strategy’ and the ‘Ghana Forest Plantation Strategy’. The aim is to transform the natural resource sector.

The Forestry Development Master Plan is a 20-year Action Plan, designed to fully implement the 2012 Forest and Wildlife Policy, which has shifted the focus from over-reliance on timber revenues to conservation of biodiversity and increased revenues from eco-tourism and payment for eco-system services.

The Forestry Development Master Plan provides a sound basis for attainment of the aims of the Forest and Wildlife Policy and its successful implementation could maximise the rate of social and economic development in the country.

The Ghana National REDD Strategy aims at assisting the country to prepare itself for reducing emissions from deforestation and forest degradation and to position the country for the implementation of an international mechanism for REDD.

The Ghana Forest Plantation Strategy details how the government and private sector can reforest degraded forest lands by developing commercial forest plantations of recommended exotic and indigenous tree species at an annual rate of 20,000.

VPA legislation ready for parliamentary discussion

Additionally, the strategy targets the maintenance and rehabilitation of an estimated 235,000 ha of existing forest plantations as well as enrichment planting of 100,000 ha of under-stocked forest reserves with high value indigenous timber species over the same period.

Representatives of Ghana and the European Union met 18 November 2016 in Accra to review progress on the implementation of the Ghana-EU FLEGT Voluntary Partnership Agreement (VPA), which aims to improve forest governance and verify the legality of Ghana's timber trade.

A Ghana-EU VPA Joint Monitoring and Review Mechanism (JMRM),which includes representatives of all stakeholder groups, oversees the implementation of the Agreement.

A recent meeting the JMRM reviewed the status of development of Ghana's timber legality assurance system and discussed outstanding issues to be addressed before FLEGT licensing can begin. When issued, the FLEGT license will enable Ghana's timber products to enter the EU market without importers having to do further due diligence to meet their obligations under the EU Timber Regulation.

Musah Abu-Juam, Technical Director of Ghana Ministry for Lands and Natural Resources presented the draft legislation which will be submitted to Ghana's Parliament for enactment. When this legislation is adopted Ghana's forest governance will be enhanced and it will pave the way to meeting the terms of the VPA.

In addition to this development Musa said Ghana was addressing the illegal trade in timber in the domestic market through a new system for tracking timber in the domestic market which involves both suppliers and traders.

Benoist Bazin, Team Leader for Infrastructure and Development at the Delegation of the European Union to Ghana said "These major achievements show that Ghana continues to strengthen forest governance through the VPA and is advancing toward FLEGT licensing."

See: https://eeas.europa.eu/delegations/ghana/15525/ghana-and-european-union-advance-in-joint-effort-to-improve-forest-governance-and-combat-trade-in-illegal-timber_en

Bank of Ghana lowers interest rates

The Monetary Policy Committee of the Bank of Ghana (BoG) has reduced the base rate by 50 points to 25.5% and this has sparked dismay as a 100 point reduction was anticipated but even this small cut comes as a relief to the private sector. Ghana's interest rates are currently one of the highest in the world.

Boule Export prices

	Euro per m^3
Black Ofram	380
Black Ofram Kiln dry	450⬇
Niangon	500⬇
Niangon Kiln dry	642⬆

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m^3	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	338⬆	400
Chenchen	416	539
Ogea	478	604
Essa	480	544⬇
Ofram	350	406

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

Export Sliced Veneer Prices

Sliced Veneer, FOB	Euro per sq. m	
	Face	Backing
Afrormosia	2.00	0.91
Asanfina	3.00	0.57
Avodire	1.20	0.34
Chenchen	1.40	1.20
Mahogany	1.09	0.82
Makore	0.85	0.55
Odum	1.13	0.40

Export Plywood Prices

Plywood, FOB	Euro per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	415	590	641
6mm	477	535	610
9mm	407	474	613
12mm	364	463	480
15mm	393⬆	410	430
18mm	354⬆	417	370

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

Export Sawnwood Prices

Ghana Sawnwood, FOB	Euro per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	492	564
Ceiba	297	320
Dahoma	363	554⬆
Edinam (mixed redwood)	463⬇	599
Emeri	465	570
African mahogany (Ivorensis)	848	1020⬇
Makore	730	860⬆
Niangon	500	575
Odum	755	841⬇
Sapele	675	714⬇
Wawa 1C & Select	380⬆	465

South Africa

Meranti imports affected by container shut-outs

Most of the discounted stocks of the bankrupt Zikiza have been sold and as meranti imports begin to arrive once more importers are raising their prices. Demand for hardwoods is steady, say local traders. The main problem at the moment is that shipments are being delayed because containers are being shut out at the port of origin.

American hardwoods are selling well but because of extended lead times in American sawmills both the level and mix of stocks has been disrupted. There is firm demand for white oak at present and analysts anticipate firmer prices in the coming weeks.

Panel market slow as year-end holidays approach

Over the past weeks the plywood market has become tighter because of a supply problem due to operational difficulties at the new plywood mill at York Timbers. This has driven some end-users to switch to OSB for which importers have adequate stocks.

The panel market is expected to remain slow but steady for now as activity in the construction and building sectors winds down in readiness for the December holidays.

Some construction projects are set to begin early next year but these have not yet been firmed up so suppliers are waiting to see how the market will develop. Much depends on industry sentiment which could be impacted by the economic rating agencies assessment of prospects in South Africa. If there are negative reports then some projects are likely to be delayed.

Overall, the board market is steady with both particleboard and MDF moving well. There has been some upward pressure on prices as no discounted items are up for sale and because deliveries have slowed.

Pine prices holding up despite weaker than expected demand

Although the pine market is down about 5% year on year in terms of volume, prices have not dropped due to low stocks at the local mills. Analysts do not expect this to improve until the beginning of the new year at the earliest.

Some pine products are imported from Zimbabwe and shippers there have begun accepting Rand rather than requiring US dollars. This has helped importers but the problem is that production in Zimbabwe is erratic mainly due to unstable power supplies.

Rosewood and teak fall out of fashion

In the South African market rosewood and teak are slow movers at present as they both appear to be out of fashion. On the other hand, demand for Kiaat (muniga) is good but supplies are tight especially given the security issues in Mozambique.

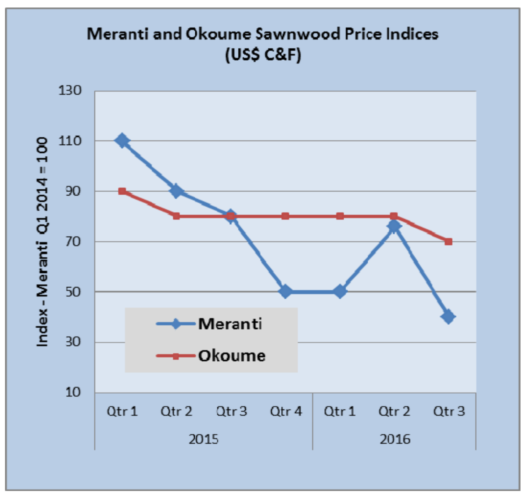
The decking market is steady but, given the weaker exchange rate, some buyers are looking at local products such as pine and eucalyptus. Shipments of sawn sapele and okoume are landing but traders say okoume is still priced higher than meranti.

Economic assessment - government construction projects could be delayed

Business Monitor International (BMI) has released its latest 'South Africa Infrastructure Report" and the BMI website in introducing the report says "We maintain our tepid growth outlook the South African construction market between 2016 and 2025 as political and economic headwinds take hold.

Business confidence in the economy remains low, hampering the outlay of much-need private investment into infrastructure, while budgetary pressures are hindering the government's ability to deploy the capital earmarked for the sector." The conclusion of the BMI analysis is that growth will not expand significantly in 2017 and the government will find it increasingly difficult to find the funds to finance all planned construction projects.

For more see: http://store.bmiresearch.com/south-africa-infrastructure-report.html



Malaysia

MTC leads mission searching for raw materials

The Malaysian Timber Council (MTC) will accompany several of the large timber manufacturers in the country on a mission to Chile and Brazil.

The mission has two main aims, building business to business ties and identifying potential raw material sources for Malaysian companies. The mission is part of the Council's Raw Material Augmenting Supply Programme.

The delegation will comprise eight timber companies interested in sourcing tropical timber as well as plantation resources for downstream processing in Peninsular Malaysia.

In a press release MTC, CEO Dr. Abdul Rahim Nik said "We want to introduce new timber species to the market which can be used as an alternative supply to raw materials and to value-add and diversify our product range". The delegation plans to visit production plants in Chile and Brazil to discuss processing practices and seek new business opportunities.

Malaysia reaffirms its commitment to sustainable forest conservation and management

At the twenty-second session of the Conference of the Parties (COP 22in Marrakech) Natural Resources and Environment Minister Dr Wan Junaidi Tuanku Jaafar reaffirmed Malaysia's commitment to sustainable forest conservation and management.

The Minister said Malaysia has an ambitious REDD+ Strategy to address forest management issues and looked forward to accessing the international finance and support required for its implementation.

The Minister reported that extreme weather events were already affecting Malaysia. One such event was the 2014 floods that devastated entire settlements in several States with losses estimated at US$250 million and affected two million people.

Wan Junaidi reminded the meeting that developed countries needed to take the lead through reducing their domestic greenhouse gas emissions to provide the momentum for other countries efforts.

Heart of Borneo conference: Conservation through Science-Policy Interface

The eighth International Conference on Heart of Borneo was held in Kota Kinabalu, Sabah. The focus of the event was implementation of Sabah's Heart of Borneo Strategic Plan of Action.

The Sabah Forestry Department, organiser of the event, set the theme as "Enabling and Empowering Conservation through Science-Policy Interface, Conservation Finance and Community Engagement."

During the opening of the conference, Sam Mannan, Chief Conservator of Forests Sabah, charged participants with the task of making conservation efforts effective and how to scale up such efforts.

See: http://www.forest.sabah.gov.my/media-centre/broadcast/events/568-hob-conference-2016

Plywood.

Plywood traders based in Sarawak reported the following export prices:

Floor base FB (11.5mm)	US$540/cu.m FOB
Concrete formboard panels	
CP (3' x 6')	US$470/cu.m FOB
Coated formboard panels	
UCP (3' x 6')	US$540/cu.m FOB
Standard panels	
S Korea (9mm and up)	US$390-400/cu.m FOB
Taiwan P.o.C (9mm and up)	US$400/cu.m FOB
Hong Kong	US$410/cu.m FOB
Middle East	US$380/cu.m FOB

Indonesia

Singapore, Indonesia move to boost trade ties

Singapore is looking to enhance cooperation with Indonesia through investments beyond traditional destinations, increasing tourist traffic and by setting up a business council involving both countries.

A joint statement from Indonesian President Joko Widodo and from Singapore's Prime Minister Lee Hsien Loong provided details of plans to strengthen economic cooperation. Last year, Singapore invested US$5.9 billion in Indonesia making it Indonesia's biggest source of foreign investment. Investments have grown this year with Singapore investing over US$7 billion in Indonesia within the first nine months.

Noting the private sector's involvement in economic projects between the two countries, the two leaders concluded that the best way forward is to provide a platform for business people to get together and meet regularly. To achieve this it was decided a Indonesia/Singapore business council should be created.

See more at: https://www.gov.sg/news/content/today-online---singapore-indonesia-move-to-boost-trade-ties#sthash.XsIZ9nhb.dpuf

FAO applauds Indonesia's success with FLGT licensing scheme

In a press statement posted on its website FAO welcomed the first shipment of FLEGT-licensed timber to the European Union (EU). Indonesia is the first country to have successfully concluded all the requirements of the EUTR and through this has contributed to global efforts to stamp out illegal logging and promote the legal timber trade says FAO.

The FLEGT license opens up a 'green lane' for timber being imported to the EU, one of the world's largest consumers of timber products.

FAO writes, "Indonesia's FLEGT-licensing scheme is based on the country's Sistem Verifikasi Legalitas Kayu (SVLK), or timber legality assurance system, which ensures that timber has been harvested, transported, processed and traded according to Indonesian law.

Under the scheme, all wood-based product types listed in a Voluntary Partnership Agreement (VPA) between Indonesia and the EU and directly exported to European markets must now be accompanied by a FLEGT license issued by an Indonesian licensing authority. In turn, importers can place it on the market with no additional checks."

See: http://www.fao.org/in-action/eu-fao-flegt-programme/news-events/news-details/en/c/452397/

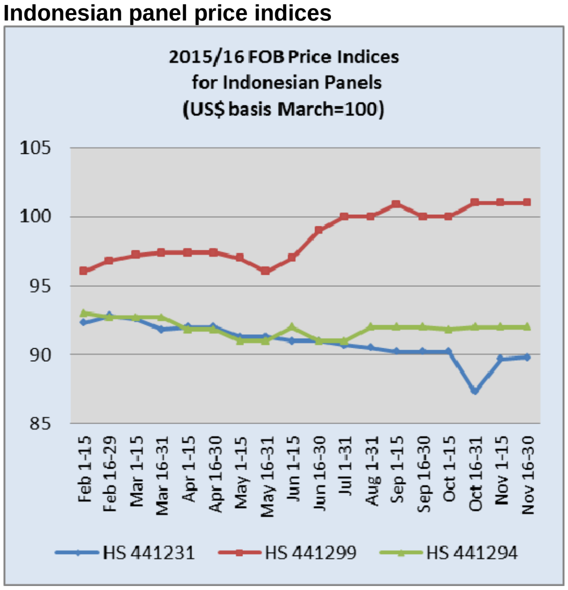
Consumer spending holding up well

A recent analysis from Focus-economics says Indonesia's economy slowed in the third quarter due to sluggish exports and a fall in investment. On the other hand domestic consumption held up well, which bodes well for growth in the final quarter of the year.

However, at some point consumer confidence is likely to be dented as the currency weakens, imports become more expensive and manufacturing output falls with a knock-on impact on wages.

For more see:
http://www.focus-economics.com/countries/indonesia

Indonesian panel price indices



Data source: License Information Unit in http://silk.dephut.go.id/

Sustaining economic reforms

The government of Indonesia will soon release its 15th economic policy package in an effort to maintain the momentum of structural reforms and encourage investment.

According to Darmin Nasution, Minister for Economic Affairs, the 15th policy package will begin dealing with deregulation, improving the investment climate, infrastructure developments and manufacturing.

Peatland villages to aid restoration

The provincial government of Jambi will establish a number of village communities in areas where fires have destroyed the forest and severely affected the underlying peat. The village community will be advised on peatland management and supported in the establishment of cash crops and eventually tree crops.

Nazir Foead of the Peatland Restoration Agency said it is vital to speed up the peatland restoration programme to ensure this unique eco-system survives. It has been estimated that of the 900,000 ha. of peatland almost 200,000 ha. has been burnt.

Myanmar

Merchants Federation says it can deliver details of timber origin

The Forestry Department has issued a statement on the Swedish court decision that resulted in a fine for a Swedish importer for failing to satisfy the due diligence requirement of the EU Timber Regulation in relation to a shipment of Myanmar teak.

The Forestry Department has admitted that when shipments comprise timber from multiple sources and these sources are not separately identified then the chain of custody (CoC) can fail. The statement said that efforts are underway to devise a system that can provide accurate CoC details.

At the same time, the task force comprising stakeholders preparing for the VPA with the EU has issued a statement saying that they can respond to requests for information on shipments from buyers. The point of contact is the Myanmar Forest Products Merchants Federation (MFPMF, a private sector federation which issues the Myanmar 'Green Folder'). The MFPMF said they will respond with information on the timber origin in cooperation with the Forestry Department and the Myanma Timber Enterprise.

Container trucking restricted in Yangon

New traffic regulations in Yangon by which the movement of container trucks will be restricted to only between 9pm and 6am is likely to cause problems and raise transport costs in the timber industry.

Under the current Forestry Regulations a forestry official must be present at the mill when the container is sealed.

This means a container must arrive at a mill a day earlier so it can be loaded and inspected, Then the container must be trucked overnight to arrive at the port before 6am.

In related news, to speed up export procedures, the Ministry of Commerce has abolished one step in the document process, the requirement that approval of the contract price be secured in advance.

Latest teak log auction prices

Grade	H.tons	Av. US$/H.ton
SG-1	15.4	2,995
SG-2	34.5	4,130
SG-4	24.7	3,754
SG-5	31.5	2,800
SG-6	31.4	2,995
SG-7	83.4	1,655

Note: the low price for SG-1 teak logs is unusual. Local analysts say buyers at the latest auction had no interest in these particular logs hence the low price.

India

Currency swap fallout

A quick look at the responses from analysts to the government's decision to eliminate high-value banknotes from circulation suggests most are anticipating this will have a negative effect on the economy for at least the next 12 months.

HSBC has written that GDP could fall from the 7% in the first quarter of this year to around 6% over the next 12 months. This has been borne out as the Ratings Agency Fitch said it anticipated a drop in growth in the fourth quarter.

The immediate impact of the currency swap decision was to undermine the rupee exchange rate. In mid-November the rupee slid to a low of 68.86 to the US dollar despite selling of US dollars by the Reserve Bank of India (RBI). The RBI has estimated that by the end of the month just 7% of the 5 trillion rupees in 500 and 100 rupee notes have been exchanged.

For more see: http://www.nipfp.org.in/search/?q=currency+swap

Inflation rate trends

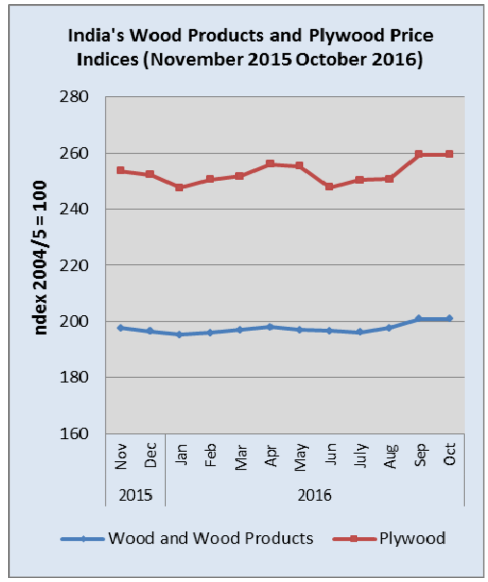
The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI). The official Wholesale Price Index (WPI) for All Commodities (Base: 2004-05=100) for October rose by 0.1% to 182.9 from 182.8 for September.

The annual rate of inflation, based on the monthly WPI, stood at 3.39% (provisional) for the month of October 2016 compared to 3.70% for September 2015.

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 WoodProducts and Plywood are shown below.



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

Procedures for wood industry license applications streamlined

New regulations have come into effect making it easier and faster for enterprises to obtain manufacturing licenses. The changes are contained in the Wood Based Industries (Establishment and Regulation) Guidelines, 2016 as proposed by the Ministry of Environment, Forest and Climate Change. These Guidelines are applicable in all States andTterritories.

Prior to the introduction of these new guidelines to get a license companies had to apply to the Centrally Empowered Committee (CEC) located in New Delhi. This had to be done through individual state/territory Forest Departments. This often had to be followed up with costly visits to the capital.

Now each State and Territory is required to constitute a State Level Committee (SLC) to implement new regulation and the SLCs are required to meet at least once every three months.

The SLC will include one invited representative from industry nominated by the state sawmillers association.

The SLCs are required to assess the availability of log raw materials for every mill once every 5 years and decide whether or not the mill should continue at its present location or move to an area with a better supply of logs.

To determine the log raw materials available in a given area the SLVs will commission studies in collaboration with institutes/universities which will take into account the volume of wood available locally as well as that coming across state boundaries.

In the North Eastern States of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim wood based industries shall only be permitted within industrial estates.

For mills utlising only imported logs the SLC will determine the impact of these mills on the viability of mills using domestic logs and if necessary move to protect these mills.

Teak prices hold up well despite currency swap turmoil

Auctions recently concluded in Surat and Bharuch as well as the Vyara Divisions of Surat Circle have thrown up surprisingly good results. Observers were expecting prices to fall due to the 'cash crunch' in the country and the general uncertainty in the industry but this was not the case.

The log lots on offer were from various Departmental forests, private forests as also from Forest Worker Co-Operative Society forests.

With such a mix of sources it was anticipated that bid prices would be highly variable and lower than usual but this was not the case.

Teak logs	Per cubic foot
A grade for ship building	Rs. 3500
B grade for ship building	Rs. 3100-.3400
A grade large girth for sawing	Rs. 3200-3300
B grade large girth for sawing	Rs. 3000-3100
A grade long length	Rs. 2800-2900
B grade long length	Rs. 2700-2800
Long length, Medium Quality	Rs. 2100-2200
Short Length, Medium Quality	Rs. 1600-1900
Short Length, small logs	Rs. 1200

Variations depend on quality, length and average girth of logs.

Prices for good quality non-teak hard wood logs eased in the recent auctions. Logs of 3-4 metres length having girths 91cms and up of haldu (Adina cordifolia), laurel (Terminalia tomentosa), kalam (Mitragyna parviflora) and Pterocarpus marsupium attracted lower prices in the range of Rs.800-900 per cu.ft.

For medium quality logs prices were from Rs.600-800 and logs of average quality attracted just Rs.300-500 per cu.ft.

Plantation teak prices

Demand for planation teak continues to be good and in recent shipments some suppliers have been providing larger diameter log which has lifted prices.

	US$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452
Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends on quality, length and average girth of logs.

As was the case in mid-November, prices from the three new plantation teak log suppliers remain unchanged at:Taiwan P.o.C (US$1036 to 2126 per cu.m C&F) and Honduras (US$471 to US$539 per cu.m C&F). Sawn teak from China (US$855 to 1118 per cu.m C&F) and from Myanmar (US$461-2895 per cu.m C&F).

Prices for locally sawn imported hardwoods

Price levels have not changed since the increases reported for mid-November.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3200-3500
Balau	1850-1950
Resak	1350-1550
Kapur	1750-1850
Kempas	1250-1400
Red Meranti	1200-1350
Radiata pine AD	800-900
Whitewood	850-950

Price range depends mainly on length and cross section

Myanmar teak flitches resawn in India

Steady supplies of sawn teak from Myanmar and China are keeping prices stable.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	8000-15000
Teak A grade	6500-7500
Teak B grade	5000-5500
Plantation Teak FAS grade	4000-4500

Price range depends mainly on length and cross section

Prices for imported sawnwood

Traders report that demand for imported sawnwood has started to improve but there have been no recent price increases.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1350-1450
Sycamore	1500-1650
Red oak	1600-1750
White Oak	2200-2250
American Walnut	4250-4500
Hemlock clear grade	1300-1400
Hemlock AB grade	1250-1300
Western Red Cedar	1850-2000
Douglas Fir	1550-1750

Price variations depend mainly on length and cross section

Prices for WBP Marine grade plywood from domestic mills

Prices remain unchanged. The anticipated rise in plywood prices as a result of the new Goods and Services Tax is yet to materialise.

Plywood,	Rs. per sq.ft
Ex-warehouse,(MR Quality)	
4mm	41.55
6mm	55.00
9mm	70.00
12mm	86.00
15mm	114.50
18mm	120.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.21.00	Rs.31.00
6mm	Rs.31.80	Rs.40.00
9mm	Rs.40.00	Rs.48.50
12mm	Rs.49.00	Rs.58.50
15mm	Rs.59.50	RS.71.50
19mm	Rs.67.80	Rs.80.00
5mm Flexible ply	Rs.42.00	

Brazil

Exporters fare better than companies trading in the domestic market

In an analysis of trade trends in Brazil's wood product sector it has been observed that, while some sector of the industry dedicated solely to the domestic market are facing tough times, manufacturers focused on export markets have managed better.

Brazil's exports of all wood products amounted to US$201.4 million in September 2016 representing a 10.4% decline compared to a month earlier. Imports of wood products totalled US$8.7 million in September down just under 1% from the previous month.

The corresponding improvement in the wood product trade balance was almost 11% in September 2016.

Between January to September 2016 wood product exports totalled US$1,742.5 million up 0.4% year on year. Imports over the same period totalled US$74.1 million and were 16% lower compared to the same period in 2015.

Despite the economic and political issues Brazil is facing exports values and the accumulated trade balance in 2016 are contributing to a recovery. According to ABIMCI it is the decline in domestic building and construction that is hurting companies focused on domestic sales while the stronger US dollar has helped exporters.

Survival depends on finding new markets

In efforts to sustain their companies in the face of the domestic economic downturn many are seeking alternative markets overseas.

According to the Union of Timber and Furniture Industries of Linhares and Northern Region of Espirito Santo State (Sindimol) the sector has already lost about 10% of its workforce as a consequence of the fall in sales. According to the "Brazil Furniture 2016" report the number of persons employed in the furniture sector fell from 4,327 in 2014 to 3,770 in 2015.

The Linhares furniture cluster has 55 industries, 13% in the State of Espírito Santo, which has 434 furniture factories. Production in 2015, according to the Brazil Furniture 2016 report totalled 10.7 million pieces and the value of this production was R$978.5 million, just under 2% of total Brazilian production.

Between October 26 and 28 this year many domestic furniture companies participated in a furniture products exhibition in Cuba. Participants discovered that Cuban enterprises are actively seeking trading partnerships with countries of South and Central America.

Export update

In October 2016 Brazilian exports of wood-based products (except pulp and paper) increased 5.9% in value compared to October 2015, from US$210.0 million to US$222.4 million.

Pine sawnwood exports increased 10.9% in value between October 2015 (US$25.7 million) and October 2016 (US$28.5 million). Export volumes increased 20% over the same period, from 121,900 cu.m to 146,700 cu.m.

In contrast, tropical sawnwood exports fell 18% from 31,900 cu.m in October 2015 to 26,100 cu.m in October 2016. The value of exports fell also but by a higher margin dropping almost 20% from US$15.1 million to US$12.1 million over the same period.

In October, plywood exports increased year on year. Pine plywood exports increased 14% in value in October 2016 in comparison to October 2015, i.e. from US$30.2 million to US$34.5 million. Over the same period export volumes increased almost 19% from 109,400 cu.m in October 2015 to 129,800 cu.m October this year.

There was a big jump in tropical plywood exports in October as an 89% increase in the volume of exports was achieved (7,500 cu.m in October 2015 to 14,200 cu.m in October 2016).

The value of tropical plywood exports also rose (approx. 55%) from US$3.6 million in October last year to US$5.6 million.

However, the value of exports of wooden furniture fell in October this year from US$36.7 million in October 2015 to US$ 35.6 million this October.

Brazilian wood industry sectoral study published

The Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) published its 2016 Sectoral Study in early November 2016. The sectors covered in the study include plywood, sawnwood, wooden doors, mouldings and wooden flooring.

This study reports that 57% of the jobs in the forest and wood based industry sectors are in the processed wood industries and that most of the industries are SMEs producing a wide range of products mainly for the domestic market.

The study provides information that can be used in a practical way by industries, government and authorities to assess business strategies and public policy plans that contribute to the sector's development.

According to ABIMCI's evaluation the data show that, despite difficulties caused by domestic economic crisis and some challenges in the world timber markets, the Brazilian industry continues to develop and is gaining ground in international markets.

The timber sector has expectations for growth in the domestic housing market which can grow significantly. According to the Brazilian Institute of Geography and Statistics (IBGE) the housing deficit in Brazil exceeds 5.8 million homes.

Among the priorities of ABIMCI are the need to expand product certification, work on improvement and development of technical standards, contribute to the improvement of Brazilian wood exports, defend the interests of the sector and promote sustainable practices and transparency.

For more see: http://www.abimci.com.br/estudo-setorial-apresenta-perfil-da-industria-de-madeira-brasileira/

Timber exchange launched by BVRio

A private sector online trading platform the "Responsible Timber Exchange" has been launched by an enterprise named the BVRio Institute.

This trading platform aims to help buyers find wood products from producers who can verify the legal origin of their products or are offering products from certified sources. In addition to B to B 'match-making' those participating will have access to additional services that add value to their transactions.

The timber exchange relies on integrated due diligence and a BVRio Risk Analysis system to facilitate tracking along the supply chain. The objective, says BVRIO, is to facilitate trade in responsibly sourced and manufactured wood products while at the same time helping to promote transparency, legality and sustainability in the timber sector.

The exchange is designed to facilitate compliance with the EU Timber Regulation and the Lacey Act as it offers the means to identify timber products from legal sources in Brazil, Indonesia (based on FLEGT license) as well as those that have FSC and PEFC certification.

The company website says "The BVRio Madeira Exchange is a trading platform that promotes trade in forest products of legal origin or certified wood (e.g. FSC®) creating transparency, efficiency and liquidity to this market. The platform is integrated to a risk analysis system to assist in the due diligence process of each batch of traded wood."

For more see: http://bvrio.org/

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m^3
Ipê	199⬆
Jatoba	111⬆
Massaranduba	115⬆
Miiracatiara	117⬆
Angelim Vermelho	111⬆
Mixed redwood and white woods	95⬆

Source: STCP Data Bank

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m^3
Ipé	902⬆
Jatoba	455⬆
Massaranduba	422⬆
Muiracatiara	426⬆
Angelim Vermelho	377⬆
Mixed red and white	248⬆
Eucalyptus (AD)	215⬆
Pine (AD)	154⬆
Pine (KD)	174⬆

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m^3
4mm WBP	581⬆
10mm WBP	448⬆
15mm WBP	400⬆
4mm MR	507
10mm MR	376⬇
15mm MR	349⬇

Prices do not include taxes
Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m^3
15mm MDParticleboard	251
15mm MDF	335⬇

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m^3
Ipe	1460⬆
Jatoba	932⬆
Massaranduba	742
Muiracatiara	720⬆
Pine (KD)	194⬆

FOB Belém/PA; Paranaguá/PR; Navegantes/SC and Itajaí/SC Ports.
High quality wood (no cracks / without knots) / Measuring 2,50 m in length; 15 cm wide; and 30 mm thick.
Source: STCP Data Bank

Export Plywood Prices

Pine Plywood EU market, FOB	US$ per m^3
9mm C/CC (WBP)	293⬇
12mm C/CC (WBP)	266⬇
15mm C/CC (WBP)	263⬇
18mm C/CC (WBP)	259⬇

Source: STCP Data Bank

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m^3
Decking Boards	Ipê	2,546⬇
	Jatoba	1,497

Source: STCP Data Bank

Peru

Peruvian government plans reforestation in Amazonia

Peru's President Pedro Pablo Kuczynski announced during a visit to the Amazonian town of Puerto Inca, located in the region of Huánuco 410 kilometres from Lima, that his government plans reforestation of two million hectares of Amazon. This plan has two major aims; maintenance of ecosystem balance in the Amazon and strengthening of development in the region.

The people of Peru, said the President, are spread across both the Andean and Amazonian areas but geography makes communication difficult and this must be addressed. He said shortening distances between the valleys of Peru, between workers and entrepreneurs, between the people and their leaders is of vital importance to ensure plans for social and economic integration succeed.

Peru to host ITTC in 2017

During the 52nd International Tropical Timber Council (ITTC) meeting in Japan Peru's invitation to host the next Council meeting in Lima was unanimously welcomed. The ITTC brings together representatives of all members of the ITTO.

Action to address forestry and timber trade issues

Representatives of the Governments of Peru and the United States met this month to exchange information on progress with the Peru - United States Trade Promotion Agreement (TPA) and discussed progress on issues in the annex to this agreement on forest sector governance which attracts support under the United States-Peru Environmental Cooperation Agreement (ECA).

For the full joint meeting press release see:
https://ustr.gov/about-us/policy-offices/press-office/press-releases/2016/november/joint-statement-meetings-peru-us

The Peruvian Government highlighted actions it has taken as part of its domestic agenda to strengthen the forestry sector, such as: the implementation of the National System on Forest and Wildlife Management (SINAFOR), the National System of Control and Surveillance on Forest and Wildlife (SNCVFFS), the Management Information System created by OSINFOR (SIGO), the National Pact for Legal Timber, the Legislative Decrees N° 1220, which establishes measures to fight against illegal logging, and N° 1237 which modifies the Peruvian criminal code to increase penalties for forest crimes, among others actions.

Peru announced unilateral actions that will be implemented promptly as part of its domestic agenda to address on-going challenges regarding timber export products and strengthen the forestry sector:

Amend export documentation requirements by the end of the first quarter in 2017 to include additional information to improve traceability throughout the supply chain;

Implement the National Information System on Forest and Wildlife – Control Module (SNIFFS-MC) in the Amazon corridor (Loreto, Ucayali, Huanuco and Lima) by the end of the first quarter of 2017 and continue to enrich information in the system and advance its progressive implementation in 2017;

Implement measures to promote legal trade of timber products through: 1) risk-based measures for prevention and timely detection of illegally harvested timber, including inspections by OSINFOR prior to commercialization for export, and 2) promoting the use of voluntary mechanisms for improving due diligence in the exports of timber products, such as the National Pact for Legal Timber and inspections by OSINFOR upon request prior to commercialization for export;

Improve the accuracy of annual management plans, including by strengthening the capacity of regional governments to conduct visual inspections prior to POA approval, and ensuring that forest regents are promptly removed from the national registry of regents for wrong-doing in accordance with Peruvian legislation;

Take measures to ensure that regional governments promptly transfer annual operating plans to the appropriate authorities in accordance with Peruvian legislation;

Determine the responsibilities of those involved in the timber shipment subject to the verification and impose sanctions, in accordance with Peruvian legislation.

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	499-586+
Grade 2, Mexican market	426-467
Cumaru 4" thick, 6'-11' length KD	
Central American market	879-925
Asian market	919-973
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	627-659
Marupa (simarouba) 1", 6-13 length Asian market	479-535

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	-
Virola	209-244
Spanish Cedar	316-368
Marupa (simarouba)	179-196

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		389-412
Lupuna plywood	B/C 15mm	421-451
	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 m3
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

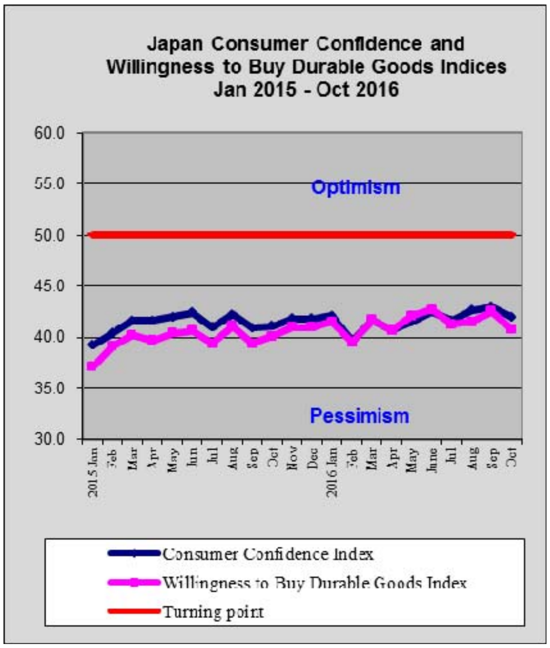
Peru, FOB strips for parquet		US$ per m^3
Cabreuva/estoraque KD12% S4S, Asian market		1296-138
Cumaru KD, S4S	Swedish market	962-1095
	Asian market	1069-1112
Cumaru decking, AD, S4S E4S, US market		1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market		479-554
Quinilla KD, S4S 2x10x62cm, Asian market		493-519
	2x13x75cm, Asian market	732-815

Japan

Household spending done eight straight months

According to the Ministry of Internal Affairs and Communications Japan's household spending fell for the eighth straight month in October. Household spending, a key economic indicator dropped just under 0.5% in October year on year signaling that consumers still are very cautious on spending.

The Consumer Confidence Index in October 2016 was 42.3, down 0.7 points from September.
The Overall livelihood index fell as did all other indices.

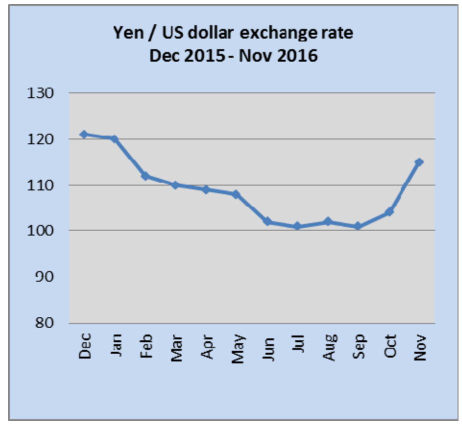


Data source: Cabinet Office, Japan

Likely US stimulus spending drives up dollar

The yen weakened by around 7% against the US dollar over the past month, a decline which is much more than any other major Asian currency. The driver of the yen weakness has been mainly the assumption that the new Republication Administration in the US will push forward with plans for massive stimulus measures coupled with a rise in interest rates.

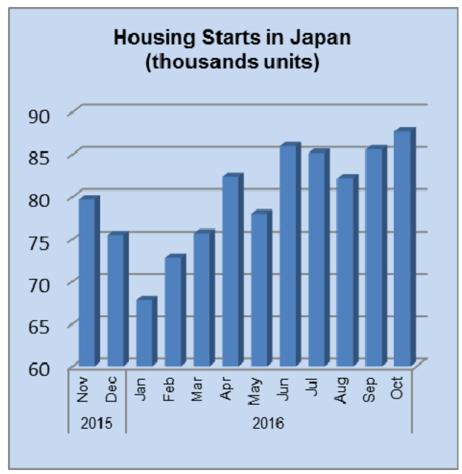
In the past 18 months a lot of money has flowed to emerging markets as well as to Japan but this is now being repatriated in anticipation of a stronger US dollar.



Three months of growth in housing starts

Japan's October housing starts rose almost 14% building on the gains in September. For the year to-date annual housing starts could come in at around 983,000, much lower than the 964,000 forecast.

Construction companies report healthy order book positions (up 15% year on year)



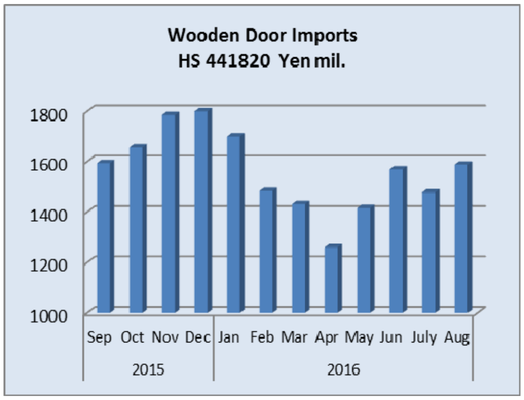
Data source: Ministry of Land, Infrastructure, Transport and Tourism

Import round up

Doors

Year on year Japan's August 2016 imports of wooden doors (HS 441820) were up 5% and compared to levels in July they rose 7%. As has been the norm for the year to-date the top three suppliers in August were China (67%), the Philippines (17%) and trailing behind Indonesia at 5%.

The main drivers of demand for wooden door is the new build and home renovation market and recent improvement in housing starts and the especially strong demand for apartments in the major cities is supporting wooden door imports.

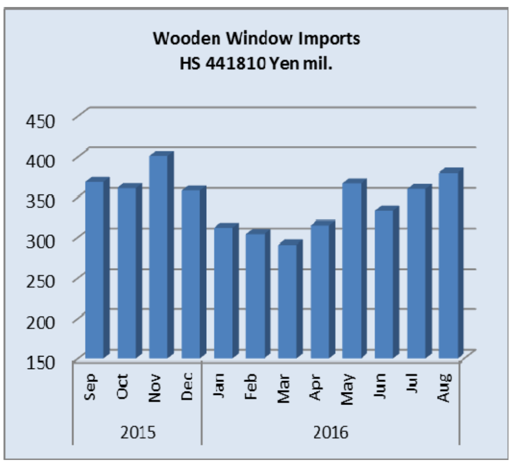


Data source: Ministry of Finance, Japan

Windows

Japan's wooden window imports have been rising steadily for the three months since June this year and August imports were up 5.5% on July. However, year on year imports were down 6% in August.

As is the situation with wooden doors, shippers in China and the Philippines dominate Japan's imports. Shipments of wooden windows in August from the top two suppliers were running at around 35% each with the US coming in third accounting for a significant 20% of imports.



Data source: Ministry of Finance, Japan

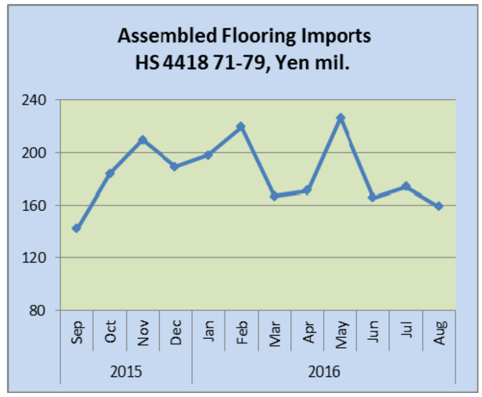
Assembled flooring

Three categories of assembled flooring are included in the data presented below, HS 441871, 72 and 79.

Flooring shipped under HS441872 accounts for the bulk of imports (62%) followed by HS 441879 (37%). Shipments of HS 441871 are very small and come primarily from Thailand.

Shippers in China dominated Japan's August imports of HS 441872 flooring accounting for around 74% of all imports under this category. The other major supplier was Indonesia (8%). Shipments from the EU accounted for 17% of Japan's imports of this category of flooring.

Shipments of HS 441879 flooring are fairly evenly split between Indonesia (31%) and China (28%) with Vietnam and Thailand together accounting for a further 17% each.

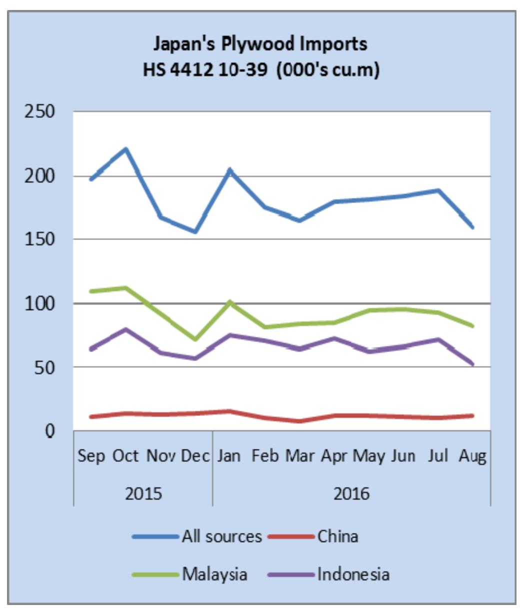


Data source: Ministry of Finance, Japan

Plywood

The figures below depict the combined imports of 4 categories of plywood, HS 441210/31/32 and 39. Two thirds of Japan's plywood imports fall under HS 441231 and within the category Malaysia (54%) and Indonesia (40%) are the main suppliers. The other significant suppliers are China, taiwan P.o.C and the Philippines. Shipments of HS 441232 plywood were mainly from Malaysia and Indonesia with some originating in the EU.

With around 98% of Japan's August plywood imports accounted for within the two categories mentioned above the balance is split between HS 441210 (China the only supplier in August) and HS 441239 supplied by mainly China, the Philippines and New Zealand.



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
	Jul	14.5	78.6	77.5
	Aug	16	85.6	41
	Sep	11.5	109.3	64.2
	Oct	14	112	80
	Nov	13.5	92.4	61.9
	Dec	13.8	71.8	57.6
2016	Jan	16	101	75
	Feb	10	81.5	70.8
	Mar	8	84	64
	Apr	12	85	72
	May	12	95	62
	Jun	11.6	95.6	66
	Jul	10.7	92.8	71.3
	Aug	11.9	82.3	52.8

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

Changing domestic log market

Self-sufficiency rate of wood in 2015 was 33.3% and it was 31.2% in 2014. It had been below 20% for five years since 2000 then it was increasing since 2005 steadily and now it appears that the rate would stay 30% and higher after about 30 years. The reason of increase is decline of imported wood while domestic wood supply increased.

The supply of domestic wood in 2015 was 25,060,000 cbms. This is the first time that the volume exceeded over 25 million cbms in 21 years since 1994. When the rate was the bottom in 2002 with 18.8%, supply of domestic wood was 16,920,000 cbms so the supply has increased by about 8 million cbms in 13 years.

While the rate increased from 18.8% to 33.3% and the volume increased by about 8 million cbms, there was large change on both log supply side and demand side of consuming lumber and plywood mills.

Changes of log users are that sawmills have much more large capacity and shifting from imported materials to domestic logs by plywood and laminated lumber mills then start-up of biomass power generation facilities, which use large amount of unused wood. This is totally new demand for domestic logs.

Changes of log supply side are improved production by introducing high performance logging machinery and development of logging road system then larger subsidy for harvesting thinning by the government. These changes resulted in direct delivery of logs to user mills without going through traditional log auction markets. Then large log users expand much wider sourcing of distant areas

Then who are major players in this stage? Log suppliers, forest unions, system sales of national forest and log marketing firms are the main players and they deliver direct to users so a majority of increased volume of eight million cbms in last 13 years is delivered direst to large log users.

Advantage of log users is that they do not have to go to many auction markets to collect necessary volume while the suppliers have solid buyers with price stability by price negotiation in every several months.

Plywood mills are large log users and some have to go far places to buy logs. For instance, mills in Miyagi prefecture buy logs from eleven prefectures including Hokkaido then mills in Ishikawa prefecture buy logs from ten prefectures. Transporting plywood logs is not economical but mills need large volume of logs so they need to go far places.

When mills relied on imported materials, they situate close to log receiving ports but now water front is not good location if domestic wood is main material so some build mills close to the forests. This is one of the changes in recent years. Another change is building processing plants close to log supply sources.

Rather than hauling logs in long distance, which costs more for trucking, building wood chip plant then transport wood chip to biomass power generation plant. Wood chip trucking cost is far lower than trucking logs. Or building veneer plant up in the woods then transport veneer to far plywood mills, which saves trucking cost. The same deal on lamina to laminated lumber mills. These changes are not temporary but seem permanent

Plywood

Domestic softwood plywood consumption continues busy by large house builders and precutting plants. September production was 252,400 cbms, 17.0% more than September last year and 9.8% more than August. The production has been over 250,000 cbms for last three months.

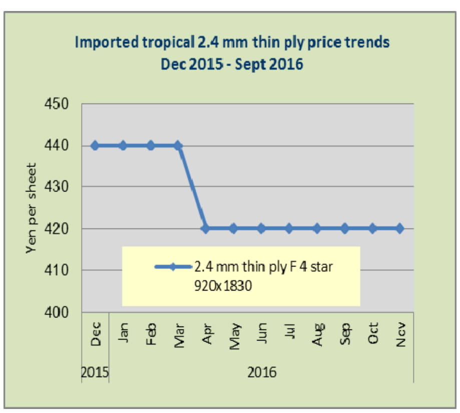
Structural plywood production was 245,300 cbms, 22.8% and 6.7% more. The shipment was 254,900 cbms, 11.0% more and 6.7% more so the inventories were down to 94,600 cbms. Decline of the inventory has continued for last six months.

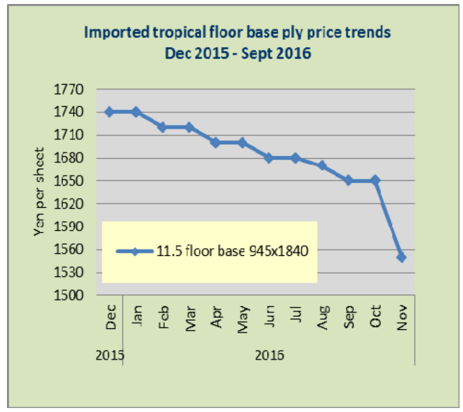
Structural plywood shipment was 246,200 cbms, 7.8% more than August, which exceeded the production by 900 cbms. This is the same level of shipment as last June. The inventories were down to 85,300 cbms.

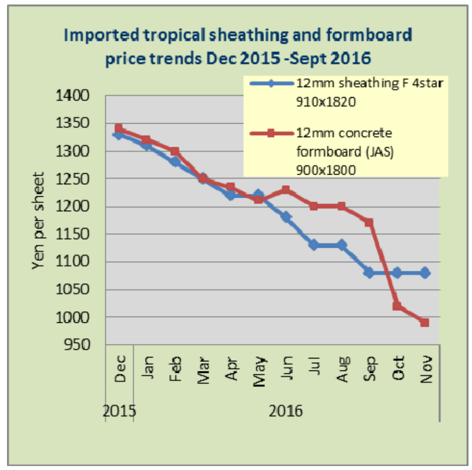
Generally the supply continues tight but there is no confusion of scratching the supply among precutting plants since precutting plants place orders well ahead of necessary time. There are still some precutting plants looking for plywood and they inquire wholesalers and trading firms occasionally. Wholesalers, which purchase plywood regularly from the mills, are having necessary volume but delivery is delayed on additional orders.

The market prices of imported plywood have been dropping for last one year then the inventory adjustment is done by trading firms and wholesalers in September's book closing month so the bottom feeling is spreading in the market with limited future orders to the suppliers.

Trading firms and wholesalers try to stop further price deterioration and retailers are following but the move is not strong enough to push the prices up since the demand for concrete forming panel remains weak.







Mitsui Home Component sets up Wood Structure Research Institute

Mitsui Home Component (Tokyo) announced that it sets up Wood Structure Research Institute. It will develop new technique of wood structure, improvement of productivity, and new business with wood structure and expand business area of 2x4 method.

Mitsui Home Component has marketing division, producing division and development division but this new institute does not belong to any of these divisions and will be independent from all the others in the company.

The company manufactures and process 2x4 lumber not only for Mitsui Home but other builders and design and does actual construction works. The Institute will develop new technique other than 2x4 by taking in traditional post and beam construction, CLT construction and large space design to make the best use of wood.

Besides development of new business, it will improve productivity of the plant and coordination between production and marketing. Developing something the market did not have and it should have marketability are major theme for the Institute.

China

Confusion over quarantine certificates

A new regulation will be introduced by the Zhangjiagang Forest Department requiring that plant quarantine certificates be processed first by the local Forest Department and only then can the quarantine certificates be processed in Zhangjiagang City before traders purchase imported timber.

Traders say this regulation makes business more difficult as it will delay dealings and hinder logistics. Analysts comment that it is not entirely clear why this regulation has ben introduced. However, this new regulation is being implemented so timber traders have to prepare to handle forest plant quarantine certificate in advance and then come to Zhangjiagang to buy timber.

Promotion pays off with a rise in log imports from Sweden

China's timber imports from Sweden have been increasing in recent years because the Swedish Wood Industry Association has organised and participated in promotional activities in China.

According to China Customs, timber imports from Sweden were only 100,000 cubic metres in 2011 but soared to 530,000 cubic metres in 2015. It is forecast that imports will grow 35% to 700,000 cubic meteres in 2016. The imported timber species from Sweden are spruce and pine and are used to manufacture furniture, flooring, doors, windows and outdoor furniture.

Logistics zone specifically for Brazilian timber imports

A cooperation agreement had been signed between Dalian Port Group and Brazilian LNG Forestry Group to establish a logistics zone in Changxindao Port specifically for Brazilian timber imports.

The development of a timber logistics industry benefits from favourable conditions and an extensive area of land at Changxindao Port. Currently there are 4 berths at the Port with an annual capacity of 4.5 million tonnes. In addition there are 8 fumigation chambers with a capacity of 1 million cubic metres annually.

According to the agreement a procurement platform, logistics trading venue and overseas forest resources storage area will be jointly built for imported timber from Brazil.

The area involved extends over 500,000 square metres and will support storage, processing, drying, logistics and trading of imported timber at Changxindao Port.

Expert groups examines potential export barriers

The World Trade Organization (WTO) Secretariat has released bulletins which will affect trade with the United States, Malaysia, Mexico, South Korea.

The bulletins are number below.

G/TBT/N/USA/1195

G/TBT/N/MYS/70

G/TBT/N/MEX/306

G/TBT/N/MEX/319

G/TBT/N/KOR/685

These bulletins deal with a variety of issues including wood products standards, timber legality guarantee system and the standards of formaldehyde emissions.
It is possible that these new measures will affect China's wood and wood products exports trade.

In order to protect the national timber industry and reduce any possible negative effects of technological trade measures a meeting was held to discuss the implications of the new measures.

The meeting was held under the auspices of the International Inspection and Quarantine Standards and Technical Regulation Research Center which is part of the China National General Administration of Quality Supervision Inspection and Quarantine. The meeting was hosted by the Fujian Institute of Standardization and more than 20 experts and representatives of enterprises from Shanghai, Jiangsu, Shandong participated.

Around 10 suggestions and comments on the proposed regulations were prepared by the meeting because such technological trade measures could impact China's wood products exports. Follow-up efforts will be made to fight against export barriers.

For more see:
http://www.fjbz.org.cn/Article.aspx?Id=ojb1vdf35aomgkba

Shenzhen to restrict the use of volatile solvents

A new regulation on limiting harmful substance in the timber industry has been adopted in Shenzhen. The use of a wide range of paints and adhesives will be forbidden fully in furniture industry as of 1 January 2017.

Toxic emissions have become a major issue in Shenzhen City so the local authorities have acted to limit the use of volatile organic compounds.

The furniture manufacturing is a major industry in Shenzhen City and as such is the main source of air borne VOCs. There are about 1,500 furniture enterprises in Shenzhen city and around 300 are medium or large scale factories.

The regulation will formally implemented as of 1 January 2017. Certain paints and adhesives can be used between 1 January 2017 and the end of April of 2017 after which all will be forbidden.

New opportunities for New Zealand exporters

According to New Zealand Wood Processors and Manufacturers Association new opportunities will open up for its timber industry when the country concludes the recent round of FTA talks with China.

A statement on the official New Zealand government website reports that Prime Minister John Key has announced the launch of negotiations to upgrade the New Zealand - China Free Trade Agreement (FTA). The announcement followed a meeting between Trade Minister Todd McClay and Chinese Commerce Minister Gao Hucheng at the APEC Summit in Lima, Peru.

Mr. Key said "It has been eight years since our FTA with China came into force and it has exceeded all expectations. It has an enviable record and showcases to the world the importance of trade liberalisation. The upgrade will be an opportunity to deepen and broaden our comprehensive strategic partnership."

The chairman of New Zealand Wood Association has said he is confident that more wood products manufactured in New Zealand will be exported to China when the FTA upgrade is completed.

Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4200
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	-
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2200-3000
Teak	dia. 30-60 cm	8500-11500
	Logs	**yuan/cu.m**
Greenheart	dia. 40 cm+	-
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2000-2500
Ipe	dia. 40 cm+	3200-3600
yuan per tonne		
Cocobolo	All grades	27000-40000

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7000
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-18000
Sapelli	Grade A	7000-7500
Okoume	Grade A	4300-4700
Padauk	Grade A	16500-18000
Mahogany	Grade A	7000-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	8600-9500
Lauan	special grade	4300-4500
Kapur	special grade	5000-6000
Teak	special grade	14000-20000

Zhangjiagang Timber Market Wholesale Prices

Logs, All grades	Yuan/tonne
Sapelli	3000-4000
Kevazingo	8000-32000
Padouk de afric	2400-3100
okoume	1400-1800
Okan	2400-2800
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de afica	3000-3500
Ovengkol	3850-4300
Paorosa	5900-6600
Merbau	3500-5800
Lauan	1800-2020
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400

Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-1000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	5200
Ash	No knot	5700-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots pine	No knot	2100

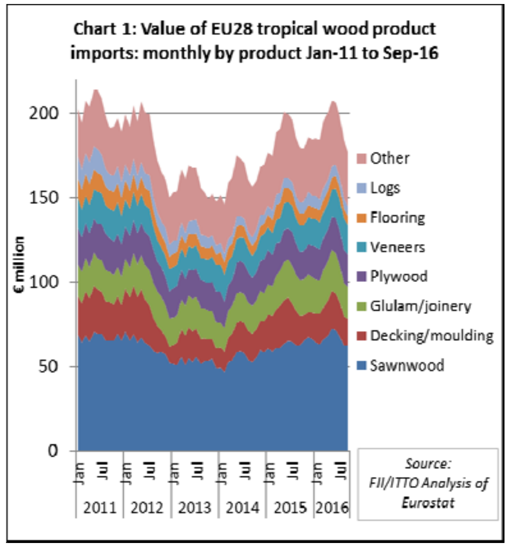
Shanghai Furen Forest Products Market Wholesale Prices

Logs All grades	000's yuan/tonne
Bois de rose	130-250
Red sandalwood	800-1800
Siam rosewood	80-300
Burma padauk	13-18
Rengas	8-10
Mai dou lai	6000-8000
Neang noun	23-36
Burma tulipwood	20-28
Cocobolo	28-120
Morado	10-15
Ebony	12-40
Trebol	3.6-8
African sandalwood	11-14

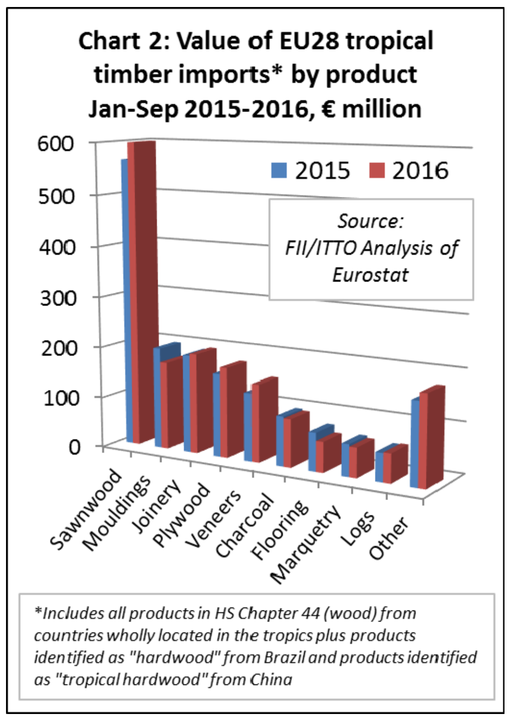
Europe

Slowing pace of EU tropical timber imports

EU imports of tropical timber products increased sharply between January and May this year, but slowed again in the four months to end September 2016 (Chart 1). Nevertheless, the value of EU imports of tropical timber across all product groups in the first 9 months of 2016 was, at euro1.741 billion, 2% greater than the same period the previous year. So far EU imports of tropical timber in 2016 have been close to levels last seen in 2011.



In the first nine months of 2016 there was a rise in the value of EU imports of tropical sawn (+6%), joinery (+2.2%), plywood (+8.5%), veneers (+14%) and logs (+2.6%). These gains offset a decline in the value of EU imports of tropical decking and mouldings (-13.5%), charcoal (-3.2%), flooring (-20.4%) and marquetry (-7%). (Chart 2).



Exchange rates have continued to have a significant impact on EU imports of tropical timber in 2016. The euro-dollar rate, having fallen around 20% in the 12 months prior to April 2015, has remained relatively flat at the lower level ever since.

Meanwhile the British pound weakened by around 15% against the dollar following the Brexit vote in June this year and remains stalled at the lower level.

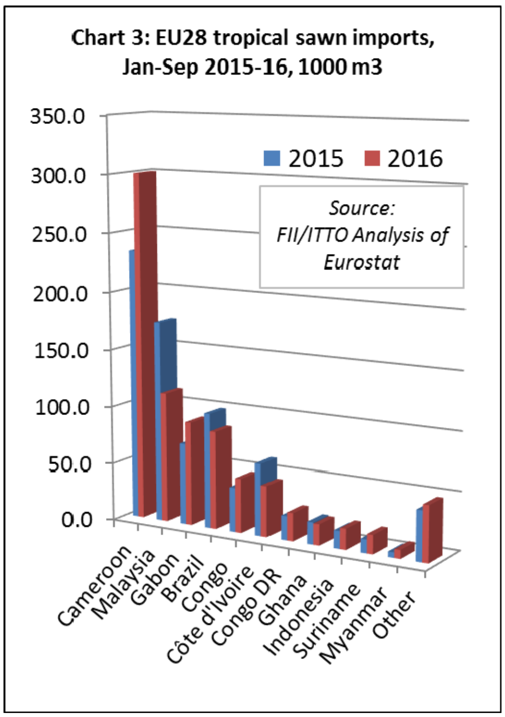
This has contributed to price inflation for European importers. The dampening effect of exchange rate has only been partly offset by low freight rates which hit historical lows on many routes in the first half of 2016 in response to over-capacity in shipping and low oil prices.

Only marginal increase in EU tropical sawn imports

EU imports of tropical sawn increased by 2% to 810,900 cu.m in the first nine months of 2016. Imports from Cameroon, the largest supplier, increased 29% to 300,200 cu.m.

There was also significant growth in imports from Gabon (+27% to 89,700 cu.m) and Congo (+22% to 47,000cu.m), a reversal of fortune for both countries which lost share in the EU market in 2015.

These gains offset a large fall in imports from Malaysia (-35% to 112,500 cu.m), Brazil (-15% to 84,600 cu.m) and Ivory Coast (-29% to 44,000 cu.m). (Chart 3).

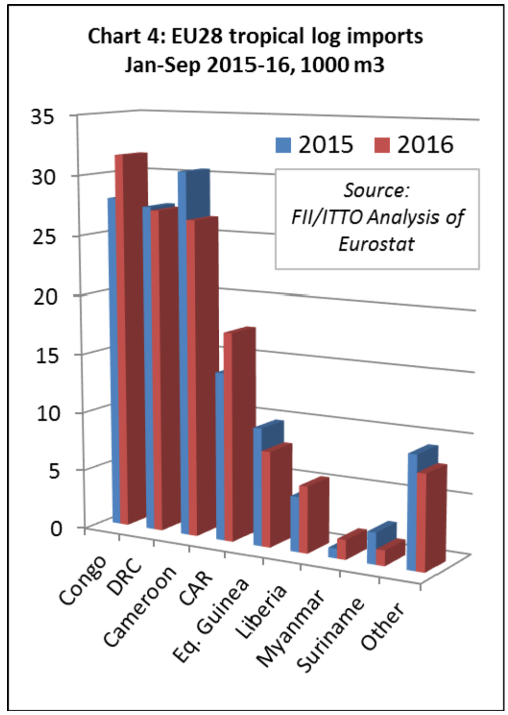


EU imports of tropical logs stable at low level

After recovering a little ground in 2015, EU imports of tropical hardwood logs have remained static in 2016.

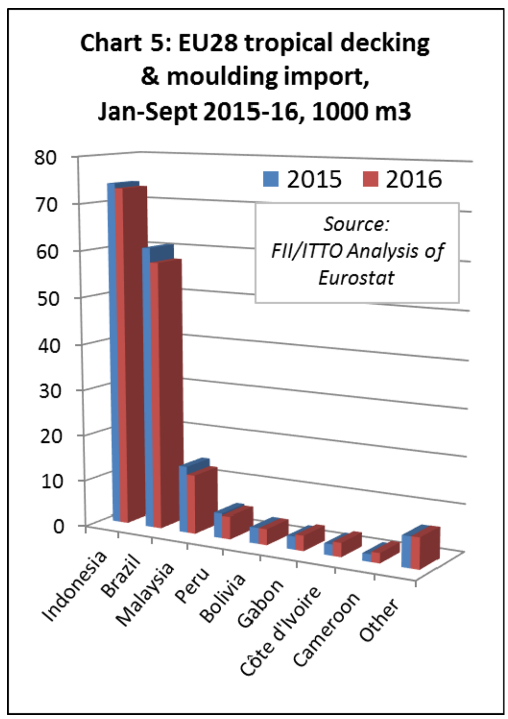
Imports during the first nine months of 2016 were 127,200 cu.m, exactly the same period the previous year. However, there was a shift in the source of supply. EU imports of tropical logs increased from Congo (+13% to 31,600 cu.m), Central African Republic (+24% to 17,500 cu.m), and Liberia (+21% to 5,500 cu.m).

These gains offset declining imports from Cameroon (-13% to 26,500 cu.m) and Equatorial Guinea (-19% to 8,000 cu.m). Imports from DRC remained stable at 27,100 cu.m. (Chart 4).



Slide in EU tropical decking imports

EU imports of tropical mouldings (which includes both interior mouldings and exterior decking products) were 166,900 cu.m in the first nine months of 2016, 3% less than the same period in 2015.

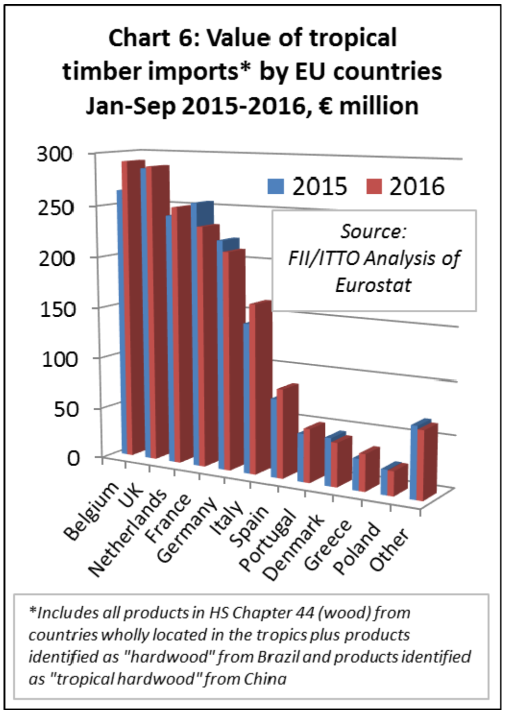


Imports decreased from all the major supply countries including Indonesia (-1% to 73,000 cu.m), Brazil (-5% to 57,600 cu.m), Malaysia (-12% to 12,600 cu.m) and Peru (-6% to 4,900 cu.m).

However, deliveries from several African countries, including Gabon, Cote d'Ivoire and Cameroon, increased from a low base. (Chart 5).

Tropical wood import trends across Europe more variable this year

A closer look at the individual EU countries reveals that following consistent EU-wide growth in 2015, tropical wood import trends have been more variable this year. (Chart 6).



Strong rise in Belgian imports of tropical timber

Imports of tropical timber have risen strongly into Belgium this year, rising 10.4% to euro291.4 million across all product groups during the first nine months.

This rapid growth means that Belgium has been the largest importer of tropical timber in the EU so far in 2016, overtaking the UK. Much of the rise in Belgian imports has consisted of sawnwood, notably from Cameroon and Gabon.

The strong rise in Belgian imports is probably indicative more of evolving distribution networks in the wider EU market than of changes in Belgium's own internal market. The Belgian construction industry and other consuming sectors are relatively small and growing only slowly at present.

However, EUTR and other logistical factors continue to concentrate more tropical timber trade in the hands of a few large importers close to the major European ports. Much of the tropical timber imported into Belgium is likely consumed in neighbouring EU countries.

Flat lining UK imports of tropical timber

After strong gains in 2015, imports of tropical timber into the UK have been flat this year, up only 0.7% at euro287.2 million in the first 9 months.

The UK is importing more tropical hardwood plywood this year, increasingly from China, but there have also been gains in imports from both Indonesia and Malaysia. UK imports of sawnwood from the Congo Republic have also increased in 2016.

However, these gains in the UK have been offset by declining imports of flooring from Indonesia and Malaysia, and of sawnwood from Guyana.

More positively, UK importers report that hardwood consumption has remained reasonably buoyant in the UK despite the Brexit vote and rising material costs.

The latest Joinery State of Trade Survey by the British Woodworking Federation shows UK joinery sales increased again in the July to September 2016 period, the 10th successive quarter of growth.

Declining tropical imports despite good timber demand in Germany

Deliveries of tropical wood into the German market declined 4.7% to euro210.8 million in the first nine months of 2016. This is disappointing at a time when underlying consumption trends in Germany are good and there is pressure on supply of temperate hardwood species, notably oak.

The German timber trade federation GD Holz reports strong growth in wood product sales in Germany this year, particularly due to strong demand for new apartments and for renovation projects.

Demand for garden decking and other exterior wood products in Germany has continued to expand in Germany during 2016, but at a slower pace than other sectors such as internal doors and flooring.

The German market for tropical decking products suffers from intense competition from wood plastic composites. There has been a particularly sharp drop in German imports of decking from Indonesia this year.

Dutch switching to engineered wood

Imports of tropical timber products into the Netherlands increased 3.4% to euro250.1 million in the first 9 months of this year.

A sharp fall in Dutch imports of sawnwood from Malaysia was offset by rising imports of LVL from both Malaysia and Indonesia. This may be indicative of a further shift towards engineered wood in the Dutch windows sector, although the Netherlands also imported more sawnwood from Cameroon and the Congo Republic in the first nine months of 2016.

Imports of tropical plywood have been rising into the Netherlands this year, particularly of okoume plywood from Gabon and tropical hardwood plywood manufactured in China. Dutch consumption of tropical hardwood is buoyed by continuing robust growth in the construction sector.
Euroconstruct estimate that the value of Dutch construction activity will increase 5.5% this year following 7.5% growth in 2015.

Another fall in French imports of tropical timber
French imports of tropical timber products have declined again in 2016. The value of imports of all tropical timber products into France fell 8.7% to euro233.1 million in the first nine months of the year.

A large decline in imports of sawnwood, decking and flooring from Brazil and of decking from Peru and Indonesia, was only partly offset by a rise in imports of sawnwood from Cameroon and veneer from Gabon. The latter was most likely rotary veneer to supply the French plywood manufacturing industry.

There are some positive signs that the French economy is improving in 2016. After several years of decline, housing construction in France began to rise in 2015 and this trend has continued in 2016.

Non-residential construction activity in France decreased slightly in 2015 but has recovered a little ground in 2016. The French government also has various programs in place that aim to increase the proportion of wood used in construction from current very low levels, although these are targeted primarily at expanding markets for domestically produced timber.

Rising demand for French oak logs, both for domestic processing and from China and other export markets, led to a 40% increase in price for this commodity between 2012 and 2015, and the rising trend has continued in 2016.

Overall these trends may provide better market opportunities for external suppliers of wood products into France in the future.

Italy imports more tropical timber despite economic problems
Imports of tropical timber products into Italy have made gains in 2016 despite the country's continuing economic problems.

The value of imports of all tropical timber products into Italy increased 13% to euro163.3 million in the first nine months of the year. This year there has been a rise in the value of Italy's imports of sawnwood from Cameroon and Myanmar, veneer from Ivory Coast and plywood from Indonesia.

The rise in Italy's tropical timber imports in 2016 is an encouraging trend in a country which remains in economic crisis.

Domestic demand is poor, manufacturing capacity has reduced significantly in recent years and even the once buoyant export industries of wooden doors, kitchen cabinets and furniture are facing increasing competition and lower demand.
Some of the gains in Italy's tropical wood imports this year are being made at the expense of temperate hardwoods, such as American tulipwood which competes with lighter tropical woods in the mouldings sector. Some larger Italian importers are also offsetting weak local markets by expanding sales elsewhere in the EU.

Rising tropical timber imports by Spain and Portugal
The value of tropical timber product imports into Spain and Portugal both made gains in the first nine months of 2016, although for different reasons. Imports into Spain increased 13% to euro86 million with nearly all the gain due to rising imports of sawnwood from Cameroon, mainly comprising ayous, iroko, sapele and tali.

Sawnwood from Cameroon now constitutes nearly one quarter of the value of all imports of tropical timber into Spain as imports of other products such as Brazilian decking and veneer and African tropical logs have declined to negligible levels.

Imports of tropical timber products into Portugal increased 12% to euro51.7 million in the first nine months of 2016, but in this case most of the gain comprised hardwood chips from Brazil.

Economic conditions in Portugal remain very challenging and this is reflected in continued weakness in Portugal's market for tropical sawn timber. Portuguese imports of this commodity, sourced primarily from Cameroon, Brazil and the Congo Republic, have been very slow throughout 2016.

Rising Portuguese imports of hardwood chips is one outcome of Portugal's National Energy Strategy which seeks to ensure that over 30% of national energy consumption derives from renewable resources by 2020. A significant subsidy for biomass power production is now provided by the Portuguese government.

The assumption is that the biomass should derive primarily from domestic forest resources. However, demand for biomass seems to outstripping domestic supply and Portuguese energy suppliers are therefore turning more to imported wood fibre, including from Brazil.

Note that for this analysis and in the absence of better data, all hardwood products imported into the EU from Brazil are classified as "tropical". While this is appropriate for products like decking and veneers, it may be less appropriate for chips which are more likely to derive from eucalyptus plantations than from natural tropical forests.

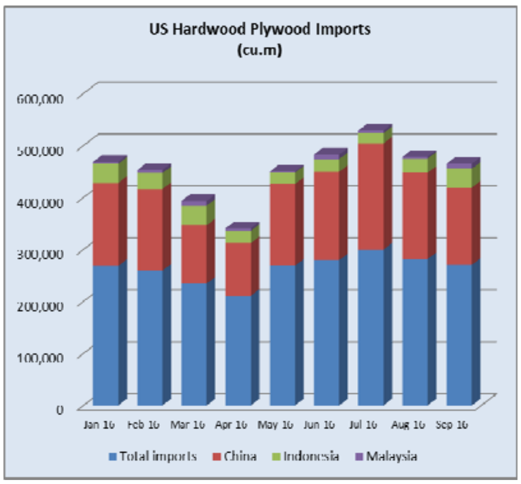
North America

Hardwood plywood imports decline for third consecutive month

Hardwood plywood imports declined for the third consecutive month in September to 270,584 cu.m. The value of plywood imported in September was down 3% from the previous month.

Year-to-date, the value of plywood imports increased in September for imports from Canada, Ecuador, and to a lesser degree, Malaysia. Despite the higher volumes shipped for most other suppliers the value of plywood exports to the US market declined compared to September 2015.

The largest month-on-month drop was in plywood imports from China. The US imported 148,645 cu.m. from China in September, worth US$89.6 million. Year-to-date import volumes from China were 1% higher than in September 2015.



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

Hardwood plywood imports from Malaysia almost tripled in September from the previous month to 9,825 cu.m. Despite this month’s growth in shipments, year-to-date imports from Malaysia were down from September 2015.

Hardwood plywood imports from Indonesia and Ecuador were also up in September, but year-to-date import volumes remain below 2015 levels.

Tropical veneer imports down in September

Tropical hardwood veneer imports fell by more than half in September to just US$1.1 million. Imports from practically all countries declined. The largest monthly decrease was in the two largest suppliers Italy and China.

Year-to-date imports of veneer remain significantly up (+46%) compared to September 2015.

Higher moulding imports from Malaysia

Imports of hardwood moulding were worth US$15.7 million in September, down 12% from the previous month. Year-to-date imports were 4% below September 2015.

Imports from Brazil and Malaysia increased in September despite the overall decline. Brazilian shipments to the US were worth US$4.6 million. Imports from Malaysia increased to US$1.2 million in September. Moulding imports from China were down one third from August.

Year-to-date moulding imports from Canada and Malaysia were up compared to the same time last year, while China and Brazil shipped less this year.

Malaysia and Indonesia lose imports share in hardwood flooring

Imports of hardwood flooring and assembled flooring panels decreased in September. Hardwood flooring and assembled flooring panel imports were worth US$3.3 million and US$13.9 million, respectively, in September.

Year-to-date imports of assembled panels were up 13% compared to September last year, while hardwood flooring imports declined year-to-date.

Hardwood flooring imports from Malaysia and Indonesia fell in September. Last year both countries were the largest suppliers to the US market, but 2016 year-to-date China has become the largest source of hardwood flooring imports.

Canada shipments of hardwood flooring also grew in 2016 helped by a more favourable exchange rate.

Imports of assembled flooring panels from all major suppliers except Brazil declined in September. Imports from Brazil increased to US$685,136, but year-to-date imports were down 14% from September 2015.

China remains the largest source of assembled flooring imports and its shipments to the US increased 16% year-to-date from September last year. Indonesia, Thailand and Vietnam also expanded their share in US imports in 2016.

Wooden furniture imports down 8% in September

Wooden furniture imports declined 8% in September to US$1.33 billion. Year-to-date imports were up 2% from September 2015.

Furniture imports from most countries decreased in September except from Indonesia. Imports from Indonesia grew in September (US$36.5 million), but year-to-date they were still 9% lower than at the same time last year.

Year-to-date China’s furniture exports to the US were unchanged from September 2015, despite a 7% month-over-month decline this September.

Canada, Mexico and India had the strongest growth in year-to-date wooden furniture exports to the US market.

Imports of non-upholstered seats were unchanged from August, while all other types of furniture imports decreased in September. The strongest monthly decline was in kitchen furniture imports.

Stronger GDP growth in third quarter

GDP increased at an annual rate of 2.9% in the third quarter of 2016, based on the first advance estimate by the Bureau of Economic Analysis. In the second quarter, real GDP increased 1.4%.

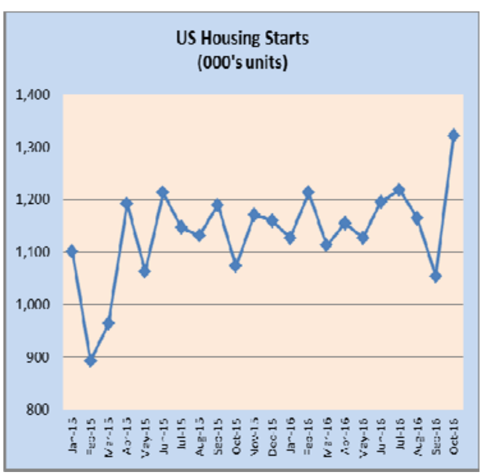
The unemployment rate was practically unchanged at 4.9% in September, according to the US Bureau of Labor Statistics. Employment in construction, manufacturing, wholesale and retail trade changed little from the previous month.

Economic activity in the manufacturing sector expanded in October, according to the Institute of Supply Management. Furniture and related products manufacturing reported growth in October following a month of lower output. Wood product manufacturing shrank for a second consecutive month in October.

The US manufacturing industry reported little impact on their businesses this quarter from the bankruptcy of the Hanjin Shipping Company. Over half of the companies surveyed by the Institute of Supply Management were not affected, while 30% reported a small, but not serious impact.

Housing starts and existing home sales at highest level since 2007

Housing starts soared by 26% in October to a seasonally adjusted annual rate of 1.32 million units, according to the US Department of Housing and Urban Development and the Commerce Department.



Source: US Census Bureau

Construction of new single-family houses reached their highest level since October 2007. Multi-family housing starts production jumped almost 70% from the previous month. However, the National Association of Home Builders still expects lower multi-family construction overall this year than in 2015.

Builders' confidence in the market for new single-family homes held steady in November. The survey was carried out by the National Home Builder Association before the election in early November.

The number of building permits issues, which indicates future building activity, changed little in October. Single-family permits increased slightly to 762,000, while multi-family permits declined by 3%.

Sales of existing homes sales reached the highest level at a seasonally adjusted annual rate in October since February 2007, according to the National Association of Realtors. Sales were 6% higher than at the same time last year. The National Association of Realtors Sales credits pent-up demand and economic growth with the upswing in sales.

Long-term downward trend in single-family house construction in Canada

Housing starts in Canada fell 12% in October at a seasonally adjusted annual rate. The decline was mainly in multi-family construction, but single-family starts also fell.

The Canadian Housing and Mortgage Corporation forecasts slightly lower starts for this year and next year than in 2015. High home prices have contributed to affordability challenges, especially among first-time home buyers.

Construction of single-family homes has trended downward since 2009. In 2016 the average share of single-family homes in total starts was 67% in the US compared to 30% in Canada. The downward trend in single-family construction is expected to continue in the next two years as house prices in the major cities have become unaffordable to most Canadians.

US Lumber Coalition petitions government to impose duties on Canadian imports

The US Lumber Coalition has filed a petition with the US government to impose duties on sawn softwood from Canada.

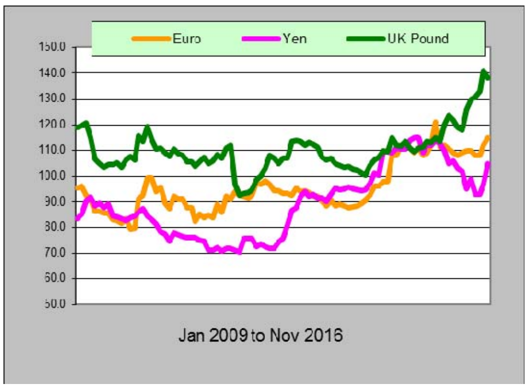
The group alleges that provincial governments in Canada subsidise softwood producers, mainly by selling trees from public land to sawmills at lower than market value prices. Softwood is not included in the North American Free Trade Agreement NAFTA and the 2006 softwood lumber agreement expired last year.

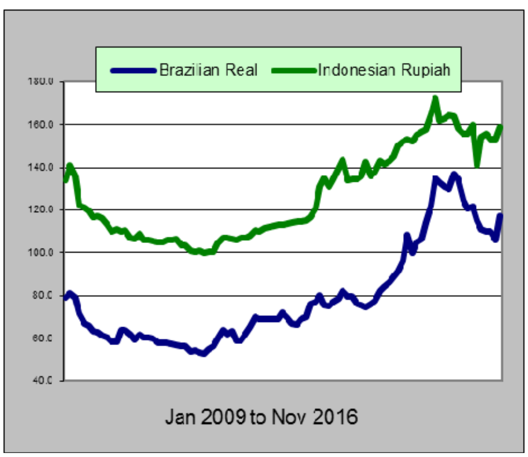
US Dollar Exchange Rates

As of 25 November 2016

Brazil	Real	3.422
CFA countries	CFA Franc	618.71
China	Yuan	6.9236
EU	Euro	0.9442
India	Rupee	68.5235
Indonesia	Rupiah	13583
Japan	Yen	113.22
Malaysia	Ringgit	4.444
Peru	New Sol	3.4225
UK	Pound	0.8015
South Korea	Won	1175.50

Exchange rate indices (US$, Dec 2003=100)



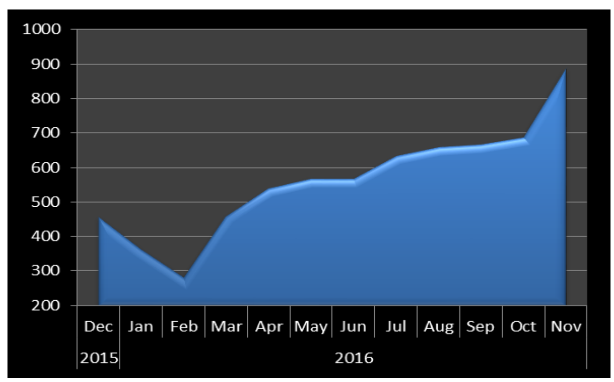


Abbreviations and Equivalences

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 Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
December 2015 – November 2016



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
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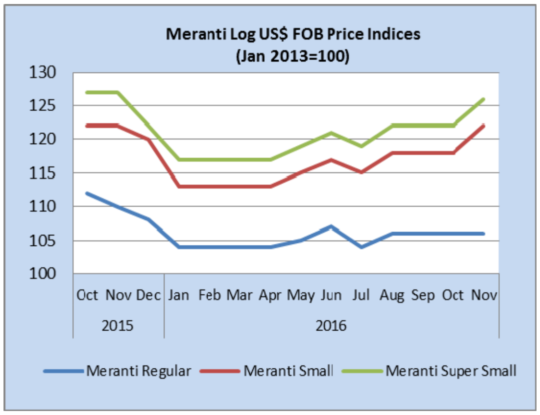
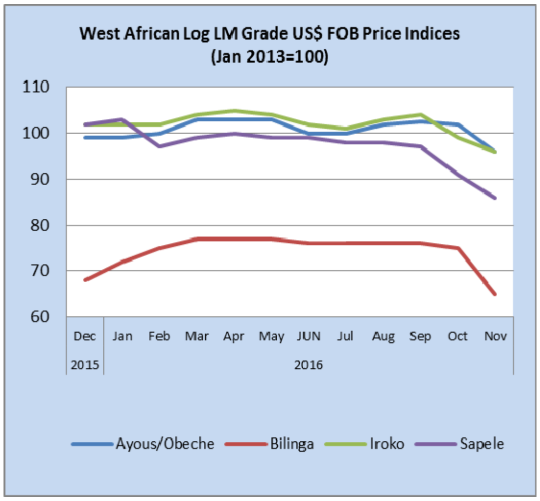
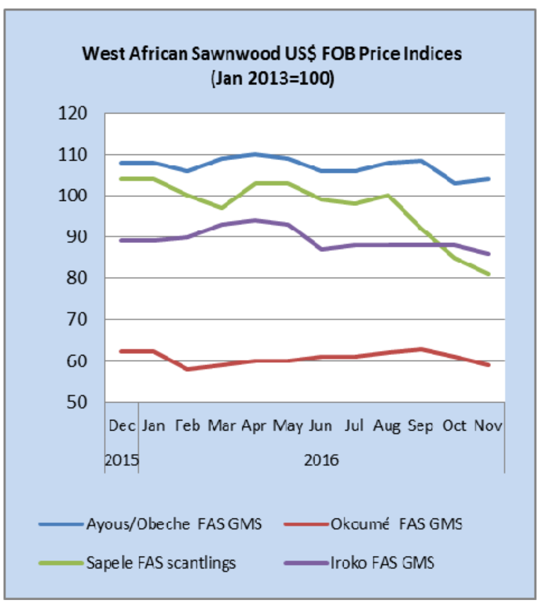
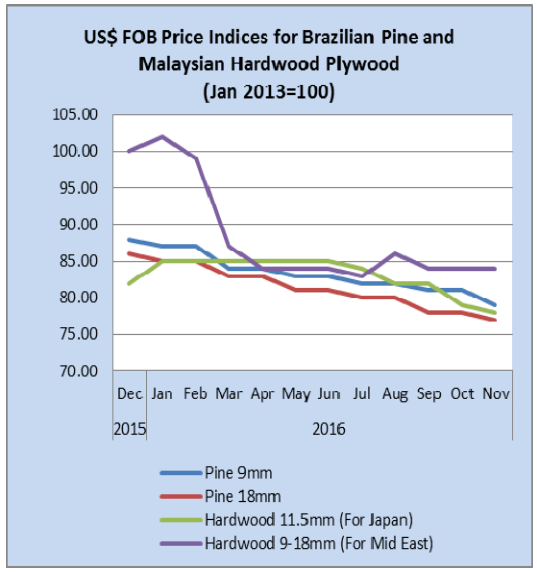
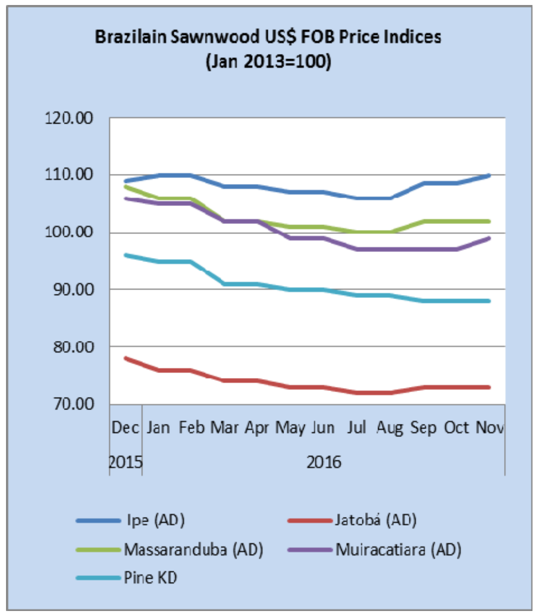




Note: Sarawak logs for the Japanese market







Note: Jatobá is mainly for the Chinese market.

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