

Tropical Timber Market Report

Volume 21 Number 5, 1st –15th March 2017



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.

Contents

| | |
|------------------------------|----|
| Central/West Africa | 2 |
| Ghana | 2 |
| South Africa | 3 |
| Malaysia | 4 |
| Indonesia | 5 |
| Myanmar | 5 |
| India | 6 |
| Brazil | 8 |
| Peru | 10 |
| Japan | 11 |
| China | 15 |
| Europe | 17 |
| North America | 21 |
| Currencies and Abbreviations | 23 |
| Ocean Freight Index | 23 |
| Price Indices | 24 |

Headlines

| | <i>Page</i> |
|---|-------------|
| Dense African species the favourites in China | 2 |
| Rising mill stocks signal weak demand in South Africa | 3 |
| Indonesia plans to expand non-tax revenues from forestry | 5 |
| Myanmar exporters rush to avoid 1 April tax | 5 |
| New regulation in Brazil raises risk that production could be halted merely on suspicion of irregularities | 8 |
| China's appetite for logs continues but not tropical logs | 15 |
| Drivers and constraints in the UK hardwood market | 19 |
| Hardwood's sustainability message not helping sales | 20 |
| Record high US wooden furniture imports but imports from Malaysia and Indonesia slip | 22 |

Top Story

Japan to launch Clean Wood Act in May

Public opinion has been invited on Japan's 'Clean Wood Act' which will serve as the basis for voluntary promotion, distribution and use of legally harvested timber and wood products.

The Clean Wood Act will become effective 20 May 2017.

This, says the Japan Lumber Report, is not a regulation like the Building Standards Act. Any company that wishes to comply with the Act can register indicating how legality will be verified.

See: Page 13

Central and West Africa

No chain reaction to Cameroon's decision to raise log export duties

So far there has been little reaction to the higher log export duty applied in Cameroon and as of mid-March none of Cameroon's neighbours has hinted that they may follow suit.

However, the government in Gabon is said to be looking increase revenues as the economy is facing difficult times. After the sharp decline in oil prices Gabon suffered a fall in revenue. Because of this economic prospects remain challenging which has forced the government cut spending.

An IMF team recently visited Libreville for discussions on financial support under the IMF Extended Fund Facility.

Low stocks at Douala Port

Reports are of only moderate arrivals of logs and sawn sapele and sipo from Central African Republic and Congo Brazzaville reaching the Port of Douala. Analysts say log stocks at the port are low as rains have been affecting harvesting and transportation especially from producers in northern areas of Congo Brazzaville.

Denser species the favourites in China

The reported slowdown in China's economic growth in February came as no surprise as businesses there closed for the New Year celebrations. This slowdown did not affect timber exports from Central and West Africa and demand in China continues to be firm especially for the denser species such as tali, bilinga, padouk and okan.

Demand for bubinga is particularly firm but this trade is now subject to CITES regulation which has slowed the volume of exports.

The issue of what to do about the stocks of bubinga accumulated prior to the CITES decision is yet to be resolved. Producers hope that they will be able to export the old stock to clear the way to comply with the CITES regulations for new production.

Prices remain stable

Over the past two weeks there were no reports of price changes and there is no news from the region of any significant movement in markets that would alter the present dull conditions that have prevailed over the past months.

Log Export

| West African logs Asian market | FOB Euro per cu.m | | |
|---|-------------------|-----|------|
| | 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 | 515 |
| Okoumé FAS GMS | 340 |
| Merchantable | 290 |
| Std/Btr GMS | 300 |
| Sipo FAS GMS | 540 |
| FAS fixed sizes | 560 |
| FAS scantlings | 560 |
| Padouk FAS GMS | 810 |
| FAS scantlings | 920 |
| Strips | 645 |
| Sapele FAS Spanish sizes | 505 |
| FAS scantlings | 510 |
| Iroko FAS GMS | 620 |
| Scantlings | 710 |
| Strips | 420 |
| Khaya FAS GMS | 450 |
| FAS fixed | 470 |
| Moabi FAS GMS | 620 |
| Scantlings | 630 |
| Movingui FAS GMS | 430 |

Ghana

Rosewood export banned

The Minister of Lands and Natural Resources has announced a nationwide ban on the export of rosewood products and instructed the Forestry Commission to stop issuing felling permits for rosewood.

The Minister announced a renewed drive against rosewood felling when he met stakeholders called to support solving the challenges in the forestry and timber sectors which he said have a huge potential for driving economic development in the country.

Natural resource sector receive boost in budget

The new administration has pledged resources to support the forestry and this has been reflected in the 2017 budget dubbed 'Sowing the Seeds for Growth and Jobs'.

Finance Minister Ken Ofori-Atta said the budget aims to address issues hindering growth in the manufacturing sector and in job creation by the private sector.

The 2017 budget includes some key initiatives to boost the forestry sector:

- the Ministry of Lands and Natural Resources has been allocated a budget of GH¢348 million for 2017, an 18% increase on last year's budget
- work will be undertaken to expand the work of the Forestry Commission 'Rapid Response Unit' whose task is to protect forest reserves
- and the private sector will be engaged in establishing 6,000ha of plantations through public/private partnerships

The key macroeconomic targets in the budget for the medium-term (2017-2019) include an overall real GDP growth to an average of 7.4% and inflation within the range of 8-10%.

In related news, the Forestry Commission has appealed to the government to allow officers in the Rapid Response Unit to be provided with firearms training so they can effectively confront poachers and illegal miners in national forests. Currently the Unit does not have weapons to match the sophisticated assault rifles used by illegal chainsaw operators and miners.

Affordable housing plan

At over 30% Ghana has one of the highest mortgage interest rates in the world which puts owning a home out of reach of most people. Atta Akyea, the Minister for Housing and Works, has proposed setting up a fund for affordable homes and the abolition of the tax on property sales.

In a recent report Oxfordeconomics says "Ghana currently faces a significant housing shortage, with various industry estimates putting the deficit at roughly 1.7 mil. units and growing at a rate of 70,000 units a year".

Meeting the demand for housing will require vast amounts of wood products so if the plan is implemented the wood product manufacturing sector would get a considerable boost to domestic sales.

See: <http://www.oxfordbusinessgroup.com/search-results?sector=all&country=54035&keywords=>

Boule Export prices

| | Euro per m ³ |
|----------------------|-------------------------|
| Black Ofram | 390 |
| Black Ofram Kiln dry | 482 |
| Niangon | 569▲ |
| Niangon Kiln dry | 530▼ |

Export Rotary Veneer Prices

| Rotary Veneer, FOB | Euro per m ³ | |
|--------------------|-------------------------|-------------|
| | CORE (1-1.9 mm) | FACE (>2mm) |
| Ceiba | 340▲ | 400 |
| Chenchen | 368 | 624 |
| Ogea | 478 | 604 |
| Essa | 500▼ | 544 |
| Ofram | 350 | 406 |

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

Export Sliced Veneer

Note, veneer prices are now reported in cubic metres

| Sliced face veneer | FOB Euro per m ³ |
|--------------------|-----------------------------|
| Arormosia | - |
| Asanфина | 967 |
| Avodire | 750 |
| Chenchen | 611 |
| Mahogany | 658 |
| Makore | 850 |
| Odum | 1,668 |

Export Plywood Prices

| Plywood, FOB | Euro per m ³ | | |
|--------------|-------------------------|-------|----------|
| | Ceiba | Ofram | Asanфина |
| BB/CC | | | |
| 4mm | 415 | 610▲ | 641 |
| 6mm | 527▲ | 535 | 626 |
| 9mm | 407 | 474 | 560 |
| 12mm | 364 | 463 | 480 |
| 15mm | 393 | 410 | 430 |
| 18mm | 364 | 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 | |
|-----------------------------------|-------------------------|------------|
| | Air-dried | Kiln-dried |
| FAS 25-100mm x 150mm up x 2.4m up | 860 | 925 |
| Afrormosia | 492 | 564 |
| Asanфина | 297 | 290▼ |
| Ceiba | 395 | 421▲ |
| Dahoma | 520 | 599 |
| Edinam (mixed redwood) | 380▼ | 550▲ |
| Emeri | 1001 | 993 |
| African mahogany (Ivorenensis) | 685▼ | 730▲ |
| Makore | 437▼ | 575▲ |
| Niangon | 755 | 862 |
| Odum | 782 | 847▲ |
| Sapele | 380 | 451▲ |
| Wawa 1C & Select | | |

South Africa

Rising mill stocks signal weak demand

Local analysts report the timber market is currently subdued and that this is borne out by the high level of stocks at domestic sawmills.

It is reported that delivery times from domestic mills have come down from around 6 weeks during the time of peak demand to just 2 days now in some cases. Last year pine mills in South Africa sold just over 63,000 cu.m less than in 2015.

Local mills had been hoping to increase prices in the first quarter to compensate for rising production costs but attempts at a price increase have now been postponed until at least May.

The weak market is mainly the result of the stagnant housing and construction market.

Sales of domestic constructional timbers are down as are sales of meranti and okoume.

Hardwood sales have fallen so much that there has been some moderate discounting as importers try to adjust their stocks. Demand for US hardwoods is similarly affected and it is only exchange rates that are impacting price levels.

Domestic MDF and particleboard producers pushed through a small price increase recently and this is being maintained even as demand slips. The main reason behind the steady prices for panels is the weaker rand which has pushed up the price of imported panels.

Shopfitting boom coming to an end

There is still some ongoing activity in the shopfitting segment of the market but many of the shopping mall construction projects are nearing completion. There are few prospects for new projects so suppliers to the shopfitting segment of the market will have to rely on refurbishments and shop upgrades to maintain business.

The industry is still anxiously awaiting the announcement of government construction contracts which has been further delayed creating stress in the timber sector.

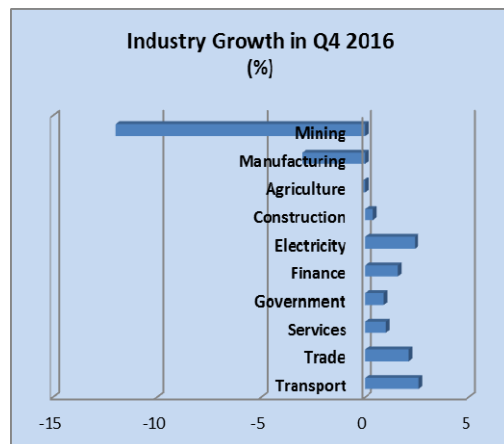
GDP dips into negative in fourth quarter 2016

A recent press release from Stats South Africa has reported the main contributors to the negative GDP growth rate late last year were the mining/quarrying and manufacturing sectors. Mining and quarrying activity declined 11.5% year on year in the fourth quarter, largely the result of lower production in coal, gold and other ores.

Output from the manufacturing sector dropped 3% because of lower production in the food and beverages, petroleum, chemical products, rubber and plastic sectors. The agriculture, forestry and fishing industry have been in decline for eight consecutive quarters.

The largest positive contributors to GDP were the trade, catering, the accommodation industry, finance, real estate and business services.

See: <http://www.statssa.gov.za/?p=9631>



Data source: Stats South Africa

Malaysia

Furniture fair month in Malaysia

The four-day Malaysian International Furniture Fair (MIFF) and the Export Furniture Exhibition (EFE) were held simultaneously running 8-11 March. While report on the fairs are yet to be released, MIFF chairman, Tan Chin Huat, said his show is expected to generate contracts worth in the region of US\$1bil. Last year contracts concluded topped US\$900 mil.

Tan said he expects the weaker Ringgit to help boost exports and reports that this year's MIFF hosted a record number of exhibitors.

The Export Furniture Exhibition (EFE) was arranged by EFE Expo Sdn Bhd, a wholly-owned subsidiary of the Malaysian Furniture Council (MFC). This four-day event showcased a diverse range of furniture featuring more than 300 exhibitors across eight halls within a 30,000sq.m exhibition space at Putra World Trade Centre in Kuala Lumpur.

Speaking on these two events, Plantation Industries and Commodities Minister, Mah Siew Keong, said increasing demand for Malaysian furniture products, coupled with innovation in the industry, will ensure growth of the Malaysian furniture industry.

2017 has been declared the Year of the Internet Economy by the Malaysian Government and Minister Mah expressed confidence that local furniture producers would expand activities in the digital marketplace.

MTC sponsorship of buyers to Malaysian Fairs

In a recent press release the Malaysian Timber Council (MTC) has explained the philosophy behind its sponsoring of exhibition space and visits to these trade fairs which aim to attract investment and facilitate trade for Malaysian timber and wood product manufacturers.

This year MTC sponsored participation of some SME furniture companies at both fairs. At the same time, the Council also sponsored 15 Indian companies for the India Export Pavilion in EFE.

Last year MTC sponsored 20 buyers from India but has trebled the number this year. "Sponsoring these buyers is part of MTC's Incoming Sourcing Mission and it has delivered far-reaching benefits to the industry which is why we are tripling the number of sponsorships for this year," said MTC Chief Executive Officer Datuk Dr Abdul Rahim Nik.

For more see:

http://www.mtc.com.my/images/media/392/20170307_mtc_trebles_sponsorship_of_buyers_to_furniture_fairs.pdf

Local species for plantations

Sarawak's Chief Minister, Abang Johari Tun Openg, wants to explore the opportunities for establishing plantations of fast-growing indigenous trees to supply wood for the timber industry.

Currently, most of the plantations are of acacia mangium. The Chief Minister called for research to identify local species suitable for plantations.

In related news a South Korea company has expressed interest in investing in the biomass industry in Sarawak. A spokesperson from the Embassy of the Republic of Korea, said the potential of biomass industry in Malaysia is very attractive for Korean companies.

Plywood export prices

Plywood traders in Sarawak reported February FOB export prices as:

| | |
|-------------------------------|-------------------|
| Floor base FB (11.5mm) | US\$565-575/cu.m |
| Formboard panels CP (3' x 6') | US\$430/cu.m |
| Coated panels UCP (3' x 6') | US\$500/cu.m |
| Standard panels | |
| S. Korea (9mm and up) | US\$400/cu.m |
| Hong Kong | US\$490-495/cu.m. |
| Middle East | US\$405-410/cu.m |

Indonesia

Plans to expand non-tax revenues from forestry

The Ministry of Environment and Forestry plans to reactivate Standing Stock Compensation charges to boost non-tax revenue from production forests. Putera Parthama, Director General in the Ministry said 2016 non-tax revenues from the forestry sector were Rp2.7 trillion sharply down on the level in 2015.

Parthama suggested that one of the causes of falling non-tax revenues was the gradual decline in output from forestry enterprises much of which stems from the falling prices for Roundwood, especially from plantations.

Forestry enterprises have role in climate change mitigation

The Director General of Climate Change in the Ministry of Environment and Forestry said enterprises can play an important role in the national emission reduction target of 29% by 2030.

In the discussion on ratification of the Paris Agreement on Climate Change it was argued that support from forestry businesses, along with local governments, non-governmental organisations and indigenous peoples is essential if emission reduction targets are to be achieved.

In the national emission reduction plan the forestry sector is expected to contribute around 17% of the reductions. Other main contributing sectors are energy, waste management and agriculture.

Indonesia, Saudi Arabia seek expanded trade cooperation

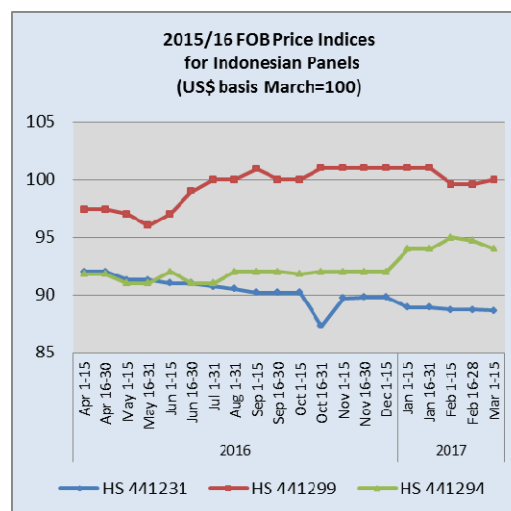
Indonesia and Saudi Arabia have agreed to strengthen collaboration in developing mutually beneficial trade strategies, market research and the encouragement of joint activities.

Indonesia's Trade Minister reported that the two countries will share trade databases to encourage business cooperation.

It was noted that Saudi Arabia is tied into the Gulf Cooperation Council Customs Union and any trade deals must be conducted through this Union.

In related news, the chairman of the Indonesian Chamber of Commerce and Industry (Kadin), has reported that Saudi Arabian entrepreneurs were attracted by Indonesia's woodcraft products and that there are opportunities to expand trade with Saudi Arabia.

In recent years Indonesia's trade with Saudi Arabia has been declining, dropping to US\$5 billion in 2016 compared to US\$8 billion in 2015.



Data Source: License Information Unit in <http://silk.dephut.go.id/>

Myanmar

Exporters rush to avoid 1 April tax

Parliament has now confirmed the 10% Special Commodity Tax on all sawn timber export and local sales. This tax and the zero tax on finished products will come into force 1 April this year. It is understood that the private sector and Forestry Department are now discussing what products are included in the term sawn timber.

A domestic newspaper, Yangon Times Journal, quoted a former Secretary of a timber association as contending that teak is itself a high value product so all teak products could be deemed high value. He pointed out that the price per cubic metre for high quality sawnwood can be much higher than the per cubic metre price of wood in, for example, a teak garden chair.

As a result of the introduction of the Special Commodity Tax on sawnwood manufacturers are rushing to ship stocks of teak during March and this is putting pressure on the availability of containers.

One major exporter has said that his company has accepted the new tax as a contribution to government revenues but hopes that the authorities will be flexible in how the ruling is applied.

It is reported that both state and private sector mills are facing difficulty in securing workers and they are also having problems with log supplies. These two issues and the imposition of the new tax have prompted some foreign owned mills to consider ceasing production.

Interim export data

For the 9 months April to December 2016 earnings from timber exports totalled around US\$75 million. As of December last year there were around 100 wood product exporters in Myanmar. There is a growing concern on the part of EU importers about verification of the legality of wood products from Myanmar.

EU traders who attended the Myanmar Timber Legality Assessment System workshop last month in Yangon expressed satisfaction on the Gap Assessment Report by Myanmar Forest Certification Committee. They expressed optimism on prospects for increased transparency by the Forestry Department and the Myanma Timber Enterprise which will provide tangible information on the traceability and the legality status of Myanmar wood products.

Sample price range for sawn teak (February, 2017)

| Type of Product | Specification | Price US\$/cu.m |
|-----------------|--|-----------------|
| Fitches | 24 Square inch and up | 4400-4650 |
| Board | Av. width 8 inch Av. length 10 ft. | 5000-5250 |
| Board | Av. width 8 inch Av. length 8 ft. | 4100-4500 |
| Scantling | Width 4 and 5 inch Av. length 7.5 ft. | 3400-3800 |

Note, Fitch prices vary depending on defect, For boards the colour and area from which the logs were harvested affects the price.

February 2017 teak log auction prices

| Grade | H.tons | Avg US\$/H.ton |
|-------|--------|----------------|
| SG-1 | - | - |
| SG-2 | - | - |
| SG-4 | - | - |
| SG-5 | 56.2 | 2,085 |
| SG-6 | 79.3 | 2,110 |
| SG-7 | 51.5 | 1,900 |

Inflation rate trends

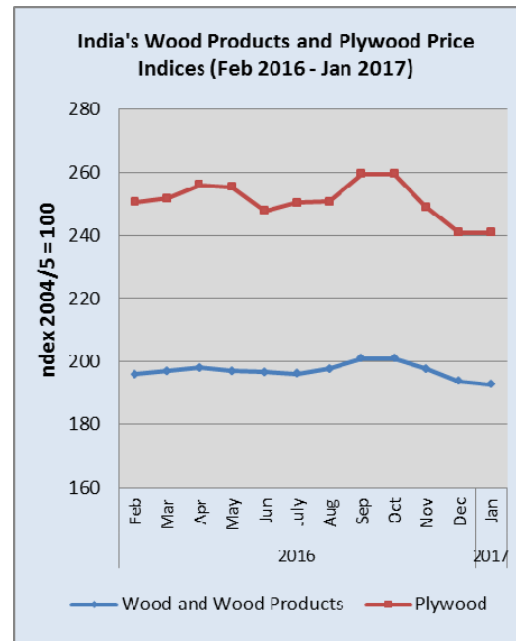
The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI). The official Wholesale Price Index for all commodities (Base: 2004-05=100) for the month of January, 2017 rose by 1% to 184.6 from 182.8 for the previous month.

The annual year on year rate of inflation, based on the monthly WPI, stood at 5.25% (provisional) for January 2017.

See: <http://eaindustry.nic.in/cmonthly.pdf>

Timber and plywood price indices slide at year end

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



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

Demonetisation continues to haunt

Provisional figures from India's Central Statistics Office (CSO) suggest GDP for the third quarter 2016 expanded 7% compared with 7.3% in the previous quarter as the effects of demonetisation ran through the economy.

Viral Acharya, Deputy Governor of the Reserve Bank of India, has said the Bank expects the negative impact of the withdrawal of large denomination currency notes will continue to be felt into early 2017.

The 7% growth figure has been challenged by some local analysts who say the full impact of the demonetization was not factored in when the CSO prepared growth estimates.

More help for affordable homes sector

Of the estimated 400 million people living in urban India, some 35% live in 'informal' housing. These temporary housing areas lack basic services and most of households do not have any formal property rights and depend on casual informal work making it difficult for them to break out of the poverty trap.

The government has ambitious plans to expand affordable housing and this will get a boost as affordable houses may soon be exempt from stamp duty, which currently ranges from between 4% and 8% of the transaction value.

At a recent meeting with CREDAI, the Confederation of Real Estate Developers' Associations of India, the Minister for Urban Development reported that his ministry had submitted a request to state governments to exempt affordable houses from stamp duty.

He also reported that the central government would ensure that there was no net tax increase on housing as the new goods and services tax (GST) is implemented.

Teak auctions in Western India

Auctions at various forest depots in North and South Dangs and the Valsad Divisions were held from 16 January to 8 February 2017. Approximately 13,000 cubic metres of logs were offered for sale of which some 65% was teak, the balance being hardwoods such as *Adina cordifolia*, *Gmelina arborea*, *Pterocarpus marsupium*, *Acacia catechu* and *Mitragyna parviflora*.

Since imported teak logs are mostly of small girth buyers attending the auction of domestic logs are there to secure larger girth logs. At the recent sale prices were down slightly from the most recent past sale.

| | Rs. Per cu.ft |
|-------------------------|---------------|
| Grade A ship building | 3000-3200 |
| Grade A ship building | 2900-3000 |
| Grade A large girth | 2400-2500 |
| Grade B large girth | 2300-2400 |
| Grade A long | 2100-2200 |
| Grade B long | 2000-2100 |
| Grade A 15ft & up | 1800-1900 |
| Grade B 15ft & up | 1700-1800 |
| Grade A 12ft & up | 1600-1700 |
| Grade B 12ft & up | 1500-1600 |
| Grade A 8-10ft. | 1300-1400 |
| Grade B 8-10ft | 1200 |
| Small girth low quality | 1000 |

Very good quality non-teak hardwood logs 3-4m long having girths 91cms & up of haldu (*Adina cordifolia*), laurel (*Terminalia tomentosa*), kalam (*Mitragyna parviflora*) and *Pterocarpus marsupium* attracted prices in the range of Rs.1200-1300 per cu.ft., grade A logs were

sold at RS. 1000-1100 per cu.ft and medium quality logs were sold at between Rs500-650. Small girth logs were sold at Rs.300-500 per cu.ft.

Analysts at the sale say the main reason for the slip in prices was sluggish market conditions for teak in the local and international markets and the fact that the logs offered had high reserve prices but were smaller than at the previous sale.

Buyers anticipate that as fresh logs arrive at the depot there will be a downward pressure on reserve prices for the unsold 'old' logs.

| | 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 |

| Sawnwood Ex-mill | Rs per cu.ft. |
|---------------------|---------------|
| Merbau | 3200-3500 |
| Balau | 2000-2100 |
| Resak | 1350-1550 |
| Kapur | 1750-1850 |
| Kempas | 1250-1400 |
| Red Meranti | 1000-1100 |
| Radiata pine AD | 700-800 |
| Whitewood | 800-900 |

Price range depends mainly on length and cross section

Myanmar teak prices

Growing competition from alternative durable timbers at much lower prices is affecting demand in the Indian domestic market for Myanmar teak. The decision by Myanmar to impose an export tax on sawnwood will increase the landing cost and further undermine sales in the local market.

At the moment prices have not changed but this will not last for long as imports continue but at higher prices.

| 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

| 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 | 1200-1400 |
| Hemlock AB grade | 1250-1250↓ |
| Western Red Cedar | 1850-2000 |
| Douglas Fir | 1550-1750 |

Price variations depend mainly on length and cross section

Pressure mounts for increase in plywood prices

Plywood prices remain unchanged from two weeks earlier but as production costs rise due to higher resin and log prices then manufacturers will be looking for an opportunity to lift prices by around 5 to 6%.

| Plywood, | Rs. per sq.ft |
|---------------------------|---------------|
| Ex-warehouse,(MR Quality) | |
| 4mm | 44.50 |
| 6mm | 58.75 |
| 9mm | 75.50 |
| 12mm | 91.00 |
| 15mm | 122.00 |
| 18mm | 128.50 |

Domestic ex-warehouse prices for locally manufactured MR plywood

| | Rs. per sq.ft | |
|------------------|---------------|----------|
| | Rubberwood | Hardwood |
| 4mm | Rs.22.50 | Rs.33.25 |
| 6mm | Rs.34.00 | Rs.42.80 |
| 9mm | Rs.42.80 | Rs.52.00 |
| 12mm | Rs.52.50 | Rs.62.75 |
| 15mm | Rs.63.75 | Rs.76.50 |
| 19mm | Rs.72.50 | Rs.85.50 |
| 5mm Flexible ply | Rs.45.00 | |

Brazil

Furniture industries react strongly to plywood price hike

The Furniture Industry Association of Rio Grande do Sul (Movergs) and the Bento Gonçalves Furniture Industry Union (Sindmóveis) jointly issued a statement denying support for the recent plywood price increases announced by manufacturers.

The furniture industry union said that the increase would add between 8-15% to the price of plywood used for furniture manufacturing. Movergs and Sindmóveis cannot understand how plywood makers could contemplate an increase with the furniture manufacturing sector facing a severe downturn in sales.

According to the Brazilian Institute of Geography and Statistics (IBGE) 2016 overall furniture sector production across Brazil was down 11% compared to 2015 but in the Bento Gonçalves furniture cluster sales dropped 18% in 2016 and the industry there had the lowest employment level for the past 10 years.

New regulation raises risk that production could be halted merely on suspicion of irregularities

The Center for Timber Producers and Exporters of the state of Mato Grosso (CIPEM) recently met to discuss the likely impact of the new regulation IN 01/2017 issued by the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA).

This regulation sets out new rules on activities in the forest-based sector including logging in the Amazon.

During the CIPEM meeting entrepreneurs expressed concern about the punitive nature of this new regulation as it imposes even more restriction than the current Federal Decree, Decree 6514/2008. The risk is, say analysts, that it will hamper production in the industry.

Under the previous regulation wrongdoing had to be proven before forest operations could be halted. However, the private sector interpretation of the new regulation is that forest operations can be halted merely on suspicion of irregularities. This, say operators, could give rise to unnecessary suspensions as the criteria for 'wrongdoing' are unclear.

Operators also point out that their experience of the current regulation is that, in the event an investigation reveals no wrongdoing, the process for reinstatement is time-consuming and bureaucratic. CIPEM plans to promote discussions on this and closely follow developments if a case is brought against an operator.

Woodbased panel exports surged in January

The Brazilian Tree Industry (IBÁ) has reported that January 2017 exports of woodbased panels increased by 57% to 85,000 cu.m compared to levels in January 2016. Export earnings in January reached US\$19 million, a 46% increase year on year.

Sales in the domestic market also rose in January 2017 with some 508,000 cu.m traded, an almost 8% increase compared to January 2016.

Exports of woodbased panels grew faster than exports of pulp and paper. In January 2017, the pulp and paper sector recorded exports of US\$765 million (+ 18.4%). Latin American countries were the main markets for Brazil's woodbased panels and paper.

Northern Mato Grosso to develop timber export cluster

The Timber Industry Union of Northern Mato Grosso State (SINDUSMAD) is planning to create a timber export cluster in Sinop, the fourth largest city in northern Mato Grosso. The Center for Timber Producers and Exporters of the state of Mato Grosso (CIPEM) and the Federation of Industries of Mato Grosso State (FIEMT) are supporting the plan.

Sinop is one the largest timber producer municipalities in the region and about 10% of the timber companies there are exporting. There are about 60 companies with export potential but currently focus only on the domestic market. The aim is to have more enterprises diversify into export markets.

Domestic Log Prices

| | US\$ per m ³ |
|-------------------------------------|-------------------------|
| Brazilian logs, mill yard, domestic | |
| Ipê | 208 |
| Jatoba | 116 |
| Massaranduba | 118 |
| Muiracatiara | 120 |
| Angelim Vermelho | 115 |
| Mixed redwood and white woods | 97 |

Source: STCP Data Bank

Domestic Sawnwood Prices

| | US\$ per m ³ |
|---|-------------------------|
| Brazil sawnwood, domestic (Green ex-mill) | |
| Ipê | 928 |
| Jatoba | 471 |
| Massaranduba | 434 |
| Muiracatiara | 437 |
| Angelim Vermelho | 386 |
| Mixed red and white | 255 |
| Eucalyptus (AD) | 219 |
| Pine (AD) | 158 |
| Pine (KD) | 179 |

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

| | US\$ per m ³ |
|----------|-------------------------|
| Parica | |
| 4mm WBP | 588 |
| 10mm WBP | 449 |
| 15mm WBP | 404 |
| 4mm MR | 508 |
| 10mm MR | 379 |
| 15mm MR | 349 |

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

| | US\$ per m ³ |
|-------------------------|-------------------------|
| Domestic ex-mill Prices | |
| 15mm MDP/Particleboard | 258 |
| 15mm MDF | 336 |

Source: STCP Data Bank

Export Sawnwood Prices

| | US\$ per m ³ |
|--------------------------------------|-------------------------|
| Sawnwood, Belem/Paranagua Ports, FOB | |
| Ipê | 1421 |
| Jatoba | 918 |
| Massaranduba | 752 |
| Muiracatiara | 722 |
| Pine (KD) | 193 |

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

| | US\$ per m ³ |
|-----------------------------|-------------------------|
| Pine Plywood EU market, FOB | |
| 9mm C/CC (WBP) | 283 |
| 12mm C/CC (WBP) | 260 |
| 15mm C/CC (WBP) | 253 |
| 18mm C/CC (WBP) | 252 |

Source: STCP Data Bank

Export Prices For Added Value Products

| | | US\$ per m ³ |
|---------------------------|--------|-------------------------|
| FOB Belem/Paranagua Ports | | |
| Decking Boards | Ipê | 2,492 |
| | Jatoba | 1,467 |

Source: STCP Data Bank

Wood processing machinery show scheduled for this year

This year the sixth biannual wood working machinery fair, Fenafor Maderera, will be held from 24 to 26 August. Fenafor has earned international recognition as a leading event for Latin America and is considered as a good platform to launch new processes and products for the timber sector in Peru.

Analysts write, "Fenafor offers the industry in Peru an opportunity to experience the most diverse range of machines, equipment, supplies and services for wood processing".

In the most recent Fenafor, over half of the exhibitors were from overseas and included companies from Germany, Argentina, Brazil, Colombia, Chile, Spain, Italy and the USA. Peruvian companies specialising in machine manufacturing and supplies for the timber industry also participated.

Productivity-oriented innovation and market diversification key issues for industry

In a statement on its website the Association of Peruvian Exporters (ADEX) says the projected rapid growth in 2017 exports will result in the creation of some 300,000 direct, indirect jobs. If this is achieved it would represent an almost 10% rise on the number of jobs created in 2016.

ADEX President, Juan Varilias, called for the implementation of new strategies to boost shipments of manufactured goods as increased manufacturing can create jobs.

A survey of businessmen reported by ADEX showed productivity-oriented innovation and market diversification are the key issue for manufacturers in the country. Eliminating bureaucratic 'red-tape' and legal barriers is also high on the wish list for local industries.

See: <http://www.andina.com.pe/Ingles/noticia-perus-export-sector-to-create-310000-jobs-this-year-647960.aspx>

Agroforestry buffer zone for protected areas

Plant a million trees in Tambopata and Bahuaja Sonene to stop deforestation. Around 1 million cocoa trees have been planted to create a buffer zone around the Tambopata National Reserve and the Bahuaja Sonene National Park in Madre de Dios according to SERNAP (El Servicio Nacional de Áreas Naturales Protegidas por el Estado).

This initiative aims to eliminate deforestation by creating agroforestry systems in degraded areas adjacent to protected areas.

Export Sawwood Prices

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

| | US\$ per m ³ |
|--|-------------------------|
| Peru Sawwood, FOB Callao Port (cont.) | |
| Virola 1-2" thick, length 6'-13' KD | |
| Grade 1, Mexican market | 475-529 |
| Grade 2, Mexican market | 365-402 |
| 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 1", 6-13 length KD Mexican market | 435-466 |

Domestic Sawwood Prices

| | US\$ per m ³ |
|------------------------|-------------------------|
| Peru sawwood, domestic | |
| Mahogany | - |
| Virola | 222-251 ↑ |
| Spanish Cedar | 316-368 |
| Marupa (simarouba) | 179-196 |

Export Veneer Prices

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

Export Plywood Prices

| | US\$ per m ³ |
|---|-------------------------|
| Peru plywood, FOB Callao (Mexican Market) | |
| Copaiba, 2 faces sanded, B/C, 8mm | 342-371 |
| 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)

| | US\$ per m ³ |
|------------------|-------------------------|
| Iquitos mills | |
| 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

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

Export Prices for Added Value Products

| | US\$ per m ³ |
|--|-------------------------|
| Peru, FOB strips for parquet | |
| Cabreuva/estoraque KD12% S4S, Asian market | 1296-138 |
| Cumaru KD, S4S | |
| Swedish market | 962-1095 |
| Asian market | 1058-1098 |
| 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 |

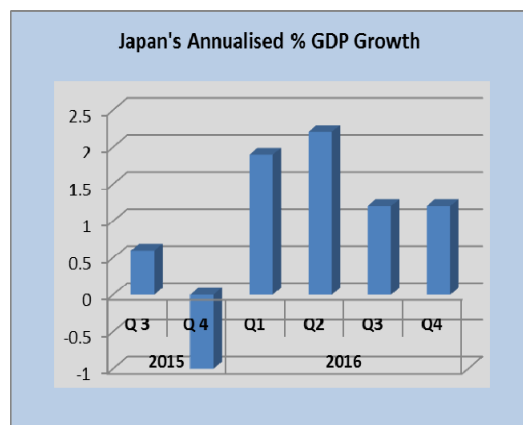
Japan

Economy performed well in 2016 but uncertainty looms

Increased business investment in the final quarter of 2016 lifted economic growth higher than initially reported. Third quarter growth came in at annualised 1.2% however; the revised figure is still below forecast prepared in mid-2016 which anticipated growth at 1.6%.

The lackluster growth underlines the challenges facing the Japanese government which, along with the Bank of Japan, have been struggling to reverse the years of economic stagnation. Japan's economy grew for four consecutive quarters in 2016 but the latest survey of businesses shows deep concerns about prospects in the medium term due to rising uncertainty at which way the global economy will move.

See: http://www.esri.cao.go.jp/en/sna/sokuhou/sokuhou_top.html



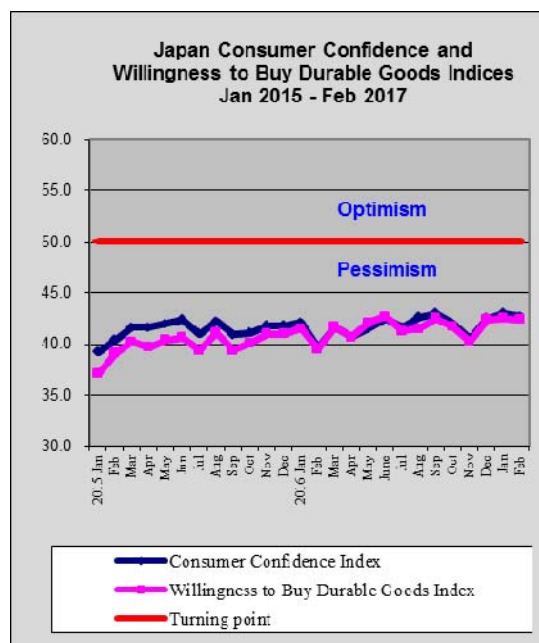
Data source: Cabinet Office, Japan

Consumer Confidence falls unexpectedly

Consumer confidence fell in February where analysts had expected a slight improvement given the positive signs in the index in December 2016 and again in January this year. The consumer sentiment index dropped to 43.1 in February from January's 40-month high.

Among the individual components assessed the overall livelihood index fell in February as did the indices for both income growth and willingness to buy durable goods.

The most positive result of the February survey was that those surveyed saw improvement in employment prospects. In January the composite employment PMI recorded the largest advance as the workforce expanded led by expansion in manufacturing.



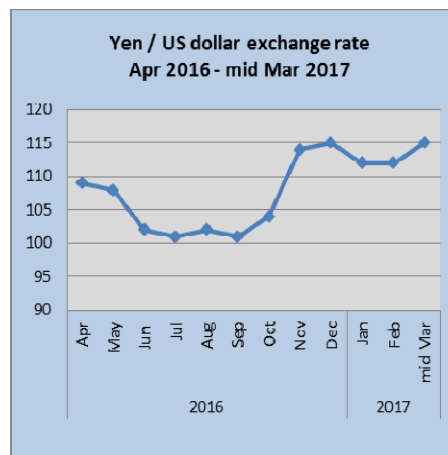
Data source: Cabinet Office, Japan

Interest rate rise drives yen lower

In early March there was an unexpected weakening of the US dollar against the yen as currency traders factored in the likelihood of a rise in US interest rates. For the month to 15 March the yen weakened slightly against the US dollar once again pushing up the cost of imports.

The prospects are for further yen weakness as signals from the US Federal Reserve are still pointing to a steady increase in interest rates following the 0.25% increase just announced.

With inflation at around 2.7% and low unemployment pressure on prices in the US have started to rise.

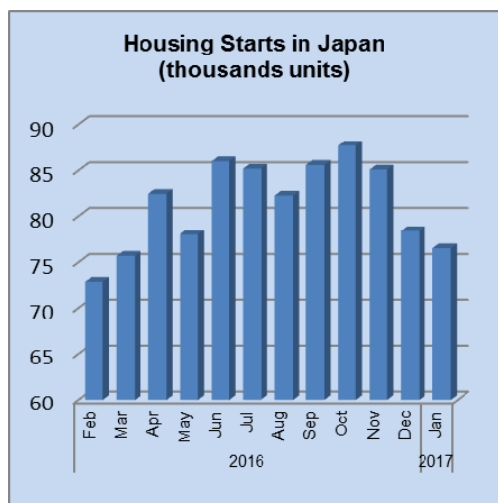


Japan remembers - a moment of silence at 2.46pm

Thousands of people in areas most affected by the massive 11 March 2011 earthquake and tsunami were still living as evacuees in temporary makeshift homes as the country fell into a moment of silence at 14.46 11 March 2017 marking the 6th anniversary of the disaster.

The number of those living in makeshift homes after the nuclear disaster had fallen by around 70% at the beginning of this year but that still leaves over 100,000 mainly elderly people, unable to get on with their lives.

Due to delays in the building safe permanent housing and due to high radiation levels near the nuclear facility many people will have to remain in temporary homes.



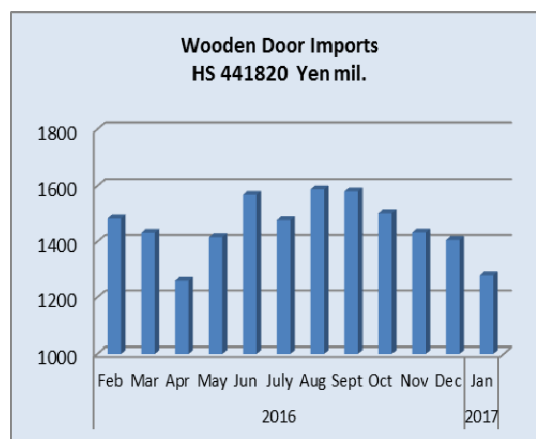
Data source: Ministry of Land, Infrastructure, Transport and Tourism

Import round up

Doors

Year on year Japan's January 2017 imports of wooden doors (HS 441820) were down 25% compared to January 2016 and from a month earlier they were down around 9%. Since September last year there has been a steady decline in imports into Japan of wooden doors.

The top suppliers in January in order of rank were China, Indonesia and Malaysia which together accounted for over 90% of Japan's wooden door imports for the month.

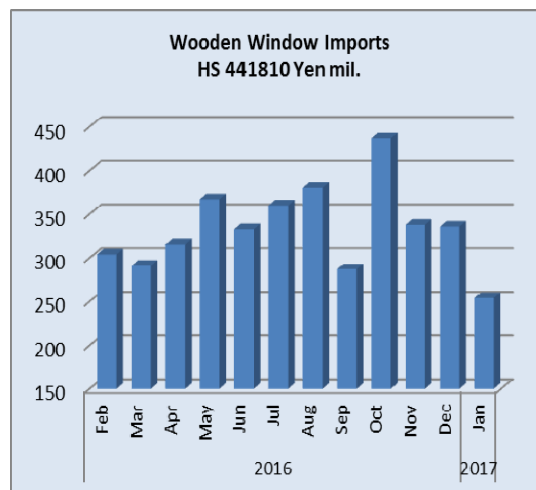


Data source: Ministry of Finance, Japan

Windows

There was a sharp drop in Japan's year on year wooden window imports in January 2017 (-19%) and compared to a month earlier January 2017 imports dropped almost 25%. The January 2017 value of wooden window imports was one of the lowest over the previous 12 months and only just above the record low in September 2016.

As was the case in previous months shippers in China and the Philippines dominated Japan's imports of wooden windows. Shipments of wooden windows in January 2017 from these top two suppliers accounted for over 80% of imports.



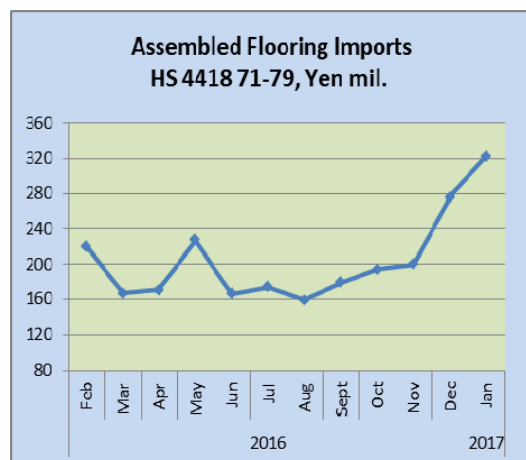
Data source: Ministry of Finance, Japan

Assembled flooring

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

The continued increase in the value of imports of assembled flooring is in sharp contrast to the trend in imports of wooden doors and windows such that this is not just a reflection of exchange rate fluctuations. The surge in the construction of apartments in Japan is thought to be behind the unusual increase in imports of assembled flooring.

From a year earlier, January 2017 imports of assembled flooring were up a staggering 63% and there was a rise of 17% in imports over levels in December 2016.

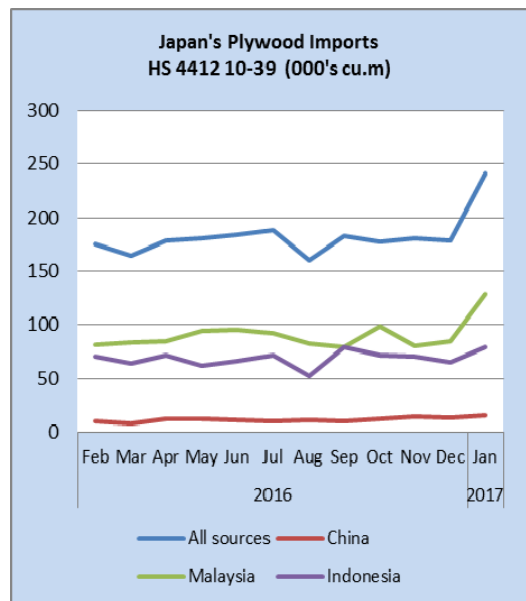


Data source: Ministry of Finance, Japan

Plywood

The figure below shows the trend in imports of 4 categories of plywood, HS 441210/31/32 and 39. Throughout 2016, as was the case in 2015, almost 90% of Japan's plywood imports are from Malaysia, Indonesia and China. This trend continued into January 2017.

January 2017 arrivals of plywood from the top three suppliers, Malaysia, Indonesia and China beat expectations by rising 18%. January arrivals from Malaysia surged 18% year on year, shipments from Indonesia were up 6% but arrivals from China remained at the same level as a year earlier.



Data source: Ministry of Finance, Japan

Main sources of Japan's plywood imports

| | | China | Malaysia | Indonesia |
|------|-----|-------|----------|-----------|
| 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 |
| | Sep | 10.3 | 79.9 | 79.3 |
| | Oct | 12.9 | 98.3 | 72 |
| | Nov | 14.9 | 80 | 71 |
| | Dec | 13.7 | 85 | 65 |
| 2017 | Jan | 16 | 130 | 80 |

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>

Clean Wood Act

The Act on promotion, use and distribution of legally harvested wood and wood products will be effective May 20, 2017.

Basic draft of ministry ordinance of effective regulation and standard of judgment is disclosed on February 22 and public opinion is invited until March 23.

Since wooden building needs variety of materials, the act is made with flexibility to register legally proven materials only.

The act requires and promotes use of legally proven wood materials for users of wooden products such as manufacturers, distributors, house building companies and contractors.

This is promotion method, not regulation like the Building Standards Act so it is up to individual's decision. Anyone, which wishes to follow the act, will register to the organizations and tries to procure and market legally proven wood products.

Method of legality proof has three methods. One is group verification, which is selected by the Green Purchase law then second is Forest Certification systems. Third is independent method by individual company. Also local wood certification by prefectures can be used as verification method. Forest Certifications are considered as verification method.

Details of group certification may have some changes in languages of legal certification such as registration of harvest. For imported wood products, it is necessary to have confirmation if the products are conformed to law of country of origin and legal certification systems.

The Forestry Agency will publicize information of producing countries on its web pages.

Wood products, which are not proven even after effort to seek legality, can be handled as long as they are separated from legal products.

The Forestry Agency commented that it would ask cooperation to exporting countries not to increase wood products without legal certification through diplomatic channels and it is important that exporting countries should have system to prove legality.

There are many demands to start handling legally certified products first so registration system would have system to register partially. For instance, housing company registers domestic wood,

North American and European products for structural members then withholds certification of other materials until system to certify legality is established.

For some wooden building materials manufacturers have three different series of products, they can register only one first and withhold rest of series. After all, this aims to promote use of legally proven wood products without any penalty.

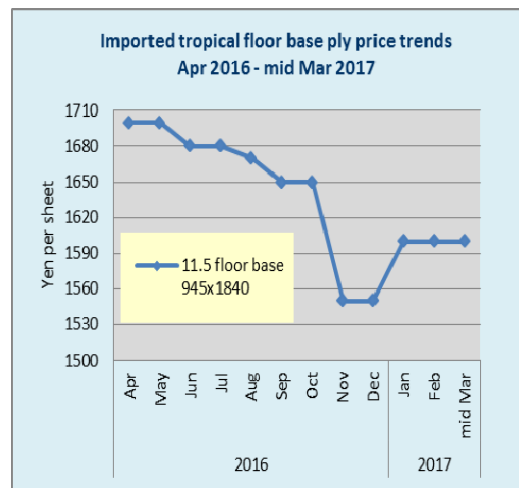
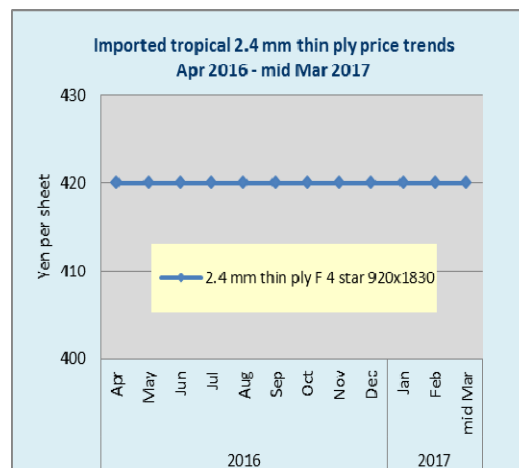
Plywood

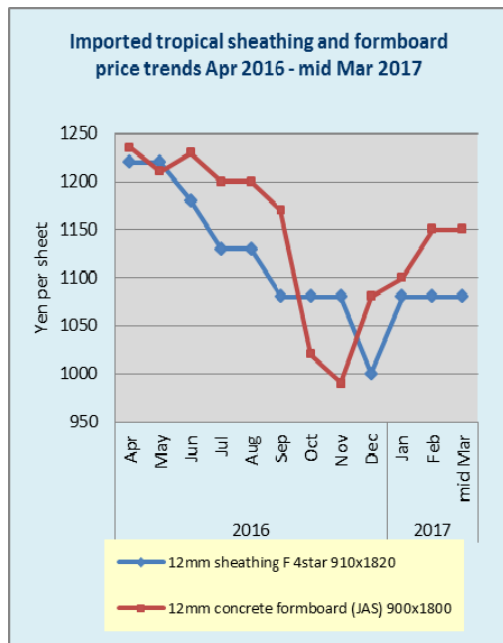
New orders by precutting plants to plywood manufacturers are declining but demand to deliver orders, which are delayed, is strong. Movement of import plywood continues to be dull so the importers are watching the market before book closing at the end of March.

The importers and wholesalers need to increase the sales prices after cargoes, which cost is high with weak yen in late last year, arrive from now on.

January production of softwood plywood in January was 227,700 cbm, 1.4% more than January last year and 4.6% less than December. Fewer working days in December by year-end holidays and lower efficiency of drying by cold weather in the North East and Japan Sea side plants caused lower production.

The shipment in December was 235,000 cbms, 1.1% less and 1.8% less. The shipment exceeded production by 7,200cbms. Precutting plants were busy in January to catch up delayed orders.





Plywood plants continue full production because mills in Eastern Japan carry about a month of delivery delay and Western Japan mills have maximum of three months of delay. The inventory dropped down to 83,300 cbms, 7,200 cbms less than December so tightness continues.

January arrivals of imported plywood were 308,500 cbms, 17.4% more and 32.1% more. Malaysia supplied 133,400 cbms, 28.5% and 51.8% more.

Indonesia 88,500 cbms, 6.5% and 23.2% more. China 69,000 cbms. Delay the customs clearance in December and more orders placed by the importers for tight items are the reasons of higher volume. Cargoes coming in after March are high cost by weak yen so the importers need to push the prices.

China

Snapshot - 2016

Dependence on wood product imports rising

In spite of being one of the biggest wood product producers in the world the output from China's wood products sector is insufficient to satisfy domestic demand. China's dependence on the imports of wood products continues to grow and this trend is unlikely to slow especially as now a total ban on commercial logging in national forests is in effect.

Economy and housing

Achieving growth was tough for Chinese policy makers throughout 2016. Even with loosened liquidity and government intervention, annual growth fell to a consistent 6.7% in the first three quarters of 2016, the slowest rate seen in 25 years.

However, these numbers disguise some weaknesses in the economy. The main concern is that fixed asset investment

is no longer coming from the private sector. Manufacturing overcapacity in many sectors is a burden and while the services sector did exceptionally well in 2016 the pace of expansion is unlikely to be sufficient to compensate for downturns elsewhere.

With the accelerating incomes and rapid urbanisation, enthusiasm for owning a home continues to drive the housing market. China's National Bureau of Statistics has released 2016 data on real estate investment during the year showing total investment in the sector was up 6.9% year on year of which investment in residential buildings was up by 6.4% and accounted for 67% of all real estate investment. However, in 2016 the area purchased by the real estate developers fell 3.4% as they anticipated tougher times ahead.

The real estate market, which was especially active in early 2016, delivered an enormous market for wood and wood product imports before the brakes were applied to the overheated market. For example, in the first 7 month of 2016, imports of sawn timber grew 17% year on year, log imports rose 3%; plywood imports jumped almost 20% and MDF imports rose 16%.

But the reason for rising imports of wood products is not only demand in the housing market. In recent years many Chinese enterprises have been importing high quality wood-based boards in order to meet mandatory standards for formaldehyde emission for panel style furniture or wood flooring manufactured for international markets.

For example, according to China Customs, in the first nine months of 2016 particleboard imports rose a staggering 32% to 560,200 cubic metres mainly from Malaysia, Thailand, Romania, Germany and Brazil.

Appetite for logs continues but not tropical logs

The firm appetite of Chinese companies for imported logs continued into 2016. Total log imports topped 19 million cubic metres (17% up year on year) but what was startling was the decline in tropical log imports.

In 2015 tropical log imports accounted for around 40% of all log imports but this tumbled in 2016 to just 18%. 2016 imports of tropical logs amounted to just 9.3 million cubic metres from the 19 million imported in 2015.

In contrast to the trend in tropical log imports, China's 2016 tropical sawnwood imports continued an upward trend that had been observed over the past few years. Of the 32 million cubic metres of sawnwood imported in 2016, some 20% was from tropical suppliers and the proportion of tropical to total sawnwood imports (18%) was maintained into 2016.

African blackwood shipments closely scrutinised

The authorities at Zhangjiagang Port have cracked down on importers bringing in African blackwood (*Dalbergia melanoxylon*). If the appropriate CITES documents cannot be provided shipments will be seized. China imports African blackwood from Mozambique.

Russians check timber destined for China

Information released by the Khabarovsk Customs in Russia's Far East says as of 1 March, timber exported to China are being carefully monitored to ensure shipments are in accordance with the latest export restrictions.

In January this year Russian Prime Minister, Dmitry Medvedev, signed into law an ordinance that placed further restrictions on log exports. The export of Russian birch logs with a diameter of less than 24 cm and less than one metre in length is now banned. In addition, Russian law enforcement agencies have stepped up efforts to crack down on timber smuggling.

For more see:

http://www.wood365.cn/News/NewsInfo_246138.html

Shipment to US fails quarantine regulations because of crating

According to Ningbo Entry-Exit Inspection and Quarantine Bureau in Zhejiang Province, both the volume and value of wood products exports by manufacturers based in Ningbo City increased in 2016 and the value of wood product exports topped US\$410 million.

Markets such as the USA, Japan, France and the UK accounted for the bulk of exports but, overall, shipments were made to 140 different countries.

According to the Ningbo Entry-Exit Inspection and Quarantine Bureau, a shipment of pianos from the City was rejected by the US Customs because the pianos were crated in timber that not been treated. This resulted in the exporters sustaining huge losses.

The Ningbo Bureau is paying now more attention to all aspects of shipments. Joint efforts between the city's government departments, industry associations and enterprises are underway

The local authorities have assumed responsibility to inform enterprises of the latest trade regulations and are arranging training. The timber associations have formulated a code of conduct covering wood products processing and shipments with emphasis on wooden packaging.

Recovery in radiata log exports to China

Log exports from New Zealand to China have recovered strongly following improved demand over the past year. China is New Zealand's largest market for logs and sawnwood. The recovery in exports from New Zealand follows a slump caused by excessive inventory in 2015.

Improved demand for radiata logs in China was behind the 2016 success of Port of Tauranga in New Zealand.

Log exports via the Port increased over 20% in 2016 to almost 3 million tonnes according to a reports in the New Zealand Herald .

Tauranga is New Zealand's major log export port, accounting for 30% of all log exports. In 2016 New

Zealand's log exports increased in the 2016 to around NZ\$2.5 billion with the Chinese market absorbing around 75% of this. South Korea and India were the other main destinations.

See: http://www.nzherald.co.nz/bay-of-plenty-times/news/article.cfm?c_id=1503343&objectid=11806907

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 | 9800-11800 |
| 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 | 5300-4500 |
| 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 | 14-20↑ |
| 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

UK conference calls for step change in hardwood marketing

To end years of decline in UK hardwood consumption, a radical step change is required to improve two-way communication between the hardwood trade and key end-user and specifier groups, including product designers, architects, manufacturers, building contractors and retailers.

There is an urgent need, on the one hand, to improve trade understanding of the constraints and opportunities in different market segments, and on the other hand, to encourage market acceptance of a wider range of hardwood species and grades and to improve recognition of their technical and environmental attributes.

These were key messages of the UK Timber Trade Federation (TTF) conference on the UK hardwood market sponsored by The American Hardwood Export Council (AHEC) held on 9 March.

The conference aimed to provide a more accurate picture of the hardwood market in the UK and to inform the activities of the TTF which aims to revitalise the market development work of their National Hardwood Division (NHD) in co-operation with AHEC and other producer associations.

TTF Director Dave Hopkins said that the TTF would draw on feedback received at the conference to develop an action plan for hardwood market development and provide the NHD with a budget for implementation.

The conference attracted around 80 participants including representatives of many of the UK's largest hardwood importers and agencies and producer associations such as AHEC, Canada Wood French Timber, Malaysian Timber Council, and the European Sawmillers' Organisation.

A series of presentations and a panel discussion provided insights into the current position of both tropical and temperate hardwoods in the UK and wider European market. It was noted that UK sawn hardwood consumption in 2016 was around 370,000 cu.m in both 2015 and 2016, down from 415,000 cu.m in 2014 and figures in excess of 525,000 cu.m per year prior to the financial crises.

The downward trend in UK consumption forms part of a wider trend across the EU where sawn hardwood consumption has fallen from in excess of 8 million cu.m in 2001 to around 5.5 million cu.m last year.

Reasons for declining hardwood consumption in Europe

The downward hardwood consumption trend is partly due to falling availability on the supply side – with hardwood harvesting levels constrained within the EU and a large share of the better quality European logs now being exported to China and other Asian countries, a problem compounded by the very heavy focus on European oak which is also in strong demand in the barrel staves market.

At the same time, Europe's access to tropical wood has diminished, as tropical countries have taken steps to reduce log exports, and a much larger share of logs and sawn wood is now diverted to emerging markets so that European buyers no longer drive price levels and are less able to dictate terms.

Other reasons for downward hardwood consumption highlighted at the conference include: shrinkage of the overall UK and European markets for materials since the financial crises; relative lack of availability to finance and failure to innovate in the hardwood processing sector; and intense competition from a wide variety of wood-panel-based and non-wood alternatives which have experienced large capacity increases and falling prices in recent years.

In the UK itself, domestic sawn hardwood production has remained static at only around 50,000 cu.m per year during the last decade.

However, due to a significant amount of new planting in recent decades supported by government grants favouring native broadleaves over conifers, availability of hardwood logs for harvest in UK forests is set to continuously increase from the current level of around 400,000 cu.m per annum to a high of 3 million cu.m over the next 30 years.

Much of the hardwood volume in UK forests is on private land in areas of England with high population density (and greater demand for amenity woodland) and harvesting may well be constrained by environmental and other planning controls.

A lot of volume is also likely to be used for power production (use of biomass for energy receives a hefty subsidy in the UK). Nevertheless, there is potential for UK sawn hardwood production to increase significantly in coming decades with important knock-on effects for the import trade.

Exchange rates were identified at the TTF conference as a significant factor influencing UK import prices for hardwoods in recent years. The GBP is currently trading at only USD1.21, down 30% compared to July 2014.

Only once before in the entire history of the two currencies, in the mid-1980s, has the GBP been valued so low against the USD. This exchange rate shift has meant that GBP prices for hardwoods from the US and Asia (where currencies are more closely tied to the USD) have risen sharply.

The GBP has also fallen against the Euro, but much less dramatically, by around 15% from €1.41 at the start of 2016 to the current level of around €1.17, and this only represents a return to the level prevailing in 2014.

UK hardwood import market share

Nevertheless, statistics shown at the TTF conference indicated there has yet to be any significant switch from the US to Europe in UK temperate hardwood imports. In fact, the long-term trend in rising US share of UK hardwood imports continued last year.

UK imports of U.S. sawn hardwood were 105,000 cu.m in 2016, 2% more than the previous year. The US accounted for 32% of all UK sawn hardwood imports in 2016, up from 31% the previous year and around 21% a decade ago.

Several factors explain the continuing increase in US hardwood share in the UK market in 2016 despite the exchange rate trend. The UK is strongly oriented towards oak, which is readily available from the US but for which supplies from Europe have become increasingly restricted in the last two years.

Effective market development campaigns have also boosted UK demand for American tulipwood, an abundant hardwood now very popular for manufacture of kitchen components, mouldings and other interior applications, often substituting for lighter tropical species like ayous which have become less readily available.

The rise in US share in the UK market in 2016 is also partly explained by stock building by UK importers who speculated, rightly as it turns out, that prices for US white oak would continue to rise and the GBP-USD exchange rate continue to weaken throughout the year.

In early 2017, signs are that UK stocks of US hardwood are now quite high and this speculative trend may have run its course. There is some expectation now that the rise in US share of UK sawn hardwood imports peaked last year and will fall in 2017 as the higher prices begin to eat into UK consumption of US hardwoods.

Meanwhile, according to statistics shown at the TTF conference, tropical share of UK sawn hardwood imports was around 30% in 2016, a significant recovery from only around 28% in 2015, but down from levels closer to 40% a decade ago.

As in the UK's temperate hardwood sector, the UK market for tropical wood is now concentrated in a very limited range of species. Sapele from Cameroon and Congo Republic and meranti from Malaysia are overwhelmingly dominant. These species are stocked as utility woods to supply the UK joinery sector.

UK sawn hardwood imports from Cameroon were 23000 cu.m in 2016, a slight increase from 21,000 cu.m in 2015, but well below levels in excess of 30,000 cu.m in each of the years between 2010 and 2014.

UK imports of sawn hardwood from the Republic of Congo doubled last year from 7000 cu.m to 14000 cu.m.

This follows investment in sawmilling capacity and availability of FSC certified product from two large operators in Congo Republic. A very large proportion of the around 10,000 cu.m of tropical wood the UK imports indirectly by way of the Netherlands is also derived from African countries.

Due to scarcity of hardwood kilning capacity in both Africa and the UK, a lot of African wood is dried in the Netherlands before being re-exported to the UK.

The UK imported 22,000 cu.m of tropical sawn hardwood from Malaysia in 2016, 7% more than the previous year but still less than half the volume prevailing before the financial crises.

This forms part of a larger trend as Malaysia has reduced focus on European markets for rough sawn hardwood in favour of emerging markets and more value-added products such as laminated veneer lumber, doors and furniture.

Importers at the TTF conference commented that other tropical hardwoods which were formerly popular in the UK are now rarely imported, in some cases due to substitution by cheaper more readily available alternatives (such as bangkirai decking widely replaced by wood plastic composites and ayous mouldings replaced by wrapped MDF), in others due more to EUTR conformance concerns (such as framire from Ivory Coast).

Drivers and constraints in the UK hardwood market

UK importers were asked at the Conference to comment on the main drivers of UK hardwood demand. It was noted that house building in the UK involves very little hardwood, typically only small volumes for stair components and kitchens. Finishing applications such as mouldings, doors, windows, and cabinets are rarely in hardwood for new build.

Hardwood is now used mainly for higher end commercial fit-outs and private bespoke projects and products. There's also quite a strong regional concentration, with hardwood demand focused on South East England, particularly London which dominates the commercial sector.

Looking to the future, UK importers at the conference emphasised that lack of training and expertise is now a major obstacle to expanding the market for hardwood in the UK. This problem is apparent both within the UK trade itself and in the manufacturing, retailing, engineering and specifier community.

One UK importer observed that "when selling hardwoods in the past we would be able to talk to a professional hardwood buyer, with expert knowledge and appreciation of the value of the material and of the reliability and reputation of individual suppliers.

Now buyers often have limited technical and industry knowledge and choose suppliers solely on price. This means we all chase each other to the lowest possible denominator, offering the lowest price with less concern for quality".

This lack of training and knowledge goes some way towards explaining the UK's increasing concentration on just a few "big name" species that are familiar to the less well informed, and a widespread unwillingness to experiment or innovate.

The TTF conference also invited comments from representatives of the UK retailing, architectural and engineering sectors. A common theme was that the hardwood industry is generally very poor at providing clear information on product performance and availability.

One architect observed that "when we deal in steel, we know exactly what is available – precise sizes and grades – and how it performs. But when it comes to wood, particularly hardwood, there typically isn't clear information, in fact some suppliers seem to go out of their way to withhold information and it's not always clear why".

It was noted that product designers and architects, or their clients, don't have the time or money to investigate new timber species, or for sourcing wood in the correct sizes.

One designer observed that "we specify oak all the time, because that's what we know and what seems to be available. Perhaps there are other options out there, maybe cheaper and more readily available, but we simply don't know about them".

However as one importer observed, there is a "chicken and egg" issue to be resolved here. "A designer might like a particular species and request it, but as a natural material, typically sourced from overseas, it can take two to three years to bring a new timber type to market. In practice importers won't stock a species unless there is demand".

The challenge of introducing new hardwood species (or even reintroducing very familiar but unfashionable "old" species) to the market is also apparent in the UK high street furniture retail sector.

A representative of one large UK retail chain noted that the company does occasionally pilot test new looks and timber types – for example recently offering some of their most popular table designs which sell extremely well in oak in other European species such as beech, ash, and sycamore – but very rarely do these sell.

An underlying message is that to change fashions and consumer tastes requires a huge amount of time and effort. Materials tend to do well if perceived by the customer to be culturally relevant, but also readily adaptable and flexible in the face of unexpected changes in fashion.

This goes a long way to explaining oak's enduring appeal in Europe – the wood is both familiar and yet capable of being presented in a huge range of colours and finishes.

Nevertheless, there are niche opportunities if hardwood species can be matched to specific applications, and buyers can be given sufficient assurance both of their technical attributes and continuing availability.

This is well illustrated by American tulipwood, not a popular, or even a familiar timber type in the UK market until recently.

However, it is now preferred for many interior applications following a strong market development drive by AHEC and the US industry combining technical information with data to demonstrate the large size of the resource, and with many importers now willing to stock the wood and able to offer at competitive prices.

Hardwood's sustainability message not helping sales

The TTF Conference also suggested that those who believe that the environmental credentials of hardwood are a unique selling point offering an easy route to market, may need to think again.

Attitudes to sustainability expressed at the conference were typically muddled. The view overall seemed to be that while everyone wants "sustainability", very few are willing to pay for it, or indeed are particularly interested in the details of how it is achieved in practice.

The general view of UK importers was that sustainability is not a positive selling point, although the requirement is now so ubiquitous that it must be demonstrated to avoid a loss of market share.

Demand for wood, and particularly hardwood, continues to be restricted in the UK due to prejudice about the unsustainability and illegality of product, despite its record of achievement on this issue.

After all, the sector is the only one which can now assure customers that all products placed on the market must be demonstrably from a legal source.

However, the retailers at the conference suggested that their perceptions of sustainability are strongly linked to FSC. The implication is that relative lack of FSC in the hardwood sector undermines market demand and attitudes to the material.

This raises profound issues surrounding the role of FSC in hardwood communication – whether it is more of a hindrance than a help if demand for FSC is not matched:

- firstly, by more significant progress to achieve certification on the ground in hardwood producing areas;
- secondly, any real interest on the part of consumers in the genuine technical obstacles to

this form certification in many forest environments, notably when timber derives from numerous non-industrial owners that harvest only very rarely, or in tropical countries where certification capacity is still limited;

- or thirdly, equivalent forms of environmental assurance being demanded of other material sectors.

By offering consumers a deceptively simple, but still imperfect, technical fix to their sustainability concerns, FSC may be distracting buyers from exploring the wider sustainability narrative of their hardwood products, such as the social contribution made by the smallholder forestry sector and the need to maintain the competitiveness of commercial forestry in relation to agriculture and of hardwood relative to other, potentially more environmentally damaging, competing non-wood materials.

The short-comings of the FSC-only approach were well illustrated by one furniture retailer at the TTF conference. The company recently ran a wood furniture promotion campaign in their main London store which included a requirement that all products on display must be FSC certified.

The company was keen to include some British hardwood in the display because "the local wood narrative played well with consumers". However, in practice due to lack of FSC supply they were able to display only one small item – a chopping board – from UK forests. Even in the UK, FSC certification is still rare in the private sector where hardwood forest ownership is concentrated.

While the FSC-only approach is still prominent in the UK large retailer sector, other participants at the Conference said that in other sectors there is rising interest in broader sustainability issues.

For example the furniture design community is increasingly interested in the wider sustainability narrative surrounding their products, including both with respect to the source of materials and the life-time of products.

It was also noted that there is a growing appreciation in the architectural community of the life cycle environmental benefits of using wood, although for the vast majority of building projects this will not, on its own, lead to timber being preferred over other materials.

Balsa, sapelli and ipe imports up in January

US imports of all sawn hardwood increased by 21% from December 2016 to January 2017. Some 70,569 cu.m. of sawn hardwood worth US\$41 million were imported in January.

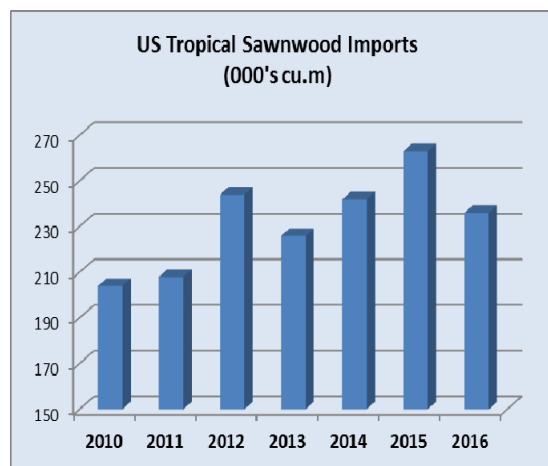
Tropical sawnwood imports grew 16% month-on-month in January to 22,998 cu.m and tropical sawnwood imports were almost 60% higher than in January 2016.

Demand for all major tropical species increased. Balsa imports were 8,973 cu.m. in January, followed by sapelli (2,802 cu.m.) and ipe (2,438 cu.m.). On the down side imports of keruing, meranti, teak and mahogany sawnwood declined in January.

Ecuador, Cameroon and Brazil gained from higher imports of balsa, sapelli and ipe, respectively. Sawnwood imports from Indonesia grew 17% in January despite the drop in keruing and meranti imports.

The US imported more ‘other tropical’ hardwood sawnwood from Indonesia in January, but meranti remained the highest value sawnwood imported from Indonesia at US\$489,000.

US imports of sawn tropical hardwoods are climbing back from the lows immediately after the 2008/9 recession.



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

Sapelli and balsa lead Canadian tropical imports

Canadian imports of tropical sawnwood were worth US\$1.65 million in January, up 70% from December but slightly lower than in January 2016.

Imports of virola, imbuia and balsa (combined) were unchanged from the previous month and accounted for almost one third of all sawn tropical hardwood imports. Imports of both sapelli and mahogany more than doubled in January to US\$385,615 and US\$289,916, respectively.

Ecuador was the largest source of tropical direct imports, much comes from the US. Some US\$281,000 worth of balsa sawnwood was imported in January. Cameroon shipped a similar value of mainly mainly sapelli to Canada.

Brazilian hardwood shipments to Canada increased to US\$123,645 in January. The species are not specified in the Canadian trade classification system, but ipe is included in the group ‘other tropical’.

Fiji, Mexico and Myanmar were among the smaller suppliers that increased tropical hardwood exports to the Canadian market in recent months.

Rising softwood prices affect home buyers

The composite price of framing lumber used in house construction increased by 14% in the first three weeks of February according to Random Lengths a trade magazine. Further price increases are expected as the US is investigating whether Canada is unfairly subsidising its industry. Canada’s share in the US softwood market has been around 30% in past few years.

US home builders are absorbing the additional cost for now according to the National Home Builders Association but in the longer term the cost of new housing is likely to rise. The Association is urging US domestic sawmills to produce more sawnwood and is encouraging imports from other sources such as Chile in order to increase competition.

Canada and US have started trade negotiations, but little progress is expected until the US investigation is complete. The US Department of Commerce announced in late February that it will postpone the preliminary determination of countervailing duties to late April. Based on recent price increases by Canadian mills, producers expect duties of up to 30%.

Positive outlook for residential remodeling market

The residential remodeling market reached an all-time high of US\$340 billion in 2015, surpassing the prior peak in 2007, according to a report released by the Harvard Joint Center for Housing Studies (Demographic Change and the Remodeling Outlook, February 2017).

Rising house prices are encouraging owners to invest in home repairs and improvements. Spending on home improvements and repairs is expected to increase 2.0% annually on average through 2025, comparable to the overall economic growth rate.

Spending by older owners (age 55 and over) is projected to account for more than three-quarters of total growth. Over half of all spending will be by homeowners age 55 and over by 2025. Much of the expenditure by older owners is to adapt their homes for better accessibility and comfortable aging.

The homeownership rate for the under-35 age group fell from 43% in 2005 to a historic low of 31% in 2015. Even when younger households are able to purchase a home they generally have fewer resources to make improvements and repairs because of climbing mortgage rates and rising house prices.

However, the shortage of affordable housing encourages capital investment into older homes and renovating them for rental housing. Also the number of younger homeowners should increase as the economy continues to improve.

The main challenge for the wood product industry supplying the home improvement sector is rising home prices. A major opportunity is the growing demand for sustainable home improvements. The Center for Housing Studies predicts significant growth in the niche market for energy efficiency, environmental sustainability and healthy homes. Demand for building materials will increase that are renewable, recyclable and address indoor health concerns.

Connecting small forest owners with loggers

A small startup company from Eastern Canada has developed an online tool that helps small forest owners generate revenue. The WoodsCamp product uses open data that tells woodlot owners the tree species and timber value growing in their forest. The remote sensing data was collected by the Nova Scotia government for the entire province.

Forest owners can find out the value of their forest using an online app, even if they live thousands of miles away. If they decide to sell the timber through WoodsCamp, the brokerage works with loggers and does the marketing to processors. To the loggers and mills WoodsCamp offers the prospect of a sustainable and efficient supply chain.

The company plans to grow the online brokerage in Nova Scotia this year before expanding into other markets.

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.

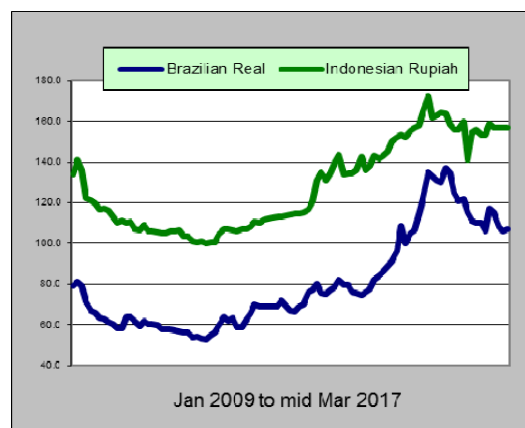
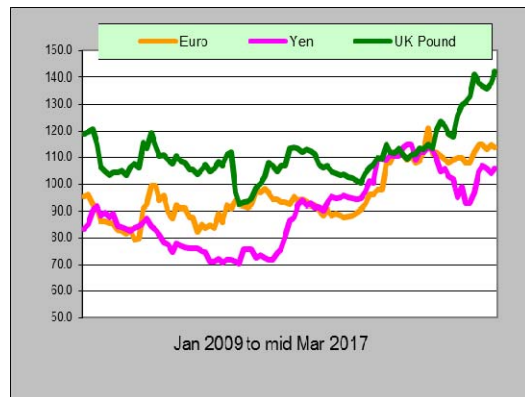
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10 March 2017

| | | |
|---------------|-----------|---------|
| Brazil | Real | 3.1396 |
| CFA countries | CFA Franc | 618.48 |
| China | Yuan | 6.9071 |
| EU | Euro | 0.9369 |
| India | Rupee | 66.450 |
| Indonesia | Rupiah | 13356 |
| Japan | Yen | 114.75 |
| Malaysia | Ringgit | 4.4530 |
| Peru | New Sol | 3.2927 |
| UK | Pound | 0.8218 |
| South Korea | Won | 1148.61 |

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
April 2016 – mid March 2017

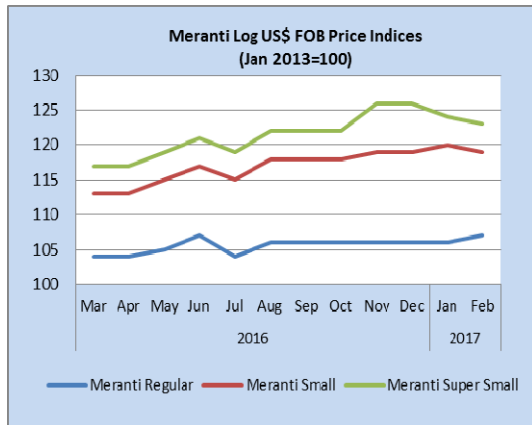


Data source: Open Financial Data Project

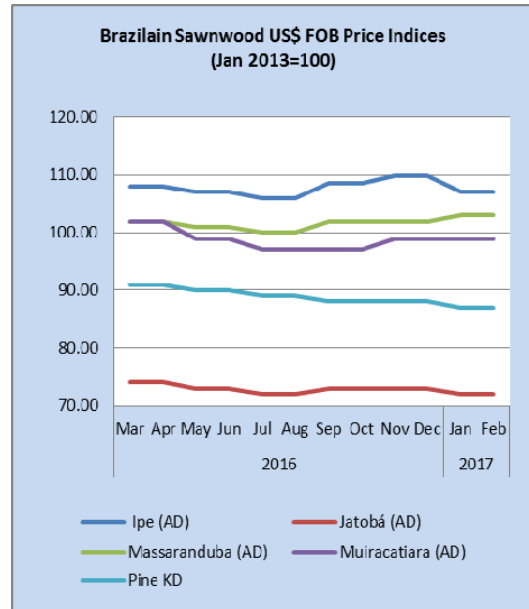
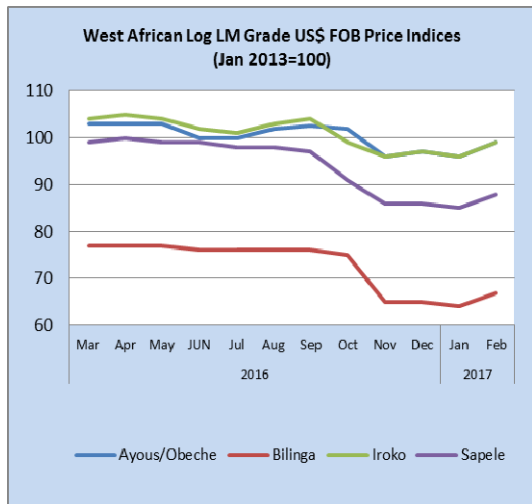
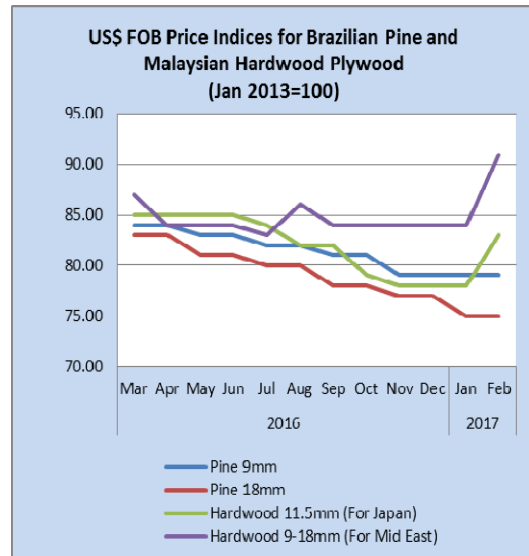
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

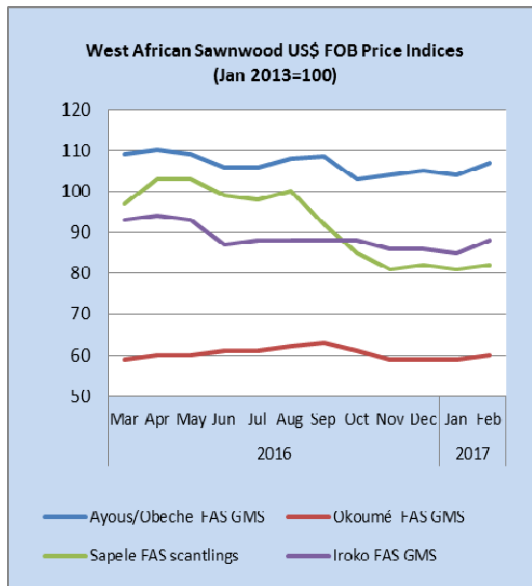
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



To have a free copy of this twice-monthly ITTO Market Information Service bulletin emailed to you on the day of production, please register at:

http://www.itto.int/en/mis_registration/