

# Tropical Timber Market Report

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

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## Top Story

### **Thousands of Chinese panel mills told to stop operations**

Around 3,000 SME wood-based panel producers in Wen'an County, Langfang City, Hebei Province have been told to stop operations. This will have an immediate impact on the domestic panel market and jobs. The affected enterprises employ around 10,000 workers.

Some companies are required to re-tool to meet environmental regulations, others are being encouraged to relocate back to their original provinces. Seminars on 'Returning to Hometown to Invest' have been held to encourage relocation.

**See: Page 17**

## Central and West Africa

### Producers still optimistic on Q3 prospects

Only a few price adjustments have been reported, mostly prices remain firm and unchanged.

Exporters report continued good demand from China and other major markets and expect the current market stability to be maintained through to the third quarter of the year.

Reports indicate steadily increasing demand from buyers for the Chinese market and buyers in the Middle East are now active. Encouragingly, buyers in Asia are committing to regular supply contracts rather than the previous short-term 'one-off' purchase policy.

Business for China is brisk in the large size 'slabs' such as 200 x 200mm, 150 x 150 and 100 x 200 in several species. Dabema, belli and okan are mentioned with slab prices of around Euro 320 to 350 cu.m fob. Bubinga/kevazingo is the most sought after timber but supplies are very limited.

Business in European markets is said to be good despite shipments being a little slower due to the July/August vacation period. Analysts write, "the market outlook appears to indicate stable price and supply conditions through into the fourth quarter."

South Africa is the exception to an otherwise stable trading environment. The South African government is yet to begin its infrastructure development programme and this has unsettled the construction sector with no sign of a return to confidence or of significant new investments in infrastructure projects.

### Azobe losing out to bamboo

The UK Timber Trades Journal reports a large international transport and heavy engineering company is changing from azobe to laminated bamboo beams and support timbers used in heavy lifting and transport throughout the company's worldwide operations. The main reason given by the company is its concern over the use of 'hardwood from tropical forests' and says bamboo is a sustainable resource.

See: <http://www.mammoet.com/en/news/jacking-up-on-sustainability/>

In a reaction to this, analysts write "There is no doubt the trade in tropical timber suffers from long term adverse publicity and has not been able so far to put forward any concerted positive publicity to convince the public of the many advances over the past years in forest care and the sustainability of tropical timber supplies."

### Details still awaited on Gabon's kiln drying policy

There have been no new developments regarding appointments to the Gabon Forestry Department to replace staff recently dismissed. The Minister has yet to consider the proposed policy on kiln drying of export timbers.

This issue seems to have been shelved temporarily because of the recent staff changes in the Forestry Department.

Also from Gabon, it has been reported that the scope of the 'Logging Roads Initiative', hosted by Gabon to identify illegal forest incursions by satellite imagery of forest roads, is to be expanded through a project aiming to generate more details of logging illegal operations.

The original project covers the entire Congo Basin – Cameroon, Central African Republic, Equatorial Guinea, Gabon, the Democratic Republic of Congo and the Republic of Congo and the expanded activities will also encompass the entire Congo Basin.

### Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	245	240	160
Ayous/Obeche/Wawa	245	240	190
Azobe & Ekki	230	230	160
Belli	250	250	-
Bibolo/Dibétou	180	170	-
Bilinga	230	230	-
Iroko	325	300	265
Okoume (60% CI, 40% CE, 20% CS) (China only)	245	240	190▲
Moabi	330	300	235
Movingui	210	210	160
Niove	175	160	-
Okan	230	205	-
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	430
Bilinga FAS GMS	530
Okoumé FAS GMS	430
Merchantable	300
Std/Btr GMS	350
Sipo FAS GMS	540
FAS fixed sizes	555
FAS scantlings	560
Padouk FAS GMS	870
FAS scantlings	990
Strips	645
Sapele FAS Spanish sizes	505
FAS scantlings	510
Iroko FAS GMS	630
Scantlings	710
Strips	410
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	620
Scantlings	630
Movingui FAS GMS	430

## Ghana

### Fight against forest crime takes a new direction

At a National Stakeholders Forum on forest conservation held recently in Accra, the Forestry Commission indicated that its fight against illegal logging and other forest crimes is continuing as the problems are immense and the causes are complex.

Speaking at the forum, Chris Beeko, Director of the Timber Validation Department of the Commission said the Commission plans to introduce a wood procurement policy to help regulate forest harvesting. In combating forest crimes, said Beeko, the sector needs to adopt a multi-faceted approach to address the root causes as well as the control operations undertaken by the rapid response teams. Such a multi-faceted approach requires a new policy direction he said.

Beeko indicated that the Commission aims to form effective collaboration between civil society organisations, the national security apparatus and the judiciary to take on the challenges of securing the forest reserves.

At the Forum representatives from civil society, the security forces and the judiciary assured the forestry sector of their readiness to assist in battling forest crime and in tackling the underlying causes of illegal actions.

### Private sector asked to get involved in afforestation initiatives

Stakeholders at an international workshop in Accra called for the private sector to participate in the development and strengthening of afforestation initiatives as this could lead to a revitalisation of the sector.

The workshop focused on forestry developments in response to climate change and trans-boundary forestry issues. Contributing to the workshop, the Executive Secretary of the African Forests Forum, Professor Godwin Koweri, said “Africa stand a greater chance of profiting from tree plantation programme if private participation is encouraged, well-developed and strengthened.”

Experience in Ghana and elsewhere has shown that sustainable livelihoods is best achieved when there is a private-public partnership development approach as this strengthens private sector involvement in addressing social inequalities.

### AGI welcomes China loan

In a press release, James Asare-Adjei, president of the Association of Ghana Industries (AGI), welcomed the Ghana government engagement with China to secure a US\$15 billion loan for its economic development drive. The AGI president was a member of a delegation that recently travel to China to promote trade and investment.

Asare-Adjei commented that Ghana needs to advance industrialisation at a faster pace and he applauded the vision of the government in trying to rebuild a solid industrial base in Ghana.

The press release points out that many companies in Ghana have collapsed due to unfavourable policies of the previous which led to high operating costs, burdensome interest rates, currency depreciation and power shortages.

### Bole Export prices

	Euro per m <sup>3</sup>
Black Ofram	365
Black Ofram Kiln dry	482
Niangon	570
Niangon Kiln dry	610

### Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m <sup>3</sup>	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	314	400
Chenchen	425	624
Ogea	467	604
Essa	439	645
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 <sup>3</sup>
Aromosia	-
Asanfina	898
Avodire	897
Chenchen	691
Mahogany	1484
Makore	1223
Odum	1,070

### Export Plywood Prices

Plywood, FOB	Euro per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	361	610	641
6mm	550	535	626
9mm	407	474	560
12mm	470	463	480
15mm	450	420	430
18mm	417	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 <sup>3</sup>	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	860	925
Asanfina	492	564
Ceiba	297	332
Dahoma	360	382
Edinam (mixed redwood)	520	580
Emeri	380	510
African mahogany (Ivorenensis)	870	889
Makore	685	720
Niangon	620	650
Odum	755	864
Sapele	700↓	720
Wawa 1C & Select	360	420

## South Africa

### Business confidence still very low

There is still little or no evidence of the proposed government infrastructure spending and reports show that state owned enterprises are borrowing at an alarming rate which is constraining the government's plan for its R800bn infrastructure programme.

One of the major aluminium producers in S. Africa has said local demand for window, door and ceiling extrusions is very low and customers are only ordering what they need for immediate use.

Massmart, one of the biggest retailers in S. Africa has a building division (Massbuild) which as reported zero sales growth this year.

Building in the Cape Town area has been affected by the drought as builders do not have enough water, several builders have halted construction multi-unit projects entirely until they can get enough water .

#### **Unemployment crisis - solved only when economy picks up**

The Reserve Bank lowered the prime rate by 0.25% in mid July and is forecasting just 0.5% growth for this year. Unfortunately this means the country will not be able to tackle the unemployment crisis.

The most recent OECD report on South Africa says the unemployment rate was at a 14-year high of almost 28% in the first quarter of 2017. The report continues, “growth has to be driven higher in order to absorb all the young men and women who are seeking opportunities.”

#### **Importers face tough times**

Importers are having a tough time not only because of the local demand but also because the Rand has been very volatile in the past few weeks, it has been as weak as R13.50=US\$1 and is currently trading at R12.90=US\$1 which makes purchasing decisions very tricky.

There have been some reports of retailers getting new business since the interest rate drop but there are no signs of improvement in the residential building market which remains depressed.

The anticipated shopfitting renovations as some stores in the malls have changed hands has not materialised as the new tenants are delaying committing to the rents.

#### **Market sector round-up**

The decking market is steady but there is no strong demand and some customers are preferring local eucalyptus and pine rather than imported species.

Domestic pine mills are still building up stock levels there have been instances of price discounting. In the current market the plan to raise prices has been postponed.

The American hardwood market has been reasonably steady with most of the demand being for white oak with some demand also for ash.

There has been some movement of European beech and douglas fir but the strong Euro is holding back sales.

The board market is under pressure. PG Bison (manufacturer of wood-based panel products founded in 1987 and based in Sandton, South Africa) has commissioned their new plant which has added 13,000

sq.m per day to their overall production. They have also installed a high gloss line.

The market for African species is also patchy, mainly due to erratic delivery problems. There have been reports of Zambian authorities halting the export of logs brought into the country from DRC for onward shipment to mainly China. The problem appears to be that Zambia does not allow log exports and the process for transshipment is not clear. Analysts write it is there could be as much as 45,000 cu.m held up in Zambia.

## **Malaysia**

#### **Timber import regulations enter into force**

The MTIB website has reminded Malaysian importers of timber that implementation of the timber import legality regulations under the Timber Legality Assurance System came into effect on 1 July 2017.

Applications for import licenses for logs, baulks, sawntimber, plywood, veneered panels and similar laminated wood (HS 4403, 4407 and 4412) from MTIB must be accompanied by evidence of legality from the supplier.

It is compulsory for all importers to submit: (i) CITES Permit / Certificate (if products are under CITES lists), and (ii) Copy of the Certificate of Origin, including any one of the following to verify legality:

- FLEGT licenses
- Certificate issued by a recognised timber certification body
- Certificate of Voluntary Legality Scheme
- Legality document issued by recognized Agency / Corporation / Association
- Self-declaration documents by the exporter with endorsement by the authorities of the exporting country
- Copy of the Customs Export Declaration from exporting countries

For the full details see:

[http://www.mtib.gov.my/index.php?option=com\\_content&view=article&id=2418%3Aimport-legality-regulation-under-timber-legality-assurance-system-tlas-&catid=1%3Ahighlights&lang=en](http://www.mtib.gov.my/index.php?option=com_content&view=article&id=2418%3Aimport-legality-regulation-under-timber-legality-assurance-system-tlas-&catid=1%3Ahighlights&lang=en)

#### **Challenges remain in expanding furniture exports**

In a statement to the press, Chua Chun Chai, Malaysian Furniture Council (MFC) president said furniture exports will expand faster this year and much of the expansion will be due to the ban on sawn rubberwood export. Chua expects furniture exports to top RM10 billion this year, up about 4% from 2016.

If this can be achieved then the sector is well advanced towards the RM 16 billion target in the Malaysian Timber Industry Board's (MTIB) National Timber Industry Policy projections for the period 2009-2020.

Between January and April this year exports grew 6% largely on the back of firm demand in the US market. While the US market is number one for Malaysia's furniture, Chua pointed out demand in Australia, Japan, Singapore, the UK and Middle East is firm. In addition there has been success in the Indian market, a focus of attention for the MTIB in recent months.

Despite the good prospects there are challenges, said Chua, one of which is the shortage of labour which is holding back growth in the furniture sector.

At issue is the ratio of foreign workers to local workers set by the government. At present the highest ratio permitted by government is 3:1 but if this can be lifted to 5:1 then faster growth can be achieved said Chua.

The other challenge is to encourage companies to move to greater levels of automation said the MFC president. Despite the rising costs of doing business in Malaysia Chua said the furniture sector has a bright future if the challenges can be addressed with manufacturer friendly policies.

#### STA research funding

The Sarawak Timber Association (STA) will invest RM 2.4 million to fund a two year research project on 'Development and Deployment of Improved Genetic Materials of *Falcataria Moluccana*' (Moluccan albizia). The STA has been providing funds to universities, research-based companies and other research agencies since 2005.

STA Chairman, Wong Kie Yik, said that the latest projects funded by the association include RM400,000 to Universiti Malaysia Sarawak for a three-year research on the production of high quality kelampayan species (*Neolamarckia cadamba*) for forest plantations.

Wong added that the STA is currently providing over RM580,000 to Swinburne University of Technology, Sarawak Campus, for a project aimed at identifying and isolating the rhizosphere microorganism in the soil which could be harnessed to raise plantation productivity.

#### Export round up

##### Sarawak exports, cu.m

	Jan-Jun 2016	Jan-Jun 2017
Logs	1,322,780	1,120,789
Sawnwood	281,582	259,506
Plywood	870,065	833,462

Data source: Sarawak, Dept. of Statistics

##### Sarawak log exports, first half of 2017 (volume, value)

India	422,056 cu m, RM 379,852,364
Indonesia	564,531 cu m, RM 95,745,845
Japan	14,169 cu m, RM 13,070,343
China	12,801 cu m, RM 7,941,978
Taiwan P.o.C	46,614 cu m, 39,914,021

##### Sarawak sawnwood exports, first half of 2017 (volume, value)

Philippines,	102,749 cu m,	RM 141,787,941
Thailand,	43,496 cu m,	RM 56,275,721
Yemen,	34,880 cu m,	RM 66,936,041
Taiwan P.o.C,	24,887 cu m,	RM 30,046,514

##### Sarawak plywood exports, first half of 2017 (volume, value)

Japan,	488,624 cu m,	RM 913,181,496
South Korea,	113,511 cu m,	RM 180,921,002
Taiwan P.o.C,	67,492 cu m,	RM 101,829,968
Yemen,	66,814 cu m,	RM 101,829,968

##### Sabah exports, cu.m

	Jan-Apr 2016	Jan-Apr 2017
Sawnwood	56,885	64,989
Plywood	187,180	177,870
Veneer	20,267	27,353
Moulding	3,148	3,546

Data source: Sabah, Dept. of Statistics

##### Exports and domestic consumption boosts growth

The International Monetary Fund has upgraded its 2017 growth forecast for Malaysia to 4.8% from 4.5%.

In the first quarter of 2017, Malaysia's economy grew at a better-than-expected 5.6% annual rate – the quickest pace in two years – on robust exports and strong domestic demand.

The ringgit has also recovered, from being among the weakest emerging Asian currencies in 2016, following measures by the central bank.

##### June plywood export prices

Plywood traders in Sarawak reported export prices:

Floor base FB (11.5mm)	US\$590-610/cu.m FOB
Concrete formboard panels	
CP (3' x 6')	US\$460-470/cu.m C&F
Standard panels	
Taiwan P.o.C (9mm+)	US\$450/cu.m FOB
Middle East	US\$390/cu.m FOB

## Indonesia

### Delivering benefits of FLEGT to SMEs

A national policy dialogue co-hosted by the Center for International Forestry Research (CIFOR) and the Ministry of Environment and Forestry brought together more than 200 policy makers, scientists, business owners, craftsmen and more to discuss how to deliver the benefits of the FLEGT license scheme to small and medium enterprises.

Putera Parthama, Director General for Sustainable Forest Management from the Ministry of Environment and Forestry, said the FLEGT license will serve to improve competitiveness, a view shared by Charles-Michel Geurts, Deputy Head of the European Union Delegation in Indonesia.

Geurts provided figures on Indonesia's timber exports to the EU which have grown significantly. He praised the success of Indonesian companies in taking advantage of the FLEGT licenses to expand trade with the EU.

See: <http://www.cifor.org/press-releases/eu-timber-license-could-help-indonesian-small-scale-furniture-exporters-access-global-markets/>

### Danish importers raise FLEGT documentation issues

Indonesia's Ambassador in Copenhagen, Muhammad Ibnu Said, has reported that Danish importers are facing a problem because of details on the various FLEGT documents. He said companies in Denmark have found the product weight stated in the various Indonesian import documents do not always correspond.

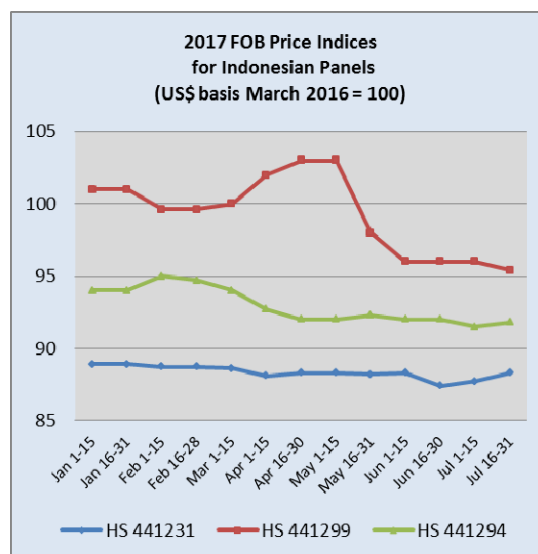
Despite this issue the Ambassador reported that Danish importers are happy to see FLEGT licensed wood products and that there are opportunities for market growth in Denmark.

### Drive down costs of accessories and finishes to boost competitiveness

The Ministry of Industry is aiming to consolidate the structure of the furniture industry and to drive down the cost of raw material inputs in furniture making so as to boost competitiveness.

Pangkah Susanto, Director General of Agroindustry in the Ministry of Industry, is aiming to streamline and reduce the cost of imported accessories for the furniture sector.

Recently the Indonesian Furniture and Handicraft Association announced a strategy to improve the competitiveness of the furniture industry. Included was the need to lower the costs of all raw materials used by manufacturers, especially the cost of accessories and finishes.



## Myanmar

### MTE confirms - Private sector to be contracted for logging

The Deputy General Manager of the Extraction Department in the Myanmar Timber Enterprise (MTE) has reaffirmed that the private sector will be contracted to undertake log harvesting and transport this year. Analysts report that MTE may rent out its workable heavy machinery and elephants to contractors.

MTE suspended harvesting and extraction for one year but will resume in fiscal 2017-18 except Bago Yoma (also known as Pegu Yoma) a range of low mountains between the Irrawaddy and the Sittaung Rivers in central Myanmar.

It is understood that that potential contractors will be required to submit proposals to regional MTE officials who would decide on contract allocations after consulting with the MTE HQ.

### Almost US\$2 billion into Thilawa Special Economic Zone

Myanmar's Investment Commission has created a network between 8 Ministries to provide a 'one-stop' information centre for potential investors. Foreign investment in the Thilawa Special Economic Zone (SEZ) has grown to almost US\$2 billion in the four years the Zone has been open. Most investment went into manufacturing followed by trade, logistics, services and the hospitality sector.

### Teak tender sale

On 28 July MTE offered 38.8 HT of grade SG-6 and 685.7 HT of SG-7 ex-site Chin Dwin in Upper Myanmar. prices secured for SG-6 ranged between US\$2,222-2,340 per HT and between US\$1,500-1,736 for SG-6.

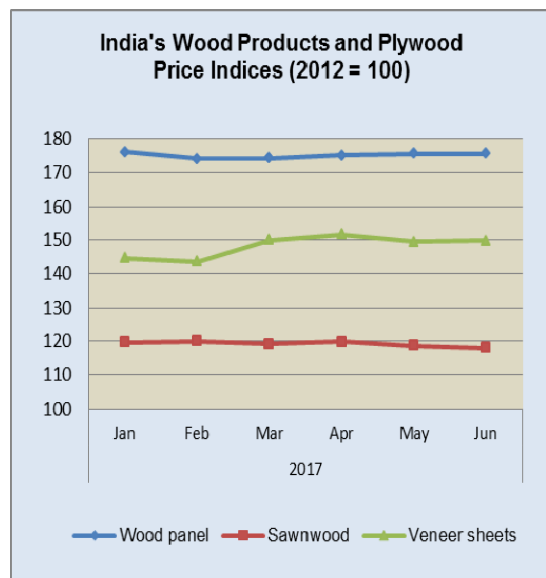
**Record low inflation boost hopes for rate cut**

India's official wholesale price index for all commodities (Base: 2011-12=100) for June 2017 released by the Office of the Economic Adviser to the government (OEA) declined by 0.1% from 112.8 (provisional) in May to 112.7.

The annual rate of inflation, based on monthly WPI, stood at 0.90% (provisional) for June 2017 compared to 2.17% for the previous month. Inflation for this financial year so far was -0.44% compared to a rate of 3.71% in the corresponding period last year.

The price index for 'Manufactured Wood and of Products of Wood and Cork' group declined by 0.1 percent to 130.5 (provisional) from 130.6 (provisional) for the previous month due to lower price of wooden boards (2%) and wood cutting, processed/sized, particleboard, wooden box/crate and timber/wooden sawnwood (1% each). However, the price of plywood moved up.

The press release can be found at: <http://eaindustry.nic.in/cmonthly.pdf>



Data source: Ministry of Commerce and Industry, India

**Andhra Pradesh Forest Development Corporation to sell red sanders for export**

Red Sanders (*Pterocarpus santalinus*) is a highly valuable hardwood species that is found exclusively in the Forests located in Andhra Pradesh State of India. The State Government of Andhra Pradesh has absolute rights over the management, possession and sale of red sanders.

Recently the Government of Andhra Pradesh authorised its corporate subsidiary, Andhra Pradesh Forest Development Corporation Limited (APFDC), a wholly owned State Enterprise, to conduct the sale of red sanders stocks held by the government.

Accordingly, APFDC has announced the sale of over 900 tonnes of graded red sanders logs. The sale will take place at the Central Warehousing Corporation warehouse in Renigunta, Chittoor District, Andhra Pradesh. The government's Director General of Foreign Trade has authorised the export of these logs as CITES approved the sale and export.

Details are available at: [http://www.forests.ap.gov.in/rsv\\_2017.htm](http://www.forests.ap.gov.in/rsv_2017.htm) and <http://www.mstcindia.co.in> and I or <http://>

**Surat and Vyara Divisions log auctions**

Auctions at various Forest Depots in the Surat and Vyara Divisions have been concluded. Around 3,300 cubic metres mostly teak was available.

Other hardwoods sold included *Adina cordifolia*, *Gmelina arborea*, *Pterocarpus marsupium*, *Acacia catechu* and *Mitragyna parviflora*.

Quality	Rs. Per cu.ft
Grade A ship building	2700-2800
Grade B ship building	2600-2700
Grade A large girth	2400-2500
Grade B large girth	2300-2400
Grade A long	2000-2100
Grade B long	1900-2000
Grade A 15ft & up	1700-1800
Grade B 15ft & up	1550-1700
Grade A 12ft & up	1400-1500
Grade B 12ft & up	1300-1400
Grade A 8-10ft.	1100-1200
Grade B 8-10ft	1000-1100
Small girth low quality	800-900

Good quality non-teak hard wood logs also attracted prices similar to those in auction at Forest Department Depots in the North and South Dangs. Top 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.800-1000per cu.ft. Medium quality hardwood logs were sold at between Rs600-700 and low grade logs sold for Rs.300-400 per cu.ft.

**Imported plantation teak prices**

Demand for imported logs is steady supported by the strong Rupee. The application of import duty, GST and surcharges has pushed prices around 24% higher so importers are looking for an opportunity to pass on the higher costs. At the same time, as passing on the higher prices may not succeed, importers are negotiating with exporters to secure price discounts.

The Indian trade is trying to get the government to review the GST for wood products.

C&F prices remain unchanged but now there is an 18% GST.

	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 mainly on length and cross section

#### Locally sawn hardwood prices

Prices for hardwoods milled from imported logs are unchanged.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3200-3500
Balau	2000-2100
Resak	1350-1550
Kapur	1750-1850
Kempas	1250-1400
Red Meranti	1100-1200
Radiata pine AD	600-700
Whitewood	650-750

#### Myanmar teak prices

There were no reports of price movements over the past two weeks.

Sawnwood (Ex-yard)	Rs. per cu.ft.
Myanmar Teak (AD)	
Export Grade F.E.Q.	9000-16000
Teak A grade	7500-8500
Teak B grade	5250-5750
Plantation Teak FAS grade	4000-4500

Price range depends mainly on length and cross section

#### Prices for imported sawnwood

Prices for imported sawnwood (KD 12%) remain unchanged.

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	1200-1250
Western Red Cedar	1850-2000
Douglas Fir	1550-1750



## Plywood prices

After adjusting to current tax levels plywood prices have been raised.

Plywood Ex-warehouse	Rs. per sq.ft
4mm	52.00
6mm	69.00
9mm	87.00
12mm	107.00
15mm	143.00
18mm	150.00

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	25.50	38.00
6mm	38.50	49.00
9mm	49.00	59.00
12mm	59.00	71.00
15mm	72.00	86.00
19mm	82.00	97.00
5mm Flexible ply	51.00	

## Brazil

### First signs of deflation

For the first time in 11 years the country recorded deflation of -0.23% in June.

As the economy shows signs of stabilising the Central Bank Monetary Policy Committee (Copom) felt confident to again lower the basic interest rate from 11.25% to 10.25% per year.

The World Trade Organization has forecast the Brazilian economy will gradually recover in 2017 but growth will continue to be weak. This view was reinforced by an IMF report that says the international community is of the opinion that Brazil's economic woes may be coming to an end despite the current political turbulence.

Throughout the extended period of recession foreign direct investment has poured into Brazil. The country received US\$78.93 bil.in FDI during the height of the recession in 2016, the seventh highest global inflow according to the World Bank.

## New transport checks a burden to companies says CIPEM

The Center for Timber Producers and Exporters of Mato Grosso State (CIPEM) has raised concerns on the new requirement for the issuance of the Timber Identification Certificate (Certificado de Identificação de Madeira - CIM) by the Mato Grosso State Agriculture and Livestock Defense Institute (INDEA). These certificates are required to clear checkpoints during the transport of forest products.

Under the new rule all trucks carrying wood products have to divert to a central INDEA check point. CIPEM has pointed out that this will delay transportation and add to the cost of delivery.

CIPEM is arguing that prior to transportation the timber undergoes checks by the State Secretariat for the Environment (SEMA), the Federal Highway Police (PRF) and the Brazilian Institute for Environment and Renewable Natural Resources so the new system is a duplication of effort and is unnecessary.

This new development Says CIPEM, undermines competitiveness, disrupts logistics and affects the profitability of enterprises. CIPEM advocates greater intensification of inspection throughout the state by INDEA not additional checks.

## Innovation, development and productivity in the forestry sector

A recent workshop organised by the Paraná State Forest Based Companies Association and the Brazilian Agricultural Research Corporation discussed innovation, development and productivity in the forestry sector. The main theme was on the "Perspectives and models for forest industry of the future".

Two approaches were discussed:

### *First, management for commodity item production*

It was determined that success in markets for commodity products demands high productivity, homogeneity, low costs, high efficiency and economies of scale.

### *Second, management for niche market products*

In niche markets, diversification, added value, high efficiency, smaller daily production and top quality are the primary requirements.

In order to improve profitability several companies are being encouraged to combine operations bringing together forest operations, logistics, residue utilisation and marketing.

## Export update

In June 2017, Brazilian exports of wood-based products (except pulp and paper) increased 6.2% in value compared to June 2016, from US\$201.5 million to US\$213.9 million. The value of June pine sawnwood exports increased 14.5% year on year from US\$29.7 million to US\$34.0 million.

In terms of volume, exports increased 6.8% over the same period from 156,000 cu.m to 166,600 cu.m.

The volume of tropical sawnwood exports increased 4.7% in volume, from 32,200 cu.m in June 2016 to 33,700 cu.m in June 2017, from US\$14.6 million to US\$15.1 million

June 2017 pine plywood exports increased 6.3% in value from US\$35.0 million to US\$37.2 million. However, in volume terms exports declined 3.6% (from 134,200 cu.m to 129,400 cu.m). This signals a sharp drop in average prices.

On the other hand, tropical plywood, export volumes and value increased in June 2017 compared to June 2016 (8.2% in volume and 10.8% in value).

On the negative side there was a drop in furniture export values in June this year. Export values dropped from US\$39.5 million in June 2016 to US\$36.9 million in June 2017.

#### Woodbased panel exports rising

The trade balance in the Brazilian forest plantations sector reached US\$2.9 billion between January and May 2017, up 4.9% over the same period last year according to the Brazilian Tree Industry (IBA).

The sector registered total exports of US\$3.3 billion, 3.2% more than in the same period of 2016 with international sales of woodbased panels totalling US\$113 million (+25.6%).

In 2016, woodbased panel exports topped 91,000 cu.m. In 2017, there was a 25.3% increase pushing exports to 114,000 cu.m.

Latin American markets remain the destinations for Brazil's woodbased panels generating revenues of US\$62 million in 2017. The second tier market was the US at US\$ 26 million and then Asia, US\$16 million.

#### Domestic Log Prices

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	
Ipê	209↓
Jatoba	116↓
Massaranduba	116↓
Muiracatiara	120
Angelim Vermelho	114
Mixed redwood and white woods	99

Source: STCP Data Bank

#### Domestic Sawnwood Prices

	US\$ per m <sup>3</sup>
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	928↑
Jatoba	466↑
Massaranduba	433↓
Muiracatiara	432↑
Angelim Vermelho	386↓
Mixed red and white	257↑
Eucalyptus (AD)	216↓
Pine (AD)	156
Pine (KD)	177

Source: STCP Data Bank

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

	US\$ per m <sup>3</sup>
Parica	
4mm WBP	690↑
10mm WBP	461↓
15mm WBP	411↑
4mm MR	493↓
10mm MR	367↓
15mm MR	340↓

Prices do not include taxes. Source: STCP Data Bank

#### Prices For Other Panel Products

	US\$ per m <sup>3</sup>
Domestic ex-mill Prices	
15mm MDParticleboard	256↓
15mm MDF	311↓

Source: STCP Data Bank

#### Export Sawnwood Prices

	US\$ per m <sup>3</sup>
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	1429
Jatoba	920
Massaranduba	771
Muiracatiara	737
Pine (KD)	188↓

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 <sup>3</sup>
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	287↑
12mm C/CC (WBP)	267↑
15mm C/CC (WBP)	251↓
18mm C/CC (WBP)	253↓

Source: STCP Data Bank

#### Export Prices For Added Value Products

	US\$ per m <sup>3</sup>
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,598↑
Jatoba	1,467

Source: STCP Data Bank

## Peru

#### Peruvian imports of composite boards

Peruvian imports of composite boards in the first half of 2017 remained stable at US\$37.07 million, an increase of 0.7% compared to the first half of 2016. The surprise was the fall of first half shipments from the main supplier, Ecuador (-17%).

Ecuador, despite the fall, remained the main supplier of particleboard (PB) to the Peruvian market, with shipments worth US\$14.17 million in the first half of this year. Imports of PB from Chile, the second ranked supplier rose slightly (0.7%) to US\$12.88 million. Spain was also a significant supplier in the first half at US\$5.14 million and this was some 23% higher than in the same period in 2016.

In the first half of 2017 shipments from Brazil grew the fastest and topped US\$4.78 million, just over double the US\$2.38 million shipped in the first half of 2016.

### Benefits of monitoring forests in the fight against deforestation

The National Forest Conservation Program for the Mitigation of Climate Change (Forest Program) of the Ministry of the Environment (Minam) and its function in monitoring deforestation in Peru was recently explained in the context of the Organization of the Amazon Cooperation Treaty (ACTO).

César Calmet, the Executive Coordinator of the Minam Forests Program, explained the Amazon forest monitoring system developed by the Minam Forests Program provides regular updates on the forest cover and loss in Peru's Amazon rainforests and the information is disseminated through the Geo-bosques platform.

See (<http://geobosques.minam.gob.pe>).

### Protocol to standardise criteria for timber forest resources assessment

The National Forestry and Wildlife Service (SERFOR) has presented a protocol to standardize the criteria for evaluating forest resources. This details specific technical procedures for the formulation, approval, inspection, verification, supervision and control of forest management plans and is to be applied nationally.

The protocol was elaborated by Serfor, the Forest and Wildlife Resources Supervision Agency (Osinfor), the Regional Forest and the Wildlife Authorities of the Loreto, Madre de Dios and Ucayali regions.

In addition, support was provided by the Faculty of Forestry Sciences, National University of the Peruvian Amazon (UNAP) and the Research Institute for the Peruvian Amazon (IIAP), the National Forest Confederation of Peru (Conafor Peru). Technical input was provided by representatives of the Peruvian Forestry Sector Initiative (PFSI).

#### Export Sawnwood Prices

	US\$ per m3
Peru Sawnwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	545-598

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m3
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	505-594
Grade 2, Mexican market	455-479
Cumaru 4" thick, 6'-11' length KD	
Central American market	887-933
Asian market	934-981
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	631-666
Marupa 1", 6-13 length KD	
Asian market	493-562

#### Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m <sup>3</sup>
Mahogany	-
Virola	237-255
Spanish Cedar	316-368
Marupa (simarouba)	185-198

#### Export Veneer Prices

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

#### Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)	US\$ per m <sup>3</sup>
Copaiba, 2 faces sanded, B/C, 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	449-495
B/C 9mm	379-399
B/C 12mm	350-360
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	466-487

#### 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 <sup>3</sup>
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

#### Export Prices for Added Value Products

Peru, FOB strips for parquet	US\$ per m <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market	1296-1380
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

### Labour productivity lower than other major developed economies

The Cabinet Office monthly economic report for July states that the Japanese economy remains in a "moderate recovery," mode with both consumption and capital investment expanding.

However, last month the report said producer prices were rising moderately but the July edition said this pace of increase has eased.

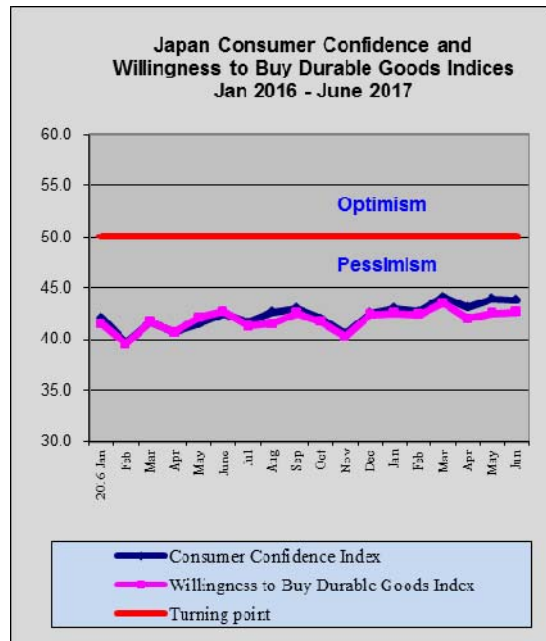
Two issues are behind this change in language the slowing in oil prices and suggestions that growth in global consumption has weakened and that this will be exacerbated by the impact in the EU of Brexit and the knock on effect on imports.

According to a review by the government on the economy and finances for fiscal 2017, to achieve sustained growth Japan needs to address its severe labour shortage as well as productivity which is lower than in other major developed economies.

See:

<https://japantoday.com/category/business/labor-shortage-poses-challenge-to-japan%27s-economic-growth-report>  
and

[http://www5.cao.go.jp/keizai-shimon/kaigi/cabinet/2017/2017\\_basicpolicies\\_en.pdf](http://www5.cao.go.jp/keizai-shimon/kaigi/cabinet/2017/2017_basicpolicies_en.pdf)

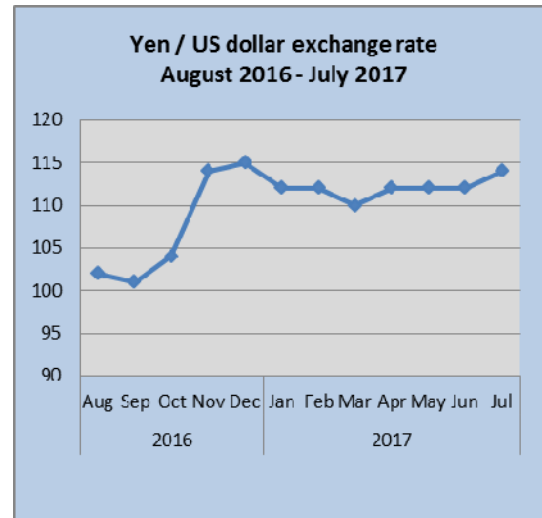


Data source: Cabinet Office, Japan

### Bank of Japan stands out alone

Despite moves by most other central banks to raise interest rates, the Bank of Japan (BoJ) looks set to maintain its zero interest rate for as long as possible.

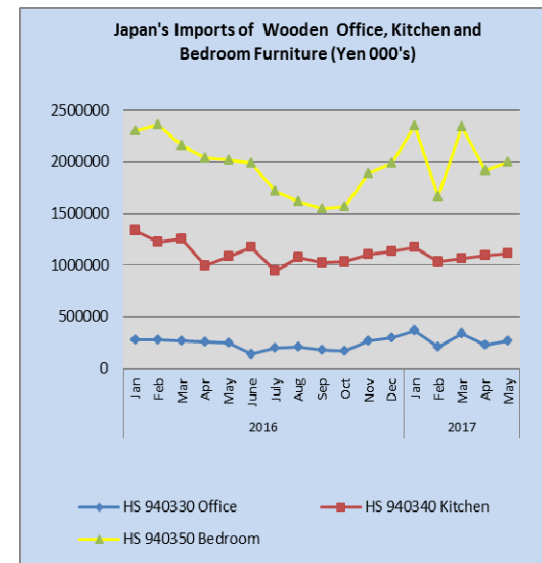
At its latest meeting the BoJ reaffirmed commitment to its unconventional monetary policy pledging to continue its monetary easing. In mid-July the yen was at its lowest level against the US dollar in four months close to lows at levels not seen since the end of last year.



### Japan's wooden furniture imports

For the first time in several months the value of Japan's furniture imports exhibit a level of consistency. Wooden bedroom furniture imports in May expanded 17% and imports of office and kitchen furniture rose slightly.

While kitchen furniture imports have been rising steadily, imports of office and bedroom furniture have been more erratic. Looking back several years the impact of the lunar holiday period in both China and Vietnam, both major furniture suppliers to Japan, is very apparent with shipments around this period dropping significantly.



Data source: Ministry of Finance, Japan

### Office furniture imports (HS 940330)

Year on year May imports of wooden office furniture were up 8% and month on month imports rose 17%. China, Portugal and Italy dominate Japan's wooden office furniture imports accounting for over 80% of May imports.

In May this year imports from China fell slightly but still accounted for 67% of all wooden office furniture imports. Imports from Portugal and Italy are small compared to those from China (around 8% each).

#### Office furniture imports

	Imports May 2017 Unit 1,000 Yen
S. Korea	822
China	177825
Taiwan P.o.C	15353
Vietnam	2251
Thailand	536
Malaysia	1111
Philippines	3184
Indonesia	2302
Sweden	-
Denmark	6603
UK	690
Belgium	-
France	1154
Germany	-
Switzerland	-
Portugal	21183
Italy	15982
Finland	-
Poland	8316
Lithuania	289
Slovakia	1804
USA	4717
Mexico	-
Brazil	-
Australia	-
Total	264122

Data source: Ministry of Finance, Japan

### Kitchen furniture imports (HS 940340)

The top three shippers of kitchen furniture to Japan, Vietnam, the Philippines and China accounted for 82% of May imports of this category of furniture.

Manufactures in Vietnam, many of which are joint ventures with Japanese companies have established itself as the main suppliers of wooden kitchen furniture to the Japanese market.

### Kitchen furniture imports

	Imports Apr 2017 Unit 1,000 Yen
South Korea	-
China	133997
Taiwan P.o.C	-
Vietnam	436849
Thailand	20486
Malaysia	21220
Philippines	295924
Indonesia	127722
Denmark	1692
UK	-
Germany	42730
Spain	-
Italy	11682
Poland	-
Austria	-
Romania	481
Canada	2659
USA	607
Total	1096049

Data source: Ministry of Finance, Japan

Year on year, imports of wooden kitchen furniture rose only marginally in May and a similar pattern was seen with month on month imports. Shippers in Vietnam accounted for just over 40% of Japan's May wooden kitchen furniture imports followed by the Philippines (29%) and China (11%).

### Bedroom furniture imports (HS 940350)

The volatility in the value of Japan's imports of wooden bedroom furniture reflects to drop in trade from both China and Vietnam in the early part of the year when the Lunar holidays take place. If average imports for the first five months of 2016 and 2017 are compared it can be seen there was little change in the overall value. 2017 imports just edged out those for 2016.

In May the three main shippers, China, Vietnam and Thailand accounted for around 90% of Japan's imports of wooden bedroom furniture. Imports from China were flat compared to a month earlier but imports from Vietnam and Thailand rose (8% and 11% respectively).

## Bedroom furniture imports

	Imports Apr 2017 Unit 1,000 Yen
S Korea	-
China	1104634
Taiwan P.o.C	29868
Vietnam	592639
Thailand	66157
Malaysia	47707
Philippines	-
Indonesia	8658
Cambodia	-
Denmark	508
UK	-
Belgium	-
France	3711
Germany	1237
Portugal	10528
Italy	6600
Poland	26055
Russia	-
Austria	2439
Romania	10534
Turkey	-
Estonia	-
Latvia	-
Lithuania	3303
Bosnia and Herzegovina	1941
USA	3154
Total	1919673

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>

### Problem of South Sea log supply – a look at the log trade

Malaysia's Sarawak provincial government decided to impose timber premium since July 1, which is one of log harvest duties. Cost of logs of both hill logs and swamp logs is up by about US\$12 per cbm. Export log suppliers and local plywood mills are proposing higher prices with this new duty.

Looking at history of South Sea log trade, hardwood logs were used for plywood manufacturing in Japan since 1960s and imported volume in 1973 reached 2,700,000

cbms. Japan used lauan logs from Philippines first then after Philippine's resource dried up, Japan move to Indonesia to import meranti then to Malaysia to use serayah.

Japan had been looking for quality hardwood logs for all these years but now the import volume dropped down to 200,000 cbms a year but plywood import has been continuing at high level, which takes about 50% of plywood demand in Japan. In 2016, total plywood import was 2,77,000 cbms out of which Malaysian supply was 1,075,000 cbms and Indonesian was 90,000 cbms.

Mainly Malaysian plywood is used for concrete forming and Indonesian plywood is used for floor base in Japan. So for Japan, plywood supply from Malaysia is bigger issue than log import.

In the past, when the new regulation such as timber premium enters into force, normally there had been some grace period of six months to one year but this time, timber premium duty is imposed immediately since July 1.

Log exporters and local plywood mills would buy logs ahead of time before the new duty is imposed but there have been various restrictions for log harvest such as monthly harvest quota and diameter restriction, which prohibits harvest of logs with less than 50 cm in diameter at breast high so rush-in log purchase was impossible.

After all, decline of resources is the biggest problem together with chronic labor shortage and harvest restrictions by the government.

As to log import from Malaysia, India is now dominant buyer so Japan has no control on export log prices. Then looking at steady export price increase of Malaysian and Indonesian plywood, Japanese industries have been gradually shifting necessary materials from imports to domestic supply.

Actually Japanese plywood mills have been manufacturing concrete forming and floor base plywood with domestic cedar.

### Temperate hardwood demand rising

Orders on temperate hardwood products from North America are increasing particularly for interior use like flooring of large buildings. This is not seasonal demand pickup but by construction of hotels for 2020 Tokyo Olympic Games. Also public halls like music halls traditionally refurbish during summer.

Ordered items are white ash, oak and walnut. Sawmills say that there are more orders for flooring but they are not for new building but refurbishing demand. Supply from North America is scarce but there is more supply from Eastern Europe, which is now source. Chinese demand for furniture and interior materials continues steady. The prices of hardwood products are unchanged. Red oak lumber prices are about 129,000 yen.

### Action plan to expand wood products exports

Wood products export strategy committee of the Ministry of Agriculture, Forestry and Fisheries came up with the action plan to expand wood products export.

In May 2016, by strategy to increase export of agricultural products, the policy has changed from log export to value added lumber export to China, Taiwan and Korea. This time, Vietnam is newly added as new market. Then it sets target volume to each country.

The Ministry's target is to expand total value of export of agricultural and marine products from about 450 billion yen in 2016 to 1,000 billion yen in 2020. In this, forest products export value in 2012 was 12 billion yen then 25 billion yen in 2020 but it was 27 billion yen in 2015 so it has exceeded the target already. To achieve target of 1,000 billion yen, further expansion of forest products export is required.

Cedar export has been mainly low grade, low price logs for China. To promote export of value added lumber, it is necessary to improve degree of recognition of Japanese cedar and find out needs of the markets.

It is necessary to develop new products to particular markets of building and interior materials by using high manufacturing technology of Japanese mills, which needs to deal with the Chinese Building Standards then promote propaganda with permanent exhibition halls.

In sales promotion, building of model house, finding local partners, local builders and tie-up with local forest unions to build up log distribution system in foreign markets.

Branding of Japanese cypress with characteristic of the species and health effect is another campaign target. Korea likes Japanese cypress with health effect by activating physiological function of the species so it is mainly used for interior materials and furniture. So far, log export is main for cypress so cypress lumber export is the challenge and finds a new market besides Korea.

New propaganda has started in other markets and China seems to be promising market for cypress for interior and furniture use.

### Plywood

Supply tightness of domestic softwood plywood has been solved in majority of areas in Japan and there were some low prices were offered in June but orders from major precutting plants have started increasing in July so the market prices are firm again.

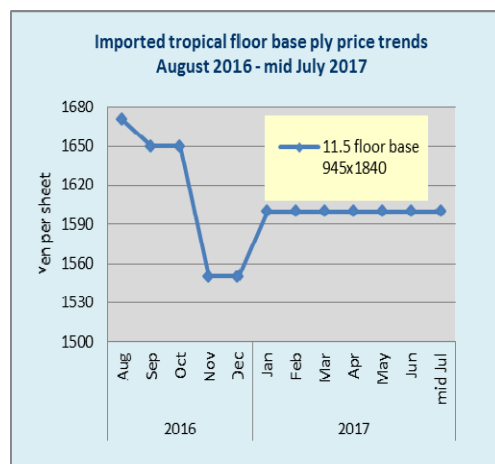
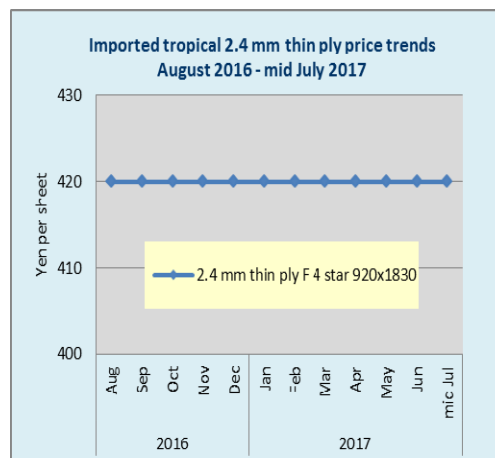
May softwood plywood production was 242,800 cbms, 8.3% more than May last year and 3.7% less than April with the shipment of 240,000 cbms, 3.0% more and 4.6% less. The inventories were 91,300 cbms, 2,500 cbms increase from April, only 38% of monthly shipment.

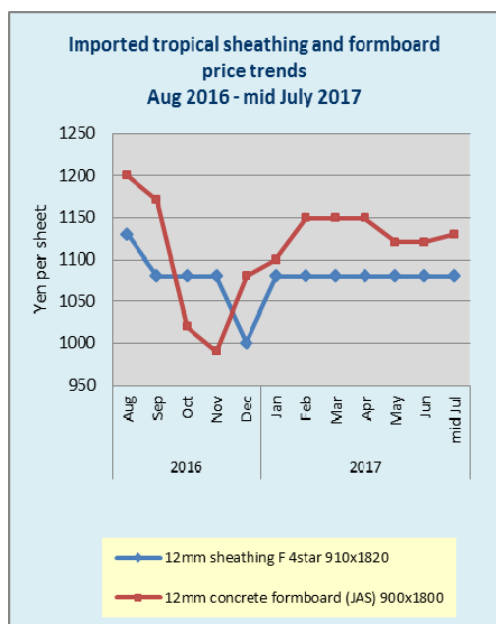
The market prices of imported plywood have been gradually moving up by sharp increase of suppliers' export prices despite dull movement.

Dealers and contractors started procuring with outlook of price increase in future. May imported plywood volume was 257,600 cbms, 11.0 % more and 10.0% more. The importers try to buy futures with declining port inventories but the market prices in Japan have always been behind suppliers' proposed prices so they hesitate to commit.

The suppliers continue suffering log supply shortage so the shipments are behind schedule of more than a month so there is a chance that the inventories in Japan may drop sharply.

### Imported plywood wholesale prices





While the government worries about the housing bubble it is also concerned about maintaining growth, the housing market is a cornerstone of economic growth.

#### Wood products trade between China and Australia

In the first half of 2017 the value of wood products trade between China and Australia rose 17% to US\$1,680 million from the same period of 2016.

Of the total, the value of China's wood products imports from Australia grew 23% to US\$790 million. The value of log and waste paper imports rose 47% and 41% respectively.

The value of China's wood products exports to Australia increased 12% to US\$890 million. The value of China's plywood exports to Australia grew 36%.

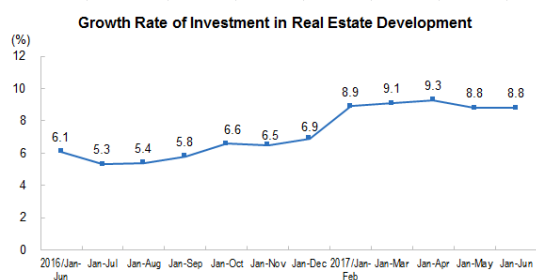
More than 50% of China's wood product exports to Australia were of wooden furniture and seats and the value of China's wooden furniture and seat exports increased 11% to US\$466 million.

## China

### Real estate development still heading upwards

Real estate investment growth increased in June after slowing in May according to data in a press release from China's National Bureau of Statistics (NBS). Investment proved unstoppable despite government measures to slow the pace of increases in property prices.

The NBS reports total investment in real estate in the first six months of 2017 was RMB 5,061.0 billion up 8.5% year-on-year of which investment in residential buildings was RMB 3,431.8 billion up 10.2%.



Source: NBS

In the first six months of this year the area of land purchased by real estate development enterprises totalled 103.41 million square metres, up 8.8% year-on-year and total transactions were worth RMB 437.6 billion, 38.5% higher than in the first six months of 2016.

See:

[http://www.stats.gov.cn/english/PressRelease/201707/t20170718\\_1514108.html](http://www.stats.gov.cn/english/PressRelease/201707/t20170718_1514108.html)

Mortgage lending conditions are still rather easy and analysts comment that it seems the recent bout of tightening of credit urged by the government is over.

China imported mainly woodchips and logs from Australia. In the first half of 2017 China's woodchips and log imports from Australia were 1.93 million tonnes and 2.25 million cubic metres respectively.

Chip imports grew 4% year on year and log imports were up 28% year on year in the first half of 2017. China's plywood imports from Australia grew 34% to 74,000 cubic metres. In addition, China imported fibreboard, waste paper, paper, paperboard and paper products.

### China's main wood products imports from Australia

	2016	2017
Chips (mil. mt)	1.85	1.93
Logs (mil. cu.m)	1.76	2.25
Sawnwood (cu.m)	26 000	31 000
Fibreboard (cu.m)	24 000	25 000
Waste paper (mt.)	440 000	445 000
Paper products (mt.)	82 000	110 000

Data source: Customs, China

### China's main wood product exports to Australia

	2016	2017
Wooden furniture and seats (mil. US\$)	421	466
Fibreboard (cu.m)	35 000	40 000
Plywood (cu.m)	55 000	74 000
Paper products (mt.)	170 000	180 000

Data source: Customs, China



### Thousands of panel mills cease operation

It has been reported that nearly 3,000 wood-based panel enterprises in Wen'an County, Langfang City, Hebei province have been told to cease production. This will have an immediate impact on the domestic panel market and jobs. The affected enterprises employ around 10,000 workers

Some enterprises have been required to re-tool to meet environmental requirements and some have been encouraged to relocate to their original home provinces, such as to Shandong Linqing, Liaoning Benxi, Xinjiang Yanqi and Hebei Xunxi.

A series of workshops on 'Returning to Hometown to Invest' have been held to encourage wood-based panel enterprises to return to their hometown and invest there. .

The affected enterprises were found to be generating and emitting pollutants which had contaminated surrounding farmland. It has been estimated that when these enterprises stop production or relocate it will be possible to rehabilitate around 2,700 hectares of farmland.

### Transformation of the Nankang furniture industry

According to General Administration of Quality Supervision, Inspection and Quarantine, 16 furniture quality improvement demonstration zones have been approved to be established in Nankang District of Ganzhou city, Jiangxi province.

The Nankang furniture industry cluster in Jiangxi Province is one of the industrial clusters with an output value of RMB100 billion. There are nearly 8,000 enterprises with 400,000 employees in the cluster.

Two national initiatives have been developed to promote technological innovation and transformation of the Nankang furniture industry; one is National Furniture Quality Supervision and Inspection Center (Jiangxi); the other is National Wood Furniture Famous Brand Demonstration Zone. There are 35 well known furniture brand manufacturing companies in Nankang accounting for about 90% of total provincial output. There are 11 enterprises with provincial quality credit AAA and 2 with Mayor Quality Awards.

The establishment of the demonstration zone will help support improvements to the quality of Nankang furniture products, accelerate development of a regional brand "Nankang Furniture Manufacturing" and enhance the competitiveness of the Nankang furniture industry.

### Rise in timber imports through Ningbo Port

According to Ningbo Entry-Exit Inspection and Quarantine Bureau, in the first half of 2017 timber (including logs and sawnwood) imports through Ningbo Port totalled 510,000 cubic metres valued at US\$197 million, up 42% in volume and 45% in value from the same period of 2016, breaking a record high.

The increase in timber imports through Ningbo Port resulted from the growth of African timber imports. In the first half of 2017 China's timber imports from Africa rose 77% to 170,000 cubic metres, accounting for more than 30% of all timber imports through Ningbo Port.

Among African timber imported, the largest amount was imports was mopane (also known as balsam tree, butterfly tree, or turpentine tree). Mopane wood is one of southern Africa's heaviest and is difficult to work because of its hardness. The wood is similar to African blackwood, traditionally used for musical instruments.

Imported timber from Africa is mainly transported to Yiwu and Dongyang cities in Zhejiang province to be made high quality furniture and craft items.

Timbers through the port also arrive from the USA and Canada and amounted to 109,000 cubic metres in the first half of this year, up nearly 40% from the same period of 2016. North American timbers include northern pine, fir, spruce and oak are mainly used in construction and flooring.

### Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4600
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2000-3000
Teak	dia. 30-60 cm	8500-8600
Greenheart	dia. 40 cm+	2300-2400
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2800-30000
Ipe	dia. 40 cm+	3200-3400
<b>yuan per tonne</b>		
Cocobolo	All grades	28000-40000

### Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	9800-11800
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-15000
Sapelli	Grade A	5000-7500
Okoume	Grade A	3700-4700
Padauk	Grade A	15000-18000
Mahogany	Grade A	6500-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	7500-9500
Lauan	special grade	4300-4700
Kapur	special grade	5000-6000
Teak	special grade	14000-22000

#### 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	9000-10000
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	9000-9500
Ash	No knot	5600-6300
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	120-290
Red sandalwood	800-1800
Siam rosewood	90-300
Burma padauk	14-20
Rengas	12
Mai dou lai	6000-8000
Neang noun	23-36
Burma tulipwood	18-28
Cocobolo	35-120
Morado	10-15
Ebony	28-40
Trebol	3.6-8
African sandalwood	11-14

### Europe

#### European market for tropical wood slows again

Although overall economic conditions are improving in Europe, growth in key countries and sectors for the tropical hardwood sector is subdued and weakening in some cases.

The European Commission currently forecasts GDP growth in the EU to remain level at 1.9% in both 2017 and 2018. However, private consumption, the main growth driver in recent years which expanded at its fastest pace in 10 years in 2016, is set to moderate this year as inflation partly erodes gains in the purchasing power of households.

Investment is expected to expand fairly steadily in the EU but remains hampered by the modest growth outlook. Unemployment continues its downward trend, but it remains high in many European countries. In the euro area, it is expected to fall to 9.4% in 2017 and 8.9% in 2018.

Meanwhile the European market for tropical wood which, after a long period of decline, stabilised at a low level between 2014 and 2016, has generally slowed again this year.

Charts 1 to 4 show the monthly trend in imports of tropical wood products into the EU to May 2017 using 12 month rolling totals. This is calculated for each month as the total import of the previous 12 months. The data removes short-term fluctuations due to seasonal changes in supply and shipping schedules and provides a clear indication of the underlying trade trend.

Trade value is reported in US dollars, rather than in Euro, to provide a clearer indication of demand from the perspective of exporters into Europe. Because the Euro and other European currencies depreciated sharply against the US dollar between June 2014 and June 2016, the switch to reporting in US dollars has a significant impact on the trade trend.

#### 40-month stasis in dollar value of EU tropical wood imports

While the euro value of tropical wood product imports into the EU increased 20% between mid-2014 and mid-2016, the value reported in US dollars remained almost static.

Chart 1 shows the US dollar value of EU imports value of all wood products listed in Chapter 44 of the HS codes sourced from tropical countries. It highlights that the 12-month rolling total remained consistent at around US\$2.5 billion for a 40-month period between the middle of 2013 and end of 2016.

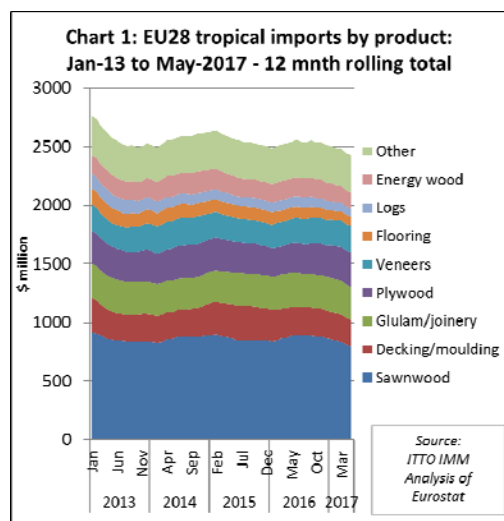


Chart 1 also highlights that the US dollar value of EU tropical wood products imports was declining in the first five months of 2017. Much of this decline is attributable to sawn wood, for which the 12-month rolling total fell from US\$865 million in December 2016 to US\$795 million in May 2017.

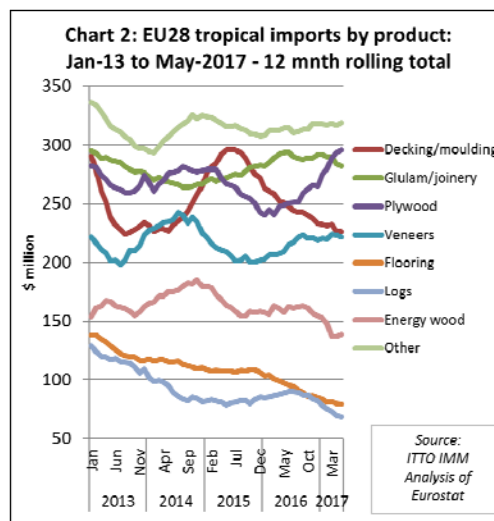
This year has seen a significant slowdown in the volume of sawnwood trade between Cameroon and Belgium, which in 2016 overshadowed all other tropical sawnwood trade flows into the EU. In the first five months of 2017, Belgium’s imports of tropical sawnwood were US\$88 million, down 22% compared to the same period in 2016.

The tropical sawnwood trade in the Netherlands also declined in the first five months of 2017, by 18% to US\$57 million. However, after a very slow start to the year, trade was beginning to pick up in the second quarter. Imports from Malaysia were strengthening during this period, responding to the Dutch government’s decision in January to recognise MTCS certified wood as conformant to national procurement criteria for “sustainable” timber.

Elsewhere in Europe, the US dollar value of direct imports of tropical sawnwood in the first five months of 2017 declined in the UK (-8% to US\$32 million), France (-21% to US\$31 million), Italy (-33% to US\$29 million), Germany (-2% to US\$22 million), and Spain (-17% to US\$19 million).

#### Changing product mix in EU tropical wood trade

Chart 2 shows the US dollar value trend in EU imports of tropical wood products other than sawnwood. It highlights that, while there has been relative stability in the total value of imports, there is considerable flux in the product mix.



EU imports of tropical decking have been particularly volatile in the last three years, rising sharply in 2015 and declining in 2016 and the first half of 2017. The recent decline is mainly due to intensifying competition from alternatives, notably wood plastic composites and modified temperate wood species.

In contrast, imports of tropical hardwood plywood have been rising rapidly and continuously since the start of 2016. All the gains have been in imports of tropical hardwood plywood from Indonesia and China, with a rising proportion destined for the UK and Belgium.

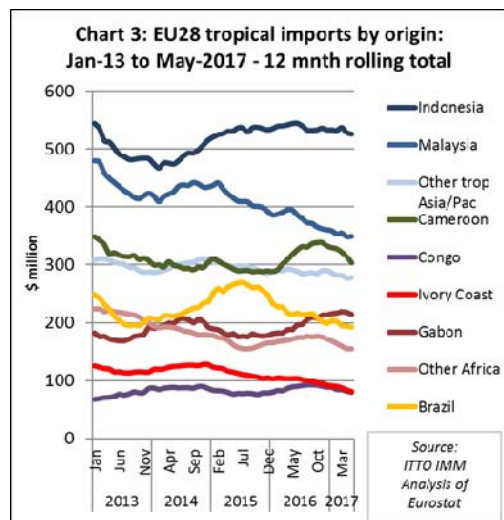
The EU plywood market has been an early target for EUTR regulatory checks. As a result, Indonesian product is now receiving a boost from the “green lane” through EUTR provided by FLEGT licenses. There is also greater focus on ensuring that plywood imported from China contains only wood material of known species and origin, so that more is now positively identified as faced with tropical hardwood.

EU imports of tropical veneers were rising in 2016, but the pace of increase has slowed in 2017. Roughly half the tropical veneer imported into the EU is rotary okoume veneer from Gabon to supply plywood manufacturers, mainly in France, and the remainder is decorative veneer, mainly from Ivory Coast and Cameroon and mostly destined for Italy. Meanwhile EU imports of other tropical wood products, including energy wood, flooring and logs have been sliding in 2017.

#### Indonesia increases share in declining EU market

Chart 3 shows how the fortunes of the various tropical supply countries are changing in the EU market. Indonesia has become more firmly established as the leading tropical

supply country into the EU this year. While the dollar value of EU imports from Indonesia has remained static since the start of 2016, import value from most other leading supply countries has been declining.



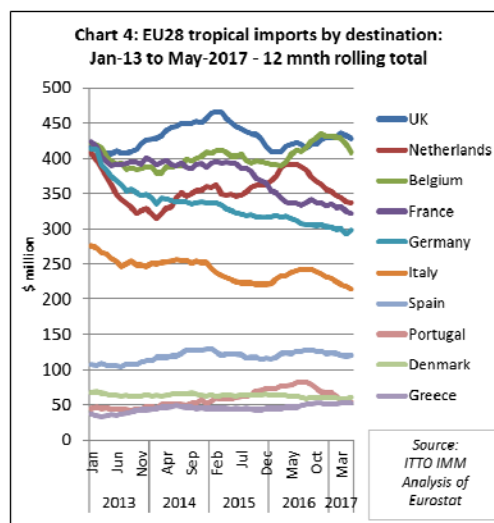
This provides context for those concerned about the apparent lack of market growth for Indonesian wood products in the EU since issue of the first FLEGT licenses in November 2016. While total imports from Indonesia are not rising, they are stable in a market which is generally declining and Indonesia is increasing share compared to other tropical supply countries.

The dollar value of EU imports of tropical wood products from Malaysia fell almost continuously in the two years up to March 2017, with a notable decline in Dutch and German imports of sawnwood and UK imports of Malaysian plywood. However, there were some early signs of EU imports of Malaysian products picking up again in April and May this year.

EU imports from Cameroon, mainly sawnwood and mostly imported into Belgium, spiked in the second half of 2016 and subsided rapidly in the first five months of 2017. EU imports from Congo and Gabon have also slowed in 2017 after a strong performance in the second half of 2016. Meanwhile the long-term decline in EU imports from Ivory Coast has continued in 2017. Imports from Brazil have also declined consistently in the last two years.

#### Rising uncertainty in the UK market

Chart 4 shows that over the last 4 years, the UK has been the largest single destination for tropical wood imports into the EU. The focus on direct imports also underestimates the influence of the UK since a proportion of sawnwood imported by Belgium and the Netherlands from Africa is also sold into the UK after kiln drying on the continent.



The UK market for tropical hardwood remained more resilient than many expected in the second half of 2016, despite the uncertainty caused by the Brexit vote in June 2016 which led a 15% fall in the value of the British pound against the dollar in the third quarter of the year.

However, concerns are now mounting about economic conditions in the UK. The UK economy was the worst performer in the EU in the opening months of 2017 as the Brexit vote at last began to take its toll. With economic growth of just 0.2% in the first three months of this year, the UK was well behind its European neighbours (growth for the whole of the EU was 0.6% in the first quarter).

The latest British Woodworking Federation survey of joinery activity in the U.K. reinforces this picture of subdued demand. The survey shows slowing growth and tightening margins in this sector during the first quarter of 2017. The weakness of the British pound and associated rising inflation are identified as dampening factors. While stair manufacturers had a good quarter, manufacturers of internal and external doors had more mixed results.

Recent business surveys suggest the UK economy picked up some momentum in the second quarter after its slow start to 2017. But with higher inflation weighing on consumer spending, most forecasters expect growth to be lackluster during the rest of 2017. The snap election called for June 2017, which led unexpectedly to a hung parliament and undermined the authority of the current Conservative government, has only served to increase the uncertainty.

#### Positive indications in Benelux

Imports of tropical wood products into Belgium and the Netherlands were mirror images of each other in the second half of 2016, rising very rapidly into the former while declining in the latter.

Given that both countries are important centres for distribution of tropical wood to other parts of Europe, these trends are more likely associated with short-term logistical factors favouring transit via ports in Belgium

over those in the Netherlands, than with changes in internal demand in the two countries.

In fact, underlying market conditions in each country appear to be reasonably good. There was robust growth in construction output in both the Netherlands and Belgium in 2016, and this trend continued into the first quarter of 2017.

The Belgian economy expanded 0.64% in the first quarter of 2017 compared to the quarter, the highest quarterly growth rate since 2011, driven by an uptick in private consumption. In the Netherlands, a buoyant labour market together with rising wages and house prices and upbeat consumer sentiment are fuelling household spending.

There is also optimism that the Dutch government's decision to recognise MTCS as "sustainable" will boost prospects for Malaysian timber in the Netherlands in the next few years, particularly as both the government and the Netherlands Timber Trade Association share a commitment to ensure that at least 90% of tropical timber imports derive from sustainable sources by 2020.

#### **French economy boosted by election results**

France has been a weakening market for tropical wood in recent times, both due to sluggish economic growth and to substitution by alternative materials, including European timbers and non-wood products.

However, there is now better news on the economic side. France's economy grew by 0.4% in the first three months of the year, stronger than the 0.3% initially estimated by statisticians. That suggests the economy is moving in the direction indicated by surveys which show business activity growing at the fastest pace for seven years.

French consumer confidence has climbed this year to its highest level for a decade, according to the national statistics agency INSEE. The EC's sentiment data for France is also at a six-year high and shows improvements across all the sectors it monitors - industry, services, retail, consumer and construction.

Economic sentiment was given another boost by the outcome of the French elections in June, which delivered a new centrist President at the head of a party with an absolute Parliamentary majority. The new government's election manifesto emphasised the need to reduce the budget deficit and increase confidence in the business environment. The new government now forecasts GDP growth of 1.6% this year and 1.7% in 2018.

However, the new government will have to walk a fine line to deliver on its promises. It is committed both to reducing the budget deficit to below 3% in line with euro-zone rules, and to a big cut in taxes on individuals and businesses of around 11 billion euros next year.

To achieve this, it intends to reign in public spending and to liberate France's rigid labour market laws, measures

that will likely meet ferocious opposition from unions and labour groups.

#### **Economic growth in Germany not benefitting tropical suppliers**

The German economy got off to a strong start this year, according to official GDP figures released by the German Statistics Institute in May. GDP growth accelerated and was well balanced, with all main categories accelerating. The positive momentum seems to have carried over to the second quarter, with confidence indicators reaching all-time highs and signs of particularly strong growth in the German construction sector.

Some hardwood product sectors are benefitting from this growth. For example, the European wood flooring association FEP reports that parquet sales in the first quarter of the current year remained stable building good performance recorded in 2017.

Despite the underlying strength of the economy, Chart 4 highlights that German imports of tropical wood have been in continuous decline in the last five years. This is a clear indication of the mounting pressure on tropical wood from substitute products in Germany. EUTR regulatory concerns have also deterred German importers concerned about the legality risks associated with buying tropical timbers

#### **Italy lags further behind**

Italy is another market where tropical wood imports have been in almost continuous decline in recent times. In this instance, the trend is more readily explained by poor underlying economic conditions.

Italy's economy is lagging further behind its European peers. Recently released data shows that GDP expanded just 0.2% from the previous quarter in the first quarter of 2017, less than half the 0.5% growth recorded in the Euro area. Private consumption, which was the main driver of growth last year, is gradually weakening, restrained by rising inflation, a stubbornly high unemployment rate and feeble wage increases - a consequence of stagnant productivity.

However there are some more positive signs emerging. According to Euroconstruct, residential renovation and new non-residential buildings are increasing in Italy and only new residential construction is still declining.

#### **Spanish economy improves but tropical wood demand still flat**

Imports of tropical wood into Spain have been static overall at a low level in recent years. However, market prospects are beginning to improve. The Spanish economy continues to build momentum as stronger-than-expected dynamics in the first quarter of 2017 have carried over into second.

Households are now benefitting from higher real estate prices and robust job creation. The residential housing sector is improving. For the first time since the crisis, there were more housing starts than completions in 2016.

Other leading data points to a better-performing economy in Spain this year, with both the services and manufacturing purchasing managers indices accelerating markedly in April and exports expanding at the fastest pace on record in the first quarter. Spain's economy is expected to grow 2.7% in 2017.

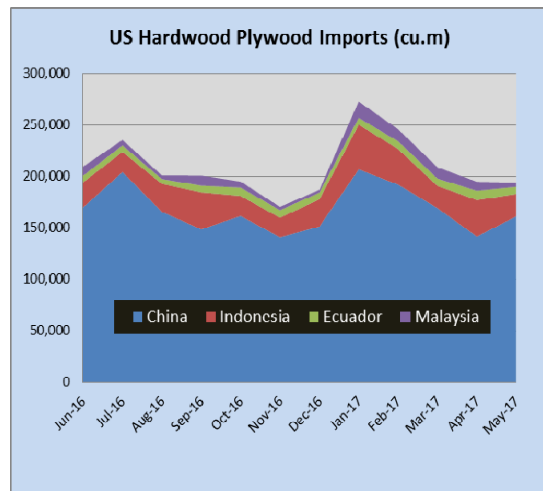
## North America

### Continued growth in hardwood plywood imports from China

Hardwood plywood imports were almost unchanged from March and April, at 287,156 cu.m. However, year-to-date import volumes were up 22% from May 2016. The value of hardwood plywood imports grew 4% from the previous month to US\$164 million in May.

Plywood imports from China increased 14% in May to 161,273 cu.m., while imports from most other countries, except Canada and Russia, declined in May. Imports from Indonesia fell 39% to 21,642 cu.m. (-7%). Vietnamese plywood shipments to the US grew to 5,579 cu.m. in May.

Despite the month-over-month decrease in May imports from Indonesia, Malaysia and Ecuador, year-to-date imports from all three countries grew compared to the same time last year. Year-to-date imports from Malaysia doubled compared to May 2016.



Source: US Census Bureau, Foreign Trade Statistics

### More hardwood mouldings from Brazil

Hardwood moulding imports grew 14% in May to US\$17.6 million. Year-to-date imports were slightly higher (1%) than in May 2016.

The largest jump was in imports from Brazil, which increased 27% to US\$3.6 million. Imports from China grew to US\$6.6 million in May, up 27% year-to-date from May last year.

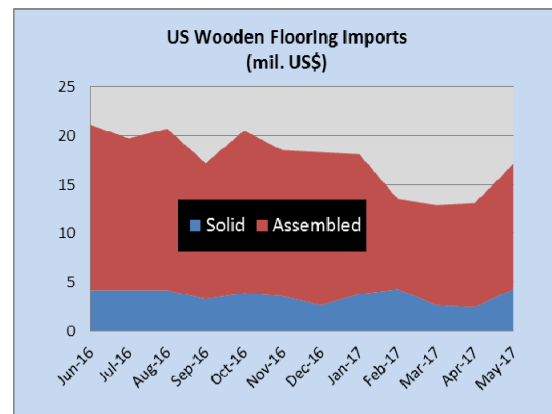
Indonesian moulding shipments to the US market grew 78% month-over-month to just under US\$1 million in May. Moulding imports from Malaysia were up in May,

but year-to-date imports decreased by nearly one third from May 2016.

### Hardwood flooring imports surge

Imports of both hardwood flooring and assembled flooring panels (engineered flooring) grew in May. Hardwood flooring imports increased 72% from April to US\$4.3 million and year-to-date imports were also up from May 2016. The strongest growth was in imports from Canada and China, while imports from most tropical suppliers grew at more moderate rates.

Brazil was an exception with US\$407,757 worth of hardwood flooring exports to the US in May, almost as much as in the previous four months combined. Hardwood flooring imports from Indonesia were worth US\$630,984 in May, up 7% from April.



Source: US Census Bureau, Foreign Trade Statistics

Assembled flooring panel imports were worth US\$12.5 million in May, up 20% from April. Imports from Canada and China decreased in May, while Indonesia significantly increased its share in US imports. Imports of assembled floor panels from Indonesia were worth US\$1.6 million in May, up 170% from the previous month. Year-to-date imports from Indonesia were 71% higher than in May 2016.

Thailand and Indonesia shipped more assembled flooring panels year-to-date than in May 2016. In hardwood flooring China saw the largest gain, both month-over-month and year-to-date. In May imports from China were worth US\$904,146, followed by Indonesia (US\$751,153) and Malaysia (US\$692,110).

### Significant increase in wooden furniture imports

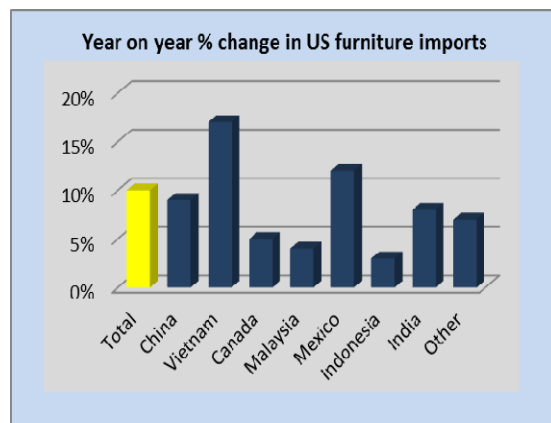
Wooden furniture imports grew 11% in May to US\$1.63 billion. Year-to-date imports were up 10% from May 2016.

The strongest growth in imports was again from Vietnam and China. Furniture imports from Vietnam grew 22% to US\$336.4 million. Imports from China were worth US\$662.1, up 16% from April.

Malaysia's exported US\$51.2 million worth of wooden furniture to the US in May, a 12% increase from the previous month. Imports from Indonesia grew at the same

rate to US\$51.7 million. Mexico and India also exported more to the US in May.

Imports of all types of wooden furniture grew in May, except office furniture. Imports of bedroom furniture increased 17%, followed by seats (+13%) and wooden furniture for other uses (+13%).



Source: US Census Bureau, Foreign Trade Statistics

### US furniture manufacturing up

The most recent estimate by the Bureau of Economic Analysis revised GDP growth in the first quarter of 2017 up from previously 1.2% to 1.4%. In the fourth quarter, real GDP increased 2.1%. The unemployment rate remained almost unchanged at 4.4% in June. The rate has declined 0.4 percentage points since January.

Economic activity in the manufacturing sector expanded in June, according to the latest survey by the Institute for Supply Management. Furniture manufacturing reported the highest growth in June of all manufacturing industries. Raw material prices increased in June for the furniture industry. The wood products industry also grew and reported strong growth in new orders.

Confidence in the economic outlook continued to decline in early July, according to the University of Michigan's survey of consumers. Hope for strong economic growth after President Trump was elected appears to have largely vanished. However, consumers' confidence in current economic conditions was high. Based on the survey data personal consumption will grow 2.4% in 2017.

### IMF lowers growth forecast for US economy

The International Monetary Fund (IMF) has lowered its economic growth forecasts for the US to 2.1% for 2017 and 2018, down from 2.3% and 2.5%, respectively. The IMF cited as reasons uncertainty over the government's fiscal policies and lower than expected growth in the first quarter of this year.

The IMF headquarters themselves may move from Washington DC to Beijing in about ten years, according to IMF chief Christine Lagarde. The IMF's head office is traditionally located in the country with the largest economy which could be China in ten years.

### Rising home prices and countervailing duties hit housing market

Housing starts increased 8% in June to a seasonally adjusted annual rate of 1,215,000, according to the US Department of Housing and Urban Development and the Commerce Department. Starts were 2% above the June 2016 rate. Single-family construction grew 13.5% in June.

The number of building permits issues, which indicates future building activity, increased 7% in June from the previous month at a seasonally adjusted annual rate. Multi-family permits grew at a higher rate than single-family authorizations.

Builders' confidence in the market for new single-family homes slipped in July. It is at the lowest level since November 2016, according to the National Association of Home Builders/Wells Fargo Housing Market Index. High sawn softwood prices are a particular concern to builders, after the US imposed preliminary countervailing duties on most Canadian softwood in April.

Sales of existing homes sales declined in June but remained slightly higher than in June 2016, according to the National Association of Realtors. Demand for homes remains strong, but rising home prices and low inventory dampened the sales pace.

The average sales price of new homes sold in the U.S. rose by almost 12% during the year to February 2017, to US\$390,400, according to the U.S. Census Bureau. Overseas buyers and recent immigrants purchased almost 50% more residential property in the 2016-17 financial year compared to the same period earlier according to the National Association of Realtors.

See: [http://www.globalpropertyguide.com/news-Foreign\\_investment\\_in\\_U\\_S\\_residential\\_real\\_estate\\_soars\\_despite\\_tight\\_inventory-3220](http://www.globalpropertyguide.com/news-Foreign_investment_in_U_S_residential_real_estate_soars_despite_tight_inventory-3220)

### New Egger particleboard plant in North Carolina

Austrian based Egger Group plans to build its first particleboard plant in the US in Lexington, North Carolina. The company will invest approximately US\$700 million to build the facility. North Carolina is the centre of furniture manufacturing in the US, and the state has offered economic development incentives of up to US\$7.8 million to Egger if investment and job creation goals are met.

See: [https://www.egger.com/shop/en\\_JP/news-press/news/item/23521\\_ex-en](https://www.egger.com/shop/en_JP/news-press/news/item/23521_ex-en)

**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.

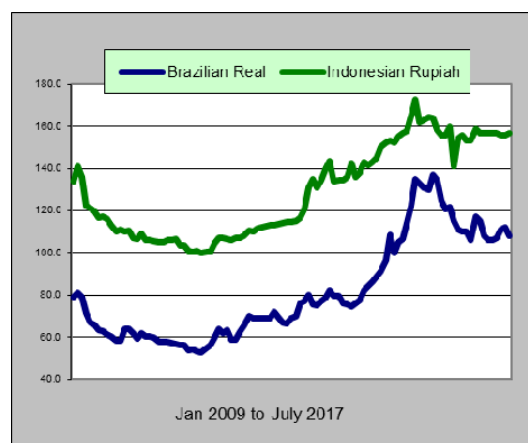
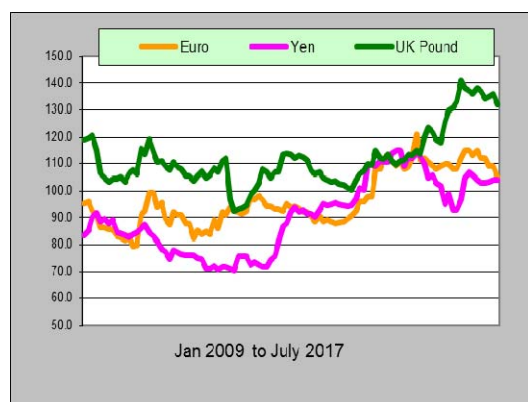
**The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.**

## Dollar Exchange Rates

As of 25 July 2017

Brazil	Real	3.17276
CFA countries	CFA Franc	572.94
China	Yuan	6.4968
EU	Euro	0.8585
India	Rupee	64.45
Indonesia	Rupiah	13339
Japan	Yen	111.9
Malaysia	Ringgit	4.282
Peru	New Sol	3.2509
UK	Pound	0.7677
South Korea	Won	1120.0

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  
August 2016 – July 2017



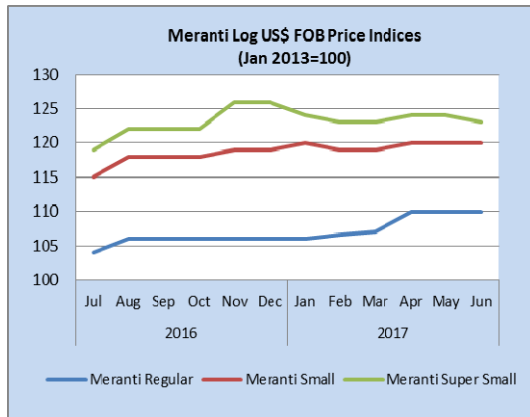
Data source: Open Financial Data Project

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

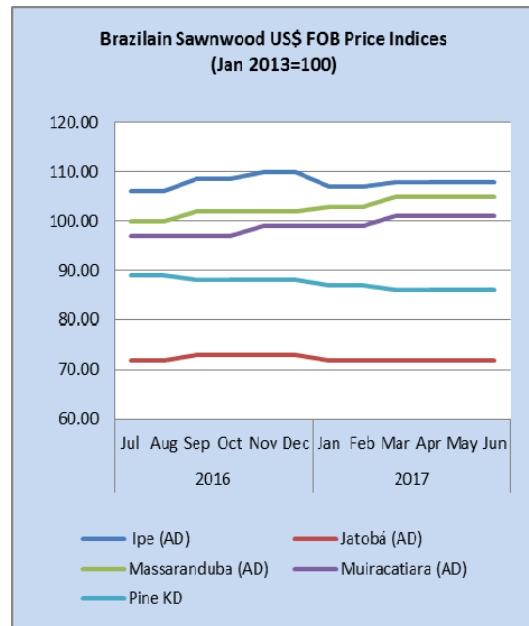
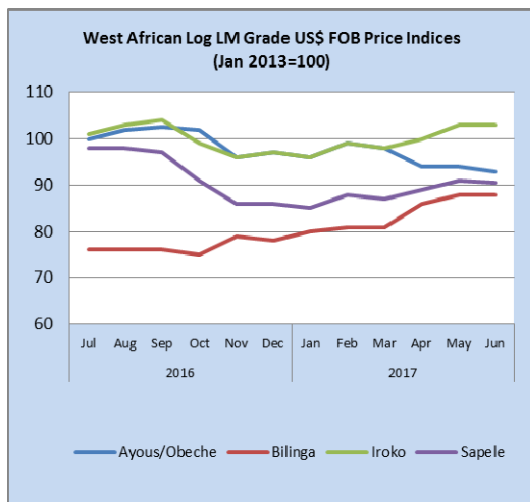
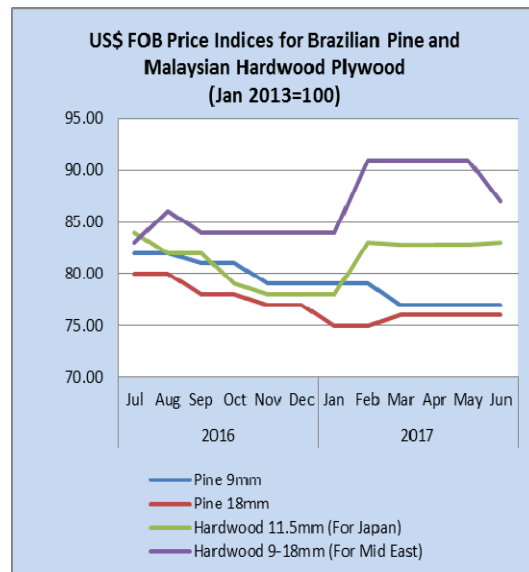


**Price indices for selected products**

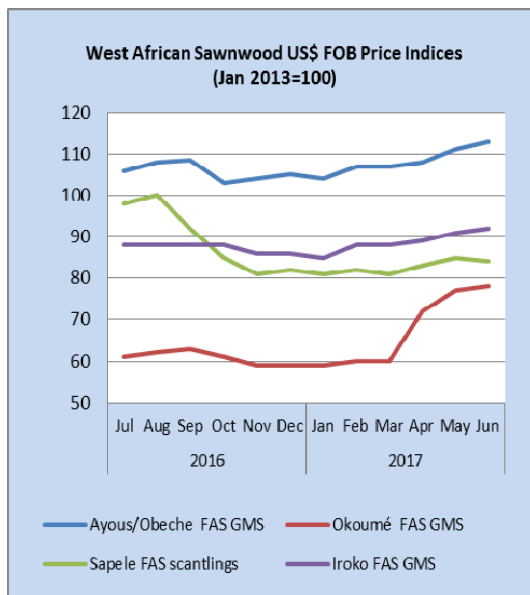
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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