

# Tropical Timber Market Report

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## Top Story

### **US flooring and moulding imports cool after a 'hot' summer**

US hardwood flooring imports dropped 15% in September from August ending a long period of expansion that has seen total imports rise by nearly 40% for the first 9 months of the year. The September decline was mostly due to a 78% month-to-month drop in imports from Brazil and a drop of 24% from China.

Overall, imports are up 7% year-to-date. Imports from Brazil, China and Malaysia were all down in September yet they are all modestly ahead of 2017.

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## Central and West Africa

### Downward pressure on FOB prices

Producers report a slight easing of sawnwood and log FOB prices (Euro basis) being offered by buyers in the Middle East and China. Sharp discounted prices are being demanded for belli and while Chinese buyers are honouring existing contract prices there are clear downward pressures on FOB prices. Middle Eastern prices are under pressure say producers due to high volume shipments from Cameroon and Gabon.

Demand for okoume peeler logs remains low as okoume cannot compete with lower cost alternatives in the interior plywood segment of the market. Also, prices being offered by buyers for the Chinese market for sawn okoume are falling and kiln dry okoume sawnwood is being sold at around US\$320 per cubic metre FOB.

In contrast demand for okoume sawnwood in the Philippines remains stable say producers. Analysts point to US tariffs on imports as a major factor behind the weakening prices.

### Buyers turn to chartering because of container shortages

A shortage of containers is causing importers to turn to chartering conventional capacity, mainly cement ships with no return cargo. This is a big relief for exporters who have been suffering shipping problems for the past year.

Port Pointe Noire the only sea port in the Republic of the Congo is beginning to experience congestion and reports say shippers can expect delays of up to a week. Shipments from Owendo Port are recovering but reports suggest further dredging will be required before large vessel can dock.

### Kavazingo stock survey

Analysts report that there are large stocks of Kavazingo logs and sawnwood throughout Gabon. The government is undertaking stocktaking to be able to set a limit on exports if a decision is taken to temporarily lift the export ban.

A multi-stakeholder group will meet and discuss how the stocks can or should be treated and exported. A report will have to be presented to Gabon's Prime Minister by the Minister of the Forest.

Anticipating approval for exports GIZ and the NGO, Traffic, will be training parties how to elaborate a Non Detriment Finding CITES report.

### Certification debate progresses in Gabon

Discussions continue in Gabon on the plan which would require all concession holders to be FSC certified.

A recent forum in Gabon chaired by the Minister of Water and Forests who is responsible for Environment and Sustainable Development, Jacques Denis Tsanga, discussed proposals for the implementation of an action plan to prepare the way towards certification in the forest-wood sector in Gabon.

ATIBT has reported that six recommendations were made including, to quote ATIBT, "Forestry companies (in Gabon) have to decide what certification they prefer to adopt". The ATIBT Newsflash can be found at:

<https://www.atibt.org/en/certification-forum-towards-the-generalization-of-the-certification-in-gabon/>

Industry sources say currently there are only three companies with FSC certification Rougier, Precious Wood and CBG (Compagnie des bois du Gabon) whose combined concession area extends to around 3 million hectares. In addition another 5 companies are said to be under audit for certification.

There are over 160 sawmills registered in Gabon of which 135 are reportedly operating. Most of the mills are operated by Asian companies followed by European and local enterprises.

### Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & Ekki	275	275	175
Belli	350	350	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	330	310	270
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	200
Moabi	365	365	-
Movingui	210	210	-
Niove	160	160	-
Okan	220	220	-
Padouk	350	300	245
Sapele	320	320	265
Sipo/Utile	325	300	265
Tali	370	370	-

## Ghana

### Log salvage in Volta Lake

The Ghana President recently commissioned a log salvage facility which will operate in the Volta Lake in the Eastern Region. The company concerned, Kete Krachi Timber Recovery Company Ltd. (KKTR), aims to salvage tree stumps from Lake.

Operations are currently concentrated in Sedorm but there are plans to extend activities to other areas of the Lake. The creation of the Volta Lake in the 1960's resulted in vast tracts of forest being submerged.

The Chief Executive Officer of KKTR, Elkin Pianim, said the company's Volta Lake salvage concession is estimated to contain around 14 million cubic metres of recoverable timber. To salvage timber from the Lake the company is using modified Caterpillar excavators mounted on a barge. The KKTR executive has said it aims to recover 240,000 tonnes annually.

The operation of KKTR is being supported under the Presidents Incentive Framework under the government's One-District-One-Factory (1D1F) programme. Incentives include tax holidays, duty waivers and interest rate subsidies all designed to help build the capacity and competitiveness of enterprises.

Each 1D1F enterprise such as KKTR will be assigned technical experts to provide free advice during implementation.

See: <http://1d1f.gov.gh/factories/kete-krachi-timber-recovery/>

### Sawnwood dominates exports

The August export report from the Timber Industry Development Division of the Forestry Commission shows that there was a year on year rise of 13% in export volumes and a 21% rise in export values for the period January to August 2018.

Overall wood product exports in the first eight months of this year earned Euro 132 million from 228,372 cubic metres. The main driver for this performance was exports of sawnwood which accounted for 76% of total wood product exports.

The main species exported were teak, wawa, ceiba, rosewood and denya. The report also indicated that the markets were Asia 74% followed by Europe 12%, regional African markets 9%, N. America 3% and the Middle East 2%.

### Boule Export prices

	Euro per m <sup>3</sup>
Black Ofram	330
Black Ofram Kiln dry	430▲
Niangon	530▼
Niangon Kiln dry	680▲

### Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m <sup>3</sup>	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	300▼	420▲
Chenchen	425▲	505
Ogea	473	590
Essa	505	669
Ofram	350	435

### Export Sliced Veneer

Sliced face veneer	FOB Euro per m <sup>3</sup>
Arormosia	-
Asanfina	902
Avodire	433
Chenchen	433
Mahogany	-
Makore	989
Odum	2,921

### Export Plywood Prices

Plywood, FOB BB/CC	Euro per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
4mm	382	640	641
6mm	410	535	604
9mm	373▲	446	560
12mm	470	463	480
15mm	450	380	430
18mm	405	417	383

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 FAS 25-100mm x 150mm up x 2.4m up	Euro per m <sup>3</sup>	
	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	490	564
Ceiba	240	320▼
Dahoma	443	552
Edinam (mixed redwood)	520	645
Emeri	460▼	564
African mahogany (Ivorenensis)	843	880▼
Makore	775	840
Niangon	555	710
Odum	936	964
Sapele	700	810▲
Wawa 1C & Select	360	445

## Malaysia

### 2018 exports likely to be lower than last year

Malaysia's Primary Industries Minister, Teresa Kok, has said wood product exports are expected to decline slightly this year from the RM23 billion recorded in 2017 due to the impact of the trade dispute between the US and China which has caused a weakening of the global economy.

Between January and August this year wood product exports declined 5.7% year on year to RM14.6 billion. This year the changeable weather was partly to blame. A major contributor to export earnings was wooden furniture which brought in almost RM5 billion.

### Calls for more research on oil palm stem utilisation

Calls have been made for more research to be directed at utilisation of oil palm trunks (OPTs) as an alternative material for plywood production. It has been estimated that Malaysia produces about 22 million cubic metres of OPTs annually.

Current efforts to find the best use for OPTs are being undertaken by Malaysian Timber Industry Board and the Malaysian Palm Oil Board as well as other agencies such as the Forest Research Institute Malaysia (FRIM) and Universiti Putra Malaysia (UPM).

On the occasion of the signing of a memorandum of understanding between the Malaysian Panel-Products Manufacturers' Association (MPMA) and China's Linyi Panel Products Chamber of Commerce the Minister of Primary Industries called for more research on downstream OPT products. In 2017 exports of wood-based panels accounted for around 30% of all wood product exports. China was the sixth largest importer of Malaysian wood products last year.

### Sabah amends forest law

The Sabah Legislative Assembly has passed a bill to amend the Forest Enactment 1968 and the amended law will come into effect 1 January 2019.

The new law includes reference to REDD+ initiatives and other projects in Sabah involving production in forest reserves, on state land or alienated land whether for either regulated or voluntary carbon market.

When the new law comes into effect projects will be required to secure written approval from the State government.

Arifin Asgali, Assistant Minister to the Chief Minister, is on record as saying this amendment could result in more income for the state via carbon marketing.

The current price for carbon is US\$5 per metric tonne in the voluntary market but US\$30 per metric tonne in the compliance market. Sabah has been part of the REDD+ initiative since 1992 through collaboration with Yayasan Sabah and the Face foundation from Holland. In 2013, the EU has provided around euro 4 million for the EU-REDD+ projects in Sabah.

### Plywood prices

Traders based in Sarawak reported the following plywood export prices for October:

FB (11.5mm)	US\$ 750 – 760 FOB
CP (3' x 6')	US\$ 550 – 560 C&F
UCP (3' x 6')	US\$ 660 C&F
Middle East (thick panels)	US\$435 FOB
South Korea (9mm and up)	US\$ 500 C&F
Taiwan (9mm and up)	US\$ 490 – 500 FOB
Hong Kong	US\$ 540 FOB

## Indonesia

### Optimistic projection for 2019 exports from industry association

The Chairman of the Association of Indonesian Forest Concessionaire (APHI), Indroyono Soesilo, has forecast an 8% increase in forest products exports next year which would lift export earnings from the sector to around US\$13 billion.

Behind this positive assessment is the introduction of the Indonesia Timber Exchange (ITE) an online marketing and trading system for forest products all of which are certified under the Indonesia Timber Legality Verification System (SVLK).

Indroyono has expressed optimism that investment in the forestry sector will continue to grow as the issue of forest fires is being addressed seriously and the management of peat lands, frequently subject to fires, has improved.

In a recent meeting with APHI, Siti Nurbaya Bakar, the Minister of Environment and Forestry commented that timber sector exporters performed well this year despite global uncertainties. She noted that the value of processed timber exports in 2017 was US\$10.94 billion but that by October this year that figure had been overtaken.

In Indonesia log production from plantations is around 6 times more than from the natural forest and was 38 million cubic metres in 2017.

Natural forest logs come mainly from the provinces of Central Kalimantan, East Kalimantan, North Kalimantan, Papua, and West Papua.

Industrial plantations are found in Riau, Jambi, East Kalimantan, West Kalimantan and Central Kalimantan provinces.

### Wood processing sectors now open to foreign investors

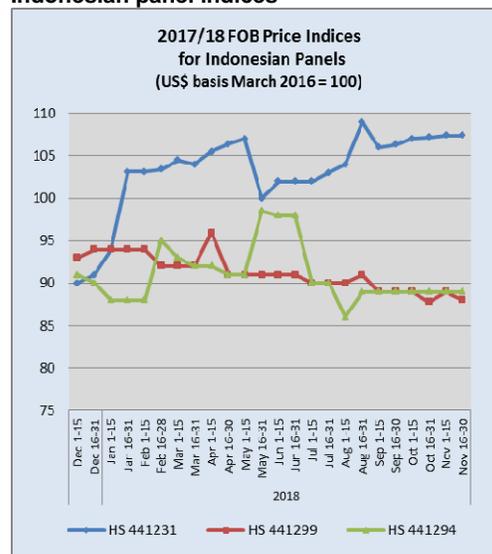
The government has reduced the number of business areas closed to foreign investment in what is viewed as a relaxation of the list of negative investment sectors. The Minister of Industry, Airlangga, has confirmed that those sectors removed from the list are now open for foreign investors.

One of the sectors eliminated from restrictions is wood processing and this has drawn praise from local companies. Purwadi Soeprihanto, Executive Director of APHI reported that the sawmilling sector is now open to FDI as are the plywood, LVL, wood chip and wood pellet industries.

Perhutani's Corporate Secretary, Asep Rusnandar, stated that the new policy is expected to be an incentive for investors and that the forestry sector will benefit from the introduction of advanced technologies.

Indonesia's President, Joko Widodo, has asked the various ministers to review current policies on investment and tax incentives in order to find ways to attract more investors.

### Indonesian panel indices



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

### Seven trade agreements ratified

It has been reported that the government has ratified seven bilateral and multilateral trade agreements in an effort to boost trade.

The ratified agreements, include the ASEAN-Australia-New Zealand FTA (AANZFTA), ASEAN-India FTA

(AITISA), ASEAN-Korea FTA, ASEAN-China FTA, ASEAN agreement on medical device directive, the ninth protocol of the ASEAN framework agreement on services and the Indonesia-Pakistan preferential trade agreement (IP-PTA).

## Myanmar

### Settling confusion over the MTLAS and the 'Dossier'

The Myanmar Timber Enterprise (MTE) recently made available online its publication "Myanmar Timber Chain of Custody Process, Documents and Actors", the so-called 'Dossier'. This describes the documents and procedures applied at every step of the entire supply chain from harvesting to port of export. The aim of making this available was to enable exporters and authorities in importing countries understand how Myanmar manages information in the timber supply chain.

Some exporters expressed confusion as to whether the Myanmar Timber Legality Assurance System (MTLAS) and the 'Dossier' are different systems, are the same system or inter-dependent. Their confusion stems from the June 2018 submission of the 'Dossier' to the EU Competent Authorities by a Myanmar Delegation.

It will be recalled that the Myanmar Timber Certification Committee has launched a third party certification procedure under the MTLAS.

According to Barber Cho, Secretary of the Myanmar Forest Certification Committee, MTLAS is a system to ensure the legality of timber while the 'Dossier' is a comprehensive compilation of the documents applied along the entire supply chain.

He said the MTLAS will be definitely strengthened with the integration of 'Dossier'. However, he expressed concern that EU Competent Authorities may misunderstand and misinterpret that all documents mentioned in the 'Dossier' are to be provided with every export consignment.

The 'Dossier' defines 32 tracking documents some of which are not provided for every export consignment. It is understood that the Myanmar Delegation informed the EU during the June meeting that Myanmar intends to provide 11 of 32 documents with shipments and that others are available for inspection.

### FLEGT activities to continue without UK assistance

In a related development, the FLEGT-Myanmar Secretariat Office will be closed at the end of November because the UK agency DIFID suspended funds allocated for FLEGT Activities.

However, Myanmar will continue with its VPA/FLEGT activities. As the national and sub-national level MSG (Multi-Stakeholder Groups) have been formed so FLEGT activities in Myanmar will proceed.

To-date there is no official statement from Myanmar Government on this matter.

Parliament has approved the formation of a new Ministry of Investment and Foreign Economic Relations. The aim of the new ministry is to boost domestic and international socially and environmentally responsible investment. The move will facilitate domestic and foreign businesses to rapidly obtain investment-related information and data.

### November tender prices

#### Teak logs

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	28.0	4,030
SG-5	76.3	2,856
SG-6	140.3	2,707
SG-7	777.6	1,605

A large volume of teak logs did not attract bids at the November auction. SG4, 32 H.ton unbid, SG5, 43 H.ton unbid, SG6, 22 H.ton and SG7, 1,334 H.ton. The reason reported for the lack of bids was the poor quality of logs and the weak demand from buyers especially in the EU.

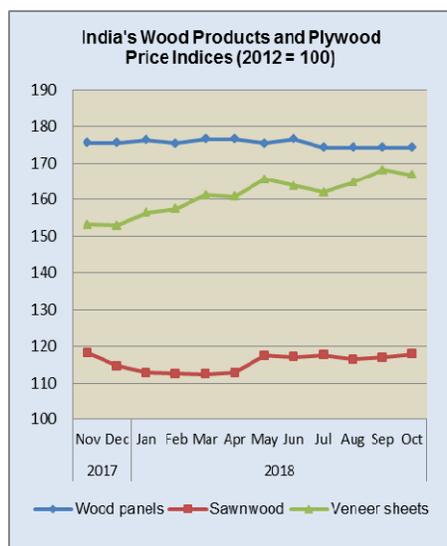
#### Prices for other hardwood logs

Species	Quality	H.ton	US\$ Average
Kanyin	1st	3952	777
Kanyin	2nd	3993	642
Pyinkado	1st	380	864
Pyinkado	2nd	1446	739
Sagawa	1st	150	570
Sagawa	2nd	58	470
Ingyin	1st	103	322
Thityar	1st	23	345
Thityar	2nd	51	312
In	2nd	202	362
Htaukkyant	2nd	780	338

## India

### Sawnwood prices higher in October but overall price index dips slightly

India's official wholesale price index for all commodities (Base: 2011-12=100) for October 2018 released by the Office of the Economic Adviser to the government rose by 0.7% to 121.7 from 120.8 in September. The annual rate of inflation based on monthly WPI in October 2018 was 5.28% compared to 5.13% for the previous month.



Data source: Ministry of Commerce and Industry, India

The October index for 'Manufacture of Wood and of Products of Wood and Cork' group declined by 0.7% to 132.7 from 133.7 for the previous month due to the lower price of wooden box/crates, particleboard and veneer sheets. However, prices for sawnwood rose in October pushing up the index.

The press release from the Ministry of Commerce and Industry can be found at: <http://eaindustry.nic.in/cmonthly.pdf>

#### Rupee firms against the US dollar, timber importers gain respite

In the last weeks of November the rupee strengthened against the US dollar providing some relief for timber importers. Behind the 4% strengthening was falling crude oil prices and an increase in foreign fund inflows. In the seven days up to 25 November the rupee gained marking its longest winning streak since February 2017.

#### Strong economic growth but widening inequality

India is now one of the world's fastest-growing major economies but, despite impressive growth, wealth has not been evenly distributed according to economists at IHS Markit interviewed by CNBC. This is borne out by Credit Suisse's Global Wealth Report which says overall inequality appears to have increased.

Oxfam has said "On most indicators, India is now among the countries with the highest level of inequality. But the analysis also shows that unlike most countries which started with high inequality, inequality in India has continued to rise."

The strength of the Indian housing market and related wood product consumption depends very much on an expanding middle class but if the benefits from economic growth are not being felt by consumers then consumption will stall.

See: <https://www.cnbc.com/2018/11/15/india-economy-modifies-inequality-black-money-and-taxes.html>

and

<https://www.oxfamindia.org/blog/15-shocking-facts-about-inequality-india>

#### Importers heartened by strengthening rupee – returning to the log market

The strengthening of the rupee against the US dollar has brought relief to importers who are now, on the back of improving domestic demand, beginning to open communications with plantation teak shippers.

There are indications that on-going negotiations will result in changes in plantation teak C&F prices which, up to the end of November, remained unchanged from a month earlier.

#### Plantation teak prices

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

Price range depends mainly on length and girth

### Locally sawn hardwood prices

Analysts report that while demand for hardwood sawnwood milled locally from imported logs is good there are no reports of millers raising prices. The recent exchange rate changes will, if sustained, encourage importers to expand log purchases to replenish stocks.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,750-1,950
Kapur	2,200-2,400
Kempas	1,550-1,750
Red Meranti	1,450-1,550
Radiata pine AD	850-950
Whitewood	850-950

Price range depends mainly on length and cross-section of sawn pieces

### Myanmar teak prices

Myanmar teak is of a much higher quality than imported plantation teak and as such attracts higher prices. The demand in India for Myanmar natural forest teak is primarily from high income earners for whom the steadily rising prices, the result of diminishing teak log stocks, does not dampen demand.

### Myanmar teak prices

Sawnwood (Ex-yard)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	14,000-20,000
Teak A grade	9,000-10,000
Teak B grade	7,000-8,000
Plantation Teak FAS grade	6,000-7,000

Price range depends mainly on lengths and cross-section

### Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1,650-1,800
Sycamore	1,800-2,000
Red Oak	1,900-2,000
White Oak	2,500-2,600
American Walnut	5,000-5,500
Hemlock STD grade	1,500-1,600
Western Red Cedar	2,000-2,200
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-section

### Plywood price update

Analysts report that the supply of plywood has risen faster than demand. Plywood manufacturers anticipated a faster pace of consumption driven by government initiatives in the housing sector and the new middle class and singles trend towards smaller units and studio houses.

Across the board there has been an improvement in consumption of building materials so it is just a matter of time before plywood supply and demand balances out say analysts.

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

Plywood Ex-warehouse	Rs. per sq.ft
4mm	63.00
6mm	84.00
9mm	105.00
12mm	130.00
15mm	175.00
18mm	183.00

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	31.50	46.00
6mm	47.00	60.00
9mm	60.00	73.50
12mm	73.50	86.00
15mm	87.00	105.00
19mm	101.00	120.00
5mm Flexible ply	63.00	

## Brazil

### Highest Amazon forest clearing in a decade

According to preliminary data released by the ministries of the Environment (MMA) and Science, Technology, Innovation and Communications (MCTIC), deforestation in the Amazon increased almost 14% between August 2017 and July 2018. An area of 7,900 sq. km was lost, the largest annual area loss in past ten years. The forest area lost last year was the largest since 2008 when 12,911 sq. km were cleared.

The states experiencing the highest rates of deforestation in 2017 were Pará, Mato Grosso, Rondônia and Amazonas. In the state of Pará alone, 2,840 sq. km were deforested.

In responding to this news the Ministry of the Environment said, in addition to expanding enforcement, action needs to be taken to alert all levels of government, society and the productive sector of the continuing forest loss so as to secure support to step up the fight against illegal activities.

#### CIPEM guidelines for the Mato Grosso forestry sector

The Center for Timber Producers and Exporters of Mato Grosso (CIPEM) and the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) recently produced guidelines for the forest-based sector which focuses on current environmental/forestry legislation.

The guidebook prepared by CIPEM addresses improving forest operations and expanding the understanding of legislation that affects the forest sector. Topics covered include environmental licensing, timber transportation control, forest product commercialisation, industry operations and enforcement processes among others.

In related news, IBAMA has taken the initiative to prepare a similar guidebook in partnership with local unions, State Secretariat of the Environment (SEMA-MT) and the Forest Engineers Association of Mato Grosso state (AMEF).

#### Export update

In October 2018 the value of Brazilian exports of wood products (except pulp and paper) increased 1.8% compared to October 2017, from US\$268.9 million to US\$273.7 million.

Pine sawnwood export values increased 18% between October 2017 (US\$42.6 million) and October 2018 (US\$50.4 million). In terms of volume, exports increased by a similar amount (17.9%) over the same period, from 207,100 cu.m to 244,100 cu.m.

The volume of tropical sawnwood exports increased 20% year on year, from 43,600 cu.m in October 2017 to 52,400 cu.m in October 2018 but there was only a 6% increase in the value of exports from US\$19.6 mil. in 2017 to US\$20.7 mil. in 2018.

The value of pine plywood exports increased almost 8% in October 2018 year on year, from US\$51.8 million to US\$55.8 million. In terms of volume, exports dropped slightly over the same period from 172,900 cu.m to 172,400 cu.m. As for tropical plywood, exports declined 16% in volume, from 15,200 cu.m (US\$6 million) in October 2017 to 12,800 cu.m (US\$5.4 million) in October 2018.

Brazil's wooden furniture exports in October 2018 rose to US\$48.3 million from US\$44.5 million in October 2017, an 8.5% rise.

#### ABIMÓVEL releases furniture production statistics

ABIMÓVEL (the Associação Brasileira das Indústrias do Mobiliário) has released details of furniture production for July and August showing that 36.2 million pieces were produced in July, some 5% higher than in June. Between January and July 2018 there was a 4.5% increase in production and for the 12 months to July there was an almost 8% rise in production.

In August 2018 exports totalled US\$70.4 million up 11% month on month. Imports also increased in August rising 19% to US\$69.5 million. The trade balance in August was positive at US\$918,000. The share of imported furniture in the Brazilian domestic market was estimated at around 3% in July. Between January and August 2018 exports increased 11% year on year and were worth US\$461 million.

The main furniture export market was United States with a share of 31% followed by the United Kingdom with a 10% share. Argentina was the third ranked export market accounting for 9% of total furniture exports.

The three southern states are the largest furniture exporters in Brazil. Together, Santa Catarina (40.8%), Rio Grande do Sul (26.2%) and Paraná (13.7%) accounted for over 80% of Brazil's furniture exports between January and August 2018.

See: <http://www.abimovel.com/>

#### Domestic Log Prices

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	
Ipê	200▲
Jatoba	111▲
Massaranduba	10▲
Muiracatiara	10▲
Angelim Vermelho	10▲
Mixed redwood and white woods	88▲

Source: STCP Data Bank

#### Domestic Sawnwood Prices

	US\$ per m <sup>3</sup>
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	807▲
Jatoba	411▲
Massaranduba	386▲
Muiracatiara	375▲
Angelim Vermelho	352▲
Mixed red and white	231▲
Eucalyptus (AD)	182▲
Pine (AD)	139▲
Pine (KD)	160▲

Source: STCP Data Bank

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

	US\$ per m <sup>3</sup>
Parica	
4mm WBP	511▲
10mm WBP	405▲
15mm WBP	339▲
4mm MR	397▲
10mm MR	285▲
15mm MR	261▲

Prices do not include taxes. Source: STCP Data Bank

#### Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m <sup>3</sup>
15mm MDParticleboard	214▲
15mm MDF	244▲

Source: STCP Data Bank

### Export Sawwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Ipe	1455↓
Jatoba	891↓
Massaranduba	841↓
Muiracatiara	825↓
Pine (KD)	200

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

Source: STCP Data Bank

### Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m <sup>3</sup>
9mm C/CC (WBP)	326↓
12mm C/CC (WBP)	309↓
15mm C/CC (WBP)	292↓
18mm C/CC (WBP)	288↓

Source: STCP Data Bank

### Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m <sup>3</sup>
Decking Boards Ipê	2,686↓
Jatoba	1,434↓

Source: STCP Data Bank

## Peru

### Exports rise but shipments to China slide

According to information provided by the Association of Exporters (ADEX), as of August 2018 exports of Peruvian wood products totalled almost US\$80 million FOB. Over the same period in 2017 exports were worth US\$77 million.

Of the US\$80 million exported up to August this year China was the main export destination for Peru's wood products with a 43% share but this year exports to China dipped 11%. The United States market was the second most important market (11% share) but in this case exports up to August were higher by 20% year on year.

Mexico is the third ranked market just behind the US with a 10% share of total wood product exports and as with the S there was a rise in year on year exports of around 24%.

Exports of sawnwood in the period January-August 2018 were worth US\$14.8 million FOB up just 1% year on year with most being shipped to the Dominican Republic, China and Mexico.

### SERFOR surveys cedar and mahogany resources

The National Forestry and Wildlife Service (SERFOR) in its capacity as CITES Management Authority inspected nineteen applications in the Madre de Dios, Ucayali and Loreto regions to ensure the sustainable trade in cedro (Cedrela odorata) and mahogany (Swietenia macrophylla).

Inspection makes it possible to verify the origin of the timber and can identify the forest management plan under which the timber was harvested to guarantee the legal origin of the products.

Authorisation for trade in 7,089 cubic metres of cedar and 2,497 cubic metres of mahogany was granted.

In related news, twenty-four SERFOR units conduct field inspections in fifteen forest concessions and four forest permit areas managed by native communities. This team of professionals located 1,673 cedar trees and 313 mahogany seedlings in an area of 65,000 hectares.

### Export Sawwood Prices

	US\$ per m <sup>3</sup>
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	556-599

Peru Sawnwood, FOB Callao Port (cont.)	US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	523-599
Grade 2, Mexican market	489-502
Cumaru 4" thick, 6'-11' length KD	
Central American market	939-963
Asian market	998-1041
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	522-555↑
Dominican Republic	671-681↑
Marupa 1", 6-11 length KD	
Asian market	534-598↑

### Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m <sup>3</sup>
Mahogany	-
Virola	252-266
Spanish Cedar	332-374
Marupa (simarouba)	205-217

### 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)

	US\$ per m <sup>3</sup>
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 <sup>3</sup>
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 <sup>3</sup>
Peru, FOB strips for parquet	1304-1391
Cabreuva/estoraque KD12% S4S, Asian market	
Cumaru KD, S4S Swedish market	979-1098
Asian market	1085-1115
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	523-545
2x13x75cm, Asian market	732-815

## Japan

### Trade tensions a risk to growth

Japan's Cabinet Office in its November Economic Report has maintained its assessment that the economy "is recovering at a moderate pace" citing positive private consumption and capital spending despite weakening exports in the third quarter. However, it does warn heightened trade tensions are a risk to growth.

The November report says: "Attention should be given to risks including the effects of situations concerning trade issues on the world economy, the uncertainty in overseas economies and the effects of fluctuations in financial and capital markets."

See: <http://www5.cao.go.jp/keizai3/getsurei-e/2018nov.html>

In contrast to the Economic Report the OECD has downgraded its growth projections for Japan in 2018 from 1.2% to 0.9% and in 2019 from 1.2% to 1.0% as there is likely to be a negative response to the October 2019 consumption tax increase.

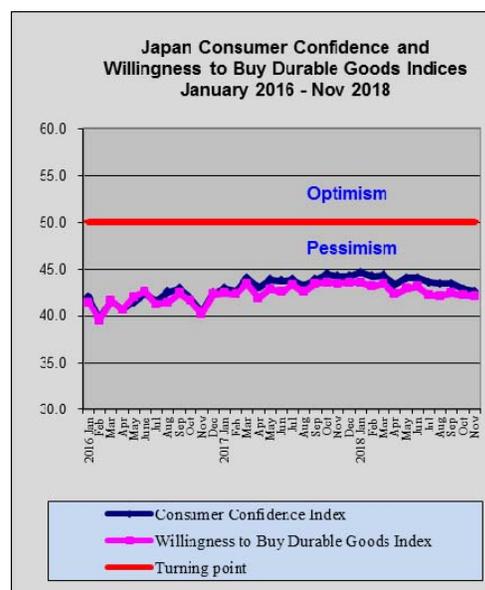
### Fragile consumer sentiment

The latest consumer confidence indices based on a survey by the Cabinet Office points to growing a growing sense of pessimism amongst consumers with the main October sentiment indices dropping from a month earlier.

Concern is growing that if this persists then the rise in consumption tax scheduled for late 2019 could seriously undermine the advances the economy has made in 2018.

When the consumption tax was raised in 2014 domestic demand collapse and caused the economy to fall into recession.

The government is eager to avoid a repeat of and has outlined measures it hopes will support consumer spending after next year's consumption tax increase promising "extraordinary measures" to stabilise private consumption.

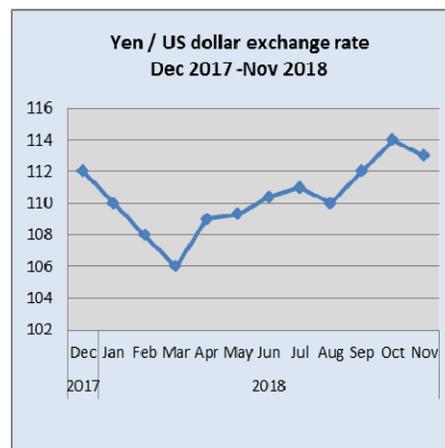


Data source: Cabinet Office, Japan

### Be prepared for a stronger yen

As a result of a slowing of growth in the US, coupled with heightened uncertainty in the global trading system, analysts are forecasting money will again move to the Yen as a safe haven and that this could drive the yen to as high as 108/110 to the dollar.

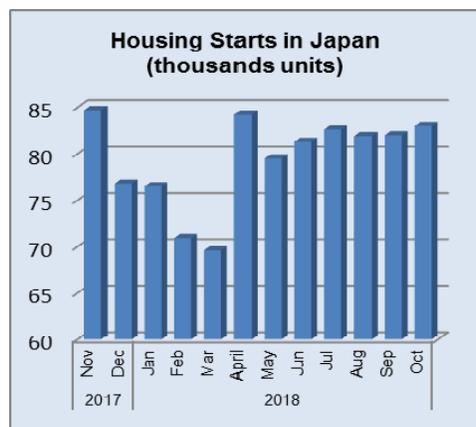
For most of this year the yen has weakened against the US dollar but this is likely to change with the yen possibly tipping to below 110 to the US dollar in the medium term.



### No spark in housing market

The latest housing statistics from the Ministry of Land, Infrastructure, Transport and Tourism portray a steady but stagnant demand. October 2018 starts were a mirror of those in October 2017 and month on month there was virtually no change.

After the surprising crash in housing starts in March this year demand recovered such that between May and July there was a steady increase in building activity. However, this growth was not maintained into the third quarter of the year. Prospects for a recovery in the final quarter are dim as winter weather disrupts building work.



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

## Import round up

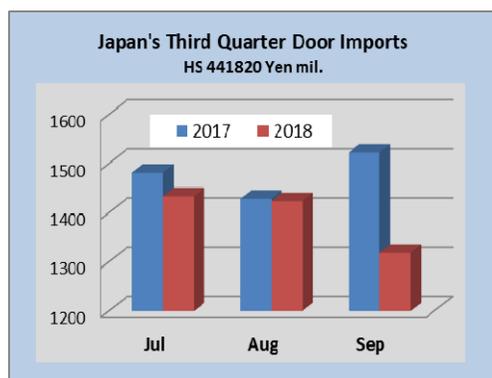
### Doors

#### Third quarter 2018 wooden door imports

Japan's wooden door imports tend to tail-off in the third quarter (September 2017 was an anomaly) of each year only to rise again towards year end and this pattern is emerging for 2018.

Third quarter 2018 wooden door imports were down 6% compared to the same quarter in 2017 and year on year September imports were also down 11%.

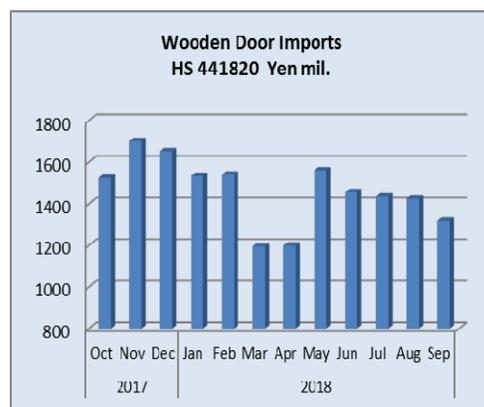
The 7% decline in imports in September compared to a month earlier follows a pattern seen in earlier years such that a rebound can be expected.



Data source: Ministry of Finance, Japan

#### September wooden door imports

Over 90% of September 2018 wooden door imports were from 4 sources, China (60%) followed by the Philippines (21%) with Indonesia and Malaysia at 6% each. Other significant suppliers of wooden doors to Japan in September were Finland, Canada and the US.



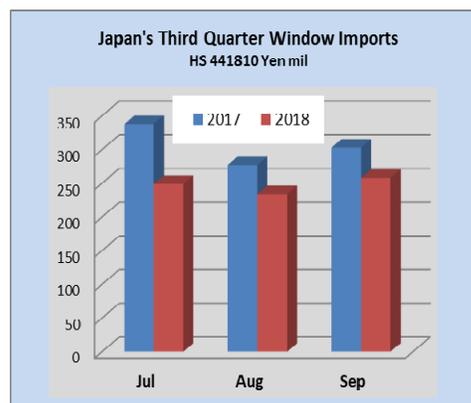
Data source: Ministry of Finance, Japan

### Windows

#### Third quarter 2018 wooden window imports

Wooden window frames are not widely used in either domestic or commercial buildings in Japan so import values are small compared to other joinery products.

In the third quarter of 2018 imports of wooden windows dropped 18% compared to the third quarter of 2017. Unlike the import pattern for wooden doors, Japan's imports of wooden windows do not exhibit any significant cyclical trend.



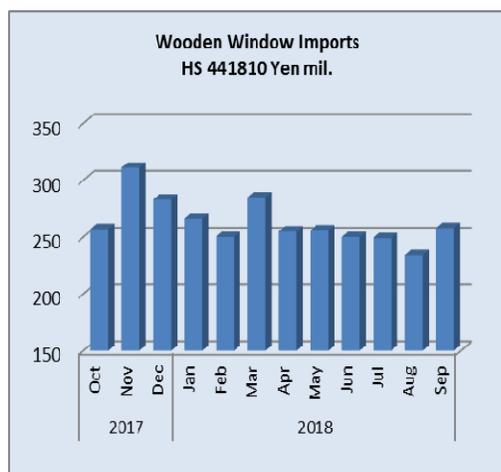
Data source: Ministry of Finance, Japan

#### September wooden window imports

September 2018 wooden window imports were down 15% year on year but compare to a month earlier, the value of September imports were up 12%.

In September three suppliers accounted for over 90% of the value of Japan's wooden window (HS441810) imports namely China (37%), the US (35%) and the Philippines (21%). The value of imports of wooden windows from the US jumped in September from the 23% import share in August.

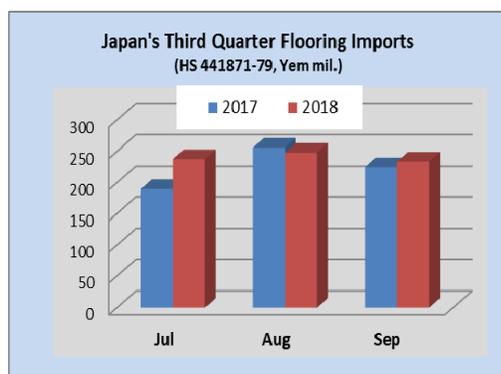
European shippers (notably Finland and Estonia) increased shipments of wooden windows to Japan in September.



Data source: Ministry of Finance, Japan

### Third quarter 2018 assembled flooring imports

Most of Japan's assembled flooring imports are in the range of HS441871-79. The value of third quarter 2018 imports of these categories of assembled flooring was around 7% higher than the corresponding quarter in 2017. In the third quarter imports were dominated by HS441872 which regularly accounts for around 70% of all assembled flooring imports.

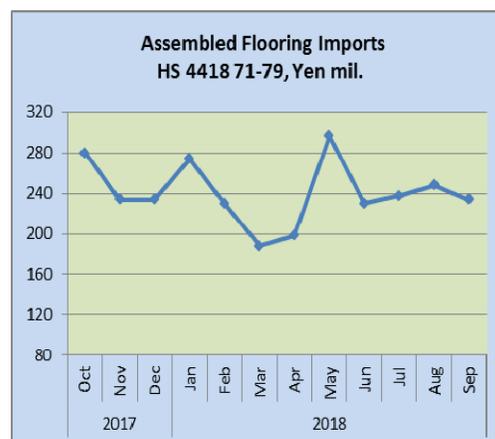


Data source: Ministry of Finance, Japan

### September assembled wooden flooring imports

Year on year the value of September 2018 imports of assembled wooden flooring were higher by around 4% but September marked a decline (-6%) in the value of imports compared to a month earlier.

In September, as in the previous month, HS441875 accounted for over 70% of all assembled wooden flooring imports with most coming from China followed by Indonesia, Malaysia and Thailand. HS441873 made up around 13% of September imports with China being the main shipper. For HS441879 three shippers, Thailand, Vietnam and Malaysia accounted for most shipments.

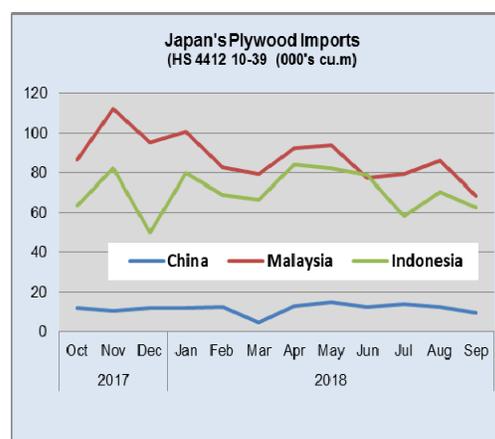


Data source: Ministry of Finance, Japan

### Third quarter 2018 plywood imports

There has been a steady decline in the volume of plywood imports from Malaysia this year with the steepest fall beginning in mid-year as the supply of logs to plywood mills in Sarawak were sharply reduced.

In the third quarter of 2018 total volumes of plywood imports were down 2% from the same quarter in 2017. Comparing the third quarter 2017 and 2018 volumes of imports shipments from China were up 11%, from Indonesia shipments rose 9% but there was a 16% decline in shipments from Malaysia. Third quarter 2017 and 2018 import volumes are shown below.



Data source: Ministry of Finance, Japan

### Third quarter 2017, thousands cubic metres

Q3 2017	Jul	Aug	Sep
All sources	178	182	167
China	10.6	12.3	9.9
Malaysia	100	91.8	86.7
Indonesia	54.8	64.5	56.6

Data source: Ministry of Finance, Japan

### Third quarter 2018 imports, (000s cu.m)

Q3 2018	Jul	Aug	Sep
All sources	170.5	189	157
China	14.3	12.4	9.7
Malaysia	79.2	86	68.6
Indonesia	58.3	70.5	62.6

Data source: Ministry of Finance, Japan

### September plywood imports

Year on year September 2018 plywood imports dropped 6%. Shipments from China were at around the same level as in 2017, arrivals from Indonesia in September were 11% higher but Malaysia saw a 21% decline in year on year shipments in September.

### Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia
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
	Feb	7.5	93.3	59
	Mar	11.5	99	76.5
	Apr	11.2	92.6	58
	May	12.9	99.2	73.8
	Jun	11	74.8	65.0
	Jul	10.6	100.0	54.8
	Aug	12.3	91.8	64.5
	Sep	9.9	86.7	56.6
	Oct	12.2	86.4	63.7
	Nov	10.7	112.4	82.0
	Dec	12.0	95.2	50.0
2018	Jan	12	100.5	80.0
	Feb	12.5	83.0	69.0
	Mar	4.9	79.4	66.5
	Apr	13.4	92.4	84.4
	May	15.2	94.0	82.0
	Jun	12.4	77.5	79
	Jul	14.3	79.2	58.3
	Aug	12.4	86	70.5
	Sep	9.7	68.6	62.6

Data source: Ministry of Finance, Japan

As in previous months HS441231 is the main category of plywood imports into Japan accounting for over 90% of all arrivals in September 2018. Shipments of HS441231 are dominated by suppliers in China. It is noteworthy that plywood manufacturers in Vietnam are capturing a greater share of the Japanese plywood market.

### 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>

### South Sea (Tropical) plywood

Log shortage in Malaysia and Indonesia is grave and plywood mills struggle to keep the operation.

Korindo in Indonesia stopped the operation then Sinora Sdn Bhd in Sabah, Malaysia stopped the operation by log supply shortage.

Korindo is the only supplier of concrete forming panel for Japan with monthly volume of 7,000 cbms from two plants.

One of two mills, KAS stopped the operation so that the supply volume for Japan will be half. Both Malaysia and Indonesia, log supply got tight since summer of 2017 then after rainy season arrived in late 2017, log inventories of plywood mills dried up, which when Korindo shutdown. Log supply did not recover even in summer of 2018.

In Sabah, Malaysia, log export was banned in May this year so plywood mills were expected to have more logs but because of restriction of illegal logging by the government, log supply continued tight and Sinora had to shut down.

Sinora had been supplying about 4,000 cbms of 12 mm structural and concrete forming panel a month. Reason of log supply shortage is not only by weather but tighter restrictions of harvest control by the government. Plywood manufacturers in both Malaysia and Indonesia offer much higher export prices because of high log cost, which discourages overseas buyers so mills' operation is slower, which deteriorates mills' profitability.

In Japan, imported cost of JAS 3x6 coated concrete forming panel prices are over 1,600 yen per sheet FOB truck with exchange rate of 113 yen per dollar but the market prices are about 1,500 yen.

### Korindo is cornered

Korindo, plywood mill in Indonesia is in tough shape with operational loss for three consecutive terms. It stopped the operation of KAS plant on October 23. High log cost and low sales prices put all the plywood mills in Malaysia and Indonesia in life or death situation.

Korindo has been supplying about 10,000 cbms of concrete forming panel for Japan a month. By KAS plant shutdown, the volume is reduced to half. . Korindo shutdown in late 2017 and early 2018 by log supply shortage but to continue payment of wage for the workers, it restarted the operation despite unprofitable operation.

Since then log prices have been climbing and after loss for three terms became definite, it decided to stop KAS operation. By operating only one plant, necessary log volume will be less and loss will be half.

Korindo has been buying small low grade logs for manufacturing concrete forming panel but availability of low cost low grade logs is getting tight because the government restricts clear logging to develop palm farm and selective harvest makes it hard to buy logs under 60 cm in diameter.

Another blow for Korindo is decreased sales to the Middle East market. Korindo's coated concrete forming panel is higher than others in price but the quality was good so it had good reputation but continuous price hike sent buyers to low cost Russian and Chinese products.

Wage payment problem is not solved but definite condition of restart is profit making. For that, cost reduction or higher sales prices are necessary but there is slim chance that log prices would be down and further hike of sales prices are also difficult

### Plywood

September production of softwood plywood was 252,300 cbms, 4.0% less than September last year and 0.1% more than August. In this, structural panel was 236,100 cbms, 6.9% less.

The shipment of softwood plywood was 241,500 cbms, 9.7% less and 0.3% more. With the production exceeding the production, the inventory increased by 12,300 cbms to 196,800 cbms.

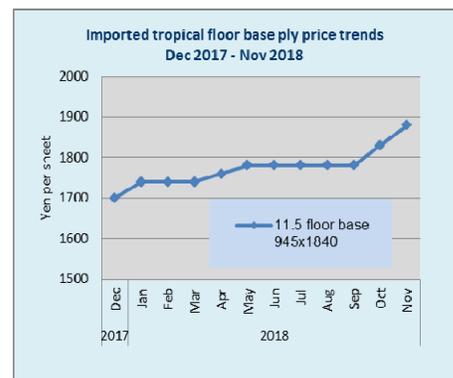
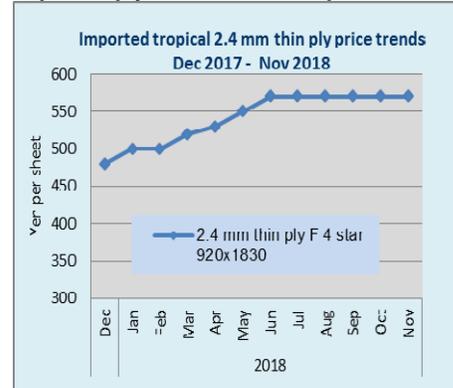
The inventory of structural panel was 171,400 cbms, 14,400 cbms more. The movement of softwood plywood for precutting plants hit the bottom in September and is recovering in October.

In Western Japan, rehabilitation works for the area, where abnormal heavy rain in July and passing typhoons in September one after another, is getting busy and transportation of materials is active so that securing truck becomes difficult so delivery of plywood is delayed for a week or so. The movement in distribution channels continues dull.

In September, due to mid-term book closing month, some disposed of the inventories so that the low price offers were around and the market turned to bearish and buyers tightened purchase but such mood disappeared in October.

Market of imported plywood continues stagnant. Despite announcement of Korindo's mill closure, there is no panic buying due to weak demand but the market prices are generally moving up because the cost of arrived cargoes is much higher. The importers try to push the sales prices seriously now.

### Imported plywood wholesale prices



### Panel market in Hokkaido

Since last August, supply of imported concrete forming panel in Hokkaido became tight because Malaysian plywood mills' production is dropping by log supply shortage and shipment to Hokkaido is limited.

Concrete forming panel market in Hokkaido is different from the main island of Japan, where coated concrete forming panel is now the main item.

In Hokkaido, green concrete forming panel is the main item so the prices of JAS 3x6 are slightly higher than Tokyo market at 1,380-1,400 yen per sheet FOB truck and firming. Coated concrete forming panel prices are also higher than Tokyo market at about 1,550 yen.

September earthquake was limited in the area so there is not much rehabilitation works. While general construction market in Hokkaido is quiet, shortage of only concrete forming panel is the topic in the market.

Since middle of 2017, log production in Malaysia sharply dropped. Green concrete forming panel needs smooth surface to some extent and with limited log supply, such suitable logs are hard to obtain.

In Hokkaido, OSB is heavily used for panel for housing.

Canadian OSB manufacturer, Norbord has been pushing OSB prices and present prices the importers are asking on JAS 9 mm 3x10 are 1,200 yen per sheet FOB truck. Softwood plywood is not popular and only manufacturer, Marutama, is basically sending the products to Tokyo market. The prices of 12 mm 3x6 panel are firmly held at 1,050 yen per sheet delivered in Hokkaido.

**Domestic log and lumber market**

It is log harvest season now but log production stays low. Particularly in Western Japan, where suffered heavy rain and landslides during summer months, log production has been low. In other areas, weather after September has been unfavorable so overall log production continues low.

Meantime demand for logs by sawmills, plywood mills and laminated lumber mills is active so log supply for these mills stays tight. Normally June and July are rainy season so that log production is low but even in fall, there is no recovery.

In this situation, log market prices have been edging up everywhere. 3 meter post cutting cedar log prices are 12,000-13,000 yen in average but they are higher in the area where many sawmills concentrate like Northern Kanto.

4 meter sill cutting cypress log prices vary by the area but average prices are 19,000-20,000 yen and the highest is 22,000 yen. 3 meter post cutting cypress log prices are almost the same as sill logs but in other areas, the prices are 16,000-17,000 yen so gap between sill logs and post logs is widening.

Meantime, lumber market is not so active. Lumber market prices remain unchanged although sawmills try to push the sales price up because of higher log cost.

Nationwide average prices of 3 meter KD 105 mm cedar post are 50,000-52,000 yen and 4 meter KD 105 mm cypress sill square are 64,000-66,000 yen. Orders for KD cedar post, purlin, green cedar 90 mm square and retaining board are active. KD cedar post movement is slowing in October while cypress sill continues firm. The most demanded item is 4 meter green cedar 90 mm square.

In Tokyo regional market, supply of green cedar lumber has been tight since last spring. Supply source is mainly the North East sawmills and the supply is always slow in winter because of snow but this supply did not increase even after spring this year. Prices of 4 meter 90 mm green cedar lumber had been 20,000 yen or less until last year but the prices escalated over 20,000 yen and now they are 25,000 yen to 28,000 yen and the highest spot prices are 30,000 yen.

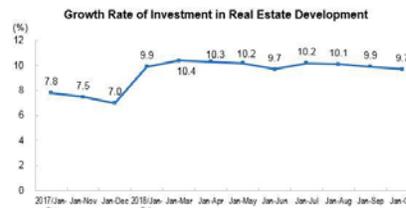
Reason of tight supply is expanding demand. 4 meter green cedar 90 mm square is mainly used for not only construction but rehabilitation works by natural disasters then increasing redevelopment demand for the 2020's Tokyo Olympic Games.

Substituting demand for roof sheathing to replace high priced softwood plywood is also another new demand. Sawmills suffer high log prices and say that it is hard to procure logs when lumber prices are less than 30,000 yen. In Kanto region, there are very few mills producing green cedar lumber because small cedar log supply is not much in this region. The log prices started climbing since last December and they are high at 10,000-12,000 yen, which is too high for lumber prices so mills are not willing to produce.

**China**

**Housing still attracting investment but millions of units unoccupied**

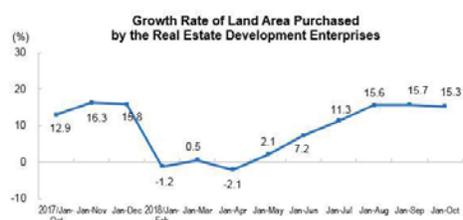
Data from the National Bureau of Statistics shows that investment in real estate development during the first ten months of 2018 increased by almost 10% year-on-year but the pace of growth is slowing. However, Reports are emerging of the extent of unoccupied homes in China.



Data source: National Bureau of Statistics, China

Analysts estimate that more than 20% of new homes are unoccupied which, nationwide, translated to close to 50 million homes. No other country has such a high vacancy rate according to Gan Li from the Southwestern University of Finance and Economics. Residential buildings account for around 70% of real estate development investments.

The latest housing data suggests government efforts to reduce property speculation are having only limited impact. Investors facing restrictions in one area are quick to expand investment in other less restrictive cities and provinces. In the first ten months of 2018 the land area purchased by real estate developers increased 15% only slightly less than in the previous eight months.



Data source: National Bureau of Statistics, China

See: [http://www.stats.gov.cn/english/PressRelease/201811/t20181115\\_1633848.html](http://www.stats.gov.cn/english/PressRelease/201811/t20181115_1633848.html)

### Import tariffs reduced

According to the Tariff Commission in the State Council the most-favored-nation (MFN) import tariffs for over 1,500 items have been reduced as of 1 November 2018. The average rate is now 7.8% compared to 10.5% previously.

Experts say these tariff cuts are aimed at helping domestic industries, reducing corporate costs and meeting multi-level consumer demands and also send a positive signal to the outside world of China's greater economic opening.

Import tariffs will be reduced on commodities that are required for domestic production such as textiles, wood products and building materials, base metal products and steel. Wood products included are charcoal, miscellaneous wood products, particleboard, fibreboard, plywood and paper products.

Import tariffs will be reduced on some mechanical and electrical equipment including those for textiles, light manufacturing, engineering, general use, metal processing instrumentation and related equipment parts and components.

In addition, the reduced tariffs apply to some resource commodities and primary processed products such as minerals and commodities used for export manufacturing.

For full details see:

[http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201809/t20180930\\_3033432.html](http://gss.mof.gov.cn/zhengwuxinxi/zhengcefabu/201809/t20180930_3033432.html)

<http://finance.people.com.cn/n1/2018/1101/c1004-30376937.html>

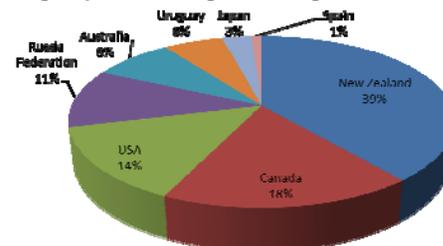
### No more log fumigation at Taicang Port

It has been reported that Taicang Port is considering a ban on fumigating North American logs because of the risk of water pollution. If implemented this could further limit the supply of North American logs to China.

Supplies from North America have fallen in recent months as a result of trade friction between China and the US. Log imports through Taicang Port from Canada and the US fell slightly in the first three quarters of 2018 and it is predicted that the impact of the fumigation ban at Taicang Port will further impact imports.

In the first three quarters of 2018 log imports through Taicang Port were about 5.64 million cubic metres. Of the total, 39% were from New Zealand, 32% from Canada and the US, 11% from the Russia Federation with the balance from Australia, Uruguay, Japan and Spain.

### Log imports through Taicang Port



Data source: China Customs

### Production plywood in 2017

There are around 5,500 major enterprises manufacturing plywood in China. The total production capacity of plywood by these enterprises in 2017 was 189 million cubic metres and production is distributed in 27 provinces, autonomous regions or municipalities.

### Plywood production by region 2017

Region	Provinces	% of total production
East China	Shandong, Jiangsu, Shanghai, Zhejiang, Fujian, Anhui, Jiangxi	50%
South China	Guangdong Province, Guangxi Zhuang Autonomous Region, Hainan Province	25%
Central China	Henan Province, Hubei Province, Hunan Province	12%
North China	Beijing, Tianjin, Hebei, Inner Mongolia, Shanxi	5%

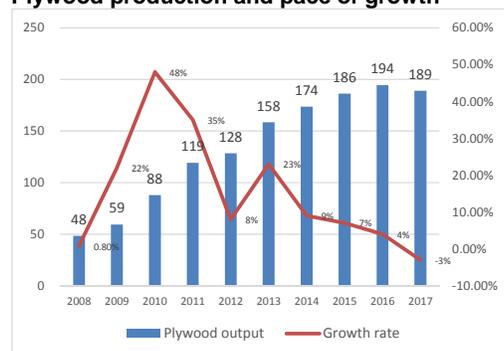
Southwest	Sichuan, Chongqing, Yunnan, Guizhou, Tibet	8% each
Northeast	Heilongjiang, Jilin, Liaoning	
Northwest	Shaanxi, Gansu, Qinghai, Ningxia Hui Autonomous region	

Data source: 2017 China Forestry Statistical Yearbook

The output of China's plywood in 2017 was valued at RMB438 billion, a year on year decline of 3%, the first decline in ten years.

Plywood accounted for 64% of all wood-based panel output in 2017. Of the total, production of wood plywood was 157 million cubic metres, bamboo plywood 5.7 million cubic metres, blockboard 17 million cubic metres and other panels 9.3 million cubic metres.

#### Plywood production and pace of growth



Data source: 2017 China Forestry Statistical Yearbook

See:

<http://www.forestry.gov.cn/xdly/5197/20181123/093226804605554.html>

#### 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+	2800-3000
Ipe	dia. 40 cm+	3200-3400
<b>yuan per tonne</b>		
Cocobolo	All grades	40-70000

#### 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
Afromosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de afica	3000-3500
Ovengkol	3100-3600
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

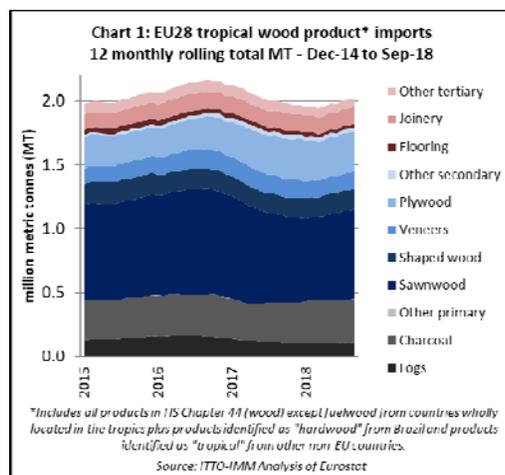
## Europe

### EU tropical timber imports recover some lost ground in the third quarter

EU imports of tropical wood products dipped sharply in 2017 and started this year very slowly but recovered some lost ground in the second and third quarters.

Chart 1 shows twelve monthly rolling total imports (to iron out seasonal fluctuations) into the EU of all tropical wood products listed in HS Chapter 44 (excluding fuelwood, wood waste and chips).

It shows that the 12-month rolling total import peaked at 2.17 million metric tonnes (MT) in September 2016, slipped to a low of 1.94 million MT in March, but had recovered to 2.02 million MT by September 2018.



In total, the EU imported 1.58 million MT of tropical wood products in the first nine months of 2018, 3.4% more than the same period in 2017. The total value of EU imports of tropical wood products in the January to September 2018 period was €1.66 billion, 1% more than the same period in 2017.

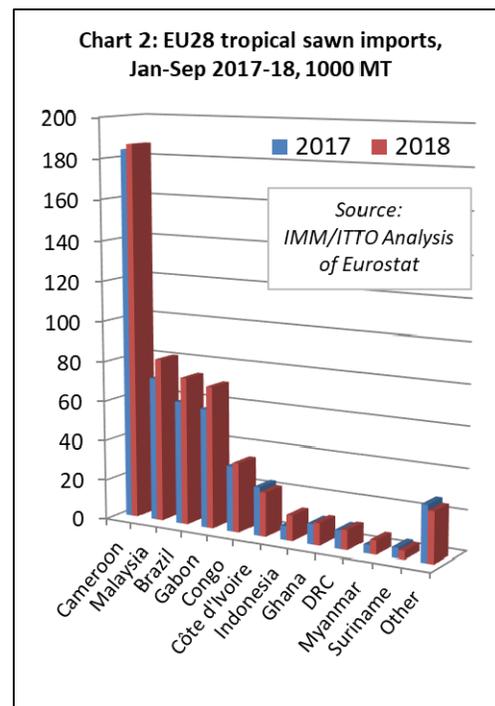
Although there have been gains in EU imports of tropical sawnwood, charcoal, mouldings, joinery products and logs this year, these have been offset by a decline in imports of tropical plywood, veneers, flooring, and other tertiary products.

### 9% rise in EU imports of tropical sawnwood

Despite a slow start to the year, EU imports of tropical sawnwood were 539,000 MT in the first nine of 2018, 9% more than the same period in 2017. Import value also increased, by 10% to €545 million.

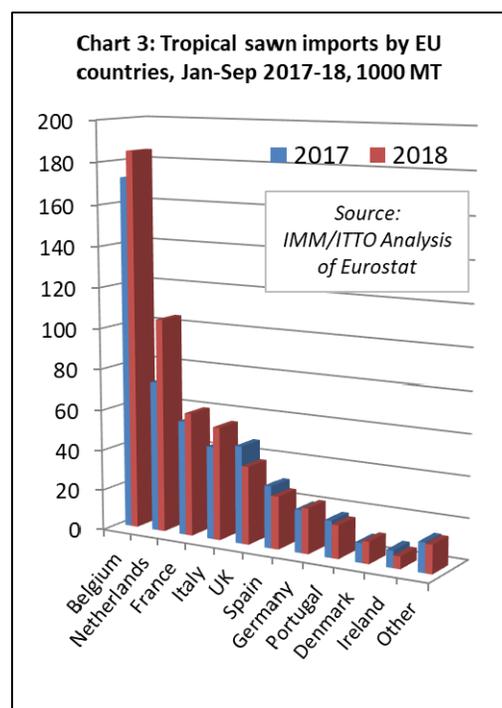
A significant amount of tropical sawnwood arrived into the EU from Cameroon in the third quarter of 2018, taking the total import from that country in the first nine months to 186,500 MT, almost exactly equivalent to the same period in 2017.

Meanwhile tropical sawnwood imports from nearly all other leading suppliers were stronger in the first 9 months of 2018 compared to the same period last year, including from Malaysia (+14% to 81,600 MT), Brazil (+20% to 73,700 MT), Gabon (+19% to 70,800 MT), Congo (+6% to 34,800 MT), Indonesia (+82% to 12,700 MT), Ghana (+8% to 11,000 MT), DRC (+7% to 9,700 MT) and Myanmar (+64% to 6,900 MT). These gains offset declining imports from Côte d'Ivoire (-9% to 21,000 MT) and Suriname (-20% to 4,100 MT). (Chart 2).



The rise in imports from Indonesia, which only allows exports of S4S lumber, may be partly due to alterations in the HS codes used to record imports from Indonesia following introduction of FLEGT licensing. The rise in EU imports of sawnwood from Indonesia is offset by a similar decline in imports of mouldings from the country.

In the first nine months of 2018, tropical sawn hardwood imports increased 8% to 185,000 MT in Belgium, bolstered by strong growth in the third quarter of the year, and also increased in the Netherlands (+14% to 81,600 MT), France (+20% to 73,700 MT), Italy (+19% to 70,800 MT), and Germany (+6% to 22,100 MT). These gains offset a 20% decline to 38,300 MT in the UK, a 15% fall to 25,800 MT in Spain and a 9% decline to 16,300 MT in Portugal (Chart 3).



### EU imports of tropical logs pick up pace in third quarter

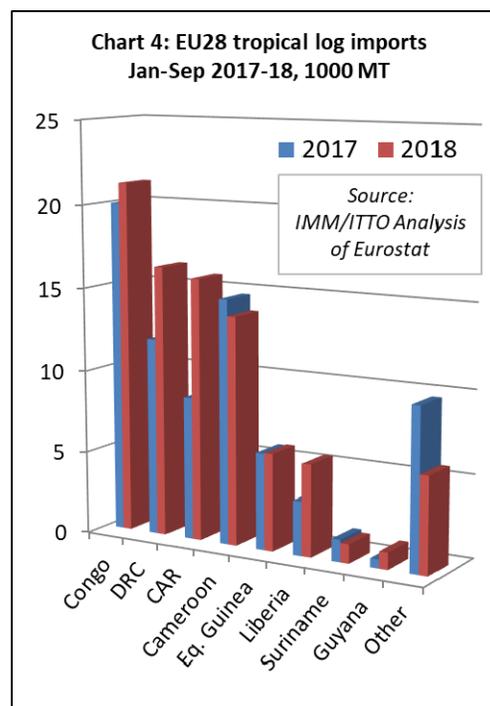
After a downturn in 2017, the quantity of EU imports of tropical logs recovered ground in the first nine months of 2018. Imports of 86,400 MT during the first months this year were 14% greater than the same period in 2017. The value of tropical logs imported by the EU also increased, by 8% to €43.4 million. As with sawnwood, EU imports of tropical logs picked up in the third quarter of 2018 after a relatively slow start to the year.

EU imports of tropical logs increased from Congo, the leading supplier, rising 6% to 21,200 MT in the first nine months of 2018. There was also a significant increase in EU log imports from DRC (+37% to 16,300 MT), CAR (+83% to 15,800 MT), Liberia (+69% to 5,500 MT), and Guyana (+90% to 1,200 MT).

These gains offset declining imports from Angola, from around 5,000 MT in the first nine months of 2018 to negligible levels this year. Imports from Equatorial Guinea (5,900 MT) and Suriname (1,200 MT) were at a similar level to last year. (Chart 4).

Most of the gain in EU imports of tropical logs in the first nine months of 2018 was concentrated in France (+24% to 31,200 MT) and Belgium (+33% to 23,200 MT).

Imports of tropical logs were slow in Portugal in the first half of 2018 but increased in the third quarter. In total, in the first nine months of 2018, Portugal imported 14,900 MT of tropical logs, 4% more than the same period last year.



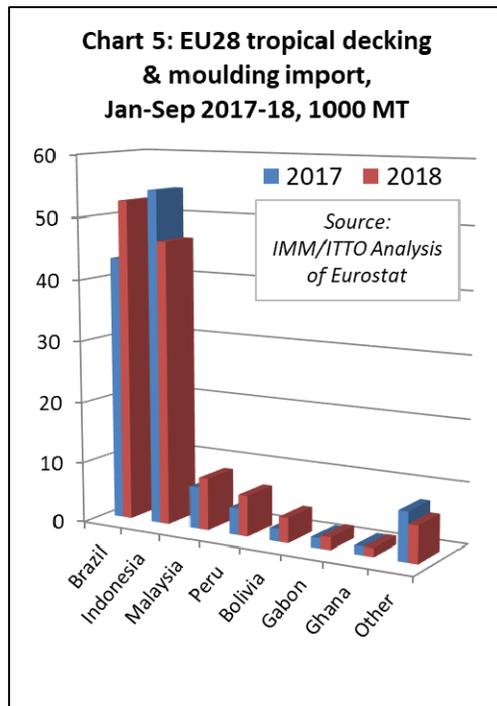
### Slight rise in EU tropical decking imports

EU imports of tropical mouldings (which includes both interior mouldings and exterior decking products) increased 5% to 127,400 MT in the first nine months of 2018. Import value increased 8% to €189 million.

A 22% rise in EU imports of mouldings from Brazil to 52,400 MT in the nine month period offset a 15% decline in imports from Indonesia to 46,300 MT. As noted earlier, the latter decline may be partly due to alterations in the HS codes used to record imports from Indonesia since introduction of FLEGT licensing.

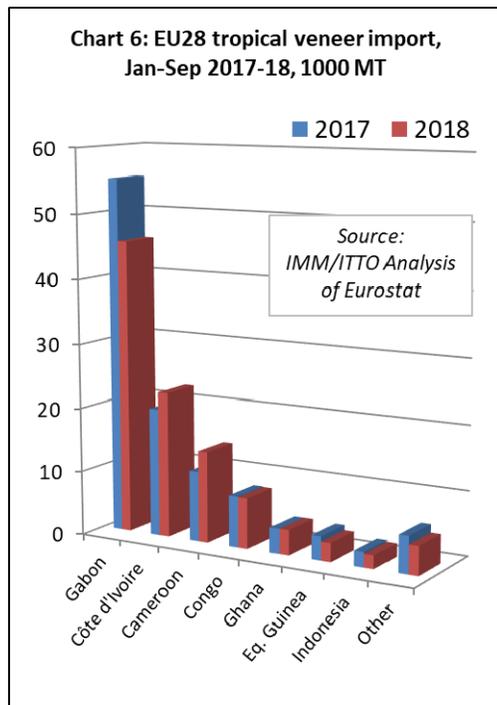
EU imports of mouldings increased for some smaller suppliers of this commodity in the first nine months of 2018, including Malaysia (+24% to 8,500 MT), Peru (+52% to 6,700 MT) and Bolivia (+100% to 4,100 MT) (Chart 5).

In the first nine months of 2018, imports of tropical mouldings increased 33% in France to 35,400 MT, 4% in Belgium to 21,000 MT and 10% in Italy to 5,700 MT. These gains were offset by a 11% decline in imports in the Netherlands, to 18,600 MT, and an 18% decline in the UK, to 7,400 MT. Imports were at the same level as the previous year in Germany (28,700 MT) and Denmark (3,100 MT).



**EU imports of tropical veneer down 6%**

EU imports of tropical hardwood veneer fell 6% to 103,800 MT in the first 9 months of 2018. Import value fell 17% to €133.1 million. The decline was mainly due to a 17% decrease in imports from Gabon, to 45,600 MT. This decline is likely related to the financial difficulties experienced by Rougier this year (Chart 6).



The decline in EU imports from Gabon was partly offset by rising imports from Cote d'Ivoire (+14% to 22,700 MT) and Cameroon (+30% to 14,200 MT). Imports from Congo (7,800 MT) and Ghana (4,000 MT) were unchanged on the previous year.

In the first nine months of 2018, imports of tropical veneer declined in France, the largest EU market, down 9% to 36,100 MT, and were also down 10% to 17,900 MT in Spain, down 25% to 7,800 MT in Greece, and down 14% to 4,000 MT in Germany. Imports in Italy increased 1% to 25,000 MT, having strengthened in the third quarter of 2018.

**EU direct imports of plywood from the tropics decline 7%**

The EU imported 238,100 MT of tropical plywood in the first nine months of 2018, 4% less than the same period in 2017. Import value fell 7% to €206.9 million in the same period.

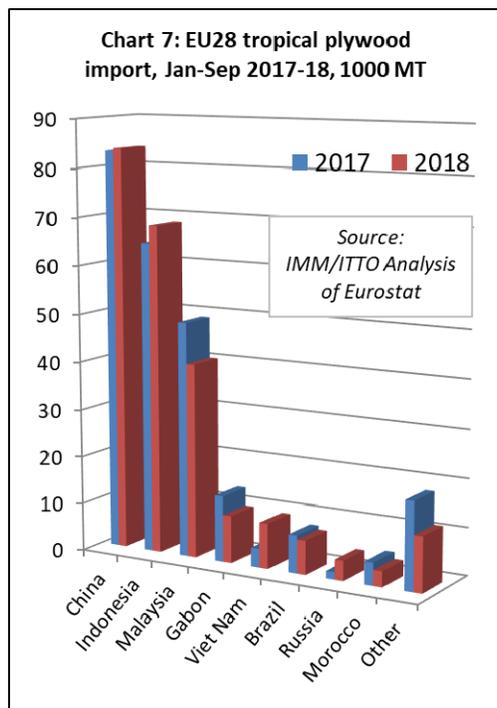
Direct EU imports of plywood from tropical countries decreased 7% to 144,300 MT in the first nine months of 2018. While imports from Indonesia increased 6% to 68,400 MT, imports from Malaysia fell 17% to 40,500 MT and imports from Gabon fell 28% to 9,900.

Although still only a minor supplier, there was a significant 140% increase in EU imports of plywood from Vietnam, to 9,500 MT, in the first nine months of 2018.

The EU imported 83,800 MT of plywood faced with tropical hardwood from China during the first nine months of 2018, unchanged from the same period in 2017. Imports from China this year have been disrupted to some extent by tough new national environmental controls which forced Chinese mills to interrupt production to upgrade or replace emission and waste treatment technology.

The EU also imported 10,100 MT of plywood faced with tropical hardwood from other non-tropical countries in the first nine months of 2018, 5% more than the same period in 2017.

Much of the gain was due to a 170% increase in imports from Russia, to 4,200 MT. Imports from Morocco fell 31% to 3,300 MT. (Chart 7).



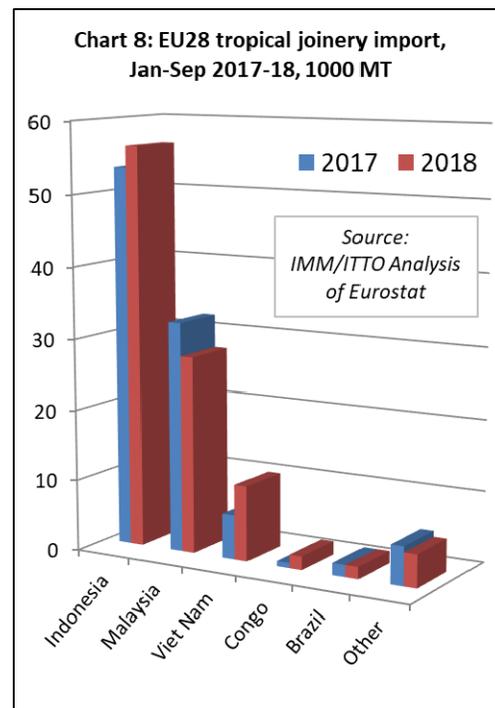
Imports of tropical plywood in the UK were 117,000 MT in the first nine months of 2018, 2% less than the same period last year. Imports also declined in Belgium (-21% to 33,300 MT), France (-5% to 15,100 MT), Italy (-11% to 12,800 MT) and Denmark (-23% to 2,200 MT). However, these losses were partly offset by rising imports in the Netherlands (+15% to 26,800 MT), Germany (+9% to 19,900 MT), and France (+2% to 10,400 MT).

#### Indonesia and Vietnam boost share of EU tropical joinery imports

EU imports of tropical joinery products (excluding flooring) increased 3% to 103,000 MT in the first nine months of 2018. However, import value decreased by 4% to €195 million. These contrasting trends may imply a shift in the mix of products involved. This category includes a range of products, but mainly doors, laminated kitchen tops, and window scantlings from the tropics.

In quantity terms, imports from Indonesia, by far the EU's largest tropical supplier of joinery products, increased 6% to 56,400 MT in the first nine months of 2018. There was also a 67% increase in EU imports of joinery products from Vietnam, to 10,600 MT.

Imports from Congo increased from negligible levels to 1,900 MT. These gains offset a 14% decline in imports from Malaysia to 27,700 MT. (Chart 8).

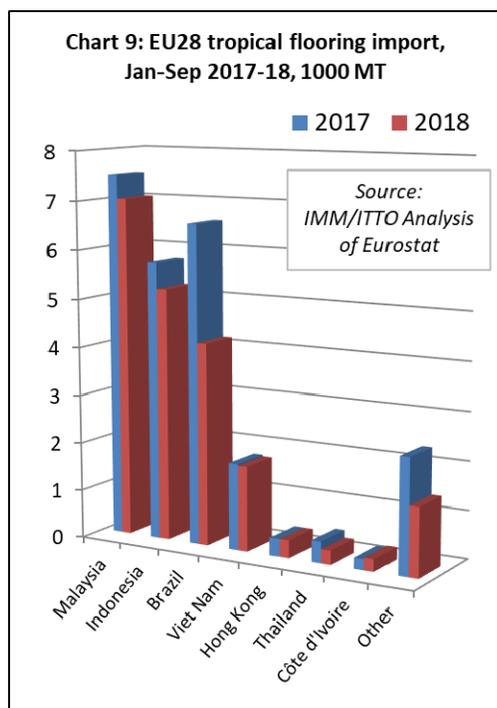


Imports of tropical joinery products in the UK, the largest European destination for this product group, increased 13% to 44,500 MT in the first nine months of 2018. Imports increased 26% to 13,800 MT in Belgium and were up 43% to 10,300 MT in France in the same period. However, imports fell 22% to 23,300 MT in the Netherlands and declined 11% to 6,700 MT in Germany.

#### Another fall in EU imports of tropical flooring

EU imports of flooring products from tropical countries fell a further 18% to 20,500 MT in the nine months of 2018, continuing a long term decline in response to tough competition from European and Chinese manufacturers and non-wood alternatives, fashion trends favouring temperate timbers, supply constraints, and challenges of EUTR conformance. The value of EU imports of wood flooring declined 15% to €46.5 million in the first nine months of 2018.

Most of the downturn this year is due to a 37% fall in imports of hardwood flooring products from Brazil, to 4,200 MT in the first nine months of 2018. However imports also fell 6% from Malaysia, to 7,000 MT, 9% from Indonesia to 5,200 MT and 35% from Thailand to just 300 MT. (Chart 9).



In the first nine months of 2018, imports fell dramatically in the two largest EU markets for tropical flooring, declining 42% to 4,300 MT in France and 21% to 2,600 MT in Belgium. However, this decline was partially offset by a 57% increase in imports in Denmark, to 2,400 MT. This year Denmark has overtaken Spain as the third largest EU destination for tropical flooring.

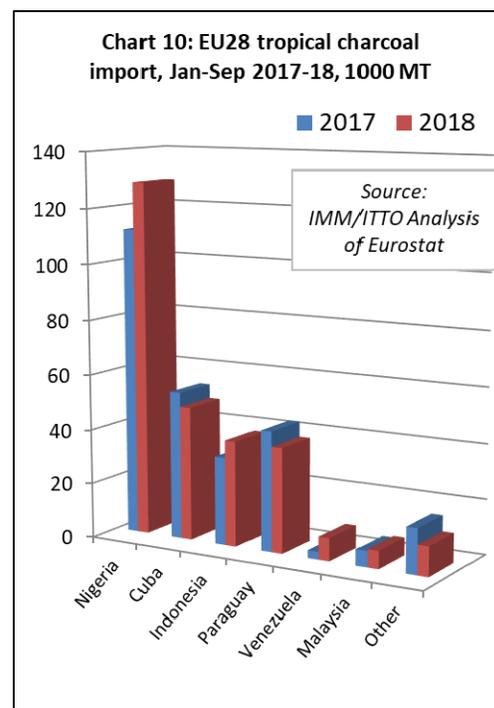
#### Gradual rise in EU imports of tropical charcoal

EU imports of charcoal from tropical countries have been rising slowly since the start of 2017. Imports of 280,000 MT in the first nine months of 2018 were 5% more than the same period last year. The value of EU imports of tropical charcoal increased 6% to €106.3 million in the same period.

In the first nine months of 2018, EU imports of charcoal from Nigeria increased 15% to 129,000 MT, while imports from Indonesia increased 20% to 38,400 MT. Imports from Venezuela increased from negligible levels to 8,400 MT. These gains offset a 9% decline in imports from Cuba to 48,900 MT and a 13% decline in imports from Paraguay, to 38,200 MT. (Chart 10).

A wide range of EU countries now import wood charcoal from tropical countries. The largest destinations (in descending order this year) are Poland, Germany, Greece, Portugal, Belgium, Italy, UK, and Spain.

In the first nine months of this year, tropical charcoal imports increased in Poland (+36% to 50,200 MT), Greece (+8% to 36,300 MT), Portugal (+23% to 26,000 MT), Belgium (+15% to 26,100 MT), and Italy (+16% to 25,700 MT). However, imports declined 25% to 40,300 MT in Germany, 6% to 21,800 MT in Spain, and 36% to 10,100 MT in the Netherlands. Imports in the UK were stable at 23,200 MT.

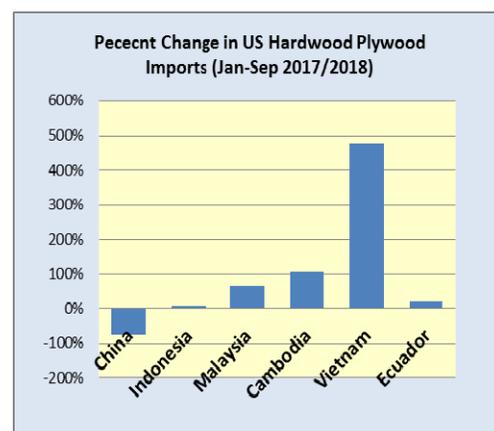


### North America

#### China regains share of US plywood market

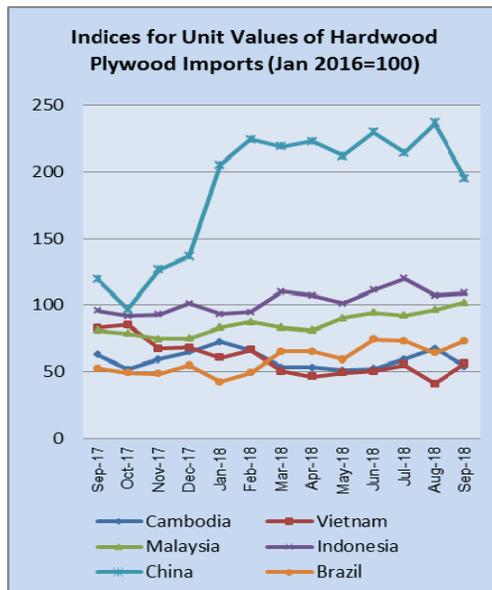
US imports of hardwood plywood fell by 9% in September with an across-the-board decline in both volume and value, the exception was China. Import volumes from China increased 29% in September, slowing a prolonged slide. Yet, hardwood plywood imports from China still trail 2017 imports by more than 75% year-to-date.

Meanwhile, imports from Indonesia, Vietnam and Malaysia all fell in September, yet those countries are all well ahead in for the year as they capitalise on the lost trade from China.



Data source: US Census Bureau, Foreign Trade Statistics

Due to rising prices, the value of plywood imports are up by 6% at US\$1.4 billion year-to-date even though the volume of hardwood plywood imported is down by 13%.



Data source: US Census Bureau, Foreign Trade Statistics

### Veneer imports continue to advance despite September dip

US Census Bureau, Foreign Trade Statistics show that while monthly US imports of tropical hardwood veneer plunged by over one-third in September, they were still more than 40% higher than those of September 2017. Year-to-date imports are outpacing 2017 by 42%.

The September drop was fueled by the yearly seasonal decline in imports from Italy, which is the largest supplier of hardwood veneer for the US. Despite the monthly drop, Italian imports remain up 28% for the year. Chinese imports are up by 66% even after a somewhat smaller September decline.

### Flooring and moulding imports cool after a 'hot' summer

Hardwood flooring imports dropped 15% in September from August, ending a long period of expansion that has seen total imports rise by nearly 40% for the year so far. The decline was mostly due to a 78% month-to-month drop in imports from Brazil and a drop of 24% from China as the two countries came down from exceptionally strong August totals.

Imports from Malaysia rose by 18% in September with 2018 numbers nearly doubling those of 2017 year-to-date. Imports from Indonesia declined in September and are now down more than one-third from last year.

Assembled flooring also declined in September after showing nice growth mid-year. Declining imports from Brazil were the cause of the drop in this category as well. Overall, imports in this area are up 7% year-to-date. Imports from China and Canada, which account for over half of the market, were both down slightly in September but remain ahead of 2017 year-to-date.

US hardwood moulding imports typically decline from August to September, but a drop of 23% led to the worst month in more than 5 years at just under US\$13 million. Imports from Brazil, China and Malaysia were all down for the month, yet they are all modestly ahead of 2017 year-to-date.

Imports from Canada have been lagging by nearly a quarter this year but were helped by a 30% rise from August to September. Total US imports are now down 3% for the year after being ahead of the 2017 pace for most of the year.

### Wooden Furniture Imports Fall in August

US imports of wooden furniture fell by 4% in September from August, yet outpaced September 2017 figures by nearly 5%. The US\$1.57 billion total for the month kept US imports at about 6% above the 2017 year-to-date. Imports from the largest suppliers, China and Vietnam, are both up 6% year-to-date despite falling slightly in September. Imports from Canada, which have lagged all year, increased by 9% in September.

### US economy continues to add jobs in construction and manufacturing

The latest data from US Bureau of Labor Statistics shows total nonfarm payroll employment in the US rose by 250,000 in October, and the unemployment rate was unchanged at 3.7 percent. Job gains occurred in health care, manufacturing, construction, and transportation and warehousing.

Construction employment rose by 30,000 in October, with nearly half of the gain occurring among residential specialty trade contractors (+14,000). So far in 2018 construction has added 330,000 jobs.

In October, employment in manufacturing increased by 32,000. Most of the increase occurred in durable goods manufacturing, with a gain in transportation equipment (+10,000). Manufacturing has added 296,000 jobs in 2018, largely in durable goods industries.

Economic activity in the manufacturing sector expanded in October, and the overall economy grew for the 114th consecutive month, say the nation's supply executives in the latest Manufacturing ISM Report on Business. However, consumption has softened, with production and employment continuing to expand, but at lower levels compared with September. Demand remains moderately strong, however, the New Orders Index eased below 60 percent for the first time since April 2017.

### Cabinet Sales Soften

According to a press release from the Kitchen Cabinet Manufacturers Association on its monthly Trend of Business Survey, participating cabinet manufacturers reported an increase in cabinet sales of 2.3% for September 2018 compared to the same month in 2017. Stock sales increased 9.4%; semi-custom sales decreased 5.6%; and custom sales increased 5.2% compared to September 2017.

However, the numbers tell a different story compared to the previous month (August 2018), sales are down 1.9%. Stock sales decreased 4.4% and semi-custom decreased 1% compared to August. Custom sales saw the only growth in September with an increase of 4.9%.

Year to date cabinetry sales through September 2018 are up 1.9% according to participating manufacturers. Stock sales are up 4.1%; semi-custom sales continue to decrease with a downturn of 1.1%; and custom sales are up 4.3%.

See: <https://www.kcma.org/news/press-releases/september-2018-trend-business-press-release>

#### **New Furniture Orders Rise**

New furniture orders in August 2018 increased 9% over new orders reported in August 2017, according to the most recent Smith Leonard survey of residential manufacturers and distributors. The 9% increase in August followed three consecutive months of 5% increases reported. Approximately 70% of the participants reported increased orders in August.

Year to date, new orders remained 6% over the same period a year ago. August 2017 year-to-date orders were also 6% ahead of the same 2016 period so the comparisons are showing consistently improving numbers. Some 71% of the participants reported increased year-to-date orders.

See: <https://www.kcma.org/news/press-releases/september-2018-trend-business-press-release>

#### **US businesses paying 50% more in tariffs**

A recent study found that US businesses paid US\$4.4 billion in tariffs in September, up more than 50% from the same month the previous year. Former Congressman Charles Boustany, who serves as a spokesman for the Tariffs Hurt the Heartland Campaign, the group that sponsored the study, said that "the historic rise in costs for American businesses, farmers and consumers is only the beginning...Instead of doubling down on tariffs that this data shows are clearly hurting Americans, it is time for meaningful negotiations to take place."

<https://www.cNBC.com/2018/11/05/tariff-payments-up-50percent-in-september-on-trump-trade-war-industry-group.html>

In related news many US trade associations representing thousands of businesses have come together to form 'Americans for Free Trade' (AFT) aimed at opposing tariffs and highlighting the benefits of international trade to the U.S. economy.

It has been reported that the AFT will cooperate closely within the 'Farmers for Free Trade' which is supported by major agricultural producers who launched the 'Tariffs Hurt the Heartland' campaign.

**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.

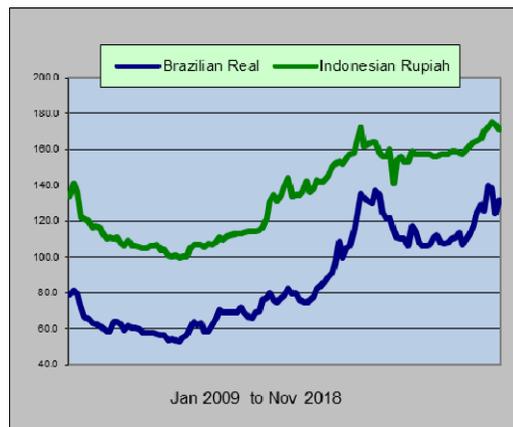
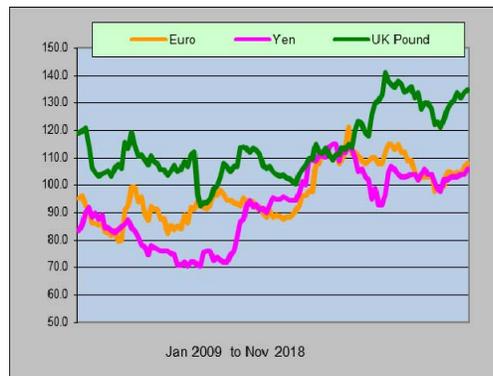
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

## Dollar Exchange Rates

As of 25 November 2018

Brazil	Real	3.87323
CFA countries	CFA Franc	579.06
China	Yuan	6.9517
EU	Euro	0.8855
India	Rupee	70.852
Indonesia	Rupiah	14514
Japan	Yen	113781
Malaysia	Ringgit	4.1905
Peru	New Sol	3.29
UK	Pound	0.7846
South Korea	Won	1130.51

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

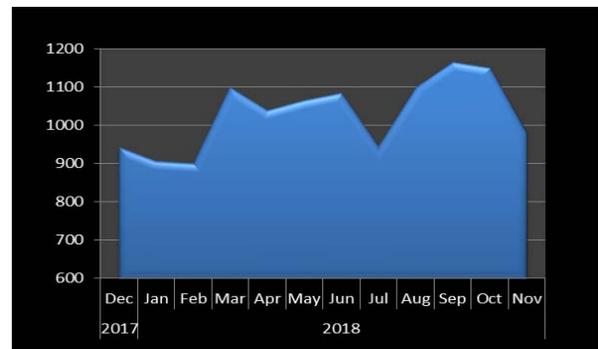


## Abbreviations and Equivalences

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	Cost insurance and freight
C&F CNF	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, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

## Ocean Freight Index

Baltic Supramax Index  
December 2017 – November 2018

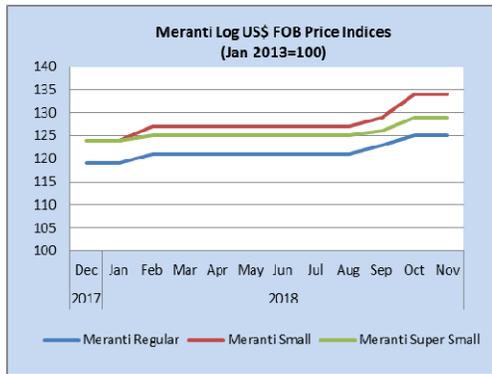


Data source: Open Financial Data Project

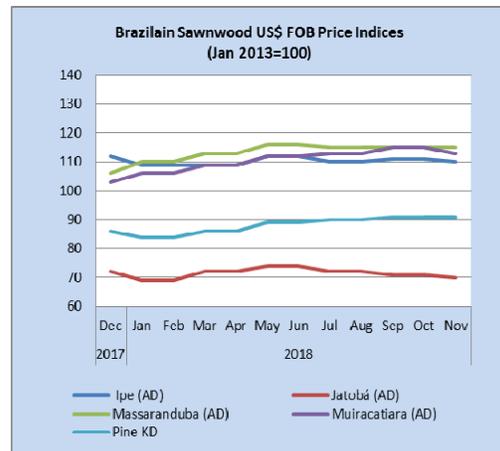
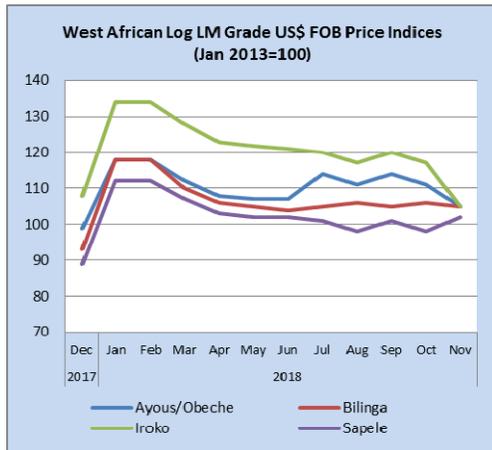
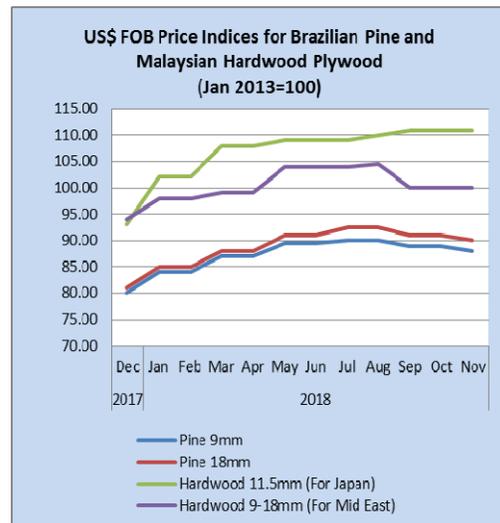
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

**Price indices for selected products**

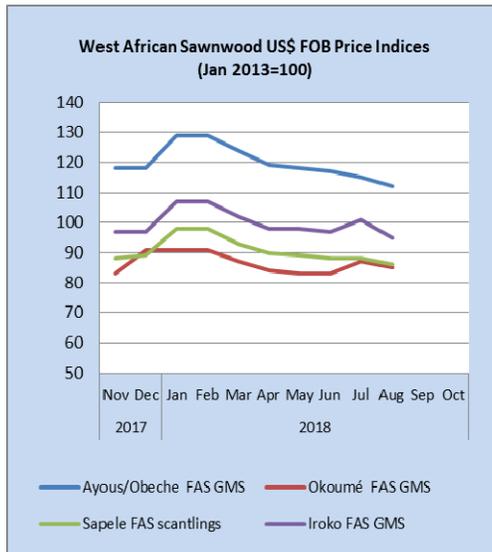
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



West African log and sawnwood price indices will be updated when prices become available.

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