

Tropical Timber Market Report

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Top Story

Legal status of flooring patents to be monitored by new Chinese ‘Alliance’

The Intellectual Property Protection Department of China’s State Intellectual Property Office has approved the creation of a Wood Flooring Panel Lock Patent Protection Alliance by the China Forest Products Industry Association (CFPIA).

Wu Shengfu, Vice President of the CFPIA and the Chairman of the Alliance, said the focus will be on combing floor lock patents for their legal status and technical merit as well as reviewing domestic and international patent applications.

See page 16

Central and West Africa

Stable market conditions at year end

Across the region producers report no major change in overall international market sentiment since the end of November market report from ITTO.

Prices and order volumes continue to be on the firm side with no sign of any immediate alteration in the current market conditions. Analysts experienced the usual end of year slowdown in new orders especially from buyers in Europe who are already unwinding business activity as the holiday season approaches.

Companies in Gabon holding stocks of Kevazingo are still awaiting a decision from the government on how exports will be managed.

Further port disruptions possible in Gabon

At present the main issue on the minds of exporters in Gabon is reports of mounting disagreement between the company that oversees Gabon's ports, Bolore, and the government Port authority. Rumours are swirling that the government has requested substantial payments from Bolore.

Analysts write that the Port authorities have a major influence on the activities of the shipping lines servicing Gabon and that, given the current friction between Bolore and the Port authority, there it feared that shipping lines may suspend services to Gabon's port until a final settlement is agreed.

Shipping companies embrace technological change

Five of the biggest container lines in the world are planning to establish an association with the purpose of greater standardisation in the shipping industry.

The website of Port Technology has reported that five major shipping companies are considering the establishment of common information technology standards to advance their business objectives in technological innovation and data sharing.

Port Technology has reported on an announcement from Maersk, CMA CGM, Hapag-Lloyd, MSC and Ocean Network Express (ONE) coincided with news that leading ocean carriers and terminal operators, including COSCO, DP World and Yang Ming intend to develop an international blockchain shipping platform.

For more see:

https://www.porttechnology.org/news/maersk_cma_cgm_and_leading_carriers_form_association

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	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	420
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	360
Sipo FAS GMS	520
FAS fixed sizes	540
FAS scantlings	550
Padouk FAS GMS	850
FAS scantlings	900
Strips	650
Sapele FAS Spanish sizes	500
FAS scantlings	520
Iroko FAS GMS	640
Scantlings	720
Strips	400
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana

Positive export growth in first 3 Quarters of this year

Ghana exported a total volume of 251,469 cu.m of wood products during the 9-months to September 2018. Export earnings amounted to Euro 144.03 million during the same period.

Export volumes rose almost 10% compared to the same period in 2017 and export earnings rose 16%. Of the 17 products exported the leading products for which exports increased are shown below.

First three quarter 2018 export volumes (cu.m)

	2017	2018	YoY
	Jan-Sep	Jan-Sep	% change
Saw n wood (AD)	142,577	156,698	9.9
Saw n wood (KD)	27,261	33,220	21.86
Plyw ood			
Neighbouring countries	12,933	17,118	32.36
International markets	458	644	40.51
Rotary Veneer	3,879	4,330	11.63
Billets/Logs	20,740	23,264	12.17
Others	20,794	16,194	-22.12
Total	228,642	251,469	9.98

Data source: TIDD, Ghana

First three quarter 2018 export volumes (Euro)

	2017	2018	YoY
	Jan-Sep	Jan-Sep	% change
Saw n wood (AD)	81,251,274	92,437,162	13.77
Saw n wood (KD)	15,525,021	20,191,286	30.06
Plyw ood			
Neighbouring countries	4,416,596	6,207,735	40.55
International markets	251,848	235,673	-6.42
Rotary Veneer	1,674,462	1,684,951	0.63
Billets/Logs	6,769,865	8,990,047	32.8
Others	14,351,440	14,283,031	-0.48
Total	124,240,506	144,029,885	15.93

Data source: TIDD, Ghana

Exports of air-dried sawnwood (62%), kiln-dried sawnwood (13%) and plywood shipped to neighbouring countries (7%) accounted for 82% of the total export volume. Exports of some fourteen other products accounted for the balance.

The leading species exported were ceiba, plantation teak, wawa, rubberwood and rosewood. The major markets for Ghana's wood products for the period under review are as shown below.

Market	2017	2018
	000's cu.m	000's cu.m
Asia/Far East	167.0	183.4
Europe	26.9	30.0
Africa	20.3	24.2
America	7.4	8.4
Middle East	7.0	5.5
Oceania	0.0	0.0
Total	228.6	251.5

Data source: TIDD, Ghana

Asian markets are extremely important for the Ghana timber industry and in the first nine months of this year exports to Asian markets generated Euro 104.99 million (73% of all export earnings) from a volume of 183,424 cu.m.

Ghana's FLEGT licensing almost ready

Ghana and the European Union will soon commission a joint assessment to ascertain the readiness of Ghana to issue the Forest Law Enforcement, Governance and Trade (FLEGT) licenses under the Voluntary Partnership Agreement (VPA).

The Director of Timber Validation Department of the Forestry Commission, Chris Beeko, made this known during a FLEGT VPA knowledge-sharing workshop in Accra. This workshop brought together domestic and international stakeholders involved in the implementation of the VPA processes.

Overseas missions to attract investment

Over the past month Ghana has hosted several trade and investment missions from countries such as Slovenia, Turkey and Belgium. Ghana has set itself a target for achieving US\$10 billion in foreign investment next year.

The Minister for Planning, George Gyan-Baffour, said Ghana needs to attract more foreign missions and to be prepared to compete against other countries in the West African sub-region for foreign investment.

Budget allocation to improve power supply

Parliament has approved GHC 500m for the Ministry of Energy to spend in the 2019 fiscal year. Part of this is expected to be used to improve power generation.

For many years the wood manufacturing sector has had to contend with power cuts and intermittent supplies which greatly affected their operations and competitiveness.

Boule Export prices

	Euro per m ³
Black Ofram	330
Black Ofram Kiln dry	430
Niangon	470↓
Niangon Kiln dry	680

Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	332	420
Chenchen	425	505
Ogea	473	590
Essa	505	685↓
Ofram	350	435

Export Sliced Veneer

Sliced face veneer	FOB Euro per m ³
Arormosia	-
Asanfina	863↓
Avodire	433
Chenchen	1,163↑
Mahogany	1,415↑
Makore	533↓
Odum	2,238↓

Export Plywood Prices

Plywood, FOB		Euro per m ³	
BB/CC	Ceiba	Ofram	Asanfina
4mm	333↓	640	641
6mm	412↑	535	604
9mm	373	446	560
12mm	470	463	480
15mm	450	380	430
18mm	405	422↑	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		Euro per m ³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried	
Asanfina	490	564	
Ceiba	240	320	
Dahoma	424↓	583↑	
Edinam (mixed redwood)	520	565↓	
Emeri	475	564	
African mahogany (Ivorenensis)	843	1028↑	
Makore	775	874↑	
Niangon	555	710	
Odum	832↓	958↓	
Sapele	700	821↑	
Wawa 1C & Select	450↑	464↑	

Malaysia

Certification in Sarawak

Sarawak is making progress towards having all long-term forest timber license areas in the state certified by 2022 according to the Sarawak Forest Department Director, Hamden Mohammad. He said this was part of the state government's commitment to ensure that forest resources are managed in a sustainable manner.

To-date, 4 out of 21 forest management units (FMUs) covering a total area of 423,917 ha in Sarawak have secured forest management certification,

Hamden said timber companies are now working to get their forest areas certified. The State has threatened to cancel the licenses of those who fail to secure certification.

See:

<https://www.thestar.com.my/news/nation/2018/12/05/timber-forest-certification-making-inroads-in-sarawak/>

In related news, the Sarawak government has announced a commitment to increase its Heart of Borneo (HoB) project area from 2.1 million ha. to 2.7 million ha. to around 30%

Sabah Foundation may become sole log exporter

At a function to launch the new Sabah State Forestry Policy the Chief Minister for Sabah, Shafie Apdal, said he was looking into permanently banning log exports by private companies and is considering having the Sabah Foundation (Yayasan Sabah) to extract, purchase and export log from Sabah.

The Sabah Foundation is a state organisation that was created to promote educational and economic opportunities for the people of Sabah.

The reasoning behind this move, according to Apdal, is the fear that just a few private companies in the State dominate extraction and the export business which makes it hard for State authorities to monitor their activities.

Any plan to permanently ban log exports from Sabah will require careful consideration and discussion with all stakeholders.

Sabah exports

Jan – Sep (cu.m)	2018	2017
Sawnwood	113,154	145,638
Mouldings	11,419	7,447
Veneer	48,048	47,470
Plywood	384,497	379,770

Jan – Sep (RM)	2018	2017
Sawnwood	214,512,115	675,426,113
Mouldings	38,365,158	41,516,876
Veneer	76,553,139	79,082,875
Plywood	798,947,529	675,426,113

Indonesia

Manufacturing expansion slows

Manufacturing activity in Indonesia continued to expand in November 2018, but the pace of that expansion slowed, according to Indonesia-investments.com. Based on the latest Nikkei Indonesia Manufacturing Purchasing Managers' Index (PMI), manufacturing activity in Indonesia dropped from 50.5 in October 2018 to 50.4 in November 2018 (a reading above 50 indicates expansion in the country's manufacturing sector).

Government wants high performance panel industry

Coordinating Minister for Economic Affairs, Darmin Nasution, says the government wants the Indonesian wood panel industry to get back its top performance, according to *Tempo*, and this would require continued synergies between industry and entrepreneurs and a secure source of raw materials through Industrial Plantation Forests (HTIs).

Meanwhile, the new chair of the Indonesian Wood Panel Association (APKINDO) for 2018–2022, Bambang Soepijanto, said APKINDO is ready to open new markets for national plywood exports and he called on all plywood industry players to make positive changes.

This, he said, might include changing the source of raw materials from natural forests to plantations; changing the scale of industries from large to small and medium-sized; changing production machinery from large rotary spindles to spindleless machines; and changing the types of product from raw plywood to high-quality specialty items.

Timber entrepreneurs finding loans difficult to obtain

APKINDO has complained about the difficulty faced by entrepreneurs in obtaining bank loans in order to develop HTIs. The main difficulty arises because of requirements for collateral in the form of land rights and the outgoing APKINDO Chair, Martinas, asked the government to simplify the policy by providing fiduciary guarantees or the transfer of ownership rights for HTIs.

Exports of wood products reach US\$11 billion

The Ministry of Environment and Forestry (KLHK) has reported that Indonesia exported more than US\$11 billion in wood products to the end of November 2018 and this could top US\$12 billion by year end (up from about US\$10.75 billion in 2017).

KLHK Secretary General, Bambang Hendroyono, said plywood exports could reach US\$3 billion in 2019. The Industry Ministry reported the value of 2018 furniture exports to end October at US\$1.4 billion, up by 4.83% over the same period in 2017.

On the other hand, Bisnis.com reports that Soewarni, Chair of the Indonesian Sawn and Woodworking Industry Association, expects exports in his sector to remain stagnant this year at about US\$2.1 billion, blaming the unstable global economic environment and a shortage of suitable raw materials.

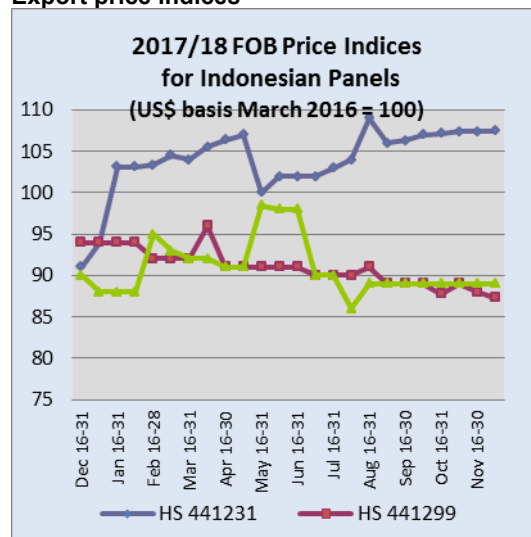
One Map launched

Indonesian President Joko Widodo launched the government's One Map Policy Geportal (KSP Geportal) in December, according to Indonesia-investments.com. The One Map Policy involves the creation of a detailed land-use map designed to help resolve overlapping tenure claims countrywide, including in forest areas.

Darmin Nasution, Coordinating Minister for Economic Affairs, said that, in developing the new map, the government had found many cases of overlapping land use, such as 10.4 million hectares of Kalimantan's land area of 54 million hectares and 6.4 million hectares of Sumatra.

The Indonesian government will hold high-level meetings to decide how to resolve these overlaps.

Export price indices



Myanmar

Ten year harvesting target announced

The Forest Department has released details of its 10-Year District Working Plan which provides the targeted Annual Allowable Cut (AAC) for the period 2016-17 to 2025-26. For plan period the AAC is 19,210 teak trees and 592,330 other hardwood trees to be harvested across sixty eight working districts.

Sagaing District has the highest AAC at 170,050 trees followed by Shan State (95,460 trees) and Kayin State (82,570 trees). This level of AAC is, according to the Forest Department, sustainable and in support of forest conservation. However, environmentalists point to the likelihood that, because of weak law enforcement, illegal logging will continue driven mainly by poverty and a lack of job opportunities in the forest areas.

According to the local press over 13,000 tons of illegal timber was confiscated in the four months April to July 2018.

Export of plantation logs may be allowed

Two domestic newspapers, the Myanmar Times and the Voice Newspaper both recently carried news that plantation log exports may be allowed in the future quoting U Tin Tun, Director of the Forest Department.

He said earlier this year the government discussed the idea of allowing private investors in plantations to export logs as an incentive.

Both local newspapers say the Forest Department has submitted its plan to legalise private plantation log exports to the Ministry of Natural Resources and Environmental Conservation. The Myanmar Forest Department has plantation forests and in 2006 the law provided for private sector investment in tree plantations but there is no indication if and when plantation log exports will be permitted.

According to the news reports, U Tin Lwin, an investor in private plantations explained that there is no domestic market for plantation thinnings so export will be beneficial for the investor and the state. He pointed out that it is easy to distinguish between logs from the natural forest and plantation logs and this will facilitate monitoring of exports.

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

Timber imports steady as rupee strengthens

As reported in the previous edition, the recent rise of the US dollar against the rupee abated recently due partly to the decline in oil prices bringing some relief to importers. C&F prices for timber imports remain steady as is demand for sawn hardwood imports.

However, the weakened by 1.2% against the US dollar in mid-December, in the wake of the abrupt resignation of Urjit Patel, the Governor of India's Central Bank.

According to *BBC News*, analysts consider that Mr. Patel's resignation could make investors more wary of India and hurt the economy as the country prepares for a general election in 2019.

Plantation teak prices

The recent easing of dollar appreciation against the rupee along with falling oil prices have served to strengthen the rupee modestly bringing some relief to importers.

CIF prices for imported plantation teak remain at levels reported at the end of November.

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

Recent exchange rate changes will, if sustained, encourage importers to re-enter the market to purchase logs for milling to replenish stocks.

awnwood 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	850-950
Whitewood	850-950

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

Myanmar teak prices

Demand remains strong in India for Myanmar teak, but domestic stocks are diminishing. Producers of teak veneers and decking need high-quality logs and they are the main buyers of the stocks available in India. The continued demand for and restricted supply of Myanmar teak is leading manufacturers to seek alternative timbers. Analysts expect prices for domestic stocks of Myanmar teak to increase in the medium term.

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	4,000-6,000↓

Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices

Prices for sawn hardwood imports have remained steady since the previous report, except for Western Red Cedar, which rose slightly.

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	2,200-2,400↑
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

New pattern of demand impacting plywood market

The plywood market has absorbed an earlier price rise but supplies are still increasing faster than demand. Analysts and manufacturers remain confident that plywood supply and demand will eventually balance out.

The housing sector is adjusting to a new pattern of demand, including trends towards houses of a smaller size, studio houses, weekend houses and the Indian Government's 'Houses for All' (*Pradhan Mantri Awas Yojana*) scheme.

The latter includes, most recently, approval of a project to build 205,000 urban houses for poorer segments of the population.

As of 26 November 2018, the Government of India had sanctioned the construction of a total of 63 lakh (6.3 million) houses under the 'Houses for All' scheme, of which 12 lakh (1.2 million) had been constructed and 23 lakh (2.3 million) were under construction, according to the *Financial Express*.

Uttar Pradesh, Andhra Pradesh, Madhya Pradesh, Maharashtra and Tamil Nadu together accounted for 55% of the sanctioned houses.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood	Rs. per sq.ft
Ex-warehouse	
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	

CREDAI recommends policy change

The Confederation of Real Estate Developers' Associations of India (CREDAI), India's main agency representing the real estate sector, made three recommendations at its New India Summit in Mysore, Karnataka in early December, aimed at sustaining the growth and development of the real estate sector.

These were to: 1) reduce the goods and services tax on real estate from 12% to 8% across all segments; 2) install single-window clearance for Indian real estate companies to resolve operational issues in the industry and reduce real estate prices; and 3) undertake a one-time restructuring of real estate loans to address the sector's liquidity crisis.

Brazil

Brighter prospects for furniture production in 2019

September saw the production of 7.4 million pieces of furniture in Rio Grande do Sul which represented a 2.2% decline compared to August. However, accumulated industrial production in the State grew 3.6% for the 12 months to September 2018 according to the Brazilian Institute of Geography and Statistics (IBGE). Apparent State wide consumption of furniture in September was 6.8 million pieces, down 3.5% compared to August.

According to the Furniture Industry Association of Rio Grande do Sul (Movergs) the furniture sector is still experiencing ups and downs in response to a variety of negative factors that have impacted the domestic economy. But despite the recent downturn in production it is important to note that sales for the year are higher than last year and the prospects are brighter for 2019.

Improved transparency in forest control systems

Entrepreneurs and technical project managers of the forestry sector recently attended a training course on the application of the Brazilian National System for the Control of the Origin of Forest Products (SINAFLOR).

The training was organised by the State Superintendence of the Environment (SEMACE) in partnership with the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA).

The goal was to establish expertise in application of the new forest control system (SINAFLOR), a system which brings together in one database all wood product and non-wood forest production data. The provision of information to maintain this system is obligatory for those requesting timber harvesting permits, transporting and selling wood and non-wood products. The system is to become a tool for monitoring administrative procedures in the application process to ensure transparency.

The introduction of SINAFLOR is a major change in forest control in Brazil. The fully computerised system allows external user to view the processing of applications process, registration and the issuance of the authorisations and permits.

Diverse markets for Brazilian furniture

Exports of Brazilian furniture were worth US\$543 million between January and October 2018 according to the Integrated Foreign Trade System (SISCOMEX). This represents an 11% year to-date rise. In October alone furniture exports earned US\$60.5 million, an increase of 5% compared to September of this year (US\$55.2 million) and also 5% up on October 2017 (US\$ 55.6 million).

The markets for Brazilian furniture are spread across North America, the Mercosur region and some European countries. Between January and October 2018, Brazil exported US\$163.6 million to the US and US\$56.8 million to the United Kingdom, its two main trading partners.

Other markets include Argentina (US\$42.3 million), Uruguay (US\$35.2 million), Peru (US\$33.3 million), Chile (US\$30.8 million), Paraguay (US\$22.7 million) and Bolivia (US\$15.3 million). All together, South American countries imported Brazilian furniture worth about US\$180 million as of October this year.

ABIMCI leads trade mission to UK

The Brazilian Association of Mechanically-Processed Timber Industry (ABIMCI) has been making efforts to promote the Brazilian timber products in international market and the promotion campaign highlighted the importance of Brazil as major supplier of a variety of wood products.

Meetings between Brazilian producers and traders were held in London in cooperation with the Plywood Club of London, a forum for trade companies to showcase new products or give trade members updates of manufacturing, distribution and logistical developments.

The meeting brought together importers in the United Kingdom for discussions on market developments, logistics, legality issues among other topics.

Meetings were also held with the UK Timber Trade Federation's National Panel Products Division (NPPD). ABIMCI and members of the Brazilian trade delegation had the opportunity to further strengthen Brazil's position as one of the most important plywood suppliers to the UK and Europe.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	200
Jatoba	111
Massaranduba	107
Miiracatiara	107
Angelim Vermelho	105
Mixed redwood and white woods	88

Source: STCP Data Bank

Domestic Sawnwood Prices

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

Source: STCP Data Bank

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	511
4mm WBP	405
10mm WBP	339
15mm WBP	397
4mm MR	285
10mm MR	261
15mm MR	

Prices do not include taxes. Source: STCP Data Bank

Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m ³
15mm MDParticleboard	214
15mm MDF	244

Source: STCP Data Bank

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipé	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 ³
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 ³
Decking Boards Ipé	2,686
Jatoba	1,434

Source: STCP Data Bank

Peru

Interest rates on hold

Peru's central bank decided on 13 December to hold borrowing costs unchanged, according to Bloomberg, with a low inflation rate enabling it to keep stimulating the economy after growth slowed in the third quarter.

The benchmark lending rate was maintained at 2.75% for the ninth consecutive month. Earlier (on 6 December), the central bank projected that Peru's economy would grow by 4.9%, year-on-year, in the fourth quarter of 2018, with a surge in public investment expected.

Peruvian wood exports up as of September

According to information provided by the Association of Exporters (ADEX), Peru's first nine month 2018 wood product exports were worth US\$88.9 million FOB, up by about 0.7% from the same period in 2017.

Although China has been the main destination for Peruvian wood exports to date with a 43% share of the total value, exports to that country were down by 14.9% compared with the same period in 2017. The United States and Mexico both imported 11% of the total value, up by 20% for the United States, year-on-year, and up by 20% for Mexico.

Sawnwood exports were worth US\$17.1 million FOB in the period January–September 2018, up by 1.5% compared with the same period in 2017. Nearly one-third (29.8%) of this value was shipped to the Dominican Republic (down by 3.2%, year-on-year), while China received 23.9% (up by 4.2%) and Mexico 23.3% (down by 18.6%).

Peruvian imports of composite panels grow

Peru's imports of composite panels such as particleboard and MDF were up by 30.1% in the period January–September 2018, to US\$77.3 million. There was a significant increase (+26.6%) in imports from Ecuador, to US\$29.9 million, and imports from Chile rose by more than 20%, to US\$23.4 million.

Imports of panels from Spain leapt by about 62% to US\$12.6 million in the first nine months of this year, while imports from Brazil were valued at US\$10.7 million.

Capacity building in the Amazon

The National Forestry and Wildlife Service (SERFOR) is undertaking a training and support campaign for regional governments and Amazonian producers on the use of the Control Module of the National Forest and Wildlife Information System (MC-SNIFFS). This tool is designed to generate reliable, real-time information to ensure the legal origin of forest products from extraction in the forest through processing to markets.

To-date, SERFOR has trained 127 specialists from the regional forestry authorities, 333 forest producers and 347 sawmill owners in the Amazonian regions of Loreto, Ucayali, Huánuco and Madre de Dios and the central Peruvian regions of Pasco and Junín.

To assist in the uptake of the MC-SNIFFS, more than 50 forest centres and 24 control posts have been provided with internet access.

Export Sawnwood Prices

	US\$ per m ³
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 ³
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	999-1049▲
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	522-55▲
Dominican Republic	671-681
Marupa 1", 6-11 length KD	
Asian market	534-598

Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	-
Virola	252-266
Spanish Cedar	332-374
Marupa (simarouba)	216-224▲

Export Veneer Prices

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

Export Plywood Prices

Peru plywood, FOB Callao (Mexican market)	US\$ per m ³
Copaiba, 2 faces sanded, B/C, 8mm	346-374▲
Virola, 2 faces sanded, B/C, 5.2mm	478-508▲
Cedar fissilis, 2 faces sanded.5.5mm	766-783▲
Lupuna, treated, 2 faces sanded, 5.2mm	396-419▲
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
B/C 8mm	466-487
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	370-393▼

Domestic Plywood Prices (excl. taxes)

IQUITOS MILLS	US\$ per m ³
122 x 244 x 4mm	512▲
122 x 244 x 6mm	519▲
122 x 244 x 8mm	522
122 x 244 x 12mm	528▲
PUCALLPA MILLS	
122 x 244 x 4mm	503
122 x 244 x 6mm	516▲
122 x 244 x 8mm	513

Domestic Prices for Other Panel Products

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

Export Prices for Added Value Products

Peru, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1304-1391
Cumaru KD, S4S	
Swedish market	979-1098
Asian market	1085-1115
Cumaru decking, AD, S4S E4S, US market	1199-1235▲
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	523-545
2x13x75cm, Asian market	732-815

Japan

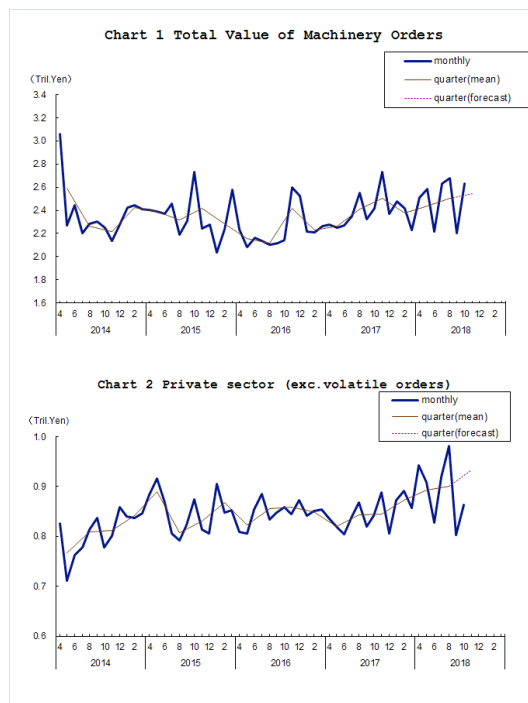
GDP likely to be lower than forecast

The latest data on manufacturing activity is showing that in November the pace of expansion was at its slowest for the past 12 months suggesting fourth quarter GDP may be lower than forecast. In related news, corporate spending, while still expanding, is showing signs of tapering off.

See: <https://www.esri.cao.go.jp/en/stat/di/di-e.html>

While corporate investment by large and medium sized companies continued to rise in the October-December quarter according to the Cabinet Office a recent Reuters poll is showing that most Japanese firms expect weaker domestic growth next year amid concerns over the impact of the US/China trade dispute and the government's plan to raise the consumption tax.

See: <https://www.reuters.com/article/us-japan-companies/japan-firms-see-trade-war-sales-tax-pressuring-economy-in-2019-idUSKBN1O52MN>



Source: Cabinet Office, Japan

Dark clouds on the horizon

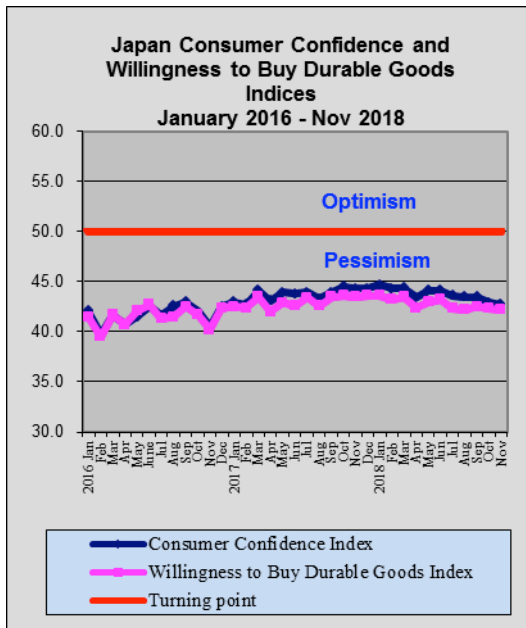
Revised data shows that Japan's economic growth declined at an annualized 2.5% in the third quarter 2018 the biggest drop since the third quarter of 2009. Companies have been cutting back on investment in anticipation of a tough year ahead.

As the Japanese economy is very sensitive to export performance, companies are seeing dark clouds on the horizon in the form of escalating trade friction between the US and China.

An alternative view is provided by Robert Carnell, Chief Economist and Head of Research at ING based on data provided in the recent Tankan survey from the Bank of Japan.

The fourth quarter Tankan depicts a brighter picture of steady economic activity in sharp contrast to the weak third quarter GDP figures. This is interpreted as indicating an underlying strength of the Japanese economy.

See: <https://think.ing.com/articles/japan-tankan-survey-not-bad/>



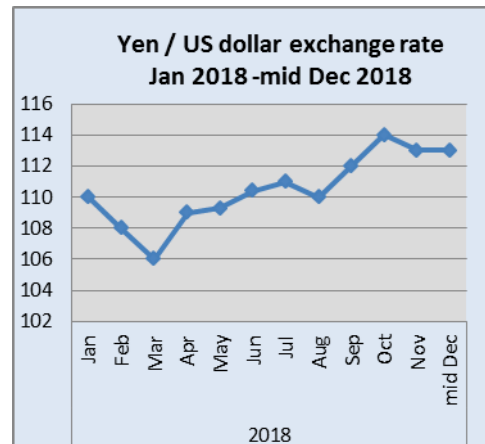
Data source: Cabinet Office, Japan

Importers alert - Stronger yen likely in 2019

The Japanese yen/US dollar exchange rate has remained rather stable for the most of 2018 largely because the Bank of Japan (BoJ) has successfully held off any appreciation and because the US dollar has been steadily strengthening due interest rate increases in the US.

Many observers are now anticipating a change to a stronger yen driven by changes in policies at the BoJ which is slowly stepping back from its easy monetary policy to bring it more in line with the policies of other central banks.

Such a change will inevitably lead to a stronger yen and several analysts are now forecasting that, in the medium term, the yen could strengthen to as much as yen 105 to the dollar from the current yen 112-3 to the dollar.



Abandoned homes - even in urban areas

In previous reports mention has been made of the millions of unoccupied houses across Japan especially in rural areas. Recent reports have pointed out that, even while house prices in the cities may be rising here also, there is also a problem with abandoned homes.

This situation, according to an article in the Japan Times, has become so acute that some local authorities have decided to offer subsidies to owners to tear down the old maybe derelict home and build anew.

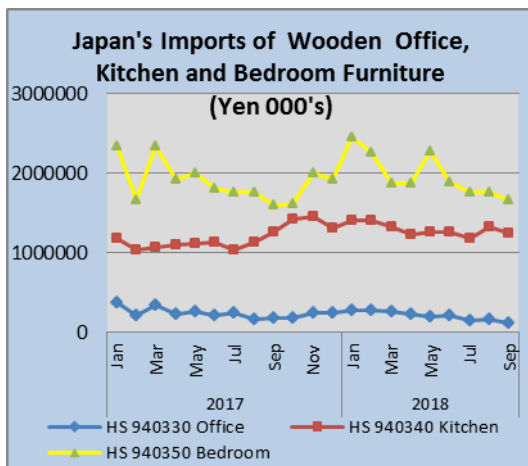


Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Furniture imports

The third quarter of a year traditionally marks a turning point for Japan's imports of wooden furniture.

In every year since data has been provided in this report wooden furniture imports to Japan dip in the first two quarters of the year and reverse direction in the middle of the second quarter and an upward trend is generally recorded into the final quarter of the year. This trend is already emerging for 2018.



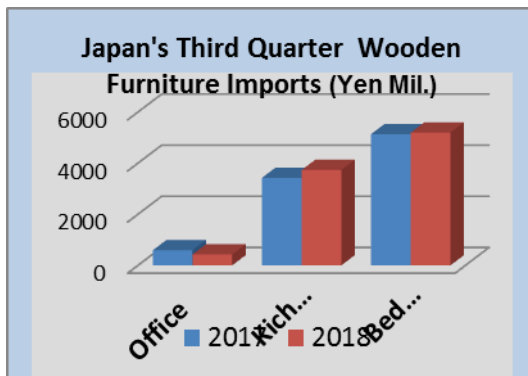
Data source: Ministry of Finance, Japan

Third quarter wooden furniture imports

Year on year, third quarter 2018 imports of wooden office, kitchen and bedroom furniture are little changed. For the third quarter of 2018 the value of wooden office furniture imports accounted for around 7% of the total for the three categories in the graphic below.

Wooden kitchen furniture was the second highest in terms of import values accounting for a further 37% while wooden bedroom furniture accounted for over half of all imports.

In the third quarter 2018 imports of wooden office furniture were down 28% year on year, wooden kitchen furniture imports were up 8% while the value of third quarter 2018 wooden bedroom furniture imports were little changed from a year earlier.



Data source: Ministry of Finance, Japan

Office furniture imports (HS 940330)

Japan's September 2018 imports of wooden office furniture (HS 940330) declined a massive 30% year on year and were also down 23% from a month earlier. This trend mirrors the level of imports in the same period in 2017.

The top three shippers of wooden office furniture (HS940330) to Japan in September were China (70% of all September imports) followed by Poland (7%) and Portugal (5%) which translates into the top three shippers providing 82% of all wooden office furniture imports in September.

Shipments from China were up 20% in September and Indonesia saw a quadrupling of the value of exports to Japan. The losers in September in terms of shipment values were Italy where exports to Japan were halved and the US where there was a significant drop in the value of shipments.

Office furniture imports

	Imports Sep 2018 Unit, 000's Yen
S. Korea	477
China	84527
Taiwan P.o.C	2540
Hong Kong	-
Vietnam	673
Thailand	-
Singapore	-
Malaysia	2339
Indonesia	4059
India	-
Sweden	-
Denmark	-
UK	-
Netherlands	-
France	296
Germany	3682
Switzerland	-
Portugal	5459
Spain	-
Italy	2349
Poland	8193
Romania	-
Turkey	-
Lithuania	247
Slovenia	-
Slovakia	3092
USA	2983
Mexico	315
Australia	-
Total	121231

Data source: Ministry of Finance, Japan

Kitchen furniture imports (HS 940340)

For almost the whole year to September 2018 two shippers have dominated Japan's imports of wooden kitchen furniture, the Philippines and Vietnam.

Shippers in the Philippines accounted for half of Japan's imports of wooden kitchen furniture in September 2018 with shippers in Vietnam providing another 37%. The third largest shipper China could only secure a 7% share of imports in September.

Year on year, September 2018 imports of wooden kitchen furniture were flat but month on month there was a decline in the value of imports with all major shippers experiencing a downturn. Shipments from China dropped 27%, shippers in Malaysia saw a 17% decline and both German and Italian shippers experienced a roughly 25% drop.

Kitchen furniture imports

	Imports Sep 2018 Units,000's Yen
S Korea	-
China	88262
Taiwan P.o.C	-
Vietnam	452811
Thailand	16200
Malaysia	9742
Philippines	616010
Indonesia	2552
India	-
Denmark	625
UK	-
Belgium	-
France	-
Germany	29987
Italy	10231
Finland	-
Poland	-
Austria	541
Romania	786
Canada	5444
USA	5940
Total	1239131

Data source: Ministry of Finance, Japan

Bedroom furniture imports (HS 940350)

Contrary to the expectation that Japan's imports of wooden bedroom furniture had bottomed out in July there was a continuation of the downturn in imports in August and also into September 2018. Looking at the trend in past years wooden bedroom furniture imports are set to rise significantly in the final quarter of the year.

In September year on year imports of wooden bedroom furniture were little changed but September import values were down 5% from levels in August. As in previous months China and Vietnam dominate Japan's import sources for wooden bedroom furniture.

Together these shippers in these two countries accounted for 90% of Japan's wooden bedroom furniture in September. The value of September shipments from exporters in China was higher than in August but there was a slight drop in the value of shipments from Vietnam.

The big winners in September were exporters in Indonesia whose exports of wooden bedroom furniture rose over 30% in September. Arrivals of wooden bedroom furniture from Portugal were also higher than in recent months as they were from Indonesia. The losers in September were shippers in Poland (a 50% drop) and Lithuania.

Bedroom furniture imports

	Imports, Sep 2018 Units, 000's Yen
S Korea	-
China	996687
Taiwan P.o.C	4940
Hong Kong	-
Vietnam	489098
Thailand	68796
Malaysia	35679
Philippines	-
Indonesia	24689
Cambodia	-
India	-
Sri Lanka	-
Sweden	-
Denmark	1158
UK	-
Netherlands	-
Belgium	-
France	-
Germany	462
Switzerland	-
Portugal	17101
Italy	9852
Poland	15665
Austria	1130
Romania	893
Turkey	-
Estonia	-
Latvia	-
Lithuania	-
Ukraine	-
Bosnia Herzegovina	-
Slovakia	-
USA	537
Mexico	-
Australia	-
Total	1666687

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>

Utilisation of domestic large diameter logs

Plantation of domestic forest of Japan started after the war and trees have kept growing and now average diameter of harvested logs get larger.

Utilisation started to deal with small thinning at first then next step was to deal with logs with top diameter of 16-18 cm then 24-28 cm to recover post and stud. Sawing has been based on cutting small logs to recover one piece of post so it is 'chip and saw' type machines. Main log sizes sawmills are cutting have been 24-28 cm of top diameter and logs over 30 cm have to be sawn by head rig on carriage then slabs go to edger or gang saw to recover smaller lumber.

After 50 years after plantation started, trees get bigger and log size is larger so sawing needs to change to deal with larger diameter logs. Particularly in Southern part of Japan like Kyushu where growth is faster.

In Miyazaki prefecture in Kyushu, clear cutting has been standard while other regions had selective harvest and according to the Forestry Agency, total harvest of Miyazaki in 2017 was 1,964,000 cbms of which cedar was 1,810,000 cbms. The prefectural institute reveals that assuming annual harvest of cedar continues with 2,000,000 cbms, more than half of logs would be over 60 years old.

Trees in fast growing regions are soft with coarse grain so it is hard to recover valuable grade of lumber so together with sawing larger logs, it is necessary to find market of lumber recovered from large logs. Advantage of larger logs is to recover large size lumber like beam but warping and bending then dimensional stability by drying remain as problem.

In Northern Japan, trees grow slower so that grain is tight and quality lumber without knots and heart center can be recovered from slabs but fast growing cedar is different. 2x4 lumber may be possible and crating lumber to replace high priced radiate pine logs then purlin and girder to replace high priced North American softwood lumber may be other options.

Plywood is another possibility. For plywood mills, peeling one large log is more efficient than peeling two small logs but again warping by drying veneer is problem to solve.

At present, log export market is the only market to appreciate large diameter logs. China market uses cedar logs for non -construction like crating, lamina for interior use and public works so strength is not necessary.

It sounds ridiculous but actually prices of larger logs are lower than smaller logs now. In Southern Kyushu market, prices of 3 meter cedar logs with diameter of 24-28 cm are 13,100 yen then 36-38 cm are 11,500 yen, 1,600 yen down. 4 meter log prices are the same.

South Sea (tropical) logs

After Sabah, Malaysia banned log export since last May, South Sea log supply was expected to drop but import from PNG increased so that total year log supply would be the same as last year. For the first nine month, log supply from PNG is 48,000 cbms, 37,000 cbms from Sabah and 25,000 cbms from Sarawak so PNG is the top supply source now.

However, main species in PNG is mersawa, which is higher in price than Malaysian logs and freight is higher so plywood mills in Japan face tough choice. They wish to buy Sarawak logs but it is a pipe dream because even local plywood mills in Malaysia cannot have enough logs to produce export plywood.

US and China trade war on wood products

Since September 24, U.S. imposed 10% duty on Chinese wood products while China imposed 5 or 10% duty on American wood products except for 25% on Southern Yellow Pine. For China, wood products supply from the U.S. is about 10% and can substitute from other sources. Meantime, Chinese furniture manufacturers suffer higher cost of hardwood lumber from the U.S.A.

For U.S. side, logs and lumber export for China increased considerably in last three years so decline of export may influence forest products suppliers. What kind of influence would this cause to Japan market is various. Since China became large wood importing country, China needs to look for substituting sources.

China is large importing country of southern yellow pine logs. If this declines, China would buy more New Zealand radiate pine logs, Russian logs or Japanese cedar logs to replace. Next concern is if the U.S. would increase duty to 25% since 2019.

Total trade amount in 2017 from China to the U.S. US\$ 506.5 billion (14.3% of total trade amount of China) and from the U.S. to China is US\$130.8 billion (16.3% of total trade amount of the U.S.A.). This tells bullishness of the U.S.A.

In wood products trade, import of China is 55,400,000 cbms of logs, 37,390,000 cbms of lumber. This is 130,000,000 cbms in log basis. There is almost no log import to the U.S. and lumber import mainly from Canada is 29,800,000 cbms. Plywood import by the U.S.A. is the largest in the world with 12,880,000 cbms.

China has practically no export of logs and lumber but plywood export is the largest in the world with 14,760,000 cbms in 2016.

With domestic plywood production being 170,000,000 cbms, export volume is less than 10% of production. Also export of furniture by China is the largest in the world. U.S. has very little plywood export main exporting items are 11,470,000 cbms of industrial logs and 6,750,000 cbms of lumber.

In wood products trade, the amount of wood products trade from the U.S. to China is about US\$3.2 billion and that from China to the U.S. is about US\$3.9 billion. Noticeable change is that the amount from the U.S. to China has kept climbing year after year during 2015 and 2017. US\$2.0 billion in 2015, US\$ 2.5 billion in 2016 and US\$3.2 billion in 2017. Both logs and lumber increased.

Amount lumber increased from US\$1.1 billion to US\$1.7 billion and logs increased from US\$ 900 million to US\$1.4 billion in three years.

Amount of items exported from China to the U.S. is almost all finished products like furniture, which takes about half then plywood, particleboard and wooden board take about one third. According to the announcement by China, total export amount of wood products in 2017 is US\$36,250 million dollars so US\$3.9 billion is about 10% for the U.S. export.

Main export item from the U.S. to China is softwood logs of 4,840,000 cbms, 6.9% more than 2016. By species, hemlock is 1,200,000 cbms, southern yellow pine is 870,000 cbms, Douglas fir is 670,000 cbms, spruce is 580,000 cbms and cedar is 3,000 cbms.

In these hemlock is flat and Douglas fir is declining but southern yellow pine sharply increased in last three years. It was only 200,000 cbms in 2015 then 870,000 cbms in 2017, four times more than 2015. This may be the reason that the duty rate is 25% on southern yellow pine only while others are 10%.

In lumber export of 3,250,000 cbms, softwood lumber is only 850,000 cbms so balance is all hardwood lumber for furniture and flooring manufacturing. In softwood lumber, southern yellow pine lumber is 413,527 cbms, almost half of softwood lumber. Main species of hardwood lumber are oak and ash.

Furniture export is main item for China. Both U.S. and China target hardwood and furniture as higher duty items. China imposes 10% duty on both hardwood logs and lumber but initially China suggested 25% on oak, 20% on cherry and ash so the rate may be raised to this level since 2019. U.S. imposes 10% duty on Chinese furniture but if things do not improve, it will be raised to 25%.

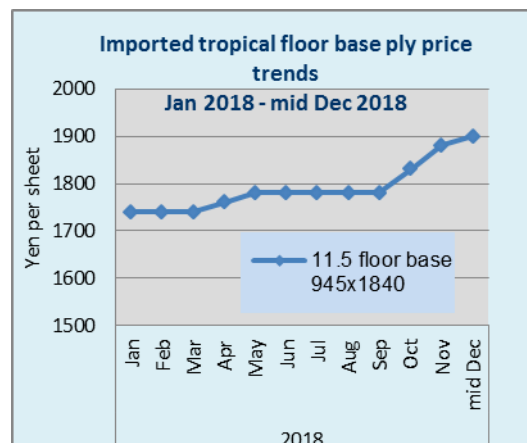
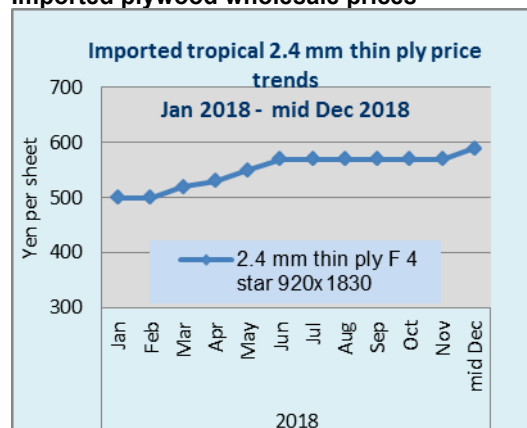
In log import, volume of hemlock and spruce for China is more than Japan. Hemlock logs for China in 2017 was 1,204,785 cbms, 13.1% less than 2016 and spruce was 581,525 cbms, 11.7% less. China volume of hemlock is 75.0% in total hemlock export and of spruce is 35.3%. If demand in China declines, U.S. hemlock log suppliers may have a hard time to find low grade log market.

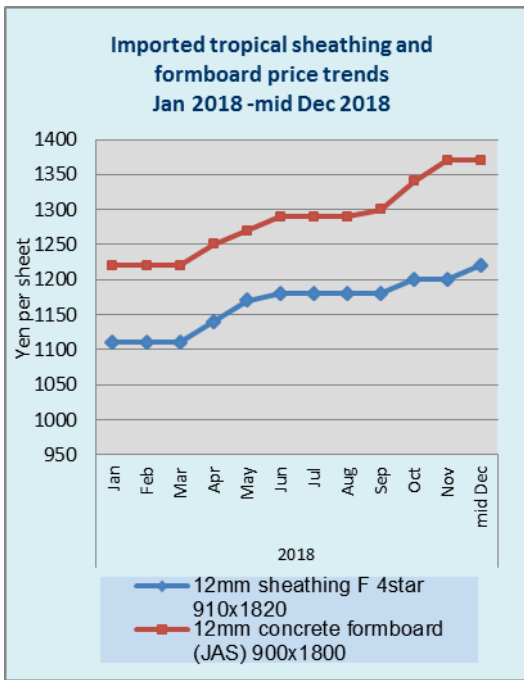
Plywood export from China to the U.S.A. has been increasing by about 10% every year. About 1,680,000 cbms in 2014. About 1,840,000 cbms in 2015 and about 2,050,000 cbms in 2016. The volume is more than three times compared to the volume from China to Japan. U.S. plywood industry complained that subsidy by the Chinese government is the reason of increase and by this sharp increase of import, U.S. domestic plywood mills' operation dropped by about half.

The Department of Commerce admits that it is unfair dumping by China and ITC supports this so that since December 2017, maximum of 183.36% of anti-dumping duty plus 22.98-194.9% of countervailing duty for subsidy are imposed.

The volume from China sharply dropped after this. Chinese plywood manufacturers are shifting to supply base to South East Asian countries now.

Imported plywood wholesale prices





China

Legal status of wood flooring patents to be monitored

An Alliance for patent protection for floor locking systems has been established in Beijing by the China National Forest Products Industry Association (CNFPPIA) after approval by the State Forestry and Grassland Administration and the National Intellectual Property Administration (CNIPA).

As a result of patent protection for floor-locking systems Chinese enterprises have to pay patent fees to commercial companies which have patent protection and this increases production costs and undermines competitiveness. This development impacts multi-layer composite flooring, laminate flooring and wood/plastic flooring producers.

The Patent Protection Alliance is aimed at respecting and protecting intellectual property rights, safeguarding the legitimate rights and interests of Chinese flooring enterprises, promoting the healthy and sustainable development of China's flooring industry and creating fair competition.

The main work of the Alliance will be to assess the legal status of patent applications and authorisations at home and abroad and monitor development trends to avoid patent infringement risks.

Experts of the Alliance will analyse the patent and the technology applied to judge whether the flooring products are breaking patent rules and provide early warnings to Chinese companies.

For more see:
http://www.wood365.cn/Industry/IndustryInfo_258341.html

Surge in log imports from Eastern Europe

According to China Customs data log imports from Eastern European countries surged year on year between January and September 2018. There was an almost five-fold increase in log imports from Poland (193,200 cu.m) and a doubling of log imports from the Czech Republic (116,100 cu.m).

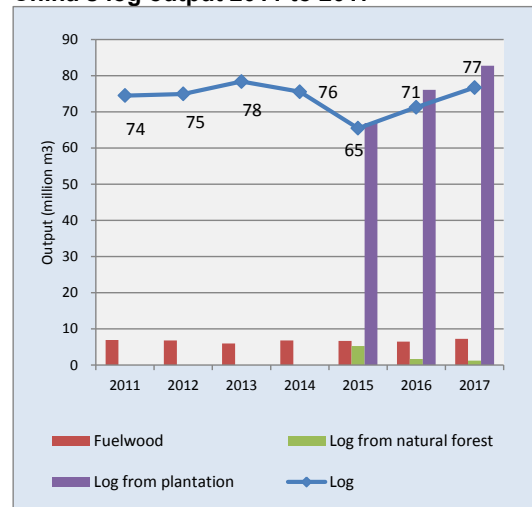
Log imports from Latvia, Lithuania and Estonia rose 49%, 18% and 17% respectively between January and September this year but log imports from Ukraine dropped over 70% to just 34,200 cu.m.

Plantations becomes the main source of China's domestic timber output

According to China's Forestry Statistical Yearbook, timber output is recorded as log output and fuelwood output. Log output accounts for over 90% of timber output.

The trend in China's log production increased between 2011 and 2014 but fell sharply in 2015 because commercial harvesting in natural forests was halted in key state-owned forest areas in Northeast China and Inner Mongolia. Beginning in 2015 the statistics distinguished between natural and plantation forests. This reclassification is behind the rebound in China's log production after 2015 which rose 8% to 77 million cubic metres in 2017.

China's log output 2011 to 2017



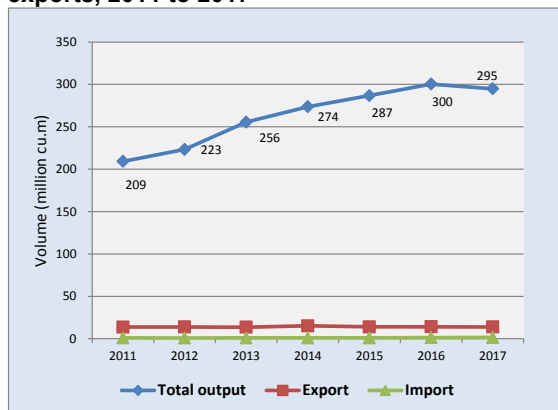
Data source: Forestry Statistical Yearbook

Decline in output of wood-based panel for the first time

All wood-based panel mills not meeting national environmental protection standards had, by 2017, been closed in 2017. As a result the production of wood-based panels dropped by 2%.

Exports volume of wood-based panels also fell in 2017 however, imports volume of wood-based panel rose 13% in order to fill the gap between domestic supply and demand.

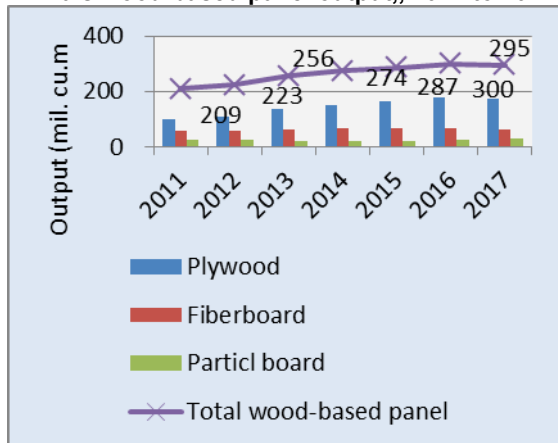
China's wood-based panel output, imports and exports, 2011 to 2017



Data source: Forestry Statistical Yearbook

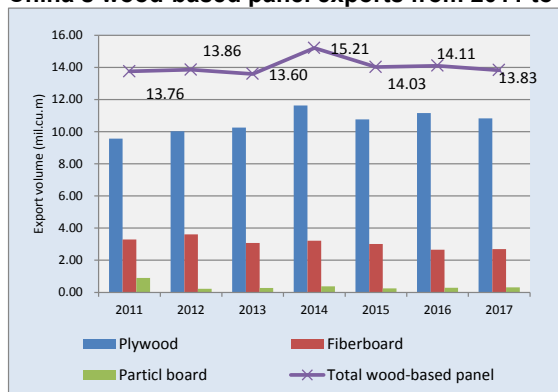
Plywood dominates wood-based panel output and exports. The output of plywood in 2017 fell 3% which was the main reason for the decline in the overall output of wood-based panel. Plywood export volumes declined sharply in 2017.

China's wood-based panel output, 2011 to 2017



Data source: Forestry Statistical Yearbook

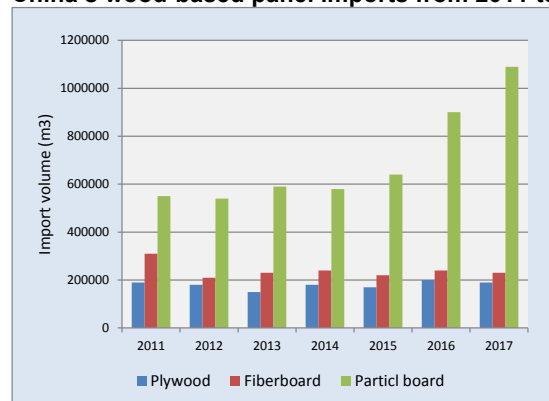
China's wood-based panel exports from 2011 to 2017



Data source: Forestry Statistical Yearbook

Particleboard dominated wood-based panel imports and rose 21% in 2017 which is the main reason for the increase in overall wood-based panel imports.

China's wood-based panel imports from 2011 to 2017



Data source: Forestry Statistical Yearbook

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
yuan per tonne		
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
Afrormosia	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
Amooraa	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

Obstacles and opportunities in EU sawn hardwood market

The consensus amongst hardwood importers interviewed during December is that the current state of trade across the EU is satisfactory and there is cautious optimism it will remain that way into 2019. However various issues are causing concern.

One preoccupation is the impact of the UK's departure from the EU, scheduled for 29 March 2019. Not only is the UK one of the EU's top direct importers of both

tropical and temperate hardwoods, it is a key buyer from international traders on the European continent.

Importers are worried both by the potential effect of Brexit on consumer confidence and on the mechanics of doing business in the British market going forward.

"The overall lack of clarity on Brexit is itself also a headache," said a continental European hardwood importer/producer. "Business dislikes uncertainty."

European importers also report a range of supply and availability problems through the year, notably for tropical timber, and there is concern too about ongoing trade tensions between the US and China and potential market fallout of Chinese tariffs on American hardwood.

On the positive side, key drivers in the market are continued overall economic buoyancy, and notably the ongoing strength of construction and property sectors, which are, in turn, underpinning consumer confidence.

The EU Directorate General of Economic and Financial Affairs (EFA) has downgraded its prediction for EU economic growth for this year and next. In its Autumn 2018 European Economic Forecast, published in November, it says that GDP growth this year is now expected to be 2.1%, against 2.4% in 2017.

In 2019 EU GDP growth is expected to moderate further to 1.9%, before 'easing smoothly to 1.7%' in 2020. The more modest outlook is down to 'the presence of a number of downside risks with... fading world trade growth, rising uncertainty and higher oil prices having a dampening effect on growth generally'.

That said, however, the EFA Forecast also points out that the EU is still entering its sixth successive year of growth and adds that domestic growth drivers should be enough to keep economic activity growing and unemployment falling.

"The improving labour market, slightly stronger wage growth and expansionary fiscal measures in some Member States, should also help sustain consumption next year," it states. "In addition, investment conditions remain favourable."

The EFA's comments are borne out by the latest outlook for construction activity. According to Euroconstruct, construction growth peaked in 2017 at 4.1% in the 19 European countries it covers. But while activity has slowed this year, overall growth is still forecast at 2.8%, with further rises of 1.6% annually expected from 2019-2021.

Hardwood traders in several EU countries noted the continuing strength of demand from customers in construction and associated industries. The building sector in the Netherlands was said to be particularly buoyant, but elsewhere too construction product sales were reported to be on the rise.

“Construction is still some way below pre-crash levels of 2007, so there’s also scope for further growth,” said one hardwood importer. “There’s huge latent demand for housing in particular.”

Particularly strong hardwood consumption was reported in the flooring sector and general joinery, notably door, window, stairs and mouldings production. “And most joinery customers report full order books beyond Xmas into the New Year,” said an importer distributor.

EU sawn hardwood imports up 4%

Anecdotal evidence of stable to growing hardwood demand is largely reflected in latest EU sawn hardwood import statistics. According to independent analysis of Eurostat COMEXT data undertaken for ITTO, total EU sawn hardwood imports were up 4% for the first nine months of 2018 at 1.62 million cu.m. Tropical timber was ahead 7% to 720,000 cu.m and temperate hardwood increased 2% to 900,000cu.m.

By supplier country, strongest growth came from Indonesia, albeit from a relatively low base, with EU imports of Indonesian sawnwood up 75% to 17,600 cu.m in the January to September period. All sawnwood exported by Indonesia to the EU has been FLEGT licensed since November 2016, and all must be S4S as rough sawn exports are banned.

In the first nine months of 2018, EU sawnwood imports also increased strongly from Gabon, up 22% to 88,200cu.m, Brazil up 19% to 91,300cu.m and Malaysia, up 10% to 121,600 cu.m.

In temperate species, EU imports from the US, the largest external supplier, were static at 247,200 cu.m in the first nine months of the year. Imports increased 39% to 139,200 cu.m from Russia and 7% to 68,200cu.m from Serbia. However, these gains were partially offset by a 10% fall in imports from Ukraine, to 215,000cu.m, and an 8% fall from Belarus to 47,000cu.m.

By import country, the UK’s total hardwood imports from January to September 2018 were down 4% at 329,300cu.m, with tropical 21% lower at 65,900 cu.m and temperate ahead 2% at 263,400 cu.m. There was a particularly sharp fall in UK imports from Cameroon, Malaysia and Congo, down 17%, 25% and 27% respectively, while imports from Brazil increased 68%, albeit to just 2,400 cu.m.

The slight gain in UK imports of temperate hardwood in the first nine months of 2018 was mainly driven by supplies from other EU countries and much comprised low grade wood from the Baltic States, most likely for the pallets and packaging sector. Imports from the US, the UK’s largest single supplier of sawn hardwood, were static at 74,100 cu.m.

Belgian total sawn hardwood imports rose 14% to 323,100 cu.m in the eight months between January and August 2018, with tropical rising 6% to 200,000 cu.m, and temperate rising 28% to 123,100 cu.m.

After a sharp decline in 2018, Belgium’s imports of tropical sawn hardwood rebounded from African countries in the first eight months of 2018, rising 5% to 93,700 cu.m from Cameroon, 17% to 46,300 cu.m from Gabon, and 39% to 12,700 cu.m from Congo. However, there was a sharp 20% fall in imports from Brazil, to 11,300 cu.m, while imports from Malaysia were also down 6% to 9,000 cu.m.

Analysis of Eurostat trade data suggests that Netherlands’ January to August sawn hardwood imports jumped 73% to 352,100 cu.m, with tropical up 70% to 180,200 cu.m and temperate rising 77% to 172,000 cu.m. It may be that this is indicative of the real trend and certainly anecdotal comments by Dutch traders imply good trading conditions in the Netherlands this year.

There are also factors that may be driving significant shifts in hardwood stockholding and trading patterns in northern Europe at present, notably extreme volatility in recent shipments to Europe from Africa, the financial difficulties of some large European companies engaged in the hardwood trade, concerns about Brexit, and tightening enforcement of EUTR.

On the other hand, Netherlands trade data has been quite unreliable in recent years and the level of increase in trade reported this year seems suspiciously high. This data may be amended in the future.

For now, the statistics indicate that Netherlands tropical sawn wood imports in the first eight months of 2018 increased 34% to 62,700 cu.m from Malaysia, 45% to 28,400 cu.m from Brazil, and 141% to 13,800 cu.m from Indonesia. Netherlands imports of sawnwood identified as tropical from other EU countries (mainly Belgium) also increased nearly three-fold to 54,000 cu.m in the first eight months of 2018.

The rise in Netherlands imports of temperate sawn hardwood also came mainly from other EU countries, with imports rising 87% to 44,800 cu.m from Germany, 60% to 28,400 cu.m from France, and more than doubling to 17,200 cu.m from Belgium.

Total German sawn hardwood imports were 222,000 cu.m in the first eight months of 2018, exactly equivalent to the same period in 2017. Imports of tropical sawnwood increased 13% to 47,900cu.m while imports of temperate sawnwood were 3% lower at 174,200cu.m.

The biggest increase in Germany’s tropical sawn imports came from Cameroon, up 25% to 4,500cu.m, and in indirect tropical timber purchases from the Netherlands and Belgium, ahead 31% to 6,500cu.m and 43% to 10,400cu.m respectively.

Germany recorded big falls in imports of temperate sawn hardwood from Belarus and Ukraine, down 24% and 27% to 16,200cu.m and 5,300cu.m respectively in the first eight months of 2018.

Spain's overall sawn hardwood imports fell 12% to 92,700 cu.m in the first eight months of 2018, with tropical 21% lower at 33,000 cu.m and temperate 7% down at 59,700 cu.m. Steep falls were seen in imports from Cameroon, 39% lower at 29,600cu.m, and temperate hardwood from France, 24% down at 15,800 cu.m.

Spain's tropical imports from Brazil were up 25% and indirect trade via Portugal increased 86% to 2,800 cu.m. Spain's imports of sawn hardwood from the United States fell 3% to 21,800 cu.m in the eight month period.

Italy's total imports of sawn hardwood fell 1% to 449,000 cu.m in the first eight months of 2018. Imports of tropical sawnwood increased 25% to 82,000 cu.m while imports of temperate sawnwood fell 5% to 367,000 cu.m.

Italy's imports of sawn hardwood from Gabon rose 84% to 19,700 cu.m in the eight month period, while imports from Cameroon rebounded 30% to 40,200 cu.m after a poor year in 2017. Italy's imports from Cote d'Ivoire fell 15% to 7,400 cu.m, continuing a long-term slide. Italy's imports from Malaysia also fell, by 23% to 3,200 cu.m.

Italy's temperate sawn hardwood imports increased from Croatia, by 2% to 119,100cu.m, and the US, by 5% to 38,000cu.m, in the January to August period. However, these gains were offset by declining imports from Hungary (-14% to 43,800 cu.m), Slovenia (-23% to 23,600 cu.m), and Austria (-37% to 15,000cu.m).

For January to September 2018, French sawn hardwood imports were down 1% to 192,600cu.m, with tropical rising 4% to 102,200cu.m and temperate falling 6% to 90,400cu.m.

French imports of tropical sawnwood from Brazil increased 23% to 17,500cu.m in the first nine months of 2018, while imports also increased 19% from Gabon, to 8,100cu.m, and indirect imports via Belgium were up 10% to 15,800cu.m. However, imports into France from Cameroon were 5% lower at 25,200cu.m.

Most temperate sawn hardwood imported into France derives from other EU countries, notably Germany and Romania. French imports from both countries fell sharply in the first 9 months of 2018, down 23% to 22,100 cu.m from Germany and 43% to 5,300 cu.m from Romania.

These declines were partially offset by a 72% increase in French imports from Bosnia, to 5,900 cu.m, a 77% rise from Poland, to 4,300 cu.m, and a 35% rise from Hungary, to 11,000 cu.m.

Key market factors

Looking at factors behind the sales trends, European importers earlier reported supply issues out of Asia due to an extended 2017/18 rainy season, with bangkirai decking, meranti and keruing all affected, although judging by the figures, importers have played catch up since.

Issues in Cameroon, however, are ongoing. The underinvested port of Douala remains a persistent bottleneck and conflict between the francophone Cameroon government and Anglophone rebels in the southwest of the country is also impacting supply.

Due to these persistent problems, Netherlands-based Wijma has made the sawmilling and forest operations of subsidiary Cafeco in Cameroon temporarily dormant, along with its FSC certification. In the interim, the company stressed it was still supplying certified tropical timber from other sources and was increasing output from its Bidou-based CFK mill in Cameroon, particularly to offset the loss of Cafeco's azobe/ekki production.

European importers also report tightening of sapele supply generally. One company attributed this to 'less coming from the forest in current harvest cycles', but another said the disposal by Rougier of African operations (with the exception of its Gabon business) was also implicated. Consequently, EU sapele prices have been edging upwards, with forward rates predicted to rise a further 7-8%.

Prices for the basket of African species preferred in the European market were reported as steady to firming for several months, and with a further 5% spot market increase due.

As for the recent announcement by president Ali Bongo Ondimba that all concession holders in Gabon must 'embrace an international [certification] standard' for responsible forest management by 2022, EU importers seem to approve.

"Any effort advancing sustainable forest management in tropical countries should be commended," said one company. "Thanks to initiatives such as the European Sustainable Tropical Timber Coalition (STTC), we are starting to see signs of increasing awareness in Europe that sustainably sourced tropical timber is available and that using it benefits the forest. We should support any move reinforcing that."

Speaking to the STTC Newsletter, FSC Congo Basin Director Mathieu Auger-Schwartzberg said that, while president Ondimba had not consulted FSC in making its decision, FSC would 'ensure Gabon's forest managers are given necessary support' to implement certification.

While only so far mentioning FSC certification, indications also emerged from a Forestry Sector Forum in Libreville in November that the Gabon government would accept alternatives, notably the PEFC/PAFC scheme.

“In his closing remarks, the [Gabonese Forest] Minister reiterated that the President had made a political decision and it was now up to experts [at the meeting] to devise a practical plan for implementing it,” Jaap van de Waarde of the WWF Netherlands, who attended the event, told the STTC Newsletter.

Scandinavian timber importers are greeting a review of the Nordic Ecolabelling scheme as another important move for the tropical timber market in Europe. Arguably the most widely recognised green labelling initiative in the Nordic region, controversially in 2016 it drew up a list 82 tropical timber species it would not cover. Among species barred are ipé, doussie, jatoba, movingui and okoumé.

This led to protests from timber industry organisations, but also FSC and WWF Denmark, which said it potentially disincentivised implementation of certified sustainable forest management, particularly as the Nordic Ecolabel was increasingly required for public sector procurement policy.

Now the Nordic Ecolabelling executive has announced it will review its tropical list, with public consultation on the topic in January.

However, European importers report continuing market resistance to wider efforts, supported by the STTC, ATIBT and other agencies, to boost European acceptance of a wider spread of tropical timber varieties.

“While traditional favourites, like sapele and meranti are readily available, it’s difficult to persuade customers to try lesser known species, although we are seeing some uptake of movingui,” said an importer.

Uptake of FLEGT-licensed timber

An interview with three leading importers reported in the latest EU FLEGT Independent Market Monitor (IMM) Newsletter shows that market signals are still mixed on the question of recognition and uptake of FLEGT-licensed timber from Indonesia.

Newsletter at:
http://www.flegttim.eu/images/Newsletter_Autumn_2018/IMM%20Autumn%202018%20Newsletter%20ST6.pdf

Representatives of the three companies, FEPCO of Belgium, James Latham of the UK, and Dekker Hout of the Netherlands were first questioned on the market potential of the licensing initiative two years ago and were quizzed again to see how their opinions had evolved since.

All three still commended the initiative as a mechanism to encourage responsible trade and improve the image of tropical wood, but, they said, FLEGT licensing was still not specified by customers and market preference was still for FSC or PEFC certification.

In their view, a FLEGT licence was not a ‘badge that can command a premium’ and ‘did not trump usual timber purchasing considerations of price, quality and availability’.

Provided standards were not compromised, two of the company spokes people said they would like to see certain countries in an EU FLEGT VPA fast-tracked through the process so that more and a wider selection of FLEGT-licensed products became available. This, they commented, could give FLEGT licensing more market traction.

They also urged more communication on FLEGT’s wider social, economic and environmental impacts in producer countries and recommended more be done to encourage inclusion of FLEGT licensing in EU government procurement criteria.

Commenting on the temperate hardwood market, importers and distributors said that the ‘heat’ has come out of the European oak business and price had stabilised. Several thought this was partly the result of Italian investment in further processing facilities in Croatia, which is maintaining a ban on transit and export of untreated oak, ostensibly as a phytosanitary measure.

Potential Chinese trade tariff and Brexit impacts

Projecting into 2019, importers were concerned at the potential for an increase in market impacts of Chinese tariffs on US timber. Currently at 5-10% these are scheduled to double in March 2019.

“So far, US shippers and Chinese buyers seem to have split the difference, but that will change when tariffs rise,” a UK importer told the country’s Timber Trades Journal. “With China accounting for over 50% of all US hardwood exports, that has to have repercussions.”

As 85% of Chinese US imports are red oak, one importer said they wouldn’t ‘simply be able to shop for oak in Europe on a like for like basis’. “Moreover, China is reported to have high inventories, so impacts will be delayed,” they said.

Another trader, however, felt the longer tariffs persisted, the more likely it was Europe would experience fallout. Possible consequences cited could be: destabilisation of US hardwood prices; increased Chinese consumption of European hardwoods, notably oak, plus tropical timber; and greater diversion of American hardwoods to other global markets, notably Vietnam and the EU.

As for Brexit, at least one leading Nordic softwood supplier plans to increase UK landed stocks in case of delays at customs. One UK hardwood importer did say they planned to use a wider spread of ports in case of administrative hold ups.

However, no UK importer said they were increasing stockholding, with reasons given including hardwoods’ higher unit prices and generally slower stock turn. “You’ve got to be able to get extra stock, pay for it and have somewhere to put it, and not many hardwood traders can tick all those boxes,” an agent told the TTJ.

While the UK government has said it will transfer the EU Timber Regulation and FLEGT regulation into British law post Brexit, another uncertainty is whether UK operators will have to undertake due diligence on imports from the EU and if there will be mutual recognition of FLEGT licenses.

The UK FLEGT and EUTR competent authority says it expects these issues to be resolved before March 29, but at this time there is no firm news.

Longer term, however, UK importers and their suppliers expect Brexit disruption to be time limited. “It may result temporarily in more cautious consumers and stickier supply chains, but working with partners across Europe and worldwide, we’ll find solutions,” said a UK importer. “It’s in everyone’s interests, suppliers and buyers alike.”

A continental EU supplier echoed this view. “The UK is a big market of 60 million consumers. They’ll ultimately still want hardwood and we’ll still want to supply it,” they said.

North America

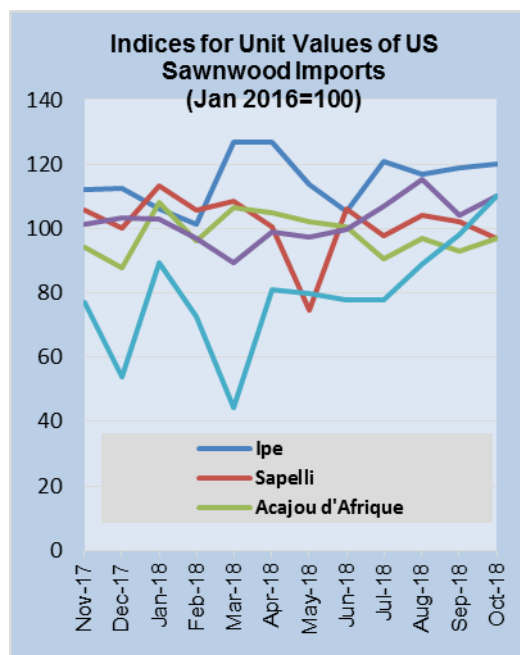
Tropical sawnwood imports rise

US imports of tropical sawn hardwood rose in October to its highest volume of the year but volumes still lag behind 2017 levels. The October volume of tropical sawn hardwood imports was up 23% over September to 20,370 cu.m. That is still more than 10% below October of last year.

Year-to-date, tropical sawn hardwood imports were down 12% compared to 2017. Imports from Ecuador more than doubled in October after a few weak months.

The October number is about equal to the same month last year, but imports from Ecuador remain down 28% year to date. Imports from Brazil were up 27% in October to draw level with last year to date and imports from Malaysia were up slightly continuing growth that is now up by 50% year-to-date.

Balsa imports were up sharply in October but are still down for the year by nearly one third. Sapelli and Acajou d’Afrique are similarly behind year to date and both fell even more in October. Keruing imports declined by 24% in October but remain ahead of last year by 37%. Jatoba imports improved again in October and are well over doubling 2017 year-to-date.



Data source: US Department of Agriculture, Foreign Agriculture Service

Plywood imports in steep decline

The US imported less than 51,000 cu.m. of hardwood plywood in October, down nearly 80% from September and less than half that of the previous worst month this decade.

While imports from China declined in October by more than 90% following the September 24 imposition of increased tariffs, imports from all other trade partners dropped by more than 50% for the month.

However, nearly every trading partner, other than China, is ahead year-to-date indicating that US US importers may have been increasing their inventories in anticipation of increasing tariffs.

Feature article on US hardwood importer’s China tariff challenges

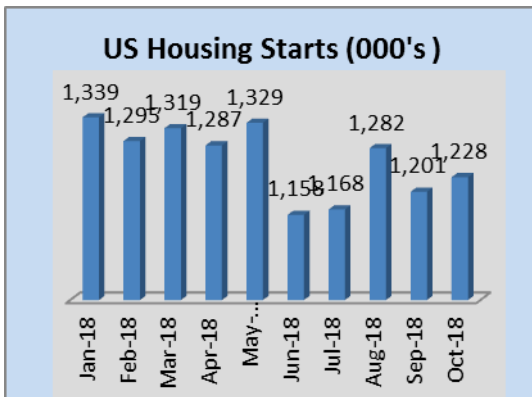
The *New York Times Magazine* published a recent feature story on how tariffs on Chinese goods are harming a US wood products company.

The story can be found at:

<https://www.nytimes.com/2018/11/28/magazine/trade-war-tariffs-small-business.html>

Housing starts down, home sales mixed

Privately-owned housing starts in October were at a seasonally adjusted annual rate of 1,228,000. This is 1.5% above the revised September estimate of 1,210,000 but is 2.9% below the October 2017 rate of 1,265,000.



Data source: National Association of Home Builders

Single-family housing starts in October were at a rate of 865,000; this is 1.8% below the revised September figure of 881,000.

Sales of newly built, single-family homes fell to a seasonally adjusted annual rate of 544,000 units in October after an upwardly revised September report, according to data from the US Department of Housing and Urban Development and the US Census Bureau.

This is the lowest sales pace since December 2016. However, on a year-to-date basis, sales are up 2.8% from this time in 2017. Looking at the regional numbers on a year-to-date basis, new home sales rose 6.3% in the Midwest, 4.1% in the West, and 3.8% in the South. Home sales fell 17.1% in the Northeast year-to-date.

Existing-home sales increased in October after six straight months of decreases, according to the National Association of Realtors. Three of four major US regions saw gains in sales activity, with the Midwest showing a small decline. Total existing-home increased 1.4% from September to a seasonally adjusted rate of 5.22 million in October. Sales are now down 5.1% from a year ago.

Consumer sentiment remains high

In October US consumer spending increased the fastest in seven months according to the US Department of Commerce. Consumer spending, which accounts for more than two-thirds of US economic activity, jumped 0.6% last month as households spent more on prescription medication and utilities, among other goods and services.

US consumer sentiment exceeded analyst estimates as low unemployment and growing incomes kept Americans in an upbeat mood, though the outlook soured amid concern that the labor market will soften. The University of Michigan's preliminary December sentiment index was unchanged from November at 97.5 and compares with the median estimate of 97 in a Bloomberg survey of economists.

Disclaimer: Though efforts have been made to ensure prices are accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.

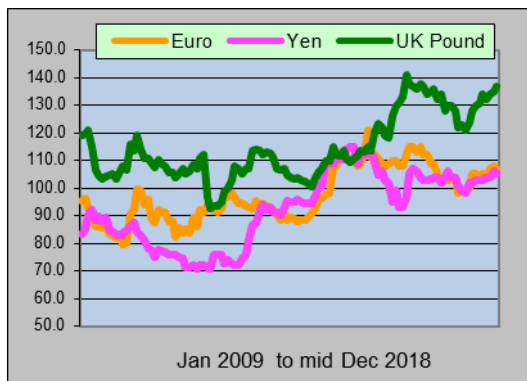
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 10 December 2018

Brazil	Real	3.9174
CFA countries	CFA Franc	578.39
China	Yuan	6.9127
EU	Euro	0.8805
India	Rupee	72.52
Indonesia	Rupiah	14555
Japan	Yen	113.34
Malaysia	Ringgit	4.1735
Peru	New Sol	3.28
UK	Pound	0.7961
South Korea	Won	1128.37

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

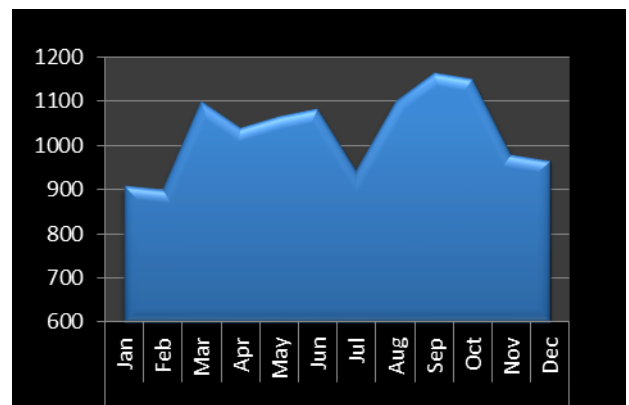


Abbreviations and Equivalences

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
January –mid December 2018

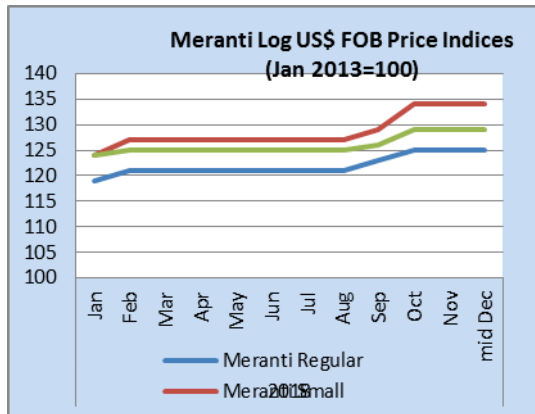


Data source: Open Financial Data Project

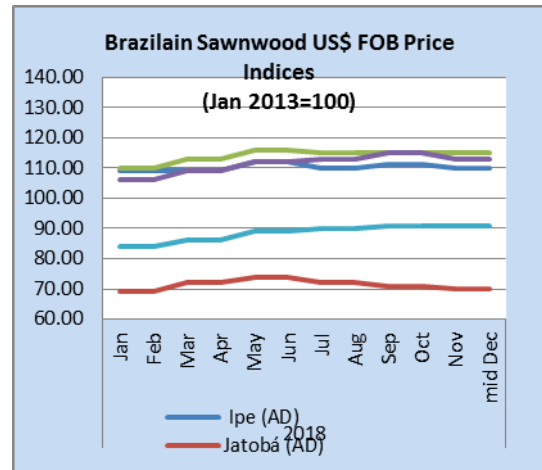
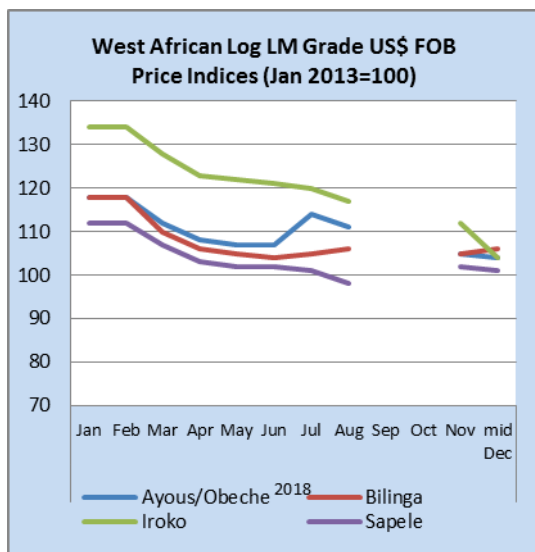
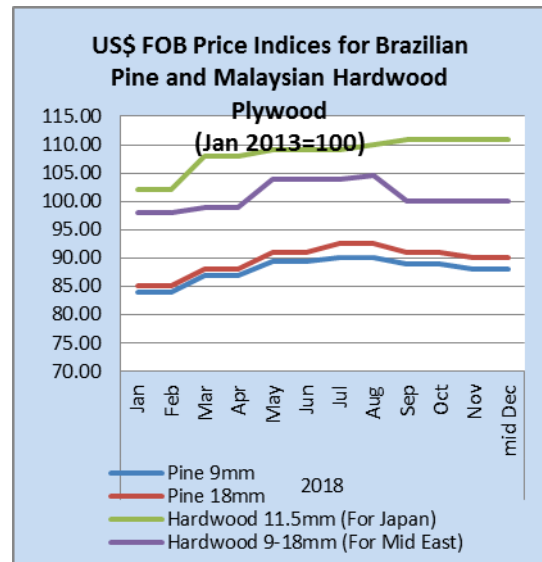
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

Price indices for selected products

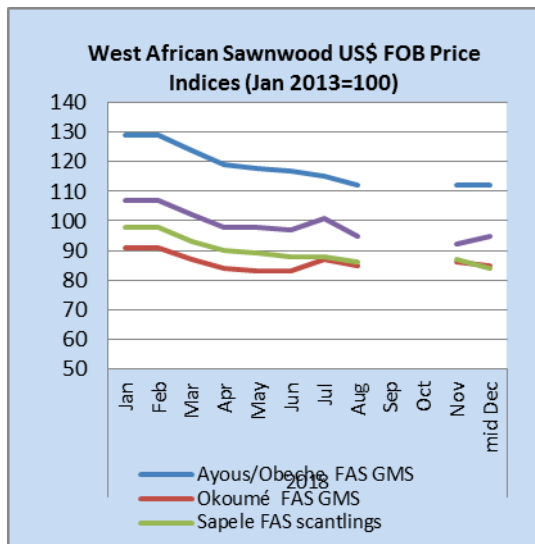
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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