

Forest Industry Competitiveness in the Nordic Countries and Beyond

Global Trends and Nordic Impact

**Wood Market Seminar Viken Skog
February 13, 2019
Sundvolden, Norway**

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International Market Reports - Subscription Services

Wood Resource Quarterly: a quarterly market report established in 1988, with subscribers in over 30 countries. The WRQ tracks global wood markets including prices of pulpwood, wood chips and sawlogs in 23 regions worldwide.

North American Wood Fiber Review: a quarterly report established in 1983 follows sawlog, pulpwood, lumber and biomass markets in all major regions in Canada and the US.

Forest Industry Consulting Services

WRI, established 1987, specializes in supply/demand analysis of forest resources, forest products trade trends, forest industry developments and wood price forecasts. The company has conducted consulting work in over 25 countries on five continents. Clients include international forest companies, energy companies, pension funds, TIMO's, the World Bank, FAO, EU, WWF, ITTO and IIED.

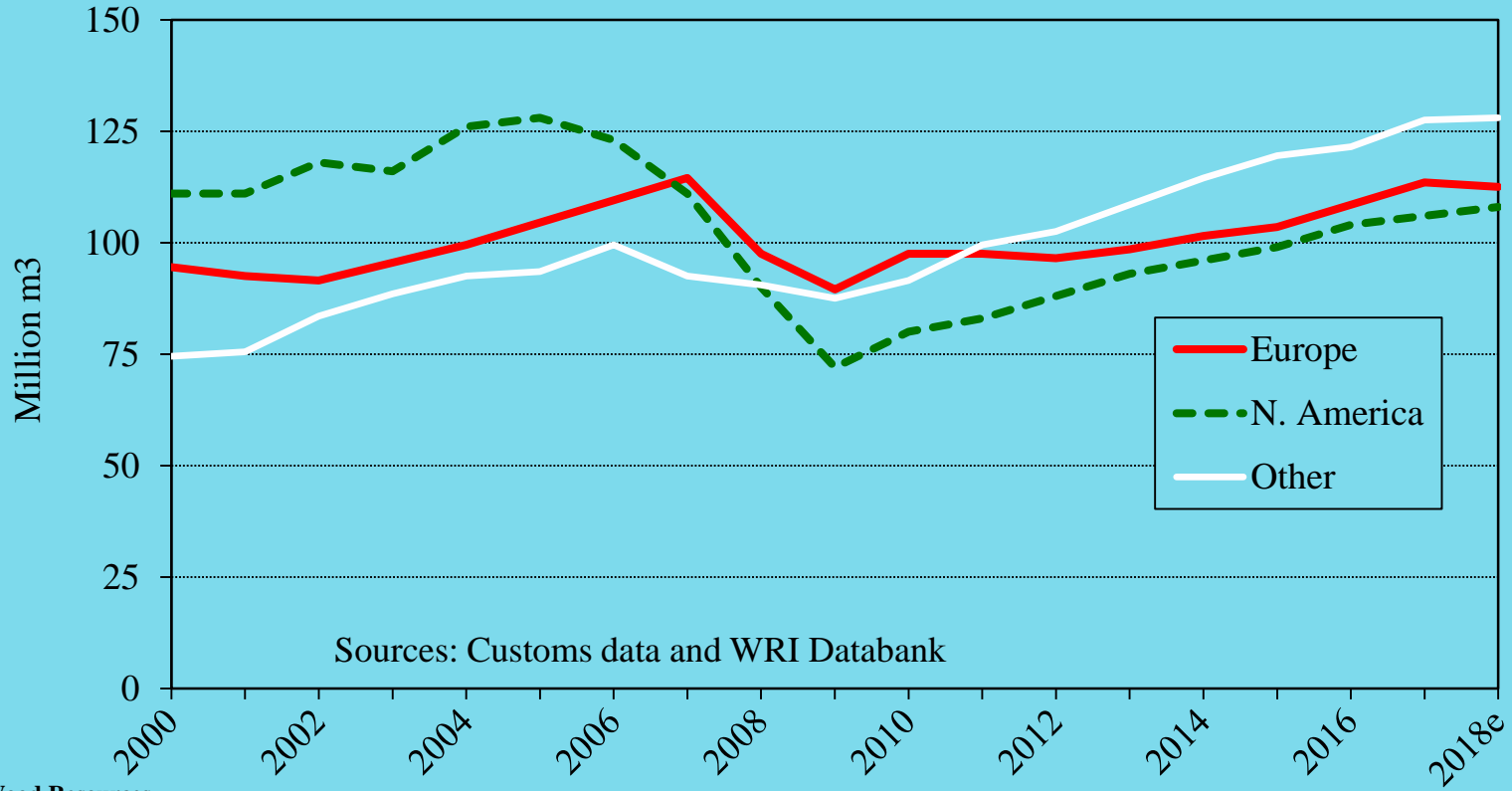


Outline

- Global Trade of Forest Products
- Prices trends for Wood Raw-Material
- Regional Wood Markets
- Sawmill Gross Margins
- Key Takeaways



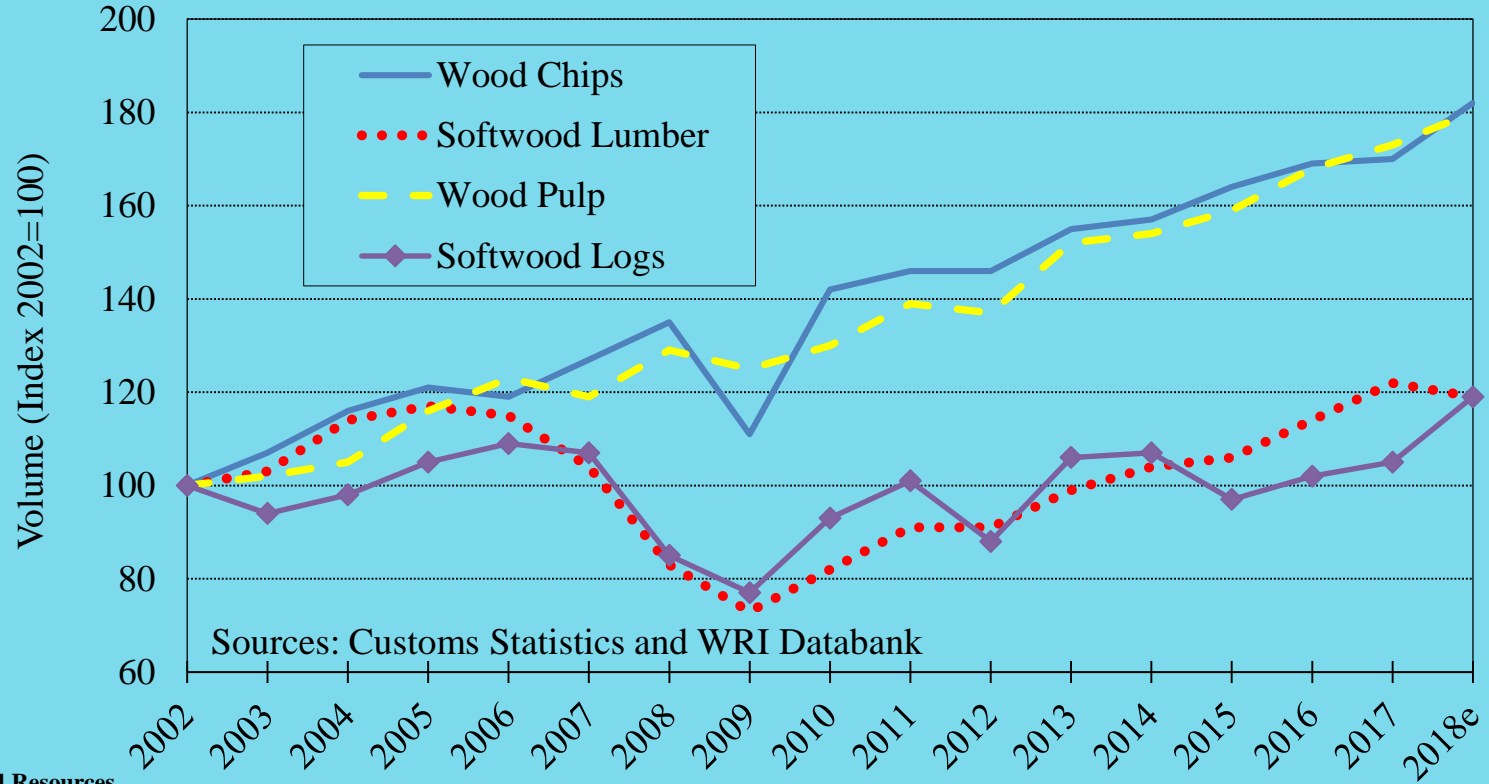
Global Softwood Lumber Production



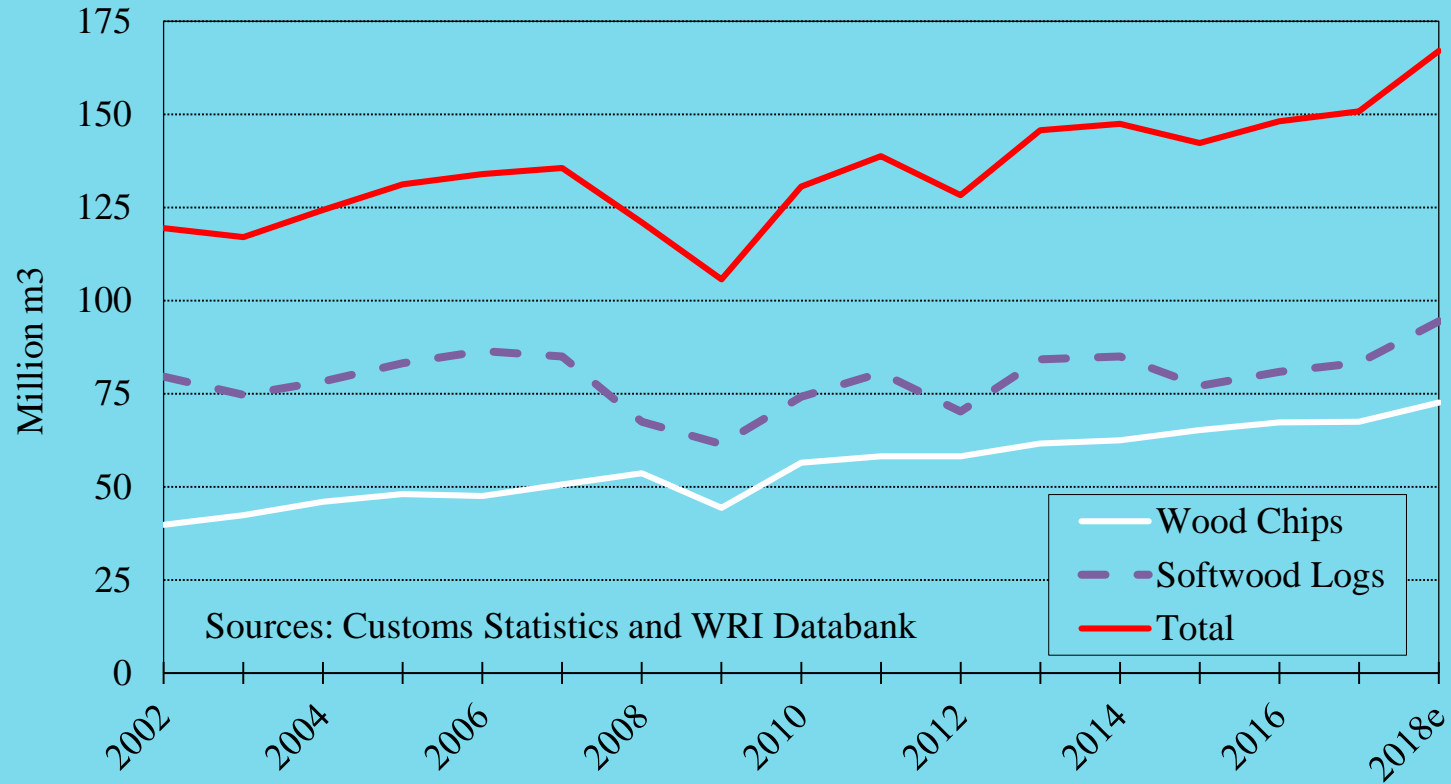
Sources: Customs data and WRI Databank



Global Forest Products Trade



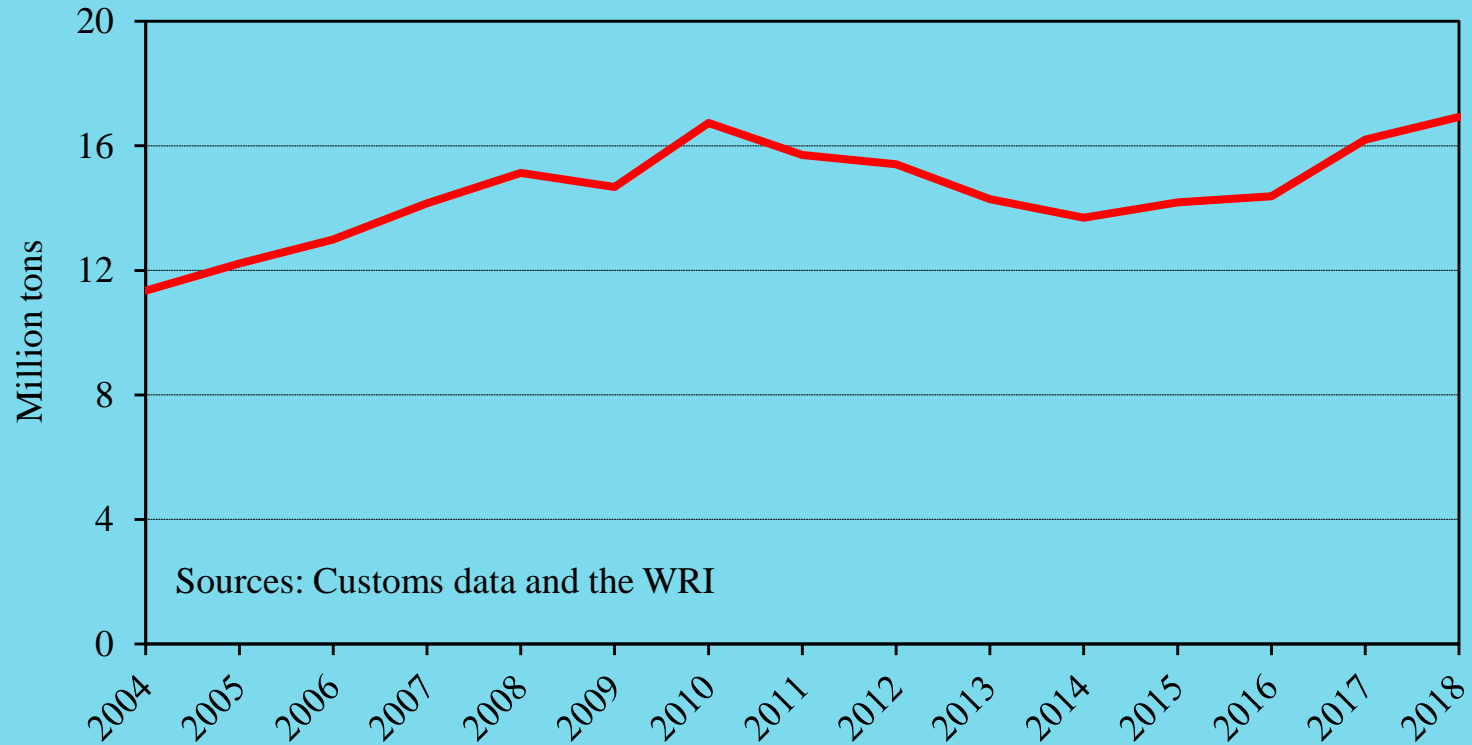
Global Trade of Wood Raw-Material



Sources: Customs Statistics and WRI Databank



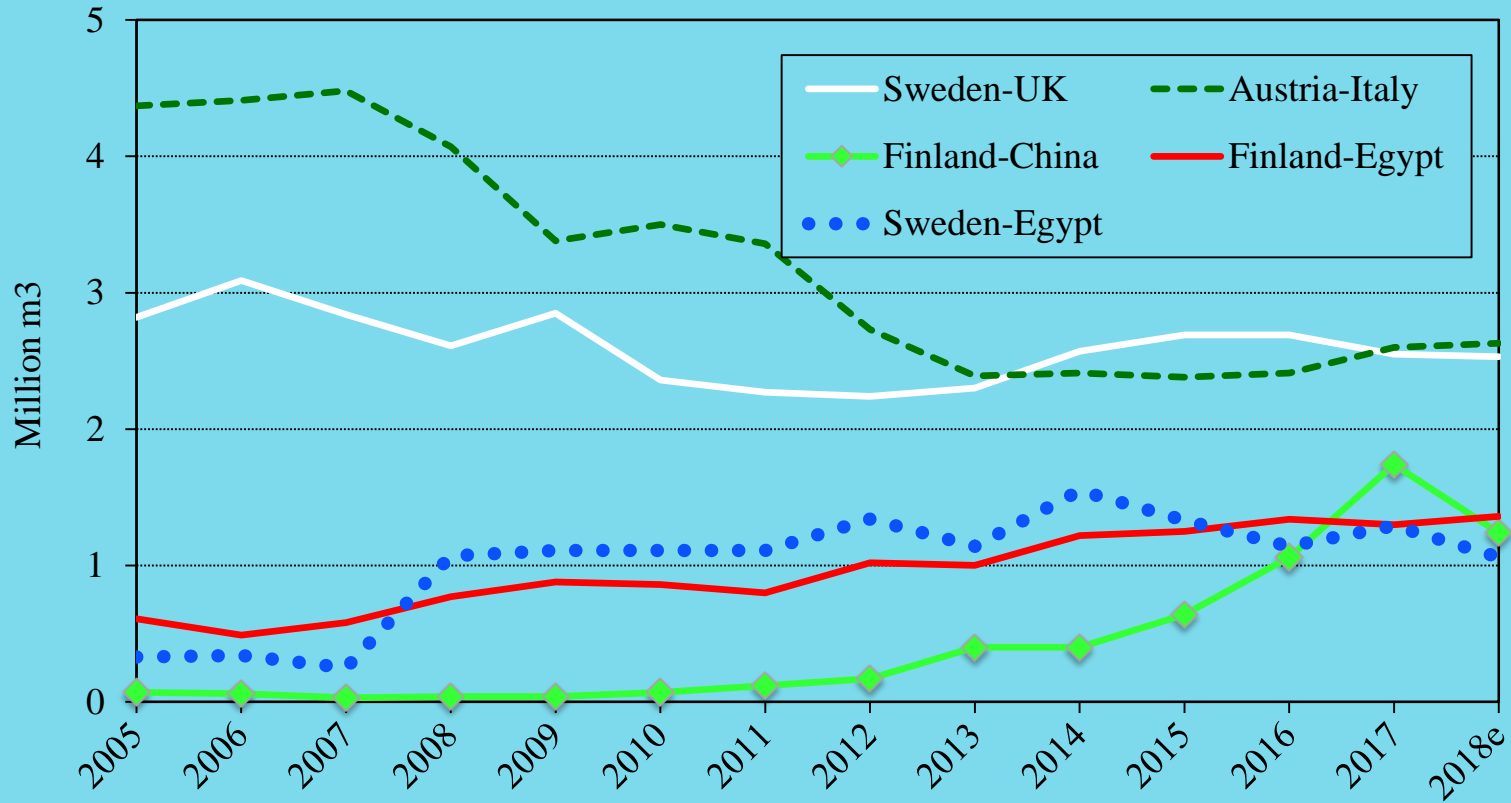
Wood Chip Trade in Europe



Sources: Customs data and the WRI



Major Softwood Lumber Export Flows in Europe



Sources: Customs data and WRI Databank

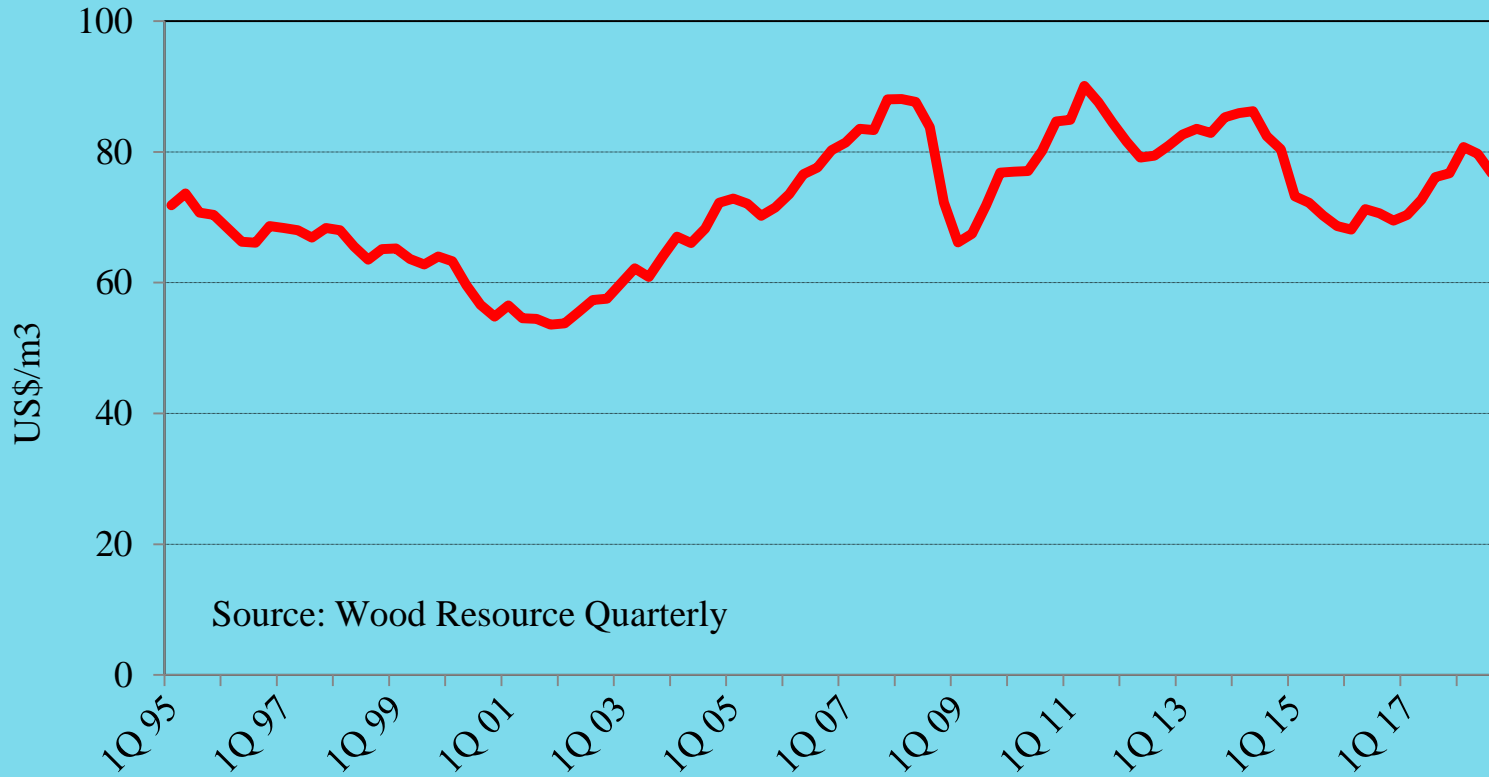


Global Sawlog and Pulpwood Prices Trends



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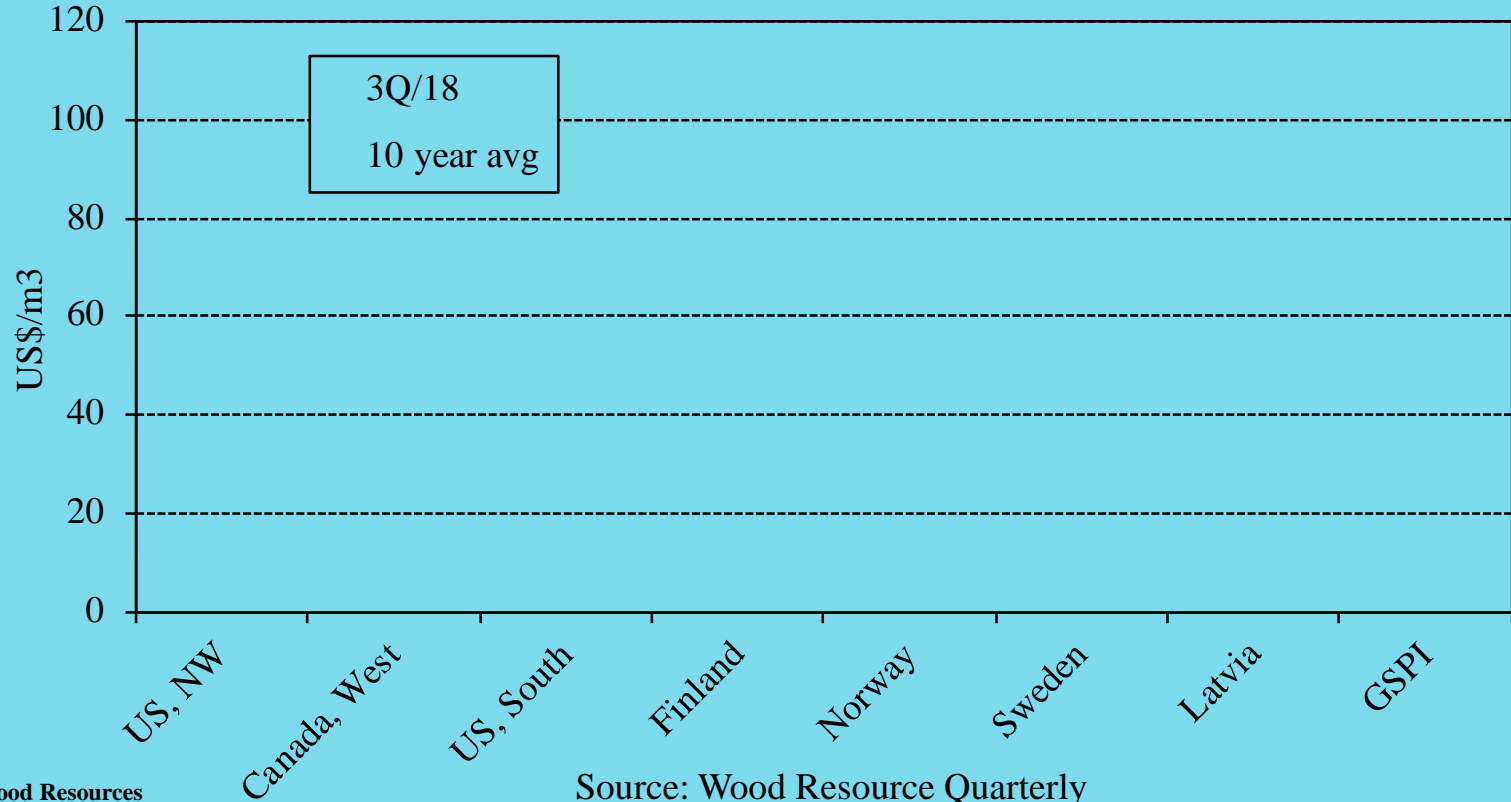
Global Sawlog Price Index (GSPI) 1Q/95 – 3Q/18



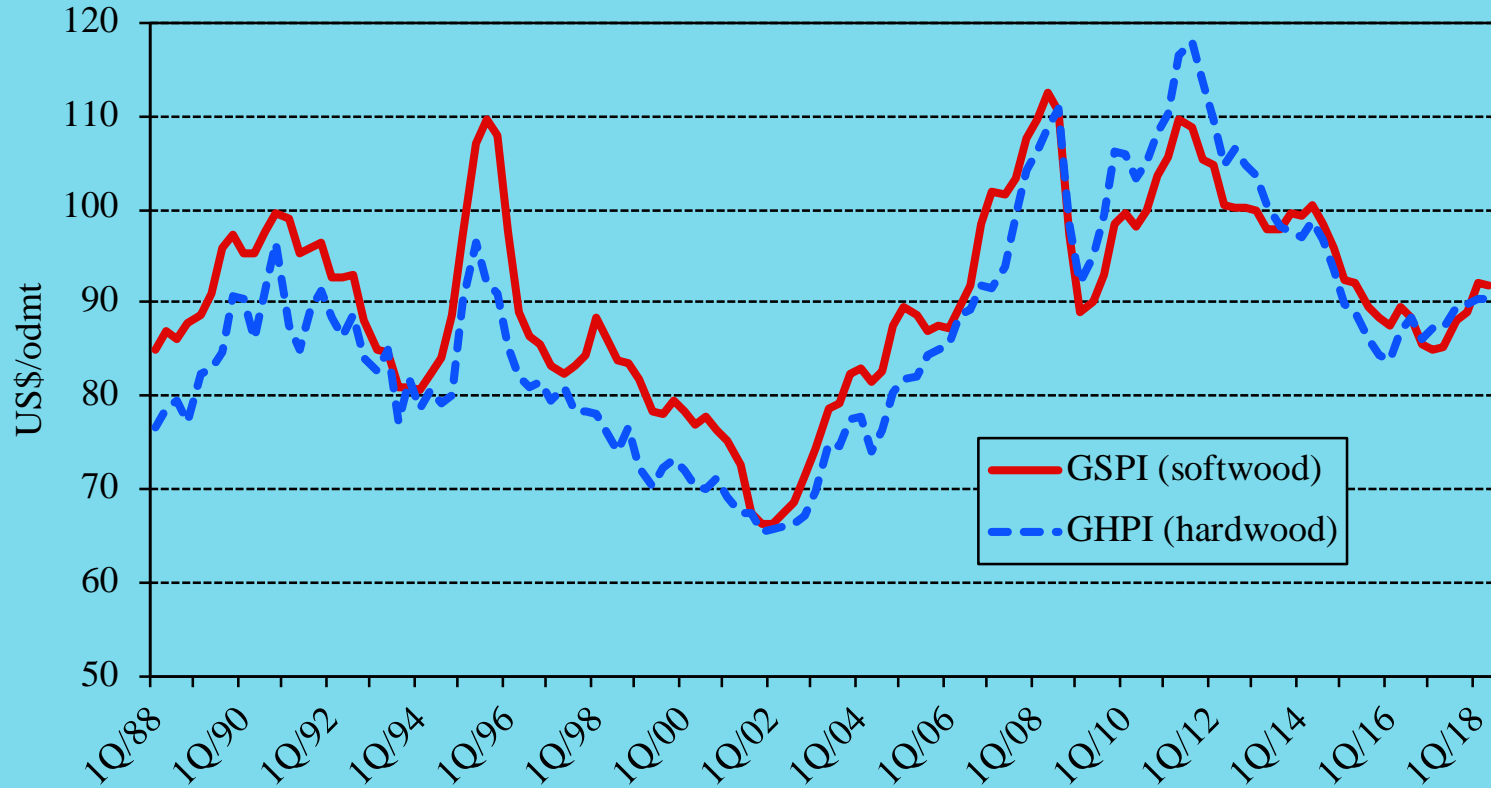
Source: Wood Resource Quarterly



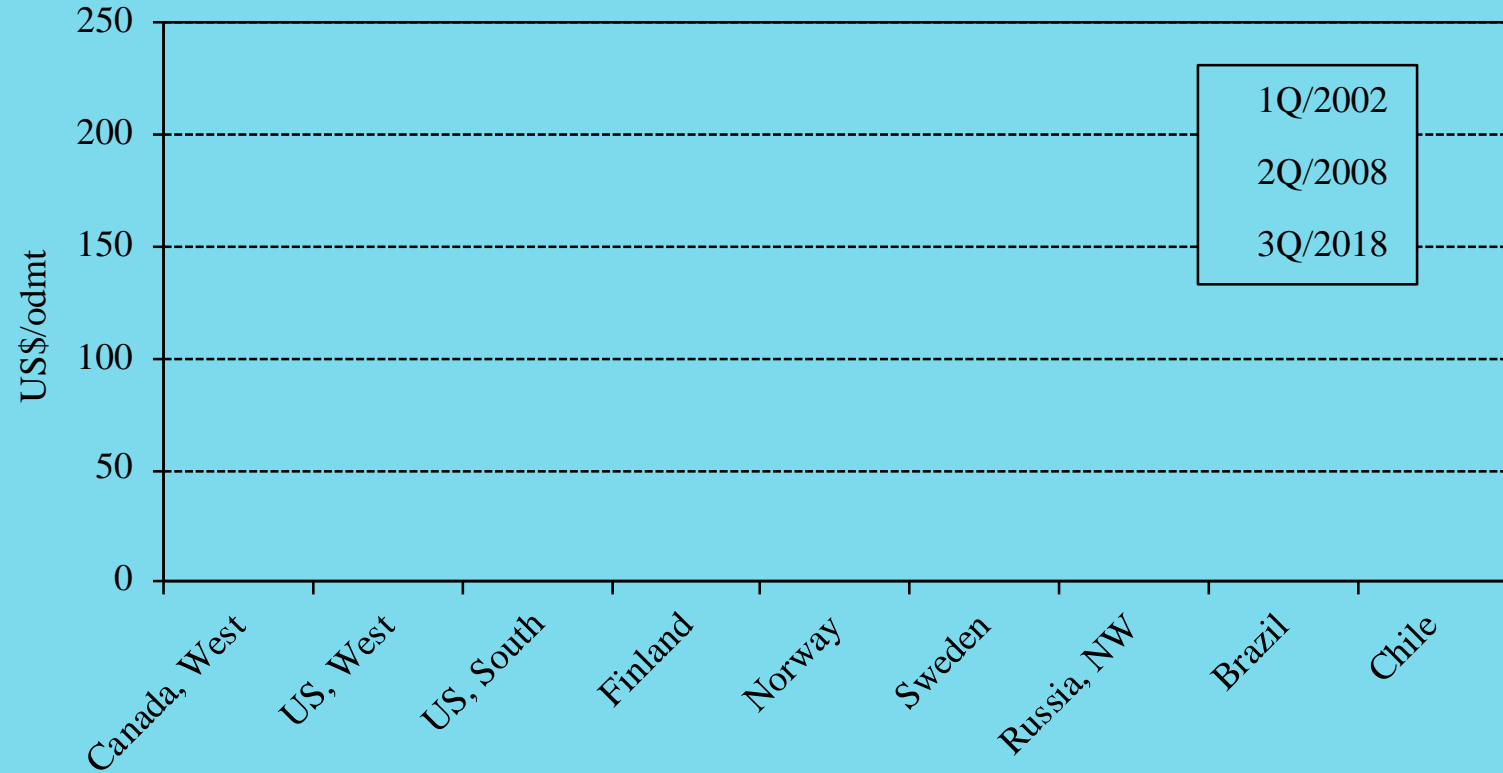
Log Prices for Key Lumber Producers 3Q/18



Global Wood Fiber Price Indices 1Q/88 – 3Q/18



Global Softwood Pulplog Prices



Regional Wood Markets

- The Nordic Countries
- North America
- China

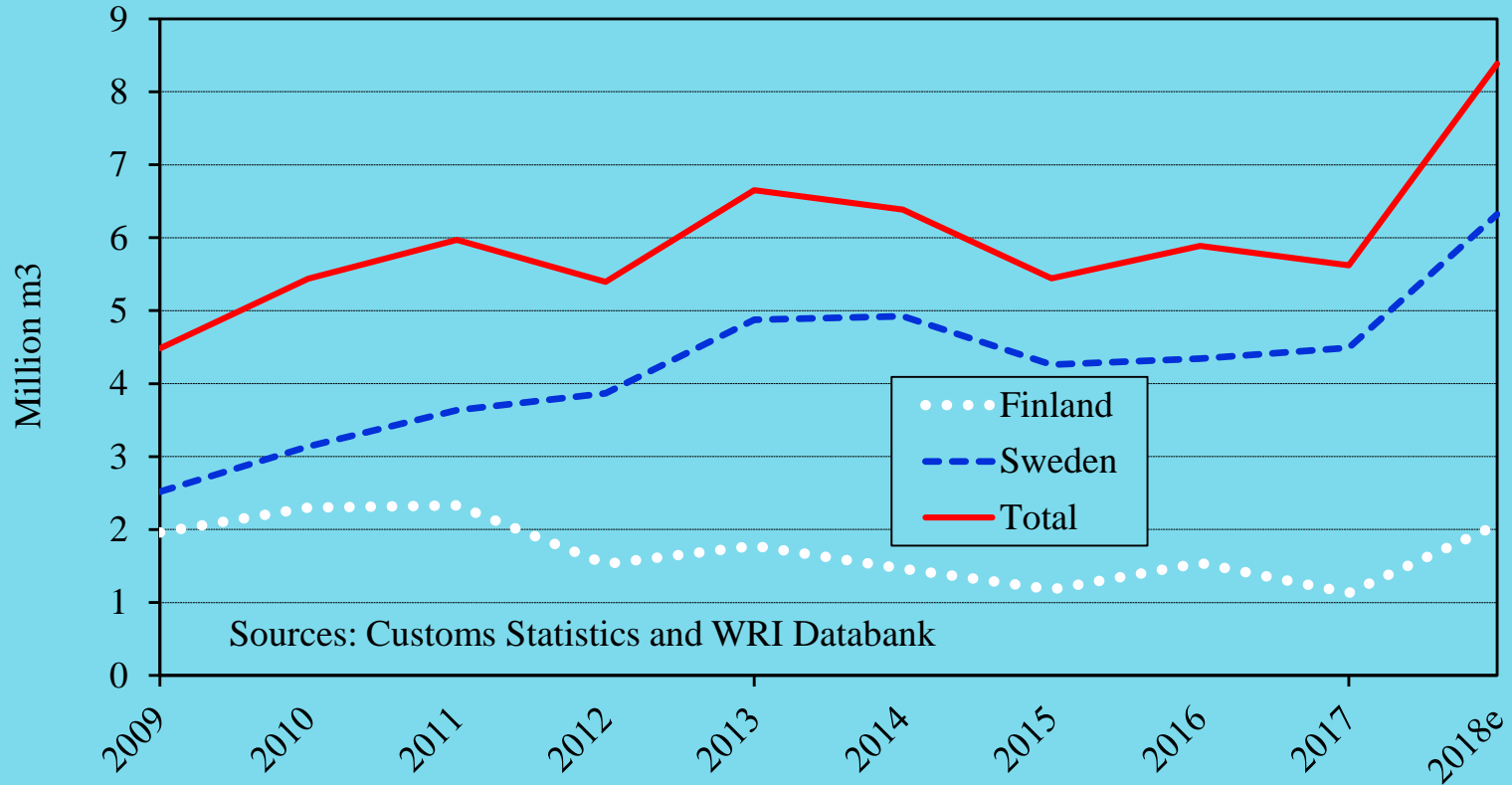


Wood Markets – Nordic Countries

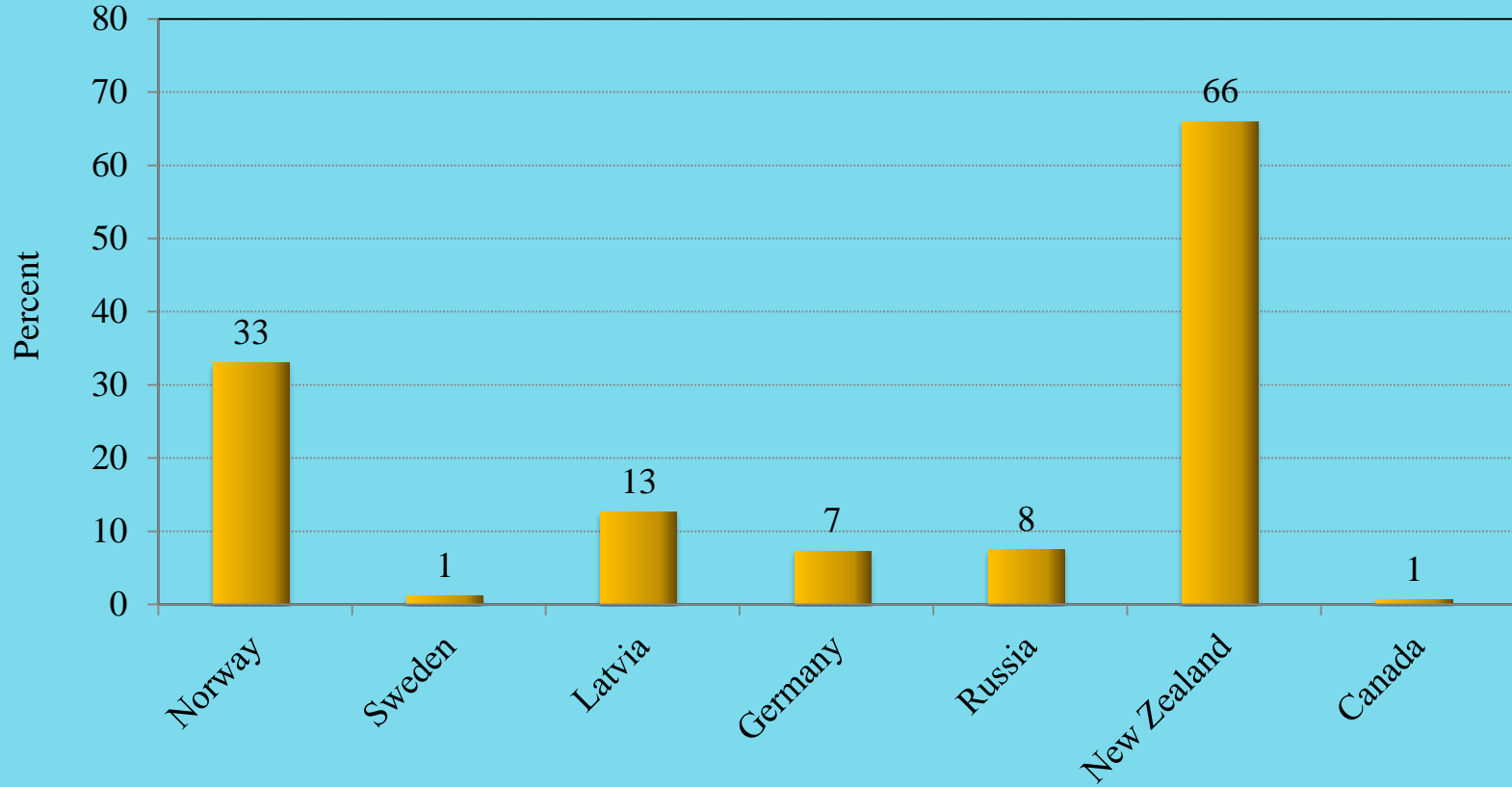
- Increased Exports of Lumber to Non-European Markets
- Expansion of Softwood Pulp Capacity
- Rise in the Use of Domestic Roundwood
- Higher Imports of Sawlogs and Pulplogs
- Higher Prices of Wood Raw-Material in 2018



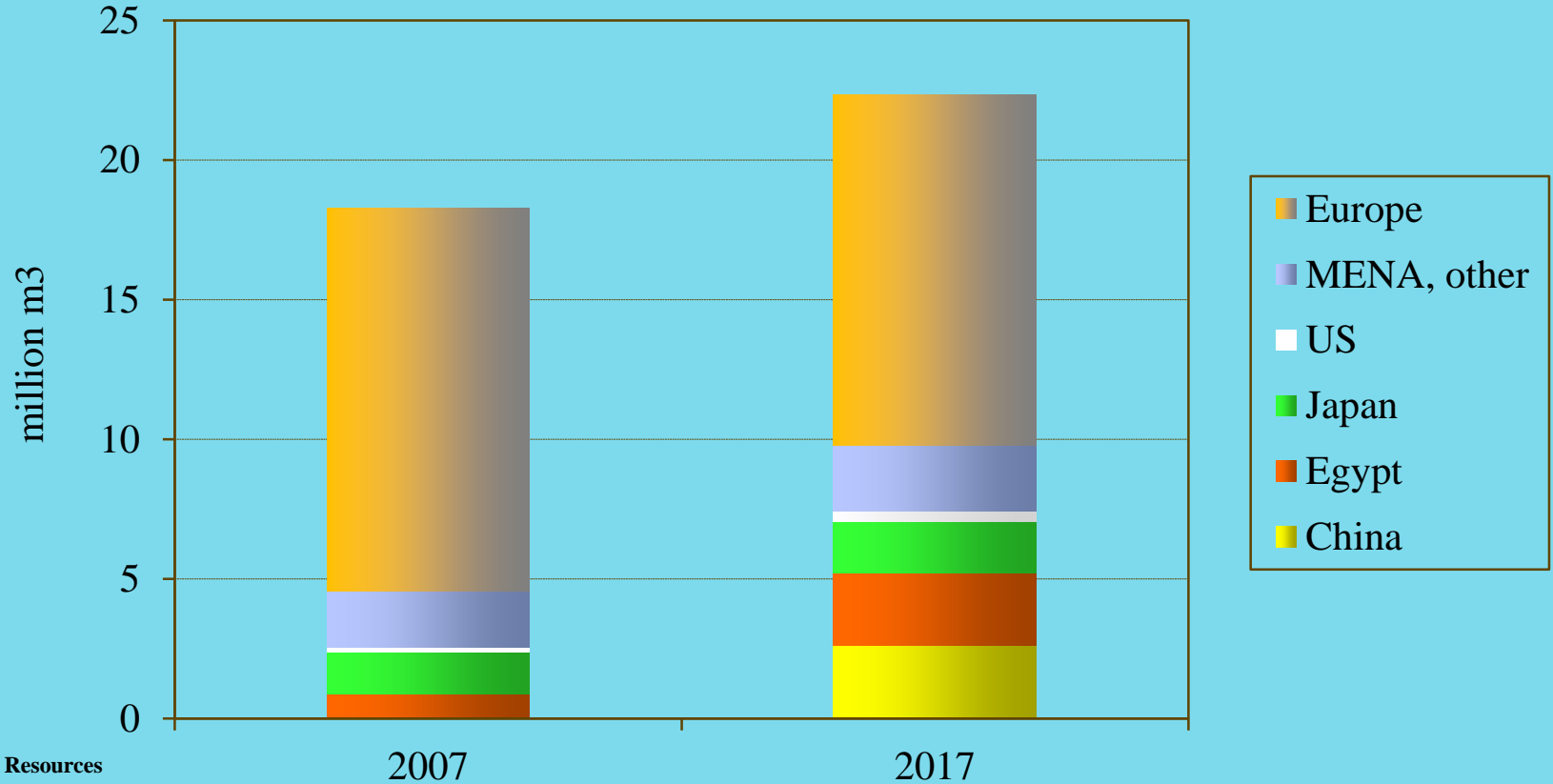
Softwood Log Imports to Finland and Sweden



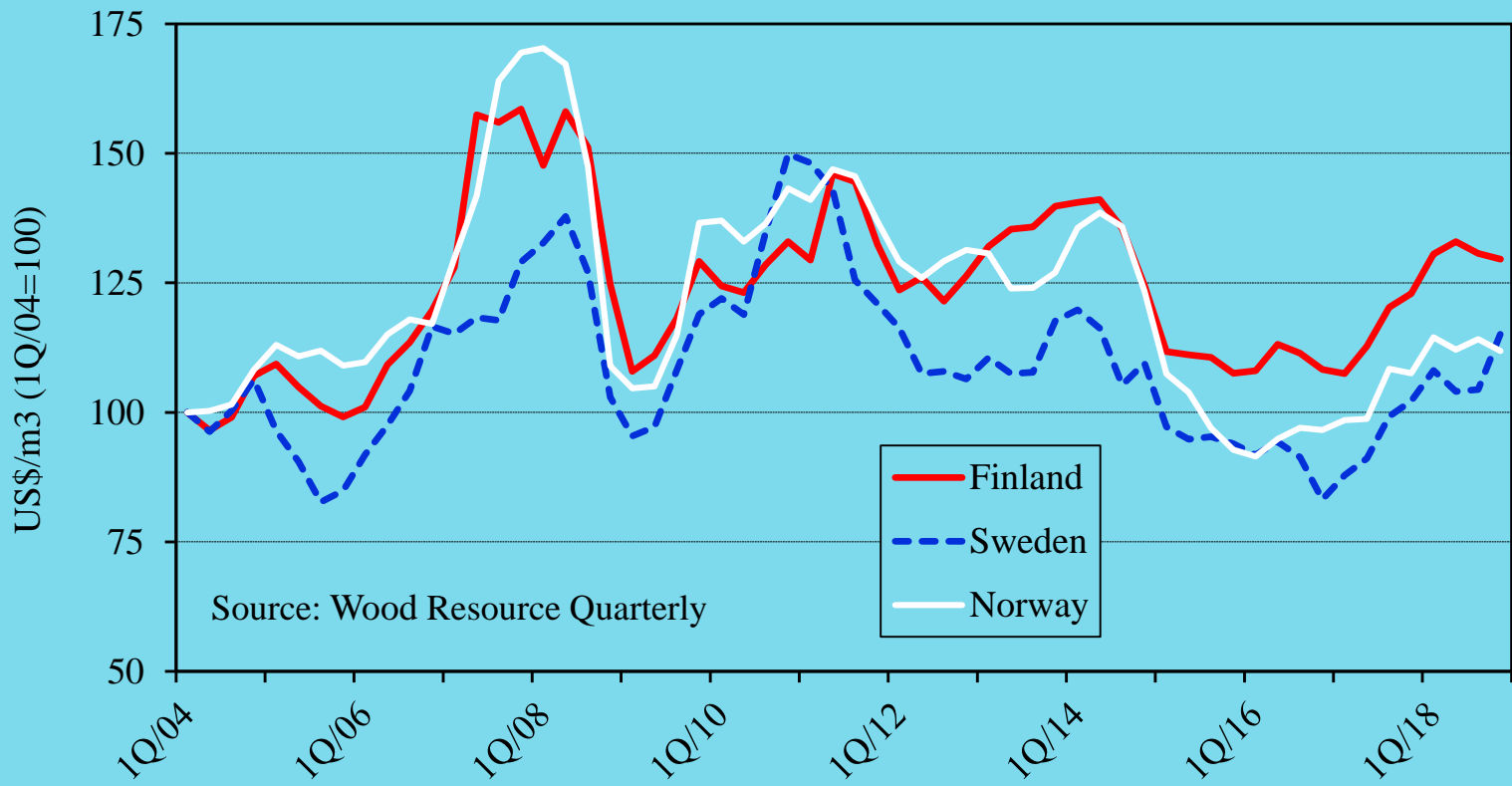
Log Exports as Share of Timber Harvest



Lumber Exports from Finland and Sweden



Relative Sawlogs Prices in the Nordic Countries



Source: Wood Resource Quarterly

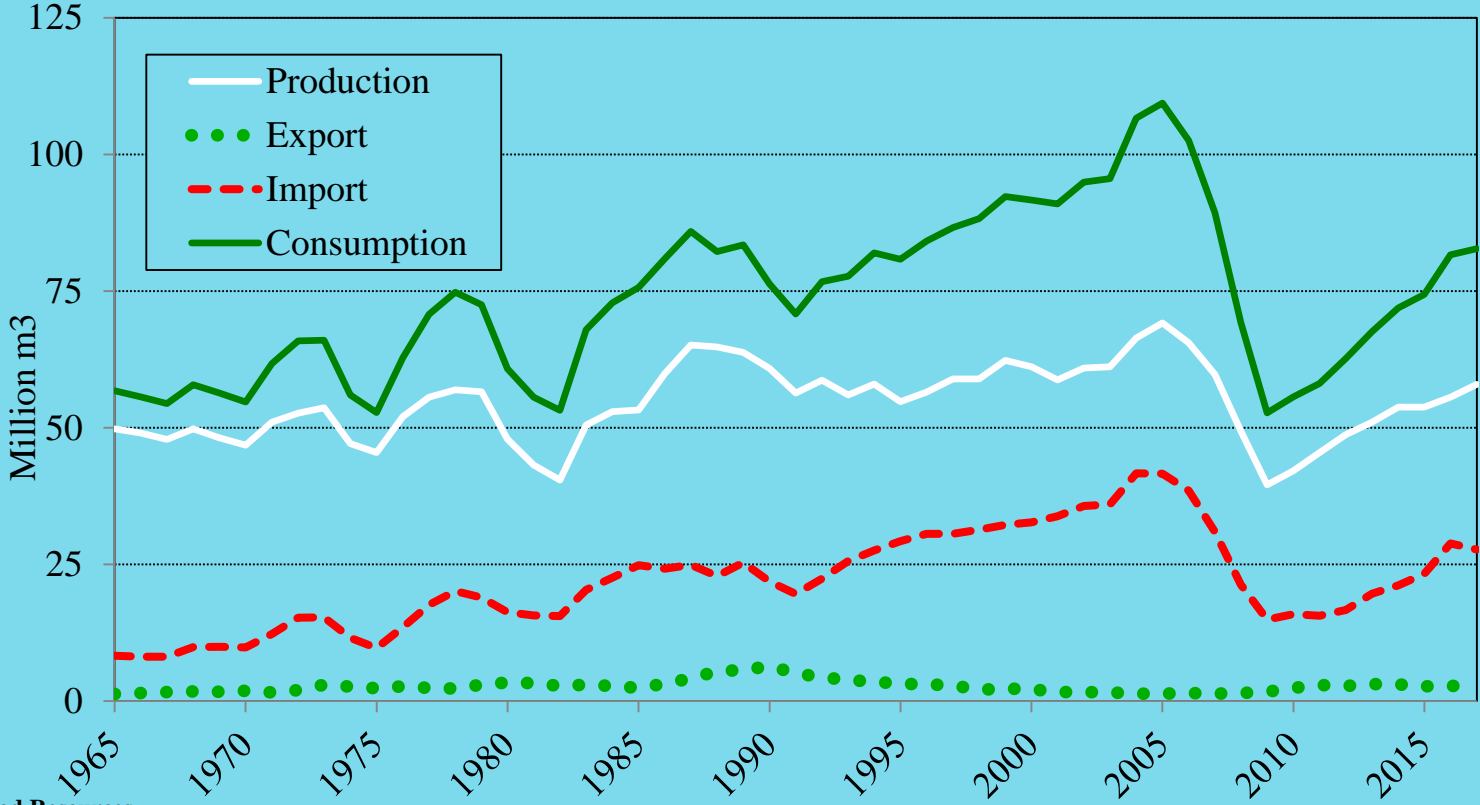


Wood Markets – North America

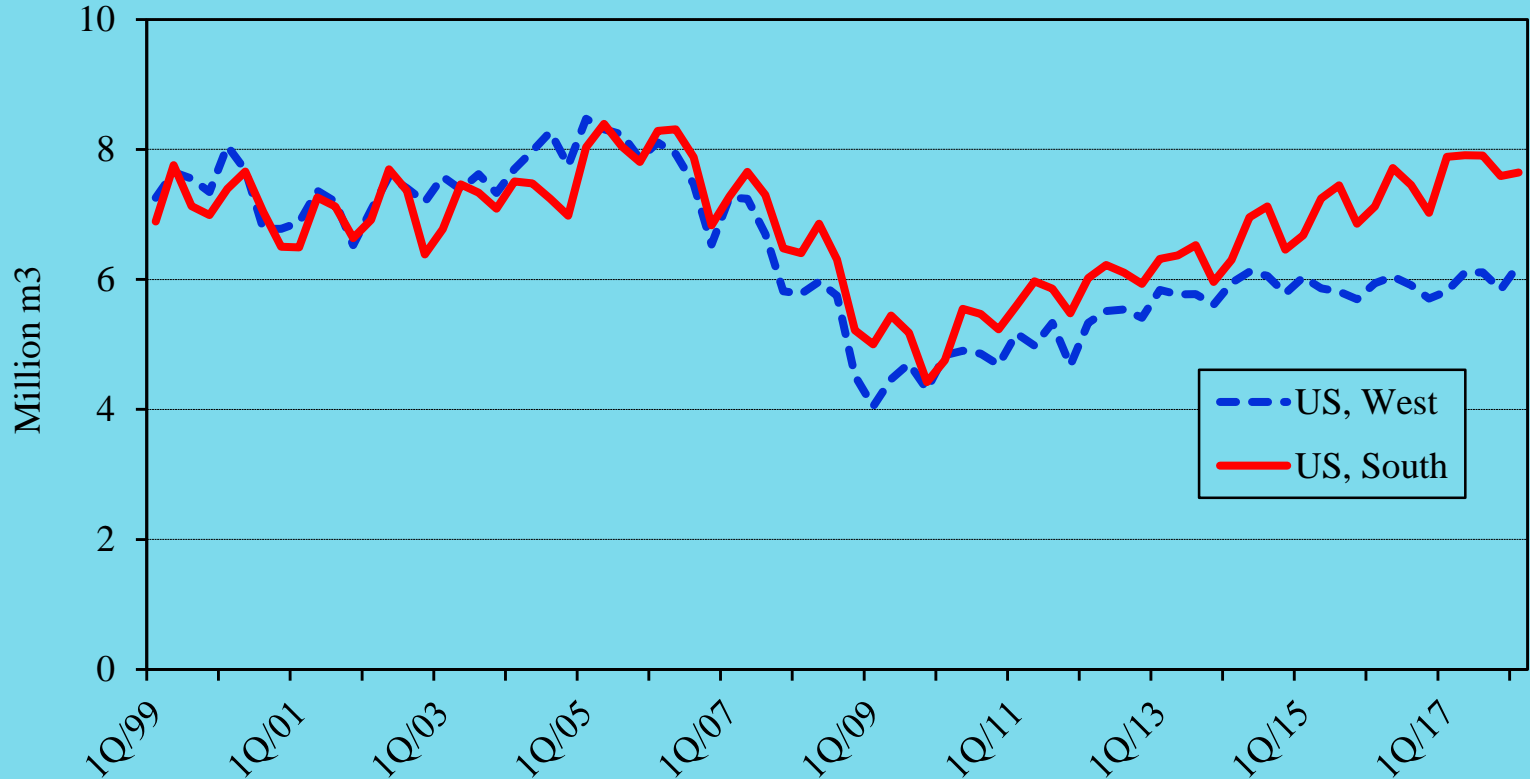
- Historically Low Wood-material Costs
- Expanding Forest Industry in the US South
- Reduced Harvest in British Columbia
- Outlook for Increased Demand for Lumber in the US
- Reduction in Log Exports from North America to Asia
- Canada is Still the Largest Lumber Exporter in the World



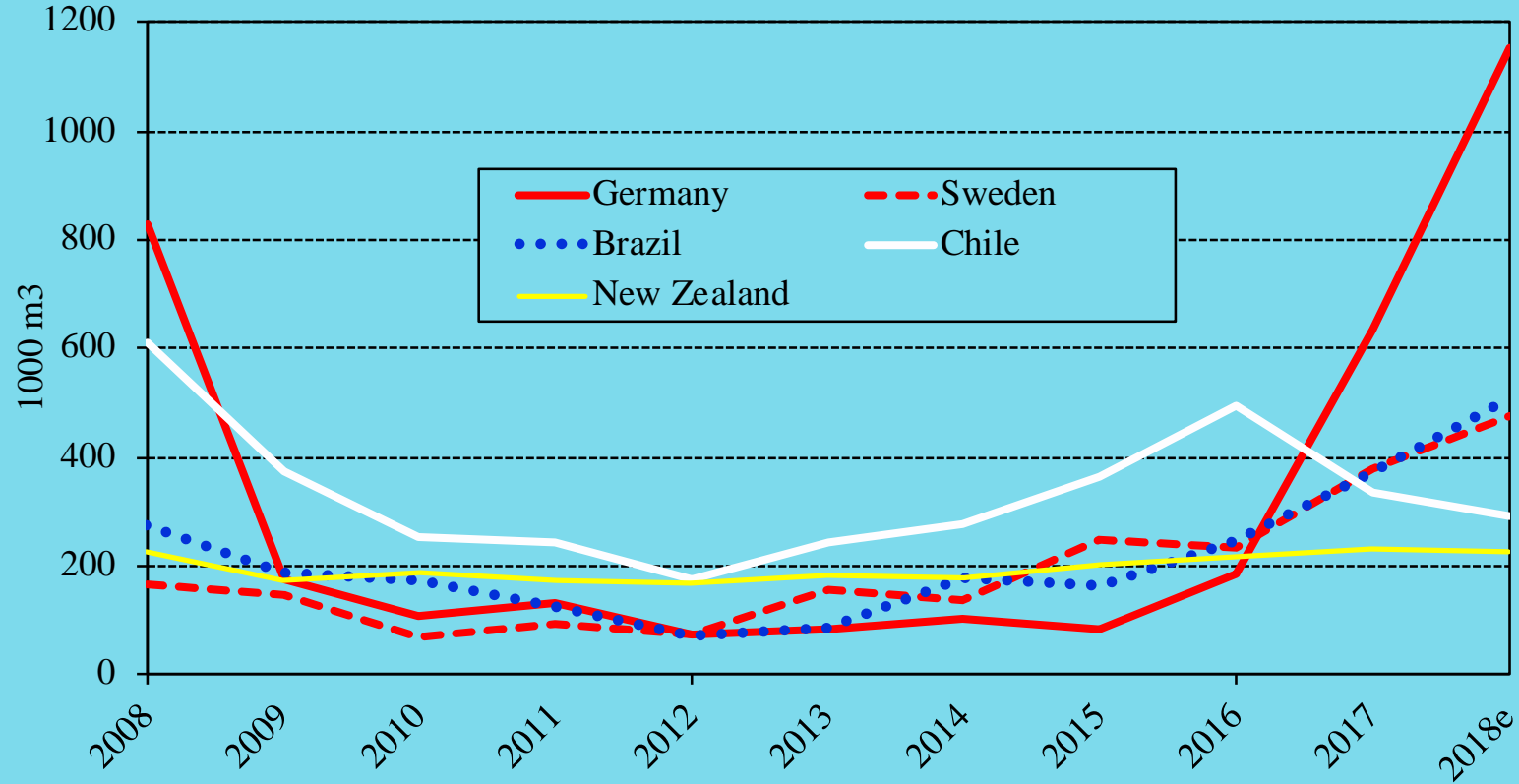
US Lumber Consumption, Production and Trade



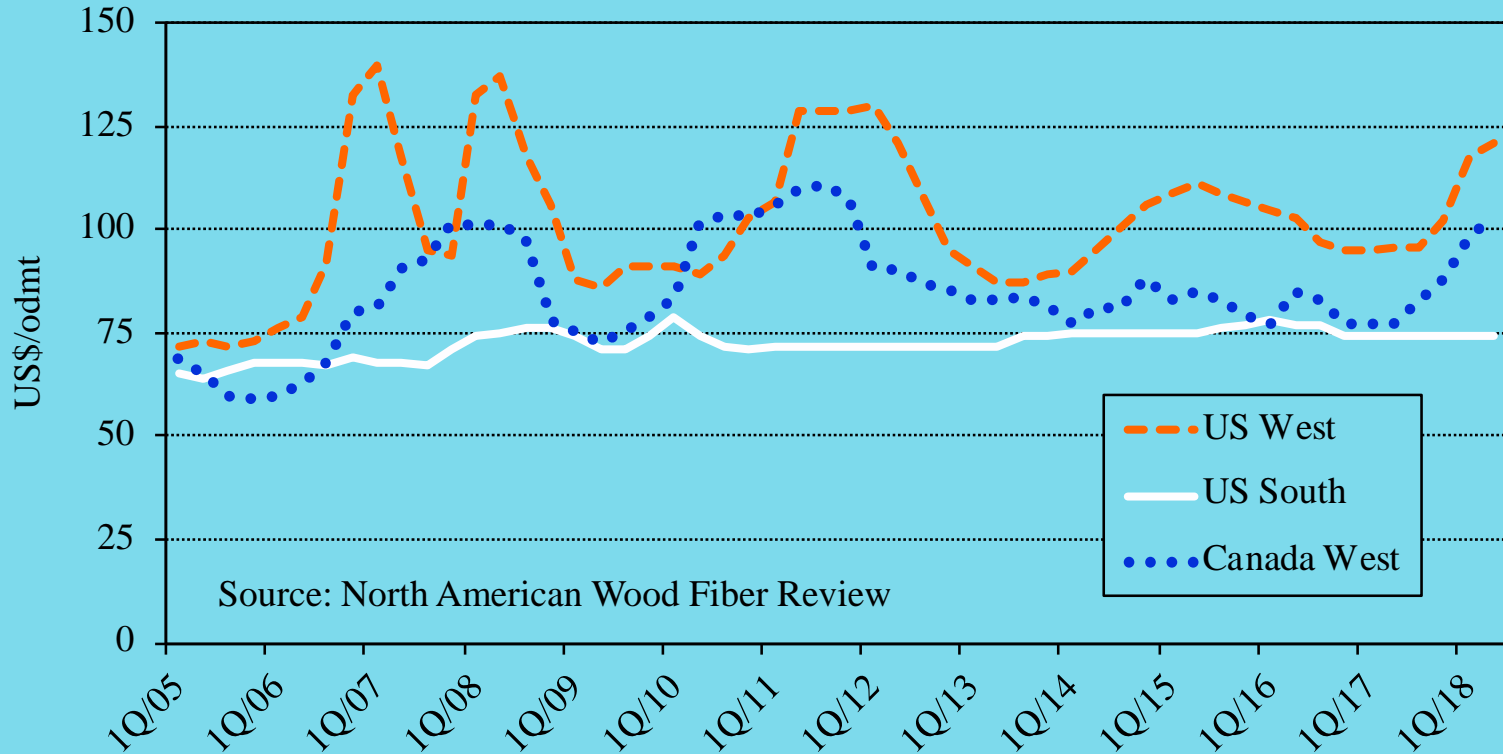
Softwood Lumber Production in the US



Overseas Lumber Imports to the US



Residual Chip Prices in North America

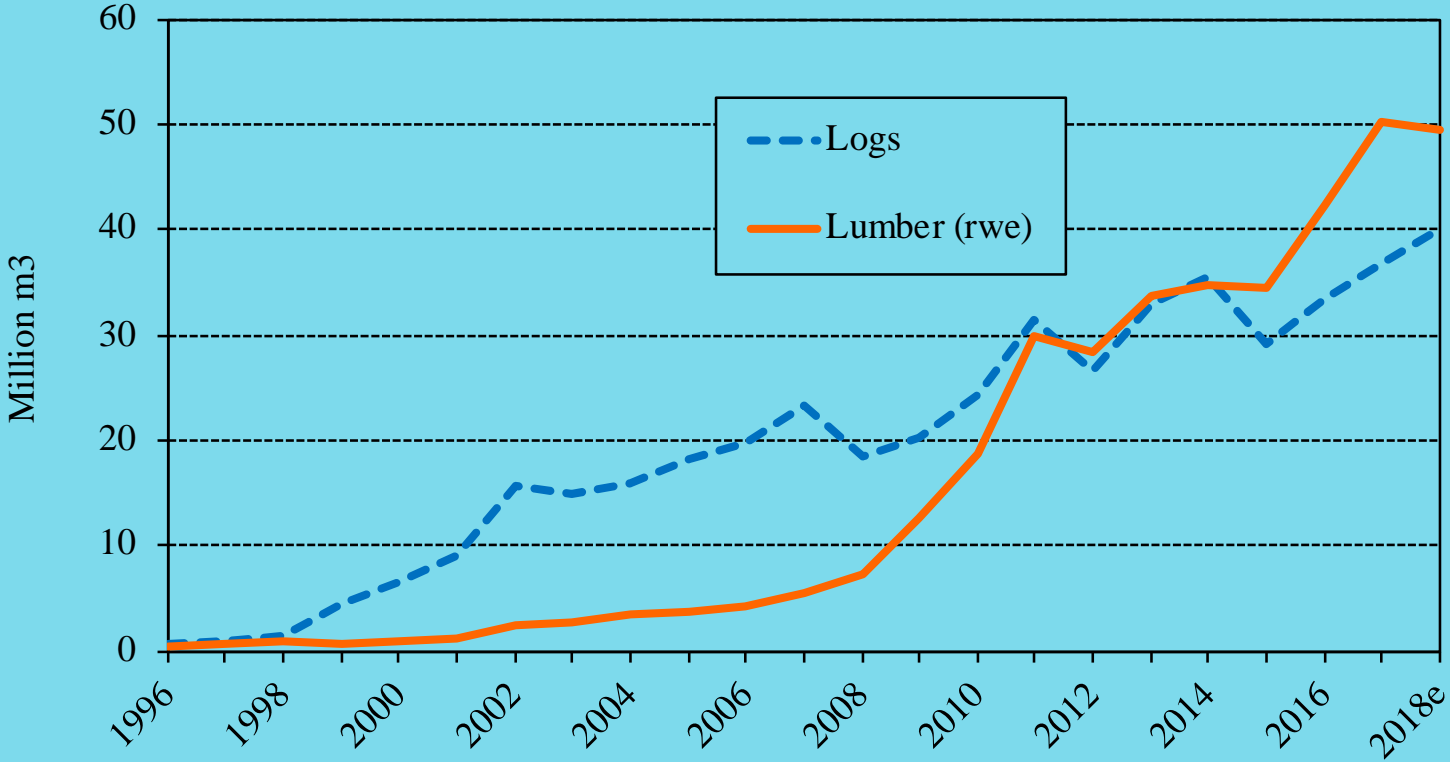


Wood Markets - China

- Continued Strong Lumber Imports
- Expansion of Pulp Capacity has Slowed
- Domestic Forest Resources Insufficient
- Largest Hardwood Chip Importer in the World
- High Log and Wood Fiber Costs



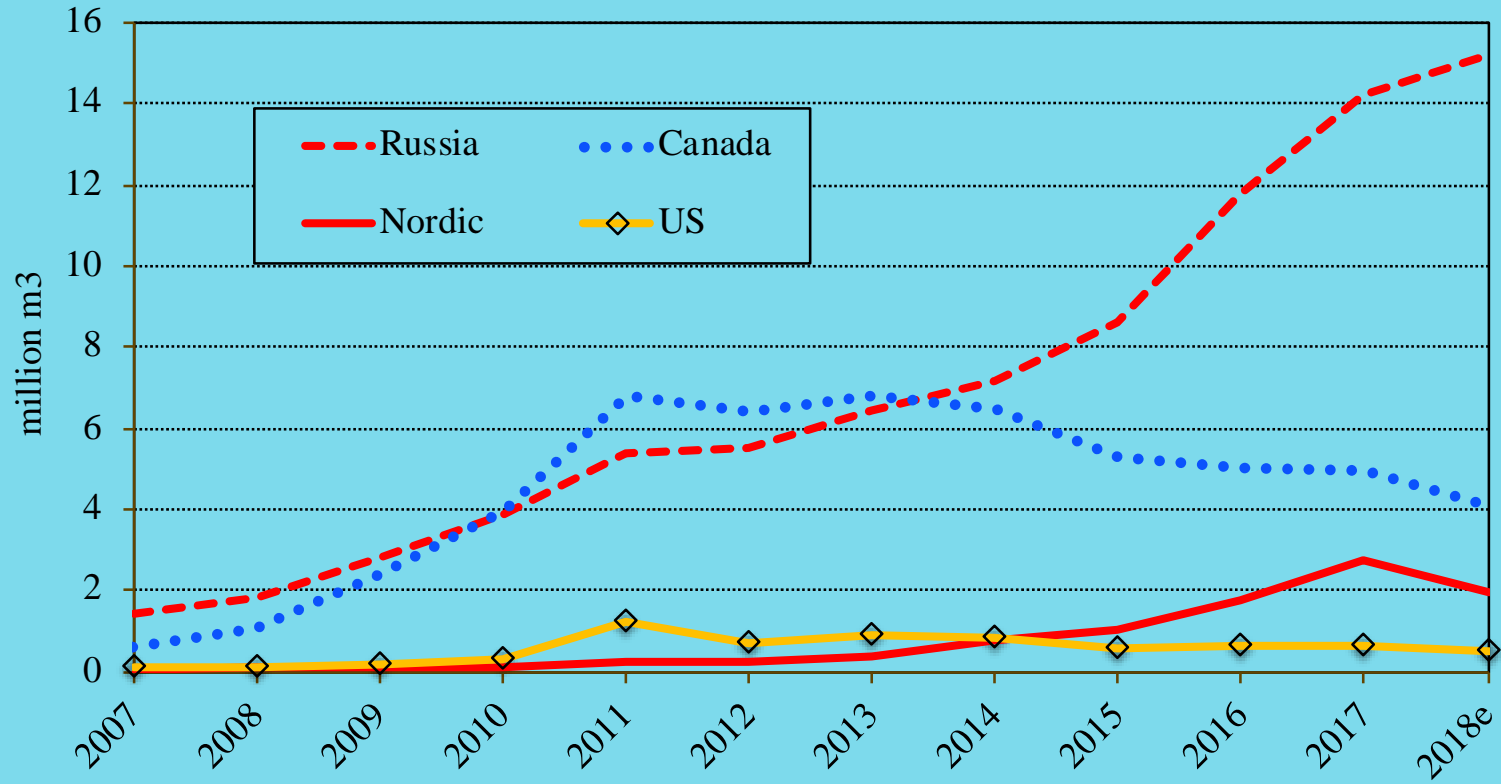
Imports of Softwood Logs and Lumber to China



Sources: Customs data and WRI Databank



Softwood Lumber Imports to China

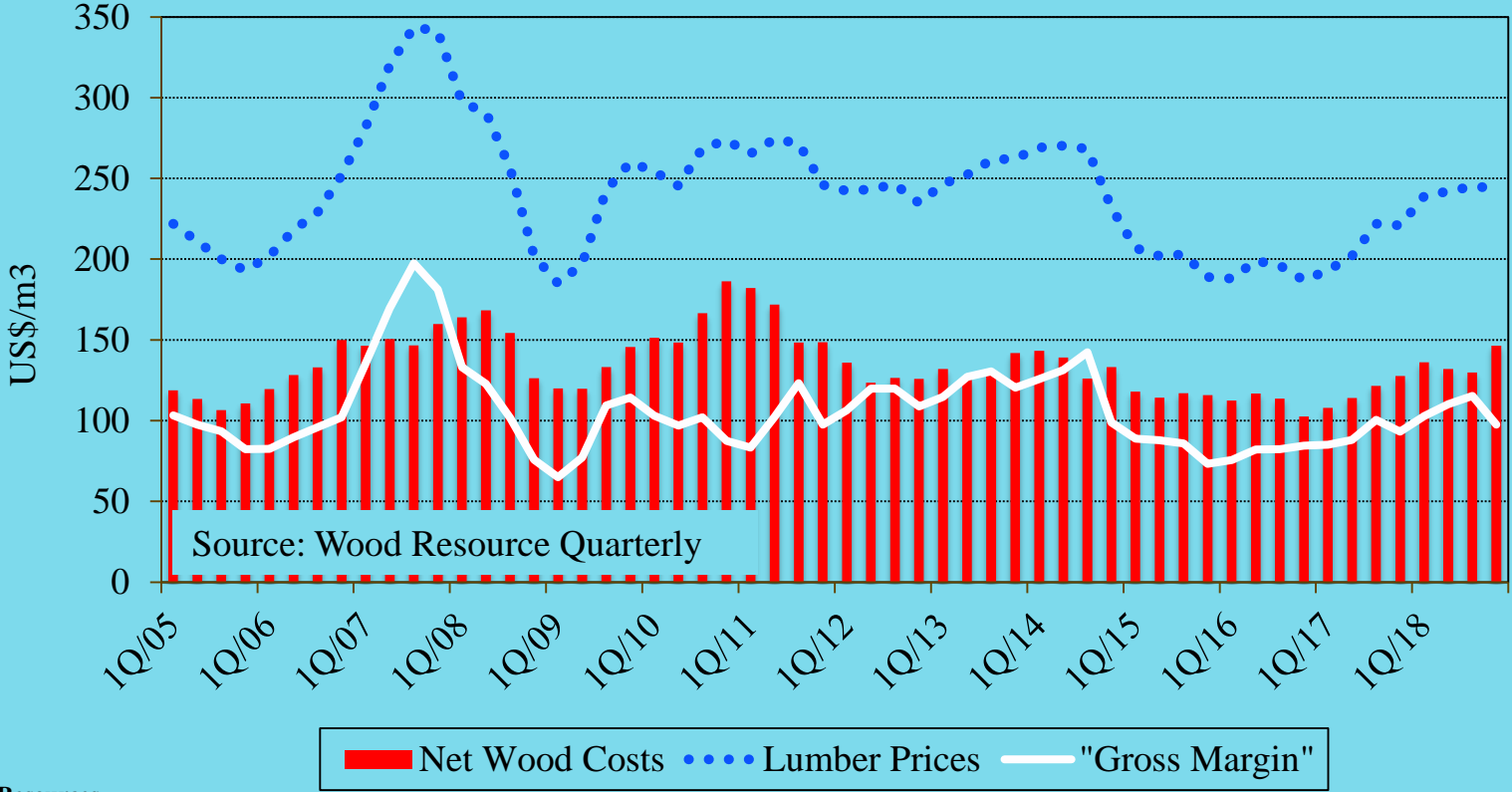


Lumber Prices, Wood Costs and Gross Margins

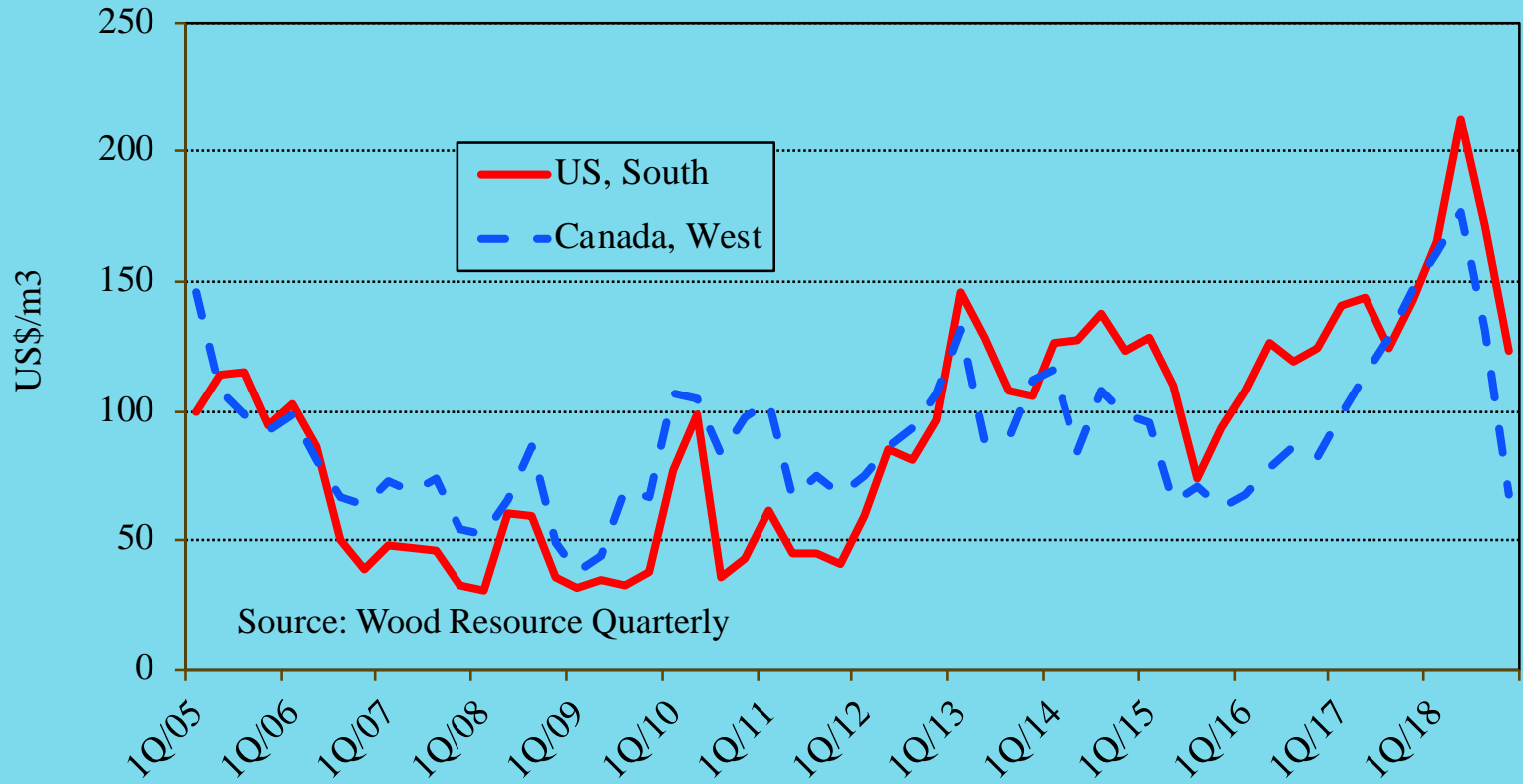


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Sawmill Gross Margins - Sweden



Gross Margins for Lumber Producers in N. America



Source: Wood Resource Quarterly



Key Takeaways

- The global forest industry has been in a steady expansions mode for almost ten years.
- China and the US have continued to be major importers of softwood lumber in 2018 even if shipments slowed slightly towards the end of the year.
- Global wood raw-material costs increased during 2017 and 2018 reaching their highest levels in three years in 2018.
- Outlook for global lumber demand is likely to be lower in 2019 with possible improvements in 2020/21.



Questions?

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**Publisher of the *Wood Resource Quarterly* and
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