Tropical Timber Market Report

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Headlines

In the News

Plantations supply a third of all industrial roundwood

A new study by FAO shows that forest plantations, which make up less that 7% of the forest area in the world, produce one third of the world's industrial roundwood.

In many developing countries expansion of the wood-based manufacturing and export sectors has only been possible because of the raw material supply from plantations. The top 5 producers of industrial roundwood in forest plantations in 2012 were Brazil, the United States of America, China, India and Chile.

The total production volume from plantations in 78 countries in 2012 is estimated at 562 million m^3, equivalent to one third of the total global supply of industrial roundwood (1.7 billion m^3).

See: http://www.fao.org/3/a-i3384e.pdf

Report from Central/West Africa

Country round-up

Cameroon log exporters are still facing delayed shipments as the port operator tries to clear the huge backlog of timber which accumulated when the port operations stopped while authorities negotiated the new contract with the port operator.

Sawmills in the country report that sawnwood shipments are back on schedule and that they have healthy order book positions. Most mills are finding it difficult to build stock levels as business with buyers for the Chinese market is very brisk and Middle East buyers are seldom absent from the market.

Congo Brazzaville log exports continue to be very active. The demand is mainly from buyers for the Chinese market for okoume and the major 'premium' red species.

There are indications that some new investments are in the pipeline and the government appears very open to these new developments but continues to stresses that the industry must adhere to the agreed forest management plans. Any concession holder that does not stick to the harvesting plans can expect a firm response from the authorities.

Transport distances have always been a major cost centre for operations in the country but news is emerging of progress in a number of projects to improve road, rail and port facilities.

Exporters in **Gabon** also report good business but, as in neighbouring countries, they face constraints on log availability such that it seems unlikely that production volumes could be increased above present levels.

Businesses in the country report that there has been no news on the VAT repayments and this is continuing to cause cash flow problems for many companies.

Wood products from the **Central African Republic** must be trucked to Atlantic ports and much transits Cameroon. On June 5, following the murder of a truck driver, all road haulage between CAR and Cameroon was suspended until the security situation was assessed.

Haulage between the two West African neighbours has now resumed much to the relief of the hundreds of drivers who were stranded on the Cameroon border with CAR.

Truck drivers had repeatedly warned of the deteriorating security situation along the Garoua-Boulaï-Bangui road which, according to estimates, carries about CFA55 billion in goods every year.

European markets quiet as holiday season approaches

The European summer vacation period, when importers wish to slow incoming shipment, is allowing producers to catch up on outstanding orders and to improve delivery times for the new business which is expected when European buyers return to the market at the end of August.

Price gains yes, but not across the board

Overall, the recent modest increases in prices have been sustained and over the past few weeks there has been some minor price changes.

However, the price movements are not across-the-board but more reflective of spot purchases when importers stocks have fallen. Most importers now carry minimal stocks so this type of 'spot' price movement can be expected to continue.

Analysts forecasts good price stability supported by steady demand through into the third quarter.

Log Export Prices

West African logs, FOB	€ per m^3		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	220	220	155
Ayous/Obeche/Wawa	225	225	150
Azobe & Ekki	235	230	150
Belli	280⬆	280⬆	-
Bibolo/Dibétou	150	145	
Iroko	320⬆	290	260⬆
Okoume (60% CI, 40% CE, 20% CS) (China only)	340	340	260
Moabi	310⬆	300⬆	-
Movingui	220	220	180
Niove	160	155	-
Okan	280⬆	280⬆	-
Padouk	300	275	210
Sapele	320	320	210
Sipo/Utile	360	360	220
Tali	315	315	-

Sawnwood Export Prices

West African sawnwood, FOB		€ per m^3
Ayous	FAS GMS	350+
Bilinga	FAS GMS	520
Okoumé	FAS GMS	480
	Merchantable	275
	Std/Btr GMS	350
Sipo	FAS GMS	630⬆
	FAS fixed sizes	620
	FAS scantlings	650⬆
Padouk	FAS GMS	820
	FAS scantlings	870
	Strips	500
Sapele	FAS Spanish sizes	620⬆
	FAS scantlings	630⬆
Iroko	FAS GMS	610⬆
	Scantlings	680⬆
	Strips	440
Khaya	FAS GMS	450
	FAS fixed	470
Moabi	FAS GMS	580
	Scantlings	560
Movingui	FAS GMS	420

Report from Ghana

Export earnings fall

Ghana's exported less secondary and tertiary wood products (TWPs) during the first four-months of 2014, compared to the same period last year.

During that period export earnings totalled euro 33.80 million from the export of 83,454 cubic metres of wood products, a 20% drop in volume and a nearly 8% decline in value.

As a share of total exports, secondary wood products (primarily sawnwood) accounted for 83% in the first four months of this year as against 90% in the same period in 2013.

Jan – April 2014 Exports

	Vol. cu.m	Euro
Primary	10,348	1,362,911
Secondary	69,176	30,436,093
Tertiary	3,930	2,002,184
TOTAL	83,454	33,801,188

Source: TIDD

The decline in the export of SWPs can be attributed to lower sales of sawnwood, veneer and plywood. There were also weaker sales of dowels, flooring, mouldings and furniture parts.

The respective market shares of Europe, Africa and Asia were 40%, 31% and 14% with the balance to the United States, Middle East and Oceania.

Wood processing set to get more government support

The Ghana office of the World Bank, in collaboration with the Ministry of Trade and Industry, recently organised a workshop to engage stakeholders on how best to harness the complexities of the technological era for the growth of the manufacturing sector in order to boost competitiveness.

Addressing the workshop, the Bank country director Yusupha B. Crookes commended Ghana for achieving rapid improvements in the business climate. He said Ghana had a good ranking in the assessment of 'ease of doing business". It is this that has helped attract foreign investors into the country.

Mr Kofi Afresah Nuhu, Director in Charge of Manufacturing at the Ministry of Trade and Industry, disclosed the government is to further improve the manufacturing and agricultural sectors and has identified agro-processing, pharmaceutical, plastics and wood processing for special attention.

In a related development, U.S-based Frontiers Strategy Group has ranked Ghana as the 4th most preferred investment destination on the continent after Angola, Kenya and Nigeria.

Utility prices set to rise again

The Public Utility Regulatory Commission (PURC), the utility regulator, has announced increases in water and electricity tariffs.

In a statement the PURC said, effective 1 July 2014, water and electricity tariffs will go up by 6.1% and 12.9% respectively.

Long before the increase, manufacturers, including timber companies, complained of high operating cost due to the ever rising prices for energy.

The recent power load shedding has also affected the operational cost of these companies and huge sums are being spent on fuel to run power generators to keep mills operational.

Government jobs to be cut

Ghana plans to reduce its public sector wage bill to 35% of government revenue in three years as part of a plan to restore macroeconomic stability according to Casie Ato Forson a deputy finance minister. The public sector wage bill accounts for around 70% of government expenditure.

Domestic Log Prices

Ghana logs	US\$ per m^3	
	Up to 80cm	80cm+
Wawa	164-170	180-195
Odum Grade A	170-175	180-188
Ceiba	124-135	140-155
Chenchen	109-122	125-133
Khaya/Mahogany (Veneer Qual.)	145-160	166-185
Sapele Grade A	160-170	175-190
Makore (Veneer Qual.) Grade A	123-130	135-140
Ofram	120-127	130-140

Boule Export prices

	Euro per m^3
Black Ofram	250
Black Ofram Kiln dry	335
Niangon	471⬇
NiangonKiln dry	580

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m^3	
	CORE (1-1.9 mm)	FACE (2mm)
Ceiba	255	352⬆
Chenchen	325	366
Ogea	277⬇	344
Essa	344	350⬇
Ofram	333	365

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afrormosia	1.32	0.47
Asanfina	1.20	0.51⬇
Avodire	1.12	0.57⬆
Chenchen	1.10	0 .44
Mahogany	1.30	0.58⬆
Makore	1.30	0.39⬇
Odum	1.76	1.09⬆

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m^3	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	855	945
Asanfina	480	564
Ceiba	230	285⬇
Dahoma	287⬆	326⬇
Edinam (mixed redwood)	383⬆	525⬆
Emeri	415⬆	479⬇
African mahogany (Ivorensis)	593	634⬆
Makore	580	646
Niangon	550	625
Odum	610	807⬆
Sapele	567	635⬇
Wawa 1C & Select	275	340

Export Plywood Prices

Plywood, FOB	€ per m^3		
BB/CC	Ceiba	Ofram	Asanfina
4mm	460	600	641
6mm	510	545	622
9mm	382⬆	423	490
12mm	374⬆	452	445
15mm	350⬆	380	386⬆
18mm	335⬆	363	370⬆

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export Added Value Product Prices

Parquet flooring 1st	FOB € per sq.m		
	10x60mm	10x65-75mm	14x70mm
Apa	13.00	15.70	18.80
Odum	11.90	12.20	12.52
Hyedua	14.10	14.00	18.45
Afromosia	14.30	18.65	18.55

Grade 2 less 5%, Grade 3 less 10%.

Report from Malaysia

South Korea re-introduces anti-dumping duties

The South Korean Trade Commission has decided to extend anti-dumping duties on Malaysian plywood.

The country will impose anti-dumping duties from 3.08-38.1 % on Malaysian plywood for the next three years. This decision comes after a three-month review of business practices by importers and suppliers of plywood.

Beginning in February 2011 South Korea levied anti-dumping duties from 5.12-38.1% on Malaysian plywood but this measure expired at the end of January 2014.

The South Korean news agency, Yonhap, has reported that Korean manufacturers had requested an extension of the anti-dumping duties as early as July 2013.

Last year, South Korea's plywood market was worth almost won 800 billion (approx. US$780 million). Local manufacturers satisfy around 25% of the domestic demand.

Latest exports of certified timber

Statistics on Malaysia's exports of MTCC certified wood products in the final quarter of 2013 have recently been published.

The top ten importers accounted for over 90% of imports with the bulk going to EU markets. Markets in the Middle East and N. Africa accounted for around 11% of all fourth quarter 2013 exports of certified wood products.

The main products were sawnwood 28,064 cu.m, plywood 12,988 cu.m and mouldings 5512 cu.m .

	Exports Q4 2013 cu.m
Netherlands	14420
UK	6408
Belgium	6058
Germany	3679
France	3060
Saudi Arabia	2833
Japan	2830
China	2079
Australia	1592
UAE	1025
top 10 total	43984

Disbelief in 'temporary' acceptance of MTCC in Netherlands

A press release from the Malaysian Timber Certification Council (MTCC) captioned 'Relief and Disbelief in Malaysia on MTCS-Acceptance' addresses a decision by the government in Netherlands on Malaysia's PEFC-endorsed Malaysian Timber Certification Scheme (MTCS).

The press release reads: "The Malaysian Timber Certification Council (MTCC) welcomes the long overdue acceptance of the already PEFC-endorsed Malaysian Timber Certification Scheme (MTCS) under the Dutch government's public procurement policy for timber.

This decision allows the timber and construction industry in the Netherlands to use PEFC-certified timber under the MTCS for Dutch public procurement projects.

There is however also disbelief that the acceptance by the Dutch government is only temporary, in spite of the intended full acceptance agreed upon three years ago".

Yong Teng Koon, CEO of MTCC writes: "We are relieved that the Malaysian efforts in the field of sustainable forest management opens the Dutch government market for MTCS certified timber. However, we are also concerned that our timber will be treated as less sustainable."

The Netherlands Ministry for Infrastructure and the Environment classifies MTCS as 'not fully meeting the country's Timber Procurement Assessment System (TPAS)', thereby continuing to show differential treatment for the MTCS''.

For more see:
http://www.mtcc.com.my/news-items/relief-and-disbelief-in-malaysia-on-mtcs-acceptance

Long dry season could disrupt river transportation

The current dry season in Malaysia is rather extreme and experts say it could last until August.

Loggers in Sarawak, who produce most of the logs in Malaysia, are not unduly worried at present as the dry weather is helpful for forest operations. However, if the dry spell lasts too long and water levels in the rivers fall too low rafting of logs will be disrupted.

Log exporters in Sarawak report the following FOB price ranges:

Meranti SQ	US$ 260 – 285 per cu.m
Kapur SQ	US$ 335 – 355 per cu.m
Keruing SQ	US$ 310 – 350 per cu.m
Selangan Batu REG	US$ 505-530 per cu.m

Report from Indonesia

Multi-Stakeholder Forestry Programme extended

The third phase of the Multi-Stakeholder Forestry Programme (MFP3) has been officially launched by the Secretary General of the Ministry of Forestry, Dr. Ir. Hadi Daryanto, D.E.A. This programme is to improve forest governance and development through sustainable forest management and the legal trade in wood products.

The outputs of MFP3 in the period 2014-2017 focus on three issues:

- Application of Indonesia's timber legality verification system (TLAS/SVLK) in the upstream and downstream wood processing sectors to ensure the sustainable export of legal timber products to the world markets.
- Support to regional governments and communities on business development in community-based forest management.
- Facilitating and enabling any mechanism to ensure that communities have access to forests and forest resources.

For more see:
http://www.dephut.go.id/uploads/files/6f6944f98495d5e692845c29fc9d4e22.pdf

Smoke haze spreading – the perennial problem

The National Disaster Mitigation Agency (BNPB) has issued a warning that thick haze could cover several regions in Sumatra, especially Riau, due to several large forest fires spotted on the island.

Sutopo Purwo Yuwono of the BNPB said that haze was already building up in several regions in Riau such as Rengat, Pelalawan, Dumai and Pekanbaru and that 250 hotspots had been spotted in Riau alone. At present visibility ranges from three to eight kilometers in the affected areas.

In related news, Singapore has offered to provide assistance to Indonesia and Malaysia to fight possible land and forest fires and to prevent the ensuing haze.

On offer is one C-130 aircraft for cloud-seeding operations; two C-130 aircraft to ferry fire-fighting teams from Singapore; a team to provide assessment and planning of fire-fighting efforts and high-resolution satellite pictures and hot spot coordinates.

Bio-mass alternative energy

The Bogor Institute of Agriculture (IPB) has concluded a study to examine a bio-mass alternative to coal. Yanto Santosa, a professor of ecology at IPB says the four plants assessed were red calliandra, Gliricidia, white lead tree (Leucaena leucocephala) and ear tree Enterolobium cyclocarpum,.

The study found that pellets produced from these plants could generate heat of around 4,600 to 4,700 calories per kilogram. Calliandra (Calliandra callothyrsus) was the most promising due to its fast growth rate and high productivity.

Daru Asycarya, who supervises the project says it has attracted the interest of several bio-mass users including one from South Korea. Daru says the pilot pellet plant is still in the testing stage and before entering commercial production there is a need ensure that top quality products can be produced.

Domestic Log Prices

Indonesia logs, domestic prices	US$ per m^3
Plywood logs	
core logs	210-240
Sawlogs (Meranti)	220-250
Falcata logs	180-230
Rubberwood	105-130
Pine	135-160
Mahoni (plantation mahogany)	140-180

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US$ per m^3
Kampar (Ex-mill)	
AD 3x12-15x400cm	400-440
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	360-400
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US$ per m^3
2.7mm	640-680
3mm	680-710
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US$ per m^3
9mm	380-440
12mm	355-400
15mm	300-330

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB			US$ per m^3
Particleboard	Export	9-18mm	700-740
	Domestic	9mm	980-1040
		12-15mm	600-630
		18mm	500-650
MDF	Export	12-18mm	750-780
	Domestic	12-18mm	430-530

Report from Myanmar

Life gone from log market

According to the Myanma Timber Enterprise (MTE) about 5,000 Hoppus tons (h.tons) of teak, tamalan and other hardwoods was sold by open tender at the end of June.

About 1,700 h.tons comprising teak logs 321 h. tons; teak sawnwood 289 tons; padauk and tamalan logs 439 h. tons; kanyin logs 274 tons and other rough sawn or hewn timber 416 tons were sold by open tender at the MTE headquarters.

Another 1300 h. tons of teak logs; 2550 h. tons hardwood logs; 7 tons of tamalan hewn-timber and 83 tons of teak sawn timber was sold by the office of the local marketing and milling department of MTE.

Analysts say demand is very slow in the international markets. The open tenders, which now only attract buyers from domestic mills, are held only once, or at most twice, a month. Before the log export ban the country was alive with private traders but now it is very quiet.

Wood smuggling from Kachin

According to a study published by retired professor of Botany, Nyo Maung, there is an active trade in illegal logs from the Eimawboon Mountain in Kachin. The Eimawboon forest reserve bordering China is located in northeastern Kachin State and covers an area of 250,000 hectares.

Outlook for Myanmar's economy

Myanmar's economy is forecast to grow 8.5 percent during the current fiscal year mainly due to rising gas production and investment says the International Monetary Fund (IMF). In January 2014, the IMF forecast 7.7 percent growth during the fiscal year that ends March 2015.

The fund left unchanged its forecast that inflation during the fiscal year will be 6.5 percent.

The IMF, which set up a monitoring programme in Myanmar in 2013, said it intends to expand technical assistance and training. The Fund expects expanded foreign investment in manufacturing, telecommunications and natural resources.

EIA says padauk and tamalan on the verge of extinction

Myanmar's tamalan and padauk are disappearing at an extremely rapid pace as traders have been targeting these high valued timbers. The Environmental Investigation Agency (EIA) is warning that, at current rates of cutting, the species could be logged to extinction in Myanmar within as little as three years.

EIA research of Chinese trade data found that imports of tamalan (also known as Burmese tulipwood) and Myanmar padauk has dramatically increased in recent years.

June tender prices

The results of the open tender sales made by Myanma Timber Enterprise (MTE) held on 27 June 2014 are shown below:

Teak logs sales by Special Open Tender No.2/2014-15 (ex-site Sagaing Division)
Teak SG-7, 171 h.tons, Average US$824 per h.ton

Hardwood Open Tender Sales
Kanyin, 274 h.tons, Average price US$415 per h.ton

Sales of seized hardwood logs
Tamlan, 32 h.tons, Average price US$4038 per h.ton
Padauk, 407 h.tons Average price US$ 4269 per h.ton

Sales of seized Padauk, Tamalan in Sagaing Division, Shan State, Kayah State)
Tamlan, Handsawn, 105 tons Average price US$5938 per ton
Padauk, handsawn slabs, 279 tons Average price US$5079 per ton

Sales of seized Teak Flitches, Boards, and Scantlings, Hlegu Yangon Division, Bago Division, and Kayah State
Flitches/Boards, 183 tons, Average price US$2765 per ton
Scantlings, 7 tons, Average price US$1797 per ton

Sales of teak from MTE sawmills

MTE also sold 70 tons of various sizes of teak scantlings by open tender.

The grades are mentioned as Second, Second Reject, Third and Mixed. Sizes vary from 0.5 inches thickness to 5 inches; 1 to 7 inches in width and 1.5 to14 feet in length.

Second Qualality.	US$ 950 to $1315
Second Qualality (Reject)	US $1107 to US$1224
Third Quality	US$160 to US$658
Third Quality (Reject)	US$430 to US$800
Mixed Quality	US$888 to US$908.

The total quantity sold was 70 tons and the value earned was reported to be around US$ 35,000.

Report from India

Import data reflect weak rupee

During the 2013-14 financial year wood product imports (hardwoods and softwoods) through Kandla Port totalled 3,925,555 cubic metres against the 4,354,300 cubic metres imported in the previous financial year.

Kandla Port handles around 50% of India's entire wood product imports. The main reason for the decline in imports was the weak rupee for most of the year.

Imports of tropical logs and squares (cubic metres)

	cu.m
Auaucaria Pine	54,814
Eucalyptus	4,076
Gurjan	230,443
Keruing	122,999
Kapur	163,754
Kempas	148,744
Koompassia	18,448
Meranti	949,228
Mersawa	16,770
Mora	2,116
Poplar	2,225
Resak	56,209
Selangan Batu	91,895
Teak	394,838
total	2,256,559

Teak sources (2013, cubic metres)

Plantation teak	cu.m
Benin	24,409
Brazil	15,063
Columbia	3,547
Congo	1,102
Costa Rica	41,405
Ivory Coast	25,412
Ecuador	80,229
El-Salvador	3,741
Ghana	37,807
Nigeria	3,826
Panama	29,206
Solomon Islands	13,009
Sudan	19,027
Tanzania	5,163
Togo	6,496
Uganda	5,356
Others	5,933
Plantation sub total	320,731
Natural teak	
Myanmar	74,107
Total	394,838

Plantation teak imports 4 times that of natural teak
2013 imports of natural forest teak from Myanmar totalled 74,107 cu.m and imports of plantation teak totalled 320,731 cu.m.

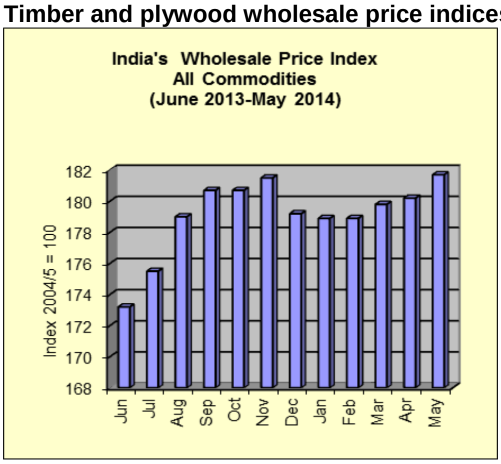
The log export ban in Myanmar has created a market opportunity for suppliers of plantation teak to expand sales to India and importers are urging plantation teak suppliers to improve plantation tending and management techniques to produce higher quality logs.

Inflation at 5 month high
The Office of the Economic Adviser (OEA) to the Indian government provides trends in the Wholesale Price Index (WPI).

Inflation in India jumped to a five-month high in May. The cost of food was up 2.3 percent in May year on year while energy costs rose around half a percent over the same period. Forecasts are for a drier than usual monsoon which could push food prices even higher.

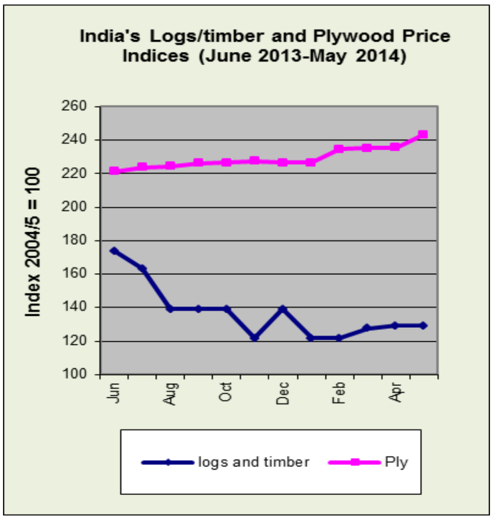
See http://eaindustry.nic.in/cmonthly.pdf

Timber and plywood wholesale price indices



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

The OEA reports Wholesale Price Indices for a variety of wood products. The Wholesale Price Indices for Logs/timber and Plywood are shown below. The May 2014 logs/timber index has remained fairly flat for the past months in contrast to the index for plywood which has steadily increased from the beginning of the year.



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

Prices for imported plantation teak

Over the past two weeks the rupee has weakened against the US dollar mainly due to the conflict in Iraq and the impact this is having on oil prices. Because of the rupee weakness Indian importers are on the side-lines hoping the rupee weakness is a short term problem.

Current C & F prices for imported plantation teak, Indian ports per cubic metre are shown below.

	US$ per cu.m C&F
Tanzania teak, sawn	350-885
Côte d'Ivoire logs	390-750
PNG logs	400-575
El-Salvador logs	340-695
Guatemala logs	400-550
Nigeria squares	370-450
Ghana logs	310-650
Guyana logs	300-450
Benin logs	360-650
Benin sawn	440-800
Brazil squares	360-680
Brazil logs	400-750
Cameroon logs	390-510
Togo logs	380-715
Ecuador squares	330-540
Costa Rica logs	355-700
Panama logs	350-550
Sudan logs	450-700
Congo logs	450-550
Kenya logs	350-600
Thailand logs	460-700
Trinidad and Tobago logs	420-680
Uganda logs	440-800
Uganda Teak sawn	680-800
Laos logs	300-605
Malaysian teak logs	325-525
Nicaragua logs	370-535
Liberia logs	350-460
Colombia logs	400-685

Variations are based on quality, lengths of logs and the average girth of the logs.

Domestic prices for sawnwood

Demand for imported non-teak tropical sawnwood is steadily improving and hardwoods from Latin America are appearing in the market.

The log market in India is slowly adjusting to the log export ban in Myanmar, previously a major source of logs for India.

Prices for air dry sawnwood per cubic foot, ex-sawmill are shown below.

Sawnwood Ex-mill	Rs per cu.ft
Merbau	1550-1650
Balau	1650-1850
Resak	1200-1300
Kapur	1200-1250
Kempas	1100-1200
Red Meranti	875-975
Radiata AD	550-650
Whitewood	600-650

Variations are based on quality, length and average girth of logs

Myanmar teak processed in India

Importers have high stocks of Myanmar teak and analysts suggest there is sufficient in India to satisfy demand for a few months more.

The trade is carefully watching the situation in Myanmar and hopes ways will be found to sustain the demand for high quality teak from Indian and international buyers.

Sawnwood (Ex-mill)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	6000-15000
Plantation Teak A grade	5500-6000
Plantation Teak B grade	3600-4250
Plantation Teak FAS grade	3300-3600

Price variations depend mainly on length and cross section

Imported sawnwood prices

Ex-warehouse prices for imported kiln dry (12% mc.) sawnwood per cu.ft are shown below.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft
Beech	1300-1350
Sycamore	1300-1400
Red oak	1500-1650
White Oak	1600-1800
American Walnut	2300-2400
Hemlock clear grade	1300-1400
Hemlock AB grade	1100-1200
Western Red Cedar	1600-1650
Douglas Fir	1200-1300

Price variations depend mainly on length and cross section

Plywood Market

Indian timber and plywood manufacturers are excited about the new Governments' plan to develop 100 cities as this will boost demand for building materials. Local analysts estimate that the government's plan could involve construction of around 5 million new homes.

Prices for WBP Marine grade plywood from domestic mills

Plywood, Ex-warehouse, (MR Quality)	Rs. per sq.ft
4 mm	36.00
6 mm	49.00
9mm	62.00
12 mm	76.50
15 mm	101.50
18 mm	107.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.19.00	Rs.28.00
6mm	Rs.29.15	Rs.36.00
9mm	Rs.36.60	Rs.43.50
12mm	Rs.43.50	Rs.53.00
15mm	Rs.53.60	RS.64.70
19mm	RS.61.80	Rs.72.40
5mm Flexible ply	Rs.38.00	

Report from Brazil

Respite from interest rate hikes

Brazil´s Consumer Price Index (IPCA) increased 0.46% in May 2014 compared to the 0.67% increase in April 2014 and the May increase drove the accumulated inflation rate to an annualised 3.3%.

After nine consecutive increases, the Monetary Policy Committee of the Central Bank (COPOM) decided to keep the Selic rate at 11%. COPOM reported that the decision to keep the interest rate unchanged was based on consideration the macroeconomic environment and the risks to inflation.

New Timber Control System in Pará State

The Para State Secretariat of Environment (SEMA) is developing a new Transport and Trade Control System for Forest Products, called Sisflora 2. Once implemented the improved system will allow better control over timber movements and will strengthen efforts to combat environmental degradation and illegal logging.

The main improvement in Sisflora 2 will be a geo-referencing feature where individual trees will be tracked by REFID (Radio Frequency Identification) chips which will be placed at the base of trees to be logged and on subsequent billets transported.

Sisflora 2 is being developed in response to new demands in the international market requiring proof of legality. Despite the additional cost to timber producers the investment will assure overseas buyers of the legal origin of exports from the state.

Deforestation: Brazil fulfill goal of reducing emissions from deforestation

The Ministry of Environment (MMA) announced, during the celebration of Environment Week that Brazil was the only country to meet the goal agreed at the Conference of the Parties in Durban (COP17) of reducing greenhouse gases emissions related to deforestation.

MMA reported that Brazil will officially submit the results to the United Nations Framework Convention on Climate Change (UNFCCC). Reports from Brazil say the country has reduced GHG emissions over the past four years in an amount equivalent to the annual emissions of the United Kingdom (600 million tons of carbon dioxide equivalent).

MMA anticipates that this result will contribute to discussion of a new global climate agreement, climate negotiations in Lima (COP-20, in Peru, in December 2014) and Paris (COP-21, in France, in 2015).

Exports rise but tropical sawnwood misses out

In June 2014, wood products exports (except pulp and paper) increased 7.2% in terms of value compared to June 2013, from US$222 million to US$238 million.

Pine sawnwood exports increased 40.8% in value in June 2014 compared to June 2013, from US$12 million to US$16.9 million. In terms of volume, exports rose 38%, from 53,100 cu.m to 73,300 cu.m over the same period.

On the other hand, tropical sawnwood exports fell 17% in volume, from 34,200 cu.m in June 2013 to 28,400 cu.m in June 2014. In value terms export earnings dropped 13.6% from US$16.9 million to US$14.6 million over the same period.

Pine plywood exports fell slightly (-0.2%) in value in June 2014 compared to June 2013 but the volume increased 4.1%, from 104,700 cu.m to 109,000 cu.m, over the same period.

Tropical plywood exports declined 37.5% in terms of volume, from 4,800 cu.m in June 2013 to 3,000 cu.m in June 2014.The value of exports fell 34.5%, from US$2.9 million in June 2013 to US$1.9 million in June 2014.

It came as a disappointment that exports of wooden furniture declined in June from US$ 42.8 million in June last year to US$ 41.4 million this June 2014, a 3.3% drop.

Furniture Industry seeks new markets in the Middle East

Furniture manufacturers in Santa Catarina, one of the largest furniture producing states in Brazil, want to increase furniture exports to the Middle East.

One of the manufacturers in the state already sells to the United Arab Emirates, Kuwait and Saudi Arabia and sees a potential to expand into other Middle East countries.

According to company representatives there are opportunities in Qatar, Oman, Jordan and Bahrain as incomes are high and consumers appreciate the solid wood style of furniture produced by the company.

At present the company exports around 5% of it output to the Middle East but firmly believes this can be increased.

Ipe withdrawn from UK DIY stores

The British company Jewson announced that it will temporarily stop selling Amazon timbers from its more than 600 stores in England.

According to the company while exporters are only required to have official Brazilian documents related to timber transport (Document of Forest Origin - GF3) this was considered insufficient to ensure and demonstrate the legal origin of wood.

The British company has moved to strengthen its chain of custody audit and has contracted specialists in Brazil to assist with this.

For an overview of this story see: http://www.ttjonline.com/news/brazil-laundering-illegal-timber-says-greenpeace-4269397/

Price trend round-up

The price of Brazilian roundwood from natural forests ranges from US$111 per cubic metre to US$178 per cubic metre at mill yard while prices of Brazilian sawnwood from natural forest logss varies from US$256 per cubic metre to US$885 per cubic metre ex-mill depending on the species.

The price of parica WBP glue plywood ranges from US$566 per cubic metre to US$768 per cubic metre ex-mill depending on thickness.

Prices for parica MR glue plywood range from US$506 per cubic metre to US$684 cubic metre ex-mill according to the thickness.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US$ per m³
Ipê	178⬆
Jatoba	111⬆
Massaranduba	121⬆
Miiracatiara	126⬆
Angelim Vermelho	117⬆
Mixed redwood and white woods	112⬆

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US$ per m³
Ipe	1297
Jatoba	1168
Massaranduba	700
Miiracatiara	735
Pine (KD)	220

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US$ per m³
Ipé	885⬆
Jatoba	555⬆
Massaranduba	425⬆
Muiracatiara	477⬆
Angelim Vermelho	423⬆
Mixed red and white	256⬆
Eucalyptus (AD)	244⬆
Pine (AD)	194⬆
Pine (KD)	207⬆

Export Plywood Prices

Pine Plywood EU market, FOB	US$ per m³
9mm C/CC (WBP)	374
12mm C/CC (WBP)	343
15mm C/CC (WBP)	331
18mm C/CC (WBP)	323

Domestic Plywood Prices (excl. taxes)

Parica	US$ per m³
4mm WBP	768⬆
10mm WBP	696⬆
15mm WBP	566⬆
4mm MR	684⬆
10mm MR	537⬆
15mm MR	506⬆

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

Domestic ex-mill Prices	US$ per m³
15mm MDP	343⬆
15mm MDF	522⬆

Export Prices For Added Value Products

FOB Belem/Paranagua Ports		US$ per m³
Decking Boards	Ipê	2,345
	Jatoba	1,558

Report from Peru

Government stimulus proposal attracts criticism

Because of a sharp drop in output and exports from the mining and construction sectors Peru's economy grew by just 2% in April, the worst performance since October of 2009, during the global financial crisis

In response the government introduced new economic measures to reactivate the economy, attract investment and boost confidence.

In an effort to boost growth the government has proposed relaxing environmental rules by temporarily reducing fines particularly in the mining and energy sectors.

This suggestion has attracted criticism from environmental organisations who say they will undermine the Environment Ministry's responsibilities in regulating mining and energy activities.

In June the World Bank lowered its 2014 growth forecast to 4% January's 5.5% estimate citing slower than expected improvements in demand in the US and China, Peru's top trading partners.

Export Sawnwood Prices

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

Peru Sawnwood, FOB Callao Port (cont.)	US$ per m^3
Virola 1-2" thick, length 6'-12' KD	
Grade 1, Mexican market	439-508
Grade 2, Mexican market	388-423
Cumaru 4" thick, 6’-11’ length KD	
Central American market	841-865
Asian market	886-955↑
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	606-631
Marupa (simarouba) 1”, 6-11 length Asian market	444-495

Peru Sawnwood, FOB Iquitos	US$ per m^3
Spanish Cedar AD Select Mexican market	911-931
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	433-474
Grade 2, Mexican market	342-381
Grade 3, Mexican market	161-176
Marupa (simarouba) 1”, 6-13 length KD	
Grade 1, Mexican market	369-426↑

Domestic Sawnwood Prices

Peru sawnwood, domestic	US$ per m^3
Mahogany	-
Virola	152-177
Spanish Cedar	296-355
Marupa (simarouba)	110-121

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, 15mm		328-365
Virola, 2 faces sanded, B/C, 5.2mm		466-489
Cedar fissilis, 2 faces sanded.5.5mm		759-770
Lupuna, treated, 2 faces sanded, 5.2mm		373-399
Lupuna plywood	B/C 15mm	407-439
	B/C 9mm	366-385
	B/C 12mm	350-360
	C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.		370-393

Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic	US$ per m^3
(Iquitos mills) 2440x1220	
4mm	489↑
6mm	495↑
8mm	497
12mm	446
(Pucallpa mills)	
4mm	463
6mm	439
8mm	430
12mm	429

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		1287-1388
Cumaru KD, S4S	Swedish market	915-1043
	Asian market	1309-1355
Cumaru decking, AD, S4S E4S, US market		1215-1311
Pumaquiro KD # 1, C&B, Mexican market		464-534
Quinilla KD, S4S 2x10x62cm, Asian market		493-519
	2x13x75cm, Asian market	732-815

Report from Guyana

Diversifying the product range

The Forest Products Development and Marketing Council of Guyana Inc (FPDMC) is working with local manufacturers to encourage product diversification through the production of value added products and the greater utilisation of residues from sawmilling operations.

The FPDMC is developing product/manufacturing ‘profiles’ to inform manufacturers of the opportunities that exist in the industry and what investments and technology would be required for a range of products.

The aim is to produce affordable products manufactured from sustainably harvested lesser known species. Also, sawmillers are being encouraged to produce dimensional lumber to able to compete with imported products

Financial challenges for Iwokrama

The 2012-2013 Annual Report for the Iwokrama International Centre for Rainforest Conservation and Development reveals that income for 2013 was down almost 40% from levels in 2012 as grant income fell sharply.

In the Annual Report the CEO, Dane Gobin, says “2012-2013 remained another challenging period for the Centre as it struggled to find a viable financial model in light of the still enduring international financial crisis.

Support from the Government of Guyana continued to be our major source of funding and the Centre continued to implement its austerity programme and pursue consolidation activities,”

See: http://www.iwokrama.org/iwokrama-annual-report-2012-2013/

The purpose of the Iwokrama International Centre (IIC) is to manage the Iwokrama forest, a unique reserve of 371,000 hectares of rainforest, “in a manner that will lead to lasting ecological, economic and social benefits to the people of Guyana and to the world in general”.

Export Log Prices

Logs, FOB Georgetown	SQ - US $ Avg unit value per m^3		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	200	170	150-170
Mora	-	-	-

Export Sawnwood Prices

Sawnwood, FOB Georgetown		$ Avg unit val. per m^3	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	636-953
	Select	640-1,059	-
	Sound	-	-
	Merchantable	-	
Purpleheart	Prime	-	-
	Standard	-	650-1,018
	Select	1,080	-
	Sound	-	-
	Merchantable	-	
Mora	Prime	-	-
	Select	594	-
	Sound	-	-
	Merchantable	-	-

In the case of no price indication, there is no reported export durin-g the period under review.

Export Plywood Prices

Plywood, FOB Georgetown Port			US$ Avg unit val. per m^3
Baromalli	BB/CC	5.5mm	No export
		12mm	450-584
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Exports drop on weak demand in Asia and US

Data from Japan's Ministry of Finance (MoF) is showing that May exports fell marking the first drop in more than 12 months. In particular, exports to Asian countries and the US dropped and this makes it even more likely that the Bank of Japan (BoJ) will come with an additional stimulus package in the near future.

Overall, May exports fell almost 3% year-on-year according to the MoF, a sharp reverse on the 5% increase reported for April. A growth in exports is central to the plan of the BoJ plan to achieve its inflation goal and to offset the impact of the consumption tax increase introduced in April this year.

On the other hand, Japan's import bill eased in May, (another first for almost 2 years) by 3.6% from 2013. The latest, weaker than expected, import figures helped narrow the trade deficit which has been made worse because of energy imports.

For the MoF statistics see: http://www.customs.go.jp/toukei/srch/indexe.htm

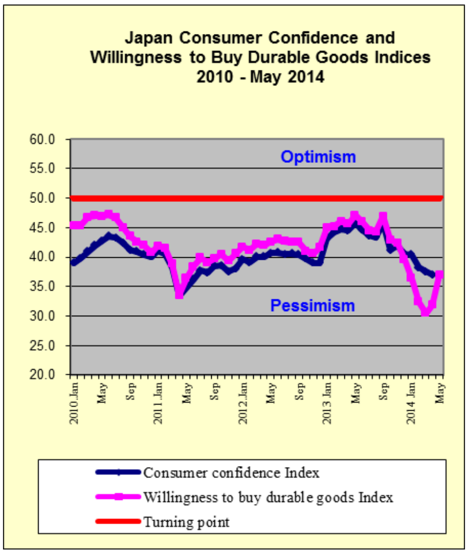
Employment figures moving in the right direction

The latest employment figures from Japan's Ministry of Internal Affairs and Communications shows that the unemployment rate edged down to 3.5% in May from 3.6% in April, a sign that the jobs market is tightening.

Unemployment figures from Japan have been trending lower since the end of 2013 and this is expected to impact consumer confidence figures for June.

The encouraging employment figures came in contrast to data showing household spending fell 8% during the first five months of the year, much worse than projected.

The decline in spending was due mainly fewer purchases of cars and household appliances as most consumers had completed purchases in advance of the consumption tax increase in April. Analysts expect the economy to have weaken in the second quarter.



Data source: Cabinet Office, Japan

Pace of house building in disaster areas disappointing

Japan's housing starts grew steadily in the final quarter of 2013 but slowed in the first quarter of 2014. While there are signs that the economy may be improving, not all is well in the housing sector.

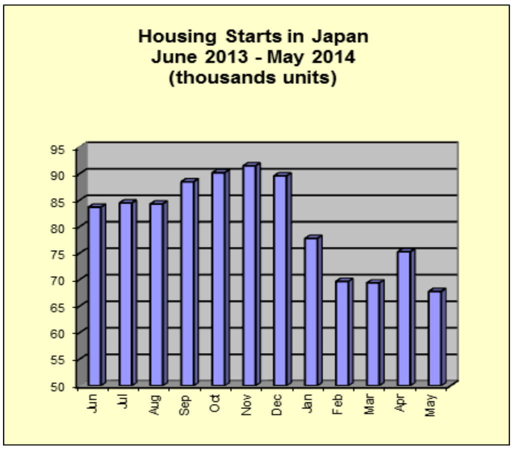
As of the end of April over 60,000 families from the area surrounding the Fukushima nuclear plant are still living in temporary accommodation.

It is now three years since they evacuated and while they were offered free housing for a short period, prospects for a permanent solution are dim.

The pace of new home building for those in the disaster hit areas has been slow and now, with construction work for the 2020 Tokyo Olympics already underway, construction workers find they can earn more working in Tokyo.

The latest data from the Ministry of Land, Infrastructure, Transport and Tourism shows that May housing starts fell 15% year on year, much more than forecast.

See:
www.e-stat.go.jp/SG1/estat/NewListE.do?tid=000001016966



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

‘Third arrow’ of growth plan revealed

The Japanese cabinet has approved and released a growth strategy aimed at revitalising the economy and restoring the country's global competitiveness.

The latest of the growth plans is the so-called ‘third arrow’ of the prime ministers offencive against deflation. The plan includes over 240 proposals affecting labour regulations, government pension fund investments, corporate governance and tax policies, expanded childcare to bring more women into the workforce and an investment boom.

These measures, say the ruling party, are what are needed to unlock stalled corporate investment and stimulate innovation.

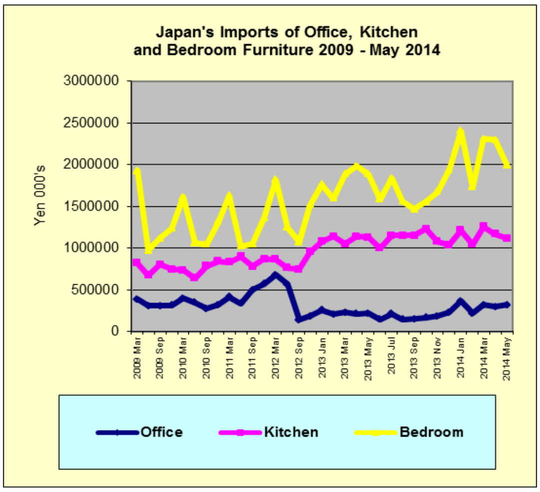
While economists have applauded the concepts in the plan their fear is that details, like the size and timing of the changes are either vague or unspecified.

Many of the proposals will only apply to enterprises in the new "special economic zones" which will be free of much of the bureaucratic hurdles which constrain the private sector.

Trends in office, kitchen and bedroom furniture imports

Japan’s office kitchen and bedroom furniture imports from 2009 to the end of May 2014 are shown below.

As anticipated, Japan’s furniture imports eased in May. A Sharp decline was seen in both kitchen and bedroom furniture imports with office furniture imports remaining at about the same level as in April.



Source: Ministry of Finance, Japan

Office furniture imports (HS 9403.30)

May 2014 office furniture imports

	Imports, May 2014 Unit 1,000 Yen
S. Korea	-
China	127787
Taiwan P.o.C	7977
HG KONG	-
Vietnam	-
Thailand	541
Malaysia	9991
Philippines	397
Indonesia	9007
Sweden	-
Denmark	1181
UK	217
Netherlands	-
Belgium	-
France	-
Germany	30990
Switzerland	-
Portugal	37602
Italy	14393
Poland	61131
Lithuania	6207
Slovakia	8579
Canada	-
USA	1055
Mexico	-
Australia	-
Total	317055

Source: Ministry of Finance, Japan

May imports of office furniture into Japan increased 7% compared to April levels. China maintained its number one ranking as the main supplier and in May increase exports to japan by 30%.

Poland was ranked second and Portugal third in terms of the value of exports of office furniture to Japan. The top three suppliers accounted for over 70% of all office furniture imports.

Kitchen furniture imports (HS 9403.40)
The top three suppliers of kitchen furniture to Japan in May remained Vietnam, 36.7% (39.5% in April), China, 19.8 % (20.1% in April) and Indonesia 17.2% almost the same as in April.

Of the non-Asian suppliers only Germany fearures prominently in May, accounting for 5.5% of Japan's kitchen furniture imports. The top three suppliers. plus Philippines, accounted for around 90% of May kitchen furniture imports by Japan.

May 2014 kitchen furniture imports

	Imports May 2014 Unit 1,000 Yen
S. Korea	-
China	221057
Taiwan P.o.C	-
Vietnam	409084
Thailand	2919
Malaysia	11277
Philippines	189531
Indonesia	192958
India	237
Denmark	-
UK	1024
France	-
Germany	55818
Portugal	-
Italy	5930
Poland	624
Austria	1849
Romania	8102
Lithuania	1412
Canada	8365
USA	4640
Total	1114827

Source: Ministry of Finance, Japan

Bedroom furniture imports (HS 9403.50)
April bedroom furniture imports were largely unchanged and so avoided the downturn seen with office and kitchen furniture imports however, May figures show a sharp correction. Japan's May imports of bedroom furniture fell 13% with the top three suppliers, China, Vietnam and Thailand all recording significant declines.

May 2014 Bedroom furniture imports

	Imports, May 2014 Unit 1,000 Yen
S. Korea	1856
China	1162730
Taiwan P.o.C	22374
Vietnam	474369
Thailand	68369
Singapore	-
Malaysia	91957
Philippines	-
Indonesia	50456
Kazakhstan	-
Sweden	6279
Denmark	9122
UK	224
France	658
Germany	4123
Spain	-
Italy	19460
Poland	38091
Austria	341
Romania	11454
Turkey	-
Latvia	-
Lithuania	12727
Bosnia and Herzegovina	307
Slovakia	9021
USA	9008
Brazil	-
Total	1992926

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 extract and reproduce news on the Japanese market.

The JLR requires that ITTO reproduces newsworthy text exactly as it appears in their publication.

For the JLR report please see:
http://www.n-mokuzai.com/modules/general/index.php?id=7

Wood Use Point System

The administration office of the Wood Use Point System of the Forestry Agency announced on May 29 that it added three foreign species as qualified species for the system. They are European spruce, red pine from Sweden and radiate pine from New Zealand.

Each prefecture needs to approve above added species and construction method for the system. Newly approved species and type of construction are as follows:

- Prefecture of Gifu, Fukui, Nagano approved post and beam construction built with majority of structural members by cedar, cypress, larch, fir, red pine, black pine, Ryukyu pine and yellow cedar or American Douglas fir for the system.

- Prefecture of Kanagawa, Gifu, Shiga, Fukuoka, Nagasaki approved log house and platform construction with cedar, cypress, larch, fir and American Douglas fir.

- Prefecture of Hokkaido, Ibaraki, Tokyo, Kanagawa, Nagano, Miye, Shiga, Osaka, Hyogo, Wakayama, Okayama, Hiroshima and Yamaguchi approved post and beam construction with cedar, cypress, larch, fir, red pine, black pine, Ryukyu pine, yellow cedar, American Douglas fir and Austrian spruce.

By all those approvals, American Douglas fir is qualified for both post and beam and platform construction in 42 prefectures and log house in 41 prefectures.

April plywood supply

Total supply of plywood in April was 587,700 cbms, 0.8% more than April last year and 5.3% more than March. This is the second highest next to last January. In particular, domestic monthly production was the highest this year but the inventories were only half month yet. Imported plywood was also high.

Volume of imported plywood was 325,100 cbms, 3.7% less and 6.1% more. Monthly average volume in last four months was 319,200 cbms, 0.2% more than the same period of last year. Malaysian volume increased by about 20,000 cbms from March to 147,700 cbms, 10.5% less and 15.1% more.

Monthly average for last four months was 137,800 cbms, 7.6% less than the same period of last year. Indonesian volume was 90,200 cbms, 2.5% less and 7.4% less.

Four month average is 91,300 cbms, 2.0% more. Volume from China was 74,000 cbms, 1.9% less and 6.2% more. Four month average was 69,300 cbms, 4.0% more.

Malaysia suffered log shortage since late last year and it is reported that even major mill had about 20% less production in February. However, Japan side is cautious in buying futures with ambiguous market so the arrivals from Malaysia seem to stay low.

Domestic production in April was 252,500 cbms, 7.4% more and 4.1% more.

2013 Forestry white paper

The government approved 2013 forestry white paper on May 30, which contains trend of forest and forest industry in 2013 and forestry measures for 2014.

The stock of artificial forest increased by 5.4 times in fifty years. Timber of more than 45 years old takes a majority of 5,230,000 hectares so the future subjects are harvest, utilization and replantation of rejuvenation of matured forests. Also development of new demand and establishment of
stable supply system are needed.

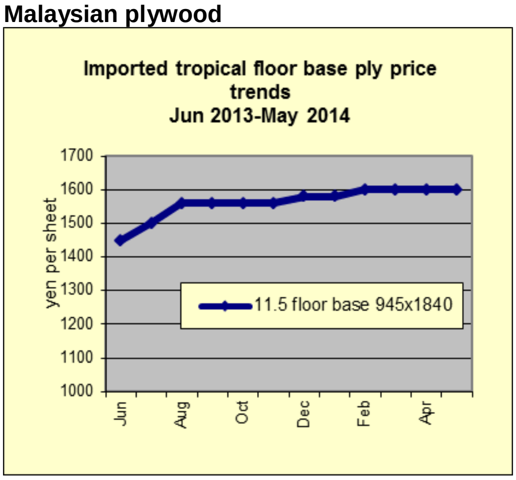
The paper explained history of forestry after the war. Increase of stock by aggressive plantation but harvest and maintenance of forest was not properly done by expansion of import of foreign logs and lumber by strong yen. It emphasizes that it is important to have circulation cycle of planting, harvesting, consuming then replanting

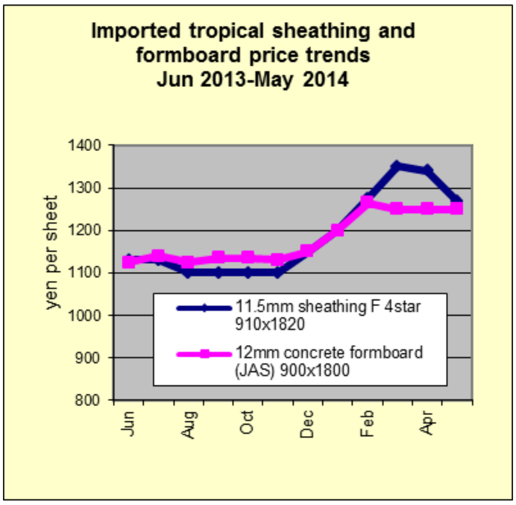
Plywood

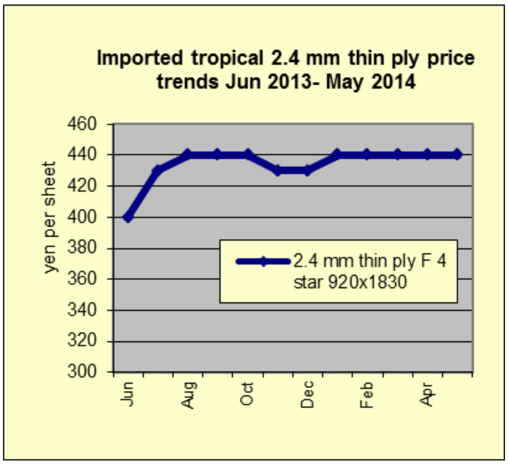
Plywood market turned weak since May on both domestic and imported products. April production of domestic softwood plywood was 236,300 cbms, 4.2% more than March, the second highest monthly production next to October 2013 then the shipment was 218,300 cbms, 1.8% less than March.

The inventories increased to 114,800 cbms, 19.6% more than March but they are way shorter than one month inventory so the manufacturers are not worried and stay bullish. Meantime, trading firms and wholesalers are reducing the sales prices to secure sales amount and protect their market.

Price trends for Japanese imports of Indonesian and Malaysian plywood







Market of imported plywood is also softening. Weakening softwood plywood market is influencing imported plywood market and trading is limited in small volume.

In particular, 12 mm structural panel and 3x6 concrete forming panel are weak. Imported structural panel supplemented short supplied domestic softwood panels since late last year but
after domestic supply became ample, it finished its role and the inventories increased.

Since last April, some trading firms started selling at lower prices so the prices have been down. Concrete forming and concrete forming for coating had rather firm market but since late May, they started weakening.

Production of preserved wood for the first quarter
Japan Wood Preservers Industry Association disclosed production of pressurized preservative wood for the first quarter this year is 48,577 cbms, 5.5% higher than the same period of last year. Production of preserved wood for sill is up by 3.7%.

Percentage of pressurized preserved wood for residential housing is 82%, out of which 53% is for ground sill so consumption of sill has influence on the production.

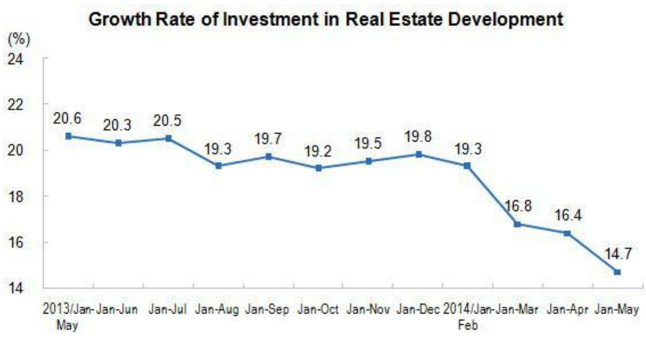
In the first quarter production, 25,731 cbms is for sill, 3.7% more than the first quarter last year. 14,301 cbms for housing like post, lintel, furring strip and sheathing for ceiling, 3.4% more, almost the same growth with sill.

The most grown item is exterior materials like decking, which was 3,987 cbms, 16.8% more. Also the production for others like crating, gardening and engineering works was 2,709
cbms, 43.9% more.Railroad tie and telephone poles, which used to be the main items for preserved wood declined after concrete products replaced wood.

Rail tie production was 1,826 cbms, 12% down and telephone pole was only 23 cbms, 58.9% down.

Report from China

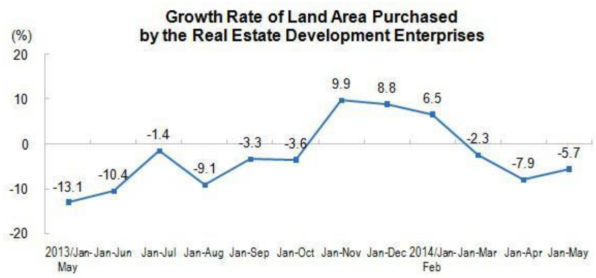
Housing Investment continues to slow
Total real estate investment in China in the first five months of 2014 was yuan 3,073.9 billion, a nominal increase of almost 15% year-on-year but an almost 2% drop on the first four months of this year. Of the total investment close to 69% was in residential buildings (2% down from April).



Source: National Bureau of Statistics, China

In the first five months of this year real estate investment in the eastern region was down by 1.7% on levels in the first four months of the year. Investment in the central region was down 1.8% and a 1.2% fall was recorded in the western region. In the first five months the land area purchased by real estate developers fell 5.7% year-on-year.

See:
http://www.stats.gov.cn/english/PressRelease/201406/t20140613_568415.html



Source: National Bureau of Statistics, China

Property sales account for between 12-15% of China's GDP so the latest data from the National Bureau of Statistics showing that homes sales continue to slow represents a risk to the economy as a whole.

Falling prices for homes and the decline in building have a knock on effect to other parts of China's economy as everything from construction worker wages, furniture demand and family expenditure are all negatively affected.

The National Bureau of Statistics press release shows that, compared with the previous month, prices of newly constructed commercial residential buildings (excluding affordable housing) in a sample of cities surveyed fell in 35 cities, was unchanged in 20 and only increased in 15 cities.

However, compared with May last year home prices only fell in 1 city and increased in all the others. In May, the year-on-year price changes were from plus 4.8% to plus 11.3%.

For second hand homes prices declined in 5 cities, were unchanged in 1 city and increased in all others compared with the same month of last year.

The latest data on retail sales shows that during the first five months of 2014 furniture sales were up 15% and sales of household appliances grew 7% year-on-year but during the same period last year, furniture sales were up 20% and household appliance sales were up 22%.

Official data showed that 4.9 billion square metres of new homes across China were under construction last year, while home sales stood at just 1.2 billion square metres suggesting an even further downwards pressure coming to bear on house prices.

For more see:
http://www.stats.gov.cn/english/PressRelease/201406/t20140623_571419.html
and
http://www.stats.gov.cn/english/PressRelease/201406/t20140613_568419.html

'Redwood" product marketing standard released

A standard for Chinese redwood product sales and after-sales service for the benefit of consumers has been released by the Hongmu Committee within the China Timber and Wood Products Distribution Association (CTWPDA). The voluntary standard will become effective in 2015.

The issues clarified in the standard include general and technical requirements, after-sales service, repurchase, leasing and an evaluation system for redwood products sales.

Local experts think that this standard will help eliminate fraudulent and unprofessional activities in the redwood market.

Rosewood added to East China Forest Exchange

On 11 June 2014, the East China Forest Exchange began providing a trading platform for redwood, until now only plywood was listed on the exchange.

The listing of redwood products has created opportunities for electric business dealings and could transform and upgrade the redwood industry in Zhejiang Province. The exchange provides for online transactions, settlement, financing and logistics management.

Details of capital, market and logistic flows have been integrated into one platform to provide spot electronic trading, finance as well as information on warehousing logistics for manufacturers, distributors, traders and terminal users.

It has been reported that two species of rosewood (*Dalbergia cochinchinensis* Pierre) from Nanaholy Furniture (International) Group were listed on the exchange and the value of business on the first day of trading reached yuan 1.37 billion.

Dalbergia cochinchinensis, is traded as Thailand rosewood, Siamese rosewood or tracwood and is included in the IUCN red list of endangered species and is a CITES Appendix II listed species.

Wooden villas exports to India

According to Manzhouli Entry-Exit Inspection and Quarantine Bureau, recently two wooden villas were recently shipped from Manzhouli Port to Dalian Port and on to India.

The shipment was valued at yuan 400,000 and included the main structural framework, window frames, doors and frames and wooden flooring. This shipment was a first for manufacturers in the timber processing zone at Manzhouli Port.

In order to support enterprises explore new international market, Manzhouli Entry-Exit Inspection and Quarantine Bureau provides advisory services such as:

Consultant services on export application and production technologies, advise on the importing country customs regulations and standards and advise on raw materials, products and packaging.

The support provided by the local authorities lay the foundation for development of this new business opportunity.

Plywood exports surge

In the first five months of 2014, plywood valued at US$3.21 million were exported through Qinzhou Port in Guangxi province, a year on year increase of 186% in value. To-date no claims have been received from importers.

The plywood was exported to South Korea, Thailand, Singapore, Saudi Arabia and Taiwan P.o.C for use mainly in construction, packaging and home interior decoration.

The expansion of plywood exports through Qinzhou Port comes on the heels of firm international demand for plywood and the ready availability of raw materials from extensive eucalyptus plantation in the province.

In order to promote plywood exports, Qinzhou Entry-Exit Inspection and Quarantine Bureau provides a range of services to plywood enterprises in addition to its normal function of assisting with customs export procedures

The Bureau has strengthened inspection and quality control along the supply chain in order to guarantee the quality of exported plywood products.

Imports to Guangxi province fall sharply

According to the statistics from Guangxi Zhuang Autonomous Region Customs, timber imports by mills in Guangxi province fell 34% in May compared to a month earlier. Guangxi Zhuang Autonomous Region (GZAR), is an autonomous region of southern China along its border with Vietnam.

Location of Guangxi Zhuang Autonomous Region

Source: Wikipedia

Analysts in China say the main reasons for the decline in imports were the weather, changing policies and logistic issues. In May this year Guangxi and other areas in Southwest China suffered heavy rains and this affected logging and transportation.

In addition, the log export ban in Myanmar had a major impact on log availability. The tensions between China and Vietnam also had an impact as timber from Laos destined for China has to pass through Vietnam and trade between Vietnam and China has been disrupted.

CITES III listing for oak, ash and Yucatan rosewood

The recent listing in CITES Appendix III of mongolian oak (*Quercus mongolica*) and manchurian ash (*Fraxinus mandshurica*) by the Russian Federation and Yucatan rosewood (*Dalbergia tucurensis*) by Nicaragua means that all cross-border shipments must be accompanied by official documentation certifying the legal origin.

For more see:
http://www.cites.org/eng/CITES_extends_legal_controls_on_high-value_timber

Appendix III is a list of species included at the request of a Party that already regulates trade in the species and that needs the cooperation of other countries to prevent unsustainable or illegal exploitation (see Article II, paragraph 3, of the Convention). International trade in specimens of species listed in this Appendix is allowed only on presentation of the appropriate permits or certificates.

Documentation required under Appendix III can be found at:
http://www.cites.org/eng/disc/text.php#V

Guangzhou Yuzhu International Timber Market Wholesale Prices

Logs

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	5200-5400
Bangkirai	dia. 100 cm+	5300-5500
Kapur	dia. 80 cm+	2800-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	2000-2200
Kempas	dia. 60 cm+	2000-2100
Teak	dia. 30-60 cm	8000-12000

	Logs	yuan/cu.m
Greenheart	dia. 40 cm+	2300-2450
Purpleheart	dia. 60 cm+	3100-3300
Pau rosa	dia. 60 cm+	4700-4800
Ipe	dia. 40 cm+	4000-4800
yuan per tonne		
Cocobolo	All grades	53000-58000

	Logs	yuan/cu.m
Wenge	All grades	4300-5200
Okoume	All grades	2200-2500
Okan	All grades	3700-3800
African blackwood	All grades	8000-15000
African rosewood	All grades	5000-6500
Bubinga	dia. 80 cm+	13000-15000

	Logs	yuan/cu.m
Ash	dia. 35 cm+	4200-4300
Basswood	dia. 36 cm+	3500-3800
Elm	dia. 36	2800-3600
Catalpa	dia. 36	2800-4200
Oak	dia. 36 cm+	4000-5500
Scots pine	dia. 36 cm+	2000-2200
Larch	dia. 36 cm+	1550-1900
Maple	dia. 36 cm+	2700-3050
Poplar	dia. 36 cm+	1650-1950
Red oak	dia. 30 cm+	2500-2600

Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	7300
Zebrano	Grade A	12000-15000
Walnut	Grade A	9500-10000
Sapelli	Grade A	7500-7900
Okoume	Grade A	4200-4500
Padauk	Grade A	14500-17000
Mahogany	Grade A	6500-7000
yuan/tonne		
Ebony	Special grade	16000

	Sawnwood	yuan/cu.m
Ulin	All grade	9000-10000
Merbau	Special grade	8600-9500
Lauan	Special grade	4600-4800
Kapur	Special grade	5500-6000
Teak	Grade A	9600
Teak	Special grade	14000-20000

	Sawnwood	yuan/cu.m
Cherry	FAS 2 inch	10000-12800
Black Walnut	FAS 2 inch	14000-16000
Maple	FAS	7500-10000
White oak	FAS	8000-11000
Red oak	FAS	6800-9000
Finnish pine	Grade A	3000

	Sawnwood	yuan/cu.m
Maple	Grade A	10000-10500
Beech	Special grade	5300
Ash	no knot	5000-5800
Basswood	no knot	2700-3500
Oak	no knot	4000-5500
Scots pine	no knot	2800

Shanghai Furen Forest Products Market Wholesale Prices

Logs

Logs All grades	000's yuan/tonne
Bois de rose	250-300
Red sandalwood	1600-2000
Siam rosewood	100-550
Burma padauk	27-45
Rengas	8-15
Mai dou lai	6000-8000
Neang noun	32-65
Burma tulipwood	28-60
Cocobolo	43-180
Morado	10 - 15
Ebony	15-40
Trebol	7-8
African sandalwood	18-32

Sawnwood

	Sawnwood	yuan/cu.m
Okoume	Grade A	4500-4700
Sapelli	Grade A	7600-7900
Zebrano	Grade A	8000-9000
Bubinga	Grade A	13500-15800
Mahogany	Grade A	6000-7000
Wawa	FAS	3700-3900
Ayous	FAS	4000-4200

	Sawnwood	yuan/cu.m
Lauan	Grade A	3700-3900
Merbau	All grade	8000-10000
Teak	All grade	11500-36000

	Sawnwood	yuan/cu.m
Beech	Grade A	4200-4800
Ash	Grade A	5500-6500
Elm	Grade A	4900-5300
Red oak	2 inch FAS	8000-8600
White oak	2 inch FAS	7500-8500
Maple	2 inch FAS	9800-10500
Cherry	2 inch	9500-10500
Black walnut	2 inch	15000-17000

Zhangjiagang Timber Market Wholesale Prices

Logs, all grades	yuan/tonne
Sapelli	4500-5700
Kevazingo	8700-34000
Padouk de africa	3000-3800
okoume	2100-2600
Okan	3490-3650
Dibetou	2200-2500
Afrormosia	5500-6500
Wenge	4500-5000
Zingana	4200-5500
Acajou de africa	3100-3600
Ovengkol	3850-4300
Pao rosa	5950-6600

Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

Logs, all grades	yuan/tonne
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400
Gray Canarium	1100-1200
Red-brown terminalia	1680-1750
Basswood	1200-1400
Sureni toona	1500-1650
Bunya	1400-1550
Walnut	2900-3350

Report from Europe

World furniture production doubles in last decade

World production of furniture was worth about US$ 437 billion in 2013 (in current dollars at producer prices), doubling the value in the last decade.

This estimate is drawn from the CSIL World Furniture Outlook 2014 report covering the 70 most important furniture producing countries. CSIL is an international furniture research organisation based in Milan, Italy, which also publishes the online World Furniture journal (www.worldfurnitureonline.com).

CSIL observe that while world growth in furniture production slowed during the financial crisis, it continued year on year.

All the main demand drivers registered a positive trend at global level including growth in urban population, income availability and investment in construction.

Growth in world furniture trade was interrupted in 2009 when it declined 19% to US$ 94 billion. However trade rebounded to US$ 106 billion in 2010 and reached the pre-recession level of US$ 117 billion in 2011. Since then world trade has continued to grow and is estimated by CSIL to have reached US$ 124 billion in 2013.

CSIL forecast further growth in 2014 to US$ 128 billion. Over the last 10 years, furniture has consistently accounted for about 1% of total trade of manufactured products.

The financial crises combined with rising China's domestic market have led to a decline in global furniture import penetration (measured as the ratio between imports and consumption) in recent years. Import penetration increased from 27.8% to a peak of 30.6% between 2003 and 2007 but then decreased between 2007 and 2009 and has remained below the pre-recession maximum ever since.

According to CSIL, in 2013 the leading importers of furniture were the United States, Germany, France, the United Kingdom and Canada. The major exporters were China, Germany, Italy, Poland and the United States.

All major furniture importing countries recorded decreases in furniture import flows during the financial crises. By 2013, the USA and Canada had reached or exceeded the prerecession level, while recovery has been slow in Europe.

CSIL forecast that global furniture consumption will rise by around 3.3% in 2014, with most growth concentrated in emerging markets. CSIL expect extremely limited growth in Western Europe of only around 0.5% this year.

Growth in furniture consumption will be higher, but still constrained, in Eastern Europe/Russia (2.4%), North America (2%) and South America (2.75%). The highest rates of growth are expected to be in the Middle East and Africa (3.9%) and the Asia-Pacific region (5.2%).

CSIL note that while growth rates have been much higher in emerging markets, in 2014 consumers in high income countries still spent on average five times more than consumers in middle and low income countries for furniture purchases. Nevertheless current trends indicate that the geography of furniture consumption is gradually changing and that interaction between high income and emerging countries is increasing.

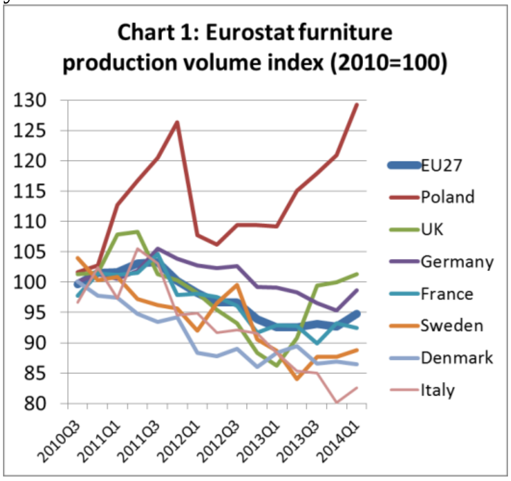
CSIL comment that in addition to the changing global map of furniture production and consumption, other factors influencing the sector include: energy saving and environmental protection; better use of raw materials; information and automation technology; and the increasing importance of standardization.

Upturn in EU furniture production

The latest Eurostat data indicates that total EU furniture production in the first quarter of 2014 was running at around 95% of the level recorded in 2010 (Chart 1).

This is a slight improvement compared to the previous 3 quarters when production was at around 93% of the 2010 level.

The upturn is the first quarter-on-quarter rise in overall European furniture production recorded for over two years.



The recent rise in EU furniture production was driven primarily by trends in Italy, Germany and Poland, the three largest furniture producing countries in Europe.

In Italy, the sharp decline in furniture production which began during the country's political and financial crises in 2011, hit bottom in the last quarter of 2013 and rebounded slightly in the opening months of 2014. Italian furniture exports have been rising gradually, backed by a concerted effort to improve international competitiveness and marketing.

Italy's domestic furniture market has been very weak but there are now some signs of improvement. The contraction in Italian construction that has characterised the past six years seems to have slowed. Activity in this sector has been boosted by tax concessions of 65% for energy-saving and 50% for refurbishment measures.

Furniture production in Germany was also declining in 2013, but rebounded slightly in the first quarter of 2014. Data provided to CSIL by HDH (Confederation of German Woodworking and Furniture Industry) indicates that in 2013 German furniture industry turnover declined 3.7% and the number of furniture companies in Germany fell by 0.5%.

However Germany remains a leading furniture producer with over €16 billion turnover. Germany has struggled in the face of rising competition from Poland and China and as a result exports have remained flat or declined over recent months. However robust construction activity in Germany has boosted domestic demand for furniture, notably in the kitchen sector.

The value of furniture production in Poland has risen by about 25% since the first half of 2012. The country has benefited from significant inward investment in furniture manufacturing in the last two years, particularly by branded companies located in western European countries where labour and other costs tend to be higher.

Poland benefits from its strong strategic location, a member of the EU with relatively large domestic market and close to Germany and other significant markets in central and Eastern Europe and Scandinavia. Polish furniture exports have been rising over the last two years despite uncertain economic conditions in Europe.

The value of Poland's currency, the zloty, has remained relatively stable and low compared to the euro, helping boost export competitiveness.

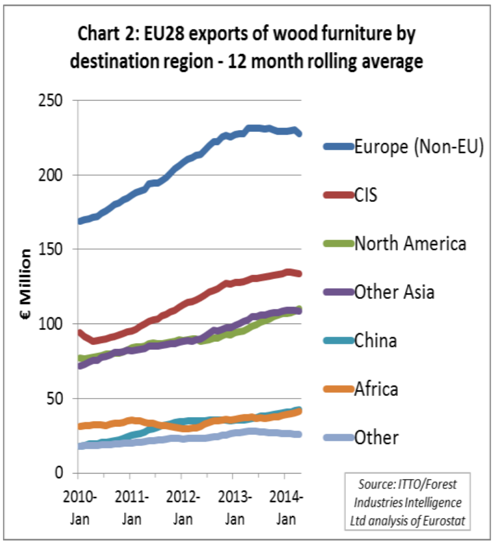
Poland's domestic market is also one of the fastest growing in Europe as record-low borrowing costs in the country have revived investment and consumer spending. The European Commission predicts that Poland's GDP will rise 3.2% in 2014 and a further 3.4% in 2015 after last year's 1.6% expansion.

This is expected to encourage even more investment in Polish furniture manufacturing. In May this year, Poland's Deputy Prime Minister and Economy Minister Janusz Piechociński said that the Swedish furniture group IKEA had committed to investment of €1 billion annually in new production plants in the country.

Rising EU furniture exports to all destination regions

Chart 2 shows the trend between January 2010 and April 2014 in EU exports of wood furniture to non-EU countries by destination region using 12 month rolling average data. It highlights that exports increased to all global regions except Africa between 2010 and 2012.

It also shows that the slowdown in growth of EU wood exports from the second half of 2013 onwards was concentrated in other European countries and Russia. EU exports to China, other parts of Asia and North America have continued to rise.



Nevertheless, the majority of EU wood furniture exports are still destined for neighbouring European countries and Russia. Despite the slowdown in growth, the outlook in these countries appears reasonably good. European economies are generally improving. In Russia, the domestic furniture industry sector is quite small and uncompetitive relative to imports.

Exporters of furniture to Russia are benefitting from reduced tariffs since Russia's entrance into the WTO in 2012. There are also positive trends in Russia’s construction market, the State Construction Committee having been tasked with increasing residential floor space by 142 million square feet by 2020.

German exports slide while Italian and Polish exports rise

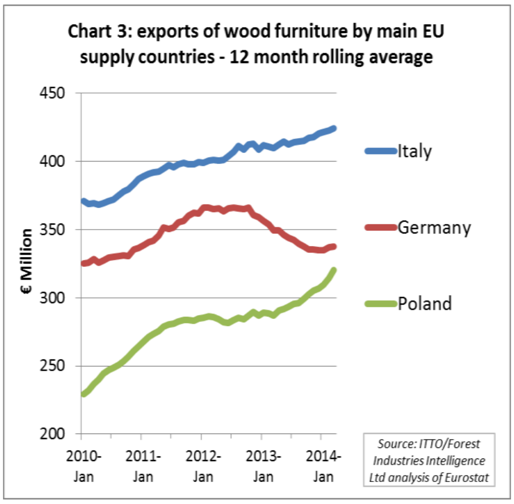
Charts 3 and 4 show the trend between January 2010 and April 2014 in exports of wood furniture (both within and outside the EU) by EU Member States using 12 month rolling average data.

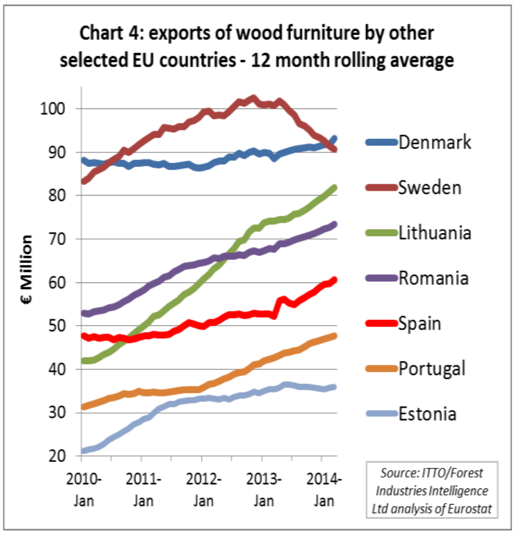
Italy maintains its position as the largest EU export of wood furniture and Italian exports have been rising consistently over the last 4 years.

The Italian furniture industry has undergone a major process of acquisitions and closures in recent years. The remaining companies have focused heavily on cost reduction through use of technology and on export market development, building on strong brands and design knowledge.

The Italian furniture sector is trying to maximise the marketing potential of an industry which, despite recent consolidation, is still dominated by smaller enterprises. One way of achieving this is through development of marketing co-operatives.

These co-operatives co-ordinate participation in trade shows, undertake joint R&D projects, and jointly communicate "Made in Italy" supply chains certified using ISO9001 and based on wood derived from FSC and PEFC certified forests.





Exports from Germany, the second largest exporter, were rising strongly until the beginning of 2012, but then fell during 2013 under pressure from the strong euro value and overseas competition, particularly from neighbouring Poland. However, German wood furniture exports are showing signs of revival this year.

Meanwhile exports of wood furniture from Poland have been surging since early 2013.

In addition to Poland, several other Eastern European countries are currently benefitting from a rise in inward investment and are emerging as more important exporters of wood furniture this year, notably Lithuania, Romania and Estonia.

Sweden was the fourth largest EU exporter of wood furniture until the start of this year, but a recent downward turn in trade means that this position is now threatened by Denmark which has been slowly recovering ground. Nevertheless, Sweden’s furniture industry remains a major force having grown 24% in the last ten years.

IKEA is a major influence in Sweden's furniture market - the company turnover for 2013 was €27.9 billion euro – and the recent downturn in exports may be partly explained by IKEA shifting some processing to Eastern Europe. Sweden’s furniture sector also comprises numerous SMEs, mainly concentrated in the south of the country where there is good access to forest resources.

Another notable trend is a gradual increase in wood furniture exports by Spain and Portugal. Both countries have a strong tradition in wood furniture manufacturing but relied heavily on domestic demand prior to the recession.

With domestic markets weak, both countries have sought to become more involved in exports in recent years, apparently with some success. This is in contrast to France and Belgium (not shown on the Charts) where wood furniture exports have been declining over the last four years.

Report from North America

Industry-funded programmes to increase US wood consumption

Two industry-funded wood promotion programmes are underway in the US, both with the goal to increase demand for US wood products. The programme for softwood sawnwood was voted in by producers in 2011 and a range of promotion projects are underway.

The second programme, for hardwood, has been more controversial among the industry, which is much more fragmented than the softwood industry with many small-size businesses. The proposal for the hardwood promotion programme is still being finalised.

The softwood promotion programme is funding the following activities in 2014 from a US$17.8 million budget:
Work on building standards to maintain and expand acceptance of appearance and structural softwood sawnwood in the marketplace (through the American Wood Council, www.awc.org)

- Promote the acceptance and expand the use of softwood sawnwood in post frame construction (through the National Post Frame Building Association, www.nfba.org)
- Promote the values and benefits of appearance and structural sawnwood products (through reTHINK WOOD, www.rethinkwood.org)
- Grow the market share for appearance and structural softwood sawnwood in light commercial and multi-family construction (through WoodWorks, www.woodworks.org)
- Timber Tower Project: research a composite building system for mid and high-rise buildings which relies primarily on softwood sawnwood products
- Appearance Product Promotion: implement a communications program promoting the use of softwood lumber in interior and exterior appearance applications

More information about the activities is available through the Softwood Lumber Board which administers the promotion programme: www.softwoodlumberboard.org

Cabinet market annual growth forecast at 6% to 2018

US demand for cabinets is project to grow 6.6% per year to 2018.

According to a market research report by Freedonia, demand will reach US$16.0 billion in 2018, up from US$11.6 billion in 2013 (Freedonia, Industry Study Cabinets, May 2014).

The growth in demand is based on expectations of growing housing starts, larger kitchens and multiple bathrooms and more remodeling as sales of existing homes increase.

Demand for cabinets for residential remodeling accounts for more than two thirds of total US cabinet consumption. The two next largest markets are non-residential remodelers and new home installations.

Freedonia expects the non-residential building sector to grow in the next four years. Both new construction and remodeling of office buildings, hotels and healthcare facilities will increase demand for cabinets.

By cabinet type, kitchen cabinets accounted for 81% of total US demand in 2013. Kitchen cabinet demand is projected to grow fastest, reaching $13.1 billion in 2018.

The domestic industry dominates the cabinet market. Imports accounted for approximately 6% of total demand in 2013. Even fewer cabinets are exported from the US (about 1% of total production). Domestic cabinet production is projected to increase.

Slight increase in April tropical sawnwood imports

Total US sawn hardwood imports were 85,942 cubic metres in April, up 22% from the previous month but still below February import volumes. The growth in imports was mainly in temperate species, while tropical sawnwood imports increased slightly (+2.7%) in April to 19,886 cubic metres.

However, tropical sawnwood imports were not affected by the previous month's decline and year-to-date tropical imports were 10% higher than in April 2013.

By species, balsa and sapelli sawnwood showed the strongest growth in April. All other main tropical species declined with the exception of jatoba.

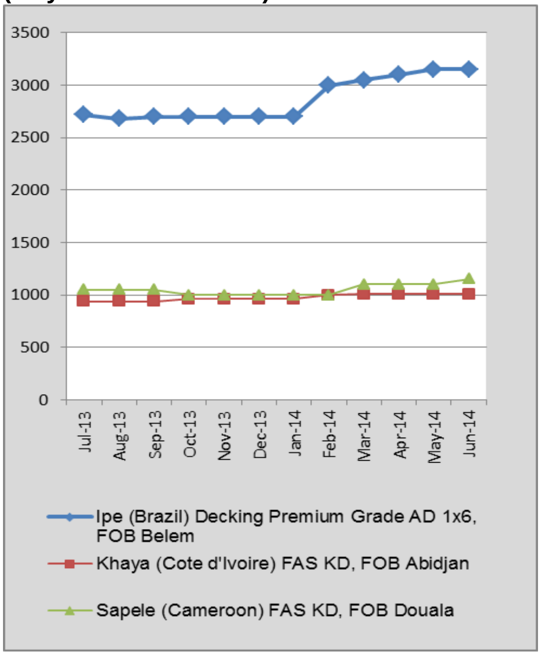
Balsa imports from Ecuador grew by 31% to 7,192 cubic metres in April. Imports from Cameroon doubled from the previous month to 2,143 cubic metres due to higher sapelli shipments of 1,601 cubic metres.

Imports from Brazil decreased to 2,534 cubic metres in April (-28%). Brazilian ipe sawnwood shipments to the US fell to 1,808 cubic metres, down from 2,348 cubic metres in March.

Malaysian shipments to the US increased slightly to 1,874 cubic metres in April. Imports of keruing from Malyasia were up (1,337 cubic metres), while red meranti declined to just 241 cubic metres.

Imports from Indonesia declined to 906 cubic metres in April. Unlike Malaysia, Indonesia increased red meranti shipments (350 cubic metres) while keruing fell to 197 cubic metres.

US imported hardwood FOB price trends (July 2013 – June 2014)



Canadian April sawn hardwood imports up 15%

The value of Canadian imports of tropical sawn hardwood increased by 15% from the previous month to US$2.23 million in April. Year-to-date imports were 27% higher in April than at the same time in 2013.

Cameroon was Canada's largest tropical sawnwood supplier in April with shipments worth US$394,890, up one third from the previous month. Imports from Ghana also increased. April imports from Ghana were worth US$273,933 and year-to-date imports were more than double from last year.

Imports from Brazil fell by half to US$169,284. Imports from Ecuador, Congo/Brazzaville and Malaysia also declined in April.

Lower hardwood plywood imports from China in March

US imports of hardwood plywood decreased by 8% to 220,697 cubic metres in March. Year-to-date imports were 4% lower than in March 2013.

The largest decline was in plywood imports from China. Hardwood plywood imports from China fell by 33% to 81,692 cubic metres in March. Imports from Indonesia (25,972 cubic metres) and Malaysia (6,385 cubic metres) also declined in March. Shipments from Russia, Ecuador and Canada to the US increased.

Moulding imports from Brazil up

Hardwood moulding imports increased by 12% in March to $15.4 million. Year-to-date imports were slightly higher than in 2013.

Imports from Brazil were up 59% from the previous month at $4.5 million in March. China was the second-largest source of hardwood moulding imports at $3.7 million, but imports from China remain below 2013 levels. Malaysian shipments were below $1 million, down 18% from February.

Decline in hardwood flooring imports

US flooring imports remain below 2013 levels. The housing market is still relatively weak, but improving domestic production also plays a role.

Hardwood flooring imports declined by 20% in March to $2.3 million. Imports from all major suppliers except Canada fell. China shipped $0.24 million worth of hardwood flooring in March, down 71% from the previous month.

Assembled flooring panel imports grew by 8% to $8.5 million in March. Imports from China declined by 3% to $3.4 million. Imports of assembled flooring from Indonesia and Brazil decreased in March, although Indonesia's year-to-date shipments in 2014 are almost 50% higher than last year.

Higher furniture imports from Indonesia, Mexico and Malaysia

US imports of wooden furniture fell below the $1 billion mark in March. Imports declined by 5% to $962.8 million. However, year-to-date imports were 9% higher than in March 2013.

Imports from China and Vietnam went down in March, while Canada, Indonesia, Mexico and Malaysia increased furniture shipments to the US.

Imports from China declined by 22% to $374.1 million in March. Imports from Vietnam were $157.7 million, down 12% from February.

The largest increase in wooden furniture imports in 2014 to date has been from Mexico and Indonesia. Year-to-date imports from Mexico were up 84% compared to 2013. Indonesian shipments were 43% higher than last year.

Furniture, home furnishing retail sales down in April

Retail sales at furniture and home furnishing stores in the US fell by 7% from March to April, according to US Census Bureau data. Sales are higher than at the start of the year, however, and March sales figures were positive.

Slight decline in unemployment rate in April, Q1 GDP growth just 0.1%

The US economy expanded in April according to the Institute for Supply Management. Almost all manufacturing industries reported growth in April, including furniture and wood products. The furniture industry grew at a faster rate than wood products. Some companies reported concern about international political issues affecting export demand.

The unemployment rate fell by 0.4 percentage points to 6.3% in April. The number of jobs grew across all sectors, including construction.

The US Department of Commerce's first estimate of GDP growth in the first quarter of 2014 was just 0.1%, down from 2.4% in the fourth quarter of 2013.

Consumers more confident in US economy

Consumer confidence in the US economy finally rebounded in April, according to the Thomson Reuters/University of Michigan consumer sentiment index. The index increased by 5% from the previous month, and it was 10% higher than in April 2013.

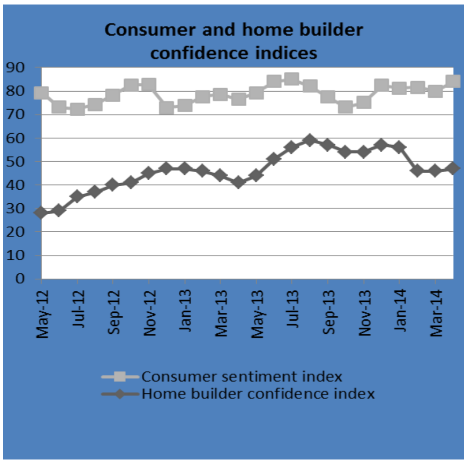
More Americans are positive about their current personal financial and the overall economic outlook. Higher income households plan to make more purchases this year. Despite an improvement in the short-term economic outlook, Americans still worry about the longer-term health of the US economy.

Housing starts up 2.8% in March

Housing starts grew by 2.8% in March, based on the seasonally adjusted annual rate of 946,000 starts in March released by the US Census Bureau.

Single-family home starts increased by 6% from the previous month, while multi-family starts declined by 6.1%. The growth in housing starts was strongest in the US Northeast and Midwest, where the severe winter weather had affected construction most.

The number of building permits declined from 1 million units in February to 990,000 in March (seasonally adjusted annual rate). The decline in permits was mainly in the US South. The number of building permits issued is an indicator of future building activity.



Source: Thomson Reuters/University of Michigan Surveys of Consumers

Home builders remain concerned about market for single-family homes

Home builder confidence in the market for newly built single-family homes changed little in the last three months. Last month's builder confidence in the market for newly built single-family homes was revised downwards by one point.

In April, confidence grew slightly (by one point), according to the National Association of Home Builders. When homes sales increase in spring, demand for new houses is expected to grow.

Commercial building construction only bright spot in non-residential market

The US non-residential construction market remains weak, according to US Census Bureau data. Private spending on non-residential construction in January and February was revised downwards. From February to March private spending was practically unchanged.Public spending on office, commercial, health care and educational buildings declined by 2.9% in March. The only bright spot was public spending in commercial construction, which increased by 3.9% from the previous month.

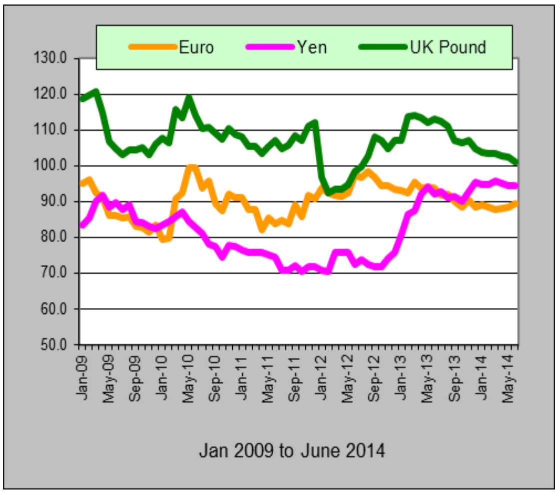
The American Institute of Architects' latest report confirms the weak market. The construction of commercial, industrial and institutional buildings lags the residential construction market. Business conditions are particularly weak in the Northeast and Midwest.

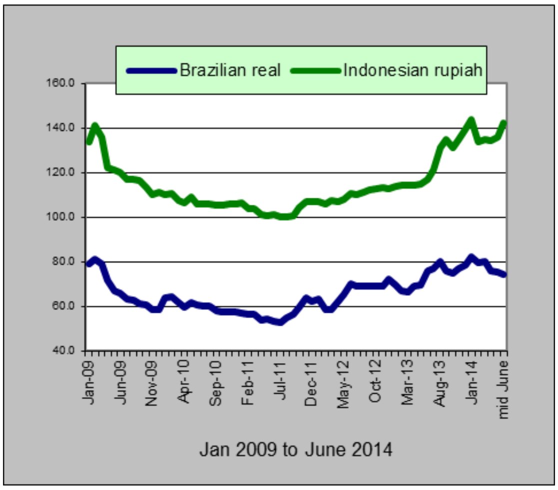
Main US Dollar Exchange Rates

As of 26th June 2014

Brazil	Real	2.1938
CFA countries	CFA Franc	482.11
China	Yuan	6.2246
EU	Euro	0.7347
India	Rupee	60.17
Indonesia	Rupiah	12100
Japan	Yen	101.72
Malaysia	Ringgit	3.2199
Peru	New Sol	2.8025
UK	Pound	0.5873
South Korea	Won	1016.13

Exchange rate index (Dec 2003=100)



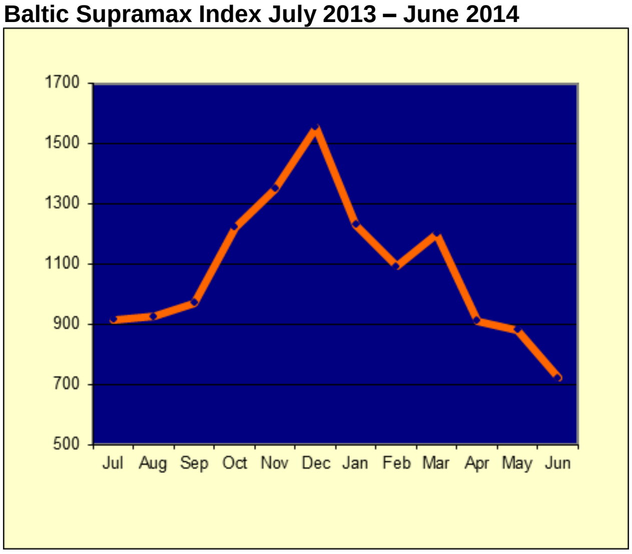


Abbreviations and Equivalences

Arrows	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF, CNF	Cost insurance and freight
C&F	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index July 2013 – June 2014



The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

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