

# Tropical Timber Market Report

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

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## Headlines

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## Top Story

### **Indonesian wood products fare well in Germany**

German imports of tropical sawnwood declined from all four of the country's largest suppliers – Malaysia, Ghana, Cameroon and Ivory Coast.

However, at least one tropical timber producer fared well in Germany last year. German imports of Indonesian plywood, S4S sawn lumber, mouldings, veneers and flooring all increased in 2014.

This may be at least partly due to mandatory SVLK certification of Indonesian products.

See page 20 and 22

## Report from Central/West Africa

### Improved availability dampens sipo and sapele export prices

While producers report one or two minor changes in prices for sawn sipo and sapele, both slightly weaker on increased supply from Cameroon and Congo Brazzaville, market demand and price levels for other timbers have not changed during the first weeks of the year.

The slight fall in sipo and sapele prices came as no surprise and is in line with the anticipated first quarter demand which is always influenced by slow business during the Lunar holidays and the lingering slowdown of consumption during the northern hemisphere winter months. Despite the minor changes in sawnwood prices, log export prices were unchanged throughout January.

### EU and China's stimulus measures should lift construction growth

With the EU member states representing the main market for W. African timber all eyes are on the likely impact of the recent efforts of the EU Central Bank to stimulate growth.

Producers expect these measures to eventually stimulate greater construction activity and expectations are that demand will begin to grow towards the end of the first quarter. On the downside, the new measures introduced in the EU have driven down the euro exchange rate making imports that much more expensive.

Producers have carefully assessed the changing market sentiment and newly announced economic stimulus measures in China but appear reassured that the strategies being applied in China will support continued, albeit slower, economic growth.

Middle East market demand remains strong but West and Central African exporters report that meranti prices are very competitive and battle for market share is very keen.

### Untapped markets

Analysts bemoan the lack of any concerted or cooperative marketing initiatives in African producer countries which means that market diversification efforts are limited to what individual manufacturers can finance. The US and countries in the Pacific could offer opportunities for African suppliers but, to-date, these markets remain untapped.

### Inadequate land-side infrastructure pushes up transaction costs

While the Doula Port congestion has been solved across the region port and landside congestion is set to become the big issue facing the West Africa container trade said Michel Donner, Senior Advisor at Drewry Maritime Advisors during the most recent TOC Market Briefing: West Africa, an event that bring together stakeholders in the container supply chain.

As trade expands West African ports are likely to experience even greater congestion than at present as the improved trade volumes will attract larger container vessels than at present.

Delegates at the TOC conference heard that the arrival of mega container vessels will have implications for both port handling capacity and for the land-side infrastructure which is inadequate to handle the growing volume of trade being almost entirely dependent on road transport.

Transport and logistic costs in West Africa are among the highest in the world which can only be overcome through massive investment in port and land-side infrastructure.

For more see <http://www.hellenicshippingnews.com/port-and-landside-congestion-the-big-issues-facing-west-africa-container-trades/>

### Log Export Prices

West African logs, FOB	€ per m <sup>3</sup>		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	260	260	180
Azobe & Ekki	235	235	160
Belli	330	330	-
Bibolo/Dibétou	150	145	-
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	320↓	320↓	220
Moabi	335	305	225
Movingui	210	210	160
Niove	160	160	-
Okan	290	285	-
Padouk	300	275	210
Sapele	360	360	270
Sipo/Utile	380	380	255
Tali	320	320	-

### Sawnwood Export Prices

West African sawnwood, FOB	€ per m <sup>3</sup>
Ayous FAS GMS	390
Bilinga FAS GMS	520
Okoumé FAS GMS	480
Merchantable	275
Std/Btr GMS	350
Sipo FAS GMS	670↓
FAS fixed sizes	660↓
FAS scantlings	690
Padouk FAS GMS	820
FAS scantlings	870
Strips	500
Sapele FAS Spanish sizes	660
FAS scantlings	680
Iroko FAS GMS	620
Scantlings	695
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	600
Scantlings	600
Movingui FAS GMS	420

## Report from Ghana

### 2014 first 10 month export performance

Ghana produced and exported a total of 286,416 cu.m of plantation logs and wood products valued at Euro 112.13 million in the first 10 months of 2014.

This compares to the 225,487 cu.m exported during the same period in 2013 and represents a 27% year on year increase in volume in 2014.

Wood product exports to regional and other international markets are shown below.

Product	Volume cu.m
Sawnwood (Air Dried)	2,164.68
Sawnwood(Kiln Dried)	1,321.65
Sliced Veneer	666.392
Plywood (regional sales)	1,496.38
Mouldings	440.558
Poles	2,276.64
Billets	816.269
Rotary Veneer	320.746
Sawnwood (regional sales)	71.867
Plywood	52.22
Boules (Air Dried)	53.553
Dowels	31.505
Sliced Veneer (regional sales)	33.196

Source: TIDD

The main markets for the 13 different products exported in the first ten months of last year were in Asia and the Middle East such as India, China, Israel, Lebanon and Vietnam. Together these countries accounted for 131,464 cu.m of all exports in the period.

The main products demanded in these markets included billets, poles, sliced veneer and air dry sawnwood in teak, gmelina and asanfina, mainly for reprocessing in the importing country.

In the period reviewed, plywood exports fell by 3% to 2,080 cu.m compared to 2,149 cu.m in the same period in 2013 however, plywood export earnings increased 18% over the previous year.

The regional markets for plywood included Nigeria, Burkina Faso, Benin, Togo, Niger and Mali. Nigeria was Ghana's leading regional market for plywood accounting for just over 75% of the total export volume to regional markets.

The leading export species for the period were teak, apao/apa, denya, wawa, mahogany, odum, cedrella and asanfina.

### 2015 budget review

Finance Minister Seth Terkper said Ghana is reviewing its 2015 budget estimates given a fall in the global crude oil price which will have a negative impact on the current account balance and foreign exchange reserves.

### Pay Rise for public-sector workers

Ghana will give public-sector workers a 16% pay rise this year, the first increase since 2013 when the government froze annual increments as part of its efforts to cut spending.

Deputy Finance Minister, Cassiel Ato Forson, said the salary increase will come into effect as of January, adding that this is within the framework of the agreement with the IMF as the increase is within the budget limits agreed.

### Boule Export prices

	Euro per m <sup>3</sup>
Black Ofram	287▲
Black Ofram Kiln dry	395
Niangon	492
Niangon Kiln dry	555

### Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m <sup>3</sup>	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	325▲	359▲
Chenchen	320	355
Ogea	328	356▲
Essa	318	399▲
Ofram	315	350

### Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.63▲
Asanfina	1.40	0.76▲
Avodire	1.15	0.29
Chenchen	1.10	0.80▲
Mahogany	1.30	1.10▲
Makore	1.30	0.59▲
Odum	1.76	0.90

### Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m <sup>3</sup>	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	860	945
Asanfina	492	564
Ceiba	260	350▲
Dahoma	320▲	397▲
Edinam (mixed redwood)	392	552▲
Emeri	435	528▲
African mahogany (Ivorensis)	555▼	650▼
Makore	573	675▲
Niangon	591	644
Odum	610	660
Sapele	610	704▲
Wawa 1C & Select	300	348

### Export Plywood Prices

Plywood, FOB	€ per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	420	600	641
6mm	400	575	622
9mm	382	450	510
12mm	374	440	450
15mm	339▲	399▲	407▲
18mm	313▲	357	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	14.00	15.70	18.80
Odum	10.00	12.10	11.70
Hyedua	14.00	14.93	18.45
Afrosmosia	15.50	18.65	18.55

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

## Report from Malaysia

### Heavy rains cause havoc in Sarawak

The first few weeks of 2015 were extremely wet in Malaysia. The east coast of Peninsular Malaysia suffered widespread flooding. Just as Peninsular Malaysia began to recover from the worst of the floods the rain extended into Sarawak. Incessant rain caused flooding and at one stage more than 10,000 people had to be evacuated in Sarawak.

Despite the floods industry analysts are confident that earnings of timber companies are likely to improve in 2015 driven by the favourable ringgit exchange rate and firm demand for logs.

### Fall in ringgit a boost to exporters

The value of the ringgit has fallen to a six-year low against the US dollar amid renewed concerns on a possible rating downgrade of the country's debts after the Government revised up its fiscal deficit forecast.

The ringgit has depreciated 10% against the US dollar over the past three months and recently settled around 3.65 to the US currency. The last government budget assumed an exchange rate of 3.24/dollar but now Bank Negara expects the ringgit to remain weak and likely to trade between 3.50 to 3.60/dollar for the medium term.

The research arm of CIMB Investment Bank Bhd said in a recent report it expected the average price of Sarawak export logs to rise by US\$10 to US\$15/cu.m (five to seven per cent). But plywood prices could decline around US\$10/cu.m mainly due to the weaker yen and sluggish consumer confidence and weak housing market in Japan.

CIMB said it has raised its 2015 meranti regular log FOB price forecast to US\$295/cu.m from US\$280/cu.m as it believes tight supply and stronger demand will lift prices.

The report noted that log harvests in Sarawak are projected to be lower this year and this, along with the impact of the log export ban in Myanmar, is likely to drive up prices especially if demand for logs in India is sustained.

### Sarawak plywood export prices

Sarawak plywood traders report the following export prices.

Floor base (FB) (11.5mm) US\$625 FOB

Concrete formboard panels (CP) 3'x 6' US\$ 540 FOB

Coated formboard panels (UCP) US\$ 620 FOB

Standard plywood:

Middle East (9 – 18mm) US\$ 480 FOB

South Korea (8.5 – 17.5mm) US\$ 470 FOB

Taiwan P.o.C (8.5 – 17.5mm) US\$ 565 FOB

Hong Kong US\$ 470 FOB

## Export performance in first 10 months of 2014

The Malaysian Timber Industry Board (MTIB) published export statistics for January to October 2014. For the first 10 months of last year, the country exported timber and wood products worth RM 16,908 mil. (approx US\$4.69 billion). Of the total, 55.6% came from Peninsular Malaysia, 35.5% from Sarawak and the balance from Sabah.

In Sabah, by value, the top three products exported in the first 10 months of 2014 were: plywood (423,813 cu.m), sawntimber (214,390 cu.m) and logs (258,379 cu.m). In contrast, the top three products exported from Sarawak in the first 10 months of 2014 were plywood (1,898,046 cu.m), logs (2,438,741 cu.m) and sawntimber (476,121 cu.m).

Overall, for the entire country, the top three products exported in the first 10 months of 2014 were:

- wooden furniture RM 5,204 mil.
- plywood RM 4,218 mil. (2,510,271 cu.m)
- and sawntimber RM 2,090 mil. (542,784 cu.m).

In terms of markets, 66% of total wood product exports (by value) went to Asia, 16% to the Americas, 11% to Europe, 5% to Oceania/Pacific and the balance to Africa.

Japan was the biggest buyer of wood products from Malaysia accounting for 20% of the total value of timber exports in the first 10 months of last year. The USA accounted for 12%, India 9%, Taiwan P.o.C and Singapore 5% each and South Korea, Australia, China and United Kingdom imported approx. 4% each.

## Report from Indonesia

### Faster growth in exports forecast for this year

The Environment and Forestry Ministry's Secretary-General, Hadi Daryanto, has forecast that timber exports could increase by 5 percent this year from the US\$6.62 billion provisionally estimated for last year which if correct would represent a 3.75% rise from 2013.

Timber exports should get a boost from the market acceptance of the domestic timber legality assurance system.

According to the ministry, the implementation of the timber legality certification system in several regions of the country has expanded. In particular, exporters in Jepara, Central Java, have seen a doubling of certified legal exports.

Indonesia's timber exports rose from US\$6.07 billion in 2013 to US\$6.62 billion last year with Asian markets account for a 74 percent market share followed by the EU and US, each accounting for around (10%).

### Harnessing resources to respond to forest fires

A recent press release from the Environment and Forestry Ministry provides details of efforts being made to prepare to respond to forest fires.

Officials from the ministry met with the National Disaster Management Agency (BNPB) to plan cooperative action. Both sides agreed on the need to strengthen multi-stakeholder collaboration and institutional capacity to deal with fire disasters. Both sides agreed action was needed to stop the traditional use of fire to clear land for agriculture.

The advantage the BNPB has is that it can immediately draw on financial resources to mobilise a task force to tackle fires.

For more see: <http://www.dephut.go.id/index.php/news/details/9720>

### Small industries still disadvantaged

The majority of small and medium sized timber companies face major challenges in complying with the national timber legality assurance system because of the high cost of adapting management and production in order to secure certification.

Deputy Chairman of the Association of Indonesian Furniture and Handicraft Industry (ASMINDO) Rudy T Luwia, said if SMEs are serious about exports then they must be assisted to adapt to the new requirements.

According Indrawan, Project Coordinator of EU-FAO FLEGT Programme for ASMINDO, association members exported 25 percent of their output to the US with a further 10 percent going to France.

### IFEX exhibition space sold out

The Indonesia International Furniture Expo (IFEX) 2015 will run from 12-15 March 2015 and the organisers PT. Dyandra UBM International say that the more than 400 exhibitors registered will completely fill the Jakarta International Expo fairground venue.

As one of Asia's leading furniture and handicraft exhibitions the organisers plan to build upon the success of last year's event with the strong support of both the industry and the government.

A recent press release says "An exciting new feature at IFEX 2015 will be the 'Hall of Excellence' that will showcase Indonesia's highest quality and most innovative of furniture and furnishings. The exhibits have been carefully selected by the Indonesia Furniture and Craft Association (AMKRI) as products that will satisfy even the most demanding domestic and international consumers."

For more see: <http://ifexindonesia.com/2015/exhibition-space-for-indonesias-flagship-furniture-tradeshaw-almost-sold-out/>

### Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m <sup>3</sup>
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	135-150
Falcata logs	120-140
Rubberwood	115-1135
Pine	120-135
Mahoni (plantation mahogany)	130-145

### Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m <sup>3</sup>
Kampar (Ex-mill)	
AD 3x12-15x400cm	500-600
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	520-710
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

### Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m <sup>3</sup>
2.7mm	500-550
3mm	570-620
6mm	-

### Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m <sup>3</sup>
9mm	420-450
12mm	390-420
15mm	340-360

### Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m <sup>3</sup>		
<i>Particleboard</i>	Export 9-18mm	710-735	
	Domestic	9mm	700-750
		12-15mm	650-700
		18mm	590-620
<i>MDF</i>	Export 12-18mm	590-620	
	Domestic 12-18mm	430-530	

## Report from Myanmar

### Special open tender sale at Yangon depot

A total of 561 h. tons of teak logs (Sawing Grade 7) were offered for sale by Special Open Tender by the Myanmar Timber Enterprise (MTE) in late January.

Of the total, 216 h. tons were sold at an average price of US\$1,263 per h.ton. The balance was not sold as offers where either below the minimum price or no offers were submitted.

In addition to the teak 2,932 h.tons of other hardwood logs were sold. 1,673 h.tons of pyinkado was sold at an average of US\$368/h.ton and 36 h.tons of old stock kanyin logs fetched an average price of US\$214/h.ton. A volume of 1,132 h.tons of freshly harvested kanyin logs were also sold earning an average of US\$459/h.ton.

### Sales of hardwood logs in Taunggyi and Pathein

At the most recent sale, 227 h.tons of hnaw (*Adina cordifolia*) were sold at an average of US\$457/h.ton ex-site Mwaydaw (Taunggyi, Shan State) along with 123 h.tons of taungthayet (*Swintonia floribunda*) logs sold in Pathein (av price US\$216/h.ton).

**FLEGT VPA workshop**

In order to prepare for VPA negotiations an inception workshop was held in Naypyitaw at the end of January. This workshop was attended by three key stakeholders, Government agencies, civil society and the private sector and was supported by representatives from the EU.

The workshop adopted a recommendation for the establishment of an 'Interim Task Force' comprising representatives from key stakeholders to kick start the VPA negotiation process.

**Declining export earnings from agriculture and forestry**

Compared to earnings in the last fiscal year, exports of agricultural, marine and timber products so far this fiscal year are sharply down.

Year on year there has been a drop of US\$63 million in agricultural produce exports and a fall of US\$ 7 million in animals and animal product exports.

Exports of marine products also recorded a decline and exports of wood products earned only US\$60 million compared to US\$570 in the last fiscal year.

**Report from India**

**Plantation teak imports of better quality**

The quality of plantation teak log shipments to India from Brazil, Panama, Colombia and Sudan has improved and shippers have been rewarded with better prices. However, as analysts point out, there is scope to improve the quality and yields from teak plantations.

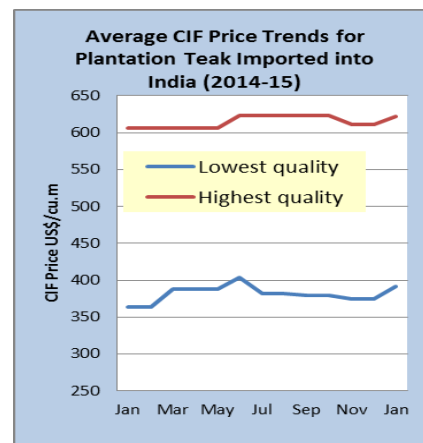
The higher quality of teak logs arriving from Latin American plantations has brought some relief to millers who have been hard hit by the shortage of good quality teak logs due to the log export ban in Myanmar.

**Current C&F prices for plantation teak**

	US\$ per cu.m C&F
Belize logs	350-400
Benin logs	340-680
Benin sawn	530-872
Brazil logs	390-797
Brazil squares	390-680
Cameroon logs	365-510
Colombia logs	520-650
Congo logs	380-710
Costa Rica logs	470-840
Côte d'Ivoire logs	450-720
Ecuador squares	300-540
El-Salvador logs	334-695
Ghana logs	275-650
Guatemala logs	404-550
Guyana logs	300-450

Kenya logs	350-600
Laos logs	300-605
Liberia logs	350-460
Malaysian teak logs	350-525
Nicaragua logs	350-650
Nigeria squares	316-450
Panama logs	350-750
PNG logs	400-575
Sudan logs	470-700
Tanzania teak, sawn	307-885
Thailand logs	460-700
Togo logs	230-715
Trinidad and Tobago logs	420-680
Uganda logs	410-860
Uganda Teak sawn	680-900

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



Average for logs from Brazil, Guatemala, Cameroon, Ghana, Thailand and PNG

**Prices for domestically milled sawnwood from imported logs**

Current exmill prices for air dried sawnwood are shown below.

Sawnwood	Rs per cu.ft
Merbau	1550-1650
Balau	1700-1900
Resak	1200-1400
Kapur	1250-1300
Kempas	1100-1200
Red Meranti	925-975
Radiata pine AD	550-650
Whitewood	600-650

Price variations depend mainly on length and cross section

**Prices for domestically milled Myanmar teak**

Sawnwood (Ex-mill)	Rs. per ft <sup>3</sup>
Myanmar Teak (AD)	
Export Grade F.E.Q.	8200-18500
Plantation Teak A grade	6500-6750
Plantation Teak B grade	4500-4750
Plantation Teak FAS grade	3500-3750

Price variations depend mainly on length and cross section

**Imported 12% KD sawn wood prices per cu.ft ex-warehouse**

Demand in India for imported hardwoods remains slow and prices are unchanged.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft <sup>3</sup>
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 producers gain respite from high veneer costs**

Indian plywood manufacturers are successfully utilising imported logs as an alternative to Myanmar gurjan which was commonly used prior to the log export ban in Myanmar.

At the same time growing imports of gurjan veneers has helped stabilise plywood core and face veneers. These developments, along with the decline in prices for phenolic resins, have helped plywood manufacturers remain competitive.

**Prices for WBP Marine grade plywood from domestic mills**

Plywood,	Rs. per sq.ft
Ex-warehouse, (MR Quality)	
4mm	39.00
6mm	52.50
9mm	66.50
12mm	82.30
15mm	109.00
18mm	115.00

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

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	Rs.20.00	Rs.29.60
6mm	Rs.30.50	Rs.38.10
9mm	Rs.38.25	Rs.46.00
12mm	Rs.45.50	Rs.55.90
15mm	Rs.56.00	RS.68.30
19mm	RS.64.60	Rs.76.50
5mm Flexible ply	Rs.40.50	

**Lower interest rates to boost growth**

The Reserve Bank of India has lowered the interest rate it charges banks by 0.25% to 7.75%, the first rate reduction in nearly two years. Many business leaders had been calling for lower interest rates in the face of the weakening economy. India’s GDP fell to below 5% in the 12 months to March last year.

Jyotsna Suri, President of the Federation of Indian Chambers of Commerce and Industry (FICCI) said he hoped that this will be the beginning of further cuts in the policy rate by the Central Bank.

A FICCI press release says ”We welcome RBI’s move to cut repo rate by 25 bps, ahead of the monetary policy meeting. FICCI has been advocating for a rate cut, as cost of finance is an important factor for giving boost to the industrial sector, which has been under stress for a long time now.

This measure will help in improving the investor sentiment. FICCI hopes that this will be the beginning of further cuts in the policy rate by the Central Bank, and will enable its transmission into lower lending rates by the Banks.” The immediate effect of the rate cut was a strengthening of the rupee which if sustained will make imports cheaper.

**Housing to get massive boost**

The central government in India has targeted a slum-free India by 2022 and is finalising a fiscal incentive package for affordable housing and slum rehousing projects. This, say analysts, will include the granting of infrastructure status to the housing sector which will open new avenues for financing.

In addition there is discussion on allowing reinvestment of capital gains from the sale of a single home, easing of controls on lending institutions and concessions for imported innovative technology for low cost housing. The Ministry of Housing and Urban Poverty Alleviation (MHUPA) estimates the total cost of the new initiative could reach mission at around US\$200 billion.

### Fuel tax hike to impact manufacturers

In addition to raising interest rates the government has indicated it will increase taxes on fuels, imports and financial operations which they hope will reduce the country's deficit and put the economy back into the path of sustainable growth

The Monetary Policy Committee of the Brazilian Central Bank announced an increase in the prime interest rate (Selic) from 11.75% to 12.25% at its 21 January meeting. This is the highest rate since August 2014.

Brazil's Finance Minister, Joaquim Levy, said, "We are taking a series of actions to re-balance public accounts with the objective of increasing the confidence and understanding of economic agents so that the economy can recover under new conditions,"

According to the Minister, the additional fuel tax will mean an increase of R\$0.22 per litre for petrol and R\$0.15 per litre for diesel, both increases will drive up manufacturers production and transport costs.

### Product prices

January prices for roundwood from natural forests in Brazil ranged from US\$90 per cu.m to US\$177 per cu.m at mill yard while prices for sawnwood from natural forests varied from US\$243 per cu.m to US\$877 per cu.m ex-factory depending on the species. In both cases the higher prices are for ipe (*Tabebuia* sp.) considered a top-quality species.

Prices for parica WBP glue plywood ranged from US\$475 per cu.m to US\$680 per cu.m ex-factory depending on thickness. Prices for parica MR glue plywood ranged from US\$436 per cu.m to US\$614 per cu.m ex-factory.

Recent prices for reconstituted woodbased panels averaged US\$292 per cu.m ex-factory for MDP (15 mm) and US\$421 per cu.m ex-factory for MDF (15 mm).

### Amazon forest development projects funded

The National Fund for Forest Development (FNDF) will provide R\$ 1.3 million for new projects in addition to the R\$ 2.8 million for projects already approved.

The promotion of sustainable forest management in the Amazon and the restoration of the Atlantic Forest and Cerrado are priority areas for the FNDF.

The current water crisis in Brazil is related to deforestation and action will be taken to conserve the existing forests and on forest recovery.

Only around 10% of the Atlantic Forest has its original structure and only 50% of the Cerrado (a vast tropical savanna ecoregion) and Caatinga (a type of desert vegetation) remains intact.

The Atlantic native vegetation restoration projects will be supported along with those dealing with the diversification of tropical timber use and promotion of lesser-known species of potential commercial value.

### Investments boosting forest plantation in Brazil

Brazil currently has 7.6 million hectares of planted forests, an area equivalent to almost twice the size of Switzerland and has potential for further expansion.

Brazilian plantation forestry has attracted investment and application of new technologies and this has been driven mainly by the pulp and paper sector and the woodbased panel industries. The states of São Paulo, Minas Gerais and Paraná have half the plantation stock in Brazil.

In 1970 each hectare of forest plantation in Brazil yielded around 20 cu.m per year but today that has doubled. According to the Brazilian Agricultural Research Corporation eucalyptus plantations produce over 40 cu.m per hectare per year in Brazil.

### December export performance

In December 2014, Brazilian exports of wood-based products (except pulp and paper) increased 20% in value compared to December 2013, from US\$219 million to US\$263 million.

Pine sawnwood exports increased by 35.4% in value in December 2014 compared to December 2013, from US\$15.8 million to US\$21.4 million. In terms of volume exports rose 36%, from 66,800 cu.m to 90,800 cu.m over the same period.

Tropical sawnwood exports were up 39.7% in volume, from 27,200 cu.m in December 2013 to 38,000 cu.m in December 2014. In terms of value exports increased 30% from US\$17.3 million to US\$22.5 million, over the same period.

In December 2014 pine plywood exports increased 24% in value year on year from US\$35.3 million to US\$43.8 million. Export volumes increased 20%, to 117,400 cu.m.

Brazil's tropical plywood exports increased a massive 85% in volume but only from 3,400 cu.m in December 2013 to 6,300 cu.m in December 2014 however in terms of value tropical plywood exports increased by only 54.5% over the same period.

Wooden furniture exports continue to do well with December exports valued at US\$41.5 million a 6% increase.

### Mato Grosso forest sector set to grow further in 2015

The forest sector is the fourth largest in Mato Grosso State and generates a major part of revenues for 40 municipalities and provides over 100,000 jobs. Mato Grosso is the third largest Brazilian timber producer (1.033 million cu.m annually).



In 2014 this sector was burdened with tax structures which are higher than in other Brazilian states placing producers in Mato Grosso at disadvantage.

In 2013, the state was ranked second amongst states exporting tropical sawnwood having exported US\$45.2 million after the US\$69.3 million exported from Pará state.

Despite the difficulties the Mato Grosso forest sector exported 857,000 tons of wood products up to December 2014.

#### TCP to increase handling of wood products

The Paranaguá Container Terminal (TCP) is located in Paraná State and last year the port handled a record volume of wood products.

TCP is the only terminal in Brazil where there is a direct connection between the railway and port and it was the extension of the rail link in Ponta Grossa that allowed TCP to improve productivity and reduced service costs.

The goal of TCP for the coming years is to increase capacity and increase its customer base, especially in the timber sector. This will be done through offering new lines and maritime services with efficient services at minimal cost. Wood products shipped through TCP originate in Paraná, Santa Catarina, São Paulo, Mato Grosso and Mato Grosso do Sul and the main destinations are Europe and Asia.

TCP is the second largest container terminal in South America with capacity to handle 1.5 million TEUs per year. It has a storage area of 320,000 sq.m and three docks with a total length of 879 metres.

#### Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m <sup>3</sup>
Ipê	877↓
Jatoba	473↓
Massaranduba	406↓
Muiracatiara	451↓
Angelim Vermelho	388↓
Mixed red and white	243↓
Eucalyptus (AD)	237↓
Pine (AD)	167↓
Pine (KD)	184↓

#### Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m <sup>3</sup>
Ipê	177↓
Jatoba	102↓
Massaranduba	107↓
Muiracatiara	112↓
Angelim Vermelho	102↓
Mixed redwood and white woods	90↓

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

Parica	US\$ per m <sup>3</sup>
4mm WBP	680↓
10mm WBP	547↓
15mm WBP	475↓
4mm MR	614↓
10mm MR	461↓
15mm MR	436↓

Domestic prices include taxes and may be subject to discounts.

#### Prices For Other Panel Products

Domestic ex-mill Prices	US\$ per m <sup>3</sup>
15mm MDP/Particleboard	292↓
15mm MDF	421↓

#### Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m <sup>3</sup>
Ipê	1305↓
Jatoba	1003↓
Massaranduba	755↑
Muiracatiara	721↓
Pine (KD)	230↑

#### Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m <sup>3</sup>
9mm C/CC (WBP)	360↓
12mm C/CC (WBP)	332↓9
15mm C/CC (WBP)	328↓
18mm C/CC (WBP)	317↓

#### Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m <sup>3</sup>
Decking Boards Ipê	2,337↓
Jatoba	1,525↓

## Report from Peru

#### Fall in commodity prices dampens growth prospects

Peru's economy has been hit by the collapse in copper price, one of country's biggest export earners. The economy was also weakened by contraction in the fishing and manufacturing sectors.

The National Statistics Agency, INEI, has reported that GDP grew just 0.31% in November the lowest rate since 2009 global financial crisis.

In response the Central Bank cut its interest rates 0.25% to 3.25%. Many observers were caught by surprise thinking the bank would maintain the rate to avoid further weakening of the currency.

#### March target for approval of new Forestry Act

Lucetty Ullilen, Director General of Forestry and Wildlife at Serfor (Servicio Nacional Forestal y de Fauna Silvestre) has said the new Forestry and Wildlife Law N. 29763 is expected to be approved in early March creating an environment for an overhaul of forest management allowing for greater participation of the more than 50 indigenous communities that depend on the forest for their livelihood.

The Director General has praised indigenous organizations for the way they have participated in drafting the new legislation and in explaining what is being proposed to their respective communities.

#### Government to assess inefficiencies in the regions

The minister of agriculture, Juan Manuel Benites, has expressed concern that the powers transferred to regional authorities are not leading to more efficient management of the forest concession process and have failed to effectively combat illegal logging and land clearing.

To assess the situation the minister has called for an audit of regional administrations. The minister is proposing a greater central government oversight of actions taken by regional authorities and establishment of a system of co-management.

#### Export Sawwood Prices

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

	US\$ per m <sup>3</sup>
Peru Sawwood, FOB Callao Port (cont.)	
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	871-916
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

	US\$ per m <sup>3</sup>
Peru Sawwood, FOB Iquitos	
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 Sawwood Prices

	US\$ per m <sup>3</sup>
Peru sawwood, domestic	
Mahogany	-
Virola	170-195▲
Spanish Cedar	296-355
Marupa (simarouba)	142-154

#### Export Veneer Prices

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

#### Export Plywood Prices

	US\$ per m <sup>3</sup>
Peru plywood, FOB Callao (Mexican Market)	
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	413-441
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 (excl. taxes)

	US\$ per m <sup>3</sup>
Iquitos mills	
122 x 244 x 4mm	508
122 x 244 x 6mm	513
122 x 244 x 8mm	522
122 x 244 x 12mm	523
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	513

#### Domestic Prices for Other Panel Products

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

#### Export Prices for Added Value Products

	US\$ per m <sup>3</sup>
Peru, FOB strips for parquet	
Cabreuva/estoraque KD12% S4S, Asian market	1296-138
Cumaru KD, S4S	
Swedish market	922-1058▲
Asian market	1224-1254
Cumaru decking, AD, S4S E4S, US market	1187-1278
Pumaquiro KD # 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

## Report from Guyana

### Higher export earnings in 2014

The forest sector recorded significant growth in 2014 with production of around 527,000 cu.m for the year, an increase of 21 % on 2013.

In 2014 export earnings, at US\$54 mil., were significantly higher compared to the 2013 figure of US\$38 mil.

In 2014, dressed and undressed sawwood exports contributed 38% to total earning, the second highest contributor after log exports. Value added products accounted for just over 9% of total exports the most noteworthy being plywood and shingle exports.

Another successful product in the export market was piling (greenheart) which accounted for 6% of all wood product exports, almost the same as in 2013.

Other products which did well in export markets were wallaba poles and posts as well as craft items. Charcoal and other fuel wood exports, along with non-timber forest products, accounted for a very small part exports in 2014.



Source: GFC/FPDMC

### Export prices

There were no export shipments of greenheart logs in the period reviewed.

Logs, FOB Georgetown	US\$ price per m <sup>3</sup>		
	Std	Fair	Small
Greenheart	-	-	-
Purpleheart	295	-	-
Mora	215	210-215	200-205

### Export Sawwood Prices

Sawwood, FOB Georgetown		US\$ price. per m <sup>3</sup>	
EU and US markets		Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	700-1018
	Select	650-1557	-
	Sound	-	-
	Merchantable	-	-
Purpleheart	Prime	-	-
	Standard	-	-
	Select	725	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	-	-
	Sound	-	-
	Merchantable	-	-

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

### Export plywood prices

Plywood, FOB Georgetown Port			US\$ Avg unit val. per m <sup>3</sup>
Baromalli	BB/CC	5.5mm	No export
		12mm	460-578
	Utility	5.5mm	No export
		12mm	No export

## Report from Japan

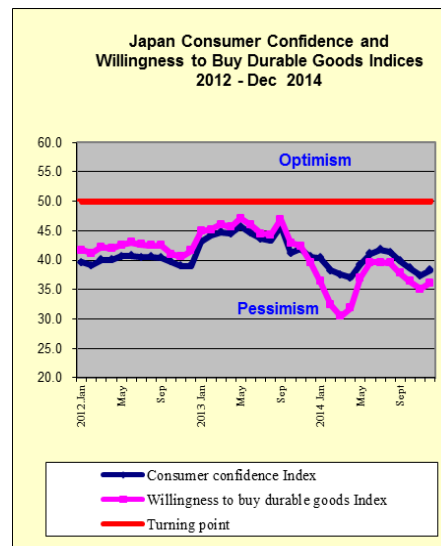
### Postponing additional tax rise boosts consumer confidence

The results of the December 2014 consumer sentiment survey were released on 19 January and showed that consumer confidence improved for the first time in five months. Consumers are apparently happy to see postponement of the planned increase in consumption tax.

The overall seasonally adjusted index of sentiment among households rose to 38.8, but it should be remembered that readings below 50 signal pessimism.

All of the indices four components rose in December. Consumer's assessment of employment conditions improved, as did their assessment of income growth potential. The index on readiness to buy new durable goods also improved but only to 36.3, still stuck well within the pessimistic range.

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



Source: Cabinet Office, Japan

### Industrial out rises in December

Data released 30 January from Japan's Ministry of Economy, Trade and Industry (METI) shows that industrial production rose in December month on month which is being interpreted as a sign that the economy may be on track to shed the deflation that has crippled the country for years.

The numbers from METI show that manufacturing output increased 0.3% in December year on year and was 1% up from November. However the consumer price index (excluding food) was down 0.2% from November.

For more see:

<http://www.meti.go.jp/english/statistics/tyo/iip/index.html>

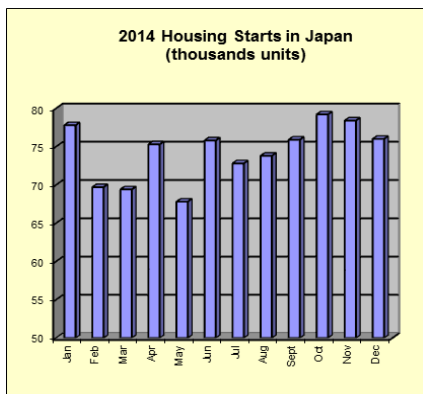
At the same time Japan's unemployment rate fell to 3.4% (down 1% from November) but stagnant wages meant household spending fell from a year earlier and was 0.3% down on November, the third consecutive monthly decline.

With the Japanese economy so dependent on domestic consumption all eyes are now on the wage negotiations between businesses and the unions which will set wages for the next fiscal year. If the unions are successful in their wage negotiations then domestic consumption could get a boost.

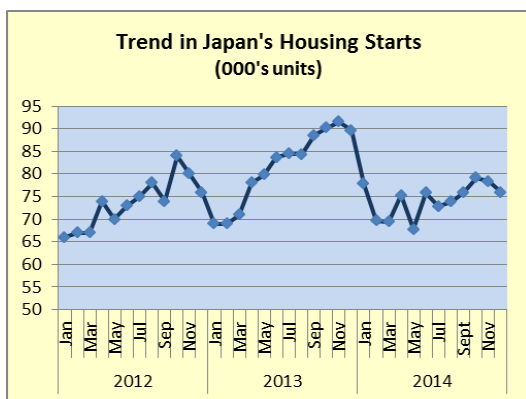
### Housing starts miss target

December housing starts totalled 892,000 according to the latest figures from the Ministry of Land, Infrastructure, Transport and Tourism.

This figure represents an almost 15% decline on December 2013 levels and comes after starts declined in November. Forecasters expected 2014 housing starts to be around 900,000. For 2014, housing starts fell 8.9% after the 11% growth in 2013.



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

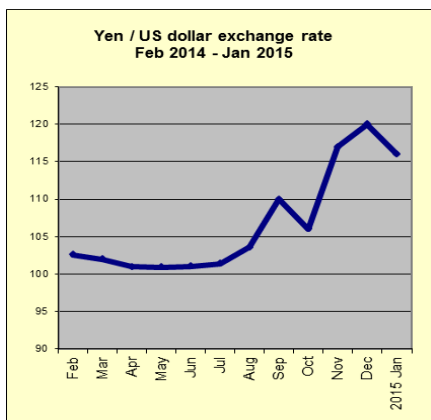


Source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

### Yen up euro down

Over the past two weeks the yen has strengthened against the US dollar, driven particularly by the sharp fall in the euro after the results of the Greek election was announced and partly because the Bank of Japan (BOJ) did not add any new initiatives to its stimulus plan that toppled the yen:dollar rate in October.

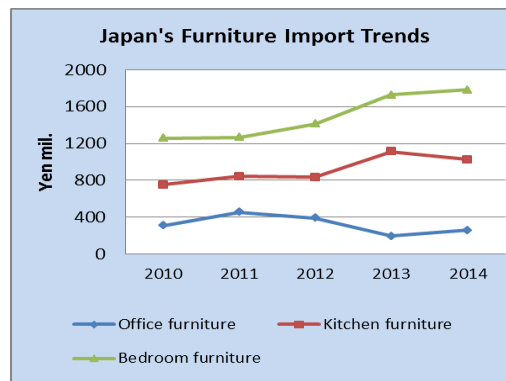
The euro fell to an 11-year in the second half of January in response to the new Greek governments' plan to adjust the austerity measures implemented by the previous government.



### Japan's furniture imports

Household and office furniture imports by Japan from 2010 to 2014 are shown below. Bedroom and kitchen furniture imports have held up well over the past 3 years despite a moribund housing market.

However, some of the apparent increase from 2012 is a reflection of exchange rates as the yen weakened against the US dollar, the currency of trade for the major suppliers.



Data source: Ministry of Finance, Japan

### 2014 office furniture imports

Cummulative 2014 imports of office furniture by source are shown below. It can be seen that China dominate Japan's imports of office furniture but manufacturers in the EU such as Poland Portugal, Italy and Germany feature in the top five suppliers.

Imports of office furniture from China (48%) and the four EU suppliers mentioned above account for 80% of all office furniture imports. Suppliers in tropical countries (Vietnam, Thailand, Singapore, Malaysia, Philippines and Indonesia) supplied just 8% of Japan's 2014 imports of office furniture. The top five source countries are indicated in red.

### Office furniture imports (HS 940330)

	Imports, 2014 Unit 1,000 Yen
S. Korea	10366
<b>China</b>	<b>1615865</b>
Taiwan P.o.C	95999
Hong Kong	5460
Vietnam	14734
Thailand	20799
Singapore	860
Malaysia	108852
Philippines	724
Indonesia	121174
Sweden	14416
Denmark	36348
UK	32544
Netherlands	3378

Belgium	6399
France	9438
<b>Germany</b>	<b>139944</b>
Switzerland	2837
<b>Portugal</b>	<b>324382</b>
<b>Italy</b>	<b>248078</b>
<b>Poland</b>	<b>411675</b>
Lithuania	47427
Czech Rep.	4261
Slovakia	44244
Canada	4145
USA	61291
Mexico	7265
Australia	400
<b>Total</b>	<b>3393305</b>

Data source: Ministry of Finance, Japan

Denmark	2814
UK	9396
Belgium	1351
France	3340
<b>Germany</b>	<b>402172</b>
Portugal	420
Italy	105535
Poland	624
Austria	10485
Romania	22644
Turkey	922
Lithuania	9613
Canada	29852
USA	91223
<b>Total</b>	<b>13457730</b>

Data source: Ministry of Finance, Japan

#### Office furniture from tropical countries

	Imports, 2014 Unit 1,000 Yen
Vietnam	14734
Thailand	20799
Singapore	860
Malaysia	108852
Philippines	724
Indonesia	121174
<b>Total</b>	<b>267143</b>

Data source: Ministry of Finance, Japan

#### Kitchen furniture from tropical countries

	Imports, 2014 Unit 1,000 Yen
Vietnam	5599783
Thailand	112625
Malaysia	215166
Philippines	2348322
Indonesia	1996308
<b>Total</b>	<b>10272204</b>

Data source: Ministry of Finance, Japan

#### 2014 kitchen furniture imports

In contrast to the trade in office furniture, in 2014 suppliers in tropical countries accounted for just over three quarters (76%) of Japan's kitchen furniture imports. Vietnam was the main supplier of kitchen furniture to Japan followed by China, Philippines, Indonesia and Germany. In addition, the list of tropical suppliers included Thailand and Malaysia. The top five source countries are indicated in red.

#### Kitchen furniture imports (HS 940340)

Source	Imports, 2014 Unit 1,000 Yen
S. Korea	4564
<b>China</b>	<b>2468737</b>
Taiwan P.o.C	21087
<b>Vietnam</b>	<b>5599783</b>
Thailand	112625
Malaysia	215166
<b>Philippines</b>	<b>2348322</b>
<b>Indonesia</b>	<b>1996308</b>
India	237
Sweden	510

#### 2014 Bedroom furniture imports

Since 2011 the yen value of Japan's bedroom furniture has increased despite the slow housing market and weak consumer sentiment in terms of buying durable goods. 2014 imports of bedroom furniture by source are shown below.

The top five suppliers: China, Vietnam, Malaysia, Thailand and Indonesia (in order of rank) accounted for a massive 93% of Japan's entire imports of bedroom furniture.

Asian suppliers dominate this trade with Singapore and Philippines being other major Asian suppliers but not big enough to make into the top five group. The top five source countries are indicated in red.

#### Bedroom furniture imports (HS 940350)

Source	Imports, 2014 Unit 1,000 Yen
S. Korea	2759
<b>China</b>	<b>12786128</b>
Taiwan P.o.C	265638
Hong Kong	441
<b>Vietnam</b>	<b>6232682</b>

Thailand	1088273
Singapore	3493
Malaysia	1156782
Philippines	7854
Indonesia	501010
Kazakhstan	253
Sweden	42046
Denmark	46119
UK	4926
France	4640
Germany	14785
Switzerland	2144
Spain	4358
Italy	167149
Poland	458894
Austria	10490
Greece	271
Romania	143828
Turkey	2146
Latvia	8697
Lithuania	84340
Croatia	593
Bosnia and Herzegovina	9302
Slovakia	112793
Canada	742
USA	217324
Brazil	2987
Australia	470
New Zealand	688
Total	23385045

Data source: Ministry of Finance, Japan

#### Bedroom furniture from tropical countries

Source	Imports, 2014 Unit 1,000 Yen
Vietnam	6232682
Thailand	1088273
Singapore	3493
Malaysia	1156782
Philippines	7854
Indonesia	501010
Total	8990094

Data source: Ministry of Finance, Japan

#### Trade news from the Japan Lumber Reports (JLR)

*The Japan Lumber Reports (JLR), a subscription trade journal published every two weeks in English, is generously allowing the ITTO Tropical Timber Market Report to extract and reproduce news on the Japanese market as it appears in the JLR.*

For the JLR report please see:

<http://www.n-mokuzai.com/modules/general/index.php?id=7>

#### Widening gap between costs and market prices for imported plywood

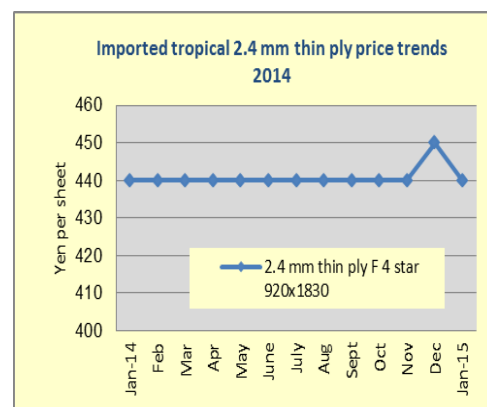
By progressing depreciation of the yen, future cost of imported South Sea hardwood plywood is far higher than the market prices in Japan. Cost of 3x6 concrete forming panel is 120 yen per sheet higher than October market prices. The suppliers hold firm stand by high log cost so future orders continue declining, which will reduce future arrivals considerably.

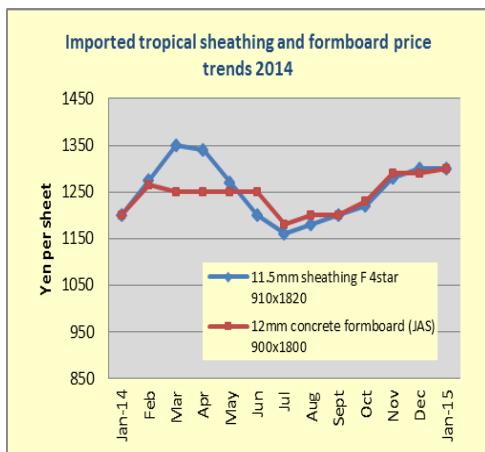
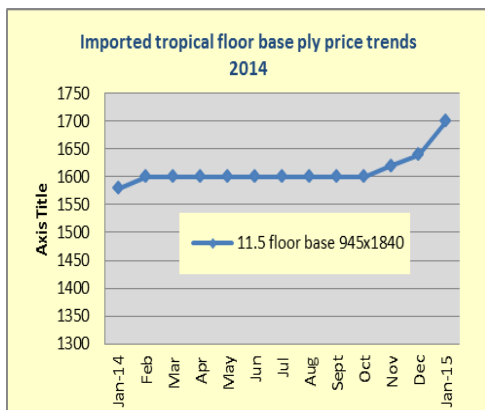
Yen's rate to the dollar plunged to 120 yen per dollar, 11% drop compared to late October so even with unchanged export dollar prices, cost gap jumped up by about 180 yen per sheet.

Since last May, the demand slowed down after the tax increase and the future cost has been always far head of the market prices so that the importers have been reducing future purchases.

Consequently, monthly arrived volume dropped to 258,890 cbm during August and October from 308,900 cbm during March and July, about 50 M cbms decrease. Despite three positive factors of high suppliers' prices, weakening yen and dropping inventories, the market prices remain weak.

Orders to the suppliers in November seem to be down to 60-70% of normal months so the future arrivals will be considerably reduced. Normal monthly arrivals are over 300 M cbms then they are down to 250 M cbms now and they may be down close to 200 M cbms in the first quarter.





Supply region is in rainy season now and the suppliers are worried about higher log prices in coming months so reduction of future orders may be a good news to the suppliers. Current market prices of JAS 3x6 concrete forming for coating in Tokyo region are 1,400 yen per sheet delivered, 40 yen higher than November.

### Plywood market developments

Domestic softwood plywood production in October was 219,100 cbms, 4.4% more than September with the shipment of 221,600 cbms, 1.2% more so the inventories were 213,000 cbms, which were the almost same as one month production.

The softwood plywood market started collapsing after October and the prices have been dropping then the inventories started shrinking so that the manufacturers decided to set a new prices since December to restructure the market, which stopped downward move of the prices. Dealers had been doing business with very little inventories but now they have to secure a certain volume as surplus volume is decreasing.

In Tokyo market, 12 mm 3x6 panel (special grade/ F ☆☆☆) prices are 860 yen, 40 yen lower than October. Import plywood market is firming by sudden depreciation of the yen with declining arrivals. Actually price increase in Japan market has been way behind the soaring cost so the importers are worried about if the market prices would go up to catch up spiraling cost.

October arrivals were 259,500 cbms, 5.2% less than the same month a year earlier and 10,000 cbms less than September arrivals. In particular, Malaysian volume was the lowest this year at 95,100 cbms, 20,000 cbms less than September.

### LVL Association roadmap for development

Japan LVL Association held the regular directors meeting and the chairman commented that the members have been struggling to sell LVL after the tax hike in last April because the demand drop is much more than expected.

The Association has been developing LVL products for residential use and non-residential use. Since new housing starts are hard to increase, it is necessary to develop more non-residential use of LVL.

At the meeting, it showed road map for development of important factors of materials, structure and fire proof. In materials, veneer strength simulation will be done for efficient LVL production like laminated lumber for next revision of JAS.

For fire proof, fire proof wall, floor and roof will be developed with performance tests to get the Minister's certificate so that LVL can be used for fire proof buildings. Also by recent revision of JAS rules, for large sized beam, producible width, height and length of laminated lumber, solid wood lumber and LVL are shown so that designers can select the most suitable material. Next target is to use LVL for wall like European use since use of LVL has been mainly for structural post and sill in Japan.

## Report from China

### China 2014 growth at 24-year low

Data from the National Bureau of Statistics shows that in 2014 the Chinese economy grew at its slowest rate in more than 24 years.

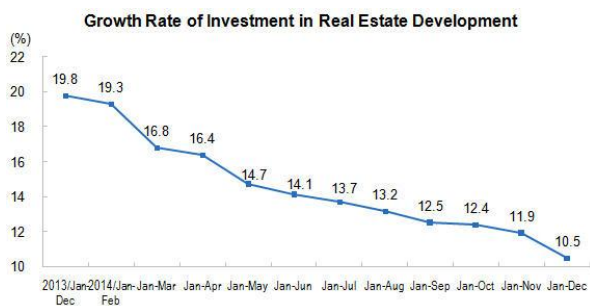
At 7.4% growth for the year, 2014 GDP was marginally below the Government's target of 7.5%. For the year as a whole industrial production was up over 8% and fixed investment grew at 16% mainly driven by spending on infrastructure projects.

[http://www.stats.gov.cn/english/PressRelease/201501/t20150122\\_672565.html](http://www.stats.gov.cn/english/PressRelease/201501/t20150122_672565.html)

### Plans to scale back building low-cost housing to avert real estate crisis

The National Bureau of Statistics (NBS) has reported 2014 housing developments and sales. Total investment in real estate development in 2014 increased around 10% year-on-year, of which investment in residential buildings was up by 9.2% accounting for 68% of all real estate development investment.

However, the land area purchased by real estate developers in 2014 was down 14% year-on-year.



Source:

[www.stats.gov.cn/english/PressRelease/201501/t20150121\\_672106.html](http://www.stats.gov.cn/english/PressRelease/201501/t20150121_672106.html)

In related news the NBS reported that in December house prices in 66 of the 70 medium and large-sized cities surveyed fell and only rose in 3 cities. Much the same trend was seen in prices for second-hand residential buildings with prices falling in 60 of the 70 cities surveyed.

Reports suggest there are millions of empty apartments across China and analysts point to the 4.5% fall in prices last year and the current fall in prices as evidence of massive oversupply.

This has become a risk for the economy as a whole as the real estate sector, by some measures, accounts for around a third of GDP if output from industries such as cement, glass, wood products and furniture etc. are included.

In contrast to the sharply falling prices for new homes the sales volume in December in 70 major cities was the highest for the year rising around 8% compared to November.

The increase in the number of units purchased has been put down to recent policy concessions such as the cut in interest rates in November which brought down home loan costs and the massive discounts offered by some developers.

Speaking at the World Economic Forum in Switzerland, China's housing minister said the government plans to build fewer low-cost houses in cities where there is a serious oversupply of housing.

It has been reported that the government has built almost 50 mil. subsidised homes for low income families over the past 5 years and this has contributed to the housing glut in the country.

To assist low income families find a home the government will instead help people buy existing homes by providing easier access to financing.

#### **US review of multilayered flooring duties**

The US Department of Commerce has announced it is conducting a review of the countervailing duty (CVD) order on China's multilayered wood flooring. A statement from the Enforcement and Compliance, International

Trade Administration, Department of Commerce says in summary:

"We preliminarily find that the mandatory respondents Fine Furniture (Shanghai) Limited (Fine Furniture) and The Lizhong Wood Industry Limited Company of Shanghai (Lizhong) (also known as "Shanghai Lizhong Wood Products Co., Ltd.") received countervailable subsidies during the review.

We also intend to rescind the review of one company, Changzhou Haud Flooring Co., Ltd. (Changzhou), which timely certified that it had no shipments of subject merchandise to the United States during the review. Interested parties are invited to comment on these preliminary results."

For more see: <http://www.gpo.gov/fdsys/pkg/FR-2015-01-07/html/2015-00037.htm>.

#### **Myanmar-China timber governance and trade talks**

At a recent meeting and workshop China and Myanmar agreed on the need to increase exchanges on timber legality verification which will serve as the basis for regulating and promoting trade in legal and sustainable produced wood products between the two countries.

Issues such as implementation, compliance and awareness of legality system as well as the potential to establish joint wood-processing industrial zones in Myanmar were discussed.

A statement after the meetings said this workshop served as a 'kick-off' meeting for the "Myanmar-China Timber Governance Project" which will explore a range of collaborative activities including enhancing the capacity of Chinese Customs officials to develop specific guidelines on responsible forest investment to guide Chinese companies operating in Myanmar

The Myanmar-China Timber Governance Project is being coordinated by the Global Environment Institute (GEI) and the Research Center for International Trade in Timber Products within the State Forestry Administration (SFA) and executed through cooperation between the SFA and Myanmar's Ministry of Environmental Protection and Forestry. Activities are supported financially by the US Bluemoon Fund and are also part of the China-UK International Cooperation on Forestry Program.

For more see:

[www.geichina.org/index.php?controller=News&action=View&nid=260](http://www.geichina.org/index.php?controller=News&action=View&nid=260)

#### **Enterprise registration reform to cut red-tape**

According to the State Administration for Industry and Commerce, enterprise registration process will be streamlined creating a three-in-one business license which combines the industrial and commercial business license, the organization code certificate and tax registration. The aim is to minimise administrative costs and encourage businesses.



After the reform applicants need only to submit one set of documents for approval by four government departments, namely industrial and commercial department, quality supervision department, national tax bureau and local tax bureau.

**Bamboo exports from Lishui city exceed US\$100 million**

For the first time the value of bamboo products exports from Lishui city, Zhejiang province topped US\$110 million representing a year on year increase of 23% to break the US\$ 100 mil. for the first time.

The top bamboo products exported were furniture, crafts, tableware sun shade umbrellas and screens and the main markets were the EU (40%) US (23%) and ASEAN (10%).

The main reason for the increase in bamboo product exports is due to diversification into new markets in Southeast Asia, Russia and Africa and consolidation in traditional European and American markets. In addition enterprises have strengthened technological innovation and invested in research and development for new products.

The inspection and quarantine departments of Lishui city have helped by expediting inspection and supervision procedures to accelerate customs clearance. This agency also guides enterprises on quality and safety control systems and on strengthening factory supervision to ensure the quality and safety of bamboo products.

**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
<b>yuan/tonne</b>		
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

	<b>Sawnwood</b>	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

<b>Logs All grades</b>	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

	<b>Sawnwood</b>	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

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

	<b>Sawnwood</b>	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

<b>Logs, all grades</b>	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

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

<b>Logs, all grades</b>	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

**Stasis in EU tropical hardwood imports in 2014**

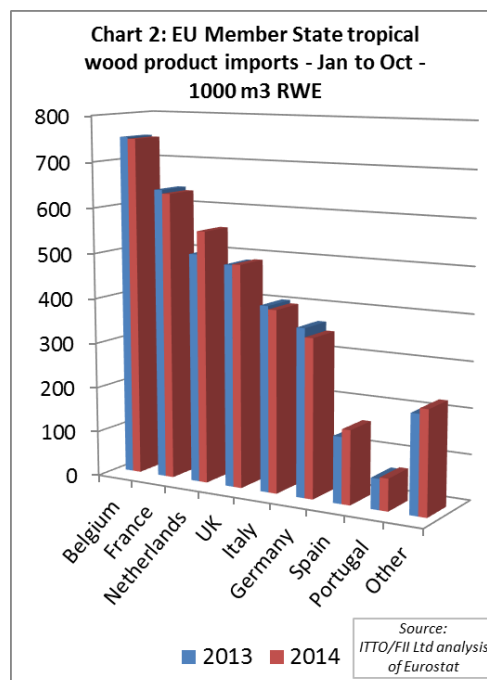
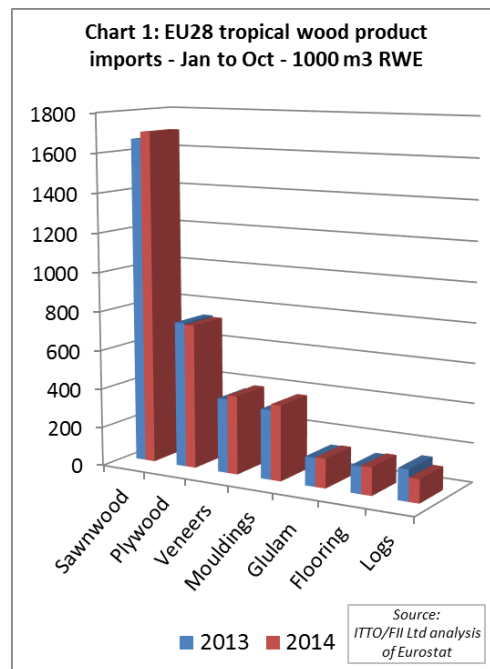
The latest Eurostat trade data to end October 2014 shows that tropical hardwood imports into the EU last year were only marginally better than the historically low levels recorded in the previous two years.

Various factors account for this lack of import growth including lacklustre performance of the construction and joinery sectors in much of Europe during 2014, supply constraints and logistical problems (particularly for shipments out of Douala port in Cameroon), and the EU Timber Regulation which has encouraged buyers to focus on a more limited range of tropical suppliers in order to meet the VPA due diligence requirements.

Total EU28 imports of all the main timber products from tropical countries were 3.63 million cu.m in roundwood equivalent (RWE) terms in the first 10 months of 2014, 1.3% greater than the same period in 2013.

In value terms, EU tropical timber imports in the first ten months of 2014 were euro1.18 billion, only 0.7% greater than the same period the previous year.

The volume of EU imports of tropical sawn wood, veneers, mouldings, glulam and flooring all increased slightly in the first 10 months of 2014. However there was a decline in EU imports of tropical plywood and logs (Chart 1).



Total tropical hardwood imports into most EU countries remained fairly static at low levels between 2013 and 2014 (Chart 2). There were slight gains in a few countries including the Netherlands, Spain, Portugal and the UK, but these were offset by declines in Germany and Italy.

**Belgium an important transit country**

In the first ten months of 2014, the volume of tropical wood product imports into Belgium fell very slightly (-0.5%) to 748,000 cu.m RWE.

Belgium’s domestic market for tropical hardwood was very slow last year, but any weakness at home was offset by a rise in Belgium’s re-exports of tropical hardwood products to neighbouring countries.

Belgium’s re-exports to other EU countries of all wood products identified as containing tropical wood was 251,000 cu.m RWE in the first 10 months of 2014, 12% more than the same period in 2013. Most of this volume was destined for France, Netherlands and Germany.

Increased flows of tropical wood through Belgium suggests a continuing trend towards concentration of trade in a smaller number of larger importers close to the major ports.

In part this reflects much tighter control of stock levels by merchants and manufacturers who prefer to buy small but regular volumes of mixed containers.

To some extent this trend is being reinforced by EUTR which may be seen as another reason to avoid buying direct and instead rely on timber placed on the EU market by larger companies.

**Weak construction depresses French imports**

Direct imports of tropical wood into France were 632,000 cu.m RWE in the first ten months of 2014, 1.2% less than

previous year. The decline was partly due to the continuing weakness in the French construction sector last year.

Already slowing in the first half of 2014, output in France's construction sector contracted a further 0.6% in the three months to November according to the latest data from INSEE.

Tropical hardwood plywood has also come under rising competitive pressure in France from imported Chinese plywood, European birch plywood, and other panel products.

Imports of sawnwood into France from Cameroon fell particularly dramatically last year. However there was a rise in French veneer imports from Gabon, encouraged by the EU's decision to suspend the GSP tariff on okoume veneer from Gabon on 24 June 2014 and to backdate the suspension to 1 January 2014.

#### **Netherlands tropical wood imports rise 10%**

In contrast to France, the volume of tropical hardwood imports into the Netherlands increased 10% in the first ten months of 2014.

Improving construction activity led to a particularly sharp increase in Netherlands imports in the first two quarters of 2014. However the rate of growth slowed in the third quarter of the year.

Demand for hardwoods in the Netherlands has benefitted from the temporary VAT reduction on renovation activities implemented since early 2013. This is now due to remain in place until 30 June 2015 in an effort to offset continuing challenges in the Netherlands housing sector.

Recognition of the Malaysian Timber Certification System since October 2013 alongside other PEFC systems and FSC for Dutch government procurement may well have boosted imports of tropical hardwood into the Netherlands last year.

In the first ten months of 2015, Netherlands imports of Malaysian timber products were 246122 cu.m RWE, up nearly 40% compared to the same period in 2013.

#### **Slowing growth in UK tropical hardwood imports**

After a sharp rise in the first six months of 2014, the rate of growth in UK imports of tropical hardwood slowed in the third quarter of the year.

Overall, UK imports of tropical hardwood products were 490,000 cu.m RWE in the first ten months of 2014, up only 0.4% compared to the same period in 2013.

The slowing pace of UK tropical hardwood imports was not due to any significant decline in the UK hardwood market. UK hardwood distributors remained very busy in the second half of 2014 driven by the on-going recovery in construction.

However Chinese Mixed Light Hardwood plywood was taking a rising share of the UK market during 2014, largely at the expense of tropical hardwood plywood from Malaysia.

UK tropical hardwood demand also remains very heavily oriented towards sapele, with very little interest being shown in lesser known or secondary species. As a result the UK struggled to obtain adequate supplies, particularly with the slow movement of goods through Douala port in Cameroon during 2014. This encouraged some increased interest in Malaysian meranti in the UK last year.

Sales of chemically and thermally modified wood products have also been rising in the UK, taking share from tropical hardwood.

#### **Tropical wood regains some share in Italian market**

Italian imports of tropical hardwood imports fell only slightly in 2014 despite evidence of a continuing sharp downturn in construction and other economic activity.

Overall Italy imported 400,000 cu.m RWE of tropical hardwood products in the first ten months of 2014, only 1.7% less than the same period in 2013.

However this is hardly cause for celebration after seven years of near continuous decline in Italian tropical hardwood imports (from over 1.4 million cu.m RWE in 2007).

The relative stability in Italian imports in 2013 and 2014 despite continuing contraction in end-use sectors is partly due to tropical hardwood reclaiming some of the share lost to US hardwoods, particularly in the mouldings sector, as prices of the latter have risen. This boosted Italian imports of sawn wood from Gabon and Ivory Coast in 2014.

Italian timber merchants and manufacturers have also increased sales into other parts of Europe. For example EU internal trade data indicates that Italy's exports of tropical hardwood plywood to other EU countries increased from 55,000 cu.m in the first ten months of 2013 to 63500 cu.m in the same period in 2014, most destined for Germany, Netherlands and France.

#### **Indonesian wood products fare well in Germany**

Imports of tropical hardwood products into Germany were 348,000 cu.m RWE in the first ten months of 2014, down 5.2% compared to the same period in 2013.

After two years of robust growth, Germany's construction sector contracted during 2014. Germany's imports of tropical sawn hardwood declined from all four the country's largest suppliers – Malaysia, Ghana, Cameroon and Ivory Coast.

However, at least one tropical supply country fared well in Germany last year. German imports of Indonesian plywood, S4S sawn lumber, mouldings, veneers and flooring components all increased in 2014.

This may be at least partly due to mandatory SVLK certification of Indonesian products. Implementation of a tough EUTR inspection regime in Germany and the government’s decision to confiscate a consignment of African wenge logs due to an alleged breach of the law, have sensitised importers to the need for legally verified timber.

**Pick up in Spanish and Portuguese imports**

After several years of contracting demand, there was a pick-up in demand for tropical hardwood products in Spain and Portugal in the first 10 months of 2014.

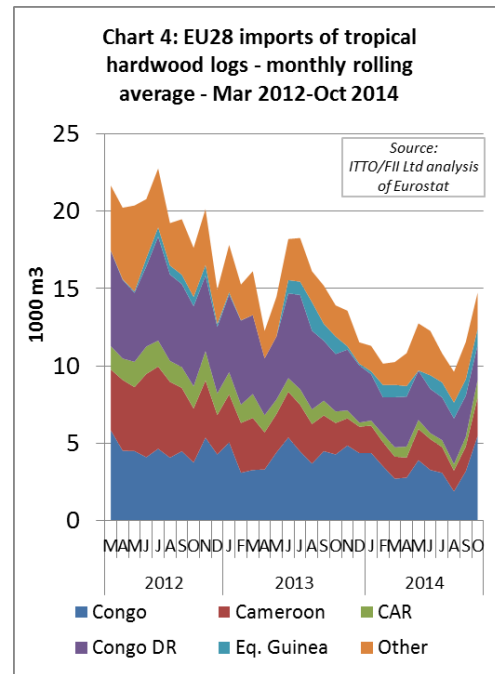
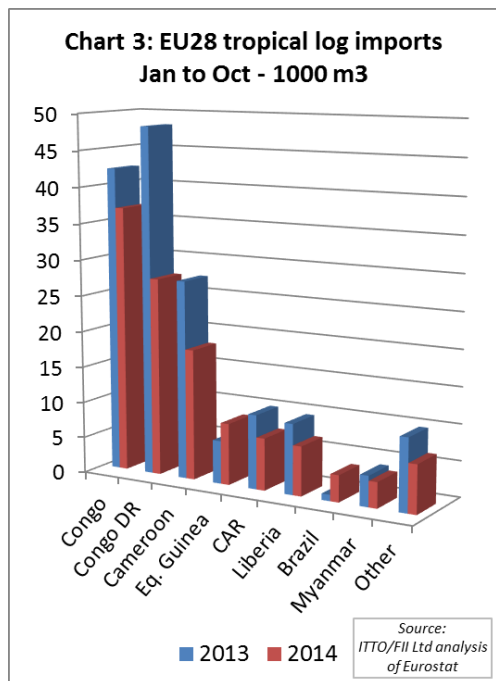
In RWE terms, imports into Spain were nearly 12% higher than the same period the previous year, while imports into Portugal were 5% higher. This is an encouraging sign that the painful structural reforms imposed by both countries in the wake of financial crises are beginning to stimulate more economic activity.

Although Spain’s imports of tropical hardwood from Cameroon fell last year, the country was importing more from Ivory Coast, Brazil, Gabon and the Congo countries. Portugal was importing more from Brazil in 2014. Spain’s tropical hardwood imports consist primarily of sawn wood and veneers, whereas Portugal imports mainly tropical sawn wood with a declining volume of logs.

**EU tropical hardwood log imports slide even further**

EU imports of tropical hardwood logs were 119,000 cu.m in the first ten months of 2014, 25% less than the same period of 2013. Imports fell particularly dramatically from the Democratic Republic of Congo, down 43% at 27,000 cu.m in the first 10 months of the year (Chart 3).

Analysis of monthly data indicates that while the general trend in EU imports of tropical logs has been downwards over the last 3 years, there was a sharp increase in imports in September and October 2014.



**Minor recovery in EU imports of sawn tropical hardwood**

EU imports of sawn tropical hardwood were 806,000 cu.m in the first 10 months of 2014, 2% more than the same period in 2013. Imports from Cameroon fell 9% to 247,000 cu.m (Chart 5).

However, this decline was offset by rising imports from Malaysia (+11% to 161,000 cu.m), Brazil (+11% to 90,000 cu.m), Gabon (+7% to 81,000 cu.m), Ivory Coast (+13% to 73,000 cu.m) and the Republic of Congo (+14% to 39,000 cu.m).

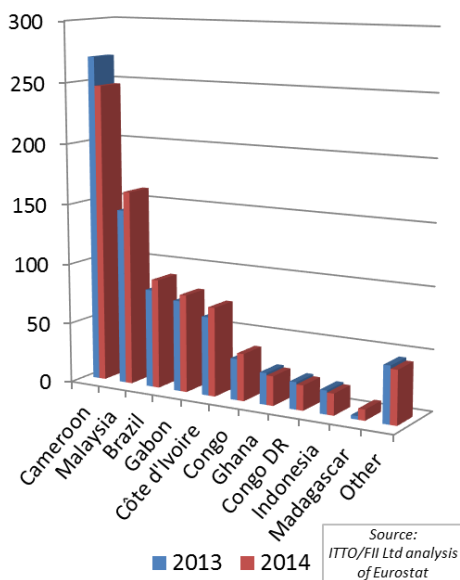
Monthly data indicates that after a slow start to 2014, EU imports of sawn hardwood increased strongly between March and June (Chart 6). Imports fell away again in third quarter of 2014 as consumption had not kept pace with imports and European stocks had begun to build.

However there was a slight uptick in EU imports in October 2014, mainly because wood at last began to flow more freely from Cameroon. This followed introduction of emergency measures by the Cameroon authorities to reduce serious congestion at the port. These measures included commissioning of new cranes and the allocation and redevelopment of more transit space for timber shipments.

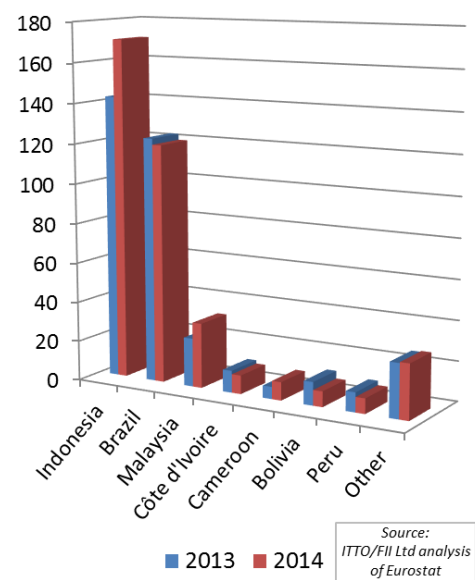
Looking forward, port congestion is widely expected to become less of a problem in Cameroon following the recent announcement by the Minister of the Economy, Planning and Regional Development that the Limbe Deep Seaport supported by South Korean investment should become operational during 2015.

The Kribi Seaport in Cameroon, supported by US\$567 million of Chinese investment, is also reported to be 60% complete and is expected to provide a large new harbour serving all of Central Africa.

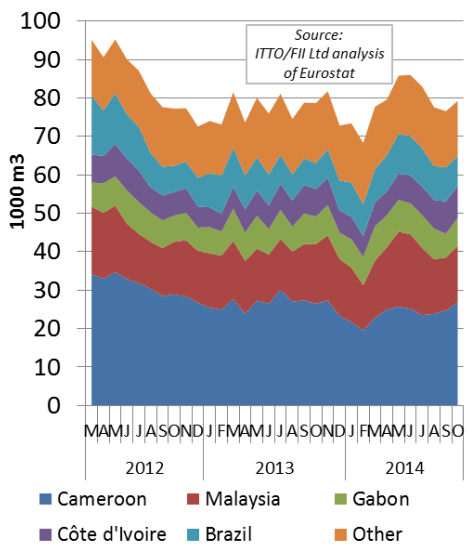
**Chart 5: EU28 tropical sawn imports - Jan to Oct - 1000 m3**



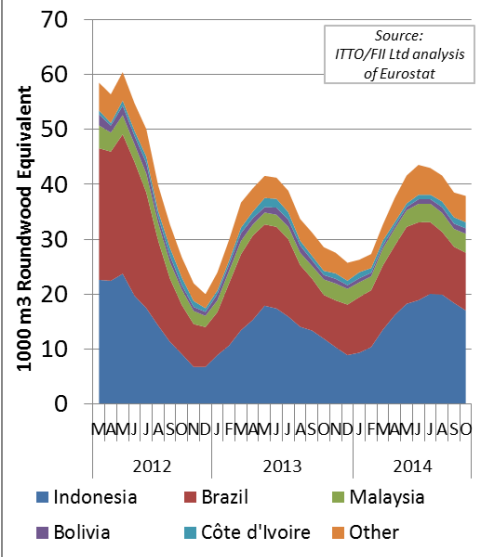
**Chart 7: EU28 tropical mouldings imports - Jan to Oct - 1000 m3 RWE**



**Chart 6: EU28 imports of sawn tropical hardwood - monthly rolling average - Mar 2012-Oct 2014**



**Chart 8: EU28 imports of tropical hardwood mouldings - monthly rolling average - Mar 2012-Oct 2014**



**Stronger EU demand for Asian decking in 2014**

EU imports of tropical hardwood mouldings and decking in the first 10 months of 2014 were 385,000 cu.m, 8% more than the same period in 2014.

Imports from Indonesia during the period were 171,000 cu.m, a 20% gain on 2013 (Chart 6). Imports from Malaysia also increased 34% to 33,000 cu.m. However imports from Brazil declined 2% to 120,000 cu.m.

Brazilian decking products were the target of a Greenpeace campaign in Europe in 2014. Several large European retailers put their sales of ipe decking on hold following Greenpeace allegations that legal documentation provided by Brazilian exporters does not meet EUTR requirements.

According to a recent report by the European Timber Trade Federation, investigations by the Belgian EUTR authorities and customs into six containers of ipe decking imported into Belgium alleged by Greenpeace to derive from an illegal source were still ongoing in December 2014. The Belgian authorities were awaiting 'clarity' on legality documentation from Brazil and the Belgian importers.

Monthly data for 2014 reveals the usual steep rise in EU imports of moulding and decking products during the second quarter, levelling off in June/July and then declining towards the end of the year (Chart 8).

Overall the European summer decking season in 2014 was marginally better than in 2013 when imports were seriously undermined by over-stocking from the previous year.

Although European importers are quite optimistic about demand for decking in the coming 2015 season, there are concerns that higher prices for tropical hardwood decking will lead to increased substitution by alternative products, notably wood plastic composites.

Indonesian bangkirai exporters are quoting significantly higher prices this year due to rising log and labour costs. The relative weakness of the euro against the dollar is a further disincentive for European importers. Supplies of Brazilian decking are also expected to be limited as more of this product is diverted to the U.S. market.

**Report from North America**

**Update on US wood flooring trade**

**US net exporter of wood flooring**

US imports of wood flooring have slowly recovered since the financial crisis and economic recession. However, even before the recession started imports had been declining. 2013 imports were lower than in the years prior to 2009.

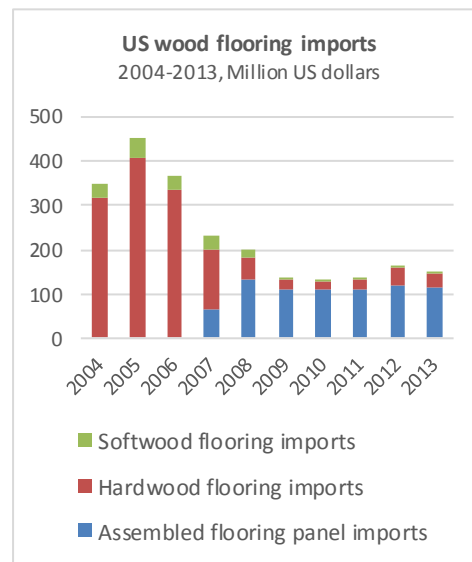
In 2004 imports of hardwood flooring, softwood flooring and assembled flooring panels were worth US\$349 million. Imports spiked in 2005 because of record new housing starts before falling to just US\$128 million in 2010. In 2013 wood flooring imports were worth US\$152 million.

imports in 2009. Wood flooring exports grew by an average 19% per year between 2004 and 2013, although growth has slowed since 2010. Wood flooring imports declined 6% annually between 2004 and 2013.

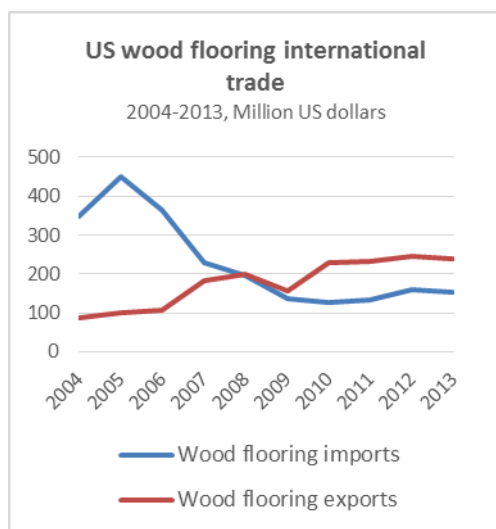
Both import and export data show the market's trend away from solid strip flooring to engineered flooring. The growth in flooring exports was mainly in assembled flooring panels, while solid hardwood flooring exports increased only slightly.

Imports of hardwood flooring declined from US\$318 million ten years ago to US\$41million in 2013. Its share in total wood flooring imports fell from 91% in 2004 to just 25% in 2013.

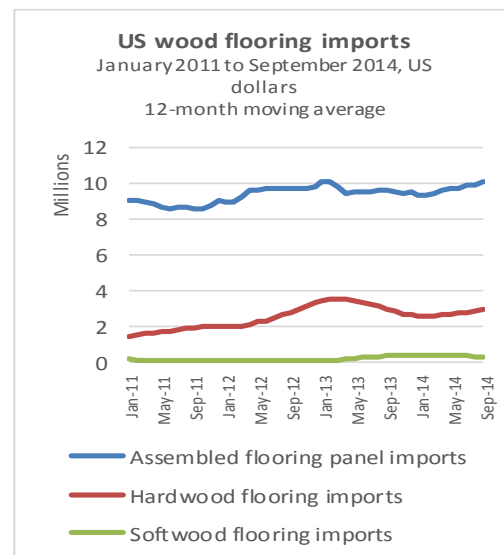
Assembled flooring panel imports increased from zero to US\$114 million in the same period, accounting for 75% of all wood flooring imports.



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics



Source: US Department of Commerce, US Census Bureau, Foreign Trade Statistics

Exports of wood flooring have grown significantly over the same period. US wood flooring exports surpassed

Despite the stronger housing market, wood flooring imports have not markedly increased in the last two years. Monthly import data, averaged over the previous twelve months to remove seasonality effects, show that September 2014 imports are almost unchanged from summer 2012.

Hardwood flooring imports grew in late 2012 and early 2013, but fell back in the second half of 2013.

#### **Domestic flooring production up**

While wood flooring imports have not rebounded to pre-recession levels, domestic flooring production has increased. Almost half of the wood flooring manufacturers surveyed by the National Wood Flooring Association reported higher production volumes in 2013.

Three quarters said their sales were up, with one third reporting dramatically higher sales. No manufacturer reported lower sales for 2013.

Flooring distributors surveyed by the National Wood Flooring Association reported a similar growth in sales in 2013. 86% of distributors indicated higher wood flooring sales compared to the previous year.

#### **Sales of tropical species down**

Unfinished solid wood flooring accounted for 48% of total sales by the distributors surveyed, 24% was prefinished solid and 23% prefinished engineered flooring. Red oak remains the most popular species at over 40% of all wood flooring sold and installed, followed by white oak, maple and other

US hardwood species. Domestic species accounted for over 90% of the wood flooring market. Sales of tropical species fell from 19% in 2008 to 6% in 2013, according to the survey of distributors.

#### **Home remodeling market**

Homeowner spending on home remodeling grew by 2.3% in the second quarter of 2014, according to US Census Bureau data. Growth slowed from the previous quarters, based on a four-quarter moving rate of change which removes seasonality effects.

The Joint Center for Housing Studies of Harvard University projects growth rates of 6.1% in the third quarter and 7.9% in the fourth quarter (both are four quarter moving rates of change, eliminating seasonal effects).

However, the spending forecast was revised downwards from expectations earlier this year. The recovery in the housing market was slower than expected by many analysts.

The rise in home prices and a slowdown in home sales had a negative effect on remodeling activity. Many homeowners also delay large remodeling projects because credit remains tight.

Nonetheless spending on remodeling grew by 5% in 2013 from the previous year, according to estimates by financial services provider Fitch. Total 2014 spending on home improvement products is estimated at US\$307.1 billion, up from US\$289.7 billion in 2013.

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

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

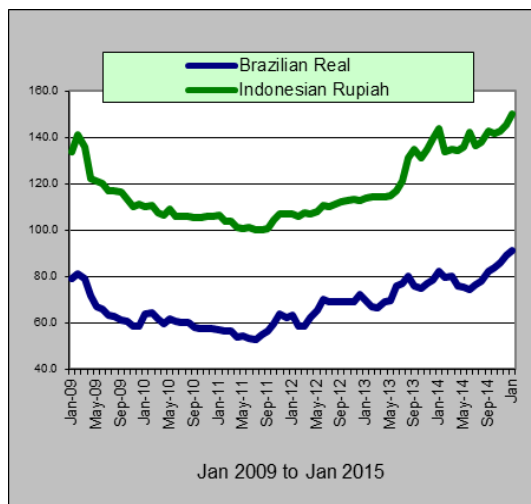
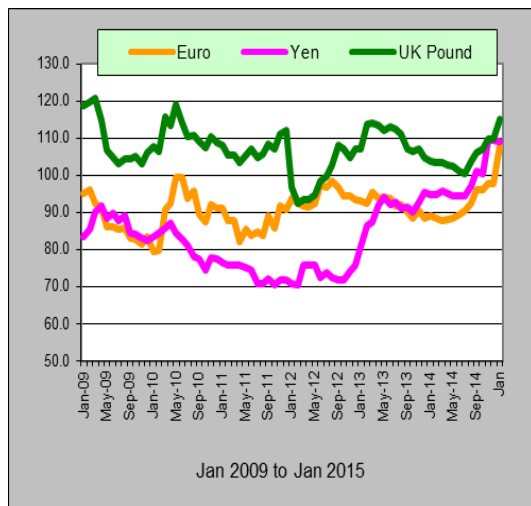


## US Dollar Exchange Rates

As of 27th January 2015

Brazil	Real	2.6829
CFA countries	CFA Franc	580.23
China	Yuan	6.2542
EU	Euro	0.8857
India	Rupee	62.1196
Indonesia	Rupiah	12,739
Japan	Yen	117.53
Malaysia	Ringgit	3.6335
Peru	New Sol	3.0616
UK	Pound	0.6639
South Korea	Won	1102.53

Exchange rate index (Dec 2003=100)

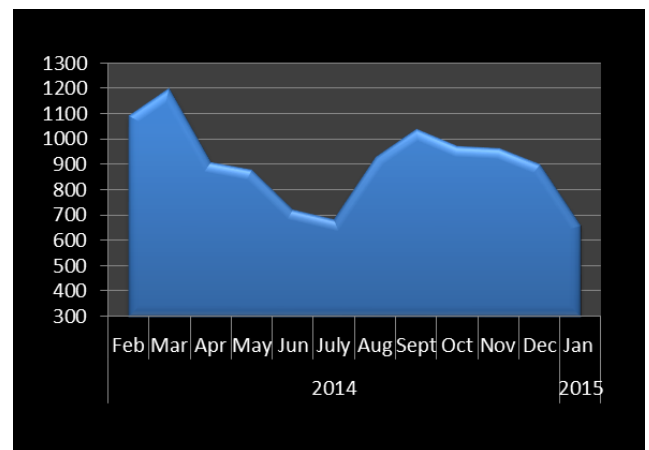


## Abbreviations and Equivalences

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  
February 2014 – January 2015

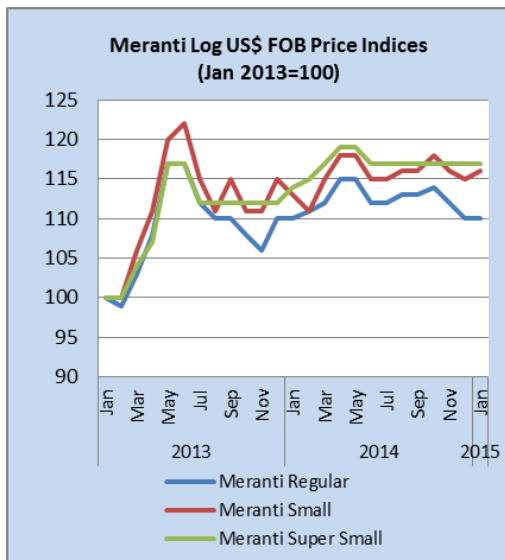


Data source: Open Financial Data Project

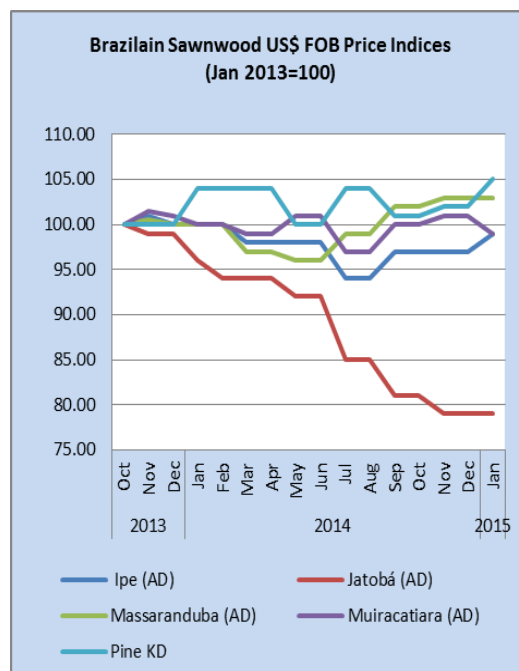
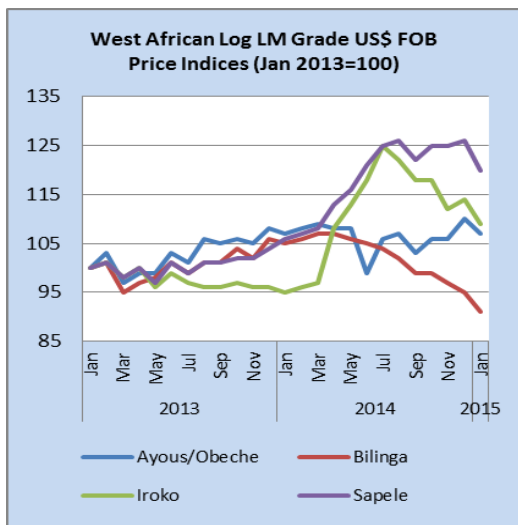
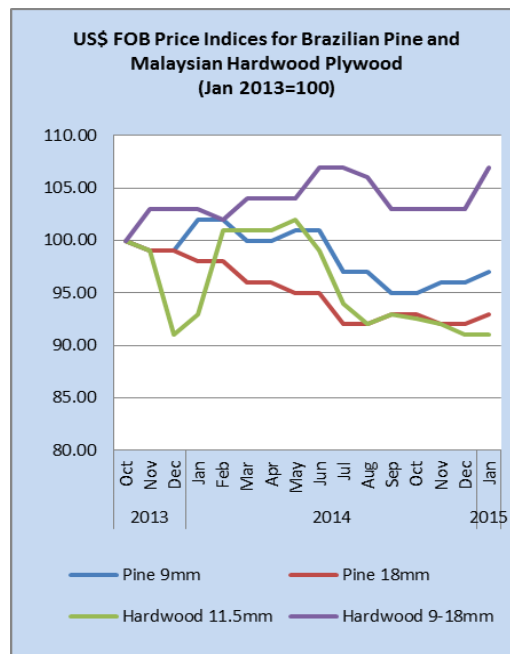
The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

**Price indices for selected products**

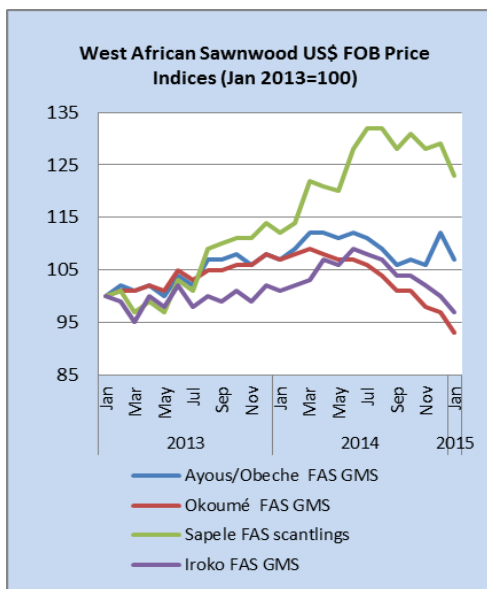
The following indices are based on US dollar FOB prices.



Note: Sarawak logs for the Japanese market



Note: Jatoba mainly for the Chinese market



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