

Tropical Timber Market Report

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Top Story

Red sanders auction delivers higher than expected income

The Andhra Pradesh government has earned almost Rs10 billion from the sale and export of 3,615 metric tonnes of confiscated red sanders logs.

In Andhra Pradesh, red sanders grows mainly in the Seshachalam hill ranges spread across Kadapa, Chittoor and Kurnool districts in the Rayalaseema region as well as in parts of Nellore district.

The red sanders is found in a forest area extending over some 47,000 hectares.

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Report from Central/West Africa

2014 business ends on a sound footing

Although over the past month there have been some suggestions of a possible weakening of market sentiment, prices and demand have remained firm and producers are looking forward to a successful year end trade.

The next test for the market will be in advance of Chinese New Year (Feb. 19 2015) vacation period when shipments are put on hold because of a decline in purchases by Chinese mills.

In terms of prices, while there were some minor upward price changes, these were for a limited number of species and the changes were driven more by availability issues than demand strength.

Tightening log availability in SE Asia boosts prospects

As reported previously, log supply in West and Central Africa is currently matched very closely with demand levels so the on-set of the rain season in Cameroon and Gabon will disrupt harvesting and the supply/demand balance.

However, producers in West and Central Africa note that log supply is also tight in SE Asia, notably Sarawak, and that demand in the Asia Pacific region is quite strong so this is likely to help support the recent price gains for West African species.

Log stockpile at Douala finally moving

The massive stockpile of logs at Douala Port is slowly being reduced. Observers say some 150- 200,000 cubic metres has already been shipped and that port operations should be back to normal and stock levels in balance by the first quarter of 2015.

In mid-November Douala International Terminal (DIT), the container terminal concessionaire, received new cranes ordered from Finland. The new equipment acquired by DIT for a total of CFA 5 billion is operational and has improved operations at the container terminal.

Prices squeezed by competition from meranti

Producers are of the opinion that demand in the EU is unlikely to change over the winter months but report that Middle East buyers remain active.

However, West African timber exporters are beginning to see a downward pressure on export prices for some species due to the strong competition from SE Asian meranti sawnwood.

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	230	230	160
Ayous/Obeche/Wawa	255↑	250↑	200↑
Azobe & Ekki	235	235	160
Belli	325↑	325↑	-
Bibolo/Dibétou	150	145	
Iroko	330	290	260
Okoume (60% CI, 40% CE, 20% CS) (China only)	340	340	260
Moabi	335	305	225
Movingui	210	210	160
Niove	160	155	-
Okan	290	285	-
Padouk	300	275	220
Sapele	365↑	365↑	270↑
Sipo/Utile	380	380	255
Tali	320	320	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³
Ayous FAS GMS	385↑
Bilinga FAS GMS	520
Okoumé FAS GMS	480
Merchantable	275
Std/Btr GMS	350
Sipo FAS GMS	680↑
FAS fixed sizes	670
FAS scantlings	690
Padouk FAS GMS	820
FAS scantlings	870
Strips	500
Sapele FAS Spanish sizes	670↓
FAS scantlings	700↑
Iroko FAS GMS	620
Scantlings	695
Strips	440
Khaya FAS GMS	450
FAS fixed	470
Moabi FAS GMS	615↑
Scantlings	620↑
Movingui FAS GMS	420

Report from Ghana

AGI urges for structural change in manufacturing

The Association of Ghana Industries (AGI) has urged the government to focus more on helping Ghana industries manufacture products to replace imports.

The president of the AGI, Mr. James Asare-Adjei, made this known at the third AGI Awards ceremony to honour companies that had achieved outstanding success in industry and innovation. The theme for the event was "Rewarding industry to Promote Made-in-Ghana - Products"

Mr. Adjei welcomed plans mentioned in the government's 2015 budget statement to establish an EXIM Bank, which he thinks would lead in the strategic positioning of the country as an export-led economy. He further expressed optimism that the bank would be pro-industry offering credit facilities targeting the manufacturing sector.

According to the president of AGI, until the structure of the economy is changed from import-led to export-driven, the country's balance of trade will continue to be in the negative.

New power ministry created

Ghana has created a new ministry in response to the long running energy crisis in the country that has seen the timber industry having to turn to costly diesel power generators.

National power generation was previously the responsibility of the Energy Ministry which was also responsible for managing the oil and gas industry. Kwabena Donkor will head the new ministry.

Boule Export prices

	Euro per m ³
Black Ofram	220↓
Black Ofram Kiln dry	425
Niangon	492
Niangon Kiln dry	550

Export Rotary Veneer Prices

Rotary Veneer, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (2mm)
Ceiba	285-	340
Chenchen	320	355
Ogea	326	345↓
Essa	325↑	364
Ofram	315	350

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.19	0.58
Asanfina	1.40	0.80↑
Avodire	1.15	0.99↑
Chenchen	1.10	0.38↑
Mahogany	1.30	0.80
Makore	1.30	0.47
Odum	1.76	0.90

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	860	945
Asanfina	492↑	564
Ceiba	265↑	300↑
Dahoma	339	370↑
Edinam (mixed redwood)	392	524
Emeri	410	520↑
African mahogany (Ivorensis)	593	683↓
Makore	573↓	670
Niangon	615	680↓
Odum	610	700
Sapele	610	712↓
Wawa 1C & Select	291	360

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	420	600	641
6mm	400	535↓	622
9mm	382	460↑	510
12mm	369↓	440	450
15mm	346↓	385	401
18mm	308	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	9.80	13.30	11.80
Hyedua	14.00	14.93	18.45
Afromosia	15.50	18.65	18.55

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

Report from Malaysia

Middle East marketing mission nets RM6 million

A recent marketing mission from Malaysia to Qatar, Oman and Kuwait has secured about RM6 million in export orders says Malaysian Timber Council (MTC).

MTC's Director for Trade Promotion and Development, Dr. Eric Ng, who led the delegation of Malaysian timber companies, said in a press release that the marketing mission was successful and able to highlight positive demand for Malaysian timber products and build strong bilateral trade relations with key market leaders in the Middle East. He further said, "The Middle East has become an increasingly important trading partner for the Malaysian timber sector.

Last year, exports of Malaysian timber products to emerging markets, particularly Middle East countries, showed positive growth as mega-projects in these countries favour Malaysian timber products, especially sawn timber, medium-density fibreboard and wooden furniture.

Tropical hardwood timbers such as meranti are also among the top choices for home owners in the Middle East who expect high quality and well-finished hardwoods for doors, door frames, flooring, decking as well as trimmings and decorative features."

The MTC reports there are good prospects for Malaysian hardwood sawnwood in particular, red meranti, MDF and HDF laminated flooring.

Aquilaria products centrepiece at domestic show

The Malaysian Timber Industry Board (MTIB) and Terengganu Timber Industry Training Centre (TTITC) organised an international timber exhibition in the east coast state of Terengganu in mid-November.

The event showcased some of the finest timber products from carvings to commercial wood products such as flooring, decking and timber frame houses. Other forest products from specialised plantations of Aquilaria, popularly known as agarwood or gaharu (the resin from the heartwood is prized for its aromatic properties), also took centre stage at this inaugural event.

The highlight of the exhibition was the signing of memorandum of understanding (MOU) between the Terengganu state government and two private companies: Golden Pharos Berhad and Ta Ann Plywood.

The MOU signifies the commitment of the Terengganu state government to promote the use of certified timber (PEFC and FSC) in the domestic building and construction industry under the domestic Certified Timber and Credible Suppliers (CTCS) programme.

The CTCS programme continues to evolve and collaboration between MTIB and TTITC will result in the training of aspiring young entrepreneurs to become professional installers for products that the CTCS programme is promoting.

This would expand the small and medium sized industry economic base as well as enlarging the timber sector. It is envisaged that with the successful implementation of the CTCS programme Malaysia would have professionally trained timber product installers by 2015.

Innovative landscape management project for Sabah

Sabah State Government and UNDP Malaysia recently signed a Memorandum of Understanding (MOU) in preparation for the development phase of the Government of Malaysia-United Nations Development Programme-Global Environment Facility (GoM-UNDP-GEF) Project, as well as, reaffirming commitment of the Sabah Forestry Department (as the Implementing Partner) and UNDP to implement and to achieve the project's key objective:

“To institutionalise a multiple-use forest landscape planning and management model which brings the management of critical protected areas and connecting landscapes under a common management umbrella, implementation of which is sustainably funded by revenues generated within the area”.

The 261,264 ha GoM-UNDP-GEF Project area will be an innovative landscape management model project that will transform the management of the area which is home to some of the most important remaining biodiversity in Borneo. The area is located within Yayasan Sabah's Sustainable Forest Management Licence Agreement Area (SFMLA) in Kalabakan-Gunung Rara Forest Reserves.

This initiative should provide a highly relevant case study that reflects many of the major production, mitigation and conservation challenges facing policy makers and land management agencies throughout SE Asia.

Plywood FOB prices

Plywood traders in Sarawak report the following FOB prices:

FB	US\$620 per cu.m
Middle East FB	US\$465 per cu.m
CP	US\$530 per cu.m
UCP	US\$610 per cu.m
Hong Kong and China	US\$470 – 480 per cu.m
Taiwan P.o.C	US\$ 465 per cu.m

SMEs to benefit from changes to SVLK

Following a multi-stakeholder internal discussion the government has agreed to simplify the procedures for the mandatory local timber legality verification system (SVLK) for small and medium industries (SMEs).

The Trade Ministry's Director of Agriculture and Forest Product Exports, Nurlaila, said the decision was made because SMEs could not afford to pay high certification costs, which could reach Rp 30 million (US\$2,457).

Trade Minister Rachmat, the Minister of Industry, Saleh Husin and the Minister of Forestry and Environment, Siti Nurbaya, as well as representatives of the Association of Indonesian Furniture and Handicraft (AMKRI), agreed the new system will come into force 1 January 2015

The new system requires SMEs to provide 'supply-conformity self-declarations' (DKP) for overseas shipments. There is no charge for the issuance of such documentation according to Nurlaila.

The DKP declarations normally include information such as the four-digit commodity identification code, volume of timber products, type of timber and the source of timber raw materials to confirm their legality.

Application of DNA wood tracking

Dr. Ir. AYPBC Widyatmoko, a researcher at the Research Institute for Biotechnology and Tree Improvement, has developed an application for DNA tracking of wood. He said by applying bio-forensics a solution may be at hand to allow authorities to determine the origin of timber and thus verify its legality.

Economy snapshot

The pace of inflation in Indonesia accelerated to over 6% year-on-year in November as higher fuel costs, the result of the cut in fuel subsidies, kicked in. In related news, international trade levels declined with both exports and imports falling in October.

Exports fell 2% in October much more than expected and analysts say much of the decline is the result of slower growth in China, Indonesia's main trading partner. On the other hand, Indonesia's trade balance is expected to improve if oil prices remain low.

Indonesia's Institute for Development of Economics and Finance (Indef) has forecast 2015 growth somewhat lower than the government estimates citing the prospect of weaker than expected exports. The government is expected to expand public spending next year but, as pointed out by Indef, the impact of this will not be felt immediately.

For more see:

See <http://indef.or.id/en/publication/8/detail/51/proyeksi-ekonomi-indonesia-2015>

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
core logs	210-230
Sawlogs (Meranti)	200-240
Falcata logs	150-190
Rubberwood	95-120
Pine	120-140
Mahoni (plantation mahogany)	130-150

Domestic Ex-mill Sawwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	510-620
KD	-
AD 3x20x400cm	590-630
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	550-720
AD 2x20x400cm	490-520
AD 3x30x400cm	415-440

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	650-680
3mm	670-700
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	370-420
12mm	350-400
15mm	320-350

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB	US\$ per m ³
<i>Particleboard</i>	
Export 9-18mm	720-750
Domestic 9mm	900-990
12-15mm	650-670
18mm	520-600
<i>MDF</i>	
Export 12-18mm	700-750
Domestic 12-18mm	430-530

Report from Myanmar

Suspicious of timber laundering

The domestic newspaper (Eleven Daily quoting an official from the Forest Department) reported that during the seven months of this fiscal year over 40,000 tons of illegally harvested timber was seized.

Over 7,200 tons of teak and 34,000 tons of other hardwoods were confiscated along with 1,091 logging trucks, 106 items of logging and loading equipment such as cranes, tractors and vehicles. In total almost 4,000 Myanmar nationals and 109 foreigners were arrested in anti-smuggling operations.

Timber seized during the seven months from April to October included a large quantity of teak as well as Tamalan (*Dalbergia oliveri*) which commands a very high price in foreign markets.

In the most recent operation the Forestry Department seized timber near Tachileik on the Myanmar Thai border. The species seized were Tamalan, Padauk and Yindaik (*Dalbergia cultrata*) worth an estimated MMK76.5 million.

Analysts say that these seizures represent just a fraction of the volumes being smuggled across Myanmar's borders.

The seized timber is resold locally but some analysts fear there is a 'timber laundering' scheme in play but demand from international buyers for verification of legality could undermine such illegal activities.

US\$ 80 million timber exports

According to Mr. Barber Cho of the Myanmar Timber Merchants Association, export earnings from the export of processed timber so far this fiscal year amounted to about US\$60 million. It is estimated that the figure for the year could be over US\$80 million, around US\$20-30 million more than before the log export ban.

However, analysts point out that the annual revenue from exports of wood products (logs and sawnwood) used to be over US\$700 million annually in the years before the log export ban. If Myanmar is to achieve this level of exports in the future considerable investment in modern processing plant and in training of mill operatives is required.

Sale of teak and hardwoods

The Myanmar Timber Enterprise (MTE) sold the following teak logs, teak conversions and hardwood logs by special open tender during the 12 December Yangon sale. For logs the quantity is expressed in h.tons (hoppus measure) and for sawn timber it is expressed in tons of 50 cubic feet or c.tons.

MTE Export Department teak log prices

Grade	H.tons	Avg. US\$/ton
SG-2	8	\$4,010
SG-4	29	\$3,200
SG-5	16	\$3,133
SG-6	39	\$2,858
SG-7	119	\$1,960

Teak special open tender prices ex-Yangon

Grade	H.tons	Avg Price US\$
SG-7	405	1249
SG-8	225	1103
SG-9	11	539

Hardwood special open tender ex-Yangon

Species & Grade	H. tons	Avg Price US\$
Padauk Assorted	154	US\$ 2098
Pyinkado 1 st & 2nd	134	US\$ 460
Kanyin 2nd	328	US\$ 343

Hardwood special open tender ex-site Bago/ Mawlike

Species & Grade	H.tons	Avg Price US\$
Pyinkado 2nd	778	594
Kanyin 2nd	1449	303

Report from India

Flow of imports affected by Ebola

Fear of the Ebola virus is affecting the loading of vessels carrying timber to India from West African countries as Indian timber inspectors in the supply countries fear contacting the disease. Many traders with staff in West Africa have recalled these people until the risk subsides.

Out of the 16 countries shipping timber to India from West Africa, three, Guinea, Liberia and Sierra Leone are badly affected by Ebola. Ghana, another supplier, has not reported any cases of Ebola but still some companies have recalled their representatives.

Import duty on logs a burden to industry

Indian wood product manufacturers have, once again, pleaded with the central government to remove import duties on timber raw materials and to deliver incentives to exporters such as a reduction or complete waiver of the value added tax. The current import duty on logs is 9.4 %.

Manufacturers say the FOB price of imported logs has risen over 50% in a short time and comes at a time when the rupee remains weak which adds to the landed cost of imported logs.

Red sanders auction delivers higher than expected income

The Andhra Pradesh government has earned almost Rs10 billion from the sale and export of 3,615 metric tonnes of confiscated red sanders logs.

The e-auction attracted a huge response from international buyers and the average price exceeded the expected Rs.25 lakh per tonne. Forestry officials were expecting Rs.10 billion from sale of over 4,000 tonnes so are pleased with the result.

The state government decided to offer only 4,160 tonnes for sale and export in the first phase. The remaining volume of red sander must before April 2015.

The state plans to use 30% of the proceeds from this sale for protection of the natural red sanders forest. The remaining money may be used to finance the government's proposal to waive farm loans.

The state government conducted 'road-shows' and pre-bid meetings in China and Japan, where red sanders is in demand.

As a result of this effort over 400 prospective buyers including 140 from China, Japan, Singapore and other countries visited the red sanders depots to inspect the logs.

In Andhra Pradesh, red sanders grows mainly in the Seshachalam hill ranges spread across Kadapa, Chittoor and Kurnool districts in the Rayalaseema region and parts of Nellore district. The forest area home to red sanders is estimated to be 47,000 hectares.

This resource attracts illegal loggers and there have been bloody clashes between smugglers and the police. Two forestry officials were killed and three were injured in an attack by smugglers in December last year. Over 3,000 smugglers have been arrested and 2,025 tonnes of red sanders was seized during 2013.

Krishnapatnam container terminal promoted in Côte d'Ivoire

One of India's largest and fastest growing seaports, Krishnapatnam Port, is emerging as a world-class port and fast becoming a port of choice for international cargo.

According to Krishnapatnam Port Container Terminal (KPCT) officials, India's trade with West Africa increased 15 times since 2003. Rice being India's main export to West Africa followed by pharmaceutical products, machinery, metals, chemicals, plastics, rubber and vehicles.

KPCT recently organised a meeting for traders in Abidjan to discuss bilateral trade developments. Indian importers of teak wood and Indian exporters of pharmaceuticals, transport equipment, engineering goods visited Abidjan. The traders were familiarised with the infrastructure and operational advantages of KPCT and the ease of shipping containerised cargos of cashew and timber throughout India.

Imported plantation teak

Prices for imported plantation teak are unchanged from two weeks earlier.

Current C&F prices for plantation teak

	US\$ per cu.m C&F
Belize logs	350-400
Benin logs	320-680
Benin sawn	400-800
Brazil logs	390-750
Brazil squares	360-680
Cameroon logs	390-510
Colombia logs	320-650
Congo logs	380-710
Costa Rica logs	360-840
Côte d'Ivoire logs	330-720
Ecuador squares	300-540
El-Salvador logs	340-695

Ghana logs	370-650
Guatemala logs	270-550
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	340-450
Panama logs	275-750
PNG logs	400-575
Sudan logs	450-700
Tanzania teak, sawn	350-885
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.

Prices for domestically milled sawnwood from imported logs

Current prices for air dried sawnwood remain unchanged.

Sawnwood	Rs
Ex-mill	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

Domestically milled Myanmar teak

In the domestic market end-users continue to resist the attempts by millers of imported teak logs to raise prices.

Prices for domestically milled Myanmar teak

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	8200-18500
Plantation Teak A grade	6200-6500
Plantation Teak B grade	4250-4750
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 steady and prices are unchanged from two weeks earlier.

Sawnwood, (Ex-warehouse) (KD)	Rs per ft ³
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

Severe price competition in plywood market

Prices in the plywood market are extremely competitive as the small and medium sized companies are able to produce more cheaply than the larger mills. The only advantage the larger mills have is on quality but in a price conscious market the SMEs have the upper hand.

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	

Timber sector to contribute 20% to Mato Grosso GDP

Mato Grosso, one of the major timber producing states in the Amazon region, will undertake a Sustainable Forestry Development Programme, details of which were made available in early November. The aim is to have the timber sector contribute 20% to Mato Grosso GDP growth over the next 20 years.

According to the Center for Wood Producers and Exporters of Mato Grosso (CIPEM), the programme will be groundbreaking in the Mato Grosso's forest sector and will result in increased production to meet domestic and international demand.

The State Secretariat for Industry, Commerce, Mines and Energy (SICME) is responsible for coordinating the programme that will increase the area of forest under sustainable forest management, optimise natural forests management operations, promote the use of secondary species through product development and added value output.

The new programme includes the following strategic actions: review of legal and institutional tools to provide for simplification of licensing procedures; regularising land ownership; decentralisation; timber out-grower schemes; technological development and capacity building; attracting investments; securing market intelligence; creation and adjustments of tax and fiscal incentives and improvement of infrastructure and logistics in the forestry sector.

Hardwood values appreciated 250% in ten years

The Brazilian timber sector accounts for around 3% (approx. US\$290 billion) of global production and planted forests in Brazil extends over some 8 million hectares. The area of timber plantations is increasing and over the past 10 years the price of decorative hardwoods from plantations has increased by around 250% which is attracting considerable interest from investors.

However, the plantation story is not all success, there are issues to be addressed such as the lack of government support for credit lines to encourage plantations, inadequate research funding, a shortage of professionals and a shortages of companies specialising in providing consulting services for the plantation sector.

It has been estimated that there are some 50,000 hectares of abandoned forest plantations which undermines the credibility of the sector. Generally, investment in forest plantations in Brazil involves two species, eucalyptus and high value hardwoods at a ratio of 75% and 25%.

Targeting increased exports to Europe

According to ABIMCI (Brazilian Association of Mechanically-Processed Timber Industry) Brazilian wood products now have enhanced credibility in the European market and this is creating opportunities to expand trade.

Between January and October this year 20% of Brazil's pine plywood was exported to the UK and ABIMCI expects that the UK market will consume even more of the country's plywood output in 2015.

Brazilian exporters have also had success in the German market partly due to Germany's Global Connect initiative which has stimulated 'internationalisation' in German companies and has strengthened trade relations with Brazil as well as other exporting countries.

Demand for Brazilian wood products is forecast to grow 2% in 2015. European imports of Brazilian wood products during the time when demand in the US was weak helped ensure the viability of the Brazilian timber industry.

As pointed out by ABIMCI buyers in the UK and Germany require quality and verification of the origin of the product. Companies in Brazil that can meet these requirements have an opportunity to expand sales in the EU market.

Despite the optimism there challenges for Brazilian producers such as the logistics of raw materials flows, lack of manpower and poor infrastructure. Since the claims of illegal logging in Pará state Brazilian exporters have faced a tough time convincing buyers in the EU that this was an isolated case.

Representatives from the Center for Timber Producers and Exporters of Mato Grosso (CIPEM) attended the Annual Meeting of Timber Trade Federation to discuss how the timber industry in Mato Grosso state ensures all exports are of legally harvested raw materials.

CIPEM has proposed the creation of procedures for importers of Brazilian timber to identify timber companies that guarantee the legal origin of the timber used in manufacturing.

Domestic Log Prices

	US\$ per m ³
Brazilian logs, mill yard, domestic	
Ipê	186
Jatoba	109
Massaranduba	114
Muiracatiara	114
Angelim Vermelho	109
Mixed redwood and white woods	99

Domestic Sawnwood Prices

	US\$ per m ³
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	919
Jatoba	504
Massaranduba	431
Muiracatiara	475
Angelim Vermelho	412
Mixed red and white	275
Eucalyptus (AD)	249
Pine (AD)	177
Pine (KD)	196

Domestic Plywood Prices (excl. taxes)

	US\$ per m ³
Parica	
4mm WBP	733
10mm WBP	596
15mm WBP	511
4mm MR	661
10mm MR	496
15mm MR	469

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

<i>Domestic ex-mill Prices</i>	US\$ per m ³
15mm MDP Particleboard	313
15mm MDF	456

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipe	1283
Jatoba	1007
Massaranduba	752
Miracatiara	737
Pine (KD)	224

Export Plywood Prices

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	354
12mm C/CC (WBP)	329
15mm C/CC (WBP)	323
18mm C/CC (WBP)	315

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards	
Ipê	2,292
Jatoba	1,505

Report from Peru**Tax adjustment to boost economy**

The finance minister, Alonso Segura reported that the government would be announcing some changes to the tax system before year end along with a new policy package to jumpstart the economy.

Although a lowering of the sales tax and a reduction in corporate taxes have not been mentioned, such measures are widely expected. Despite the tough economic conditions Peru is set to achieve a 3% growth this year

Exports down in first 10 months

The Foreign Trade Centre of the Lima Chamber of Commerce has reported that October exports fell 14% year on year. For the year to October exports were valued at US\$31.673 mil. a decline of 10% over the same period last year. In the first ten months of this year exports of so-called traditional products (minerals, oil and gas) fell 16%. 'Traditional' exports account for 70% of total exports.

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	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

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	168-192
Spanish Cedar	296-355
Marupa (simarouba)	142-154

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	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)

Iquitos mills	US\$ per m ³
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

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		1296-138
Cumaru KD, S4S	Swedish market	912-1045↑
	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

LUS in public procurement

The Forest Products Development and Marketing Council, in collaboration with the Ministry of Natural Resources and Environment, coordinated a seminar aimed at increasing the awareness and benefits of using lesser used timber species.

The seminar specifically targeted government advisors and engineers in the construction industry since Government projects utilise a significant amount of sawnwood.

In a presentation at the seminar the Commissioner of Forest highlighted the availability of LUS and compared the properties of some of these timbers with current commercial species stressing that more must be done to expand the use of LUS in government projects.

Export Prices

There were no exports of purpleheart and mora logs in the period reviewed.

Logs, FOB Georgetown		US\$ price per m ³		
	Std	Fair	Small	
Greenheart	140	130	-	
Purpleheart	-	-	-	
Mora	-	-	-	

Export Sawnwood Prices

Sawnwood, FOB Georgetown		US\$ price. per m ³	
		Undressed	Dressed
EU and US markets			
Greenheart	Prime	830	-
	Standard	-	650-1,166
	Select	721-1,230	-
	Sound	-	-
	Merchantable	891	-
Purpleheart	Prime	-	-
	Standard	-	700-1,158
	Select	600-1,993	-
	Sound	-	-
	Merchantable	-	-
Mora	Prime	-	-
	Select	500-795	-
	Sound	-	-
	Merchantable	500	-

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 ³	
Baromalli	BB/CC	5.5mm	No export
		12mm	467-584
	Utility	5.5mm	No export
		12mm	No export

Report from Japan

Consumer confidence continues to falter

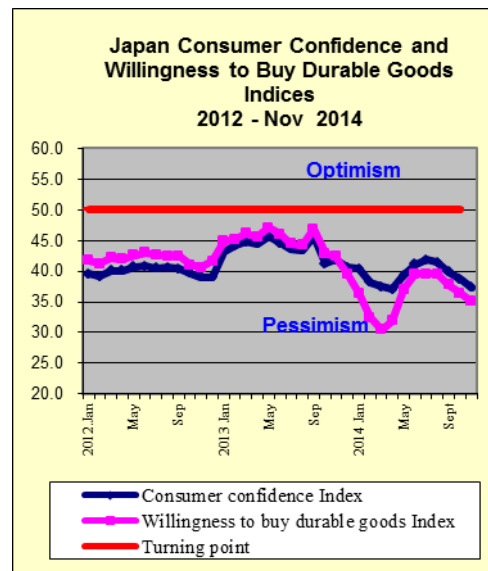
Cabinet Office data on consumer confidence for November showed an unexpectedly steep decline. As a result of this the government had to come to terms with the reality that consumer confidence remains weak.

The overall consumer confidence index for general households, which includes consumer perceptions on income and job prospects, was at 37.7 in November down 1.2 points from the previous month and the lowest since April this year.

The index is split between several categories of consumer perceptions. The November data reports that the livelihood index stood at 34.9 (down 1.5 from the previous month); the income growth index, at 37.6, was down 0.4 from the previous month; the employment index was 42.8 (down 1.9 from the previous month) and the willingness to buy durable goods index stood at 35.4, down 1.1 from the previous month.

For more see:

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



Source: Cabinet Office, Japan

After 4 positive months BSI reverses course

The latest report from Japan's Economic and Social Research Institute shows a decline in the business sentiment index (BSI), even among large Japanese companies.

The index is compiled to reflect the difference between enterprises assessing business conditions as improving from the previous quarter and that of companies experiencing a decline in business conditions.

See:

<http://www.esri.cao.go.jp/en/stat/hojin/h26hojin/141012yo soku-e.html>

BSI by industry size, all categories

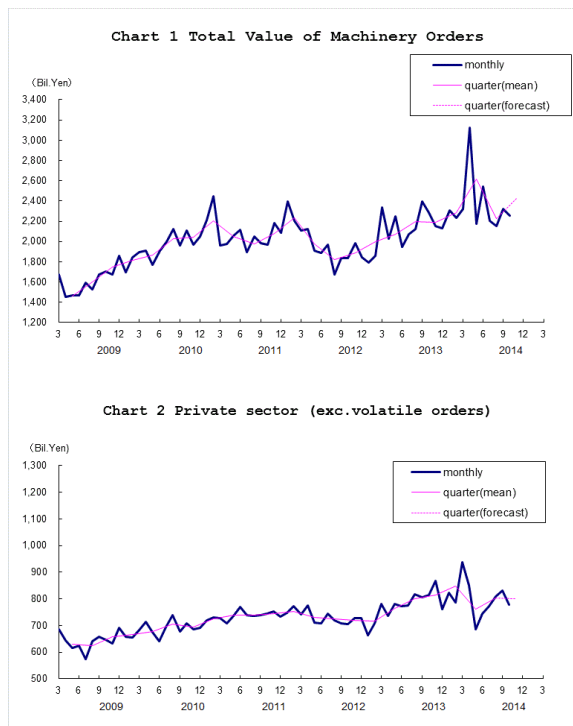
	Large	Medium	Small
	Oct.-Dec.	Oct.-Dec.	Oct.-Dec.
Rising	17.3	20.3	15.5
Unchanged	67.2	57.9	55.3
Falling	12.3	19.5	25.6
Unknown	3.2	2.3	3.5
BSI	5	0.8	-10.1

Data source: Economic and Social Research Institute, Cabinet Office, Policy Research Institute, Ministry of Finance, Japan

It came as no surprise that the sentiment index for small enterprises in Japan was in negative territory as it has been for the past three quarters of the year. Japan's economy fell into recession in the third quarter and consumer confidence has been trending down for months.

Machinery orders down after 4 straight monthly increases

One of the leading indicators of private sector investment, core machinery orders, fell 6.4% month on month and 4.9% year on year, bringing to an end the rises reported over the past 4 months.



The Cabinet Office report says: “The total value of machinery orders received by 280 manufacturers operating in Japan declined by 2.9% in October from the previous month on a seasonally adjusted basis.

Private-sector machinery orders, excluding volatile ones for ships and those from electric power companies, declined a seasonally adjusted by 6.4% in October.

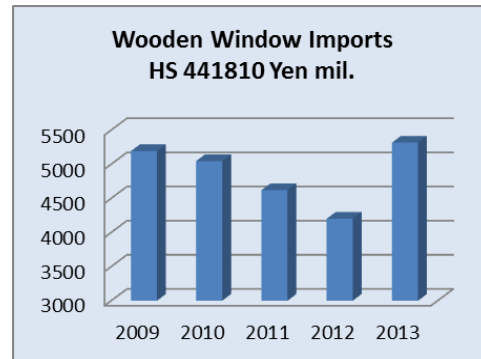
These disappointing numbers must be viewed against the recent four consecutive monthly increases and the Cabinet Office is maintaining its stance that the economy is on a recovery track.

For more see:

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

Trends in wooden window frame imports

Japan's imports of wooden window frames from 2009 to 2013 are shown below. Between 2009 and 2012 there was a steady decline in imports of wooden window frames but imports picked up again in 2013.



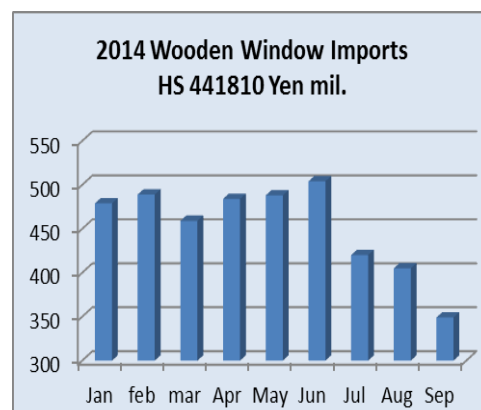
Data source: Ministry of Finance, Japan

From 2009 to 2012 imports of wooden window frames fell around 19% from yen 5,191 mil. to yen 4,200 mil. but in 2013 imports rose 27% to yen 5,315 mil. reflecting the improved housing market trend.

Imports	Yen mil.
2009	5191
2010	5045
2011	4618
2012	4200
2013	5315

Source: Ministry of Finance, Japan

First half 2014 imports of wooden window frames averaged around yen 4,600 mil. but figures from Japan's Ministry of Finance show third quarter imports collapsed by almost 45%, the worst quarter imports for a decade.



Data source: Ministry of Finance, Japan

2014	Yen mil.
Jan	479
Feb	489
Mar	459
Apr	484
May	488
Jun	504
Jul	420
Aug	405
Sep	349

Source: Ministry of Finance, Japan

September imports of wooden window frames

China and Philippines are major suppliers of wooden window frames to Japan and in September 2014 each country supplied approx. 30% of all imports of wooden window frames.

Other suppliers include the US which delivered around 20% of Japan's window imports for the month of September. Of the balance the manufacturers in Europe supplier a significant value of wooden window frames to Japan with Sweden being the largest European supplier.

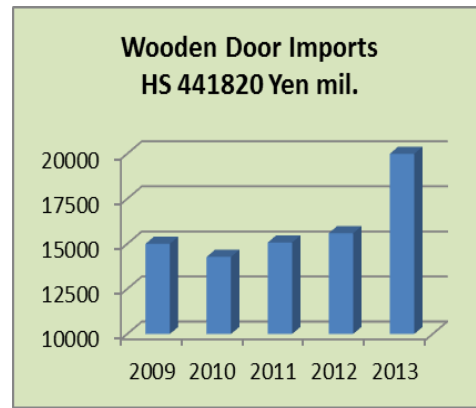
Japan's wooden window imports

	Sept 2014 Imports Yen 000's
China	101570
Thailand	586
Philippines	102014
Indonesia	12857
Sweden	36347
Denmark	6536
UK	699
Germany	14343
Finland	1158
Poland	1243
Austria	761
Estonia	3755
USA	66611
Total	348480

Source: Ministry of Finance, Japan

Trends in wooden window door imports

The demand for wooden doors and frames in Japan's residential and commercial building sectors is substantial. In contrast to the trend in wooden window frame imports, imports of wooden doors between 2009 and 2012 remained fairly steady at about yen 15,000 mil. annually but increased by 30% to yen 20,000 mil. in 2013.

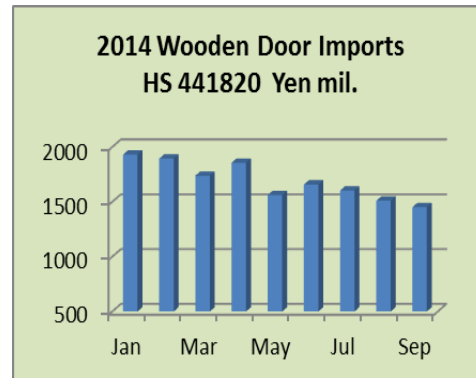


Data source: Ministry of Finance, Japan

Wooden Doors	2009	2010	2011	2012	2013
Yen mil.	15005	14278	15074	15590	20050

Source: Ministry of Finance, Japan

The increased level of wooden door imports continued into the first quarter of 2014 but thereafter began a steady decline to a point when, in the third quarter, imports were back to 2012 levels. However for the year to September 2014 the value of imports of wooden doors had already surpassed the cumulative total for 2013.



Data source: Ministry of Finance, Japan

2014	Yen mil.
Jan	1931
Feb	1894
Mar	1739
Apr	1857
May	1562
Jun	1658
Jul	1603
Aug	1510
Sep	1452

Source: Ministry of Finance, Japan

Suppliers in just five countries provided over 90% of the value of Japan's imports of wooden doors. The following graphic illustrates the dominance of China as a supplier of wooden doors to the Japanese market followed by Philippines and Malaysia.



Data source: Ministry of Finance, Japan

September wooden door imports

Some 62% of all Japan's wooden door imports in September were supplied by manufacturers in China followed by Philippines (16%), Malaysia (9%) and Indonesia another 6%. Of the remaining suppliers the US provided 2% of Japan's September imports of wooden doors.

	Sept 2014 Imports Yen 000's
China	899052
Taiwan	664
Hong Kong	315
Vietnam	4294
Thailand	15566
Malaysia	130284
Philippines	232402
Indonesia	92174
Sweden	19669
UK	2119
Netherlands	1525
France	496
Italy	867
Finland	739
Austria	2148
Estonia	3374
Latvia	906
Canada	14224
USA	30958
Total	1451776

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>

Yen depreciation pushes up import costs

The recent rapid and significant depreciation of the yen since late October pushes cost of all the imported commodity sharply.

North American Douglas fir log prices for November shipment are US\$20 per M Scribner up FAS., making IS sort prices of US\$870. An increase in FAS dollar prices plus weak yen will make arrived yen cost much higher, which will impact Douglas fir lumber prices in Japan.

Export prices of South Sea hardwood plywood remain unchanged but recent higher FOB prices with exchange rate of about 115 yen per dollar, arrived cost of JAS 3x6 concrete forming panel would be about 1,370 yen per sheet FOB truck port yard and coated concrete forming panel about 1,500 yen about 150 yen per sheet higher than current Japan market prices.

Negotiations on European lumber are in confusion as the European suppliers intend to increase the export Euro prices but the Japanese buyers are unable to increase the sales prices because of market slump.

The Yen's depreciation comes when the demand for wood products is sluggish with low housing starts so the yen prices of wood products would remain weak and price hike is impossible for a time being.

Expansion of domestic log export

The Japan Wood Products Export Promotion Council held the first meeting for establishing of a network for co-operation with overseas relevant organizations to promote more wood products export from Japan.

The Ministry of Agriculture, Forestry and Fisheries sets a target of export amount of agricultural and marine products of one trillion yen by 2020 out of which forest products is 25 billion yen and it is discussing to have a measure to increase export of forest products by constructing groups of Japanese groups and Chinese groups.

This is a part of Forestry Agency's strategic project of doubling local wood supply. Total export value through September this year reached 12.7 billion yen, which exceeded last year's total export value of 12.3 billion yen. The total of this year would be about 15 billion yen.

The Council has been working together with Chinese organizations to test and evaluate basic performance of Japanese wood and to hold seminars and supply guide book. Demand in China for Japanese wood is mainly for concrete forming and supporting bar and structural materials. For this purpose the main demand is for logs.

September plywood supply

Total plywood supply in September was 495,800 cbms, 2.6% less than the same month a year ago and 7.7% more than August. Imported plywood volume has declined less than 300,000 cbms for four consecutive months and the monthly volume seems to stay low like 270-280,000 cbms for coming months.

Total imported plywood volume in September was 269,800 cbms, 0.4% less than September last year and 9.1% more than August. Monthly average volume for the first nine months was 298,600 cbms, 3.2% less than the same period of last year.

Malaysian volume in September was 115,200 cbms, 12% less and 16.7% more. The first increase after five months. First nine months average is 125,300 cbms, 10.4% less than the same period of last year.

Indonesian supply was 78,800 cbms, 20.9% more and 6.3% more but the monthly average is 87,300 cbms, only 0.4% more.

Chinese volume was 59,800 cbms, 9.1% more and 9.4% more. Monthly average is 65,600 cbms, 0.2% less. The supply for the first nine months from three major sources was 5% less than the same period of last year. September production of domestic plywood is 226,000 cbms, 5.2% less than September last year and 6.1% more than August.

Plywood market weak

The domestic softwood plywood market is weakening. Plywood manufacturers held strong stance since July through September with stiff prices but as the inventories climb and demand continues inactive, manufacturers are not able to hold up any longer and the prices started edging down.

September production was 210,000 cbms, 5.9% less than September last year but 5.7% more than August. The manufacturers announced 15% production curtailment since July but actual reduction was only 8-9% down except for August (vacation season).

The shipment was 219,000 cbms, 0.1% less and 13.3% more. This is a sort of manipulated figure as September is book closing month so that the trading firms pushed sales regardless of the demand.

The shipment volume exceeded the production so that the inventories were 215,400 cbms, 9,000 cbms less than August. The market has not recovered in November and the prices continue inching down. Current market prices of 12 mm 3x6 panel in Tokyo market are about 900 yen per sheet delivered, 20 yen down from August.

Cost of imported plywood soared by weakening yen despite the same export C&F dollar prices. The importers are firmly asking higher prices since second week of November.

The cost of future cargoes, arriving late January and early February would be about 1,370 yen per sheet FOB truck port yard for 3x6 JAS concrete forming panel and 1,500 yen for coated concrete forming panel while current market prices are 1,280 yen and 1,380 yen respectively. Looking at these high future prices, concrete forming users immediately started buying low priced items.

Report from China

Divergent views on revised timber processing license system

China began to implement a timber processing license system in 1986 and this has played an important role in the rational use of domestic forest resources.

The timber processing license system in China is currently being overhauled against the background of decentralisation and the need to reduce bureaucratic interference as well as to rein in government spending. A new system has been piloted in Guangdong, Guangxi, Shandong and Jiangxi provinces.

Recently the State Forestry Administration (SFA) established a research group to assess the impact of the new system in a few areas.

Two opposing views emerged from this analysis. One view suggested that the previous timber processing license system should be continued as the expansion of timber processing enterprises after the change is out of control.

The study team found the layout, scale and technical capacity of the majority of new processing plants built since the easing of controls is inadequate. It was found that most of the new processing enterprises were inefficient users of raw materials, the added value was at a low level and the enterprises do not meet the requirements for energy saving and emission reduction and efficiency.

In addition, the weakening of the timber processing license system has resulted in considerable pressure on domestic forest resources. Because of the changes in the licensing system the competent forestry authorities no longer had authority over enterprise developments, supervision has been lost and the rapid increase in the number of small and inefficient mills is contributing to deforestation.

It has been reported that Guangdong Forestry Bureau has unilaterally reversed the timber processing license system because there were 3,951 cases of illegal harvesting and transport of timber in 2013, a year-on-year increase of 50%.

On the other hand some analysts say the timber processing license system should be completely abolished to be replaced by a simplified system.

While views on the system differ one thing is certain say analysts, the existing timber processing license system and regulatory policy should be improved and reformed.

Significant rise in imports

In the first three quarters of 2014 China's log imports totaled 48,359,000 cubic metres valued at USD9.34 billion, a year on year increase of 19% in volume and 37% in value.

Softwood log imports rose 15% to 27,809,000 cubic metres, temperate hardwood log imports grew 28% to 11,618,000 cubic metres and tropical log imports increased 26% to 8,932,000 cubic metres.

The main suppliers of logs to China's the period January to September 2014 were in Asia (1,961,000 cubic metres, up 46%), Africa (2,736,000 cubic metres, up 6%), Europe (3,622,000 cubic metres, up 34%), Australia (14,953,000 cubic metres, up 15%), North America (7,145,000 cubic metres, up 17%) and Russia (8,564,000 cubic metres, up 10%).

The pace of growth of log imports from Asia was the highest and growth of log imports from Laos, Japan, Vietnam and Cambodia all exceeded 200% in the first three quarters of this year.

During January to September 2014 sawnwood imports were 19,123,000 cubic metres valued at USD604 billion, a year on year increase of 9% in volume and 24% in value. Softwood sawnwood imports rose 7% to 13,235,000 cubic metres, hardwood sawnwood imports grew 14% to 5,888,000 cubic metres and tropical sawnwood imports increased 12% to 3,524,000 cubic metres.

The main suppliers of sawnwood imports to China were Asia (2,800,00 cubic metres, up 6%), Europe (1,548,000 cubic metres, up 21%), North America (7,145,000 cubic metres, up 17%) and Russia (16,990,000 cubic metres, up 1.5%). The pace of growth in imports of sawnwood from Europe was the highest with China's sawnwood imports from Germany increasing 42%.

Redwood imports climb 10%

According to analysis of redwood imports released by the Chinese Redwood Committee (CRC), between January and October 2014, redwood imports were 1,850,000 cubic metres a year on year increase of 10%.

Of the total, imported redwood from Southeast Asia totaled 1,070,000 cubic metres, African countries provided 750,000 cubic metres, with Central and South America accounting for the balance.

Guangdong, Yunnan, Shanghai, Zhejiang, Jiangsu and Fujian are the main redwood processing centres. Redwood imports to these six provinces from January to October were 1,780,000 million cubic metres or 96% of the national total.

Beech imports up more than 40%

Between January to September 2014 China imported 1,548,500 cubic metres of European sawnwood, a year on year increase of 21%. The pace of growth in China's imports of German beech reached 42%.

China's sawnwood imports from Europe

	January to September 2014		Year on year change %	
	cu.m	US\$/cu.m	cu.m	US\$/cu.m
Total	1 548 500	321	21%	9%
Germany	350 600	327	42%	-2%
Sweden	316 300	268	9%	7%
Finland	300 700	280	0.0%	39%
Romania	192 300	368	8%	7%
Other	388 600		47%	

Source: China Customs

China scores with plywood exports to Philippines

Between January and October this year China's plywood exports rose 12% to 8,720,000 cubic metres, valued at a little over US\$4.3 billion a year on year increase of 15%. The average unit price for China's plywood exports in the ten months to October was US\$494 per cubic metre, up 2% year on year.

The main markets for China's plywood were USA (1,220,000 cubic metres, up 21%), Japan (631,000 cubic metres, up 4%), South Korea (566,000 cubic metres, down 12%), Philippines (539,000 cubic metres, up 88%), the United Arab Emirates (525,000 cubic metres, up 39%), UK (506,000 cubic metres, down 2%), Saudi Arabia (460,000 cubic metres, up 30%).

China's plywood exports to these seven countries make up more than 50% of the national total. Jiangsu and Shandong are the two main centres of plywood production for export accounting for 76% in volume and 76% in value of 2014 exports.

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

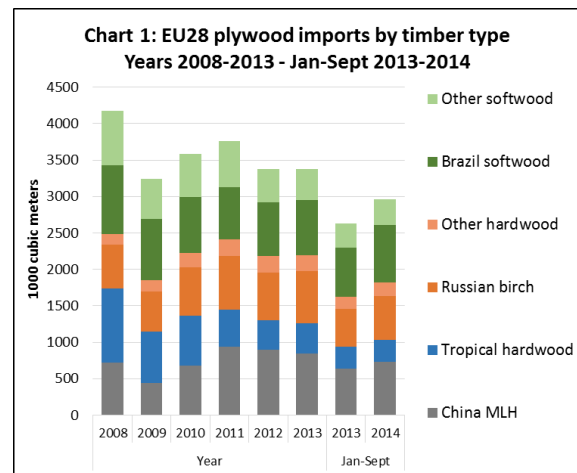
Logs, all grades	yuan/tonne
Merbau	3500-5800
Lauan	1600-2400
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850

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

Signs of recovery in EU plywood market

After a period of turbulence during the years of the EU recession, the EU plywood market has stabilised and shown signs of recovery in the last 18 months. Supply and prices have also become more consistent and the industry appears to have adjusted well to the new demands of the EUTR.

The annual trend in EU plywood imports over the last 6 years is shown in Chart 1. After a dip between 2011 and 2012, imports remained stable at 3.38 million m3 in 2013. EU imports in the first nine months of 2014 were 2.96 million m3, 12% more than the same the previous year (Chart 1).

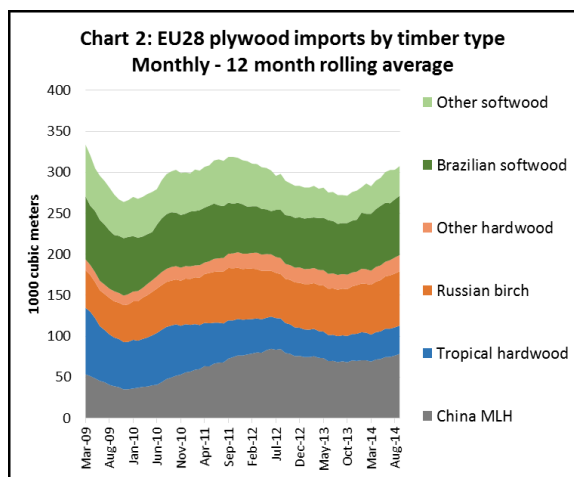


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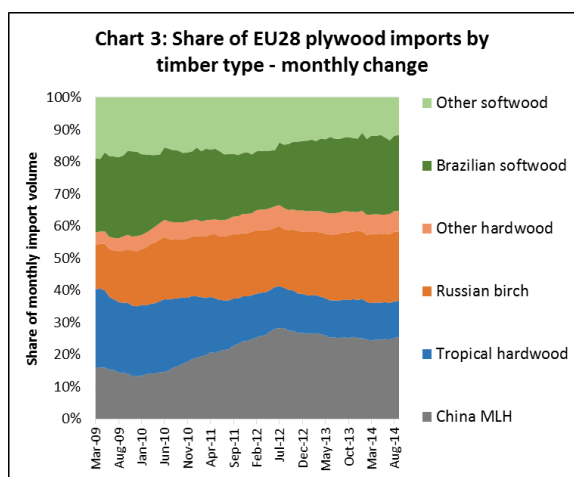
Charts 2 to 4 show the monthly trend in plywood import volume into the EU to September 2014 using 12 month rolling averages. This is calculated for each month as the average monthly import of the previous 12 months. The data removes short-term fluctuations due to seasonal changes in supply and shipping schedules and provides a clear indication of real changes in consumption.

Chart 2 shows that EU plywood imports declined between September 2011 and October 2013 but recovered continuously in the 12 months between September 2013 and September 2014. Chart 3 highlights that the share of different types of plywood in the EU market was quite stable in the period between July 2012 and September 2014.

This contrasts with the period of import growth between January 2010 and June 2012 when Chinese Mixed Light Hardwood (MLH) plywood and Russian birch plywood rapidly gained share, primarily at the expense of tropical hardwood plywood and softwood plywood.



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Impact of EUTR

The relative stability in share between different plywood types over the last two years coincides with the timing for introduction of the EU Timber Regulation (EUTR) in March 2013. There was much speculation in advance of this measure that it might impact particularly heavily on the plywood sector.

It was assumed that difficulties in obtaining reliable assurances of legality in the complex supply chains that prevail in China's plywood sector might lead to a loss of share. Beneficiaries were expected to be domestic suppliers and tropical countries with simpler supply chains and where far-reaching steps were being taken to implement third party certification or legality verification systems.

The fact that EU plywood imports from tropical countries has at least stabilised over the last 2 years may be partly attributable to these efforts in combination with the EUTR. Plywood exported into the EU from Malaysia is mostly certified to the MTCs, imports from Indonesia are certified to the SVLK, while those from Gabon are primarily FSC certified.

At the same time, the EU import data indicates that a significant number of Chinese suppliers have been able to adapt to the new demands of the EUTR – either by

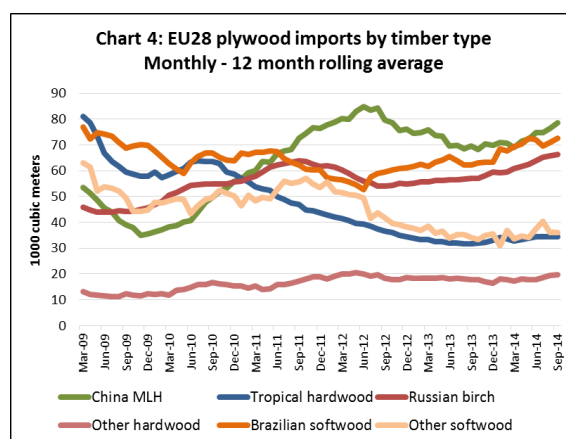
switching to locally produced face veneers – such as poplar – or by sourcing tropical veneers from certified or otherwise known legal sources.

This assumes that measures by EU countries to implement the regulation have been sufficiently rigorous to change behaviour. Regular contacts with EUTR Competent Authorities and EU trade associations suggest that there have been far-reaching EUTR implementation measures in most of the largest plywood importing countries – particularly in the UK and Germany.

Anecdotal reports in the European timber trade press also highlight the growing emphasis on legality verification in the EU plywood sector and the effect this is having on supply chains.

Changing plywood market share

Chart 4 shows how trends in EU plywood import trade have varied very widely between different products types over the last four years. It highlights how tropical hardwood plywood imports fell continuously from June 2010 to June 2013, losing share to Chinese MLH, Russian birch and other temperate hardwood products (particularly from Ukraine, Belarus, and Uruguay) at that time.



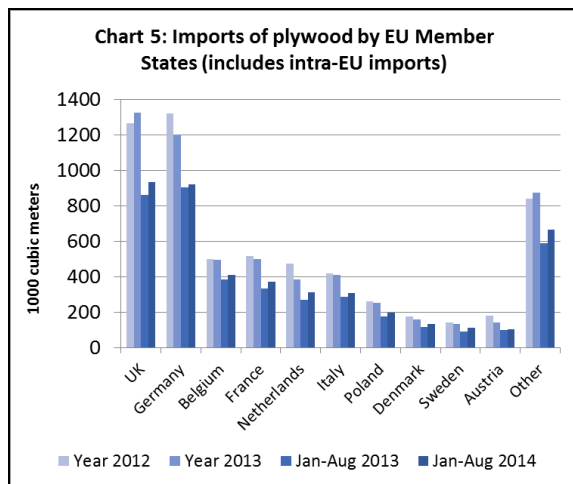
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EU imports of Chinese MLH plywood rose sharply in the period between November 2009 and June 2012 and then subsided for the next 18 months as the much anticipated recovery in European construction continued to be delayed.

The EU rise in imports of Russian birch peaked much earlier, in June 2011, but then subsided more slowly. In the softwood plywood sector, Brazil lost share to other suppliers in the period 2009 to June 2012, but has been regaining share ever since.

Chart 4 also shows that there has been an upward trend in imports in all plywood products types during 2014. The pace of increase in imports this year has been particularly rapid for Chinese MLH, Brazilian softwood and Russian birch plywood.

Chart 5 shows that plywood imports have risen into all the main EU markets during 2014, with particularly strong growth in the UK.



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Strong UK plywood demand

Rising plywood imports into the UK in 2014 are due both to higher levels of construction activity and to improvements in the supply side. UK importers report that Chinese MLH plywood has been readily available this year at stable prices.

Orders in the last quarter of 2014 could be shipped from China within around four weeks. However quality consistency remains an issue for some UK buyers of Chinese plywood. Freight rate volatility has also been a problem again this year. Rates tend to rise at the start of each month and then decline sharply as shipping companies fail to fill available space.

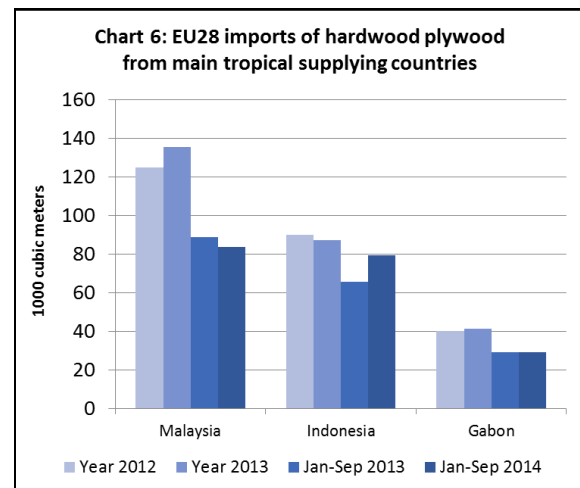
While plywood imports into Germany were strong in the opening months of 2014, the market showed signs of weakness in the second half of the year. This was primarily due to the recent downturn in the Germany economy. Imports have also been hindered by the German customs decision to reclassify much of the plywood imported from China as laminated wood.

Technically these two products are distinguished by the direction of grain in alternate veneer layers – in plywood the grain is crossed at right angles whereas in laminated wood it is parallel. Plywood attracts a duty of only 7% while laminated wood attracts a duty of 10%. In the absence of reliable assurances that only products glued crosswise are supplied by Chinese suppliers, some German importers are switching back to alternative products including European birch and softwood plywood.

Stabilisation of tropical plywood imports

Charts 6 and 7 show how the downward trend in imports of tropical hardwood plywood into the EU has stabilised and even shown slight signs of recovery in 2014. Imports from Malaysia rose sharply at the end of 2013 to beat the increase in GSP duty from 1 January 2014 and fell away sharply in January and February.

However they then stabilised at a slightly higher level than the previous year in each of the 7 months from March through to September 2014. For the full January to September 2014 period, EU imports of Malaysian hardwood plywood were 83,600 m³, 6% less than the same period in 2013.



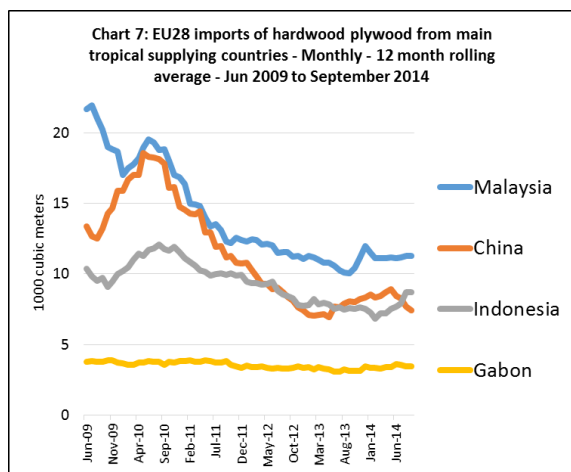
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Imports from Indonesia also fell in the first two months of 2014, but then increased between March and August 2014. In total for the first nine months of 2014, EU imports of Indonesian hardwood plywood were 79,500 m³, 22% more than the same period in 2013.

European imports from Indonesia have been boosted this year by resumption of regular break bulk services in response to volatile container freight rates. Constraints on log supply and firm demand for Indonesian plywood in Japan and the Middle East mean that prices for Indonesian plywood are still too high for many European importers.

However there is consistent demand from that sector of the market willing to pay premium prices for the quality advantages offered by Indonesian product. European importers report that prices for Indonesian plywood have been steady during the second half of 2014, with only slight price increases for specific grades of filmed plywood.

Chart 7 highlights that EU imports of okoume plywood from Gabon have remained low but consistent over the last 3 years. Imports from Gabon are around 3200 m³ to 3400 m³ each month with very little variation during the last 4 years. Total EU imports of plywood from Gabon in the first 9 months of 2014 were 29,000 m³, exactly equivalent to the same period the previous year. Much of this product is believed to be FSC certified and derived from one large European-owned operation in Gabon.



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Okoume plywood market challenges

Despite the consistency in supply, Europe's market for okoume plywood continues to suffer from weak demand. There were early signs of improving construction and economic activity in the first half of 2014 in the two key markets for this product – France and the Netherlands. However, activity and market confidence weakened again in the second half of the year.

Since the change in Gabon's GSP status on 1 January 2014, plywood imported into the EU from Gabon has attracted a 7% duty. However manufacturers of okoume plywood in Europe have been granted an exemption and pay no duty on okoume veneer imported from Gabon.

Even with this advantage, there is little sign of an upturn in market demand for European produced okoume plywood. Producers continue to report very low profitability but are struggling to push through price increases in the current market. The simple fact is that Europe's few remaining tropical hardwood plywood manufacturers are uncompetitive relative to overseas suppliers.

Slight rise in tropical hardwood plywood imports from China

Chart 7 shows that EU imports of Chinese plywood faced with tropical hardwood were rising between April 2013 and May 2014. This seems to contradict anecdotal reports suggesting that imposition of the EUTR from March 2013 had encouraged a partial switch away from tropical hardwood face veneers in plywood supplied into the EU from China.

It's likely that many EU importers had already made the switch away from tropical hardwood in Chinese plywood in advance of the March 2013 deadline. It's also possible that Chinese manufacturers were being successful in sourcing sufficient volumes of legally verified tropical face veneers to service their European clients. However, the slow rising trend in EU imports of tropical hardwood plywood had reversed again by June 2014.

Russian birch plywood readily available

In the first nine months of 2014, EU imports of Russian birch plywood were 604,000 m³, 16% more than the same period in 2013. Demand has been particularly good in the UK. Supplies have also been readily available.

In the last quarter 2014, lead times between ordering and delivery into the EU were no more than around 4 weeks on average. There is particularly good availability of filmed plywood grades as domestic demand for this product in Russia was weakening towards the end of the year with the early onset of winter.

Prospects for supply in 2015 are also good with no shortages of log supplies and the colder conditions now prevailing in Russia expected to allow an early start to the harvesting season.

EU domestic plywood production

The EU does not have a large domestic plywood sector, mainly because it lacks supplies of large diameter logs required for plywood manufacture, and production has declined in recent years. Nevertheless the domestic industry is still an important competitor for imported plywood.

Latest Eurostat data shows that EU plywood production was 3.81 million m³ in 2013, down from 4.16 million m³ in 2012 and a high of 4.55 million m³ in 2007. Each year domestic production contributes between 50% and 55% of the volume of plywood supplied to the EU, a proportion that hardly changed during the decade to 2013.

Most large EU plywood manufacturers are based in Sweden and Finland and use softwood and birch. There are a range of smaller plywood manufacturers in southern parts of the continent utilising temperate species such as poplar and beech.

Delayed recovery in European construction

Future prospects for plywood market growth in Europe are likely to be dampened by only slow recovery in the European construction sector. The latest forecast issued by the research organisation Euroconstruct at their November 2014 Conference suggests a slower return to growth than forecast at their June 2014 Conference.

Euroconstruct note that after seven years of deep crisis, during which the market lost 21% in volume, 2014 is expected to be the first year of recovery in European construction output. However growth this year is not expected to exceed 1%, rising to 2.1% in 2015 and 2.2% in the following two-year period.

The recovery has been gaining momentum in the UK and other northern European countries outside the Eurozone. Eastern European economies have also returned to robust growth after a sharp slowdown in 2012-2013.

However in the Eurozone in Western Europe, Italy remains in recession while economic problems are also mounting in other countries. Output, wages and prices are

stagnating and levels of unemployment are at record highs after four years of general austerity measures.

Overall economic growth is expected to remain weak, particularly as the credit market is still very tight and the public accounts correction is still underway. Concerns over the risk of deflation in the Eurozone are also mounting.

According to Euroconstruct's new estimates, all three main segments within the construction market are expected to grow slowly in the short-to-medium term. The residential sector is still suffering. This is especially true of new construction which, after a further 4% reduction last year, is only expected to grow 0.1% in 2014.

However, in the medium term this sector is expected to be the main engine for recovery. Growth in residential construction across Europe is expected to average around 4% per year during the period 2015 to 2017. During this period new non-residential construction is forecast to grow by only 2% per year. Civil engineering is expected to grow on average 2.5% per year over the next three years. Renovation was more stable than other sectors during the recession and levels of activity in this sector should at least be maintained.

Construction activity is expected to grow most rapidly in Eastern Europe over the next three years, partly driven by increased spending of EU project funds on infra-structure. Construction activity in France, Italy and Spain has shown no increase in 2014. Growth in Germany is also slowing and there are even concerns that German construction activity could start to decline within the next two years. In contrast, the UK is set for very strong growth.

UK residential construction is booming again (+16% new investment in 2014) and non-residential construction is expected to be boosted by strong demand for commercial, industrial and educational building. New civil engineering works are also expected to grow in the UK (+4.5% forecast in the two-year period 2015-2016).

* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPi)

Report from North America*

Lower US hardwood sawnwood imports

Compared to a month earlier US imports of hardwood sawnwood fell by 8% in September to 99,254 cu.m., temperate hardwood imports were down 9%, while tropical imports declined by 8% from August.

However, tropical imports at 21,520 cu.m, were up 7% year-to-date from September 2013.

Sawnwood imports of most tropical species declined in September. Only imports of balsa, ipe and cedro grew. Balsa imports from Ecuador were 5,463 cu.m., up 43% year-to-date from 2013.

Ipe sawnwood imports increased by 19% from August to 2,754 cu.m. (+12% year-to-date). Cedro imports were 1,532 cu.m., up 25% year-to-date from September 2013.

Imports from Brazil declined in September despite higher ipe shipments. Imports of virola, jatoba and other tropical sawnwood were lower than in August.

Sawnwood imports from most other major suppliers also fell from August. Only Ghana increased shipments to 1,665 cu.m. following lower volumes over the summer. The increase was largely in cedro (933 cu.m.), while sapelli imports declined.

Imports from Cameroon were down in September, both year-to-date and compared to the previous month. However, sapelli sawnwood imports from Cameroon increased to 1,827 cu.m., while other species declined.

Malaysian shipments decreased by 11% month-over-month, but on a year-to-date basis they were 3% higher than in September 2013. Malaysia exported 1,357 cu.m. of keruing to the US in September.

US sawnwood imports year to September (cu.m)

	Year to Sept 2014	% change on 2013
US total imports	176,006	7%
Ecuador	42,266	50%
Brazil	27,464	2%
Cameroon	18,525	-8%
Malaysia	16,971	3%
Congo (Brazzaville)	10,477	29%
Peru	6,897	-27%
Indonesia	7,376	8%
Ghana	10,219	30%
Cote d'Ivoire	6,721	-8%
Other	29,090	-13%

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

Cameroon leads tropical sawnwood shipments to Canada

The value of Canadian imports of tropical sawn hardwood fell to US\$2.4 million in September, down 22% from August. The decline in September was mainly in imports from Brazil, following exceptionally high import levels in August. Year-to-date imports remain significantly higher than in 2013 (+21%).

The largest source of Canadian imports was Cameroon at US\$692,425, followed by Ecuador and Brazil. Indonesia's shipment declined slightly in September, but on a year-to-date basis Canada's imports from Indonesia have doubled compared to the same time last year.

Sapelli imports increased to US\$586,186, up 69% from August. Virola, imbuia and balsa (combined) imports also grew in September, while imports of mahogany, meranti and other species declined from the previous month.

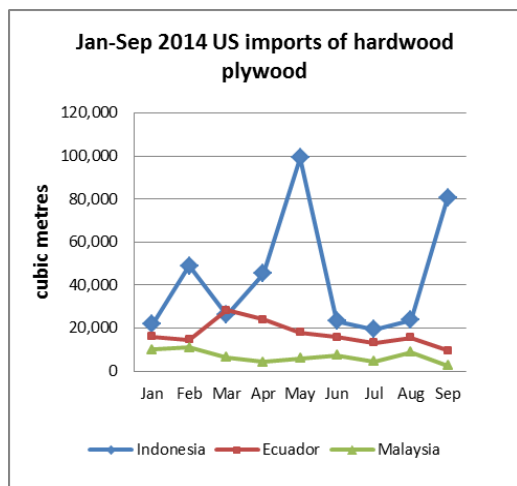
Plywood imports from Indonesia up in September

US imports of most manufactured wood products grew in September despite the slow recovery in the housing market and in non-residential construction. Both imports and domestic production were significantly higher than in September 2013. As the housing market continues to expand, producers can look forward to even stronger US demand.

US imports of hardwood plywood grew in September following a brief decline in August. Total imports were 265,066 cu.m., up 12% from August. Year-to-date imports were 6% higher than at the same time last year.

The growth in imports was from Indonesia and Canada. Imports from other countries declined in September. Hardwood plywood imports from China fell by 11% to 119,568 cu.m.

Indonesian shipments of hardwood plywood more than doubled in September to 80,774 cu.m. Imports from Canada grew by 46% to 16,987 cu.m. Hardwood plywood imports from Russia, Ecuador and Malaysia decreased in September.



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

Higher hardwood moulding imports from Malaysia

Imports of hardwood moulding were steady from the previous month at US\$17.6 million in September. Year-to-date imports were 9% higher than in September 2013.

Hardwood moulding imports from Brazil and China fell, while imports from Malaysia and Canada grew. China remained the largest source of supply at US\$5.7 million, down 17% from the previous month.

Malaysian shipments of hardwood moulding were worth US\$1.4 million, up 35%. Year-to-date imports from Malaysia were 16% higher than in September 2013. Both hardwood flooring and assembled panel flooring up

Hardwood flooring imports increased 9% in September due to higher imports from Malaysia. Assembled flooring panel imports grew by 10%, with only Brazil shipping less than last month.

Imports of hardwood flooring were worth US\$3.9 million in September.

Imports from Malaysia more than doubled to US\$1.1 million. Year-to-date imports from Malaysia were 18% higher than in September last year.

Hardwood flooring imports from Indonesia declined (-13%). China’s shipments were almost unchanged from the previous month, but significantly up from 2013.

In assembled flooring panels China maintained its lead in the US market at US\$5.9 million in September. However, year-to-date imports were 10% lower than at the same time last year. Imports from Canada and Indonesia increased month-over-month in September, while Brazil shipped less.

Vietnam and Mexico grow furniture import share

Wooden furniture imports grew by 1% in September after declining in August. September imports were worth US\$1.27 billion. Year-to-date imports were 9% higher than in September 2013.

Imports from most countries increased in September with the exception of Mexico and Indonesia. Furniture imports from China recovered from the decline in August and grew 6% to US\$605 million.

Vietnam’s wooden furniture shipments increased 5% to US\$229 million. Year-to-date imports from Vietnam were almost one third higher than in September last year.

Mexico also expanded its US import share in wooden furniture in 2014. Year-to-date imports from Mexico were 36% higher in September than last year, despite a month-over-month decline in September imports.

	Year to Sept 2014 US\$ millions	% change on 2013
US total imports	9.859	9%
China	4799	7%
Vietnam	1383	31%
Canada	851	5%
Malaysia	388	6%
Mexico	363	36%
Indonesia	386	9%
Other	1688	-4%

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

Furniture retail sales declined slightly in September (-2%), which is not uncommon for this time of the year. However, sales were 4% higher than in September 2013, according to the US Census Bureau.

Higher US furniture manufacturing output

Economic activity in the US manufacturing sector grew in October. The Institute for Supply Management’s manufacturing index increased by 2.4 percentage points from the previous month.

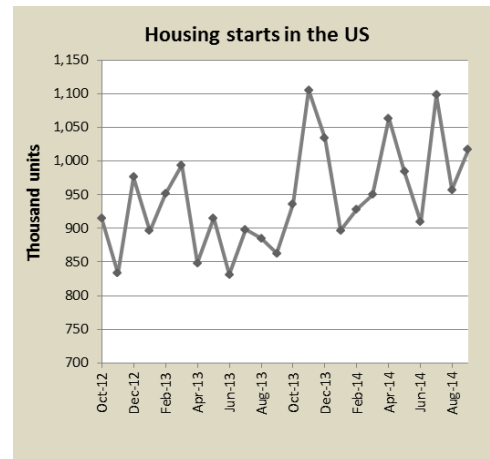
Most companies report generally good business conditions and growth in production and demand. Almost all manufacturing industries reported growth in October, including furniture manufacturing. Wood products manufacturing companies reported no change in production from September.

US consumer confidence up

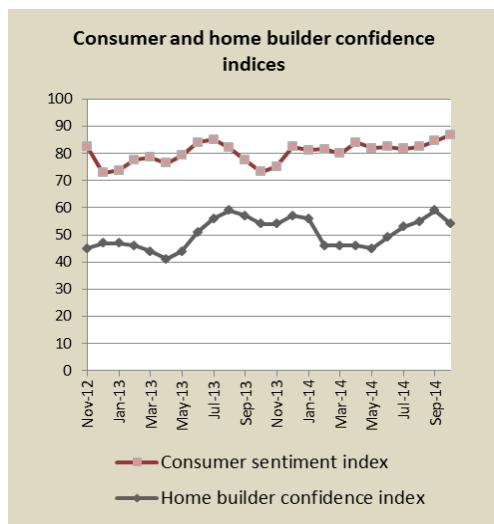
Consumer confidence in the US improved 2.7% from September to October according to the Thomson Reuters/University of Michigan consumer sentiment index. Consumer confidence was at its highest level in October since July 2007.

Most households expect higher incomes and a stronger US economy in the year ahead. Most consumers did not worry about conflicts abroad or a slowdown in the global economy.

homes declined. The number of building permits issued is an indicator of future building activity.



At seasonally adjusted annual rate
Data source: US Census Bureau



Data source: Thomson Reuters/University of Michigan Surveys of Consumers, National Association of Home Builders/Wells Fargo Housing Market Index

Despite higher consumer confidence, builders' confidence in the market for newly built single-family homes declined in October. Only in the US South builders were more confident in market conditions than in September.

The National Association of Home Builders expects the housing market to grow despite the lower reported confidence. Conditions for home sales and new construction are positive, including low mortgage rates and higher employment

Higher housing starts across the country

Housing starts surpassed the 1 million mark for the third time this year. Residential construction increased by 6.3% in September at a seasonally adjusted annual rate. The growth was mainly in multi-family construction, which grew by 16.7%. Single-family housing starts increased by 1.1% to 646,000 units. Housing starts grew in all regions of the country.

The number of building permits gained slightly to 1.018 million at a seasonally adjusted annual rate. Multi-family permits increased, but permits for new single-family

Decline in Canadian housing starts

Non-residential construction spending was stable from August to September at a seasonally adjusted annual rate. Private construction decreased slightly (-0.6%) while public construction grew. Public spending on office and health care construction saw the greatest gain in September.

The American Institute of Architects reports better conditions for architecture firms in September. The most positive outlook in the non-residential sector has been in public institutional construction.

Sales of existing homes increased 2.4% in September following a brief decline in August. Home prices were 5.6% higher than in September 2013. The share of first-time home buyers remains lower than average. Less than one third of all existing homes were bought by first-time buyers in the last 1.5 years.

Continued growth in office and commercial construction

Non-residential construction spending decreased slightly in August at a seasonally adjusted annual rate. Private construction declined by 1.4% and public spending by 1.1%. However, the drop in public spending was mainly in educational buildings. Public construction of office and commercial buildings grew significantly by 11% and 8%, respectively.

The American Institute of Architects reports a positive outlook for the coming months.

* The market information above has been generously provided by the Chinese Forest Products Index Mechanism (FPI)

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.*

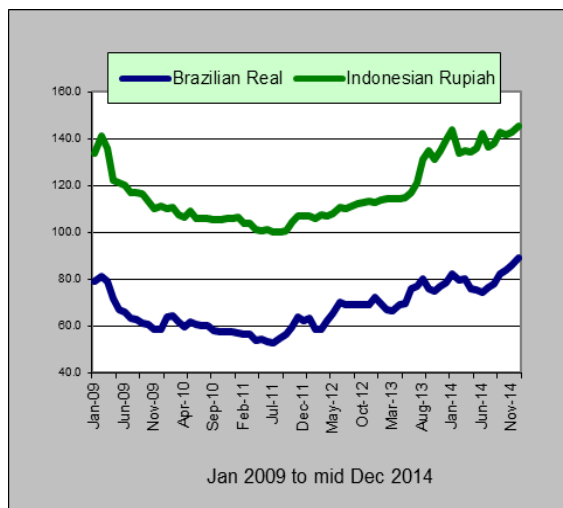
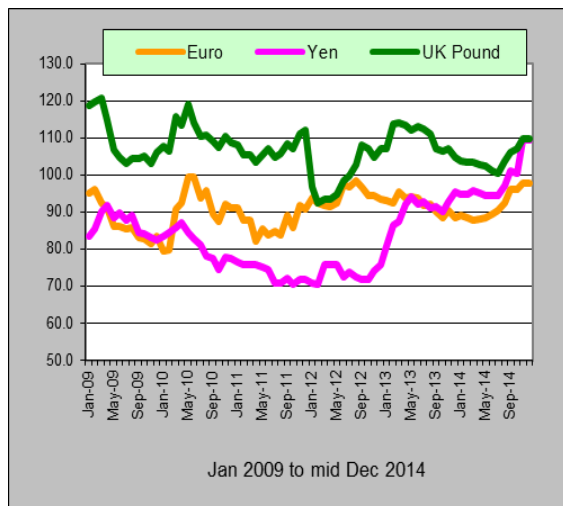
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

US Dollar Exchange Rates

As of 10th December 2014

Brazil	Real	2.616
CFA countries	CFA Franc	526.87
China	Yuan	6.1761
EU	Euro	0.8034
India	Rupee	62.02
Indonesia	Rupiah	12,3475
Japan	Yen	11789
Malaysia	Ringgit	3.4
Peru	New Sol	2.9585
UK	Pound	0.6363
South Korea	Won	1101.62

Exchange rate index (Dec 2003=100)

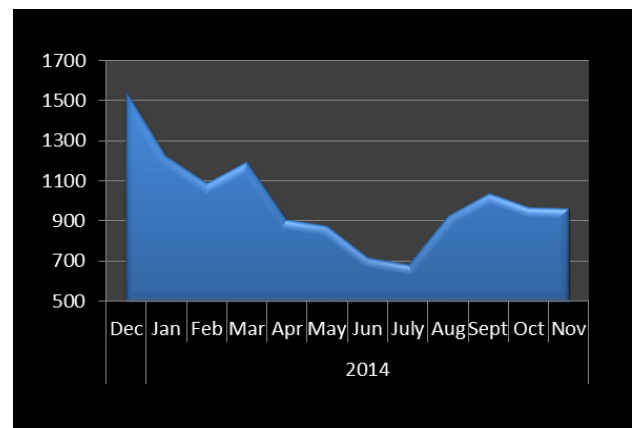


Abbreviations and Equivalences

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 Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Freight Index

Baltic Supramax Index
December 2013 – November 2014



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. It is based on a 52,454 mt bulk carrier carrying commodities such as timber.

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