

January 2018 General Hardwood Market Conditions

► General Outlook

Demand remains strong in the major hardwood markets across the world. The Chinese consumption of North American hardwoods continues to increase. They are now paying record high prices for the Common grades.

Imports of African hardwoods into Europe remain flat. Probably because of the result of a lack of a suitable EUTR supply coupled with an increased aptitude for using modified timbers instead of tropical hardwoods.

In the UK, the Brexit negotiations will continue to impact on the market, whether this will be on demand or prices, or both, only time will tell.

► North America

Prices for White Oak have softened lately, with shippers accepting offers on 4/4 (25.4mm) and 6/4 (38.1mm) sizes. This may be a consequence of exporters wishing to clear FAS stocks to then produce more Common grades (70% of a typical yield) which is selling for record high prices in the Far East.

Prices for Poplar and Cherry remain stable. Ash prices have weakened during the last year. This will be comparatively short term however, as land owners are trying to maximise their standing Ash stocks before the Emerald Ash Borer (EAB) depletes them.

The demand and prices for both Maple and Black Walnut remained steady during 2017 and this looks set to continue into 2018.

Note: the FSC price premium is on the increase due to reducing supply options!

► West Africa

Sales in both Sapele and Iroko reached record highs for BBUK, in 2017.

From a supply prospective, the impact of the EUTR continues to change trade practices with a limited number of suppliers shipping into the UK.

Generally, the supply of Sapele is good at the moment, but some shippers are running late. Framire has a very limited availability and it will be difficult to stock all sizes going forwards.

Although better than Framire, Iroko remains difficult to obtain and requires long term commitment from importers to ensure supply. FSC, in all species, has limited availability.

From Q4 2017 onwards we have seen delays and congestion at the Douala (Cameroon) container port. This will have a short term effect on supply and will need monitoring in 2018.

Europe

European Oak demand is very strong and there is still intense competition for log supply for the majority of sawmills. The recent ban on log exports from Croatia means the supply situation is even more unpredictable and this could have a serious impact on availabilities for 2018 onwards. Most importers will have to order well in advance to try and ensure supply and the majority of exporters are insisting that their customers purchase lesser grades to secure the prime.

The demand for CND Steamed Beech weakened in 2017 but is still stronger than the current supply in certain key sizes and lengths and these will need to be ordered well in advance.

Far East

The availability of Meranti has been under pressure since the 2016 changes in Malaysian regulations for the supply of logs and now a prolonged, and heavy, rainy season, in late 2017. Prices are very firm and the availability has lengthened with these supply pressures. Some key sizes, like 25mm random width, and any 228mm and wider, now have extended lead times.

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