July 2018
General Hardwood Market Conditions

General Outlook

We are halfway through 2018 now and the influence of China, in all the major hardwood markets across the world, remains both constant and significant. This means worldwide demand remains strong and it frequently outstrips supply.

Against this backdrop, the imports of hardwoods into Europe are generally flat. For Tropical timbers, this could be a consequence of the EUTR import regulations. For all timbers, it may be the impact of using modified timbers instead of natural hardwoods. But there is no doubt that the global demand for wood, of all kinds, is on the rise.

North America

Prices for White Oak are very firm at the moment, but the market is getting very unpredictable. The continuation of log exports into China is doubtful, following the changes of regulations by the Chinese authorities. This could put more logs back into the US market, but then may force the Chinese importers to buy more sawn lumber instead. China is now the largest market for American whiskey, which means the demand for high quality Oak logs for the barrels continues to increase. These barrel stave makers will outbid sawmills for logs, which has an obvious impact on supply.

Prices for Poplar are firming, especially for FSC. Cherry and Maple prices remain stable. Strong worldwide demand for Ash is driving the prices up. For Black Walnut, some shippers are talking of increased demand and prices are rising slightly as a consequence.

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

West Africa

The serious delays at the port of Douala (Cameroon) continue. This has been a problem for some months now, and is causing serious delays to shipments and creating cash flow problems for some shippers, because until their timber is shipped they will not get paid by their customers. With the rainy season about to start, these twin factors, will cause supply issues for Q3/Q4 2018, and could push prices up.

At the forest level, the actual availability of Sapele is good at the moment, although some mills have stopped cutting more timber until the issues at the Douala port ease.

Framire has a very limited availability and it will be difficult to stock in all sizes going forward.

The availability of Iroko is now the best it has been for a number of years, but prices remain firm, despite this. FSC, in all species, has limited availability

Europe

In the last decade, there has been a 181% rise in EU log exports to China. This means there is intense competition for Oak log supplies for the majority of sawmills, with exporters reporting that they paid record high log prices last winter. 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. Prices are firm and will continue to rise. Providing you order well in advance, the availability of Steamed Beech is good, but certain key sizes and lengths in CND can be difficult to get.

Far East

The availability of Meranti has been under pressure since the 2016 changes in Malaysian regulations for the supply of logs. Although supply has eased in the last few months, prices remain very firm and the strong Malaysian Ringgit against the US Dollar means log prices have increased further to the sawmills. Some key sizes, like 25mm random width, and some 228mm and wider sizes, are now on extended lead times.

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