

Tropical Timber Market Report

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Top Story

Brazil, the exciting emerging consumer market

After a remarkable decade of steady growth and economic stability, Brazil has emerged as one of the world's most important new consumer markets says a new report from the Boston Consulting Group's Center for Consumer and Customer Insight.

By 2020, Brazilian households will represent an annual market of around US\$1.6 trillion (3.2 trillion Brazilian real).

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Report from Central/West Africa

Producers finding it difficult to respond to even modest increases in demand

Some positive log and sawnwood price movements have been reported since the end of August as demand continues firm in most markets.

Demand for logs has improved and the demand pull has given producers the opportunity to negotiate for better prices especially as log availability remains tight. The problem is that, because of problems in sourcing logs, producers are finding it tough to respond to the improved demand, especially as this is focused on only the more popular species.

Buying still focused on popular species despite supply problems

Producers in West Africa say demand from European importers has improved slightly but remains stuck on selected species such as azobe, padouk and sapele. In response to supply problems with sapele some buyers are considering sipo as a substitute.

Buyers for France are reported as more active while UK business continues to be very slow and unlikely to improve in the short term say analysts.

Sawnwood exports from Gabon appear to be declining fast and analysts say this has much to do with the tighter government control of forest operations. The log shortage has resulted in some sawmills remaining closing temporarily or cutting back on production rates.

Exporters confident of their position in Middle East markets in face of competition from SE Asian timbers

Producers report business in the Middle East markets is brisk especially for sawnwood. The Middle East market is firm and stable and producers are confident that these markets will hold firm through to the end of the year.

Competition in the Middle East markets has stepped up with Malaysian mixed light hardwoods and meranti chasing the same markets as timbers from West Africa but African exporters are confident of their established position in these markets.

In spite of the generally firm demand in most markets, exporters say that buyers are not responding to requests for significant price increases beyond minor adjustments for individual orders.

Analysts say that the current balanced supply and demand is unlikely to change until the economies in the major markets begin to expand; only then will producers have the opportunity to seek improved prices.

Log Export Prices

West African logs, FOB	€ per m ³		
Asian market	LM	B	BC/C
Acajou/ Khaya/N'Gollon	220	215	155
Ayous/Obeche/Wawa	225	210	150
Azobe & Ekki	225	225	150↑
Belli	230↑	230↑	-
Bibolo/Dibétou	145	130	-
Iroko	255	220	220
Okoume (60% CI, 40% CE, 20% CS) (China only)	275↑	275↑	230↑
Moabi	295	285	-
Movingui	220↑	200↑	175
Niove	165	165	-
Okan	260	260	-
Padouk	315	300	230↑
Sapele	270	255	180↑
Sipo/Utile	310	290	165
Tali	295↑	295↑	-

Sawnwood Export Prices

West African sawnwood, FOB	€ per m ³
Ayous FAS GMS	340↑
Bilinga FAS GMS	510↓
Okoumé FAS GMS	480
Merchantable	270↓
Std/Btr GMS	345
Sipo FAS GMS	550
FAS fixed sizes	-
FAS scantlings	550
Padouk FAS GMS	950
FAS scantlings	900
Strips	400
Sapele FAS Spanish sizes	490
FAS scantlings	515
Iroko FAS GMS	570
Scantlings	600
Strips	445↑
Khaya FAS GMS	440↓
FAS fixed	470
Moabi FAS GMS	550
Scantlings	550
Movingui FAS GMS	400

Report from Ghana

Woodworkers Association fears VPA means job losses

Members of the Takoradi Wood Workers Association are concerned that there may be job losses when the VPA is implemented in 2014 even though its supporters claim it will provide new market opportunities. The Ghana Forestry Commission is now working to allay the fears of association members saying they appear to have misconstrued the concept of the VPA.

At a stakeholders meeting in Takoradi, the Trade and Industry Manager at the Timber Industry Development Division (TIDD), Mr. Peter Zormelo, explained the VPA is to improve transparency and accountability by ensuring that timber products exported to the EU from Ghana have been legally acquired, harvested, transported and shipped in compliance with local laws.

He advised association members to ensure they register their operations in order to acquire vendor licences to do legitimise their businesses.

To protect members from possible losses that might be associated with the VPA implementation the National

Secretary of the Domestic Lumber Trade Association of Ghana (DOLTA), Mr. Afreh Boakye, suggested there is a need for the GFC to ensure a regular supply of legal timber to the local market from established sawmills and artisan millers.

New team of specialised prosecutors for forest offenders

The GFC and the Attorney General's Department has provided specialist training on forest and wildlife laws to more than 25 public prosecutors so quick and tough legal action can be taken on those breaking the country's forest and wildlife laws.

The trainees were taken through 8-weeks of intensive training in criminal law and procedure, introduction to the Forestry/Wildlife laws common offences and courtroom procedures.

The mandate granted the new prosecutors by the Ministry of Justice and Attorney General forms part of measures to combat illegal exploitation of forest and wildlife resources.

At the trainees passing out ceremony the Chief Justice, Mrs. Justice Georgina Wood, commended the Forestry Commission for this bold initiative and said the move was necessary to protect the environment and save the country huge financial losses.

The Minister of Lands and Natural Resources, Mr. Alhaji Inusah Fuseini, said the successful training of specialised prosecutors was timely to arrest the threat to the sustainability of the country's forest and wildlife resources.

Boule Export prices

	Euro per m ³
Black Ofram	235
Black Ofram Kiln dry	300
Niangon	450
NiangonKiln dry	580

Domestic Log Prices

Ghana logs	US\$ per m ³	
	Up to 80cm	80cm+
Wawa	150-165	170-185
Odum Grade A	169-174	178-188
Ceiba	115-133	138-150
Chenchen	100-108	111-128
Khaya/Mahogany (Veneer Qual.)	125-150	155-180
Sapele Grade A	146-155	161-185
Makore (Veneer Qual.) Grade A	133-138	141-166
Ofram	112-118	130-135

Export Sawnwood Prices

Ghana Sawnwood, FOB	€ per m ³	
	Air-dried	Kiln-dried
FAS 25-100mm x 150mm up x 2.4m up		
Afromosia	855	945
Asanfina	480	544
Ceiba	231	267
Dahoma	306	315
Edinam (mixed redwood)	384	521
Emeri	353	500
African mahogany (Ivorensis)	580	677
Makore	575	609
Niangon	540	600
Odum	605	765
Sapele	567	651
Wawa 1C & Select	275	334▲

Export Rotary Veneer Prices

Rotary Veneer 1-2mm, FOB	€ per m ³	
	CORE (1-1.9mm)	FACE (2mm)
Ceiba	292	320▲
Chenchen	320	358
Ogea	320	350
Essa	322	355
Ofram	320	357

Export Sliced Veneer Prices

Sliced Veneer, FOB	€ per sq. m	
	Face	Backing
Afromosia	1.32	0.80
Asanfina	1.20	0.88
Avodire	1.12	0.71
Chenchen	0.85	0.60
Mahogany	1.30	0.80▲
Makore	1.26	0.54
Odum	1.88	0.72

Export Plywood Prices

Plywood, FOB	€ per m ³		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	424	600	641
6mm	420	592	622
9mm	360	409	475
12mm	366	435	439
15mm	315-	358▼	373
18mm	305	363	367

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	12.60	15.50▲	18.80
Odum	10.00	11.20	12.40
Hyedua	14.08	14.00	18.45
Afromosia	14.30	18.65	18.33

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

Report from Malaysia

Reduced fuel subsidy will push up production costs

The Malaysian government has announced a reduction in fuel subsidies. From 2 September the subsidy will be reduced by 20 sen a litre on the most popular grade of petrol (RON 95) which, say analysts, will push up prices by around 10.5%.

Subsidies on diesel will also be reduced by 20 to 80 sen a litre which is expected to push up industry transport costs.

Most analysts in Malaysia say that the increase in fuel prices could push inflation up to 2.2% for the year from the projected 2.0%.

The Malaysian government has justified the change on the grounds that it needs to rationalise subsidies and that failure to do so could push the country into financial difficulties.

Researchers at AmResearch said “in 2013 the government has set aside a staggering RM24.8 billion or approximately 11.9% of total revenue to fuel subsidies”. At current exchange rate, this works out to roughly US\$7.5 billion for 2013. The budget deficit was 4.5% of the country’s Gross Domestic product (GDP) last year.

Malaysia’s high budget deficit was cited as one of the reasons why last year the international rating agency, Fitch, lowered Malaysia’s rating to negative from stable.

While most Malaysians understand the need to cut subsidies for better fiscal management they are also bracing themselves for a series of price hikes ranging from transportation to food costs.

Making matters worse for consumers is the weakening ringgit against the US dollar (as much as 9% in the last two months) making imports more expensive.

Industry analysts suggested the changes will result in higher logging and production costs in the timber industry but it is too early to foresee if the increase can be absorbed or whether they will try and pass on the extra cost to buyers.

Speedier export license issuance with new online system

The Sarawak Timber Industry Development Corporation (STIDC) has launched an improved version of its online licensing system in an effort improve the efficiency in issuance of export and import licenses.

At the ceremony launching the new online system, Awang Tengah Ali Hasan, Minister of Resource Planning and Environment, said that exports for the first half of 2013 dropped by 2.7% compared to the same period last year.

He further said, “Sarawak recorded exports worth RM.606 billion (approximately US\$ 1.1 billion) in the first six months of this year as compared to RM.705 billion last year”.

Sarawak exported RM 7.5 billion worth of timber products last year (approximately US\$ 2.27 billion).

The drop in export value for this year was attributed to the economic slowdown in importing countries, particularly in the Middle East where political uncertainties lowered the demand for timber.

Major buyers for Sarawak timbers remain as Japan, South Korea, India, China, Thailand and the Philippines.

Market preferences clearly reflected in average export prices

The Sabah Department of Statistics has released sawnwood export data showing that exports from January to July 2013 were 149 157 cu.m worth RM 217 mil. (approximately US\$ 65.74 million).

The main importer was Thailand taking almost 25% (37,329 cu.m). China was the second largest importer accounting for 22,501 cu.m of sawnwood exports. The third ranked importer was Taiwan P.o.C where January to July exports totaled 18,866 cu.m worth RM24.0 million.

Average prices in the different markets vary and reflect preferences for species and grades. In Thailand the average price was RM1,228 per cu.m, China RM1,484 per cu.m and Taiwan P.o.C RM1,270 per cu.m.

In contrast, sawnwood exports to Belgium at 3,256 cu.m were at an average price of RM2,249 per cu.m while the average price of sawnwood exports to the UK was RM2,556 per cu.m.

The comparable figure for Netherlands sawnwood imports was RM2,822 per cu.m indicating that European importers are buying higher grades.

In the first seven months, Sabah’s exports of sawnwood were mainly of two species groups: dark and light red meranti, meranti bakau (29.6%) and keruing, ramin, kapur, teak, jelutung, kempas, mengkulang, balau (29.6%).

The data revealed the most expensive sawnwood exported was kayu malam at an average price of RM3, 346 per cu.m or about US\$ 1,014 per cu.m.

Report from Indonesia

EU report on import procedures for FLEGT-licensed timber

The EU FLEGT newsletter says that a report on the testing of export and import procedures for Indonesia’s timber and timber products is now available.

The report is titled ‘V-Legal/FLEGT shipment test – Lessons learned from the EU visits’ this and related documents can be downloaded from: <http://www.euflegt.efi.int/portal/newsletter/>

Indonesia and the EU organised a trial shipment of SVLK certified timber to identify issues hindering the efficient processing of export and import documents and the future flow of FLEGT-licensed timber products to EU member states.

The authors of the report note several significant findings and the EU FLEGT newsletter provides an example saying: “for example, a ship will often change destinations en route or a shipment will change ownership while at sea.

When this happens, some information in the FLEGT license no longer matches the actual shipment, which could lead to delays in customs clearance”.

Rampant inflation and falling rupiah hits consumers

Indonesia is gripped by surging inflation which is now at its highest level the global financial crisis in 2009. Adding to the woes of consumers is the weakening rupiah which had fallen to a low of 11,365 (around -14%) against the US dollar by mid September.

The combined effect of an outflow of foreign capital because of uncertain domestic growth prospects and the inevitable slowing of the US domestic economic stimulus programme has focused attention on Indonesia’s expanding trade deficit.

Expansion of trade finance key to market diversification

The Indonesian ministry of finance has announced plans to expand the trade financing scheme to encourage more exporters to adventure into new markets.

The ministry recognizes that there are risks when developing markets outside the traditional ones of the US, EU and China so is seeking ways to support exporters.

An expanded trade financing scheme addressing up-front finance and insurance for exporters could go a long way to facilitate market diversification said Finance Minister Chatib Basri.

Domestic Log Prices

Indonesia logs, domestic prices	US\$ per m ³
Plywood logs	
core logs	220-240
Sawlogs (Meranti)	235-260
Falcata logs	200-230
Rubberwood	100-120
Pine	140-160
Mahoni (plantation mahogany)	150-200

Domestic Ex-mill Sawnwood Prices

Indonesia, construction material, domestic	US\$ per m ³
Kampar (Ex-mill)	
AD 3x12-15x400cm	445-500
KD	-
AD 3x20x400cm	655-700
KD	-
Keruing (Ex-mill)	
AD 3x12-15x400cm	400-490
AD 2x20x400cm	520-580
AD 3x30x400cm	440-500

Export Plywood Prices

Indonesia ply MR BB/CC, export FOB	US\$ per m ³
2.7mm	620-670
3mm	670-700
6mm	-

Domestic Plywood Prices

MR Plywood (Jakarta), domestic	US\$ per m ³
9mm	410-450
12mm	390-440
15mm	300-340

Export and Domestic Other Panel Prices

Indonesia, Other Panels, FOB		US\$ per m ³	
<i>Particleboard</i>	Export	9-18mm	-
	Domestic	9mm	-
		12-15mm	-
		18mm	-
<i>MDF</i>	Export	12-18mm	660-690
	Domestic	12-18mm	550-600

Report from Myanmar

Plunge in rupee exchange rate puts brake on trade

Most buyers say the market for teak logs is weak and almost at a standstill for the non-teak hardwood logs.

Myanmar’s largest timber buyer, India, is beset by economic problems and the volatile rupee exchange rate is disrupting normal trade.

However, some analysts expect the rupee exchange rate to stabilise and then appreciate again getting back to a rate of 60-61 rupee to the US dollar by year end.

Despite the exchange rate constraints the Myanmar Timber Enterprise (MTE) has issued a circular urging buyers to promptly pay for and ship logs ready for despatch from Yangon.

Teak and other hardwood log exports down

A comparison of shipment statistics show that from April to August this year only 161,050 cubic metres of teak logs were shipped compared to 208,500 cubic metres for the same period last year.

Non-teak hardwood log shipments for the five months in fiscal 2013/14 were 580,000 cubic metres in contrast to the 650,300 cubic metres last year.

Flow of off-shore financing for loggers uncertain

With the onset of the rain season in Myanmar log harvesting begins in earnest but some observers are of the opinion that logging companies will proceed cautiously as their usual off shore financing and commitments from buyers may not be forthcoming.

This could mean that only the top quality logs will be extracted and the lower grades left behind and that harvest levels will be lower than planned.

To avoid logs being abandoned in the forest the Forest Department and MTE will be closely supervising logging operations,

UK trade magazine welcomes reorganisation of MTE

The UK Trade Times Journal (TTJ) recently commented on the issue of corporatisation of MTE and it was mentioned that this would require legislation, physical and financial restructuring could involve staff retrenchment.

The author of the article in the TTJ said that it would be a huge task for the MTE to adapt to the challenging times.

Myanmar's overland exports top US\$1.9 billion in just five months

The Irrawaddy News Magazine has reported that Myanmar's border trade stood at US\$1.9 billion in the first five months of fiscal 2013-14, a rise of US\$391 million over the same period last year.

Myanmar's exports to China, Thailand, Bangladesh and India hit US\$1.17 billion from April to August, compared to US\$710 million in imports according to the Xinhua News Agency.

Teak tender prices

The following prices were recorded for teak log sales during competitive bidding on 23rd and 26th August during the MTE tender. The next sale will be held in late September.

Grade	Quantity (Tons)	US\$ per hoppus ton
4th Quality	10	6529
SG-1	21	4709
SG-2	84	3617
SG-4	290	2656
SG-5	140	2371
SG-6	122	2133
SG-7	145	1744

Report from India

GDP growth battered

GDP growth in India has fallen to a four-year low. A growth rate of 4.4% for the April-June 2013 quarter indicates a sharp slowdown from the 5.4% GDP growth in the same period last year and is below the 4.8% growth achieved in the January-March 2013 period.

The weakened rupee has pushed up import costs and the impact of higher oil prices and continued uncontrolled imports of gold are beginning to bite. Adding to the deficit problem are restrictions on mining because of environmental concerns and because of objections from people living in the mining areas. These restrictions have lowered output and exports.

By the end of August the rupee had fallen about 16% against the USD dollar driving up the cost of imports and widening India's massive current account deficit. By early September the slide of the rupee was arrested as the new Reserve Bank of India governor took office but for how long the exchange rate will hold is difficult to predict.

Volatile rupee drives up industry production costs

The volatility of the rupee became such a concern to industry that in late August the Kerala Plywood Manufacturers Association called a meeting to discuss the risks to industry from the rapidly depreciating rupee.

A severe shortage of domestic logs has caused prices to rise sharply and imported logs are becoming more expensive. In addition, the cost of imported core and face veneers and resins are rising. When added to rising labour costs the increase in electricity tariffs and higher transportation costs due to rising fuel plywood manufacturers had little choice but the raise prices to remain viable.

A rise of 15% in prices of all plywood products went into effect on 1 September and mills in northern India and other parts of the country have followed suit.

Kerala plymills depend on multiple sources for logs

Plywood manufacturers in Kerala depend on rubberwood (from plantations which are being replaced), silver oak logs and other domestic hardwoods to feed their mills. When domestic sources are insufficient mills use imported eucalyptus veneers from Vietnam.

Plywood mills in northern India depend mainly on locally grown poplar and eucalyptus logs and supplement supplies with gurjan from Myanmar and keruing and other peeler logs from Sarawak. It is interesting to note that the panel industry imports eucalyptus logs from as far away as Uruguay.

Paper industry raises prices in face of escalating production costs

Rising input costs are eating in the margins of paper industry and producers in India have announced price increases of between 5-8% for many products.

Industry observers say domestic log raw material costs for the pulp industry have increased 10-15%, adding that imported pulp has also become more expensive because of the depreciation of the rupee.

Overseas Indians taking advantage of exchange rate to invest in property

The impact of the current economic crisis in the country is now being felt by the construction industry as demand for new homes has evaporated and some now talk of a glut of houses and sliding property prices.

While this is a tough time for builders and real estate companies, buyers can secure a bargain and there are indications that non-resident Indians are taking advantage of the exchange rate to transfer US dollars to India and investing in property.

Prices for imported plantation teak

Fluctuations in Indian rupee continue to plague plantation timber importers. When the rupee fell below Rs60 to the US dollar importers were finding the landed costs were too high and could not be passed on to domestic consumers.

Because of the uncertain exchange rate the teak import business has virtually come to a halt as domestic endusers cannot accept the higher prices. Analysts say some companies cancelled orders but that there are still shipments in the pipeline.

Current C & F prices, Indian ports per cubic metre are shown below.

	US\$ per cu.m
Tanzania teak, sawn	350-700
Côte d'Ivoire logs	450-750
PNG logs	400-575
El-Salvador logs	350-650
Guatemala logs	350-550
Nigeria squares	300-450
Ghana logs	300-650
Guyana logs	300-450
Benin logs	350-650
Benin sawn	700-800
Brazil squares	350-650
Colombia logs	350-750
Togo logs	350-500
Ecuador squares	300-540
Costa Rica logs	350-650
Panama logs	350-550
Sudan logs	400-700
Congo logs	450-550
Kenya logs	450-600
Thailand logs	350-450
Trinidad and Tobago logs	400-550
Uganda logs	450-650
Laos logs	300-450
Malaysian Teak logs	250-500
Nicaragua Teak logs	330-535

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

Ex-mill prices for sawnwood

Domestic ex-sawmill prices for air dried sawnwood cut from imported logs. Prices per cubic foot are shown below.

Sawnwood,(Ex-mill) (AD)	Rs. per ft ³
Merbau	1600-1650
Balau	1800-1900
Kapur	1200-1250
Red Meranti	900-950
Radiata Pine (AD)	
Whitewood	600-650
	600-650

Domestic prices for Myanmar teak processed in India

The effects of higher log landed costs are now reflected in prices being quoted for Myanmar logs sawn by Indian mills.

Current prices are shown below.

Sawnwood (Ex-mill)	Rs. per ft ³
Myanmar Teak (AD)	
Export Grade F.E.Q.	6000-14000
Plantation Teak A grade	5000-5500
Plantation Teak B grade	4000-4250
Plantation Teak FAS grade	3250-3500

Price variations depend mainly on length and cross section

Prices for imported sawnwood

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

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.

Plywood prices

Prices for imported logs and veneers are rising but fortunately supplies of domestically grown eucalyptus and poplar have improved because of investment in plantations in northern India.

Under the present conditions mills have to revise prices more often than in the past which is making it difficult for endusers such as builders and construction companies to plan ahead.

WBP Marine grade from domestic mills

Plywood, Ex-warehouse, (MR Quality)	Rs. per sq.ft
4 mm	35.50
6 mm	52.00
12 mm	78.50
15 mm	93.00
18 mm	111.50

Domestic ex-warehouse prices for locally manufactured MR plywood

Locally Manufactured Plywood "Commercial Grade"	Rs. per sq.ft
	Rubberwood Hardwood
4mm	Rs.18.00 Rs.27.50
6mm	Rs.27.50 Rs.37.50
8mm	Rs.34.50 Rs.41.50
12mm	Rs.41.00 Rs.49.00
19mm	RS.58.00 Rs.67.50
5mm Flexible ply	Rs.36.00

Forest Service recommends tax breaks for industry

A study prepared by the Brazilian Forest Service (SFB) has found that the tax burden levied on timber products in the Amazon region is 32% along the entire value chain from harvesting to final consumer.

The authors propose reconsideration of the tax levels and even some exemptions to strengthen the Amazon region forest economy and increase the competitiveness of tropical timber products.

There are proposals for exemption of the tax on Contribution to the Social Integration Program and Civil Service Asset Formation Program (PIS/PASEP), the tax on Contribution for Social Security Financing (COFINS) and the tax on Industrialized Products (IPI).

According to SFB, the entire production chain for Amazonian timber generates some R\$7 billion, of which it is estimated R\$2 billion is paid in taxes.

The exemption proposals will involve a loss of revenue for the government, for example the tax on circulation of goods and services (ICMS), estimated loss R\$ 40 million. The COFINS tax loss would be R\$19 million and the IPI tax loss would be an estimated R\$28 million.

The SFB study says the tax reductions will result in increased competitiveness of tropical wood products.

IBAMA operation results in huge fines on operators

In August this year IBAMA started operation "Hiléia Patria" in Buriticupu, Eastern Amazon, the aim of which is to combat trade in illegal timber.

In less than a month more than 4,000 cubic metres of illegally harvested timber was seized in indigenous reservation areas in the Western region of Maranhão state.

The amount of wood seized in the operation is said to be equivalent to 110 truck loads. Fines amounting to R\$2.3 million were levied on those handling and transporting the illegal timber and equipment was seized.

IBAMA conducted the August operation in several municipalities in the indigenous reserves of Auto Turiaçu, Awá and Caru.

In Buriticupu municipality 95 sawmills are registered by the federal environmental agency but in fact only 25 sawmills were operational of which 22 sawmills had inadequate administrative procedures involving such issues as, timber of unknown legal origin, invalid or expired operating licenses.

Furniture industry seeks to expand Middle East market opportunities

Some furniture manufacturers in Paraná state have been exporting to Egypt since 2007 and this year started to export to the United Arab Emirates (UAE), Oman and Algeria. The companies in Brazil are aiming to expand

exports to other countries in the Middle East and will try to find new markets through participation in the 'Index Dubai', one of the largest international furniture exhibitions.

Furniture sales to UAE started after participation by furniture manufacturers in the Movelpar Fair in Paraná state held in March 2013

A furniture company located in Araçongas municipality, one of the largest centres for furniture production in Paraná State, produces around 36,000 pieces of furniture per month and generates around 12% of its turnover from exports.

This company sells to about 20 countries, including Chile, Peru, Paraguay, Uruguay, France, French Guyana, Namibia, Angola, South Africa, and Mozambique. Chile and Peru are the largest markets. The products for export are wide-ranging, such as home theater, racks, shelves, countertops, and other furniture for living room and home office.

Brazil, the exciting emerging consumer market

"After a remarkable decade of steady growth and economic stability, Brazil has emerged as one of the world's most important new consumer markets" says a new report from The Boston Consulting Group's Center for Consumer and Customer Insight.

See:

https://www.bcgperspectives.com/content/articles/center_consumer_customer_insight_globalization_redefining_brazils_emerging_middle_class/

The report continues; "Millions of families that not long ago struggled for subsistence can now afford such basics as kitchen appliances and mobile phone service. Millions more now earn enough to pay for private school and a second car. And in the years ahead, the ranks of such consumers will swell enormously. By 2020, Brazilian households will represent an annual market of around \$1.6 trillion (3.2 trillion Brazilian real).

The Boston Consulting Group report says, "While the decade from 2000 to 2010 in Brazil was marked by the ascent of millions of households out of poverty, the current decade will be characterised by a massive shift into the ranks of the middle class and affluent.

Some 5.3 million households will rise from the restricted to the emergent middle-class segment. An additional 1.6 million and 1.9 million will enjoy established middle-class and affluent lifestyles, respectively.

Families in the emergent, established, and affluent segments will make up 37 percent of Brazilian households by 2020, compared with 29 percent in 2010 and just 24 percent in 2000. These households will account for more than 85 percent of incremental spending from 2010 to 2020".

The report goes on to suggest strategies that companies could take to gain a foothold in the Brazilian market.

Domestic and export price movements

In US dollar terms many prices fell over the past weeks dropping an average of around 8% due to exchange rate movements.

Domestic Log Prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	154↓
Jatoba	103↓
Guariuba	82↓
Mescla (white virola)	86↓

Export Sawnwood Prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Jatoba Green (dressed)	1275
Cambara KD	750↑
Asian Market (green)	
Guariuba	383↑
Angelim pedra	900↑
Mandioqueira	302
Pine (AD)	220

Domestic Sawnwood Prices

Brazil sawnwood, domestic (Green)	US\$ per m ³
<i>Northern Mills</i> (ex-mill)	
Ipê	797↓
Jatoba	565↓
<i>Southern Mills</i> (ex-mill)	
Eucalyptus (AD)	226↓
Pine (KD) 1st grade	200↓

Export Veneer Prices

Veneer, Export (Belem/Paranagua Ports) FOB	US\$ per m ³
White Virola Face 2.5mm	341
Pine Veneer (C/D)	240

Domestic Veneer Prices

Rotary cut Veneer, domestic	US\$ per m ³
(ex-mill Northern Mill)	Face Core
White Virola	244↓ 199↓

Export Plywood Prices

Plywood, FOB	US\$ per m ³
White Virola (US Market)	
5.2mm OV2 (MR)	498
15mm BB/CC (MR)	470↑
White Virola (Caribbean market)	
4mm BB/CC (MR)	665↑
12mm BB/CC (MR)	480↑

Pine Plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	371↓
15mm C/CC (WBP)	343↓
18mm C/CC (WBP)	339↓

Domestic Plywood Prices

Plywood, domestic (ex-mill Southern mill)	US\$ per m ³
Grade MR (B/BB) White Virola 4mm	796
White Virola 15mm	580

Domestic prices include taxes and may be subject to discounts.

Prices For Other Panel Products

Belem/Paranagua Ports, FOB	US\$ per m ³
Blockboard Pine 18mm 5 ply (B/C)	422↑
<i>Domestic Prices</i> , Ex-mill Southern Region	
Blockboard White Virola faced 15mm	499↓
Particleboard 15mm	324↓

Export Prices For Added Value Products

FOB Belem/Paranagua Ports	US\$ per m ³
Decking Boards	
Cambara	1,010↑
Ipê	2,640↓

Good news on Chinese economy a boost new sol

The national currency the new sol strengthened recently buoyed by the turn-around in the Chinese economy. China is the biggest market for commodities from Peru. The new sol exchange rate against the US dollar was 2.7970 on 11 September the highest level for months.

The strong performance of the Chinese economy and action by the central bank to support the new sol encouraged buyers to snap up the new sol.

Around 700 thousand hectares are certified in Peru

There are said to be 547,450 hectares of FSC certified forests in Peru distributed over eight companies and two forest communities. Six of the certified forest is in Madre de Dios. Others are Ucayali and Loreto, the native community of Puerto Esperanza in Ucayali and Belgium in Madre de Dios.

Legal action taken over deforestation

A company in the Yurimaguas district, Alto Amazonas, Loreto faces prosecution over alleged clearing of 500 hectares of forest to expand its production of palm oil used as biofuel.

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	428-487
Grade 2, Mexican market	358-404
Cumaru 4" thick, 6'-11' length KD	
Central American market	834-849
Asian market	811-893
Ishpingo (oak) 2" thick, 6'-8' length	
Spanish market	509-549
Dominican Republic	572-589
Marupa (simarouba) 1", 6-11 length Asian market	421-482p

Peru Sawnwood, FOB Iquitos	US\$ per m ³
Spanish Cedar AD Select Mexican market	887-909
Virola 1-2" thick, length 6'-13' KD	
Grade 1, Mexican market	429-467
Grade 2, Mexican market	332-377
Grade 3, Mexican market	161-176
Marupa (simarouba) 1", 6-13 length KD	
Grade 1, Mexican market	349-398

Domestic Sawnwood Prices

Peru sawnwood, domestic	US\$ per m ³
Mahogany	867-911
Virola	92-134
Spanish Cedar	277-321
Marupa (simarouba)	99-110

Export Veneer Prices

Veneer	FOB Callao port	US\$ per m ³
Lupuna 3/Btr	2.5mm	198-223
Lupuna 2/Btr	4.2mm	212-222
Lupuna 3/Btr	1.5mm	211-221

Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)	US\$ per m ³
Copaiba, 2 faces sanded, B/C, 15x4x8mm	318-347
Virola, 2 faces sanded, B/C, 5.2x4x8mm	423-439p
Cedar fissilis, 2 faces sanded 4x8x5.5mm	759-770
Lupuna, treated, 2 faces sanded, 5.2x4x8mm	363-385
Lupuna plywood B/C 15x4x8mm	380-408
B/C 9x4x8mm	345-350
B/C 12x4x8mm	356-377
B/C 8x4x15mm	416-439
C/C 4x8x4mm	389-425
Lupuna plywood B/C 8x4x4mm Central Am.	370-393

Domestic Plywood Prices

Lupuna Plywood BB/CC, domestic (Iquitos mills)	US\$ per m ³
122 x 244 x 4mm	444
122 x 244 x 6mm	397
122 x 244 x 8mm	415
122 x 244 x 12mm	399
(Pucallpa mills)	
122 x 244 x 4mm	463
122 x 244 x 6mm	439
122 x 244 x 8mm	430
122 x 244 x 12mm	429

Domestic Prices for Other Panel Products

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

Export Prices for Added Value Products

Peru, FOB strips for parquet	US\$ per m ³
Cabreuva/estoraque KD12% S4S, Asian market	1287-1388
Cumaru KD, S4S Swedish market	866-981
Asian market	1289-1350
Cumaru decking, AD, S4S E4S, US market	1210-1298
Pumaquiro KD # 1, C&B, Mexican market	423-511
Quinilla KD, S4S 2x10x62cm, Asian market	493-519
2x13x75cm, Asian market	732-815

Report from Guyana

Firm demand for purpleheart lifts prices

During the period reviewed only purpleheart logs were exported and prices secured were significantly higher for all categories.

Standard sawmill quality purpleheart logs attracted prices as high as US\$385 per cubic metre FOB, Fair quality logs were traded at US\$300 per cubic metre FOB while Small quality purpleheart logs were priced at US\$250 per cubic metre FOB.

Some other lesser used species were traded in log form and these timbers attracted favourable prices in Asian markets.

Exporter's confidence returns as demand firms for sawnwood

Sawnwood exports were positive and favourable prices were secured in all markets, signalling some improvement in demand.

Undressed sawn greenheart prices for Select qualities attracted top end prices of around US\$1,275 per cubic metre FOB, while Merchantable qualities were traded at as much as US\$721 per cubic metre FOB.

The major markets for Undressed greenheart include Asia, Caribbean, Europe and North America.

Undressed purpleheart sawnwood exports were only of Select quality and top end prices were US\$1,272 per cubic metre FOB. Caribbean countries such as Trinidad and Barbados are the main markets for this popular category of sawnwood.

Undressed mora sawnwood secured fair prices on the export market with Select quality timber earning US\$500 per cubic metre FOB. Sound category mora sawnwood achieved prices of US\$700 per cubic metre FOB and the main markets for this commercial timber were Asia and Europe.

Dressed greenheart sawnwood prices remained firm during the period reviewed holding steady at US\$1,450 per cubic metre FOB in the Caribbean market.

In contrast, dressed purpleheart sawnwood export prices climbed from US\$1,124 to US\$1,290 per cubic metre FOB. This species and quality is popular in the Caribbean and European markets.

Hububalli products feature in added value export sales

Value added products featured in recent export sales with products such as doors and indoor furniture utilising Guyana's hububalli (*Loxopterygium sagotii*) proving popular in the Caribbean and regional markets

Splitwood (wallaba shingles) earned attractive prices of US\$1,099 per cubic metre FOB in Caribbean markets.

Guyana plywood prices improved in the period reviewed with top end prices moving from US\$615 to US\$769 per cubic metre FOB. The main export markets for Guyana plywood are the Caribbean and other regional markets.

Region meeting urged to provide new input to FAO's regional programme

In mid September Guyana hosted the 28th Session of the Latin American and Caribbean Forestry Commission. Addressing the gathering the FAO representative in Guyana, Dr. Lystra Fletcher-Paul urged the participants to suggest how the FAO work programme in the region can best be structured to respond to regional priorities.

Governance and sustainable were the main issues discussed along with measures to address illegal logging. Guyana has benefited significantly from UN support in capacity building within the forestry sector to meet international forestry requirements.

Export Log Prices

Logs, FOB Georgetown	SQ - \$ Avg unit value per m ³		
	Std	Fair	Small
Greenheart*	No export	No export	No export
Purpleheart	365-385	No export	170-250
Mora	No export	No export	No export

*Small SQ is used for piling in the USA and EU. Price depends on length. In the case of no price indication, there is no reported export during the period under review.

Export Sawwood Prices

Sawwood, FOB Georgetown		\$ Avg unit val. per m ³	
EU and US markets		-Undressed	Dressed
Greenheart	Prime	-	-
	Standard	-	700-1,450
	Select	640-1275	
	Sound	679-721	
	Merchantable	No export	
Purpleheart	Prime	-	-
	Standard	-	997-1,290
	Select	650-1,272	
	Sound	-	
	Merchantable	-	
Mora	Prime	-	-
	Select	500	
	Sound	700	
	Merchantable	-	

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

Export Plywood Prices

Plywood, FOB Georgetown Port		\$ Avg unit val. per m ³	
Baromalli	BB/CC	5.5mm	-
		12mm	450-769
	Utility	5.5mm	-
		12mm	-

Report from Japan

Bank of Japan supports consumption tax increase

In a recent statement the governor of the Bank of Japan (BoJ) added his voice to those calling on the government to go ahead with the increase in consumption tax scheduled for next April. The basis for this recommendation from the BoJ is their assessment that the economy is strong enough and that consumers have already accepted the concept of and need for the increase.

The BoJ policy board has determined that the Japanese economy is recovering and the board declared it will continue to aim for the 2 percent inflation over two years.

The BoJ statement can be found at:

http://www.boj.or.jp/en/announcements/release_2013/k130905a.pdf

Japan's economy is recovering helped by stabilisation of overseas economies says the BoJ, mainly because exports have been picking up and business fixed investment has strengthened on the back of improved corporate profits.

Public investment in Japan continues to increase and the sustained investment in housing is providing support to growth.

Private consumption is a pillar of the current economic strengthening as there has been some improvement in employment opportunities, especially for the younger generation, and incomes are improving.

Manufacturers have interpreted these developments as reflecting improvements in domestic and international demand so are raising industrial production.

Economic outlook favourable as deflation ends

The BoJ statement says: 'on the price front, the year-on-year rate of change in the consumer price index (CPI, all items less fresh food) is in the range of 0.5-1.0 percent so inflation expectations appear to be rising'.

With regard to the outlook, Japan's economy is expected to continue a moderate recovery and the year-on-year rate of increase in the CPI is likely to rise gradually.

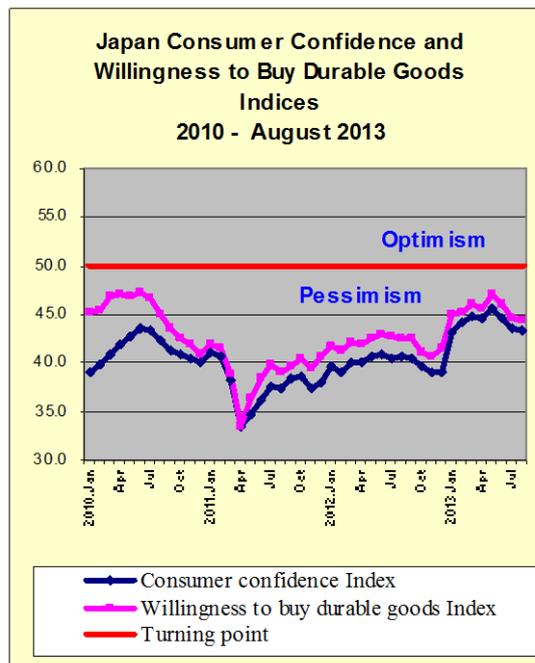
The BoJ confirmed it would continue with its quantitative and qualitative monetary easing as long as it was necessary to achieve its 2 percent inflation target.

Mismatch, Consumer confidence down while BoJ reports economy strengthening

The Japanese Cabinet Office released August Consumer Confidence data on 9 September. The Consumer Confidence index fell to 43.0 marking three consecutive months' of decline. A reading below 50 indicates consumer pessimism. The index for Willingness to buy durable goods also fell in August.

For the complete Cabinet Office survey data see:

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



Analysts suggest that Japanese consumers, while seeing improvement in the financial markets, are yet to be convinced there is growth in the real economy as reflected

in job creation and rising wages. The Cabinet Office has acknowledged that the improvement seen in consumer sentiment has stalled.

Japan struggles to make up time in TPP talks

Representatives of the Japanese government and private sector have been actively participating in the negotiations for the Trans-Pacific Partnership (TPP) initiative and have been working hard to make up for their late participation in the talks.

The countries negotiating the TPP (Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States and Vietnam) have agreed to declare their uncontroversial tariff eliminations by mid September to keep within the four-stage timetable for concluding the framework agreement by October.

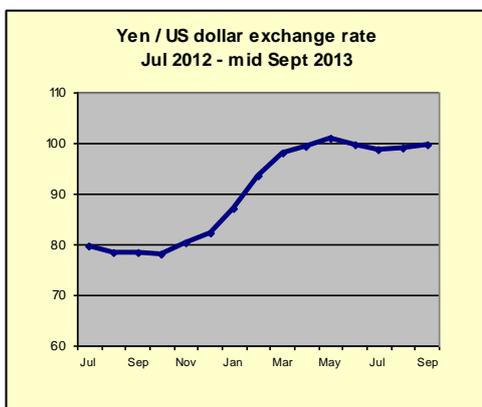
Japan will hold bilateral talks on the elimination of tariffs with six TPP countries through mid-September in an attempt to make up for its late start in the negotiation process, say government sources.

The first of several bilateral talks will begin on 18 September with Australia, Canada, Chile, Peru, the United States and Vietnam. This will be followed by talks with Brunei, Malaysia, Mexico, New Zealand and Singapore.

Yen weakens on revision of US GDP and improved global economies

The yen weakened marginally against the dollar in late August after the US announced revised GDP figures for the second quarter indicating growth was almost double the initial figure for the quarter.

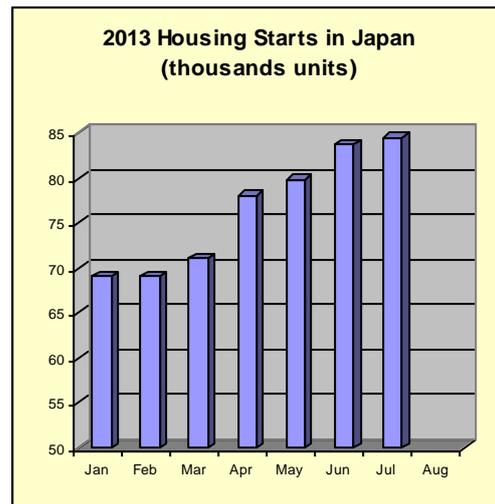
The continued slide in the yen dollar exchange was also fuelled by signs of economic improvement in the major developed markets such that demand diminished for refuge assets such as the yen.



Consumers see end to house price deflation

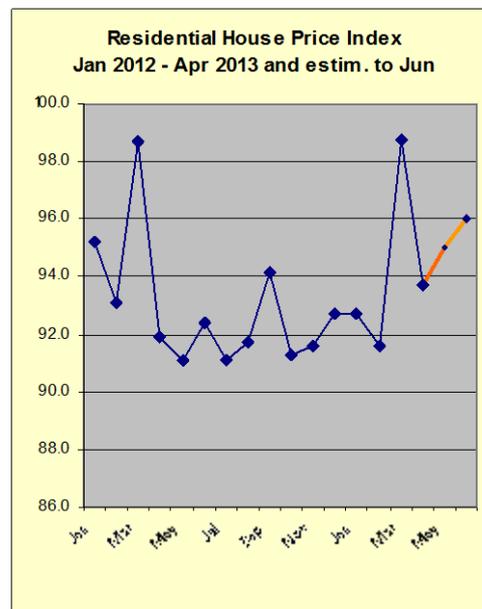
July housing starts in Japan increased 12.0 percent year on year but were only marginally higher than in June. House building companies have reported an almost 14 percent rise in orders for new homes compared to levels in July last year.

See data at www.mlit.go.jp/toukeijouhou/chojou/stat-e.htm



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

Analysts say that behind the steady growth in housing starts is the ease at which low fixed rate interest mortgages can be obtained and concern on the part of buyers that house prices will not be falling any further after a decade of almost uninterrupted declines.



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

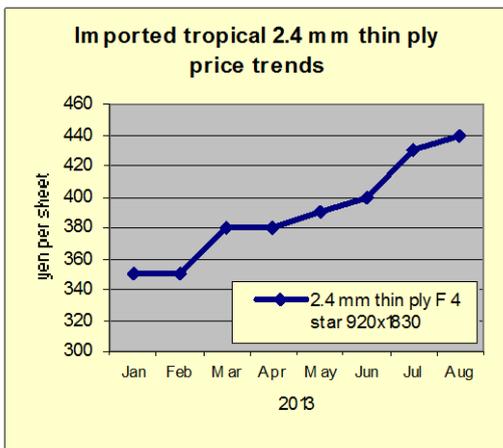
Trade news from the Japan Lumber Reports (JLR)

Publication of the Japan Lumber Reports (JLR) for mid September is delayed because of a public holiday. Updates from the JLR will be provided in the next market report from ITTO

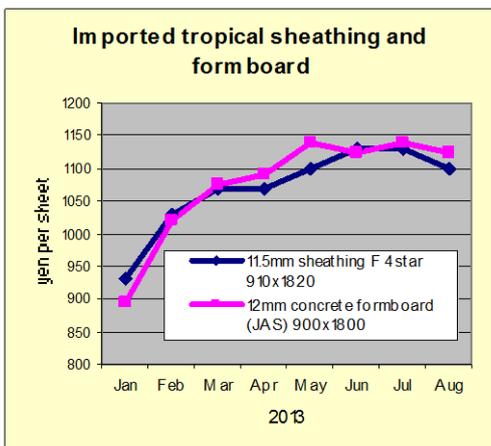
Steady climb in plywood prices arrested

The steady increase in plywood prices over the past months eased in August as stock holdings by manufacturers and traders had risen. However, prices began climbing again in September.

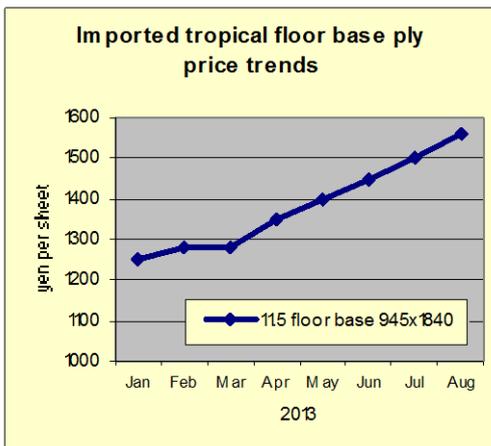
The rise in stocks was partly because of the lull in building activity during the holiday month of August and because the pace of building work, particularly in the disaster hit areas, had slowed because of a shortage of skill builders and problems with supplies of non-wood building products.



Data source: JLR



Data source: JLR



Data source: JLR

Japan's furniture imports

July 2013 furniture imports

The source and value of Japan's office, kitchen and bedroom furniture imports for July 2013 are shown below. Also illustrated is the trend in imports of office furniture (HS 9403.30), kitchen furniture (HS 9403.40) and bedroom furniture (HS 9403.50) between 2009 and June 2013.

Office furniture imports (HS 9403.30)

In July 2013 Japan's imports of office furniture surged over 50% from levels in June the top four suppliers in July were China (31%), Poland (18%), Portugal (12%) and Malaysia (9%). July imports totalled yen 213 million close to the second highest monthly import for 2013 with around 52% being provided by exporters in Asia and 46% from exporters in the EU.

China's July office furniture exports to Japan were marginally up on levels in June while Japan's imports of office furniture from Malaysia and Indonesia almost doubled. Imports from Poland, Portugal, Italy and the USA showed double digit growth.

Office furniture imports (HS 9403.30)

	Imports Jul-13 Unit 1,000 Yen
S. Korea	601
China	66103
Taiwan P.o.C	11293
Vietnam	-
Thailand	2239
Malaysia	19487
Philippines	-
Indonesia	13192
Sweden	-
Denmark	1656
UK	-
Germany	10853
Switzerland	588
Portugal	26262
Spain	-
Italy	10669
Poland	31947
Austria	-
Lithuania	2831
Slovakia	9830
Canada	823
USA	4463
Australia	769
Total	213606

Source: Ministry of Finance, Japan

Kitchen furniture imports (HS 9403.40)

Asian suppliers provided over 90% of all kitchen furniture imports by Japan in July according to figures from Japan's Ministry of Finance. July imports at yen 1,153 million, were around 15% higher than in June and the highest level for 2013.

The top three suppliers in July were Vietnam, Philippines and Indonesia, together accounting for over 70% of all kitchen furniture imports. If imports from China are added to the amount from the top three suppliers then some 86% of all kitchen furniture imports are accounted for.

Imports from countries outside of Asia remain small and imports from Germany, usually one of the larger EU suppliers, fell by 40% while imports from Italy and the US were up.

Kitchen furniture imports (HS 9403.40)

	Imports Jul-13 Unit 1,000 Yen
S. Korea	346
China	180485
Taiwan P.o.C	1544
Vietnam	400675
Thailand	17209
Malaysia	32654
Philippines	207320
Indonesia	210404
Iran	262
UK	1126
France	466
Germany	42921
Italy	10245
Austria	-
Romania	-
Lithuania	254
Canada	4139
USA	43025
Total	1153075

Source: Ministry of Finance, Japan

Bedroom furniture (HS 9403.50)

Japan's imports of bedroom furniture were close to yen 2 bil. every month up until June when they fell around 16% to yen 1,582 million but in July imports improved by 16% to yen 1.8 bil..

Malaysia's exports of bedroom furniture to Japan surged 45% in July closely followed by the 20% jump in imports from Thailand. But, the number one supplier of bedroom furniture remains China followed by Vietnam, Malaysia and Thailand.

China's exports of bedroom furniture to Japan account for 56% of Japan's total imports of bedroom furniture. Asian suppliers provided 93% of Japan's July imports of bedroom furniture.

The largest non-Asian supplier in July was Italy. EU suppliers accounted for just 6% of Japan's July imports of bedroom furniture.

Bedroom furniture (HS 9403.50)

	Imports Jul-13 Unit 1,000 Yen
China	1033139
Taiwan P.o.C	20829
Vietnam	401640
Thailand	80161
Malaysia	135857
Philippines	10501
Indonesia	32969
Sweden	266
Denmark	4026
UK	697
France	209
Germany	983
Switzerland	800
Spain	1563
Italy	35620
Finland	603
Poland	29690
Austria	307
Romania	8625
Lithuania	1497
Croatia	2444
Bosnia	1783
Slovakia	5268
USA	25919
Total	1835396

Source: Ministry of Finance, Japan

Source of information on import tariffs in Japan

The Japan Customs website has information on duties and taxes.

See:<http://www.customs.go.jp/english/summary/tariff.htm>

Specific tariff rates are regularly amended and the latest available on the Japan Customs website can be found at:

http://www.customs.go.jp/english/tariff/2013_4/data/i201304e_44.htm

and

http://www.customs.go.jp/english/tariff/2013_4/data/i201304e_94.htm

Goods imported into Japan are subject to Customs duty and consumption tax. In addition to consumption tax, certain other internal taxes (liquor tax, tobacco tax, etc.) are also applicable to dutiable imported goods.

Tariff (Duty Rates) System for Commercial Goods

The harmonized classification schedule annexed in the Customs Tariff Law sets out both the classification and the corresponding Customs duty rate (called the General Rate) of particular products.

The actually applied rate, however, is not necessarily this General Rate. The Temporary Tariff Measures Law sets out the Temporary Rate for certain products, which in these cases prevails over the General Rate.

In addition, when the Customs duty rate in the WTO Concession Schedule (so-called WTO Rate) or the rate set forth by the Economic Partnership Agreement (so-called EPA Rate) is lower than the General Rate (or the Temporary Rate, if applicable), the WTO rate or EPA rate is applied.

In short, the applied rate is the lower of the WTO rate, the Singapore rate, and the General (or the Temporary) rate.

For designated developing countries, the Customs Tariff Law and the Temporary Tariff Measures Law also provide Preferential Rate (GSP) which is applicable to certain products and naturally lower than any of the above rates.

Most of the Customs duties are assessed at ad valorem rates, which are applied to the dutiable value of the imported goods. Some items including certain alcoholic beverages and cereals, however, are dutiable at a specific rate, and others are dutiable at a compound rate such as a combination of both ad valorem and specific rates.

For more see:

<http://www.customs.go.jp/english/summary/tariff.htm>

Report from China

Economic outlook improving

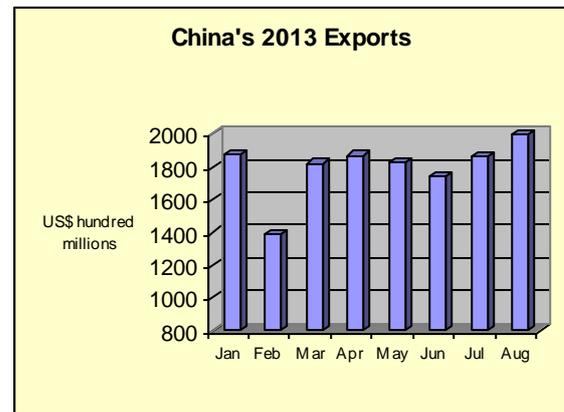
China's Bureau of Statistics has reported that consumer prices were up 2.6% in August compared to levels in August last year and slightly down on the 2.7% increase reported for July this year.

Other data shows that the previous months' decline in producer prices seems to have been arrested as the indications are that they fell just over 1.5% in August.

The slightly milder inflation coupled with the better than expected trade surplus has given a boost to policy makers to maintain the current fiscal management and has analysts confirming the positive outlook for the Chinese economy.

Exports to ASEAN countries jump 30 percent

The latest data from China's Customs show that exports rose over 7 percent in August compared to August 2012. Imports also rose but the country still managed a trade surplus of almost US\$29 billion for August 2013.



Over the past months there was growing concern that the Chinese economy had stalled but the August export data have allayed some of these fears. August exports were up from the 5.1% year on year rise in July and much better than the 3.1% year on year fall in June this year.

In the first half of this year growth in the Chinese economy slowed, impacted by weakness in the global economy and subdued domestic demand. Annualised GDP fell to 7.5% in the second quarter after a 7.7% increase in the first quarter.

A closer look at the trade figures reveals that exports to the European Union rose 2.5 percent, about the same as in July. Exports to Japan fell in August marking seven straight months of decline. Exports to ASEAN countries grew an impressive 31% in August and exports to the US rose 6%.

Green home furnishing standard launched

Consumers in China will soon just need to look for the '3G' logo on wood products they intend to buy to know if formaldehyde emission standards have been satisfied by manufacturers.

The China Interior Decoration Association wood-based panel circulation alliance recently concluded arrangements for an industry initiative called '3G' for home furnishing materials. At present five major enterprises have been authorised to use the '3G' logo and the new scheme will be started in December this year.

The '3G' logo for home furnishing materials has three ratings for levels of formaldehyde and volatile organic compounds, G1, G2 and G3.

G1 signifies no formaldehyde emission, the highest level of environmental protection. This private sector initiative for 'green' furnishings has been approved by the Ministry of Commerce, and will be officially implemented from December 1st 2013.

Putian City plans to extend timber trade zone

The Putian municipal authorities in Fujian have developed plans to support the Development of the Xiuyu timber trade and processing zone to strengthen and expand the wood processing and distribution capacity in the city.

The plan calls for preferential tax structures for enterprises in the zone to run for three years and the provision of subsidies companies importing through Putian Port. This support from the city authorities will be mainly for companies utilizing new supply routes.

In addition the city will work with enterprises to ensure access to and from the zone is unhindered by unnecessary and costly administration. The city authorities are clearly hoping foreign investors will be attracted to the timber zone and have said staff and workers from enterprises in the zone will be able to enjoy the same privileges as local citizens.

Putian is a prefecture-level city of Fujian Province located in the southeast of Fujian just west of Taiwan P.o.C (see map below). Putian has three ports on its coast, the largest being in Meizhou Bay in terms of the amount of freight that is handled.

See: <http://china-trade-research.hktdc.com/business-news/article/Fast-Facts/Putian-Fujian-City-Information/ff/en/1/1X000000/1X073NEP.htm#sthash.03qeaSgP.dpuf>

Putian prefecture, Fujian Province



Source wikimedia

New redwood furniture standard not widely implemented

According to a recent survey of the market for redwood in Guangxi, Guangdong, Fujian, Zhejiang, the new national standard on redwood Chinese furniture is not widely known even though technical standards were introduced two years ago.

It was found that many manufacturers and dealers do not comply with the standard which is said to be hampering the investment and creating problems in the market.

According to local experts the current standard is quite different from the previous one issued in 2000. The technical specifications have been changed and new technical requirements included specifically on species nomenclature, dimensions and quality.

Companies manufacturing and trading to the new standard face higher production and sales costs. The survey found that in Guangxi Pingxiang and Dongxing cities, Guangdong Shantou and Shenzhen cities and Zhejiang Dongyang City more than half the redwood furniture

dealers were not complying with the current standard and had an unfair trading advantage over those that were complying.

One of the major problems in the redwood Chinese furniture market is that of profiteer through substitution by non-redwood timbers.

The new standard requires traders to clearly indicate the timber used based on customs declaration certificates to prove the source of the wood and the certificate issued by local quality inspection institutions.

Scheme on 'old-for-new' furniture did not stimulate consumption

According to an assessment of the Beijing municipal government policy to stimulate furniture consumption through its old-for-new furniture scheme has not had as much impact as expected.

The Beijing municipal government introduced an old-for-new furniture policy in 2012. Mr. Hong Tao, head of the Business Economics Institute, Beijing Technology and Business University has said the period for implementation of old-for-new furniture pilot was too short and that many people are not aware of this initiative.

Redwood imports increasing rapidly through Pingxiang City, Guangxi

Pingxiang is located at the southern tip of Guangxi province and has convenient road access to ASEAN countries such that the city handles a large volume of redwood imports.

Traders choose the city to import redwood due to its favourable location and unique geographical advantages.

Redwood imports increased through Pingxiang Port from the beginning of 2013 because of expanded trade between China and ASEAN countries. Redwood imports have been increasing at double digit since then except for a slight drop in February because of the lull in trade due to the Chinese Spring Festival.

In July 2013 redwood imports through Pingxiang Port totalled 3,070 tonnes valued at US\$10.58 million. Domestic demand for redwood has been increasing in China because redwood products are popular and are deemed collectable items that will appreciate in price.

Plantations in Kunming failing to satisfy demand

The demand for logs is very high in Kunming market and the local plantations can only satisfy around 10 percent of the demand from local companies so much has to be purchased from other provinces.

Eucalyptus and poplar are the main plantation timbers in Kunming and these trees are also used to create 'green corridors' in urban areas and for rural 'greening' projects.

Guangzhou Yuzhu International Timber Market

Logs		Yuan/cu.m
Lauan	Diameter 60 cm ⁺	2000-2200
Kapur	Diameter 80 cm ⁺	3100-3200
Merbau	Diameter 100 cm ⁺	5200-5400
Teak	Diameter 30-60 cm	6500-13000
Wenge		4300-4800
Red Oak (France)	Diameter 30 cm ⁺	2500-2600
Purpleheart	Diameter 60 cm ⁺	3500-3600
Rosewood		3700-4200
Sawnwood		
Maple	Grade A	7500-9500
Walnut (USA)	FAS 2 inches	14000-16000
Cherry (USA)	FAS 2 inches	10000-12800
Sapelli	Grade A	6600-7000
Okoume	Grade A	4200-4500
Teak (plantation)	Grade A	9600

Shanghai Furen Forest Products Wholesale Market

Logs		Yuan/tonne
Red sandalwood (India)	All grade	1-2 mil.
Rengas (Vietnam and Nepal)	All grade	7000-8800
Granadillo (Mexico)	All grade	7500-8000
Sawnwood		Yuan/cu.m
Okoume (Africa)	grade A	4300-4700
Sapelli (Africa)	grade A	5800-6300
Beech (Europe)	grade A	4500-4800
Red Oak (North America)	2 inches FAS	7000-7300
Cherry (North America)	2 inches	9800-10500
Maple (North America)	2 inches	8700-8900
Merbau (Indonesia)	All grade	8500-13500

Hangzhou Timber Trading Market

Logs		Yuan/cu.m
Ash	4 m 80 cm	3200-4800
Larch	4 m 8 cm 10 cm	1800-2900
Linden	4 m 26 cm	2400-3500
Sawnwood		Yuan/cu.m
Beech (Europe)	All grades	2800-5000
Black walnut (N. America)	All grades	7000-13000
Teak (Myanmar)	All grades	9000-18000
Red oak (N. America)	All grades	3500-5000
Alder (Myanmar)	All grades	4500-5300
Merbau	All grades	7200-12000
Plywood		Yuan/sheet
Red beech	3mm	50-75
Black walnut	3mm	60-102
Teak	3mm	70-148

Wenzhou Timber Trading Market

Logs		Yuan/cu.m
Ash	2 m 20-30 (cm)	1300
Chinese fir	4 m 16-18 (cm)	1500
Wenge	all grades	4500-5100
Teak (Plantation)	all grades	2100-2500
Merbau	all grades	3500-5000
Spelle	all grades	3200-3700
Plywood		Price yuan/sheet
Red beech	4' x 8' x 3 mm	40-80
Black walnut	4' x 8' x 3 mm	40-85
Teak	4' x 8' x 3 mm	45-110

Shandong De Zhou Timber Market

Logs	Length	Diameter	Yuan/ cu.m
Larch	4m	18-22 cm	1230
	4m	24-28 cm	1250
	4m	30 cm	1450
	6m	18-22 cm	1280
	6m	24-28 cm	1300
	6m	30 cm	1500
White Pine	4m	24-28 cm	1320
	4m	30 cm	1400
	6m	24-28 cm	1350
Korean Pime	6m	30 cm	1400
	4m+		1700
	6m+		1750
Mongolian	4m	30 cm	1380
Scots Pine	4m	36 cm	1500
	6m	30 cm	1420
	6m	36 cm	1600

Report from Europe

Slow European demand for plywood balanced by reduced supply

European demand for hardwood plywood is very slow. The UK market is slightly more buoyant than elsewhere on the continent. Importers report that slow European consumption is matched by reduced availability in China due to labour and log supply shortages.

Apparent supply shortages are partly the result of European buyers becoming more selective in their choice of plywood suppliers since enforcement of the EU Timber Regulation (EUTR) after March 2013.

FOB prices for Chinese hardwood plywood products on offer to European buyers have remained stable in recent months. Although exporters are keen to raise prices to cover rising costs, importers have been strongly resisting this tendency due to the low level of European consumption.

Some European importers are already reducing prices below replacement cost in an effort to offload their existing landed stocks.

In addition to weak consumption, a recent sharp increase in freight rates is discouraging importers to place new orders for Chinese plywood.

Rates on the Asia to Europe route were falling during the first six months of the year, declining to around \$1000 per 40 foot container in June 2013.

However rates have rebounded dramatically since then, to over \$2500 per 40 foot container by mid-August. This has added around \$35/m³ to the cost of shipping plywood from China into the EU.

The EUWID trade journal reports that German buyers are increasingly switching their standard grade of Chinese poplar plywood from 21 mm to 20mm.

In an increasingly cost conscious and highly competitive market, the 5% price advantage offered by the 20mm product has been sufficient to encourage the switch.

EUTR and CPR driving changes in EU plywood market

EUTR continues to drive changes in the market for Chinese plywood products. European buyers are focusing on a smaller number of exporters considered better able to provide the legality assurances required.

European companies are preferring suppliers with which they have long term relationships to help ensure products are supplied with appropriate technical and environmental documentation.

This trend is driven as much by the new demands of the Construction Products Regulation (CPR) as by the EUTR. Since 1 July, CPR has imposed mandatory requirements for CE marking of all plywood for structural use in the EU.

One important implication of both the EUTR and CPR is that importers now need very precise information on the species content of veneers used to manufacture plywood.

Strong emphasis is placed on species considered to be low risk of illegal harvest to replace those considered higher risk. Information on species content is also obviously necessary for determining product strength and durability for CE marking purposes.

African sapele is increasingly preferred over bintangor from Papua New Guinea for face veneers. There is some FSC availability of sapele and greater European confidence in legality documentation from Cameroon which is engaged in the FLEGT VPA process.

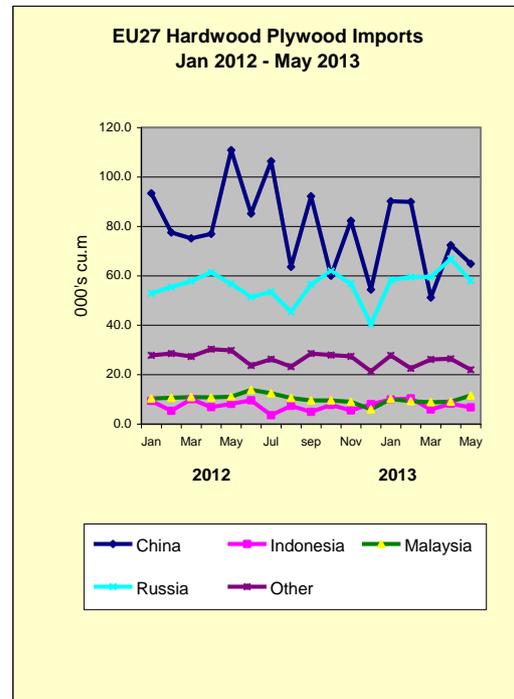
On the other hand sapele veneer is a relatively expensive option. Increased demand has already driven a significant rise in prices for sapele logs, particularly those that are FSC-certified.

As a result other African species, lesser used in the past, are also being tried, such as lotofa (*Sterculia rhinopetala*) from Cameroon.

There is also rising European interest in plywood faced with dyed poplar reconstituted “fineline” wood veneer.

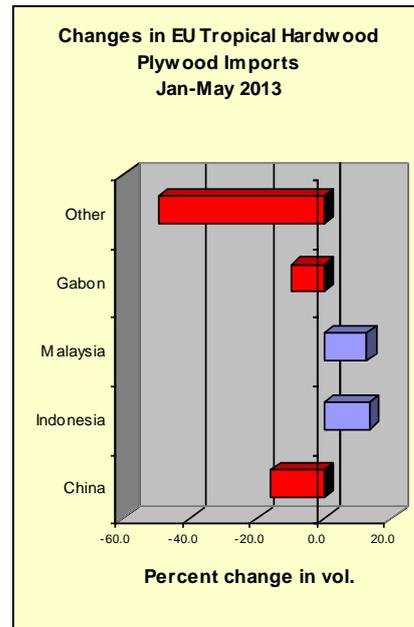
China’s share of EU plywood market dips in 2013

The latest trade data shows that there was a sharp fall in EU imports of hardwood plywood in March 2013 (see figure below). This was almost entirely due to a dip in imports from China. Imports from China rebounded a little in April, but then weakened again in May.



In the first five months of 2013, EU imports of all hardwood plywood from China were 367,000 m3, down 15% from 434,000 m3 in the same period in 2012. China’s share of total EU hardwood plywood imports fell from 45% in the first five months of 2012 to 42% in the same period of 2013.

It’s still too early to say whether the decline in China’s share represents a significant structural shift in the EU plywood market, or a short term response to Europe’s weak consumption.



China expected to maintain leadership position in the EU market

Looking ahead, there are reasons to believe that China’s large and globally dominant plywood sector will maintain a leadership position in the European market. Chinese

manufacturers remain highly price competitive and some manufacturers are already adjusting well to the new market requirements.

In addition to switching species, some Chinese plywood manufacturers supplying the European market have been taking steps to cut out middlemen in China and importing their own logs or veneers with the necessary documentation.

On the other hand, European importers also report that those Chinese mills capable of supplying to the EUTR standard are already oversold leading to delayed shipments.

European importers are also being much more selective in the plywood products they procure from China, with many now buying only plywood manufactured from plantation grown poplar and eucalyptus, which are considered low risk.

For specialist grades of marine and other high quality tropical hardwood plywood, EUTR is expected to encourage greater efforts by European importers to shorten their own supply chains by buying direct from tropical countries.

Still no rise in demand for direct imports of tropical plywood

However, with consumption in Europe still low, there is yet to be any significant rise in direct imports from tropical countries. European demand for South East Asian plywood remains restricted.

Despite the recent sharp rises in freight rates, prices for South East Asian plywood on offer to European buyers have risen only slightly. 18mm BB/CC plywood from Indonesia is currently selling for between INDO96+38 and +40. Prices for the same grade from Malaysia are between INDO96+25 and +30.

Supply of South East Asian plywood is reported to be sufficient compared to current levels of demand and new orders may be shipped promptly within no more than about four weeks.

European demand for African okoume plywood also remains very slow due to weak construction activity in the main French and Dutch markets. There was some increased purchasing by importers and distributors in the first quarter of 2013 in preparation for the summer construction season and in anticipation of rising prices.

However, poor weather delayed the start of construction season and consumption remained low even as the weather improved over the summer. Supplies from French manufacturers are readily available and can be dispatched promptly. Deliveries from Africa are less certain, taking 2 to 3 months with frequent delays.

The downturn in the European okoume plywood market is clear from the recent financial statements of French-owned

Rougier which operates large concessions and plywood mills in Gabon.

In their financial report for the first quarter of 2013, Rougier note that their plywood sales in Europe were down 15% compared to the same period in 2012. Within a cautious market context, the quarter was marked by delays with industrial production in Gabon and the high level of competition on temperate timber plywood in Europe.

Birch plywood diverted away from the EU market

European and Russian birch plywood manufacturers are reporting good sales and have been forcing through price rises.

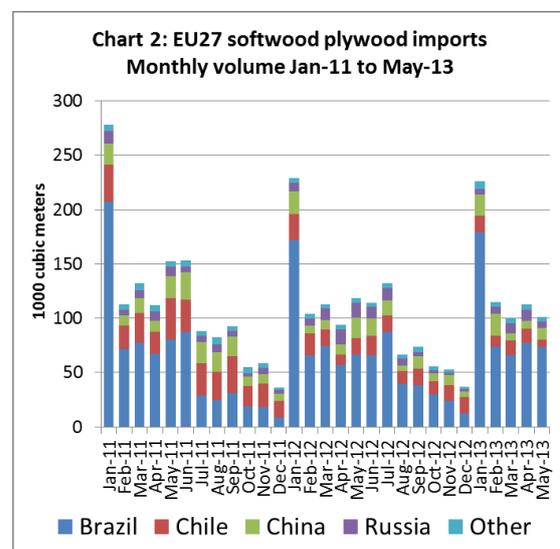
Finnish birch plywood is selling quite well in Germany and the UK. However consumption in other parts of Europe has been disappointing and weaker than last year.

Demand for Russian and European birch plywood is now coming from markets outside Europe, notably in Russia itself and in the US, the Middle East, and North East Asia. Russian manufacturers are increasingly focusing on these markets, with the result that European buyers often struggle to obtain product from Russia at consistent prices for prompt shipment.

Lead times for Russian filmed birch plywood is typically over four weeks and may be longer for other grades. Finnish birch plywood manufacturers are also making less product available to the European market and selling almost exclusively to regular customers under long-term contracts.

EU imports of softwood plywood remain stable in 2013

The latest EU import data suggests that the softwood plywood trade is being less affected by the recent construction downturn and EUTR than the hardwood trade.(chart 2).



Total EU imports of softwood plywood in the first 5 months of 2013 were 655,100 m3, down only 0.5% compared to the same period in 2012.

A rise in imports from Brazil offset falling imports from Chile and Russia. Imports from China remained stable at around 65,000 m3 in the first 5 months of the year.

Substitution of hardwood plywood products

Substitutes are making more inroads into applications previously dominated by hardwood plywood in the European market.

For example, Medite based in Ireland has been producing Medite Tricoya “Extreme Durable MDF” since the end of 2011 in a joint venture with the British company Accsys Technologies. Tricoya is now selling into several European countries including Germany, Ireland, the Netherlands and the UK.

According to Medite, sales in all markets in which Tricoya has been launched “has met or surpassed expectations, with customers willing to pay a significant premium over conventional MDF material due to the greatly enhanced properties of Medite Tricoya”.

At present Tricoya production is limited and dependent on acetylated material supplied by Accsys. However Medite is planning to greatly expand their own acetylation capacity in 2016 with the introduction of a new continuous production process developed by Accsys.

The plant will have an initial annual capacity of approximately 42,000m3 of Tricoya MDF panels.

Report from North America

Furniture manufacturing remains fastest growing industry

Economic activity in the US manufacturing sector expanded for the second consecutive month in July, according to the Institute of Supply Management.

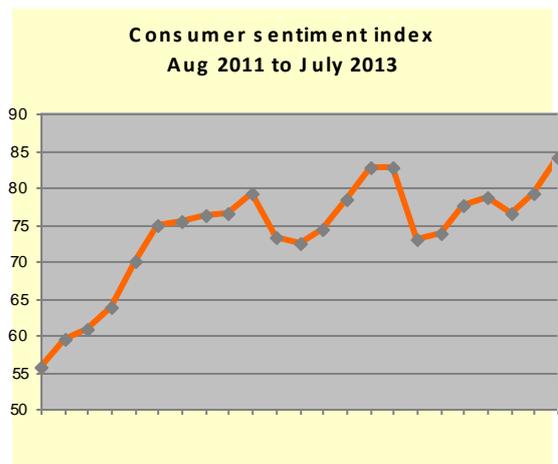
The overall economy expanded for the 50th consecutive month. The fastest growing industry sector was again furniture and related products. Wood product manufacturers also reported growth.

US unemployment was 7.4% in July, down from 7.6% in June, according to the US Bureau of Labor Statistics.

Consumers expect interest rate rise

Consumer confidence in the US economy remained strong in July, according to the Thomson Reuters/University of Michigan consumer sentiment index. More consumers (68%) expect interest rates to rise.

A rise in interest rates dampens the longer term economic outlook, but more consumers plan big purchases ahead of higher interest rates.

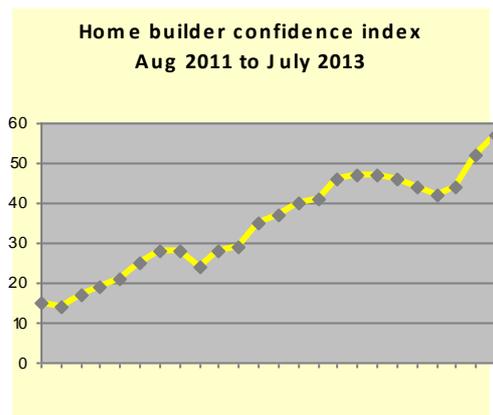


Data source: Thomson Reuters/University of Michigan Surveys of Consumers

Home builders' confidence highest in Midwest and West

Builder confidence in the market for newly built single-family homes was at its highest since January 2006. The National Association of Home Builders reports a 6 point increase in July in the Home Builders/Wells Fargo Housing Market Index, following an 8 point increase in June. This is despite a relatively slow recovery in housing starts.

Builders' confidence was highest in the US Midwest, followed by the West and South. Home builders in the Northeast were the least confident in the market.



Data source: National Association of Home Builders/Wells Fargo Housing Market Index

Multi-family construction down, single-family unchanged

US housing starts declined by 9.9% in June to 836,000 at a seasonally adjusted annual rate. The decline was primarily in multi-family construction, which is more volatile in the US market than single-family home building. Single-family starts remained stable from the previous month.

Housing starts declined in all four regions: US West (-5.4%), Midwest (-7.4%), South (-12%) and Northeast (-12.1%).

The number of building permits issued declined by 7.5% to 911,000 in June at a seasonally adjusted annual rate. Permits for multi-family housing fell by 21.4%. Single-family permits grew only slightly (+0.6%). The number of permits issued is usually an indicator of future building activity.

Existing home sales down, prices up

Sales of existing homes also declined from May to June. Sales fell by 1.2% in June at a seasonally adjusted annual rate, according to the National Association of Realtors. The national median price for existing homes sold was \$214,200, 13.5% higher than in June 2012.

Mortgage rates rose to over 4% in June. Further mortgage rate increases are expected to moderate the housing market in expensive areas such as California, Hawaii and New York City.

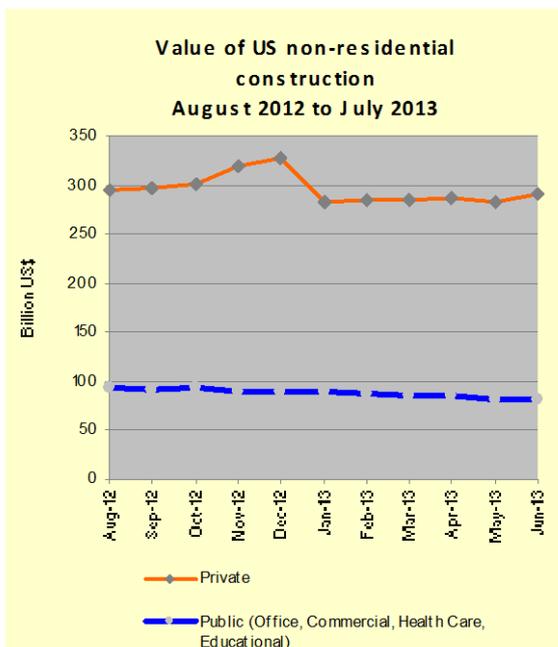
Canadian housing starts decline

Canada’s housing starts declined by 2.5% in June, according to the Canada Housing and Mortgage Corporation. Construction started on 200,000 units at a seasonally adjusted annual rate. Both multi-family and single-family starts declined. Sales of existing homes grew by 3.3% in June, at a seasonally adjusted rate. The average home price was C\$386,585 in June, up 4.8% from June 2012.

Canada’s central bank announced in July that the target interest rate would remain unchanged at 1%. Mortgage rates have been steady at around 5% since June 2012.

Non-residential construction unchanged

Spending in non-residential construction in June was virtually unchanged from the previous month, at a seasonally adjusted rate. However, April and May spending have been revised upwards.



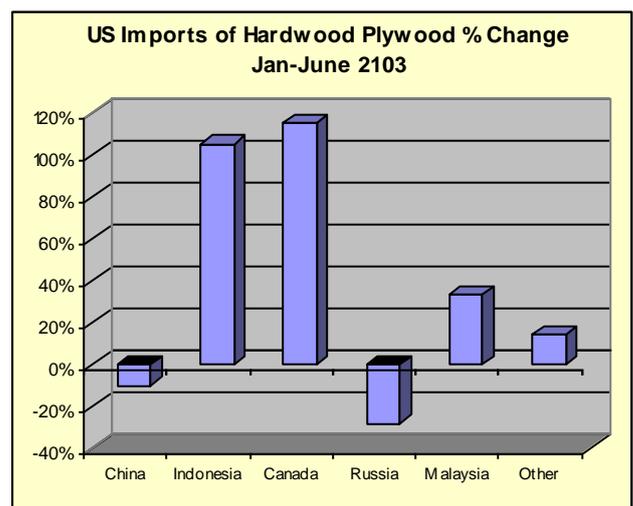
Data source: US Census Bureau

Architectural firms also reported only a modest improvement in business conditions in June. According to the Architecture Billings Index, firms in the US Northeast and the South perform better than in the Midwest and West.

Hardwood plywood imports

US hardwood plywood imports remained at low levels in June. The drop in imports from China due to the US anti-dumping and countervailing investigation has not been offset by other suppliers, although Indonesia has significantly increased plywood shipments to the US.

US imports of hardwood plywood declined by 7% from May to June. Total imports were 200,248 m³ in June with one third (65,377 m³) imported from China. By comparison, two thirds of total 2012 US hardwood plywood imports came from China.



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

Other major suppliers to the US market have markedly increased hardwood plywood shipments in 2013, with the exception of Russia. Indonesia shipped 60,315 m³ in June, up 133% from May. Year-to-date imports from Indonesia more than doubled.

Hardwood moulding imports

Hardwood moulding imports declined by 8% to \$16.1 million in June (-6% year-to-date). Hardwood moulding imports from both China and Brazil declined. Imports from China were \$4.8 million in June (-9% year-to-date), while \$4.7 million worth were imported from Brazil (-17% year-to-date).

US imports of hardwood moulding (US\$)

	Apr-13	May-13	Jun-13	May-June % change
Total imports	14,216,763	17,395,190	16,079,575	-8%
of which				
Brazil	2,631,355	5,928,852	4,651,383	-22%
China	4,660,081	5,490,352	4,818,312	-12%
Malaysia	1,114,211	1,124,334	1,253,503	11%
Canada	1,527,581	1,561,033	1,544,863	-1%
Other	4,283,535	3,290,619	3,811,514	16%

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

Wood flooring imports

US imports of assembled flooring panels increased to \$11.0 million in June. Year-to-date imports are still 6% lower than in 2012.

US imports of assembled flooring panels (US\$)

	Apr-13	May-13	Jun-13	May-June % change
Total imports	7,264,138	10,400,777	10,982,121	6%
China	3,338,497	5,831,306	6,574,016	13%
Canada	1,993,580	2,306,540	2,377,198	3%
Indonesia	402,114	323,836	491,722	52%
Brazil	446,522	972,731	704,872	-28%
Other	1,083,425	966,364	834,313	-14%

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

China's shipments accounted for 60% of total assembled flooring imports in June. On a year-to-date basis, imports from China declined by 20%, while imports from Indonesia increased by 12%.

Hardwood flooring imports were \$2.3 million in June, down 22% from May. Indonesia has become the leading supplier to the US so far in 2013. In June imports from Indonesia were \$1.0 million (+86% year-to-date).

US imports of hardwood flooring (US\$)

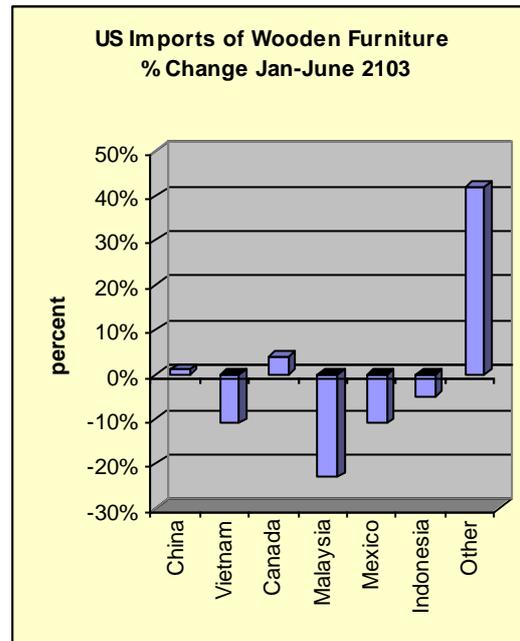
	Apr-13	May-13	Jun-13	May-June % change
Total imports	1,990,582	2,954,514	2,295,424	-22%
Malaysia	745,117	410,419	465,190	13%
Indonesia	464,682	1,444,777	1,036,318	-28%
China	183,240	440,782	205,902	-53%
Canada	175,925	106,311	63,675	-40%
Other	421,618	552,225	524,339	-5%

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

Wooden furniture imports

The US imported \$1.2 billion worth of wooden furniture in June, slightly up from the previous month. Year-to-date imports were 3% higher than in June 2012.

China's furniture shipments to the US were \$591.1 million in June (+1% year-to-date). Imports from Vietnam recovered to \$172.5 million (-11% year-to-date), after appearing to drop sharply in May. The May data for US imports from Vietnam is suspiciously and therefore probably erroneous.



Source: US Census Bureau: Foreign Trade Division USA Trade @ Online

US imports of wooden furniture (US\$, millions)

	Apr-13	May-13	Jun-13	May-June % change
World	995	1,134	1,163	3%
China	456	560	591	6%
Vietnam	148	17	173	891%
Canada	91	91	105	16%
Malaysia	46	5	42	729%
Mexico	45	47	44	-7%
Indonesia	50	52	48	-8%
Other	159	362	160	-56%

Source: US Census Bureau: Foreign Trade Division USA Trade @ Online

Furniture and flooring retail sales positive

Retail sales at furniture stores in the US increased by 6% from April to May, according to US Census Bureau figures. However, furniture sales were 4% lower than in May 2012.

Retail sales at floor covering stores grew by 10% in May from the previous month. Flooring sales were higher (+4%) than in May last year. These sales figures include both wood and non-wood flooring products.

Home remodelling spending on the rise

With rising home prices and sales, US homeowners spend more on home improvement projects. New homeowners are the most likely to carry out major home improvements.

Flooring replacement is the most common remodelling project, following by replacing kitchen and bathroom cabinets.

Spending on home remodeling has steadily increased since the end of 2012, according to US Census Bureau data. Spending in the first quarter of 2013 reached \$127 billion.

Remodelling contractors were confident in the market in the second quarter of 2013, according to the Remodelling Market Index survey by the National Association of Home Builders. For the first time in eight years, contractors reported a consistently positive outlook.

The Joint Center for Housing Studies at Harvard University projects a further improvement in the remodelling market for the second half of 2013.

Strengthening sales of existing homes in particular raise spending on remodelling. For the last quarter of 2013 spending on remodelling is projected to surpass \$150 billion.

Countertop market study released

A new market study released by Freedonia in July describes the US market for countertops and forecasts demand through 2017 and 2022 (Freedonia Study #3049). Countertops are primarily used in residential kitchens and bathrooms. In 2012, 79% of countertop demand was in the residential market, mainly in single-family homes. Therefore, single-family housing starts is the most important driver of countertop demand.

US countertop demand was 582 million square feet (54 million m²) in 2012. Freedonia forecasts that demand will increase by 5.1% per year to 750 million square feet (70 million m²) in 2017.

The recovery of new home construction will boost demand for countertops through 2017. Remodeling of older homes will also support market growth.

The leading countertop material is laminate, usually on composite wood. The share of laminates in total demand has declined from 60% ten years ago to about half in 2012, and this trend is forecast to continue. Natural stone and engineered stone have become more affordable, replacing laminate countertops.

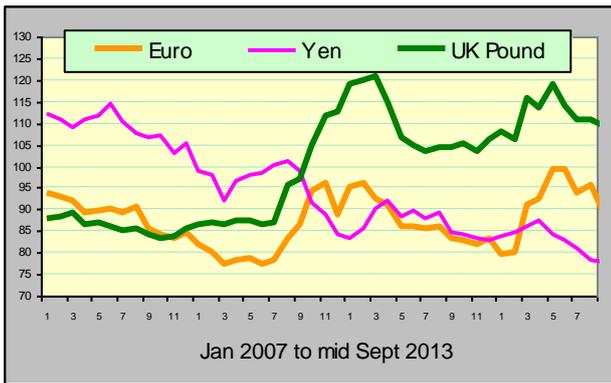
Disclaimer: *Though efforts have been made to keep prices near to accurate, these are published as a guide only. ITTO does not take responsibility for the accuracy of this information.*

Main US Dollar Exchange Rates

As of 10th September 2013

Brazil	Real	2.2762
CFA countries	CFA Franc	497.16
China	Yuan	6.1216
EU	Euro	0.7545
India	Rupee	64.0650
Indonesia	Rupiah	11365
Japan	Yen	99.58
Malaysia	Ringgit	3.2938
Peru	New Sol	2.8109
UK	Pound	0.6372
South Korea	Won	1085.85

Exchange rates 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
CI, CE, CS	Supplimentaire
CIF, CNF	Cost insurance and freight
Clean Sawn	square edged boule
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR, WBP	Moisture resistant, Water and boil proof
OSB	Oriented Stand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality
TEU	20 foot container equivalent

Ocean Freight Index

Baltic Supramax Index 2012 – mid September 2013



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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