

Tropical Timber Market Report

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

Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	4
Myanmar	5
India	6
Vietnam	8
Brazil	9
Peru	11
Japan	13
China	17
Europe	19
North America	23
Currencies and Abbreviations	26
Ocean Freight Index	26
Price Indices	27

Headlines

	Page
Malaysia's 5 year strategy to expand certification	4
Indonesia's forestry ministry ends collaboration with WWF	5
Preparatory VPA negotiations suspended in Myanmar	5
National certification standard for Vietnam	9
Furniture cluster in Amazonas faces difficulties	9
Advisory commission on forest and wildlife policy installed in Peru	12
Chinese enterprises call for zero consumption tax on solid wood flooring	18
Slowdown in European wooden furniture consumption in 2019	20

Top story

Housing sales in India fall 30%

Housing sales and new starts in India's nine main markets fell by 30% year-on-year during the third quarter of the 2019-2020 financial year. Much of the decline was in the affordable and mid-segment market.

The president of the realty sector association CREDAI called on the government to address the downturn in the real estate sector in the 2020 budget due to be announced in February. If this trend continues timber prices could be impacted.

See page 6

Central and West Africa

Unseasonal rain disrupting production in Gabon

With the construction sector in the northern hemisphere still affected by winter weather and with the Chinese New Year celebrations underway it is not surprising that producers report slow business and little change in FOB prices.

In Gabon, mills would normally gearing up for full production at this time of the year as the rains should have abated allowing logs to be transported however this has not been possible as heavy rains continue. Analysts say that over the past weeks rain has fallen almost every day and night on the coast. Inland the national highway to the coast between kilometre 60 and 80 has apparently been washed out jet again.

Efforts are being made to repair the road but, with rains expected again at the end of February, transporting logs and finished products are set to be a major problem. It is not only the highway that is affected, over the past month there have been frequent train derailments.

These problems have affected supplies of fuel to the mills and the shipment of sawnwood. It has been reported that one mill has a stock of around 10,000 cu.m of sawnwood, mainly Okoume, awaiting rail transport.

Olam, it is said, has put 6 engines and 80 waggons into operation specifically to satisfy the demand of the Indian peeler mills in the special zone in Nkok.

Concession investigation

Gabon's Minister of Forestry has told concession holders to submit details of how and when they secured concessions by the end of January.

Analysts report that concession holders must provide their Action Plan, their Forest Management Plan and the Annual Operations Plan. In addition concession holders must provide details of their social, environmental and investment plans.

It is understood that each Concession will be visited by the Minister himself to discuss progress towards certification. Satisfying certification will be a major challenge for concession holders as the cost will be substantial for large concessions.

Four months to clear log export contracts in Congo

News from Congo suggests that a 'de facto' log export ban is in place and only those logs in stock and which have been inventoried can be exported under the quota system which, it is said, will be in place for 4 months. Operators complain that the 4 month export window is too tight given the difficulties in transporting logs to the port.

Shipments of bubinga from Bata Port

As the export of bubinga (Cameroon) and kevazingo (Gabon and Congo) blocked it is only Equatorial Guinee that is currently shipping sizeable volumes of bubinga out of Bata port to Chinese destinations.

Change of management for Douala Port

The latest news from Cameroon indicates that the authorities have appointed a domestic agency to manage the Douala container terminal. This concludes the tussle between French and Swiss interests to run the terminal.

Cyrus Ngo'o, General Manager of the Port Authority of Douala has indicated Regie du Terminal a Conteneur (RTC) will be in charge of the terminal as a transitional measure. This decision seems to end the era of Douala International Terminal (DIT) after fifteen years.

Log export prices

West African logs	FOB Euro per cu.m		
	LM	B	BC/C
Asian market			
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & ekki	275	275	175
Belli	270	270	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	320	300↓	235↓
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	200
Moabi	365	355	285
Movingui	210	210	-
Niove	160	160	-
Okan	200	200	-
Padouk	270↓	250↓	230
Sapele	280	200	250
Sipo/Utile	280	280	250
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	440
Bilinga FAS GMS	540
Okoumé FAS GMS	460
Merchantable	310
Std/Btr GMS	340
Sipo FAS GMS	500
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	640
FAS scantlings	675
Strips	320↓
Sapele FAS Spanish sizes	450
FAS scantlings	480
Iroko FAS GMS	600
Scantlings	660
Strips	350
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

Ghana

Sawnwood dominates 2019 exports

The January to November 2019 export statistics have been published by the Timber Export Development Division (TIDD) of the Forestry Commission (FC).

The data showed that total export volumes for the period stood at 280,223 cu.m and export earnings were euro 140.74 million. However, exports in the year to November 2019 were down 24,152 cu.m (-8%) and euro 32.18 million (-19%) when compared to the same period in 2018.

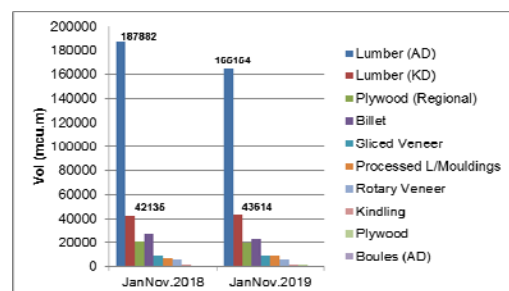
Exports by product

	2018 Jan-Nov cu.m	2019 Jan-Nov cu.m	Y-oY % change
AD saw nw ood	187,882	165,154	-12.1
KD saw nw ood	42,135	43,614	3.51
Plyw ood*	20,772	19,742	-4.96
Billet	26,746	22,353	-16.42
Sliced Veneer	9,522	9,222	-3.15
Mouldings	7,321	8,714	19.03
Rotary Veneer	5,593	6,232	11.42
Kindling	1,396	1,799	28.87
Plyw ood	987	1,682	70.42
Boules (AD)	1,074	1,090	1.49
Boules (KD)	88	333	278.41
Veneer*	253	189	-25.3
Others	859	288	-66.47
Total	304,375	280,223	-7.93
* regional markets			

Data source: - TIDD

The TIDD report also shows that air and kiln dried sawnwood, billets and plywood shipped to regional markets were the main products exported. Of these four products only kiln-dried sawnwood registered an increase (3.5%) compared to 2018. Exports of other products, while of modest volumes, recorded growth with kiln-dried boules, plywood (to non-regional markets), kindling, mouldings and rotary veneer all doing well.

Sawnwood exports in the first 11 months of 2019 accounted for close to 75% of the total export volumes of 280,223cu.m. The graphic below illustrates the 2018 and 2019 trends.



Data source: - TIDD

In both 2018 and 2019 the top export product was air-dried sawnwood followed by kiln-dried sawnwood. However, while the volume of the former dipped from 2018 (187,882 cu.m) to 2019 (165,154 cu.m) the latter increased from 2018 (42,135 cu.m) to 2019 (43,614 cu.m).

Ghana's wood product exports up to November 2019 went to the traditional market destinations of Asia (69%), Europe (16%), Africa (10%), America (4%) and Middle East (2%), with teak, wawa, ceiba, mahogany and niangon as the leading species.

Local timber dealers cannot secure raw materials

Some domestic timber traders have appealed to the government to review the emphasis on wood product exports saying the domestic mills and traders cannot secure sufficient raw materials to profitably continue in business.

Traders obtain timber from local sawmills but these mills are also facing problems in securing raw material according to the local media. Analysts write, "in light of this it is vital that the FC continues its crack-down on illegal logging and mining". The current ban on chainsaw milling was a bold step by the FC.

For more see: <https://thebftonline.com/2020/economy/timber-export-collapsing-woodwork-industry/>

Loan facility secured for 'One District One Factory' initiative

Exim Bank in Ghana has secured a major source of funding from Credit Swiss to finance more factories under the 'One District One Factory' (1D1F) initiative. The agreement was signed in London at a Ghana Investment and Opportunities Summit. Investors in the 1D1F scheme benefit from incentives for machinery and equipment and corporate tax exemptions.

Boule export prices

	Euro per m ³
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	540↓
Niangon Kiln dry	622

Export rotary veneer prices

Rotary Veneer, FOB	Euro per m ³	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	354↓	440
Chenchen	540	628
Ogea	521	590
Essa	586↑	644
Ofram	350	435

Export sliced veneer

Sliced face veneer	FOB Euro per m ³
Asanfina	854↓
Avodire	667
Chenchen	7826↓
Mahogany	1018↑
Makore	947↓
Odum	1,437

Export plywood prices

Plywood, FOB	Euro per m ³		
BB/CC	Ceiba	Ofram	Asanfina
4mm	320↓	580	641
6mm	412	535	604
9mm	377	446	560
12mm	510	450	480
15mm	450	400	430
18mm	450	441	383

Grade AB/BB would attract a premium of 10%, B/BB 5%, C/CC 5% and CC/CC 10%.

Export sawnwood prices

Ghana sawnwood, FOB	Euro per m ³	
FAS 25-100mm x 150mm up x 2.4m up	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	465	564
Ceiba	404	600
Dahoma	413-	424
Edinam (mixed redwood)	520	651
Emeri	465	591
African mahogany (Ivorenensis)	930	962↓
Makore	740	766↓
Niangon	620	666↑
Odum	649	832↓
Sapele	720	878↑
Wawa 1C & Select	420	459↑

Malaysia**Lunar New Year Holidays – logging suspended**

Timber businesses, like other businesses across Malaysia, took a break during the lunar New Year. Logging camps emptied as workers travelled home and mills closed, many for as much as two weeks. With logging suspended for the holidays there is concern in Sarawak that this will result in delayed deliveries of logs to the mills. Analysts say the recent period of bad weather has driven down mill log stocks.

Central Bank rate cut reminiscent of cut during the 2003 SARS outbreak.

The Malaysian central bank, Bank Negara Malaysia, has lowered interest rates by 25 points to 2.75%. While this came as a surprise to many it is considered a wise move in view of the increasing global headwinds, not least of which is the recent coronavirus outbreak which could impact the global economy.

The Bank has said that 2020 growth is expected to gradually improve on the back of steady household spending and an anticipated improvement in export performance. Kenanga Research, which monitors growth trends, said the move by the Bank is reminiscent of decisions taken during the SARS outbreak in 2003 when the bank cut interest rates.

Plywood makers see signs of growth in Japanese demand

The Star newspaper in Malaysia has run a story saying, while Malaysian plywood manufacturers have been badly affected by the sudden drop in exports to Japan, its main market, there could be a turnaround this year supported by reconstruction in Japan after the severe damage to infrastructure and homes from typhoons and flooding.

The Japanese government announced an extra budget for fiscal. In this supplementary budget the government has allocated around yen 2.31 trillion for reconstruction from the 9th typhoon of the year (typhoon Hagibis) and other recent disasters as well as to rebuild infrastructure.

Japan's plywood imports from Malaysia averaged 63,000 cubic metres in the first 9 months of last year but in the final 3 months of 2019 there was a rise in imports to an average of around 70,000 cubic metres per month.

For more see:

<https://www.thestar.com.my/business/business-news/2020/01/06/plywood-makers-may-see-rebound-in-exports-to-japan>

5 year strategy to expand certification

In Malaysia there are 4.37 million hectares of PEFC Certified Forests (as of 31 Dec. 2019) in 16 FMUs and 7 FPMUs. There are 378 PEFC Certificates for Chain of Custody issued (as of 30 Nov. 2019). The Malaysian Timber Certification Council has the ambition to expand certification and has developed a 5 year strategy to increase the number of certified FMU to 40 and the number of timber companies certified under CoC to 600.

The MTCC strategy calls for expansion of the scope of certification under the MTCS, greater acceptance and recognition of MTCS-certified products both domestically and internationally, closer collaboration with stakeholders and increased efforts on communication, education and public awareness and on embracing innovation and technological advances.

Indonesia**New SMEs business development centre in Jepara**

Gati Wibawaningsih, Director General of Small, Medium Industries in the Ministry of Industry has announced that the ministry will open a material centre to support growth of furniture SMEs so they can become more competitive in international markets.

Gati said, the new centre will focus on capacity building in production planning and inventory control, raw material management and managing logistical activities. The centre will also develop a machinery rental service business.

See: <https://www.validnews.id/Material-Center-IKM-Furnitur-Dibangun-di-Jepara-Qom>

Need to upgrade rattan furniture to become internationally competitive

At a National Workshop in Cirebon, West Java the Indonesian Furniture and Crafts Industry Association (HIMKI) agreed that the Indonesian rattan furniture sector must be upgraded to become competitive internationally in terms of design and cost.

HIMKI Chairman, Soenoto, said that Indonesia's rattan furniture should have a more prominent place in international markets as there are abundant rattan resources in the country. The HIMKI agreed to prioritise rattan furniture but also to continue to encourage non-rattan furniture to compete in the world.

Trade deficit Narrowed in 2019

Indonesia's trade deficit narrowed last year as consumers tightening their wallets which meant less imports. According to the Central Statistics Agency (CSA) the 2019 deficit was around one-third of that recorded in 2018. Indonesia's exports fell around 7% in 2019 but imports dropped even more sharply by almost 10%.

According to the CSA, agricultural exports were the only sector that grew although this contribution to overall exports was still small at 2%. Indonesia posted trade surpluses with the United States, India and the Netherlands. But the biggest trade deficits were with China, Thailand and Australia. While the figures may seem encouraging most of the declines in imports were of raw materials which could signal slowing industrial output.

See: <https://jakartaglobe.id/business/indonesias-trade-deficit-narrows-by-third-in-2019>

Ministry ends the collaboration with WWF

In a ministerial decree (No. 32 of 2020) the Ministry of Environment and Forestry (KLHK) ended its collaboration with the WWF Indonesia Foundation. All collaboration agreements between the KLHK and regional governments with WWF Indonesia have been terminated.

The decision to terminate the collaboration was based on the results of an evaluation conducted by KLHK which concluded that conservation and forestry based cooperation had been unilaterally expanded in scope by WWF Indonesia. In addition, WWF violated the substance of the cooperation agreement including through a series of social media campaigns and publication of reports that were not factual.

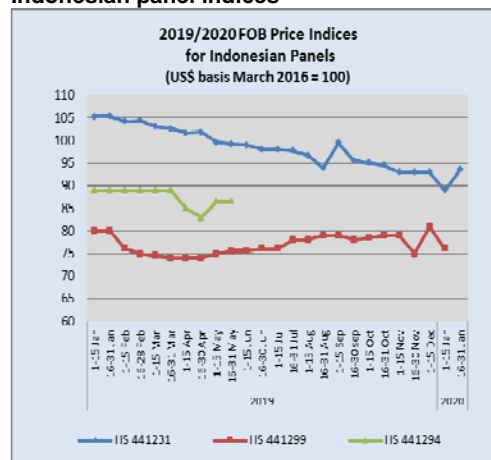
See: <https://nasional.kontan.co.id/news/kementerian-lingkungan-hidup-akhiri-kerjasama-dengan-wwf-indonesia-ini-alasannya> and <https://ekonomi.bisnis.com/read/20200124/99/1193668/klhk-putus-kerja-sama-dengan-wwf-indonesia>

UK Minister - Brexit will bring opportunities for more trade and investment

During a visit to Indonesia in mid-January this year British Asia and Pacific Minister, Heather Wheeler, said Brexit will offer opportunities for Indonesia and the UK to negotiate a trade deal to bring down tariffs and drive trade and investment. She highlighted the opportunities for expanding wood product exports to the UK.

See: <https://www.liputan6.com/global/read/4155830/menteri-inggris-sebut-dampak-brexit-ke-indonesia-sangat-bagus>

Indonesian panel indices



Data source: License Information Unit. <http://silk.depht.go.id/>

Myanmar

Preparatory VPA negotiations suspended

In November last year a delegation from the EU visited Myanmar and met with members of the Multi Stakeholders Group (MSG) formed specifically to negotiate a VPA with the EU. The EU delegation also met with representatives of the Forest Department and Myanmar Forest Certification Committee (MFCC).

According to those participating in the meetings their understanding was that the EU has suspended the preparatory phase of VPA negotiations with Myanmar. The result of this is that the MSG has to act unaided to formulate a roadmap to strengthen forest governance and law enforcement. This, says an analyst, can be interpreted as the immediate prospects for FLEGT licensed timber from Myanmar are dim.

In the absence of FLEGT licensing the alternative course is to build another mechanism to satisfy the due diligence requirements of the EUTR so as to maintain the market for Myanmar timbers in the EU.

It is understood that work on a mechanism to meet legality verification requirements in the EU will be supported by FAO through a two year project. However, analysts write "there is no official announcement, from either Myanmar or the EU to confirm suspension of support for VPA negotiations".

Cross border teak exports to Thailand

In November last year Myanmar exported some 100 tons of teak sawnwood to Thailand via a cross border trade arrangement being the first of around 1,100 tons set to be shipped. The export process was witnessed by Minister Ohn Win and supervised by the Forest Department, the General Administration Department, the Custom Department, the Immigration Department and the Myanmar Police.

Statistics released by Ministry of Commerce show that between April 2011 and November 2019 about 70 tons of forest products have been exported through the cross border trade arrangement. There are no official records for the cross border trade with China most of which was deemed illegal by the Myanmar government.

In a revision of its forestry laws China has included a prohibition on enterprises in China buying illegally sourced timber. Analysts comment that how the law will be enforced is not yet clear. The local media in Myanmar have welcomed the change but say the provincial authorities in China may not strictly enforce the new law.

Positive growth prospects says World Bank

Growth in Myanmar is expected to pick up to 6.4 percent in fiscal 2019-20 from 6.3pc in 2018-19 and 6.2 pc in 2017-18 as a result of the increasing government spending and private investments on infrastructure, transportation and communication, according to the World Bank.

According to the World Bank Myanmar Economic Monitor report – ‘Resilience Amidst Risk’ economic growth in Myanmar in the coming fiscal year will be supported by a higher expenditure by the government on infrastructure projects and communication. A forecast increase in foreign investments in construction is also expected to boost growth.

Other growth sectors identified by the Bank include tourism and the services sector. The agriculture sector, says the report, should receive a boost from higher export demand.

December teak log tender prices

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	-	-
SG-4	54.7	3,502
SG-5	125.4	3,007
SG-6	224.5	2,523
SG-7	1,052.10	1,832

India

Home sales fall 30% in one quarter

Indian Housing.com recently highlighted a report from PropTiger.com that shows housing sales and new starts fell during the third quarter of the financial year 2019-2020.

The report on the third quarter fiscal 2019 indicates that sales in India's nine main markets fell by 30% year-on-year which drove developers to delay new building projects which are over 40% down from the previous quarter.

PropTiger says the high level of unsold residential housing inventory is serious with stocks in the main markets exceeding three quarters of a million.

For more see: <https://www.proptiger.com/guide/post/real-estate-report-q4-2019-proptiger-datalabs-report>

Satish Magar, president of CREDAI, has reminded policy makers that the Indian real estate sector is the top non-farm employer and the sector makes a significant contribution to the country's GDP. He says that sector stakeholders are looking to the government to address the downturn in the real estate sector in the 2020 budget due to be announced in February.

The problem of falling home sales is particularly acute in the 'affordable and mid-segment' home market where some 40% of completed homes in the top eight cities remain unsold.

More particleboard mills for Gujarat

In its recent magazine Plyreporter has news of prospects for two new particleboard plants set to come online in Morbi and Rajkot Gujarat, India's westernmost state. Gujarat has been pioneer in the manufacture of woodbased panels with more than 20 particleboard lines in operation but panel makers say the supply of raw materials has become a problem and that many mills are operating below capacity.

The attraction of Gujarat for composite panel production, says Plyreporter, is the availability of raw materials especially residues from the large number of sawmills.

For the full story see:

<https://www.plyreporter.com/article/61294/gujarat-to-have-more-particle-board-plants-in-2020>

Plantation teak prices

C&F prices remain steady within the same range as reported in early January being largely influenced by the stable rupee/US dollar exchange rate which is at around Rs.71 to the dollar.

Ever the optimists, importers are still hopeful the GST Council will consider a reduction to the 18% GST which, they say, is a heavy burden. The Council is continuing its review and there are hopes that some relief will be announced in the 2020 budget due in February.

	US\$ per cu.m C&F
Angola logs	389-574
Belize logs	350-400
Benin logs	290-714
Benin sawn	530-872
Brazil logs	344-540
Brazil squares	333-556
Cameroon logs	405-616
Colombia logs	478-743
Congo D. R. logs	450-761
Costa Rica logs	357-780
Côte d'Ivoire logs	289-756
Ecuador squares	333-454
El-Salvador logs	320-732
Ghana logs	294-452
Guatemala logs	324-646
Guyana logs	300-450
Kenya logs	515-876
Laos logs	300-605
Liberia logs	265-460
Malaysian logs	225-516
Mexican logs	295-808
Nicaragua logs	402-505
Nigeria squares	434-517
Panama logs	335-475
PNG logs	443-575
Sudan logs	358-556
Tanzania teak, sawn	307-613
Thailand logs	511-700
Togo logs	334-590
Trinidad and Tobago logs	603-753
Uganda logs	411-623
Uganda Teak sawn	680-900

Price range depends mainly on length and girth.

Locally sawn hardwood prices

Despite the slow housing market traders report domestic market demand and import volumes remain balanced.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,100-4,250
Balau	2,600-2,750
Resak	1,800-2,000
Kapur	2,250-2,400
Kempas	1,550-1,750
Red meranti	1,500-1,650
Radiata pine	850-950
Whitewood	850-950

Price range depends mainly on length and cross-section of sawn pieces.

Myanmar teak prices

Despite the weak housing sector and tough trading environment prices for Myanmar teak remain resilient, a feature of products with high end market demand.

All eyes will be on the 2020 budget due next month for stimulus to provide incentives for home buyers and thus lift demand for housing.

Sawnwood (Ex-yard)	Rs. per cu.ft
Teak AD Export Grade F.E.Q.	15,000-22,000
Teak A grade	9,500-11,000
Teak B grade	7,500-8,500
Plantation Teak FAS grade	5,000-7,000

Price range depends mainly on lengths and cross-sections.

Sawn hardwood prices

Sawnwood, (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,700-1,850
Sycamore	1,800-2,000
Red Oak	2,000-2,200
White Oak	2,500-2,600
American Walnut	5,000-5,500
Hemlock STD grade	2,200-2,400
Western Red Cedar	2,300-2,450
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

Plywood

Prices for plywood in the domestic market remain unchanged from early January. Plywood manufacturers are currently benefitting from a slight easing of prices for face veneer from both SE Asian shippers and from companies peeling veneers in Gabon.

Analysts write that MDF and particleboard are gaining market share and with new production due to come online competition will increase.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	101.00
9mm	126.00
12mm	157.00
15mm	206.00
18mm	211.00

Domestic ex-warehouse prices for locally manufactured MR plywood

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	39.00	55.00
6mm	57.00	72.50
9mm	72.50	89.00
12mm	89.00	105.00
15mm	105.00	126.00
19mm	121.50	141.00
5mm Flexible ply	77.00	

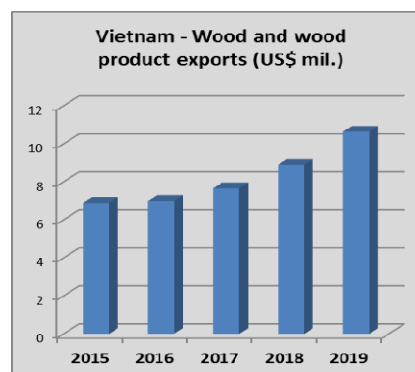
Vietnam

Exports by Vietnamese-owned and FDI enterprises

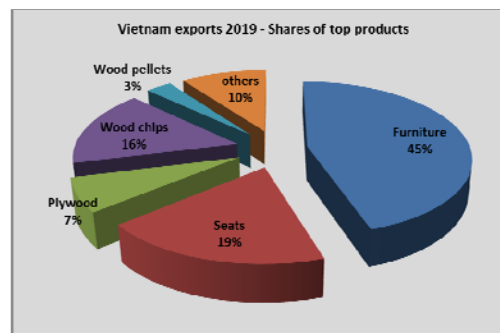
According to Vietnam's Customs, in 2019 the total value of wood and wood product exports from 2,392 enterprises (Vietnamese-owned and FDI enterprises) amounted to US\$10.647 billion (19.5% higher than what was achieved in 2018) lifting the wood and wood product export rank to 6th amongst Vietnamese export commodities.

(Wood defined as HS4401 – 4418. Wood Products defined as HS9401 – 9421).

Of the total, wood product exports accounted for US\$7.783 billion (23.5% higher than 2018) and contributed a 74% share of the total value of wood and wood product exports. With the current trend, wood and wood product exports are expected to grow at between 17–20% in 2020.



Data source: General Department of Vietnam Custom



Data source: General Department of Vietnam Custom

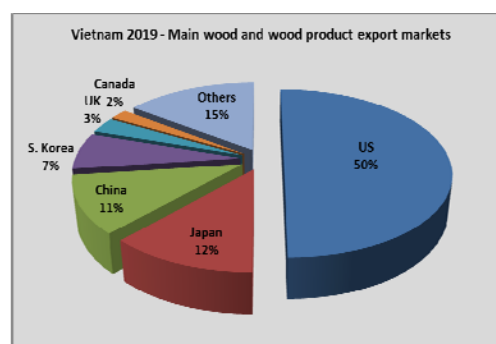
Wood and wood product exports by FDI enterprises

In 2019 the value of wood and wood products exported by 612 FDI enterprises amounted to US\$4.71 billion, a 42% of the total value wood and wood product exports from Vietnam (up 20% on 2018). Wood product exports by FDI enterprises were reported at US\$4.34 billion or over 90% of the total value of wood and wood product exports by FDI enterprises.

Export destinations

In 2019, the US continued as the top market for Vietnam's wood and wood product exports at US\$5.33 billion, a share of around 50% of all wood and wood product exports. The growth in the market year on year was over 37%.

Japan was the second largest market accounting for 12% of 2019 exports followed by China 11% and S. Korea 7%. In contrast to the growth in the markets mentioned above there were declines in exports to South Korea, Australia and Malaysia dropped.

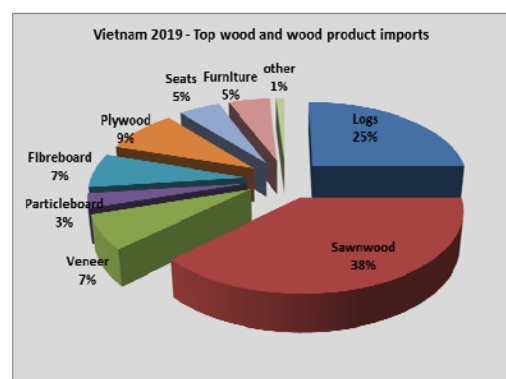


Data source: General Department of Vietnam Custom

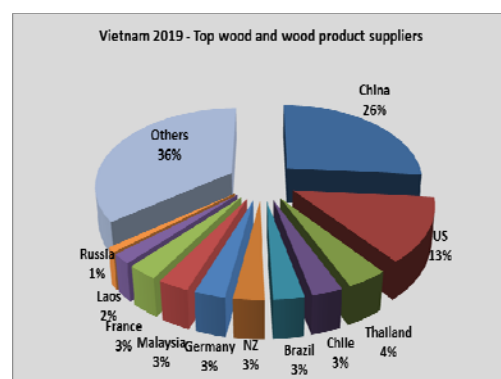
Wood and wood product imports and exports

Wood and wood product imports by Vietnamese-owned and FDI enterprises in 2019 were valued at US\$2.542 billion (10% up on 2018). In 2019 the value of wood and wood products imported by FDI enterprises was reported at US\$775 million equivalent to 31% of total wood and wood product imports and 16% up on 2018).

In 2019 China continued as the leading wood and wood product supplier to Vietnam with shipments being worth US\$656 million (equivalent 26% of all wood and wood product imports into Vietnam in 2019 followed by the US at 13%. Wood and wood product imports to Vietnam from Malaysia and Laos dropped sharply in 2019 (-69% Malaysia and -27% Laos compared to 2018).



Data source: General Department of Vietnam Custom



Data source: General Department of Vietnam Custom

See: <http://goviet.org.vn/bai-viet/tinh-hinh-xuat-nhap-khau-go-va-san-pham-go-cua-viet-nam-nam-2019-9093>

National certification standard announced

On 7 January 2020, the FSC national standard for Vietnam was announced in Hanoi. This national standard is being promoted as a tool for Vietnam to manage its forests sustainably and at the same time promote responsible wood processing and trade.

According to VNFOREST, Vietnam currently has over around 200,000 ha. of FSC certified forests. The national standard for Vietnam was developed in accordance with FSC's system for the development and maintenance of Forest Stewardship Standards.

This defines certification requirements for all forest operations in Vietnam, including for Small and Low Intensity Managed Forests.

A review of Forest Stewardship Standards is ongoing and revised Principles & Criteria version 5-2 will be applied. Current standards are valid until replaced by a new Forest Stewardship Standard. According to Vu Thi Que Anh, Country Director, FSC Vietnam, The national standard will be effective from 1 May 2020.

See <https://fsc.org/en/document-centre/documents/resource/426> and <https://vietnamnews.vn/environment/571329/vns-national-forest-stewardship-standard-effective-from-may.html>

Brazil

Brazilian economy set for major change

At the 2020 World Economic Forum held in Davos the President of Brazil outlined the reforms his administration is planning. These, he said, include reducing the size of the state, lowering taxes, improving social safety nets and fostering greater business opportunities.

Brazil is the eighth-largest economy in the world and has the sixth-largest population. The President said the new reforms are “aimed at building a new Brazil – a safe, secure, open, trusted and fully integrated member of the global community”.

He said the focus of the Brazilian administration will be on balancing environmental sustainability with economic growth. At the same Forum, the Brazilian Minister of the Economy, a newly-established super-ministry, told delegates that Brazil's economy is on course to grow by 2.5% this year, slightly higher than the government's earlier forecast of 2.4%.

The new economy ministry has seven special secretariats – finance; federal revenue; foreign trade and international affairs; privatisation and disinvestment; productivity, employment and competitiveness; bureaucracy reduction, management and digital government; and social security and work.

Furniture cluster in Amazonas faces difficulties

Transport and logistics issues as a result of the remote location are hampering development of furniture production in the state of Amazonas. Producers point to competition with furniture clusters in the southern states of Brazil and a lack of government investment in the Amazonas clusters as the main issues needing to be addressed.

In 2009, for example, the government announced that the municipality of Tabatinga in the Trêz Fronteiras area of Western Amazonas would receive R\$6000,000 investments for development of the wooden furniture production sector but, as of the end of 2019, there has been no progress on this, say analysts.

Currently, the government's main support for the furniture sector is through the Sustainable Development Agency of Amazonas (ADS) and the Amazonas School Furniture Regionalization Programme (Programa de Regionalização do Mobiliário Escolar - PROMOVE) which provides furniture to public schools through a partnership with 42 Amazonian furniture manufacturers.

However, furniture produced by PROMOVE uses both hardwood and MDF and local SME furniture makers complain it is difficult for them to also supply school furniture as their source of raw material is mainly native timber species and the availability of certified legal timber is a problem.

Observers write “The challenge in the state of Amazonas is to consolidate a furniture industrial cluster using only certified timber and wood from forest plantation obtained in a sustainable manner.”

Illegal logging crack-down in Mato Grosso

An operation called ‘Pinga Fogo’ was launched in the first week of January to investigate illegal activities in Mato Grosso. The operation was carried out by the State Secretariat for the Environment (SEMA), inspectors of the Mato Grosso Agriculture and Livestock Defense (INDEA) and the Military Police Tactical Force.

During the operation inspectors seized a total of 1,340 cu.m of timber of which 470 cu.m was of Brazil nut (*Bertholletia excelsa*), a species protected by law. In addition 870 cu.m of other species was seized. SEMA estimates that this is the largest seizure of protected species ever carried out in Mato Grosso. Four people were arrested, three timber companies were penalised and equipment seized because of non-compliance with the legislation.

Export update

November

In November 2019, the Brazilian exports of wood-based products (except pulp and paper) declined almost 19% in value compared to November 2018, from US\$301.0 million to US\$244.9 million.

The value of pine sawnwood exports in November fell 3% year on year from US\$56.4 million in 2018 to US\$ 39.0 million in November 2019. In terms of volume, exports fell 23% over the same period, from 266,700 cu.m to 206,200 cu.m.

The volume of tropical sawnwood exports also fell dropping 26%, from 55,800 cu.m in November 2018 to 41,400 cu.m in November 2019. The value of these exports also dropped 17% from US\$23.0 million to US\$19.2 million, over the same period.

In November 2019 pine plywood exports declined 39% in value in comparison with November 2018, from US\$59.1 million to US\$35.9 million. In volume, exports fell 15% over the same period, from 188,800 cu.m to 160,800 cu.m.

A similar drop was recorded for exports of tropical plywood which fell 26% in volume and 33% in value, from 11,400 cu.m (US\$ 4.8 million) in November 2018 to 8,400 cu.m (US\$ 3.2 million) in November 2019.

Wooden furniture export values also fell but only modestly from US\$48.9 million in November 2018 to US\$47.5 million in November 2019.

December

In the final month of 2019 the decline in exports continued. The total value of Brazilian exports of wood-based products (except pulp and paper) dropped 23% in value compared to December 2018, from US\$291.9 million to US\$224.6 million.

Pine sawnwood export values declined 27% between December 2018 (US\$46.5 million) and December 2019 (US\$34.0 million) and this decline extend to export volumes which declined 18% in volume over the same period, from 220,600 cu.m to 181,900 cu.m.

The volume of tropical sawnwood exports dropped 36% from 52,400 cu.m in December 2018 to 33,400 cu.m in December 2019. In terms of value exports decreased 30% from US\$22.1 million to US\$15.4 million over the same period.

The value of pine plywood exports declined 37% in December 2019 in comparison with December 2018, from US\$57.3 million to US\$35.9 million. In volume term exports decreased 12.4% over the same period, from 192,300 cu.m to 168,400 cu.m.

As for tropical plywood, exports fell a massive 45% in volume and 51% in value from 13,800 cu.m (US\$5.5 million) in December 2018 to 7,600 cu.m (US\$2.7 million) in December 2019.

The decline in wooden furniture export earning was steeper in December than in November. The exported value decreased from US\$50.5 million in December 2018 to US\$43.9 million in December 2019, 13% down.

2019 plywood export performance

Brazil's pine plywood exports in 2019 totalled 2,062,508 cu.m a decline of 9% year-on-year. Exports have exceeded 2 million cubic metres annually for the past few years having risen from 1.2 million cubic metres in 2014. The main markets in 2019 were the US, UK, Belgium, Mexico and Germany.

Export volumes of other products such as pine veneer declined but exports of mouldings and engineered wood flooring, which have remained stable in recent years, saw a 16% decline in export volumes in 2019.

For the year in total tropical plywood exports were higher than in 2018 but still well below levels in past decades. The monthly average plywood export volume was 7,427 cu.m.

Bento Gonçalves furniture exports increased in 2019

The Bento Gonçalves furniture cluster, a major cluster in Rio Grande do Sul State increased exports by over 10% 2019 compared to the previous year outperforming the furniture industry in Rio Grande do Sul State and Brazil as a whole.

The international market represents approximately 5% of the total revenue of the cluster, which comprises 300 companies including those in the municipalities of Bento Gonçalves, Monte Belo do Sul, Pinto Bandeira and Santa Tereza.

Exports from the Bento Gonçalves furniture cluster have been growing for the past four years rising from US\$34 million in 2016 to over US\$40 million annually.

The top 10 markets in 2019 were Uruguay, the US, Chile, Colombia, Peru, Saudi Arabia, the UK, Mexico, Paraguay and Panama.

There was a steep rise in exports of furniture to the UK (+113% y-o-y) and the US (+135% y-o-y). There were successes in reaching out to new markets such as Saudi Arabia which now represents the sixth largest market for furniture exported by the Bento Gonçalves cluster. Uruguay remained the main destination for exports.

The main native timber species used for export production in Brazil are cedar (*Cedrela* spp) and mahogany (*Swietenia macrophylla*) used mainly for for sawnwood, interior finishing and furniture along with ipe (*Tabebuia* spp.) and freijó/brazilian-walnut (*Cordia goeldiana*) for sawnwood, flooring, decks and furniture.

The expectation is that 2020 will be the best year for the furniture industry since 2013. Strong domestic demand is forecast for 2020 in addition to continuing increases in exports.

An important event for the furniture sector this year will be 'Movelsul Brasil' its 22nd edition and this should boost demand in the domestic and international markets.

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per m ³
Ipê	200
Jatoba	107↓
Massaranduba	102
Muiracatiara	106
Angelim Vermelho	100↓
Mixed redwood and white woods	86↓

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per m ³
Ipê	842↑
Jatoba	441↑
Massaranduba	420↑
Muiracatiara	385↑
Angelim Vermelho	372↑
Mixed red and white	245↑
Eucalyptus (AD)	189↑
Pine (AD)	127↓
Pine (KD)	154↓

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

Parica	US\$ per m ³
4mm WBP	518↓
10mm WBP	412↑
15mm WBP	345↑
4mm MR.	401↓
10mm MR.	293↑
15mm MR.	269↑

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

Domestic ex-mill prices	US\$ per m ³
15mm MDP/Particleboard	200↓
15mm MDF	241↓

Source: STCP Data Bank

Export sawnwood prices

Sawnwood, Belem/Paranagua Ports, FOB	US\$ per m ³
Ipe	1,446
Jatoba	863↓
Massaranduba	841↓
Muiracatiara	858↓
Pine (KD)	170↓

Source: STCP Data Bank

Export plywood prices

Pine plywood EU market, FOB	US\$ per m ³
9mm C/CC (WBP)	256↓
12mm C/CC (WBP)	244↓
15mm C/CC (WBP)	228↓
18mm C/CC (WBP)	222↓

Source: STCP Data Bank

Export prices for added value products

FOB Belem/Paranagua ports	US\$ per m ³
Decking Boards Ipê	2,933↑
Jatoba	1,450↓

Source: STCP Data Bank

Peru

2019 export performance reverses declines in earnings

The Association of Exporters (ADEX) has reported that Peru's sawnwood exports between January and October earned US\$19.4 million, an almost 3% increase over the same period last year thanks to a greater demand from countries such as the Dominican Republic and Mexico.

Sawnwood accounted for 19% of the value of all wood exported between January and October, being well below the value of added value products, mainly flooring.

Sawnwood shipments to the Dominican Republic grew over 20% to US\$6.8 million and the country topped the list of importers of Peru's sawnwood.

The second largest market was Mexico where shipments earned US\$6.1 million, some 36% up year on year. China ranked third at US\$2.8 million but there was a 33% decline in shipments to this market. Peru also exported sawnwood worth US\$0.9 million to Cuba, US\$0.7 to Vietnam, US\$0.6 to the US, US\$0.5 to South Korea and US\$0.3 to New Zealand.

However, the 2019 export performance was disappointing when it is recalled that in 2016 China imported sawnwood valued at around US\$10 million FoB.

According to the ADEX the modest rise in export earnings in between January to October would suggest that total 2019 will exceed those of 2018. 2018 marked the fourth consecutive decline in export earnings.

Advisory commission on forest and wildlife policy installed

The National Forestry and Wildlife Commission (Conafor), an advisory body for the National Forest and Wildlife Service (Serfor), was installed on 21 January after four years of delay.

The commission is an advisory which will advise the Serfor Board of Directors and maintain coordination with the institutions that are members of the National Management System Forest and Wildlife (Sinafor). Seven specialists from different disciplines will contribute to the activities of Conafor.

The installation of this Commission is an advance in the management of the sector and will strengthen the institutional capacity and authority to implement the forestry and wildlife laws and regulations, say analysts.

Training for native communities in use of Operations Manual

Officials of regional governments and native communities in Madre de Dios, Loreto, Ucayali and Selva Central will receive training from Serfor on the application of guidance in the recently released Operations Manual for reporting information on timber harvests and processing.

The objective of the training is to improve the capacity on following the Operations Manual which contains guidance on how to record activities such as harvesting and transporting timber from the forest. As of 2 March this year the use of the Operations Manual will be mandatory.

The documents that will be generated by the Manual will be vital in allowing for the verification of the legal origin of wood products.

The training and technical assistance is being provided through the USAID Forest programme and the US Forest Service, the USAID Pro-forestry project, Forest Crime projects of the United Nations Office on Drugs and Crime (UNDOC), the Global Fund for Nature (WWF) and GIZ Proambiente II.

Peruvian imports composite boards

Between January and November 2019 Peruvian imports of composite boards were valued at US\$92.9 million, a slight decline compared to 2018.

Ecuador stood out as the main supplier in the first eleven months of 2019 with a solid performance seeing a growth of 15% in shipments to Peru which were worth US\$42 million (2018: US\$35 million).

Shipments from Chile dropped in the first eleven months of 2019 (-28%) but Chile remained the number two supplier. Other shippers were Spain and Brazil.

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per m³
Pumaquiro 25-50mm AD Mexican market	637-651
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	534-599
Grade 2, Mexican market	492-509▲
Cumaru 4" thick, 6'-11' length KD Central American market	973-987
Asian market	1009-1052
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	547-568
Dominican Republic	671-681
Marupa 1", 6-11 length KD Grade 1 Asian market	552-595▲

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per m³
Mahogany	-
Virola	269-280
Spanish Cedar	342-355
Marupa (simarouba)	238-239

Export veneer prices

Veneer FOB Callao port	US\$ per m³
Lupuna 3/Btr 2.5mm	221-249
Lupuna 2/Btr 4.2mm	234-266
Lupuna 3/Btr 1.5mm	219-228

Export plywood prices

Peru plywood, FOB Callao (Mexican market)	US\$ per m³
Copaiba, 2 faces sanded, B/C, 8mm	349-379
Virola, 2 faces sanded, B/C, 5.2mm	487-511
Cedar fissilis, 2 faces sanded, 5.5mm	766-783
Lupuna, treated, 2 faces sanded, 5.2mm	396-419
Lupuna plywood B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
B/C 8mm	466-487
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	391-407

Domestic plywood prices (excl. taxes)

Iquitos mills	US\$ per m ³
122 x 244 x 4mm	512
122 x 244 x 6mm	519
122 x 244 x 8mm	522
122 x 244 x 12mm	528
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	516
122 x 244 x 8mm	521

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
Cabreva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S	
Swedish market	979-1098
Asian market	1089-1119
Cumaru decking, AD, S4S E4S, US market	1199-1235
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	544-577
2x13x75cm, Asian market	756-822

Japan

Coronavirus to undermine business confidence

On 28 January the Japanese authorities confirmed three more cases of the coronavirus. These two new cases bring the total number of infections confirmed in Japan to seven.

Yasutoshi Nishimura, Japan's Minister of State for the Economy, has warned that the rapid spread of the coronavirus could seriously undermine corporate profits and factory production in Japan and also dampen exports.

The escalating outbreak has already damaged prospects for Japan's tourism industry. China has banned all outbound group travel in an effort to slow the spread of the virus is a major blow to Japan's retail and tourism sectors which rely on spending by Chinese visitors during the Lunar New Year holiday.

Chinese tourists visiting Japan accounted for nearly 40% of total spending by foreign tourists in 2019.

Weak international demand holding back growth

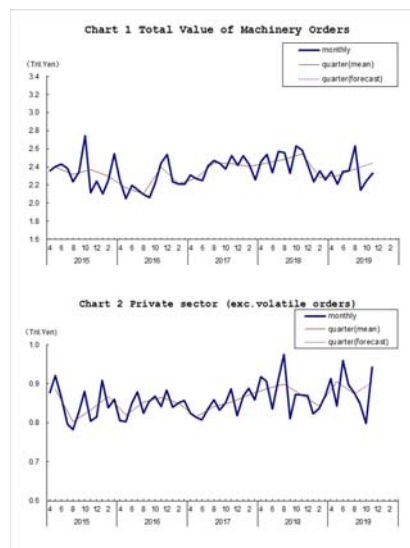
Japan's exports fell 6.3% year-on-year in December, the 13th consecutive decline. The poor performance has been attributed to lower car sales to the US and weak demand for machinery in China.

The government has continued to stress that weakening external demand will hold down growth prospects for some time but is pinning its hope for a recovery of global trade on the preliminary US/China trade deal and quick agreement on trade between the UK and the EU.

November rise in machinery orders propping up the fragile economy

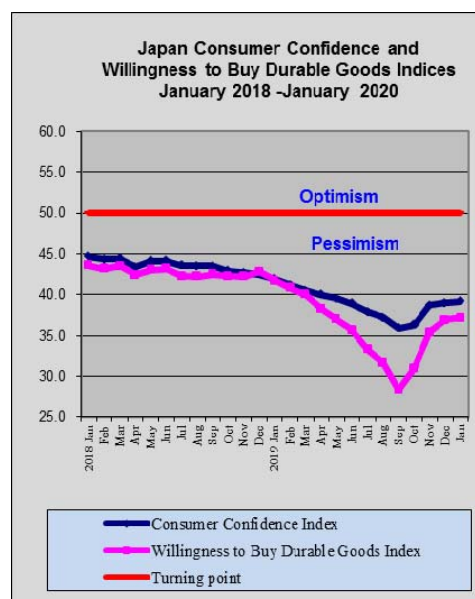
Data from Japan's Cabinet Office is showing that the total value of machinery orders received by manufacturers increased almost 4% in November compared to a month earlier.

Private sector investment in November was one of the few positive economic signals in both the second and third quarter of last year. This was the highest month-on-month changes in decades and analysts say this was a relief to the government because business spending will help sustain the fragile economy.



Relief as consumer confidence index remains steady

The Cabinet Office consumer confidence survey for January showed that there was little change in sentiment from a month earlier.



Data source: Cabinet Office, Japan

Among the four sub-sets of the consumer confidence index that reflecting household's willingness to buy durable consumer goods rose slightly as did the index for employment prospects but the index for income growth declined.

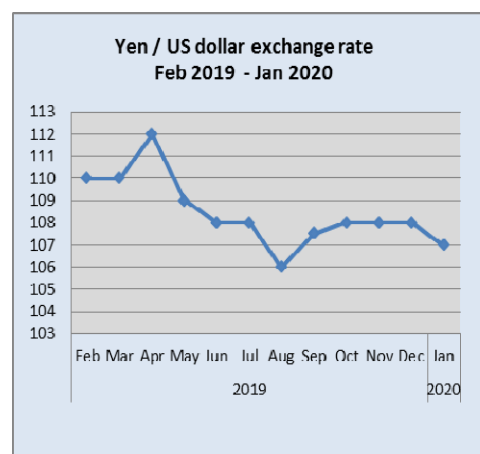
This is welcome news for the government as the index fell to a 5 year low in the fourth quarter of 2019.

Yen gives up some early strength as virus risk moderates

Concerns about the possible economic impact of the spread of the coronavirus have, once again, driven money into the so-called safe haven currencies, the Swiss franc and the Japanese yen.

Over the past two weeks the yen has risen against the US dollar. However, towards the end of January the yen/dollar rate eased with the yen shedding some of its recent gains because the risk sentiment eased, but this could be short-term depending on how the outbreak develops.

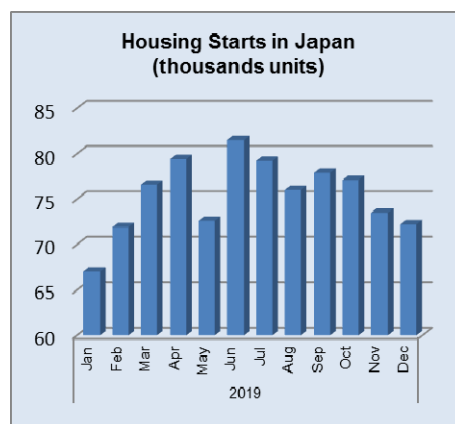
At this stage it is impossible to know how bad and how widespread and how economically damaging the virus outbreak will be.



Disappointing year for house builders as starts fall

December and January are usually quiet months in the residential housing sector primarily because weather conditions worsen and because of the long New Year holidays. In 2019 the slowdown in starts began in October and continued to decline every month through to year end.

Housing starts in 2019 were 905,000 compared to 954,000 in 2018. Looking back to 2013 housing starts ended that year at 979,000. Year on year, 2019 housing starts in Japan dropped around 5%. In the last quarter of 2019 starts declined every month.



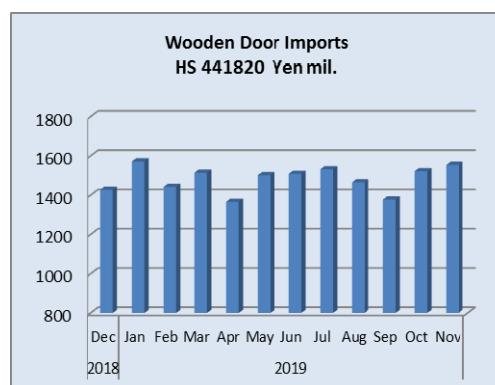
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Wooden door imports

The value of Japan's imports of wooden doors in November 2019 was almost the same as in October 2019 and compared to November 2018, a slight drop was observed.

As has been the pattern in previous months, two shippers, China and the Philippines, accounted for a high proportion of Japan's wooden door imports and if imports from Malaysia are included then these three shippers provided over 85% of Japan's November wooden door imports.

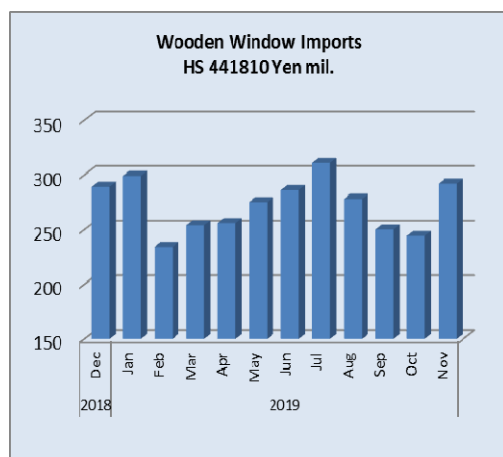


Data source: Ministry of Finance, Japan

Wooden window imports

Year on year and up to November 2019 there was a steady decline in the value of Japan's imports of wooden windows. While November imports were some 20% higher than a month earlier this was the more related to the bi-monthly peaks and dips seen over the months. The more telling statistic is that year on year wooden window imports were down 18% in November 2019.

Three suppliers, China, US and the Philippines accounted for over 90% of November wooden window shipments to Japan (China, 42%, the US 31% and the Philippines 19%).



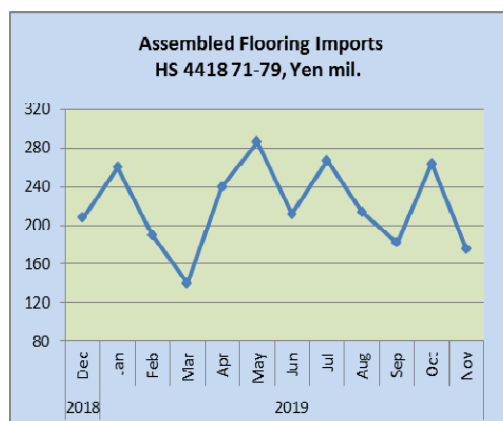
Data source: Ministry of Finance, Japan

Assembled wooden flooring imports

The value of Japan's assembled wooden flooring imports continued its 'see-sawing' between peaks and dips but a closer look at the statistics reveals that over the 12 months to November 2019 the average monthly value of imports has been steady at around 220 mil.yen.

Year on year wooden flooring imports (HS441871-79) in November were down just over 30%. As in previous months most (74%) of the November assembled wooden flooring imports were of HS441875 with China contributing some 80% of shipments of the category.

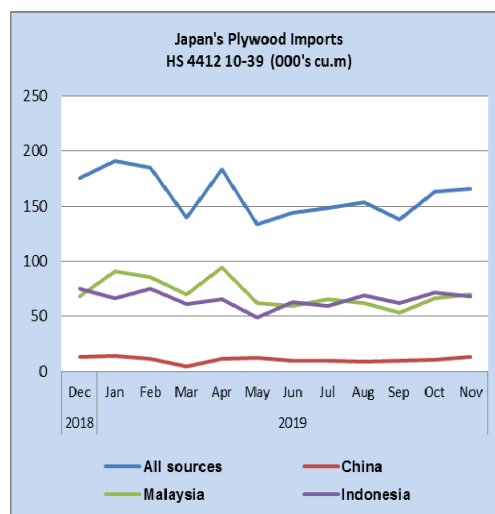
Other significant shippers of HS441875 were Malaysia and Indonesia. The second ranked category of flooring imports in November was HS441879 accounting for 18% of all assembled flooring imports with the main shippers being Indonesia (48%) and Thailand (23%).



Data source: Ministry of Finance, Japan

Plywood imports

The steady decline in Japan's imports of plywood continued in November where, year on year, arrivals from the two main shippers Malaysia and Indonesia were sharply lower (-22%).



Data source: Ministry of Finance, Japan

Imports reported as HS 441231 dominated Japan's November plywood imports accounting for almost 90% of arrivals. The other main category was HS 441234 (4%). Year on year shipments of plywood from Malaysia were down 28% in November and shipments from Indonesia were down 16% year on year in November.

The other significant shipper of plywood is China and the level of monthly imports of around 12,000 cu.m has remained very consistent over the past 12 months.

Main sources of Japan's plywood imports (000's cu.m)

		China	Malaysia	Indonesia
2017	Jan	16	130	80
	Feb	7.5	93.3	59
	Mar	11.5	99	76.5
	Apr	11.2	92.6	58
	May	12.9	99.2	73.8
	Jun	11	74.8	65.0
	Jul	10.6	100.0	54.8
	Aug	12.3	91.8	64.5
	Sep	9.9	86.7	56.6
	Oct	12.2	86.4	63.7
	Nov	10.7	112.4	82.0
	Dec	12.0	95.2	50.0
2018	Jan	12	100.5	80.0
	Feb	12.5	83.0	69.0
	Mar	4.9	79.4	66.5
	Apr	13.4	92.4	84.4
	May	15.2	94.0	82.0
	Jun	12.4	77.5	79
	Jul	14.3	79.2	58.3
	Aug	12.4	86	70.5
	Sep	9.7	68.6	62.6
	Oct	12.3	108.2	75.6

	Nov	14.5	97.1	81.1
	Dec	13	68	74.7
2019	Jan	14	91.2	66.4
	Feb	11.1	85.3	75
	Mar	4.4	70.1	61.2
	Apr	11.4	94.2	65.9
	May	12.4	61.8	48.9
	Jun	9.3	59.6	62.8
	Jul	9.8	65.1	59
	Aug	12.1	61.8	68.9
	Sep	10	53	62
	Oct	10.6	66.3	72
	Nov	13.1	69.5	68.1

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

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

South Sea logs and lumber

Supply and demand of South Sea logs are well balanced despite decreasing supply from PNG where rainy season started. Quality logs for Japan market is especially tight in supply. The Japanese plywood plants, which use tropical hardwood logs, carry ample inventory then the shipment of hardwood plywood is not so active.

PNG's log export prices are not climbing despite dropping supply because main buyer, China continues dormant.

Movement of laminated free board of mercusii pine and Chinese red pine is slow in Japan. The inquiries are slowing after many interior finishing works are completed by the year end. Order volume is getting smaller. Orders to the suppliers continue with an expectation of improving market and for building up inventory. There is no influence to the market in Japan in prices.

Interview with the Minister of Forest, B.C. Canada

Honorable Doug Donaldson, the Minister of Forest, Lands, Natural Resource operations and Rural Development of British Columbia, Canada recently visited Japan and the Japan Forest Products Journal had interview. Trade mission of forest products from B.C. visited Japan eight times in nine years to fortify trade tie with Japan. This time, main objects are promotion of export of wood pellet and promotion to build medium and high wooden construction by using CLT and NLT.

In B.C., Canada, cleanup of mountain beetle damaged timber is over. To dispose of damaged timber, overall annual allowable cut (AAC) expanded temporarily then after the cleanup is done, AAC is reduced and by this measure, there are closure of sawmills by log supply shortage.

Meanwhile supply of wood pellet for Japan is rapidly growing for fuel supply of biomass power generation and it becomes one of major export items of forest products in B.C. Regarding wood pellets, long term supply contract was made between Pinnacle Renewable Energy and Mitsui & Co., Ltd. The contract is to supply 100,000 ton of wood pellet annually since 2023. This is effective utilization of forest resources.

Wood pellet export for Japan in 2018 from B.C. was 686,000 tonne, which is 908% compared to 2014 and it takes 70% share of imported wood pellet in Japan. Total wood pellet export volume from B.C in 2018 was 2.5 million tonne. This is growing industry in B.C. and this will bring more investment and generates local employment.

Lumber industry in B.C. had tough year by worldwide slump of forest products. By reduction of AAC, log supply dropped. AAC before pine beetles occurred was 58-67,000,000 cbms a year. Now it is 55,000,000 cbms. This is twice as much as total harvest volume of timber in Japan so B.C. can sustain wood products export for Japan.

PKS export prices finally climbing

Spot export prices of PKS (palm kernel shell) from South East Asian countries started rebounding after producing regions are in rainy season. PKS supply has been abundant in expectation of increasing demand in Japan by successive start-up of biomass power generation plants so the prices have been low with over supply. After FIT system is introduced in Japan, large wood biomass power generation plants have been mushrooming on every coastal sea ports, which use large amount of imported wood fuel.

Wood pellet and PKS have already been used but more consumption is expected after 2022-2023. Import of wood fuel has been increasing largely. PKS import for the first ten months is 1,270,000 ton, 15.4 % more than 2018 and wood pellet import is 1,320,000 tonne, 56.1% more. Further increase is expected after 2020.

Indonesian PKS export prices dropped less than US\$70 per tonne FOB by buyers' market at one time in 2019 then the prices bottomed out and had been about US \$75 until last October. Then after November, they climbed up to US\$80-83. Ocean freight will be up by using low sulfur oil so freight increase is about US\$3-5 per ton. CIF prices are now over US\$110 and getting close to US\$120. Domestic market prices are about 14 yen per kilogram CIF for future cargoes about 3 yen up.

With more large power generation plants starting up, there is possibility that the export prices by the suppliers would go higher but some comment that present price climb is result of forest fires in Indonesia and start of rainy season in Sumatra so it is caused by short term factors.

Domestic log and lumber market

As precutting plants' operations are at the peak now so that the demand for lumber is robust. As to log supply, in the Western Japan, log supply is ample and the demand and supply are well balanced now.

Meanwhile, Eastern Japan suffered typhoon damages during the summer so log supply is lower than normal so that log prices are firming. In general, sawmills struggle with high log cost and need to pass high cost onto lumber prices.

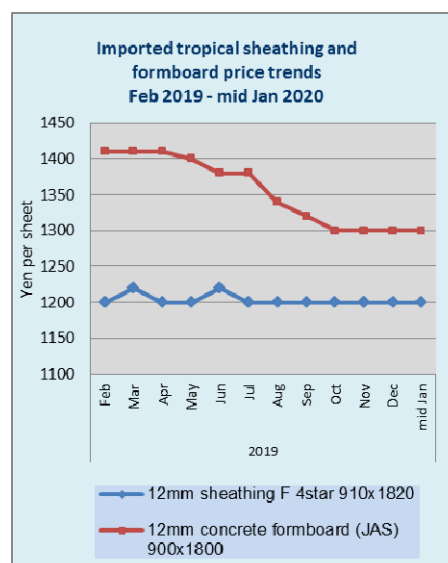
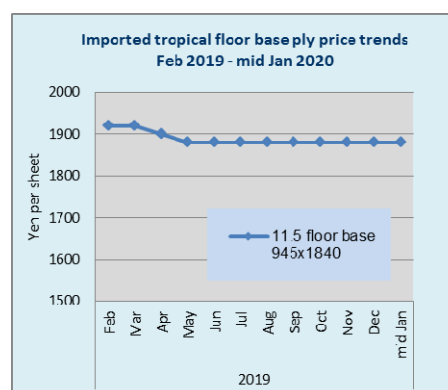
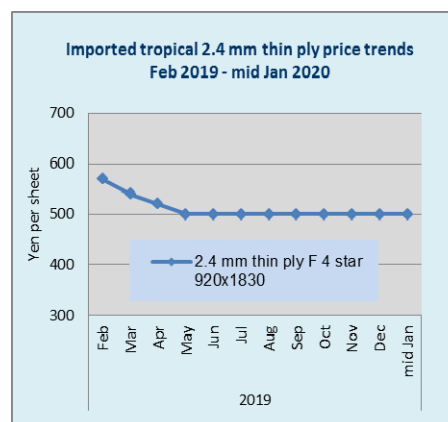
For storm and flood restoration demand, movement of small lumber and green lumber is active while structural lumber is slow to move. KD lumber competes with whitewood laminated lumber and North American imported lumber but the prices of these are weakening now.

In the Eastern Japan, log supply has been recovering gradually after more than a month since typhoons hit the areas but not enough to catch up the demand. Particularly in Northern Kanto and Southern North East region, cypress market is climbing rapidly and the prices are 2,000-3,000 yen higher than last month. Cypress sill and girder are in high demand for restoration of floor damaged houses. 4 metre cypress sill cutting log prices soared to 18,000-19,000 yen, same level of last year's peak prices.

Cedar purlin cutting log prices are up by 1,000-2,000 yen as the demand for purlin and low cost board is in high demand for rehabilitation works of damaged buildings. This may be temporary hike.

Meanwhile 3 metre post cutting cedar log prices have no price change like others as new house construction is not active. In the Western Japan, cypress log prices are weakening. 3 metre post cutting cypress log prices soared to 25,000 yen in November but now they are down to 21,000 yen now. Lumber movement continues active mainly for precutting plants.

In Eastern Japan, in typhoon and flood damaged areas, demand for non-structural lumber is increasing like green cedar square, batten, furring strip, rafter, brace, purlin, retaining board and piling. Up until last summer, green lumber prices were weak but after October the demand tightened and 4 meter green cedar 90 mm square prices are gone up to 25,000-26,000 yen and further increase is likely.



Rising disposable incomes despite uncertainties

In 2019 the per capita disposable income of Chinese residents was RMB 30,733, an increase of 8.9% (nominal) and 5.8% (real) compared to 2018. The per capita disposable income of urban households increased 7.9% and the per capita disposable income of rural households increased over 9%.

See:

http://www.stats.gov.cn/english/PressRelease/202001/t20200119_1723719.html

Enterprises call for zero consumption tax on solid wood flooring

Recently the Ministry of Finance and the State Taxation Administration invited public comments on a draft revision of the consumption tax. The new draft clarifies that both companies and individuals are liable to pay a consumption tax when they sell goods, process products or purchase certain imported merchandise.

China started collecting a consumption tax on some consumer goods in 1994.

In 2004, the country revised the consumption tax to adjust the scope and rate of taxable items which added energy-intensive, highly polluting products and some high-end consumer goods to the list.

In response to the recent call for comments the China Timber and Wood Products Distribution Association (CTWPDA) submitted a request for the elimination of the tax on solid wood flooring as 90% of the raw materials for wooden flooring manufacture are imported.

At the end of 2018 there were about 2,000 enterprises making solid wood flooring and most of them are small and micro private enterprises. According to a survey, 30% of wooden flooring enterprises are close to ceasing operations, 40% are struggling to maintain their business and 30% are moderately profitable.

The consumption tax has increased the operating costs for enterprises. The private sector argues this is not in line with national policy on tax reduction and activation of private enterprise development as it will undermine the growth in consumption.

For more see:

https://www.wood365.cn/Industry/IndustryInfo_263541.html

Wooden furniture exports through Huangpu

According to Huangpu Customs local enterprises exported US\$1.849 bil. of wooden furniture in the first eleven months of 2019 through Huangpu Customs.

Dongguan city serves as a manufacturing base for wooden furniture and more than 160 new companies have been registered in 2020. There are more than 600 export-oriented bamboo and wood products manufacturing companies in the city.

Huangpu Customs has a sophisticated multi-link integrated system to support Dongguan furniture exporters compete in the global market.

The export of bamboo and straw products are traditional in Huangpu these products are shipped to over 120 countries and regions around the world. The main products are cabinets, sofas, tables and chairs, wood brushes, wood crafts, rattan and straw products. The export value of wooden furniture accounts for 90% of total exports of bamboo, wood and straw products.

The business environment in the Dongguan area is said to be good with a comprehensive industrial chain creating the environment convenient, fast and efficient trade.

See:

https://www.wood365.cn/Industry/IndustryInfo_263479.html

First bonded timber warehouse

It has been reported that a private sector bonded warehouse has become operational and is being managed by Changzheng Bonded Logistics Co. Ltd. Dongyang wood processing enterprises in Dongyang import from around the world and managing stocks can be a problem. The new bonded warehouse offers an alternative source of raw material if the supply of imports is disrupted or insufficient to meet production requirements.

See:

https://www.wood365.cn/Industry/IndustryInfo_263381.html

New imported price data series

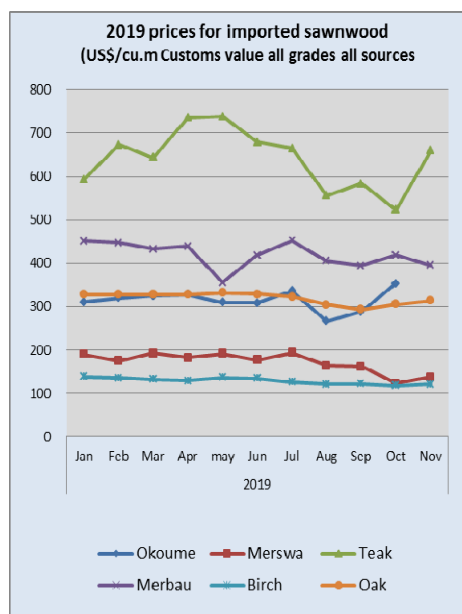
In an effort to provide more transparency on imported timber prices in China a new data set is provided below showing average prices for some key timbers imported.

It should be noted that these average prices are derived from the import volumes and values as reported by China's Customs.

Average imported log prices US\$/cu.m

	2019 Oct	2019 Nov
Okoume	353	
Merswa	124	137
Teak	523	659
Merbau	418	395
Birch	118	122
Oak	305	313

Data source: China Customs. Customs value all grades, all sources

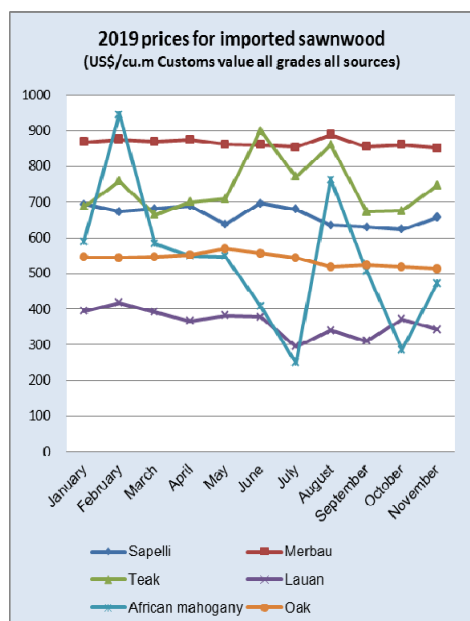


Data source: China Customs. Customs value all grades, all sources

Average imported sawnwood prices US\$/cu.m

	2019 Oct	2019 Nov
Sapelli	624	657
Merbau	861	852
Teak	766	746
Lauan	372	343
African mahogany	286	472
Oak	519	513

Data source: China Customs. Customs value all grades, all sources



Data source: China Customs. Customs value all grades, all sources

Europe

“Greta effect” evident at European trade shows in opening weeks of 2020

As usual in January, the IMM furniture fair in Cologne and the Domotex flooring show in Hamburg were key events for the European wood trade, providing a signal of market sentiment and an insight into emerging trends. Official reports from both shows were typically bullish, implying a high level of underlying confidence in sophisticated and innovative European manufacturing sectors.

IMM Cologne reported 1,233 exhibitors from 53 countries and over 128,000 visitors, up from 125,000 the year before, with over 50% of the 82,000 trade visitors from overseas. Domotex reported 35,000 attendees, 70% of them from abroad, and over 1,400 exhibitors from more than 60 different nations.

An emphasis on “sustainability” has, of course, been a common theme running through these and similar shows in Europe now for several years. However, this year there was a sense that the environmental issue has become more urgent, that industry needs to move decisively beyond the greenwash and that failure to do so voluntarily will almost certainly lead to imposition of new taxes and regulations.

The intense focus on sustainability at the shows is not so surprising given the “Greta effect”, which is galvanising EU efforts to meet the goals of the Paris climate agreement, and the timing of the shows so soon after the launch of the new “Green Deal” by the European Commission which aims to make the EU climate neutral by 2050.

This policy initiative and associated design trends towards more authentic, natural and carbon neutral products, higher quality items that are more durable and less often replaced, and increasing interest in furniture that can be used interchangeably either inside or out of doors, all have clear and generally positive implications for wood product suppliers.

To some extent though, the sunny outlook portrayed in the publicity for these trade shows, flies in the face of economic and trade data which suggests that the European trade in both wood furniture and flooring products, which has never really recovered the dynamism of the years prior to the financial crises, was cooling again in 2019.

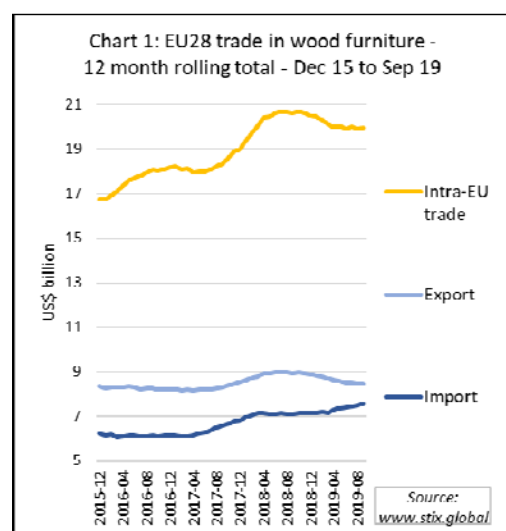
There is intense competition, which is certainly acting to spur innovation in some sectors, but the concern is always that wood manufacturers, particularly those dealing with solid hardwood, are falling behind in the R&D stakes. There remains an almost overwhelming focus on the oak-look, a trend which extends even into artificial surfaces, which is damaging prospects for wider hardwood market development.

Slowdown in European wooden furniture consumption in 2019

In the wooden furniture sector, recent trade trends suggest a slowdown in overall European consumption, although there is some positive news for external suppliers who benefited from increased EU market penetration during 2019.

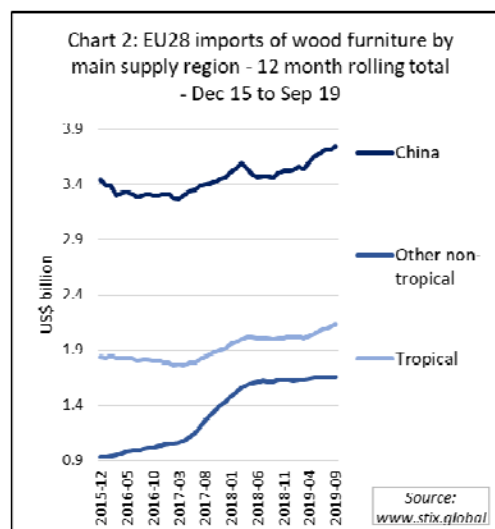
Chart 1, which shows the 12-month rolling total US dollar value of EU trade in wooden furniture, highlights that internal EU trade which had been rising strongly in 2018, fell back sharply in the first quarter of 2019 before levelling in the second half of the year.

Meanwhile EU wooden furniture exports were sliding consistently throughout 2019 while imports were beginning to rise. Taken together these trends imply a slowdown in sales for the EU wooden furniture manufacturing sector in 2019.



Note: STIX is a joint initiative of The International Tropical Timber Organisation (ITTO) through the FLEGT Independent Market Monitoring (IMM) mechanism funded by the EU, and the Global Timber Forum (GTF).

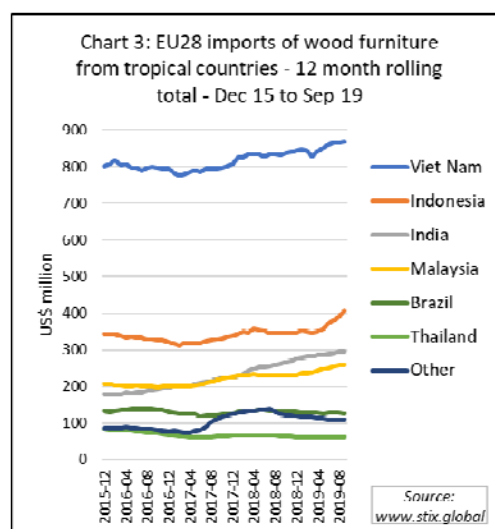
Chart 2 indicates that the main beneficiaries of growth in EU wooden furniture imports during 2019 were China and tropical countries. This is in stark contrast to the 2017-2018 period when EU wooden furniture import growth was driven by non-tropical countries other than China, particularly Turkey, Bosnia, US, Serbia, Ukraine and Belarus.



One reason for this shift in trade is likely to be the US-China trade dispute which has encouraged Chinese manufacturers to redirect export sales from the huge US market into Europe.

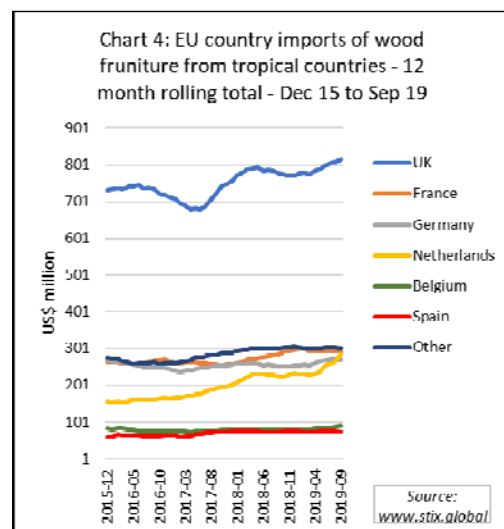
The upturn in EU imports of tropical wooden furniture products is being driven by a gradual long-term increase in market penetration by Vietnam and India, combined with a surge in imports from Indonesia in the second and third quarters of 2019 (Chart 3).

This last trend may be partly linked to the competitive advantage for Indonesian furniture in the EU market due to the FLEGT license which is becoming more of an issue now that more concerted efforts are being made to enforce EUTR in the wooden furniture sector.



One indication of this was news in January that a UK importer, Heartlands Furniture (Wholesale) Ltd, was fined a total of £13,300 for two EUTR offences dating back to 2017 for failure to undertake adequate due diligence with respect to a Brazilian pine Corona bed frame from Brazil and an American oak glass-fronted cabinet from Vietnam.

The recent surge in EU wooden furniture imports from Indonesia was destined mainly for the Netherlands, although the UK remains by far the largest destination for tropical wooden furniture in the EU (Chart 4).



With the UK due to depart from the EU on 31st January, there are of course profound implications for the overall EU trade balance in tropical wooden furniture. In the twelve months to 2019, the UK imported just over US\$800 million of wooden furniture from tropical countries, nearly 40% of all EU imports from these countries.

European wood flooring consumption recovers a little ground in 2019

At the Domotex show, the European parquet floor association FEP provided a preliminary assessment of the European wood flooring market in 2019. Drawing on information from FEP member companies and national associations, it was estimated that European consumption was flat overall during the year.

FEP emphasised that this was a first assessment subject to change in anticipation of the complete data to be communicated at FEP's Annual General Assembly due to be held on 11th and 12th June in Hamburg, Germany.

After a year in 2018 when parquet flooring consumption in FEP countries fell by 2.3% to 79.9 million m², consumption is estimated to have recovered slightly in 2019.

This is mainly due to a moderate upturn in Germany, the largest European parquet market. Consumption also improved in Austria, France, Poland and Spain.

However, these positive developments in 2019 were offset by declining consumption in Italy, Sweden, Switzerland, and the Nordic Cluster (Denmark, Finland and Norway).

Regarding competition, FEP members emphasised both the continued rise in market share of products with a wood-look, especially Luxury Vinyl Tiles (LVT).

They also stressed the uncertainties created by the trade war between the US and China on global and European markets.

In contrast, FEP sees the European Green Deal as an opportunity for the wood flooring industry, particularly welcoming the strong focus on construction and renovation.

According to FEP, "the European Parquet Industry is offering a circular sustainable product which saves carbon and substitutes energy-intensive and/or fossil-intensive alternatives".

Further information on FEP's 64th General Assembly and 45th Parquet Congress to be held in Hamburg in June can be obtained from Isabelle Brose, FEP Managing Director (isabelle.brose@parquet.net).

Increased import penetration in EU wood flooring market

When speaking of competition, it is perhaps surprising that the FEP report on the Domotex meeting made no mention of imports. Analysis of EU wood flooring trade trends shows that imports from outside the EU have been rising strongly since 2017, a trend only moderating in the third quarter of last year.

The rise in wood flooring imports from outside the EU contrasts with the slowing pace of internal EU trade and EU exports (Chart 5).

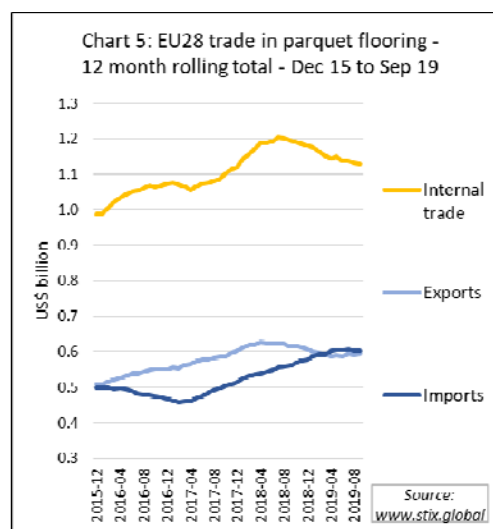
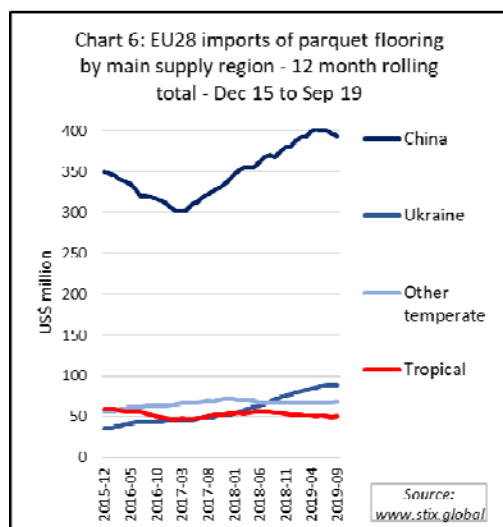
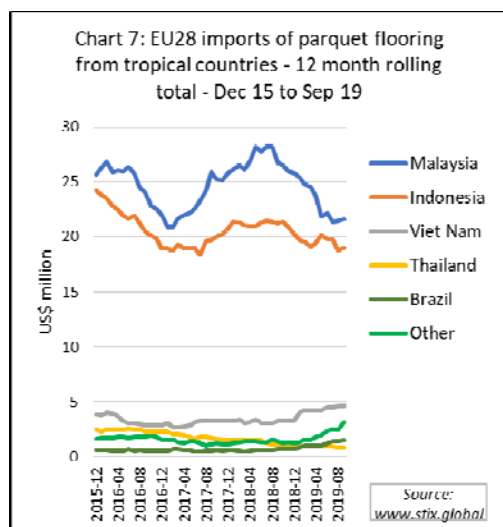


Chart 6 shows that the rise in EU wood flooring imports is almost all due to China and Ukraine. Imports from China in the 12 months to September were US\$400 million, up from only US\$300 million two years before. During the same period, imports from Ukraine have nearly doubled from US\$50 million to close to US\$100 million.



EU imports of wood flooring products have changed little in the last four years, remaining broadly flat at around US\$50 million per year. In US\$ value terms, imports from the two largest tropical suppliers, Malaysia and Indonesia, have followed a similar trajectory, rising in 2017 and until August in 2018, but declining thereafter. Meanwhile imports have continued to rise slowly from Vietnam, Brazil and India, but to decline from Thailand (Chart 7).

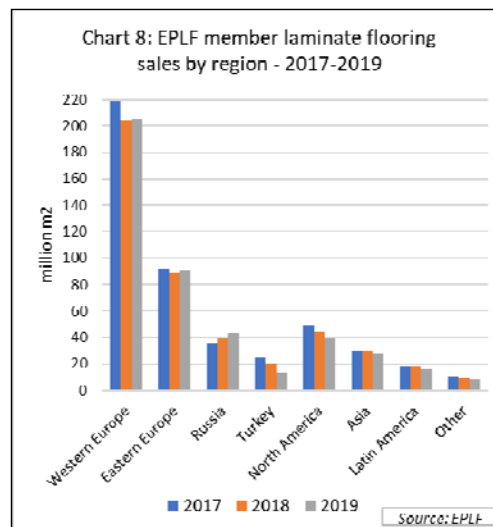


European laminate flooring sales stabilised in 2019

Europe's globally dominant laminate flooring sector is another key competitor for parquet flooring in Europe. Of estimated global laminated flooring production of nearly 1 billion m², the 18 manufacturers in nine European countries (including in Russia and Turkey) that are members of the European laminate flooring association EPLF accounted for around 50% last year. This compares to global share of around 25% for Chinese manufacturers and 8% share for US manufacturers.

According to data presented by EPLF at Domotex, worldwide laminate flooring sales by EPLF members were 446 million sq.m in 2019, a decline of 2% from 454 million sq.m in 2018.

However, after a significant fall in 2018, laminate flooring sales in Europe stabilised last year. The decline in sales in 2019 was due to a decline outside Europe, notably in Turkey, North America, and Asia (Chart 8).



Laminate flooring sales continued to fall in Germany in 2019, by far the largest single market in Europe, accounting for around 50 million sq.m last year, but the pace of decline has been slowing. Sales in Germany were down 4% in 2019 compared to a 9% fall the previous year. The decline in Germany in 2019 was offset by an 8% rise in sales in the UK, to 33 million sq.m, a 1% rise in France to 36.5 million sq.m, and a 3% rise in the Netherlands to 18.6 million sq.m.

A clear upward trend is also evident in Eastern Europe where 2019 sales of 91.2 million sq.m were 3% more than the previous year, and Russia, where sales increased 11% to 44 million sq.m.

Laminate flooring is distributed via two major channels which have been growing at around the same pace in recent years; specialist wholesalers which supply most professional floor installers, and DIY retailers that target the general public.

Key trends in the flooring sector identified by EPLF at their press conference at Domotex include:

- Natural: flooring aims to look and feel ever more like real wood;
- Oak is still the dominant material in real-wood floors and look in artificial finishes;
- Concrete, granite and raw steel are increasingly used as contrasting elements to wood;
- There is a strong focus on improving the water resistance of floors; and
- The use of renewable wood and low-emission production supports the sustainability of laminate flooring.

EU “Green Deal” creates new opportunities for timber

The Green Deal, published on 11 December 2019 by the new European Commission and adopted by the European Parliament on 15 January 2020, sets out a three-decade effort to upend just about every policy area in the EU to make the bloc climate neutral by 2050. In doing so, it has real potential to create a policy environment very favourable for the wood industry.

The strategy includes 50 specific policy measures of which the flagship is a climate law, to be presented by the Commission before the end of March, which will commit the bloc to slash emissions to net zero by 2050, and a plan to increase the 2030 emissions reduction target to at least 50 percent and "towards" 55 percent from the current 40 percent goal.

The Annex to the Green Deal indicates the Commission will put forward an EU Industrial Strategy in March, as well as a new Circular Economy Action Plan. The latter will include a sustainable product policy with “prescriptions on how we make things” in order to use less materials and ensure products can be reused and recycled.

On trade, the Green Deal pledges to make respect of the Paris Agreement “an essential element for all future comprehensive trade agreements.” Another measure likely to attract attention – and controversy – is a proposal for a carbon border tax.

There is also a commitment to building renovation to improve insulation and reduce energy efficiency. The key objective there is to “at least double or even triple” the renovation rate of buildings, which currently stands at around 1%.

On forests, there is a specific objective to promote products that do not involve deforestation and forest degradation, to be encouraged through new labelling rules. There is also recognition that the “EU’s forested area needs to improve, both in quality and quantity, for the EU to reach climate neutrality and a healthy environment”.

The potential for the strategy to help drive demand for responsibly sourced wood products is well recognised in the European wood sector and initiatives are being put in place to better exploit the opportunities, although there is a lot of work still to do.

This was highlighted in a recent article for the Timber Trades Journal by Patrizio Antonicoli, secretary-general of the European Woodworking Industries Confederation – CEI Bois. Mr Antonicoli said CEI-Bois has developed three key assets to underpin the industry’s transition to the era of the Green Deal.

The CEI-Bois Manifesto for the EU term 2019-2024 illustrates how the European woodworking industry can help the EU reach key goals, such as reduction of GHG emissions in line with the Paris Agreement and the deployment of a circular bio-economy, while ensuring jobs creation and employment stability.

The Manifesto focuses on six priorities; Wood Availability and Sustainability, Circular Bioeconomy, Competitiveness of Wood in Construction, Free but Fair Trade, Research and Innovation and Industrial Relations & Social Affairs.

The second asset is the wood itself. CEI-Bois’ “Building the Bioeconomy” booklet shows how Europe can reduce emissions by using low carbon, renewable alternatives, such as timber, over high carbon materials, such as concrete, steel and plastic.

With this publication, the European wood-working sector is calling on policy makers to put wood at the centre of emission reduction and zero carbon strategies and to recognise it as a model product for transition towards a circular economy.

Finally, the Forest-Based Industries vision 2050 focuses on how forest-based solutions can help achieve five ambitious targets:

- To decarbonise Europe by 2050 by substituting CO₂-intensive raw materials and fossil energy with forest-based alternatives
- Eradicate waste in the circular economy, with a sector target of 90% material collection and 70% recycling
- Drive resource-efficiency in the forest-based industries value chain by enhancing productivity
- Meet demand for raw materials by maximising new secondary streams and ensuring primary raw material supply from sustainably managed forests
- Satisfy growing demand for climate-friendly products by increasing use of wood.

Mr Antonicoli concludes, “we see our sector becoming the most competitive, sustainable provider of net-zero carbon solutions through research, break-through technologies, increased recycling and reuse. Together the European woodworking industries can ride the Green Deal wave”.

Clarification.

In the 1-15 January 2020 report the term litre was coined by our correspondent to indicate a small unit of per capita timber consumption. This was not an error just an attempt to make for easy reading. 1 ‘litre’ is equivalent to 0.001 cubic metres.

North America

Hardwood sawnwood included in US/China trade deal

After nearly two years of rising tariffs and animosity, the US and China have signed phase one of a trade deal on 15 January 2019.

The deal contains up to US\$50 billion in agricultural purchase targets from the Chinese; a pledge to purchase another US\$78 billion in US manufactured; US\$53 billion in oil and gas purchases; US\$40 billion in financial and other services and increased protections for US intellectual property.

Higher tariffs, set to begin in December, have been cancelled. The US also agreed to lower tariffs on US\$120 billion worth of products. However, tariffs on US\$250 billion worth of Chinese products are still in place.

A fact sheet released at the signing ceremony calls out hardwood lumber specifically as part of the Chinese purchasing agreement of US manufactured goods.

Hardwood sawnwood is mentioned in the agreement under "Other Manufactured Goods." In the table on Page 6-11 all of the of 400 level HS Codes for hardwood sawnwood are included.

See:

<http://www.hardwoodfederation.com/resources/Documents/Phase%20One%20Agreement-Expanding%20Trade%20Fact%20Sheet.pdf>

The trade dispute had a major impact on businesses in 2019 - causing an estimated US\$53 billion decline in US imports from China and a US\$14.5 billion decline in exports to China.

Chinese furniture exports to the US fell around 20%, wooden seat exports dropped over 20% and upholstered wooden chair exports fell over 10%. To compensate for the lower imports from China US importers have turned to alternative sources such as Vietnam, whose furniture shipments to the US have increased over 50% since 2018.

Cabinet Sales Down in November

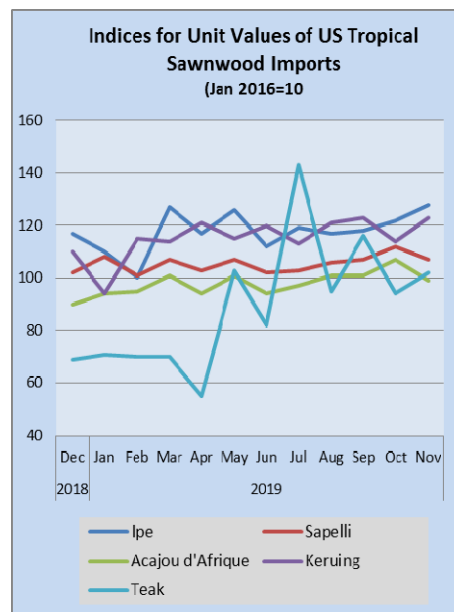
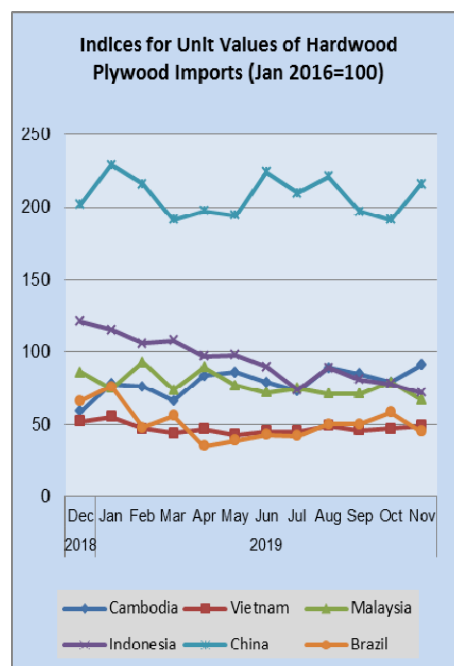
According to the Kitchen Cabinet Manufacturers Association (KCMA)'s monthly Trend of Business Survey, participating cabinet manufacturers reported an increase in cabinet sales of 3% for November 2019 compared to the same month in 2018. Custom sales increased slightly at 2.2%, semi-custom increased 3%, and stock sales were up 3.1%.

Unfortunately, the monthly numbers tell a different story. Cabinet sales overall were down 7.9% compared to October 2019 with custom down 7.2%, semi-custom sales down 8.7%, and stock sales down 7.5% compared to the previous month. Up to November, year-on-year cabinet sales were up just 0.8% with custom sales dropping 0.4%, semi-custom sales dropping 4.1%. However, reports show stock sales rose almost 5%.

December decline in orders for furniture and wood products

According to the latest Manufacturing ISM Report on economic activity in the manufacturing sector contracted in December while the overall economy grew for the 128th consecutive month.

Of the 18 manufacturing industries reported, 12 noted a decline in new orders, with the Wood Products and the Furniture and Related Products industries reporting the steepest December declines among all manufacturers. Overall, new orders declined for the fifth straight month signaling further contraction in demand.



Data source: US Census Bureau, Foreign Trade Statistics
Note: Unit values are based on Customs value and exclude shipping, insurance and duties

US homebuilding ends 2019 at highest level in 13 years

US homebuilding surged to a 13-year high in December as activity increased across the board, suggesting the housing market recovery was back on track amid low mortgage rates.

Housing starts jumped 16.9% to a seasonally adjusted annual rate of 1.608 million units last month, the highest level since December 2006. The percentage gain was the largest since October 2016. Data for November was revised higher to show homebuilding rising to a pace of 1.375 million units, instead of 1.365 million units as previously reported.

Housing starts soared 40.8% on a year-on-year basis in December. An estimated 1.290 million housing units were started in 2019, up 3.2% compared to 2018.

The housing market is regaining momentum after the Federal Reserve cut interest rates three times last year, pushing down mortgage rates from last year's multi-year highs.

The 30-year fixed mortgage rate has dropped to an average of 3.65% from its peak of 4.94% in November 2018, according to data from mortgage finance agency Freddie Mac.

Single-family homebuilding, which accounts for the largest share of the housing market, jumped 11.2% to a rate of 1.055 units in December, the highest level since June 2007. Single-family housing starts rose in the Midwest and the populous South. They, however, fell in the Northeast and West.

See:
<https://www.census.gov/construction/nrc/pdf/newresconst.pdf>

Existing Home Sales Surge

US home sales jumped to their highest level in nearly two years in December. The National Association of Realtors has reported that existing home sales increased 3.6% to a seasonally adjusted annual rate of 5.54 million units in December, the highest level since February 2018. Existing home sales rose in the Northeast, West and the populous South, but sales fell in the Midwest.

Existing home sales, which make up about 90% of US home sales, surged 10.0% on a year-on-year basis in December. For all of 2019, sales were unchanged at 5.34 million units.

See: <https://www.nar.realtor/research-and-statistics/housing-statistics>

US created over 2 million jobs in 2019

The US economy created 145,000 jobs in December 2019 to end 2019 with the ninth straight year in which new hires topped the 2 million mark, but workers still aren't reaping a windfall from the strong labour market through rising pay.

The increase in new jobs fell short of the 165,000 forecast by economists polled by MarketWatch. Reports show most of the new jobs are being created in the large service side of the economy.

Retailers created 41,000 jobs, hotels and restaurants boosted staff by 40,000 and the health-care industry added 28,000 workers. In contrast, construction companies hired 20,000 people.

The economy created 2.1 million jobs for the full year, down from 2.7 million in 2018. Much of the decline reflects a slower US economy and a slump in manufacturing, but the tight labour market has also made it harder for companies to fill open jobs.

See: <https://www.bls.gov/news.release/empstat.nr0.htm>

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

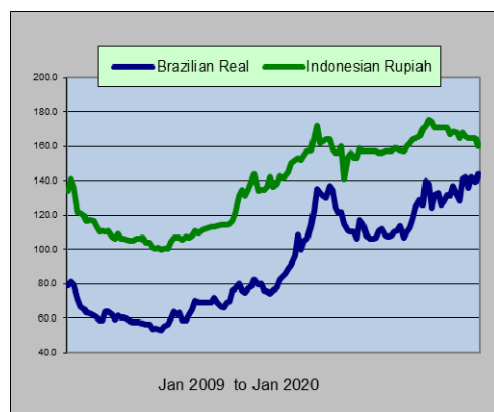
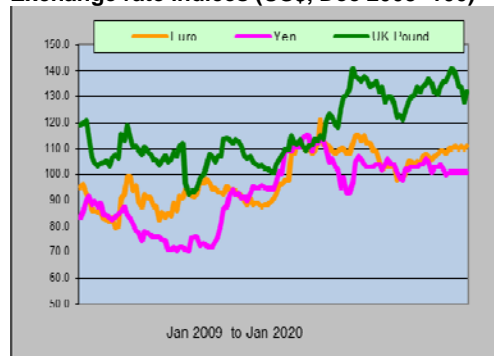
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

Dollar Exchange Rates

As of 25th January 2020

Brazil	Real	4.2309
CFA countries	CFA Franc	596.27
China	Yuan	6.9367
EU	Euro	0.9081
India	Rupee	71.21
Indonesia	Rupiah	13628
Japan	Yen	109.02
Malaysia	Ringgit	4.08
Peru	New Sol	3.345
UK	Pound	0.768
South Korea	Won	1179.68

Exchange rate indices (US\$, Dec 2003=100)

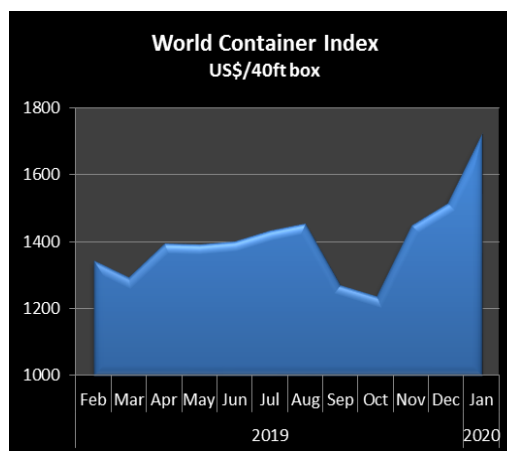


Abbreviations and Equivalences

Arrows ↓↑	Price has moved up or down
BB/CC etc	quality of face and back veneer
BF, MBF	Board foot, 1000 board foot
Boule	bundled boards from a single log
TEU	20 foot container equivalent
CIF	Cost insurance and freight
C&F CNF	Cost and freight
cu.m cbm	cubic metre
FAS	First and second grade of sawnwood
FOB	Free-on board
Genban	Sawnwood for structural use in house building
GMS	General Market Specification
GSP	Guiding Selling Price
Hoppus ton	1.8 cubic metre
KD, AD	Kiln dried, air dried
Koku	0.28 cubic metre or 120 BF
LM	Loyale Merchant, a grade of log parcel
MR., WBP	Moisture resistant, Weather and boil proof
MT	Metric tonne
OSB	Oriented Strand Board
PHND	Pin hole no defect
QS	Qualite Superieure
SQ,SSQ	Sawmill Quality, Select Sawmill Quality

Ocean Container Freight Index

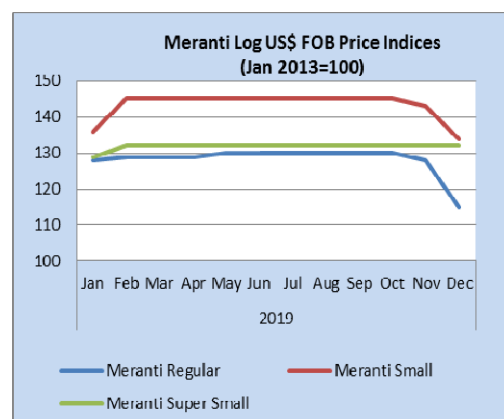
February 2019 – January 2020



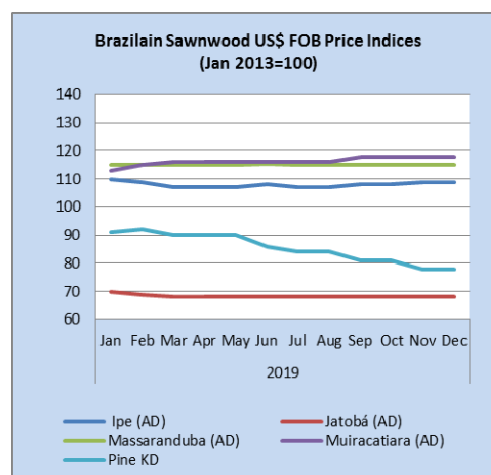
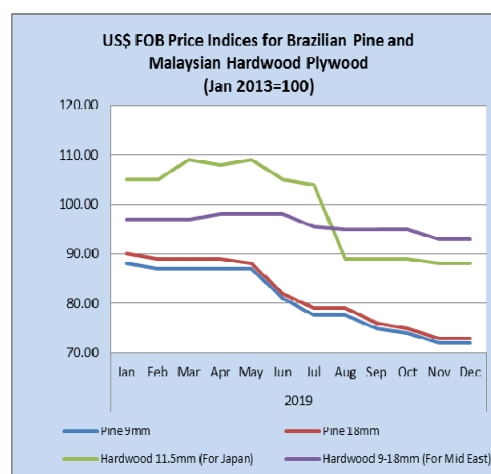
Data source Drewry World Container Index

Price indices for selected products

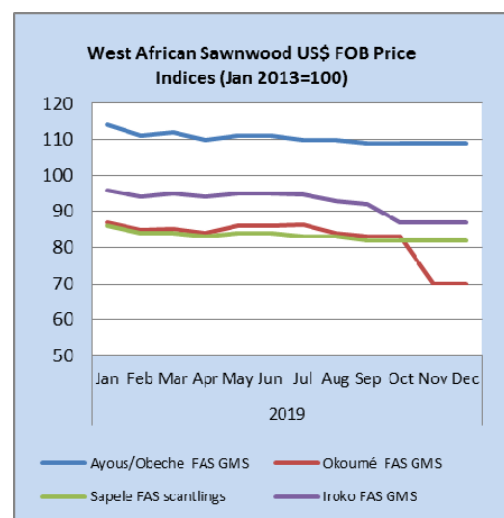
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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