

# Tropical Timber Market Report

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## Top Story

### **Ghana bans rosewood harvesting, transport and export**

The government of Ghana has placed a total ban on the harvesting, transport, processing and export of rosewood with immediate effect.

The Ministry of Lands and Natural Resources has directed the Forestry Commission to stop processing export permits for rosewood. The Minister reported that a taskforce has been created to assess rosewood exploitation and provide recommendations to effectively enforce the ban.

**See page 2**

### **Traceability system supports forest governance in Panama**

A new video shows the timber traceability system recently put in place in Darien, Panama, thanks to a project financed by ITTO and executed by WWF-Panama in collaboration with the Panama Ministry of Environment. The system is delivering benefits for forests, managers, companies and the Ministry.

Video: <https://www.youtube.com/watch?v=zlqV-sx5a38&feature=youtu.be>

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## Central and West Africa

### Reports of total log export ban in Congo

Against the backdrop of very quiet demand in China producers report no price movements other than the recent decline in okan prices, a favourite in the Chinese market.

The future of okoume log exports is now in doubt with countries scaling back exports or, as reported, because of the rumoured total log export ban in the Republic of Congo. This may be an early indication of the policy approach taken in the new forest code. While the code has not been made public producers say some new regulations are already being implemented.

Okoume log exports will continue from Equatorial Guinea, but traders say these logs tend to have a wild grain and are more brittle than from other sources which creates a challenge in milling.

The new Republic of Congo Forest Code could alter the timber sector in the country and impact international timber trade flows.

Analysts anticipate a huge social impact when the code is implemented as jobs are lost and log price structures in the domestic market undergo significant adjustment. Producers in the region are urging the authorities in the Republic of Congo to publish the forest code as soon as possible so they can adjust their business plans.

### Concession bidding process beings again in Cameroon

Concession holders in Cameroon are, once more, faced with having to re-bid for forest concessions, a procedure the result of concession agreements being for a very limited period and at the end of the term being open to offers.

Under these circumstances integrated operations face the prospect of losing continuity of log supply and being forced to buy raw material from those with concessions if they are to keep mills operating

### Log export prices

West African logs Asian market	FOB Euro per cu.m		
	LM	B	BC/C
Acajou/ Khaya/N'Gollon	265	265	175
Ayous/Obeche/Wawa	250	250	225
Azobe & Ekki	275	275	175
Belli	300	300	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	350	350	250
Okoume (60% CI, 40% CE, 20% CS) (China only)	220	220	200
Moabi	365	365	-
Movingui	210	210	-
Niove	160	160	-
Okan	220	200↓	-
Padouk	340	290	245
Sapele	310	310	265
Sipo/Utile	325	300	265
Tali	370	370	-

### 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	520
FAS fixed sizes	560
FAS scantlings	560
Padouk FAS GMS	850
FAS scantlings	900
Strips	650
Sapele FAS Spanish sizes	500
FAS scantlings	520
Iroko FAS GMS	640
Scantlings	720
Strips	400
Khaya FAS GMS	480
FAS fixed	540
Moabi FAS GMS	620
Scantlings	640
Movingui FAS GMS	420

## Ghana

### Rosewood harvesting, transport and export banned

The government has placed a total ban on the harvesting, processing and export of rosewood with immediate effect. The Ministry of Lands and Natural Resources has directed the Forestry Commission to stop processing export permits for rosewood.

The Ministry has indicated that 'salvage permits' would be issued for rosewood log stocks. Kwaku Asomah-Cheremeh, Minister for Lands and Natural Resources, said the ban was to eliminate illegal activities that were endangering the species, especially in northern Ghana. The minister said the illegal felling of rosewood had become an environmental threat and appealed to the public to report any illegal activities.

In 2014 the export of rosewood was banned but later a few companies secured the right to trade previously felled logs but the system was abused. The Minister reported that a taskforce has been created to assess rosewood exploitation and provide recommendations to effectively enforce the ban.

#### Rosewood exports

	cu.m	% of total exports
2015	8,006	20.1%
2016	18,628	53.8%
2017	12,798	34.9%
2018	4,198	14.7%

Data source: TIDD

#### Drones to fight illegal forest activities

The Forestry Commission (FC) is considering the use of drones to help identify illegal forest activities. The FC Chief Executive, Mr. Kwadwo Owusu-Afriyie, made this known when launching the International Day of Forests. Mr. Owusu-Afriyie indicated it had become necessary for the Commission to use technology to easily access the forests and view a large area so as to compile real-time assessments.

The theme for this year's International Day of Forests celebration was "Forest and Education, Our Responsibility", intended to focus on the role of forests in mitigating the impact of climate change and the positive effect of urban green spaces.

#### Ghana among top 10 investment destinations in Africa

Ghana has been ranked among the top 10 best investment destinations in Africa for 2019 in spite of the recent turbulent banking sector clean-up exercise in which nine banks were dissolved. This is according to the latest 'Where to Invest in Africa' published by Rand Merchant Bank Ltd in South Africa.

See: <https://www.rmb.co.za/where-to-invest-in-africa-2018-edition/top10.html>

In related news, Vice-President Dr. Mahamudu Bawumia has announced 10 critical policy measures by various Ministries, Departments and Agencies to improve the country's business environment. The reforms cover starting a business, obtaining construction permits, getting electricity, trading across borders and the process of insolvency.

#### Boule Export prices

	Euro per m <sup>3</sup>
Black Ofram	330
Black Ofram Kiln dry	430
Niangon	573
Niangon Kiln dry	670

#### Export Rotary Veneer Prices

Rotary Veneer, FOB	Euro per m <sup>3</sup>	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	350	371
Chenchen	425	479
Ogea	473	590
Essa	517	711
Ofram	350	435

#### Export Sliced Veneer

Sliced face veneer	FOB Euro per m <sup>3</sup>
Asanfina	1,025
Avodire	2,833
Chenchen	660
Mahogany	1,220
Makore	1,240
Odum	1,708

#### Export Plywood Prices

Plywood, FOB BB/CC	Euro per m <sup>3</sup>		
	Ceiba	Ofram	Asanfina
4mm	328	640	641
6mm	412	535	604
9mm	373	446	560
12mm	529	463	480
15mm	450	380	430
18mm	423	422	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 FAS 25-100mm x 150mm up x 2.4m up	Euro per m <sup>3</sup>	
	Air-dried	Kiln-dried
Afrormosia	860	925
Asanfina	490	564
Ceiba	405	564
Dahoma	424	492
Edinam (mixed redwood)	520	619
Emeri	475	564
African mahogany (Ivorensis)	1045	1000
Makore	775	874
Niangon	620	730
Odum	832	940
Sapele	700	850
Wawa 1C & Select	450	430

## Malaysia

#### Agencies harmonise support for industry

The three timber agencies within the Ministry of Primary Industries; the Malaysia Timber Industry Board (MTIB); the Malaysia Timber Council (MTC) and the Malaysian Timber Certification Council (MTCC) recently held a joint meeting to harmonise ongoing and proposed programmes for the timber sector and formulate effective strategies to achieve the national wood product export target of RM25 billion by 2020.

The focus of attention was on the sustainable supply of raw materials, raising productivity and improving the marketability of Malaysian wood products.

On raw material supply the group determined that success in improving availability depended very much on land being available for plantations, collaboration between agencies and undiminished maintenance of forest certification.

The importance of developing high valued-added products and increasing productivity through the development of automation and mechanisation was also addressed. It was determined that a holistic approach throughout the supply chain, from raw material supply, availability of skilled workers, automation and mechanisation, product designs, engineered timber products would be required.

Critical to success in improving the marketability of wood products was ability of exporters to comply with market regulations and certification. The report of this joint review will be presented to the Minister of Primary Industries.

#### **Ethnic groups confront workers clearing forest**

The Sarawak Forestry Department has been told to suspend a permit issued to an oil-palm company to clear forest on the fringes of Mulu National Park.

It has been reported that this instruction came from Mulu State Assemblyman, Gerawat Gala, because of a confrontation between groups of Penan, Berawan and Tering with plantation company workers. Felling has stopped according to the Sarawak media and the land is being guarded by the ethnic groups.

For more see: <https://www.thestar.com.my/metro/metro-news/2019/03/22/logging-activity-suspended/>

#### **Sabah Chief Conservator defends log export ban**

Chief Conservator of Forests, Mashor Mohd Jaini, said the State Government's log export ban should spur the development of the wood-based industry in the State. He said the aim of the State government was to see the production of a wide range of high value wood products to support economic development and the creation employment opportunities.

Mashor said harvesting in the natural forests contributed around 50% of State revenue in past years but this is not the case now as production from the natural forest has fallen sharply.

The Sabah media has reported the Conservator as saying "To ensure the forestry sector remains relevant as one of the main sources of revenue for socio-economic development, the State Government has committed to manage the State's forest resources in line with the principles of sustainable forest management in accordance with international standards."

See: <http://www.dailyexpress.com.my/news/132786/log-export-ban-empowers-the-wood-based-industry/>

In 2018, Sabah exported 151,553 cu.m of sawntimber worth RM289 million; 491,207 cu.m of plywood worth RM1,048 million and 63,947 cu.m of veneer worth RM105 million.

#### **Plywood prices**

Traders based in Sarawak reported the following export prices in mid-March:

FB (11.5 mm)	US\$745 C&F
CP (3' x 6')	US\$540-560 C&F
UCP (3' x 6')	US\$640-660 C&F
Standard 4x8 panels	
Middle East	US\$430-440 FoB
South Korea	
(9mm and above)	US\$435-440 C&F
Taiwan P.o.C	
(9mm and above)	US\$450 C&F
Hong Kong	US\$540 FoB

### Indonesia

#### **President declares SVLK legality verification only necessary for upstream sectors**

The Indonesian President, Joko Widodo, responded positively to complaints from furniture entrepreneurs about the national timber legality verification system (SVLK) and promised to simplify this system.

This was in response to statements from the Chairman of the Indonesian Furniture and Handicraft Industry Association (HIMKI), Soenoto, who pointed out that it is enough that SVLK verification is conducted for upstream raw material sourcing. If downstream enterprises also have to secure SVLK certification this is a duplication, it increases costs and undermines competitiveness of downstream companies.

The media in Indonesia have reported that the President reaffirmed that this will be dealt with and that SVLK certification for upstream processes will be all that is required. It is reported that he called on his administration to simplify SVLK legality verification to encourage local businesses to invest and increase exports.

<https://www.medcom.id/ekonomi/mikro/VNxqyrJb-presiden-sederhanakan-sistem-verifikasi-legalitas-kayu>

<https://news.okezone.com/read/2019/03/13/337/2029583/turuti-pengusaha-mebel-jokowi-pangkas-regulasi-sistem-verifikasi-legalitas-kayu>

In other news, President Joko Widodo, in answer to questions after reviewing the International Furniture Expo (IFEX) 2019, heaped praise on the county's furniture producers saying he was impressed with progress made in terms of design and quality pledging to support R&D in technology, design and also on raw material issues.

He acknowledged that there remain many issues to be addressed such as the supply of raw materials at competitive prices as well as the sustained availability of raw materials.

### Furniture and craft entrepreneurs should diversify export markets

Furniture and craft entrepreneurs who are members of the Indonesian Furniture and Craft Entrepreneurs Association (Asmindo) hosted the Jogja International Furniture and Craft Fair (JIFFINA) in March.

Speaking at the opening the Chairman of JIFFINA 2019, Endro Wardoyo, said that entrepreneurs need to be developing markets outside their traditional US market. He continued by pointing out that there is huge potential in new markets in the EU such as the Netherland, Germany, France, Britain and Italy. In addition markets in Japan and South Korea should be examined.

At JIFFINA 2018 the target for sales was US\$64 million but at the recent show it was announced that annual sales of US\$80 million was the target.

The Director General of Small and Medium Industries, Gati Wibawaningsih, said that the Ministry of Industry will continue to encourage expansion of the small and medium industries nationally as they play a vital role in employment generation.

In related news, Airlangga Hartarto, Minister of Industry, said the government continues to support the performance of labor-intensive and export-oriented manufacturers in order to strengthen the structure of the national economy.

According to Airlangga, the development of the domestic furniture industry has great prospects as it has available abundant wood and rattan raw materials.

### “Lightwood’ export promotion in Vietnam

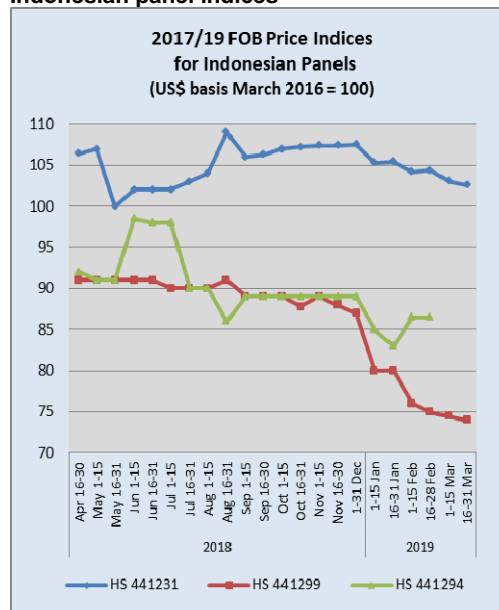
The Ministry of Trade will seek ways to help manufacturers boost exports of processed ‘lightwood’ to Vietnam. The first step was made when a Business-to-Business event was held in Ho Chi Minh City. The aim of this was to increase the interest of importers in processed Albizia falcataria and Jabon wood (collectively traded as lightwood).

The Director, Export Development in the Ministry of Trade, Arlinda, said that demand for wood products in Vietnam is surging and this is a good opportunity for Indonesian exporters of ‘lightwood’ products.

Arlinda reported that Indonesia’s ‘lightwood’ exports to Vietnam in 2017 were valued at just US\$10.48 million but this could be increased substantially.

The promotional effort in Vietnam resulted in a memorandum of understanding between Indonesian companies with members of the association of Vietnamese Handicraft and Wood Industry Association (HAWA) and the Binh Duong Furniture Association (BIFA) aimed at furthering business ties.

### Indonesian panel indices



Data Source: License Information Unit. <http://silk.dephut.go.id/>

## Myanmar

### MTE responds to EIA report

The Frontier Myanmar, an English-language weekly magazine, recently interviewed U Khin Maung Kyi, Deputy General Manager at the Myanma Timber Enterprise (MTE) on the EIA allegations of corruption in the timber sector.

The text of the interview can be found at: <https://frontiermyanmar.net/en/myanma-timber-enterprise-not-worried-about-eia-corruption-report>

### EUTR Competent Authority briefing by MTCC

During a recent meeting in Europe representatives from the Myanmar Forest Certification Committee (MTCC) provided some background information to several EUTR Competent Authorities on the Myanmar timber sector.

*(EUTR Competent Authorities are the authorities in EU Member States responsible for implementation of the EU Timber Regulation).*

The following is an extract from a Hand-out distributed by Myanmar. The document will be available on the MTTC website <http://www.mfcc.org.mm/>.

“When we examine developments in Myanmar, we should think in terms of six main periods since we became an independent state in 1948.

First Period:	1948 to 1962	Democratic Civilian Government
Second Period:	1962 to 1988	Centralized Socialist Government

Third Period:	1988 to 2000	Military Government (first part)
Fourth Period:	2000 to 2010	Military Government (second part)
Fifth Period:	2010 to 2015	Civilian Government - under new Constitution
Sixth Period:	2015 to present	Second Civilian Government

The majority of deforestation is believed to have happened during the fourth period as a result of the isolation of Myanmar due the political situation.

During the fifth period we witnessed the start of remarkable changes in the forestry sector, and at the close of that period on April 1 2014 Myanmar introduced the Export Logging Ban.

Changes have continued into the sixth period, under the current NLD-led government, and one-year moratorium in the whole country 2016-17 (ten-year moratorium in Bago Mountain Range where the environmental impact would be severe) In addition, the Myanmar Government has significantly determined not to depend on the income of natural resources and placed a priority on forest conservation.

Such positive developments are due to many facts – open and closed critics in both soft and hard approaches from both outside and inside the country.

At this juncture there is one extremely important fact – there are many professional people in the Myanmar’s forestry sector. They have not been happy and have been deeply upset about the negative impact on the production forestry by the people in power.

Such professional people and non-professionals who love the forest have tried in every possible ways to stop the drivers of the negative impacts and to move towards the right direction. They have been applying a soft power approach and considering broad issues within forestry such as economic and livelihoods development, while a few INGOs, who value only the environment, have been applying hard power approach.

#### Role of MFCC

A Timber Certification Committee-Myanmar (TCC-M) was formed in 1998. It was reformed the Myanmar Forest Certification Committee (MFCC) in 2013, with a new Committee assigned in 2018.

MFCC formulated MTLAS based on ASEAN and ITTO and MFCC is fully convinced that MTLAS is required and is the foundational solution to strengthen Myanmar timber legality and to meet the international bench mark.

MFCC conducted the MTLAS Gap Assessment Project with the assistance of EU-FLEGT-FAO Programmed carried out by an independent international assessor. The Gap Assessment Project recommended four key areas to be strengthened to support the credibility of timber traceability and legality:

Since the GAP report was released in 2017 MFCC and others in the forestry sector have been working hard to close the gaps.”

#### February tender prices

##### Teak logs

Grade	H.tons	Average US\$/H.ton
SG-1	-	-
SG-2	5.8	5,174
SG-4	42	4,095
SG-5	160	3,225
SG-6	355	2,675
SG-7	612	2,060

##### Prices for other hardwood logs

Species	Quality	H.ton	US\$ Average/H. ton
Kanyin	1st	2,185	738
Kanyin	2nd	2,547	620
Pyinkado	2nd	1,925	708
In	2nd	-	-

## India

#### India’s SFM certification recognised

The Indian media has reported that the Programme for Endorsement of Forest Certification (PEFC) Council has endorsed the Certification Standard for Sustainable Forest Management developed by the Network for Certification and Conservation of Forests (NCCF), an Indian non-profit organisation.

The NCCF was established by the private sector, the government and non-profit organisations with the aim of setting standards for certifying sustainable management in India’s forests.

Vijai Sharma, NCCF chairman, said India’s forest deliver essential ecological, economic and social services and provide direct livelihood for around 275 million forest dependent people in the country.

<https://www.downtoearth.org.in/news/forests/india-s-first-forest-certification-scheme-gets-global-recognition-63678>

## Woodworking, one of the fastest growing sectors in the economy

The organisers of DelhiWood 2019 have reported that over 500 exhibitors from 35 countries exhibited at the latest fair held 13-16 March at the Expo Centre and Mart in Greater Noida making it the biggest woodworking industry show in India.

The woodworking industry is one of the fastest growing sectors of the Indian economy and the World Bank has said output from India's organised furniture industry is expected to grow 20% annually for the next few years. The aim of DelhiWood 2019 is to provide the technological support to spur this growth.

[https://www.business-standard.com/article/news-ani/india-s-organised-woodworking-industry-projected-to-cross-usd-32-billion-in-2019-119031400678\\_1.html](https://www.business-standard.com/article/news-ani/india-s-organised-woodworking-industry-projected-to-cross-usd-32-billion-in-2019-119031400678_1.html)

Multiple media sources in India are quoting a World Bank study which says India's 'organised' furniture sector could be worth US\$32 billion in 2019 boosted by online sales. The government's 'Housing-for-All' initiative, the development of smart cities and growth in the tourism and hospitality sectors will also drive furniture demand.

However, when assuming power five years ago, the new government promised that every Indian will have a home to live in by 2022 but, while millions of new homes have been planned and approved to deal with India's homelessness problem, many remain to be built. This issue, amongst others, is at the core of campaigning for the upcoming election.

<http://www.indiawood.com/indiawood-2018-market-scenario.php>

<https://www.f9furnichair.in/blog-info-furniture-industry-in-india-the-rising-dawn-settling-dusk>

## Growth depends on increasing skilled labour force

India is the world's fastest growing economy and the government of India has been working to transform the country into a competitive, high-growth, high productivity middle-income country.

A decade ago the Indian economy was largely agro-based but there has been a marked shift as manufacturing and services have expanded. To progress their aim the government recognises that a lack of skilled workers could undermine further diversification of the economy.

More than 12 million youth between 15 and 29 years of age are expected to enter India's labor force every year for the next two decades.

The government's recent skill gap analysis concludes that by 2022, another 109 million skilled workers will be needed in the 24 key sectors of the economy. According to a National Skill Development Council (NSDC) report, India's furniture and furnishings industry will need 11.3 million skilled workers by the year 2022.

<https://nsdcindia.org/sites/default/files/Furniture-Furnishing.pdf> and <http://www.worldbank.org/en/news/feature/2017/06/23/skilling-india>

At the recent 'Construction Technology India 2019' conference innovative construction technologies in the real estate and construction sectors were discussed with the aim of supporting the vision of the government to provide homes for all Indians by 2022. This presents a major challenge and will require a movement towards new construction technologies.

To achieve this vision, the Ministry of Housing and Urban Affairs founded the "Global Housing Technology Challenge-India (GHTC-India) which is charged with identifying appropriate construction technologies applied around the world that are environmentally sound, economic and disaster-resilient.

The 2-day long Expo cum Conference provided a unique opportunity for B2B interactions with global as well as Indian industry partners and explore further areas of collaboration, signing of MoUs and work in India on housing construction sector. CREDAI is the Knowledge Partner at Global Housing Technology Challenge India.

See CREDAI press release at:

<https://credai.org/press-releases/credai---knowledge-partner-at-global-housing-technology-challenge-india-ghtc-india-ministry-of-housing-and-urban-affairs>

## Plantation teak prices

The Rupee continues to strengthen against the US dollar. The US dollar is the currency used in supply countries to price export teak such that the firmer Rupee is good news for importers. However, with the general consensus amongst importers that further strengthening is likely they are biding their time hoping to conclude contracts at an even better exchange rate than the current Rp69 to the US dollar.

C&F prices for plantation teak landed at Indian ports are within the same range as shown in the previous report.

	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

Prices for imported sawn hardwoods remain unchanged.

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000-4,200
Balau	2,500-2,700
Resak	1,750-1,950
Kapur	2,200-2,400
Kempas	1,550-1,750
Red meranti	1,450-1,550
Radiata pine	850-950
Whitewood	850-950

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

#### Myanmar teak prices

Analysts report that traders continue to complain they cannot secure adequate supplies of Myanmar teak.

Prices for Myanmar teak continue as previously reported.

Sawnwood (Ex-yard)	Rs. per cu.ft
Myanmar Teak (AD)	
Export Grade F.E.Q.	14,000-20,000
Teak A grade	9,000-10,000
Teak B grade	7,000-8,000
Plantation Teak FAS grade	4,000-6,000

Price range depends mainly on lengths and cross-sections.

#### Sawn hardwood prices

In addition to efforts by US shippers those in Canada and in some European countries such as Finland have increased promotional efforts and this is delivering in terms of rising sales. The diversification of sources has helped keep prices stable.

Indicative prices for some imported timbers are shown below.

Sawnwood, (Ex-warehouse) (KD)	Rs per cu.ft.
Beech	1,650-1,800
Sycamore	1,800-2,000
Red Oak	1,900-2,000
White Oak	2,500-2,600
American Walnut	5,000-5,500
Hemlock STD grade	1,500-1,600
Western Red Cedar	2,200-2,400
Douglas Fir	1,800-2,000

Price range depends mainly on lengths and cross-sections.

#### Plywood

The importance of Gabon as a major supplier of veneer and plywood is growing as production from new Indian investment comes on-stream. The same applies to shipments of sawnwood from Gabon to India.

Domestic plywood prices continue as previously reported.



**Domestic ex-warehouse prices for locally manufactured WBP plywood**

Plywood Ex-warehouse	Rs. per sq.ft
4mm	63.00
6mm	84.00
9mm	105.00
12mm	130.00
15mm	175.00
18mm	183.00

**Domestic ex-warehouse prices for locally manufactured MR plywood**

	Rs. per sq.ft	
	Rubberwood	Hardwood
4mm	31.50	46.00
6mm	47.00	60.00
9mm	60.00	73.50
12mm	73.50	86.00
15mm	87.00	105.00
19mm	101.00	120.00
5mm Flexible ply	63.00	

**Brazil**

**SINAFLOR extensively used across the country**

The National System for Control of Origin of Forest Product (SINAFLOR - Sistema Nacional de Controle de Origem de Produtos Florestais) has been extensively used across the country to verify permits for forest management, land use change and production.

SINAFLOR data indicates that 5,244 approvals have been issued since the system became mandatory in May 2018. A further 2,500 applications are being processed.

The Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) conducts training courses to support SINAFLOR and over 400 entrepreneurs, consultants and public servants have been trained in the states of Rondônia, Paraná, Paraíba, Alagoas and Roraima. In February this year IBAMA inaugurated a distance-learning training platform.

The need for an integrated national system for forest control in the country was recognized in the 2012 Forest Code. SINAFLOR controls the origin of timber, charcoal and other forest products and by-products, tracking permits for logging, transportation, storage, processing and export.

**More credit lines for forestry sector**

In March this year the Timber Industry Union of Northern Mato Grosso State (Sindusmad) hosted an event "Financing the Production Chain for Sustainable Timber Forest Management". Representatives of Banco do Brasil were present and announced the bank would offer new lines of credit specifically for the forestry sector.

This Sindusmad initiative builds on a partnership between Banco do Brasil, the World Wide Fund for Nature (WWF), Sindusmad and the Center for Timber Producers and Exporters of Mato Grosso State (CIPEM). The aim is to assist financing those committed to sustainable utilisation of forests.

A spokesperson from Sindusmad pointed out that the forestry sector has long sought credit lines for the development of production. The forestry sector will now have available credit lines for the entire production chain including forest management, renovation of production technologies, and working capital according to CIPEM.

**International funds for Floresta-plus**

Brazil will benefit from funding from the Green Climate Fund (GCF) for successfully reducing greenhouse gas emissions from deforestation. A GCF payment of US\$96.5 million is based on the results achieved by Brazil in the Amazon biome between 2014 and 2015, which were endorsed by experts from the United Nations Framework Convention on Climate Change (UNFCCC).

These funds are ear-marked for a pilot programme to 'Incentivise Environmental Services for the Conservation and Recovery of Native Vegetation', or Floresta + to be implemented by the Brazilian government with support from the United Nations Development Program (UNDP). Brazil has achieved significant emission reductions from deforestation in the Amazon biome.

**Export update**

In February 2019, the Brazilian exports of wood-based products (except pulp and paper) increased 3.2% in value compared to February 2018, from US\$244.2 million to US\$252.1 million.

The value of pine sawnwood exports increased just over 14% between February 2018 (US\$38.8 million) and February 2019 (US\$44.3 million). At the same time export volumes rose by almost 15% over the same period, from 186,200 cu.m to 213,700 cu.m.

Brazil's tropical sawnwood exports rose almost 28% from 31,100 cu.m in February 2018 to 39,700 cu.m in February 2019 but the value of exports only rose 13% from US\$14.2 million to US\$16.1 million, over the same period.

In contrast, pine plywood exports declined 6.3% in value in February 2019 compared to February 2018, from US\$57.1 million to US\$53.5 million but there was an increase in export volumes from 175,200 cu.m to 195,600 cu.m in the same period.

Brazil's exports of tropical plywood remain small and in February export volumes dropped from 12,700 cu.m (US\$5.2 million) in February 2018 to 10,800 cu.m (US\$4.0 million) in February 2019.

On a brighter note, exports of wooden furniture in February increased from US\$38.8 million in February 2018 to US\$40.4 million in February 2019.

#### Furniture exports rise in Rio Grande do Sul

The decline in domestic demand for furniture during the recent economic crisis in the country which saw the US dollar appreciate strongly against the Brazilian currency resulted in many manufacturers in Bento Gonçalves to turn their attention to international market.

In 2018, furniture manufacturers in Bento Gonçalves, Rio Grande do Sul, earned US\$42.6 million from exports a 12.5% increase over 2017 according to Bento Gonçalves Furniture Industry Union (Sindmóveis).

In the first two months of 2019 companies in the region sealed export contracts worth US\$61 million an increase of 34.4% over the same period of the previous year. Sindmóveis estimates that international sales for 2019 are expected to grow by 14% to about US\$50 million.

The Latin American countries are the main destinations for furniture produced in Bento Gonçalves. Uruguay was the biggest buyer last year, followed by Peru and Chile. Latin American markets are attractive to companies in Bento Gonçalves because the competition is lower than in Europe.

However, countries like Saudi Arabia and the United States are good markets and in the first two months of 2019 the main export markets were in North America.

#### Domestic Log Prices

	US\$ per m <sup>3</sup>
Brazilian logs, mill yard, domestic	
Ipê	213↑
Jatoba	119↑
Massaranduba	114
Muiracatiara	114↑
Angelim Vermelho	113↑
Mixed redwood and white woods	94

Source: STCP Data Bank

#### Domestic Sawnwood Prices

	US\$ per m <sup>3</sup>
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	858↑
Jatoba	445↑
Massaranduba	415↑
Muiracatiara	399↑
Angelim Vermelho	372
Mixed red and white	246↑
Eucalyptus (AD)	197↑
Pine (AD)	147↑
Pine (KD)	168↓

Source: STCP Data Bank

#### Domestic Plywood Prices (excl. taxes)

	US\$ per m <sup>3</sup>
Parica	
4mm WBP	553↑
10mm WBP	436↑
15mm WBP	361↑
4mm MR	429↑
10mm MR	305↑
15mm MR	280↑

Prices do not include taxes. Source: STCP Data Bank

#### Prices For Other Panel Products

	US\$ per m <sup>3</sup>
Domestic ex-mill Prices	
15mm MDP/Particleboard	226↓
15mm MDF	260↑

Source: STCP Data Bank

#### Export Sawnwood Prices

	US\$ per m <sup>3</sup>
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	1,421↓
Jatoba	865↓
Massaranduba	841
Muiracatiara	848↑
Pine (KD)	199↓

FOB Belém/PA; Paranaguá/PR; Navegantes/SC and Itajaí/SC Ports. High quality wood (no cracks / without knots) / Measuring 2,50 m in length; 15 cm wide; and 30 mm thick.

Source: STCP Data Bank

#### Export Plywood Prices

	US\$ per m <sup>3</sup>
Pine Plywood EU market, FOB	
9mm C/CC (WBP)	311↓
12mm C/CC (WBP)	290↓
15mm C/CC (WBP)	270↓
18mm C/CC (WBP)	268↓

Source: STCP Data Bank

#### Export Prices For Added Value Products

	US\$ per m <sup>3</sup>
FOB Belem/Paranagua Ports	
Decking Boards Ipê	2,795↑
Jatoba	1,436↑

Source: STCP Data Bank

## Peru

### Industrialisation could help eliminate illegal logging

When meeting the media the Vice President of the Association of Exporters (ADEX), Erik Fischer, said the country suffers the loss of thousands of hectares of forest annually as a result of unsustainable activities and called for a new approach to the fight against illegal logging.

He suggested that prioritising domestic manufacturing could be part of the solution as job security would be a driving force behind sustainable harvesting.

He added that in 2018 manufacturers in the sector added almost 30,000 direct and indirect jobs, around 3% more than in 2017. This number could increase significantly if forestry concessions are managed sustainably. He pointed out that Peru has 17 million hectares of forests earmarked for production but 3 million hectares are currently being harvested.

### Sernanp and Osinfor cooperation agreement

The National Service for Natural Protected Areas in the State (Sernanp) and the Wildlife Resources and Wildlife Oversight Agency (Osinfor) signed an inter-institutional cooperation agreement that will promote joint action for the conservation of forests nationwide.

Through this strategic alliance between both agencies in the Ministry of the Environment the conservation and sustainable use of forest resources will be promoted through the exchange of experiences and information to optimise the efficiency and effectiveness of each entity objectives.

#### Loreto export potential boosted through updated export plan

Edgar Vásquez, Minister of Foreign Trade and Tourism, handed the Regional Governor of Loreto the Loreto Regional Export Plan (PERX Loreto), a document that will serve to boost exports from this important region to the northeast of the country.

The Loreto Region has great export potential especially for wood products, cocoa and camu camu said the minister.

#### Export Sawwood Prices

	US\$ per m <sup>3</sup>
Peru Sawwood, FOB Callao Port	
Mahogany S&B KD 16%, 1-2" random lengths (US market)	1570-1655
Spanish Cedar KD select North American market	958-977
Mexican market	946-965
Pumaquiro 25-50mm AD Mexican market	589-632▲

Peru Sawwood, FOB Callao Port (cont.)	US\$ per m <sup>3</sup>
Virola 1-2" thick, length 6'-12' KD Grade 1, Mexican market	534-599
Grade 2, Mexican market	489-502
Cumaru 4" thick, 6'-11' length KD Central American market	951-972
Asian market	999-1049
Ishpingo (oak) 2" thick, 6'-8' length Spanish market	542-561
Dominican Republic	671-681
Marupa 1", 6-11 length KD Asian market	551-599

#### Domestic Sawwood Prices

Peru sawwood, domestic	US\$ per m <sup>3</sup>
Mahogany	-
Virola	266-379
Spanish Cedar	339-379
Marupa (simarouba)	218-228

#### Export Veneer Prices

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

#### Export Plywood Prices

Peru plywood, FOB Callao (Mexican Market)	US\$ per m <sup>3</sup>
Copaiba, 2 faces sanded, B/C, 8mm	346-374
Virola, 2 faces sanded, B/C, 5.2mm	478-508
Cedar fissilis, 2 faces sanded.5.5mm	766-783
Lupuna, treated, 2 faces sanded, 5.2mm	389-412
Lupuna plywood	
B/C 15mm	449-495
B/C 9mm	379-399
B/C 12mm	350-360
C/C 4mm	389-425
Lupuna plywood B/C 4mm Central Am.	370-393

#### Domestic Plywood Prices (excl. taxes)

Iquitos mills	US\$ per m <sup>3</sup>
122 x 244 x 4mm	508
122 x 244 x 6mm	513
122 x 244 x 8mm	522
122 x 244 x 12mm	523
Pucallpa mills	
122 x 244 x 4mm	503
122 x 244 x 6mm	511
122 x 244 x 8mm	513

#### Domestic Prices for Other Panel Products

Peru, Domestic Particleboard	US\$ per m <sup>3</sup>
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 <sup>3</sup>
Cabreuva/estoraque KD12% S4S, Asian market	1304-1391
Cumaru KD, S4S Swedish market	979-1098
Asian market	1085-1115
Cumaru decking, AD, S4S E4S, US market	1188-1222
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	523-545
2x13x75cm, Asian market	732-815

## Japan

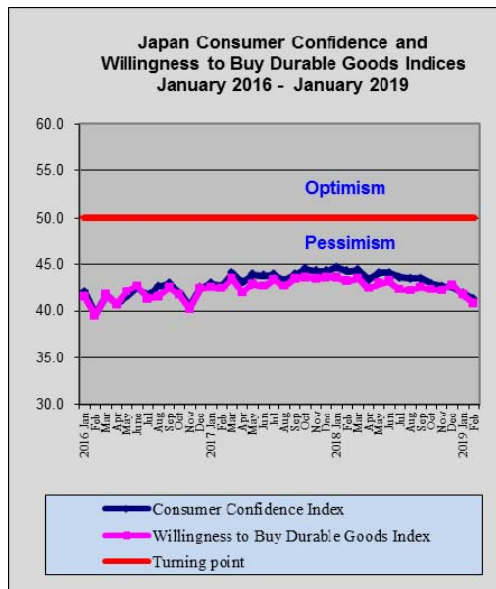
#### Business leaders pessimistic on prospects for global economy

In a recent survey Japanese business leaders suggested they expect the global economy to be in worse shape in six months and this negative mood spilled over into the government's assessment of the economy. For the first time in 3 years the government downgraded its economic assessment citing the slowdown in exports to China as the main reason.

However, the government denied the economy had fallen into recession saying in its monthly economic report that the economy is "recovering at a moderate pace while weakness is seen recently in exports and industrial production in some sectors."

<https://www5.cao.go.jp/keizai3/getsurei-e/2019mar.html>

At its most recent policy board meeting the Bank of Japan (BOJ) was downbeat on its assessment of the economy because of the impact of global trends on exports and the knock-on effect on production. The BoJ opted to maintain its current monetary policy.



Data source: Cabinet Office, Japan

### Re-shoring - a noticeable new trend in Japan

A trend has been observed in increased Japan-based production by domestic firms which previously moved production overseas.

The driving force for this is said to be external demand for high-quality “made in Japan” products along with the decline in advantages in overseas production as wages rise, a factor most noticeable in emerging Asian economies.

The trend of Japanese manufacturers shifting their production bases back to Japan from overseas, or boosting domestic production, has been observed in several sectors.

<http://www.the-japan-news.com/news/article/0005635339>

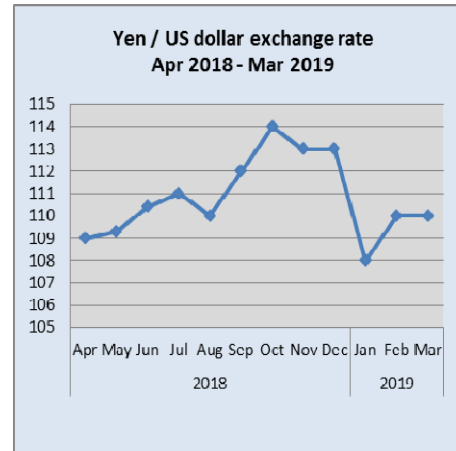
### Financial sector working to anticipate impact of Era change

In Japan, the Heisei Era will end in April and a new imperial age will begin when Crown Prince Naruhito accedes to the Chrysanthemum Throne on the abdication of Emperor Akihito.

The Era name is significant for Japanese as it represents more than just a new calendar. The name for the new era, which will remain a secret until 1 April is chosen to reflect the mood of a period in the same way as "the '60s" is remembered by many western countries.

The financial sector in Japan is working hard to anticipate the impact of the new era. It is thought that exchange rates could become more volatility, there could be a surge in demand for cash as people prepare for the 10 day celebratory holiday and there could be computer problems as the new calendar is introduced on 1 May when the new emperor is enthroned.

The announcement from the US Federal Reserve that it will slow interest rate hikes promoted dollar sales and a strengthening of the Japanese yen despite the gloomy outlook for the Japanese economy.



### Land prices in Japan are rising

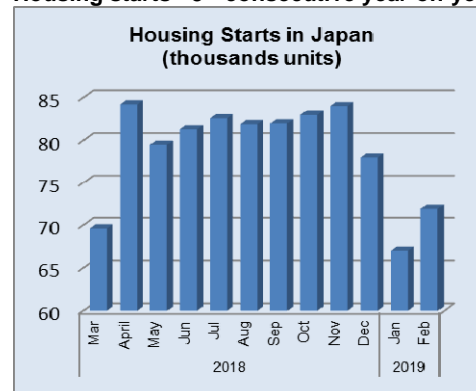
Recent data from the Ministry of Land, Infrastructure and Tourism has confirmed that land prices in Japan are rising. The average price of all types of land across Japan has now risen for four consecutive years and in 2018 average prices for residential land in rural areas increased for the first time in 27 years.

[http://www.mlit.go.jp/en/totikensangyo/totikensangyo\\_fr4\\_0000\\_02.html](http://www.mlit.go.jp/en/totikensangyo/totikensangyo_fr4_0000_02.html)

One reason for the rise in land prices, especially in urban areas, was buying by overseas investors mainly Chinese and Taiwanese investors seekingrent income from offices and apartments. However, several real estate companies selling into this market are seeing a decline in sales.

The average price of existing apartments in Tokyo barely increased in 2018 after the 3% plus rise the previous year. According to the Land Institute of Japan, existing apartment sales in Tokyo fell slightly in 2018 and sales of existing detached homes also fell. In 2018 housing starts were over 2% down from a year earlier.

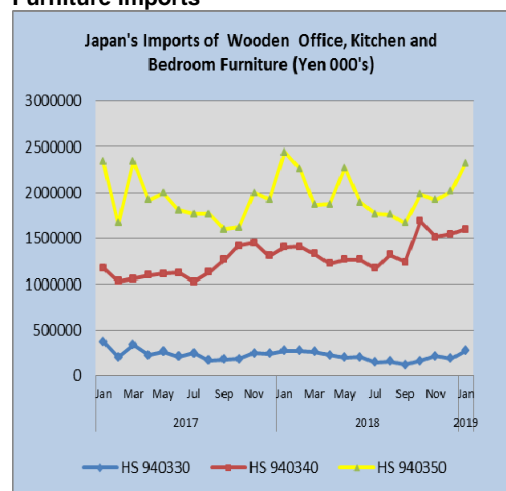
### Housing starts - 3<sup>rd</sup> consecutive year-on-year rise



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

Housing starts in February rose 4% year on year to 71,966 units, the third consecutive year on year rise. The increase was led by higher starts for owner-occupied homes and apartment blocks.

### Furniture imports



Data source: Ministry of Finance, Japan

### Office furniture imports (HS 940330)

The top three shippers of wooden office furniture (HS940330) to Japan in January were China at a huge 75% of all January imports (up 60% from a month earlier) followed by Poland (7%) significantly up from the value of December 2018 shipments and Portugal (4%). Together the three top shippers accounted for 86% of all Japan's wooden office furniture imports in January.

Year on year the value of Japan's January 2019 imports of wooden office furniture (HS 940330) were little changed but month on month imports rose sharply.

### Office furniture imports

	Imports Jan 2019 Unit, 000's Yen
S. Korea	743
China	204269
Taiwan P.o.C	6360
Vietnam	2059
Malaysia	2492
Indonesia	6386
Denmark	943
Germany	5570
Portugal	10261
Spain	373
Italy	8903
Poland	18898
Lithuania	1006
Slovakia	788
USA	3614
<b>Total</b>	<b>272665</b>

Data source: Ministry of Finance, Japan

### Kitchen furniture imports (HS 940340)

January data for the value of Japan's wooden kitchen furniture imports reaffirmed the dominance of the top two shippers, the Philippines and Vietnam which together accounted around 95% of Japan's wooden kitchen furniture imports in the first month of the year.

In January shipments of wooden kitchen furniture from the Philippines topped those from Vietnam. The third largest shipper, China, could only secure a 14% share of imports in January. Year on year the value of January 2019 imports of wooden kitchen furniture were up 14% but month on month there was little change. Other shippers of note in January were Germany and Italy but the value of shipments was small.

### Kitchen furniture imports

	Imports Jan 2019 Unit, 000's Yen
China	221788
Vietnam	599829
Thailand	23486
Malaysia	19438
Philippines	680754
Indonesia	11925
Cambodia	255
Denmark	900
Germany	16570
Spain	1158
Italy	14199
Finland	291
Canada	6556
USA	2226
<b>Total</b>	<b>1599375</b>

Data source: Ministry of Finance, Japan

### Bedroom furniture imports (HS 940350)

The value of Japan's imports of wooden bedroom furniture (HS 940350) continue to trend higher, a trend seen in previous years. If imports follow the same pattern as in 2017 and 2018 the value of imports will reverse direction to fall steadily until around September.

In January 2019, year on year the value of imports were some 7% down but month on month there was a 15% rise in the value of imports with the two main shippers, China and Vietnam both seeing higher shipments. The combined value of shipments for China and Vietnam accounted for just over 90% of all January 2019 imports of this category of wooden furniture.

Thailand, Malaysia and Poland are also suppliers of wooden bedroom furniture and the combined shipments from these three accounted for almost all of the 5% balance.

## Bedroom furniture imports

	Imports Jan 2019 Unit, 000's Yen
China	1361221
Taiwan P.o.C	2565
Hong Kong	771
Vietnam	751903
Thailand	65687
Malaysia	48468
Indonesia	13310
Denmark	3267
Belgium	299
Germany	1575
SPAIN	1302
Italy	19965
Poland	39865
Austria	430
Romania	11210
Estonia	855
Latvia	850
Bosnia Herzegovina	393
USA	577
Morocco	228
Total	2324741

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>

### Import of North American logs in 2018

Total log import from North American in 2018 was 2,552,986 cbms, 2.0% less than 2017. Decline for two consecutive years. Logs from the U.S.A. were almost the same as 2017 while logs from Canada decreased by about 10%.

There was no serious climate factor to impact log production in 2018 but domestic lumber market skyrocketed in the first half of the year then plunged in the second half so domestic log demand was strong in the first half then got weak toward year end. In the U.S.A. but Canada was different. Domestic demand in Canada was strong and there was not much surplus for export.

Douglas fir logs from the U.S.A were 1,585,762 cbms, 0.2% less than 2017 then from Canada were 746,387 cbms, 9.0% less.

Total Douglas fir logs were 2,332,149 cbms, 3.2% less and share of Douglas fir in total North American log import dropped to 91.3% from 92.5% in 2017.

IS sort Douglas fir log prices in January 2018 peaked at US\$1,040 per M Scribner FAS then started sliding and down to US\$870 for December shipments. Meantime, Canadian Douglas fir log prices were US\$135 in January and climbed to US\$150 by middle of 2018 and stayed high through 2018 without dropping.

Canadian small Douglas fir logs are for plywood use in Japan but demand by Canadian veneer plants was very active so availability for export stayed tight. Unlike softwood lumber, which is imposed anti-dumping duty and countervailing duty for U.S. export, Canadian veneer is duty free so export volume of veneer did not drop so that Canadian veneer plants are anxious to buy suitable logs for veneer manufacturing.

With stable supply, Douglas fir log FAS prices for Japan dropped in late 2018 but by chronic unprofitable business with high log cost, second largest Douglas fir sawmill in Japan, Toa Ringyo gave up the business in late 2018 so Toa's consuming volume of 400,000 cbms disappears this year.

Hemlock log supply was 142,030 cbms, 23.1% more than 2017. Domestic plywood mills now consume more hemlock due to tight supply of Canadian Douglas fir logs. Spruce was 35,413 cbms, 5.5% more but the volume is far smaller compared to old days so declining trend continues. Canadian supply increased by 59.1% but U.S. supply decreased by 40.5%. Yellow cedar was 6,653 cbms, 34.7% less and red cedar was 6,312 cbms, 37.3% less.

Hardwood logs from the U.S.A. were 30,420 cbms, 19.9% more. This is rebound of large drop in 2017. The arrivals after August were much larger than usual years.

### Radiata pine logs and lumber import

Total radiata pine log import from New Zealand in 2018 was 389,814 cbms, 3.3% more than 2017. This slight increase is not by demand increase but delayed shipment on statistic.

Actually log demand is declining by high export prices and sawmills suffer poor profitability all through the year. The demand of radiata pine lumber shifts to Chilean radiata pine lumber and low cost domestic cedar lumber from lumber sawn from New Zealand logs.

Export log prices are largely influenced by prices of export logs for China, which is now dominant New Zealand log buyer so the prices for Japan had been over US\$150 per cbm C&F.

Radiata pine flitch is the main item from New Zealand, which is mainly used for cable drum. Demand of cable drum was active for restoration of flood and landslide damages in Western Japan and also busy orders from overseas countries but the supply was unstable.

Import of Chilean radiata pine lumber in 2018 was 333,430 cbms, 15.6% more than 2017. With active demand of crating lumber all through the year, there was no supply glut despite increased supply but in late 2018, the demand of crating lumber started dropping after Chinese economy started slowing down by trade war with the U.S.A.

Export cargoes from Japan to China started decreasing so that crating lumber demand decreased. Robust orders for Chilean lumber faded. Export prices of Chilean lumber had been firm and with weaker yen, the importers needed to increase the sales prices by about 1,000 yen per cbm.

**Composite flooring in 2018**

Production of composite flooring in 2018 was 63,948,720 square meters, 5.5% less than 2017. This is decline of two straight years. The shipment was also dropped down to 66,327,690 square meters, 7.4% less. The decline is proportionate to decline of new housing starts. By base materials, 21,379,710 square meters of imported plywood with MDF, 2.6% less and 16,215,870 square meters of imported plywood, 10.6% less.

On the other hand, domestic plywood and MDF base increased to 16,426,080 square meters, 2.9% more. This is due to unstable supply of imported plywood and many floor manufacturers shifted to domestic plywood from imported plywood. Particleboard base was 5,752,230 square meters, 1% less and MDF base was 3,860,340 square meters, 31.5% less.

For surface materials, thin sliced wood was 2,342,175 square meters, 12.9% less and decorative sheet is 40,526,970 square meters, 0.6% less.

Base material of imported plywood for wood veneer surface is 36% but the production dropped largely to 8,456,900 square meters. Meantime, majority of base materials of decorative surface sheet is combination of imported plywood and MDF, which production increased to 13,769,580 square meters, 4.2% more and combination of domestic plywood and MDF also increased to 11,023,980 square meters, 4.8% more.

Demand of composite base materials with low cost and stable supply has been increasing after South Sea hardwood plywood supply gets tight and the prices are soaring.

**Plywood**

Movement of both domestic and imported plywood is getting slower now. February is demand slow month and dealers are watching the market closely while the manufacturers are trying to raise the sales prices to prevent dealers from dropping the prices.

Imported plywood cost continues high so both domestic and imports have no room to reduce the prices. Since March is book closing month, the dealers are caught in between maintaining the prices and disposition of the inventories.

Softwood plywood production in January was 247,500 cbms, 0.8% more than January last year and 2.1% less than December.

Shipment of softwood plywood in January was 271,300 cbms, 7.6% more and 5.1% more. With lengthy New Year's holidays, January production dropped but the shipment was busy because deliveries in December delayed by shortage of trucks, which were shipped in late January so the shipment volume was more than 270,000 cbms. The inventories dropped down to 132,600 cbms, 23,000 cbms less than December.

This is four straight months decline of the inventories. Orders for precutting plants in the Eastern Japan are down except for large plants but the movement in Western Japan is rather busy and mills' inventory of 12 mm thick panel is tight and the prices stay firm.

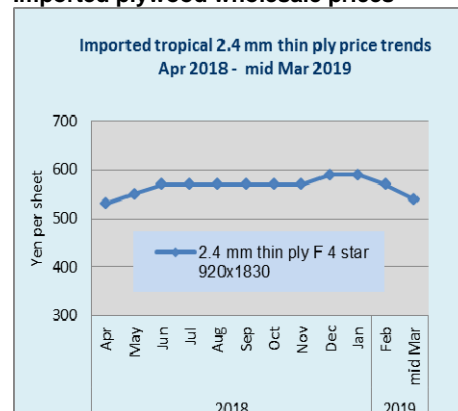
In Tokyo market, the prices fluctuate in March as smaller dealers try to dispose of the inventories before book closing and the manufacturers tell dealers that they will hold the prices adamantly to tighten the market.

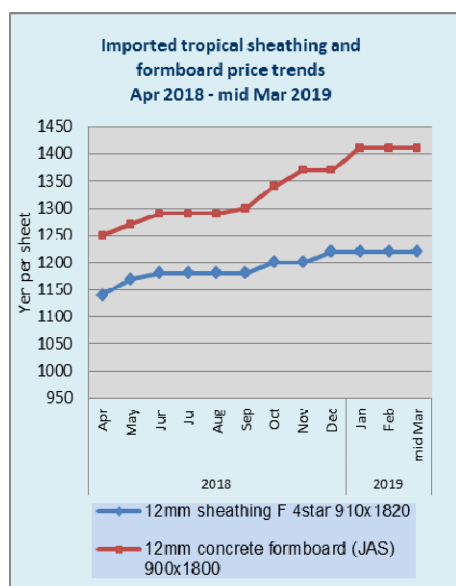
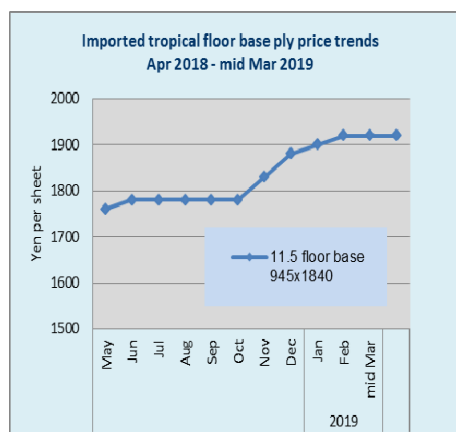
In imported plywood, market prices of thin and medium thick panel are weakening after the export prices softened.

Some dealers are offering lower prices on 12 mm thick panel in stagnant market but majority of inventories are high priced items now so it is unlikely that large volume of low priced is offered.

The importers are well aware that 12 mm panel export prices continue firm and strong so they need to maintain present sales prices. Facing higher export prices, the importers are not able to go after future cargoes.

**Imported plywood wholesale prices**





### Major log exporting ports

Total log export by Japan in 2018 was 1,157,438 cbms, 19.3% more than 2017. According to trade statistics the Ministry of Finance made, top log exporting port is Shibushi (Kagoshima prefecture) Kyushu with 372,000 cbms, 24.2% more than 2018.

Shibushi has been top exporting port for last nine years. Up until 2017, port with the volume exceeding 100,000 cbms was Shibushi only but in 2018, three ports shipped more than 100,000 cbms. They are Saheki, Hososhima and Yatsushiro, all in Kyushu.

Chinese demand was mainly construction and engineering works but such demand is peaking now and new demand is crating boxing lumber for transporting machine and home appliances.

Also China has been shipping exterior lumber like fencing and decking made from Japanese cedar and China rushed exporting such lumber before import duty is raised, which stimulated cedar log purchase in 2018.

China has been buying large volume of Southern Yellow pine logs from the U.S.A. but this will slow down by high export duty so China needs substituting source of log purchase so it will continue buying Japanese cedar logs as long as the prices are competitive with New Zealand radiata pine log prices.

Lumber export in 2018 was 145,995 cbms, 12.3% more than 2017. The volume for Taiwan P.o.C and the U.S.A. increased. Particularly lumber for the U.S.A. increased by 74.6%, which is mainly exterior cedar lumber like fencing and decking.

Taiwan P.o.C volume also increased by 78.5% and the main species is cypress. However, the export prices are almost the same as domestic sales prices so after deducting freight and marine insurance, it is not profitable business.

## China

### Rise in log imports in 2018

China's log imports in 2018 totaled 59.75 million cubic metres valued at US\$10.984 billion, a year on year increase of 8% in volume and 11% in value. The average price for imported logs was US\$184 per cubic metre, a year on year increase of 3%.

Of total log imports, 2018 softwood log imports rose 8% to 41.61 million cubic metres, accounting for 70% of the national total, one percentage point of increase on 2017 level. The average price for imported softwood logs was US\$139 per cubic metre, up 4% on levels in 2017.

### China's log import in 2018 cu.m

	2018 mil. cu.m	% change 2017-18
Total log imports	59.75	8
Softwood logs	41.61	8
All hardwood logs	18.14	6
Tropical Logs	11.06	15

Data source: China Customs

### China's log import in 2018 US\$

	2018 US\$ bil.	% change 2017-18
Total log imports	10.984	11
Softwood logs	5.785	12
All hardwood logs	5.199	9
Tropical Logs	3.456	21

Data source: China Customs



### Average log prices , 2018 US\$

	Average CIF Price	% change
	US\$/cu.m	2016-17
Average log prices	184	3
Softwood logs	139	4
All hardwood logs	288	3
Tropical Logs	312	6

Data source: China Customs

### New Zealand still the top sources of logs

New Zealand was the main log supplier to China in 2018 accounting for 29% of total log imports. Imports from New Zealand totalled 17.38 million cubic metres in 2018, a year on year increase of 21%.

The second ranked supplier of logs was Russia at 10.48 million cubic metres, a year on year decline of 7%, accounting for about 18% of the national total, down 2% over 2017.

Average CIF prices for imported logs from New Zealand rose 6% to US\$141 per cubic metre but from Russia CIF prices slightly fell 0.4% at \$124 per cubic metre in 2018.

### Main countries shipping logs to China

	2018	% Change
	mil. cu.m	2017-18
Total log imports	59.75	8
New Zealand	17.38	21
Russia	10.48	-7
USA	6.25	3
Australia	4.68	-5
PNG	3.5	22
Solomon Is.	2.79	0
Canada	2.5	-26
Uruguay	2.15	157
Equatorial Guinea	1.24	17
Japan	0.93	24

### Main softwood log sources in 2018

Volume	2018	% change
	mil. cu.m	2017-18
New Zealand	17.32	21
Russia	7.95	-10
USA	5.03	2
Australia	4.13	-5
Canada	2.33	-28
Uruguay	2.06	172
Japan	0.92	24
Poland	0.33	-
Chile	0.22	-
Germany	0.20	-

Data source: China Customs

### 2018 hardwood log imports

Hardwood log imports grew 6% to 18.07 million cubic metres (30% of the national total log imports). The average CIF price for imported hardwood logs in 2018 was US\$288 per cubic metre, up 3% on 2018.

Of total hardwood log imports, tropical log imports were 11.06 million cubic metres valued at US\$3.456 billion, up 15% in volume and 21% in value from 2017, accounting for 17% of the national total import volume. The average CIF price for imported tropical logs was US\$312 per cubic metre, up 6% on levels in 2017.

### High value hardwood log species

The main imported hardwood log species are Birch (12%), Oak (7%), North America hardwoods (5.5%), Eucalyptus (4.7%), Chinese redwood (4.4%), Okoume (4.3%), Beech (4.2%) and Poplar (3.1%).

The volume of merbau, birch and North America hardwood log imports jumped 17%, 16% and 16% respectively. However, the volume of ash, okoume, Chinese redwood and beech log imports fell 22%, 21% and 18% and 16% respectively.

### Main imported hardwood log species

Hardwood log species	Import volume (000s cu.m)	%change
Other tropical log	6460	24
Other hardwood log	2960	-5
Birch	2210	16
Oak	1270	6
North American logs	1000	16
Eucalyptus	850	4
Chinese 'redwood'	810	-18
Okoume	780	-21
Beech	760	-16
Poplar	560	-3
Merbau	290	17
Ash	90	-22

Data source: China Customs

### Tropical hardwood log imports

Tropical log imports in 2018 totalled 11.06 million cubic metres up 15% year on year and accounted for 19% of the national total, a year on year increase of 2 percentage points. The value of tropical log imports in 2018 was US\$3.456 billion reflecting a 21% rise.

Before its log export ban, Myanmar was a major source of tropical logs for China. However, China's log imports from Myanmar in 2018 fell to just 13,935 cubic metres valued at US\$19 million, down 30% in volume and 4% in value.

The average price for imported logs from Myanmar surged in 2018 to US\$1,364 per cubic metre, up 37% over 2017.

The average price for imported tropical logs in 2018 was US\$312 per cubic metre, a year on year rise of 6%. China imported tropical logs mainly from Papua New Guinea (32%), Solomon Islands (25%), Equatorial Guinea (11%), Cameroon (6%) and the Republic of Congo (5%). Just 14 countries supplied 95% of China's tropical log requirements in 2018.

#### Tropical hardwood log sources, 2018 cu.m

	2018 mil. cu.m	% change 2017-18
PNG	3.50	22
Solomon Is.	2.79	0
Equatorial Guinea	1.24	17
Cameroon	0.67	33
Republic of Congo	0.55	-30
Mozambique	0.42	-21
Nigeria	0.33	-33
Suriname	0.19	118
Liberia	0.17	72
Sierra Leone	0.14	218
Central Africa	0.13	108
Laos	0.12	17
Ghana	0.11	-15
Ecuador	0.10	99

Data source: China Customs

Log imports from Sierra Leone, Suriname, Central Africa, Ecuador and Liberia surged 218%, 118%, 108%, 99% and 72% in 2018 respectively. In addition, tropical log imports from Cameroon, PNG, Equatorial Guinea and Laos also rose 33%, 22%, 17% and 17% respectively.

Countries from which tropical log imports declined greatly included Nigeria (-33%), the Republic of Congo (-30%) and Ghana (-15%).

#### Change in average tropical log CIF prices

	Av. Tropical Log CIF Prices % Change 2017-18
PNG	11
Solomon Is.	14
Equatorial Guinea	9
Cameroon	14
Republic of Congo	18
Mozambique	6
Nigeria	3
Suriname	-4
Liberia	11
Sierra Leone	-1
Central Africa	7
Laos	-23
Ghana	13
Ecuador	-7

Data source: China Customs

#### Guangzhou Yuzhu International Timber Market Wholesale Prices

	Logs	yuan/cu.m
Merbau	dia. 100 cm+	4-6000
Bangkirai	dia. 100 cm+	3200-4600
Kapur	dia. 80 cm+	2700-3000
Ulin	All grades	6500
Lauan	dia. 60 cm+	-
Kempas	dia. 60 cm+	2000-3000
Teak	dia. 30-60 cm	8500-8600
Greenheart	dia. 40 cm+	2300-2400
Purpleheart	dia. 60 cm+	3000-4500
Pau rosa	dia. 60 cm+	2800-3000
Ipe	dia. 40 cm+	3200-3400
<b>yuan per tonne</b>		
Cocobolo	All grades	40-70000

#### Sawnwood

	Sawnwood	yuan/cu.m
Makore	Grade A	9800-11800
Zebrano	Grade A	9500-12500
Walnut	Grade A	9500-15000
Sapelli	Grade A	5000-7500
Okoume	Grade A	3700-4700
Padauk	Grade A	15000-18000
Mahogany	Grade A	6500-7500

Sawnwood		yuan/tonne
Ulin	all grades	9000-10000
Merbau	special grade	7500-9500
Lauan	special grade	4300-4700
Kapur	special grade	5000-6000
Teak	special grade	14000-22000

#### Zhangjiagang Timber Market Wholesale Prices

Logs, All grades	Yuan/tonne
Sapelli	3000-4000
Kevazingo	8000-32000
Padouk de afric	2400-3100
okoume	1400-1800
Okan	2400-2800
Dibetou	2200-2500
Afromosia	5500-6500
Wenge	4700-5500
Zingana	3400-4800
Acajou de afica	3000-3500
Ovengkol	3100-3600
Paorosa	5900-6600

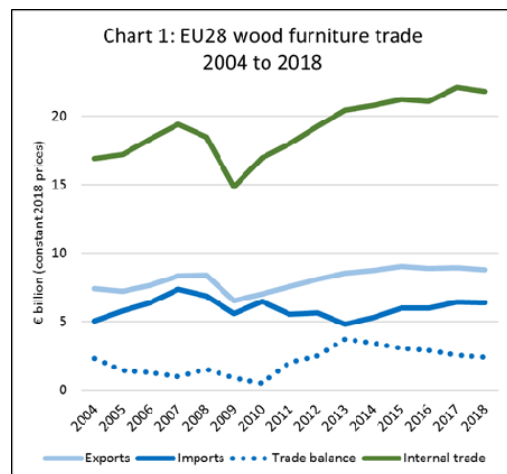
Merbau	3500-5800
Lauan	1800-2020
Kapur	2020-2500
Keruing	1700-2200
Geronggang	1600
kauri	1700-1850
Amoora	1900-2080
Calophyllum	2150-2350
Red ganarium	1300-1400

Sawnwood		yuan/cu.m
Cherry	FAS 2 inch	9000-10000
Black walnut	FAS	15000-18000
Maple	FAS	8200-10000
White oak	FAS	7500-13000
Red oak	FAS	6500-8300
Finnish pine	Grade A	2600-2900
Maple	Grade A	9000-9500
Beech	No knot	9000-9500
Ash	No knot	5600-6300
Basswood	No knot	2800-3300
Oak	No knot	5300-5700
Scots pine	No knot	2100

## Europe

### Sharp slowdown in EU wood furniture trade at the end of 2018

After a strong start to the year, the trade in wood furniture slowed sharply in the last quarter of 2018. EU imports of wood furniture from outside the region, which were up 6% in the first nine months of 2018, finished the year down around half a percentage point compared to 2017 at €6.36 billion. This is a reversal of the slow recovery in EU imports that began in 2013. (Chart 1).



The decline in wood furniture imports closely mirrors changes in the wider European economy.

According to the EU Winter 2019 Economic Forecast published in February, economic activity in the EU cooled in the second half of 2018 as political tensions and uncertainty over fiscal policy and Brexit sapped business and consumer confidence and output in some Member States.

GDP growth in both the euro area and the EU slipped to 1.9% in 2018, down from 2.4% in 2017. Slowing economic growth fed through into a fall in the value of the euro and the British pound, both of which weakened against the U.S. dollar by around 8% during 2018.

These changing economic conditions are also indicated by a slowdown in internal EU wood furniture trade which, after hitting a peak of €22.1 billion in 2017, fell back nearly 7% in 2018 to €21.8 billion. The Brexit situation led to a slowing in UK imports both from within and outside the EU in the second half of 2018, while broader concerns about the EU economy contributed to a slowdown in trade elsewhere in the region.

The decline last year interrupts a long-term sharply rising trend in internal EU trade on-going since the financial crises in 2008-2009.

This long-term trend has been driven by increased market integration within the EU, the shift in manufacturing from higher cost countries in the western EU to lower cost eastern locations, particularly Poland, and the growing presence and influence of large-scale retailing chains operating at cross country level, most notably IKEA. More wood furniture imports into the EU from outside the region are also now being funneled via the Netherlands.

The drive towards greater integration of the EU furniture market and access to relatively lower cost manufacturing locations in the eastern EU partly explains the continuing dominance of EU-based manufacturers in the region. ITTO's own estimates based on analysis of Eurostat data indicate that EU-based manufacturers account for around 85% of all wood furniture sold in the region.

In recent years, European manufacturers have boosted productivity and competitiveness through investment in more advanced computer-controlled and automated manufacturing, cutting overheads and reducing the relative labour cost advantages of overseas producers.

There's been a particularly large investment by Western European furniture manufacturers in Eastern European countries, notably since their accession into the EU from 2004, and this is now maturing. From being principally production satellites for large western European brands, Eastern European manufacturers are now developing their own identity and market momentum.

Furniture manufacturers in the EU area are also making a virtue of their shorter supply chains which not only reduce transport costs but also allow products to be delivered more rapidly.

External suppliers face other more direct challenges to expanding sales in the EU. Despite some recent consolidation, there is still a relatively high degree of fragmentation in the retailing sector in many European countries which complicates market access. Many overseas suppliers remain reliant on agents and lack direct access to information on fashions and other market trends.

The progressive migration of European furniture sales online is also tending to favour local manufacturers better placed to meet the short lead times demanded by internet retailers and consumers.

#### EU furniture manufacturers losing export market share

European furniture manufacturers are also strongly motivated to maintain and increase share in their home markets as they are now struggling to expand sales outside the EU. Last year there was a 1.7% fall in the value of EU wood furniture exports to €8.78 billion.

This continues a trend of flat-lining, or slowly declining exports to countries outside the EU after reaching an all-time high of just over €9 billion in 2015. Since then the competitive benefits of the relative weakness of the euro against the dollar and other cost saving efforts of EU wood furniture manufacturers have waned.

Competition for EU-based manufacturers has intensified from newly emerging producers in Eastern European countries outside the EU, such as Bosnia, Ukraine and Turkey, and from Vietnam which in the last 5 years has rapidly overtaken all other tropical countries in the global league table of wood furniture producing nations.

EU wood furniture manufacturers have suffered in higher-end export markets in Asia, the CIS and Middle East from a range of factors including cooling of the Chinese economy, a sharp fall in global equity markets towards the end of 2018, extreme weakness of the Russian rouble, relatively low oil prices and political instability.

Given domestic market problems in the EU and the European Central Bank's policy to keep interest rates at record-lows to boost demand, the euro is expected to depreciate against the dollar in 2019, which may boost EU exports a little this year.

However, while the risk of outright global recession in 2019 still seems low, a general global deceleration is widely forecast with growth falling below potential in most regions. Overall therefore, EU wood furniture exports are unlikely to rise significantly this year.

#### Challenging market for external suppliers to the EU

Prospects for non-EU wood furniture suppliers selling into the EU are mixed. All suppliers face an uphill struggle to compete with EU domestic manufacturers.

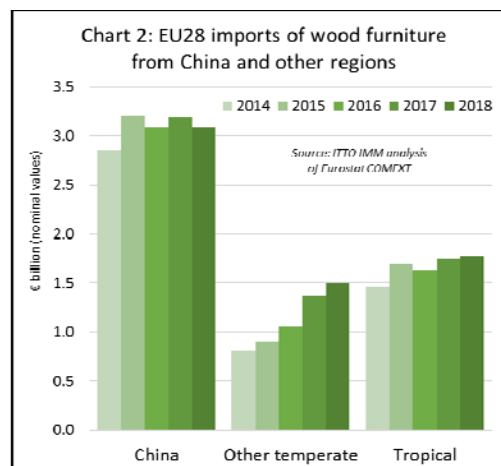
Added to this challenge this year is the economic uncertainty inside the EU and the prospects for further weakening of European currencies against the US dollar.

Gains are being made by some external suppliers, but nearly all are in countries neighbouring the EU. Only one tropical wood furniture supplier, India, is currently making ground in the EU market.

After a brief upturn in 2017, EU wood furniture imports from China, by far the largest external supplier, fell 3% to €3.09 billion in 2018. China's competitiveness in the EU wood furniture market has been impeded as prices have risen on the back of growing domestic demand and new laws for pollution control pollution in China.

In 2018, EU imports of wood furniture continued to rise from other temperate countries, mainly bordering the EU. EU imports from these countries increased 9% to €1.49 billion in 2018, building on a 28% gain recorded the previous year. The biggest gains in 2018 were made by Ukraine, Belarus, Russia, USA, Bosnia, and Turkey.

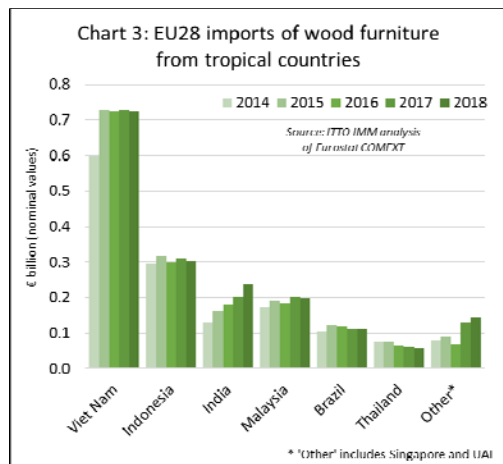
After a slow start to the year, EU imports of wood furniture from tropical countries picked up pace a little in the second half, and were €1.78 billion overall for 2018, up 2% compared to the previous year (Chart 2).



The main South East Asian supply countries have all followed a similar trajectory in the EU wood furniture market in the last two years. A rise in EU imports in 2017 was followed by a decline in 2018.

After increasing 1% to €728 million in 2017, EU imports from Viet Nam fell 0.5% to €724 million in 2018. Imports from Indonesia increased 4% to €311 million in 2017 but fell back 2% to €304 million in 2018. Imports from Malaysia increased 10% to €203 million in 2017 and were 2% down at €199 million last year.

In contrast, EU wood furniture imports from India continued to rise, up 18% to €239 million in 2018 after a 12% increase to €202 million in 2017. Imports from Brazil were €113 million in 2018, matching the 2017 level (Chart 3).



There were also shifts in the destinations for wood furniture imported into the EU from tropical countries in 2018. Imports in the UK, the largest market, were €87 million last year, 1% more than in 2017. There were also rising imports in France (+9% to €264 million) and Netherlands (+9% to €198 million).

However, these gains in 2018 were offset by falling imports of tropical wood furniture in Germany (-6% to €220 million), Belgium (-2% to €72 million), Spain (-4% to €67 million), and Italy (-1% to €50 million) (Chart 4).



### Brexit saga damages prospects for market expansion

The UK's dominant position in the EU as by far the leading destination for wood furniture imports from tropical countries, suggests that the on-going Brexit saga may have significant long-term effects.

While there may be long term benefits for external suppliers resulting from the UK's decision to pull back from deeper EU integration, these benefits seem to be a very distant prospect. At present, the uncertainty is significantly undermining prospects for market growth in the short to medium term.

UK economic growth in 2018 was only 1.4%, down from 1.8% in 2017 and the joint worst year (with 2012) since the financial crisis.

According to the latest UK government summary of independent forecasts, UK growth is expected to be around 1.3% in 2019 and even this is dependent on the UK resolving the Brexit issue one way or the other.

Even now that the official Brexit date of 29<sup>th</sup> March 2019 has passed, the full economic and political fallout of the UK's vote to depart the EU are very hard to predict.

With the UK government asking the EU for a delay until such time as serious internal political differences can be resolved, there is still uncertainty over the timing of Brexit, or whether the UK will depart on terms agreed with the EU or, failing that, there is a "disorderly exit" with attendant severe economic disruption. It is still possible the UK changes course entirely and decides to remain in the EU.

Overall the indications are that the UK market for wood furniture, after making some small gains last year, will contract in 2019.

### Europe's role in the global furniture trade

Despite recent deterioration in the EU's balance of furniture trade, European manufacturers remain a major force in the international furniture sector. Their dominance of the EU's internal wood furniture market is also unlikely to be seriously challenged in the foreseeable future.

This is made clear in a series of detailed reports on Europe's place in the global furniture sector newly released by the Italy-based research organisation CSIL.

More details of the reports "The Furniture Industry in Europe", 'World Furniture Outlook 2019' and 'Forecast Report on the Furniture Sector in Italy, 2019- 2021' are available from [www.worldfurnitureonline.com](http://www.worldfurnitureonline.com) or by email [csil@csilmilano.com](mailto:csil@csilmilano.com).

CSIL estimate the total value of global furniture trade in 2018 was around US\$149 billion, 4% up on the previous year and building on a 6% increase in 2017. CSIL expect the world furniture trade to continue to grow by 4% in 2019.

CSIL reckon world furniture consumption was US\$460 billion in 2018 (production prices excluding the markup for distribution). World furniture consumption is forecast by CSIL to rise around 3.2% in real terms this year with growth concentrated in Asia and Pacific.

In the EU, CSIL estimate that total furniture production continued to grow in 2018, rising between 1% and 2% in real terms. According to CSIL forecasts, this rate of growth should continue until at least 2020.

The CSIL global ranking of 100 countries identifies Germany, the UK and France as the main importing countries worldwide after the United States (although at a distance). Germany, Italy and Poland are the main exporting countries at a global level, after China (at a distance).

CSIL highlight that while Asia has become more dominant in the global furniture sector, Europe remains the second largest furniture manufacturing region in the world and still accounts for around one quarter of global furniture production.

Europe is also the headquarters of some of the largest and most important sector players (around one third of the top 200 largest furniture companies in the world are located here).

Europe accounts for roughly one quarter of the global world furniture market. Per capita furniture consumption is the highest in the world (alongside North America). Europe accounts for around 44% of world furniture imports and 41% of world furniture exports

CSIL points out that the EU furniture sector now employs around one million workers, many of which are highly skilled, in 121,500 manufacturing firms, mainly micro and small sized. This, together with a rich cultural heritage, gives European manufacturers a competitive edge and promotes the development of creative competences which are recognized worldwide.

CSIL note that *“the European industry is able to combine new technologies and innovation with cultural heritage, tradition and style, providing jobs for skilled workers and is also a world leader in the high-end segment of the furniture market”*.

CSIL suggest that in addition to the barriers created by a large and highly competitive domestic industry, there are other obstacles to non-EU producers entering the market, including logistical costs and requirements for various forms of certification to specific technical and environmental standards.

## North America

### **Allegations against Chinese cabinet exporters**

The American Kitchen Cabinet Alliance, a group representing US makers of kitchen cabinets and other hardwood assembled pieces, has filed a petition with the US Commerce Department and US International Trade Commission alleging Chinese producers receive illegal subsidies and unfairly dumped products in the US.

The group contends that the alleged subsidies and dumping depress prices for domestic makers, according to a lawyer for the group. The petitioners, who include Wellborn Cabinet Inc., American Woodmark Corp. and Master WoodCraft Cabinetry allege US\$2 billion to US\$4 billion in harm to the US industry.

The scope of the petition includes wooden cabinets, vanities, and wooden components made in China, assembled or unassembled.

<http://www.kcma.org/news/press-releases/American%20Kitchen%20Cabinet%20Alliance%20Files%20Trade%20Case%20Against%20China>

### **US investigating possibility of illegal okoumé imports**

US Immigration and Customs Enforcement (ICE) has confirmed that it is investigating potential illegal imports of Okoumé veneer from Gabon and the Democratic Republic of Congo.

The wood in question is used by Roseburg Forest Products in its Real Wood Siding products. In a statement, Roseburg indicated that it is "cooperating with authorities in the investigation."

<http://www.roseburg.com/News/Details/roseburg-assists-with-okoume-veneer-investigation-1/>

### **Housing starts rebound in January**

US homebuilding increased more than expected in January as construction of single-family housing rebounded after four straight monthly declines.

Housing starts jumped 18.6% to a seasonally adjusted annual rate of 1.23 million units in January. Data for December was revised down to show starts declining to a rate of 1.037 million units instead of the previously reported pace of 1.078 million units.

Building permits rose 1.4% to a rate of 1.345 million units in January, driven by an increase in permits for the volatile multi-family housing segment. Permits to build single-family homes fell 2.1% in January to a pace of 812,000 units, the lowest level since August 2017, suggesting weakness in single-family homebuilding in the months ahead.

<http://www.roseburg.com/News/Details/roseburg-assists-with-okoume-veneer-investigation-1/>

However, existing-home sales experienced a minor drop for the third consecutive month in January, according to the National Association of Realtors.

Total existing-home sales decreased 1.2% from December to a seasonally adjusted annual rate of 4.94 million in January. Sales are now down 8.5% from a year ago (5.40 million in January 2018). January existing-home sales increased in the Northeast by 2.9%, but still trail behind January 2018 sales by 1.4%.

Existing home sales dipped 2.9% in the West and were off 13.8% from a year ago. Sales fell in January by 2.5% Midwest and by 1% in the South.

### **Furniture orders rose 6% in 2018**

New furniture orders in December were up 7% over December 2017, according to the latest Smith Leonard survey of manufacturers and distributors. That said though, only 45% of the participants surveyed reported increased orders in December compared to December a year ago.

December's increase in orders was the 12th straight month of positive comparison to the previous year. This led to an increase of 6% in new orders for the year, up from a 4% increase reported last year.

Shipments were basically even with December 2017. Some 63% of the participants reported increased orders for the year. For all of 2018, shipments were up 3% over the 2017 year. For the year, 66% of the participants reported increased shipments.

<http://www.smith-leonard.com/2019/03/01/february-2019-furniture-insights/>

**Consumer Confidence at two-year low**

February US consumer sentiment unexpectedly came in lower than forecast and remains near the prior month’s two-year low, signaling that Americans haven’t quite shaken off the government shutdown and trade war.

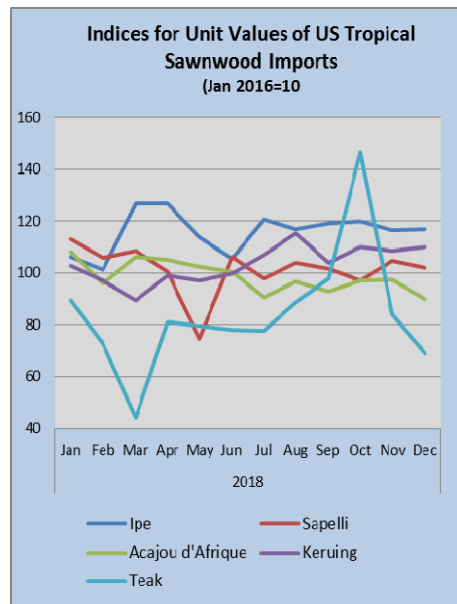
The University of Michigan’s final February Sentiment Index was 93.8, below the preliminary reading of 95.5 and missing the 95.9 median forecast in Bloomberg’s survey of economists. The measure of current conditions weakened from the earlier reading to the lowest since November 2016 while expectations were lower than in the initial report.

**Interest rates unchanged, FED signals no increases this Year**

The US Federal Reserve decided to hold interest rates steady and indicated that no more hikes will be coming this year.

The bank’s policy making Federal Open Market Committee (FOMC) took a sharp dovish turn from policy projections just three months earlier. Committee members had estimated in December that two rate hikes would be appropriate in 2019 after four increases in 2018.

There now appears no likelihood of a further rise unless conditions change significantly. In its post-meeting statement, the FOMC indicated it would remain “patient” before adopting any further increases.



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

**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.

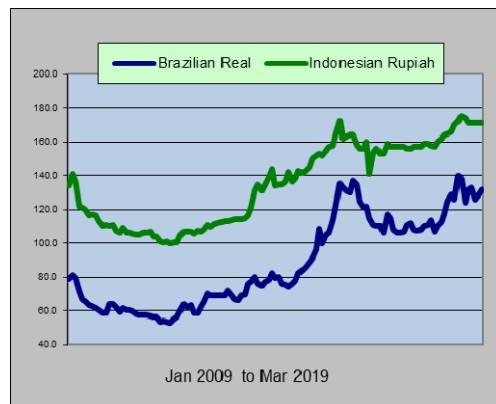
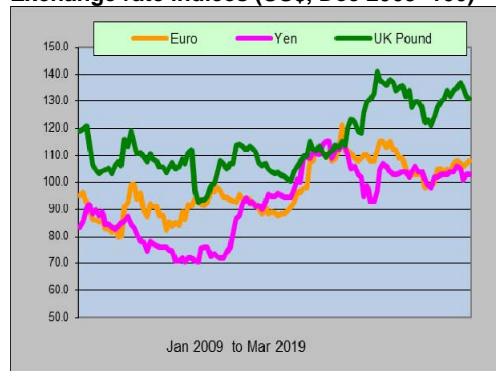
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO.

## Dollar Exchange Rates

As of 25 March 2019

Brazil	Real	3.8552
CFA countries	CFA Franc	580.95
China	Yuan	6.7157
EU	Euro	0.8876
India	Rupee	69.02
Indonesia	Rupiah	14170
Japan	Yen	110.63
Malaysia	Ringgit	4.0746
Peru	New Sol	3.32
UK	Pound	0.7572
South Korea	Won	1135.87

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

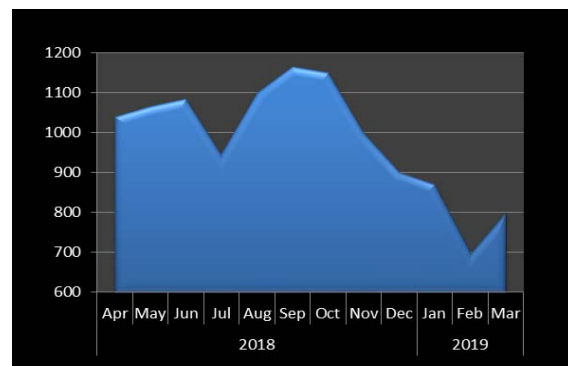


## Abbreviations and Equivalences

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 Freight Index

Baltic Supramax Index  
April 2018 – March 2019



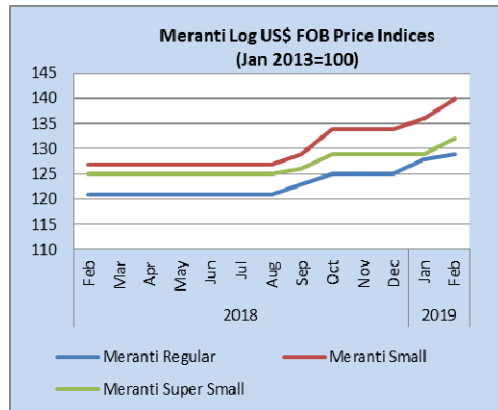
Data source: [lloydlist.maritimeintelligence.informa.com](http://lloydlist.maritimeintelligence.informa.com)

The BSI (Baltic Supramax Index), published by the Baltic Exchange, is the weighted average on 5 major time-charter routes.

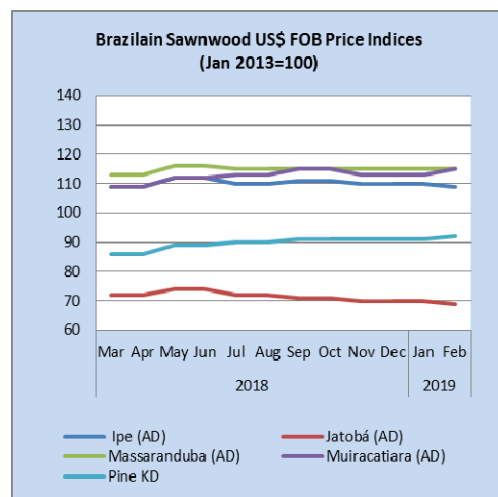
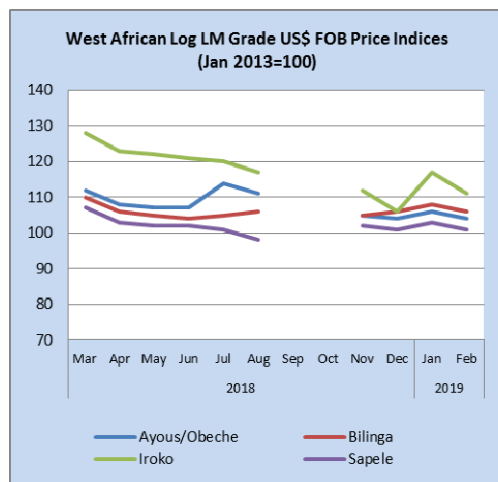
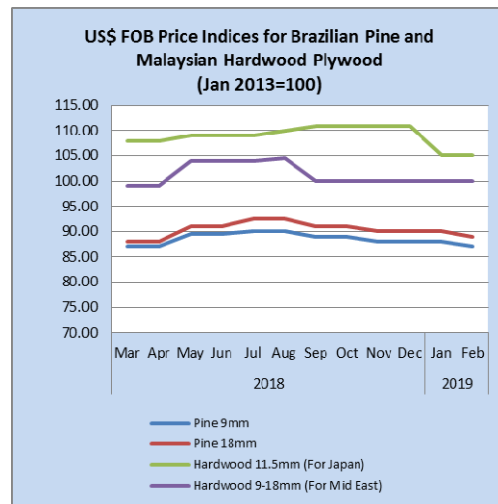


**Price indices for selected products**

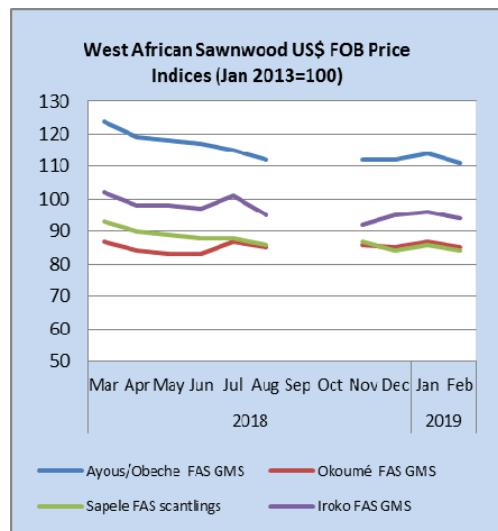
The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Jatobá is mainly for the Chinese market.



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