

Tropical Timber Market Report

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Top story

Ipê survey in Acre and Mato Grosso – 40 million commercial sized trees identified

A study in the forests in Acre and Mato Grosso States in the Amazon Region found over 40 million commercial sized trees of yellow and purple Ipê.

The high incidence, says the survey report, can be interpreted that Ipê trees are not at risk of extinction. The results are useful inputs for the development of forest management regulations and evaluation of the risk of over harvesting.

Central and West Africa

Downturn in China beginning to impact prices

The economic slowdown in China has started to affect FOB prices with prices for okoume, beli and some of the redwoods popular in China feeling downward pressure. On the other hand, producers report FOB prices for other species such as Ovangkol and Okan are stable. There are rumours that the authorities in China are to boost housing growth after the Chinese New Year which falls towards the end of January.

Also in the news are Middle East markets where FOB prices are also trending lower as stocks in the region are above normal. The exception is iroko which is actively sought as an alternative for teak in some enduses.

Most sawmills in Cameroon are now back in operation but contract positions have weakened to around 1-2-months. Heavy rain is reported in some areas but this is not hampering work, in contrast with Gabon where rain continues to be heavy and disrupting transportation.

Log export ban announced

The Minister of Forest Economy of the Republic of Congo has announced that log exports will end on 1 January 2023.

See:

https://www.atibt.org/files/upload/news/Congo/LETTRE_D4INT ERDICTION_D4EXPORTATION_DES_GRUMES.png

GSEZ logs being offered at discount

The stock of logs in the GSEZ is still very high. With business with India and China slow at present veneer mills in the zone are being 'encouraged' to buy these logs rather than from outside producers. The logs in the zone are reportedly being offered at a discount which has driven down the price suppliers outside of the zone can charge.

It is reported that there are over 80 peeler lines in the GSEZ and the slow Indian and Chinese demand has forced millers to cut production by as much as 25%.

Gabon advances towards carbon credit trade

The media in Gabon reported that the United Nations Framework Convention on Climate Change (UNFCCC) had certified the country for carbon credit. The UNFCCC concluded that between 2010-2018 Gabon significantly reduced its CO2 emissions with a reduction of about 90,636,103 tonnes compared to the average emissions of the decade 2000-2009.

The UNFCCC validated 187million tonnes of REDD+ credits (forest carbon stocks) for Gabon as a high forest cover and low deforestation country. The said government this is an important step for the commercialisation of carbon credits to diversify the economy.

See: https://unfccc.int/sites/default/files/resource/tatr1_2022_GAB.pdf

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	250↓	250↓	-
Bibolo/Dibétou	215	215	-
Bilinga	275	275	-
Iroko	300	280	225
Okoume (60% CI, 40% CE, 20% CS) (China only)	205↓	200↓	-
Moabi	280	280	250
Movingui	180	180	-
Niove	160	160	-
Okan	230↓	210↓	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	300	300	-

Sawnwood export prices

West African sawnwood	FOB Euro per cu.m
Ayous FAS GMS	450↓
Bilinga FAS GMS	580
Okoumé FAS GMS	380↓
Merchantable KD	380
Std/Btr GMS	400
Sipo FAS GMS	420
FAS fixed sizes	-
FAS scantlings	520
Padouk FAS GMS	1,200
FAS scantlings	1,200↓
Strips	400
Sapele FAS Spanish sizes	460
FAS scantlings	489
Iroko FAS GMS	600
Scantlings	650
Strips	370
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Ghana

Seven months timber exports up by 17%

According to the Timber Industry Development Division (TIDD) exports of wood products for the first seven months of 2022 reached 201,776 cu.m earning Eur87.75 million.

This corresponds to 17% and 7% increments in volume and value respectively compared to the 2021 figures for the same period 172,904 cu.m (Eur81.83million).

The performance of products traded during the periods the 2021/2022 as shown in tables below.

Export volumes, cu.m

	2021 Jan-Jul	2022 Jan-Jul	YoY % change
AD sawnwood	84,011	106,045	26
KD sawnwood	24,444	26,466	8
Billets	30,437	24,404	-20
Plywood (regional)	13,963	21,107	51
Sliced Veneer	6,382	5,980	-6
Rotary Veneer	4,773	5,119	7
Mouldings	6,295	5,386	-14
Plywood	1,710	5,485	221
Boules (AD)	512	1,320	158
Others (6)	377	464	23
Total	172,904	201,776	17

Data source: TIDD

Air and kiln dried sawnwood together accounted for over 65% of January to July 2022 exports. Sliced veneer exports dipped by 6% in the first seven months to 5,980cu.m. but the value of exports was up 21% to Eur8.06 million from Eur6.68 million recorded in the same period in 2021.

Boules and plywood exports (outside the region) also recorded significant increases in both volumes and values in 2022 compared to the same period in 2021.

Export values (Euro 000s)

	2021 Jan-Jul	2022 Jan-Jul	YoY % change
AD sawnwood	36,625	41,728	14
KD sawnwood	14,071	15,243	8
Billets	11,220	7,719	-31
Plywood (regional)	5,399	5,506	2
Sliced Veneer	6,675	8,057	21
Rotary Veneer	2,198	2,376	8
Mouldings	4,483	3,972	-11
Plywood	693	1,970	184
Boules (AD)	310	1,011	226
Others (6)	156	171	10
Total	81,830	87,753	7.24

Data source: TIDD

President meets AGI on economic business challenges

President Akufo-Addo met representatives of the Association of Ghana Industries (AGI) to learn from them how the weakening economy and currency depreciation are impacting manufacturing and business operations.

The President explained the government's current engagements with the International Monetary Fund (IMF) and the plans invigorate the economy in the short and long term. Members of the Economic Management Team, the Minister of Trade and the Chief of Staff also attended. The president of the AGI, said that the AGI is committed to supporting the government's efforts aimed at dealing decisively with the economic challenges.

Ghana's economic instability is disrupting business growth. Discussions with the IMF are aimed at identifying action that would lay the foundation for a strong economic growth.

With interest rates close to 25%, inflation at over 35% and the rapid rise in prices of everything because of the currency devaluation the government is struggling to come up with remedial measures.

See: <https://www.imf.org/en/Countries/GHA/ghana-qandas> and <https://norvanreports.com/govt-looks-to-agi-to-revive-ghanas-economy/>

New strategy to curb illegal mining in forest reserves

Because of the high level of illegal mining in forest reserves the Forestry Commission (FC) is initiating new strategies to combat illegal mining. The Chief Executive Officer, John Allotey, made this known when he met all Regional and District Managers of the Forest Services Division (FSD) of the Commission.

It is reported that a new Unit will be set up in the Commission to include traditional authorities to gather information on illegal mining in forest reserves. Mr. Allotey pointed out that over the past years the main issue the Commission dealt with was illegal logging but now illegal mining is fast damaging the country's forests.

In a related news, Emmanuel Adu Gyamfi writing for the Ghanaian Times, reports illegal miners (galamsayers) in the Desiri Forest Reserve near Tepa in the Ashanti region have threatened Forestry Commission officers for attempting to evict them from the reserve.

See: <https://fcghana.org/?p=3511> and <https://allafrica.com/stories/202210210565.html>

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	822
Niangon Kiln dry	810▲

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	411↑	441
Chenchen	489	612
Ogea	527↑	590
Essa	485	602↓
Ofram	350	435

Export sawnwood prices

Ghana sawnwood, FOB	Euro per cu.m	
	Air-dried	Kiln-dried
FAS 25-100mmx150mm up x 2.4m up		
Afromosia	860	925
Asanfina	465	564
Ceiba	290	310↓
Dahoma	456↑	487↑
Edinam (mixed redwood)	640	707
Emeri	650↑	706↑
African mahogany (Ivorenensis)	1,239	957↑
Makore	560	724↓
Niangon	599↑	870↑
Odum	500↓	1,001↑
Sapele	800	869↑
Wawa 1C & Select	422	479↓

Export sliced veneer

Sliced face veneer	FOB Euro per cu.m
Asanfina	1,752↑
Avodire	1,325
Chenchen	854↓
Mahogany	1,403↓
Makore	765↓
Odum	2,030↓
Sapele	1,114↓

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	458	580	641
6mm	412	535	604
9mm	370	504	560
12mm	583	476	480
15mm	450	385↓	430
18mm	460	463	383

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

Malaysia**Continued assistance for local shipping operators**

The exemption from income tax for locally registered ship owners has been extended for a further period of three years from year of assessment 2021 to year of assessment.

The change extends the tax exemption granted for the years of assessment 2014 to 2020 but imposes additional conditions that have to be fulfilled in order to qualify for exemption.

To qualify the person must be a resident in Malaysia who carries on the business of (a) transporting passengers or cargo by sea on a Malaysian ship or (b) letting out on charter a Malaysian ship owned by him on a voyage or time charter basis.

See: <https://www.lexology.com/library/detail.aspx?g=dedf6890-697d-4262-947f-9f75d21035ec>

Ringgit nearing all time low against the dollar

On 17 October the ringgit closed even lower against the US dollar nearing the all-time low of 4.725 recorded on 7 January 1998. The ringgit, however, rose against the Japanese yen.

Foreign workers arriving slowly

Plantation Industries and Commodities Minister, Zuraida Kamaruddin, said according to the Department of Statistics Malaysia there were 2.1 million foreign workers in the country as of June this year. There is still a shortage of workers in some sectors and the Minister pointed out that the delayed arrival of overseas workers is because the countries sending them have many departure procedures.

The Minister had projected the entry of foreign workers would be easier this year but unexpectedly there were many problems and the entry of foreign workers only started in August.

See: <https://www.thesundaily.my/local/mpic-delay-in-foreign-workers-intake-due-to-source-countries-KD10028651>

Melaka Gaharu Centre

The Gaharu (agarwood) industry and trade has become more prominent recently partly due to the efforts of the government in promoting and encouraging the growth of the industry. The government recognises that in order to have a thriving and sustainable Karas (aquilaria) and Agarwood industry a more systematic and structured development programme is needed.

It has been reported that MTIB and BioBenua Teknologi Co Ltd signed a MoU on the Establishment of a Gaharu One-Stop Centre in Melaka. The main objectives of the centre will be:

- Human resource development for the agarwood industry
- Promotional activities for the Agarwood industry; and
- Support for agarwood entrepreneurs

The trade of Agarwood is governed under CITES regulations and the role of MTIB as a Management Authority is to monitor and facilitate the trade of Agarwood products.

It is anticipated that the Melaka Gaharu One-Stop Centre will spur further growth of the industry in Malaysia. The Melaka centre is expected to benefit more than 200 agarwood smallholders.

Another FMU certified

The Segaham Forest Management Unit (FMU) is the first this year to be successfully certified under the Malaysian Timber Certification Council (MTCS) in Sarawak to receive the Malaysian Criteria and Indicators (MC&I) for Sustainable Forest Management (SFM) certification. Certification was granted by Sirim QAS International with a validity period of five years until October 4, 2027.

The certification is under the Malaysian Timber Certification Scheme (MTCS) which is wholly managed and organised by Malaysian Timber Certification Council.

Besides the current FMC certification for the Segaham FMU the company has two other FMUs in the progress of MTCC certification.

Indonesia

Exports resilient despite sluggish Chinese demand

Indonesia's export of wood products continues to rise even though demand in China has weakened. However, a global recession would seriously impact export growth. Data from the Ministry of Environment and Forestry (KLHK) analysed by the Association of Indonesian Forest Concession Holders (APHI) shows Indonesia's wood product exports up to September earned US\$11.07 billion, a year on year rise of 13%.

Most growth came from an increase in exports of paper products (US\$3.15 billion), wood panels (US\$2.63 billion), pulp (US\$2.52 billion) and furniture (US\$2.15 billion). Indonesia's timber export trade depends on four main markets, Japan, the European Union+UK, the US and the Republic of Korea. A market that has recently been developed is India.

The growth in exports to India is promising and for the year to September there was a 35% yoy expansion. As of September exports to China were recorded at US\$2.36 billion, a 21% decline from the same period in 2021.

Indonesia's wood product exports to Japan in the first three quarters of 2022 increased 15% year on year to US\$1.14 billion. Exports to the EU+UK rose 54% year on year to US\$1.3 billion and exports to the Republic of Korea increased slightly to US\$585 million.

Throughout this year export growth in the US market increased steadily but in September there was a downturn as wood product exports dipped 19% to US\$1.77 billion. The decline in exports to the US was because of a drop in furniture exports which fell 40% from US\$1.41 billion in January-September 2021 to US\$849.3 million in January-September 2022.

See: <https://forestinsights.id/2022/10/14/ekspor-produk-kayu-melaju-meski-pasar-china-lesu-ancaman-resesi-mesti-diwaspadai/>

Association welcomes approval of FSC Motion 37

The domestic media has reported that Motion 37, discussed in the Forest Stewardship Council (FSC) General Assembly forum held in Bali, has been approved and will impact Indonesia's trade in wood and on forest products. The Secretary General of the Association of Indonesian Forest Concession Holders (APHI), Purwadi Soeprihanto, said this approval will provide an opportunity for forestry companies in Indonesia to obtain FSC certification.

He added that Motion 37 of the FSC rules will bring significant changes in forest management in Indonesia as well as improve relationships between industry and forest communities.

FSC Board member, Rulita Wijayaningdyah, is reported as saying Motion 37 can be applied in all FSC member countries, not only for one particular country. In the Indonesian context, motion 37 points to Industrial Plantation Forests (HTI) and community forests which have great potential to be certified under the FSC scheme".

See: <https://fsc.org/en/newscentre/motion-passed-fsc-principles-and-criteria-will-enable-the-policy-to-address-conversion-and>
<https://mediatataruang.com/2022/10/15/mosi-37-fsc-di-bali-disahkan-ini-dampaknya/4/>

Expanding exports to Ethiopia and Nigeria

Furniture entrepreneurs, members of the Indonesian Furniture Entrepreneurs Association (Asmindo), are targeting countries such as Ethiopia and Nigeria to expand exports. Asmindo recently organised a Business Matching event with the Indonesia-Africa Trade Forum (FPIA) and the Ethiopian Embassy in order to develop cooperation and to seek alternative non-traditional markets.

"There are several countries that are collaborating with us, namely South Korea with 70 delegates, Saudi Arabia, Ethiopia and Nigeria,"

When meeting the press the Deputy Secretary General of Asmindo, Irawan, reported that wooden furniture exports in 2021 reached US\$1.99 billion up over 30% from the previous year.

See: <https://wartakota.tribunnews.com/2022/10/21/asmino-bidik-pasar-benua-afrika-di-nigeria-dan-etiofia-lewat-business-matching-di-south78>

Perhutani pine resin gets ecolabel certificate

The Forest Stewardship Council (FSC) stated that the pine resin resource managed by PT Perhutani received the first ecolabel certificate in Indonesia becoming the first forest management unit in Indonesia to obtain FSC certification for pine resin.

FSC Indonesia Marketing and Communication Manager, Indra Setia Dewi said Perhutani has increased the value of its products and increased the income of local people who depend on them as tappers for pine resin.

See: <https://www.antaranews.com/berita/3197129/fsc-getah-pinus-perhutani-dapat-sertifikat-ekolabel-pertama-indonesia>

Business sector invited to contribute to mangrove restoration

The Ministry of Environment and Forestry has invited businesses to contribute to mangrove forest restoration and conservation in order to mitigate the impact of climate change in Indonesia.

The Director General of Sustainable Forest Management at the ministry, Agus Justianto, noted in a press release that "Protecting mangroves as a carbon ecosystem does not only to reduce emissions and increase carbon sequestration but also to help preserve healthy mangroves that can provide multiple benefits.

Several businesses such as the state-run oil and gas company PT Pertamina (Persero), state-owned electricity provider PT PLN (Persero), state-run tin mining corporation PT Timah, as well as private-owned energy company PT Indika Energy have actively contributed to the preservation of mangrove ecosystems through their corporate social responsibility (CSR) programs.

See:

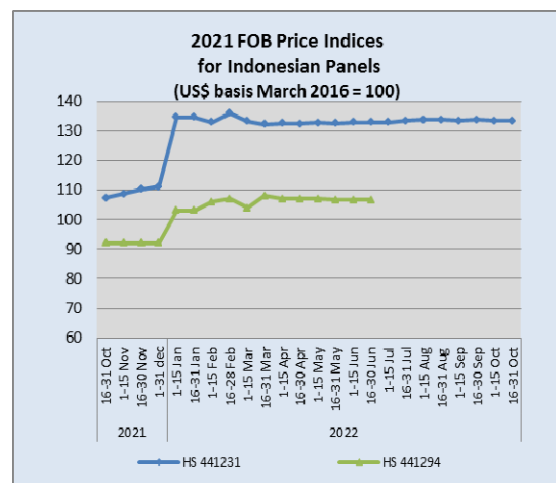
<https://www.republika.co.id/berita/rjlcsa330/klhk-ajak-pelaku-usaha-terlibat-dalam-restorasi-ekosistem-mangrove>

Indonesia/Norway emission reduction agreement

Siti Nurbaya Bakar, Minister of Environment and Forestry, announced that Indonesia and Norway have signed an agreement on a results-based contribution for emission reductions. The agreement was signed as a follow-up to a memorandum of understanding (MoU) between Indonesia and Norway.

As part of the agreement, Norway will contribute US\$56 million to support the implementation of the FoLU (Forestry and Other Land Use) Net Sink 2030 Operational Plan.

See: <https://en.antaranews.com/news/255681/indonesia-norway-link-emission-reduction-agreement>



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

Myanmar

Tariff free exports under RCEP

Beginning 1 November the Trade Department in the Ministry of Commerce will issue Certificates of Origin Forms (RCEP) for products that originated in Myanmar and are designated to be exported to China so that the authorised traders can enjoy customs tariff relief.

The Regional Comprehensive Economic Partnership-RCEP, a free trade agreement between the ten member states of ASEAN, Australia, China, Japan, the Republic of Korea and New Zealand came into effect January 2022.

According to the RCEP agreement, the CO form will be issued for the products that originated in Myanmar and that are to be sent to China to be free from customs duty from 1 November 2022. Myanmar, a member of RCEP and ASEAN, will gain access to great trade opportunities.

See - <https://www.gnln.com.mm/moc-to-issue-co-form-rcep-for-free-customs-tariff-to-china-from-1-nov/#article-title>

Myanmar blacklisted

In another setback, the Financial Action Task Force (FATF) has placed Myanmar on its blacklist for terrorism financing alongside Iran and North Korea.

The Central Bank of Myanmar told people not to worry since it was not a risk factor for Myanmar. However, one timber exporter commented that this measure would be another serious blow to timber exports.

This move is the result of concerns over Myanmar's casinos and illicit cross-border trade. The suspected increase in transnational criminal activities reportedly includes the export of synthetic drugs.

Over the past year China has gradually resumed infrastructure projects in Myanmar that were planned before the military takeover. Chinese companies have remained in Myanmar's energy market as others pulled out and are said to be proceeding with work on a deep-sea port in Kyaukphyu.

FATF was set up in 1989 by the Group of Seven advanced economies, initially to counter money laundering. It has since expanded its mandate to countering terrorist financing and the proliferation of weapons of mass destruction.

See - <https://asia.nikkei.com/Spotlight/Myanmar-Crisis/Myanmar-blacklisted-by-FATF-for-terrorism-and-crime-finance>.

India

Housing sales increase

A recent report from Anarock shows that there was a 4% quarter on quarter in home sale in the second quarter of 2022 with almost 85,000 units were sold in the top seven cities. The Mumbai metropole region (MMR) witnessed the highest sales among the top seven cities followed by the national capital region (NCR).

In terms of starts, around early 94,000 units were launched in the third quarter 2022 against 82,150 units in the second quarter. MMR and Hyderabad witnessed the highest level of starts. Despite buoyant sales, the NCR considerably restricted its new supply in comparison to other cities including MMR, Bengaluru, Pune and Hyderabad.

With the increased supply the housing inventory rose, however, on an annual basis inventory declined by 4% in Q3 2022 across the top seven cities.

Residential property prices across the top cities registered a quarterly increase in the range of one-two percent in the third quarter. On an annual basis prices have risen between 4-7% primarily due to an increase in input costs and firm demand. However if inflation remains at elevated levels forcing Reserve Bank of India (RBI) to aggressively increase interest rates there might be some turbulence in the market according to Anarock.

See:

https://api.anarock.com/uploads/research/Q2%202022_PAN%20India%20Residential%20Market%20Viewpoints.pdf

GST exemption on international freight charges – traders seek extension

Exporters have sought an extension of previously granted exemption from Goods and Services Tax (GST) on export freight saying that a without the extension of this scheme their liquidity will be challenged. In a letter to Minsiter of Finance the Federation of Indian Export Organisations (FIEO) said that international freight charges are still very much higher than pre-Covid.

The exemption from GST on export freight ended on 30 September after being extended twice. Exporters now have to pay 18% GST on export ocean freight. The FIEO says global trade is entering a very challenging phase as high inflation and the risk of a recession will affect demand.

Good prospects for woodbased particleboard mills

In this post-pandemic period the particleboard market is very active especially as imports are negligible and manufacturers report good profits. Plyreporter says recently there were more than 20 expressions of interest in establishing woodbased particleboard mills but a problem in securing manufacturing plant from China and licencing issues disrupted plans for new plants during 2020 and 2021. But now prospects for new woodbased particleboard plants in India are better.

See: <https://www.plyreporter.com/current-issue>

Prices for recent shipments of teak logs and sawnwood

	Logs US\$ C&F per hoppus cu.m	Sawn US\$ C&F per c.um
Benin	-	325-712
Brazil	313-600	489-777
Cameroon	-	974
Colombia	245-615	-
Costa Rica	350-652	-
Ecuador	246-495	-
Gabon	370	-
Ghana	270-559	485
Guatemala	277-594	-
Iv. Coast	263-458	375-752
Mexico	322-439	373-585
Panama	252-539	-
PNG	389-595	492-677
Tanzania	344-930	471-1,068
Togo	259-532	-
S. Sudan	367-676	342-633
Nigeria	290-630	-
El Salvador	320-520	-
Nicaragua	-	328-564
Solomon Is.	248	-
Surinam	222	-
Myanmar	-	791-980

Price range depends mainly on diameter and cross-section.

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	3,800 - 4,200
Balau	2,500 - 2,700
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,500 - 1,800
Radiata pine	900 - 1,050
Whitewood	900 - 1,050

Price range depends mainly on lengths and cross-section.

Sawn hardwood prices

Sawnwood (Ex-warehouse) (KD 12%)	Rs per cu.ft.
Beech	1,750 - 1,850
Sycamore	1,900 - 2,000
Red Oak	2,100 - 2,200
White Oak	2,700 - 3,000
American Walnut	4,500 - 5,000
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,000 - 2,200

Price range depends mainly on lengths and cross-sections.

Plywood

Please note plywood prices are now shown below free of local taxes.

Domestic ex-warehouse prices for locally manufactured WBP plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	76.00
6mm	88.00
9mm	104.00
12mm	129.00
15mm	164.00
18mm	180.00

Domestic ex-warehouse prices for locally manufactured MR plywood

Plywood Ex-warehouse	Rs. per sq.ft
4mm	52.00
6mm	65.00
9mm	77.00
12mm	92.00
15mm	122.00
19mm	131.00
5mm Flexible ply	85.00

Vietnam**Wood and Wood Product (W&WP) trade highlights**

W&WP exports in September 2022 reached US\$1.41 billion, down 21% compared to August 2022 but up 56.5% compared to September 2021. WP exports, in particular, valued at US\$734.8 million were down 17% compared to August 2022 but up 71.5% compared to September 2021.

Over the first 9 months of 2022 W&WP exports amounted to US\$12.3 billion, up 10.2% over the same period in 2021. Of the total WP exports were US\$8.6 billion, up 1.5% over the same period in 2021.

WP exports to Japan in September 2022 totaled US\$159.2 million, up 55% compared to September 2021. Over the same period W&WP exports to Japan totalled US\$1.39 billion, up 34.4% year on year.

The exports of wood pellets in September 2022 were valued at US\$52 million, up 91% compared to September 2021. The accumulated exports of wood pellet over the first 9 months of 2022 soared to US\$530.7 million, a year-on-year up of 76%.

In contrast to the slow growth of the total W&WP exports, the exports of wood pellet have been experiencing a quite high growth rate.

The imports of padouk in September 2022 totalled 21,300 cu.m, worth US\$8.9 million, down 8.3% in volume and 8.7% in value compared to August 2022. Compared to September 2021 imports increased by 69% in volume and 23.5% in value.

In the first 9 months of 2022, padouk imports reached 131,400 cu.m, worth US\$56.2 million, down 1.1% in volume and 5.2% in value over the same period in 2021.

Imports of log and sawnwood from Africa in August 2022 were the highest reaching 157,000 cu.m, at a value of US\$61.28 million, up 69% in volume and 87% in value compared to July 2022 and up 77% in volume and 86% in value compared to August 2021.

In the first 8 months of 2022, imports of logs and sawnwood from Africa reached 822,580 cu.m at a value of US\$307.44 million, up 19.4% in volume and 22.4% in value over the same period in 2021.

Exports of W&WP to Japan rising

In the first 9 months of 2022 the value of W&WP exports to Japan earned US\$1.39 billion, up 34.4% over the same period in 2021.

Most W&WPs exported to Japan increased sharply in September 2022. Over the first 9 months of 2022, wood chips, wood pellets, wood-based panels, floorings, wooden doors all recorded a very high growth rates contributing to boost export earnings from exports to the Japanese market.

Wooden furniture exports to Japan in the first 9 months of 2022 were slower however, while many top markets such as the US and EU tended to reduce imports of wooden furniture from Vietnam due to the impact of rising inflation and tightened spending, exports to Japan still recorded positive growth.

Demand in Japan, especially wood chips and wood pellets, is expected to increase due to the transition from coal power to clean energy, including biomass power.

In addition to wood chips and wood pellets, wooden furniture, as a higher value-added wood product, represents one of the important products exported from Vietnam to the Japanese market.

Top exports to Japan

	Jan-Aug US\$ 000s	YoY % change
Total, of which	1,224,851	32
Woodchips	456.86	40
Wooden furniture	370,415	9
<i>Guest-room and dining room furniture</i>	106,840	16
<i>Wooden frame seats</i>	94,645	16
<i>Bed-room furniture</i>	6,585	2
<i>Kitchen furniture</i>	57,403	8
<i>Office furniture</i>	46,141	-9
Wood pellets	231,298	94
Wood-based panels and flooring	140,671	20
Wooden doors	2,239	162

Data source: General Customs, Vietnam

Padouk sawnwood and log imports

In the first 8 months of 2022, padouk sawnwood imports reached 82,600 cu.m, worth US\$36.6 million, year-on-year decline of 25% in volume and 24% in value.

In contrast, imports of padouk logs were 27,500 cu.m worth US\$10.7 million, up 165% in volume and 181% in value over the same period in 2021.

	Jan-Aug 2022 000s cu.m	YoY % Change	Jan-Aug 2022 US\$ 000s	YoY % Change
Sawnwood	82.574	-24	36.559	-24
Logs	27.537	165	10.746	181

Data source: General Customs, Vietnam

Suppliers of padouk to Vietnam

	Jan-Aug 2022 000s cu.m	YOY % change
Total	110,111	-8.4
South Africa	30,893	-18
Angola	18,579	-32
Laos	13,501	-28
Cameroon	12,343	-20
Namibia	8,397	-10
Kongo	8,258	62
Eq. Guinea	4,668	
Hong Kong	2,873	12
Gabon	2,507	8
PNG	1,516	
Thailand	145	61
China	1,259	-24
Nigeria	720	62
Singapore	665	-26
Peru	625	389
Ghana	370	-24
Zambia	270	-5
Tanzania	243	
Suriname	215	77
Cambodia	166	66
UK	164	101
Rep. Guinea	80	
Portugal	68	90
Chile	45	
Denmark	40	-63
Sierra Leone	40	
US	27	-48
Indonesia	24	
Ecuador	22	-62

Data source: General Customs, Vietnam

Imports from Africa at a record high

Imports from Africa in August 2022 reached the highest level with 157,010 cu.m worth US\$61.28 million, up 69% in volume and 87% in value against July 2022 and an increase of 77% in volume and 86. in value compared to August 2021.

Over the first 8 months of 2022, imports of timber from Africa weret 822,580 cu.m worth US\$307.44 million, up 19.4% in volume and 22.4% in value over the same period in 2021.

In the last months of each year demand in the domestic market for tropical hardwood often rises. Imports of logs and sawnwood from Africa are expected to continue to rise.

African wood suppliers

In August 2022, timber imports from Africa increased substantially due to exports from Cameroon and Equatorial Guinea. These two suppliers contributed up to 90% of the total import growth.

In particular, in August 2022, Cameroon exported to Vietnam 63,300 cu.m, with a value of US\$27.86 million, up 69% in volume and 87% in value compared to July 2022 and an increase of 773% in volume and 863% in value compared to August 2021.

Over the first 8 months of 2022 Cameroon shipped 375,630 cu.m to Vietnam with a value of US\$159.67 million, up 18% in volume and 19.5% in value against the same period of 2021.

Imports of log and sawnwood from Equatorial Guinea in August 2022 reached 19,080 cu.m valued at US\$7.22 million, up 4,000+% in volume and 6,000+% in value compared to July 2022.

Total imports from this source in the first 8 months of 2022 was reported at 25,910 cu.m valued at US\$8.98 million, up 892% in volume and 494% in value over the same period of 2021.

Imports from Equatorial Guinea were mainly logs (accounting for 99%), of which, the 2 most imported woody species are tali and padouk. The imports of tali and padouk logs from Equatorial Guinea in the first 8 months of 2022 increased significantly compared to the same period in 2021.

African wood suppliers

	Jan-Aug 2022 000s cu.m	YoY % Change
Total	822,582	19.4
Cameroon	376	18
Nigeria	125	56
P.R. Congo	71,645	80
South Africa	50,811	-25
R. Congo	41	123
Angola	40	-18
Gabon	29	-26
Eq. Guinea	26	892
Ghana	23	-13
Kenya	15	58
Namibia	9	8
Mozambique	7	-8
Sierra Leone	4	161
Ivory Coast	2	-89
Tanzania	2	317
Liberia	984	-17

Data source: General Customs, Vietnam

Log and sawnwood imports

Log imports from Africa in August 2022 amounted to 112,240 cu.m at a value of US\$43.70 million.

The average price of imported logs in August 2022 was US\$389/cu.m, up 9.3% compared to July 2022 and up 5.6% compared to August 2021.

In the first 8 months of 2022 the average price of logs imported from Africa to Vietnam was US\$368/cu.m, up 1.2% over the same period in 2021.

In August 2022 imports of logs from Cameroon, Equatorial Guinea, Democratic Republic of Congo, Nigeria increased against July 2022 and August 2021.

Cameroon and Equatorial Guinea were the two biggest suppliers of tropical hardwood for Vietnam.

Sawnwood imports from Africa to Vietnam in August 2022 reached 44,770 cu.m with a value of US\$17.58 million, up 18% in volume and 33% in value compared to July 2022 and an increase of 54.4% in volume and an increase of 63% in value compared to August 2021.

Over the first 8 months of 2022 sawnwood imports from Africa reached 314,770 cu.m, with a value of US\$120,530, up 9% in volume and 15% in value over the same period in 2021. The average price of sawnwood imported from Africa to Vietnam in August 2022 was at US\$393/cu.m, up 13% compared to July 2022 and up 5.4% compared to August 2021.

In the first 8 months of 2022, the average price of sawnwood from Africa was US\$383/cu.m, up 5% over the same period in 2021. Sawnwood imports increased mainly due to imports from Cameroon, Gabon and Angola.

Timbers imported from Africa

	Jan-Aug 2022 000s cu.m	YoY % change
Total logs	507.63	27.2
Tali	171.04	18
Doussié	124.90	43
Sapele	31.94	20
Mukulungu	25.26	12
Padouk	22.45	160
Eucalipt	18.35	-25
Iroko	11.94	26
Bilinga	8.21	1
Teak	6.77	25
Dabema	5.13	220
Ekop	3.97	-28
Cassia siamea	2.40	184
Jack wood	1.40	606
Movingui	836.00	235
Rosewood	730.00	-53

Data source: General Customs, Vietnam

Future of the Brazilian furniture sector

During the first half of October 2022 the 30th MOVERGS Congress (Furniture Industry Association of Rio Grande do Sul) was held in Bento Gonçalves, Rio Grande do Sul, one of the main furniture clusters in Brazil. The event attracted more than 400 professionals from the furniture sector. The event was held with support from the Bento Gonçalves Furniture Industry Union (Sindmóveis), Messem XP Investments and SEBRAE (Brazilian Support Service to Micro and Small Businesses).

The congress opened with an overview of prospects for the furniture sector made by a representative of the University of Vale do Rio dos Sinos (UNISINOS). This suggested good growth in the sector going into 2023. Information on producer and consumer price indices, employment, income trends, exports and production data were provided.

See: <https://forestnews.com.br/congresso-movergs-debate-resultados-e-futuro-do-setor-moveleiro/> (October, 2022)

Ipê survey in Acre and Mato Grosso – 40 million commercial sized trees

In a study by Embrapa Florestas (Brazilian Agricultural Research Corporation-PR) in forest areas under sustainable forest management in the states of Acre and Mato Grosso in the Amazon Region more than 40 million commercial sized trees of the species *Handroanthus serratifolius* (yellow Ipê) and *Handroanthus impetiginosus* (purple Ipê) were mapped. This total number of trees did not include seedlings or saplings.

The high incidence can be interpreted that Ipê trees are not at risk of extinction. The results will serve as inputs for the development of forest management regulations and evaluation of the risk of over harvesting.

During 2020 the researchers were in the field in areas of natural forests in the states of Acre and Mato Grosso to survey the current situation of occurrence and growth of the ipê. In Mato Grosso data from 2019 reported 17.6 million ha. suitable for forest management among 25 million ha of rainforest in the state.

The work also analysed the growth data of the species through study of the growth rings of Ipê trees. With the information on the reproductive maturity of the species it was possible to assess that under SFM conservation of the species is assured.

Source: <https://cipem.org.br/noticias/estudo-comprova-amplao-ocorrencia-do-ipe-nas-florestas-do-brasil> (September, 2022)

Export update

In September 2022 Brazilian exports of wood products (except pulp and paper) declined 11% in value compared to September 2021, from US\$382.0 million to US\$341.6 million.

Pine sawnwood exports dropped 15% in value compared to September 2021 (US\$82.2 million) and September 2022 (US\$69.7 million).

In volume, exports also dropped but by 17% over the same period, from 293,100 cu.m to 242,300 cu.m.

Tropical sawnwood exports declined 14% in volume, from 35,900 cu.m in September 2021 to 30,800 cu.m in September 2022. In value, exports grew 21% from US\$12.2 million to US\$14.8 million over the same period.

Pine plywood exports witnessed a 48% decrease in value in September 2022 compared to September 2021 from US\$79.4 million to US\$41.7 million. In volume, exports also decreased but only by 28% over the same period, from 159,100 cu.m to 114,100 cu.m.

As for tropical plywood, exports dropped in volume by a massive 63% and in value by 56%, from 9,000 cu.m and US\$5.2 million in September 2021 to 2,300 cu.m and US\$3.3 million in September 2022.

As for wooden furniture, the exported value fell from US\$71.8 million in September 2021 to US\$53.8 million in September 2022, a 25% decline.

Markets for Brazilian furniture exports

During the early part of the second half of this year the United States remained the main destination for Brazilian furniture, accounting for 44% of exports. While Uruguay, was in second place importing 7.4% of the volume exported by the Brazilian furniture industry. In terms of market growth exports to France were the highlight, almost doubling, to be the third largest destination for Brazilian furniture exports with a share of 6.4% of the total.

So far 2022 has seen an expansion of furniture exports and it is projected that growth will continue at a much higher pace than even the pre-pandemic time. Furniture exports have expanded 500% over the last five years.

See: <https://forestnews.com.br/abimovel-franca-e-terceiro-maior-destino-das-exportacoes-de-moveis/>

Domestic log prices

Brazilian logs, mill yard, domestic	US\$ per cu.m
Ipê	398▲
Jatoba	172▲
Massaranduba	156
Muiracatiara	153▲
Angelim Vermelho	156
Mixed redwood and white woods	120

Source: STCP Data Bank

Domestic sawnwood prices

Brazil sawnwood, domestic (Green ex-mill)	US\$ per cu.m
Ipê	1,715▲
Jatoba	833▲
Massaranduba	836▲
Muiracatiara	737▲
Angelim Vermelho	737▲
Mixed red and white	491▲
Eucalyptus (AD)	291▲
Pine (AD)	211
Pine (KD)	275▲

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	591↑
10mm WBP	470↑
15mm WBP	422↑
4mm MR.	582↑
10mm MR.	435↑
15mm MR.	371↑

Prices do not include taxes. Source: STCP Data Bank

Prices for other panel products

	US\$ per cu.m
Domestic ex-mill prices	
15mm MDP/Particleboard	315↑
15mm MDF	386+↑

Source: STCP Data

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipe	3,005
Jatoba	1,563
Massaranduba	1,616
Muiracatiara	1,610
Pine (KD)	282

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	421
12mm C/CC (WBP)	381
15mm C/CC (WBP)	360
18mm C/CC (WBP)	346

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	5,081
Jatoba	2,258

Source: STCP Data Bank

Peru

Exports continue to rise but risks ahead

Between January and July 2022 exports of wood products totalled US\$84.9 million, a 26% rise year on year according to the management of the Services and Extractive Industries of the Association of Exporters (ADEX).

The recovery of shipments in the first seven months compared to last year was driven by imports by China and France which accounted for 20% and 18% respectively. Other markets were the Dominican Republic (up 13%) and Vietnam (up 190%).

It is noteworthy that the most sought after products were:

HS 4409229020 (except ipe)
accounting for 23.5% of shipments (up 13%)

HS4407299000
accounting for 23% of shipments (up 120%)

HS4407990000
accounting for 9.8% of shipments (up 101%)

HS4409229090
accounting for 9% of shipments (up 300%)

Number of exporting companies rising

According to the Center for Research on Global Economy and Business in the Association of Exporters CIEN-ADEX, in the first half of 2022 the number of exporting companies was 6,231, an increase compared to the same period in 2021.

By size, 4,035 were micro-enterprises, 1,788 were small enterprises, 100 were medium and 308 were large companies.

Despite the high number of SMEs they could only achieve around 6% of the US\$ FOB value earned in the first half of the year.

Training of trainers in community forest management

The National Forestry and Wildlife Service (SERFOR), the Regional Forestry and Wildlife Management of the Regional Government of Ucayali (GOREU) and the NGO Rights, Environment and Natural Resources (DAR) announced the results of the Intercultural Program for the Training of Trainers in Community Forest Management, "Forest Guides".

This programme was implemented by SERFOR between 2020 and 2022. Ucayali now has 33 indigenous trainers or Forest Guides capable of transferring knowledge on community forest management to communities so that they can efficiently manage forest resources.

The Forest Guides belong to communities of five indigenous peoples: Ashaninka, Asheninka, Amawaka, Yine and Shipibo-Konibo; and also to the technical teams of the Regional Organization of AIDESEP (ORAU), the Regional Union of the Indigenous Peoples of the Amazon of the Province of Atalaya (URPIA) and the Regional Coordinator of the Indigenous Peoples of Atalaya (CORPIAA).

This year, the Forest Guides were able to train 274 members belonging to 17 native communities on topics such as community forest management, wood quantification, forest fire prevention and infractions and sanctions, in their native languages.

Export prices for added value products

	US\$ per cu.m
Peru, FOB strips for parquet	
Cabreuva/estoraque KD12% S4S, Asian market	1327-1398
Cumaru KD, S4S Swedish market	986-1119
Asian market	1079-1101↓
Cumaru decking, AD, S4S E4S, US market	1204-1237
Pumaquiro KD Gr. 1, C&B, Mexican market	479-554
Quinilla KD, S4S 2x10x62cm, Asian market	582-611
2x13x75cm, Asian market	774-831

Export sawnwood prices

Peru sawnwood, FOB Callao Port	US\$ per cu.m
Pumaquiro 25-50mm AD Mexican market	682-695
Virola 1-2" thick, length 6"-12" KD Grade 1, Mexican market	589-615
Grade 2, Mexican market	507-538
Cumaru 4" thick, 6"-11" length KD Central American market	1044-1077
Asian market	1088-1112
Ishpingo (oak) 2" thick, 6"-8" length Spanish market	622-642
Dominican Republic	712-731 ▲
Marupa 1", 6-11 length KD Grade 1 Asian market	595-615

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	-
Virola	249-274
Spanish Cedar	343-351
Marupa (simarouba)	246-251

Domestic plywood prices (excl. taxes)

Iquitos mills	US\$ per cu.m
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

Export plywood prices

Peru plywood, FOB Callao (Mexican market)	US\$ per cu.m
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

Export veneer prices

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

Domestic prices for other panel products

Peru, domestic particleboard	US\$ per cu.m
1.83m x 2.44m x 4mm	282
1.83m x 2.44m x 6mm	230
1.83m x 2.44m x 12mm	204

Japan

New economic package to prevent economic downturn

In an effort to help struggling households and companies, especially small enterprises, cope with inflation the government has arranged a new economic package worth 39 trillion yen (US\$264 billion) focusing on steps to ease the pain of higher prices passed on to households, spurring wage growth and preventing any economic downturn after the modest recovery from the pandemic.

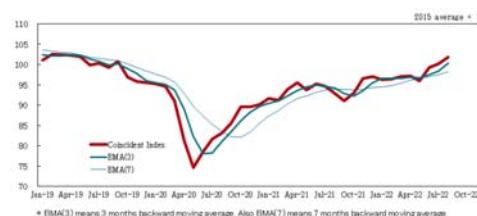
Securing enough funding is a challenge for heavily-indebted Japan whose debt has ballooned to more than twice the size of the economy.

The recent surge in inflation is attributed to higher energy and raw material costs, most of which are imported at sharply higher prices because of the weak yen exchange rate. Many commentators say the inflationary pressures have been made worse by the Bank of Japan's (BoJ) monetary easing policy. Core consumer inflation exceeded 3% in September, the sharpest gain since 1991 but still well below that in other similar economies

See: <https://english.kyodonews.net/news/2022/10/dc19f0bc7937-japan-eyes-26-tril-yen-economic-package-to-fight-inflation.html>

Inflation weighing on business confidence

The BoJ Tankan survey showed major manufacturers are still much more upbeat than during the gloomiest days of the Covid-19 pandemic. But inflation, including higher energy prices fueled by the war in Ukraine, has weighed on business confidence this year.

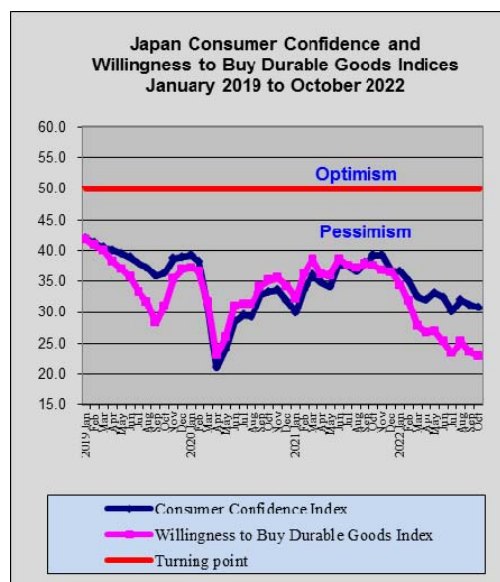


Japan Green Investment for Carbon Neutrality

The national broadcaster NHK has reported on the establishment of the Japan Green Investment Corp. for Carbon Neutrality (JICN). This is a joint initiative by the Japanese government and private sector that will provide investments and loans for decarbonisation projects.

Environment Minister Nishimura Akihiro attended its inaugural general meeting and said he hopes the organisation will actively and boldly provide funds for decarbonisation projects without being bound by precedents. The JICN will provide investment and debt guarantees for projects such as renewable energy, plastic recycling and forest conservation. The government, financial institutions and businesses have invested a total of 20.4 billion yen in JICN. The organisation is headed by Tayoshi Yoshihiko.

See: https://www3.nhk.or.jp/nhkworld/en/news/20221028_39/
and
https://www.env.go.jp/en/press/press_00704.html



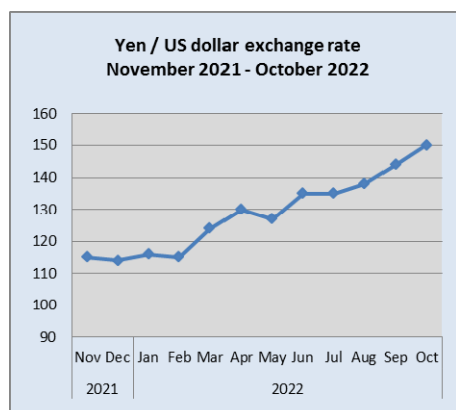
Data source: Cabinet Office, Japan

Yen in free fall

The BoJ remains committed to its ultra-low interest rates arguing that raising interest rates under the current economic conditions would only undermine the already weak demand. This month the yen fell to a 32-year low against the US dollar.

The BoJ governor, Haruhiko Kuroda, made it clear when speaking to law makers that the bank has no plans to change course.

See: <https://www.nytimes.com/2022/10/21/business/japan-interest-rates.html>



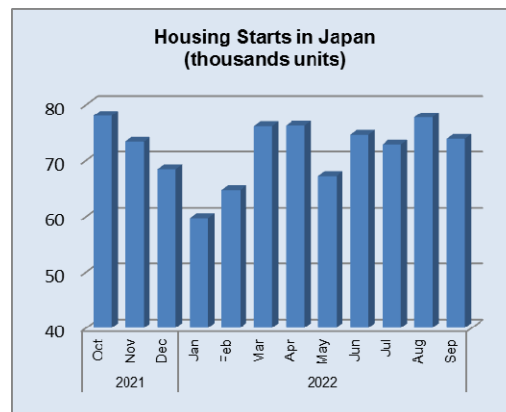
Real estate prices back to 20-year highs

The real estate market in Japan is seeing a surprising upswing on the back of the cheap yen and a revival of interest in investment in property. The yen has fallen 20% against the US dollar which has lifted demand from foreign real estate investors.

The country's house price index peaked in the first quarter of 1991, a prelude to the end of the Japanese asset price bubble. This led to what became known as a "Lost Decade" where the economy stagnated and prices deflated.

This was in part caused by Japan's decision to raise interest rates above 6% which caused an evaporation of liquidity from the market and prices to tumble. Today, prices are back to 20-year highs.

See: <https://capital.com/japan-house-price-crash-foreign-investment-weak-yen>



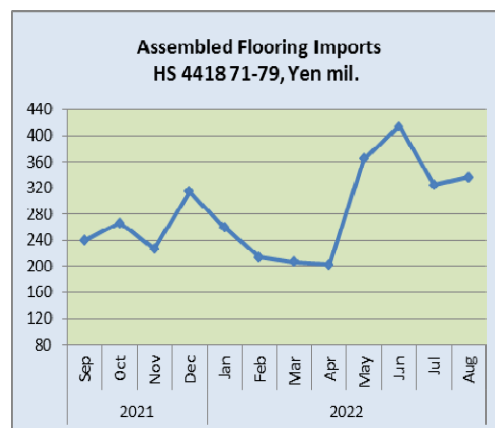
Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Assembled wooden flooring imports

Despite the drop in the value of imported assembled wooden flooring (HS441271-79) in July and the only modest 3% upswing in August, year on year up to August 2022 imports rose 17%.

HS441875 was the main category of flooring imported in August (as it was in previous months) accounting for 78% of the total. In August, China was the main supplier of HS441875 at 50% followed by Vietnam 21% Austria 11% and Malaysia 10%.



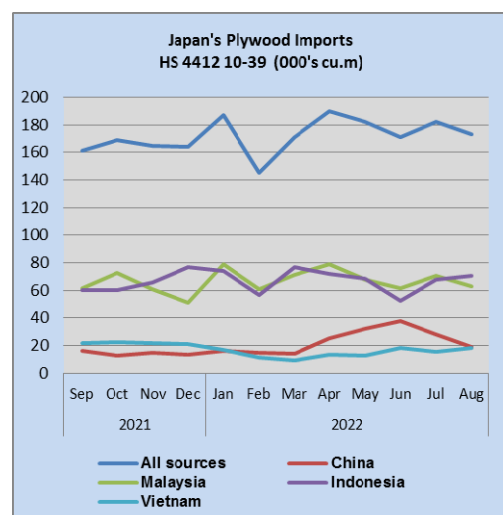
Data source: Ministry of Finance, Japan

Plywood imports

August imports of plywood (HS441210-39) stood at 172.8 cu.m, down 5% from the previous month but up 20% on August 2021. Indonesia and Malaysia are the main suppliers of plywood to Japan and together they accounted for around 77% of Japan's August import volumes.

Shipments from Malaysia were down in August compared to July but shipments from Indonesia were up month on month. Compared to the volumes imported in August 2021 both Malaysia and Indonesia saw gains this year.

Plywood imports from China at 19,000 cu.m were down compared to July but up on August 2021. In contrast, plywood imports from Vietnam rose both month on month and year on year in August this year.



Data source: Ministry of Finance, Japan

	Dec	9.2	60.5	43.9	10.8
2021	Jan	9.7	76.9	59.3	15.7
	Feb	6.8	53.5	50.1	13.0
	Mar	5.7	89.4	61.5	11.5
	Apr	11.4	65.9	58.2	17.3
	May	10.3	72.0	51.0	13.0
	Jun	10.5	61.9	56.6	15.6
	Jul	11.8	74.1	57.1	16.4
	Aug	12.8	54.7	57.8	17.5
	Sep	16.0	61.8	60.4	21.8
	Oct	12.6	72.8	60.4	22.5
	Nov	14.6	60.6	66.0	21.8
	Dec	13.6	51.2	76.5	21.0
2022	Jan	15.9	78.6	73.9	16.8
	Feb	14.7	61.0	56.8	11.4
	Mar	13.7	71.0	76.9	8.8
	Apr	25.0	79.3	72.0	13.1
	May	32.2	67.6	68.2	12.9
	Jun	37.5	61.4	52.4	18.4
	Jul	27.7	70.6	67.8	15.2
	Aug	19.0	63.0	70.8	18.5

Data source: Ministry of Finance, Japan

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

		China	Malaysia	Indonesia	Vietnam
2019	Jan	14.0	91.2	66.4	11.9
	Feb	11.1	85.3	75.0	4.2
	Mar	4.4	70.1	61.2	9.8
	Apr	11.4	94.2	65.9	8.5
	May	12.4	61.8	48.9	10.6
	Jun	9.3	59.6	62.8	11.3
	Jul	9.8	65.1	59.0	12.1
	Aug	12.1	61.8	68.9	11.0
	Sep	10.0	53.0	62.0	12.0
	Oct	10.6	66.3	72.0	12.0
	Nov	13.1	69.5	68.1	12.6
	Dec	13.0	74.4	57.4	14.0
2020	Jan	13.4	61.1	81.6	17.0
	Feb	6.8	72.2	63.8	9.5
	Mar	5.8	76.5	73.0	12.2
	Apr	13.0	68.0	69.0	13.6
	May	9.6	69.7	59.0	12.6
	Jun	10.3	52.0	61.0	11.3
	Jul	10.2	40.0	54.9	8.9
	Aug	6.6	55.0	56.0	8.4
	Sep	6.8	42.2	37.8	8.7
	Oct	8.3	62.4	52.7	10.1
	Nov	8.6	43.1	50.0	10.9

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:

https://jfpj.jp/japan_lumber_reports/

Domestic softwood plywood

Domestic softwood plywood manufacturers start to adjust production because there are not many inquiries due to excessive inventory. Volume of the inventory at the end of August was 0.5 month, 0.4 month more than previous month, against the volume of shipment.

This was low-level volume and manufacturers think that 0.7 month is a standard volume. Volume of softwood plywood produced in August was 235,804 cbms, 8.6% less than July due to the holidays in the middle of August. Shipment was 223,652 cbms, 11% less than previous month and inventory at the end of August was 111,495 cbms, 11.9% more than previous month.

This production was almost same volume as May's production but shipment was 7.2% less than May. This was for the first time of a low-level shipment volume in two years.

Inventory at the end of September will increase because wholesalers and precutting plants do not get the softwood plywood due to interim budget results in September.

Once, the inventory increased to 178,798 cbms at the end of May, 2020 due to the COVID -19 but it does not have to reduce the inventory at this time.

Since Japanese government banned importing veneers from Russia and there is a manufacturer which stopped producing softwood plywood due to the fire broke out. However, the prices of 12mm 3 x 6 are 2,000 yen, delivered per sheet, and this is over double priced compared to 2020.

Usually, demand for plywood is very lively during September to the end of the year and a movement of shipment is high-level. It might be a shortage of softwood plywood by reducing production but manufacturers do reduce production to keep the prices in same level.

It is unclear how much volume and what kind of plywood would be reduced but manufacturers would shorten a time of operations or working days. Most of manufacturers start reducing production in October but some of them had already started. There is no time limit and it depends on a situation whether to increase production or not.

Wood demand and supply in 2021

A total volume of demand and supply in 2021 is 82,132,000 cbms, 10.3% more than 2020. This is the increase for the first time in three years.

For domestic production, this is straight twelve years increase. Volume of structural lumber including plywood is stabilizing and of fuel wood increased a lot for the past five years.

Volume of fuel wood increased by 39.1% from 2020 and a rate of self-sufficiency in wood decreased 41.1%, 0.7 point lower than 2020 due to increased imported wood. This is decrease for the first time in eleven years.

A total supply of structural lumber is 3,647,000 cbms, 8.8% higher than previous year and of non-structural lumber is 45,660,000 cbms, 11.6% higher than previous year. It is obvious that these results are on the rebound from 2020 when the total starts decreased over 10% due to the COVID-19.

Supply of domestic lumber is 33,720,000 cbms, 8.3% higher than 2020 and this is straight twelve months increase.

Imported lumber is 4,840 cbms, 11.8% higher than 2020 and this is for the first time in three years growing. This is because imported wood fuel grew for 40% up from 2020. Volume of imported lumber decreased due to the wood shock in 2021 and a rate of self-sufficiency in structural lumber is 48%, 0.8 point more than last year.

Average of supply volume during 2012 – 2016 was 75,000,000 cbms and the supply volume increased to 80,000,000 cbms during 2017-2021.

Domestic and imported lumber are levelling off since 2016. However, wood fuel in 2016 was 5,810,000 cbms and increased to 14,740,000 cbms in 2021, 153% more than 2016. Grand total of housing starts and wood fuel after the Lehman shock in 2008 have been increasing.

The rate of self-sufficiency in wood grew to 41% in 2020 from 26.3% in 2010. Nevertheless, the imported wood fuel in 2021 increased 40% from the previous year and the rate of self-sufficiency in wood decreased by 0.7 point.

Domestic unused wood has been used for wood biomass power generation plants since the FIT (Feed in Tariff) had started in 2012. Volume of domestic wood fuel have been increasing for twelve years continuously.

Now, the imported pellets are used for large wood biomass power generation plants instead of domestic wood fuel, so wood fuel in 2021 increased 1,520,000 cbms, 39.1% from 3,880,000 cbms in 2020.

Since housing starts decreased 10% in 2020 due to the COVID- 19, all kinds of supply volume increased in 2021. Starts of wooden house in 2019 were 520,000 units and starts in 2021 were 500,000 units.

A rate of self-sufficiency in lumber in 2019 was 46.3% and 48% in 2021. Plywood was 45.3%.

South Sea lumber

Demand for South Sea lumber is sluggish in Japan but the prices in Japan are high because the export prices in South Asia are high and the yen is continuing to fall against the dollar.

Movement of lumber from Europe or Russia in Japan is slow due to the excessive inventory. However, there is not enough inventory of South Sea lumber for interior finishing lumber. The weak yen is also a problem. It was 145 yen against the dollar at the end of September.

The Japanese government and the Bank of Japan intervene in currency markets to stop the yen falling but the yen will continue falling due to a large difference in interest rates between the U.S.A. and Japan. That is why distribution companies have to raise the prices even though the movement is slow and they are not rush for selling. Laminated lumber manufacturers in China and Indonesia occasionally lower the prices a little bit.

China

Investment in property continues to slip

According to the National Bureau of Statistics investment in property development fell 8% in the first nine months of 2022 from a year earlier. Of the total, investment in residential properties fell 7.5%.

Investment in properties

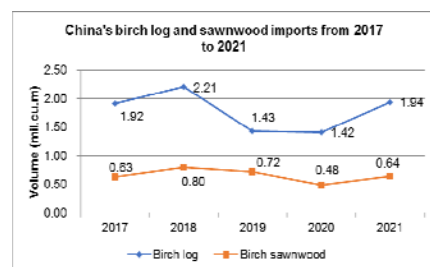


See:

http://www.stats.gov.cn/tjsj/zxfb/202210/t20221024_1889465.html

Slight rise in birch log and sawnwood imports

China Customs has reported that between 2017 to 2021 birch logs imports rose slightly from 1.92 million cubic metres to 1.94 million cubic metres and that birch sawnwood imports grew 2% from 630,000 cubic metres to 640,000 cubic metres after declining in 2019 and 2020.



Data source: China Customs

Russia was the largest supplier of birch logs and sawnwood imports in 2021.

In the first eight months of 2022 China's birch log imports were 1.44 million cubic metres maintaining around the same level as in 2021. Imports from Russia were down just 1%. However, 12% of China's birch log imports came from Latvia and were up 16% to 180,000 cubic metres.

Rise in birch sawnwood imports from Russia

In the first eight months of 2022, China's birch sawnwood imports were 432,024 cubic metres, up 11% over the same period of 2021.

Birch sawnwood exports to Vietnam

China's birch sawnwood exports totalled just 4,594 cu.m in 2017 and 3,983 cu.m in 2018. China exported birch mainly to Japan, South Korea, Canada and USA before 2018. Due to big increases in labour costs in China many companies relocated to Vietnam and these factories import a large amount of timber from China, especially sawnwood.

China's birch sawnwood exports rose 121% to 25,000 cubic metres in 2020 and by 53% to 38,000 cubic metres in 2021. Vietnam became the largest destination country for China's birch sawnwood exports from 2019.



Data source: China Customs

Although China's exports of birch sawnwood to Vietnam have increased the volume is small compared to China's birch log imports. Most of the imported birch is consumed in the domestic market.

Zhangzhou port - first in radiata pine imports

Zhangzhou port is one of the top ten timber ports in China and is a major port in Fujian province. The port is ranked first in log imports and top in the import of radiata pine in China.

With the advantage of having available imported timbers as industrial resources wood-based panel production is a major sector and the number plywood lines account for around one third of all in China.

Through transformation and upgrading of the plywood industry and the construction of industrial zones there has been an expansion of high quality production. There are nearly 1,500 wood processing enterprises in Zhangzhou City and the output value of the whole industrial chain is nearly RMB60 billion. The total output of wood-based panels is about 6 million cubic metre worth RMB15 billion.

See:

https://baijiahao.baidu.com/s?id=1746536892847010672&wfr=s_pider&for=pc

Zero additives rubberwood treatment

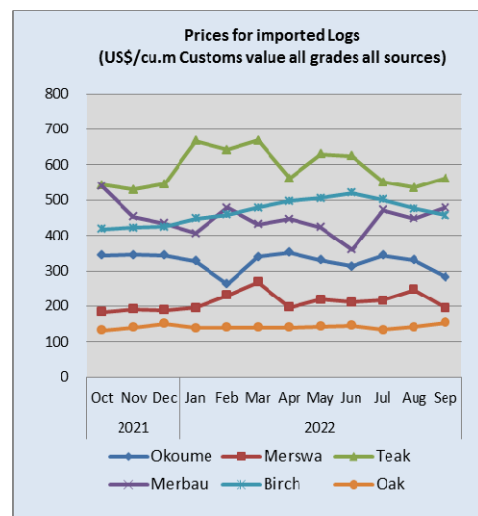
According to the domestic media researchers in China have developed a process to treat rubberwood, a so-called 'Zero additives' process' and this is being used commercially. Freshly sawn rubberwood is susceptible to insect attack and blue stain so requires early treatment, usually with boric acid.

The Chinese research team has patented a 'zero additives' treatment process to replace chemical agents. It is claimed that the treatment cycle is shorter, the color and the dimensional stability are assured.

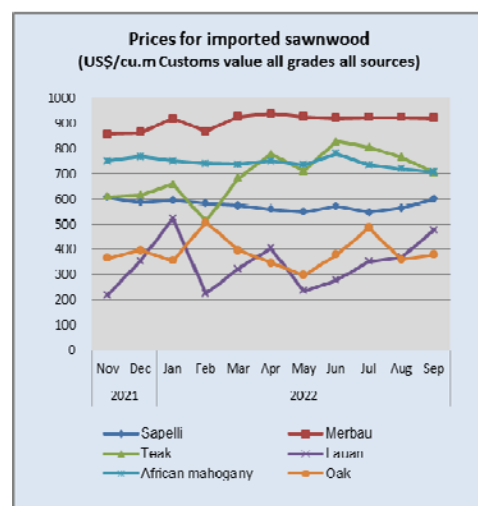
The research and development of this technology is expected to gradually replace the current treatment process for rubberwood and "promote the development of rubber wood processing toward a safer and more environment-friendly direction".

Despite the current weak demand for rubberwood products in the domestic and international market enterprises that have adopted the new technology have good order book positions.

See: <http://www.hi.chinanews.com.cn/hnnew/2022-10-19/657363.html>



Data source: Customs, China



Data source: Customs, China

Average log price, (US\$/cu.m Customs value all grades all sources)

	2022 Aug	2022 Sep
Okoume	330	283
Merswa	247	195
Teak	535	562
Merbau	448	479
Birch	476	457
Oak	142	154

Average sawnwood price, (US\$/cu.m Customs value all grades all sources)

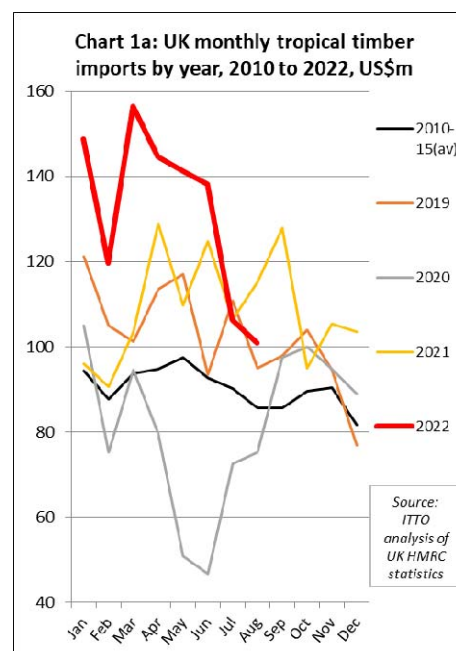
	2022 Aug	2022 Sep
Sapelli	564	600
Merbau	923	920
Teak	766	706
Lauan	370	477
African mahogany	719	706
Oak	361	380

Data source: Customs, China

UK

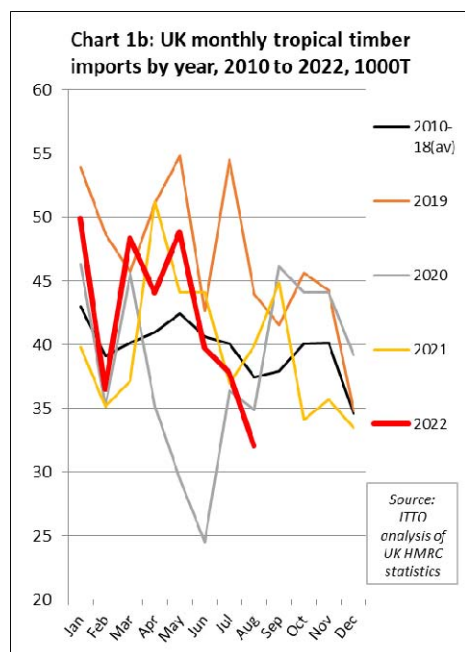
UK tropical wood product imports fell sharply in July and August

The import value of tropical wood and wood furniture into the UK in the opening eight months of this year was USD1.06B, 21% more than the same period last year. Following the strongest start to the year in terms of UK import value since before the 2008 financial crises, imports fell sharply during July and August (Chart 1).



The trend looks different in quantity terms (Chart 1b). Import quantity of tropical wood and wood furniture into the UK in the opening eight months of this year was 337,000 tonnes, just 3% more than the same period last year and not out of line with previous years during the last decade.

This shows that price inflation was the major factor behind the rise in UK import value in the first half of this year, driven both by historically high material and freight prices and extreme weakness of sterling against the US dollar.



The decline in UK tropical wood product imports over the summer months was particularly dramatic in quantity terms, with imports of only 32,000 tonnes in August being the third lowest monthly total since August 2016. During this six year period, monthly imports were only previously below the August 2022 level in May and June 2020 during the first COVID lockdown.

Dark clouds gather over UK economy

The slowdown in UK imports of tropical wood and wood products in the summer months is unlikely to be reversed anytime soon as market prospects have deteriorated rapidly in the autumn months.

The latest official UK government data shows that economic output fell 0.3 per cent in the three months to August compared with the previous quarter during an unprecedented period of political uncertainty and high energy and borrowing costs.

More recent survey data shows that UK economic activity contracted at its fastest pace in almost two years in October, suggesting the country has fallen into a recession. The S&P Global/Cips UK composite Purchasing Managers Index (PMI), a measure of activity in the private sector, dropped to a 21-month low of 47.1 in October from 49.1 in September. October's PMI was the third consecutive reading under 50, which indicates a majority of businesses reporting a contraction in activity and was below the 48.1 forecast by economists polled by Reuters.

Rishi Sunak was appointed prime minister on 25th October following the resignation of his predecessor Liz Truss who had been in office for only 44 days, the shortest term of any British prime minister in history. Truss resigned when her misfired attempt to radically reorient the government's economic agenda, by slashing taxes without saying how the decision would be paid for, sent the markets reeling.

The appointment of a new Prime Minister committed to a tighter fiscal policy has somewhat reassured markets and raised confidence at least of a short respite from recent political instability. However, the sharp change of policy also implies slower growth and higher chances of a recession in the near-term. This means the Bank of England is likely to be less aggressive with rate hikes.

Nevertheless, with the annual rate of inflation in excess of 10% in October, markets widely expect the BoE's Monetary Policy Committee to raise rates by between 75 and 100 basis points when it meets in the first week of November. None of this is particularly positive for Sterling which has been bumping along at close to an all-time low of less than 1.1 to the USD since the last week of September.

Chris Williamson, chief business economist at S&P Global Market Intelligence, said October's PMI data showed "the pace of economic decline gathering momentum" after recent political and financial market upheaval. The economy "therefore looks certain to fall in the fourth quarter after a likely third-quarter contraction, meaning the UK is in recession", he added.

The UK PMI survey, based on responses collected between October 12 and 20, showed that new orders had decreased at the sharpest pace since January 2021, with panellists attributing it to the worsening economic outlook. Manufacturers reported a particularly steep fall in new work, with export sales falling at the fastest pace in almost two-and-a-half years.

Business confidence also collapsed, sliding to a level rarely seen in 25 years of survey history, with escalating political uncertainty and rising interest rates among the most commonly cited reasons for the downbeat sentiment. The manufacturing sector remained in a downturn for the third consecutive month, while the services sector reported the first contraction in 20 months.

Williamson said that although price pressures had eased because of the economic downturn, the weak pound and high energy costs meant input cost inflation remained higher than at any time in the survey's pre-pandemic history.

In a downbeat assessment earlier in October, analysts at Deutsche Bank said UK GDP was due to take until 2024 to return to the level of December 2019 before the pandemic struck.

The British Chambers of Commerce (BCC) also reported that more than three-quarters of companies in a survey of 5,200 firms had not increased investment in the last three months.

A rare shaft of light in all this gloom comes from the latest S&P Global/CIPS PMI survey for the UK construction sector. At 52.3 in September, up from 49.2 in August, the headline construction PMI registered above the 50.0 no-change value for the first time since June.

The latest reading was the highest for three months and signalled a modest overall increase in construction output.

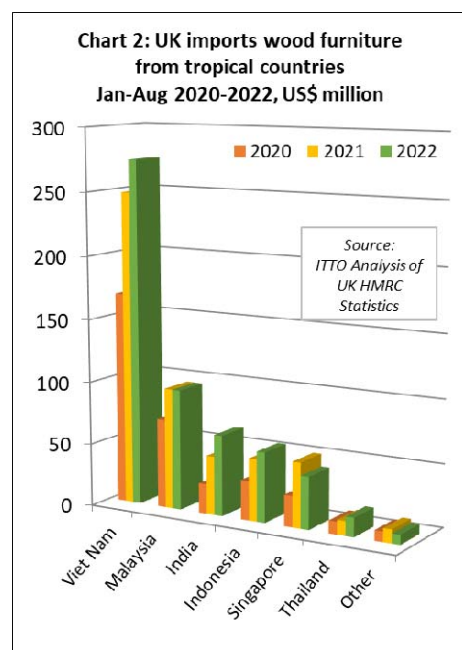
Construction survey respondents commented on a boost to activity from work on previously delayed projects. House building was the best-performing category in September (index at 52.9), with growth reaching a five-month high. Commercial work increased only marginally (51.0), while civil engineering activity (49.6) fell for the third month in a row.

According to S&P Global/CIPS "survey respondents often commented on a strong pipeline of outstanding work, but incoming new orders remained relative scarce in September. Latest data signalled that new business volumes were broadly unchanged overall, which represented the worst month for new orders for almost two-and-a-half years.

Construction firms cited slow decision making among clients and greater risk aversion due to inflation concerns, squeezed budgets and worries about the economic outlook".

Flatlining UK imports of tropical wooden furniture

The UK imported USD555 million of tropical wood furniture products in the first eight months of 2022, which is 8% more than the same period in 2021. In quantity terms, wood furniture imports were 114,000 tonnes during the eight month period, 7% less than the same period last year. This indicates that the rise in value was driven more by price inflation than strong demand. Imports between June and August this year were much lower than the same period last year.



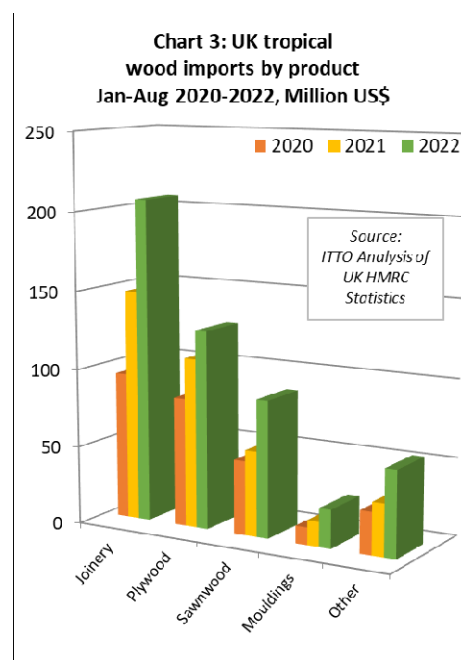
In the first eight months of this year compared to last year, UK import value of wood furniture increased 10% from Vietnam to USD274 million, 38% from India to USD64 million, 13% from Indonesia to USD56 million, and 32% from Thailand to USD15 million.

Import value of USD96 million from Malaysia was the same level as the previous year, while import value of USD42 million from Singapore was 19% down compared to 2021. (Chart 2).

Gains in UK imports of some tropical wood products in the first eight months of 2022

Total UK import value of all tropical wood products in Chapter 44 of the Harmonised System (HS) of product codes was USD501 million between January and August this year, 39% more than the same period in 2021. In quantity terms imports increased 8% to 223,000 tonnes during the period.

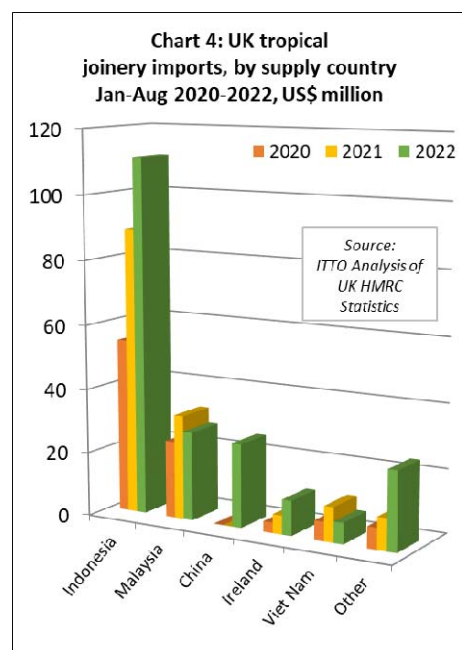
Compared to the first eight months last year, UK import value of tropical joinery products increased 40% to USD207 million, import value of tropical plywood was up 17% to USD127 million, import value of tropical sawnwood increased 60% to USD88 million, and import value of tropical mouldings/decking increased 55% to USD25 million (Chart 3).



Slowing pace of UK imports of wood doors from Indonesia

As for other tropical products, the pace of increase in UK import value of tropical joinery products slowed between June and August this year. Nevertheless import value from Indonesia, by far the largest supplier of tropical joinery products to the UK (in this case mainly doors), was at USD111 million still up 25% year-on-year in the first eight months of 2022 (Chart 4).

In quantity terms, UK joinery imports from Indonesia were 35,400 tonnes in the first eight months of this year, 6% more than the same period in 2021.

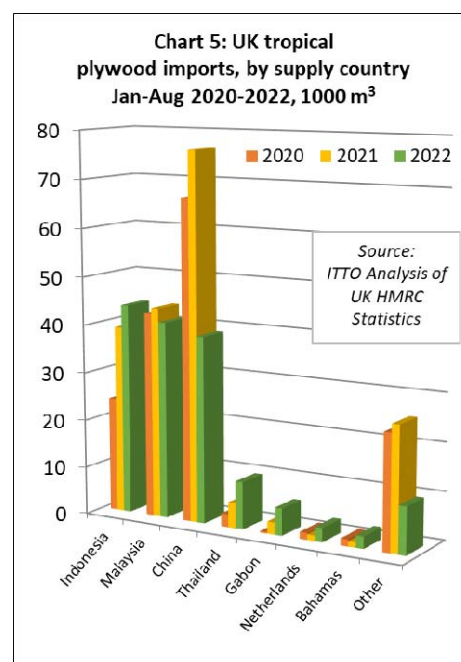


UK imports of joinery products from Malaysia and Vietnam (mainly laminated products for kitchen and window applications) started the year slowly and weakened further during the summer months. Import value from Malaysia was USD28 million in the January to August period, 15% less than the same period last year. In quantity terms, imports from Malaysia were 8,900 tonnes, 28% less than the same period in 2021. Joinery imports from Vietnam of 1800 tonnes valued at USD7 million were respectively 42% and 40% less than the same period last year.

UK imports of Chinese tropical joinery products, nearly all comprising doors, were 10,400 tonnes with value of USD26 million in the first eight months of 2022, up from negligible levels in previous years. The recorded rise was due to introduction from 1st January 2022 of new product codes which identify wood doors and windows manufactured using a wider range of tropical wood species in UK and EU trade statistics. This may also explain the apparent rise in UK imports of tropical joinery products from Ireland which were 1,200 tonnes with value of USD11 million in the first eight months of 2022, respectively 56% and 85% more than the same period in 2021.

UK tropical hardwood plywood imports switch away from China

In the first eight months of 2022, the UK imported 154,600 cu.m of tropical hardwood plywood, 21% less than the same period last year. Tropical hardwood plywood imports from Indonesia, Thailand and Gabon have made gains this year, while imports from China have fallen dramatically, and imports from Malaysia have also lost ground (Chart 5).



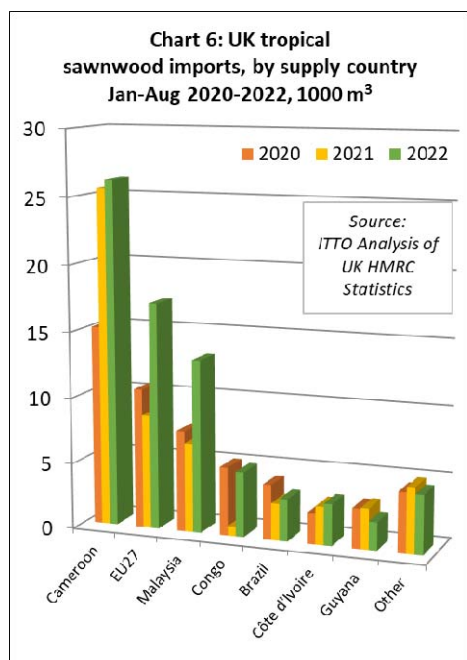
The UK imported 43,900 cu.m of tropical plywood from Indonesia in the first eight months of this year, a gain of 12% compared to the same period last year. After picking up pace in May this year, imports from Indonesia slowed again between June and August. The UK imported 41,000 cu.m of plywood from Malaysia in the first eight months of this year, 6% less than the same period last year. Imports from Malaysia also picked up in May to their highest monthly level for over a year but were very slow during the summer months.

The UK imported 38,900 cu.m of tropical hardwood plywood from China in the first eight months of this year, 49% less than the same period in 2021. Probably the biggest shift in the UK hardwood plywood trade in the last two years has been a rapid decline in imports of Chinese products faced with tropical hardwoods in favour of Chinese products faced with temperate hardwoods. Chinese temperate hardwood plywood has been the largest beneficiary of UK sanctions against all trade in Russian wood products since the start of the Ukraine conflict.

Meanwhile, Brexit is impacting on UK imports of tropical hardwood plywood from EU countries which were just 8,600 cu.m in the opening eight months of this year compared to over 18,000 cu.m during the same period in the last two years.

Bouyant UK imports of tropical sawnwood during 2022

Unlike tropical hardwood plywood, UK imports of tropical sawnwood have been buoyant this year. Total UK imports of tropical sawnwood were 74,500 cu.m in the first eight months of 2022, 34% more than the same period last year. In addition to making gains overall, there have been some significant changes in the countries supplying tropical sawnwood to the UK this year (Chart 6).



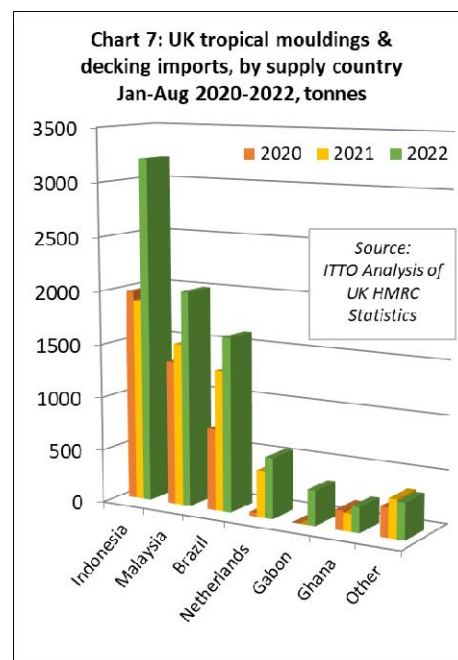
UK imports of tropical sawnwood from Cameroon were 26,200 cu.m in the first eight months of this year, 3% more than the relatively high level in the same period last year. UK imports of tropical sawnwood from the Republic of Congo have recovered lost ground this year, with imports of 4,900 cu.m in the first eight months, a 575% gain compared to the same period last year, although still down on the pre-pandemic level. UK imports from Côte d'Ivoire were 3,100 cu.m in the first eight months of this year, a 9% increase compared to the same period last year.

UK imports from Malaysia, which had fallen to little more than a trickle in recent years, were 13,000 cu.m in the first eight months of this year, 95% more than in the same period last year. UK imports of tropical sawnwood from Brazil were 3,200 cu.m in the first eight months of this year, 14% more than the same period last year but still down on the pre-pandemic level. Indirect UK imports of tropical sawnwood via the EU have also recovered ground this year despite the Brexit disruption, increasing 99% to 17,000 cu.m in the first eight months of 2022.

UK imports of tropical hardwood mouldings/decking were relatively high in the first eight months of 2022, at 8,322 tonnes, 46% more than the same period last year.

This commodity group has benefited in the UK market from shortages of non-tropical products, particularly since the start of the war in Ukraine and sanctions on Russian decking products that directly compete with tropical decking.

Imports of 3,200 tonnes from Indonesia were 69% more than the same period last year. Imports of 2,000 tonnes from Malaysia were 32% up on the same period in 2021. Imports from Brazil increased 24% to 1,600 tonnes during the eight month period. (Chart 7).



North America

Housing starts slide more than expected

New home construction slumped to a 19-month low in September as housing starts dropped 8% from August to a seasonally adjusted annual rate of 1.564 million according to the Department of Housing and Urban Development.

On a year-on-year basis, September's annual housing start rate was down 7.7%. These declines come after a strong 12% month-on-month increase in August.

The yearly decreased pace in homebuilding is mostly attributable to a large decline in the single-family sector which posted an 18.5% yearly decrease compared to a 16.5% annual increase in the multifamily sector. Month-on-month, both sectors were down with single family dropping 3% and multifamily falling 13%.

Regionally, housing starts were down month-on-month in the Northeast (-12.5%), Midwest (-2.7%) and South (-13.7%), but they were up 4.5% in the West. On a yearly basis, housing starts were down in the Midwest (-10.8%), South (-8.8%) and West (-11.2%), but up 15.7% in the Northeast.

As house prices rise developers are constructing more multifamily units which tend to cost less than single family houses according. It appears this trend may continue as multifamily building permits were issued at a seasonally adjusted annual rate of 644,000, up 8% month-on-month and 25.5% year-on-year while, single-family building permits were down 3% from August and down 17% from a year ago.

The declines should come as no surprise as homebuilder confidence declined for the 10th consecutive month in October reaching its lowest level since August 2012, excluding in the spring of 2020.

Despite decreases in housing starts and permits some market observers still feel there are reasons to remain optimistic. As the number of starts and permits decreases builders have more time and manpower to devote to existing projects driving the number of housing completions up. Overall, completions were up 6% from August and 16% year-on-year to a seasonally adjusted annual rate of 1.427 million.

There are currently 910,000 multifamily units under construction, the highest level since the mid-1970s according to the Census Bureau.

Canada's annual rate of housing starts jumped 11% to 299,589 units in September from 267,443 in August reaching its highest monthly level since November 2021. Data from the Canada Mortgage and Housing Corporation showed the rate of urban starts increased 12% to 276,142 in the month while multi-unit urban starts surged 16% cent to 216,549 units.

The pace of urban starts of single-detached homes remained flat at 59,593 units. The gain was mostly due to recorded large increases in multi-unit starts on a seasonally adjusted annual rate basis in the major cities of Montreal, Toronto and Vancouver.

See:

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

<https://www.cmhc-schl.gc.ca/en/professionals/housing-markets-data-and-research/housing-data/data-tables/housing-market-data/monthly-housing-starts-construction-data-tables>

Existing-home sales slip

Existing-home sales fell again in September, the eighth month in a row of declines, according to the National Association of Realtors. Total existing-home sales retracted 1.5% from August to a seasonally adjusted annual rate of 4.71 million in September. Year-over-year, sales waned by 23.8% (down from 6.18 million in September 2021). The housing sector continues to undergo an adjustment due to the continuous rise in interest rates.

Existing-home sales in the Northeast dwindled 1.6% from August to an annual rate of 610,000 in September, retreating 18.7% from September 2021. Existing-home sales in the Midwest slid 1.7% from the previous month to an annual rate of 1,140,000 in September, falling 19.7% from September 2021.

In the South, existing-home sales pulled back 1.9% in September from August to an annual rate of 2,080,000, a decline of 23.8% from this time last year. Existing-home sales in the West were identical to last month at an annual rate of 880,000 in September, but down 31.3% from one year ago.

See: <https://www.nar.realtor/newsroom/pending-home-sales-waned-10-2-in-september>

Job creation remains above expectations despite inflation

Another solid US jobs report for September increased the likelihood the Federal Reserve will go ahead with an interest rate hiking campaign many investors fear will push the economy into a recession.

The Department of Labor reported the unemployment rate fell to 3.5%, lower than expectations of 3.7% in an economy that continues to show resilience despite the Fed's efforts to bring down inflation by weakening growth. Non-farm payrolls rose by 263,000 jobs, more than the 250,000 figure economists polled by Reuters had forecast.

The job gains, lower unemployment rate, and continued healthy wage growth point to a labor market Fed officials will likely still see as keeping inflation too high.

Manufacturing employment continued to trend up in September, adding 22,000 jobs. Manufacturing has added an average of 36,000 jobs per month thus far in 2022. Employment in construction also continued its upward trend (+19,000), in line with average monthly job growth in the first 8 months of this year.

See: <https://www.bea.gov/news/2022/gross-domestic-product-second-quarter-2022-advance-estimate>

Consumer sentiment inches up

U.S. consumer sentiment increased slightly in early October reaching its highest level in six months as an easing of supply constraints offset concerns over inflation and an economic slowdown.

The preliminary estimate of the consumer sentiment index published by the University of Michigan stood at 59.8 in October, up from 58.6 in September and the highest reading since April. Sentiment is now 9.8 points above the all-time low reached in June but this improvement remains tentative as the expectations index declined by 3% from last month said Joanne Hsu, the Survey's director.

"Continued uncertainty over the future trajectory of prices, economies, and financial markets around the world indicate a bumpy road ahead for consumers," Hsu said.

See: <http://www.sca.isr.umich.edu/>

Furniture and wood products manufacturers reported contraction in September

While seeing a slight decline compared to August, September manufacturing output remained on the right side of growth according to the most recent edition of the Manufacturing Report on Business by the Institute for Supply Management (ISM).

The report's key metric, the PMI, was 50.9 (a reading of 50 or higher indicates growth), following back-to-back readings of 52.8 in July and August.

While it indicated the 28th consecutive month of growth September showed the lowest PMI reading since May 2020, when it came in at 43.5.

Seven of the 17 sectors in the ISM survey reported contraction in September compared to August, they are: Furniture and Related Products; Textile Mills; Wood Products; Printing and Related Support Activities; Paper Products; Chemical Products; and Fabricated Metal Products.

Of the six biggest manufacturing industries, four — Machinery; Transportation Equipment; Food, Beverage & Tobacco Products; and Computer & Electronic Products registered moderate to strong growth in September.

(See: <https://www.ismworld.org/supply-management-news-and-reports/reports/ism-report-on-business/pmi/august/>)

Transshipped products – attempts to evade duties

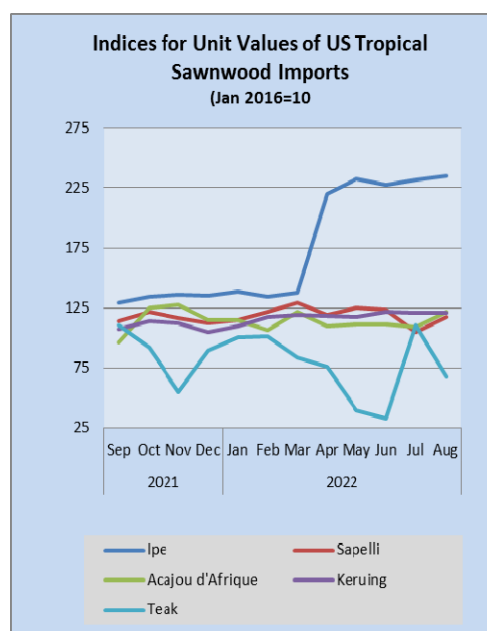
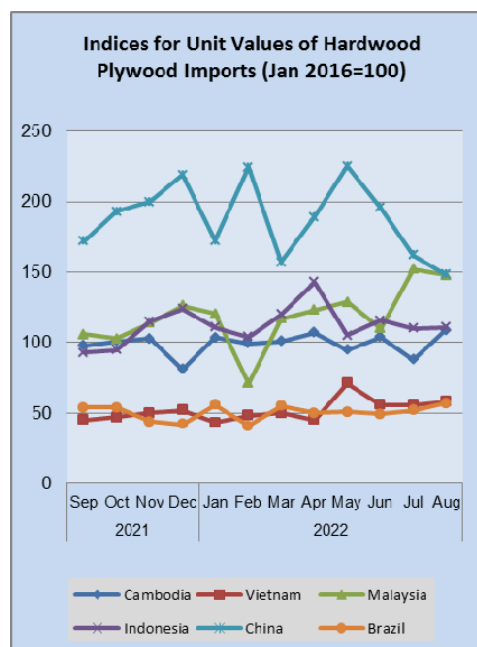
The US Customs and Border Protection (CBP) has issued a final affirmative determination as to evasion pursuant to the Enforce and Protect Act (EAPA) by six US importers.

According to the Kitchen Cabinet Manufacturers Association, the importers were “involved in a scheme to transship wooden cabinets from China through Malaysia to avoid the payment of antidumping and countervailing duties.”

According to the notice of determination, “In light of CBP’s determination that [the companies] entered covered merchandise into the customs territory of the United States through evasion ... CBP will suspend or continue to suspend the entries subject to this investigation until instructed to liquidate these entries.”

See:

https://mcusercontent.com/edf6cb794d7dcce4fa01241a6/files/d116d8c4-59e0-ebbe-e086-626a5657cb03/Notice_of_Determination_as_to_Evasion.pdf



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.

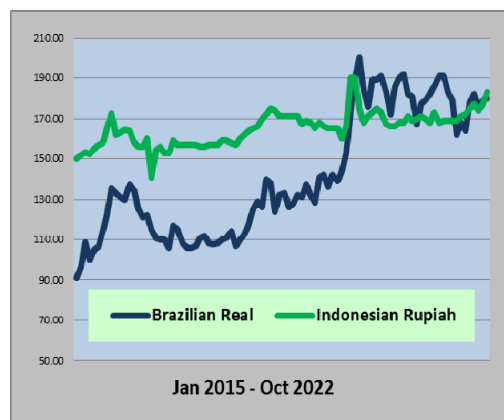
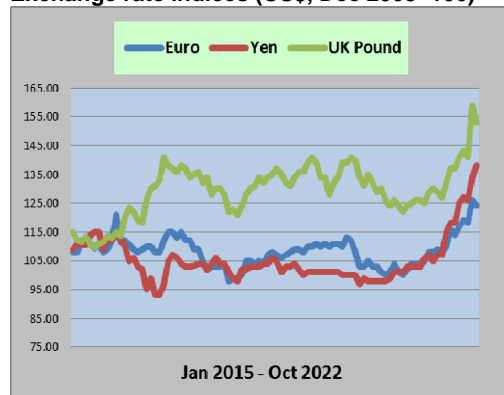
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 October 2022

Brazil	Real	5.3032
CFA countries	CFA Franc	665.88
China	Yuan	7.263
Euro area	Euro	1.0127
India	Rupee	82.75
Indonesia	Rupiah	15,587
Japan	Yen	149.1
Malaysia	Ringgit	4.738
Peru	Sol	3.96
UK	Pound	0.8866
South Korea	Won	1,444.94

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

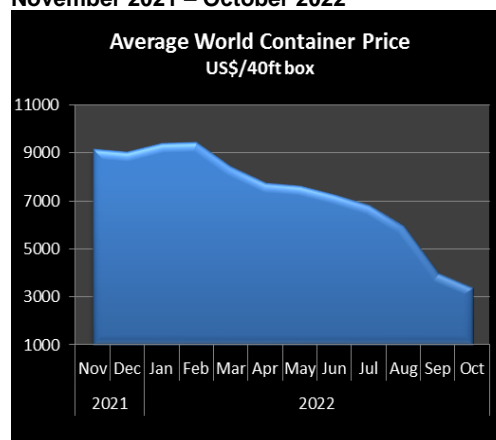


Abbreviations and Equivalences

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

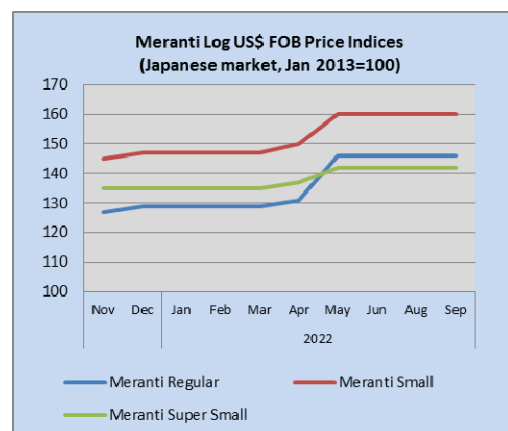
November 2021 – October 2022



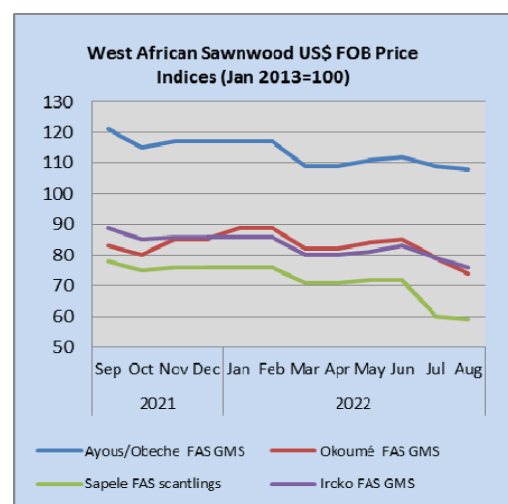
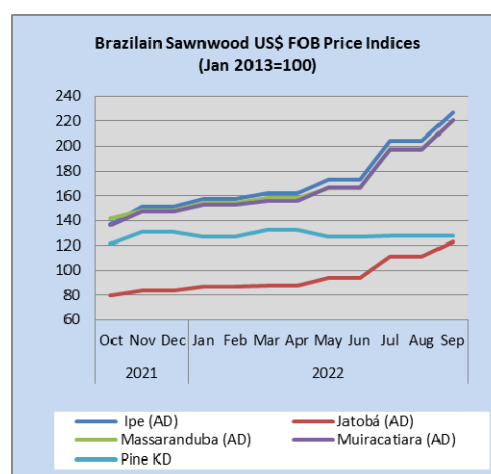
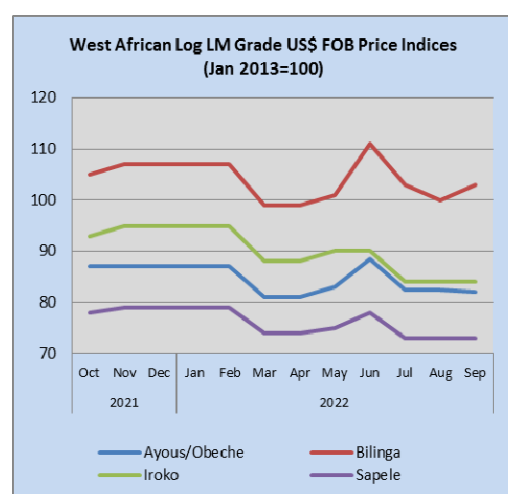
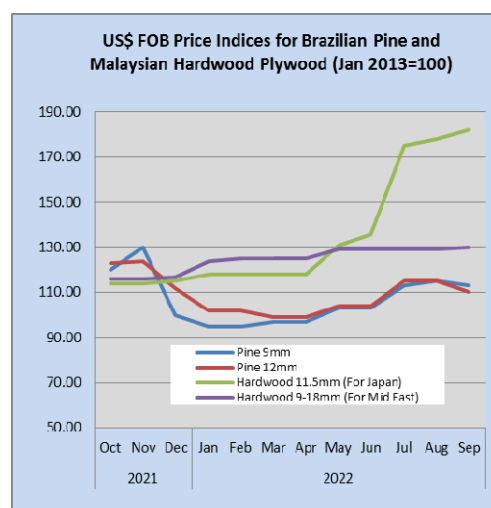
Data source: Drewry World Container Index

Price indices for selected products

The following indices are based on US dollar FOB prices



Note: Sarawak logs for the Japanese market



Note: Indices for W. African logs and sawnwood are recalculated from Euro to US dollar terms.

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