



Sawn Softwood Markets (Part 2): North America; 2007/08 Summary; 2009 Outlook

Joint UNECE Timber Committee and
FAO European Forestry Commission Market Discussions
22 October 2008, Rome, Italy

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Sawnwood Chapter: Presentation Outline

By Mathias Lundt:

1. Section 5.2: Europe
2. Section 5.3: CIS, focusing on Russia

By Russell Taylor:

- ◆ Section 5.4: North America
- ◆ Chapter Highlights 2007/2008
- ◆ Timber Committee Forecasts 2008-2009

3. North America: Sawnwood Trends

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Table 5.4.1: Sawn softwood balance in North America, 2006-2007 (x000 m3)

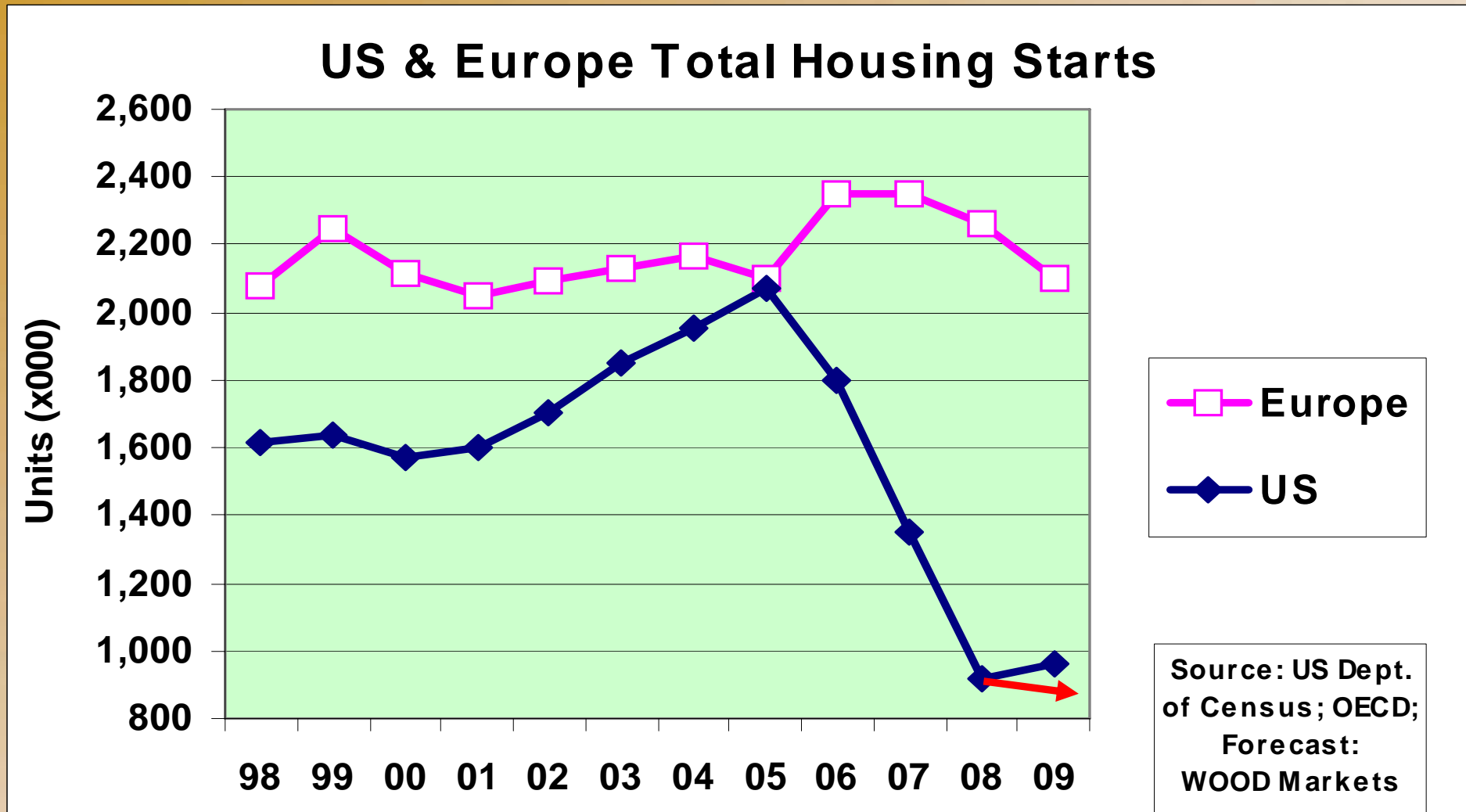
Table 5.4.1
Sawn softwood balance in North America, 2006-2007
(1,000 m3)

	2006	2007	Change %
Production	122,616	109,639	-10.6%
Imports	38,986	31,515	-19.2%
Exports	39,392	34,014	-13.7%
Net Trade	406	2,499	516%
Apparent consumption	122,210	107,140	-12.3%

Source: UNECE/FAO TIMBER database, 2008.

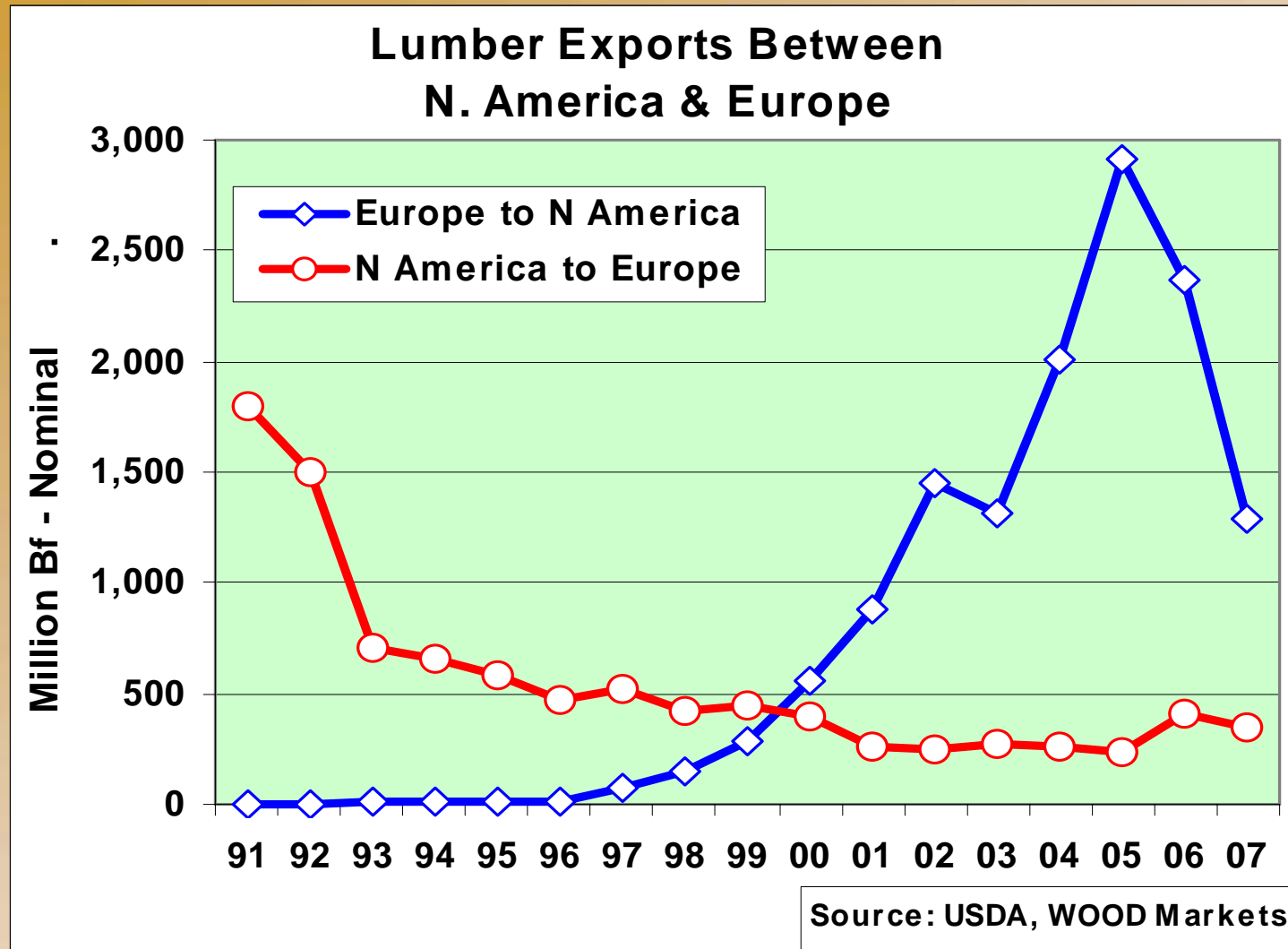
US & Canada output/consumption peaked in 2005 and will drop until 2009

Housing Starts in North America and Europe, 1998-2009



US housing has collapsed; European now slowing

Sawn Softwood Exports between North America and Europe, 1991-2007



Source:
WOOD MARKETS
Monthly
Newsletter,
2008



US Tariffs on Canadian Lumber started in 1996!

4. Sawnwood Chapter: Chapter Highlights

Key Highlights:

- **Weaker demand** was the emerging theme in the U.S., Europe and Japan in 2007/2008 with over-supply and no markets becoming the issue with producers.
- **The U.S. financial market collapse** in 2008-Q3 caused U.S. housing starts to plummet as sub-prime mortgages because the main cause.
- **Prices were lower:** In 2007 & into mid-2008, European prices for sawnwood fluctuated and then declined, while in North America prices sank to their lowest levels since 1991.

Sawnwood Chapter: Chapter Highlights (con't)

Europe & CIS (Russia)

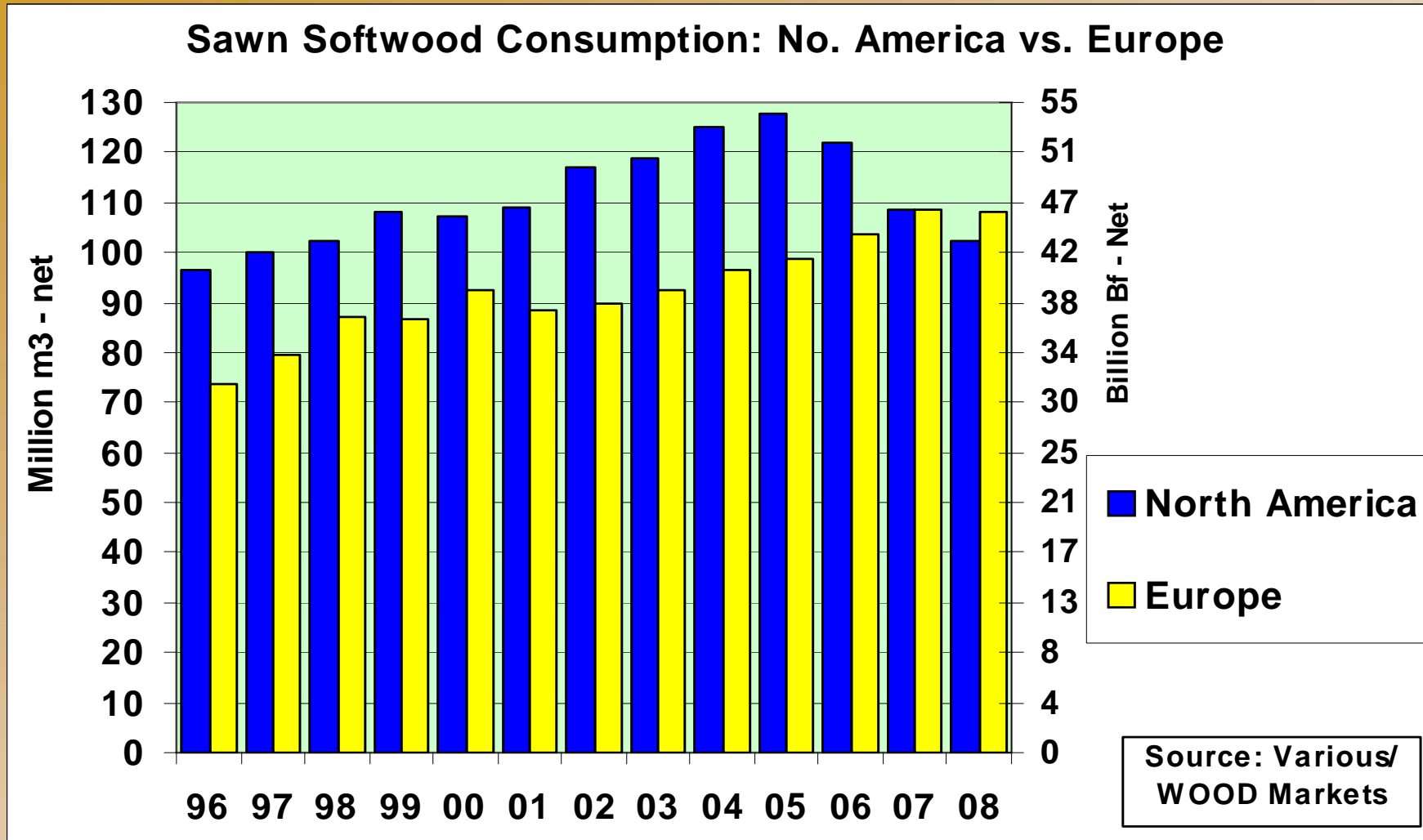
- After a profitable 2006, most European sawmill revenues declined in mid-2007 and the industry drifted into a more difficult financial situation in mid-2008.
- In 2007, moderate growth in both production and consumption of sawn softwood in Europe continued to be led by Germany, which strengthened its lead in production and even extended exports to the weak US market.
- Russian production and exports increased and a significant number of new sawmill investments were announced, possibly resulting from an escalating log export tax schedule.

Sawnwood Chapter: Chapter Highlights (con't)

North America:

- An unprecedented reduction of up 60% in US housing starts between 2005 and those estimated for 2009 has had a drastic impact on North American sawmilling industry output and trade capacity, as well as on sawnwood prices.
- The current US housing market collapse has caused up to one quarter of the North American industry capacity to curtail or close in order to accommodate much lower demand levels.

Europe Now Exceeds North America in Consumption (and Production)

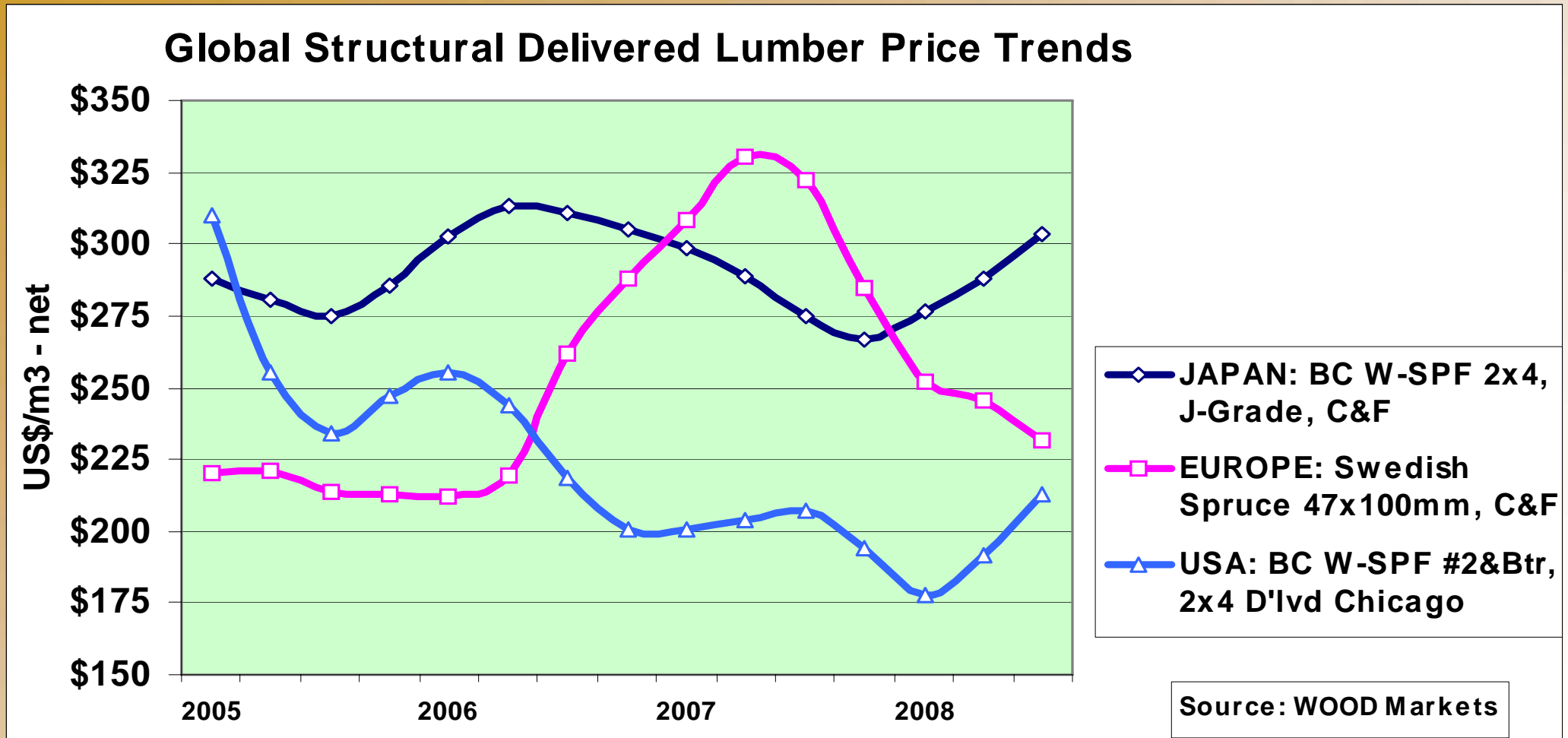


Note:
2008 =
forecast by
WOOD
Markets



Consumption to take “a breather” in 2006 & 2007

Graph 5.4.1 Sawn softwood price trends in Canada, Europe & Japan, 2005-2008



Note: Delivered market prices for structural sawnwood
 Source: WOOD MARKETS Monthly Newsletter, 2008.

No. America volatile; Japan rising; Europe falling

5. Timber Committee Forecasts 2008-2009

- A general downturn in consumption and production is the theme in the UN-ECE region.
- The U.S. global financial crisis will reach far and wide...

App. Consumption (x000 m3)

Production (x000 m3)

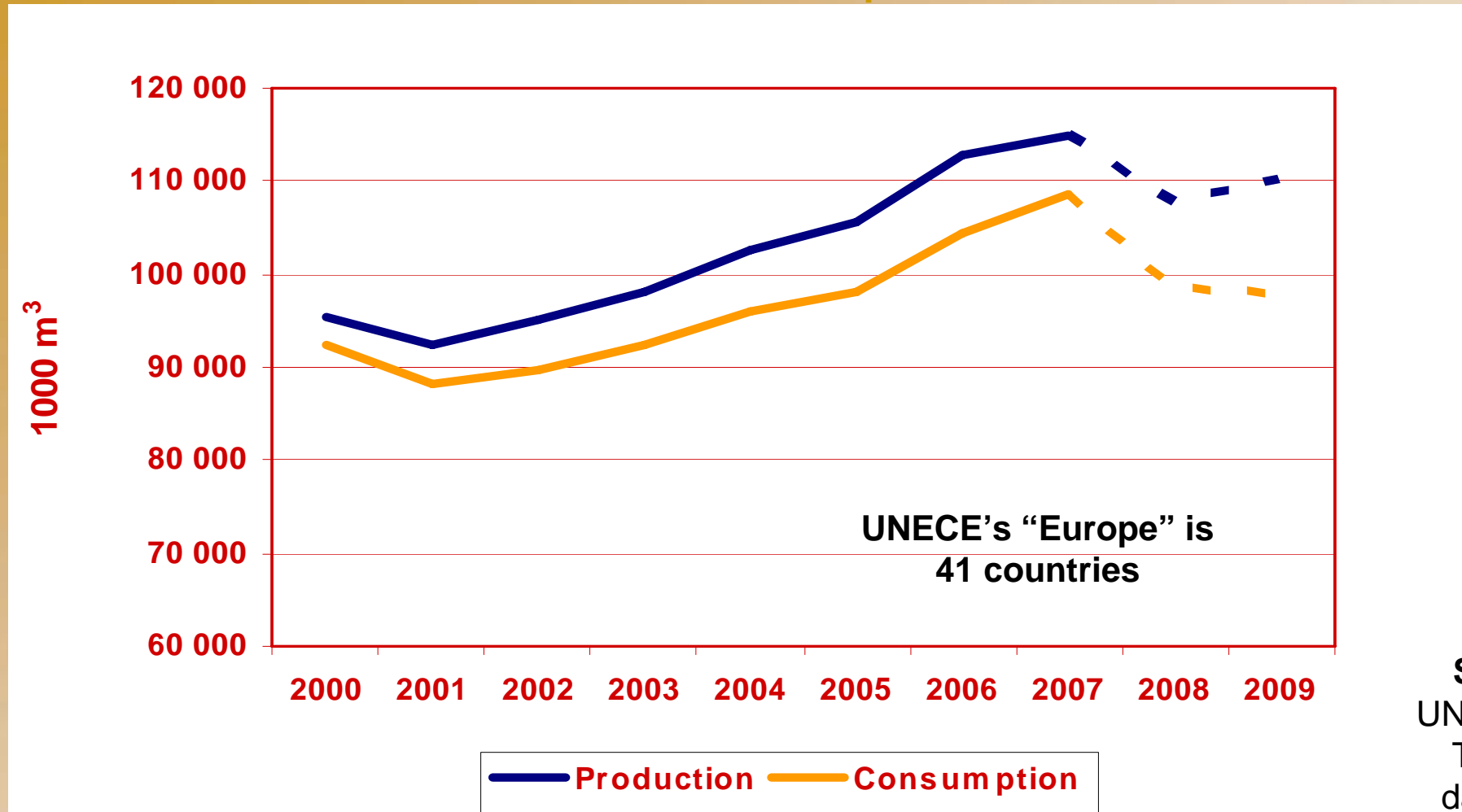
	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
Europe	-10,289	-483	Europe	-7,380	2,438
CIS	2,934	830	CIS	705	1,320
No. America	-10,064	-3,267	No. America	-11,109	-3,337
Total	-17,419	-2,920	Total	-17,784	421

App. Consumption

Production

	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
Europe	-9.5%	-0.5%	Europe	-6.4%	2.3%
CIS	48.7%	9.3%	CIS	2.9%	5.3%
No. America	-9.3%	-3.3%	No. America	-10.1%	-3.4%
Average	-7.8%	-1.4%	Average	-7.1%	0.2%

Consumption & Production of Sawn Softwood in Europe, 2000-2009



Source:
UNECE/FAO
TIMBER
database,
2008.

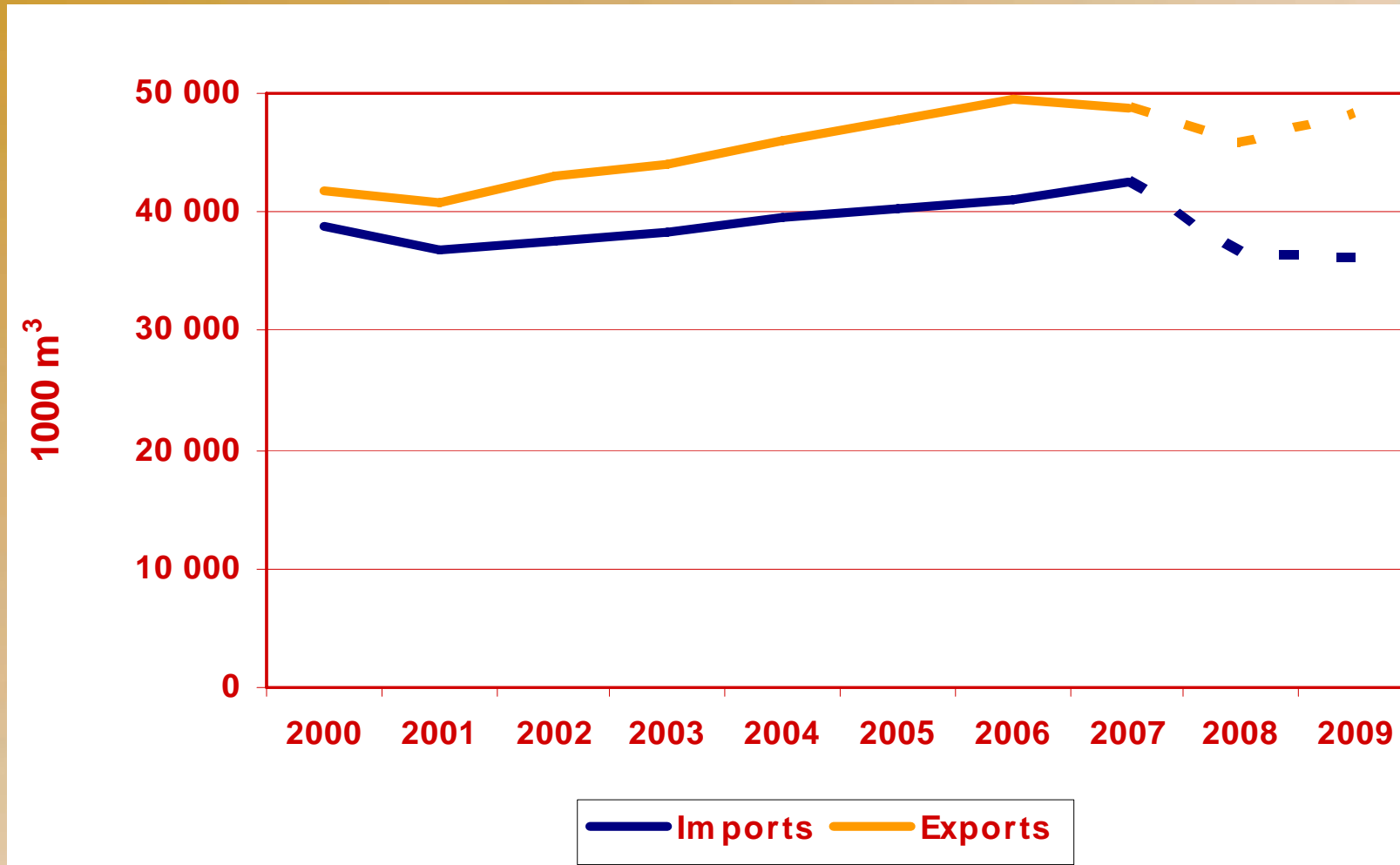
App. Consumption

Production

	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
Europe	-9.5%	-0.5%	Europe	-6.4%	2.3%



Imports & Exports of Sawn Softwood in Europe, 2000-2009



Source:
UNECE/FAO
TIMBER
database,
2008.

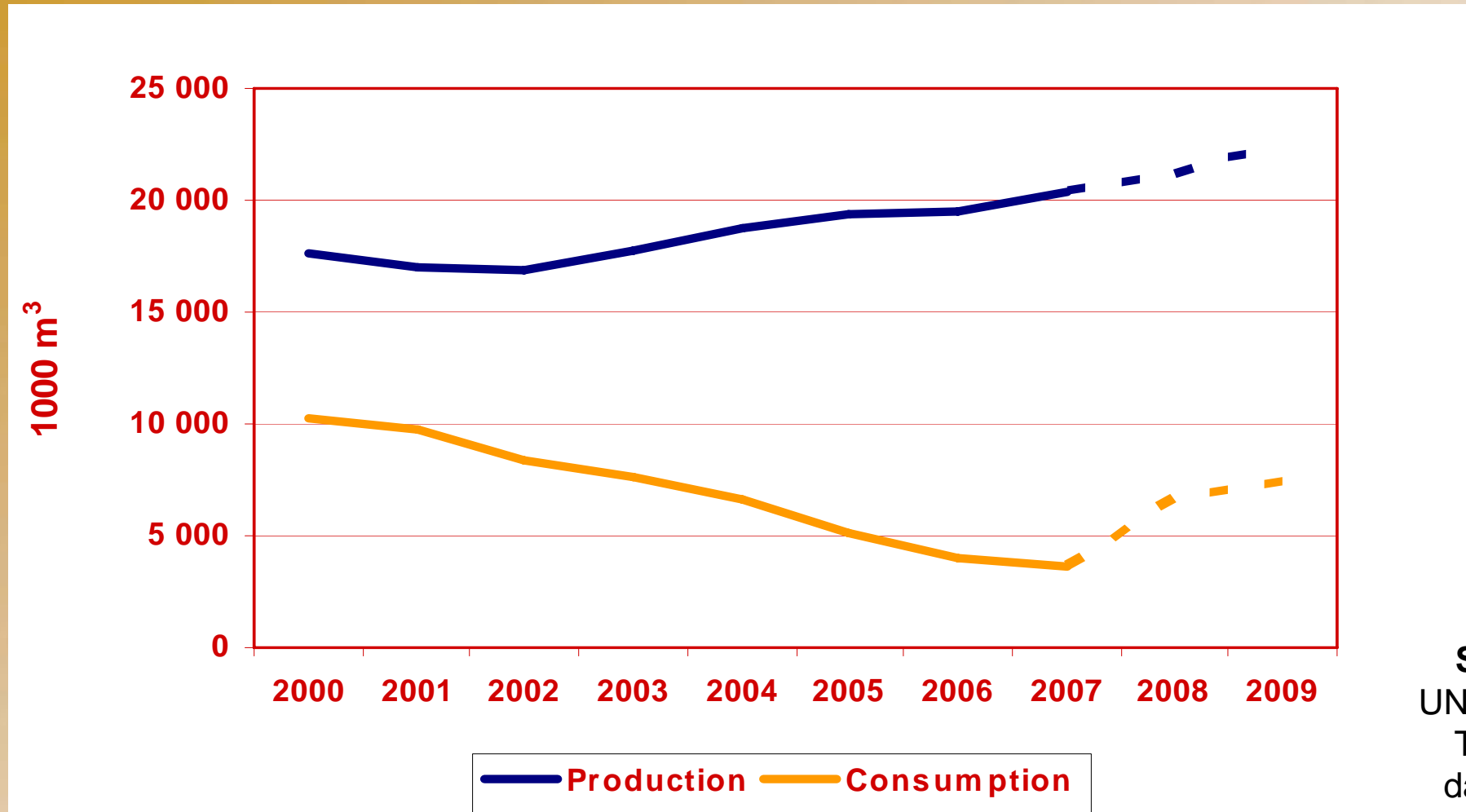
Imports

Exports

	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
Europe	-13.9%	-1.7%	Europe	-6.1%	5.0%



Consumption & Production of Sawn Softwood in CIS (Russia), 2000-2009



Source:
UNECE/FAO
TIMBER
database,
2008.

App. Consumption

Production

	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
CIS	48.7%	9.3%	CIS	2.9%	5.3%



Imports & Exports of Sawn Softwood in CIS (Russia), 2000-2009

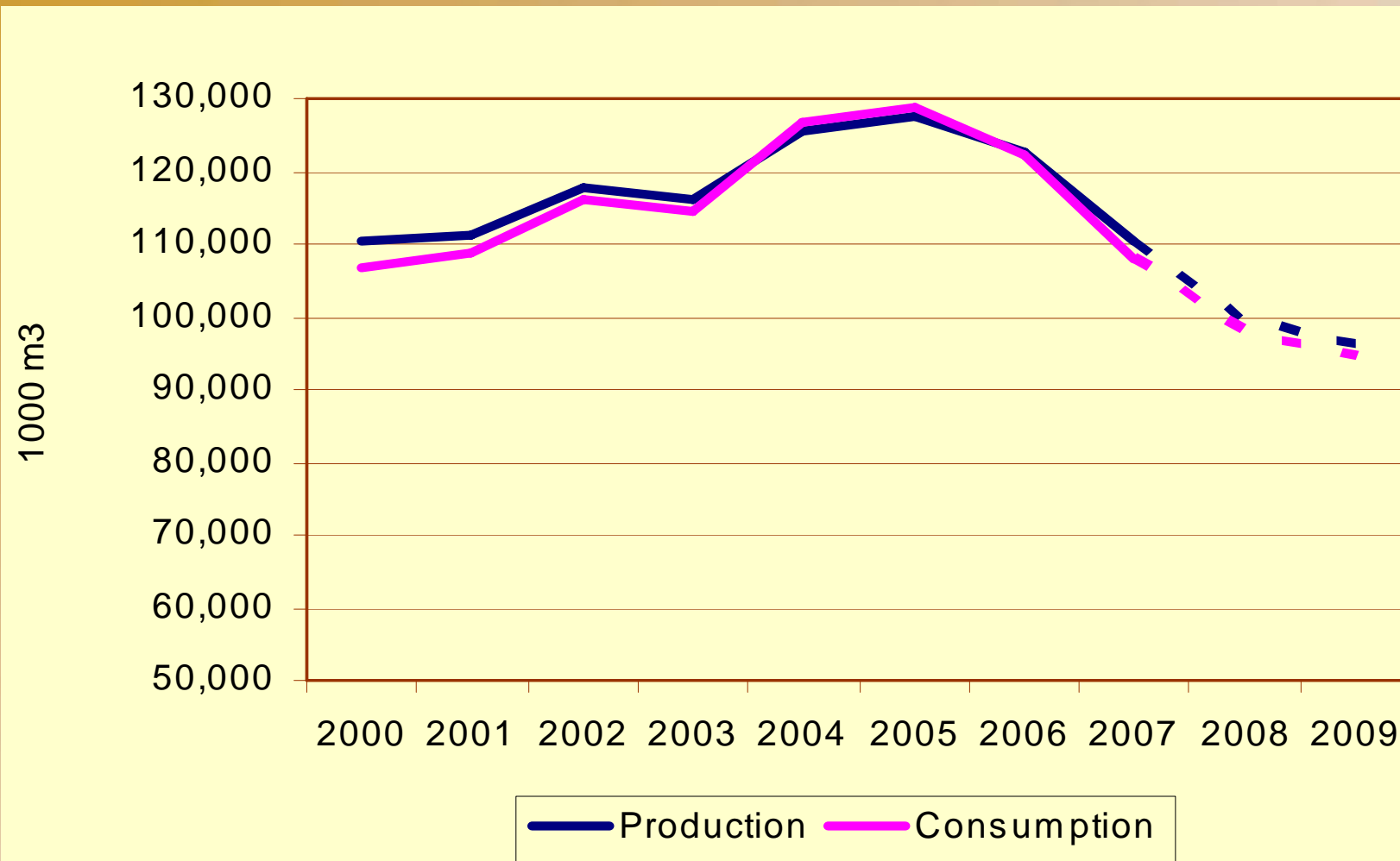


Source:
UNECE/FAO
TIMBER
database,
2008.

Imports			Exports		
	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
CIS	0.3%	0.0%	CIS	-11.8%	2.9%



Consumption & Production of Sawn Softwood in North America, 2000-2009



Source:
UNECE/FAO
TIMBER
database,
2008.

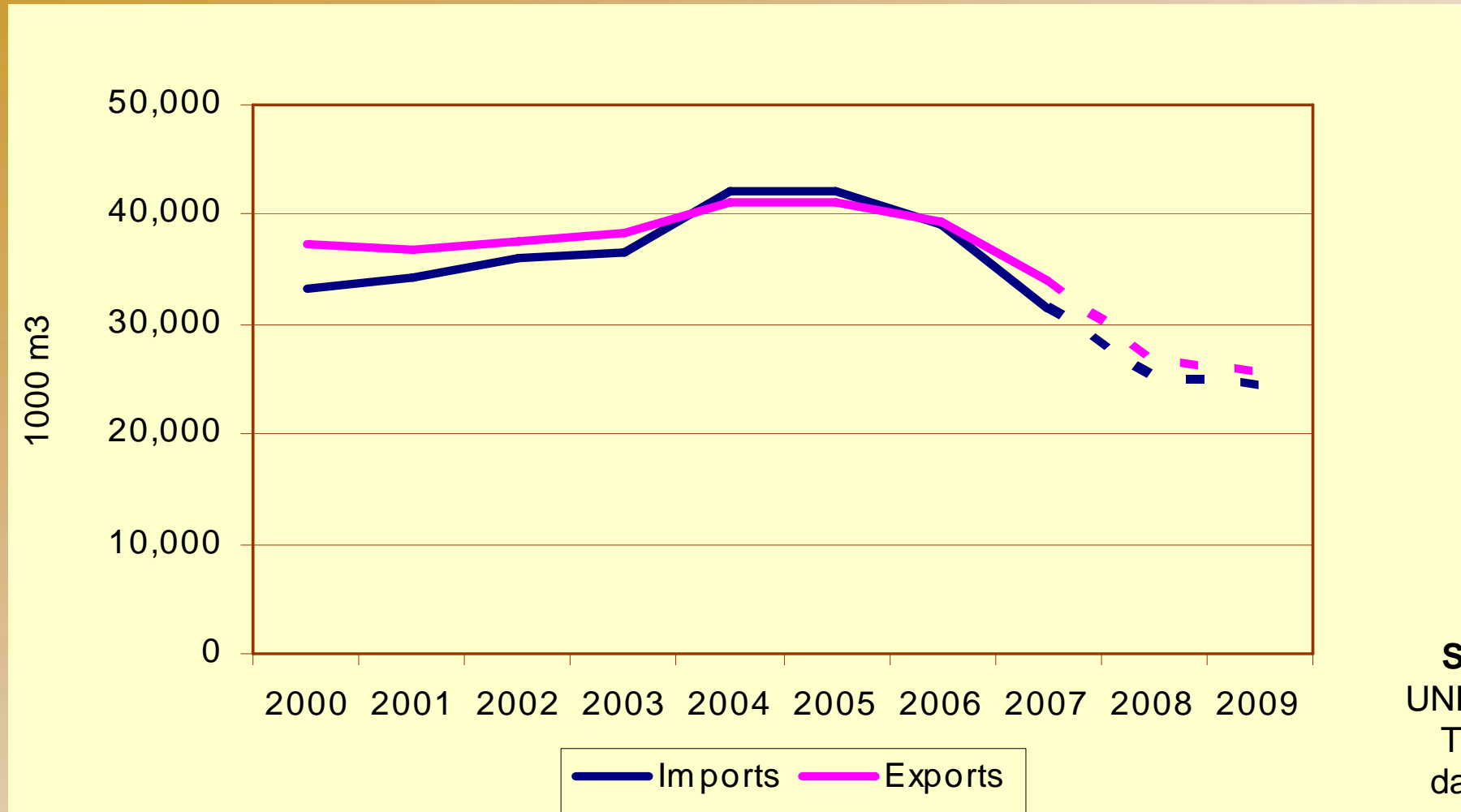
App. Consumption

Production

	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
No. America	-9.3%	-3.3%	No. America	-10.1%	-3.4%



Imports & Exports of Sawn Softwood in North America, 2000-2009



Source:
UNECE/FAO
TIMBER
database,
2008.

Imports

Exports

	'08 vs '07	'09 vs '08		'08 vs '07	'09 vs '08
No. America	-20.1%	-3.5%	No. America	-21.7%	-3.6%



Thank You!

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