

Tropical Timber Market Report

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Contents

Central/West Africa	2
Ghana	3
Malaysia	4
Indonesia	5
Myanmar	6
India	6
Vietnam	8
Brazil	9
Peru	12
Japan	12
China	16
EU	19
North America	23
Currencies and Abbreviations	26
Ocean Freight	26
Price Indices	27

Headlines

	Page
Special Economic Zone Association planned	2
Higher utility tariffs a threat to businesses says Ghanaian Association	3
Market access barriers could undermine investment in afforestation and manufacturing	5
Changes to Indian Customs duties anticipated	7
Vietnam, US\$18 billion 2023 export target	8
Japan Lumber Importers Association releases projections for first half year imports	15
EU27 imports of tropical sawnwood up 24%	20
US home sales at 12-year low in December	23

Top story

25% drop in US 2023 housing starts forecast

A Redfin report says a post-pandemic sales slump is likely to drive down home prices for the first time in a decade. High mortgage rates will likely mean 2023 will be the slowest housing-market year since 2011.

Builders are expected to continue to cut back on constructing new homes this year with year-on-year declines of roughly 25% in building permits and housing starts continuing throughout 2023.

Page 25

Central and West Africa

Work continues to reopen rail connections

The damaged railway in Gabon is still under repair but delays are attracting complaints from manganese exporters. According to the Société d'exploitation du Transgabonais (Setrag), the operator of the railway line linking Owendo to Franceville, clearing of the 24 December 2022 landslide and repair of the track between the stations of Offoué and Booué is nearing completion. It has been reported that some trial runs of light wagons was successful along the stretch around 300 km from Libreville.

After a Cabinet reshuffle in Gabon Minister Lee White retained his positions as Minister for Forests and Water. A new Prime Minister has been sworn in and the country is preparing for elections in July or August.

Concession contract linked to road repair

Five years ago the forest authority recovered a large area of harvesting concession apparently to create a military training site. It is understood that the area in question will be available for harvesting concessions once again but that companies gaining concession rights will be required to repair around 100 Km of roads and infrastructure before harvesting can start.

The companies that once had the concessions are interested to return but want to negotiate the terms. It has been learnt that the new Prime Minister has called for a meeting with the Union des Forestiers et Industriels du Gabon (UFIGA) to discuss concession allocation.

Focus on industry development

ATIBT is involved in supporting Cameroon's forestry companies and domestic market suppliers under a project "Support to the private forestry sector and the timber industry in Cameroon for the Green Pact (ASP- PV)".

Implementation of this project will be supported by the Cameroon-based consultancy firm JMN Consultants and will run for a period of 3 years. The project will be launched at a ceremony on 24 February.

Operators in Cameroon are assessing how the upward revised duties will impact their business operations and how feasible it is to invest in downstream production. This is at a time when concession contracts are up for renewal and when international demand, especially in China, is very quiet.

See: <https://www.atibt.org/en/news/13279/atibt-support-to-the-timber-sector-in-cameroon>

Log stock to be checked in Congo

Producers in Congo have been charged with reporting their log inventory to the forest authority as log stocks on the ground and ready for shipment may be allowed for export. The forest authority will check the inventory before a decision is made on exports but this process is expected to take a long time.

Trading and prices stable – all eyes on China

Overall export prices are stable and now that the Lunar New Year celebrations are over in China exporters are anticipating a revival in business.

Demand in China was concentrated mainly on okoume, ovangkol, okan and belli but at present it is only ovangkol and okan that attracts Chinese buyers.

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	200	200	-
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	210	210	-
Padouk	330	310	240
Sapele	260	260	220
Sipo/Utile	260	260	230
Tali	260	260	-

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	750
Scantlings	820
Strips	400
Khaya FAS GMS	450
FAS fixed	500
Moabi FAS GMS	530
Scantlings	550
Movingui FAS GMS	380

Special Economic Zone association planned

The media in Gabon has reported that in early February Gabon will host the first 'Forum of Administrative Management Bodies of African Economic Zones' (Fogazea) under the theme: "Cohesion and association of administrative management bodies of Economic zones of Africa, at the service of the economic performance of the continent".

There will be a conference, experience sharing work sessions and site visits.

See: <https://www.lenouveaugabon.com/fr/gestion-publique/2701-19430-le-gabon-veut-creer-une-association-des-zones-economiques-speciales-dafrique>

'Through the eyes of industry', challenges and suggestions from Congo and Gabon

See: <https://www.itto-ggsc.org/static/upload/file/20230116/1673853577599864.pdf>

Ghana

Higher utility tariffs a threat to businesses says Association

The Public Utilities Regulatory Commission (PURC) announced an upward revision of electricity and water tariffs for the first quarter of this year. The new tariffs will take effect on 1 February 2023. Electricity prices will rise almost 30% while water charges will increase by 8%. The Commission also approved water rate adjustments for selected industrial and commercial consumers.

A statement from the Executive Secretary of the PURC, Dr. Ishmael Ackah, attributes price hikes to exchange rate volatility, rising inflation and the cost of natural gas.

In response, the Association of Ghana Industries (AGI) described the new tariffs as a threat to employment, the survival of industries and counter-productive to their operations. The comment from the AGI comes at a time when Ghanaian manufacturers are losing their competitive edge in the region,

In a related development, the Ghana National Chamber of Commerce and Industry (GNCCI) has also decided to petition Parliament's Select Committee on Mines and Energy over the utility tariffs saying Ghana is facing major economic and financial problems where industries are unable to make profit or breaking-even on their operations.

According to the Ghana Statistical Service (GSS) statement the inflation rate hit 54% in December 2022.

See: <https://www.agighana.org/agi-calls-for-a-reduction-of-utility-tariffs/>

New multi-purpose terminal for Takoradi

The Ghana Ports and Harbours Authority (GPHA) has offered a concession to IBISTEK Limited, a Ghanaian firm for the development and operations of a multi-purpose terminal at the Port of Takoradi.

This is part of the Port Authority's Master Plan and development efforts to equip the Port of Takoradi for future demand. It has been reported that a joint venture company, YILPORT Takoradi Port Management has been created.

According to the company's website YILPORT, which plans to invest about US\$700 million in 3 phases to build

and operate the port complex, will upgrade the existing container terminal to reach up to 2.5 million TEUs annual capacity.

The expansion will also include the development of multipurpose berths to handle about 20 million tonnes of general cargo annually. The Takoradi Port is one of the 2 ports in Ghana handling the country's timber and wood products exports.

See: <https://www.ship-technology.com/news/yilport-to-takeover-takoradi-port/>

Africa the third largest market

The Africa regional market maintained its position through the first three quarters of 2022. Of the total 267,512 cu.m of wood products exported in the nine months to September last year some 36,936 cu.m was shipped to the regional markets. This represented 14% of the total export volume for the period in 2022 compared to 12% in the same period in 2021.

Market Performance (Volume)

	Jan-Sep.2021 cu.m	Jan-Sep.2022 cu.m
Asia	141,219	172,546
Europe	37,441	40,680
Africa	26,752	36,936
America	10,838	10,201
Middle East	8,236	7,149
Oceania	59	-
Total	224,545	267,512

Data source: TIDD

Market Performance (Value)

	Jan-Sep.2021 Euro 000s	Jan-Sep.2022 Euro 000s
Asia	57.45	66.57
Europe	22.76	27.48
Africa	10.75	11.47
America	8.01	7.48
Middle East	4.26	4.14
Oceania	0.04	0
Total	103.27	117.14

Data source: TIDD

Products exported to African markets included air and kiln dry sawnwood, plywood, sliced and peeled veneer and mouldings. In the first nine months of 2022 these were valued at Eur11.47 million from a total volume of 36,936 cu.m. The 2022 figures showed a 3% rise in the value of exports and a 36% rise in volumes compared to the same period of 2021.

The ECOWAS countries recorded the highest share of African demand at Eur9.74 million and 33,847 cu.m in 2022. Morocco, South Africa and Egypt imported some significant volumes of the Ghanaian wood products during the period.

Producer Price Inflation down in December 2022

Ghana's Producer Price Inflation (PPI) for December 2022 dipped to 52% from 78% in November. The PPI measures the average change over time in the selling prices of goods and services in the domestic market.

The producer price inflation for the industrial sector dropped to 65.7% in December 2022 from 94% in November 2022. The rate in the construction sector decreased to 22% from 27% in November 2022 while in the services sector the rate fell from 13% in November 2022 to 10% in December 2022.

See:

[https://statsghana.gov.gh/gssmain/fileUpload/Industry/PPI_All%20activities%20\(summary\).pdf](https://statsghana.gov.gh/gssmain/fileUpload/Industry/PPI_All%20activities%20(summary).pdf)

Boule export prices

	Euro per cu.m
Black Ofram	330
Black Ofram Kiln dry	420
Niangon	760
Niangon Kiln dry	810

Export rotary veneer prices

Rotary Veneer, FOB	Euro per cu.m	
	CORE (1-1.9 mm)	FACE (>2mm)
Ceiba	414↑	441
Chenchen	477	612
Ogea	513↓	590
Essa	585	722↑
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		
Afrormosia	860	925
Asanfina	465	564
Ceiba	290	345↑
Dahoma	450↓	502↑
Edinam (mixed redwood)	640	687
Emeri	655	706
African mahogany (Ivorenensis)	599	1,066↓
Makore	560	768
Niangon	729↑	786↑
Odum	862	1,091↑
Sapele	800	1,007↑
Wawa 1C & Select	455	514↓

Export sliced veneer

Sliced face veneer	FOB
	Euro per cu.m
Asanfina	2,097↑
Avodire	2,999
Chenchen	681↓
Mahogany	1,820↑
Makore	752↓
Odum	1,583↓
Sapele	1,205↓

Export plywood prices

Plywood, FOB	Euro per cu.m		
	Ceiba	Ofram	Asanfina
BB/CC			
4mm	501	580	641
6mm	412	535	604
9mm	300	504	560
12mm	583	476	480
15mm	450	385	430
18mm	460	444	383

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

Malaysia

Businesses anticipate a better year ahead

The Lunar New Year on 22 January and the long public holidays brought most of the timber industry to a halt. The Chinese community in Malaysia enthusiastically welcomed the Year of the Rabbit after the last three years of muted celebrations due to Covid-19 restrictions. The business community is looking forward to a better year ahead, albeit one of slower growth.

After the strong rebound in 2022 the World Bank sees growth in Malaysia, the Philippines and Vietnam moderating as demand in major markets slows.

In the Bank's latest Global Economic Prospects Report it says growth is projected at 4% in Malaysia, 5.4% in the Philippines, and 6.3% in Vietnam. It also said that in Indonesia, GDP is projected to grow by 4.9% in 2023-24 mostly driven by domestic consumption.

The report said activity was supported by a release of pent-up demand as many countries continued to lift pandemic-related mobility restrictions and travel bans.

See: <https://www.worldbank.org/en/publication/global-economic-prospects>

Lower domestic inflation forecast

The Statistics Department of Malaysia has reported core inflation in December 2022 was 4.1%, marginally lower than the record-high 4.2% rate in November 2022. Prior to December 2022, the country's core inflation had been rising for 14 straight months.

A research unit in AmBank noted that private consumption continues to be strong. AmBank Research expects a "modest" 3% inflation rate for 2023. The slowdown in inflation is partly a reflection of the stronger ringgit, which has appreciated by almost 10% against the US dollar since the low in November 2022. Also, lower commodity prices helped in containing price increases.

See:

<https://www.freemalaysiatoday.com/category/business/2023/01/17/expect-a-stronger-ringgit-by-year-end-says-ambank-research/>

Market access barriers could undermine investment in afforestation and manufacturing

Sabah's timber industry will face obstacles in the future that require stakeholders as well as players to work together. Sabah Timber Industries Association (STIA) president, Tan Peng Yuan, said one of the issues is certification.

The STIA understands the EU will enforce regulations under EUDR (European Union Deforestation Regulation) that may limit market access adding that "if history repeats itself" it will not be long before other countries follow suit.

Tan pointed out that the success of the State's plantation programme depends heavily on investors being assured of markets. He expressed concern that market access may face certification barriers and the impetus for investment in planting and manufacturing could be lost.

See: <https://www.theborneopost.com/2023/01/08/sabah-timber-industry-to-face-certification-challenge/>

Aiming to become one of top 10 furniture exporters

Despite many challenges Malaysian furniture exports in the first half of 2022 increased by RM1.3 billion to RM8.5 billion compared to the same period in 2021. The improvement is testimony to the resilient demand for Malaysian made furniture.

The government aims for Malaysia to become one of the top ten exporters of furniture and furniture parts in the world so the furniture sector will continue to receive support for promotion in global markets through the activities of government and through trade events such as MIFF.

See: <https://2023.miff.com.my/media/news-and-featured-articles/134/malaysian-furniture-sector-poised-for-robust-2023-and-beyond/?cid=edm2001office>

'Through the eyes of industry', challenges and suggestions from Malaysia

<https://www.itto-gpsc.org/static/upload/file/20230116/1673853577599864.pdf>

Indonesia

Export prospects good says minister

Coordinating Minister for Economic Affairs, Airlangga Hartarto has indicated that the value of exports is forecast to grow by just over 12% in 2023.

While this is lower than in 2022 when export growth reached almost 30% Hartarto said that the projection takes into account the risk of declining global demand and assumes greater exports of added value products. According to Hartarto, imports are projected to increase by around 15% in 2023 after growing 29% in 2022.

See: <https://en.antaranews.com/news/269139/export-value-to-grow-128-in-2023-minister-projects>

Investors in downstream sectors welcomed

At the Indonesian Pavilion during the World Economic Forum the Minister of Investment and Head of the Investment Coordinating Board (BKPM), Bahlil Lahadalia, invited global investors to join in the development of Indonesia's downstream industry growth.

The Minister reiterated Indonesia's determination to focus on adding value to its production from its own commodities. He added that Indonesia's downstream strategy would not focus only on minerals as Indonesia has set eight priority sectors: minerals, coal, oil, gas, agriculture, maritime, fishery and forestry for expansion of downstream processing,

See: <https://www.medcom.id/english/business/JKRPBjOb-indonesia-invites-global-investors-in-downstreaming-development-minister>

Forestry contribution Treasury

The Ministry of Environment and Forestry (KLHK) has reported that the forestry sector contributed Rp6.38 trillion in non-tax revenue (PNBP) to the state treasury in 2022. Non-tax revenue, according to the Minister, includes payments from natural resources in the forestry sector in the form of forest resources fees, reforestation funds and fees for business permits for forest utilisation to the tune of Rp2.93 trillion.

In related news, Siti Nurbaya Bakar, the Minister for Forestry said the social forestry policy has had a profound impact on community economies adding the "the economic transaction value of the social forestry programme reached Rp118.69 billion in 2022,". According to the minister, social forestry has had a positive impact on the economy as it has boosted incomes.

See: <https://en.antaranews.com/news/269877/impact-of-social-forestry-on-peoples-economy-profound-ministry> and <https://forestinsights.id/2023/01/18/klhk-setor-pnpb-rp638-tahun-2022-simak-rincian-kontribusi-dari-pengusahaan-hutan/>

Strengthening nature based businesses

The state-owned forestry company, Perhutani, has revealed it intends to expand its core businesses to biomass and nature based solutions this year. Rachman Ferry Isfianto, Assistant Deputy for Plantation and Forestry Industries at the Ministry of State-Owned Enterprises (SOEs) said that Perhutani has a strong business foundation and can survive difficult situations.

Perhutani President Director, Wahyu Kuncoro, conveyed his gratitude for the contribution of all parties in Perhutani throughout 2022 and expressed optimism for achievements of the company in 2023.

See: <https://www.liputan6.com/bisnis/read/5179784/perhutani-perkuat-bisnis-biomassa-pada-2023>

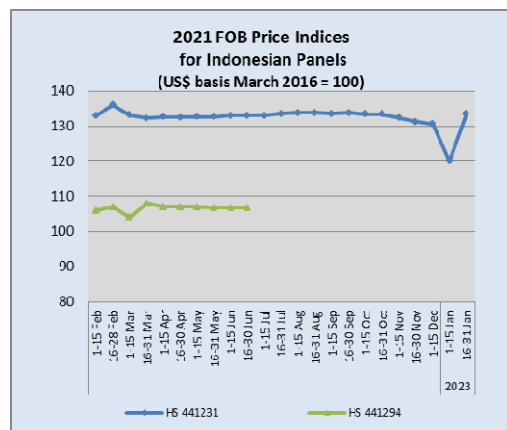
US\$100 million climate change and biodiversity fund

Indonesia has received US\$103.65 million in funding for programmes on biodiversity, climate change and land degradation recovery from the multilateral environmental fund Global Environment Facility.

In related news, the KLHK is developing bio-prospecting as one of the activities to encourage conservation activities as a source of income. Director for Conservation of Species and Genetics Biodiversity at the KLHK, Indra Exploitasia Semiawan, said “in order to improve people’s welfare want to change the paradigm that conservation always involves expenditure but no financial income and that conservation can also be a profit-centered”.

The Director said bioprospecting is a way to investigate biological and genetic resources to create commercial products and a strategy for bio-prospecting has been included in the National Medium-Term Development Plan.

See: <https://en.antaranews.com/news/269193/ministry-pushes-bioprospecting-to-change-perception-on-conservation>



Data source: License Information Unit. <http://silk.dephut.go.id/>
Note: The early January index point is likely an error.

Myanmar

Illegal logging in Bago Yoma

The domestic media (BETV Business Online Media) has quoted a Director in the Forest Department as saying in the first nine months of the 2022-23 financial year the highest rate of illegal logging was recorded in Bago Yoma.

In the period April to December 2022, 6,660 tons of illegal timber was confiscated in the entire country and over 2,800 tons of that was in Bago Yoma. Teak logs accounted for 3,332 ton.

Bago Yoma is known as ‘Home of Teak’ but most illegal logging has been occurring there despite the 10-year logging moratorium.

In 2016 a nation-wide one year logging moratorium was announced along with a 10-year moratorium (2016-2025) for Bago Yoma where the heavy logging was recorded between 2000-2015. As a result of the logging ban since 2016 the forest health has started to recover.

See: https://www.facebook.com/watch/?extid=NS-UNK-UNK-UNK-IOS_GK0T-GK1C&mibextid=2Rb1fB&v=1223138364945545

MTE 2022 teak log tenders

According to the Myanmar Timber Enterprise (MTE) about 8,500 tons of teak logs were put up for tender in 2022. The grading of teak logs was generally Sawing Grade (SG) 4, 5, 6 and 7.

One notable development was a new grading classification which now includes PTG for Plantation Teak Grade and there are 3 grades, PTG 1, 2 and 3.

In the tender of October 2022 there was another grade offered, Thinning Post.

PTG grading is based on log girth (circumference). The girth of PTG 1 is 5-ft and up, PTG 2 is of 4 ft to 4ft 11 inch and PTG 3 is between 3 ft and 3 ft 11 inches. Another grade PTP covers Plantation Teak Post or Plantation Teak Poles.

Myanmar manufacturers lament that they are unable to freely market products from logs purchased from MTE as the enterprise is subject to financial restriction.

Rise in imports tilts trade balance

Myanmar’s total goods imports and exports surged almost 18% year on year to over US\$27 billion in nearly 10 months of the 2022-23 fiscal year beginning in April last year according to the Ministry of Commerce.

From April last year to January this year exports rose 14% year on year to over US\$13.36 billion from a year earlier while imports climbed 23% to over US\$13.8 billion.

See: <https://www.macaubusiness.com/myanmars-foreign-trade-up-18-47-pct-in-nearly-10-months/>

India

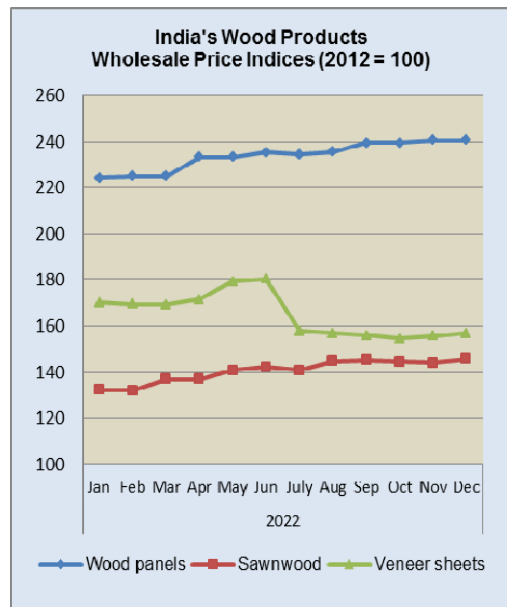
Sawnwood and veneer price indices marginally higher

The annual rate of inflation based on the Wholesale Price Index was 4.95% in December 2022 compared to 5.85% in November of the same year. The decline in December inflation was mainly because of a fall in prices of food, mineral oils, crude petroleum and natural gas, textiles and chemicals.

The wholesale price index for manufacturing declined in December to 141.1. Out of the 22 NIC two-digit groups for manufactured products 12 groups saw an increase in prices while in 9 groups prices declined.

The increase in price was mainly contributed by other manufacturing; printing and reproduction of recorded media; electrical equipment; other non-metallic mineral products; furniture and beverages. December prices for sawnwood and veneer were marginally higher than in November.

See: https://eaindustry.nic.in/pdf_files/cmonthly.pdf



Data source: Ministry of Commerce and Industry, India

Changes to Customs duties

It is anticipated the government will increase Customs duties especially for finished goods in the budget for fiscal 2024 to “curb non-essential imports and improve local production” according to media reports. At the same time there are proposals for duty cuts in some cases, especially for raw materials.

In the previous budget there were some anomalies which will be rationalised such as correcting the odd duty structure where some raw materials were taxed at a higher rate than the finished goods.

The duty changes are aimed at stemming non-essential imports to help address the trade imbalance. In addition to the duty changes the government intends to address imports of low grade products including wooden furniture by ensuring imports meet the same standards demanded of domestic products.

See: <https://www.financialexpress.com/budget/union-budget-2023-24-customs-duty-hike-on-dozens-of-items-likely-2956804/>

Strong demand in housing market

High demand for pricey homes, a generational shift toward home ownership, capital appreciation and the high cost of home rents were the main issues in India’s real estate sector in 2022. In 2022, demand for homes increased by over 30% yoy to a nine-year-high.

The drivers of this demand were primarily the post-pandemic need for security, increased savings and relatively little income disruption for middle and higher income groups according to property consultants Knight Frank India.

See: <https://theprint.in/economy/why-indias-housing-market-hit-a-9-year-high-in-2022-higher-savings-need-for-security/1308059/>

In related news, a recent sector report from ICICI Securities reported by Businessworld says higher spending on home improvement after the pandemic contributed to firm demand for wood-based panels, MDF and furniture. Keshav Bhajanka, Executive Director, Centuryply India, (CPIL) has said a further boost to the housing sector through tax breaks would help maintain the growth momentum in the wood-based panel sector.

See: <https://www.businessworld.in/article/Boost-To-Housing-Sector-In-Budget-Will-Push-Plywood-Sector-Growth-CPIL/23-01-2023-463030/>

No further rise in covid after mid 2022 jump

The third covid wave in India that began in the first week of January 2022 peaked at around 338,000 new infections on January 21 and came to an end by the first week of March 2022. Except for a short period, mid-June to mid-August after the third wave, India did not experience any further rise in new infections during 2022.

On 29 December 2022 the Indian Government announced new COVID-19 surveillance measures for international inbound travellers with immediate effect.

See: https://www.thehindu.com/sci-tech/health/why-india-has-not-witnessed-any-surge-in-covid-19-cases-for-months/article66416358.ece?cx_testId=12&cx_testVariant=cx_1&cx_artPos=0&cx_experienceId=EXT8TLE3MA2V#cxrecs_s

and <https://www.mohfw.gov.in/pdf/GuidelinesforInternationalArrivals29thDecember2022.pdf>

Teak logs, C&F US\$, Hoppus cu.m

	Hoppus cu.m	US\$ C&F
Brazil	84.8	247
Columbia	-	-
Costa Rica	34.2	389
Ecuador	102.3	288
Ghana	88.3	267
Ivory Coast	-	-
Nigeria	149	276
South Sudan	-	-
Tanzania	-	-

Teak sawnwood, C&F, US\$ cu.m

	cu.m	US\$ C&F
Benin	29.2	553
Brazil	177.6	450
Colombia	-	-
Costa Rica	-	-
Ecuador	31.1	296
Ghana	78.9	335
Ivory Coast	217.0	422
Nigeria	-	-
South Sudan	-	-
Tanzania	-	-
Togo	80.1	335
Venezuela	82	471

Locally milled sawnwood prices

Sawnwood Ex-mill	Rs per cu.ft.
Merbau	4,000 - 4,300
Balau	2,700 – 3,000
Resak	-
Kapur	-
Kempas	1,455 - 1,750
Red meranti	1,700 – 2,000
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	2,000 - 2,200
White Oak	2,500 - 2,800
American Walnut	4,500 - 5,000
Hemlock STD grade	1,350 - 1,600
Western Red Cedar	2,220 - 2,450
Douglas Fir	2,200 - 2,400

Price range depends mainly on lengths and cross-sections.

Plywood

Manufacturers have been trying to raise plywood prices because of the increase in production costs pushed up by higher resin and formaldehyde costs. Plywood prices are expected to rise in February.

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**Industry targets exports of US\$18 billion**

In 2022 Vietnam's exports of wood and wood products has been reported at US\$16.9 billion. Despite the slowdown of export growth during the year the industry is forecasting a recovery in the first quarter of 2023.

The Vietnam Timber and Forest Products Association is anticipating 7-9% growth in 2023 to achieve exports of US\$18 billion or more. The Association expects a recovery from the second quarter of this year.

The chairman of the Vietnam Timber & Forest Products Association, Do Xuan Lap, said 2022 was one of the toughest years ever for the sector.

The wood processing and exporting sectors faced difficulties due to a lack of capital and raw materials coupled with price hikes and many exporters had to cut their workforce and reduce production due to limited orders.

To fulfill the 2023 targets the industry will continue to focus on improving the competitiveness of domestic manufacturing by reducing wood imports, applying science and technology in promoting workplace productivity, speeding up digital transformation to cut production costs and enhancing trade promotion activities at international trade fairs.

See:

<https://en.vneconomy.vn/wood-industry-targets-18bln-in-2023-exports.htm#:~:text=Vietnam's%20wood%20industry%20has%20set,quarter%20of%20this%20year%20onwards.>

VIFA EXPO 2023 to promote Vietnam's wood industry

The 14th Vietnam International Furniture and Home Accessories Fair in 2023 (VIFA EXPO 2023) will be one of the biggest trade promotion event for Vietnam's wood industry in 2023.

The Expo, organised by Lien Minh Wood Handicraft Company, is expected to take place at the beginning of the year. It is hoped to provide a boost for the domestic wood industry enterprises to promote exports and approach new customers.

According to a company spokesperson VIFA EXPO 2023 will take place in March when leading international furniture fairs in Southeast Asia and Asia will be organised. This will facilitate international buyer visits.

A series of regional fairs starts with the Malaysian International Furniture Fair on 1 March, the Asian International Furniture Fair in Malaysia on 7 March, the International Furniture and Fine Art Export Fair in 2023 in Vietnam on 8-11 March, Indonesia International Furniture Expo 2023 on 9-12 March, the Philippine International Furniture Show 9-11 March, the China International Furniture Fair on 18-21 March and the International Famous Furniture Fair in China on 15 March.

The VIFA EXPO in March has attracted more than 600 businesses to participate with nearly 2,400 registered booths on a total area of 44,000 square meters.

The organising committee of VIFA EXPO 2023 will arrange business matching sessions during the fair. In addition the committee will offer tours to visit wood processing factories in the southern provinces of Binh Duong, Dong Nai, Long An and Ho Chi Minh City.

According to a Head of the Timber Association in the Southern Province of Binh Duong whose members account for nearly 50% of the national wood product exports, the annual fair has become an important promotion channel between businesses and customers in the country as well as internationally. Most large enterprises agreed to participate.

See: <http://vifafair.com/home/>
and

<https://www.sggpnews.org.vn/vifa-expo-2023-expected-to-promote-vietnams-wood-industry-post99448.html>

Carbon trading set for 2028

The Vietnamese government has issued Decree No. 06/2022/ND-CP Providing Regulations on Reduction of Greenhouse Gas Emissions and Protection of the Ozone Layer (hereinafter “the Decree”).

The Decree provides detailed provisions for Article 91 “Reduction of Greenhouse Gas (GHG) Emissions,” Article 92 “Protection of the Ozone Layer,” and Article 139 “Establishment and Development of the Carbon Market” of the Law on Environmental Protection 2020. For the carbon market, the Decree specifies that companies will be given guidance on the scheme and undergo some pilot market operation followed by full operation of the carbon credit trading market formally launched in 2028.

57 million carbon credits annually

Information from the Ministry of Agriculture and Rural development (MARD) says Vietnam can sell 57 million carbon credits to international organisations each year earning hundreds of millions of dollars.

This is considered a new resource and if managed well will generate a considerable source of funds to increase incomes for forest growers and make a significant contribution to the protection and development of forests in Vietnam.

However, in order to take advantage of the potential of forest carbon credits trading MARD has indicated the country needs to improve the legal framework for forests.

See:

<https://monre.gov.vn/VanBan/Lists/VanBanHanhChinh/Attachments/282/06-nd.signed.pdf>

and

https://enviliance.com/regions/southeast-asia/vn/report_5586

Brazil

Debate on future of Amazon forest sector

The fifth Forest Legality Solutions Forum, entitled “The Future of the Forest Sector in the Amazon”, was hosted by the Institute of Agricultural and Forest Management and Certification (IMAFLOA) in Belém, Pará State.

The Forum was in three parts, “Overview and Future of Forest Management in the Brazilian Amazon”, “Forest Concessions” and “Perspectives on the Forest Sector“. The aim was to address the potential of forest production in the Amazon Region, the difficulties, obstacles, perspectives and paths to legal and sustainable production.

The forum heard it is suspected that much of timber production in the region is harvested illegally and the question is how to address this. The Forum brought together private companies, communities, public organizations, private sector entities and professionals working in the area to promote a technical dialogue among all stakeholders, to encourage actions such as sustainable forest management and legality in the sector.

According to the Brazilian Forest Service forest concessions are one of the main sources of forest resources. These publically owned forest areas are granted to the private sector or community associations under concession contracts for sustainable, legal and controlled use of the forest resources. There are currently 31 forest concession management units covering an area of 1.8 million hectares of natural forests in Brazil.

See: <https://www.imaflora.org/noticia/evento-em-belem-reune-especialistas-para-debater-o-futuro-do-setor-florestal-na-amazonia>

Concessions in national forests in the Amazon

The Ministry of Agriculture, Livestock and Food Supply authorises forest concessions in the “Gleba Castanho” forest and the “Balata-Tufari” National Forest in the State of Amazonas. The concession contract authorises sustainable forest management and the harvesting.

The Gleba Castanho and the Balata-Tufari National Forests were qualified under the Investment Partnerships Program (Programa de Parcerias de Investimentos - PPI) for forest concession.

The Gleba Castanho Forest is a Forest Management Unit (FMU) located in the municipalities of Careiro, Manaquiri and Beruri in the state of Amazonas covering approximately 240,000 hectares and the area of forest concession covers approximately 151,000 hectares.

The Balata-Tufari National Forest is located between the Madeira and Purus rivers, close to the municipalities of Humaitá, Tapauá, Lábrea and Canutama, in the State of Amazonas and has an area of 1.1 million hectares (of which approximately 564,000 is available for SFM and harvesting).

The allocation of forest concessions brings benefits to local regions by generating jobs, income and improving the quality of life of the populations in the area.

See: <https://forestnews.com.br/ministerio-da-agricultura-autoriza-concessoes-em-florestas-nacionais-da-amazonia/>

Export update November 2022

In November 2022 Brazilian exports of wood-based products (except pulp and paper) declined 27.5% in value compared to November 2021, from US\$381.4 million to US\$276.7 million.

Pine sawnwood exports dropped 25% in value between November 2021 (US\$74.4 million) and November 2022 (US\$55.9 million). In volume terms exports fell 18% over the same period, from 261,100 cu.m to 214,200 cu.m.

In contrast, tropical sawnwood exports increased 28% in volume, from 32,300 cu.m in November 2021 to 23,200 cu.m in November 2022 but the value of these exports decreased 4% from US\$13.8 million to US\$13.3 million, over the same period.

Pine plywood exports experienced a 38% decrease in value in November 2022 compared to November 2021, from US\$71.4 million to US\$44.2 million and the volume dropped 24% over the same period, from 180,000 cu.m to 136,300 cu.m.

Similarly, tropical plywood, exports decreased in volume 74% and in value 71%, from 6,900 cu.m and US\$3.8 million in November 2021 to 1,800 cu.m and US\$1.1 million in November 2022.

As for wooden furniture, the exported value fell from US\$77.8 million in November 2021 to US\$52.0 million in November 2022, a 33% drop.

Export update December 2022

To complete the statistic for the year, in December 2022 Brazilian exports of wood-based products (except pulp and paper) fell 34% in value compared to December 2021, from US\$423.2 million to US\$278.8 million.

Pine sawnwood exports declined 44% in value between December 2021 (US\$81.6 million) and December 2022 (US\$45.6 million). The volume of exports decreased 38% over the same period, from 294,200 cu.m to 183,700 cu.m.

Tropical sawnwood exports also fell dropping 55% in volume, from 39,000 cu.m in December 2021 to 17,500 cu.m in December 2022. In value, exports decreased 35% from US\$15.8 million to US\$10.2 million, over the same period.

Pine plywood exports continued to fall in December dropping 37% in value compared to December 2021, from US\$68.7 million to US\$43.4 million. In volume, exports also decreased by 27% over the same period, from 185,900 cu.m to 135,600 cu.m.

As for tropical plywood, export volumes again dropped sharply, 70% and in value by 73%, from 8,300 cu.m and US\$4.5 million in December 2021 to 2,500 cu.m and US\$1.2 million in December 2022.

The downward trend in exports continued with wooden furniture where the export values decreased from US\$74.5 million in December 2021 to US\$43.9 million in December 2022, a 41% fall.

Furniture Export Programmes in Brazil

The Brazilian furniture sector has enormous potential but it represents only 4% of the world furniture production so there are opportunities for expansion. Export programmes, such as the “Brazilian Furniture Project” and “Orchestra Brazil Project”, seek to promote Brazil in the international furniture market.

The Brazilian Furniture Project, the Brazilian Association of Furniture Industry together with Apex-Brazil (Brazilian Trade and Investment Promotion Agency), promote Brazilian furniture in international markets.

Between 2018 and 2020, even during the economic crisis generated by the COVID-19 pandemic, exports by furniture companies increased by up to 47%. The two programmes of the “Brazilian Furniture” project (Projeto Comprador Inspiramais and Projeto Comprador Móvel Brasil) promoted sales of US\$2.2 million in immediate business and US\$12.7 million in prospective agreements.

The "Brazil Furniture Buyer Project" brought together for business development around 60 companies and 36 international buyers from South Africa, Belgium, Bolivia, Canada, Chile, Colombia, El Salvador, United Arab Emirates, Ecuador, Spain, USA, France, India, Mexico, Nicaragua, Panama, Paraguay, Peru, Portugal, Dominican Republic and Uruguay.

The “Orchestra Brazil” project currently supports more than 50 companies in the components, accessories, chemicals, machinery, equipment and software sectors of which around 50% are exporters negotiating with a total of 98 countries.

See: <https://emobile.com.br/site/industria/programas-de-exportacao-de-materias-primas-e-de-moveis/>

‘Through the eyes of industry’, challenges and suggestions from Brazil

See: <https://www.itto-ggsc.org/static/upload/file/20230116/1673853577599864.pdf>

Domestic log prices

	US\$ per cu.m
Brazilian logs, mill yard, domestic	
Ipê	453↑
Jatoba	197↑
Massaranduba	173↑
Muiracatiara	166↑
Angelim Vermelho	170↑
Mixed redwood and white woods	128

Source: STCP Data Bank

Domestic sawnwood prices

	US\$ per cu.m
Brazil sawnwood, domestic (Green ex-mill)	
Ipê	1,891↑
Jatoba	928↑
Massaranduba	931↑
Muiracatiara	783↑
Angelim Vermelho	810↑
Mixed red and white	535↑
Eucalyptus (AD)	310↑
Pine (AD)	223↑
Pine (KD)	297↑

Source: STCP Data Bank

Domestic plywood prices (excl. taxes)

	US\$ per cu.m
Parica	
4mm WBP	616↓
10mm WBP	473↓
15mm WBP	429
4mm MR.	594↑
10mm MR.	446↑
15mm MR.	389↑

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	326↑
15mm MDF	389↑

Source: STCP Data

Export sawnwood prices

	US\$ per cu.m
Sawnwood, Belem/Paranagua Ports, FOB	
Ipê	3,165↑
Jatoba	1,634↑
Massaranduba	1,679↑
Muiracatiara	1,671↑
Pine (KD)	215↓

Source: STCP Data Bank

Export plywood prices

	US\$ per cu.m
Pine plywood EU market, FOB	
9mm C/CC (WBP)	345↓
12mm C/CC (WBP)	327↓
15mm C/CC (WBP)	314↓
18mm C/CC (WBP)	306↓

Source: STCP Data Bank

Export prices for added value products

	US\$ per cu.m
FOB Belem/Paranagua ports	
Decking Boards Ipê	5,151↑
Jatoba	2,304↑

Source: STCP Data Bank

Peru

Exports of wood products for construction

Earnings from the export of wood products for construction between January and November 2022 totalled US\$3.9 million, a drop of 34% compared to the same period of 2021 according to the Association of Exporters (ADEX). This contraction is explained by lower demand in the US.

In the same period exports to North America were worth US\$2.2 million, down 46%. Other destinations were France (US\$0.5 million) where there was a growth in exports, Chile (US\$0.3 million) and Mexico (US\$0.2 million) where there was a decline of 48%. Wood products were also shipped to the Netherlands (US\$0.15 million), Jamaica (US\$0.12 million), Honduras (US\$0.10 million) along with Spain, the Dominican Republic and Belgium.

The leading item was builders’ woodwork and items for construction which represented 55% of the total despite closing representing a year on year decline of 30%. Other export items were wooden frame and doors. Exports were shipped mainly (94%) through Lima Port. Other ports were Madre de Dios and Callao.

Forest management in Central Selva

During 2022 the National Forest and Wildlife Service (SERFOR) undertook to train stakeholders in Junín and Pasco. The training was aimed at producers and forest and wildlife managers and addressed technical assistance in management and forest and wildlife management.

SERFOR also conducted training and awareness raising in the ‘Central Jungle’ aimed at preventing of illegal logging, forest fires, operation of primary transformation centres and implementation of the mandatory ‘Book of Operations’.

see: <https://www.forest-trends.org/wp-content/uploads/2020/06/Peru-June-2020.pdf>

In related news, the Organism for the Supervision of Forest Resources and Wildlife (OSINFOR) conducted a variety of training activities for stakeholders in the Amazon Region with the aim of strengthening capacity on forest management.

With the support of donors such as USAID/Probosques, the German GIZ Cooperation, Rainforest Foundation US, the USAID Prevent Project and the United Nations Office on Drugs and Crime (UNODC) over 40 capacity building workshops in various regions of Peru were conducted. The workshops had as central themes; community forest management, the prevention of forest crimes, the use of OSINFOR applications and digital platforms as well as the dissemination of compensation mechanisms for fines for forest infractions.

OSINFOR works hand in hand with the Regional Forest and Wildlife Management (GERFFS), through the exchange of information and knowledge about the sector, as well as the strengthening of capacities and the use of new technologies.

An important aspect of the coordinated work is linked to the identification of opportunities for improvement within the framework of their competences and the promotion of the use and application of information technologies (ICT) that strengthen and contribute to forest and wildlife surveillance.

Export prices for added value products

	US\$ per cu.m
Peru, FOB strips for parquet	1327-1398
Cabreuva/estoraque KD12% S4S, Asian market	
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 veneer prices

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

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	989-1000
Asian market	989-1008↑
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

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

Domestic sawnwood prices

Peru sawnwood, domestic	US\$ per cu.m
Mahogany	218-236
Virola	343-351
Spanish Cedar	182-218
Marupa (simarouba)	189-224+

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

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

Rising prices, currency fluctuations and supply chain constraints hold back recovery

The Cabinet Office monthly report for January says that while the economy is picking up moderately on the back of activity in the services sector some weaknesses have emerged. Exports to China are yet to recover but the report has a positive outlook for personal spending as the impact of covid on travel and other services is easing.

The report warns of downside risks including rising prices, currency fluctuations, supply chain constraints and China's slow recovery.

Biggest ever trade deficit

Japan recorded its biggest annual trade deficit in 2022 as higher energy and raw material imports, along with the yen's depreciation, drove up costs. The value of imports jumped 39% led by crude oil, coal and liquefied natural gas while exports grew only 18% according to a Ministry of Finance report.

The latest trade data underscores how dependent Japan is on raw material and energy.

See:
<https://www.japantimes.co.jp/news/2023/01/19/business/economy-business/2022-record-annual-trade-deficit/>

Re-classification of COVID-19

The government is discussing a change in policy to lower the classification of COVID-19 from the current infectious disease ranking of Category II, the second-highest, to Category V which includes seasonal influenza. Ministers are expected to consider the specifics of reclassification along with relaxing mask guidelines.

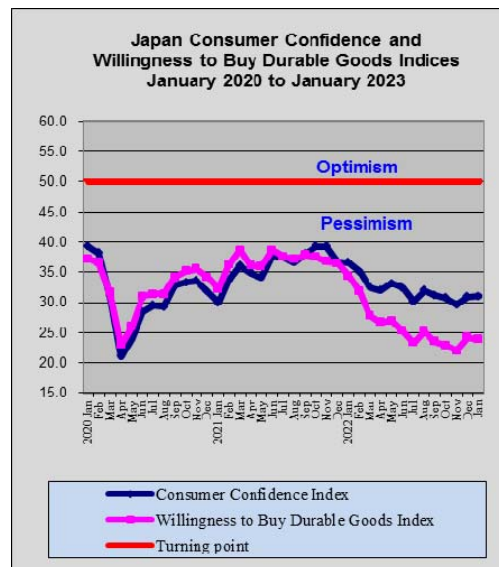
Certain policies would change if the classification was lowered to Category V including that the government would no longer be required to cover expenses for medical bills. The government is expected to continue covering medical expenses using public funds but this will be phased out. According to the Ministry of Health the number of new infections is on a downward trend.

See:
<https://japannews.yomiuri.co.jp/society/coronavirus/20230119-84908/>

Wage increase the only solution

The continual increases in food and non-perishable goods show no signs of abating which is bad news for the economy as household wage earners are still stuck without meaningful wage growth after many years. Prices for food saw the steepest year-on-year rise in more than 41 years in late 2022 even outpacing increases during the bubble economy period in the late 1980s and early 1990s.

See:
<https://www.japantimes.co.jp/news/2023/01/26/business/economy-business/food-price-rises-february/>



Data source: Cabinet Office, Japan

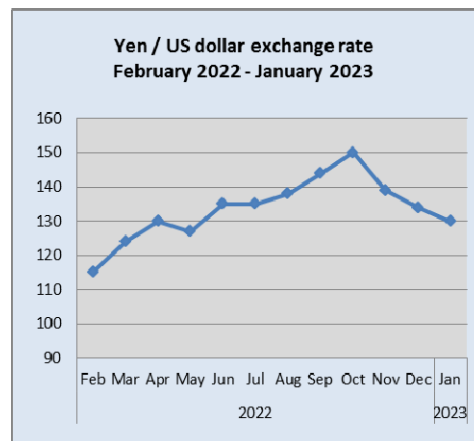
Bank of Japan policy moves causing turmoil

The stated aim of the Bank of Japan (BoJ) is to stabilise the financial market but recently it has been accused of causing turmoil and distrust. In December last year, the BoJ revised its policy to raise the long-term interest rate cap to "improve market functions" according to the BoJ governor. This distrust has been fueled by unconvincing explanations from the BoJ that the decision to raise the cap was "not a rate hike."

Since the spring of 2022, while central banks in Europe and the United States have raised interest rates to curb inflation, the BoJ stuck to its easy monetary policy on the grounds of underpinning the economy. This has spurred a weakening of the yen and a rise in prices. The BoJ's inflation forecast for this fiscal year is 3%, surpassing its price stability target of 2%.

An editorial in the Mainichi newspaper says "the monetary policy must be thoroughly examined including the legitimacy of its goals".

See:
<https://mainichi.jp/english/articles/20230119/p2a/00m/0op/029000c>



Policy makers haunted by abandoned home issue

There are millions of abandoned homes in Japan, many of which are a danger to the public. The government is trying to address this problem through a revised tax credit programme to encourage property owners to renovate or demolish such properties but Japanese demographics are working against any solution.

As Japanese society ages and the population declines the stock of abandoned homes will rise.

According to the Ministry of Internal Affairs most recent survey, nationwide empty homes accounted for almost 14% the total housing stock. The Nomura Research Institute projects this will rise to 32% by 2038 if the issue cannot be resolved.

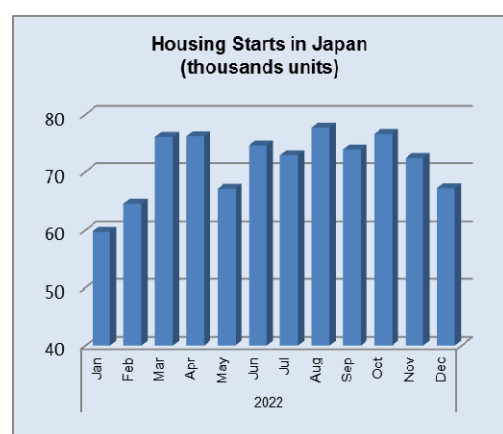
A private survey found many people are unsure what to do with their childhood home when uninhabited as their parents had died.

Many old homes are left standing because relatives do not want to “part with” their childhood memories, their parents asked them to retain the houses or it was too difficult or expensive to clear everything left in the houses, the group said.

In 2015 a Vacant Houses Special Measures law went into effect with the aim of reducing the growing number of unoccupied homes. Under this law, local authorities can tear down houses that are on the brink of collapse, even if they cannot locate the owners.

The government has long stuck to its policy of giving preferential treatment in the form of mortgage tax break to buyers of newly-built housing but it has until now ignored the issue of what to do if those homes are eventually abandoned.

See: <https://www.asahi.com/ajw/articles/14815634>

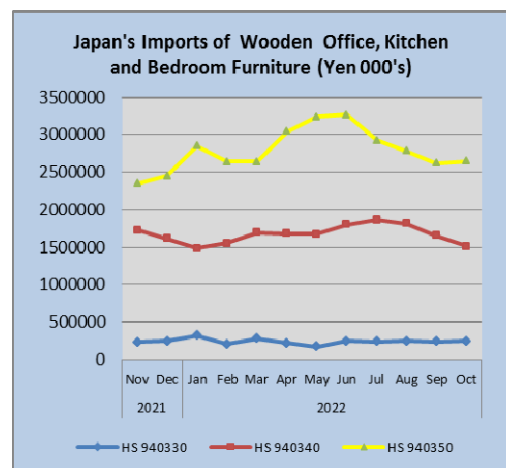


Data source: Ministry of Land, Infrastructure, Transport and Tourism, Japan

Import update

Furniture imports

Consumer demand for discretionary items such as furniture continued to be severely affected by exchange rate issues, unprecedented inflation and rising costs of everyday necessities.



Data source: Ministry of Finance, Japan

The downward trend in the value of imports since mid-year reflects the current depressed state of the market for wooden furniture in Japan. The least affected segment of the market is that for wooden office furniture.

October 2022 wooden office furniture imports (HS 940330)

Wooden office furniture shipments to Japan from manufacturers in China accounted for 87% of the value of all imports of HS 940330 in October, little changed from the value of shipments in September. Poland and France together made up a further 7% of the value of October imports. The value of imports from these two suppliers was down compared to a month earlier.

The big surprise was the steep decline in the value of shipments from Vietnam. Year on year, October shipments of HS 940330 to Japan were down slightly with only shippers in China maintaining the value of exports.

October 2022 imports (HS 940330)

	Imports Oct 2022 Unit, 000's Yen
S. Korea	-
China	210,968
Taiwan P.o.C	-
Vietnam	1,747
Thailand	-
Malaysia	1,441
Indonesia	1,763
India	-
Sweden	-
Denmark	510
UK	-
Netherlands	482
France	6,637
Germany	-
Switzerland	-
Italy	2,492
Poland	9,470
Hungary	259
Turkey	-
Estonia	744
Lithuania	-
Czech Rep.	449
Slovakia	332
Canada	1,684
USA	4,732
Mexico	-
Total	243,710

Data source: Ministry of Finance, Japan

October 2022 kitchen furniture imports (HS 940340)

The top shippers of wooden kitchen furniture to Japan in terms of value in October were the Philippines, accounting for 47% of the value of total October arrivals and up from the previous month and Vietnam (35%) but down slightly month on month. Three other suppliers, China, Germany and Italy together accounted for just less than 10% of October arrivals.

The value of October 2022 imports of wooden kitchen furniture was around 30% higher than in October 2021 but month on month there was a drop in the value of shipments.

October 2022 imports (HS 940340)

	Imports Oct 2022 Unit, 000's Yen
S Korea	690
China	110,089
Taiwan P.o.C	2,212
Vietnam	537,345
Thailand	26,512
Singapore	503
Malaysia	1,065
Philippines	706,873
Indonesia	26,196
India	-
Sweden	-
Denmark	385
UK	495
Netherlands	2,963
France	445
Germany	35,288
Italy	39,724
Austria	-
Greece	-
Romania	18,822
Canada	4,062
USA	-
New Zealand	-
Total	1,513,669

Data source: Ministry of Finance, Japan

September wooden bedroom furniture imports (HS 940350)

After three consecutive month declines in the value of Japan's imports of wooden bedroom furniture (HS940350) there was a slight upward correction in October which came in some 53% higher than in October 2021.

Shipments of HS 940350 from China and Vietnam dominated October imports accounting for over 90% of the value of imports for the month. Shipments from China were down compared to a month earlier while those from Vietnam rose month on month. The other shippers of note in October were Thailand and Malaysia.

October imports (HS 940350)

	Imports Oct 2022 Unit, 000's Yen
S Korea	-
China	1,495,989
Taiwan P.o.C	-
Mongolia	-
Vietnam	920,072
Thailand	59,118
Singapore	211
Malaysia	67,906
Philippines	-
Indonesia	23,692
India	-
UAE	-
Sweden	-
Denmark	-
UK	452
Netherlands	-
Belgium	-
France	-
Germany	317
Switzerland	-
Portugal	-
Spain	864
Italy	6,833
Finland	-
Poland	46,010
Austria	-
Greece	-
Romania	5,812
Turkey	-
Latvia	-
Lithuania	13,556
Bos Her	1,454
USA	3,162
Total	2,645,448

Data source: Ministry of Finance, Japan

Trade news from the Japan Lumber Reports (JLR)

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

For the JLR report please see:

https://jfpj.jp/japan_lumber_reports/

Projection of import wood products

The Japan Lumber Importers Association disclosed a projection of imported wood products for the first half of this year.

Volume of imported lumber will be decreased by 25% from the first half of 2022 and importers adjust supply and demand. Volume of European lumber, glulam and Russian lumber will be decreased by 30% from the same periods in last year.

Total volume of lumber and glulam in the first half of this year will be 2,455,000 cbms, 25.8% less than the same periods in last year. It will be about 852,000 cbms decreasing.

In the second half of 2022, the volume was 2,771,000 cbms and it will be 316,000 cbms lower in the first half of this year. Total volume during October, 2022 to June, 2023 will be 5,226,000 cbms and this is 741,000 cbms lower than the 2021's result. One of the reasons for decreasing is that there is too much inventory at markets. That is why the volume of European lumber, glulam and Russian lumber will be decreased by 30%.

Also, there will be a decrease in volume of North American lumber. Total volume of European lumber during October, 2022 to June, 2023 will be 2,135,000 cbms, of North American lumber will be 1,051,000 cbms and of Russian lumber will be 640,000 cbms. These results are lower than the 2021's result. However, there is a possibility that the volume of lumber would be overstocking at the end of 2023 to 2024.

On the other hand, volume of logs will be the same volume from January to June in 2022. Nearly, 90% of logs will be North American logs. Russian logs are still banned to import to Japan. South Sea logs will be decreased by 25%.

There are several concerns about wood product business in this year in Japan. One of them is that the rule of Plant Quarantine will be strict in August so Japanese importers might order many logs from overseas before August. Other concerns are less demand for lumber due to a high mortgage rate, stagflation in European economy, sluggish economy in China, the strong yen caused by high interest rate and a decrease in new starts.

It has been almost a year since Russia had invaded Ukraine and the war would be worse. If there would be more economic sanctions for Russia by the nations of the West, there would be an influence to supply and demand of forest products. It would be important to balance supply and demand of imported and domestic wood products.

Plywood

Enquiries for domestic plywood in December, 2022 are still dull and manufacturers still control production. The manufacturers do not change the prices and they will wait until clients start to buy products again.

An issue is the volume of inventory. At the end of November, 2022, it was 172,811 cbms, 94.5% more than November, 2021. It was 4.9% more than the previous month.

However, a rate of increase is getting slow because a rate of increase at the end of September, 2022 was 33.8% increasing and a rate of increase at the end of October, 2022 was 10.4 increasing.

Volume of the inventory against shipment is 0.79% month and this is a proper volume. It was 0.32 month in November, 2021. There will be less demand for plywood after the New Year because the inventory will be controlled for closing accounts at the end of March, 2023 in distribution business. For manufacturers, it will be low productivity in winter.

A futures price of 12mm South Sea plywood is \$10 – 20 lower than before. The yen is recently 130 yen against the dollar but it was 148 yen when the contracts were signed up so the import cost is not low. The prices of concrete forming panes for coating 3 x 6 are \$830 – 840, C&F per cbm and the prices in Japan are 2,590 yen, FOB per panel. The prices of 12mm 3 x 6 form plywood are \$740 – 750, C&F per cbm and the prices in Japan are 2,310 yen, FOB per cbm.

In Japan, form plywood for coating is 2,400 yen, delivered per panel and form plywood is 2,200 yen, delivered per panel. The prices have to be raised by 200 yen for profit.

South Sea log and products

Demand for South Sea logs increased in last year because South Sea lumber could not arrive to Japan smoothly due to delays by a confusion of COVID-19 at ports. However, in this year, production at Japanese lumber companies get back to normal and business confidence in the world worsens so there won't be much demand for South Sea logs.

Since demand for decks in the U.S. calms down, there might be supply to Japan.

The prices of lumber in any size had been high but Chinese and Indonesian exporters started to lower the prices since the second half of 2022. Inventory at distribution business reaches the standard level and inquiries are good so the prices in Japan will be controlled as the prices in South Asia decrease.

China

Guidelines on sustainable management of national forests

The National Forestry and Grassland Administration has released a guideline on sustainable management of national forest reserves.

A government statement says "With the goal of cultivating a healthy, stable, high-quality and efficient forest ecosystem the "Guide" proposes a framework system, planning and design system, classified cultivation system and comprehensive management for the sustainable management of national reserve forests based on the business philosophy of close to nature.

Combining the natural development process and management characteristics of forests to divide stand development stages to realise large-diameter timber production; divide national reserve forests into management type groups to realize classified management; propose management parameters, operation methods and methods for 135 major national reserve forest tree species The economic evaluation method realizes precise cultivation and is generally advanced and innovative.”

The release of the Guidelines is aimed at implementing the requirements of the State Forestry and Grassland Administration's 2015 Central Document No. 1 and the "Overall Plan for Ecological Civilization System Reform" on the construction of the national reserve forest system.

See:<http://www.forestry.gov.cn/main/5383/20221216/161639458509167.html>

Output value of national forest industry

According to a statement at a recent national conference the output value of China's national forest industry in 2022 totalled RMB8.04 trillion (US\$1.17 trillion). The country is now among the world's leading players in terms of the scale and growth rate of its forestry industry.

China has continuously expanded the range of its forest products. At present there are over 10,000 different kinds of wood and bamboo products available across the country. China has meanwhile planted over 6.67 million hectares of bamboo. With an annual output value approaching RMB320 billion, the country's bamboo sector has helped over 15 million people working in the industry to earn annual per capita income of more than RMB10,000.

Over the past 10 years China has planted 40 million hectares of commercial forests with the output value of commercial forestry products surpassing RMB2.2 trillion, more than twice that of a decade ago.

China has pursued the high-quality development of its forest. The annual output value of the three major sub-sectors of the forest industry, wood and bamboo, commercial forest products and forest-related tourism has come to exceed over RMB1 trillion.

See: http://www.gov.cn/xinwen/2023-01/15/content_5737064.htm
and

<https://news.cgtn.com/news/2023-01-15/Output-value-of-China-s-forestry-industry-exceeds-8-trillion-yuan-1gBJKCpITE4/index.html>

Chenglingji the new designated port for imported logs

Chenglingji Port has been designated as a new port for imported logs. Chenglingji Port is one of the eight deep water ports on the Yangtze River and the only national first-class Port in Hunan Province.

The Yangtze River has 163 kilometers of river bank in Yueyang of which almost 12 kilometres is within the

scope of Chenglingji New Port area. Supervision will be within the Chenglingji Xingang Customs Supervision Zone extending over some 420 square metres and divided into three zones: inspection fumigation and wharf operations.

After the project is officially operational more than 1 million cubic metres of logs can be directly imported annually and this is expected to generate savings of more than 40 million yuan in logistics costs for the enterprise every year. At the same time 40,000 TEU containers of imported logs will be handled yearly.

See: <https://www.hxw.gov.cn/content/2023/01/02/14080126.html>

Industrial wood processing centre for Guigang City

Guigang City, Guangxi Zhuang Autonomous Region has established 66,700 hectares of national forests in order to create a 'wood capital' for South China. The entire supply chain will be accommodated. At present and there are more than 3,500 enterprises involved representing the whole supply chain for wood processing.

At present, 9 upstream and downstream industries have been established in Guigang City producing rotary veneer, wood panels, veneer, furniture parts, panel furniture along with hardware and adhesives.

See:
<https://baijiahao.baidu.com/s?id=1754141695575098185&wfr=pider&for=pc>

Centralised procurement of African timber

A timber trading centre in Dongyang City, Zhejiang Province has been cooperating with African enterprises for many years and cooperated signed agreements worth RMB7.65 million during the Forum on China-Africa Economic and Trade Relations and China-Africa Cultural Cooperation and Exchange Week.

The Dongyang Wood Trading Center is a wood import trading and distribution platform integrating imports, trade, processing, bond, storage, logistics and financial services. The wood supply chain has been shortened and is saving enterprises around 10% in logistics costs through centralised procurement and unified logistics transportation services.

Currently 64 leading companies have entered the trading centre trading over 30 timber species from more than 20 countries. From January to November 2022 the value of warehousing transaction was RMB3.4 billion, the value of invoice-issuing transaction was RMB2.2 billion and the value of bonded trade was RMB2 billion. Centralised procurement of African timber in the Dongyang Timber Trading Center supports expansion of furniture production as the entire industrial supply chain has been constructed.

See:
https://www.wood365.cn/Industry/IndustryInfo_276205.html
and
http://www.ccpitzj.gov.cn/art/2022/11/25/art_1229569402_36870.html

Global Timber Index (GTI) Report

In December 2022 the Global Timber Index (GTI) Report showed that the global timber market was still under the effects of uncertainties in the global economy and declining global demand.

The GTI index for the timber producing countries Malaysia, Gabon, the Republic of the Congo, Brazil and Mexico in December was below the critical level of 50%, which represents that timber production and operations declined from the previous month.

On the supply side, except for Mexico whose timber harvesting, process and manufacturing activities were picking up, the lower rates of harvesting and production in Malaysia, Gabon, the Republic of the Congo and Brazil continued. Weak international demand, amongst others, is still a problem that plagues these countries.

In addition, the GTI participating enterprises in Malaysia, Gabon, the Republic of the Congo and Brazil also expressed their desire to have taxes and fees reduced. Those in Mexico pointed out that large-scale imports have produced a "squeezing out effect" on their domestic timber trade.

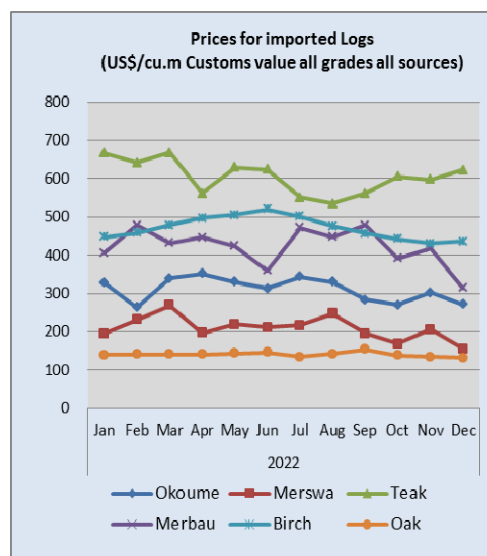
In China, domestic demand picked up after the government adjusted its COVID-19 prevention and control policy at the beginning of December and also introduced real estate stimulus policies. As production activities are recovering in China's timber enterprises China's GTI was above the critical level of 50.

Detailed analysis can be found at: <https://www.itto-ggsc.org/static/upload/file/20230116/1673853577599864.pdf>

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

	2022 Nov	2022 Dec
Okoume	302	272
Merswa	206	155
Teak	598	623
Merbau	419	314
Birch	431	436
Oak	133	131

Data source: Customs, China

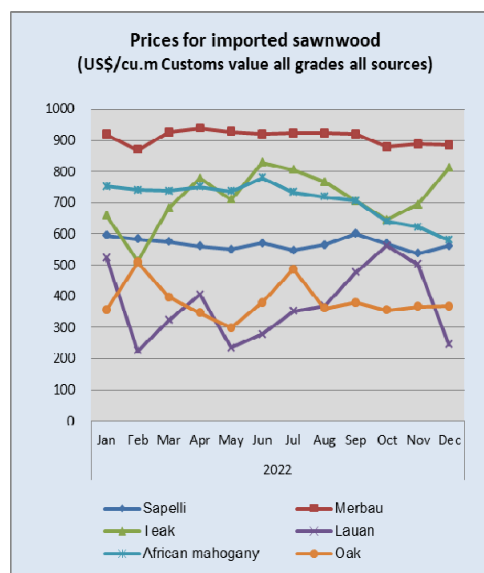


Data source: Customs, China

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

	2022 Nov	2022 Dec
Sapelli	537	562
Merbau	888	885
Teak	694	812
Lauan	502	245
African mahogany	622	580
Oak	367	368

Data source: Customs, China



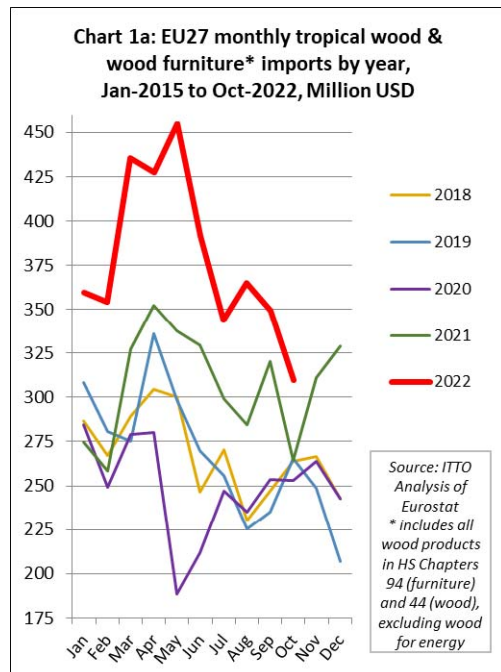
Data source: Customs, China

EU27 tropical wood imports slow as economic outlook deteriorates

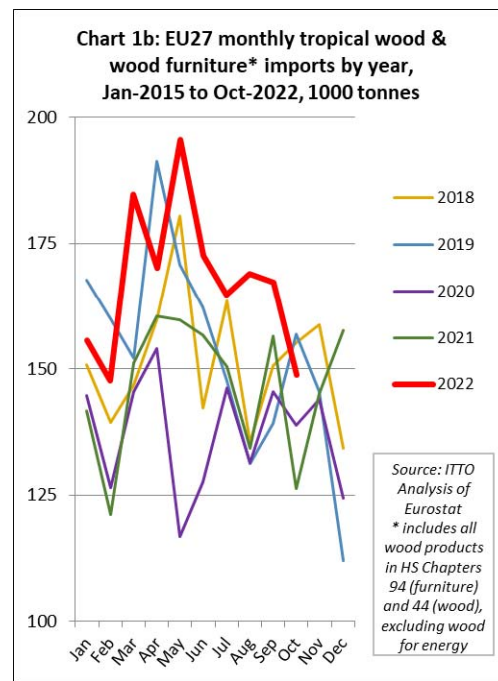
In the first ten months of 2022, the EU27 imported 1.68 million tonnes of tropical wood and wood furniture products with a total value of US\$3.79B, respectively 15% and 24% more than the same period the previous year.

However, imports have been slowing since summer 2022 and the economic outlook in the EU deteriorated sharply in the last quarter of the year. The war in Ukraine is contributing to huge increases in energy prices, while business and consumer confidence has been hit by expectations of higher interest rates to control inflation.

In US dollar terms, total EU27 imports of tropical wood and wood furniture imports were still high in October last year compared to the same month in the previous five years despite falling sharply since the summer (Chart 1a).



However in tonnage terms, EU27 total imports of tropical wood and wood furniture in October last year were in line with the level achieved in that month in the previous five years and well below levels typical of a decade ago (Chart 1b).



EU economy projected to grow just 0.2% this year

The extent of the economic downturn in the EU27 is highlighted in the 2023 edition of the "World Economic Situation and Prospects" (WESP) published by the United Nations Department of Economic and Social Affairs (UN DESA) in January.

According to the WESP report "the economic outlook for Europe has continued to deteriorate amid the protracted war in Ukraine. Soaring energy prices have pushed inflation to multi-decade highs, eroding household purchasing power and increasing production costs for firms. Market liquidity has tightened as the region's central banks have accelerated interest rate hikes to rein in inflationary pressures. Higher borrowing costs, sizeable fiscal deficits and elevated debt levels continue to constrain fiscal space in many European economies".

The WESP report also notes that "the external environment has worsened amid weakening growth in China and the United States and heightened global economic uncertainty".

Against this background, the WESP report projects that there will be a "mild recession" in many European countries during the winter of 2022 to 2023, followed by a subdued recovery. GDP in the European Union is projected to grow by only 0.2 per cent in 2023, a sharp downward revision from earlier forecasts. In 2024, the WESP forecasts that growth will pick up to 1.6 per cent as inflation eases and the monetary tightening cycle ends.

This comes, according to the WESP report, after a surprisingly strong expansion of 3.3 per cent in 2022, when further relaxation of COVID-19 mobility restrictions and pent-up demand boosted spending on contact-intensive services, including tourism-related activities.

But the report observes that “in the third quarter of 2022, consumer confidence both in the European Union and in the United Kingdom plunged to the lowest level since the 1980s, with only a slight improvement in October and November”.

For 2023, the WESP report states that “while the worst-case scenario of massive disruptions to industrial activities will likely be avoided, Europe is still projected to see a marked economic downturn. Private consumption will weaken due to significant purchasing power losses by households and tightening financial conditions.

Businesses are expected to cut back on capital spending amid elevated uncertainty and higher input and borrowing costs. In addition, external demand is projected to soften further as the region’s main trading partners – China and the United States face subdued growth prospects in 2023”.

The WESP report suggests that some European countries will be hit much harder than others. GDP is forecast to contract in Germany, Italy, Sweden and the United Kingdom in 2023, as these economies are particularly vulnerable to the combination of soaring energy prices and rising borrowing costs. By contrast, economic growth is expected to be more resilient in a few smaller economies, including Ireland and Portugal.

The latest data from the S&P Global eurozone construction purchasing managers’ index (PMI) underlines the extent of economic deterioration. It shows that the construction sector is suffering its worst decline since the pandemic brought the economy to a near-standstill in 2020.

December’s PMI showed a total activity index of 42.6, down from 43.6 in November. Figures below 50 indicate declining activity. The data marked the eighth consecutive month of contraction in home building. Activity declined in all three of the 20-nation bloc’s biggest economies — Germany, France and Italy.

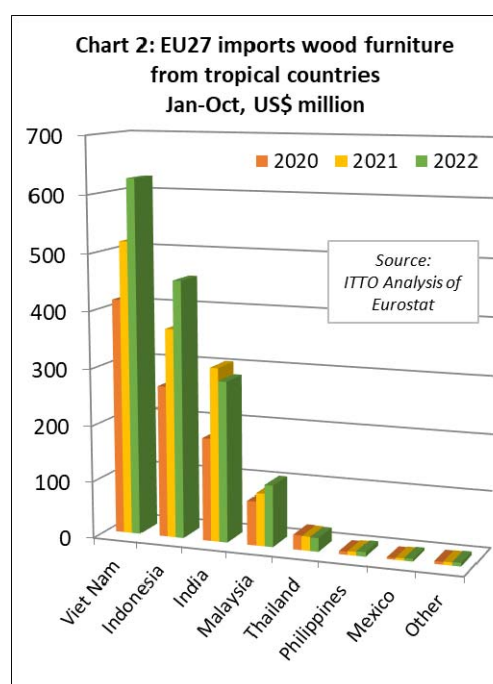
Excluding periods of Covid-19 lockdowns, total home-building activity dropped in December at the sharpest rate since March 2013 and new orders for all construction projects declined at the fastest rate since September 2014, S&P said. The biggest falls in both cases were in Germany. Commercial building activity also fell for the ninth consecutive month, said S&P, adding that the biggest drop was in France.

The gloomy findings underline how rising borrowing costs, sharply higher raw material prices and worries that a recession could accelerate a fall in property prices are all weighing on the European construction industry. According to the S&P “December data suggested that firms were anticipating challenging economic conditions to continue into the future”. More positively, S&P reported a “sustained easing” in both cost and supply pressures.

Rise in EU27 import value of tropical furniture masks fall in quantity

In the first ten months of 2022, EU27 import value of wood furniture from tropical countries was US\$1.52B, 14% higher than the same period in 2021. This increase in dollar value was entirely due to higher freight rates and prices and the weakness of the euro last year. In tonnage terms, imports declined 6% to 305,500 tonnes during the ten-month period.

In the first ten months of 2022, there were large increases in EU27 wood furniture import value from Vietnam (+21% to US\$626M), Indonesia (+23% to US\$454M), Malaysia (+17% to US\$108M) and the Philippines (+17% to US\$8M). Import value fell from India (-7% to US\$284M) and Thailand (-3% to US\$25M). EU27 wood furniture imports from all other tropical countries were negligible (Chart 2).

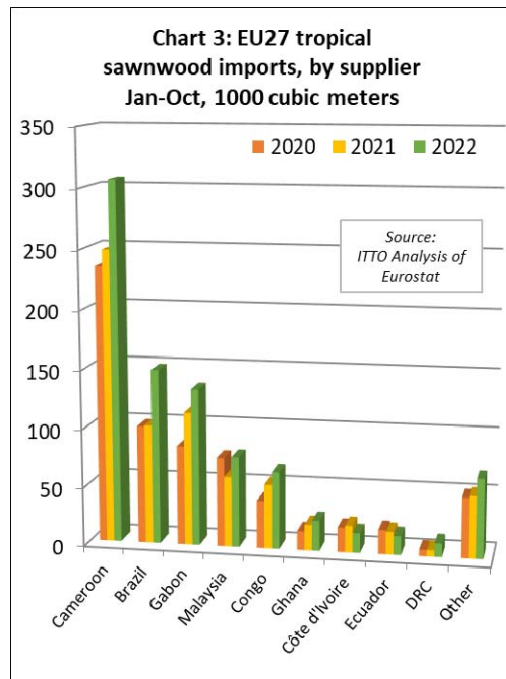


EU27 imports of tropical sawnwood up 24%

After two slow years during the global pandemic, EU27 imports of tropical sawnwood recovered ground in the first ten months of last year. Imports of 869,000 cubic metres between January and October last year were 24% higher than the same period in 2021 and 34% more than the same period in 2020.

Sawnwood imports increased during the ten-month period last year from all the largest tropical suppliers to the EU27 including Cameroon (+23% to 306,400 cubic metres), Brazil (+47% to 148,700 cubic metres), Gabon (+18% to 133,600 cubic metres), Malaysia (+29% to 77,000 cubic metres), Congo (+20% to 65,600 cubic metres) and Ghana (+17% to 25,800 cubic metres).

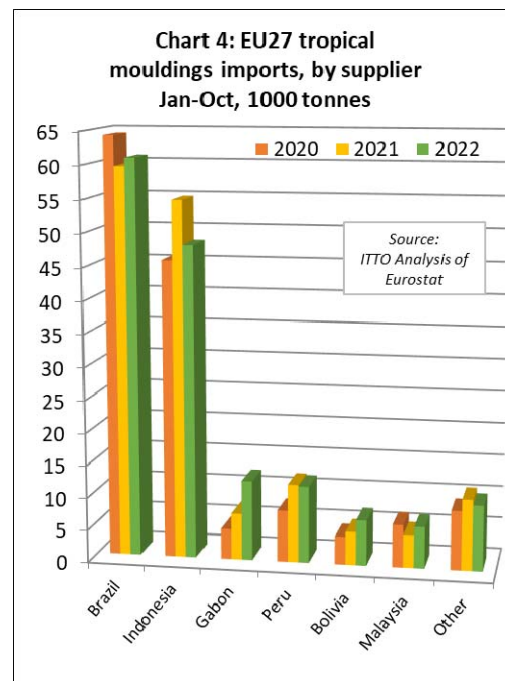
Of smaller sawnwood supply countries, there were large percentage increases in imports from DRC (+113% to 11,500 cubic metres), Suriname (+64% to 9,400 cubic metres), Indonesia (+46% to 9,000 cubic metres), Angola (+35% to 6,200 cubic metres), and CAR (+167% to 5,700 cubic metres). In contrast imports from Côte d'Ivoire fell 26% to 16,800 cubic metres and from Ecuador were down 17% to 25,800 cubic metres. (Chart 3).



Unlike sawnwood, EU27 imports of tropical mouldings/decking were slow between January and October last year. Imports of 156,600 tonnes between January and October 2022 were just 1% more than the same period in 2021.

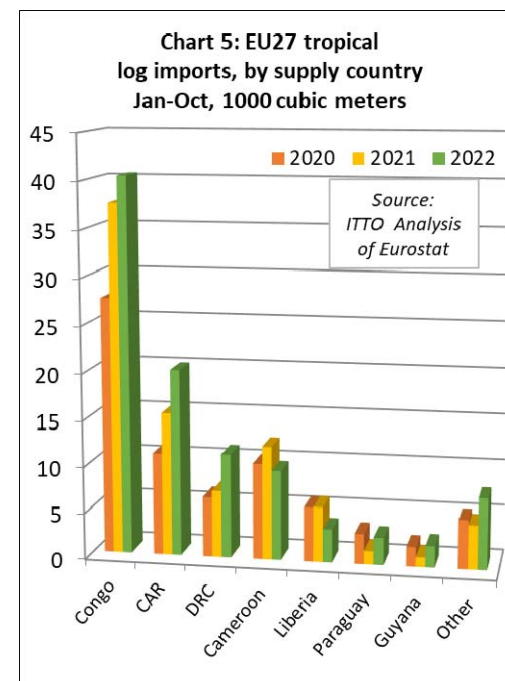
Supply shortages contributed to falling imports from Indonesia, which declined 12% to 48,000 tonnes during the ten-month period. The fall in imports from Indonesia was offset by rising imports from Brazil (+2% to 60,800 tonnes) and Gabon (+72% to 12,400 tonnes).

Of smaller suppliers, there were increases in imports from Bolivia (+36% to 7,000 tonnes) and Malaysia (+25% to 6,400 tonnes). Imports from Peru declined by 2% to 11,900 tonnes in the first ten months of last year after strongly rising the previous year (Chart 4).



Between January and October 2022, the EU27 imported 98,100 cubic metres of tropical logs, 14% more than the same period in 2021. (Chart 5)

EU27 log imports increased from all three of the largest African supply countries in the first ten months of last year compared to the same period in 2021; Congo (+7% to 40,400 cubic metres), CAR (+31% to 20,100 cubic metres), and DRC (+56% to 11,200 cubic metres).



In the first ten months of last year imports also increased sharply from negligible levels in 2021 from two South American countries, Paraguay (+101% to 2,900 cubic metres) and Guyana (+123% to 2,300 cubic metres).

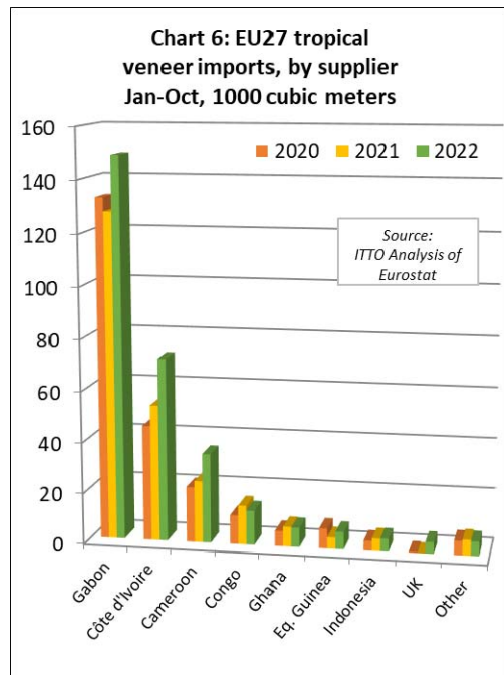
However, log imports were down 21% to 9,700 cubic metres from Cameroon and down 40% to 3,600 cubic metres from Liberia

Large gains in EU27 imports of tropical hardwood veneer from Africa

Between January and October 2022, the EU27 imported 298,300 cubic metres of tropical veneer, 22% more than the same period in the previous year.

Imports of tropical veneer from Gabon, by far the largest supplier to the EU27, increased 16% to 148,800 cubic metres. There were also large gains in imports from Côte d'Ivoire (+34% to 71,300 cubic metres), Cameroon (+45% to 35,100 cubic metres) and Equatorial Guinea (+53% to 6,800 cubic metres).

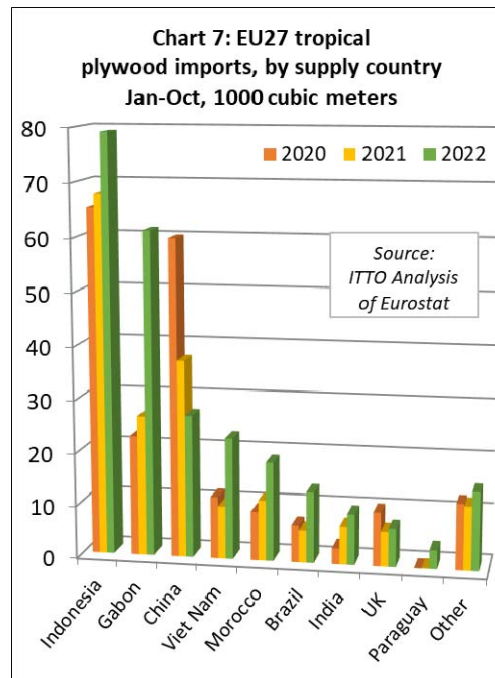
After virtually no indirect trade in tropical veneer to the EU27 via the UK in 2021, this trade totalled 4,600 cubic metres between January and October last year. These gains in EU27 tropical veneer imports were partly offset by a 12% decline in imports from Congo to 13,400 cubic metres and a 3% fall in imports from Ghana to 7,500 cubic metres (Chart 6).



Between January and October 2022, EU27 tropical plywood imports of 257,900 cubic metres were 39% more than the same period the previous year. Imports from Indonesia, at 79,100 cubic metres, were up 17% compared to the same period in 2021.

However, the biggest percentage increases were in imports from Gabon and Vietnam, both rising 130% to 61,300 cubic metres and 23,000 cubic metres respectively. Imports of tropical plywood also increased from Morocco (+63% to 18,700 cubic metres), Brazil (+119% to 13,400 cubic metres), India (+33% to 9,700 cubic metres), and the UK (+10% to 7,300 cubic metres).

Tropical plywood imports from Paraguay increased from negligible levels in 2021 to 3,500 cubic metres in the first ten months of last year. These gains offset a 28% decline in imports of tropical hardwood faced plywood from China to 27,000 cubic metres (Chart 7).

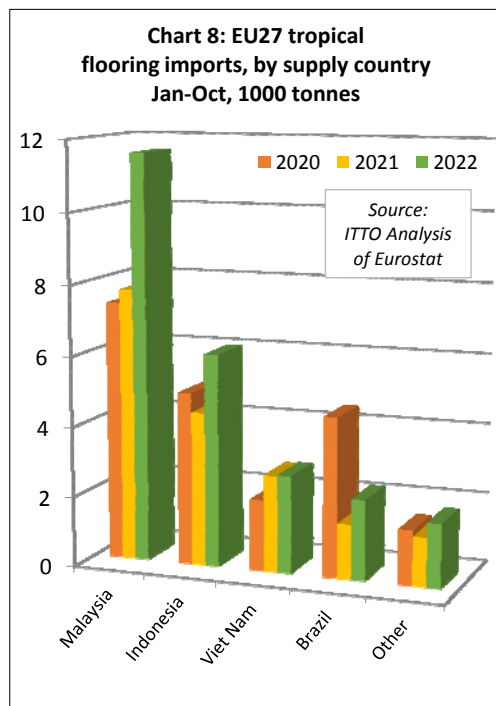


Rise in EU27 imports of tropical flooring from Malaysia continues

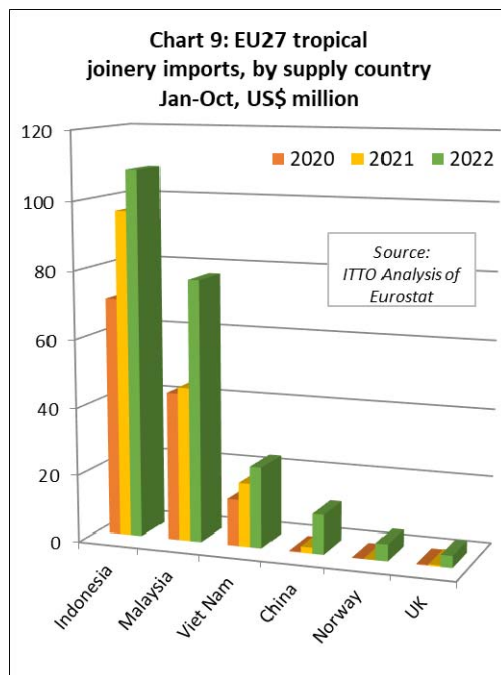
Between January and October 2022, the EU27 imported 24,500 tonnes of tropical wood flooring, 38% more than the same period in 2021. The rise in EU27 wood flooring imports from Malaysia that began in 2020 continued last year.

Imports of 11,600 tonnes from Malaysia in the first ten months of 2022 were 49% more than the same period in 2021.

There were also large gains, from a smaller base, from Indonesia (+39% to 6,000 tonnes) and Brazil (+46% to 2,300 tonnes). Flooring imports from Vietnam were, at 2800 tonnes in the ten month period, at the same level as the previous year (Chart 8).



The dollar value of EU27 imports of other joinery products from tropical countries - which mainly comprise laminated window scantlings, kitchen tops and wood doors - increased 40% to US\$249M in the first ten months of 2022. Import value increased 12% to US\$108M million from Indonesia, 69% to US\$77M from Malaysia, and 27% to US\$24M from Vietnam. (Chart 9)



The apparent large increase in imports of this commodity group from China, from negligible levels to US\$12M in the first ten months of last year, is due to a change in product codes from the start of 2022 allowing more joinery products manufactured using tropical hardwood in non-tropical countries to be separately identified (Chart 9).

Unlike for furniture, the rise in import value for joinery last year was not driven entirely by rising prices but was also indicative of an increase in import quantity. In quantity terms between January and October last year, the EU27 imported 92,800 tonnes of tropical joinery products, 29% more than the same period in 2021.

North America

Home building down 3% in 2022 - housing starts fell in December

In 2022 the US began construction of 1.55 million homes, 3% fewer than were started in 2021 according to the US Department of Commerce. Construction of new US homes fell again in December by a seasonally adjusted 1.4% to 1.38 million. The drop in construction of homes followed a decline in November when housing starts also fell by 1.8%

Single-family housing starts, which account for the bulk of homebuilding, increased 11.3% to a seasonally adjusted annual rate of 909,000 units last month, the highest level since August. Apartment starts fell by 19%.

In Canada, the annual pace of housing starts in December slowed 5% compared with November according to the Canada Mortgage and Housing Corporation. The national housing agency says the seasonally adjusted annual rate of housing starts in December was 248,625 units compared with 263,022 in November.

See: <https://www.census.gov/topics/housing.html>

Home sales at 12-year low in December

Existing-home sales faded for the 11th straight month in December to a seasonally adjusted annual rate of 4.02 million the National Association of Realtors reported. Sales waned 1.5% from November and 34% from one year ago. While sales fell to a 12-year low in December, declining mortgage rates raised cautious hope that the embattled housing market could be close to finding a floor.

“December was another difficult month for buyers, who continue to face limited inventory and high mortgage rates,” said NAR Chief Economist Lawrence Yun. “However, expect sales to pick up again soon since mortgage rates have markedly declined after peaking late last year.”

Existing-home sales in the Northeast slid 1.9% from November to an annual rate of 520,000 in December, down 28.8% from December 2021.

Existing-home sales in the Midwest fell 1.0% from the previous month to an annual rate of 1.01 million in December, falling 30.3% from one year ago.

In the South, existing-home sales slipped 2.2% in December from November to an annual rate of 1.80 million, a 33.1% decrease from the previous year. At an annual rate of 690,000, existing-home sales in the West were unchanged from November but down 43.4% from one year ago.

Existing-home sales totaled 5.03 million in 2022, down 17.8% from 2021, as last year's rapidly escalating interest rate environment weighed on the residential real estate market.

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

US adds 4.5 million jobs in 2022 - growth continued through December

The US economy added 223,000 jobs in December, which was a little above the consensus estimate but with net 28,000 of downward revisions to the past two months, figures were broadly in line with what was anticipated.

The details show jobs growth was led by the service sector with education and health gaining 78,000 jobs, leisure/hospitality adding 67,000 and trade and transport gaining 27,000. Meanwhile construction saw employment rise 28,000 with manufacturing up 8,000.

Over the year the US economy added 4.5 million jobs, the second strongest year on record. However, we are starting to see falls in some key areas, most notably temporary help, which posted the fifth consecutive monthly fall. This is an important signal as these workers are always the first to be fired in a downturn (as they are the easiest to fire) and are likely to indicate broadening weakness in coming months.

Some sectors – notably tech – have announced large layoffs. But the tech sector is a relatively small employer and the government's latest survey showed strong gains in leisure and hospitality, healthcare, construction, and social assistance.

"The labor market is strong but fragmented, with hiring varying sharply by industry and establishment size," ADP's chief economist, Nela Richardson, said. "Business segments that hired aggressively in the first half of 2022 have slowed hiring and in some cases cut jobs in the last month of the year."

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

Consumer sentiment index hits 8-month high as inflation worries ease

US consumer sentiment hit its brightest note in eight months at the start of the year as falling energy prices eased fears about inflation, according to a closely watched survey released on January 20.

The University of Michigan's consumer sentiment index rose to 64.6 in January, its highest since May, from 59.7 in December, with assessments of both current and future conditions improving sharply on the month. The change in tone was in part due to perceptions that inflation is easing - if only in the near term.

"Inflation expectations are coming back under control," said Pantheon Macroeconomics chief economist Ian Shepherdson in a note to clients. But Shepherdson noted that the survey was more likely to correct downward given the growing signs of a slowdown in the job market.

"We expect a material weakening in the labor market in the next few months to make people nervous about job security, so a renewed deterioration in confidence is a decent bet," Shepherdson said.

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

Manufacturing activity contracted again in December

US manufacturing activity contracted for a second month in December, capping the steepest annual slide in the key factory gauge since 2008 and helping to further tame price pressures.

The Institute for Supply Management's gauge of factory activity fell to 48.4 last month, the lowest level since May 2020 and down from 49 in November, according to data released Wednesday. Readings below 50 indicate contraction. The figure was in line with the median estimate in a Bloomberg survey of economists.

The ISM index dropped 10.4 points in 2022, the biggest annual retreat since the Great Recession. Thirteen of the 18 manufacturing industries surveyed reported contraction last month, led by wood products, fabricated metals, chemicals and paper.

See: <https://www.msn.com/en-us/money/markets/us-manufacturing-contracts-for-a-second-month-prices-ease/ar-AA15Y4pc>

Furniture sales 'frosty' in December

Furniture and home furnishings sales slumped in December in what was a down month for retail according to the US Department of Commerce's advance monthly estimates.

For the month, the category posted an adjusted total of \$11.5 billion, down 2.5% from \$11.8 billion in November, but up 0.3% from December 2021's \$11.47 billion. However, taking inflation into account, that year-over-year increase reflects a decline in units sold.

For the year, furniture and home furnishings sales came in at \$143.4 billion, up a point compared with 2021, which would again indicate a slip in units sold.

See: <https://www.furnituretoday.com/retail/furniture-sales-frosty-in-cool-retail-december-according-to-docs-latest/>

25% drop in 2023 housing starts forecast

A press release from Redfin says a post-pandemic sales slump is likely to drive down home prices for the first time in a decade. This is because of high mortgage rates likely to make 2023 the slowest housing-market year since 2011.

Builders will continue to cut back on constructing new homes this year with year-over-year declines of roughly 25% in building permits and housing starts continuing into 2023. Builders will back off most from building new single-family homes. Construction of single-family homes surged during the pandemic which means builders need to sell the homes they have without adding more supply to limit their financial losses.

Redfin predicts the median US home-sale price to drop by roughly 4%, the first annual drop since 2012, to US\$368,000 in 2023. Prices would have fall more if not for a lack of homes for sale. Redfin expects new listings to continue declining through most of next year keeping total inventory near historic lows and preventing prices from plummeting.

Redfin's forecasts for mortgage rates, home sales, and home-sale prices account for a range of outcomes for inflation, employment, and other macroeconomic factors.

See: <https://investors.redfin.com/news-events/press-releases/detail/845/redfins-2023-housing-outlook-a-post-pandemic-sales#:~:text=Redfin%20expects%20about%2016%25%20fewer,inflation%20and%20a%20potential%20recession.>

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.

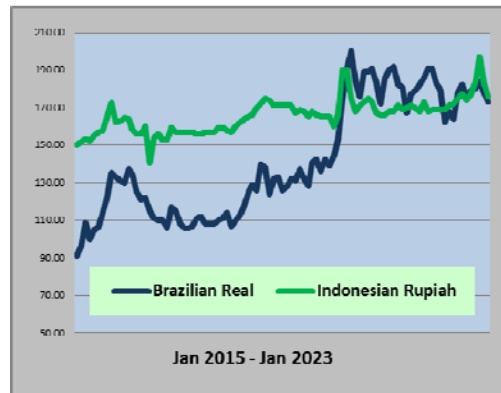
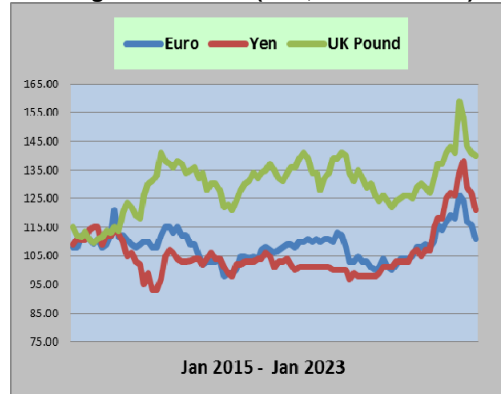
The views and opinions expressed herein are those of the correspondents and do not necessarily reflect those of ITTO

Dollar Exchange Rates

As of 25 January 2023

Brazil	Real	5.07
CFA countries	CFA Franc	602.03
China	Yuan	6.784
Euro area	Euro	0.918
India	Rupee	81.45
Indonesia	Rupiah	14.948
Japan	Yen	130.22
Malaysia	Ringgit	4.246
Peru	Sol	3.84
UK	Pound	0.806
South Korea	Won	1,232.58

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

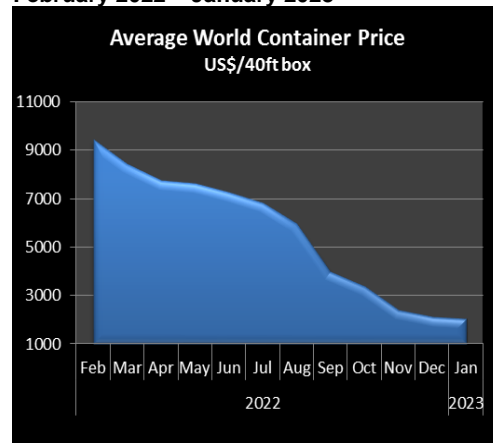


Abbreviations and Equivalences

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

Ocean Container Freight Index

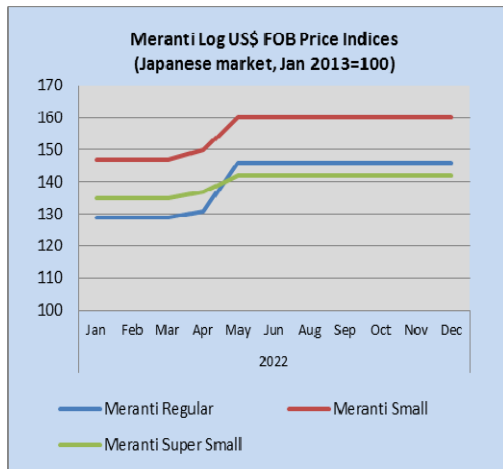
February 2022 – January 2023



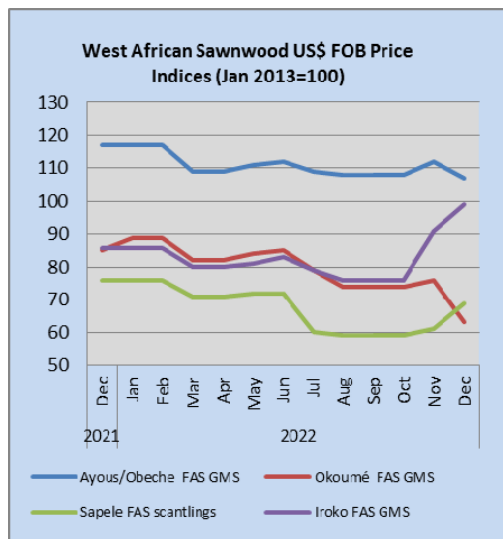
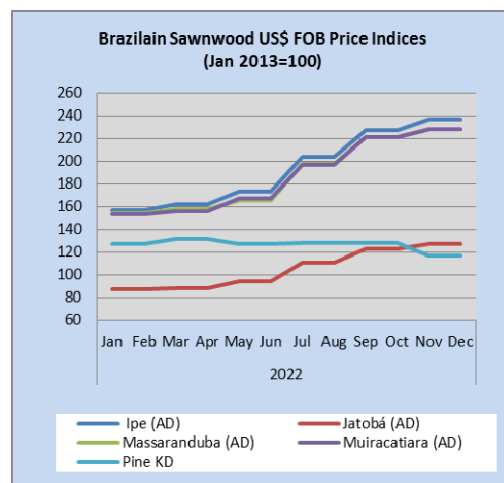
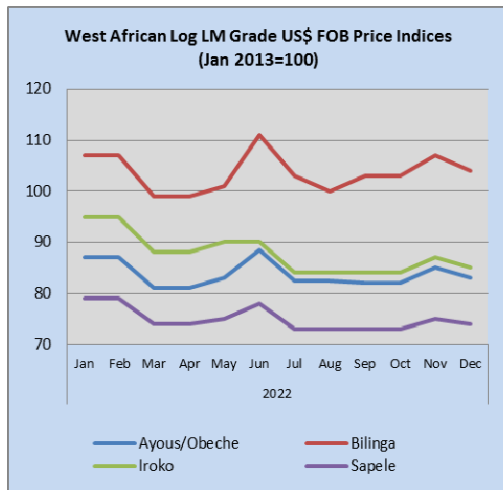
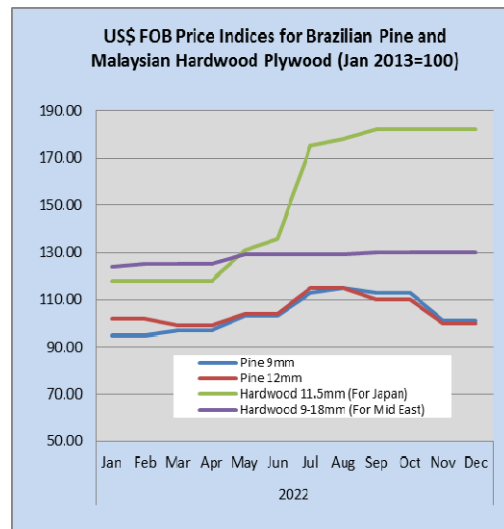
Data source: Drewry World Container Index

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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