

# TODAY'S MARKETS FOR WOOD : A *GLOBAL, NATIONAL & LOCAL VIEW*

*“MANAGING FAMILY FORESTS  
INTO THE FUTURE”*

OREGON SMALL WOODLANDS ASSOCIATION

2018 ANNUAL MEETING

SPRINGFIELD, OREGON



FOREST2MARKET



- US housing and lumber demand
- Global wood supply
- Influence of log exports to Asia
- The competitive position of regional North American forest industry
- Our local markets; present and future
- Conclusion



**GLOBAL WOOD  
& FIBER SUPPLY  
CHAIN EXPERTS**

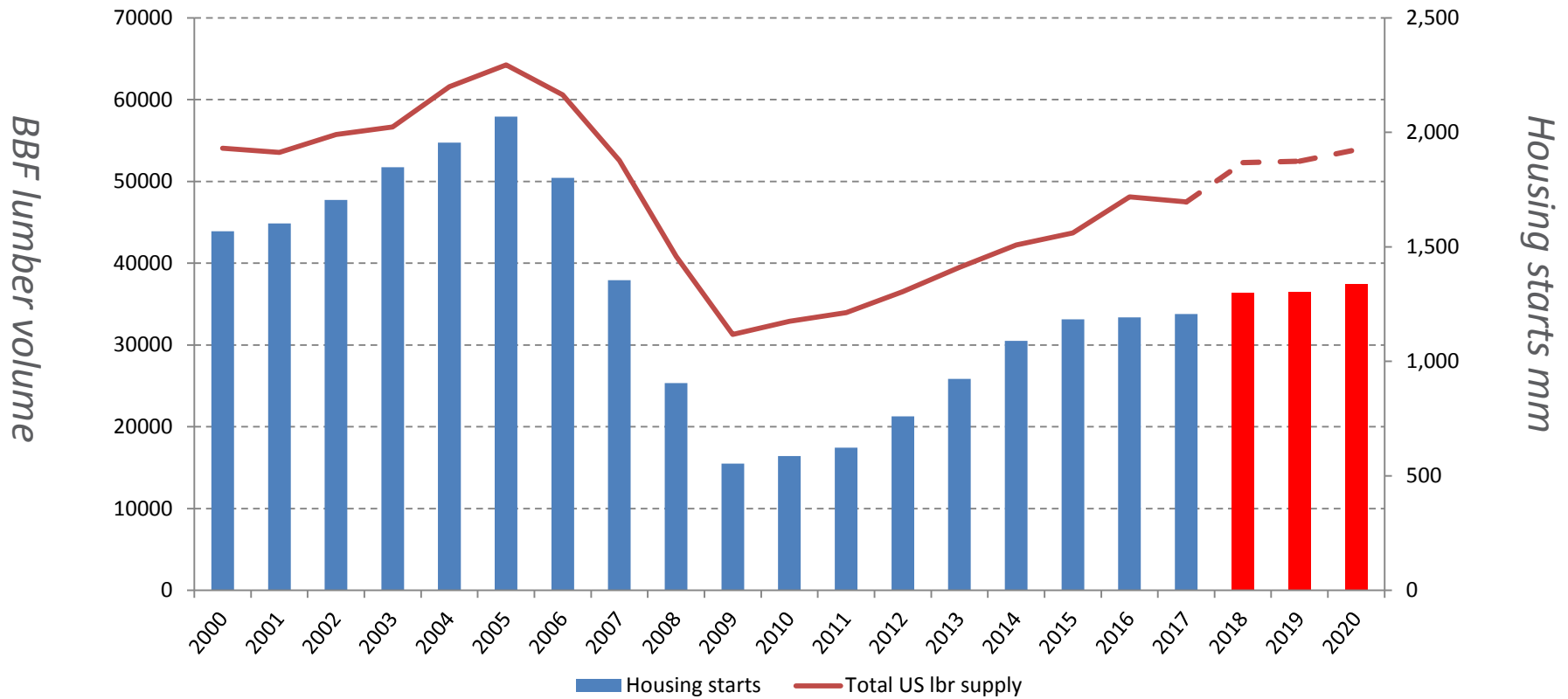
# INNOVATION: BUILDING WITH WOOD





# US HOUSING STARTS DRIVE N.A. LUMBER PRODUCTION

*The total US lumber demand highest since 2006 (53.5 BBF)*





**GLOBAL WOOD  
& FIBER SUPPLY  
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## A LOOK AT OVERSEAS WOOD MARKETS:

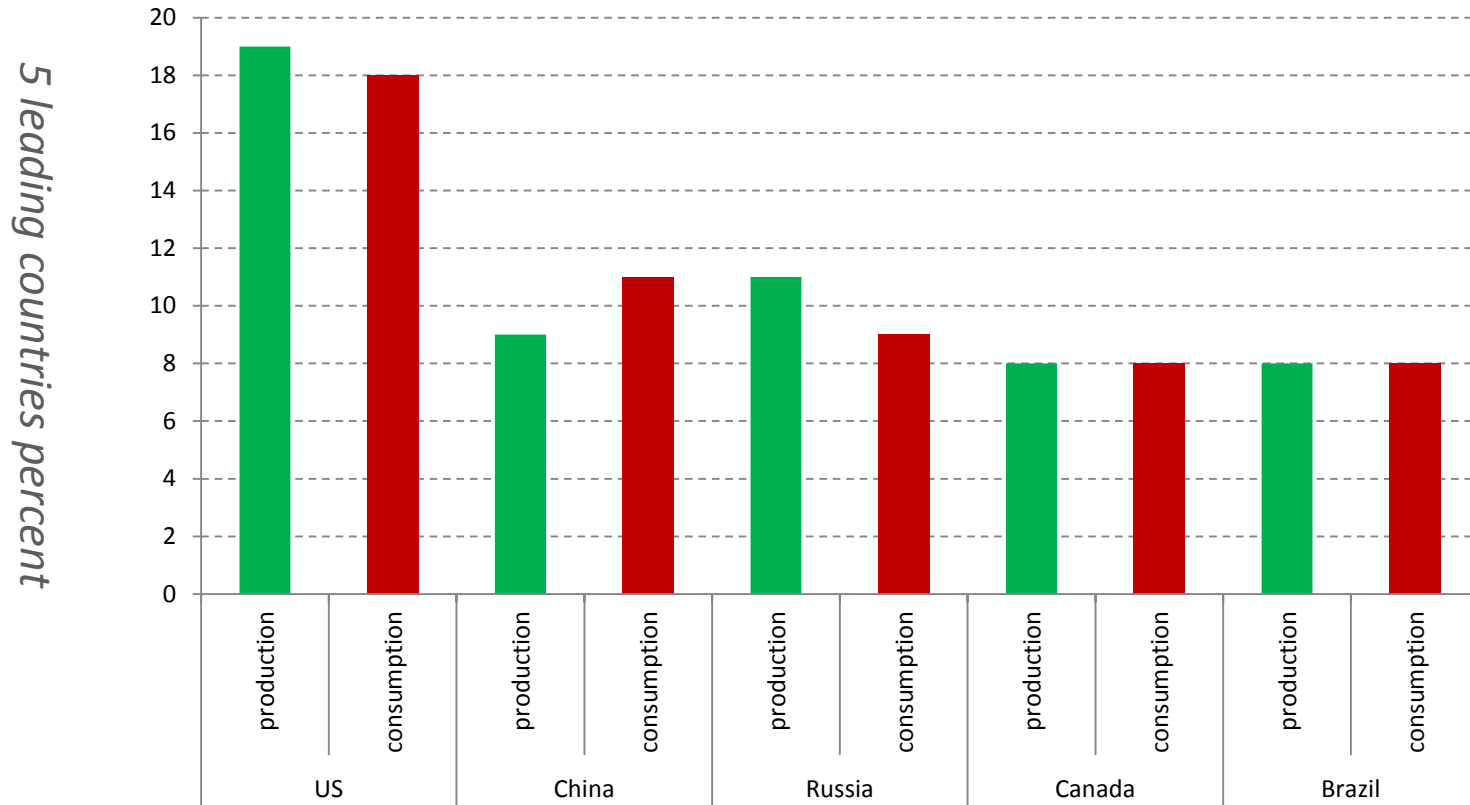


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# GLOBAL ROUNDWOOD (LOG) PRODUCTION AND CONSUMPTION BALANCE

*US & Russia are roundwood (log) exporters*

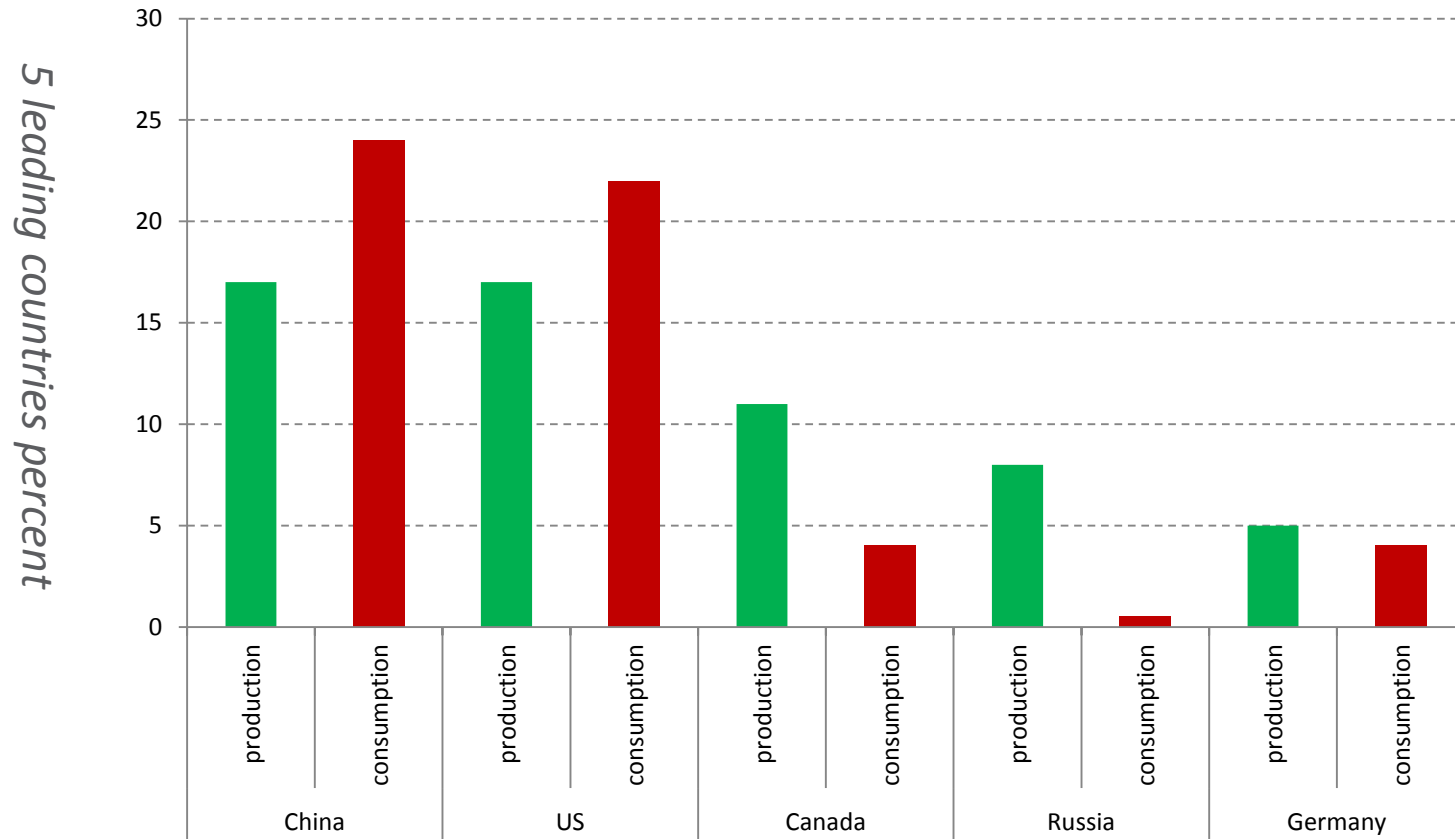


Source: UN FAO Statistics



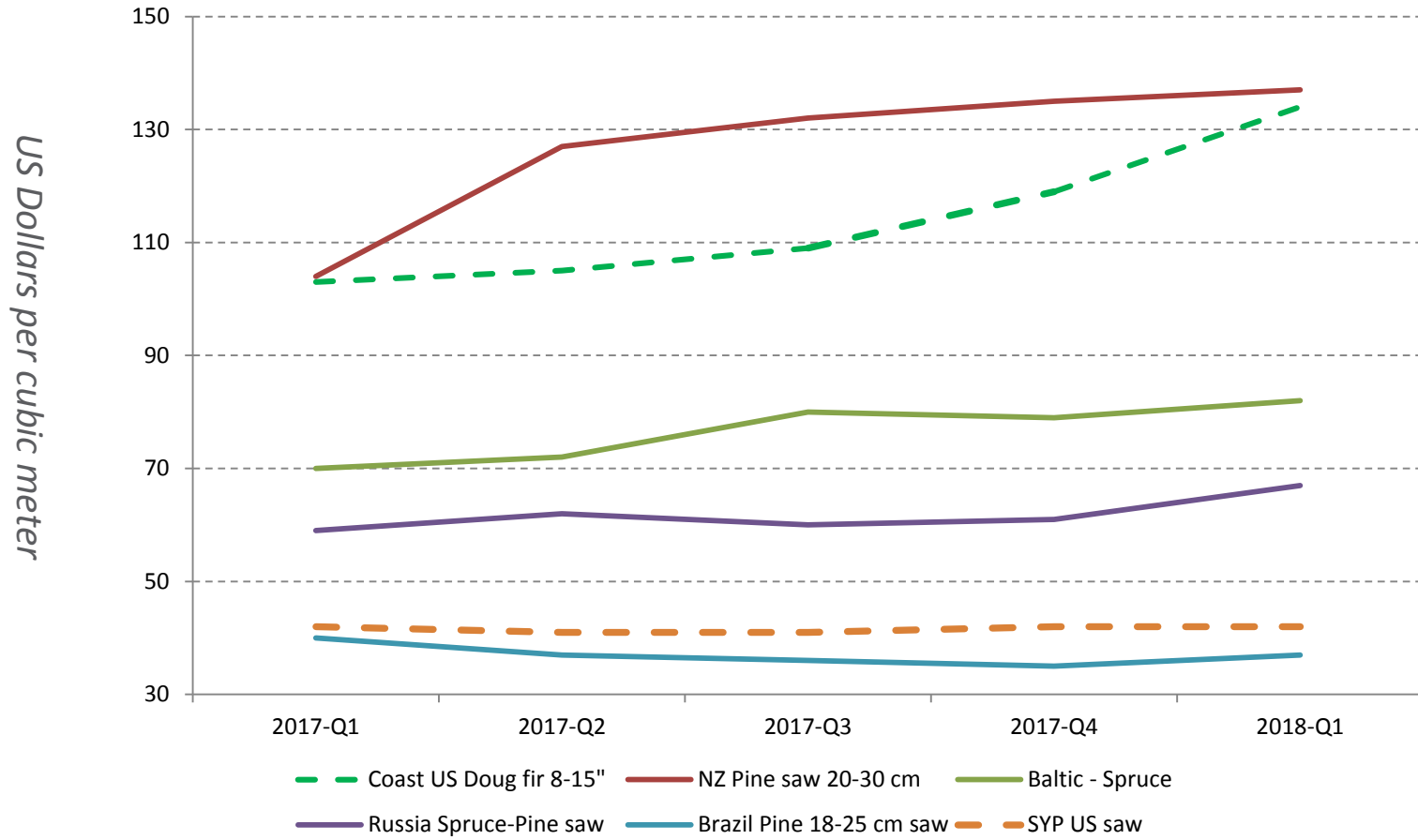
# GLOBAL SAWNWOOD (LUMBER) PRODUCTION AND CONSUMPTION BALANCE

*China & US are net importers of lumber*





# GLOBAL SOFTWOOD DOMESTIC SAWLOG PRICES US \$ / M<sup>3</sup>

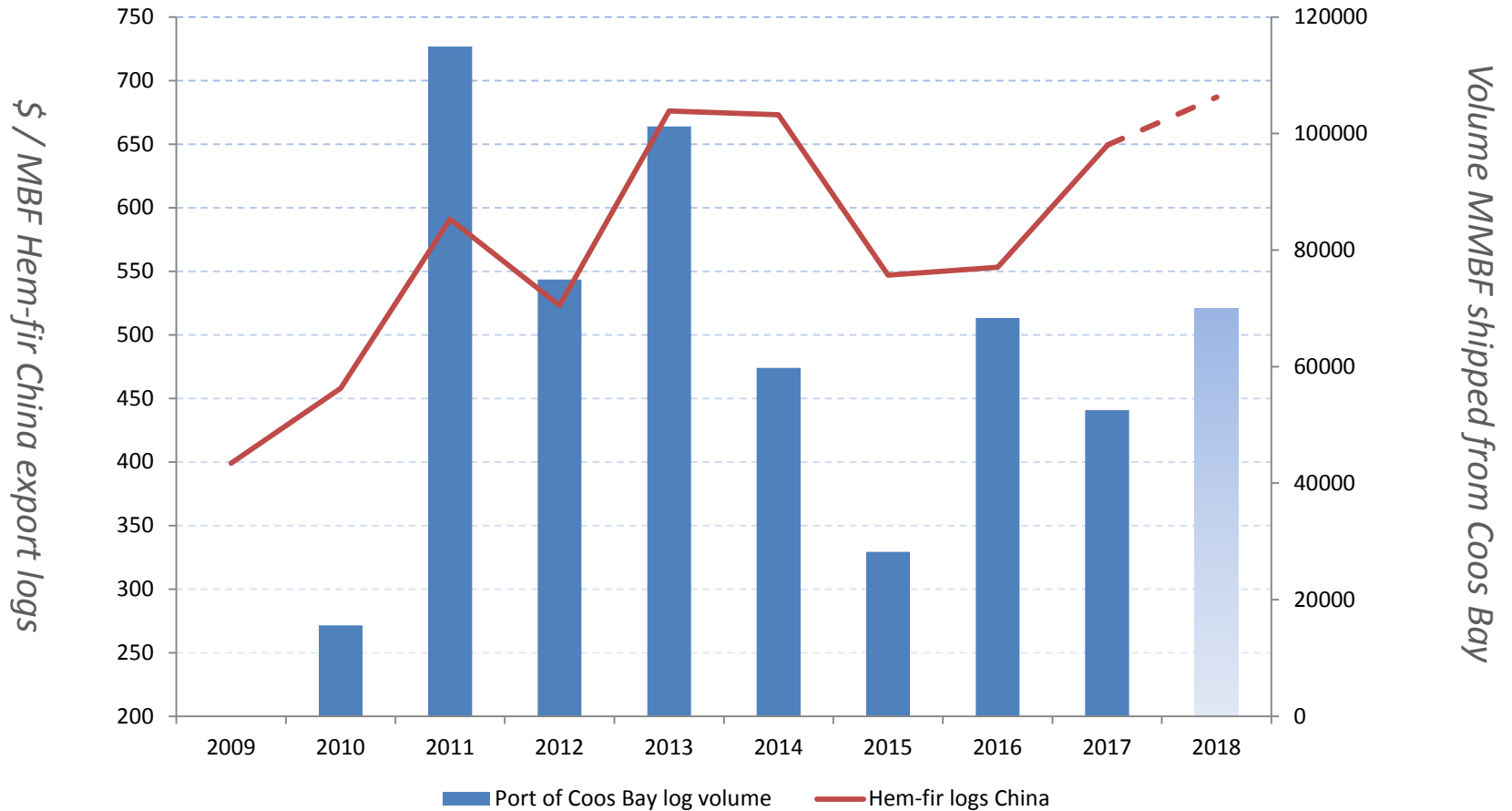






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# TODAY DOMESTIC PRICES FOR HEM-FIR LOGS GENERALLY EXCEED CHINA EXPORT VALUES



\*2018 estimates from YTD data

Source: Forest2Market & Jones Stevedoring



**GLOBAL WOOD  
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CHAIN EXPERTS**

# NORTH AMERICA REGIONAL PRODUCTION:



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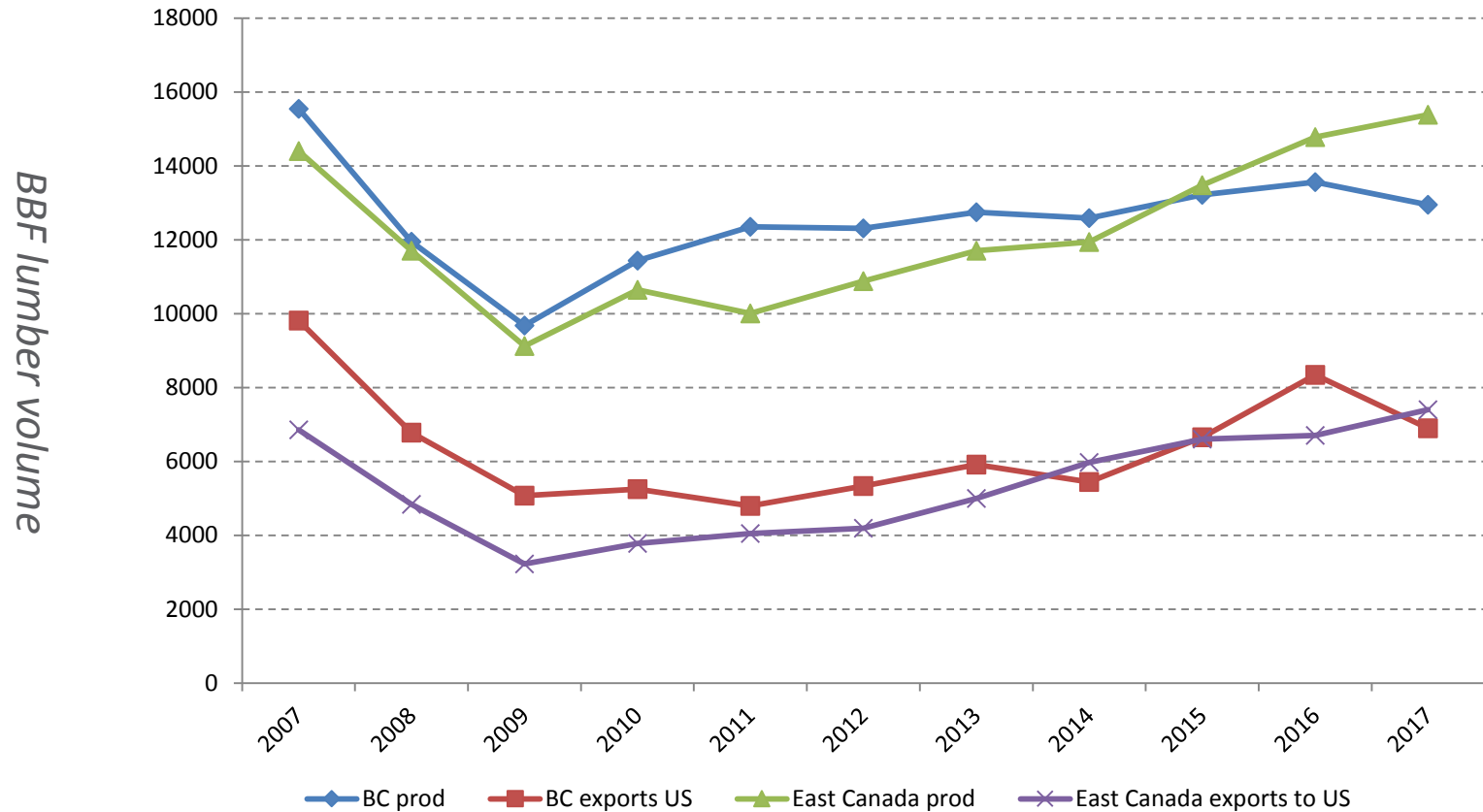
# WHERE DOES US SOFTWOOD LUMBER COME FROM?

*SYP steadily rises as Canadian imports decline*





*BC production and exports to US declining*



Source: WWPA

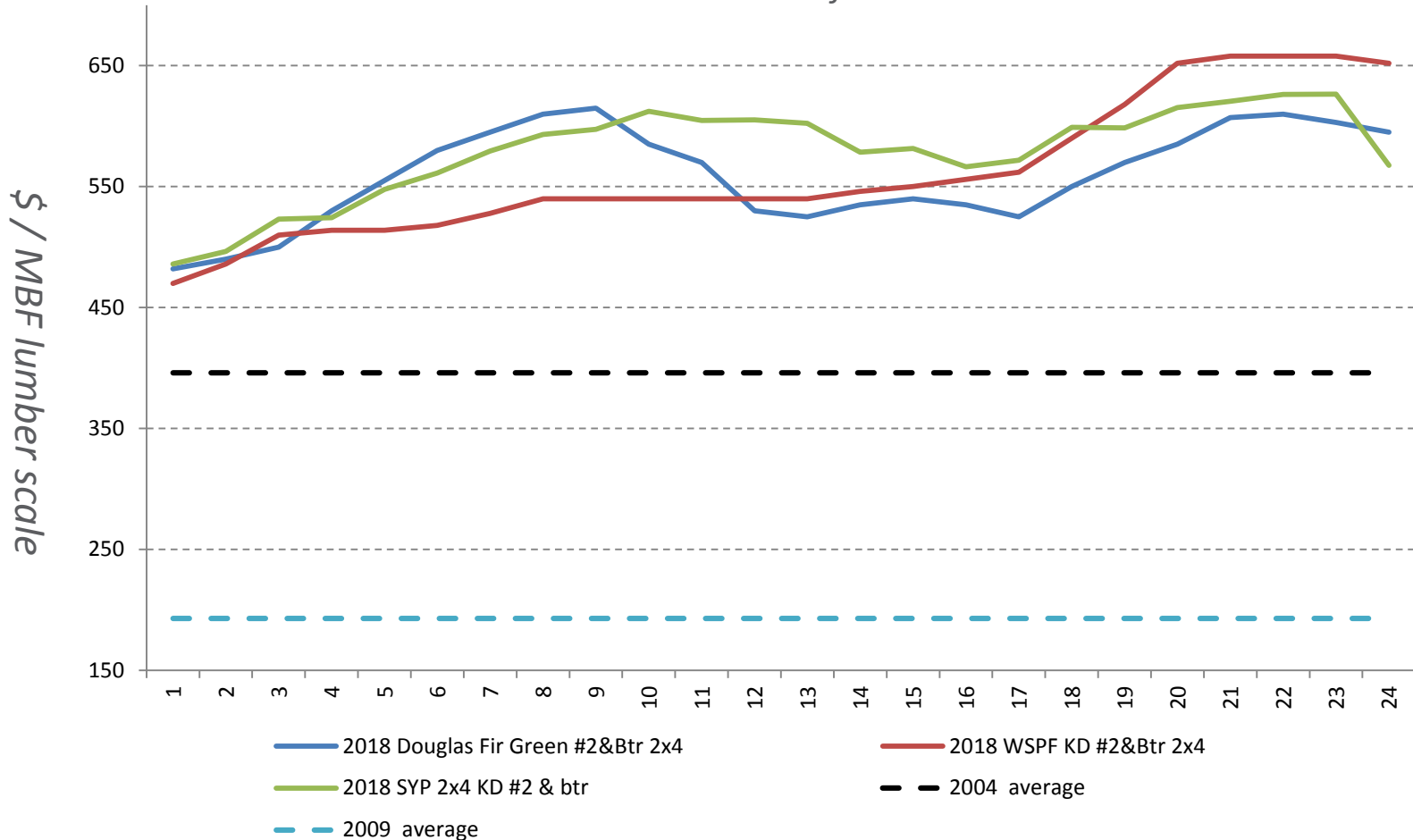


- The Southern US pine region has abundant, low cost timber from productive, well managed private forests
- Canfor, West Fraser, Interfor & Conifex; leading Canadian forest products companies are big players in SYP
- 44 pine sawmills in Texas, Arkansas, Louisiana, Mississippi, Alabama, Georgia, South Carolina, North Carolina and Florida are now owned by these four companies
- 5.8 billion board feet of production capacity
- Nearly 1/3 of Southern pine lumber produced
- No duties on Canadian SYP lumber shipments



# RECORD SETTING RUN FOR LUMBER

*First 24 weeks of 2018*





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CHAIN EXPERTS**

# OREGON'S SUSTAINABLE FOREST RESOURCES:

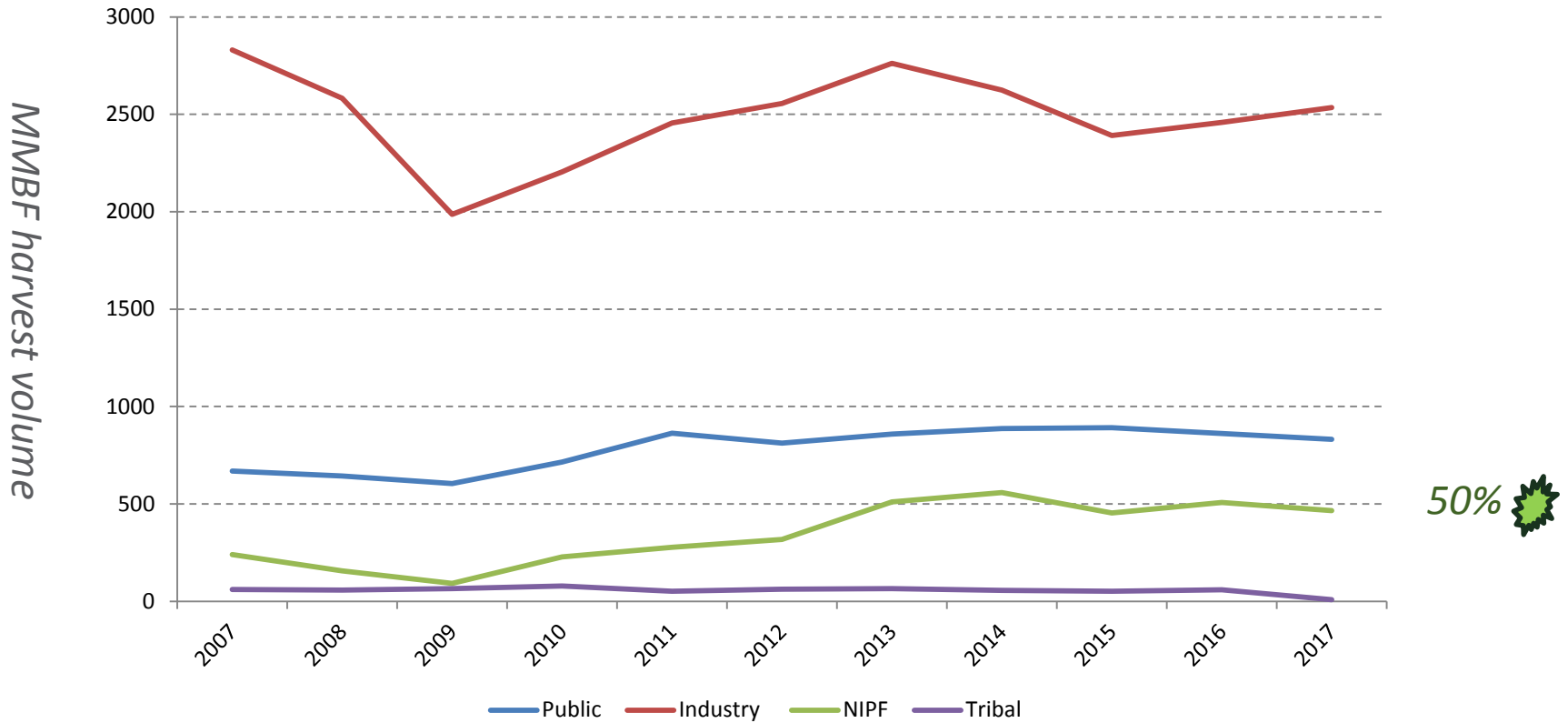


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# OREGON TIMBER HARVEST

90% of the 3,842 MMBF total harvested West of Cascades



\*2017 data is not final

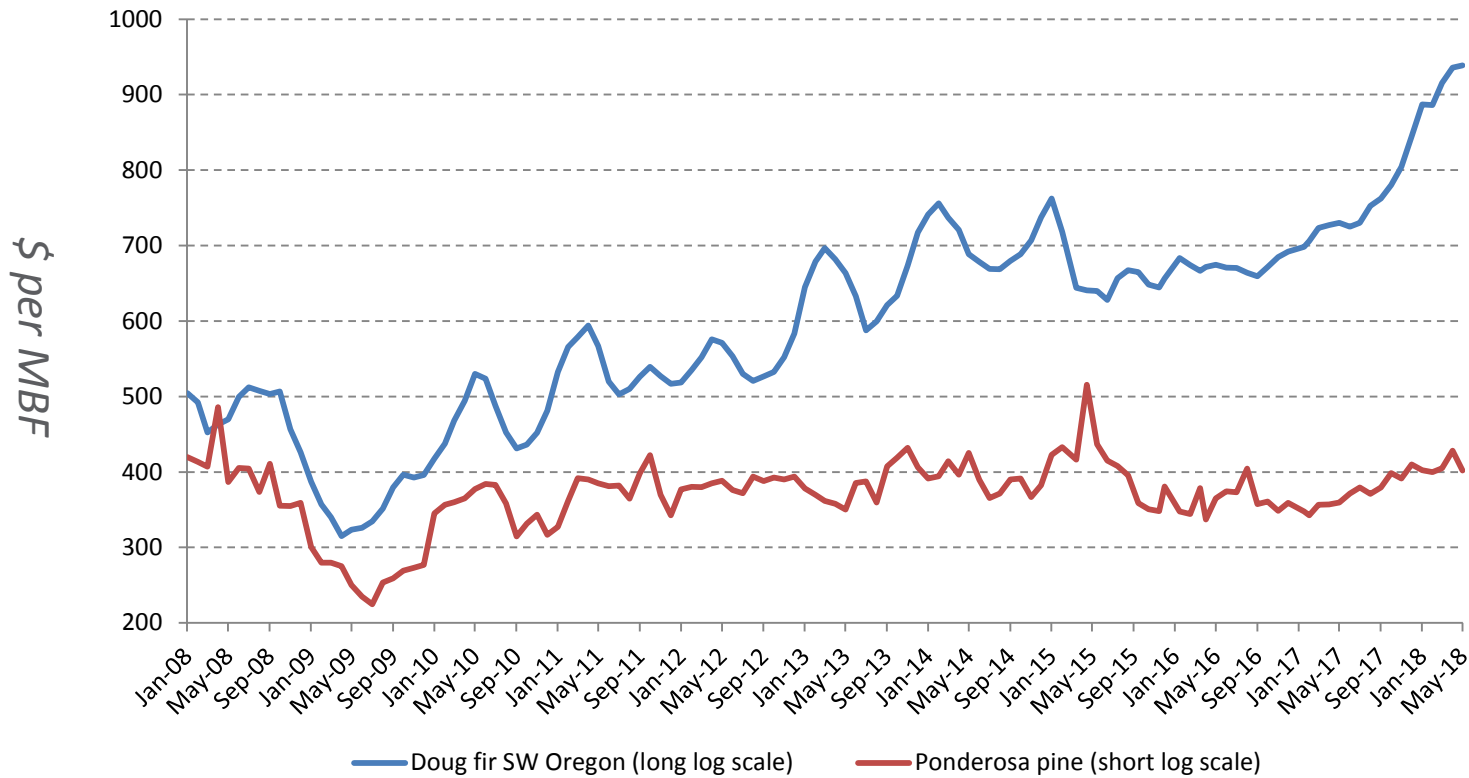
Source: ODF

Source: ODF





*Oregon log price history 2008 to current*

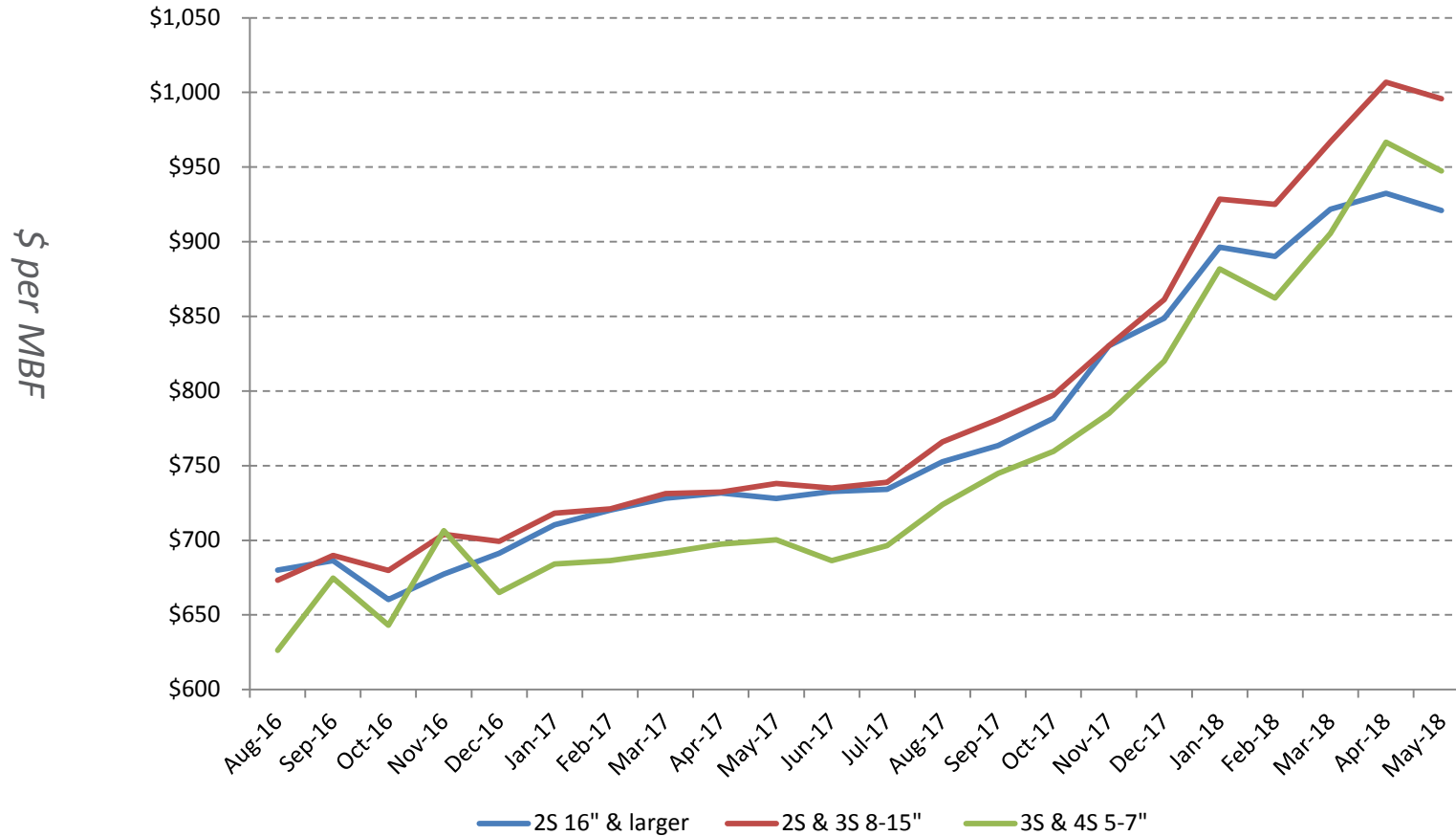


Source: Forest2Market



# HIGH DEMAND FOR DOUGLAS FIR LOGS

*SW Oregon Doug fir prices by diameter*



Source: Forest2Market



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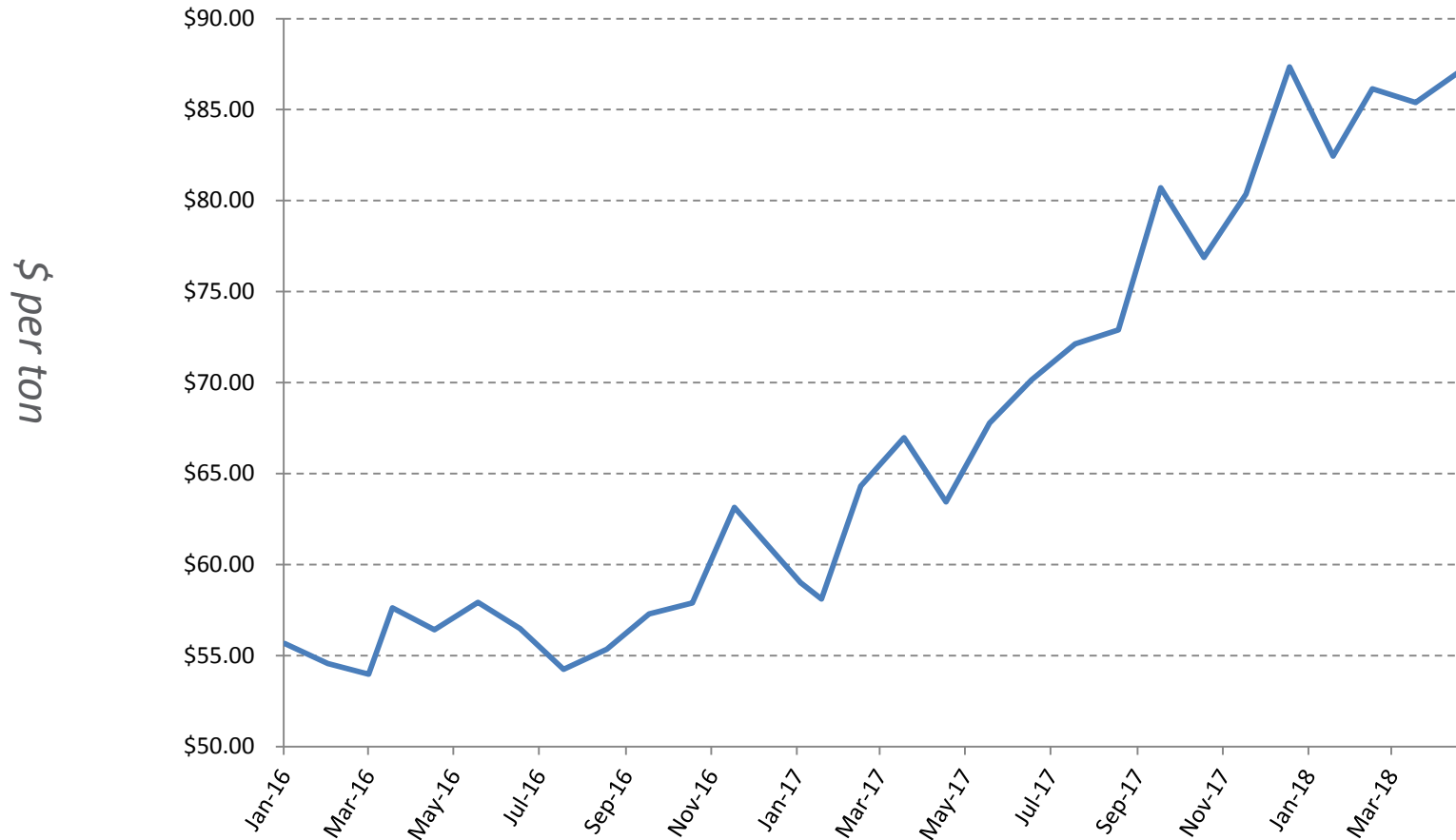
# STAND MANAGEMENT; COMMERCIAL THINNING OF YOUNG STANDS





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# CHIP-N-SAW VALUES IMPROVE ECONOMICS OF THINNING



Source: Forest2Market



# CLOSING OBSERVATIONS

- Healthy employment outlook and confidence in the economy is encouraging first time home buyers – creating housing shortfall
- US housing demand is growing and looking favorable for wood consumption
- Despite renewed concerns of slowing Chinese economy, volume and price for forest products is still strong
- The SYP industry will continue to grow – abundant and inexpensive logs
- The PNW is timber supply constrained – resource scarcity limits investment in new production
- Prices for lumber and panels are near record levels – PNW log prices have peaked for now but remain attractive for sellers
- Douglas fir is desirable for engineered wood and mass timber products – this business segment will grow
- Non-industrial forest owners are well positioned as critical log suppliers
- Shortage of skilled workers is a national crisis – loggers, mill workers, mechanics, electricians, plumbers, truck drivers and carpenters
- Forest owners face a significant risk of creeping state regulation that could further limit forestry operations



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