

05.12.2018

Dear Agents, Softwood Traders and End-users, Ladies and Gentlemen,

I have the pleasure to invite you to the 17th "Wood from Finland" conference. The Wood from Finland conference will be organised on **Thursday, February 14th 2019**, in Helsinki, at Hotel Scandic Paasi/Congress Paasitorni starting at 8.30 AM with coffee and registration. You will find registration form and the contacts of the hotel: www.sahateollisuus.com/en/WFFC2019 . Please register latest on the 30th of January 2019.

Sawn softwood outlook

The demand of sawn softwood enjoys a positive trend, driven by increasing demand in Asia, brisk European economies, sound fundamentals of the markets in North Africa and Middle East and construction activity in the USA. The sawn softwood market trend looks positive, thanks to the environmentally friendly characteristics of wood, which enable the trade to mitigate the climate change. However, the positive outlook is shadowed by numerous risks – which have partly been realized. Geopolitical conflicts, turbulent currency markets, local strikes, forest fires and storms added by looming trade wars have deteriorated the positive market atmosphere.

The year 2018 has been a year of sudden and unexpected market turns within the global softwood business. The structure of the trade flows towards Asia have changed substantially when Canadian and European sawmills have lost their market share in China to the Russian shippers. The North American market fell from boom to doom as lumber prices unprecedentedly collapsed by 50% from all time high in only a few weeks. The markets in North Africa and Middle East were buoyant during the first half of 2018, while especially the Egyptian and Algerian markets picked up from the challenges of 2017, but have cooled down towards the end of the year.

Major changes have taken place on the supply side. The Russian supply has increased rapidly, thanks to increasing activity in investments. The North American supply was severely affected by forest fires in Canada and, by shortage of transportation capacity during the first half of 2018. The mills in Scandinavia have been producing at 2017 levels without any dramatic changes. The Baltic output has been limited by log shortage. In Central Europe, the log market has been flooded by low quality wood from storm fellings and mills have been running at full speed.

Sawn softwood prices were increasing during the first half of 2018, thanks to brisk demand and shortage of supply. However, the cooling of the Chinese and North African demand have balanced the market and price increases have stalled.

The Finnish sawn softwood output will reach 12 million cubic meters in 2018, up two percent from 2017. Exports will reach 9 million m³. The domestic market has picked up somewhat but is still far away from the pre-financial crisis era. The Finnish mills are – again - suffering from the high costs of raw material. However, finally, the residue market has developed positively.

In 2019, the global sawn softwood market environment is expected to be vulnerable. The risks related to politics and growth of the global economy will have an impact on lumber markets. Major changes on both supply and demand will continue. What will be the role of the Finnish sawmills in the big picture?

Combined with the Wood from Finland Conference we have a parallel session in the afternoon for European professors and lecturers specialising in sawmilling. The education session will also be participated by representatives of the Finnish education providers, companies and, of course students. The participants of this session will participate the morning session of the WfF conference too.

05.12.2018

I wish you warmly welcome to Helsinki to hear and discuss the latest news and share views of the softwood market development. Be my Valentine in Helsinki on the 14th of February, 2019!

I wish you warmly welcome!

Kai Merivuori
Managing Director
Finnish Sawmills Association
Säästöpankinranta 4 C 24
FI-00530 Helsinki
tel: +358 20 7790961
email: kai.merivuori@sahateollisuus.com