Global Timber and Wood Products Market Update

- a news brief from Wood Resources International LLC

Sawmills and pulpmills in the US Northwest have been struggling to build log inventories for the winter season because of the unusually long fire season this year, according to the North American Wood Fiber Review

Increased competition for small-diameter logs in the four states of the US Pacific Northwest has resulted in a higher share of logs being consumed by sawmills, thus leaving many pulpmills with low log inventory levels going into the 4Q/17, reports the North American Wood Fiber Review.

Seattle, USA. Overshadowed by BC's unprecedented wildfire season, the US states of Washington, Oregon, Idaho, and Montana also experienced a significant and disruptive wildfire year.

By early September, almost two million acres of forest and rangeland had burned in the US Northwest. Harvest operations across the four states have been hampered by restrictions on operating hours, disruptions in transportation, and loggers diverted to fighting wildfires. In Montana, several sawmills had to close operations intermittently in the 3Q/17 due to the proximity of wildfires. Full harvest operations resumed after late September rains, though whether there was sufficient time to replenish sawlog and pulplog inventories before winter conditions set in remains the key question for many log procurement managers this fall.

Unlike BC and its large provincially-owned commercial timber base, the loss of burnt timber on US federal forests has had little impact on the availability of timber with the exception being Montana, where regular timber sales from federal lands have proven crucial to selected sawmills. In general, however, the US Forest Service timber sale program provides minimal sawlog or pulplog volumes to the forest industry in Western US.

With lower harvest levels in the Northwest due to wildfire-risk constraints, local sawmills expanded their procurement into small-diameter chip-n-saw grades and higher quality pulplogs that typically would be used by the region's pulpmills. This less valuable log source, resulting in lower lumber yields, has still been profitable for many sawmills thanks to the high prices for softwood lumber during 2017.

The increased competition for small-diameter logs has resulted in a dwindling supply of traditional pulplogs normally available for pulpmills and independent chipping operators, with pulplog inventories in August reaching their lowest level since the 2Q/14. The low level of pulplogs in the region's pulp industry this late in the season is a major concern among wood fiber managers in the US Northwest as they seek to build adequate inventory levels of logs for the winter season when residual chip supply from the lumber industry typically declines.

The North American Wood Fiber Review (NAWFR) has tracked wood fiber markets in the US and Canada for over 30 years and it is the ***only publication*** *that includes prices for sawlogs, pulpwood, wood chips and biomass in North America. The 36-page quarterly report includes wood market updates for 15 regions on the continent in addition to the latest export statistics for sawlogs, lumber, wood pellets and wood chips.*

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