

# Market Report

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The Forestry harvesting and marketing industry has been business as usual over the last month with prices firming slightly in the export segment and remaining stable in the domestic.

Slightly improved CIF settlements together with slight softening in shipping costs has seen exports logs climb NZ\$3 – 5 at the wharf gate but unfortunately the lift appears to be short lived.

Over the mid summer season in China, construction projects loose impetus as workers return to their traditional homelands to assist families with harvest of crops. This results in a weakening demand for logs when deliveries to ports from New Zealand, Australia and the Pacific North West have kept pace. Indeed PNW has increased shipments in the last month.

As a consequence, we would expect prices to drop off slightly for August settlements. Against this general market movement is also a continuing downward pressure on shipping costs which can also be expected to decline very slightly for August sailings. All in all we would expect to see the small gains in July whittled back in August.

Across the domestic scene pricing has remained flat but demand is good with just the smatterings of earthquake re-build demand starting to pervade the market. Price positioning is endemic in this market with demand far from a level that would see prices improving at this stage. For the moment we will call this space "Great Expectations".

At the recent NZ Institute of Forestry Conference held this year in Christchurch, we heard a lot about engineered wood products. The conference was based at the Canterbury University which enjoys an international reputation not only providing a leading Bachelor of Forestry Science degree programme, but also for research around wood use in multi story industrial buildings.

Andy Buchanan has been one of the leaders of research and product development which can now see multi story office block type buildings made almost



entirely of wood. These buildings can be more cost effective to build, withstand multiple severe earthquakes without damage, and exceed the fire rating of a steel structure equivalent.

At an environmental level, we heard about the real win for wood which is the sustainability and low energy inputs required for manufacture versus steel and concrete. Indeed the glues that bind timber construction products make up the majority of factors which makes the life cycle analysis look worse for wood.

Even with the addition of glues, the likes of Glue Laminated Beams, Laminated Veneer Lumber and Cross Laminated Timber are 8 – 10% better than steel and concrete in the life cycle analysis. This latter refers to the overall environmental impacts of building materials from the point of manufacture to ending up in the landfill.

For the timber industry, the Christchurch conference gave a huge boost of confidence with clear evidence emerging as to the future of wood as a key industrial building element that is potentially safer, cheaper and easier to use than any other building medium. But even better still, structural integrity is much less compromised by severe earthquakes compared to steel and concrete. To repeat that which will be obvious to those with a tilt toward our wonderful industry, the only way forward for climate and country is to get out there and plant more trees.

**Laurie Forestry Ltd – Offering ongoing, sensible and achievable solutions for Forest Growers**

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