

# Monthly Market Report

December 2018



**A** mix of market conditions round out the year in an overall positive tone. Over the last month the strengthening Kiwi \$ against the Green Back has kept export prices largely unchanged despite small CFR price increases and reduced shipping costs.

A quick review of our domestic scene finds a reasonably stable market in terms of price and demand. Log supply in Canterbury has eased off as logging crews face hard times trying to harvest in some of the wettest November conditions seen for many years.

Around the rest of NZ most sawmill owners are quite happy to ambivalent with ample log supply at stable prices and timber sales prices also flat. In Christchurch there are reports of some of the larger sawmills discounting lumber to move volume. This is a worrying sign.

There is no question, the volume heat generated by a Christchurch earthquake rebuild has dwindled to a mere flicker. We can look to the business precinct construction sector architects and their continuing love affair with the steel, concrete and glass monstrosities that now pervade the streetscape to thanks for this.

The China market rounds out the year on a pretty positive note. Inventory across the eastern seaboard sits at around 2.6 million cubic metres of logs representing about a month's supply. This sort of level would have triggered a buying panic in previous years. The lack of panic buying I think reflects a China faith in the continuing and consistently reliable log supply from NZ. This can only be good long term.

Daily consumption is chugging along at 80,000 cubic metres, somewhat ahead of the same time last year and the reason why the inventory has been falling. Log supply out of the US has virtually dried up while the US and China leaders continue their tariff spat. This has left NZ as the dominant player in the supply stakes, currently running at about 65 - 68% of all fibre supply to the eastern seaboard. NZ is certainly no minnow in this market.

Shipping rates have eased as volumes in the northern hemisphere slow with the onset of winter. There is

currently a plethora of Handy class vessels opening on NZ leaving charterers to pick and choose and charter rate negotiations swing very much to our favour. I see rates continuing to decline at least until after Chinese New Year being early February.

To finish out the year on 2 recommendations...If you are involved in Forest Industry at any level you should be registered on SAFETREE. This is a safety support mechanism that has quickly become a leader in disseminating important messaging and tools to support forestry practitioners, including forest owners. Go to [www.safetree.co.nz](http://www.safetree.co.nz) to register. Here you will find everything you ever needed to know about how to ensure everyone stays safe, including you, when you are involved in or engaging people, companies and or staff to do forestry work.

The NZ Farm Forestry Association is in the process of a restructure with a focus on being the voice for all small growers. They are about to engage a secretariat and additional staffing to ensure sufficient resources to step up to the plate on matters affecting small forest growers. With the billion tree programme recently launched, the Association is adamant any tree planting should be well planned. Equally that planting must be able to occur in a way that brings long term value gains to a property and the planet.

If you want to ensure you can be part of the voice of small growers or simply to learn more about growing tree crops go to [www.nzffa.co.nz](http://www.nzffa.co.nz) to join up to a local branch and or special interest group. As a member you will also have the opportunity to go to field days and you will also receive the NZ Treegrower, in my view one of the best forestry mags available.

I take this opportunity wish all readers a very merry Christmas, a safe and productive break and all that is good for 2019. As always please remember the thoroughly important message relating to this wonderful land of great promise and opportunity. "It remains, as always, fundamentally important, the only way forward for climate, country and the planet is to get out there and plant more trees"!

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