

Monthly Market Report

October 2023



For the first time in a long-time, log prices across both domestic and export log trade segments are stable and demand is just OK, but also steady. Whilst we are far from feeling the need to put a bottle of champers in the chill, there are improving signs of positivity in China giving the NZ forestry sector a sense there could be a future.

Mind you, there was already a couple of bottles in the chiller, but they were pretty well taken care of on election night, indeed a little replenishment was required....low alcohol and low calorie of course.... yeah right!

A quick ring around some domestic customers suggests sales are just OK but some mills are going slow, to limit further stock build. Like most in the land-based commodity sector, the prospect of a change of leadership and general economic direction have been keenly sort after. Fair to say most of us have not been feeling the love for the last few years particularly.

Erstwhile in China, whilst many economic vibrancy indicators continue to point south, the wood fibre sector has been chugging along. Indeed, prior to the recent Golden Week holidays, daily consumption was hitting around 70,000 cubic metres per day and looks like to be heading back up to similar levels post-holiday.

Some of the better news is whilst consumption across the Eastern Seaboard is not great for this time of year, it is chugging along despite a construction sector continuing to face major challenges.

The intel I have been able to gather suggests China is increasingly using our wonderful Radiata in non-construction end uses. Furniture componentry, mouldings, edge-glue panel and appearance grade plywood are all featuring in sales to the extent one commentator has suggested non-construction end uses now make up 40% of all sales. Historically this sector used to be zip/not/nay/never because they had the ability to source Indonesian hardwoods, not so much anymore.

All of this of course emphasises the importance of Radiata pine to the NZ economy and to consumers. It is worth reminding any pine bashers out there for the vast majority of NZers Radiata pine provides the frame for the house in which they live, the table at which they take food and the frame for the bed upon which they sleep.

But more importantly, Radiata pine ensures the above raw material is not comprised of the likes of Totara, Rimu and Matai. If we did not have pine forests, we would not have as many native forests. The bashers oft seem to forget those truths.

And please do not get me going on steel frame houses. But just in case you didn't know, the smelting and manufacture of 1 tonne of steel leads to the emission of 1.89 tonnes of CO₂ into the atmosphere.

One hectare of plantation Radiata pine sequesters about 20 tonnes of CO₂ per year. If a standard house uses 15 tonnes of steel in the frame, that is the equivalent of 28.35 tonnes of CO₂ emissions. On that assumption, it takes 1.4 hectares of Radiata pine 1 year to sequestered the emissions from the manufacture of the steel required for the frame of an average house in NZ.

Erstwhile in NZ, steel continues to compete with wooden frame houses which continue to imbed carbon for 100+ years. Steel is able to compete, because the true environmental cost of manufacture is not imbedded in the cost. Changing the footy field so it is level, is a good example of how the help the NZ sawmilling sector to expand erstwhile ensuring we would not have to export so many logs.

To round out this month's report with a plea to farmers and helpers out there trying to clean up a few fallen trees after the last wind storms. Our team have seen some horror examples involving the unsafe use of chainsaw, farm tractors and other machinery totally inappropriate for the task. Please please find a professional to help with the cleanup.

Wind damaged trees can be extremely dangerous and even more so for the untrained, unwary and ill-equipped. And I figure you may as well be around to enjoy a government that empathises with the people of the land and business owners – farmers and foresters alike, halleluiah people...halleluiah.

As always, please remember the thoroughly important message, "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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