

# Monthly Market Report

## January 2026



The harvesting of forests has swung back in to gear after the holiday break with both current sales and the near future looking mostly positive.

The NZ domestic scene is currently leading the charge with some sawmill owners reporting reasonable order books. More particularly, most believe 2026 is shaping up to be a better trading year with wider out enquiries and the volume of phone traffic suggesting a general improvement in house starts and light construction in our near future.

A vibrant domestic scene is good for forest growers with the associated money go round generated by log sales also good for economic vibrancy across all ranges of communities, including, of course, more jobs.

This year, Chinese New Year (CNY) is later than normal at a 17 February start. The first 7 days are the main public holiday whilst festive celebrations continue up to 3rd March to include the Lantern Festival. 2026 is the year of the horse, considered generally to be positive.

All of this is relevant to the log trade with NZ going in to full log export production whilst our key market is on holiday. Just to what degree the China Eastern seaboard returns to good daily usage numbers following CNY will be critical to supply/demand and therefore log prices.

Recent trade numbers out of China are staggering. 2025 yielded a \$1.2 trillion trade surplus, cash reserves are now in excess of \$3 trillion, export sales up 6.6% with export sales to the US down 30% in 2025.

All of this is critical to a NZ Forest grower. Economic growth centred on manufacturing and exports equals more wood usage. With NZ currently supplying in excess of 80% of all softwood logs in to this massive market, increased wood usage equals "you beauty".

For the moment, log prices have softened very slightly for January sales despite general market negative sentiment suggesting they might go lower. As reported previously we continue to see more downward pressure on low grade logs. China buyers are showing a clear preference for higher grades logs whilst wanting to discount lower grades. I continue to see a future when the market for large knot industrial logs will disappear completely.

In India the market is positive despite additional shipments from NZ heading to the only port to receive break bulk logs,

which is Kandla on the upper and western seaboard. In India, it is not possible to measure daily usage as the logs are discharged off the vessel, directly on to trucks which then deliver directly to the sawmill customers.

The only time we know when sales are slow is when ships arrive with insufficient sales and unsold logs go in to bond yards near the port. Right now, and again despite additional deliveries there are no logs in bond yards.

To highlight some staggering statistics about India. The current middle-class population is in excess of 400 million people and that is expected to rise to in excess of 700 million by 2030 – 31. Middle income earners hold the largest discretionary spending purse. This means elevated new house construction, new furniture, new beds and new kitchens.

There is clearly going to be exponential growth in wood usage in India as a direct consequence of rapidly growing wealth. The recent Free Trade Agreement is huge for NZ Forest owners. By June this year the removal of the current tariff (about US\$7 per m3 of log) in tandem with increasing demand should see additional shipments from NZ.

In an earlier report I suggested another 1 – 2 shipments per month would be the likely outcome of the FTA. In a recent discussion with a leading company based in Kandla, they believe near future demand with increase to 3 – 4 more ships per month from NZ and they are already gearing up for that growth. A corresponding 5 – 7% drop in log shipments redirected from China to India will be very healthy for the NZ forestry sector.

Erstwhile we are also seeing exponential growth in the Vietnam log in containers trade. We have one customer wanting to go from 20 to 50 containers per week. That is from 400 to 1,700 cubic metres of logs. Another very good news story for the sector.

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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