Monthly Market Report February 2026


The positive start seen in January has continued into February with sales across both domestic and export segments and showing signs of continuing improvement with some exceptions.

In China, daily consumption and the total softwood inventory across the eastern seaboard are key market robustness indicators. Just prior to New Year holidays, daily consumption was ticking along at 55 – 58,000 cubic metres and most of that was NZ Radiata pine logs.

Just to put that into context, the timber created from 55,000 cubic metres of logs would be enough to build nearly 4,000 Kiwi houses and remember that is every day for 6 days a week (an average China work week in sawmills).

Commentators have suggested sawmill owners were stocking up prior to the CNY holiday as they expected log prices to increase. It seems they were correct with most sales for March shipments looking at US$2 to $3 per m3 up.

The upward movement is in part the consequence of inventory not hitting the expected numbers. As at early February, the total eastern seaboard inventory sat at around 2.4 million m3, down 180,000 m3 from mid-January. The combination of less vessels from NZ than expected in tandem with good usage rate and wallah, you have supply/demand 101 working as it should.

Many regions in NZ are experiencing harvesting declines, which for many is a function of age class distribution. This in turn reflects less numbers of hectares planted 26 – 28 years ago. The Nelson region is an exception with wind damage recovery hitting its straps and likely to continue until Christmas this year.

As stated last month, what happens when sawmills get into full swing again in China 1st week of March is going to impact our near-term future. Key manufacturing data coming out of China is generally just OK with BAU or slight contraction in some regions. The positive here is the market largely continues unabated despite President Trump's tariff stupidities.

Most commentators are suggesting a continuance of manufacturing strength citing some shift around in where things are made. Vietnam is a rapidly growing market, in some cases a tariff dodging strategy, in others a reflection of the lower cost of processing.

In the latest news, break bulk log cargos are being investigated as an option for Vietnam but there are plenty of sceptics about that. Regardless, the demand for containerised logs is rising exponentially and that is all be good for NZ Forest growers.

In India, it is largely BAU, but a large NZ log exporter is attempting the normal rule the world policy settings by dropping the price US$2 per cubic metre for March cargos to ensure market share. A crazy move given the market is strong and many buyers in India feel the current prices are OK.

India demand remains stable to slightly firm with log supply generally in symbiosis with demand. But it will only take an extra vessel from NZ more than expected in a month and this market will react adversely.

For both China and NZ, sea fright rates are on the rise as ship owners generally believe current levels are not sustainable. If history repeats, we have typically seen freight increase post CNY, a reflection of demand for cargos in the Northern Hemisphere which ship owners consistently tell us are more profitable.
The net result of the current push and pull is we are likely to see wharf gate prices remain largely unchanged in March, meaning stability continues.
Despite the current levels being slightly below where forest owners prefer, they are stable and that is starting to see more competitive rates for getting the standing tree off the stump and to the market. Ultimately the total supply chain benefits from stability.

The NZ domestic sawmilling scene is tending toward a game of 2 halves. The South Island, particularly Canterbury, is scoring the most runs, with demand increasing and the mood optimistically cautious with the order book starting to fill.

My spies in the North Island suggest a very low run rate is prevailing with the market generally sitting on its hands, demand weak to just OK, and the mood optimistically hoping it will get better.

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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