



## Log exports pick up after Chinese New Year

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**New Zealand's export log market has picked up following a slowdown ahead of the Chinese New Year period.** Traders are optimistic about the outlook for the year ahead, according to the latest AgriHQ forestry market report.

The country's log export volumes in February were 1.6 percent ahead of the three-month average and 18 percent up on the same time last year as weaker exports to India and South Korea were offset by strong exports to Japan and China, the report said. Lumber exports also picked up, with February export volumes up 25 percent on the same time last year, driven by strength in China and the US.

Overall, the log trade into China, New Zealand's largest log market, weakened in February with imports down 32 percent on the three-month average and 14 percent below the same time last year because of disruption due to Chinese New Year celebrations, AgriHQ said. A similar pattern occurred for lumber imports, down 18 percent on the same time last year and 34 percent below the three-month average.

Still, New Zealand's softwood log exports have picked back up following a slowing of the market prior to the Chinese New Year, AgriHQ analyst Reece Brick said in his April report under the heading '2018 log exports off to a good start'.

"Import levels witnessed in February hold very little credence for coming months. It is forecast for log and lumber inputs to remain strong or to increase further on past years," Brick said. "If the past month is any indication then 2018 should be another good year for the export log trade. Any post-Chinese New Year jitters have essentially disappeared as the port-level log offtake has risen to the level required to keep the market sturdy."

Brick noted buyers in China are becoming more selective about their logs based on the fairly large volume of logs still on port, with the AgriHQ Log Price Survey showing lower value logs held at levels near to a month ago while better quality logs trended upwards.

He said higher shipping rates and a higher local currency were weighing on the export log market through March and early April, although he noted these appeared to be short-term issues and overall the export log market remains in a "healthy position".

"Each of the main export markets are still showing positive levels of interest which has log traders optimistic that the highs of the past 12 months or so can be repeated again throughout 2018."

Brick said competition with the export log market was still driving contract negotiations in New Zealand's domestic market and holding the market solid across the board.

"Mills hoping for a reduction in log prices look like they'll be out of luck for at least the next few months," he said. "Domestic log demand remains solid, more so on pruned logs than unpruned, while overseas markets are continuing to absorb any product coming out of NZ with relative ease."

Forest products are New Zealand's third-largest commodity export group behind dairy and meat products.

*Source: BusinessDesk*

