



MTC EAST ASIA MARKET UPDATE





MTC EAST ASIA MARKET UPDATE FOR NOVEMBER 2021

EXECUTIVE SUMMARY

CHINA

- China's 11.11 Shopping Festival: Marketing, Retail, Consumption Trends
- Market demand - Merbau ↓, Kapur ↓, Meranti ↔, Sepetir ↑, Merpauh ↑, Rubberwood ↔
- African Timber ↓, North American Timber ↓, New Zealand Timber ↓, Northeast Timber ↓, Southeast Asia Timber ↑
- If the container freight does not fall by next year, it is expected that the cost of furniture will rise by more than 10% worldwide next year, and it is expected that by 2023, the global import price level may rise by 11% and the consumer price level may rise by 15%.
- When consumers choose a brand, they are actually expressing their own value propositions, and today's values are safety, green and reliability
- Sea-Intelligence: The supply chain bottleneck and record high freight charges in this period, it is likely to take 18-30 months for the freight rate to return to normal level
- The breakthrough of Rubberwood industry, high customisation may be the direction
- Bay windows has become the new playing ground for the Generation Z and for those work-from-home (WFH) - for Generation Z, it is a leisure place and for WFH, it is the best work area compared to the dining table or a new work desk
- China Stops Issuing GSP Licenses to 32 Countries

JAPAN

- The General Situation - There is a lull in economic recovery
- Carbon storage capacity of wood used in buildings, $C_s = W \times D \times C_f \times 44/12$
- Japan's Domestic Hardwood Utilisation Project was launched on 10 September 2021 by a collaboration of business and academia, including Kobe University, Shinshu University, Karimoku Furniture Inc., Andeco Inc., Sakuwood, Share Woods, and Hidaka Minami Forestry Cooperative
- There are many inquiries especially for the 12 mm and the shortage of 3-ply such as thin plywood continues; the expectation for a stable price imported plywood is a dream for the near future

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CHINA MARKET UPDATE

GENERAL ECONOMIC TRENDS

China's rising consumer power plays an important part in the country's dual circulation strategy and is an engine of global growth in many categories. The 11.11 shopping festival, as the largest and most popular annual global shopping festival in the world - now overshadowing Black Friday and Cyber Monday combined - serves as a window to observe China's latest consumer trends.



This year, the Chinese annual shopping festival began on 20 October 2021 at 8 pm. It was first launched by the Alibaba Group Holding Ltd. (阿里巴巴) in 2009 around the unofficial 11 November holiday that celebrated unmarried people. Since then, the commercial activity around the celebration has expanded from one day to three weeks and extended from Alibaba's Taobao (淘宝) and Tmall (天猫) marketplaces to the whole retail sector.

Retailers and brands now tap into social features on social media platforms and embrace livestreaming sessions besides omnichannel marketing campaigns to increase their sales in the Chinese market, particularly as new entrants bolster competition during periods like the 11.11 shopping festival.

New marketing and retail trends from China's 11.11 shopping festival in 2021

This year's 11.11 shopping festival did not feature "battle reports", which typically show new records created by the minutes as has been done for around a decade.

45 minutes after midnight on Thursday, 11 November 2021, a total 382 brands on Alibaba's platform Tmall had sales exceeding RMB100 million. The brands included domestic brands like Huawei (华为) and Erke (鸿星尔克) and international brands like L'Oréal and Apple. Up from last year's nearly RMB500 billion, Tmall's total transaction volume reached hit RMB536 billion.

As of 2 am, Xiaomi's total sales during the festival had exceeded RMB12 million. JD.com (京东) reported a new record, with earnings of RMB345 billion.

Earlier presale period

This year, presales were earlier. In the past, the 11.11 presales began at midnight. Consumers would pull all-nighters to place orders. However, this year, Tmall and JD.com's presales began hours earlier at 8 pm on 20 October 2021.

Besides the presales period, Alibaba runs two sales periods, a practice the company debuted last year. JD.com's 11.11 sales began at 8 pm on 31 October 2021, with a final "price-off" occurring at 8 pm on 10 November 2021. Extending sales meant e-commerce companies boosted the value of goods and eased pressure on logistics networks and merchants.

New platform features



Short-video operators ByteDance Ltd. (字节跳动) and Kuaishou Technology (快手) have also started shopping events on their platforms. Both platforms livestream e-commerce. Streamers use their connections and credibility with audiences to recommend products, with discounts exclusive to the stream at times.

These platforms have hundreds of millions of daily visitors. In August 2020, ByteDance's Douyin (抖音) reached 600 million daily active users while Kuaishou reached 293 million active daily users in

the 2nd quarter in 2021. These platforms also have special features such as content recommendation algorithms that contribute to sales figures.

In June 2020, ByteDance created its own e-commerce department and participated in the 11.11 shopping festival that year instead of acting as just an advertising platform for other platforms. Douyin recorded final sales of RMB18 billion.

On 1 October 2021, Alibaba released a new feature called "Zhongcao Machine", which allows shoppers to search through reviews from other users. It translates to "planting grass" - referring to the idea of planting an idea to purchase goods in a consumer's mind.

Guochao trend

The notion of guochao (国潮) - the desire to buy Chinese services and goods and connect with local producers and roots - has become popular much to the benefit of Chinese companies and likely in response to their greater competitive goods and service offerings in recent years. While the trend may have been strengthened by nationalist backlashes against foreign products, it has been some time since brand preferences in China shifted from foreign to domestic companies.



A recent survey conducted of 5,000 respondents from 15 cities found that the number of those who would buy a local brand over a foreign brand increased from 15% to 85% from 2011 to 2020. The shifts in preference have led to the emergence of large local players in some categories.

Over the last decade, local Chinese brands have captured most of the market in household packaged goods and electronics. In these categories, many Chinese brands hold market shares of more than 50%.

Historically, foreign players have had the largest market share in the beauty and automotive industry in China. Chinese premium automotive brands now account for 6% of the market while electric vehicles account for almost the entire market in China.

The guochao trend has been most noticed in apparel and footwear, with local apparel brands gaining three percentage points market shares between 2015 and 2020. However, footwear and sportswear dropped between 5% and 10% in the same period. Despite this, some Chinese companies have shown strong growth. Sportswear company Anta Group (安踏) increased its sales approximately threefold in this period while Li-Ning (李宁) grew its sales by 85%. Some global brands also saw declines in early 2021.

Clearly, the preference shifts are thus responding to more than just “buying local” but a mix of factors like quality expectations, market trends, price range, and perception among target consumer bands, etc.

For example, Chinese domestic skincare and makeup products have been able to challenge global counterparts through a better understanding of Chinese consumers, R&D capabilities, and better online channels for sales. The industry has also received support from the government and the Ministry of Industry and Information Technology (MIIT), with promises being made to team up with other agencies to offer the cosmetics industry innovation and funding support.

According to Shanghai Shenyin Wangou Research & Consulting Co. Ltd., though foreign cosmetic brand led in presale figures, domestic brands Winona and Proya Cosmetic Co. Ltd. ranked number 5 and 10, respectively, during the first two days of presale in the 11.11 festival. In the first hour of presales, Winona (薇诺娜) achieved sales of RMB695 million. This surpassed its record for the whole festival period last year. Sports brands like Erke, MobiGarden (牧高笛), and Warrior (回力) and appliance brand like Tineco (添可) and Narwal (云鲸) surpassed sales figure records for the entire day within the first hour of sales.

Walled gardens approach banned

It has been a common practice for years for the largest tech companies to block rivals' links on their apps. This is known as the "walled gardens" approach and can protect a company's digital ecosystem, discourage consumers from spending money elsewhere, and reduce their competitor's growth. This year's 11.11 shopping festival saw a major change as this walled garden approach was banned by government directive to avoid monopolies and uncompetitive practices.

Previously, a walled gardens strategy meant that links from Douyin and Feishu (飞书) (a workplace tool) could not be opened easily on Tencent Holdings Ltd's WeChat (微信) platform. Links forwarded from Taobao and Tmall could not be opened directly in the app either. Tencent claimed this practice was for security concerns. These practices led to legal issues and complaints from users.

Other companies implemented similar restrictions. Alibaba did not allow shoppers to use Tencent's WeChat Pay system for years. Douyin also banned third-party website links on livestreaming channels during the 2020 11.11 festival.



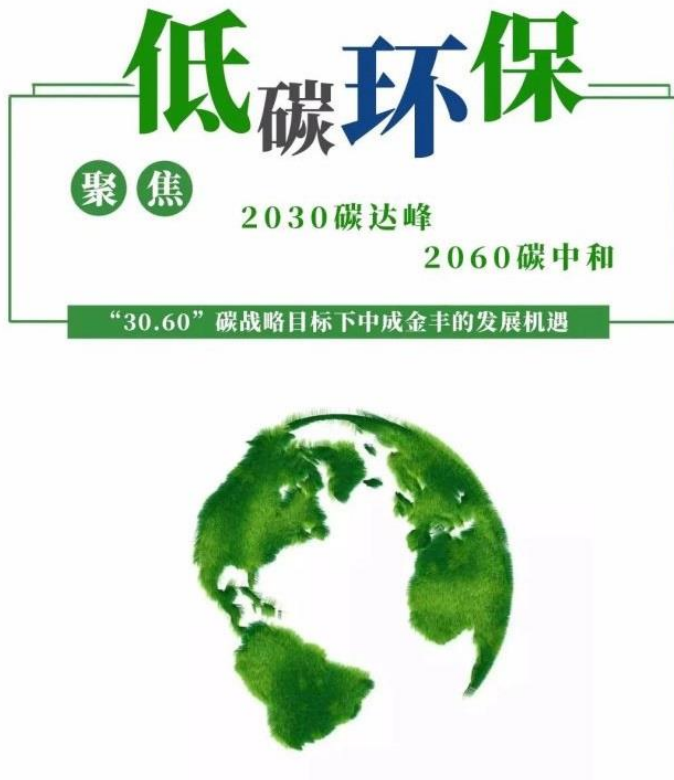
However, these practices are now effectively banned. On 26 July 2021, the MIIT detailed a six-month campaign to clean up the internet industry, and blocking external links was one of eight types of activities targeted. On 17 August 2021, the State Administration for Market Regulation (SAMR) released draft guidelines to regulate anti-competitive measures in the industry, barring link blocking

once more. On 15 September 2021, the cybersecurity watchdog released guidelines that required platforms to cooperate on traffic and data in line with national rules.

Tencent, ByteDance, and Alibaba all expressed support for the new rules. On 17 September 2021, Tencent allowed WeChat users to share external links in private chats. On 22 October 2021, Alibaba's

Chief Marketing Officer Christ Tung confirmed WeChat Pay could be now used to make purchases on their apps. Users can also share their Alibaba shopping carts to WeChat group chats and “Moments” feeds.

Polishing up their image



During this 11.11 festival, some companies tried to promote public welfare and green consumption. The efforts come at the backdrop of government calls demanding the tech sector to contribute more towards “common prosperity” and several authorities introducing plans to meet China’s carbon reduction goals.

On Tmall, RMB100 million worth of green vouchers were given out to encourage consumers to buy green certification and energy-efficient products. At the same time, Alibaba’s logistics department introduced 60,000 package recycling points across 20 cities. JD.com said it is recycling and reducing packaging and making deliveries using electric vehicles. These initiatives come as no surprise due to sustainable

consumption becoming popular in China. In a survey conducted by the Price Waterhouse Coopers, 72% of respondents in China said they buy from companies which are committed to protecting the environment.

Alibaba also launched philanthropy campaigns. For example, their RMB1 donation for social media posts mentioning the “Goods for Good” programme. An initiative from 2006, donations from the programme benefit older people living alone, low-income workers, and “left-behind children” of migrant workers.

The future of consumption in China is bright

China contributes a large amount to global consumption but McKinsey reports there is “room to grow”. China’s household consumption is approximately 38% of its GDP. In comparison, the whole of Asia-Pacific’s consumption is 50% of its GDP, the European Union’s is 52%, and US is 68%. McKinsey reports that a more complex financial system and new policy directions may steer customers towards discretionary spending or financial assets.

As China continues to urbanise, cities remain the driving force of China's growth. Approximately 80% of future consumption growth is expected to happen in cities. Consumption in China is driven by its 30 largest cities. Consumers in these cities have large amounts of purchasing power, spending more on a per capita basis than the average national spend. These cities have had larger service offers and retail opportunities, historically. However, new hotspots of consumption are emerging in cities outside the top 30, such as Guiyang (贵阳), and reporting higher household consumption. Many companies are anticipating this next wave of growth and are expanding their reach into cities where incomes are rising.

US President Joe Biden and Chinese President Xi Jinping held a two-hour video conference on 16 November 2021 (some media referring to it as a "summit") in the wake of what has been talked up, again by media as a "dangerous time" in relations.

That is a reference to Taiwan, which is supported by US but claimed as a Province by Beijing. With an increasingly anti-China President in office, rhetoric from Beijing condemning this has been swift, while military incursions into Taiwanese airspace have become daily occurrences. Why is Washington interested? Because it sells billions of dollars of weapons systems to Taiwan.

Why does Beijing want it back? Because the island has historically been considered part of China (although it was occupied by the Japanese from 1895 to 1945). Additionally, Beijing feels that the island is underperforming. Taiwan's population is more than three times the size of that of nearby Hong Kong, yet its GDP is only two times higher. Wages in Taiwan are 20% less than Hong Kong, while Beijing feels its capital expenditure would be better spent on development rather than spending it on weapons. Taiwan is spending about USD11.6 billion per annum on its military, a high ratio for a population of some 24 million.



Conflict however is unlikely, although both Joe Biden and Xi Jinping would have drawn some lines in the sand to prevent this. What will probably happen is that Beijing will gradually withdraw access to its markets by Taiwanese investors and instigate a slow decline in the island's economy, to better promote, longer term, the benefits of being part of China. This has already

started; with suggestions that visa applications to visit China may be restricted. It's a zero-sum game for the pro-democracy support in Taiwan; China is by far its biggest trade partner with over USD100 billion per annum flowing between the Straits and an additional USD50 billion with Hong Kong (USD151.45 billion in Taiwanese exports to China and Hong Kong in 2020). US imports from Taiwan

in 2020 was about USD66.7 billion, or almost a third of China and Hong Kong's combined. In many ways, the economic clout will, over time, prevail.

Despite all the perceived China-US argy-bargy however, bilateral trade is robust. As of September 2021, it had reached USD543 billion, meaning it is on target to reach well over USD600 billion for the year. That is up from USD587 billion in 2020 and the USD541 billion in 2019 - a near 10% year-on-year increase. So, the good news is that trade relations are on track.

Where the mutual rhetoric doesn't match though is in understanding each other's ideologies. This could become problematic. Over the past 2 years, in speeches held both mutually and apart, the two sides have been very consistent when it comes to both dealing with each other and handling global issues. China has stressed the need for "cooperation" while US has avoided that and stressed "competition". These are opposites when it comes to strategic thinking. Competition is good, right?

Well, it depends. Competition if not managed can be wasteful, with unwanted duplication of infrastructure leading to white elephants, and even global and regional systems incompatibility. Building projects twice can be an enormous waste of resources, just at a time when the planet needs a more considered approach to extractions and recycling. Competition can be exploitative, and the way the US economy is set up encourages this. It is a fundamental flaw in the makeup of US. For example, who has been the world's largest emitter of carbons? China? India? Russia? Actually, it's US, whose combined total is nearly double that of China, the next largest culprit. Yet you would not have thought that were you to listen to Biden's beating up of China at COP26.



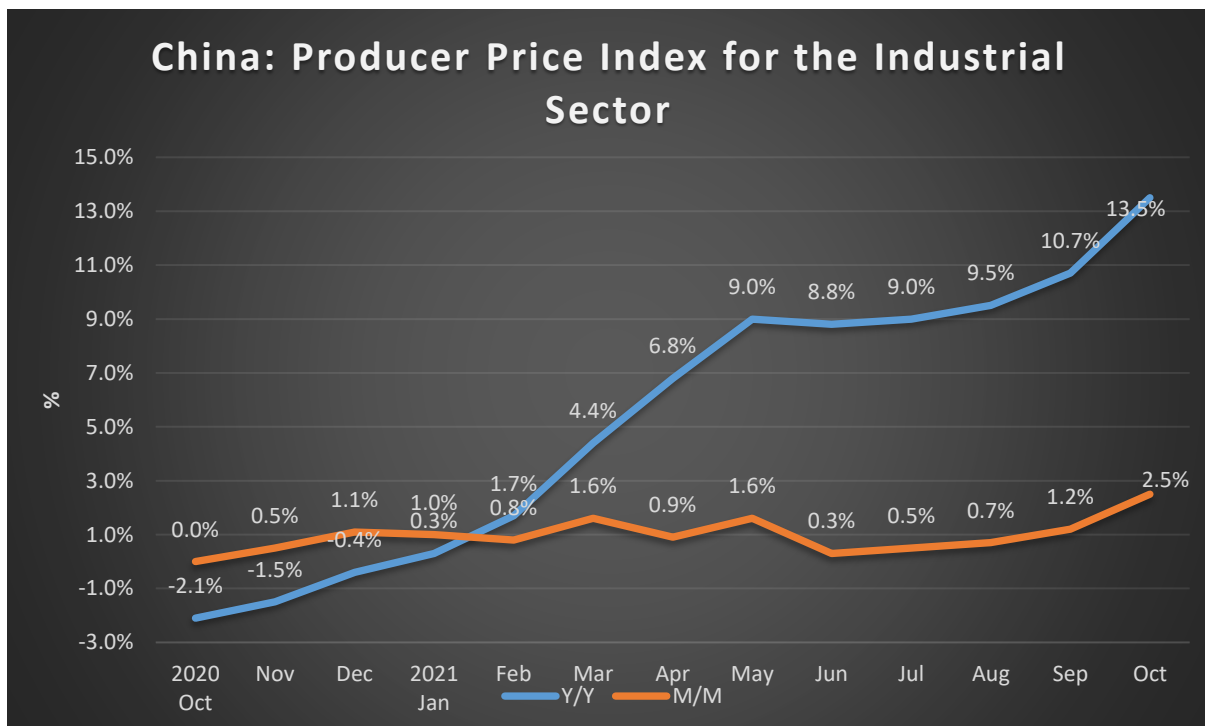
This competitiveness is born in some part to the educational make-up of US politicians, who study courses specifically to become involved in politics. Of the top six US politicians running the country today, four graduated in "political science" - which is theoretical dogma based on the combined benefits of both democracy and capitalism.

The problem is that while this had worked in US - it is becoming a little frayed around the edges. Competition is in part why American domestic politics has become so partisan - and why is it the world's largest polluter. Yet that same competition can be subversive and used to deny basic facts. When this is projected onto a world stage at a time when collective unity is required, the US way of thinking is not always appropriate.

That is not to say that China is perfect, because it is far from being so. Yet the makeup of what will probably become its next Cabinet is not made up of career politicians. It is likely to comprise of two Chinese scholars, an Engineer, a Mechanic, and a Lawyer. That, suspect is a healthier academic mix. China is calling for “cooperation”. Washington sees that as Beijing wanting to compete and stand equal with US at the global table. This is where conflicts arise.

Is it healthy for US most senior officials to have all been educated in the same political dogma? It sounds more like Mao’s Little Red Book than the land of freedom of choice and expression. There is very little expression coming out of Washington apart from the competition mantra. The message then seems clear: more of the same on global issues, with the two sides advancing different systems and programmes. Taiwan will gradually decline. But US-China trade will remain buoyant. Good news for manufacturers and exporters, bad news for the Taiwanese, and a complete missing of global emissions targets for the rest of us.

In October 2021, Producer Price Index (PPI) for manufactured goods rose by 13.5% year-on-year and 2.5% month-on-month. The purchasing price index for manufactured goods increased by 17.1% year-on-year and 2.6% month-on-month. In the first ten months, on average, the producer price of industrial products increased by 7.3% over the same period last year, and the purchasing price of industrial products increased by 10.1%.



Data Source: National Bureau of Statistics

Among the PPI for manufactured goods, the year-on-year producer prices for means of production increased by 17.9%, affecting 13.36 percentage points increase in the overall level of producer price.



Of which, producer prices for mining and quarrying industry, raw materials industry, manufacturing and processing industry increased by 66.5%, 25.7% and 10.8%. Producer prices for consumer goods increased by 0.6%, meaning 0.15 percentage point increase in the overall price level. Of which, producer prices for foodstuff increased by 1.0%, and that of clothing and commodities both rose by 0.8%, while that of durable consumer goods decreased by 0.1%.



Data Source: National Bureau of Statistics

Among the purchaser price index, the year-on-year purchaser price indices for fuel and power, non-ferrous metal materials and wires, chemical raw materials and ferrous metal materials jumped by 40.7%, 25.8%, 24.9% and 22.6% respectively.

Among the PPI for manufactured goods, the prices for means of production went up by 3.3% month-on-month, affecting 2.51 percentage points increase in the overall level of producer price. Of the total, producer prices for mining and quarrying industry, raw materials industry and manufacturing and processing industry rose by 12.1%, 4.4% and 1.8%. The prices of consumer goods increased by 0.1%, affecting 0.02 percentage point increase in the overall level of producer price. Of which, the producer prices for foodstuff grew by 0.2%, and that of clothing and commodities both increased by 0.3%, while that of durable consumer goods dropped by 0.2%.

The month-on-month producer price indices for Processing of Timbers, Manufacture of Wood, Bamboo, Rattan, Palm, and Straw Products increased by 1.0%, that of Paper and Paper Products increased by 0.5%.

China: Price Indexes for the Industrial Sector in October 2021

	October		Average of Jan-Oct
	M/M (%)	Y/Y (%)	Y/Y (%)
I. Producer Price Indices	2.5	13.6	7.3
II. Purchaser Price Indices	2.6	17.1	10.1
Wood and Pulp	0.4	7.4	5.2
Building Materials and Non-metallic	6.1	13.5	3.8
Other Industrial Raw Materials and Semi-products	0.4	5.3	3.0
III. Producer Price Indices of Major Industries			
Processing of Timbers, Manufacture of Wood, Bamboo, Rattan, Palm, and Straw Products	1.0	3.0	0.9
Manufacture of Paper and Paper Products	0.5	5.8	4.6

Source: National Bureau of Statistics

HOUSING & CONSTRUCTION

The concept of urban redevelopment means different things to different people, though typically includes the demolition of existing premises for new construction, renovation and improvement of an existing structure or the preservation of a historical edifice. Urban redevelopment is a combination of all of the above, employed in order to meet planning requirements and the owner's financial considerations. Given the often-challenging nature of urban redevelopment resulting from multiparty coordination (governments, residents and other key stakeholders) as well as the long project return cycle, only developers with strong financial backing and development capabilities tend to take on these projects.

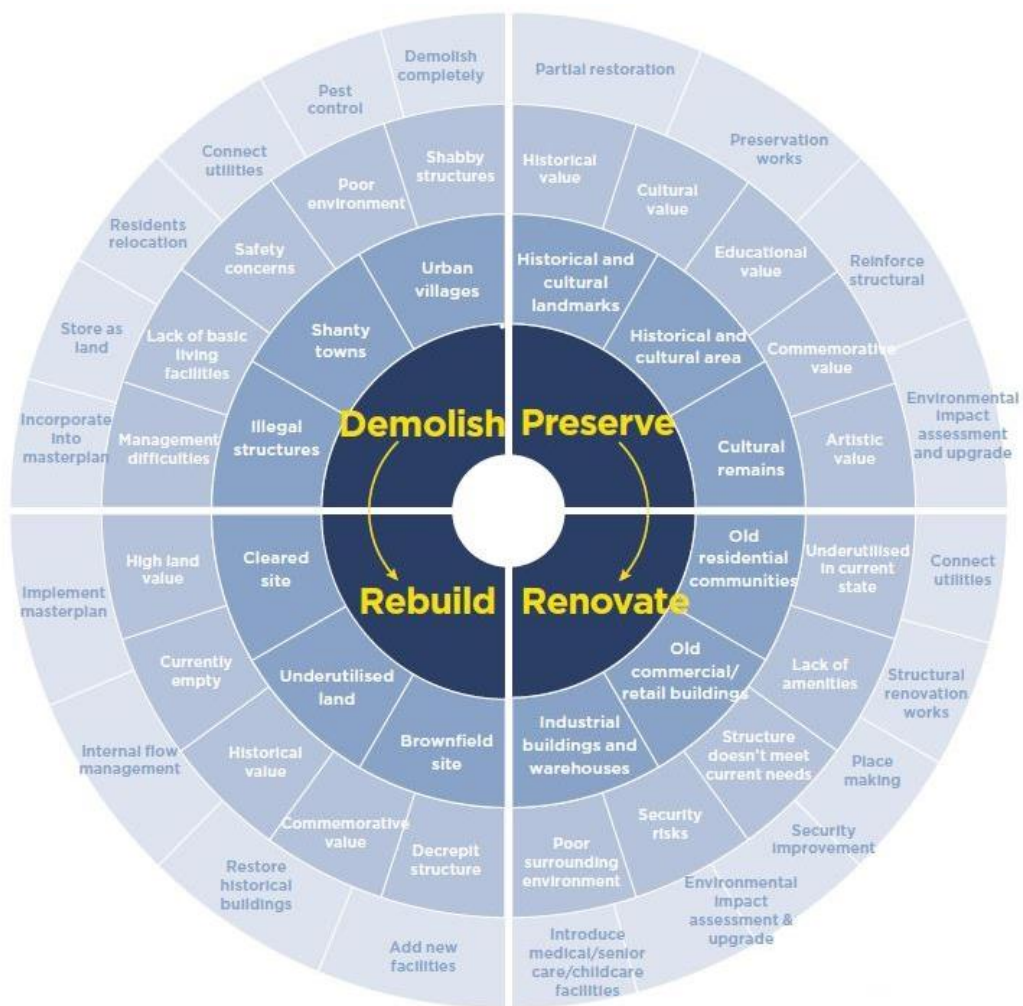
After decades of rapid growth, which saw new real estate completions peak in 2014 at 1.1 billion m², and with demand from urbanisation (standing at 60% in 2020) starting to slow, cities have shifted their attention to the redevelopment of their urban cores and raising or repurposing existing stock. First- and second-tier cities also envisage only moderate increases in their total construction land, forcing land planners to improve the efficiency of existing stock. While sometimes more challenging and with longer development cycles, urban redevelopment projects can be assured a reasonably good market reception after completion given the relative mature business environment of the surrounding locations and established municipal facilities.

More leading developers are exploring opportunities in the urban redevelopment market with 47% of the top 100 listed developers currently engaged in one or more projects; that figure increases to 61% with the top 50 developers. It is not just developers, either, with a number of other property services providers heeding the call from the government and sensing the commercial opportunities that urban redevelopment represents. In 2020, the State Council officially issued guidelines for promoting the renovation of old urban residential communities, outlining framework, financing and responsible departments. The plan for 2020 is to renovate 39,000 old urban residential communities, comprising

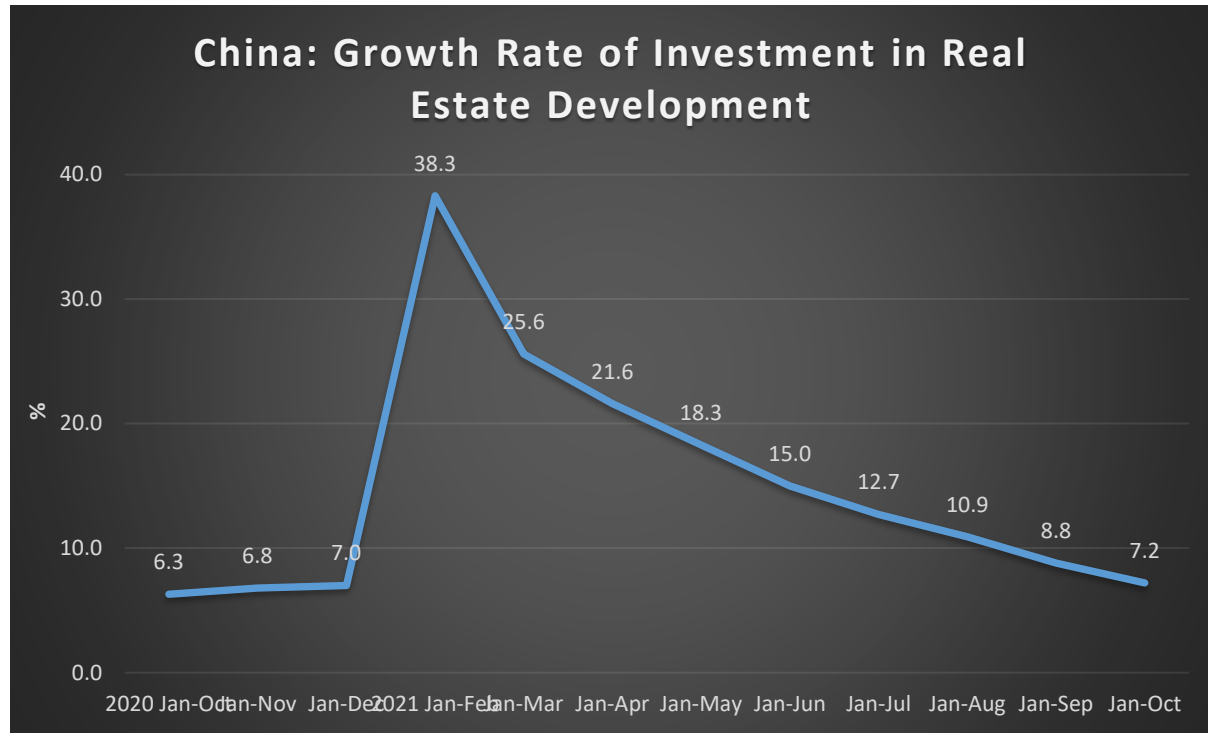
7 million households and covers approximately 3 billion m². This represents a tremendous opportunity for property management companies capable of providing the required expertise.

While some cities are just starting down the urban redevelopment path, others, especially in the more mature first-tier cities of Beijing, Shanghai, Guangzhou and Shenzhen, are seeing urban redevelopment and preservation as a primary strategy for new projects. While planning approval and policy support may be more forthcoming in these cities and are still prerequisites for development, many technical challenges and fundraising, design, planning, construction and operating obstacles remain. For those that are able to successfully execute these developments, however, not only are there significant economic benefits but also the opportunity to rebrand or change their corporate image through value added to the local community.

Historical architecture and cityscapes are full of memories and bear witness to changing times. The unique culture and heritage value are increasingly recognised as having very real economic and social value. As some of the structures enter their twilight years and their usefulness diminishes, one must consider how to protect and incorporate these structures into modern developments and breathe new life into these historical gems.



From January-October 2021, the national investment in real estate development was RMB12,493.4 billion, a year-on-year increase of 7.2%; it was 14.0% higher than that from January-October 2019, with an average growth of 6.8% in the two years. Among them, the residential investment was RMB9,432.7 billion, an increase of 9.3%.



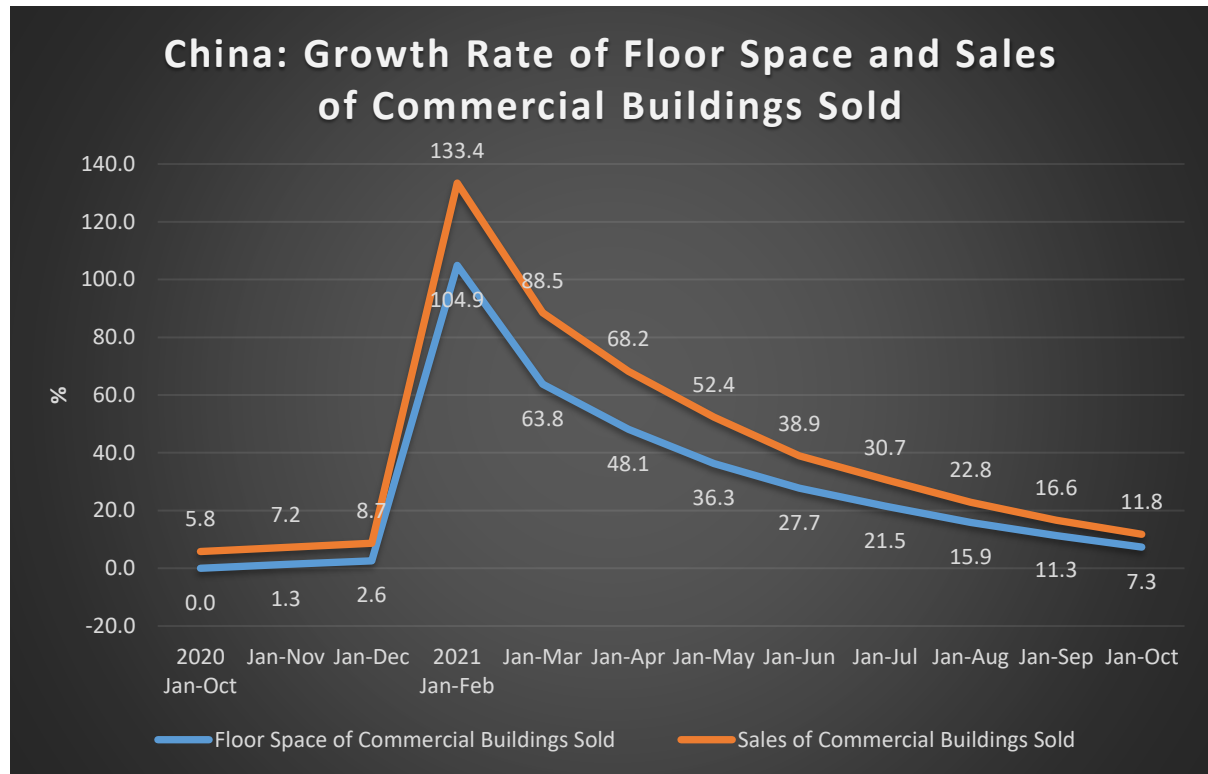
From January-October 2021, the investment in real estate development in the eastern region was RMB6,590.2 billion, a year-on-year increase of 6.8%; the central region invested RMB2,619.4 billion, an increase of 12.1%; the investment in the western region was RMB2,796.3 billion, an increase of 5.0%; and the investment in northeast China was RMB487.4 billion, an increase of 0.8%.

From January-October 2021, the housing construction area of real estate development enterprises was 9,428.59 million m², a year-on-year increase of 7.1%. Among them, the residential construction area was 6,678.01 million m², an increase of 7.4%. The new construction area of houses was 1,667.36 million m², down 7.7%. Among them, the newly started residential area was 1,234.81 million m², down 6.8%. The completed housing area was 572.9 million m², an increase of 16.3%. Among them, the completed residential area was 414.15 million m², an increase of 16.9%.

From January-October 2021, the land acquisition area of real estate development enterprises was 158.24 million m², a year-on-year decrease of 11.0%; the land transaction price was RMB1,141 billion, an increase of 0.2%.

From January-October 2021, the sales area of commercial housing was 1,430.41 million m², a year-on-year increase of 7.3%; it was 7.3% higher than that from January-October 2019, with an average growth of 3.6% in the two years. Among them, the sales area of residential buildings increased by

7.1%, the sales area of office buildings increased by 2.4%, and the sales area of commercial business houses decreased by 0.6%. The sales volume of commercial housing was RMB14,718.5 billion, an increase of 11.8%; it was 18.3% higher than that from January-October 2019, with an average growth of 8.8% in the two years. Among them, residential sales increased by 12.7%, office building sales decreased by 1.6%, and commercial business housing sales decreased by 0.6%.



From January-October 2021, the sales area of commercial houses in the eastern region was 594.26 million m², a year-on-year increase of 9.0%; Sales reached RMB8,462.2 billion, an increase of 15.7%. The sales area of commercial housing in the central region was 402.02 million m², an increase of 11.5%; sales reached RMB3,004.2 billion, an increase of 14.1%. The sales area of commercial houses in the western region was 381.6 million m², an increase of 2.7%; the sales volume was RMB2,827.1 billion, an increase of 2.6%. The sales area of commercial housing in northeast China was 52.53 million m², down 5.4%; and the sales volume was RMB424.9 billion, down 7.8%.

At the end of October 2021, the area of commercial housing for sale was 502.03 million m², a decrease of about 810,000 m² compared with the end of September 2021. Among them, the area for sale of residential buildings decreased by about 410,000 m², the area for sale of office buildings increased by about 540,000 m², and the area for sale of commercial business houses decreased by about 10,000 m².

China: Import & Export, 2021

HS Code	Products	Month	Export (Vol kg)	Export (Val USD)	Import (Vol kg)	Import (Val USD)
4403	Logs	2014	11,921,293	8,062,022	46,747,969,668	11,753,803,982
		2015	13,032,015	4,140,358	39,339,291,658	8,026,388,180
		2016	107,116,533	29,793,397	42,079,185,570	8,076,364,850
		2017	107,221,982	30,155,358	47,815,640,976	9,927,637,660
		2018	78,545,991	23,604,566	51,610,708,145	10,983,341,428
		2019	55,946,653	13,329,749	49,932,929,485	9,434,505,952
		2020	26,275,799	6,488,025	48,762,651,974	8,405,096,157
		Jan	-	-	4,473,821,238	800,238,890
		Feb	3,405,471	961,517	3,309,732,776	629,032,461
		Mar	-	-	4,564,656,600	868,057,842
		Apr	-	-	4,532,630,338	903,804,035
		May	152,082	42,403	4,397,654,937	934,068,195
		Jun	-	-	4,988,678,743	1,128,693,235
		Jul	2,068,167	517,154	4,632,353,911	1,105,468,141
		Aug	-	-	4,494,417,911	1,113,217,947
		Sep	2,347,329	957,291	4,846,905,563	1,133,733,084
		Oct	2,703,476	1,227,816	4,183,393,681	971,199,138
4407	Sawntimber	2014	178,667,205	295,261,797	17,057,834,205	8,075,270,078
		2015	127,497,876	205,215,320	17,483,438,304	7,460,542,277
		2016	126,753,960	193,260,886	21,201,864,549	8,135,189,834
		2017	127,529,394	206,159,259	25,095,746,186	10,065,569,736
		2018	112,432,148	178,628,369	24,695,970,645	10,218,733,048
		2019	112,843,579	162,294,746	24,448,435,895	8,628,218,423
		2020	112,489,093	149,078,147	21,736,221,085	7,645,681,371
		Jan	10,243,453	12,742,080	1,415,258,292	538,541,055
		Feb	6,652,595	8,961,576	1,101,929,318	401,155,012
		Mar	9,481,774	12,328,130	1,592,963,694	629,927,732
		Apr	14,658,534	16,304,710	1,700,038,495	664,730,396
		May	15,309,931	17,610,621	1,685,784,469	670,162,754
		Jun	12,720,175	18,610,543	1,683,891,710	667,655,710
		Jul	11,654,867	17,557,029	1,815,667,895	755,006,345
		Aug	12,877,292	19,188,295	1,748,927,561	730,088,504
		Sep	10,639,368	17,767,854	1,696,927,016	733,877,612
		Oct	9,597,666	17,127,425	1,498,946,547	644,258,031
4408	Veneer	2014	191,766,272	276,946,680	739,524,510	183,772,129
		2015	199,084,906	283,714,478	629,287,437	151,225,450
		2016	184,817,754	280,009,158	660,430,671	157,597,213
		2017	251,354,701	382,999,214	554,123,075	156,906,946
		2018	321,628,763	483,641,854	718,752,942	192,212,411
		2019	346,557,918	527,506,538	932,978,915	228,398,477
		2020	325,290,739	537,654,918	1,182,031,112	249,401,677
		Jan	41,435,657	64,745,438	181,355,305	27,560,032
		Feb	25,358,138	46,148,450	112,813,183	20,854,102
		Mar	32,591,669	61,793,561	190,317,454	30,464,308

MARKET UPDATE

		Apr	47,479,576	83,916,621	230,825,641	33,180,252
		May	39,932,697	72,325,138	268,161,655	37,699,420
		Jun	37,435,208	75,567,870	253,337,302	35,520,584
		Jul	37,490,363	70,011,932	223,749,921	32,429,387
		Aug	32,421,519	62,304,580	221,718,869	33,715,137
		Sep	31,543,098	61,990,140	226,893,330	32,183,553
		Oct	32,945,140	64,212,974	225,366,212	33,355,815
4409	Mouldings	2014	387,362,246	652,884,053	16,015,108	35,227,517
		2015	335,266,462	557,037,291	21,693,357	41,310,012
		2016	326,247,950	490,049,268	27,359,887	51,091,371
		2017	294,765,824	426,352,859	19,132,418	37,199,945
		2018	235,303,521	341,323,354	28,986,455	45,863,616
		2019	165,636,294	243,890,391	68,516,053	84,442,413
		2020	137,283,506	215,654,976	132,776,514	158,846,193
		Jan	13,724,522	22,044,919	14,382,067	19,027,853
		Feb	9,509,688	15,205,251	11,626,978	15,363,544
		Mar	9,191,876	15,153,231	23,487,364	30,977,267
		Apr	12,449,341	20,202,369	20,133,534	24,638,121
		May	13,094,014	21,519,478	25,370,800	30,840,423
		Jun	13,762,036	23,181,172	19,024,210	25,798,588
		Jul	12,791,559	22,370,904	16,778,455	19,260,139
		Aug	15,040,175	26,549,321	15,695,097	16,279,325
		Sep	11,439,918	19,963,286	19,648,828	20,274,572
		Oct	12,521,350	22,530,105	16,600,802	17,317,653
4410	Particleboard	2014	246,709,660	139,062,918	375,672,804	129,064,424
		2015	167,120,772	115,717,906	413,022,293	140,246,406
		2016	190,864,891	122,595,777	587,007,645	184,022,132
		2017	202,614,552	99,094,767	711,074,672	241,019,599
		2018	231,536,447	108,320,718	692,307,829	242,540,408
		2019	221,490,344	96,024,874	673,462,863	234,335,095
		2020	245,563,147	163,503,441	771,748,235	259,343,168
		Jan	29,075,207	24,142,973	58,847,053	23,083,061
		Feb	24,201,150	14,617,811	34,049,866	12,604,884
		Mar	31,216,020	20,207,032	60,778,241	25,815,113
		Apr	48,959,196	36,913,991	52,216,699	22,930,786
		May	61,510,727	44,957,265	61,571,075	26,261,561
		Jun	73,933,351	48,445,473	63,214,347	29,430,849
		Jul	64,399,274	45,724,104	45,175,373	20,380,282
		Aug	52,897,603	41,982,075	59,762,790	28,205,498
		Sep	48,263,732	38,358,174	49,359,365	25,302,311
		Oct	53,185,837	37,753,324	74,467,790	34,434,401
4411	MDF	2014	2,556,985,873	1,631,377,260	167,791,016	110,099,272
		2015	2,267,297,948	1,416,472,579	166,883,469	108,395,522
		2016	2,080,471,391	1,230,068,853	184,636,052	125,490,254
		2017	2,089,674,269	1,142,850,395	175,662,496	135,021,172
		2018	1,790,207,916	1,119,687,766	190,277,580	141,499,257
		2019	1,635,079,245	942,397,078	180,468,524	131,208,449

MARKET UPDATE

		2020	1,517,890,603	828,838,576	147,388,287	107,743,247
		Jan	179,478,926	97,146,538	12,952,703	10,568,011
		Feb	123,832,732	67,726,962	5,237,852	5,087,442
		Mar	167,011,223	87,162,412	11,130,067	10,063,741
		Apr	231,531,899	115,227,438	12,117,784	9,692,729
		May	204,446,343	104,119,502	13,184,451	11,328,641
		Jun	287,180,336	137,349,505	14,153,252	12,544,901
		Jul	240,846,176	115,285,946	13,564,503	11,906,564
		Aug	225,203,113	114,908,403	14,055,542	13,458,425
		Sep	118,353,276	75,871,527	12,134,092	11,561,092
		Oct	169,260,684	96,777,895	11,194,770	11,698,151
4412	Plywood	2014	5,872,362,172	5,816,850,225	106,238,447	131,901,673
		2015	5,500,283,738	5,484,356,827	100,280,555	121,324,428
		2016	5,889,800,076	5,275,773,309	119,123,689	138,484,319
		2017	5,901,238,315	5,097,386,901	111,348,753	150,851,170
		2018	6,128,067,400	5,550,489,925	102,698,250	155,658,056
		2019	5,379,009,878	4,485,753,307	87,765,106	127,105,801
		2020	5,168,740,125	4,225,140,599	110,581,413	130,181,737
		Jan	485,790,138	412,561,028	9,569,226	13,215,602
		Feb	351,490,060	320,371,407	6,952,537	8,111,763
		Mar	443,318,233	366,838,277	8,865,064	12,520,409
		Apr	508,473,381	449,427,591	9,191,196	12,370,403
		May	554,651,134	491,970,180	9,670,441	14,886,566
		Jun	650,483,517	565,865,462	10,156,724	16,255,758
		Jul	577,964,484	524,220,310	9,330,043	13,402,838
		Aug	545,506,524	517,325,999	7,196,258	11,976,464
		Sep	455,532,049	451,322,844	6,479,763	10,867,301
		Oct	579,526,886	548,057,915	7,099,387	11,394,209
4418	BCJ	2014	649,697,146	1,363,795,686	9,098,730	41,054,370
		2015	624,467,391	1,349,261,749	12,304,180	46,925,950
		2016	563,402,150	1,207,881,663	21,990,692	71,811,044
		2017	568,453,315	1,163,955,925	27,934,752	93,622,483
		2018	557,888,524	1,161,579,532	28,901,739	101,829,415
		2019	572,216,045	1,118,878,781	29,502,135	104,419,189
		2020	531,095,835	1,090,425,504	21,423,133	80,036,634
		Jan	46,439,047	96,937,783	2,498,369	9,132,321
		Feb	36,320,304	82,324,750	1,664,093	5,476,562
		Mar	44,079,678	90,457,590	2,088,311	7,803,364
		Apr	52,479,743	109,181,249	2,222,085	7,382,475
		May	61,716,602	118,666,394	2,560,645	9,497,228
		Jun	61,376,779	126,370,278	2,184,556	9,422,034
		Jul	57,585,901	124,218,001	2,130,539	7,283,346
		Aug	60,882,089	130,756,198	2,191,440	8,487,421
		Sep	56,793,021	126,770,334	2,001,583	7,146,160
		Oct	56,959,865	125,381,801	1,873,827	6,869,594
HS Code	Products	Month	Export (Vol)	Export (Val USD)	Import (Vol)	Import (Val USD)

9403	Furniture	2014	1,499,813,054	28,442,462,074	74,097,849	969,878,558
		2015	1,547,035,625	29,090,218,645	73,640,581	954,850,568
		2016	1,632,491,128	25,961,121,001	85,841,038	1,003,814,771
		2017	1,820,017,802	26,569,639,494	106,435,877	1,257,540,976
		2018	n.a.	28,139,225,134	n.a.	1,334,041,024
		2019	n.a.	27,764,790,111	n.a.	1,158,406,431
		2020	n.a.	30,844,023,019	n.a.	1,015,891,385
		Jan	n.a.	3,398,368,150	n.a.	99,453,033
		Feb	n.a.	2,334,356,949	n.a.	64,405,449
		Mar	n.a.	2,566,779,525	n.a.	88,743,296
		Apr	n.a.	3,129,007,922	n.a.	93,812,486
		May	n.a.	3,211,448,652	n.a.	92,183,904
		Jun	n.a.	3,205,242,787	n.a.	96,422,783
		Jul	n.a.	3,195,898,606	n.a.	80,567,980
		Aug	n.a.	3,313,600,860	n.a.	91,871,918
		Sep	n.a.	3,304,573,301	n.a.	90,979,300
		Oct	n.a.	3,353,464,558	n.a.	82,223,284

Source: China Customs



If the current soaring container freight does not fall by next year, it is expected that the cost of furniture will rise by more than 10% worldwide next year, and it is expected that by 2023, the global import price level may rise by 11% and the consumer price level may rise by 15%. The Maritime Transport 2021 Report said that the continuous high transportation costs have affected the global supply chain, and enterprises of large goods such as furniture are more vulnerable to these price increases.

Higher shipping costs will also affect some low-value-added products: for furniture, for example, and textiles, garments and leather products, the consumer price uplifts could be ten percent. These increases could erode the competitive advantages of smaller economies that produce many of these goods. At the same time, these countries will find it more difficult to import the high-technology

machinery and industrial materials they need to move up the value chain, diversify their economies and achieve the Sustainable Development Goals (SDGs).

Even in major economies, lingering high container freight rates and disruption in maritime transport in the short- to medium-term threaten to undermine recovery. It is concluding that in US and the Euro area, for example, a 10% increase in container freight rates could lead to a cumulative contraction in industrial production of around 1%.



The report points out that Europe has been facing a shortage of large consumer goods such as household goods imported from Asia. A UK industry player pointed out that if it is a very large furniture product, it means that one cannot load a lot into the container, which will have a

significant impact on the CIF price of the goods.

Most furniture belongs to low value-added goods, and the production is usually carried out in low wage economies far away from major consumer markets. This means that more furniture products need to be transported to the main consumer market through containers, which makes the furniture industry highly dependent on shipping, and the rising sea transportation costs hit the furniture industry accordingly.

In this regard, the United Nations Conference on Trade and Development urged countries to consider a series of measures covering infrastructure and services. Among them, improving the quality of port infrastructure will reduce the world's average maritime transportation cost by 4.1%, 3.7% through better trade facilitation measures and 4.4% through improving line shipping connectivity.

In addition, in the medium and long term, the shipping supply capacity will also be affected by the transformation of the industry to zero carbon shipping. To ensure that the necessary investments in ships, ports and new fuel supplies are not delayed, national enterprises, including the furniture industry, must rely on a predictable global regulatory framework.

The connotation of Chinese life has begun to undergo some substantive and significant changes in recent years. To sum up, it is a word frequently mentioned in the report of the 19th National Congress: a better life. "Always make people's yearning for a better life", which is not only the country, but also the common pursuit of the future for all of us at present.

A better life is reflected in the field of home furnishing, which is the pursuit of consumers for good brands and products with high quality and high appearance value, as well as low-carbon and environmentally friendly. After more than 40 years of rapid growth, the field of home building materials in China has not only come out with many excellent products and brands, but also continuously upgraded and optimised itself. At the same time, consumers' home life has been improved and improved.



From home building materials and supplies to the construction of lifestyle and then to the self-realisation of aesthetics and cognition of everyone and every family, the concept of home has gradually entered the era of “good life”.

From the perspective of the flooring, overlooking the development and iteration of the

whole industry, it can be seen that a different era is getting closer.

Since the beginning of reform and opening up, China's flooring industry has introduced western laminates from the simplest and original “plain board” (unpainted small solid wooden flooring), and the Chinese brand such as Powerdekor (圣象) has led the flooring industry into a stage of rapid development. By 2010, China's flooring production has reached 399 million m², becoming the first in the world.

The emergence of all kinds of high-quality flooring drives Chinese home life upward, but people will not stop for the beauty of life, which promotes the emergence of more novel and high-quality flooring categories in Chinese home renovation. Among them, three-layer solid wooden flooring is the most promising wooden flooring category.

Originated from Sweden and invented in 1941, the three-layer solid wooden flooring, which is popular in the international market, is the mainstream category of European solid wooden flooring. In 2005, the wooden flooring industry began to officially introduce the three-layer solid wooden flooring technology to China. After 7-8 years of development and promotion, the three-layer solid wooden flooring officially entered a growing period starting 2012.

Because the three-layer solid wooden flooring has stable structure, real texture and artistry of solid wooden flooring and high sense of value, it has been gradually accepted by consumers since entering the market. The wooden flooring industry produces a batch of trendy products yearly, which turns the three-layer solid wooden flooring from new to trend, and from minority to mainstream in China. According to the statistics, compared with solid wooden flooring and laminated flooring, three-layer



solid wooden flooring has maintained a more recognisable steady growth in the early growth period from 2010 to 2015.

In 2021, with the public's increasing pursuit of a better life, the three-layer solid wooden flooring began to enter into explosive period, driven by consumer upgrading, quality upgrading and brand upgrading.



Consumption upgrading is not simply the purchase of more expensive product but more the upgrading of consumption structure, including the upgrading of consumption content, consumption mode and consumption sovereignty awareness. In 1997, the

difference between China's GDP growth and the growth rate of household consumption was about 1.8%, which had dropped to 0.38% by 2016. By 2019, the difference between the actual growth rate of total retail sales of consumer goods and GDP has been basically 0%, which means that there has been a new growth in household consumption, and consumption growth has become the main support for economic growth.

The upgrading of consumption structure means that consumer pay more attention to the comfort and health of life, which means that consumers pay more attention to the basic parts of home renovation, such as flooring, mattresses and storage furniture.

The quality upgrade is a greater driving force for the rise of the three-layer solid wooden flooring. People not only spend their money, but also spend it well - consumers pay more attention on the quality, appearance, low-carbon environmental protection and durability of the flooring.



It can be said that the three-layer solid wooden flooring has the most potential among all kinds of wooden flooring. The surface of the three-layer solid wooden flooring selects Oak (栎木), Black Walnut (黑胡桃), European Ash (白蜡木), Merbau (菠萝格), Beli (赛鞋木豆), etc., adopts texture reorganisation technology and meet the current trend through colouring, wire brush, dyeing, fumed/smoked, etc. so as to endow the wooden

flooring with a new artistic sense for young generation consumers. At the same time, the sawing



process and European open finishing technology, for the wood to release phytoncide, also known as “air vitamin” (空气维他命) - the wood fragrance purifying the air, known as "breathing floor" (会呼吸的地板).

The upgrading of floor quality has not only brought the upgrading of consumers' home life, but the upgrading of resident inner feelings. From then on, home ownership is not only house ownership, but the co-creator of everyone's own lifestyle and self-consciousness.

The most direct manifestation of consumption upgrading, and quality upgrading is that consumers have higher awareness and requirements for the brand. Brand not only means quality and service, but represents word-of-mouth, humanities and value proposition. Different brands have different personalities and value propositions. When consumers choose a brand, they are actually expressing their own value propositions, and today's values are safety, green and reliability.

As advice by the local logistics company, the freight rate for Huangpu, Guangzhou/Port Kelang is about USD1,150+TDS for 20' shipping container and about USD1,800+TDS for 40' shipping container in December 2021; for Shanghai/Port Kelang is about USD1,100+TDS for 20' shipping container and about USD1,800+TDS for 40' shipping container in December 2021. The 6.83% tax was exempted since March 2015.

Some of the shipments arrived in November 2021 at Guangdong timber markets,



Thailand Rubberwood (泰国橡胶木方)



Mexican Black Rosewood (墨西哥黑酸枝)



Guibourtia coleosperma (小巴花)



South American Teak (南美种植柚木)



Merbau (菠萝格)



Black Walnut (黑胡桃)

LOGS

After a brief period of “heated” market in October 2021, the Zhangjiagang (张家港) timber market returned to chilly (冷飕飕) in November 2021 - whether African timbers or PNG timbers, the trading volume fell.

Timber traders reported that the weak trading in Zhangjiagang timber market is mainly reflected in two factors, 1) after a sharp rise, the prices of many timber species such as Bintangor (海棠木), *Dillenia indica* (第伦桃) and African Padauk (红花梨) have been on the high side, which is difficult for manufacturers to accept and 2) the downturn of real estate market curb the demand for timber. Statistics show that from January-October 2021, the year-on-year growth rates of commercial housing sales area and sales were 7.3% and 11.8% respectively. After hitting the lowest in the year with 11.3% and 16.6% in September 2021, it continues to drop.

It is worth mentioning that, affected by the rising freight and unstable shipping schedule, the imports cost of African timbers and PNG timbers remain high, and the enthusiasm of most timber traders to import in very weak. Therefore, the number of shipments entering the Chinese market has dropped significantly compared with previous years - inventory shortage is obvious.

In terms of price, the prices of many timbers in Zhangjiagang have not changed significantly compared with October 2021. Among them, Congo African Padauk diameter 70 cm is selling at RMB3,500-3,600 per m³; Equatorial Guinea African Padauk diameter 70 cm is selling at RMB2,800-2,900 per m³; Kasai (唐木) diameter 80-90 cm is selling at RMB2,200-2,300 per m³; Bintangor diameter above 80 cm is selling at RMB2,300-2,400 per m³.

Market analysts reported that the current downturn in Zhangjiagang's timber market has greatly exceeded predictions, and from the current market situation, it may be difficult for the timber market to make any improvement in the next two months before Chinese New Year.



According to the timber traders in Zhangjiagang, the overall macroeconomic is empty and the amount of infrastructure projects has reduced compared with previous years, which lead to the overall weak demand for Merbau. In terms of price, timber traders complained that Merbau inventory backlog is serious in Zhangjiagang, with more than

100,000 m³. The excessive inventory makes it difficult for the logs price to rise. Currently, Merbau diameter 70-80 cm is selling at RMB3,000-3,800 per m³.

Due to the impact of unstable freight schedule, there are few Zebrali (小斑马) entering the market in November 2021, and the cost is staying high, which leads to the low willingness of timber traders to receive goods as a whole. Currently, Zebrali is selling at RMB3,500-3,600 per m³.

It is reported that according to the calculation and analysis of some institutions, after experiencing the supply chain bottleneck and record high freight charges in this period, it is likely to take 18-30 months for the freight rate to return to normal level.

Recently, Sea-Intelligence analysed the cyclical charges of China's export container freight index (CCFI) in the past 23 years to understand how long it will take for the current sea freight to return to normal under the guidance of historical freight. Sea-Intelligence has determined 5 freight decline intervals and 5 freight rise intervals through CCFI data from 1998-2019.

According to the calculation, based on the weekly average decline percentage in 5 decline cycles, it is concluded that the weekly decline range of CCFI index is between 0.4% and 0.9%, and the average weekly decline range is 0.6%. However, there is another question, what is the normal freight level? The CCFI base period index is set at 1,000 points, and the CCFI index of 1,000 represents the normal freight level. Sea-Intelligence pointed out - the current freight index is 69% higher than the normal freight index.

During the 2008-2009 global financial crisis, freight decreased at the fastest rate of 0.9% per week. If this rate of decline is applied to the current freight level, it will take 18 months to return to normal. If the current rate of decline in freight is equivalent to the average weekly rate decline (0.6%) in the 5 decline intervals, it will take 26 months for freight to return to normal.

In addition, Sea-Intelligence calculated the average weekly rise rate in 5 freight rise intervals, and the result is 1.1%, which means that the coefficient between the increase and decrease is 1.8, i.e., the weekly increase of freight is often 80% higher than the decrease. Since the current freight level has been rising for 17 months, it will take 30 months for the freight to return to the normal level.



Previously, market analysts believed that the current tight market and high freight rates may last until 2023 or even 2024 because most new ships will be delivered at that time, and there will be additional capacity injected into the market.

High freight charges have led to a sharp rise in consumer prices, especially for low value goods. The UNCTAD warned that if freight rates continue to rise between now and 2023, it may increase the global import price level by 11% and consumer price level by

1.5%. The UNCTAD predicted that the global consumer prices of furniture, textiles, clothing and leather products will rise by 10.2%; rubber and plastic products will rise by 9.4%; pharmaceutical products and electrical equipment increased by 7.5%; motor vehicles increased by 6.9%; machinery and equipment increased by 6.4%.

Usually in shipping, the impact of freight on the price of goods is relatively small, but at the current record freight level, freight cost may be two-thirds of the value of goods transported.

The price of Wenge (鸡翅木) is still at a high level, and there is no sign of falling down. The support of its high price mainly lies in the shortage of supply. Currently, Wenge is selling at about RMB3,500-3,500 per m³.

China: Average Indicative Wholesale Prices of Logs

Species	Specifications	Prices (RMB/m ³)		
		September 2021	October 2021	November 2021
Kapur	7-20 m x 80 cm up	2,500-3,100	2,500-3,100	2,700-3,100
Meranti (Red/Yellow)	2-5 m x 50-60 cm up	2,000-2,300	2,000-2,500	2,000-2,500
Meranti (Red/Yellow)	3-9 m x 60 cm up	2,500-2,600	2,500-2,700	2,500-2,700

Source: Shanghai Timber Market

China: Average Indicative Wholesale Prices of Logs from Domestic Sources

Source	Species	Specifications	Price (RMB/m ³)		
			August 2021	September 2021	October 2021
Renhua (仁化)	Mixed	8-12 cm	570	570	570
		12-20 cm	620	620	620
		20 cm up	770	770	770
	Samak	12-20cm x 2m	1,250	1,250	1,250
		20 cm up x 2m	1,400	1,400	1,400
	Mixed branches	n.a.	300/ton	300/ton	300/ton
	Pine	14-18 cm x 2m	750	750	750
		20-28 cm x 2m	800	800	800
	China-Fir	6-8 cm x 4m	950	950	880
		10-12 cm x 4m	1,100	1,100	1,030
Dongchang (东昌)	Pine	8-12 cm x 2m	550	550	550
		14-18 cm x 2m	650	650	650
		18-28 cm x 2m	750	750	750

	China-Fir	30 cm up x 2m	850	850	850
		5-6 cm x 4m	900	900	830
		7-8 cm x 4m	950	950	880
		9-10 cm x 4m	1,000	1,000	930
	Bamboo	5-6-inch x 7-8m	4.5/stick	4.5/stick	4.5/stick
		6-inch x 7-8m	5.5/stick	5.5/stick	5.5/stick
		7-8-inch x 7-8m	8.5/stick	8.5/stick	8.5/stick
		9-10-inch x 7-8m	9.5/stick	9.5/stick	9.5/stick

Source: Yuzhu Timber Market

China: Average Indicative Wholesale Prices of Imported Logs

Species	Specifications	Price (RMB/m ³)		
		August 2021	September 2021	October 2021
Merbau (菠萝格)	90-120 cm	3,600-4,000	3,600-4,000	3,600-4,000
Balau (梢木/巴劳)	60-100 cm	3,600-4,200	3,600-4,200	3,600-4,200
Kapur (山樟)	60-80 cm	2,700-2,800	2,700-2,800	2,700-2,800
Kempas (甘拔/甘巴豆)	50-80 cm	2,200-2,300	2,200-2,300	2,200-2,300
Okan (奥坎)	90-130 cm	3,400-3,500	3,400-3,500	3,400-3,500
(大红檀)	50-90 cm	1,700-2,000	1,700-2,000	2,500-2,800
Ekki (依奇)	80-120 cm	2,500-2,700	2,500-2,700	2,500-2,700
Swartzia (铁木豆)	30-50 cm	3,300-3,500	3,300-3,500	3,700-4,100
KerANJI (柚木王)	60-100 cm	4,800-5,500	4,800-5,500	4,800-5,500
Massaranduba (铁线子)	40-90 cm	2,200-2,300	2,200-2,300	2,200-2,300
Red Cherry (红樱桃)	80-110 cm	2,700-3,000	2,700-3,000	2,700-3,000
Purpleheart (紫心苏木)	50-70 cm	3,000-3,300	3,000-3,300	3,000-3,300
Burma Padauk (大果紫檀)	-	14,000-23,000/ton	14,000-23,000/ton	14,000-21,000/ton
Teak (柚木)	-	13,000-17,000	13,000-17,000	13,000-17,000
African Padauk (红花梨)	60-100 cm	2,600-3,200	2,600-3,200	2,800-3,500
Cumaru (龙凤檀)	35-60 cm	2,600-3,100	2,600-3,100	2,600-3,100
Ipe (依贝)	-	3,000-3,100	3,000-3,100	3,000-3,100
Balsamo (红檀香)	-	4,700-4,800	4,700-4,800	4,700-4,800
Brisbane Box (红胶木)	30-80 cm	1,700-2,100	1,700-2,100	1,700-2,100
Aglaia odorata (米仔兰)	40-80 cm	1,600-1,800	1,600-1,800	1,600-1,800
Yellow Sanders (黄沙君子)	40 cm up	2,200-2,300	2,200-2,300	2,200-2,300
Angelin (甘蓝豆)	40 cm up	2,700-2,800	2,700-2,800	2,700-2,800
Mexican Platsium Yucoyonum (阔变豆)	-	8,500-9,000	8,500-9,000	8,500-9,000
Cocobolo (微凹黄檀)	-	32,000-41,000/ton	32,000-41,000/ton	32,000-41,000/ton
Nigerian Muninga (刺猬紫檀)	-	4,200-8,500/ton	4,200-8,500/ton	4,500-8,500/ton
Sonkeling (阔叶黄檀)	-	20,000-23,000/ton	20,000-23,000/ton	22,000-25,000/ton

Source: Yuzhu Timber Market and timber traders

China: Average Indicative Offer Prices of Logs from Various Countries

Origin	Species	Grade/ Specifications	Price (€/m³), FOB (Western Ports)		
			August 2021	September 2021	October 2021
Africa	Acajou/N'Gollon	LM	230	230	230
		B	230	230	230
		BC/C	160	160	160
	Ayous/Obeche	LM	250	250	250
		B	250	250	250
		BC/C	225	225	225
	Azobe	LM	230	230	230
		B	230	230	230
		BC/C	160	160	160
	Beli	LM	270	270	270
		B	270	270	270
	Bibolo/Ditbou	LM	150	150	150
		B	145	145	145
	Bubinga	LM	510	510	510
		B	470	470	470
		BC/C	400	400	400
	Iroko	LM	300	300	300
		B	280	280	280
		BC/C	225	225	225
	Okoume	LM	245	245	245
		B	240	240	240
		BC/C	170	170	170
	Movingui	LM	210	210	210
		B	210	210	210
		BC/C	160	160	160
	Niove	LM	250	250	250
		B	160	160	160
	Okan	LM	220	220	225
		B	220	220	225
		BC/C	220	220	220
	Padauk	LM	270	270	270
		B	240	240	240
		BC/C	200	200	200
	Sapele	LM	260	260	260
		B	260	260	260
		BC/C	200	200	200
	Sipo/Utile	LM	380	380	380

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		B	340	340	340
		BC/C	265	265	265
	Tali	LM	300	300	280
		B	300	300	280
		BC/C	250	250	230
	Moabi	LM	210	210	210
		B	305	305	305
		BC/C	210	210	210
Origin	Species	Grade/ Specifications	Price (USD/m ³), FOB		
			August 2021	September 2021	October 2021
Guyana	Purpleheart	Standard Diameter	230-250	230-250	230-250
		Medium Diameter	250	250	250
		Small Diameter	250	250	250
	Mora	Standard Diameter	130	130	130
		Medium Diameter	115	115	115
		Small Diameter	110	110	110
Brazil	Ipe	Regular	142	142	142
	Jatoba		80	80	80

Source: Timber Traders

China: Average Indicative Wholesale Prices of Imported Sawn Logs

Source	Species	Grade/ Specifications	Price (RMB/m ³)		
			August 2021	September 2021	October 2021
North America	Cherry (樱桃)	FAS-2 inch	7,800-8,000	7,800-8,000	7,800-8,000
		FAS-1 inch	7,000-7,200	7,000-7,200	7,000-7,200
	White Ash (白蜡木)	FAS	6,000-7,200	6,000-7,200	6,000-7,200
	Black Walnut (黑桃)	FAS-2 inch	19,000-20,000	19,000-20,000	19,000-20,000
		FAS-1 inch	15,000-17,000	15,000-17,000	15,000-17,000
		AB (1-2 inch)	12,000-13,000	12,000-13,000	12,000-13,000
	Hard Maple (硬枫木)	FAS	11,000-12,000	11,000-12,000	11,000-12,000
	Soft Maple (软枫木)	FAS	6,500-7,400	6,500-7,400	6,400-7,400

	White Oak (白橡)	FAS	14,000-18,000	14,000-18,000	14,000-18,000
	Red Oak (红橡)	FAS	6,000-7,500	6,000-7,500	6,400-7,500
	SPF		1,900-1,950	1,900-1,950	1,800-1,900
Africa	Makore (麦哥利)	-	6,000-6,300	6,000-6,300	6,000-6,300
	Zebrano (大班马)	A	11,000-12,000	11,000-12,000	11,000-12,000
	Zebreli (小班马)	A	8,500-9,500	8,500-9,500	8,500-9,500
	Wenge (鸡翅)	A	11,000-13,000	11,000-13,000	11,000-13,000
	African Keruing (非洲克隆)	A	4,200-4,500	4,200-4,500	4,200-4,500
	Sapele (沙比利)	-	6,000-6,300	6,000-6,300	6,000-6,300
	Okoume (奥古曼)	A	-	-	3,500-3,800
	Red Grandis (红玫瑰)	A	6,000-6,500	6,000-6,500	6,000-6,500
	Bubinga (巴西花梨)	-	18,000-19,000	18,000-19,000	18,000-19,000
	Acajou (桃花芯)	-	6,000-6,500	6,000-6,500	6,000-6,500
	Samba (白木)	A	3,800-4,300	3,800-4,300	3,800-4,300
Europe	Finnish Pine	SF	2,900-3,000	2,900-3,000	2,800-2,900
	Maple (芬兰松)				
	Birch	A	6,500-7,000	6,500-7,000	6,500-7,000
	Beech (榉木)	-	4,800-5,100	4,800-5,100	4,800-5,100
Southeast Asia	Nyatoh (椿茶)	-	3,900-4,200	3,900-4,200	3,900-4,200
	Giam (坤甸)	A	10,000-11,000	10,000-11,000	10,000-11,000
	Merbau (菠萝格)	-	6,800-7,800	6,800-7,800	6,800-7,800
	Meranti (柳桉)	-	4,500-4,700	4,500-4,700	4,500-4,700
	Kempas (甘拔)	A	5,000-5,500	5,000-5,500	5,000-5,500
	Bintangor (海棠木)	A	3,500-3,700	3,500-3,700	3,500-3,700
	Kapur (山樟)	Special Grade	4,500-5,000	4,500-5,000	4,500-5,000
		-	4,500-5,000	4,500-5,000	4,500-5,000
	Balau (梢木)	-	-	-	-
	Ramin (白木)	-	-	-	-
Myanmar	Rok-fa (金丝柚)	-	9,000-10,000	9,000-10,000	9,000-10,000
	Teak (柚木)	-	20,000-26,000	20,000-26,000	22,000-28,000
	Hovenia (卡丝拉)	-	5,000-5,500	5,000-5,500	5,000-5,500

Source: Yuzhu Timber Market

SAWNTIMBER

Under the continuous change of the consumer market and COVID-19, the pace of demand led industrial structural adjustment has been accelerating. Especially in 2021, affected by the pandemic controls, real estate regulations and cost increases, the timber market fluctuated significantly.



Rubberwood (橡胶木), as the broadleaf species with the largest market demand, with the accelerated pace of industrial structural adjustment, the market began to transform from scale efficiency to efficiency priority. In the process of this transformation, the whole industrial chain is facing great challenges, market operation pressure is unprecedented.

The Rubberwood imports volume gave the most direct response to the market transformation. According to the statistics, the imports volume of Thailand Rubberwood in Guangdong has been maintained at 7,000-8,000 containers per month before the pandemic, but entering 2021, under the weakened domestic timber consumption, the imports volume has dropped, with a decline of 20%-30%.

As we all know, Rubberwood is widely used in bed, wooden door, dining table, bathroom, etc. During 2013-2018, the real estate and hospitality industry developed rapidly, and furniture and bathroom industries ushered into a fast growth, and the market demand for Rubberwood continued to rise.

However, with the accelerated pace of industrial structural adjustment, the market advantage is weakened, and the application scope of Rubberwood has changed greatly. The existing Rubberwood market of bed, wooden door, dining table, bathroom, etc. has been battered by the customised furniture (wood-based panel), and the market demand is shrinking. Timber traders reported that bathroom, dining table, wooden door and sofa are the main demand of Rubberwood, accounting for more than 70%. The shrinking market demand for sanitary wares has had a huge impact on the Rubberwood industry. As a result, the production of finger-jointed board shrunk, the Rubberwood demand dropped, the price fallen, profit margin gone, and many enterprises went for liquidation.

Under this situation, looking for a new breakthrough in the Rubberwood industry has become one of the important development directions that many timber traders urgently need to think about. Some timber traders have taken actions, such as applying Rubberwood in the field of handicrafts. However,

the potential is just very small. After all, handicrafts use less timber, which is difficult to drive the demand for Rubberwood.



The breakthrough of Rubberwood industry, high customisation may be the direction. The development of customised furniture industry is in full swing in recent years, and most consumers will give priority to customised furniture when renovating. However, customised furniture has many disadvantages, such as the main material is wood-based panels. Compared to solid wooden furniture, environmentally friendly performance is also lower. Therefore, if Rubberwood can enter into the field of customised furniture, it can solve the negative perception of customised furniture, which believe is the shortcoming of the customised furniture industry.

It is worth mentioning that if Rubberwood is to be used to make customised furniture, it must be made into specialised board (1,220 x 2,440 x 12 mm, etc.). At this stage, there are still some technical difficulties, such as Rubberwood is easy to crack and deform in dry areas in the north.

Although it is difficult to deal with the deformation, it is not without way to overcome it. More importantly, turning Rubberwood into a specialised board for customised furniture is quite a breakthrough with development potential. After all, it can perfectly solve the environmentally friendly performance of customised furniture and meet the needs of high-end consumers. In addition to the demand for environmentally friendly furniture, it can break the “curse” that solid timber cannot be customised and set a good example for the customisation of other materials in the future. Importantly, with the continuous development, the upgrading of consumption and the change of consumer groups, consumers will have higher requirements for living environment.

At the same time, consumers' demand for personalised and differentiated consumption such as high quality and high customisation are gradually highlighted, and Rubberwood customised furniture can just meet the needs of this segment of consumers. The development potential is good.

Affected by the shortage of supply, the inventory of Kasai (唐木) logs is tight, coupled with the rise in processing and transportation costs, the price of Kasai sawntimber has increased by RMB300-400 per m³ in November 2021. According to the timber traders, the import cost of Kasai is extremely high and

timber traders are cautious in importing. Timber traders seem very conservative in imports, which exacerbates the shortage in the domestic market to a certain extent. Currently, Kasai 2-4 m, 5 cm Grade A is selling at RMB4,200-4,300 per m³.

The price of Bintangor (海棠木) is also rising by about RMB300-500 per m³ in November 2021. According to the timber traders, the price increase is obviously related to the shortage of supply and delayed in shipping. Currently, Bintangor 2-4 m, 5 cm Grade A is selling at RMB4,200-4,500 per m³.



Since two years ago, it is an abandon timber species but due to the shortage of timber supply, the inventory of Hovenia (卡丝拉) is slowly snap up by the downstream and the price has risen to the prefix of "4", an increase of RMB600-800 per m³ over the beginning of the year. Currently, Hovenia 2-4 m, 5 cm Grade A is selling at RMB4,000-4,200 per m³.

According to the timber traders, driven by the rising price of African Padauk (红花梨) logs and the rising costs of drying and transportation, the price of African Padauk sawntimber has increased by RMB200-300 per m³ in November 2021. In terms of demand, timber traders said that although the macroeconomic is weak, the downstream market still has a certain rigid

demand and African Padauk still achieved a certain sales record. Currently, African Padauk 2-4 m, 5 cm Grade A is selling at RMB6,300-7,000 per m³.

The price of Zebrali (小斑马) has rose by about RMB300-400 per m³ in November 2021. According to the timber traders, the main reason for the price increase is the cost of land and sea transportation. At the same time, the drying cost has also increased due to power rationing. Under the superposition influence of various factors, the cost of Zebrali continues to rise, which pushes up the selling price. Currently, Zebrali 2-4 m, 5 cm Grade A is selling at RMB8,800-9,800 per m³.

Following a wave of price increase for North American timbers, the price of African timber and PNG timber are on the rise. Industry analysts reported that the price increase was mainly affected by superposition of various factors.

First, the rise in transportation costs. It is understood that at present, the freight cost remains high and even shows signs of further rising. In terms of local transportation, driven by the sharp rise in petrol prices (*as of 30 November 2021, petrol price per litre is RMB7.50 for 92, RMB8.12 for 95, RMB9.26 for 98*), the local transportation cost has increased.



Secondly, processing costs increased. Affected by the power rationing, the processing costs for kiln drying are rising. Thirdly, shortage of logs supply. The chaotic shipping has greatly extended the shipping schedule, and it is difficult for new goods to enter the Chinese market, which directly leads to shortage.

The rise in timber prices does not badly restrain the consumption demand in the downstream market. The overall demand is good, and the shipping volume is higher than previous few months. Near the end of the year, furniture, renovation and other industries have entered the rush period. The recent easing of power rationing has significantly increased the production rate, which has pushed up the demand for timber. Although the situation is improving, it cannot have too much expectation for the coming market - the pain is just halfway.

Species	Specification	Grade	Price (RMB per m ³)
African Padauk	2-4 m x 5 cm	A	6,500-7,000
Zebrali	2-4 m x 5 cm	A	8,800-9,500
Zebrano	2-4 m x 5 cm	A	9,500-10,500
Yellow Sandalwood	2-4 m x 5 cm	A	7,000-7,800
Sapele	2-4 m x 5 cm	A	5,800-6,200
Kevazingo	2-4 m x 5 cm	A	18,000-19,000
Hovenia	2-4 m x 5 cm	A	4,000-4,200
Kasai	2-4 m x 5 cm	A	4,200-4,500
Bintangor	2-4 m x 5 cm	A	4,100-4,300

The import cost of Beech (榉木) is higher than before due to rising shipping cost and other factors. Driven by this, the price has increased by about RMB100 per m³ in November 2021. Currently, Beech 2.2-3 m, 4.5-5.5 cm Grade A is selling at RMB5,100-5,300 per m³.

China: Average Indicative Wholesale Prices of Sawntimber, November 2021

Species	Specifications	Price (RMB/m ³)
Red Meranti	2.2 m x 5 cm	3,500
Yellow Meranti	2.2 m x 5 cm	4,600
Meranti (sinker)	2.2 m x 5 cm	4,800
Merbau	2.2-4 m x 10-30 cm	9,000-9,800
Balau	2.2-3 m x 5 cm	9,000-10,000
Keruing	2-4 m x 5 cm	4,400-4,700
Kapur	2.2 m x 5 cm	4,700-5,800

Source: Timber Traders

China: Average Indicative Wholesale Prices of Sawntimber

Species	Specifications	Grade	Price (RMB/m ³)
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			August 2021	September 2021	October 2021
Sapele (沙比利)	2.2-4.4m x 5cm (Imported)	A	5,900-6,200	5,900-6,200	5,900-6,200
Yellow Rose (黄玫瑰)	2-4 m x 5 cm	A	6,100-7,100	6,100-7,100	6,800-7,800
Makore (麦哥利)	2-4m x 5cm	A	4,900-5,900	4,900-5,900	4,900-5,900
African Teak (非柚)	2-4m x 5cm	A	10,800-11,800	10,800-11,800	11,800-12,800
Acajou (桃花芯)	2-4m x 5cm	A	4,900-5,900	4,900-5,900	4,900-5,900
Red Grandis (红玫瑰)	2-4m x 5cm	A	4,600-5,600	4,600-5,600	5,600-7,500
Zebrano (大班马)	2-4m x 5cm	A	8,800-9,800	8,800-9,800	9,500-10,500
Zebrali (小班马)	2-4m x 5cm	A	7,800-8,800	7,800-8,800	8,800-9,800
African Cherry (非洲樱桃)	2-4m x 5cm	A	5,800-6,300	5,800-6,300	5,800-6,300
Kevazingo (巴花)	2-4m x 5cm	A	16,200-17,200	16,200-17,200	16,500-17,500
African Padauk (红花梨)	2-4m x 5 cm	A	5,400-6,400	5,400-6,400	6,500-7,500
Black Sandalwood (黑檀)	2-4m x 5 cm	A	10,800-11,800	10,800-11,800	11,800-12,800
Brazilian Cherry (番樱桃)	2-4m x 5cm	A	2,600-2,900	2,600-2,900	3,000-3,300
Bintangor (海棠木)	2-4m x 5cm	A	2,900-3,300	2,900-3,300	3,300-3,700
Nyatoh (春茶)	2-4m x 5cm	A	2,800-3,300	2,800-3,300	3,200-3,700
Pyinkado (红胡桃)	2-4m x 5cm	A	2,800-3,300	2,800-3,300	3,200-3,700
Dibetou (虎斑木)	2-4m x 5cm	A	2,900-3,200	2,900-3,200	3,400-3,700
Kasai (唐木)	2-4m x 5cm	A	2,800-3,200	2,800-3,200	3,300-3,700
Indonesia Ramin (印尼白木)	2-4m x 5cm	A	4,700-5,600	4,700-5,600	4,700-5,600
Carbonized Teak (碳化柚木)	2-4m x 5cm	A	4,700-5,200	4,700-5,200	4,700-5,200
	2.2-2.6m x 5cm (Myanmar)	No Knots	5,200	5,200	5,200
	2.2-2.6m x 5cm (Laos)	No Knots	3,800-4,300	3,800-4,300	3,800-4,300
Myanmar Ramin (缅甸白木)	2-4m x 5cm	A	4,300-5,000	4,300-5,000	4,300-5,000
Camphorwood (香樟)	2-4m x 5cm	A	3,700-4,300	3,700-4,300	3,700-4,300

Source: Yuzhu Timber Market

China: Average Indicative Wholesale Prices of Sawntimber in Dongguan

Species	Specifications	Grade	Price (RMB/m ³)	
			September 2021	October 2021

Manchuria Ash (水曲柳)	2-4m x 2.5-5.5 cm	A	3,500-3,800	3,500-3,800
	2.2-2.6m x 5 cm	A	5,000-5,800	5,000-5,800
Hovenia (卡斯拉)	2.2-2.6m x 5 cm	A	3,300-3,600	3,300-3,600
African Keruing (克隆)	2.2-2.6m x 5 cm	A	4,200-4,500	4,200-4,500
<i>Alnus cremastogyne</i> Burkill (水冬瓜)	2.2-2.6m x 5 cm	-	2,200-3,500	2,200-3,500
Betula (桦木)	2m x 3-5 cm	-	2,350-2,600	2,350-2,600
	2m x 3-5 cm	No Knots	3,500-3,700	3,500-3,700
<i>Alanthus altissima</i> (椿木)	2.2-2.6m x 5 cm	A	3,000-4,800	3,000-4,800
Elm (榆木)	2m x 2.5-3.5 cm	A	3,300	3,300
Kevazingo (巴花)	2.2-3.4m x 5-6 cm	No Knots	17,000-19,000	17,000-19,000
Teak (柚木)	Above 2.2 m	No Knots	22,000-27,000	22,000-27,000
Acajou (桃花芯)	2.2-2.6m x 5 cm	No Knots	6,300-6,700	6,300-6,700
Sapele (沙比利)	2.2-2.6m x 5 cm	No Knots	4,000-7,000	4,000-7,000
Ayous (非洲白木)	2.2-4.4m x 5 cm	A	4,500-5,000	4,500-5,000
Pyinkado (红胡桃)	2.2-3m x 5 cm	A	3,700-4,000	3,700-4,000
Okoume (奥古曼)	2-4m x 5 cm	No Knots	3,400-3,600	3,400-3,600
Black Walnut (黑胡桃)	2-4m x 5 cm	A	4,500-5,000	4,500-5,000
Rok-fa (金丝柚)	2.2-2.6m x 5 cm	No Knots	8,000-9,000	8,000-9,000

Source: Dongguan Timber Market

China: Average Indicative Wholesale Prices of Russian Sawntimber

Species	Specifications	Price (RMB/m ³)		
		August 2021	September 2021	October 2021
White Pine	4m x 6-8cm	2,200	2,200	2,200
	3m x 6-8cm	2,200	2,200	2,200
	4m x 4-6cm	2,200	2,200	2,200
	3m x 4-6cm	2,200	2,200	2,200
Scots Pine	4m x 6-8cm	2,200	2,200	2,200
	4m x 4-6cm	2,200	2,200	2,200
	3m x 4-6cm	2,200	2,200	2,200
	4m x 6-8cm	2,200	2,200	2,200
	3m x 6-8cm	2,200	2,200	2,200
Pine	4m x 5cm	2,280	2,280	2,280
	4m x 6cm	2,280	2,280	2,280
	4m x 4cm	2,280	2,280	2,280
	4m x 3cm	2,280	2,280	2,280

Source: Northeast Timber Market

China: Average Indicative Wholesale Prices of Rubberwood Sawntimber

Species	Specifications	Grade	Prices (RMB/m ³)		
			August 2021	September 2021	October 2021
Thailand	4/8" (20 厚) x 2-5" x 1-1.1m	AB	3,900	3,900	3,800
	4/8" (22 厚) x 2-5" x 1-1.1m	AB	4,100	4,100	4,000
	4/8" (24 厚) x 2-5" x 1-1.1m	AB	4,300	4,300	4,200
	4/8" (20 厚) x 2-3" x 1-1.1m	C	3,300	3,300	3,200
	4/8" (22 厚) x 2-3" x 1-1.1m	C	3,500	3,500	3,400
	4/8" (24 厚) x 2-3" x 1-1.1m	C	3,500	3,500	3,400
	5/8" x 2-5" x 1-1.3m	AB	4,600	4,600	4,500
	5/8" x 2-3" x 1-1.3m	C	3,900	3,900	3,800
	6/8" x 2-5" x 1-1.3m	AB	4,300	4,300	4,300
	7/8" x 2-5" x 1-1.3m	AB	3,700-4,900	3,700-4,900	3,600-4,800
	7/8" x 2-3" x 1-1.3m	C	2,900-3,200	2,900-3,200	2,800-3,100
	1.25" x 2-5" x 1-1.3m	AB	3,800	3,800	3,800
	1.5" x 2-5" x 1-1.3m	AB	3,600	3,600	3,600
	1.75" x 2-5" x 1-1.3m	AB	3,600	3,600	3,600
	2" x 2-5" x 1-1.3m	AB	3,600	3,600	3,600
	2.5" x 2-5" x 1-1.3m	AB	3,600	3,600	3,600
	3" x 3" x 1-1.3m	AB	3,100	3,100	3,100

Source: Jiu Jiang Timber Market

China: Average Indicative Offer Prices of Sawntimber from Various Countries

Origin	Species	Grade	Price (USD/m ³), FOB		
			August 2021	September 2021	October 2021
Africa (Western Ports)	Ayous	FAS GMS	420	420	420
	Okoume	FAS GMS	460	460	460
		Merchantable	360	360	360
	Sipo	FAS GMS	520	520	520
		FAS (Strip)	540	540	540
	Padauk	FAS GMS (Grade 1)	920	920	920
		Sawn log	1,050	1,050	1,050
		Strip	715	715	715
	Sapele	FAS (Spanish	505	505	505

		specifications)			
		FAS (Sawn log)	510	510	510
	Bubinga	FAS GMS	460	460	460
	Iroko	FAS GMS	640	640	640
		FAS (Sawn log)	725	725	725
		Strip	425	425	425
	Khaya	FAS GMS	450	450	450
		FAS (Fixed specifications)	470	470	470
	Moabi	FAS GMS	620	620	620
		FAS (Sawn log)	630	630	630
	Movingui	FAS GMS	430	430	430
Africa (Ghana) 25-100mm x 150mm up x 2.4m up	Afrormosia	AD	860	860	860
		KD	925	925	925
	Asanfina	AD	465	465	465
		KD	564	564	564
	Ceiba	AD	404	404	435
		KD	600	600	600
	Dahoma	AD	482	482	447
		KD	592	592	586
	Edinam	AD	520	520	520
		KD	670	670	687
	Emeri	AD	540	540	540
		KD	609	609	603
	Makore	AD	740	740	710
		KD	755	755	800
	Niangon	AD	583	583	599
		KD	680	680	667
	Sapele	AD	720	720	800
		KD	742	742	755
	Wawa	AD	355	355	373
		KD	459	459	438
West America	SPF	KD #2&Btr 2x4	-	-	510
	SYP	KD #2&Btr 2x4	-	-	555
East America	SPF	KD #2&Btr 2x4	-	-	610
Great Lakes Region	Fir	Std & Btr 2x4	-	-	395
Brazil	Ipe	Regular	1,425	1,425	1,425
	Jatoba	Regular	938	938	938
Peru	Virola	Regular	186-217	186-217	186-217
	Mahogany	Regular	867-911	867-911	867-911
	Marupa	Regular	158-174	158-174	158-174
	Spanish	Regular	305-364	305-364	305-364

	Cedar				
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Source: Timber Traders

FURNITURE



nine out of ten bay windows are chaotic.

As long as the words “Bay Window” (飘窗) appears in the developer’s brochure, it definitely has its own romantic attribute. Imagine that the sun shines through the shutters, on the soft and waxy pillows and blankets, and the cat curls up lazily at its feet... every square foot full of romance and good life. However, back to reality,

Drink tea, enjoy the scenery, sit idle and daze... no matter how beautiful one fantasizes about the bay windows at the beginning, after staying for a long time, one will find that the “centre of mind” place in the mouth of developers is actually easier to become overnight clothes display area.

However, even such a cliff-breaking bad childhood experience did not let the tenacious Chinese Generation Z to give up. While complaining about the futility of the bay windows, all young tenants are trying every means to transform it and it is becoming a new trend and business opportunity.

Chinese Style Bay Windows

In fact, the bay windows should be regarded as an imported product, which originated in Victorian England. At that time, the bay windows not only protruded outward but the building itself had a convex structure, and the angle was very large, close to a semicircle.

This design not only has better daylighting, but the façade is a good decoration. Nowadays, bay windows are still very popular in modern houses in US and European countries. However, their bay windows are generally landing, and the furniture placement will be more freely.



However, most of the bay windows in China are rectangular and have a permanent platform.



Why do the bay windows in China have to be like this? This has to ask the developers. According to the Ministry of Housing and Urban-Rural Development, the area of houses with inclined arc and other



non-vertical walls and parts, with a floor height more than 2.2 m shall be calculated. In other words, if the height from the bay windows to the ceiling is less than 2.2 m, one does not have to include into the build area. For the developers, as long as they build the platform high enough, this part of the area can be excluded.

Therefore, the height of Chinese bay windows is not designed according to ergonomics - it is completely customised according to the building code. To the developers, bay windows are FOC for the buyers.



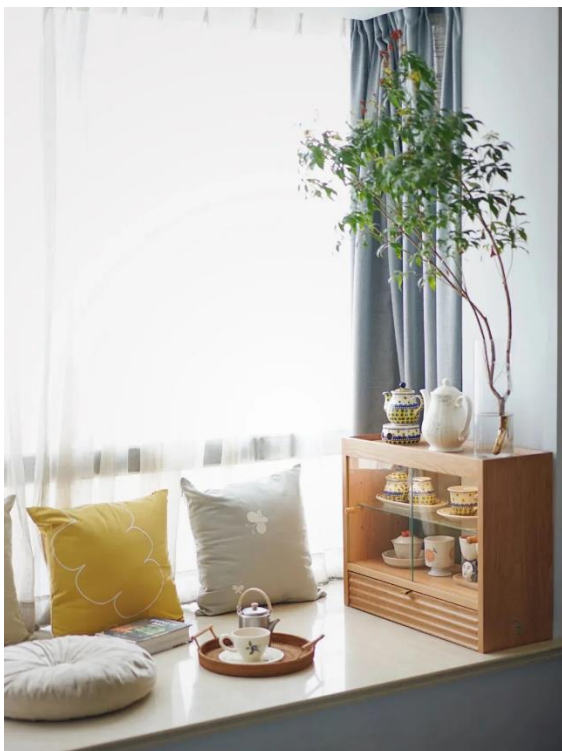
This is the contradiction of Chinese buyers - the dream for a foreign-style bay windows but a reality of the platform-style bay windows. What is its load bearing is always a mystery question? Depending on the building structure, some bay windows can be removed. If not, one has to spend more efforts to renovate it.

Bay Windows Renovation

Turning bay windows into a relax tea making area is one of the most common and convenient ways to renovate. Put on a soft cushion, a low table for drinking tea, isn't it a leisure area for drinking tea and chatting?



“Tea room” is the simplest renovation - measure the size of the bay windows and choose the appropriate tables and chairs. One normally spends less than RMB1,000. For the upgrade version, one can add storage cabinet to show off his/her hobbies.



Many people may struggle with seat or platform materials. The most common is artificial synthetic marble, which is durable. There is no need to worry about sunlight and water. It may be cold and hard but adding cushion will basically solve the problem.

Not many will choose timber as seat or platform materials. Timber can increase the warmth of the bay windows, but it is more troublesome to maintain - it is easily crack or fade under the sun. When it rains, forget to close the windows is a problem.



Car Seat or Cassette Deck (卡座) can be said to be a necessary design for bay windows in a small house, which can save space and money, with full score for practicability.



本来的样子



卡座长: 184cm

卡座宽: 46cm

卡座高: 47cm



According to the logic, if the bay windows is in the living room, dining room and other public area, one can consider turning into car seat or cassette deck style. Especially the long bay windows in the living room, no need to worry about not enough sofa when friends gather for a football match.



For most people, it is a headache to have a bay window, but many houses have more than one. For the bay windows in the study room, many will turn it into tatami; for the bay windows in bedroom, many will renovate it into a desk and lockers; for the bay windows in master bedroom, many will turn it into cabinet.



The most popular renovation style for a bay windows is to turn it into a study or working area. Who doesn't want a big window in front of his/her desk?



A clean and tidy desk, and beautiful scenery outside the windows, this is the dream of those work-from-home. Due to the pandemic, it has become a dream for most office workers and is a **requisite** when decided to renovate their home.

For plant lovers, the bay windows do not need any renovation. Just being a plant corner is the best at home.



Different people have different views. Elderly people love to complain about renovating the bay windows, but it has become the new playing ground for the Generation Z and for those work-from-home (WFH) - for Generation Z, it is a leisure place and for WFH, it is the best work area compared to the dining table or a new work desk.



China: Average Indicative Offer Prices of Veneer, November 2021

Species	Grade	Prices (RMB/m ²)
Maple	0.6 mm (A)	22.00
Manchuria Ash	0.6 mm (A)	10.00
Sapele	0.6 mm (A)	12.00
Birch	0.6 mm (A)	8.00
Black Walnut	0.6 mm (A)	25.00
Thai Teak	0.5 mm (A)	10.00



White Oak	0.6 mm (A)	28.00
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Source: Timber Trader

China: Average Indicative Offer Prices of MDF in Guangdong, November 2021

Specifications	Grade	Price (RMB/sheet)
2,440 x 1,220 x 9 mm	E1	53.00-58.00
2,440 x 1,220 x 12 mm	E1	64.00-71.00
2,440 x 1,220 x 15 mm	E1	73.00-85.00
2,440 x 1,220 x 18 mm	E1	85.00-99.00

Source: Timber Traders

China: Average Indicative Offer Prices of Blockboard in Guangdong, November 2021

Specifications	Grade	Price (RMB/sheet)
2,440 x 1,220 x 15 mm	E2	103.00-136.00
2,440 x 1,220 x 18 mm	E2	111.00-143.00

Source: Timber Traders

China: Average Indicative Wholesale Prices of Particleboard, November 2021

Specifications	Grade	Price (RMB/sheet)
1220 x 2440 x 15 mm	E2	63.00-74.00
1220 x 2440 x 18 mm	E2	77.00-83.00
1220 x 2440 x 25 mm	E2	88.00-111.00

Source: Timber Trader

China: Average Indicative Wholesale Prices of Plywood, November 2021

Specifications	Grade	Price (RMB/sheet)
2440 x 1220 x 3 mm	E1	39.00-44.00
2440 x 1220 x 9 mm	E1	65.00-73.00
2440 x 1220 x 12 mm	E1	84.00-89.00
2440 x 1220 x 15 mm	E1	104.00-116.00
2440 x 1220 x 9 mm	Bamboo	115.00-127.00
2440 x 1220 x 12 mm	Bamboo	126.00-137.00
2440 x 1220 x 15 mm	Bamboo	141.00-150.00

Source: Timber Trader

OTHER DEVELOPMENT

In 25 October 2021, the General Administration of Customs China issued a statement saying that it would stop issuing Generalised System of Preference certificates of origin for goods exported to 32 countries.

Since the announcement, there has been some confusion online over its significance, with some outlets seeming to suggest that these 32 countries had recently decided to revoke China's GSP status, effective as of 1 December 2021, which is not the case.

What happened?



The General Administration of Customs China (GACC) released a statement saying that, as of 1 December 2021, it would no longer issue Generalised System of Preference (GSP) certificates of origin (also called "Form A") for goods exported to 32 countries, because these countries no longer offer China GSP status. The 32 countries are composed of the 27 EU

member states, UK, Canada, Turkey, Ukraine and Liechtenstein.

The misunderstanding that appears to have arisen in some online media is that China was recently removed from these countries' GSP lists, and that is what prompted the GACC to stop issuing GSP licenses. However, China has actually not received GSP privileges from these countries for many years.

Since 1978, a total of 40 countries have granted China GSP status. The EU ceased granting China GSP privileges on all goods in 2015 after the World Bank upgraded its developing status to an "upper-middle income country". Switzerland and Canada both revoked China's GSP status in 2014, and Japan followed in 2016.

Currently, only New Zealand, Australia and Norway still grant China GSP status.

The GACC's recent announcement is therefore not a response to these countries' recent decision to revoke China's GSP status, rather a retiring of a service that is no longer required for these countries.

What is GSP?

GSP is a preferential tariff system that reduces tariffs on certain imports from developing countries (the "beneficiary country"). The system is non-reciprocal, which means that the beneficiary country does not have to grant the developed country (the "donor country") the same tariff reductions.

This is in direct contrast to the Most Favoured Nation (MFN) status, which bans countries from discriminating against investors or traders from another country (provided they are both World Trade Organisation (WTO) member countries) and requires them to grant the same treatment and protections as those domestic investors and traders enjoy. GSP status, therefore, is a way of granting

a permanent waiver of these requirements to the beneficiary country (as opposed to waivers offered in temporary trade agreements that are reviewed periodically).

The GSP system is designed to incentivise exports from the beneficiary country and promote its economic growth. It also helps to drive down the cost of import goods for consumers in the donor countries. The system is meant to be “generalised”, meaning that donor countries cannot discriminate against or offer preferential treatment to certain developing countries or goods.

What is a GSP certificate of origin?

To be eligible for reduced or waived tariffs, exporters must provide a GSP certificate of origin for their goods that are issued by the customs authorities in the exporting country. In China, this government body is the GACC. The document certifies that the goods were produced in the GSP-eligible country and must be presented at customs to prove their eligibility for preferential tariffs when entering the importing country.



A GSP certificate of origin is a type of preferential certificate of origin. Preferential certificates of origin certify the origin of goods under a specific trade agreement or other preferential system, of which GSP is one. Different certificates of origin are therefore issued for different trade agreements and preferential systems.

These documents are different from non-preferential certificates of origin, which are provided for goods that are not eligible for any preferential tariffs, or for where the MFN status prevails. As proof of origin is not always a requisite for exporting and importing goods, non-preferential certificates of origin are usually only issued for goods whose value is tied to their origin of production, for example, as proof of quality, or for goods being exported to countries with trade remedies (tariffs imposed on goods that are subsidised in the export country).

The GACC will therefore continue to issue preferential certificates of origin for other trade or preferential agreements, as well as non-preferential certificates of origin, to these 32 countries.

How will this impact trade with China?

The recent announcement makes no changes to China’s GSP status and will therefore not have any additional impact upon industries in China beyond that created by the original decision to revoke China’s GSP status many years ago.

It is worth noting that US remains China's largest export market, which has never granted China GSP status. To this day, the EU is China's second-largest export market, with some of the labour-intensive industries most impacted by China's removal from the GSP lists - industrial and consumer goods, machinery and equipment, footwear and clothing - still among the top export goods to the EU.

The statement released by the GACC urged exporters that still need to provide certificates of origin to export goods to apply for a non-preferential certificate of origin or a preferential certificate of origin under an existing trade agreement.



As China is a member of the WTO, it is subject to the MFN rule when trading with other WTO member countries. Trade with the countries that formerly granted it GSP status is therefore now conducted under the MFN rule, which means tariffs on import goods must be reciprocal, which means that tariffs on Chinese goods imported to any WTO member country will be the

same as those imported from other countries.

It bears mentioning that exceptions are sometimes given to the MFN rule under the General Agreement on Tariffs and Trade (GATT) Article XX on General Exceptions, which is what enables trade agreements to give preferential treatment to certain countries in some instances.

Similarly, the increased tariffs imposed on some Chinese imports to US as a result of the US-China trade war have been the subject of debate and legal disputes, with the Chinese side arguing, among other issues, that the increased tariffs violate the MFN rule and the US side maintaining that the tariffs fall under the General Exceptions.

Does this mean China is no longer considered a developing country?

The question of whether China can be considered a developing country has sparked a considerable amount of debate, particularly as it pertains to issues of investment, trade and the environment.

The World Bank's decision in 2015 to classify China as an upper-middle income country spurred multiple trade partners to remove preferential tariffs, meaning that this designation has real-world consequences.

There is also some discussion among international investors as to whether to classify China as an emerging or developed market. On one hand, China's GDP per capita, which surpassed USD10,000 in 2019, puts it at the upper end of middle-income countries. However, many cities in China, notably first-tier and second-tier cities, have broken through the "middle-income trap" and reached a higher wealth bracket (Shanghai's per capita GDP in 2020 was approximately USD24,426).



China has also hinged its responsibilities to combat climate change on its status as a developing country. The justification behind the country's carbon emissions plan to reach peak carbon emissions by 2030 and carbon neutrality by 2060 is that, as the world's largest developing economy, its ongoing industrialisation and urbanisation creates an increasing energy demand, which currently can only be met through a high reliance on fossil fuels.

This position is supported by the Paris Agreement, which designates China as a developing country and therefore holds it to lower requirements.

Many critics of China's climate action plans have therefore taken aim at its status as a developing country, arguing that China's climate action plans are insufficiently ambitious given its considerable leverage as the second-largest economy in the world.

As it stands, China is still not considered a developed country by most international standards. The World Bank classifies countries with a per capita GDP of above USD12,695 as a "high-income country", which the International Monetary Fund forecasts China will reach by the end of 2022. As for China's own designation, the country aims to be a prosperous and fully developed country by 2049.



JAPAN MARKET UPDATE

GENERAL ECONOMIC TRENDS

In the Bank of Japan's September 2021 Tankan Survey, the DI for business conditions for large manufacturers was up 4 percentage points from the previous survey, recording its highest level in the past 3 years. Business sentiment for production machinery and machinery for business purposes improved on the back of increased exports, reflecting the recovery of the overseas economy. On the other hand, the DI for automobile manufacturers plunged into negative territory for the first time in 3 quarters, as the parts shortage due to the resurgence of COVID-19 in Southeast Asia put downward pressure on automobile production.

The DI for large non-manufacturers was +2, recording its first positive value, albeit slight, for 2 consecutive quarters. While the DI remained brisk for telecommunications, information services and construction, it continued to remain in negative territory for accommodation and food services, which were affected by activity restrictions as a result of the State of Emergency declaration, highlighting visible polarisation among industries.

The Industrial Production Index for August 2021 declined 3.6% from the previous month, down for the 2nd consecutive month. A significant decline in automobile production (down 15.8% month-on-month) put downward pressure on overall industrial production. Looking at the future production plan, production is expected to increase (up 0.2% month-on-month in September 2021 and up 6.8% month-on-month in October 2021). However, given additional production cuts by major automakers, actual production will inevitably fall short of production plans.

Japan's Real Consumption Activity Index (travel balance adjusted) for July 2021 increased by 0.5% from the previous month, up for the 2nd consecutive month. Consumption level remained below that at the end of the previous year, as repeated issuance of the State of Emergency declaration exerted downward pressure on service consumption.

Goods exports have declined significantly. By item, shipments of transportation machinery decreased against the backdrop of the decline in automobile production in Japan.

As for future prospects, exports will likely return to a rising trend as 1) demand for capital goods and electronic parts and devices is firm on the back of the global economic recovery, and 2) automobile production is expected to pick up after November 2021.

According to the Bank of Japan's September 2021 Tankan Survey, the DI for future overseas product supply & demand conditions turned out to be positive mainly for production machinery and electric machinery, an indication that many companies believe that overseas demand will continue to improve. However, given the persistent uncertainty over the outlook of automobile production, the recovery of exports may be delayed if the supply chain stagnates for a long period of time.



As the COVID-19 remains a problem around the world, the number of tourists that visited Japan in August 2021 fell 99.0% compared to the same month in 2019, remaining at a significantly lower level than before the pandemic.

It is difficult for the Japanese government to ease entry restrictions for tourists until COVID-19 infections settle down both in Japan and overseas. Given this situation, demand related to inbound tourism is expected to remain virtually zero for the foreseeable future. While the International Civil Aviation Organisation predicts that the number of passengers around the world at the end of 2021 will recover to around 50% of the level prior to the COVID-19 outbreak, Japan's recovery in the movement of people across national borders may be slower than that of other developed countries.

According to the Financial Statements Statistics of Corporation by Industry, current profits on an industry-wide basis for the April-June 2021 increased by 1.8% from the previous quarter, up for 4 consecutive quarters. By industry, current profits for the manufacturing industry increased by 7.4% from the previous quarter, recording high growth. Increased sales on the back of the recovery in exports contributed to the rise in earnings. On the other hand, current profits for the non-manufacturing industry decreased by 1.9% from the previous quarter, down for the first time in 4 quarters. The accommodation and food services industries, among other industries, continued to post losses, as the restrictions on human movement due to the State of Emergency declaration exerted downward pressure on sales.

In the July-September 2021, the extension of the State of Emergency declaration continued to exert downward pressure, and the profit environment for the accommodation and food services industries remained severe. In contrast, in the manufacturing sector, earnings improved further on the back of robust exports of production machinery and electric machinery. However, disparity has been seen among industries, as reduced production due to the resurgence of COVID-19 in Southeast Asia weighed on profitability of transportation machinery.

Capital expenditure for the April-June 2021 increased by 3.2% from the previous quarter on an industry-wide basis, up for the 2nd consecutive quarter. Despite the prolonged effects of the COVID-19 pandemic, there has been no significant change in the improvement in corporate investment attitudes, and capital expenditure plans for fiscal 2021 (according to the Bank of Japan's Tankan September 2021 Survey, large enterprises, industry-wide basis) are 12.3% higher than actual results from the previous fiscal year, with the prospect of a recovery in the level of investment to pre-COVID-19 outbreak values. However, corporate investment stance varies among industries, and companies are expected to remain cautious with regard to capital investment in industries such as accommodation and food services and personal services.

The unemployment rate in August 2021 was 2.8%, unchanged from the previous month. As unemployment was pushed down due to an increase in the number of people who suspended their job-hunting activities, the number of workers decreased by about 320,000 month-on-month. While the Japanese government has maintained special treatment such as raising the upper limit of employment adjustment subsidies, the prolonged State of Emergency declaration has resulted in



continued deterioration of employment conditions. The ratio of active job openings to applicants for August 2021 declined slightly from the previous month for the first time in 4 months.

Upon the lifting of the State of Emergency declaration at the end of September 2021, employment is expected to return to a rising trend going forward, mainly in the food services industry. However, amid lingering concerns over the resurgence of COVID-19, the pace of improvement in the employment environment will remain moderate for the foreseeable future.

Total cash earnings (on the basis of common business establishments) in July 2021 rose 1.6% from the same month in the previous year, recording a year-on-year increase for the 5th consecutive month. This is a high growth rate in recent years. The increase in average wages was attributable primarily to 1) an increase in the number of part-time workers paid low-wages, and 2) the reaction to the decline in non-scheduled salaries (overtime pay) during the previous year. A similar trend is expected to continue in August 2021 and September 2021.

After October 2021, it is predicted that there will be downward pressure on average wages, as the number of part-time workers will increase upon the lifting of the State of Emergency declaration. In addition, the deterioration in corporate earnings due to the COVID-19 pandemic will likely negatively affect year-end bonuses for the current fiscal year. Therefore, it is difficult to expect that overall wages will improve in earnest for the foreseeable future.

Consumption has been up and down due to the repeated easing and reinforcement of activity restrictions. As the number of people moving across prefectures increased in July 2021, service consumption, including that related to domestic travel and theme parks, picked up temporarily. From early August 2021 to early September 2021, however, personal spending shrank once again due to the extension of the State of Emergency declaration and expansion of the scope of the declaration.

Progress has been made in the COVID-19 vaccine rollout, and about 60% of Japan's population will have received two doses of a COVID -19 vaccine by the end of September 2021. Amid this situation, the Japanese government lifted the State of Emergency declaration across the nation on 30 September 2021. The government is planning to implement demonstration experiments toward easing activity restrictions from October 2021 with a policy to relax restrictions fully starting in November 2021. Expectations for medical treatment, such as the development of oral drugs, will likely boost consumer confidence. Given the above, a recovery in consumption is anticipated to become more visible going forward.

COVID-19 related savings, or money which has not been spent on household expenses due to self-restraint in consumption activities, so far is estimated to have accumulated to about ¥400,000 on average for working households and ¥500,000 for retired households. Such accumulated savings could be utilised for so-called "revenge spending" such as domestic travel and eating out in the future.

The Industrial Production Index for August 2021 fell 3.6% from the previous month, indicating sluggish production activity in the manufacturing industry. The move comes amid a global shortage of



semiconductors and a decline in auto production due to parts shortages caused by a resurgence of COVID-19 in Southeast Asia.

Even after the beginning of September 2021, some automakers announced large-scale additional production cuts, which highlighted the negative effects of disruption in parts procurement. According to the production forecast survey in September 2021, the production of transportation machinery is expected to increase significantly through October 2021, but it appears that the latest additional production decrease was not included in the forecast survey. Taking into account reported production cutbacks by companies, October's production levels may fall slightly below September's. Given that the production cutbacks for finished vehicles have a significant negative impact on other industries and that production in industries other than automobiles continues to fall short of planned levels, industrial production in September 2021 and October 2021 is expected to fall 1.0% and 5.5%, respectively, from the forecast survey.

There have been moves to resume plant operations in Southeast Asia, and automobile production in Japan is expected to pick up in November 2021. However, recent supply constraints have had a negative impact not only on exports but also on domestic sales. If production cuts continue for longer than expected, there is a risk that the economic recovery scenario, in which a higher pace of growth led by consumption will be achieved through the 2nd half of the fiscal year, may collapse.

Prospects for Japan's Economy,

Given the decline in production activities in the manufacturing industry, the economic forecast for the foreseeable future has been revised downward. It appears that Japan recorded negative growth for the July-September 2021 for the first time in 2 quarters, as the decline in exports and domestic sales, in line with the automobile production cuts, weighed on Japan's economy.

After the October-December 2021, personal consumption is expected to visibly recover on the back of progress in the COVID-19 vaccine rollout and the subsequent easing of activity restrictions. Higher economic growth is anticipated, as an increase in exports due to the recovery of the overseas economy and the rebound in automobile production will also boost the economy. That notwithstanding, uncertainties remain over the procurement environment for automobile parts and the future development of the COVID-19 pandemic, and attention must be paid with regard to the risk that the timing of economic recovery may be delayed.

Meanwhile, after the beginning of fiscal year 2022, it is anticipated that consumer spending will mostly normalise and that the pace of economic recovery will return to a steady cruising speed. This is expected to result in significantly slower quarterly growth.

Japan's growth rate for fiscal year 2021 and fiscal year 2022 is expected to be +3.4% and +2.8%, respectively, achieving high positive growth 2 years in a row. It is forecast that Japan's GDP will recover to the pre-pandemic level (October-December 2019) in the October-December 2021 and exceed the pre-pandemic peak level (July-September 2019) in the April-June 2022.

In August 2021, core CPI increased 0.0% year-on-year, moving out of negative territory for the first time in 13 consecutive months. On the other hand, CPI excluding fresh food and energy remained on a declining trend, down 0.5% year-on-year. While education and entertainment services, including accommodation fees, contributed to the boost as a result of the reaction to the previous year's "Go To Campaign," lower mobile phone charges put significant downward pressure on overall CPI.

As for the future outlook, while energy prices are expected to continue rising, persistent downward pressure will be exerted on general prices from the viewpoint of supply and demand, and communications costs are anticipated to continue to fall. Consequently, CPI excluding fresh food and energy will likely remain in negative territory for the time being.

Japan: Projections of GDP Growth and Main Indicators of Japan (as of 6 October 2021)

	Seasonally adjusted, annualised % changes from the previous quarter										% change from previous fiscal year		
	2020		2021				2022				FY 2020	FY 2021	FY 2022
	7-9	10-12	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12			
	Actual		Actual		Projection		Projection						
Real GDP	23.2	11.9	4.2	1.9	0.5	5.9	7.6	1.5	1.0	1.1	4.4	3.4	2.8
Private Consumption Expenditure	22.8	9.3	4.9	3.8	1.6	7.3	9.9	0.7	0.7	0.9	5.8	3.5	3.0
Housing Investment	21.0	0.2	3.9	8.5	3.5	0.6	2.8	2.0	0.7	0.2	7.2	2.3	1.5
Business Fixed Investment	8.0	18.3	4.9	9.5	4.0	4.6	4.6	3.9	3.2	2.5	6.8	4.6	3.7
Private Inventories (% points contribution)	(0.8)	(2.0)	(1.7)	(1.3)	(0.1)	(0.4)	(0.3)	(0.0)	(0.0)	(0.0)	(0.2)	(0.3)	(0.1)
Government Consumption Expenditure	11.6	7.9	6.7	5.4	1.2	0.6	1.6	0.8	0.0	0.6	3.4	2.0	0.8
Public Investment	2.5	3.8	4.2	6.5	1.5	2.7	0.5	0.0	1.0	0.6	4.2	1.2	0.1
Net Export (% points contribution)	(11.2)	(4.2)	(0.9)	(1.3)	(0.5)	(0.6)	(0.8)	(0.2)	(0.1)	(0.0)	(0.6)	(0.6)	(0.2)
Exports of Goods & Services	32.7	55.8	9.8	11.8	1.8	8.7	9.9	5.4	4.6	4.1	10.4	13.6	5.8
Imports of Goods & Services	29.0	20.8	16.8	21.4	1.0	5.2	5.6	4.2	4.0	3.8	6.8	9.5	4.3
% changes from the same quarter of the previous year											% change from previous year		
Nominal GDP	4.5	0.8	1.5	6.4	1.0	0.2	3.7	4.0	4.5	2.9	3.9	2.7	3.1
GDP deflator	1.1	0.1	0.2	1.1	1.1	0.4	0.1	0.4	0.5	0.2	0.6	0.6	0.3
CPI (excluding fresh food)	0.3	0.9	0.5	0.6	0.0	0.3	0.4	0.4	0.7	0.4	0.5	0.2	0.5
Unemployment Rate (%)	3.0	3.1	2.8	2.9	2.8	2.8	2.8	2.8	2.8	2.7	2.9	2.9	2.7
Exchange Rate (¥/USD)	106	104	106	109	110	112	113	114	114	113	106	111	114
Import Price of Crude Oil (USD/barrel)	41	44	55	67	73	76	73	68	69	67	43	70	68

Source: The Cabinet Office; Ministry of Internal Affairs and Communications; Ministry of Economy, Trade and Industry; Ministry of Finance
red indicates negative

HOUSING & CONSTRUCTION

Japan: Housing Starts, January-September 2021

	Structure		Owner / Occupant				Total
	Wooden	Non-Wooden	Owner Occupied	Rent	COH	Built-for-sale	
2006	559,201	731,190	358,519	543,463	9,228	379,181	1,290,391
2007	504,546	556,195	314,865	441,733	9,366	294,777	1,060,741
2008	516,875	576,644	318,511	464,851	10,136	300,021	1,093,519
2009	430,121	358,289	284,631	321,470	13,473	168,836	788,410
2010	460,134	352,992	305,221	298,014	8,003	201,888	813,126
2011	464,837	369,280	305,626	285,703	8,217	234,571	834,117
2012	486,756	396,041	311,589	318,521	5,877	246,810	882,797
2013	549,971	429,712	354,772	356,263	5,060	263,588	979,683
2014	489,463	402,798	285,270	362,191	7,372	237,428	892,261
2015	504,318	404,981	283,366	378,718	6,014	241,201	909,299
2016	546,336	420,901	292,287	418,543	5,875	250,532	967,237
2017	545,366	419,275	284,283	419,397	5,770	255,191	964,641
2018	539,394	402,976	283,235	396,404	7,468	255,263	942,370
2019	523,319	381,804	288,738	342,289	6,400	267,696	905,123
2020	469,295	346,045	261,088	306,753	7,231	240,268	815,340
2021							
Jan	33,400	25,048	19,200	19,749	365	19,089	58,448
Feb	35,448	25,316	20,390	22,556	420	17,398	60,764
Mar	39,008	32,779	22,340	27,245	378	21,824	71,767
Apr	41,056	33,465	22,877	28,825	336	22,483	74,521
May	41,156	29,022	22,887	25,074	791	21,426	70,178
Jun	45,750	30,562	26,151	29,802	482	19,877	76,312
Jul	44,659	32,523	26,071	29,230	401	21,480	77,182
Aug	44,587	29,716	25,100	28,733	534	19,936	74,303
Sep	45,126	28,052	25,659	28,254	410	18,855	73,178

Source: Ministry of Land, Infrastructure, Transport and Tourism
 COH=Company Owned Houses to be rented to their employees

Japan: Housing Starts of Built for Sale, Prefabricated and 2 x 4 Homes

	Built for Sale				
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	Condominiums (unit)	y/y (%)	Single Family Homes (unit)	y/y (%)	Total (unit)	y/y (%)	Prefabricated Homes (unit)	y/y (%)	2 x 4 Homes (unit)	y/y (%)
2010	90,597	18.2	110,358	20.9	201,888	19.6	126,671	0.6	96,104	4.8
2011	116,755	28.9	116,798	5.8	234,571	16.2	126,770	0.1	98,248	2.2
2012	123,203	5.5	122,590	5.0	246,810	5.2	132,244	4.3	107,487	9.4
2013	127,599	3.6	134,888	10.0	263,931	6.9	146,402	10.7	120,111	11.7
2014	110,475	13.4	125,421	7.0	237,428	10.0	140,501	4.0	111,503	7.2
2015	115,562	4.7	123,624	1.4	241,201	1.6	143,549	2.2	114,617	2.8
2016	114,570	0.9	133,739	8.2	250,532	3.9	148,528	3.5	123,713	7.9
2017	114,830	0.2	138,189	3.3	255,191	1.9	139,012	6.4	120,059	3.0
2018	110,510	3.8	142,393	3.0	255,263	0.0	131,496	5.4	116,988	2.6
2019	117,803	6.6	147,522	3.6	267,696	4.9	127,131	3.3	109,625	6.3
2020	107,884	8.4	130,753	11.4	240,268	10.2	110,107	13.4	93,009	15.2
2021										
Jan	8,775	29.3	10,213	6.1	19,089	6.9	7,792	8.8	5,933	15.4
Feb	6,779	27.5	10,470	4.0	17,398	14.6	8,226	4.9	6,575	9.7
Mar	10,392	9.4	11,319	2.6	21,824	2.8	8,382	12.9	7,029	18.9
Apr	10,776	0.5	11,595	0.6	22,483	0.3	8,037	0.5	7,803	1.1
May	9,444	1.6	11,797	13.6	21,426	8.4	8,981	8.6	7,894	16.5
Jun	7,024	16.6	12,654	8.5	19,877	1.5	10,822	4.2	8,888	22.1
Jul	9,117	9.2	12,242	13.1	21,480	11.0	10,875	12.6	8,308	6.0
Aug	7,968	15.0	11,783	24.6	19,936	5.3	10,713	11.8	8,662	15.7
Sep	7,251	39.4	11,505	14.6	18,855	14.9	10,127	7.3	9,220	7.5

Source: Ministry of Land, Infrastructure, Transport and Tourism

red = negative

According to the report by the Ministry of Land, Infrastructure, Transport and Tourism, Japan's housing starts in September 2021 were 73,178 units, increased by 4.3% compared with the corresponding period of the previous year - increase for the 7 consecutive months. The seasonally adjusted annual rate was 845,088 units, down by 1.2% compared with the corresponding period of the previous year.

Housing starts for owner-occupied houses were 25,659 units, up by 14.9% compared with the corresponding period of the previous year, increase for 11 consecutive months. Housing starts for rental houses were 28,257 units, up by 12.8% compared with the corresponding period of the previous year, increase for 7 consecutive months. Housing starts for built-for-sale houses were 18,855 units, down by 14.9% compared with the corresponding period of the previous year, decrease for the first time in 3 months. Built-for-sale condominiums decreased for 2 consecutive months (down by 39.4%), marking the lowest level in 10 years.

By construction method, housing starts of wooden post and beam construction method were 23,602 units (down 22.3%), decrease for the first time in 9 months. By structure, housing starts of wooden houses were 45,126 units (up 13.1%), increasing for 6 months in a row.

TIMBER MARKET

Japan: Imports Statistics, 2021

HS Code	Month	From Indonesia		From Malaysia		From Thailand	
		Vol (m ³)	Val ('000 ¥)	Vol (m ³)	Val ('000 ¥)	Vol (m ³)	Val ('000 ¥)
4403 (Logs)	2014	2	522	228,566	8,241,117	37	3,445
	2015	29	853	182,701	7,528,949	-	1,546
	2016	60	49,012	167,675	5,971,100	-	6,678
	2017	52	1,789	109,904	3,890,709	-	2,802
	2018	-	13,034	75,020	2,753,127	-	3,010
	2019	4	204,238	33,427	1,137,684	712	43,877
	2020	135	69,626	28,452	893,187	2,133	121,313
	Jan	-	-	51	2,884	93	5,445
	Feb	-	-	-	-	41	1,284
	Mar	-	-	20	1,222	94	5,923
	Apr	-	-	235	13,766	122	7,094
	May	-	-	-	-	72	4,496
	Jun	-	-	118	7,403	180	10,800
	Jul	-	-	7,699	291,199	133	9,303
	Aug	-	-	107	6,533	122	7374
	Sep	-	-	-	-	296	19,023
	Oct	-	-	-	43,668	74	4,861
	Subtotal	-	-	8,230	366,675	1,227	75,603
Total Logs Import (Jan-Oct)		Vol: 2,246,000 m ³ Val: ¥70,943,025,000					
4407 (Sawntimber)	2014	21,095	2,005,774	87,299	7,375,467	2,014	133,256
	2015	20,059	2,154,184	75,148	7,120,160	553	68,533
	2016	21,353	1,902,338	66,390	5,407,368	439	49,013
	2017	21,197	1,834,869	60,215	4,952,907	493	48,996
	2018	20,589	1,710,065	57,780	5,030,696	920	71,178
	2019	24,194	1,916,061	52,592	4,679,745	311	42,264
	2020	19,734	1,585,866	37,320	3,188,522	339	43,605
	Jan	1,715	132,559	3,311	274,330	23	2,272
	Feb	1,505	115,500	2,878	234,530	29	2,760
	Mar	1,680	130,501	3,381	309,838	47	4,529
	Apr	1,901	168,411	2,731	232,381	26	2,351
	May	1,555	131,443	3,088	267,356	55	4,490
	Jun	1,072	88,676	2,539	223,152	28	3,156
	Jul	1,849	153,578	2,132	181,767	126	10,465
	Aug	1,088	93,028	1,144	101,383	112	9,147
	Sep	2,214	183,423	3,673	336,692	87	7,013
	Oct	1,624	154,606	2,410	229,126	92	7,268
	Subtotal	16,203	1,351,725	27,287	2,390,555	625	53,451

MARKET UPDATE

Total Sawntimber Import (Jan-Oct)		Vol: 3,921,575 m ³ Val: ¥210,639,002,000					
		Vol (kg)	Val ('000 ¥)	Vol (kg)	Val ('000 ¥)	Vol (kg)	Val ('000 ¥)
4408 (Veneer)	2014	2,965,150	911,163	9,805,030	1,183,748	-	-
	2015	3,688,092	1,042,087	6,037,161	738,623	622	556
	2016	6,990,990	1,408,252	7,543,279	922,913	-	-
	2017	5,975,034	1,321,846	5,514,260	753,218	-	-
	2018	6,910,715	1,717,926	7,531,203	994,132	-	-
	2019	6,605,153	1,585,305	6,488,826	786,675	-	-
	2020	3,585,950	1,040,307	4,319,268	377,274	-	-
	Jan	203,748	68,232	864,285	59,109	-	-
	Feb	133,079	47,471	72,860	10,690	-	-
	Mar	257,285	88,422	932,153	71,668	-	-
	Apr	241,772	75,464	373,796	40,020	-	-
	May	307,390	93,104	489,681	41,608	-	-
	Jun	198,195	54,058	648,910	64,963	-	-
	Jul	343,036	94,006	458,634	40,474	185	250
	Aug	385,708	121,278	248,049	28,352	-	-
	Sep	313,007	102,457	293,178	45,784	-	-
	Oct	404,210	113,217	657,305	71,055	-	-
	Subtotal	2,787,430	857,709	5,038,851	473,723	185	250
Total Veneer Import (Jan-Oct)		Vol: 162,098,896 kg Val: ¥11,570,456,000					
4409 (Mouldings)	2014	24,968,511	5,091,684	9,340,845	2,132,777	1,017,838	413,660
	2015	27,551,812	6,242,448	8,411,299	1,964,821	802,737	419,306
	2016	30,638,398	6,052,722	7,178,660	1,488,509	781,087	459,057
	2017	30,843,301	6,065,399	6,993,729	1,452,470	683,524	434,913
	2018	29,615,675	6,215,030	7,759,357	1,697,802	701,159	434,366
	2019	29,607,892	6,267,412	8,310,404	1,972,276	859,419	495,992
	2020	24,178,900	4,780,687	4,308,164	1,218,157	583,499	352,157
	Jan	1,732,209	308,723	512,724	95,354	63,522	42,165
	Feb	1,586,168	318,755	410,335	76,456	60,312	31,608
	Mar	2,406,201	470,736	712,081	156,069	68,498	21,552
	Apr	1,784,187	361,698	504,119	105,669	55,240	21,305
	May	2,260,922	473,083	529,650	110,260	35,184	24,051
	Jun	1,629,926	341,304	492,087	112,596	26,122	17,550
	Jul	2,419,553	529,741	187,622	21,877	44,285	37,393
	Aug	1,864,984	390,530	193,187	24,522	28,250	10,974
	Sep	1,766,791	384,191	720,788	159,632	48,104	37,712
	Oct	2,693,024	565,307	311,324	66,322	18,135	9,766
	Subtotal	20,143,965	4,144,068	4,573,917	928,757	447,652	254,076
Total Mouldings Import (Jan-Oct)		Vol: 75,550,902 kg Val: ¥19,167,991,000					
4410 (Particleboard)	2014	839,919	89,694	11,232,749	592,978	7,027,503	362,294
	2015	1,001,092	136,068	7,688,493	461,303	4,840,368	275,747
	2016	1,396,608	193,381	7,903,638	374,587	6,129,670	291,697
	2017	1,313,947	198,932	7,545,801	409,871	5,262,892	265,625

MARKET UPDATE

	2018	1,381,703	202,208	9,889,753	498,843	13,655,721	660,716
	2019	1,839,630	254,119	17,837,572	910,979	11,877,635	587,949
	2020	1,694,062	219,606	14,876,126	754,148	10,694,437	548,177
	Jan	90,862	14,490	883,712	44,303	130,898	7,152
	Feb	214,223	23,526	1,053,282	58,248	843,702	46,417
	Mar	170,746	23,930	1,179,875	65,902	1,980,698	103,466
	Apr	153,974	21,210	888,060	54,550	1,305,865	74,829
	May	111,950	14,813	1,092,574	63,479	598,994	34,832
	Jun	88,049	12,084	819,044	47,534	1,133,540	60,120
	Jul	87,636	14,093	756,919	39,753	1,792,034	99,803
	Aug	76,175	12,026	891,716	51,569	1,474,622	79,232
	Sep	168,007	23,182	2,161,348	127,776	1,655,153	93,284
	Oct	123,780	18,439	1,525,804	94,213	987,962	55,334
	Subtotal	1,285,402	177,793	11,252,334	647,327	11,903,468	654,469
Total Particleboard Import (Jan-Oct)		Vol: 260,352,427 kg Val: ¥16,597,693,000					
4411 (MDF)	2014	10,391,366	1,088,085	108,457,034	7,699,748	1,970,075	93,869
	2015	8,406,661	1,100,435	112,761,818	7,983,615	2,575,309	142,884
	2016	14,030,691	1,237,412	107,399,603	7,600,508	2,618,719	131,831
	2017	20,597,110	1,687,765	115,698,220	7,912,443	2,711,895	139,652
	2018	28,142,142	2,045,737	114,888,619	8,132,375	2,381,496	121,230
	2019	48,952,543	3,274,013	121,180,193	9,191,136	1,118,243	58,430
	2020	37,401,128	2,472,733	107,654,872	7,230,861	1,111,551	65,979
	Jan	3,025,899	194,743	8,436,221	582,042	50,206	3,442
	Feb	3,223,077	215,129	7,112,411	502,830	74,378	3,469
	Mar	3,684,576	247,278	8,551,444	617,092	143,881	6,686
	Apr	3,679,543	254,053	6,619,246	481,239	191,980	8,849
	May	2,484,563	177,394	9,009,142	680,242	383	257
	Jun	1,872,798	130,044	6,407,188	491,240	143,317	6,210
	Jul	2,319,541	176,643	8,139,349	621,092	196,816	8,739
	Aug	3,544,414	234,200	7,275,404	535,449	142,769	6,825
	Sep	2,943,885	203,940	5,355,157	418,170	97,470	4,529
	Oct	2,910,767	226,272	9,900,013	756,592	100,129	4,563
	Subtotal	29,689,063	2,059,696	76,805,575	5,685,988	1,141,329	53,569
Total MDF Import (Jan-Oct)		Vol: 281,880,967 kg Val: ¥20,596,531,000					
		Vol (m³)	Val ('000 ¥)	Vol (m³)	Val ('000 ¥)	Vol (m³)	Val ('000 ¥)
4412 (Plywood)	2014	1,061,235	75,492,827	1,468,432	91,587,517	1,090	247,477
	2015	898,487	70,085,512	1,206,013	83,021,285	1,067	257,516
	2016	939,244	59,871,018	1,081,449	59,908,421	1,684	351,197
	2017	916,313	59,956,076	1,196,483	66,287,681	1,989	382,536
	2018	1,019,985	77,266,651	1,067,222	70,064,333	1,173	205,867
	2019	915,714	61,296,767	878,565	56,411,046	997	172,211
	2020	833,051	50,495,488	716,996	40,281,404	935	139,423
	Jan	68,528	3,998,867	77,931	4,092,327	57	8,565
	Feb	61,279	3,508,962	54,550	2,984,554	81	9,737
	Mar	74,953	4,582,486	90,500	5,234,653	75	11,479

MARKET UPDATE

	Apr	71,269	4,697,265	66,583	4,001,462	28	3,971
	May	62,695	4,217,281	73,288	4,555,051	72	7,186
	Jun	65,651	4,613,610	62,871	4,049,454	35	7,771
	Jul	71,450	5,294,253	74,868	5,074,222	46	7,101
	Aug	71,256	5,351,637	55,451	3,840,908	23	5,069
	Sep	73,076	5,814,136	62,206	4,417,041	66	10,041
	Oct	77,535	6,269,948	73,618	5,379,399	12	2,627
	Subtotal	697,692	48,348,445	691,866	43,629,071	495	73,547
Total Plywood Import (Jan-Oct)		Vol: 2,262,089 m³ Val: ¥136,895,864,000					
		Vol (kg)	Val ('000 ¥)	Vol (kg)	Val ('000 ¥)	Vol (kg)	Val ('000 ¥)
4418 (BJC)	2014	9,135,355	2,413,637	12,365,740	1,910,141	1,580,770	586,046
	2015	7,805,027	2,461,113	10,533,729	1,611,520	1,122,727	538,140
	2016	6,669,290	2,169,911	10,260,674	1,371,089	1,155,145	524,180
	2017	7,856,725	2,691,501	9,747,182	1,389,620	1,206,378	524,030
	2018	7,481,343	2,358,255	9,704,097	1,437,614	1,294,686	561,160
	2019	7,897,358	2,172,769	8,500,014	1,286,379	1,243,382	570,699
	2020	8,013,743	2,129,850	7,003,100	1,050,534	1,162,292	498,610
	Jan	626,180	167,893	557,110	76,780	37,532	19,408
	Feb	643,325	155,942	445,897	73,382	75,800	28,555
	Mar	692,009	197,926	369,721	72,036	100,599	36,520
	Apr	511,628	140,825	312,050	48,894	116,636	42,193
	May	546,044	150,933	547,497	74,899	42,119	14,835
	Jun	526,003	150,125	470,160	73,114	70,427	33,186
	Jul	668,349	193,117	451,828	55,375	71,932	34,960
	Aug	505,952	147,321	476,507	74,749	118,268	37,307
	Sep	508,502	178,501	316,888	57,234	77,212	40,933
	Oct	813,260	241,380	554,812	82,667	143,060	62,666
	Subtotal	6,041,252	1,723,963	4,502,470	689,130	853,585	350,563
Total BJC Import (Jan-Oct)		Vol: 739,271,760 kg Val: ¥146,328,402,000					
9043 (Furniture)	2014	72,718,815	18,250,919	110,998,868	21,261,387	50,375,772	10,900,169
	2015	59,141,726	16,754,356	107,676,471	22,192,613	44,754,675	9,712,055
	2016	59,963,332	15,380,764	111,059,869	20,306,826	45,303,199	8,707,049
	2017	57,663,510	15,244,829	111,011,703	20,294,516	45,047,007	8,967,679
	2018	51,908,326	13,933,593	107,612,351	19,431,504	43,982,186	8,856,271
	2019	52,215,647	14,168,511	115,092,690	19,688,490	42,316,214	8,002,527
	2020	50,322,172	13,194,291	114,738,893	18,730,733	41,969,224	7,393,458
	Jan	4,576,320	1,111,935	11,567,679	1,768,149	3,174,040	609,850
	Feb	4,397,381	1,174,441	11,771,564	1,859,752	3,665,050	697,795
	Mar	5,887,216	1,536,408	12,147,414	1,981,831	5,135,794	887,689
	Apr	4,831,686	1,145,443	11,692,680	1,897,131	4,503,268	800,448
	May	5,341,302	1,406,971	8,602,912	1,415,750	3,661,226	655,658
	Jun	3,438,430	905,120	8,288,597	1,344,990	3,322,756	631,781
	Jul	4,761,452	1,334,818	2,253,677	448,604	2,752,643	520,347
	Aug	4,060,926	1,174,480	3,316,853	745,356	2,841,843	541,198
	Sep	4,719,897	1,327,185	3,914,867	836,108	3,180,310	576,494

	Oct	5,688,300	1,572,848	9,002,215	1,749,847	2,911,060	571,186
	Subtotal	47,702,910	12,689,718	82,558,458	14,048,034	35,134,808	6,489,318
Total Furniture Import (Jan-Oct)		Vol: 886,429,209 kg Val: ¥284,883,308,000					

Source: Japan Customs

The Forestry Agency released on 1 October 2021 the Guidelines for Labelling of Carbon Storage in Wood-based Buildings. The guideline is for indicating how much carbon is contained in wood used in buildings with a formula to calculate the CO₂ storage of buildings by multiplying the amount of wood, density, carbon content, and CO₂ conversion factor.

Calculation Formula

Amount of lumber (m³) x Density of wood (t/m³) x Carbon content x 44/12 = Carbon storage (CO₂ equivalent)

Calculation Example

Structural Plywood (Japanese Cedar)

80 m³ x 0.542 t/m³ x 0.492 x 44/12 = 78.4 t-CO₂

The guideline can be an important tool to explain the attractiveness of earth-friendly wooden houses to customers in an easy-to-understand manner, in order to actualise a decarbonised society while the environmental awareness of society as a whole is increasing.

Wood stores carbon as it grows. Furthermore, it has the property of keeping carbon fixed as long as it remains unburnt, even after it is used as a building material. Compared to other building materials, wood requires significantly less energy and CO₂ emissions when being manufactured and processed. In this respect, changing other building materials into wood can be an effective way to reduce CO₂ emissions.

There have been no such formulas approved by the Japanese government that the general public could use until now, although data showing the amount of carbon stored in buildings have been available in some reports commissioned by the Forestry Agency. As a result, some building contractors might be unable to explain to their customers in numerical terms how much their wooden houses contributed to decarbonisation, nor to emphasise their advantages against other structures.

In this context, the guideline the Forestry Agency announced is a new initiative to further promote the use of wood by making it possible to indicate the carbon storage capacity of wood used in buildings.

The formula: **Cs = W x D x Cf x 44/12**

W is the amount of lumber (m³) used in a completed building and is the lumber volume in the air-dried state where the materials placed in the air lose moisture through natural drying to maintain the



equilibrium with the humidity in the air. It does not include lumber that is removed before the completion, such as temporary materials and plywood for concrete formwork. It also does not include wood used for exterior structures or ground improvement materials. However, the carbon storage of the excluded materials is allowed to be indicated by calculating it separately from the carbon storage of the wood used in the building.

D is the density of wood (t/m^3). The guidelines include the values of air-dry density for lumber by wood species as a reference from the revised 4th edition of the Handbook of Wood Industry (supervised by the Forestry and Forest Products Research Institute). For example, the figures are 0.44 for Japanese Cypress, 0.38 for Japanese Cedar, 0.55 for Douglas Fir, and 0.46 for Hemlock and Redwood.

Cf is the carbon content in the mass of wood when fully dry, and figures based on documents are applied.

By multiplying the above values of **W**, **D**, **Cf**, and the coefficient $44/12$ (3.67) for calculating the amount of carbon in terms of CO_2 equivalent, it can determine **Cs**, which is the amount of carbon storage (CO_2 equivalent) for wood used in buildings.

The softwood plywood mills increased the prices of 12 mm 3x6 panel to ¥1,300 per sheet delivered on 1 November 2021. Similar with 12 mm, 24 mm thick panel prices will be ¥2,600 per sheet delivered and 28 mm thick panel will be ¥3,000-3,050 per sheet delivered. The reason for the price increase is difficulty in acquiring enough logs. Competition among plywood mills, sawmills and laminated lumber mills is fierce nationwide regardless of timber species - not only Japanese Cedar but Japanese Cypress and Japanese Larch are hard to buy, and there is no potential that the situation would ease. Plywood mills claim that they only manage to purchase 70-80% of the required volume.

In addition to domestic raw materials, imported materials are also hard to secure enough. Russian Larch veneer is not available due to delayed shipping with shortage of container, plywood mills' inventory is scarce. North American Douglas Fir logs are hard to have enough because of supply shortage. Raw materials management is becoming very difficult.

On top of the materials' supply, adhesive prices are rising as crude oil prices exceeded USD80 per barrel and all the petrol-chemical products prices seem to keep rising. Because of power rationing in China, supply of chemical products like urea is getting tight - adhesive raw materials are getting tight and the prices are inflating. Adhesive manufacturers are charging plywood mills higher prices month after month since the demand is large.

While plywood mills are struggling to secure enough raw materials, the demand of softwood plywood is brisk and pre-cut plants are facing tough management of plywood as delayed delivery is becoming new normal.

Looking at the retail prices at DIY stores, they are ¥1,400-1,500 per sheet for 12 mm 3x6 panel. The actual price is ¥1,600 per sheet (with 10% consumption tax). In the past, DIY stores are competing among each other and boasting the lowest prices in respective area and up until September 2021, the lowest was ¥1,000 per sheet and the highest was ¥1,300 per sheet but the supply has been declining month after month.

Softwood plywood has been managed moderately by the mills, dealers and retailers, and the dealers try to match the mills' proposed prices to which the mills promise stable supply - there is no fluctuation like imported plywood. When the supply got tight, pre-cut plants have started buying from DIY stores and DIY stores control the volume per sale.

Japan: Exporter Price Trend, January-September 2021

	Meranti logs, medium SQ & up, FOB m ³ USD	Meranti logs, small, FOB m ³ USD	Keruing logs, medium MQ & up, FOB m ³ USD	Taun, PNG mix FOB m ³ USD	Seraya lumber 24 mm x 15 cm wider, FOB m ³ USD	Panel for concrete, Indonesia 12 mm 3'x6' JAS CNF m ³ USD	Thin panel Indonesia 3'x6' JAS CNF m ³ USD	Floor base Indonesia 3'x6' CNF m ³ USD
2021								
Jan	325	305	430	275/330	1,550	590-600	900-930	780-790
Feb	325	305	430	275/330	1,550	600-620	960-990	790-800
Mar	325	305	430	275/330	1,550	620-630	980-1,000	800-830
Apr	350-360	315	440	285/340	1,600	650-660	1,100	850-900
May	350-360	315	440	285/340	1,600	650-660	1,100	900-950
Jun	360-370	320-325	440	285/340	1,650	650-660	1,100	900-950
Jul	-	-	-	290/345	1,700	670-680	1,100	930-980
Aug	-	-	-	290/345	1,750	690-700	1,100	960-1,000
Sep	-	-	-	290/345	1,800	700-720	1,100	1,000

The demand of logs and lumber is slowing down except for Hokkaido and the Northeast region. Prices of stud, brace, Taruki and 120 mm square are weakening in Kanto and Kyushu gradually due to inactive demand. In Kansai and Chugoku regions, the prices are unchanged.

The reason of this is shortage of plywood causes delaying of construction works and increase in imported lumber causes lower demand of Japanese Cedar stud and Taruki. The increase supply of Japanese Cedar LVL and Chinese Poplar LVL is easing the market. 3 m 105 mm KD Japanese Cedar post prices are unchanged at about ¥100,000 nationwide.

In Kanto market, the prices climbed to ¥130,000 in summer but now it is hard to hold at ¥120,000. 3 m 120 mm square prices soared to ¥120,000 but in October 2021, it dropped to ¥95,000. The only unaffected item is 4 m KD 105 mm Japanese Cypress sill square, the prices are holding at ¥140,000-150,000.



Sawmills continue full production, logs demand continues active, and in some areas, plywood mills, lumber mills and laminated lumber mills are competing with each other to acquire logs. October 2021 weather is favourable, and logging is increasing all over Japan but there is no surplus supply.

Logs prices vary by regions. In Western Japan, Japanese Cypress logs prices had been ¥40,000-50,000 since June 2021 but now it is down to ¥35,000-37,000. In Northern Kanto, the prices had been about ¥25,000 and in October 2021, they soared to ¥30,000 - the price gap is narrowing between west and east. 3 m post cutting Japanese Cedar logs prices in Northern Kanto rose to about ¥18,000 and in the other areas, they are ¥14,000.

In Japan, hardwood forests, which are a mixture of a wide variety of tree species, make up a vast area similar to that of softwood plantations, and they had accumulated trees of a size and quality that can be used as timber. However, a majority of the hardwood material used for the interior of houses and furniture is imported, and local forests are mainly used as fuel, and the current situation is that they are left unused as large trees or become inexpensive pulpwood.

Due to the industry's uncertainties about the suddenly rising prices of imported lumber, the active use of domestic hardwood as lumber is seen as important these days, and the number of companies, local governments and forestry cooperatives that support it is increasing. The number of companies, local governments and forestry cooperatives that support this point of view is on an increasing trend. Under these circumstances, the "Domestic Hardwood Utilisation Project" was launched on 10 September 2021 by a collaboration of business and academia, including Kobe University, Shinshu University, Karimoku Furniture Inc., Andeco Inc., Sakuwood, Share Woods, and Hidaka Minami Forestry Cooperative. For the first year, Professor Keiko Kuroda of Kobe University will be the project leader as an expert on plantation of local forests and lumber utilisation. Professor Emeritus Yoshiharu Asano of Shinshu University will serve as a technical advisor on timber traceability.

Japan: Logs and Lumber Imports, 2021

	North America		New Zealand		Russia		Southsea			
	Logs (m ³)	Lumber (m ³)	Logs (m ³)	Lumber (m ³)	Logs (m ³)	Lumber (m ³)	Logs (m ³)			Lumber (m ³)
							Malaysia	PNG	Total	
2011	3,078,032	2,785,543	706,923	125,513	329,932	683,318	376,590	115,837	510,906	308,097
2012	3,048,485	2,753,226	723,315	77,522	251,944	615,242	244,458	67,034	332,742	290,064
2013	3,420,273	2,866,763	589,905	71,695	214,118	751,117	229,895	55,788	292,213	274,798
2014	3,092,641	2,362,365	528,618	84,811	198,955	641,260	226,831	27,678	265,907	268,886
2015	2,565,063	2,339,457	421,850	75,936	136,355	611,876	188,529	36,011	243,359	235,781
2016	2,790,662	2,235,652	438,350	77,867	158,039	663,022	155,064	33,058	193,192	225,854
2017	2,604,825	2,199,239	377,406	66,110	156,039	615,764	111,891	28,886	146,806	210,741
2018	2,552,986	2,065,442	389,853	82,781	119,071	659,997	77,013	76,494	153,407	193,809
2019	2,431,388	1,757,808	354,513	91,251	109,860	654,934	31,022	102,641	133,663	192,137
2020	1,812,498	1,391,056	283,825	70,741	49,540	544,722	28,417	52,677	81,294	151,627
2021										
Jan	169,389	94,876	48,006	4,015	0	32,500	0	3,147	3,147	12,588

Feb	164,806	109,611	0	5,246	2,165	33,803	0	0	0	12,375
Mar	212,289	112,457	37,304	6,407	2,146	41,952	20	0	20	12,518
Apr	222,980	112,825	15,826	6,254	6,356	47,139	227	0	227	13,395
May	259,741	114,357	22,406	5,257	832	43,190	115	2,648	2,763	13,646
Jun	235,054	134,242	39,854	5,464	591	39,739	7,610	0	7,610	11,833
Jul	126,509	138,059	0	5,620	5,444	39,586	52	0	52	12,528
Aug	203,751	121,320	47,756	8,538	1,626	48,716	-	-	103	10,798
Sep	199,458	123,536	0	5,827	4,121	39,543	-	-	2,926	13,633

There was an arrival of only 2,926 m³ of Southsea logs to Japan in September 2021 at the port in Chugoku, increased significantly from 103 m³ in the previous month. As for demand, the delivery of 1,638 m³ of logs for lumber, up by 47.3% from the previous month and down by 66.6% compared with the corresponding period of previous year. There was no delivery of the logs for plywood. As for logs for lumber, a shipment of 192 m³ was made from the port in Aichi while a shipment of 1,446 m³ was made from the port in Chugoku district.

The imports of Southsea lumber products in September 2021 were 5,204 m³ for lumber, 8,429 m³ for processed lumber and 19,762 m³ for freeboards - the total was 33,395 m³. The import of lumber and processed lumber increased while the import of free boards declined for 2 consecutive months. Compared with the previous year, in terms of the total from the beginning of the year, the import of lumber was down by 10.7% while processed lumber and freeboards were up by 2.6% and 9.5% respectively.

According to the document released by the Japan Southsea Lumber Conference, the rainfall is expected to be high throughout the country until January 2022 in Indonesia. As for logs, as the unseasonable weather continues, the logs are chronically in short supply while the logs price is rising gradually. The plywood price continues to increase due to a steady flow of inquiries from North America and Japan as it did in the previous month, and the freight charges remain bullish.

In Malaysia, the rainfall is clearly increasing, and flooding has been reported in certain areas. Due to such weather condition, there are worries for the slowdown in the pace of logging. As for logs, the supply for local market within the state remain slightly lower than 2020. There is no sign of increase, and the absolute shortage continues. There is no improvement in the situation where factories are fighting for the limited amount of logs, and the increase in logs prices continue. In some cases, plywood mills are even buying logs for export.

Japan: Production and Import Statistics, 2021

	Production				Imports					
	Specialty Plywood m ³	Gypsum Board 1,000 m ³	Particle-board m ³	MDF m ³	Plywood m ³	Particle-board m ³	MDF m ³	Hard Board ton	Glulam m ³	Laminated m ³
2011	631,594	469,205	959,369	373,704	3,666,173	563,414	328,477	8,151	670,948	142,954
2012	645,170	492,197	920,361	386,518	3,525,664	504,339	406,169	2,358	674,063	120,567

2013	623,219	515,399	1,040,868	404,043	3,644,640	556,408	405,449	2,228	760,808	120,520
2014	582,253	528,842	1,073,288	260,286	3,491,168	533,376	392,172	1,534	727,656	106,670
2015	502,005	503,283	1,069,598	396,874	2,885,836	496,842	363,215	1,215	705,179	110,995
2016	597,364	499,173	1,089,008	418,934	2,770,650	524,326	366,186	1,332	771,632	110,735
2017	568,097	512,376	1,093,068	414,585	2,904,119	528,049	399,533	1,022	867,799	100,036
2018	547,813	499,584	1,075,019	395,727	2,923,056	541,935	415,921	799	813,287	104,475
2019	563,449	506,524	1,050,971	404,233	2,535,051	516,979	419,332	1,393	838,402	115,201
2020	545,663	462,055	915,295	349,567	2,215,015	491,180	370,687	694	910,203	95,345
2021										
Jan	39,821	37,945	77,713	30,610	213,428	32,269	22,343	30	57,772	7,029
Feb	41,253	35,605	80,044	28,762	168,971	39,127	27,069	0	56,015	6,853
Mar	38,460	39,438	87,919	30,701	213,750	40,171	30,125	0	57,094	8,632
Apr	41,657	33,674	80,834	30,264	213,730	39,636	33,476	48	69,706	8,255
May	39,939	34,442	77,814	30,379	204,119	35,309	28,148	0	76,200	7,746
Jun	41,166	36,971	87,433	35,081	212,145	39,318	24,845	0	77,985	8,209
Jul	43,267	36,232	85,536	33,843	228,783	39,915	30,668	40	76,263	10,308
Aug	37,116	34,464	73,947	28,406	220,730	36,162	26,031	0	71,848	10,011
Sep	41,121	39,320	-	-	236,634	45,003	28,711	10	66,037	11,759

Some large wood biomass power generation plants, which supplying electricity under the FIT system, started to operationalise. There are several classes of wood biomass power generation plants, such as using mixing woodchips and coal, 100% PKS and 100% wood pellet. Today, wood pellet biomass power generation plant is more popular than coal burning. If the plant gets expanded, expenses will be higher, and it is easy to secure a long-term contract for importing woodchips.

Tahara Biomass, by JFE Engineering Co., Ltd, announced a joint venture with Chubu Electric Power, Toho Gas Co., Ltd and Tokyo Century Co., Ltd. This will be the largest wood biomass power generation plant in Japan. The power output is 112,000 kW and it is only using wood pellet. They start building the plant in June 2022 and expected to start operation in September 2025. All electricity generated by this biomass plant will be sold to Chubu Electric Power Grid Co., Ltd. About 420,000-440,000 ton of imported wood pellet will be consumed per year. The wood pellet is from Vietnam and US but details on percentage volume are not open to the public.

Shikoku Electric Power Co., Ltd announced that Tokyo Gas Co., Ltd, EREX Co., Ltd, Shinko Denso Co., Ltd and Sakaide Yusengumi will work together to build a huge wood biomass power generation plant. About 75,000 kW will be supplied under FIT system. The plant will be constructed in November 2022 and start operation in June 2025. The plant only use imported wood pellet and plans to consume 320,000 ton per year. The sources of wood pellet have not been fixed but it is considering to source from Southeast Asia countries and Oceania.

Japan: Average Indicative Prices

Species	Specifications	October 2021	November 2021	November 2020	Remark
Logs - Importers' CIF					
For Plywood Manufacturing					

MARKET UPDATE

Meranti (Sarawak)	Medium quality, mix	13,800	14,000	12,500	Per koku (Brereton Scale 0.278 m³ or 120FBM)
	Standard quality, mix	12,900	13,100	11,600	
	Small logs, SM60%, SSM40%	12,300	12,500	11,000	
Taun & Calophyllum & others (PNG)	50% taun & calo.	13,600	13,800	12,300	
Keruing (Sarawak)	Medium quality MQ & up	19,300	19,500	18,200	
Kapur (Sabah)	Medium quality MQ & up	16,700	16,700	16,700	
For sawmill use					
Melapi (Sarawak)	High select	19,400	19,600	18,500	Per koku (Brereton Scale 0.278 m³ or 120FBM)
Lumber					
Domestic Product (Treated, Cut to order)					
Melapi	24 x 105 mm & wider, 4 m, #1 grade	300,000	300,000	270,000	Price delivered to buyer's in Tokyo
Imported					
White Seraya (Sabah)	24 x 150 mm & wider, 4 m, #1 grade	200,000	200,000	170,000	Price delivered to buyer's in Tokyo
Mixed Seraya, Sangi	24 x 48 mm, 1.8- 4.0 m, S2S	78,000	78,000	75,000	
Plywood					
Domestic Product (Southeast Asia species)					
2.3 x 910 x 1,820 mm	Type II, JAS F4-star	570-590	570-590	570-590	Price delivered to buyer's in Tokyo, per sheet
4.0 x 910 x 1,820 mm	Type I, JAS F4-star	750-770	750-770	750-770	
5.5 x 910 x 1,820 mm	Type I, JAS F4-star	850-860	850-860	850-860	
Domestic Products (Softwood)					
12 x 910 x 1,820 mm	Special Type F4- star	1,200	1,300	900-930	Price delivered to buyer's in Tokyo, per sheet
9 x 910 x 3,030 mm	Special Type F4- star	1,580-1,600	1,600-1,650	1,550- 1,580	
24 x 910 x 1,820 mm	Special Type F4- star (T&G)	2,400	2,600	1,870- 1,900	
Imported (Malaysia & Indonesia)					
12 x 900 x 1,800 mm	Concrete forming	1,690-1,720	1,700-1,750	1,250- 1,280	

2.4 x 920 x 1,830 mm	Type II, JAS F4-star	720-750	750-780	400-430	Delivered to buyers, per sheet
3.7 x 910 x 1,820 mm	Type I, JAS F4-star	950-1,000	1,000-1,050	520-560	
5.2 x 910 x 1,820 mm	Type I, JAS F4-star	1,150-1,200	1,200-1,250	690-700	
For manufacturing flooring	11.5 x 945 x 1,840 mm	2,300	2,500	1,740-1,770	
For crafting (Poplar)	8.5 x 1,230 x 2,440 mm	1,600	1,600	1,300	
Wood Panel					
Particleboard	15 mm	47	47	47	Delivered to buyers, per sheet
MDF	15 mm, F4-star	73	73	73	
Imported OSB (Canadian) - structural	9 x 910 x 2,440 mm, JAS	1,300	1,340	1,120	
	9 x 910 x 2,730 mm, JAS	1,410	1,430	1,240	
	9 x 910 x 3,030 mm, JAS	1,470	1,500	1,300	

The import prices of Canadian SPF dimension lumber in early November 2021 were USD1,440 per mfbm for 2x4, 2x6 and 2x8, and USD1,540 per mfbm for 2x10. Both prices dropped noticeably by USD420. In the past, the movement of the import price of J-grade for Japan remained relatively moderate while the prices changed dynamically in the producing areas, and now the delayed movements in the producing areas were reflected in the prices in November 2021 all at once. As for SPF dimension lumber prices, prices differ by size - some are strong while some are weak. At the same time, there is a delay in the delivery as well, making it difficult to read the market situation. Under the circumstances, many are worried more about the supply than the prices - it is said that the contract quantity will be small and next year, certain sizes products' arrival will drop. It seems that the wood shock has passed its critical stage.

The housing starts for 2x4 houses in September 2021 was 9,220 units, up by 7.5% compared with the corresponding period of the previous year. The breakdown was 2,996 units for owner-occupied houses, 5,314 units for rental houses, 907 units for houses built for sale and 3 units for others. Compared with previous year, owner-occupied houses increased by 16.9% while rental houses increased by 4.6%. The figure for houses built for sale was up by 1.0%. Owner-occupied houses remained strong. The figures for rental houses and houses built for sale continued to exceed the previous year's figures as they did in the previous month, and the "steady operation at pre-cut factories", which is talked about in the market was confirmed by the figures. ancestor

Japan: Average Indicative Wholesale Prices in Kiba, Tokyo
(lumber & logs - m³; plywood - sheet; Connective Post - piece)

	Grade	Price (¥)
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		August 2021	September 2021	October 2021
JRC-Akita, narrow width board for rail	Special 1 st	57,000	57,000	65,000
JRC-Akita Taruki (rafter)	KD Special 1 st	-	-	-
JRC-Akita kowari lumber	AD	240	240	260
JRC-Tokai, baby square (4 m, 10.5 cm * 10.5 cm)	KD planed Special 1 st	120,000	130,000	130,000
Japanese Cypress -Tokai, baby square (6 m, 12.0 cm * 12.0 cm)		180,000	180,000	180,000
JRC -Tokai, batten products (4 m, 10.5 cm * 10.5 cm)	KD planed Special 1 st	120,000	130,000	130,000
JRC -Tokai, batten products (3 m 10.5 cm * 10.5 cm)	KD planed Special 1 st	120,000	130,000	130,000
JRC, baby square for post (3 m, 10.5 cm * 10.5 cm)	KD	125,000	125,000	125,000
JC, baby square for post (3 m, 10.5 cm * 10.5 cm)	KD	145,000	145,000	145,000
JC, baby square for sill (4 m, 10.5 cm * 10.5 cm)	KD	145,000	145,000	145,000
JC, baby square for sill (4 m, 12.0 cm * 12.0 cm)	KD	130,000	130,000	130,000
Ash, plain board (thickness 3.4 cm)	Dried, Special	400,000	400,000	400,000
Spruce, flitch (length 8-3/4 cm)	Select Merch	130,000	135,000	140,000
Douglas Fir, beam, KD (home sawn)		140,000	160,000	160,000
Douglas Fir, laminated beam (imported)		220,000	240,000	240,000
Redwood, laminated beam (imported)		160,000	180,000	180,000
JRC & Douglas Fir, hybrid laminated beam		-	-	-
SPF, D (2x4)	J-Grade, No 2	2,000	2,000	2,050
SPF, D (2x10)	J-Grade, No 2	7,000	7,000	7,000
Douglas Fir, D (2x10)	J-Grade, No 2	7,000	7,000	7,000
Hemlock, baby square (imported, 4 m, 10.5 cm * 10.5 cm)	KD (S4S)	110,000	115,000	115,000
Hemlock, batten products (imported, 4 m, 4.5 cm * 6.0 cm)	KD (S4S)	130,000	135,000	135,000
Douglas Fir, baby square (imported, 4 m, 10.5 cm * 10.5 cm)	KD (S4S)	120,000	120,000	120,000
Douglas Fir, batten product (imported, 4 m, 4.5 cm * 6.0 cm)	KD (S4S)	135,000	140,000	140,000
Hemlock, treated sill	Special 1 st	130,000	135,000	135,000
Douglas Fir, treated sill KD	Special 1 st	135,000	135,000	145,000
Red Pine plank (imported, 4 m, 3.0 cm * 4.0 cm)	KD	161,500	166,500	166,500

Red Pine plank (imported, 4 m, 4.5 cm * 4.5 cm) KD	1 st	120,000	125,000	125,000
Red Pine cleat (imported, 4 m, 2.4 cm * 4.8 cm)	1 st &2 nd	570	570	570
Red Pine laminated stud (mabashira, 3 m, 2.7 cm * 10.5 cm)		-	-	-
Whitewood, stud (mabashira, imported)	KD, pithless	125,000	130,000	135,000
Whitewood, kudabashira (Connective Post)	5-plys	5,000	5,500	5,800
White Seraya (imported, 3.7 m, 2.4 cm * 15.0 cm)	1 st , treated	235,000	255,000	255,000
Selangan Batu (imported, 4 m, 3 cm * 10.5 cm)		315,000	315,000	315,000
Mercusi Pine, laminated board	A-grade	120,000	125,000	125,000
Red Pine, laminated board	A-grade	150,000	150,000	150,000
Lauan plywood, F**** (2.3 mm, imported)	1 st , F4-star	1,000	1,020	1,050
Concrete form plywood, F* (imported)	JAS(A), F1-star	1,670	1,720	1,770
Coated concrete form plywood (imported)	JAS(A), F2-star	1,870	1,900	1,940
Lauan structural plywood, F**** (imported)	JAS, F4-star	1,790	1,830	1,880
Softwood structural plywood, F**** (12 mm)	JAS, F4-star	1,300	1,350	1,400
Softwood structural plywood, F**** (24 mm)	JAS, F4-star	2,680	2,780	2,930
Softwood structural plywood, F**** (9 mm)	JAS, F4-star	2,120	2,140	2,190

JRC= Japanese Red Cedar

The amount of imported plywood was 236,634 m³ in September 2021, increased by 75.8% compared with the corresponding period of the previous year, increasing 7.2% compared to the previous month. Based on the country, the amount of imported plywood was 61,985 m³ (44.2% decrease) from Malaysia; the amount of imports from Indonesia was 69,025 m³ (58.0% increase); the amount of imports from China was 74,401 m³ (110.6% increase). The amount of plywood imported in January-September 2021 was 1,912,290 m³ (12.3% increase) - increase 13.0% from Malaysia and decrease 6.2% from Indonesia.

On the imported plywood, inventories at ports are slightly increase but the shortage condition is continuing without any sign of improvement. With the number of containers expected to increase at the ports, container handling will become difficult resulting in delays in deliveries. The COVID-19 situation is returning normal in both Malaysia and Indonesia, but the amount of logs output will drop due to the rainy season - the plywood production is seen as decreasing. In Malaysia, additional measures have been taken to ease the employment but with the current situation, there is no

prospect of resolving the labour shortage, and the production volume of each mill has reached a plateau. In order to secure production volume, some mills are moving to consolidate production items.

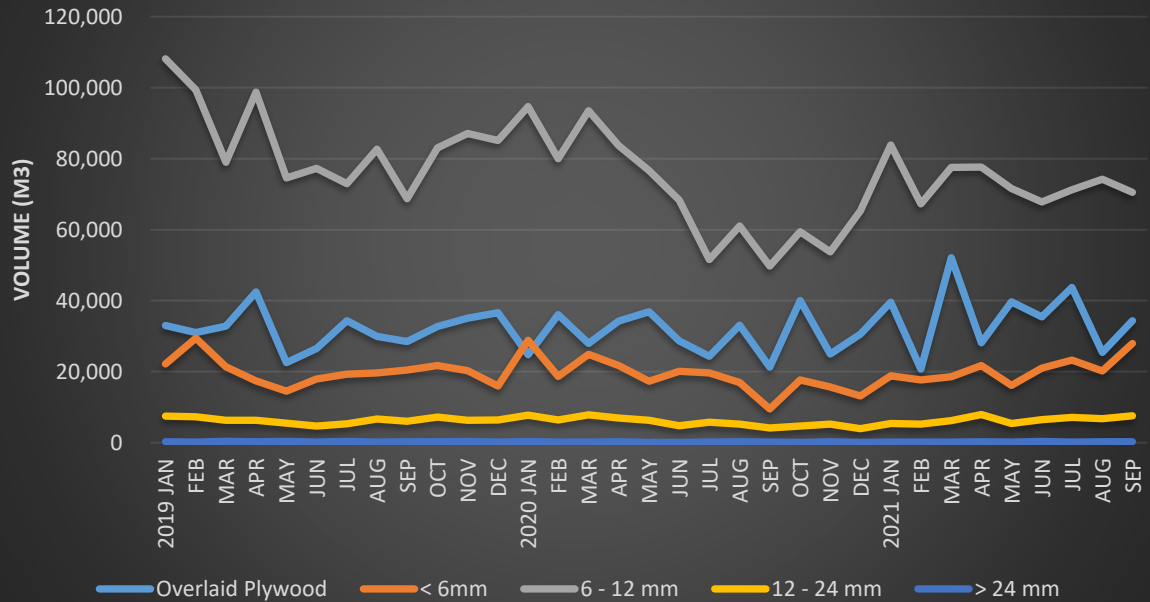
The amount of domestic production of regular plywood in September 2021 was 276,030 m³, increased by 14.8% compared to the corresponding period of the previous year. Within this total amount of production, the amount of production of softwood plywood in September 2021 was 269,186 m³, increased by 16.1% compared with the corresponding period of the previous year and the amount of shipments was 271,140 m³, increased by 9.6% compared with the corresponding period of the previous year. Looking at both the amount of production and shipment since the last fiscal year, September 2021 had the 3rd largest amount (the largest is June 2021 and the second is July 2021), and the amount of shipments was 2,340,189 m³ (up 11.6%). Inventories of all softwood plywood at the end of September 2021 were at 89,913 m³, which was the lowest since December 2016.

Japan: Imported Plywood by Countries, January-September 2021

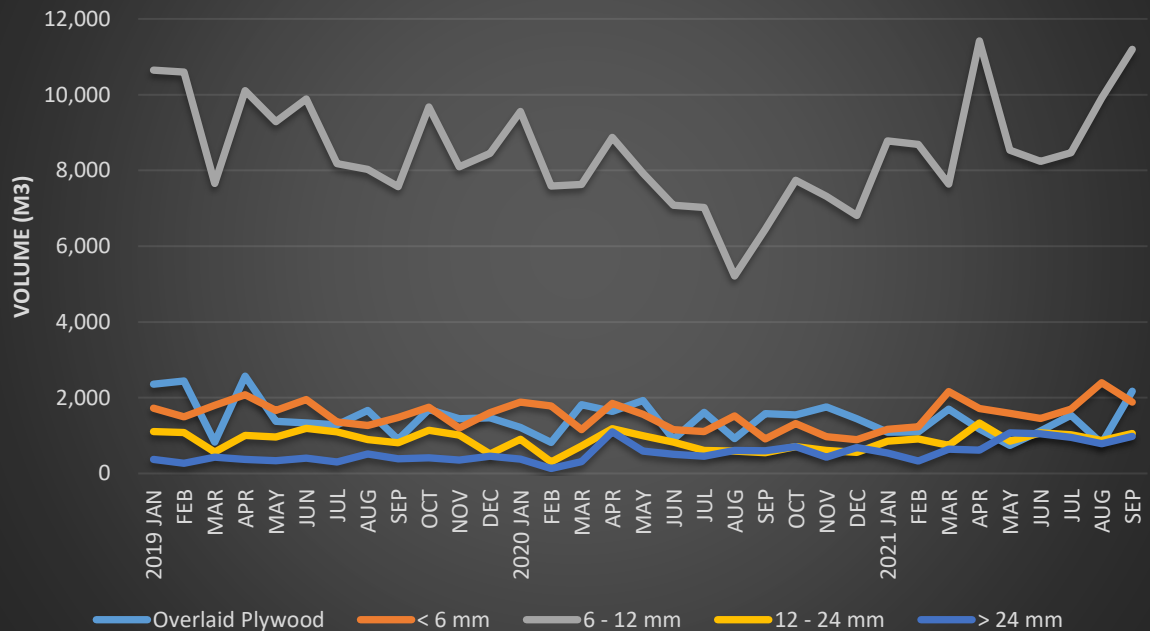
	Malaysia (m ³)	Indonesia (m ³)	China (m ³)	New Zealand (m ³)	Taiwan (m ³)	Total (m ³)
2014	1,462,583	1,026,340	778,228	44,042	18,042	3,491,167
2015	1,199,750	858,941	649,057	23,803	11,060	2,885,794
2016	1,075,798	903,336	616,643	22,547	5,316	2,779,786
2017	1,190,476	877,782	654,568	17,336	130	2,904,119
2018	1,062,446	977,557	642,008	12,576	300	2,923,056
	Malaysia (m ³)	Indonesia (m ³)	China (m ³)	New Zealand (m ³)	Philippines (m ³)	Total (m ³)
2019	874,908	869,132	594,330	11,788	5,143	2,535,052
2020	713,847	794,771	513,477	8,915	5,196	2,215,015
Jan	77,688	65,491	48,160	532	524	213,428
Feb	54,384	58,464	36,369	1,006	615	168,971
Mar	90,088	65,491	48,160	532	524	213,750
Apr	66,327	67,383	56,398	390	496	213,730
May	72,973	59,626	52,922	257	455	204,119
Jun	62,600	63,183	63,375	208	469	212,145
Jul	74,745	67,758	63,816	273	373	228,783
Aug	55,272	67,908	73,658	163	401	230,730
Sep	61,985	69,025	74,401	346	486	236,634

Source: Ministry of Finance

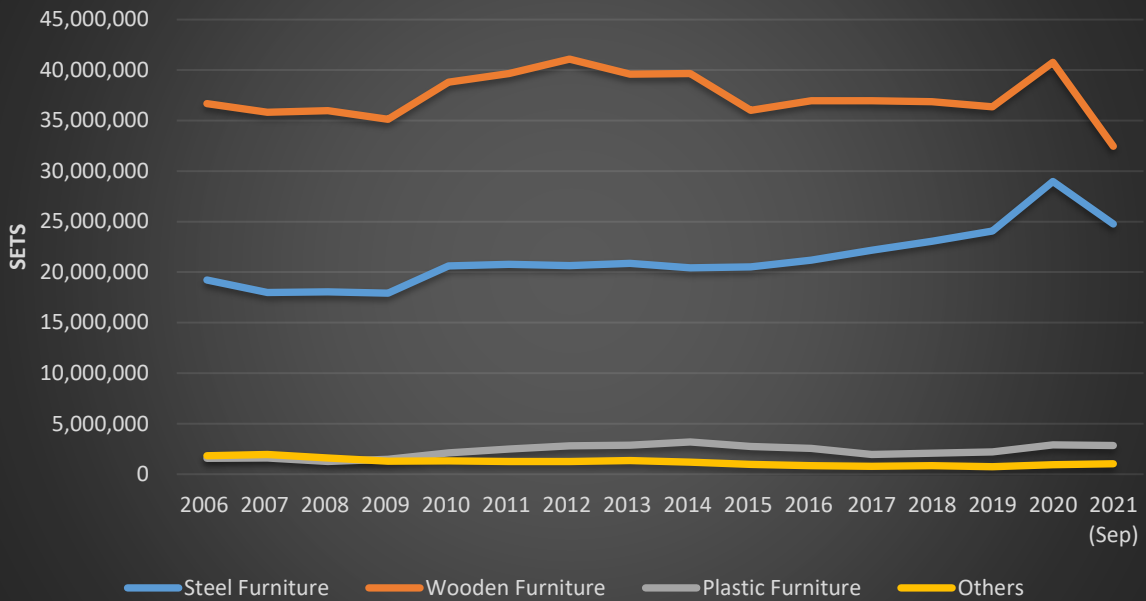
Japan: Import of Hardwood (Laun/Meranti) Plywood



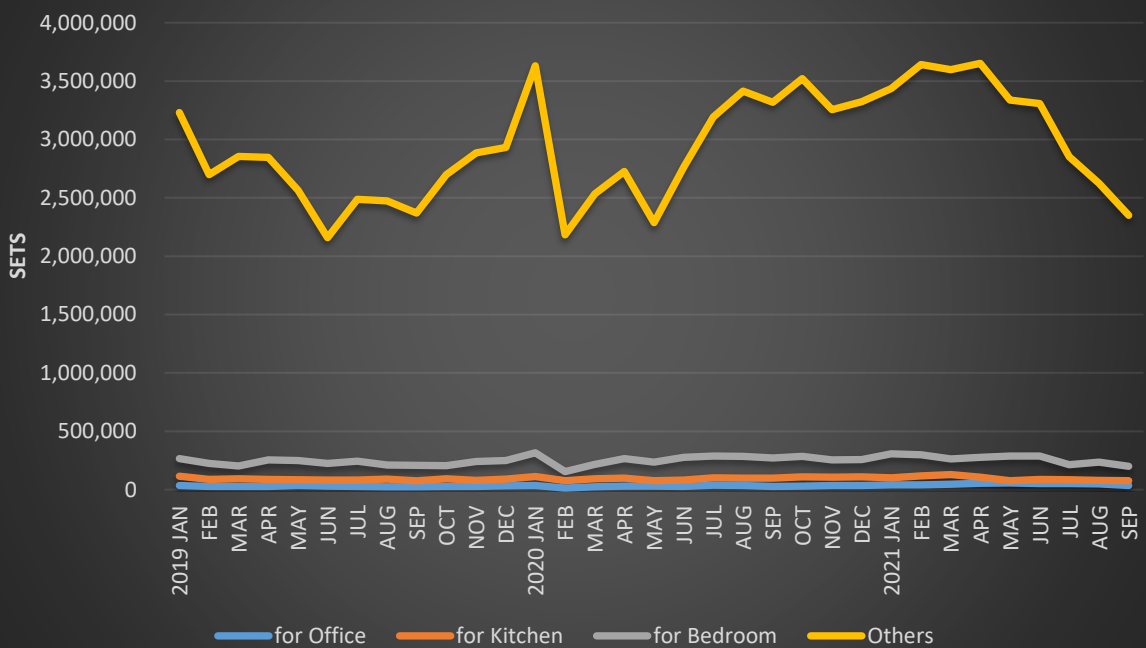
Japan: Import of Hardwood (Non Laun/Meranti) Plywood



Japan: Sets of Imported Furniture



Japan: Imports of Wooden Furniture



As for domestic softwood plywood, the production volume is hovering at near-record level but as the demand is high, the inventory remains at the minimum. The delay in delivery still serious and the delay is expected to become worse in the next two months. There seems to be increasing demand for thick plywood and long-length plywood. At the pre-cut factories, the operation rate in October 2021

exceeded 100% for the first time in 2 years, and the orders are astonishing until end of the year, 105% for November 2021 and 103% for December 2021. The supply of thick plywood is still tight. Due to this situation, there is a further increase in the inquiries in the general distribution, and a sense of shortage especially among the distribution is becoming stronger. Prices continue to increase every month. Plywood mills are announcing that they will increase prices again in December 2021. While the prices continue to hit record high, plywood mills' production is expected to decline as the number of working days is low in December 2021.

In addition to the difficulty to secure logs and substantial rise in adhesive prices, there are various factors such as the increase in transportation cost and the difficulty in securing trucks that will affect the supply system in the future. It will be difficult to expect a recovery.

As for imported plywood, there has been no recovery in the overall shortage. There are many inquiries especially for the 12 mm and the shortage of 3-ply such as thin plywood continues as well. A major plywood mill in Indonesia stopped receiving order in November 2021 due to container shortage, and it is reported that a major plywood mill in Malaysia will do so. It is unlikely that the shipment to Japan will increase in the future. As the weather forecast says that the rainfall will become heavy from November 2021, logs are expected to be chronically in short supply. Plywood prices are rising gradually as there is a steady flow of inquiries from North America and Japan. Prices are expected to increase further due to the steep rise in freight and the depreciation of Yen. The shortage of melamine, which is the raw material of the adhesive is having an impact on the shortage of type 1 plywood. The expectation for a stable price imported plywood is a dream for the near future.



Yokogawa Bridge Holdings Corporation is the top builder of steel bridges, and many major bridges are built by Yokogawa, such as Seto Bridge and Akashi straight bridge. Yokogawa's R&D Centre developed a light weight pedestrian bridge floor with the 3A Composite of Swiss, which is major user of Balsawood. Balsawood is a plantation timber and is very light in weight, which is used as core and the surface is coated with glass fibre reinforced plastic (GFRP). The floor of length of 2,000 mm with thickness of 60 mm and width of 600 mm is so light that it can be carried by hand. Yokogawa used these floors to renovate pedestrian bridge in some parks in Chiba. Iwata, Shizuoka prefecture gave

approval to use this material to renovate a 48-meter-long bridge. 10 sheets of GFRP Balsa composite floor are used for this purpose - each sheet is 5,000 mm long, 2,400 mm wide with 60 mm thick. Balsawood is FSC from Ecuador.

Japan: Average Indicative FOB Prices for Logs, August-November 2021

	Price (USD/m ³)			
	August	September	October	November
Sarawak Meranti (for lumber)	320	320	330	330
Sarawak Meranti SQ-up	-	-	-	-
Sarawak Meranti Small (small 70%, SS 30%)	243	243	270	270

SQ=second quality, SS=super small.

Japan: Supply and Demand of Regular Plywood, January-September 2021

	Domestic Production (m ³)					Shipment (m ³)	Inventory (m ³)	Imports (m ³)	Total Supply in Japan (m ³)
	3 mm & below	3 - 6 mm	6 - 12 mm	12 mm & over	Total				
2007	65,060	166,864	437,633	2,409,352	3,079,109	2,790,120	-	-	-
2008	42,036	125,916	355,899	2,075,435	2,599,286	2,672,746	-	-	-
2009	25,371	78,723	305,716	1,886,534	2,296,074	2,407,922	-	-	-
2010	25,764	82,127	330,892	2,232,818	2,671,601	2,708,743	-	-	-
2011	23,875	84,888	228,323	1,811,288	2,341,860	2,351,058	-	-	-
2012	20,471	81,932	322,495	2,123,818	2,549,822	2,548,151	-	-	-
2013	17,564	80,965	336,858	2,382,442	2,817,829	2,869,010	-	3,664,662	6,462,419
2014	17,107	82,083	319,101	2,387,956	2,806,247	2,703,999	-	3,491,167	6,297,414
2015	20,143	70,378	375,026	2,304,798	2,770,345	2,868,536	-	2,885,794	5,656,139
2016	77,714	421,985	1,455,202	1,108,671	3,063,572	3,116,337	-	2,770,650	5,834,222
	6 mm & below	6 - 12 mm	12 - 24 mm	24 mm & over	Total	Shipment (m ³)	Inventory (m ³)	Imports (m ³)	Total Supply in Japan (m ³)
2017	78,816	430,796	1,475,979	1,224,930	3,210,521	3,209,430	-	2,904,119	6,114,640
2018	58,558	447,894	1,514,820	1,195,525	3,216,797	3,189,787	-	2,923,056	6,139,853
2019	53,985	487,855	1,555,925	1,226,338	3,324,103	3,373,540	-	2,535,051	5,859,154
2020	49,980	451,369	1,344,111	1,147,313	2,992,773	3,028,197	-	2,215,015	5,207,788
Jan	3,484	38,626	112,598	97,783	252,491	260,552	104,219	213,428	465,919
Feb	2,045	41,460	109,783	100,039	253,327	249,475	109,121	168,971	422,298
Mar	2,421	45,408	121,611	102,946	272,386	274,343	108,084	213,750	486,136
Apr	2,411	43,432	121,427	98,112	265,382	277,737	96,899	213,730	479,112
May	2,247	39,139	117,340	95,211	253,937	263,264	88,661	204,119	458,056
Jun	2,294	45,424	126,569	105,477	279,764	284,779	84,721	212,145	491,909
Jul	2,620	45,356	126,017	103,075	277,068	280,333	82,683	228,783	505,851
Aug	2,180	42,128	110,378	96,673	250,359	251,960	82,088	220,730	471,089
Sep	2,754	43,496	123,642	106,138	276,030	279,068	79,788	236,634	512,664

Japan: Average Indicative Wholesale Prices of Timber and Timber Products, August-November 2021

Source	Product	Price			
		August	September	October	November

North America	Logs	Yen/m ³ , on truck			
	- Douglas Fir SS No 3, 12" up - Douglas Fir Coast No 3, 12" up - Douglas Fir mid-dia., 8/11, J-sort	41,000	42,000	43,000	43,000
	Lumber	Yen/m ³ , on truck			
	- Hemlock 105 mm sq., roof beam, std - Hemlock 105 mm sq., roof beam, KD - Hemlock 90 mm sq., purlin, std - Hemlock 90 mm sq., purlin, KD - Hemlock 45x105 mm KD, floor joist, 4 m - Hemlock 105 mm sq., preserved sill, 4 m - Douglas Fir 90 mm, sq., purlin, KD - Douglas Fir 45x45 mm, KD, rafter, 4 m - Douglas Fir 45x105 mm, solid, KD, floor joist, 4 m - Douglas Fir 120 mm sq., laminated, 6 m - Douglas Fir hirakaku, KD, 3, 4m - Douglas Fir hirakaku, laminated, 3, 4 m - Yellow Cedar 5" x 6W BC Clear - Yellow Cedar 120 mm, sill (pithless), 4 m - Spruce 8" 3/4, board, Clear	97,000	97,000	97,000	97,000
	Lumber	(Yen/piece, on truck)			
	- Whitewood 105 mm sq., 5-ply kudabashira, homesawn - Whitewood 105 mm sq., 5-ply kudabashira, imported	3,000	4,300	4,800	4,800
		Yen/m ³ , on truck			

	• Whitewood 27x105 mm, solid, 3 m, Europe	80,000	100,000	100,000	100,000
	• Whitewood 30x105 mm, solid, 3 m, Europe	80,000	100,000	100,000	100,000
	• Whitewood rough lamina, random length, Europe	70,000	90,000	90,000	90,000
	• Whitewood stud laminated, random length, Europe	-	150,000	150,000	150,000
	• Whitewood stud laminated, random length, Russia	100,000	110,000	110,000	110,000
	• Redwood hirakaku, laminated, 3-6 m	100,000	135,000	145,000	145,000
	Dimension Lumber	Yen/m³, on truck, green count			
	• SPF 2x4-8", KD 10-20' J-grade	143,500	110,000	110,000	113,500
	• SPF 2x10", KD 10-20' J-grade	150,000	110,400	110,400	114,000
	• Whitewood 2x4-8", KD 10-16' J-grade	127,000	127,000	110,000	115,000
	• Whitewood 2x10", KD 10-16' J-grade	139,500	139,500	137,000	142,000
Japan	Logs	Yen/m³, on truck			
	• Japanese Cedar (Akita) 3.65-4 m, 14-22 cm dia.	11,900	12,800	13,100	13,600
	• Japanese Cedar (Fukushima) 3.65-4 m, 14-22 cm dia.	13,000	12,400	13,000	13,000
	• Japanese Cypress (Gifu) 3.65-4 m, 14-22 cm dia.	27,000	30,800	31,200	31,700
	Lumber	Yen/m³, on truck			
	• Japanese Cedar post 10.5 cm sq. 3 m	71,400	68,900	68,900	69,000
	• Japanese Cedar post 10.5 cm sq. KD	126,700	130,600	133,500	135,500
	• Japanese Cypress post 10.5 cm sq. 3 m	98,000	93,700	99,700	96,200
	• Japanese Cypress post 10.5 cm sq. 3 m, KD	151,200	162,300	172,000	175,700
	• Japanese Cedar kowari lumber (Akita)	240/piece	240/piece	240/piece	260/piece
Russia	Logs	Yen/koku, on truck			
	• Larch mid-dia., short length in Toyama market	-	-	-	-
	• Red Pine mid-dia., short length in Toyama market	-	-	-	-

	Lumber (Yen/m³, on truck)	Yen/m³, on truck			
	• Whitewood rafter in Chukyo market, KD	105,000	110,000	115,000	10,000
	• Whitewood rail in Chukyo market	93,000	98,000	98,000	85,000
New Zealand	Logs	Yen/koku, on truck			
	• Radiata Pine, A-sort	6,260	6,260	6,260	6,460
Chile	Lumber	Yen/m³, on truck			
	• Radiata Pine Board, 12.0 mm x 4 m, random width (120, 150, 180, 210 mm)	40,000	42,500	45,000	49,000
Southeast Asia	Logs for packaging	Yen/koku, on truck			
	• PNG, Solomon random length	-	-	11,000	11,000
	Plywood	Yen/sheet, on truck			
	• Type II 2.3 mm x 910 x 1,820, F4-star	730	750	770	780
	• Type II 4.0 mm x 910 x 1,820, F4-star	900	920	970	970
	• Type II 5.5 mm x 910 x 1,820, F4-star	1,200	1,200	1,270	1,270
	• Concrete form (CF) Type I 12.0 mm x 900 x 1,800	1,670	1,720	1,770	1,830
	• Imported CF JA 12.0 mm x 900 x 1,800	1,580	1,600	1,650	1,700
	• Imported structural PW JAS 12.0 mm x 910 x 1,820, F4-star	1,700	1,700	1,750	1,780
	• Structural Softwood PW 12.0 mm x 910 x 1,820, F4-star	1,200	1,250	1,300	1,400
	• Structural Softwood PW 24.0 mm x 910 x 1,820, F4-star	2,750	2,850	2,950	3,150
	OSB	Yen/sheet, on truck			
	• JAS 9.5 mm x 910 x 2,440	1,040	1,100	1,100	1,250
	• JAS 12.0 mm x 910 x 1,820	980	1,050	1,050	1,200

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