

Sawmill stocks shortage hits world markets

LIKELY INCREASE IN SOFTWOOD PRICES

It seems that we may have to brace ourselves for some significant increases in the price of softwood over the next few months.

The Finnish sawmill industry cut back production volumes by 24% last year as world demand fell. Volumes have continued to fall in the first quarter of 2009 and production was 30% lower than in January/February 2008.

Sweden cut their production by approximately 6% in 2008 and as we moved into 2009, the Swede's made further, larger cutbacks resulting in reduced volumes of 26% in January and February 2009. Their over production in 2008 resulted in prices being held at lower levels over the last twelve months but that will obviously change as stocks are reduced. Supply from the Baltic regions and Russia have also deteriorated for many of the same reasons.

The pulp and paper industries have also experienced extremely difficult times and there is a build up of unsold pulp in Finland which will last well into this year. The three main forest enterprises in Finland have mostly ceased logging until the end of June and possibly longer as the traditional summer holiday close down takes place. This means logs for the production of sawn lumber will not be available.

There has been an unexpected improvement in sales to North Africa and Egypt which, together with a seasonal uplift in requirements from traditional European countries, including the UK, has brought pressure on a much reduced supply situation. Stocks in most importers yards have been maintained at very low levels during the winter months and these now need replenishing. This has also exacerbated the situation.

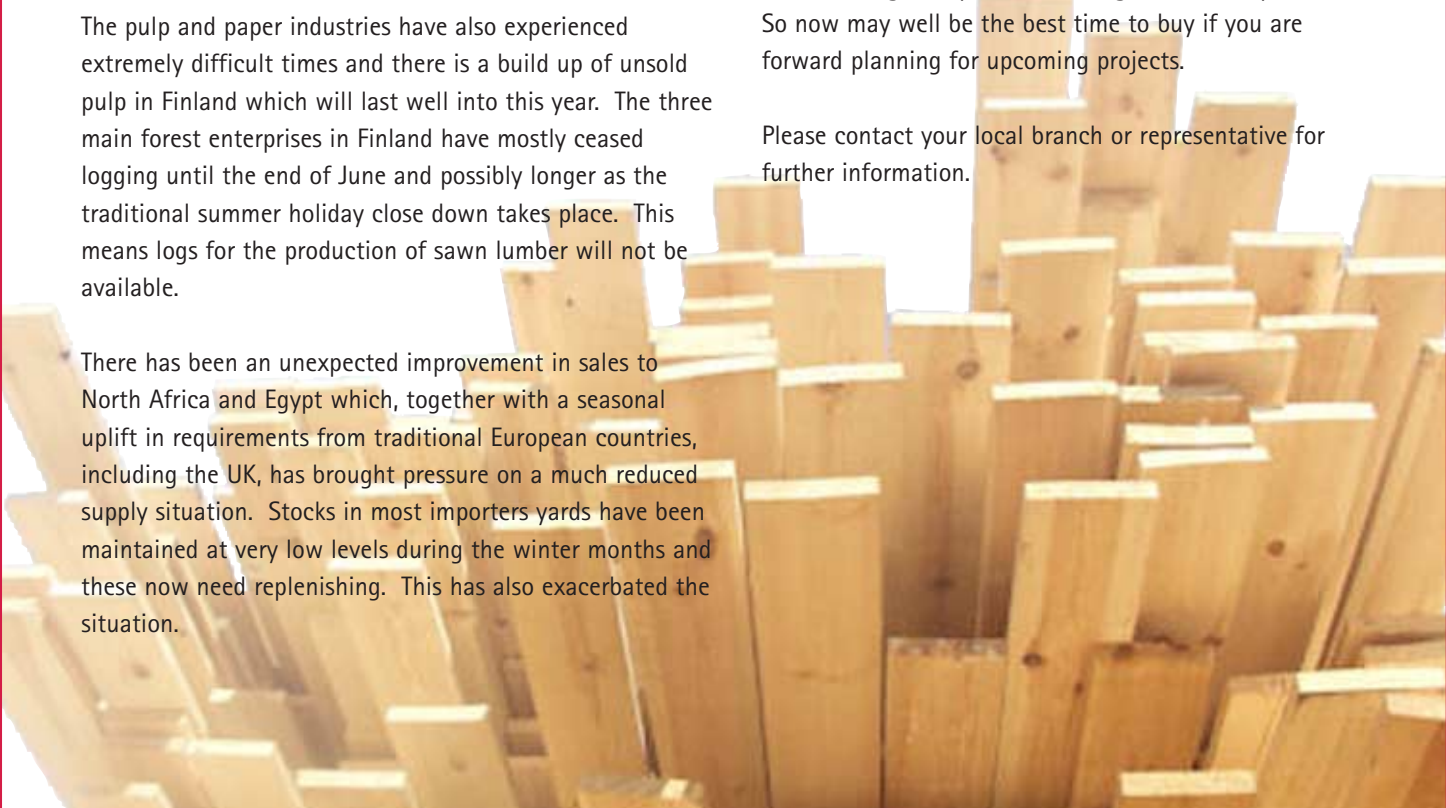
As if all of that was not doom laden enough !!! the decline of the Pound Sterling in International currency markets has also had a negative impact on suppliers' prices to the U.K.

Most of the overstocks held on the docks in the UK have now gone and importers are now frantically trying to purchase. The overall effect is that there could be some very serious shortages over the summer months and prices are expected to rise very rapidly ... and in big leaps. The rises are expected to go beyond the levels experienced in the boom period of 2006/2007.

A good time to buy ...

Parker Building Supplies will, of course, be trying our utmost to keep price increases to a minimum and also holding our usual wide range of stock to insulate our customers against possible shortages wherever possible. So now may well be the best time to buy if you are forward planning for upcoming projects.

Please contact your local branch or representative for further information.



PARKER BUILDING SUPPLIES