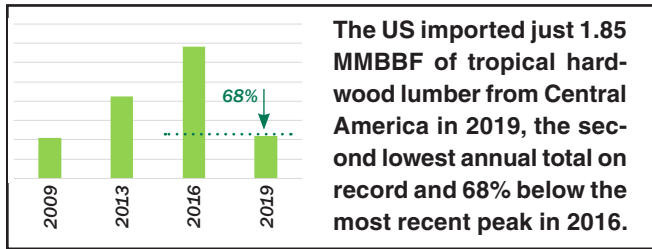




## Current Trends



US imports of hardwood lumber from Ecuador – almost all of which are Balsa – totaled 457,596 BF in January, the lowest volume since September 2003.

## Milestones in US Imports of Tropical Hardwood Lumber

[click here](#)

## Market Commentary

### Lead Story – Coronavirus Casting a Shadow over North American and World Markets

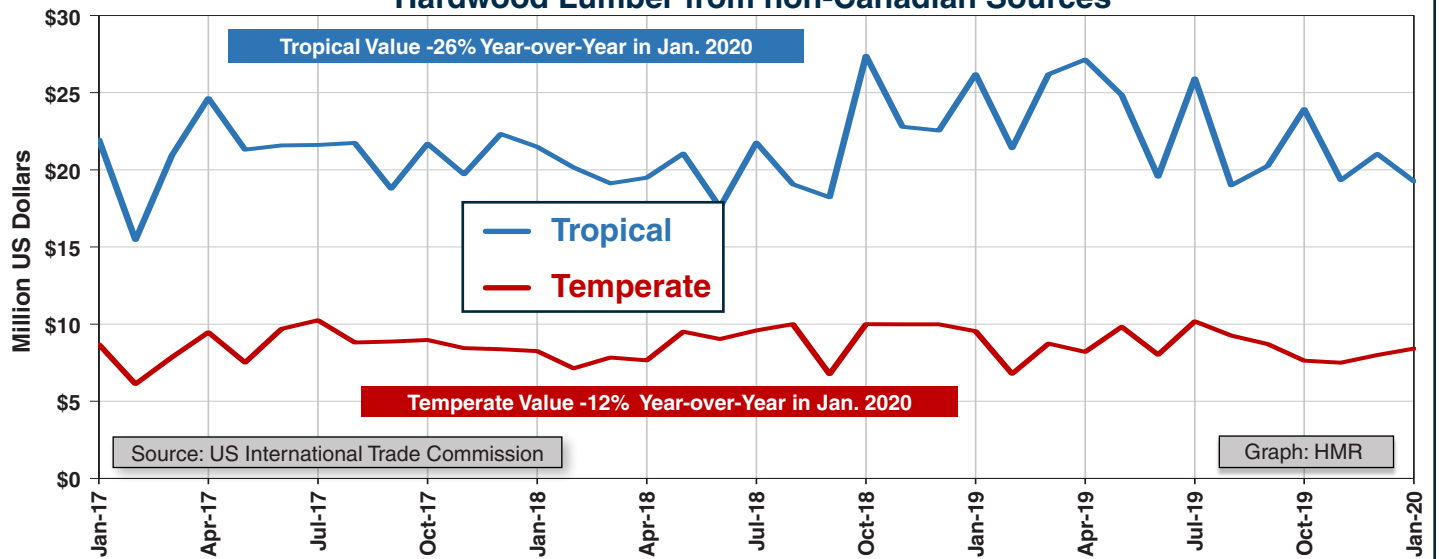
When the last HMR *Import Newsletter*™ was published on February 21<sup>st</sup>, COVID-19 – then commonly referred to as Novel Coronavirus – was having only limited impacts on global commerce, most of which were related to supply chain disruptions involving China. At that time, the risk of the virus becoming a pandemic event was recognized as a distinct possibility, if not a foregone conclusion. But, the tangible effects on business in North America were negligible to that point.

The situation has changed. As of March 17<sup>th</sup>, there were more than 5,700 confirmed COVID-19 cases and 94 deaths in the United States, and about 500 confirmed cases and 5 deaths in Canada. Federal, state, and provincial governments in both countries are taking unprecedented steps to slow the spread of the virus to “flatten the curve.” The common goal of both governments is to prevent their respective health care systems from being overrun as the number of cases peaks in the weeks ahead.

[continue](#)

© 2020 HMR: It is illegal to photocopy, reproduce, sell, publish, broadcast, or transmit this publication in any way, in whole or in part, without the express written permission of the owner.

### Monthly US Import Values of Tropical and Temperate Hardwood Lumber from non-Canadian Sources



Leading Tropical Species	– Board Feet –		Chg %	– Board Feet –		Chg %
	Jan-19	Jan-20		YTD 2019	YTD 2020	
Ipé	3,037,082	1,143,566	-62%	3,037,082	1,143,566	-62%
Keruing	1,216,866	1,120,687	-8%	1,216,866	1,120,687	-8%
Sapele	1,212,206	882,567	-27%	1,212,206	882,567	-27%
Balsa	2,181,208	440,648	-80%	2,181,208	440,648	-80%
African Mahogany	585,130	319,470	-45%	585,130	319,470	-45%
Meranti	236,001	307,606	+30%	236,001	307,606	+30%
Virola/Imbuia	227,527	279,642	+23%	227,527	279,642	+23%
Genuine Mahog.	128,381	218,629	+70%	128,381	218,629	+70%
Teak	266,931	104,230	-61%	266,931	104,230	-61%
Iroko	0	103,807	--	0	103,807	--
Spanish Cedar	251,254	27,964	-89%	251,254	27,964	-89%
Jatoba	126,686	23,727	-81%	126,686	23,727	-81%
Andiroba/Padauk	21,185	847	-96%	21,185	847	-96%
<b>Tropical Total*</b>	<b>10,974,254</b>	<b>6,150,429</b>	<b>-44%</b>	<b>10,974,254</b>	<b>6,150,429</b>	<b>-44%</b>

Leading Temperate Species	– Board Feet –		Chg %	– Board Feet –		Chg %
	Jan-19	Jan-20		YTD 2019	YTD 2020	
Beech	2,284,590	2,437,546	+7%	2,284,590	2,437,546	+7%
White Oak	1,040,607	488,102	-53%	1,040,607	488,102	-53%
Baltic/Russ. Birch	51,691	352,942	+583%	51,691	352,942	+583%
Pop/Aspen/Ctnwd	0	48,726	--	0	48,726	--
Ash	1,695	22,032	+1200%	1,695	22,032	+1200%
Western Red Alder	10,169	17,372	+71%	10,169	17,372	+71%
<b>Temperate Total*</b>	<b>7,280,861</b>	<b>6,538,538</b>	<b>-10%</b>	<b>7,280,861</b>	<b>6,538,538</b>	<b>-10%</b>

Leading Countries	– Board Feet –		Chg %	– Board Feet –		Chg %
	Jan-19	Jan-20		YTD 2019	YTD 2020	
Brazil	5,210,239	2,898,532	-44%	5,210,239	2,898,532	-44%
Germany	2,583,723	2,424,411	-6%	2,583,723	2,424,411	-6%
Malaysia	1,197,800	1,272,371	+6%	1,197,800	1,272,371	+6%
China	367,348	957,138	+161%	367,348	957,138	+161%
Uruguay	1,168,565	877,906	-25%	1,168,565	877,906	-25%
Cameroon	1,091,028	650,803	-40%	1,091,028	650,803	-40%
Indonesia	557,166	488,950	-12%	557,166	488,950	-12%
Ecuador	2,149,854	457,596	-79%	2,149,854	457,596	-79%
Ghana	250,407	336,418	+34%	250,407	336,418	+34%
Congo (ROC)	702,495	300,827	-57%	702,495	300,827	-57%
<b>World Total*</b>	<b>18,255,115</b>	<b>12,688,968</b>	<b>-30%</b>	<b>18,255,115</b>	<b>12,688,968</b>	<b>-30%</b>

\*Data in tables exclude Canada  
Source: US International Trade Commission

## Market Commentary cont'd

So far, COVID-19 has infected over 190,000 people and resulted in more than 7,500 deaths worldwide. As far as human impact is concerned, the virus is serious. As far as the historical relevance of pandemics is concerned, COVID-19, to date, ranks as the third smallest behind MERS and SARS (850 and 770 deaths, respectively).

The COVID-19 pandemic is now having profound effects on human movement and, therefore, business activity throughout the world, including in the US and Canada. Markets for imported hardwoods are being impacted to varying degrees, as is demand for different species.

**"... rapidly evolving responses to the virus in both the US and Canada have been increasingly disruptive to business the last two weeks."**

### Lumber Market Overview

#### Tropical Lumber Demand

In the second half of February and first several days of March, the COVID-19 pandemic had only minimal impacts on North American demand for tropical hardwoods. During that period, markets were behaving much as they did earlier in the year, according to most sales contacts.

However, rapidly evolving responses to the virus in both the US and Canada have been increasingly disruptive to business the last two weeks. Large swings in stock market indices are also negatively affecting activity. Distributors and end-users of tropical hardwoods have become more tentative with purchases. Mandated business closures in certain states are delaying some shipments, as are interruptions in transportation services, in given cases.

The slowdown in demand has been more pronounced from the distribution yard sector than from secondary manufacturing markets. Since distribution yards restocked their shelves in Jan-

[continue](#)

**Sel&Btr (Net)**

**Spanish Cedar  
(African stock)**

4/4	2900	(2775-3075)
5/4	2925	(2800-3100)
6/4	2950	(2825-3125)
8/4	2975	(2850-3150)

**Ipé**

4/4	<b>5775</b>	<b>+50</b>	<b>(5525-6125)</b>
5/4	<b>5825</b>	<b>+50</b>	<b>(5600-6200)</b>

**Jatoba**

4/4	3000	(2900-3175)
5/4	<b>3100</b>	<b>+25</b> (2975-3250)
8/4	<b>3275</b>	<b>+25</b> (3125-3400)

**African Mahogany  
(Cameroon/Ghana stock)**

4/4	<b>2775</b>	<b>-25</b>	<b>(2625-2875)</b>
5/4	<b>2800</b>	<b>-25</b>	<b>(2650-2900)</b>
6/4	<b>2815</b>	<b>-25</b>	<b>(2675-2925)</b>
8/4	<b>2825</b>	<b>-25</b>	<b>(2700-2950)</b>

**Sel&Btr (Net)**

**Genuine Mahogany  
(South/Central American stock)**

4/4	5850	(5600-6100)
5/4	5875	(5625-6125)
6/4	5900	(5650-6150)
8/4	5925	(5700-6200)

**Sapele**

4/4	2950	(2850-3050)
5/4	2975	(2875-3075)
6/4	3000	(2900-3100)
8/4	3025	(2925-3125)

**Sipo/Utile**

4/4	3220	(3000-3400)
5/4	3240	(3020-3420)
6/4	3260	(3040-3440)
8/4	3280	(3050-3450)

Prices are in US dollars per thousand board feet for kiln dried lumber measured after kiln drying ("net tally"), FOB US or Canadian import yard. Prices are presented only as a guide.

© 2020 HMR Import Newsletter™  
This publication is copyrighted under the statutes of the United States.

**Also available from HMR**



**What is HMR Executive®?**

HMR Executive® picks up where *Hardwood Market Report*® ends by exploring ideas and issues that have the potential to alter supply and demand. HMR Business Activity Snapshot™ is an exclusive feature of the publication that displays key performance indicators impactful to the North American hardwood industry.



The mainstay of HMR Executive® is providing critical information and authoritative perspectives on North American hardwood markets that simply are not available elsewhere. In particular, the year-end and mid-year market analysis issues are widely acclaimed by industry professionals, financial institutions, and equipment and service providers.

**In the March Issue of HMR Executive®**

The US hardwood industry needs robust home building activity to offset contractions in market share in several secondary wood products manufacturing sectors. Will growth in home construction be strong enough to lift hardwood demand in 2020? Read the March HMR Executive® to find out.

Contact Jana (jana@hmr.com) today for a sample copy.

## Market Commentary cont'd

uary and February, most are in no hurry to buy additional lumber in this uncertain business climate. Meanwhile, secondary wood products manufacturers have not withdrawn to the same degree, since demand from the residential and commercial construction sectors has not let up.

### Tropical Lumber Supply

Contacts report occasional issues with container availability in the US and in some countries that ship tropical hardwood lumber and other wood products to North America. Sporadic delays in shipments from North American ports to import yards are also noted. However, logistical issues have not greatly impacted supplies to this point. Some distributors and end-users are allowing longer lead times when ordering to hedge against potential near-term supply disruptions, but most are not.

Broadly speaking, the tropical hardwood species most widely used in North America are readily available, though are not grossly oversupplied. That said, reports indicate African Mahogany inventories are elevated, while supplies of Spanish Cedar and Jatoba have tightened a bit.

### Decking Markets

Sales of tropical hardwood decking are holding up well, so far, despite COVID-19 related impacts to business. The vast majority of sales contacts report good ongoing demand for Ipé decking. Interest in Red Balau, Garapa, and Massaranduba decking is steady. Reports about Cumaru decking business are mixed.

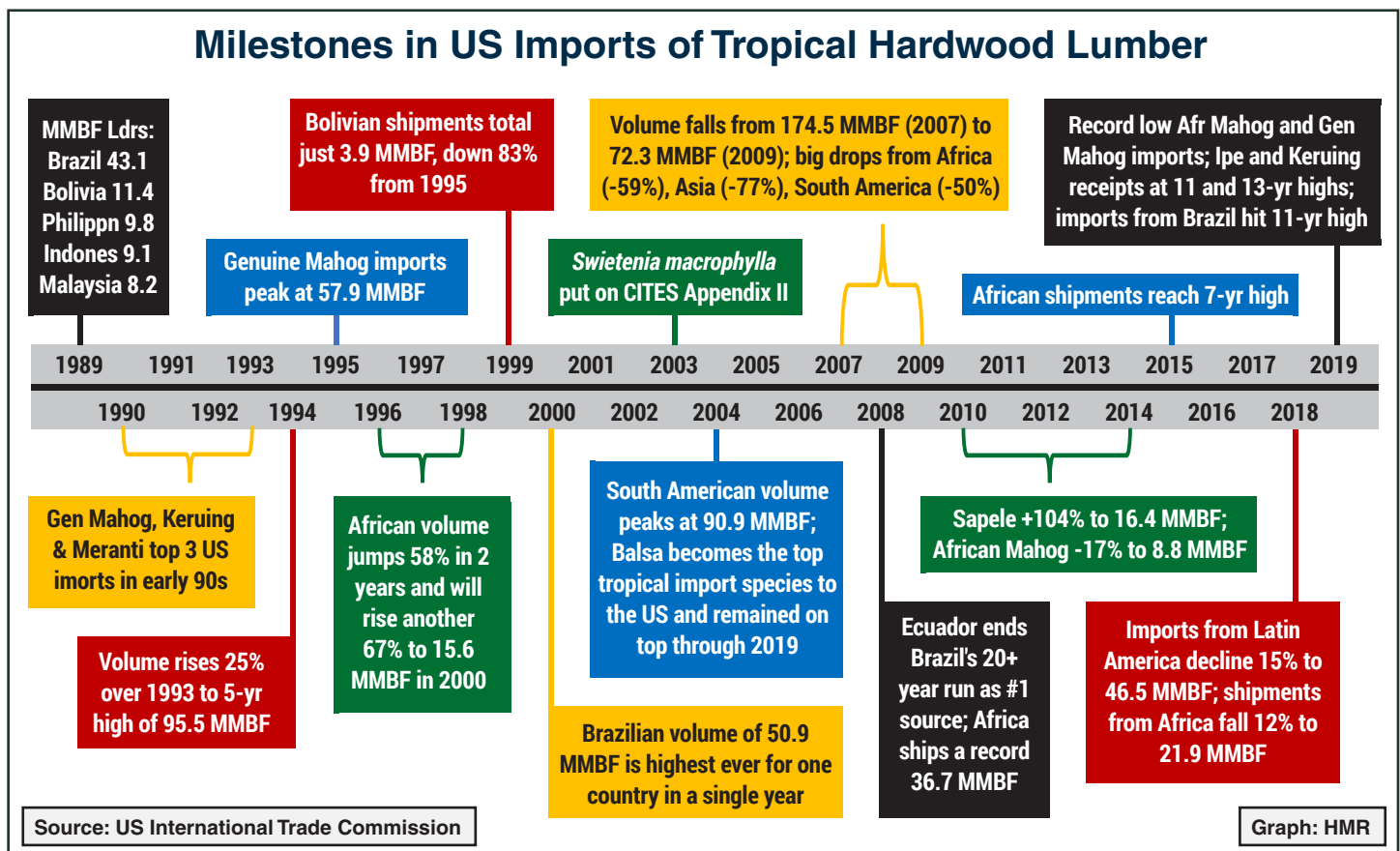
### Species Trends

#### Spanish Cedar

US imports of Spanish Cedar have declined sharply over the last 15 months, and inventories at import yards are now rather thin. Demand is highly varied from region to region, as it has been for some time. Sales contacts are having the most success moving this species in the Southeast US, followed by the Northeast. In contrast, Spanish Cedar shipments are quite slow to distribution yards and end-users west of the Rockies, where competing products like Western Red Cedar are more readily available. Prices reported by most buyers

[continue](#)

Figure 1



## Market Commentary cont'd

and sellers are little changed from a month ago, allowing the listings and ranges to stand.

**(See page 3 for price listings and prevailing ranges for Spanish Cedar and six other imported species.)**

### "Demand for Ipé decking has been solid throughout winter ..."

#### *Ipé*

The North American market for Ipé lumber is not large, but it has been consistent. A high percentage of that lumber is being processed into decking, while small but steady quantities are going into interior flooring, stair parts, and other applications. However, much of the Ipé entering North America is already manufactured into decking. Demand for Ipé decking has been solid throughout winter, depleting stocks at yards and distributors. Sales organizations are now replenishing inventories. Suppliers in South America have consistently pressed for price increases on Ipé lumber and decking, and North American importers have usually

been able to pass along those increases to customers. Information shows further price gains that lift the listings and ranges for the second straight month.

#### *Jatoba*

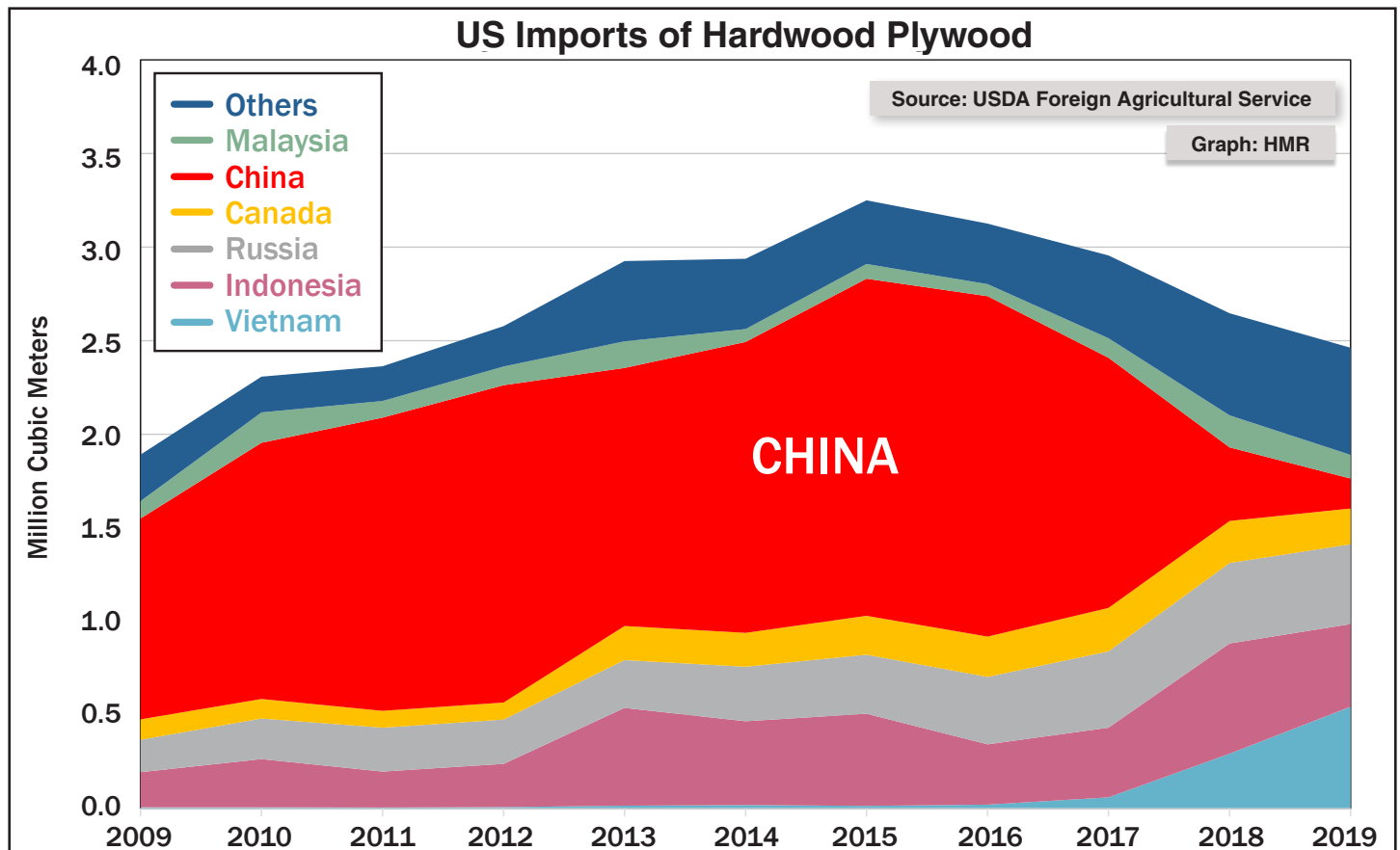
Demand for this species is spotty in North America. Some longtime importers with a wide base of established Jatoba customers report steady to good business. However, most sales contacts describe activity as sluggish or slow. Flooring and stairs are the most common applications for Jatoba. According to reports, the majority goes into repairs or room additions in homes and businesses with existing Jatoba floors. Usage in new residential and commercial construction is quite limited. With supplies relatively low, prices have firmed from the low end of the market. The 5/4 and 8/4 listings and bottom ends of the ranges are raised to better reflect reported prices.

#### *African Mahogany*

In much of the US and Canada, demand for African Mahogany has steadily contracted the last few years. This is partly

[continue](#)

Figure 2



## Market Commentary cont'd

a reflection of consumers' migration away from furnishings and fittings with red appearances, and partly the result of African Mahogany losing market share to other species, particularly Sapele. These circumstances have not changed in the last 30 days. At the same time, Africa Mahogany is still readily accepted in specific market regions, most notably Southern California. However, the combination of low overall demand and abundant supply is pressuring prices downward. Accordingly, all the African Mahogany listings and high end range numbers are reduced in this issue.

### Genuine Mahogany

The market direction of Genuine Mahogany has not meaningfully changed from recent months. Relatively few importers handle the species now, and most that do sell it are not moving large quantities. Projects that require Genuine Mahogany can be lucrative for importers and distributors, but such projects are scarce. Prices range widely due to a variety of factors – country of origin and product specifications, for example. However, the published listings and ranges accurately reflect the breadth of reported prices.

### Sapele

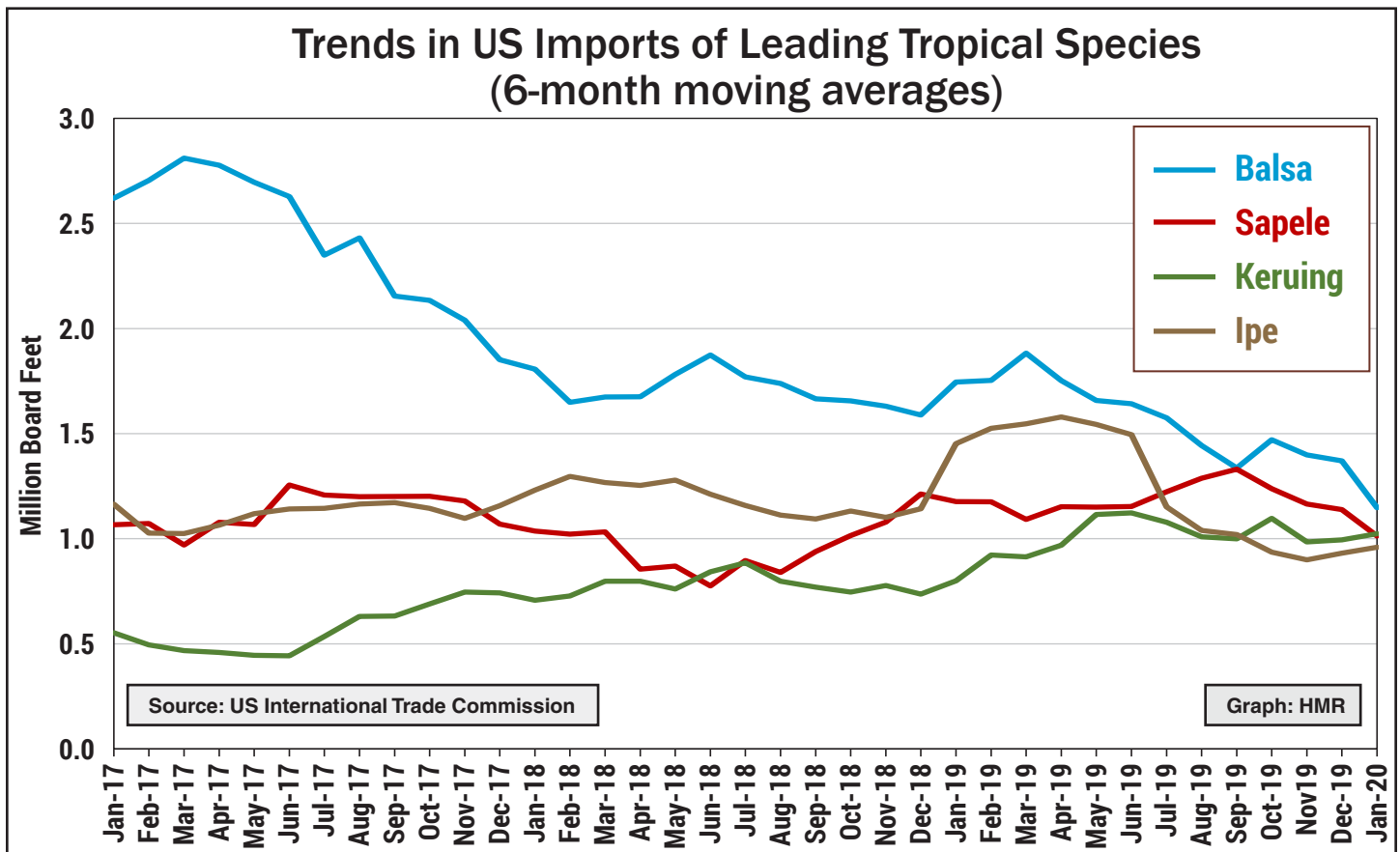
Demand for Sapele has moderated some during the last 30 days but is still holding up well, except in certain sections of the West. The diversity of interior and exterior applications for Sapele remains a solid asset for sellers of this species. Volumes of Sapele entering the US were relatively low the last few months of 2019 through January 2020. Even so, inventories of most grade/thickness/grain combinations at import yards are in decent shape. Information from buyers and sellers shows some upward and downward movement in Sapele prices within the ranges but warrants no changes to the published figures.

### Sipo/Utile

Sipo/Utile continues to gain traction in the North American marketplace. For some importers, Sipo/Utile has transitioned from a minor species in low demand to a featured offering that moves at a consistent pace. More often than not, it goes into similar applications as Mahogany or Sapele. Published prices for Sipo/Utile were first introduced in HMR *Import Newsletter*™ last month and reports indicate few, if any

[continue](#)

Figure 3



## Market Commentary cont'd

changes, since. The listings and ranges hold steady.

### *Other Tropical Species*

The pace of business for Keruing/Apitong closely parallels that of heavy truck and trailer sales, since most is used to make truck trailer flooring. During the latter stages of 2019, demand for trailers and trailer floors declined, and business remains slow today. Not surprisingly, sales contacts report sluggish market conditions for Keruing/Apitong. Teak is moving at a steady pace, mostly in small lots. Cumaru lumber is drawing only limited interest; like Ipé, most Cumaru trade is in decking. Importers' sales of specialty woods like Wenge and Zebrawood tend to seasonally peak during cold weather months, and this year has been no exception. Demand for both of these species continues to outpace supplies.

### *Temperate Species*

European Beech was the leading non-Canadian temperate or tropical hardwood lumber species imported to the US each of the last seven years, as well as in January. It remains a staple wood for cabinet manufacturers from the Rocky Mountains westward and for some in the Midwest. Most contacts that buy and sell European Beech indicate activity for this species has been steady in March compared to past months.

USITC trade data show, indirectly, that Eucalyptus is the second most common temperate hardwood lumber species imported to the US. This is because virtually all imports from Uruguay are known to be Eucalyptus. Demand for Eucalyptus gradually increased in North America during the last year but seems to have plateaued, at least for now.

White Oak has been a popular choice in the wood flooring marketplace for several years. This has been a boon to European White Oak business. Solid data on trends in European White Oak usage are elusive, but most information suggests demand has moderated since mid-2019.

### **Trade Data**


Total US imports of tropical and temperate hardwood lumber from non-Canadian sources started slowly in 2020, with volume dropping to a 35-month low of 12.7 million board feet in January. Compared to January 2019, tropical and temperate imports were off 44% and 10%, respectively.

Receipts of each of the five most imported tropical species were lower this January than last. Keruing/Apitong shipments were only down 8%, but year-on-year decreases for Ipé, Sapele, Balsa, and African Mahogany ranged from 27% to as much as 80%. Also of note, imports of Spanish Cedar plunged 89%, and Jatoba volume dropped 81% this January from a year ago; in fact, the equivalent of just two containers of each of these two species entered the US this January, according to the US International Trade Commission.

Although total year-on-year imports of temperate hardwood lumber were down 10% in January, imports of Beech were up 7% and Baltic/Russian/Chinese Birch volume jumped 583% to the highest level in almost four years. However, White Oak receipts were down more than 50%, and hardwood lumber shipments from Uruguay – likely Eucalyptus – were off 25%.

**Detailed tables on US imports of hardwood lumber by species and country are on page 2.**

### **Join Us at IWPA**

Due to the COVID-19 pandemic, the International Wood Products Association (IWPA) has transitioned this year's World of Wood Convention from an in-person event to an online virtual conference. Virtual World of Wood will still take place April 1<sup>st</sup> through 3<sup>rd</sup> and will feature a host of webinars, including a presentation on import trends and the US market outlook for wood by Andy Johnson, assistant editor of HMR publications. For more information about the convention and IWPA, visit [www.iwpawood.org/mpage/homepage](http://www.iwpawood.org/mpage/homepage) or call 703-820-6696. 



780 Ridge Lake Blvd., Ste 102, Memphis, TN 38120-9426

Phone: 901-767-9126 ~ Fax: 901-767-7534

Email: [import@hmr.com](mailto:import@hmr.com)