



April 2020

MARKET REPORT

Southeast Asia & Greater China

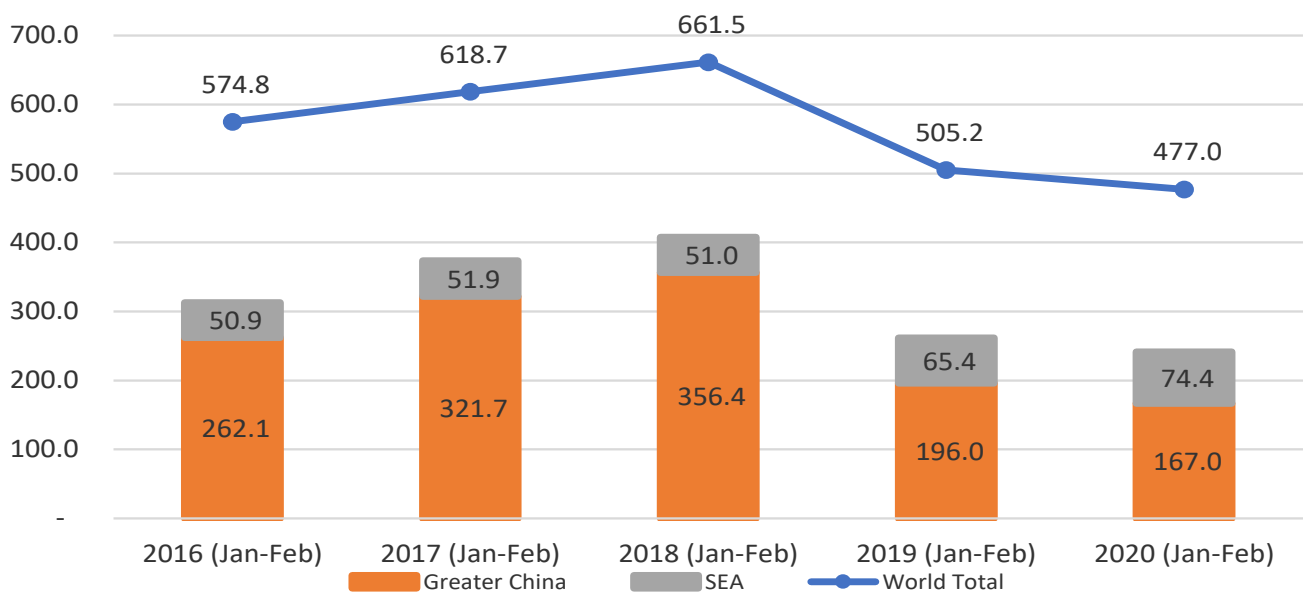
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Disease Outbreak Hits U.S. Hardwood Exports to Greater China

In the first two months of 2020, the total export value of U.S. hardwoods to GRCH and SEA was \$241.5 million, declined 7.6% compared to the same period of 2019. The disease outbreak affected every business sector in China and caused a collapse in activities since Chinese New Year holidays. Around end of March, according to the State Council Information Office in China, nearly 98% of the major industrial firms nationwide have resumed operation as of Mar 30. The hardwood export value to Greater China decreased 14.8% (YoY) to \$167 million in Jan-Feb 2020. On the other hand, SEA markets showed a promising growth amid the outbreak, exports value reached \$74.4 million, raised up 13.9% (YoY), with Vietnam accounting for 84% of that total (\$62.5 million in Vietnam, up 17.7% YoY).

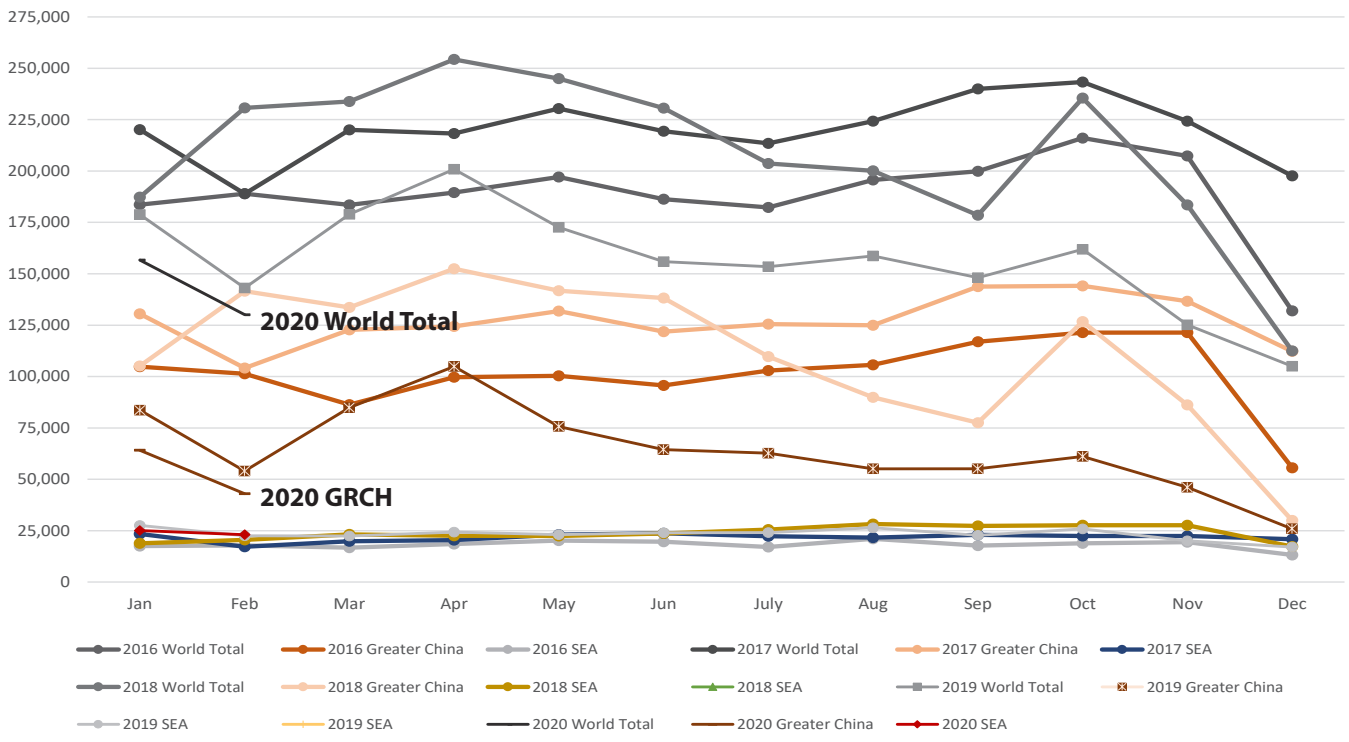
US Hardwood Exports Value (USD million)



	Hardwood Lumber	% change	Hardwood Log	% change	Hardwood Veneer	% change
Greater China	\$107 million	-22.2%	\$58.5 million	1.9%	\$0.585 million	26.5%
Vietnam	\$39.7 million	-4%	\$21.4 million	111%	\$1.27 million	-7%
Indonesia	\$3 million	-10%	\$0.52 million	8%	\$1.18 million	-7%
Malaysia	\$2.5 million	4%	\$0.19 million	367%	\$1 million	20%
Thailand	\$2.49 million	9%	\$0.23 million	15%	\$0 million	--
Philippines	\$0.218 million	-20%	\$0 million	--	\$0.092 million	-83%
Singapore	\$0.0008 million	-94%	\$0.062 million	-1%	\$0 million	--

Year-on-Year changes in U.S. exports of hardwood lumber, logs and veneer to Greater China and SEA, Jan-Feb 2020 (Source: USDA)

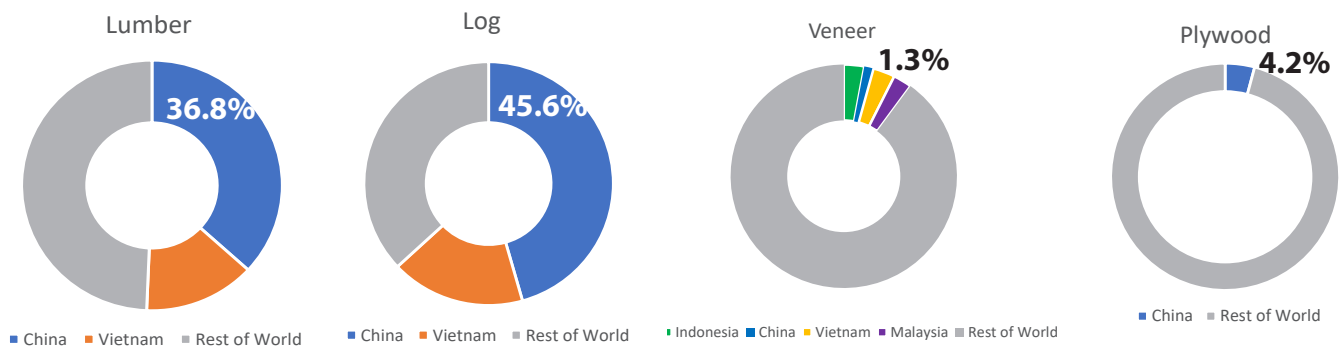
Lumber Value - World Total vs GRCH & SEA (USD'000)



Greater China market down 14.8%

In the first two months of 2020, the GRCH market fell at 14.8% (YoY) to \$167 million, export value of hardwood lumber and hardwood veneer to Greater China (China, Hong Kong and Taiwan) declined 22.2% (YoY) to \$107 million and 26.5% (YoY) to \$0.585 million. On the other hand, logs up 1.9% (YoY) to \$58.5 million.

Thanks to the closure of manufacturing activities, the consumption of U.S. hardwood in China remained low and went down further. China accounted for 36.8% of US global exports of lumber, 45.6% of US global exports of logs, 1.3% of US global exports of veneer, and 4.2% of US global exports of plywood.



Some species of American hardwoods such as walnut, yellow poplar, maple and hickory gained from 9% to 30% when compared to same period of 2019. Red oak lumber down 34% (YoY) by value and 28% (YoY) in volume to \$32.6 million and 60,501 (M3). Walnut lumber gained 14% (YoY) by value and 35% (YoY) in volume to \$17.2 million and 15,444 (M3). White oak lumber was down 20% (YoY) in value and 7% in volume to \$13.5 million and 24,287 (M3). Ash lumber declined at 30% (YoY) by value and 20% (YoY) in volume to \$12.3 million and 22,161 (M3).

Top six species were red oak, walnut, white oak, ash, cherry and yellow poplar in Jan-Feb 2020. They generated over \$94.2 million exports and accounted for over 89% of the total hardwood lumber exports to China.

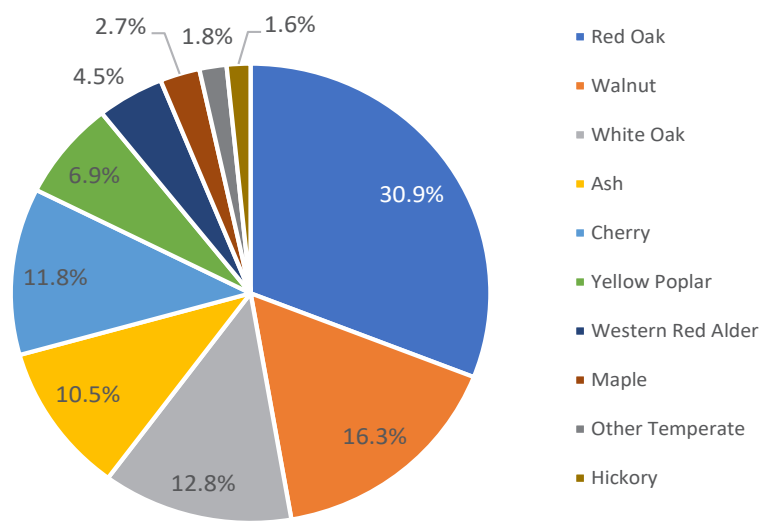
In Jan-Feb 2020, China purchased 82.7% of all cherry, 56.9% of red alder, 52.8% of all red oak, 46% of all ash and 45.9% of walnut that has been exported.

American Hardwood Export Council Southeast Asia & Greater China

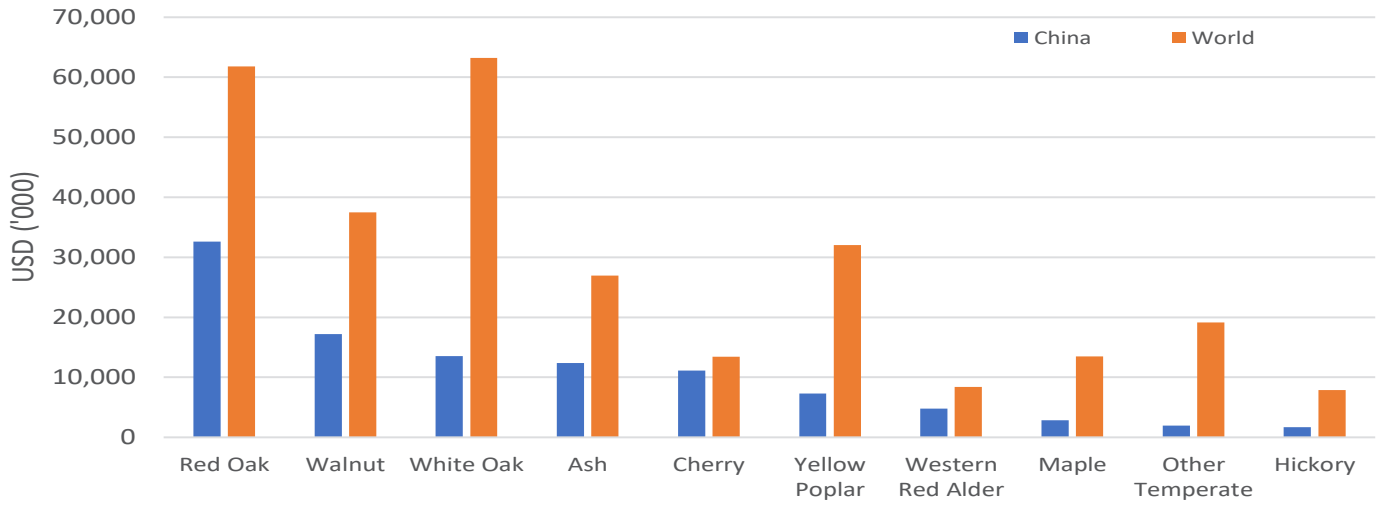
Lumber Species	Export Value (US\$)	YoY % change	Export Qty (M3)	YoY % change
Red Oak	\$32.6 million	-34%	60,501	-28%
Walnut	\$17.2 million	14%	15,444	35%
White Oak	\$13.5 million	-20%	24,287	-7%
Ash	\$12.3 million	-30%	22,161	-20%
Cherry	\$11.1 million	-36%	15,589	-30%
Yellow Poplar	\$7.3 million	12%	19,845	22%
Alder	\$4.7 million	-13%	14,657	-6%
Maple	\$2.8 million	30%	4,311	21%
Hickory	\$1.6 million	9%	3,658	6%

US Hardwood Lumber Exports to Mainland China by Species Jan 2020 (Source: USDA)

Lumber species to China in Jan-Feb 2020



Top Species to Mainland China vs World Total in Jan-Feb 2020



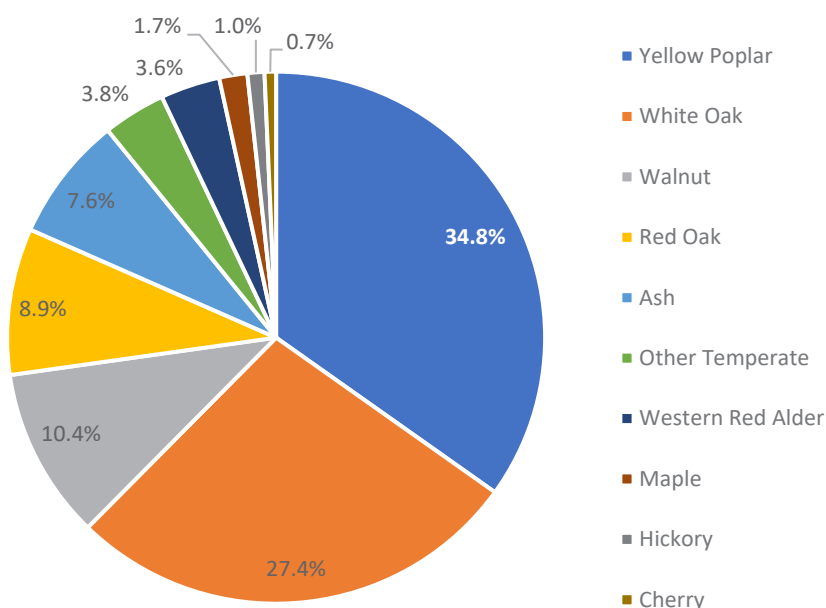
Southeast Asia market grows 13.9%

SEA market continuously grew in the first 2 months in 2020 when compare to the same period of time. The total export value of U.S. hardwood to Southeast Asia market was \$74.4 million, increased 13.9% (YoY) in which 84% was contributed by Vietnam. The export value of hardwood logs to SEA was boost up by 104.2% to \$22.4 million (YoY). The hardwood lumber export to SEA was slightly down by 4% (YoY) to \$48 million, and veneer decreased 12.2% (YoY) to \$3.6 million.

The accumulated export value to Vietnam market in Jan & Feb 2020 was \$62.5 million, increased 17.7% (YoY). The export value of lumber decreased 4% to \$39.7 million but the volume increased 3% to 96,398 (M3), logs surged 111% by value and 107% in volume to \$21.4 million and 47,319 (M3), and veneer to Vietnam fell at 7% to \$1.2 million.

The rest of the SEA market, only Malaysia and Thailand market grew in Jan-Feb 2020, Malaysia up 12.8% (YoY) to \$3.8 million; Thailand up 8.7% (YoY) to \$2.7 million. Indonesia, Philippines and Singapore shrank from 5.4% to 71% (YoY).

Shares of species in SEA markets Jan-Feb 2020



SEA Markets

Vietnam

Top Lumber Species (US\$, YoY % change)

Yellow Poplar (\$15.9 million, 9%)
 White Oak (\$10 million, 11%)
 Walnut (\$4 million, 14%)

Top Lumber Species (M3, YoY % change)

Yellow Poplar (50,958, 17%)
 White Oak (18,640, 5%)
 Walnut (4,981, 13%)

Indonesia

White Oak (\$1.26 million, 23%)
 Ash (\$0.6 million, 326%)
 Walnut (\$0.39 million, 44%)

White Oak (2,133, --)
 Ash (1,026, 455%)
 Walnut (340, 28%)

Malaysia

White Oak (\$1.24 million, 96%)
 Yellow Poplar (\$0.35 million, 28%)
 Walnut (\$0.29 million, 55%)

White Oak (1,973, 116%)
 Yellow Poplar (895, 30%)
 Walnut (367, 43%)

Thailand

White Oak (\$0.61 million, 30%)
 Ash (\$0.54 million, 21%)
 Yellow Poplar (\$0.26 million, 22%)

White Oak (769, 35%)
 Ash (777, 28%)
 Yellow Poplar (505, 43%)

Philippines

Walnut (\$0.041 million, 64%)
 White Oak (\$0.033 million, 36%)
 Ash (\$0.02 million, 35%)

Walnut (20, 71%)
 White Oak (56, 36%)
 Ash (24, 48%)

SEA Markets

Singapore

Top Lumber Species (US\$, YoY % change)

Hickory (\$0.004 million, --)
Tropical (\$0.003 million, --)

Top Lumber Species (M3, YoY % change)

Hickory (1, --)
Tropical (1, --)

Market Update

John Chan had contacted with 33 contacts in China and obtained 19 responses including 6 Association representatives and contacted two timber traders in SEA including Vietnam and Malaysia. Their comments and remarks are as:

1. 9 timber importers gave some positive remarks: The path to recovery to pre-Covid-19 business needs more time, but they started placing orders, especially red oak and white oak and ash plus some walnut and cherry. The imports are mainly used for domestic markets consumption.

For those doing the export to overseas markets, the business is dim as many signed contracts were either temporarily postponed or cancelled due to the Covid-9 pandemic.

There were rushing orders due to rumors that some US sawmills temporarily halt production and export or disruption of Ports Operation services.

2. 6 executives and officers from China Timber Wood Products Distribution Association (CTWPDA), Shanghai Timber Trade Association (STTA) and Liaoning Furniture Association (LFA) gave positive remarks: They saw the market condition in China in general is gradually on the positive direction including the sales and quantity of US hardwood lumber have been increasing during the period in March/April. Some of their members reported of some species went up slightly. Although there was serious impact of the timber consumption in January and February/March but in March/April they saw the import market sentiment improve from uncertain to more positive. They said they could see the domestic market demand US hardwood is a good beginning.

The groups mentioned in point 1&2 expressed their concern if the export Covid-19 pandemic would impact to some degree /level of the production and export of US hardwood.

3. 3 timber traders gave negative comment: They did not see the market improve during March/April. For one reason is most of their customers are producers targeting the overseas export markets in USA, Japan and EU.

4. A big Vietnamese trader and distributor in HCMC and Binh Duong reported about 1/3 of the factories in Vietnam are in operation since March/April, 2020. She said her outlook of the market in Vietnam in the third quarter of 2020 is not optimistic. Those manufacturers produced for Chinese market have better chance to keep their operation running.

5. A furniture producer in Malaysia reported that most of his customers in US and EU have cancelled or asked postponement of their purchase orders in the third and fourth quarter.

6. Some Chinese timber traders said their business in Vietnam was negatively affected due to their partners and users in Vietnam have faced the problem of some USA and EU importers cancelled the purchase orders for furniture and flooring products. This US hardwood lumber export to Vietnam in February has shown -4% in value reflect the result of weak overseas export market.

Upcoming Events

March 11-14 (Postponed until further notice)
Vietnam International Furniture Fair and Home Accessories Fair 2020
Ho Chi Minh City, Vietnam

July 27-30
Interzum Guangzhou 2020***
Guangzhou, China

September 3-4
American Hardwood Export Council 25th Greater China Convention
Chengdu, China

September 8-12
FMC Premium 2020***
The 26th Furniture Manufacturing & Supply China (FMC China 2020)
The 26th China International Furniture Expo (Furniture China 2020)
Shanghai, China

September 23-26
The 9th International Woodworking and Furniture Manufacturing Components Show (iFMAC & WoodMAC 2020)
Jakarta, Indonesia

October 23
American Hardwood Export Council Southeast Asia Convention
Bangkok, Thailand

October 27-30
BIFA Wood Vietnam 2020***
Binh Duong, Vietnam

December 10-13
The 32nd Taipei International Building, Construction and Decoration Exhibition 2020
Taipei, Taiwan

***AHEC Pavilion

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