



June 2020

# MARKET REPORT

## Southeast Asia & Greater China

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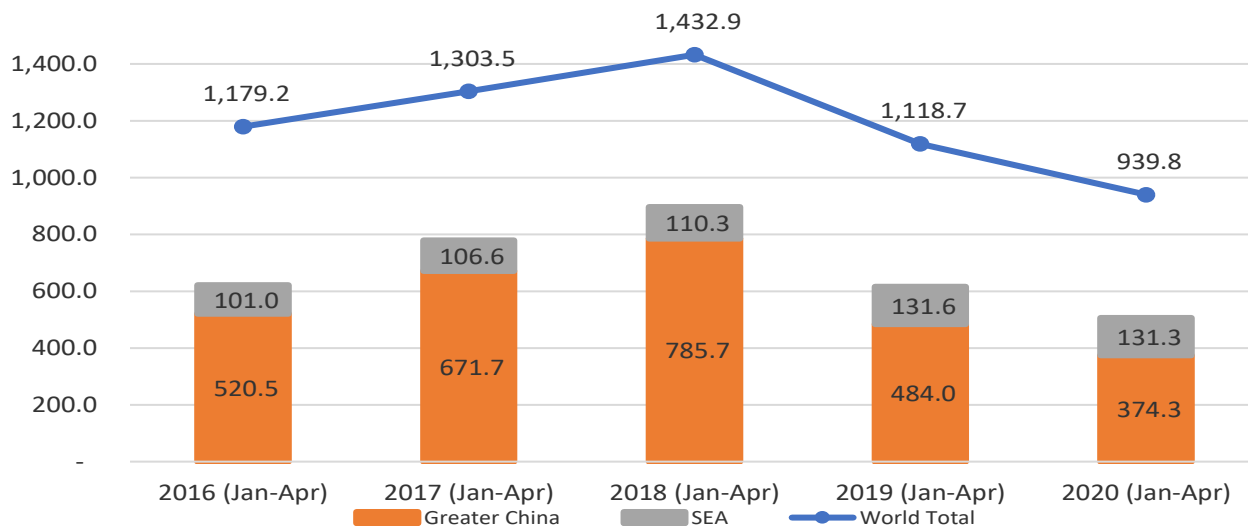
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## Business Activities Gradually Resume After Disruption

In regional markets like Mainland China it's a welcome sight to see business activities gradually begin to return to normal. According to the National Bureau of Statistics of China, the China's Manufacturing PMI readings was above 50 after Mar 2020 which indicated a continuous expansion in the manufacturing sector. This expansion was reflected in the hardwood lumber exports to Mainland China, which increased by 85% month-to-month from March to April 2020.

The export value of U.S. hardwoods to GRCH and SEA was \$505.7 million, which was down 17.9% compared to the first four months of 2019. The hardwood export value to Greater China was \$374.3 million, declined 22.6% (YoY). The SEA market is slightly down 0.2% to \$131.3 million, in which Vietnam accounting for 81% of that total (\$106.3 million in Vietnam, slightly down 0.5% YoY).

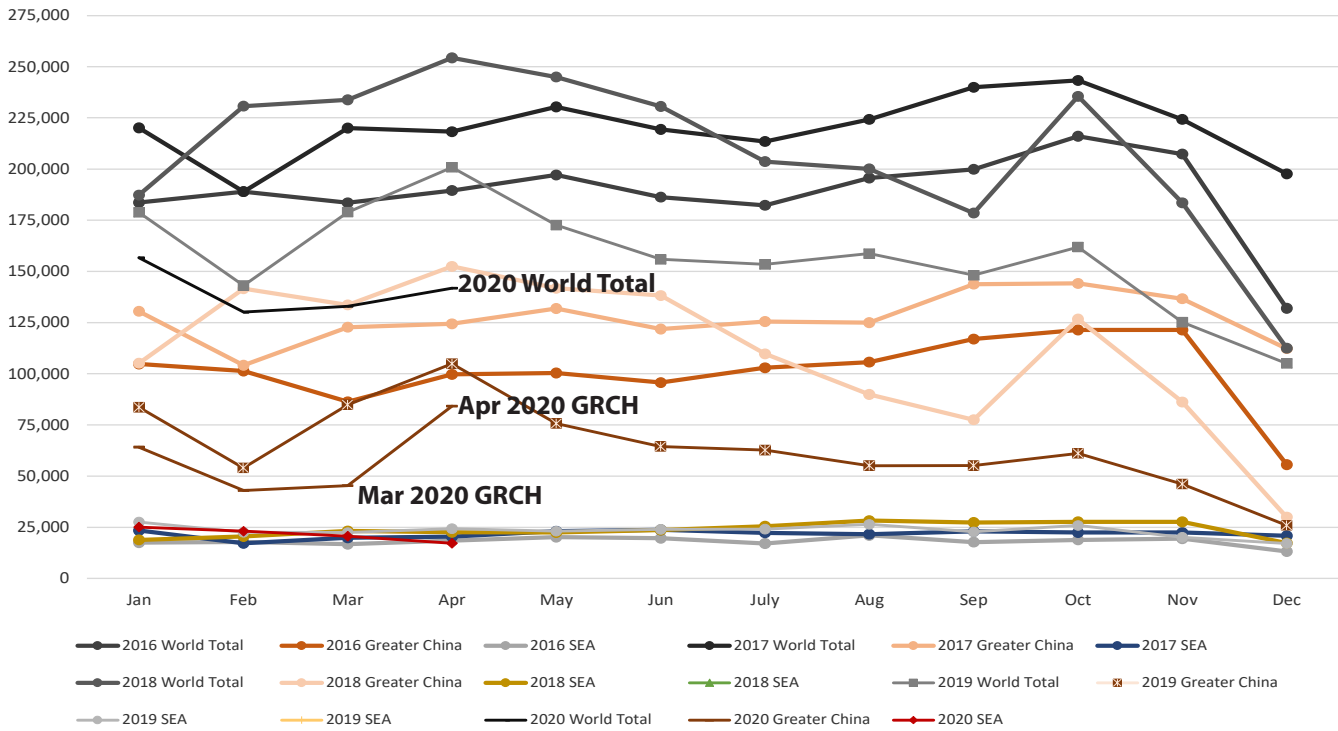
**US Hardwood Exports Value (USD million)**



	Hardwood Lumber	% change	Hardwood Log	% change	Hardwood Veneer	% change
<b>Greater China</b>	\$236.6 million	-27.7%	\$135.2 million	-11.9%	\$1.3 million	-14.9%
<b>Vietnam</b>	\$68.9 million	-14%	\$34.9 million	48%	\$2.3 million	-27%
<b>Indonesia</b>	\$5.6 million	-12%	\$0.93 million	18%	\$2.1 million	-18%
<b>Malaysia</b>	\$5.1 million	19%	\$0.53 million	41%	\$2.1 million	25%
<b>Thailand</b>	\$5.7 million	4%	\$1 million	217%	\$0 million	--
<b>Philippines</b>	\$0.47 million	8%	\$0 million	--	\$0.358 million	-61%
<b>Singapore</b>	\$0.035 million	-73%	\$0.065 million	-50%	\$0.228 million	32%

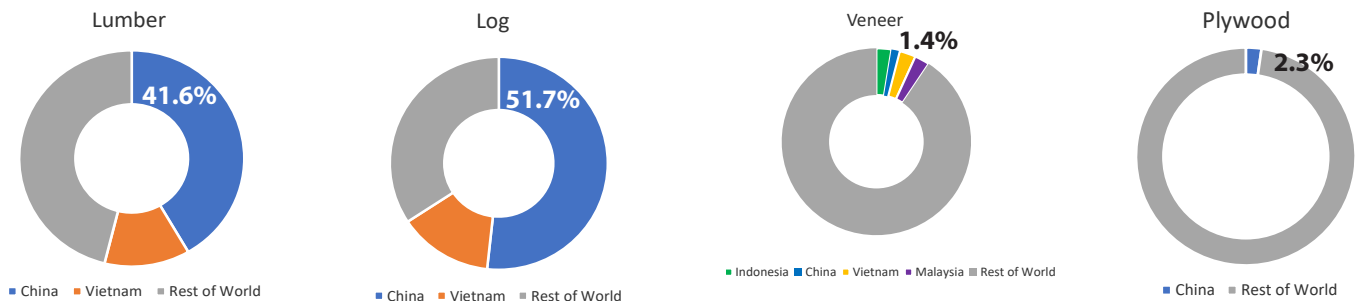
Year-on-Year changes in U.S. exports of hardwood lumber, logs and veneer to Greater China and SEA, Jan-Apr 2020 (Source: USDA)

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



## Greater China market fell 22.6%

The overall hardwood export value to GRCH market fell 22.6% (YoY) to \$374.3 million, with lumber down 27.7% (YoY) to \$236.6 million, logs and veneer fell 11.9% (YoY) to \$135.2 million and 14.9% (YoY) to \$1.39 million. China's market share of all US hardwood lumber exports was 41.6% from Jan-Apr which was higher than Q1 (35.8%).



Although the cumulative exports value to GRCH still declined in April, it showed a strong rebound from monthly comparison between March and April 2020. The hardwood lumber exports value to GRCH in April was the highest (see above graph "Lumber Value – World vs GRCH vs SEA") among the previous months in 2020, it jumped 85.7% when compared to March and jumped 95.9% when compared to February 2020.

When reviewing the month-to-month comparison (April against March 2020), all species recorded positive and strong rebound from the business disruption.

Lumber Species	Export Value (US\$)	YoY % change (Monthly change)	Export Qty (M3)	YoY % change (Monthly change)
Red Oak	\$81.6 million	-31% (104%)	146,631	-27% (102%)
Walnut	\$33.9 million	-8% (50%)	29,311	2% (59%)
Ash	\$31.3 million	-31% (90%)	54,978	-22% (95%)
White Oak	\$27.7 million	-30% (89%)	49,457	-18% (83%)
Cherry	\$25.2 million	-32% (98%)	35,291	-26% (101%)

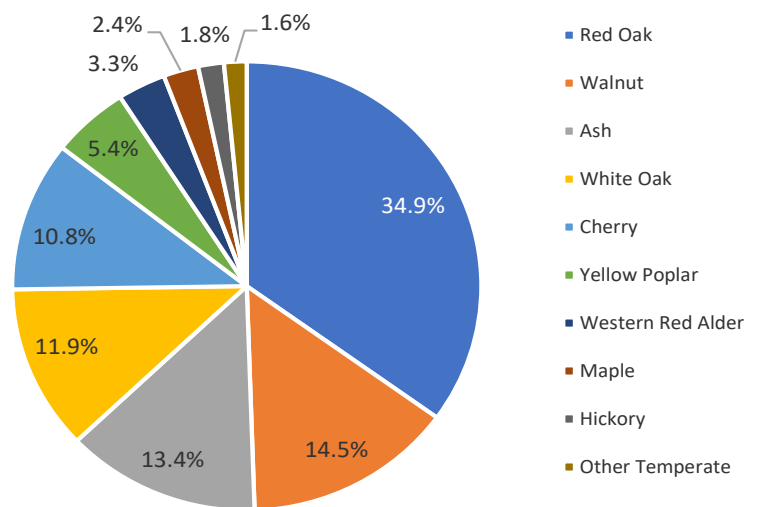
Lumber Species	Export Value (US\$)	YoY % change (Monthly change)	Export Qty (M3)	YoY % change (Monthly change)
Yellow Poplar	\$12.5 million	-12% (112%)	34,260	-4% (93%)
Alder	\$7.7 million	-51% (94%)	23,810	-43% (85%)
Maple	\$5.6 million	6% (50%)	8,408	-2% (75%)
Hickory	\$4.1 million	2% (58%)	8,205	-- (58%)

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

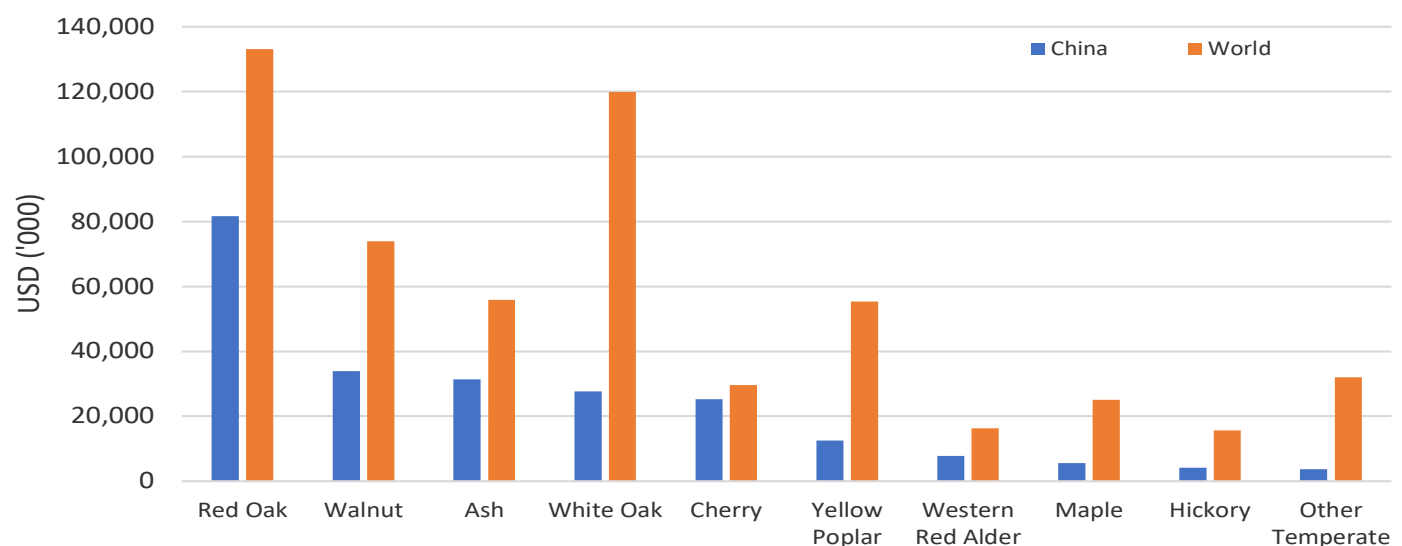
Top six species in the market were red oak, walnut, ash, white oak, cherry and yellow poplar in the first four month of 2020. They generated over \$212.4 million exports and accounted for over 90.9% of the total hardwood lumber exports to China. Up to April 2020, China purchased 85.5% of all cherry, 61.3% of all red oak, 47.8% of red alder, 56.1% of all ash and 45.8% of walnut that has been exported.

Within the PMI index composition, the production index and new orders index were above the threshold, and the main raw materials inventory index was lower than last month, this indicating the main raw material inventory in manufacturing decreased. It may lead to factories to look for quick inventory replenishment to fulfil the increasing orders.

Lumber species to China Jan-Apr 2020



Top Species to Mainland China vs World Total Jan-Apr 2020



## Southeast Asia market slightly down 0.2%

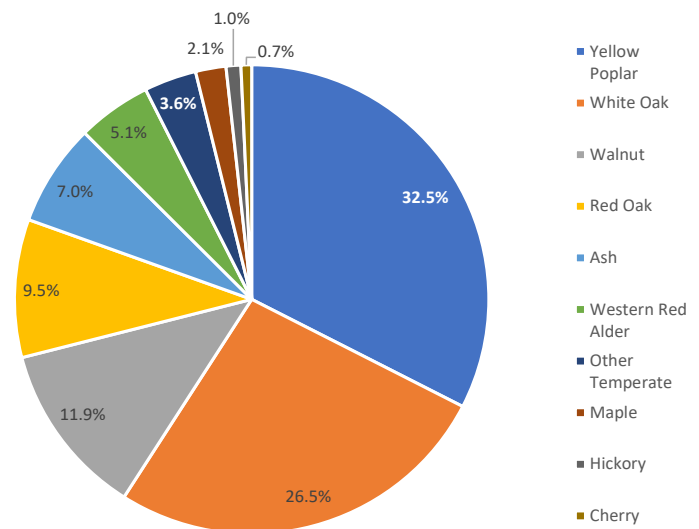
The total export value of U.S. hardwood to SEA market slightly fell by 0.2% to \$131.3 million in the first four month of 2020 (YoY) in which 81% was contributed by Vietnam. The export value of hardwood logs to SEA increased by 48.3% to \$37.5 million (YoY). The hardwood lumber export to SEA decreased 11.3% (YoY) to \$85.9 million, and veneer fell 16.5% (YoY) to \$7.1 million.

After reaching the peak, Vietnam market slightly decline 0.5% (YoY) to \$106.3 million. The cumulative export value and volume of lumber decreased 14% and 8% to 68.9 million and 164,092 (M3) and veneer

exports declined significantly at 27% to \$2.3 million. On the other hand, logs jumped up by 48% by value and 44% in volume to \$34.9 million and 78,294 (M3), in which the most popular species of logs were white oak (39.1%), ash (18.8%), walnut (18.7%) and red oak (9.1%).

Malaysia and Thailand markets continued to grow in at 21.6% (YoY) and 14.4% (YoY) to \$6.1 million and \$4.6 million respectively, other regions shrank from 11.7% to 40.4% (YoY).

Shares of species in SEA markets Jan-Apr 2020



## SEA Markets

### Vietnam

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

Yellow Poplar (\$26 million, 5%)  
White Oak (\$16.1 million, 28%)  
Walnut (\$8.3 million, 3%)

#### Top Lumber Species (M3, YoY % change)

Yellow Poplar (82,714, 2%)  
White Oak (29,680, 24%)  
Walnut (9,827, 27%)

### Indonesia

White Oak (\$2.3 million, 25%)  
Ash (\$0.93 million, 181%)  
Walnut (\$0.81 million, 45%)

White Oak (3,849, 8%)  
Ash (1,628, 213%)  
Walnut (618, 37%)

### Malaysia

White Oak (\$2.3 million, 71%)  
Yellow Poplar (\$1 million, 33%)  
Walnut (\$0.52 million, 50%)

White Oak (3,588, 85%)  
Yellow Poplar (2,560, 24%)  
Walnut (614, 32%)

### Thailand

White Oak (\$1.7 million, 25%)  
Ash (\$1 million, 8%)  
Maple (\$0.78 million, 291%)

White Oak (2,149, 27%)  
Ash (1,400, 17%)  
Maple (1,631, 252%)

### Philippines

Walnut (\$0.142 million, 5%)  
Yellow Poplar (\$0.062 million, --)  
Ash (\$0.055 million, 24%)

Walnut (83, 13%)  
Yellow Poplar (158, --)  
Ash (100, 11%)

### Singapore

Maple (\$0.027 million, --)  
Hickory (\$0.004 million, --)  
Tropical (\$0.003 million, -20%)

Maple (26, --)  
Hickory (1, --)  
Tropical (1, 75%)

## Market Update

### China Market (Information from traders & manufacturers in China and Vietnam)

Five Chinese major importers and 2 AHEC members all said that from May until the first week of June, the market for US hardwood of all species were down substantially compared to March and April. This was due to the following reasons:

1. Some end-users and importers and distributors over stocked in March and April as they overestimated the consumption.
2. The Chinese economy has had a slower recovery in March and April than expected therefore the domestic consumption needs more longer time to catch up.

3. A lumber importer reported 80% of the red oak and white oak are shipped to China through the ports of Shanghai (No. 1), Qingdao (No.2 from Number 4) and Shenzhen(No.3) and he did a survey that oak users accounts 40% of the total US hardwood users.

4. The consumption of US hardwood for furniture manufacture driven by the overseas markets in US and EU where the CoVid19 pandemics was still serious, consequently caused some export orders cancelled.

5. Some Chinese had moved some of their production facilities and factories to Vietnam and Cambodia.

## Vietnam

Three end-users and importers about Vietnam who told that US hardwood market for has been growing better in May and June compared to April. They reported over 70% of the furniture and wood product processing factories have resumed 90% operational capacity in May/June. Another sector-wood kitchen cabinet and flooring industries have reported growing in May especially investment in e kitchen cabinet and flooring production from China. The finished products are re-exported back Chinese market.

## Architectural and Interior Design Projects in China

Architects and interior designers from AIA and Greater China told John that construction and architectural and interior design projects in the third quarters started to pick up in the prime and secondary major cities including the GREATER BAY AREA. They said the Hainan Island (Province) has been named the Special Economic and Trade Zone attracted overseas and foreign investors which could create domestic consumption for interior design products and imported raw materials including sustainable in the coming years.

## Outlook in Greater China and SEA

The Outlook of the US hardwood markets in Greater China and SEA will still depend highly if there will be a second wave of CoVid19 pandemic in the third and fourth quarters. Current situation hints the recovery

## Upcoming Events

As the global outbreak of COVID-19 continues to impact travel and in-person gatherings, the American Hardwood Export Council has made the difficult decision to cancel upcoming 25th Annual AHEC Greater China Convention in Chengdu, the US Hardwood Pavilion at FMC Premium in Shanghai, AHEC SE Asia Convention in Bangkok and a pavilion at BIFA Woodshow in Binh Duong. We will miss seeing all of you this year. Though we can't meet in person, we have remained active in promoting American hardwoods through online media such as instagram, facebook, wechat and weibo.

We will continue to update you on upcoming AHEC events and still hope to attend the following show if travel restrictions and quarantine measures have been lifted.

### December 10-13

**The 32nd Taipei International Building, Construction and Decoration Exhibition 2020  
Taipei, Taiwan**

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