

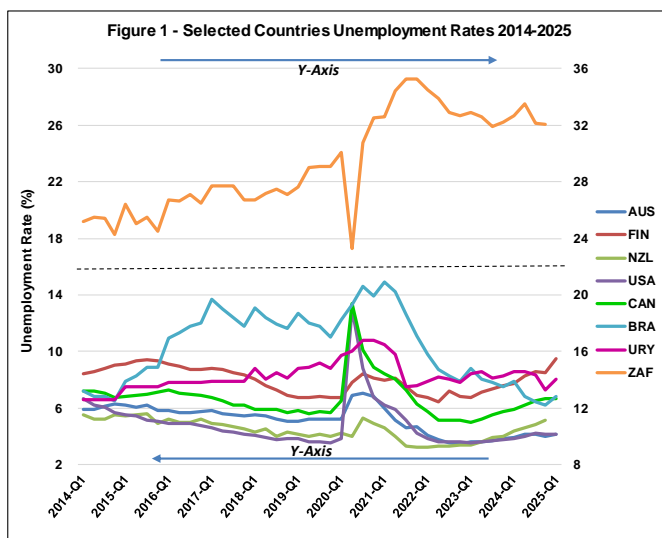
Forest Sector Outlook

Global Consulting Alliance

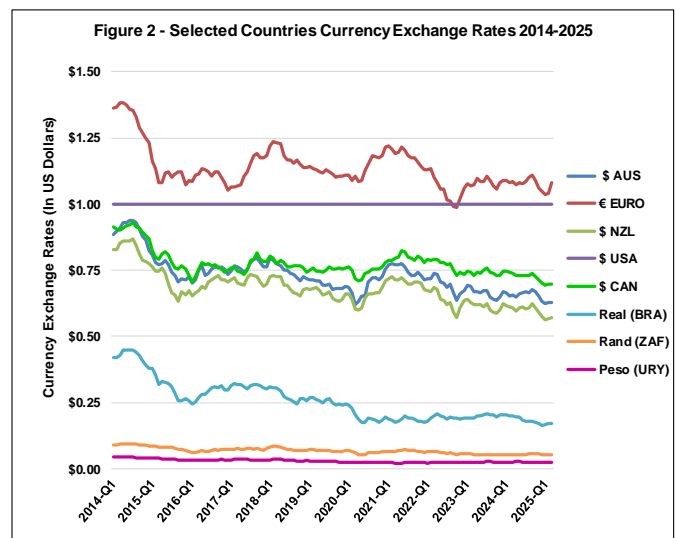
Quarterly Edition 2025-Q1

ECONOMIC DASHBOARD

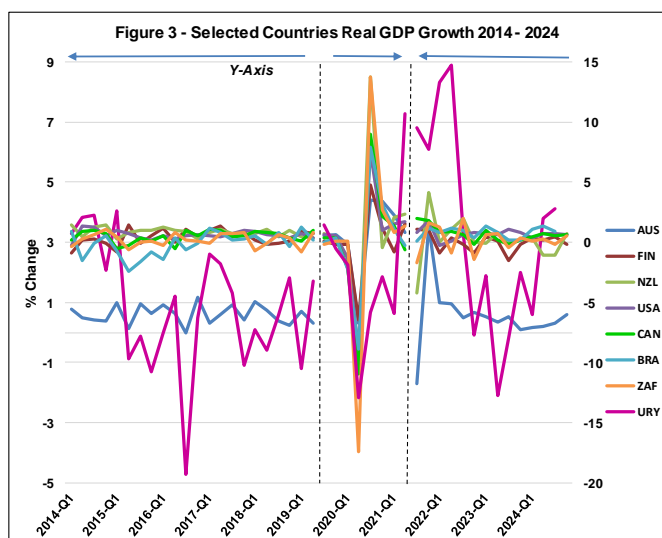
Figures 1 to 4 illustrate four key macroeconomic indicators as observed over the past decade, on a quarterly basis. These can be useful particularly for monitoring the post-pandemic conditions and the market implications of the ongoing war in Ukraine and US trade arrangements. Figure 4 rates are nominal.



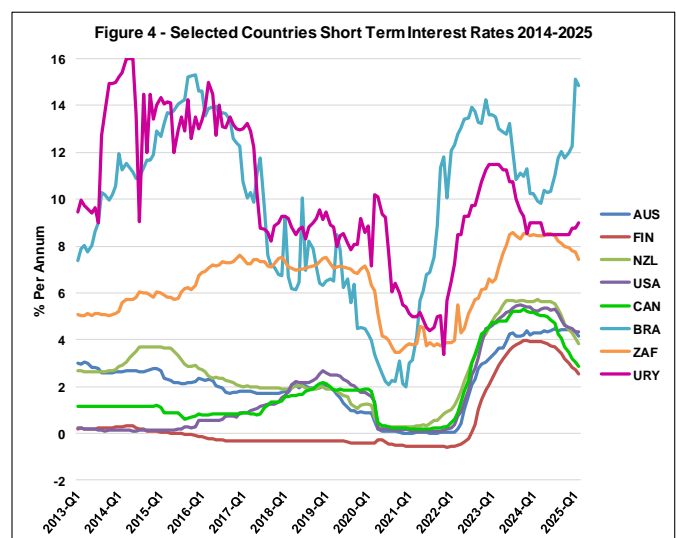
Sources: OEDC, Brazilian Institute of Geography and Statistics, macrotrends.net (World Bank), Statistics South Africa, FRED - St. Louis Fed.



Source: Federal Reserve, Uruguay Statistics National Institute



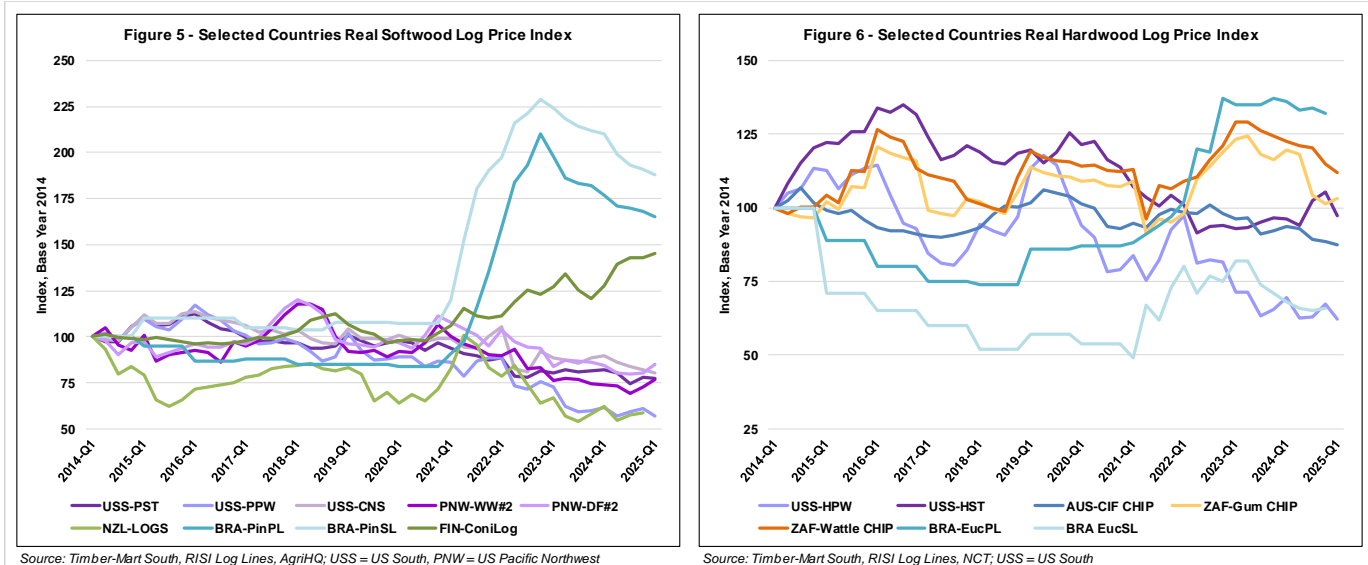
Source: OEDC, Chamber of Commerce and Services of Uruguay, Stats NZ, FRED - St. Louis Fed.



Source: OEDC, FRED - St. Louis Fed, Banco Central Del Uruguay, Reserve Bank of New Zealand

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Figures 5 and 6 show indexed real pricing for select softwoods and hardwoods – with Q1 2014 the base quarter-year.



Legend:

USS-PST = US South Pine Sawtimber, USS-PPW = US South Pine Pulpwood, USS-CNS = US South Chip n' Saw, PNW-WW#2 = US Pacific Northwest Whitewood #2 Saw Avg. Columbia River, PNW-DF#2 = US Pacific Northwest #2 Saw Avg. Columbia River, NZL-LOGS = New Zealand Softwood Logs Composite, BRA-PinPL = Brazil Pine Pulplogs, BRA-PinSL = Brazil Pine Sawlogs, FIN-ConiLog = Finland Coniferous Logs.

USS-HPW = US South Hardwood Pulpwood, USS-HST = US South Hardwood Sawtimber, AUS-CIF CHIP = Australia Hardwood CIF Chip, ZAF-Gum CHIP = South Africa Gum CHIP, ZAF-Wattle CHIP = South Africa Wattle Chip, BRA-EucPL = Brazil Eucalyptus Pulplogs, BRA-EucSL = Brazil Eucalyptus Sawlogs.

ECONOMIC HIGHLIGHTS

Global

- Following the US government's "Liberation Day" tariff announcements on April 2, 2025, the bond market experienced significant turmoil. The imposition of a 10% baseline tariff on all imports—with higher rates for specific countries—triggered a sharp sell-off in US Treasuries. This led to a spike in yields, with the 10-year Treasury yield reaching 4.45% and the 30-year Treasury surging to 4.92%, marking its largest three-day increase since 1982.
- If high bond yields persist, timberland may find itself in a vexed position—caught between its traditional role as a real biological asset and inflation hedge, and its declining relative appeal compared to more liquid bonds offering higher returns. To remain competitive in this environment, timberland may face pressure to support higher discount rates, which could weigh on valuations. Additionally, tariff escalations and geopolitical tensions could disrupt wood product exports, further increasing risk.
- On 22 April 2025, the International Monetary Fund (IMF) revised its global growth forecast for CY 2025 downward – from 3.3% in January to 2.8% – warning that trade tensions could further dampen growth.
- The World Trade Organization (WTO) warned that the US tariffs could reverse global goods trade growth in 2025, reducing it from a projected 2.7% increase to a 0.2% decline. In a worst-case scenario, global trade could decline by 1.5%, weakening GDP growth to just 1.7%.
- The WTO further estimates that merchandise trade between the US and China will fall by 81%, with exemptions for items like smartphones preventing an even larger decline. This sharp decoupling raises concerns about the

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fragmentation of the global economy into isolated blocs. The WTO warns that a full decoupling between the US and China could shrink global GDP by 7% in the long term, a significant and substantial impact.

- The unpredictability of current trade policy shifts is making reliable forecasting difficult, with a move away from a rules-based trading system to a deals-based disorder.
- Brazil – According to the Central Bank of Brazil's Focus bulletin (04/11/2025), expectations for the Brazilian economy have slightly worsened in terms of annual inflation (from 4.99% to 5.65%) and GDP (from 2.02% to 1.98%). However, the outlooks have improved concerning the exchange rate (from 6.0 to 5.90 USD/BRL) and trade balance (from 74.2 to 75 billion USD), while remaining constant regarding the basic interest rate (~15% - Selic). The degree of confidence in these forecasts is minimal due to the high uncertainty surrounding the development of the international tariff crisis.

REGIONAL MARKET UPDATES

Asia Pacific

Australia

- Consensus Economics' April 2025 edition maintains a 2.0% GDP growth forecast for the Australian economy in CY2025, increasing to 2.3% in CY2026. The CY2025 estimate is 70 basis points (bps) higher than the actual growth in CY2024.
- CPI is forecast at 2.5% for CY2025, within the Reserve Bank of Australia's (RBA) target band of 2–3% per annum. The Australian Bureau of Statistics (ABS) February monthly CPI indicator was 2.4%. Markets anticipate further interest rate cuts by the RBA during CY2025 following the 25-bps cut on 19 February 2025.
- The unemployment rate is expected to remain low, rising modestly from 4.1% in CY2024 to 4.3% in CY2025.
- Housing approvals are projected to reach approximately 183 000 units in CY2025, up from 170 000 units in CY2024. Rental rates and house prices remain at elevated levels, with demand continuing to outpace supply. Housing affordability has become a key political issue ahead of Australia's 3 May 2025 Federal election.
- Australian sawlog prices are expected to increase in nominal terms, consistent with the historical trend, but remain flat in real terms. Timber demand remains weak, but improving slightly, with current interest rate levels continuing to constrain construction affordability.
- The forest transactions market in Australia remains subdued, with only one mid-scale plantation asset listed during Q1 2025.
- The spot price for generic Australian Carbon Credit Units (ACCUs) remained relatively steady in Q1 2025, but well down on the highs in Q4 2024, trading between AUD 32.50 and AUD 36.75/ACCU, with an average of AUD 34.44/ACCU. Price movements were influenced by the 31 March Safeguard Mechanism compliance deadline, the introduction of Safeguard Mechanism Credits (SMCs), and broader market dynamics.
- Trade Tree Online and Brian McClay & Associates (TTO BMA), in their March 2025 pulp market review, noted that pulp price momentum in China has slowed. Bleached hardwood kraft pulp (BHKP) was trading in the USD 550–600/ADt range in Q1 2025. Paper producers have struggled to implement downstream price increases.
- TTO BMA reported that a proposed small BHKP price increase in March faced resistance, although there is expectation of stepwise increases later.
- TTO BMA also noted that market momentum for bleached softwood kraft pulp (BSKP) has weakened, with northern bleached softwood kraft (NBSK) pulp trading in China at USD 790–810/ADt.
- Australian woodchip exporters have settled benchmark 1H 2025 FOB prices at USD 184/BDMt for *E. globulus* plantation hardwood woodchip and USD 160/BDU for conifer woodchip.

New Zealand

- In a piece of positive news for the New Zealand forest industry, Australian based Millari Group announced the purchase of Juken New Zealand's shuttered Gisborne processing operation. This received Overseas Investment Office (OIO) approval on the 5 February. This plant had been closed since March 2024. The plant produces sawn timber, LVL and plywood. Millari intends to reopen and expand the operation over the next few years to supply the Australia market with engineered timber, structural timber and plywood. This is expected to create 100 jobs in the depressed Te Tai Rawhiti (Gisborne) region as well as absorb some of the large volumes currently exported in log form from the region.
- The divisive Treaty Principles Bill championed by David Seymour, the leader of the Act Party and coalition partner in the governing coalition, was voted down on the 10 April as expected. This bill has generated major protest and opposition receiving 300 000 submissions with 90% against. Although the National Party, the primary party in the governing coalition, had always said it would only support the bill to the first reading and eventually vote against it, this process has been damaging for the government's credibility and negative for the Prime Minister's popularity.
- On the 10 March Rayonier Inc. announced the sale of its 77% interest in the Matariki Forests Group to Rohatyn Group's Timber investment Group (TIG) for USD 710 million. Stafford Capital Partners remains a 23% minority partner. This sale price implies an entire business value of USD 923 million or over USD 8 000/ha. This is the largest forest transaction to occur in New Zealand for many years but represents a significantly lower price than forest assets have transacted at in the recent past. It also represents a strategic re-entry by Rohatyn into the New Zealand forest industry after its exit last decade. It is understood that the Rubicon estate (Te Waihou) being marketed by GFP is close to finalization although no announcement has been made. The New Forests' Wenita estate is understood to be coming to market in the near future along with a further medium/large scale sale process.
- Around six transactions of smaller blocks of forestry land occurred in December, January and February showing a small decrease on the previous period. Purchasers included Ponga Silva (MEAG), Ingka Investments (Ikea) and Kauri Forestry LP (Craigmore Sustainable). These transactions represent a continuation of these companies' expansion strategies.
- The New Zealand Dollar initially fell sharply with the announcement of President Trump's global tariffs reaching a low point of 0.55 to the USD on the 8 April. This rapidly reversed with the subsequent weakening of the USD with it now back to the levels it has been trading at in Q1.
- The Monetary Policy Committee of the New Zealand Reserve Bank (RBNZ) reduced the official cash rate by a further 25 bps to 3.5% on the 9 April. This represented the fourth reduction since July 2024 when the rate sat at 5.5%. The RBNZ noted that inflation remained in the target band of 1%-3% and that further reductions were appropriate. The impact of the Trump tariff of 10% on New Zealand and the global trade impacts on New Zealand's major trading partners, may well require larger reductions in the near-term. The tariff turmoil may lead to lower commodity prices and less demand, hurting the country's trade balance due to its high exposure to international trade.
- There are increasing calls for plantation forestry using radiata pine to be excluded from the Emissions Trading Scheme (ETS). These calls are based on a misrepresentation of or a fundamentally inaccurate understanding of the situation. Carbon sequestration is needed most urgently now and only plantation forestry can deliver this. The claim that because the forests are regularly harvested the carbon stored is released again is spurious as much of the fiber ends up in long-life products. In fact, the stored carbon continues to increase year on year without any expansion of the estate and at levels higher than can be achieved with native forest. Fortunately, the government does not appear to be swayed by these poorly informed arguments. New Zealand Unit (NZU) carbon prices however have continued to slide with prices at NZD 54.60/NZU as at 14 April. One positive is that the government has settled on a charge for forest owners in the ETS of NZD 14.90 per registered hectare which is less than half the grossly excessive charge set by the previous government.

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- The first signs of a recovery in the domestic market are appearing with small increases in building consents beginning to occur with the lower interest rate environment. This is yet to impact domestic log prices which have continued a slow decline.
- AgriHQ reports that the China market is showing signs of softening post Chinese New Year. This has been expected but given the recent imposition of Trump's extreme (145%) tariffs on China, this is expected to worsen as the impacts on manufacturing flow through the economy. The countervailing ban on the US log and lumber trade to China will have little supply impact due to the modest volumes supplied in recent times. A-grade CFR export prices are trading around USD 119 JASm³. During February 2025 log export volumes have averaged just under 2 million cubic meters of which 88% has been to China.
- Interest in bioenergy continues to increase with AgriHQ reporting that Carbona (an Austrian company) is planning to open a torrefaction plant in the Central North Island to process 180 000 tonnes of biomass per annum. This follows on the heels of Foresta's plan to set up a similar plant in Kawerau.

China/Asia

- It is too early to determine the impacts of the US-China tariff war and/or when some type of reconciliation might occur. As long as the 145% US tariffs and 125% Chinese tariffs are in place (at the time of this writing and after concessions for smart phones and computers), global wood products trade will be in disarray.
- US log shipments to China have been banned as part of China's response to American tariffs against China.
- After four or five years of a downward cycle in the Chinese housing market, UBS Investment Bank says it has begun to see some relatively positive signals. One indicator is improving house sales in China's largest cities.
- Existing home sales in five major Chinese cities have climbed by more than 30% from a year ago on a weekly basis as of Wednesday, according to CNBC analysis of data (accessed via Wind Information). This category is the "secondary home sales" in China, in contrast to the primary market, which has typically consisted of newly built apartment homes.
- UBS now predicts China's home prices can stabilize in early 2026, earlier than the mid-2026 timeframe previously forecast. They expect secondary transactions could reach half of the total by 2026. UBS looked at four factors — low inventory, a rising premium on land prices, rising secondary sales and increasing rental prices. As of February 2025, only rental prices had yet to see an improvement, the firm said.
- HSBC said in February there are "10 signs" the Chinese real estate market has bottomed. The list included recovery in new home sales, home prices, and foreign investment participation.
- However, data still reflects a struggling property market. Real estate investment still fell by nearly 10% in the first two months of 2025, according to a raft of official economic figures. Nomura reports, "The property sector is especially concerning as key data are in the negative territory across the board, with new home starts growth worsening to -29.6% in January-February from -25.5% in Q4 2024," and "It's long been our view that without a real stabilization of the property sector there will be no real recovery of the Chinese economy."
- Softwood log imports into China were lower by -7.0% (to 28.08 million m³) for the year 2024 as compared to 2023. For the first two months of 2025 as compared to the same period in 2024, imports were lower by -9.4% (3.46 million m³) and the top supplying countries were (from Timber-Online):
 - New Zealand 2.40 million m³ -7.5% (69.5% of total imports)
 - Canada 216 000 m³ +13.6%
 - Japan 212 000 m³ +31.8%
 - Germany 122 000 m³ -54.5
 - USA 103 000 m³ -48.1%
 - Latvia 84 100 m³ +148%
 - Australia 76 000 m³ +5.2%

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- Softwood lumber imports into China were lower by -7.5% (to 16.63 million m³) for the year 2024 as compared to 2023. For the first two months of 2025 as compared to the same period in 2024, imports were lower by -18.6% (2.16 million m³) and the top supplying countries were (from Timber-Online):
 - Russian Fed 1.47 million m³ -12.8% (68.0% of total imports)
 - Canada 141 000 m³ -32.2%
 - Belarus 130 000 m³ -10.8%
 - Sweden 95 000 m³ -26.1%
 - Finland 60 000 m³ -58.1%
 - Brazil 42 000 m³ +40.3%
 - Germany 39000 m³ -67.3%

Europe

- The EU announced on 7 April 2025 that around EUR 21 billion of products from the US, including forest products, may be subject to up to 25% in duties. This follows the refusal from the US for a proposed zero-for-zero tariff regime for industrial goods produced by the EU. These “retaliation tariffs” have however been put on halt until July 2025 due to the announcement by President Trump to pause its own tariff measures for 90 days. EU trade commissioner Maros Šefčovič stated that the EU would prefer to avoid retaliation and was hoping to reach an agreement before the end of the 90-day pause.
- The uncertainty with US tariffs has resulted in EU officials seeking trade deals with other countries. This includes a new focus on the EU-Mercosur Partnership Agreement that has been struggling to be signed into law. Countries such as France remain cautious about the Mercosur trade agreement¹, highlighting its potential only if adjustments, particularly “mirror clauses” ensuring agricultural imports match EU standards, are included.
- In addition to recent anti-dumping investigations launched since early 2024, the European Commission announced in March an investigation into Brazilian softwood plywood.² This follows a complaint from the Softwood Plywood Consortium (SPC) in January 2025 that the volume and pricing of Brazilian imports have harmed the EU plywood industry’s performance.
- At the end of March 2025, the European Commission launched a public consultation on the upcoming EU Bioeconomy Strategy due for adoption by the end of 2025. The consultation is expected to last to 23 June 2025, feedback is open at the following: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14555-Towards-a-circular-regenerative-and-competitive-bioeconomy_en
- A recent study by the Environmental Investigation Agency (EIA)³ reported that an important quantity of illegal timber from the Amazonian forest was still imported into North America and Europe, estimating that around a third of imported timber from Brazil’s Amazon to be illegal. It called for better risk assessment and mitigation measures that are in line with the upcoming EUDR.
- Starting May 2025, Europe will officially adopt the EN ISO 12460-2:2025 standard, introducing the small-scale chamber testing method for precisely measuring formaldehyde emissions in engineered wood products, aiming to improve indoor air quality, enhance consumer safety, and standardize testing practices across the EU.
- According to data from EUWID and Fordaq, Europe’s wood industry is currently experiencing significant restructuring driven by challenging market conditions, including rising raw material costs, weakened demand, and surplus capacity. This has led companies such as Setra Group and UPM Communication Papers to reduce production, close facilities, and lay off staff. Concurrently, firms like Mondi are strategically expanding,

¹ The negotiation process which started back in 2016 still needs to undergo legal review and be voted into law.

² https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:C_202501490

³ *Tricks, Traders and Trees: How Illegal Logging Drives Forest Crime in the Brazilian Amazon and Feeds the US and EU Markets* (Apr. 2025) Environmental Investigation Agency. Available at: <https://eia.org/wp-content/uploads/2025/04/Tricks-Traders-and-Trees-Spreads.pdf>

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demonstrated by its recent acquisition of Schumacher Packaging, aiming to increase capacity, improve sustainability through innovation, and capitalize on growth opportunities in Western Europe's packaging sector.

- According to the latest HCOB Eurozone Construction PMI Total Activity Index from S&P Global⁴, the European construction sector is still experiencing a downturn. HCOB highlights that the construction market is currently influenced by overall weakness, particularly due to ongoing contractions in Germany and France but showing marginal growth in countries such as Italy and Spain. The main reasons for market weakness are high interest rates, labor shortages, and elevated input costs. This is leading to restrained purchasing activity among construction companies.
- Gradual improvements in the sector are still expected, supported by EU recovery funds, increased infrastructure investments, and the growing appeal of timber construction as a sustainable solution amidst Europe's housing shortage. ING's outlook for Europe's construction sector⁵ shows cautious optimism from late 2025 onwards, driven by increasing property prices and rising construction activity in markets like the Netherlands, Spain, and Poland.
- A recent European Forest Institute (EFI) report⁶ highlights the need for better policy coherence, cross-sectoral coordination, targeted financial innovation support, and an integrated policy approach aligned with broader EU bioeconomy and circular economy objectives. The report states that the wood-based sector is increasingly recognized by policymakers due to its sustainability advantages, such as renewability, carbon sequestration, and its potential to replace fossil-based materials. However, managing its industrial use alongside environmental priorities, including forest conservation and biodiversity protection, presents complex policy challenges. The EU policy environment for wood-based industries remains fragmented, involving multiple frameworks and conflicting goals.

Finland

- Finnish roundwood markets continue to be strong – sawlog prices remained at a high level, as did pulpwood prices.
- A mild winter has led to lower demand for energy wood. Some district heating facilities can likely cope with the next winter with current inventories, thus the price outlook for energy wood looks negative.
- The forestland property market is attractive: currently the supply of properties exceeds demand, which is still sluggish overall due to positive interest rates. The forestland market in 2024 was approximately the same volume as in 2023.
- UPM-Kymmene Oyj announced it will reduce paper capacity in Germany by shutting down Ettringen mill.
- Concurrently the collective labor agreement with UPM and its plywood division employees is coming to an end – strikes have taken place in order to speed up the negotiations for the new agreement.
- Stora Enso's new consumerboard line at Oulu mill was started in late Q1 2025. The mill will increase roundwood consumption in the wood sourcing area, and will benefit from wood chips from the new Junnikkala sawmill, which was recently acquired by Stora Enso.
- The Finnish mechanical forest product industry is not meaningfully exposed to the US, therefore it is likely that President Trump's tariffs won't have much direct impact. If competition intensifies in other markets, such as Europe, Asia, or Northern Africa, the sawmills might face more issues.
- Contrary to the mechanical forest products industry, Finland does export market pulp, paper, and cartonboard to the US. Tariffs should reduce export volumes, on the other hand if Finland maintains better competitiveness vs. competitors due to exchange rates and other factors, the negative impact of tariffs could be reduced.

⁴ HCOB Eurozone Construction PMI (Apr. 2025) S&P Global

⁵ Growth returns to Europe's construction sector (Jan. 2025) ING

⁶ Taking a bird's eye view of EU wood-based policy (Apr. 2025) European Forest Institute. Available at: <https://doi.org/10.36333/k2a07>

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- Suzano pulled out of future investments with Spinnova, a producer of next generation fibers, listed on the Helsinki Exchange.
- Metsä Group will enter into a pre-feasibility study phase of Kuura – a textile fiber made from softwood rather than hardwood. The project will continue into 2026 before further decisions. According to a Life Cycle Assessment (LCA) calculation the textile fibers should have a competitive carbon dioxide footprint.
- Koskisen Oyj announced it will acquire a sawmill from Iisveden Metsä Oy in Central Finland. The sawmill demands annually about 400 000 m³ of roundwood.

Sweden

- Similar to Finland, the wood prices in Sweden are at record high levels across all assortments across all pricing areas. The northern prices are clearly lower vs. southern prices, but have proportionally increased more.
- Some sawmills have been forced to take downtime in Southern Sweden due to the high wood prices. Wood buyers are incentivizing sellers by price guarantees.
- In 2024, the Swedish Forest Agency received 57 303 notifications of final felling on a total of 227 025 hectares of productive forestland. This was a decrease of 6% compared to 2023. This is the lowest notified area since 2012.
- Similar to Finland, the mild winter has resulted in less energy wood consumption than usual.
- Södra is still in the process of selling its forest assets in the Baltic countries after an announcement in early January.
- Similarly, Stora Enso's forestland sale in Sweden has not been concluded yet.
- According to local media, Karl Hedin is looking to sell its sawmill division and packaging business. Karl Hedin operates two sawmills in Estonia.

Baltics

- Wood prices in the Baltics halted their decline in Q4 2024, and the first quarter of 2025 looks stable with some assortments increasing modestly in price. The absence of Russian wood is still benefiting the forest owners in the Baltics.
- The forestland market in the Baltics is unusually active with many packages (thousands of hectares) coming to the market. Typically the supply of these packages is much more modest.
- HS Timber, an Austrian wood processing group, acquired a Latvian sawmill Kurekss SIA in early 2025. HS Timber also acquired another sawmill, Vika Wood, which used to belong to Swedish Bergs Timber AB.
- Lithuanian wood exports to Germany declined almost by 50% in 2024 vs. 2023. Pallet imports declined by 17%.

Russia

- With inflation spiraling out of control, Russia's Central Bank was forced to hike interest rates to 21% late last year.
- Russian lumber companies are facing weak prices in China, increasing costs and a strengthening ruble have caused lower lumber production and exports.
- The Russian lumber sector is struggling under sanctions as companies attempt to find new markets for their product. As a result, profitability hovers near zero and shutdowns loom.
- According to Rosstat data: The volume of production of timber products in January 2025 compared to the same period last year were mixed (courtesy of WhatWood):
 - Russian timber harvest 12.05 million m³ (+5.2%)
 - Softwood logs: 7.74 million m³ (+5.5%)
 - Hardwood logs: 4.31 million m³ (+4.7%)

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— Softwood & hardwood sawn timber:	2.0 million m ³ (-1.4%)
— Wood pellets:	87 400 tons (-10.4%)
— Plywood:	266 000 m ³ (+5.0%)
— Fiberboard (including MDF/HDF/flooring):	51.9 million conventional m ² (-20.5%)
— Particleboard (including OSB):	978 000 conventional m ³ (+7.9%)
— Wood pulp:	746 000 tons (0.0%)
— Paper and paper board:	917 000 tons (+2.3%)

North America

- US privately-owned housing starts in March were at a seasonally adjusted annual rate of 1 324 000. This is 11.4% below the revised February estimate of 1 494 000 but is 1.9% above the March 2024 rate of 1 299 000. Single-family housing starts in March were at a rate of 940 000; this is 14.2% below the revised February figure of 1 096 000. The March rate for units in buildings with five units or more was 371 000 (US Census).
- US privately-owned housing units authorized by building permits in March were at a seasonally adjusted annual rate of 1 482 000. This is 1.6% above the revised February rate of 1 459 000. Single-family authorizations in March were at a rate of 978 000; this is 2.0% below the revised February figure of 998 000. Authorizations of units in buildings with five units or more were at a rate of 445 000 in March (US Census).
- The average 30-year fixed-rate mortgage in the US continues to trend down, remaining under 7% for the twelfth consecutive week at 6.62% as of April 11. High mortgage rates are a head wind on affordable housing.
- US home prices keep setting new records, although the pace of growth has slowed a bit. S&P CoreLogic's latest Case-Shiller U.S. National Home Price NSA Index, released March 25, shows annual home-price growth increased in January by 4.1%. That is up only slightly from December's 4.0%, but it is enough to mark the 20th all-time high in a row. Case-Shiller's 10-city index was up 5.3% for the year, and the 20-city index rose 4.7%. After seasonal adjustment, all three indices — national, 10-city and 20-city — were up slightly from December to January.
- US softwood lumber production for all of 2024 was lower by 1.7% (to 36.67 billion BF; 58.9 million m³, net) as compared to 2023. US West lumber production was lower by -3.6%, southern yellow pine (SYP) production was down by -0.7%, and the rest of the US was higher by 0.4%.
- US softwood lumber imports were lower by -3.2% in 2024 to 15.05 billion BF. Imports from Canada increased by 0.3% to 11.95 billion BF and imports from Europe were lower by -20% to 2.38 billion BF (3.8 million m³). The leading European importers were Germany, Sweden and Austria and they represented over 87% of European shipments to the US.
- Canada's lumber output in 2024 was lower by 0.6% to 20.30 billion BF (32.6 million m³, net) vs. 2023 (COFI Connect). BC production was lower by 5.2% to 6.7 billion BF (10.7 million m³), while the rest of Canada was higher by 1.8%.
- Canadian softwood lumber exports in 2024 were 13.37 billion BF, a decrease of 0.3% compared to the previous year (COFI Connect).
 - Canadian lumber exports to the US were 11.9 billion BF, or 0.3% higher as compared to 2023.
 - Exports to Japan were 7.6% higher at 421 million BF and were 14.6% lower (to 549 million BF) to China.
- North American lumber prices have been high so far in 2025, partly accounting for potential 25% duties on Canadian lumber that keeps getting postponed in the US trade war development. Canadian imports as well as lumber from all countries to the US are currently under the White House 232 investigation where tariffs could be applied to any exporting country based on the findings. The investigation includes timber, lumber and their derivative products and the Secretary of Commerce has until December 31 to submit a report, although some experts expect a report much sooner.
- Using W-SPF 2x4 #2&Better R/L (FOB mill) as the benchmark, lumber prices have risen since the start of 2025 from USD 436/MBF (USD 282/m³, net) to a high of USD 570/MBF (USD 368/m³) in early March before dropping to near USD 500/MBF (USD 323/m³) in mid April. Following the 90-day pause in reciprocal US tariffs on April

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9, prices dipped to take out any tariffs that were previously built-in to Canadian prices. However, US West lumber prices have been maintaining a significant premium of USD 70-80/MBF over 2x4 W-SPF for much of the year. Alternatively, US South 2x4 pine lumber has sold at a hefty discount to W-SPF, ranging from -USD 70 to -USD 170/MBF so far in 2025.

- As part of the US Department of Commerce's sixth Administrative Review, countervailing and anti-dumping duties on Canadian lumber shipments to the US will rise from the current 14.40% to a preliminary rate of 34.45% starting sometime in September. These duties are over and above any tariffs that could be levied.
- US pulpwood prices vary by region and season. In the Lake States region, Q4 hardwood roundwood prices decreased by USD 1 quarter-over-quarter and were down 2% year-over-year. Softwood roundwood prices were up USD 1 in the Lake States, and were up 4% year-over-year. In the South Central region, hardwood roundwood and softwood roundwood prices remained flat, while year-over-year, hardwood was up 3% and softwood was flat. The South Atlantic region's hardwood and softwood roundwood prices remained flat relative to last quarter. However, South Atlantic hardwood roundwood prices were up 12% year-over-year and softwood roundwood prices were up 3% year-over-year. Northeast region prices for hardwood and softwood roundwood were flat compared to last quarter and were down 4% for hardwood roundwood and flat for softwood roundwood year-over-year. Lastly, Pacific Northwest softwood roundwood prices were stable from last quarter and were up year-over-year.
- Pacific Northwest Douglas-fir (DF) 2 Saw average log prices increase sharply in Q1 2025 through February YTD. The increase was most pronounced in the Puget Sound Region at 10.3%, followed closely by the Columbia River region at 9.1%, and the Willamette Valley region at 6.0%. DF 3 Saw logs increased YTD through February also, with Puget Sound prices up 5.0%, Columbia River prices up 7.8% and Willamette Valley prices up the most at 12.2%. Whitewood log prices were up similarly YTD through February in the Puget Sound Region at 12.0% and 11.1% in the Willamette Valley, while they increased but came back down in the Columbia River Region, gaining almost nothing YTD through February at 0.3%.
- US Q1 2025 large timberland transactions were more active, with more packages closing or pending. Many new available properties are B and C grade, but perhaps too small for large institutional investors. The exceptions were the Grief package of 172 200 acres in Mississippi, Louisiana and Alabama, Project Owl with 50 000 acres in Louisiana, and Hoko Falls with 12 900 acres in northwest Washington. Some transaction details were reported, including:
 - Manulife/Landvest's Project Bugle package of 12 600 acres in western Oregon sold in three parts in Q4. The first part sold to Stimpson for USD 12.3 million for 1 230 acres, or USD 9 762 per acre. The second part, Willamina, sold to Hampton for USD 29.5 million for 4 720 acres, or USD 6 250 per acre. The third part, Agness, sold to a Canadian investor for USD 41.0 million for 6 650 acres, or USD 6 165 per acre.
 - The private (St. George)/AFM (Project Viper) offering of 17 000 acres in Georgia sold to an unknown buyer for USD 48.4 million or USD 2 850 per acre in December.
 - Campbell/AFM's Project Skyline in western Washington sold to a neighboring indigenous tribe for over USD 100 million for 17 800 acres or USD 5 855 per acre in Q4.
 - FIA/Landvest's Honey Island package in east Texas sold to RMS for USD 26.4 million for 11 000 acres, or USD 2 400 per acre in Q4.
 - The Molpus/AFM offering of 18 200 acres in Alabama, Mississippi and North Carolina (Tristate package) closed in Q4. TIR purchased 16 800 acres in Alabama and Mississippi for USD 2 195 per acre and a private buyer purchased the North Carolina portion. The total per acre price for all acres combined was USD 2 150.
 - The private (Gardner)/private (Tall Timbers) offering of 20 150 acres in Maine was sold for USD 16.6 million or USD 808 per acre in Q1.
 - The private (Tall Timbers Trust)/Landvest sold 24 900 acres in Maine to private buyer John Malone for USD 22.2 million or USD 892 per acre in Q1, part one of two. Part two, which is approximately 9 000 acres, remains pending to close in Q2 2025.
 - Weyerhaeuser sold 6 300 acres in western Washington to Chinook for USD 22 million or USD 3 492 per acre in Q1.

Forest Sector Outlook

- US hardwood lumber demand was historically good for December with prices remaining stable as some buying was spurred by potential tariffs and log supply was limited by wet weather in the South and Appalachia. US hardwood lumber export volumes in 2024 finished ahead of 2023 volumes by 6.3% and values by 6.6%. Hardwood lumber exports for 2024 to China (+1.2%) and Japan (-16.0%) have been flat or slowing, but other Asian trade partners such as Vietnam (+22.6%), Indonesia (+52.1%), Malaysia (+36.1%) and Thailand (+30.5%) have been increasing. Red Oak and White Oak had a surge in demand in 2024, making up most of the growth in US hardwood lumber exports. Red Oak lumber exports increased 17.0% by volume and 25.9% by value. Red Oak exports to China increased by 23% by volume. White Oak lumber exports increased by 24.5% in volume and 25.1% in value. Log export volumes of Walnut and White Oak accounted for 90% of the 16% increase in total log exports for 2024. Demand for US hardwood lumber from Europe was up 5.6% by volume but down 0.8% by value, with nearly 48% going to the UK. In 2025, YTD through February, US hardwood lumber exports overall are down 7% compared to YTD 2024. Exports of White Oak lumber are notably up 23% YTD through February and up 39% to China by volume while US hardwood lumber exports to China are down 14% overall for the same period. Other outliers are Beech up 23%, Red Alder up 16% and Soft Maple up 10% while Yellow Poplar is down 39%, Hickory is down 39%, Birch is down 33%, and Ash is down 27% YTD through February.

South America

Brazil

Brazilian Forest Industry – Context and Trend

- The global market for forest products has remained on hold since the new tariff policy took effect in the United States last February.
- The high probability of global stagflation in the short term has significantly impacted Brazilian exports. Importers are postponing new purchases to understand demand, prices, and costs better. Buyers and sellers do not know when they will be able to negotiate, nor under what conditions of purchase and sale. Meanwhile, the industry has been absorbing inventory costs and seeing its sales portfolios positioned for the short term.
- Among the industrial segments, pulp is the one that is expected to be least impacted, as it accounts for ~46% of the global supply of BHKP pulp. It exports to more than 56 countries in Asia (50%), Europe (28%), North America (16%), and other continents (6%). And its customer chain is diversified, highlighting the packaging paper, hygiene, and printing industries.
- On the other hand, the industrial segments of solid products should be significantly affected if the stagflation scenario is consolidated, primarily because the civil construction industry is expected to be one of the most impacted. Furthermore, the United States is the primary destination for 31% of lumber exports, 98% of moulding exports, 34% of plywood exports, and 87% of pig iron exports.
- Even if the tariff crisis cools and a tariff agreement is achieved that satisfies all parties, it will act as a catalyst in the ongoing deglobalization process that has been underway since the early 2000s. Its geopolitical consequences will necessitate strategic actions from our industry, particularly regarding market repositioning, technological innovation, automation, and product diversification.

Forest Sector Outlook

Eucalyptus Industry – Exports

Aside from the pulp industry, exports of Eucalyptus products showed a significantly negative performance in both the quarter-to-quarter comparison (QoQ) and the year-over-year comparison (last twelve months, LTM). Specifically:

- 1Q-2024 vs. 1Q-2025:
 - Pulp: +14% QTY and +20% USD, due to the start-up of Suzano's new pulp mill in Mato Grosso do Sul
 - Chips⁷: -45% QTY and -46% USD
 - Charcoal via green pig-iron: -19% QTY and -22% USD
 - Logs: -18% QTY and -19% USD
- Last 12 months vs. same period prior (LTM):
 - Pulp: +7% QTY and +39% in USD
 - Chips: -12% QTY and -16% USD
 - Charcoal via green pig-iron: -11% QTY and -16% USD
 - Logs: -14% QTY and -15% USD

Pine Industry – Exports

Pine product exports demonstrated positive performance QoQ and LTM, except for gross revenue from moulding exports. Specifically:

- 1Q-2024 vs. 1Q-2025:
 - Lumber: +15% QTY and +19% USD
 - Mouldings: +1% QTY and -4% USD
 - Plywood: +18% QTY and +12% USD

The export performance of all industrial segments YoY (last twelve months) had a similar performance:

- Last 12 months (LTM):
 - Lumber: +8% QTY and +9% USD
 - Mouldings: +11% QTY and -2% USD
 - Plywood: +21% QTY and +22% USD

Reconstituted Pine and Eucalyptus Panels – Exports

Compared to 1Q-2024, the exported quantity decreased by 2%, while revenue increased by 10% in USD. Regarding the LTM period, performance improved even more, with quantities increasing by 22% and revenue rising by 24% in USD.

Uruguay

- The train line connecting Paso de los Toros with the port of Montevideo that was formally inaugurated in April 2024, is still not operating at full capacity yet. In the last months some accidents have occurred, mainly due to the fact that the population does not respect the traffic signs.
- As of Q1 2025, the three pulpmills (UPM1, Montes del Plata (MdP) and UPM2) are operating at full capacity. UPM2's new pulp mill is nearing full production capacity. During Q1 2025, MdP "imported" 1.70 million m³, UPM 1.22 million m³ of logs and UPM2 1.63 million m³. It is estimated that in 2025, the three pulp mills together will consume a volume of approximately 18 million cubic meters.

⁷ Eucalyptus + Acacia

Forest Sector Outlook

- As of Q1 2025, eucalyptus woodchip exports were close to 215 000 m³, nearly twice the volume exported during the same period of 2024 (103 000 m³). These exports showed a decrease in FOB price close to USD 2/BDMt compared with 2024, reaching FOB values between USD 158/BDMt and USD 160/BDMt. During 2025, Uruguay's *Eucalyptus globulus* woodchips exports will increase compared to 2024, mainly because Portugal will buy a higher volume.
- Pine log exports started at a similar pace as 2024, with a total exported volume of 0.237 million JAS m³, representing eight ships. The difference this year is that one ship was exported to Algeria (the first ship exported to this destination). The remaining volume was exported to India. The average FOB price for the first quarter of 2025 is around USD 76/JAS m³, slightly lower than in 2024.
- Uruguay's Q1 2025 eucalypt sawlog exports started at a good pace with higher exported volume than in the same period of 2024 (3.2% higher). The average FOB price for Q1 2025 is around USD 155/m³ for logs 30+ SED, showing values 4% lower than in the same period of 2024. Top quality eucalyptus pruned logs with diameters SED 40+ reach values in excess of USD 230 per cubic meter FOB.
- Only one plywood company in Uruguay is still operational. As of Q1 2025, exported volume reached 60 000 m³, 17% lower than the volume exported during Q1 2024. Average prices for Q1 2025 are around USD 347/m³, 2% lower than during Q1 2024.
- Carbon credits from Uruguay's forest projects had high demand during Q1 2025 but with lower prices than the ones registered during 2023 and 2024. For young credits (young vintages), prices reached values between USD 7 and 10/CCBvcu (CCBvcu= Climate, Community & Biodiversity Verified Carbon Unit).

Africa

- The suspension of USAID funding has hit especially hard in Africa where many countries are dependent on aid funding for health care programs. It is estimated that the US provided up to 26% of all aid received by African countries. Advocates for economic development argue that aid should be replaced by trade which raises the question of the value of primary and secondary wood products exports from Africa to the US. Africa, according to UN COMTRADE, exported USD 103.4 million worth of wood products to the US in 2024 (about 0.7% of primary and secondary wood product imports into the US). The main export products were sawn timber (USD 72 million), plywood (USD 25.9 million) and veneer (USD 2.6 million). The main exporters were Cameroon (USD 26 million), Republic of the Congo (USD 23 million), Gabon (USD 20 million) and Ghana (USD 14 million). At the same time, US wood product exports to Africa were only USD 51.7 million, mostly in the form of sawn timber (USD 39.8 million), veneer (USD 7.8 million) and roundwood (USD 3.7 million). The main importers of US wood products were South Africa (USD 15.2 million), Egypt (USD 14.5 million), and Morocco (USD 11 million).
- The African Union adopted a 10-year strategy and action plan in January 2025 to implement the Comprehensive Africa Agricultural Development Program (CAADP). Under this framework, African countries commit to intensifying sustainable food production by 45% and to reduce post-harvest losses by 50% between 2025 and 2035.
- The Government of Uganda in partnership with the FAO and EU has launched a five-year project to the value of EUR 15 million to support the sustainable supply of legal timber from planted forests. The project will also focus on domestic timber processing support.
- The Democratic Republic of the Congo (DRC) has launched a plan to create the world's largest tropical forest reserve in the Congo Basin. The proposed reserve will span 2 400 km, connecting the Virunga National Park in eastern DRC, the forests of Ituri and the Congo River from Kisangani to Kinshasha. It will cover more than 0.5 million square kilometers. The DRC has received strong support and funding commitment from the European Union for this initiative.
- The African Development Bank has committed USD 2.5 billion to infrastructure projects in Tanzania. More than 70% of the funding will be allocated to transport infrastructure. This includes funding for the Tanzanian stretch

Forest Sector Outlook

of the multinational 400-km Bagamoyo (Tanzania) to Malindi (Kenya) road, part of the Coastal Transport Corridor of East Africa that stretches from Lamu in Kenya to Mtwara in Tanzania.

- Over the last couple of years there was a surge in Middle Eastern investments in East Africa. In February 2025, the Kingdom of Saudi Arabia announced its acquisition of Bagamoyo Port in Tanzania as part of its efforts to open new investments for Saudi companies in African markets. Bagamoyo Port, located approximately 75 km north of Dar es Salaam, will be able to manage 20 million containers annually and is designed to accommodate larger vessels than those currently managed at Dar es Salaam.
- York Timber Holding's headline earnings increased as its turnaround plan gained traction. Operational improvements saw lumber production volume increase by 8% and plywood production by 3% YoY. While plywood prices and demand remain depressed, the company has increased export volumes by 73%, looking at returning its plywood stock to acceptable levels through exports to New Zealand and Australia.
- South Africa's GDP grew by 0.6% at the end of 2024. The agriculture, forestry and fisheries industry was the best performing sector, expanding by 17.2% and adding 0.4% to GDP growth. Sawmilling South Africa reported that demand for sawn timber has increased in 2025.
- Heavy rainfall, driven by the La Niña weather phenomenon, has had a significant impact on agriculture and forestry operations during the 2024/2025 summer season in Mozambique and the summer rainfall areas of South Africa. Mozambique has experienced three devastating cyclones. Cyclone Chido struck the northern provinces in December, Cyclone Dikeledi hit Nampula in January and Cyclone Jude affected Nampula and Niassa in March.
- Total woodchip exports through the ports of Richards Bay and Durban in South Africa, for CY 2024, were ~1.6 Mt, compared to ~1.58 million Mt for CY 2023. Pulp exports for CY 2024 were ~992 000 ADt versus ~987 000 ADt in 2023.

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