

London Hardwood Club

-
- 15th May 2019
 - Market Meeting
 - European Hardwood
 - Rupert Walker, Timber Link International Ltd.



Sources

- Last Market Meeting, we looked at the sources by country.
- This time want to look at the markets, focussing on the UK.
- Again concentration on European Oak as dominant species.



UK – Oak Dominant

- Fashion for Oak unwavering
- Homegrown, European and American
- Single largest domestic and imported species
- European arrives as round logs, sleepers, crane mats, beams, boules, unedged, boards, strips, veneer, not to mention finished products
- Was a potential plant health issue but gone



European Sources

- France and Germany still important supply for logs, fresh sawn beams and unedged.
- Croatia, directly and via Italy main source of thicker square edged
- Other Eastern Europe (all square edged) Poland, Ukraine, Romania, Hungary, Bosnia and Serbia both direct and indirect.
- Sleepers and Crane Mats from Romania and others, may be mixed species.



Worldwide demand Asia

- Export to Asia for manufacture for Europe and US – not domestic demand
- Logs, but more sawn with log restrictions and drying capacity
- Dominated by lower grades as lower labour costs improves yield



Worldwide demand Europe

- Eastern European manufacturing, lower grades for furniture, worktops, flooring
- Western Europe High grades for joinery and engineered flooring.
- Growing rustic furniture fashion in Dutch and German markets



UK Demand Overall

- The largest overall consumer in Europe or at least the largest importer
- Clearly demand dropped from a high around 12 months ago
- Result of high prices, Brexit?
- Definite substitution of American White Oak for thinner stock and internal use
- More painted windows – sapele etc.



UK Demand S/E Supply

- Last 2 years prices raised minimum 2x/year ex. Italy to keep pace with log cost. Nothing since Autumn 18
- Italian supply more dependant on UK than other source areas
- Oversupply of 2" material 2018 led to some dumping
- Importers revert to main suppliers to meet commitments



UK Demand Grade/Spec

- As prices increased grades 'diversified' or blended
- Mills have to sell everything
- Overbuying when market strong mid 2018
- Market reversion to Prime
- Less Joinery – painted windows?
- Specials becoming more available?



UK Sales Current/Future

- Sales Values still good as expensive stock, but margins squeezed as market flat so fight for market share.
- Overstock of poor specifications
- Another 5 months of Brexit uncertainty
- Supply prices unlikely to fall unless log prices reduce and other markets slow.
- May see some cheap deals as shippers need to generate cash



Other European Hardwoods

- There are other Hardwoods available in Europe.
- Birch, Beech, Ash, Cherry, Sycamore, Chestnut, Walnut to name a few
- Exception of Birch and Beech imports are small
- Beech affected by fire door market changes
- Will Euro Ash break the UK market?



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