



November 2019

MARKET REPORT

Southeast Asia & Greater China

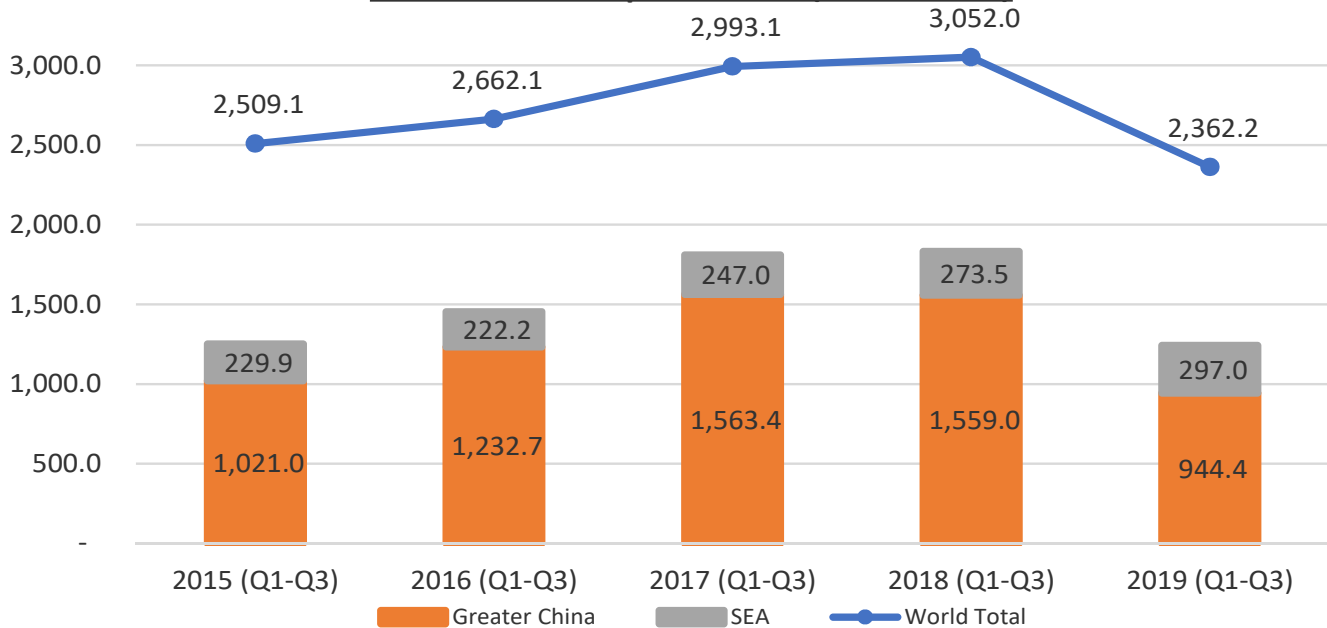
Contents

- U.S. Hardwood Exports Flat in GRCH as Trade Outlooks Improve .1-5
- Event Review5-6
- Upcoming Events.....6

U.S. Hardwood Exports Flat in GRCH as Trade Outlooks Improve

While expecting a de-escalation of trade tensions between U.S. and China, the Greater China hardwood market seems to be stable between August and September of 2019. The overall export value of U.S. hardwoods to GRCH and SEA was \$1.24 billion, which is down 32.3% compared to the first three quarters of 2018. The hardwood export value to Greater China declined 39.4% (YoY) to \$944.4 million. The Southeast Asia markets have continued to grow but that growth rate has cooled down to an 8.6% increase (YoY) to \$297 million, with Vietnam accounting for 80% of that total (\$237.4 million in Vietnam, up 11.5% YoY).

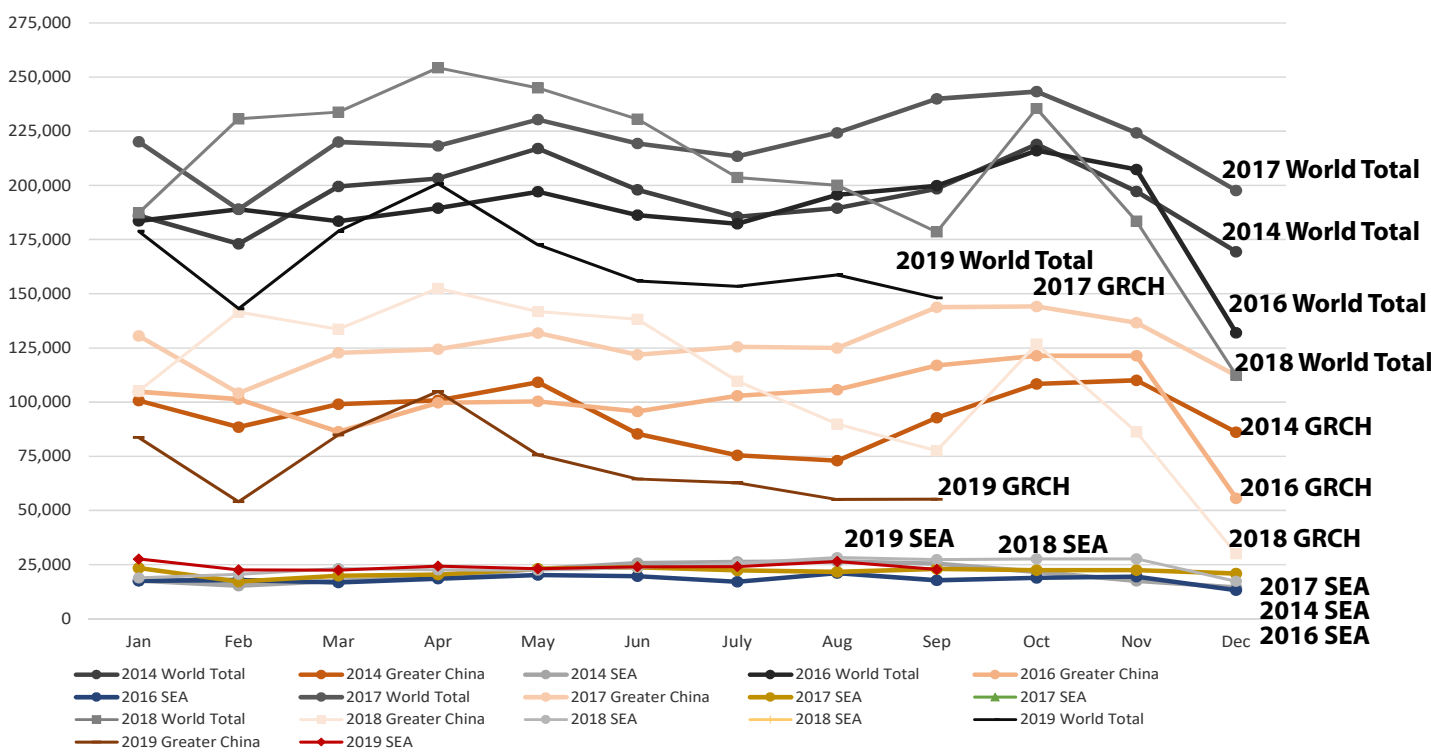
US Hardwood Exports Value (USD million)



	Hardwood Lumber	% change	Hardwood Log	% change	Hardwood Veneer	% change
Greater China	\$640.3 million	-41.2%	\$297 million	-35%	\$4 million	-37.9%
Vietnam	\$175.5 million	5%	\$56.1 million	38%	\$5.7 million	16%
Indonesia	\$15.8 million	-18%	\$2 million	89%	\$5.9 million	14%
Malaysia	\$11.6 million	-6%	\$1.16 million	81%	\$3.97 million	-10%
Thailand	\$12.6 million	11%	\$0.465 million	-68%	\$0.039 million	-73%
Philippines	\$0.889 million	7%	\$0.024 million	-93%	\$1.61 million	84%
Singapore	\$0.468 million	27%	\$0.129 million	N/A	\$0.222 million	108%

Year-on-Year changes in U.S. exports of hardwood lumber, logs and veneer to Greater China and SEA, 2019 (Source: USDA)

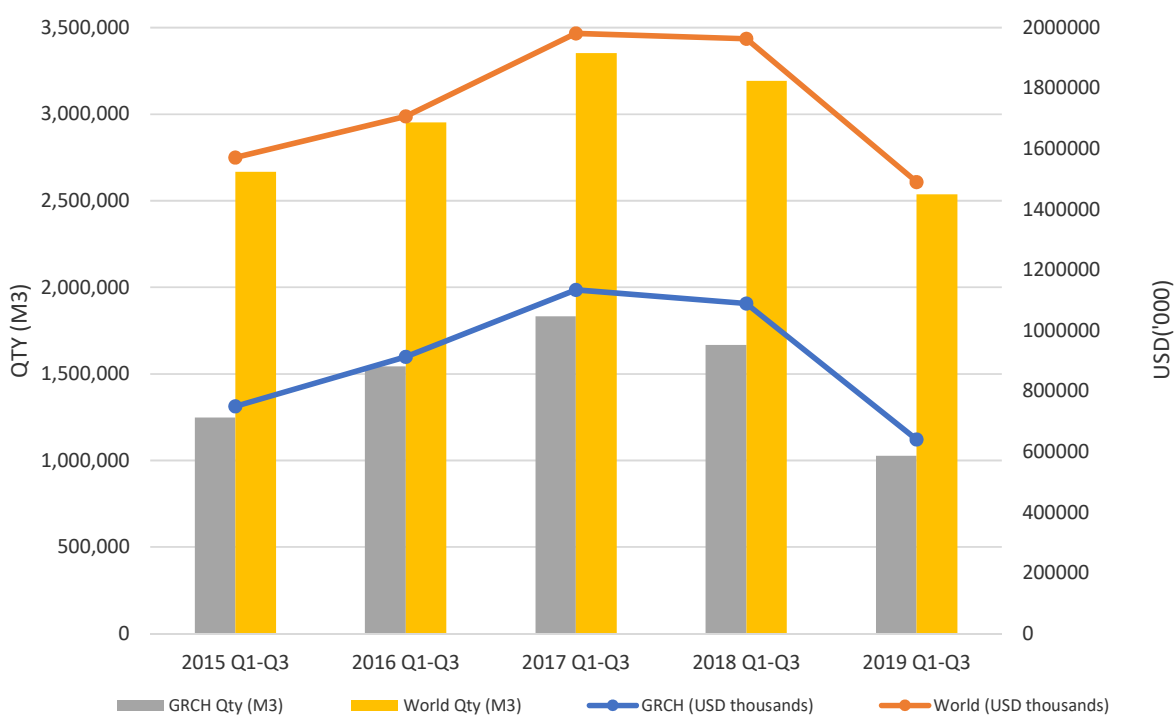
Lumber Value - World Total vs GRCH & SEA (USD'000)



Greater China market down 39.4%

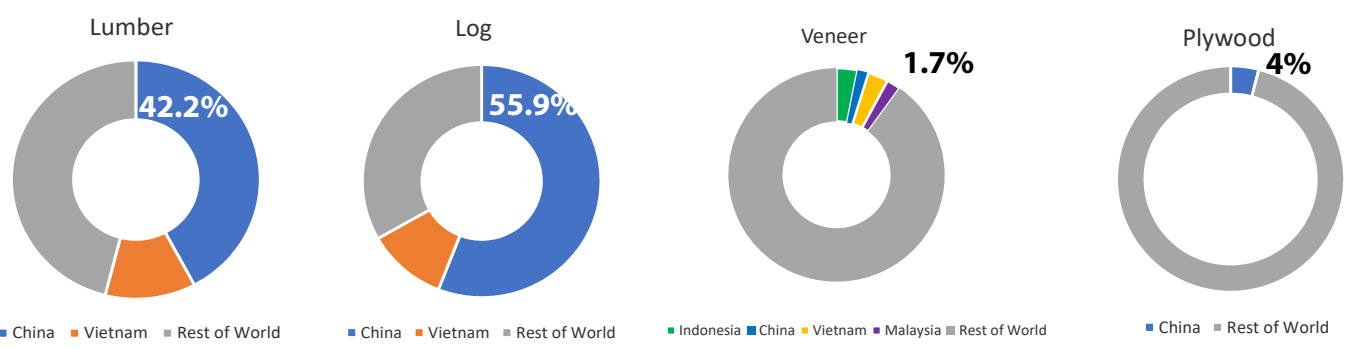
Although the GRCH market declined 39.4% (YoY) to \$944.4 million, month to month comparison was flat in August and September 2019. Export value of hardwood lumber and logs to Greater China (China, Hong Kong and Taiwan) continuously decreased at 41.2% to \$640.3 million (YoY) and at 35% to \$297 million respectively. Hardwood veneer fell at 37.9% to \$4 million (YoY).

US Hardwood Lumber Exports to GRCH (2015 - 2019 Q1-Q3)



The export market share to China continuously shrank, China accounted for 42.2% of US global exports of lumber, 55.9% of US global exports of logs, 1.7% of US global exports of veneer, and 4% of US global exports of plywood.

American Hardwood Export Council Southeast Asia & Greater China

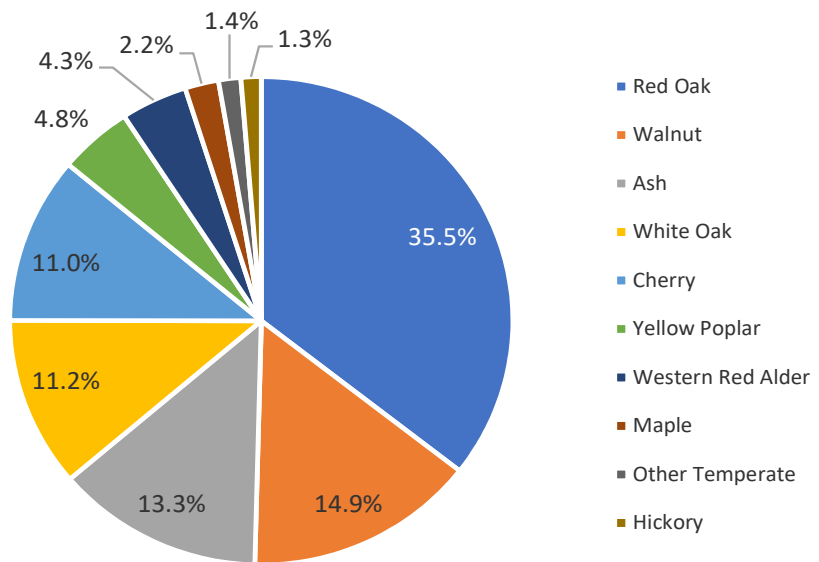


All the popular species of American hardwoods recorded losses from 9% to 62% when compared to the first three quarters of 2018. Red oak lumber slumped 42% (YoY) by value and 34% (YoY) in volume to \$223.5 million and 390,526 (M3). Walnut lumber dropped at 9% (YoY) by value but gained 8% (YoY) in volume to \$93.5 million and 75,308 (M3). Ash lumber declined at 37% (YoY) by value and 32% (YoY) in volume to \$83.9 million and 133,968 (M3). White oak lumber was down 51% (YoY) in value and 46% in volume to \$70.7 million and 109,946 (M3).

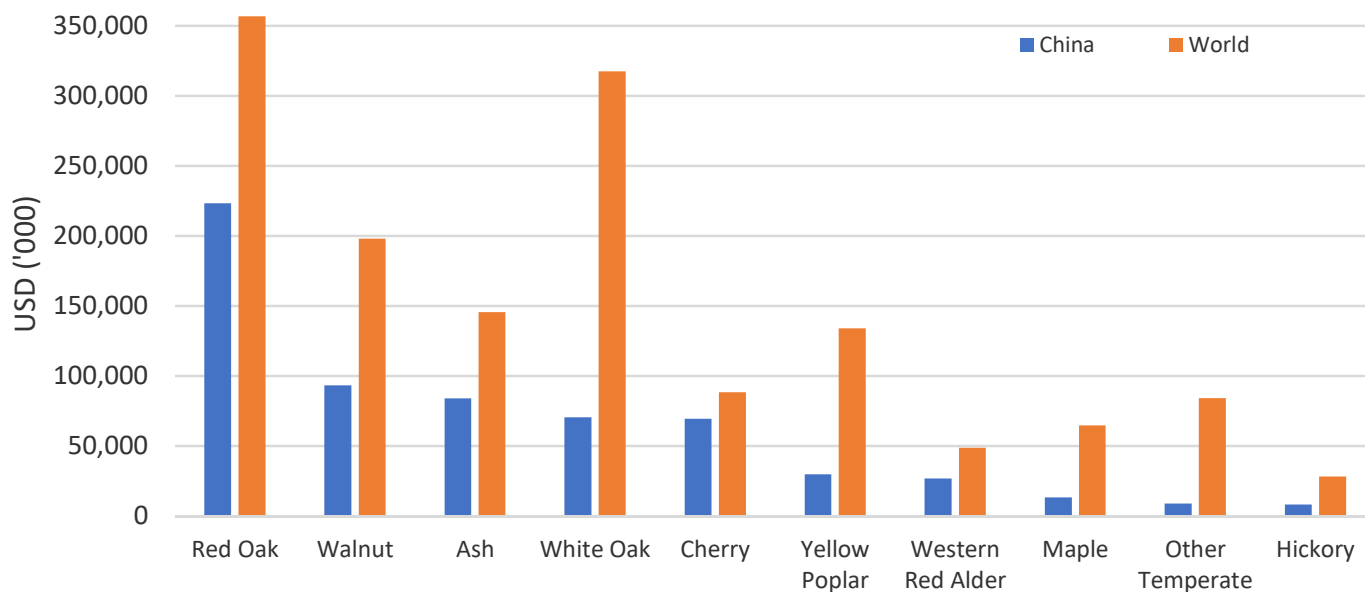
Lumber Species	Export Value (US\$)	YoY % change	Export Qty (M3)	YoY % change
Red Oak	\$223.5 million	-42%	390,526	-34%
Walnut	\$93.5 million	-9%	75,308	8%
Ash	\$83.9 million	-37%	133,968	-32%
White Oak	\$70.7 million	-51%	109,946	-46%
Cherry	\$69.4 million	-35%	91,749	-25%
Yellow Poplar	\$29.8 million	-62%	76,557	-61%
Alder	\$26.9 million	-46%	73,394	-40%
Maple	\$13.5 million	-46%	20,791	-51%
Hickory	\$8.1 million	-42%	16,009	-38%

US Hardwood Lumber Exports to Mainland China by Species Jan-Sep 2019 (Source: USDA)

Lumber species to China in 2019 Q1-Q3



Top Species to Mainland China vs World Total in 2019 Q1-Q3



In the first 9 months of 2019, China has purchased 78.4% of all cherry, 62.6% of all red oak, 57.6% of all ash, 55.1% of red alder and 47.2% of walnut that has been exported.

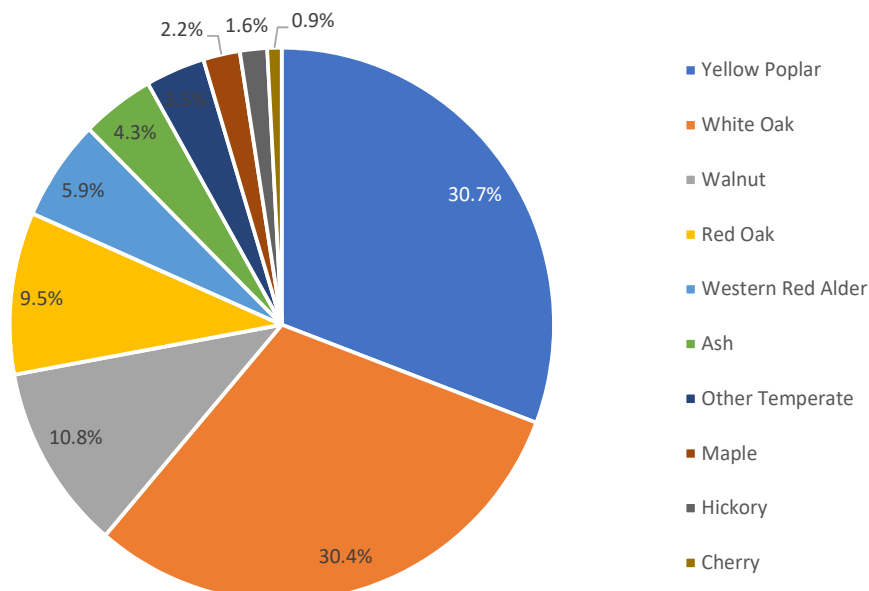
Southeast Asia market grows 8.6%

The overall export value of U.S. hardwood to Southeast Asia market was \$297 million, increased 8.6% (YoY) in which 80% was contributed by Vietnam. The export value of hardwood lumber to SEA was up 2.5% (YoY) to \$217.1 million, logs were up 35.7% (YoY) to \$59.9 million, and veneer was up 11.5% (YoY) to \$17.4 million.

Vietnam's appetite for U.S. hardwoods appeared to slow down, increased 11.5% (YoY) to \$237.4 million in which the export value and volume of hardwood lumber grew 5% to \$175.5 million and 8% to 398,326 (M3), logs jumped 38% by value and 41% in volume to \$56.1 million and 125,527 (M3) and veneer to Vietnam increased 16% to \$5.7 million.

Thailand, Philippines and Singapore market kept positive growth at 1.8%, 31.2% and 54.9% (YoY) respectively. The rest of SEA markets shrank on year-on-year comparison, Indonesia decreased 7% and Malaysia fell at 3.8%.

Shares of species in SEA markets 2019 Q1-Q3



SEA Markets	Top Lumber Species (US\$, YoY % change)	Top Lumber Species (M3, YoY % change)
Vietnam	Yellow Poplar (\$61.8 million, 1%) White Oak (\$49 million, 7%) Red Oak (\$16.9 million, 3%)	Yellow Poplar (183,903, 5%) White Oak (85,705, 12%) Red Oak (31,802, 16%)
Indonesia	White Oak (\$7.3 million, 35%) Walnut (\$3.2 million, 24%) Red Oak (\$1.8 million, 145%)	White Oak (9,895, 33%) Walnut (2,274, 32%) Red Oak (2,567, 166%)
Thailand	White Oak (\$5 million, 4%) Ash (\$2.4 million, 2%) Yellow Poplar (\$1.7 million, 5%)	White Oak (6,357, 19%) Ash (3,205, 8%) Yellow Poplar (4,215, 12%)
Malaysia	White Oak (\$4.2 million, 13%) Walnut (\$2.6 million, 11%) Yellow Poplar (\$1.9 million, 25%)	White Oak (5,770, 2%) Walnut (2,352, 4%) Yellow Poplar (5,081, 25%)
Philippines	Walnut (\$0.289 million, 105%) White Oak (\$0.2, 9%) Ash (\$0.133 million, 4%)	Walnut (198, 122%) White Oak (307, 26%) Ash (183, 3%)
Singapore	White Oak (\$0.18 million, 43%) Ash (\$0.11 million, 92%) Red Oak (\$0.046 million, 172%)	White Oak (227, 18%) Ash (158, 103%) Red Oak (66, 340%)

Market Information Collected

CIID Vice Chairman Ms. Ye has informed AHEC that the Chinese government has not yet enacted a rule that property developers must sell fully or semi-furnished projects at the present time, although such a bill is being considered in legislation. This regulation could negatively impact the demand of using solid timber for interior decoration including doors and flooring and dimensions and molding because the individual home owner and architects and interior designer would not decide what to use, instead the decision makers of the budget fall into the contractors and developers who normally choose the materials based on price. Ms. Ye says American red oak is still most popular species for interior design and decoration. She commented that architects and interior designers play the most important role in specifying Sustainable US hardwood for design projects and China's domestic consumption.

A timber importer says that the past 16 months of the US-China Trade war have created tremendous uncertainty for the US exporters and Chinese traders and importers to make investment decisions while the negotiations between the two governments are pending. This uncertainty is a leading cause for the US lumber exports to China decreasing by over 40% in the first 9 months of 2019.

The importer comments that the current trade negotiation between US and China has been a good sign that some sort of the compromise & trade agreement will result soon before the end of the year. This uncertainty would hinder the speed of Chinese investment in China, moving to Vietnam of other SEA nations in the coming months in 2020. He suggests that AHEC members should not just rely on selling to distributors and should not neglect direct sales to end users such as furniture and flooring and door producers.

In general, the China trade association and designer's association representatives commented that US-China Trade War is not the only factor to impact the negative growth (-40%) of US hardwoods to the China market. Other significant factors are China severe environmental regulations which have caused some production factories to close down and China's overall slow economic growth.

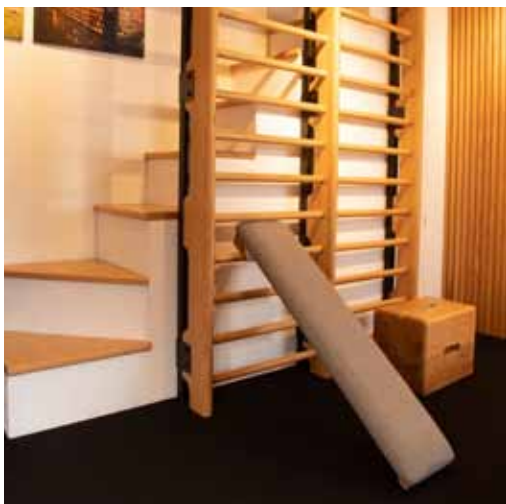
AHEC will continue to strengthen Chinese and Southeast Asian domestic market through exhibition at the Malaysian Wood Expo in Kuala Lumpur, in November; conducting a seminar in HCMC; and exhibition at Taipei Build Expo in Taipei in December. In addition AHEC will be participating at the AIA IR conference in Shanghai in November to promote sustainable US hardwood through architects and designers.

Event Review

IFMAC 2019, Jakarta Indonesia

The annual IFMAC international woodworking industry show was held in Jakarta from October 9-12, 2019 at the Jakarta International Expo (JIEXPO). It was a dedicated exhibition for furniture and woodworking sector. Three hundred companies from 23 countries exhibited and the 4-day show attracted 12,917 total visitors.

The AHEC booth was located at a prominent location and covered 36sqm. It was designed by Singapore-based designer Jarrod Lim. Jarrod was trying to squeeze in a complete apartment into the booth without it feeling cramped and to show that American hardwoods were perfectly suited for this type of application. The booth was created entirely from American red oak included a platform style sofa with raised coffee table which can become a dining table, play or work table. The raised platform bed featured a ladder style guardrail, a modified gymnastics ladder creating an exercise space beneath the sleeping area. It successfully attracted the eyeballs of the visitors and media.



CONTACT DETAILS

Upcoming Events

December 12-15

The 31st Taipei International Building, Construction and Decoration Exhibition 2019
Taipei, Taiwan



American Hardwood Export Council
Southeast Asia & Greater China
Room 2005, 20/F, Lippo Centre Tower One, 89
Queensway, Admiralty, Hong Kong
Tel : (852) 2724 0228
Fax : (852) 2366 8931
Email : info@ahec-china.org
www.ahec-china.org / www.americanhardwood.org