

# U.S. Hardwoods

WESTERN HARDWOOD ASSOCIATION

Annual Convention

August 19, 2021

---

**Dr. Kent Wheeler**

**Associate Professor and Director**

**Center for International Trade in Forest Products**

**SCHOOL OF ENVIRONMENTAL AND FOREST SCIENCES**

UNIVERSITY *of* WASHINGTON

College of the Environment



# The past three years have not been normal

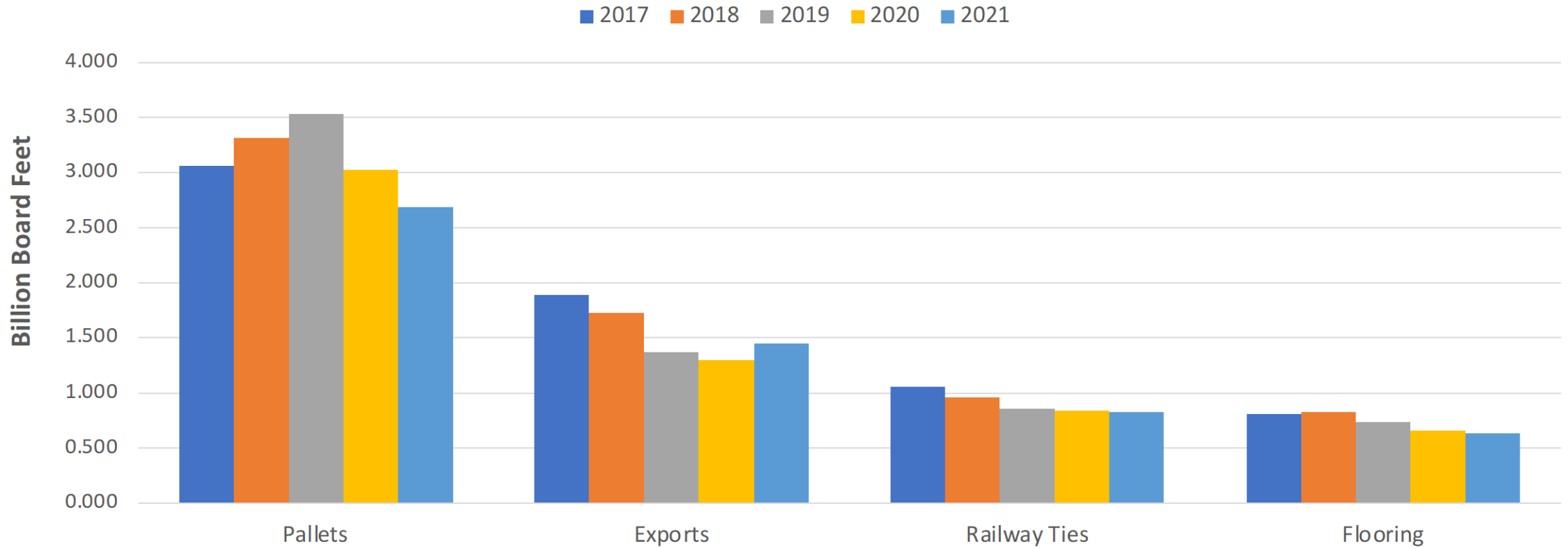
---

- Early 2018 exports to China surged in anticipation of the impending trade war with China
- Late 2018 through 2019 – exports fell as the trade war intensified
- 2020 – Covid shutdown... no, wait
- Late 2020, early 2021 – prices swelled as supply could not keep up with demand



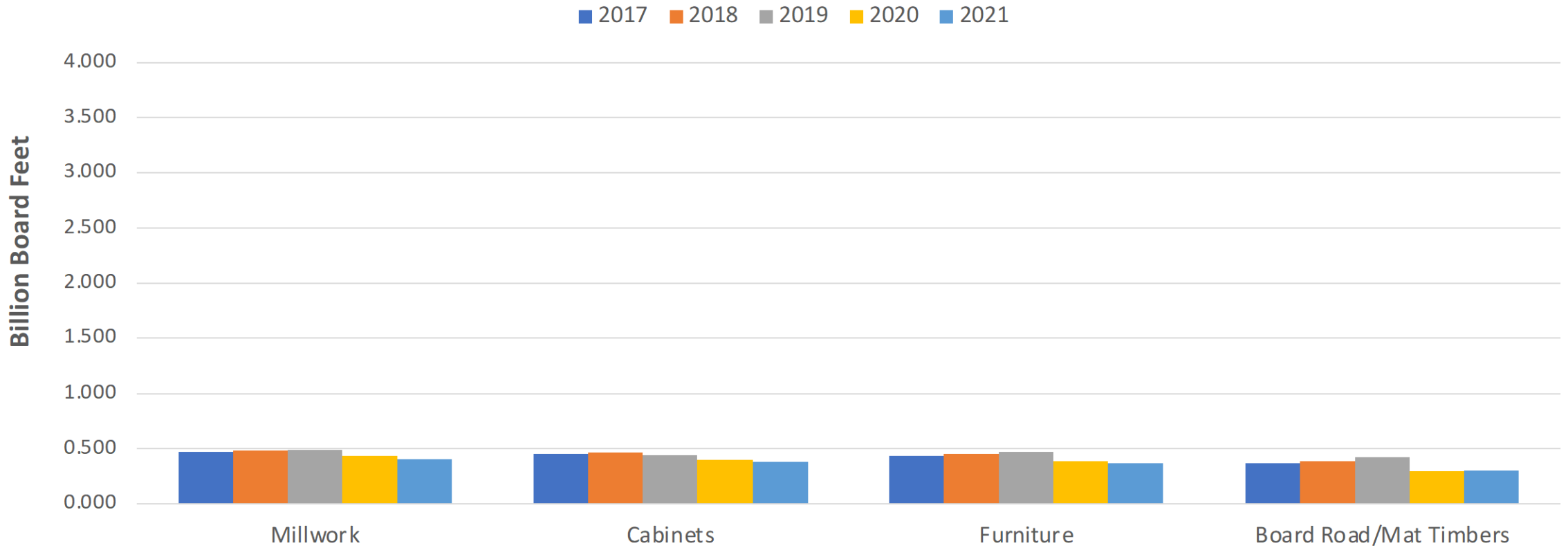
# Consumption of Hardwood Lumber by Major U.S. Markets

Source: HMR Executive, "The North American Hardwood Marketplace 2021 Mid-Year Update,"  
Vol. 15, Issue 7, July 2021



# Consumption of Hardwood Lumber by Major U.S. Markets

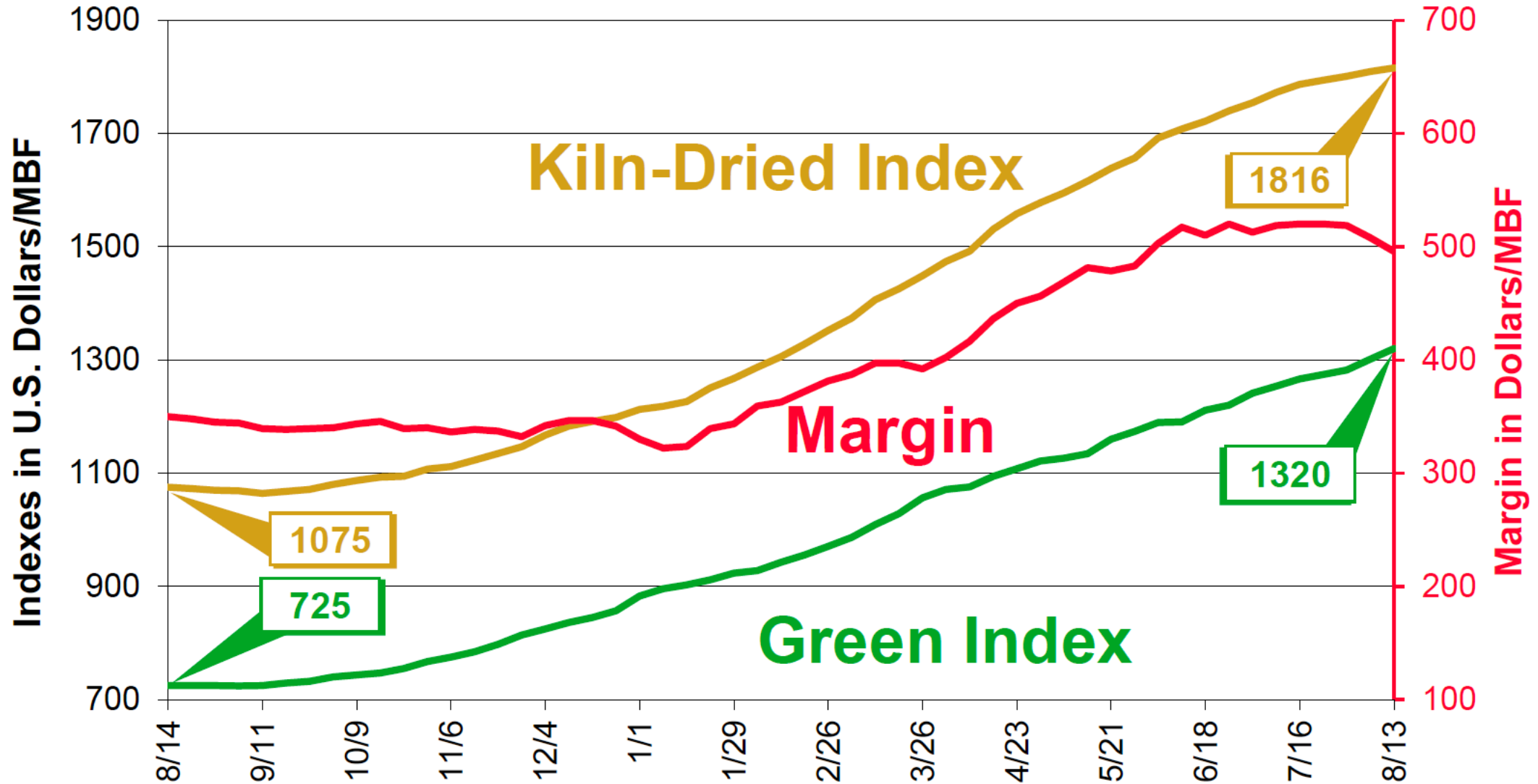
Source: HMR Executive, "The North American Hardwood Marketplace 2021 Mid-Year Update,"  
Vol. 15, Issue 7, July 2021



# Hardwood Lumber Price Indexes

One-Year Change in Kiln-Dried Price Index: +68.90%

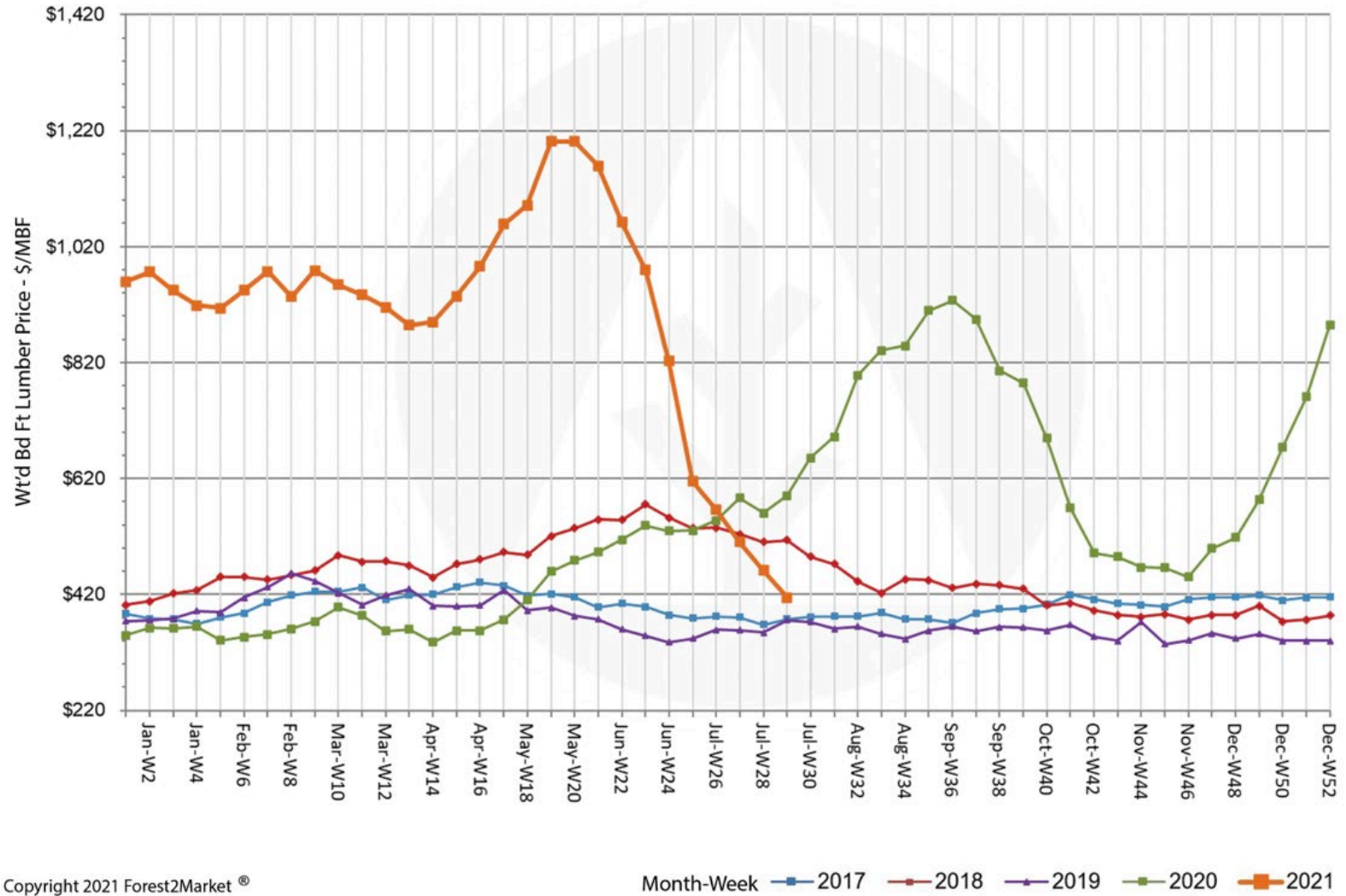
One-Year Change in Green Price Index: +82.07%





FOREST2MARKET

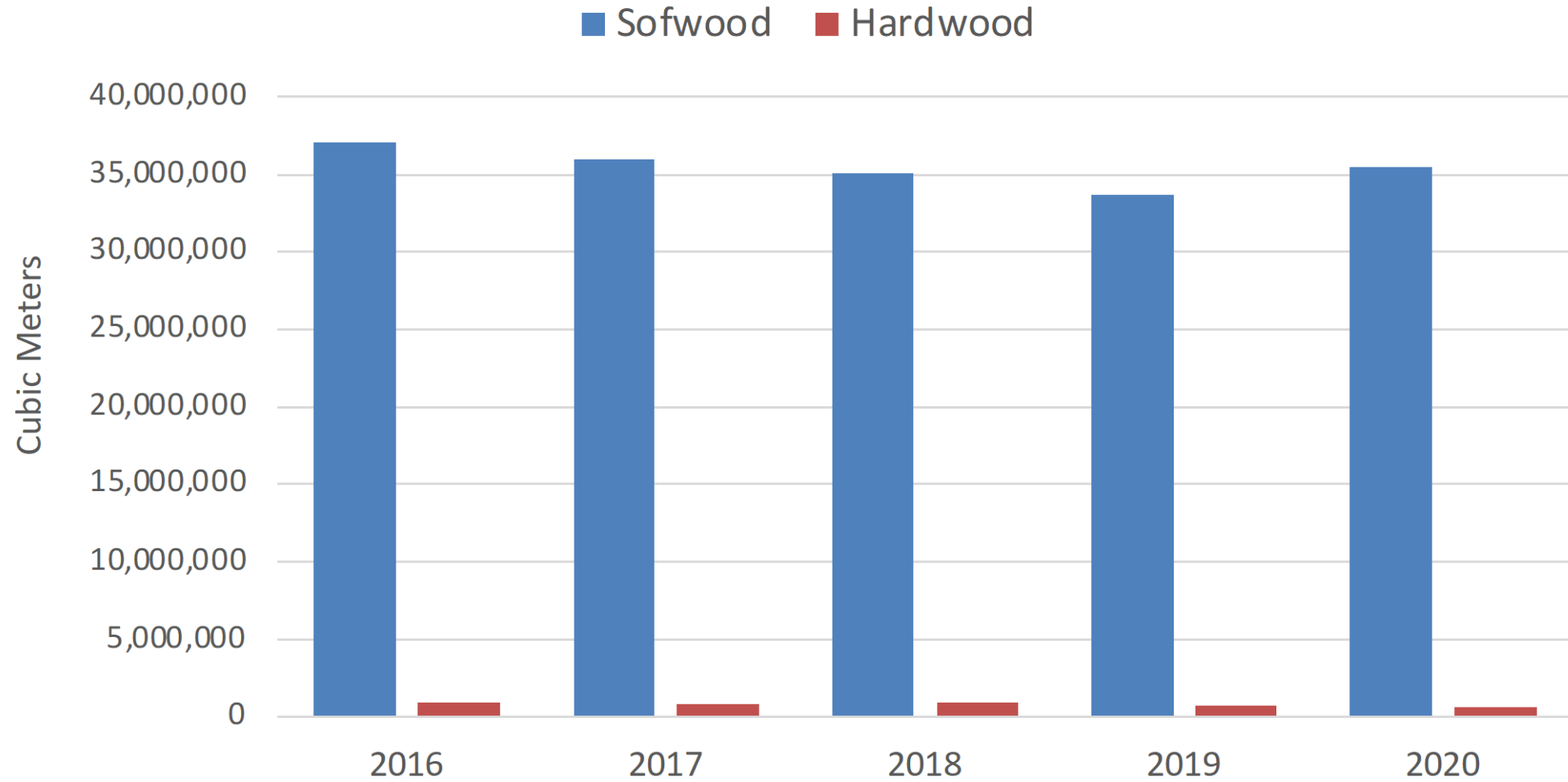
### All SYP KD Lumber Volume Weighted MBF Lumber Price 2017 - YTD 2021



Copyright 2021 Forest2Market®

Used with permission from *Forest2Markets*

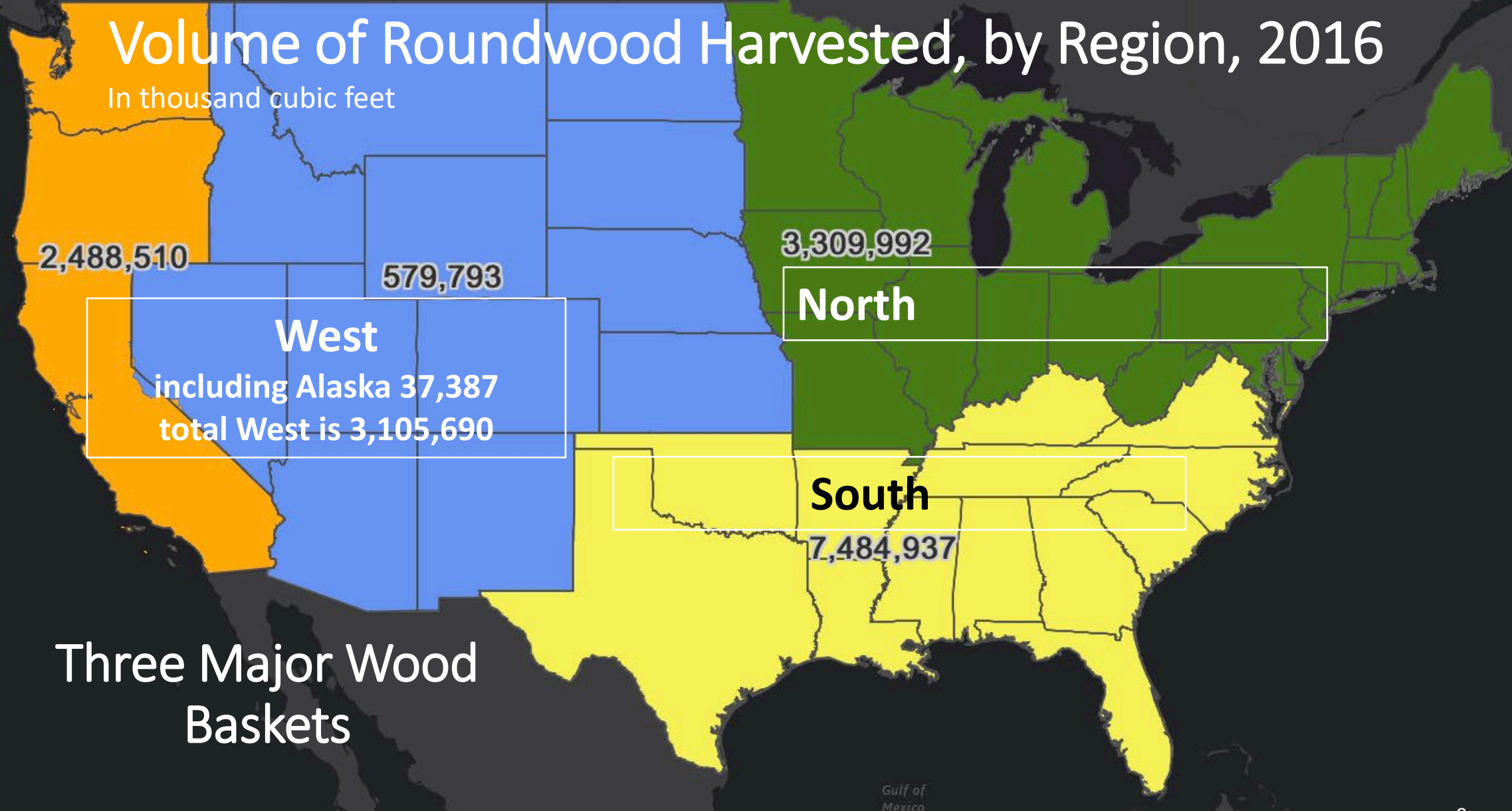
# U.S. Lumber Imports





# Volume of Roundwood Harvested, by Region, 2016

In thousand cubic feet



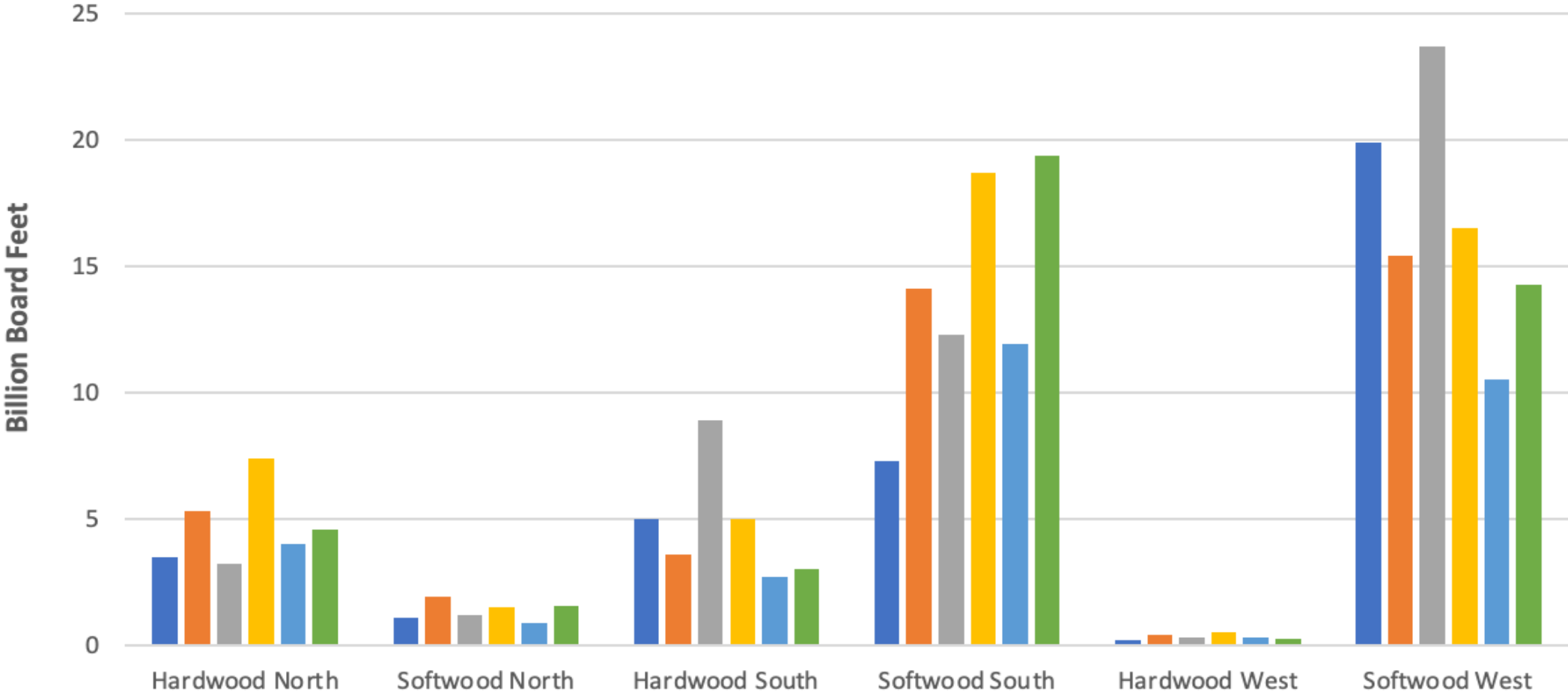
## Three Major Wood Baskets



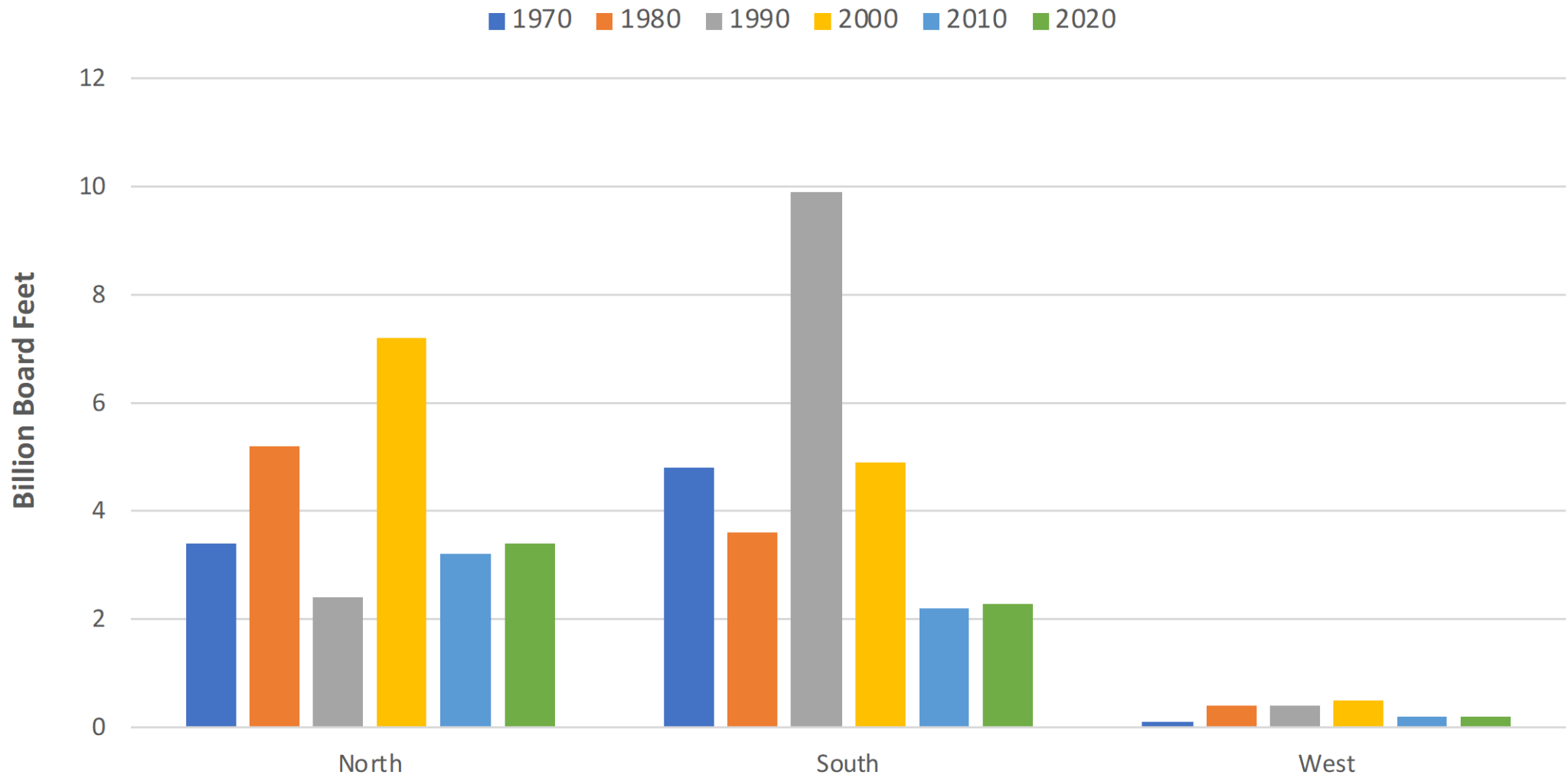
# U.S. Lumber Production

Source: USFS, WWPA, HMR Executive

■ 1969 ■ 1979 ■ 1989 ■ 1999 ■ 2009 ■ 2019

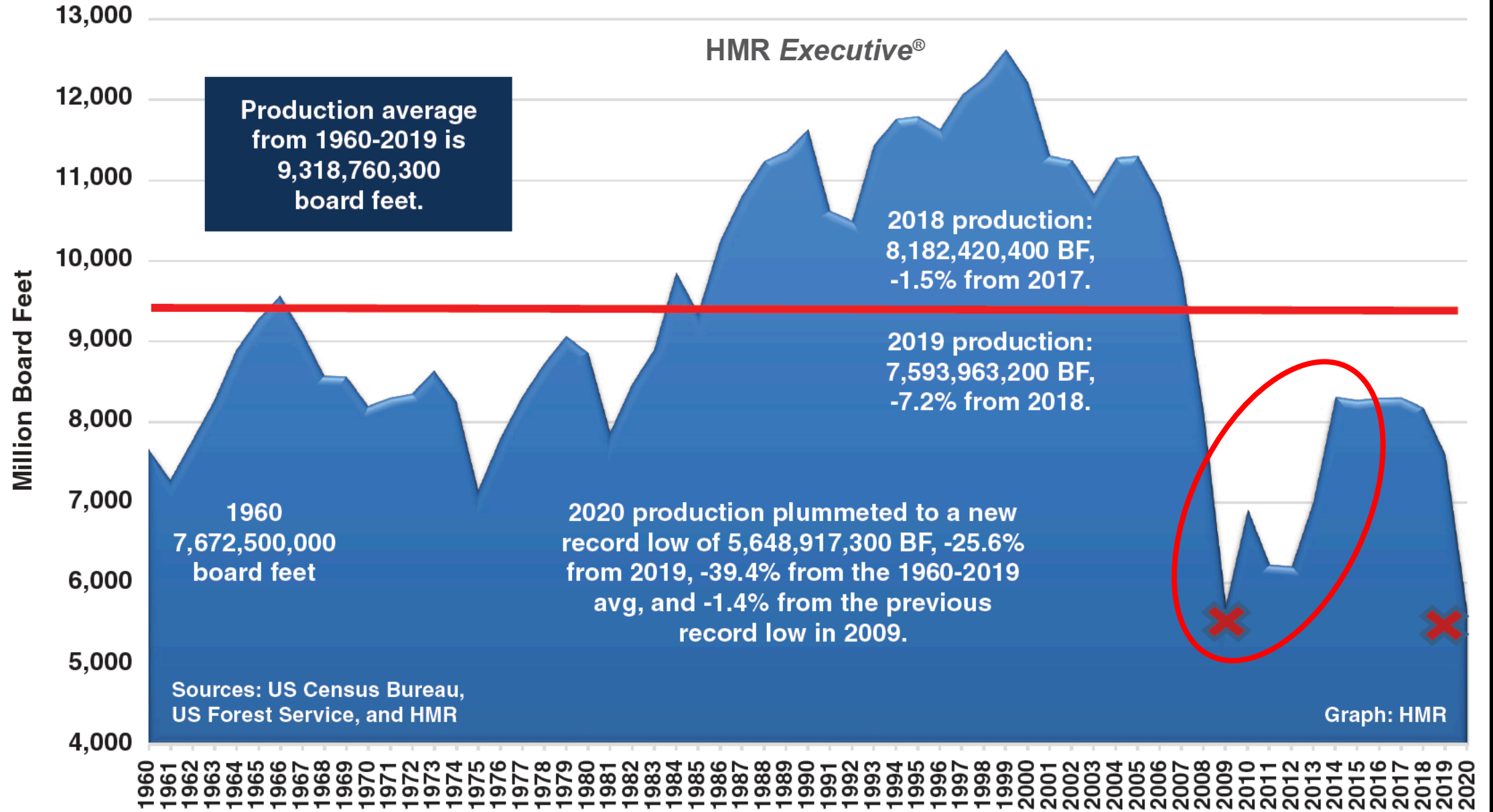


# U.S. Hardwood Lumber Production

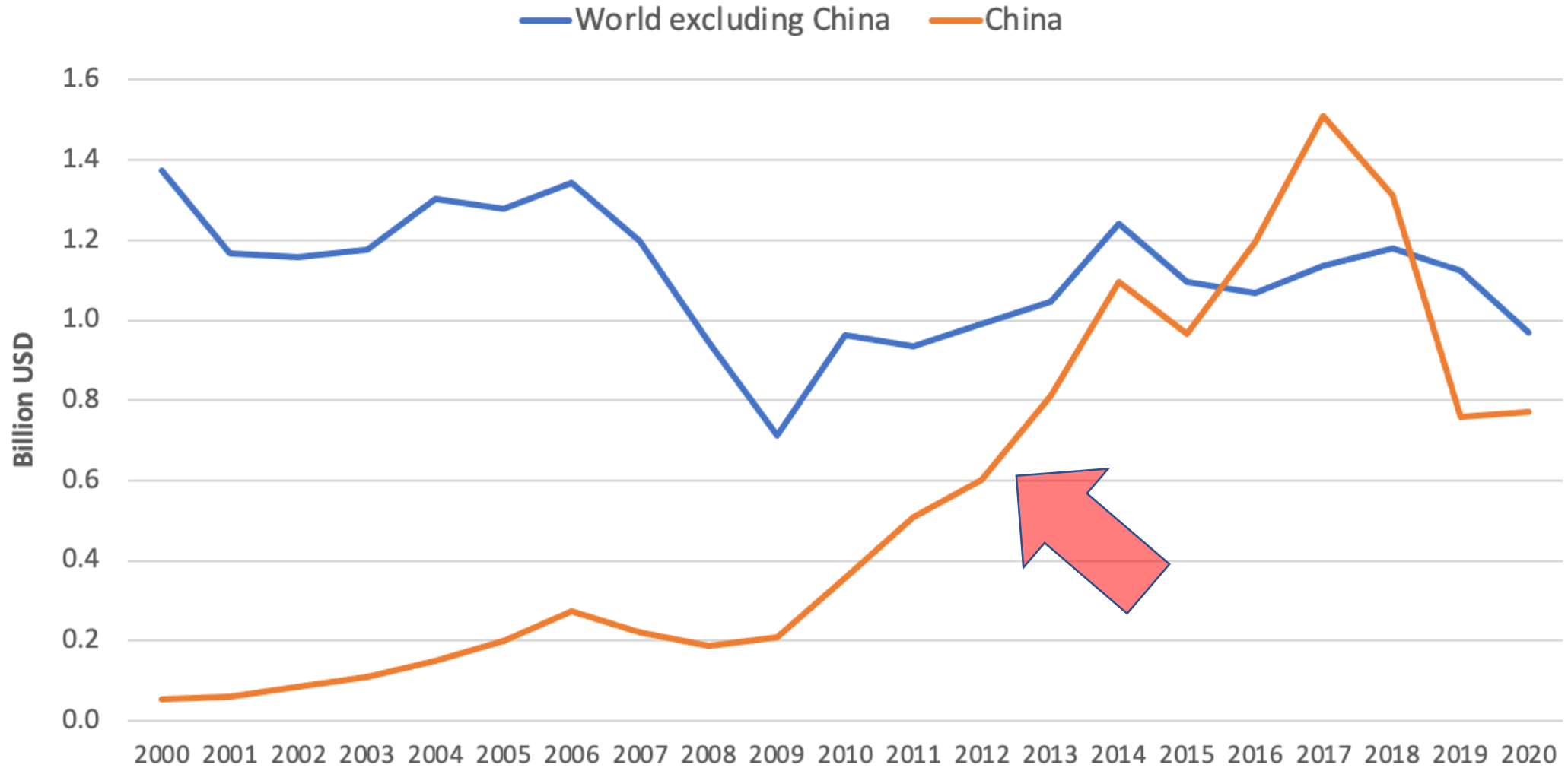


# Eastern US Hardwood Sawmill Production

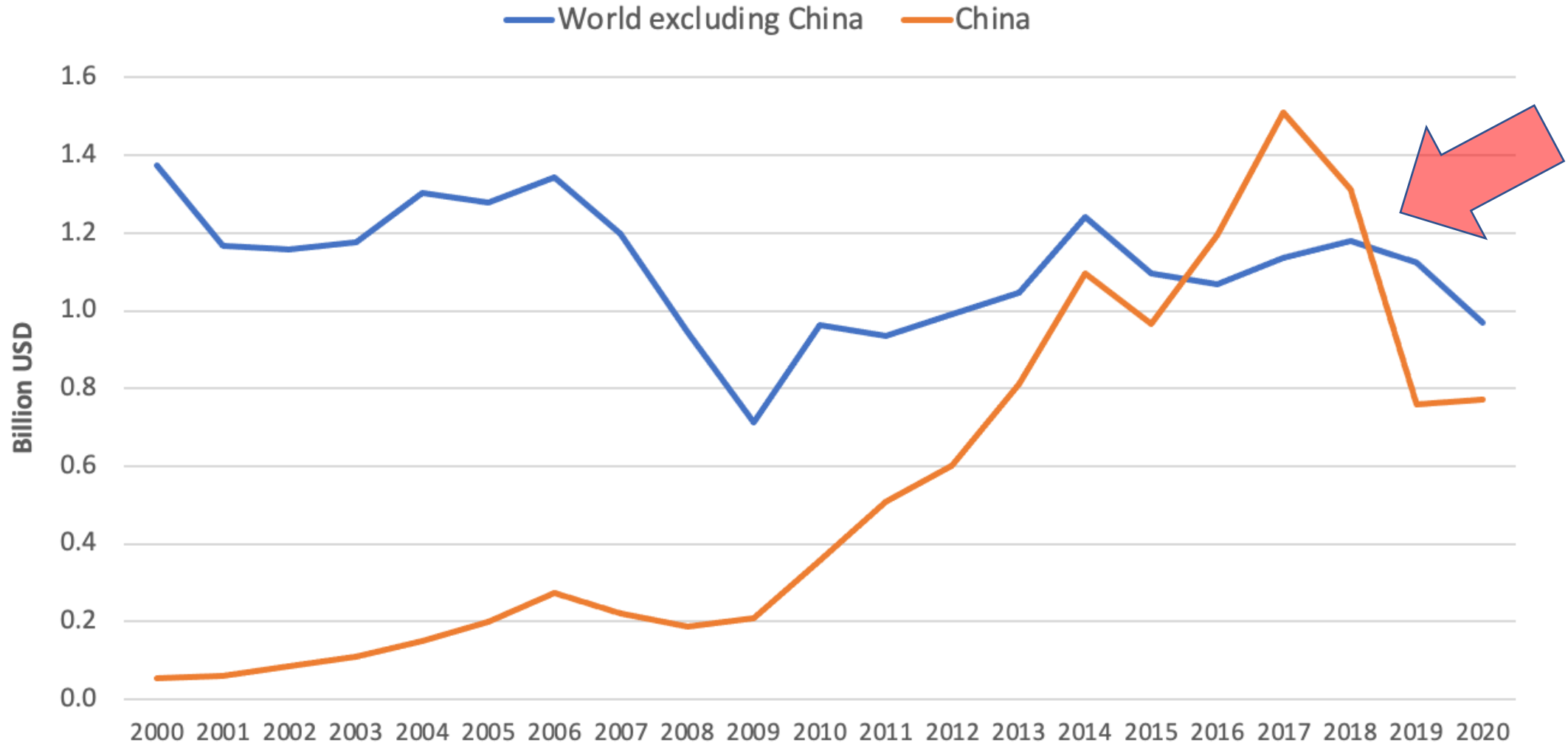
HMR Executive®



## U.S. Hardwood Lumber Exports to China and the Rest of the World



## U.S. Hardwood Lumber Exports to China and the Rest of the World



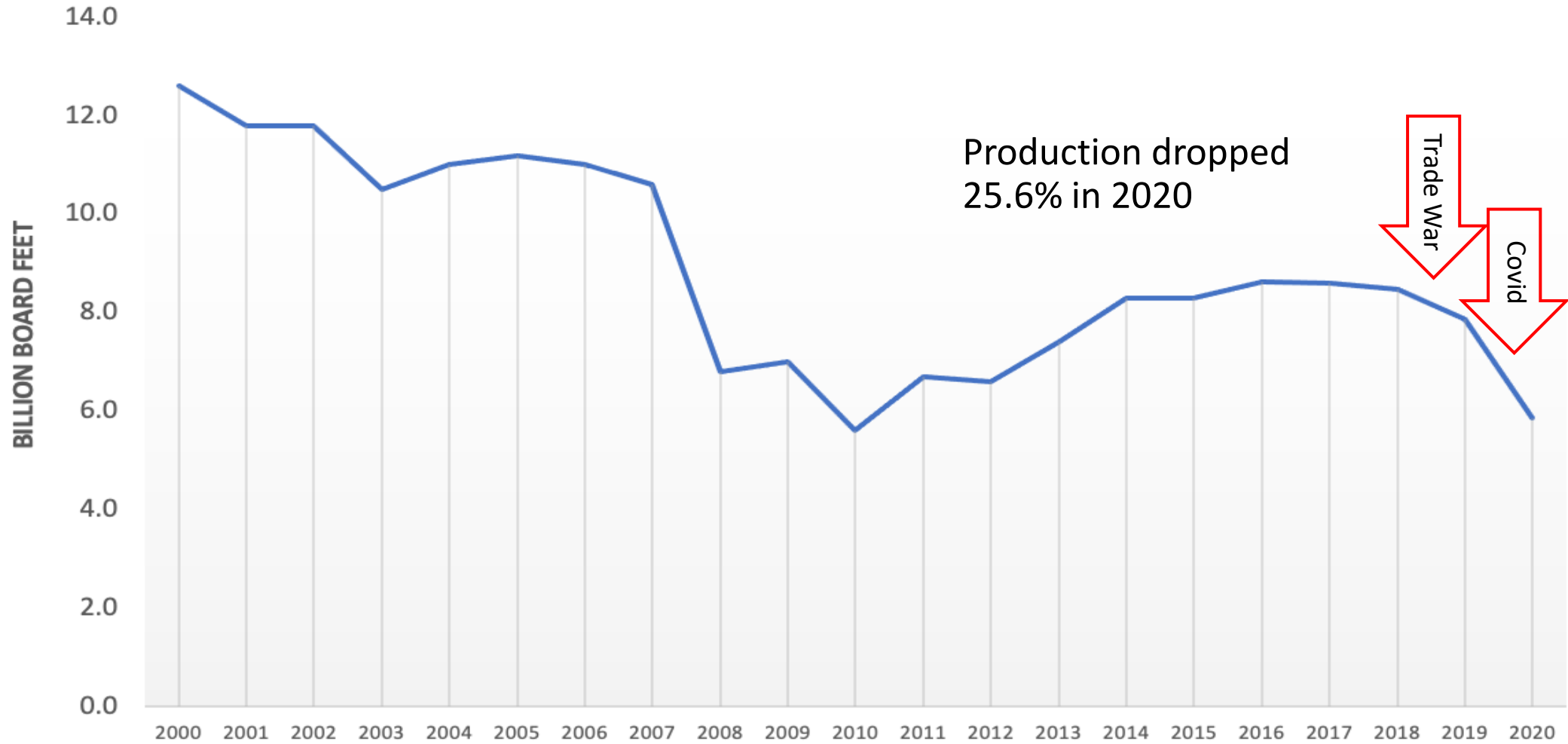


- In 2018 and 2019 the U.S. economy was experiencing the longest economic expansion (10 years+) in history.
- 20 years of market development in China had resulted in a true U.S. export success story.
  - Chinese customers were buying higher quality and a wider variety of grades
  - Much of the lumber imported was staying in China
- But unfortunately, the hardwood lumber industry became a casualty in a trade war that wasn't even about wood trade.
- The industry was reeling from the trade war...and then Covid hit.



# U.S. Hardwood Lumber Production

Source: USFS, HMR Executive

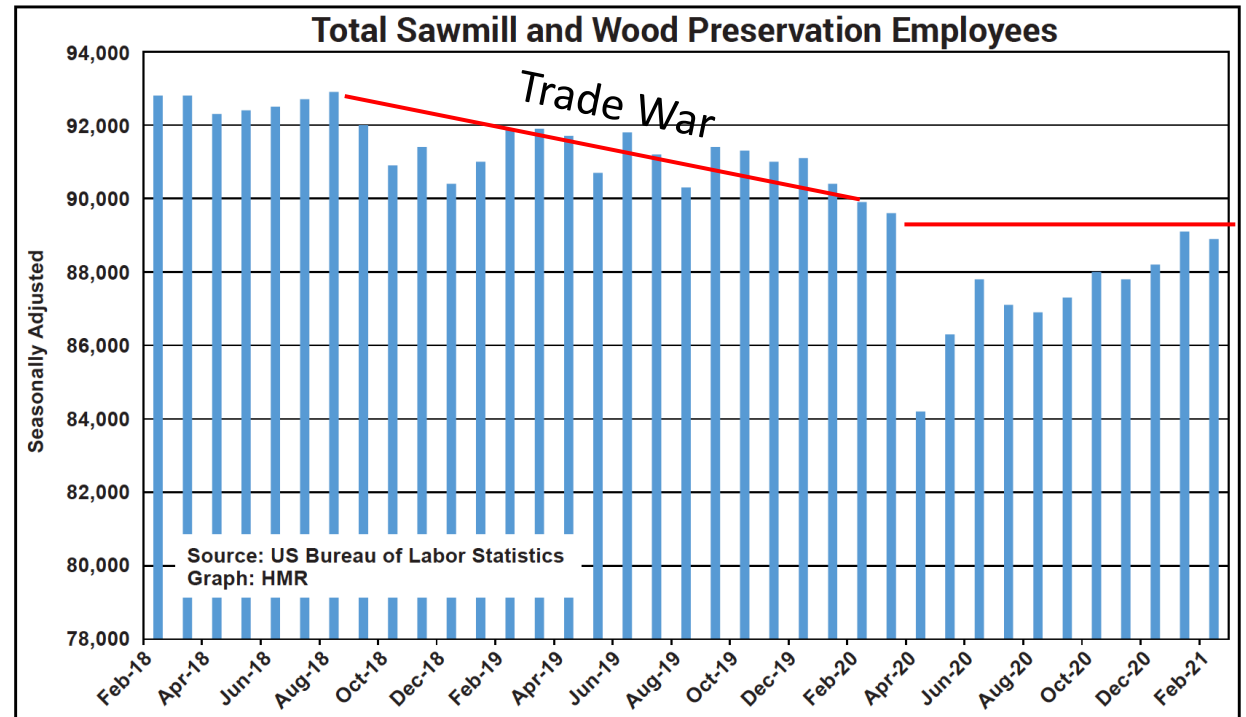


# Demand is strong; supply is constrained

- The past three years have been extremely challenging for the hardwood industry and have eroded supply capability.
- Sawmills need markets for both appearance and utility grades, but most of the margin is in appearance grades, and the loss of China business was almost all appearance grades.
  - According to HMR Executive, an 8.5% drop in sawmill production could amount to more than a 45% drop in revenue.
- We lost some capacity, and what capacity remained is underutilized due to problems created by Covid.

# The supply chain got messed up

- Labor shortages
  - Labor has been hesitant to return – sawmills and loggers
- Severe shortage of truckers for logs and finished goods
- Container shortages and skyrocketing freight rates
- JIT inventories depleted
- Hardwood mills cutting softwood

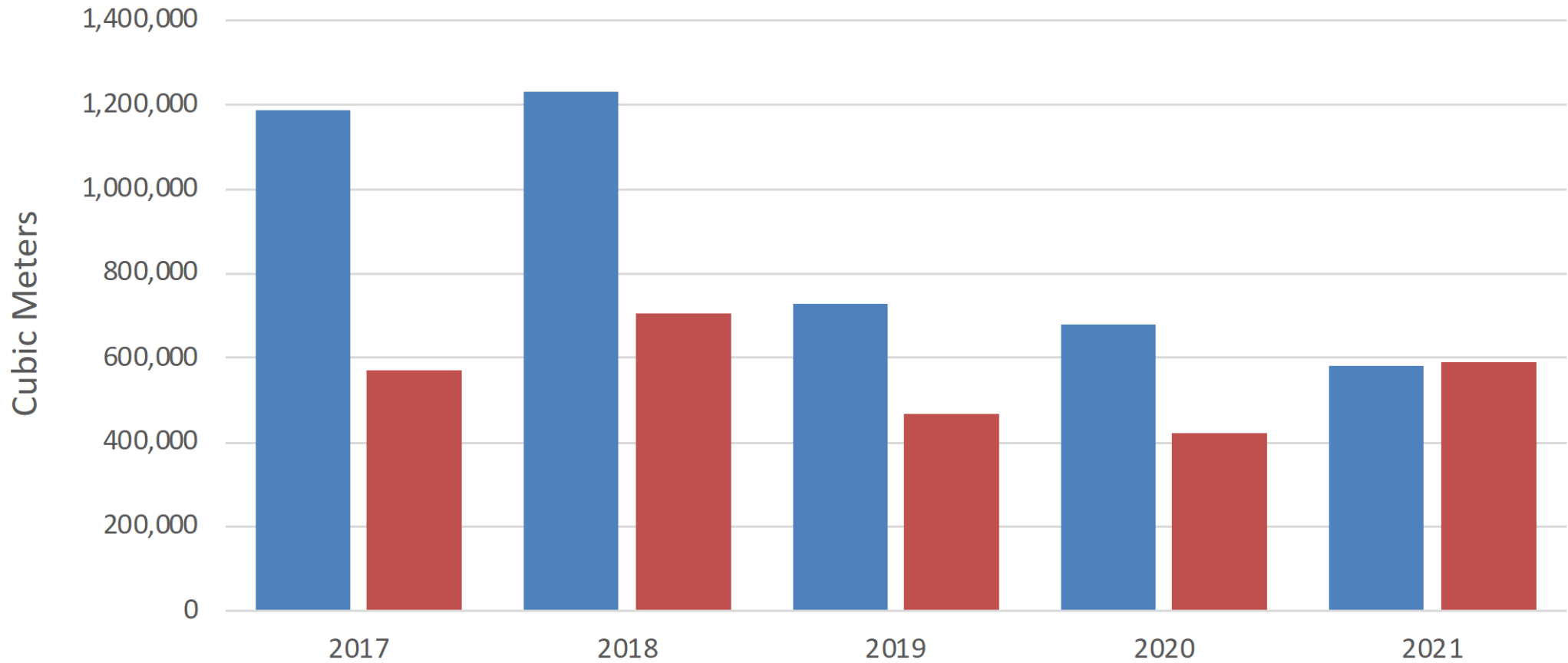


HMR Executive®

# U.S. Hardwood Log and Lumber Exports to China

June Year-to-Date

■ Lumber ■ Logs

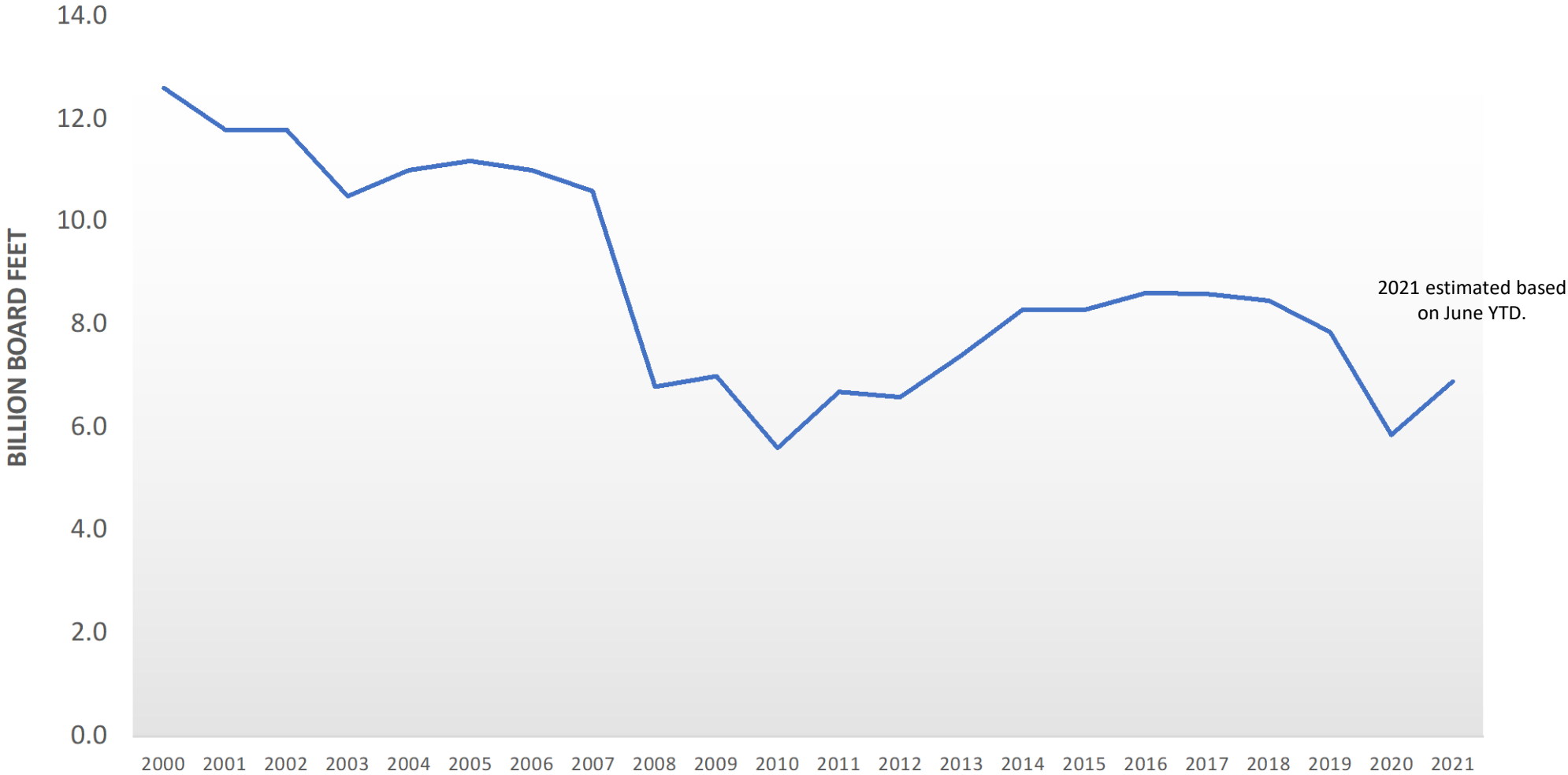


# Recovery from trauma takes time

- The trade war with China followed by the Covid pandemic were severe blows to the wood products industry.
- That the pandemic would lead to a boom in repair & remodel and more housing starts was unforeseen.
- Supply chains are adjusting, but it will take some time.
- Hardwood lumber prices are expected to pull back some over time but will most likely stay at elevated levels though this year.
- Fortunately, the economic outlook is good.

# U.S. Hardwood Lumber Production

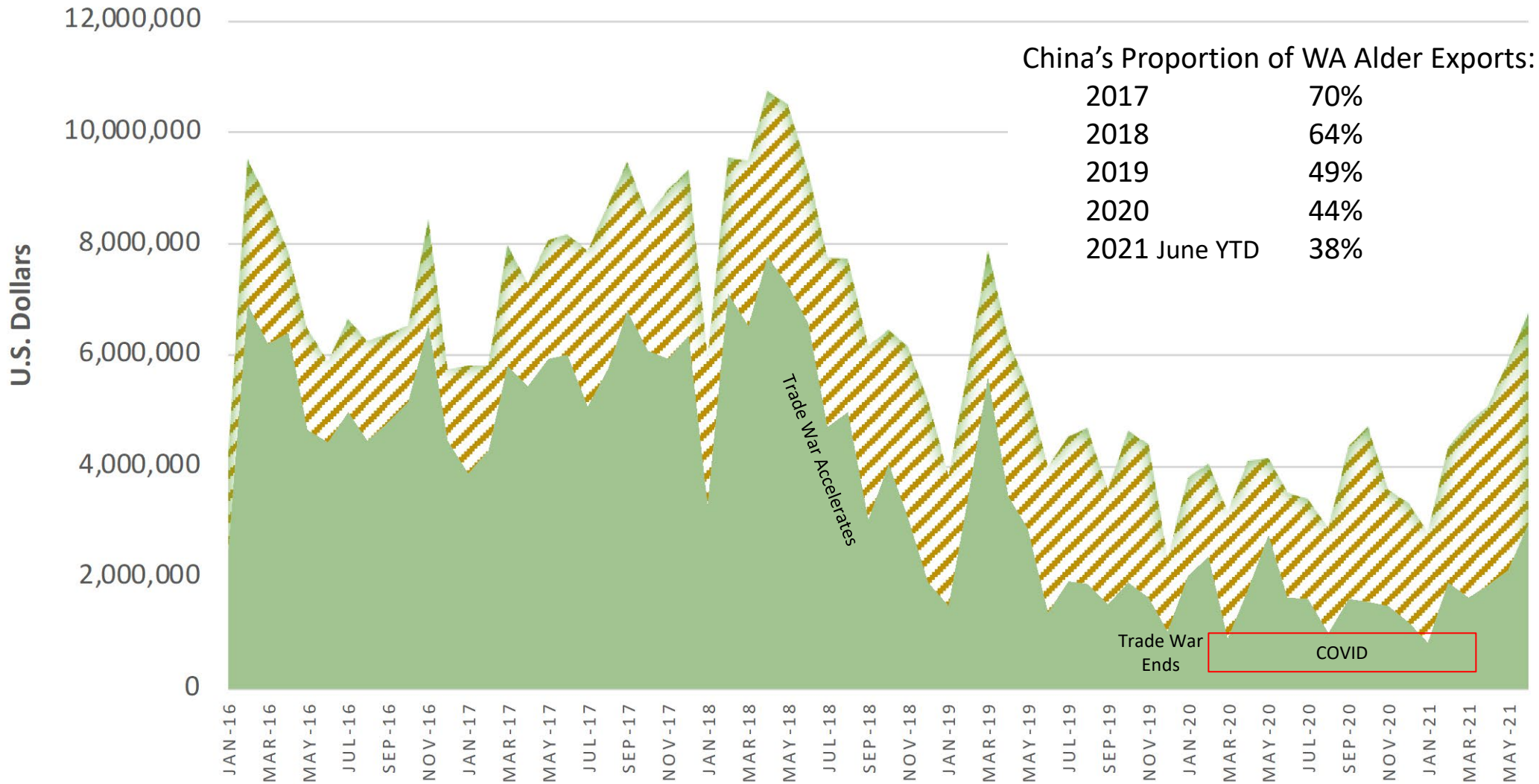
Source: USFS, HMR Executive





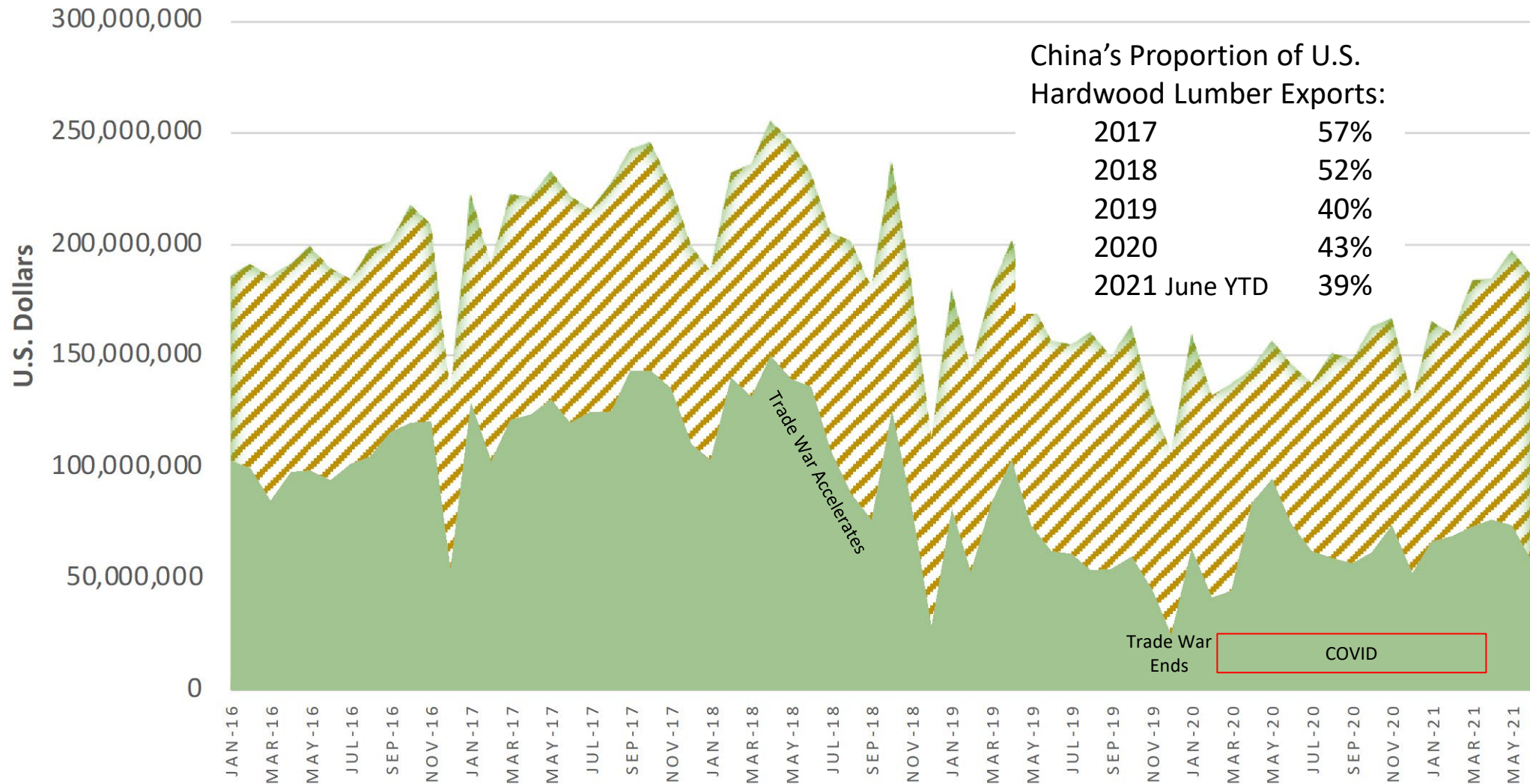
# WASHINGTON STATE MONTHLY ALDER EXPORTS

World China



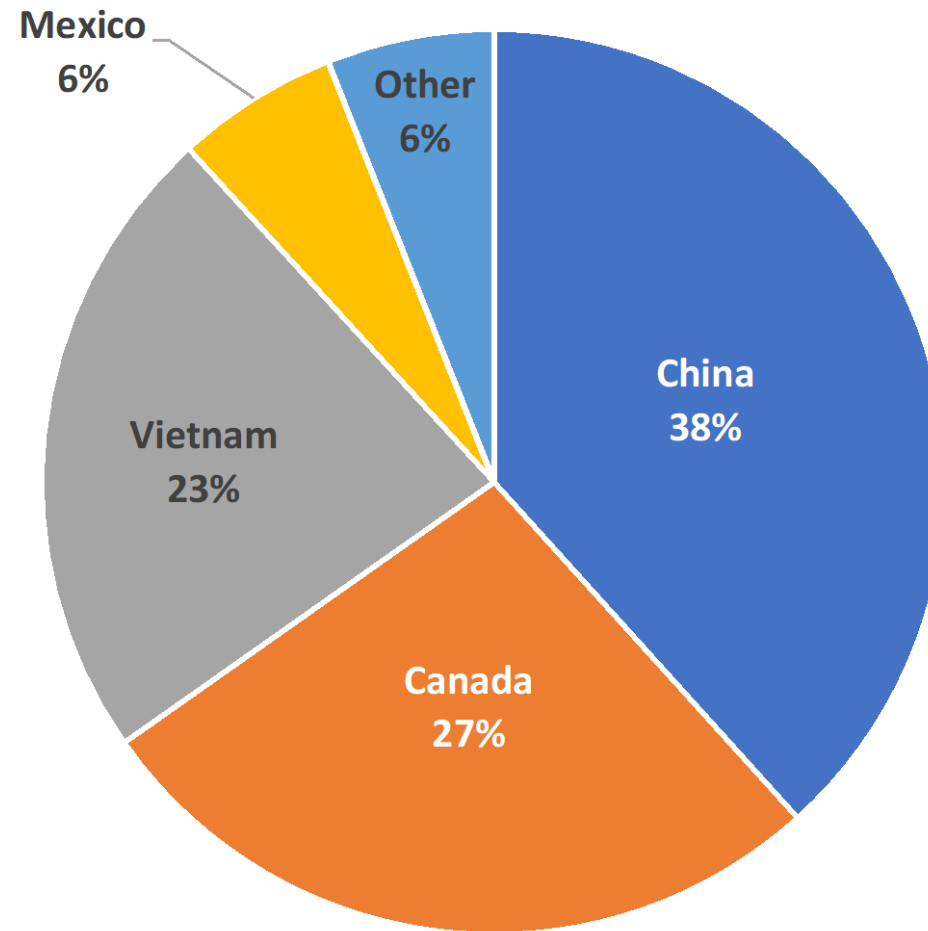
# U.S. MONTHLY HARDWOOD LUMBER EXPORTS

World China



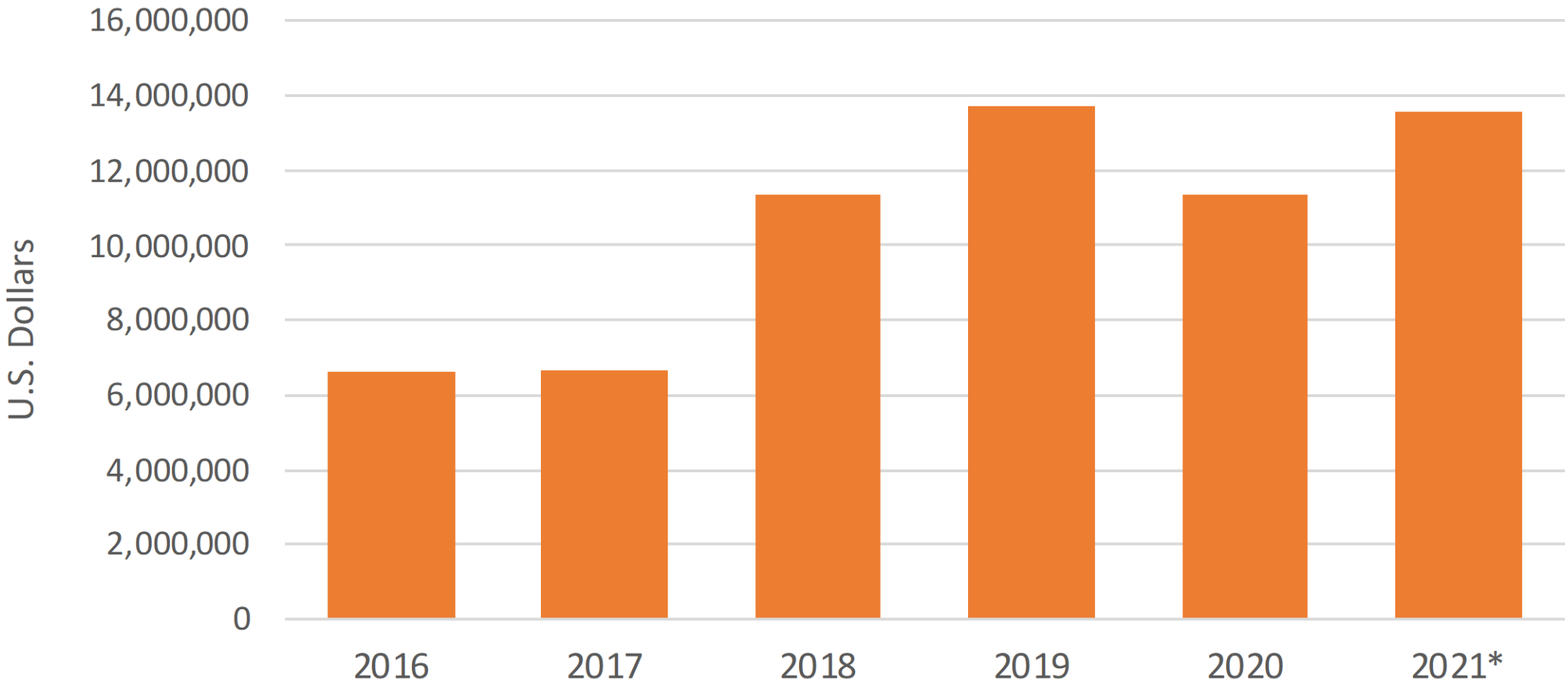
# Washington State Alder Lumber Exports

June YTD 2021



# Washington State Alder Lumber Exports to Vietnam

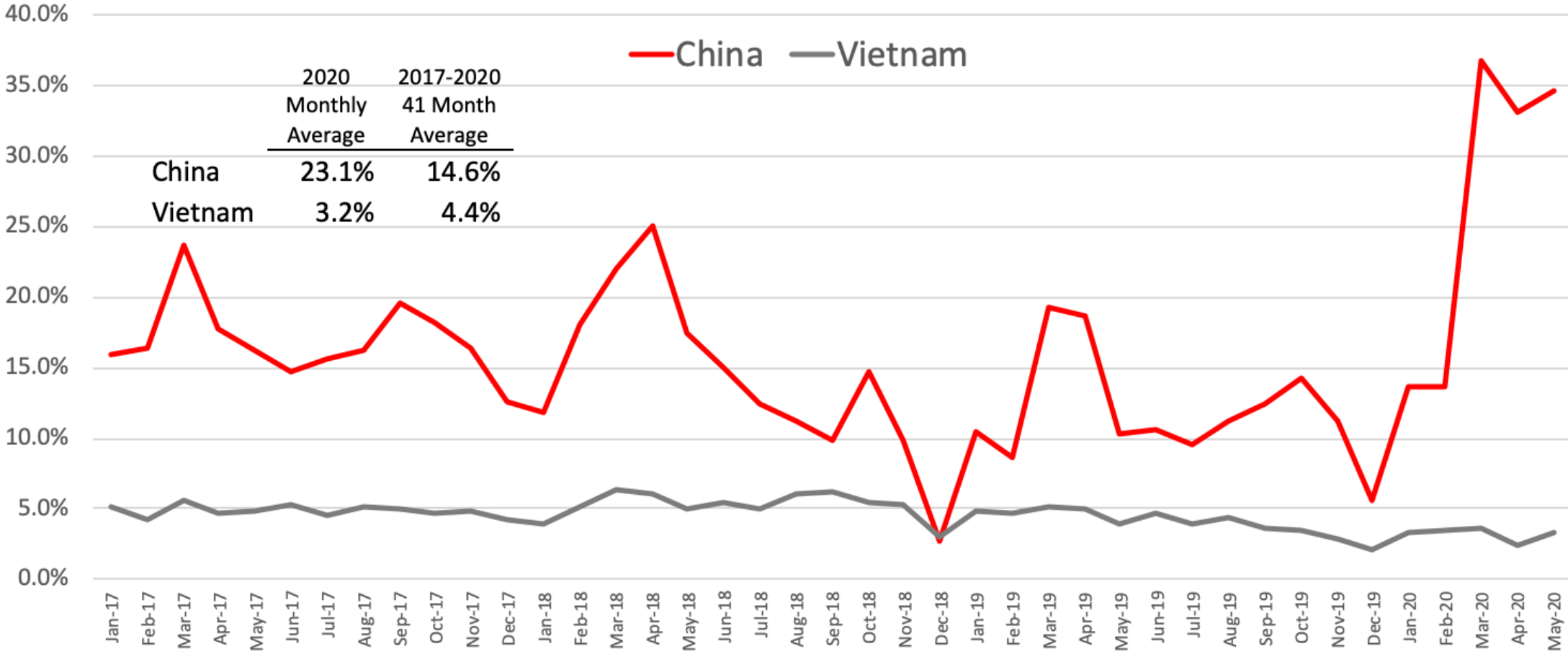
\*2021 based on June YTD and assumes second half equal to the first half



Source: USA Census Bureau's USA Trade Online

# Ratio of U.S. Hardwood Lumber Exports To vs. Wood Furniture Imports From

(calculated using U.S. Dollar monthly trade)



Source: Trade Data Monitor





**LET  
PURPLE  
REIGN  
AGAIN**

WASHINGTON  
FOOTBALL | **W**

[kwheiler@uw.edu](mailto:kwheiler@uw.edu)

**Thank  
you!**