



Pellervo Economic
Research

PRESS RELEASE

9.10.2018

PTT Forest Sector Forecast –
Forestry, autumn 2018

Significant Growth in Earnings from Private Forests

Increasing demand due to good economic prospects and recent investments will boost the use of roundwood this year in Finland according to the forecast of Pellervo Economic Research. The use of imported roundwood increases, but not sufficiently to meet the increased demand. The volume of roundwood trade and removals increase more than the use of roundwood, leading to higher roundwood stock levels in forests. The growing demand is clearly reflected in rising annual average prices of roundwood. Gross stumpage earnings from private forests rises to a record 2.2 billion euros. The development of removals and trade will continue more modestly in 2019.

Roundwood Use Increases Imports and Removals

The increase in roundwood use by the forest industry this year is based particularly on the increase in pulp production, as Äänekoski bioproduct mill and the UPM Kymi plant step up their use of pulpwood. The use of imported roundwood and the volume of commercial roundwood removals rises, increasing roundwood inventories slightly. The volume of removals increases over ten million cubic metres more than the average in the 2010s, to about 67 million cubic metres. The use of roundwood is expected to increase slightly in 2019 as well.

Overheating in Roundwood Trade

The roundwood trade was affected by the difficult winter harvesting conditions in early 2018, with private stands suitable for summer harvesting traded earlier than planned. Owing to the heated situation in early 2018, the volume of standing sales is expected to show robust overall growth this year, although the trend is expected to level off at the end of the year. Trade volume in thinning stands will pick up from last year. This year's increase in roundwood inventories is expected to keep the growth of roundwood trade in check in 2019. Trade in pine logs and pine pulpwood will grow slightly more than in other tree species.

Jump in Roundwood Prices

The brisk trade, due to the difficult harvesting conditions and higher demand of roundwood early in the year, will push up the nominal annual average prices of wood markedly from the average annual price last year. The growing demand for pine products in the sawn goods export market has raised



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the price of pine logs but not enough to close the gap to spruce logs. The annual weighted average price of pine logs will rise about 9 percent from last year and that of spruce logs about 10 percent. The annual average price of pine and spruce pulpwood will also rise 8–10 percent this year. Next year prices will be affected by growing inflation, which will increase the annual average prices that would otherwise develop more modestly. Due to removals and the rise in roundwood prices, gross stumpage earnings from private forests will increase by almost 16 percent from last year, reaching 2.2 billion euros. Next year earnings from private forests will continue to rise a few percent.

Key forecast variables for Finnish forestry, 2018–2019

	2018e	2019e
Roundwood market	Change, %	Change, %
Roundwood use by forest industry	4 – 6	0 – 2
Commercial fellings	5 – 7	0 – 2
Roundwood trade in private forests	11 – 13	0 – 1
Nominal price, ¹ logs	8 – 10	1 – 4
pulpwood	8 – 10	2 – 4
Gross stumpage earnings, private forests	15 – 17	2 – 3

¹standing sales

e = PTT forecast

The entire forecast is available in Finnish at our website www.ptt.fi.

More information:

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