



Sweden market

update

Increased activity in the US, China and Japan

During Q2 2013 has, coupled with a lower rate of production in Europe, resulted in a good balance in output and demand.

Strong demand outside Europe

Demand on the big markets outside Europe continue to be strong. The US, China, Japan and the Middle East/North Africa continue to consume large volumes of wood, whilst European countries in the main continue to be weak.

However there are big regional differences. Germany, who is the biggest economy and biggest timber market in Europe, shows stronger building activity figures and in UK the building activity is increasing rapidly

Low production levels and decreasing inventories

European sawmill production remains at a low level and is expected to be the same or lower than the level experienced in 2012.

In Sweden, limited access to raw material, primarily from holdings in the southern and central regions of the country, combined with a generally weak payment ability, has limited production during the first six months of the year,

Stocks in Swedish sawmills continue to fall and, by the end of July, were 10 percent lower than they were at the same time in 2012. This trend is being repeated in Finland, where producer stocks at the end of July were around 21 percent below those experienced 12 months previously.

Swedish krona

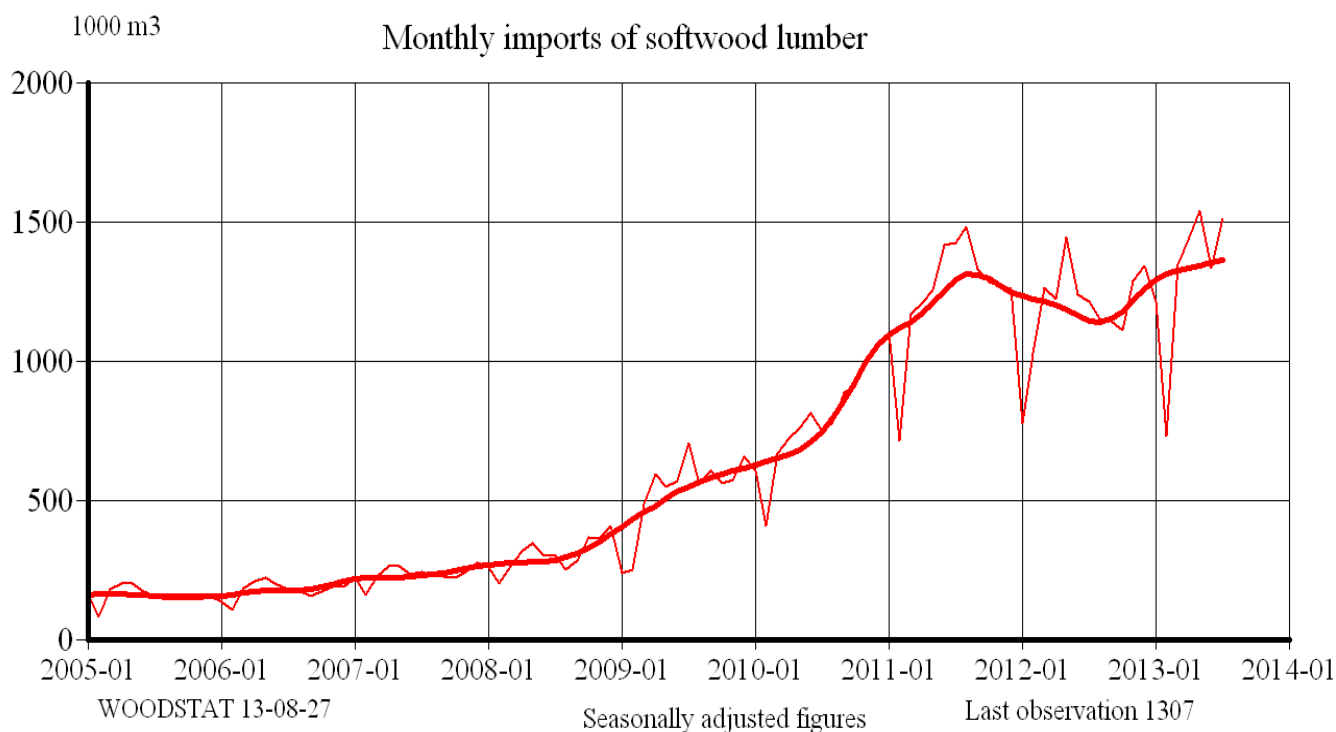
During early 2013, the Swedish krona became even stronger, although there has been a slight weakening during Q2. This gives Swedish sawmills better conditions for their dealings with export markets.

Stability on the supply side ?

Low stocks, balanced production and demand, together with a somewhat improved outlook for the price of sawn products during Q2 is creating stability for Swedish sawmills. If this stability continues, and demand is improving, then historically, this has led to a increased lead times and inflationary pressures to build

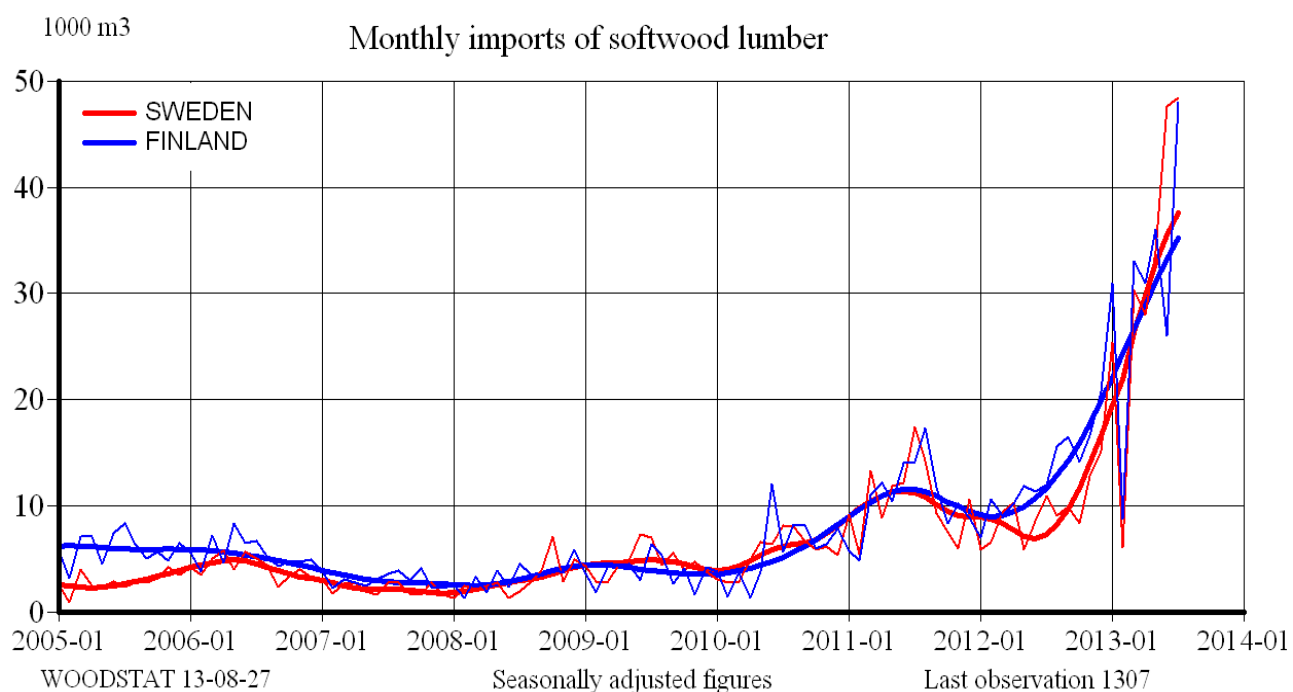
Strong increase of wood based products in China.

CHINA



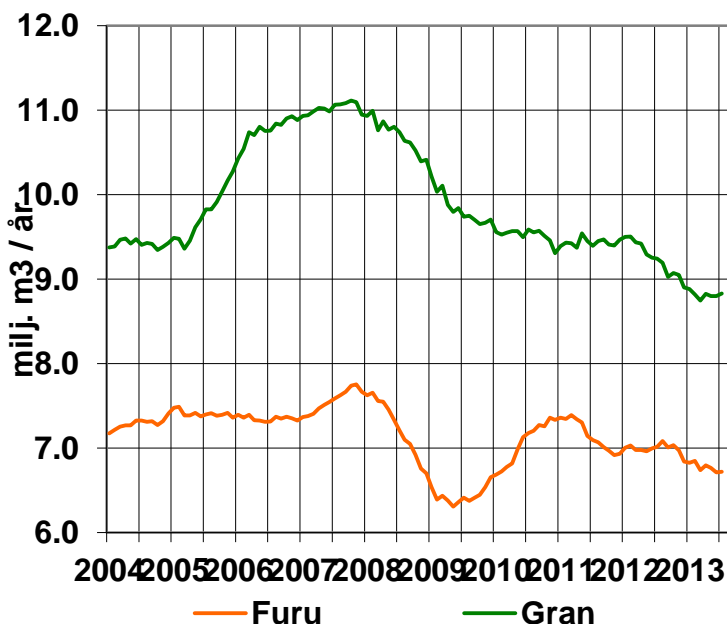
Sweden delivered during jan-jul 221.400 m3 to China and **Finland** delivered 213.500 m3. That means an increase for Sweden of 285 % and for Finland 197 %. Sweden delivered during july 48.500 m3 and Finland 48.000 m3.

CHINA



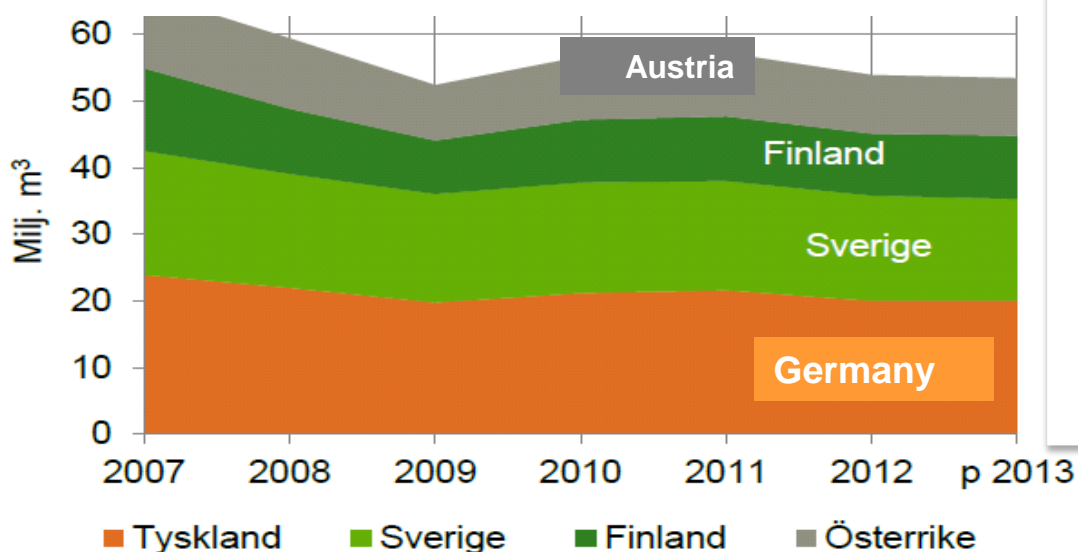
Production of sawn Pine and Spruce in Sweden

Sweden – production of sawn products, July 2013. Rolling 12 months.



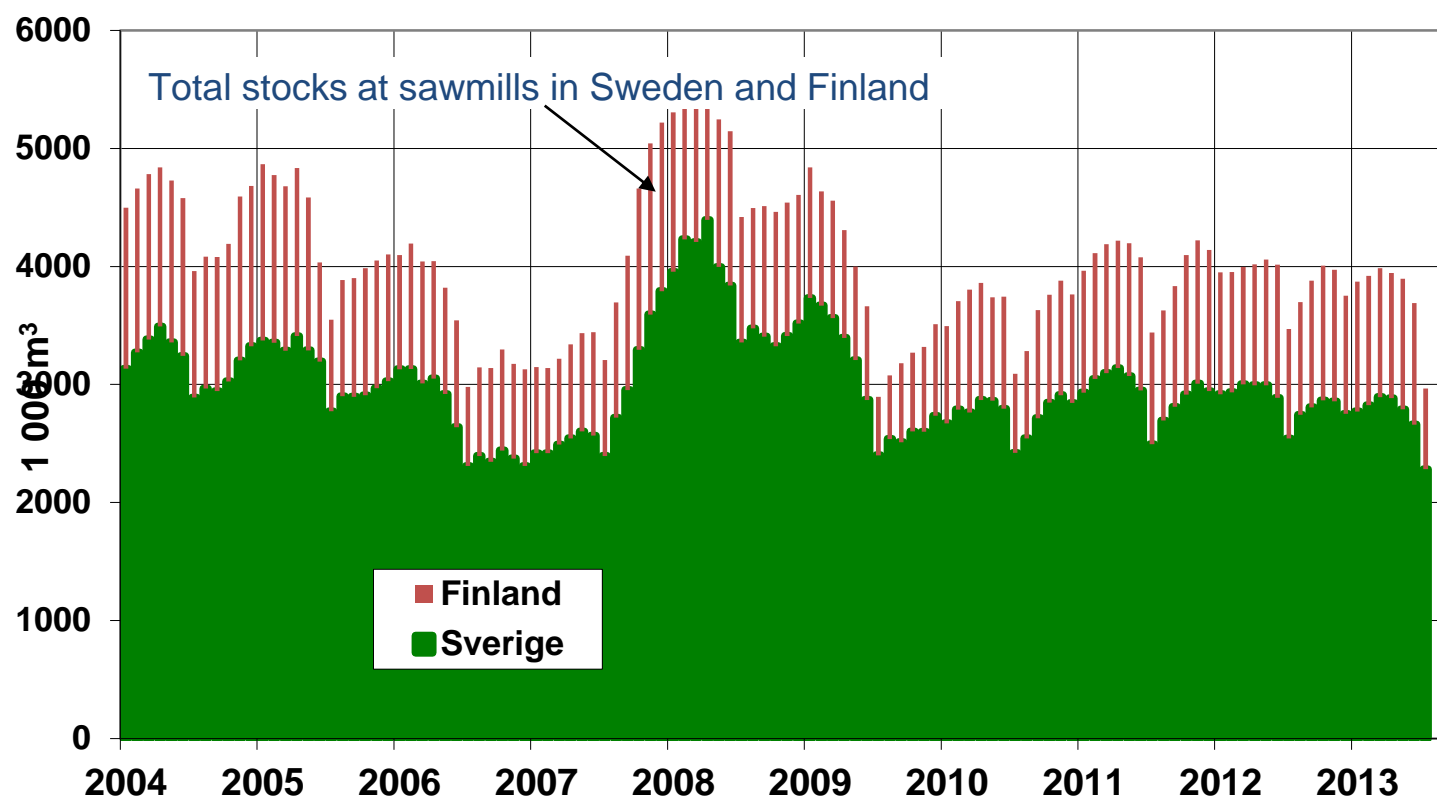
Swedish production during jan-jul estimated to be abt 2 % lower then same period last year.

Finish production during jan-jul estimated to be abt 5 % higher then same period last year.



*European Organisation of the Sawmill Industry

Producer stocks in Sweden at record low levels!



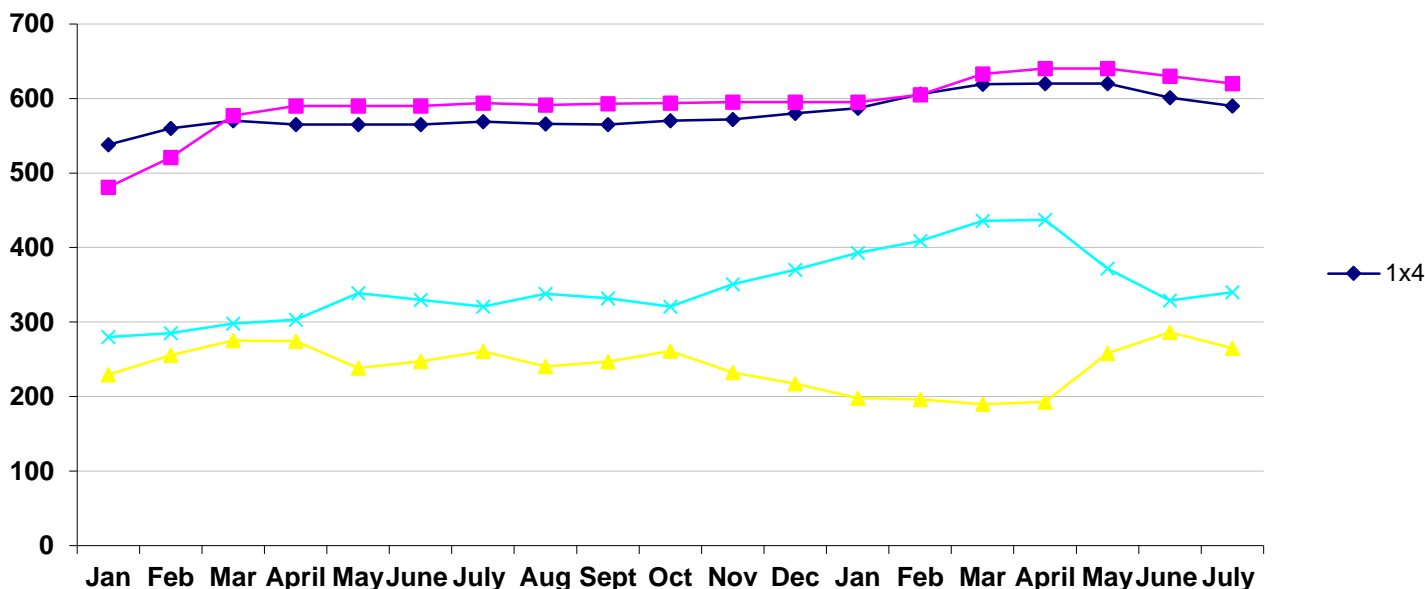
Stocks decreasing during summer

Producer stocks in Sweden down 14% during july. Stocks 10% lower then same period last year. Stocks per end july (in absolute figures) lower then ever.



Framing lumber VS 1 inch boards

Framing Lumber vs 1x4 1x6 boards



Price index in SEK

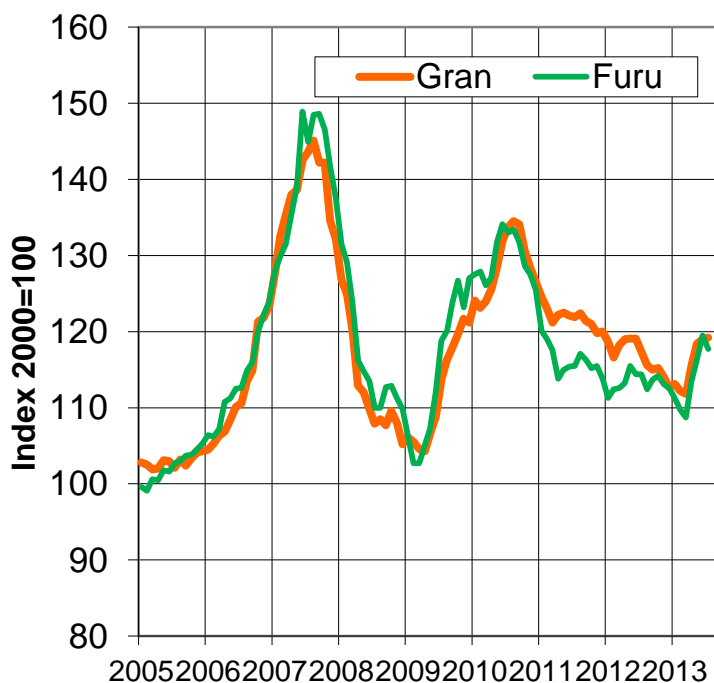
(Exchange rates effects export price index)

Development export price index PINE, jan – jul 2013: + 4,5%

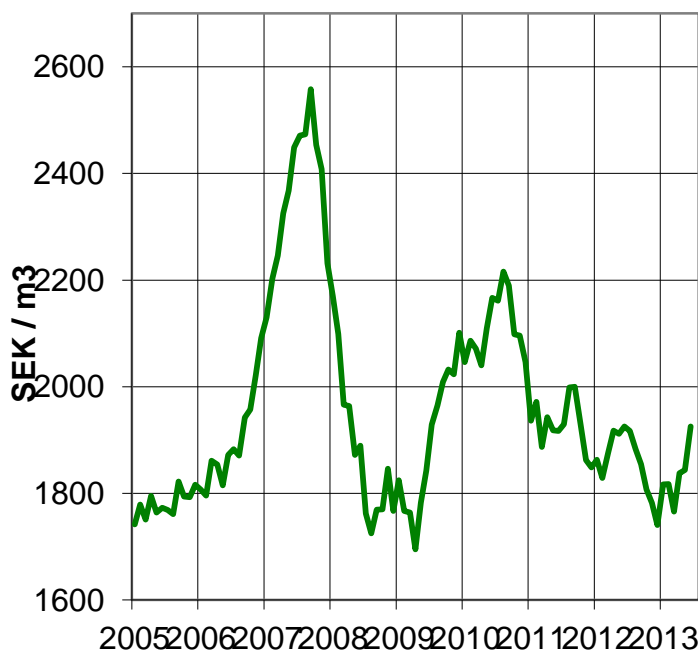
Development export price index SPRUCE, jan – jul 2013: + 5,8%

Export price index sawn pine and spruce, 2005 – jul 2013

Swedish export. Average export prices (FOB) 2005 – jul 2013.

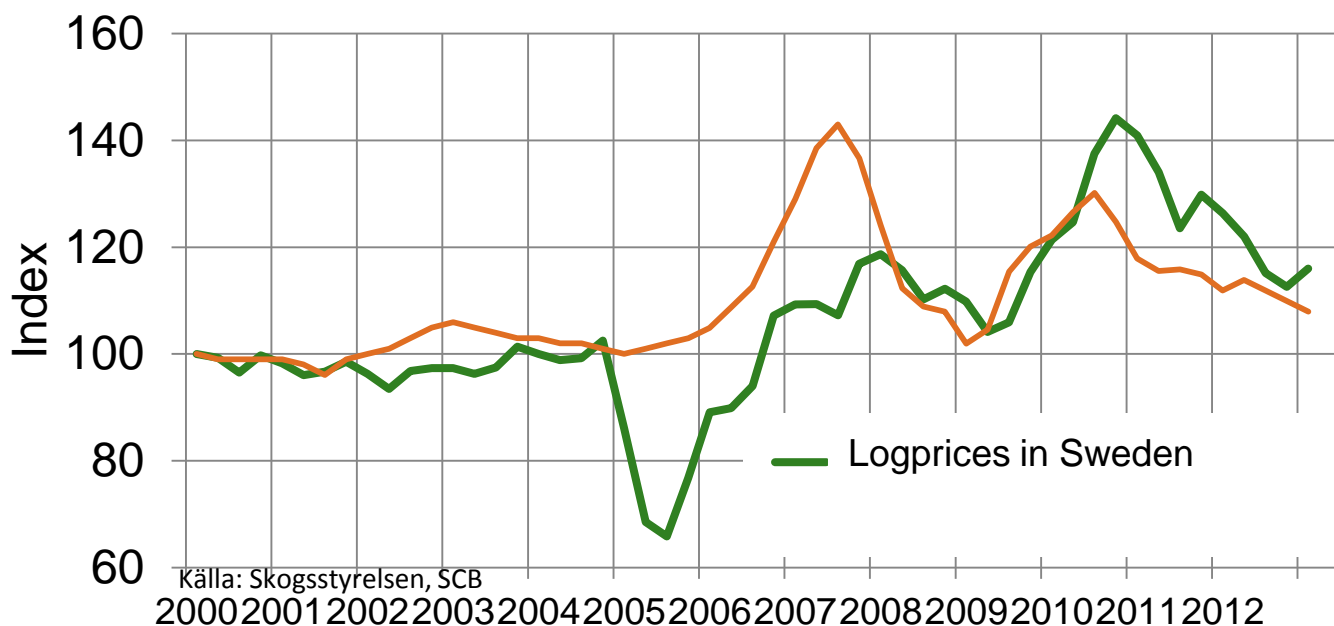


Källa: SCB (PPI)

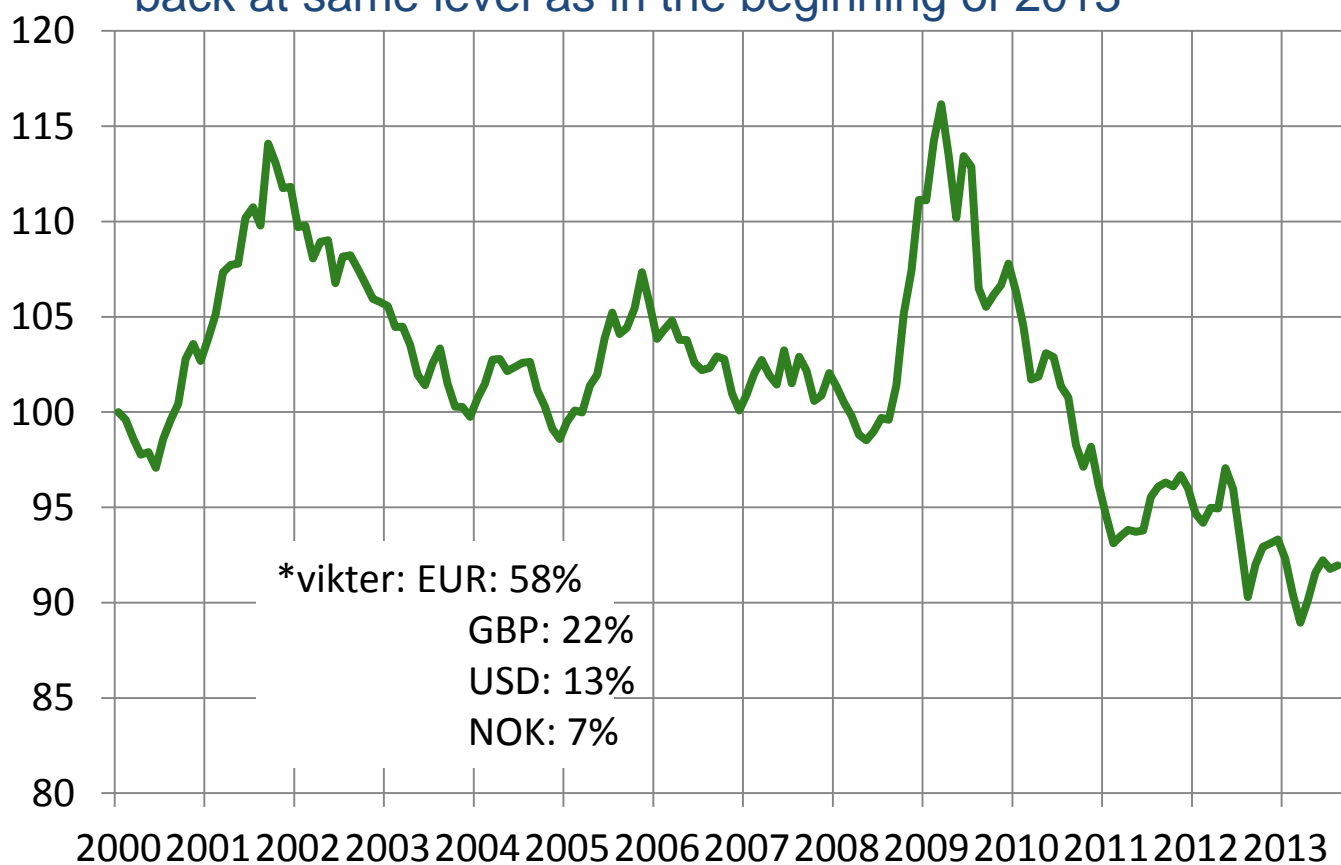


Källa: SCB (Handelsstatistiken)

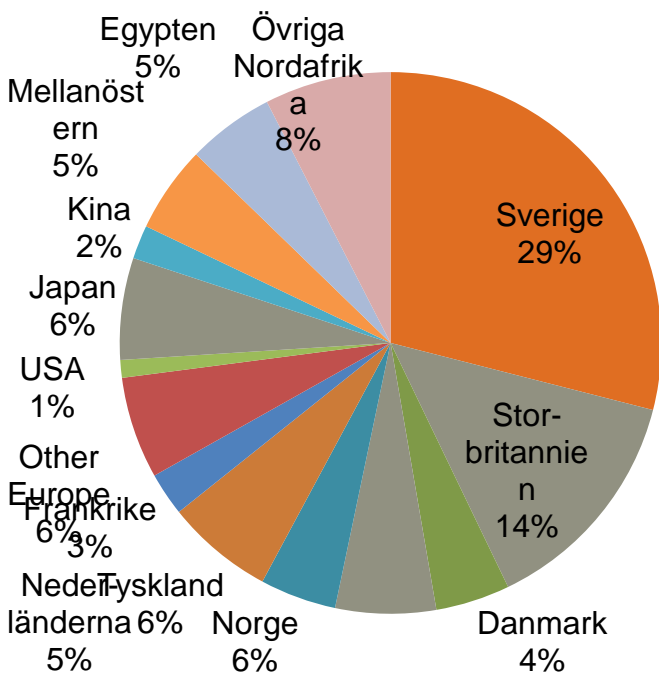
Timber price and log prices to 1Q 2013 - The gap is increasing again.



Swedish "Currency index sawn and planed timber" back at same level as in the beginning of 2013



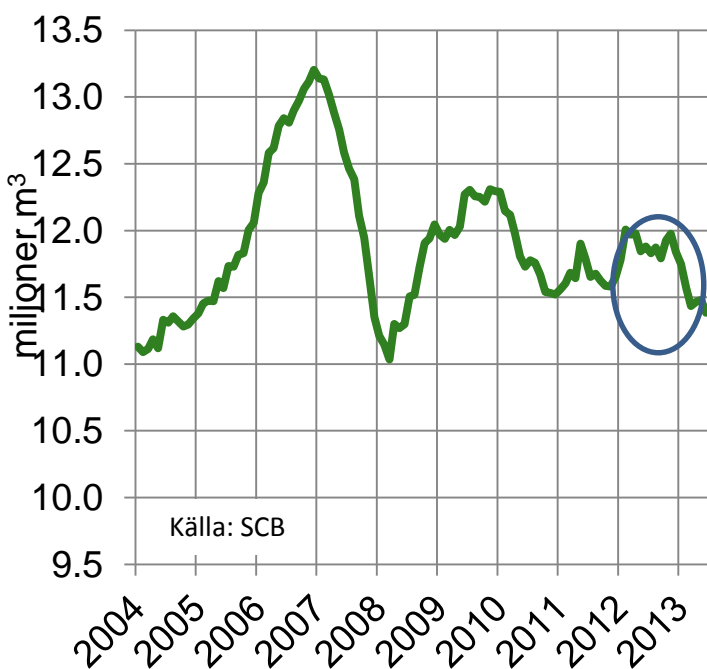
Deliveries from Swedish mills Jan-jun 2013



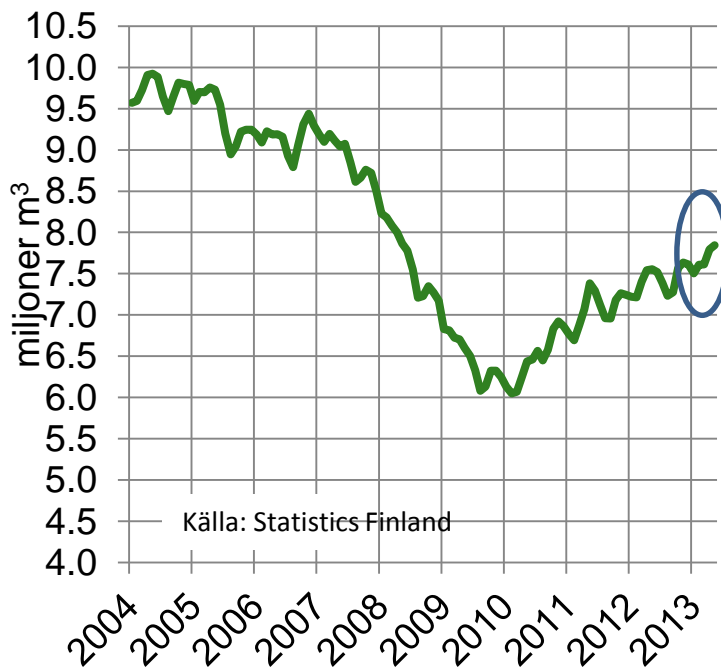
	Sågat och hyvlat (1 000 m ³)	Förändring jfr. med föregående år
Sverige*	2413	12%
Storbritannien	1155	-8%
Danmark	369	-11%
Norge	499	-2%
Nederländerna	379	-15%
Tyskland	535	-11%
Frankrike	215	-25%
Övriga Europa	507	-13%
Export Europa	3659	-11%
USA	88	202%
Japan	506	26%
Kina	167	190%
Mellanöstern	430	13%
Egypten	433	-38%
Övriga Afrika	628	-10%
Övrigt	40	-17%
Export totalt	5953	-7%
Totalt	8366	-2%

Swedish export volumes decreasing since 4Q 2012. Export from Finland increasing.

Swedish export rolling 12 months.

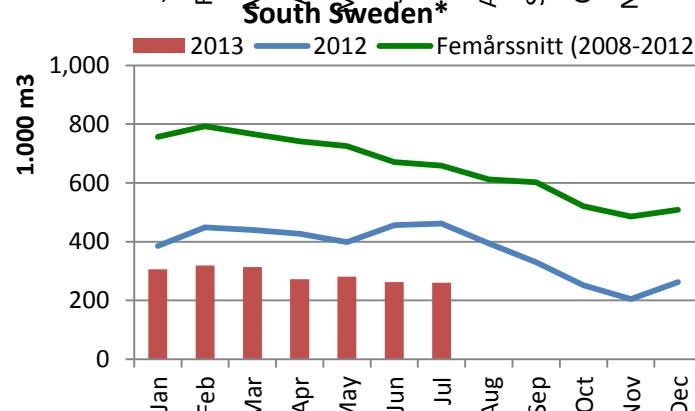
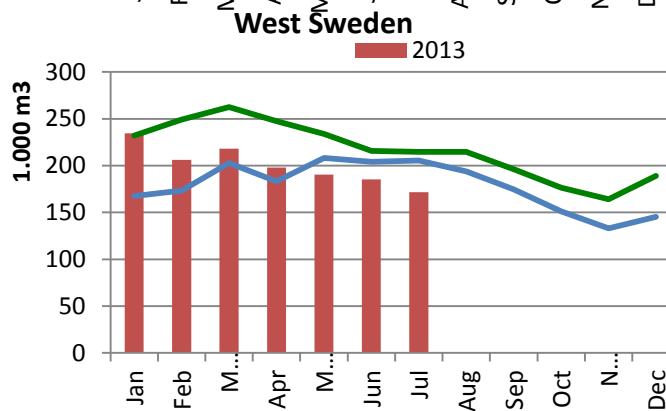
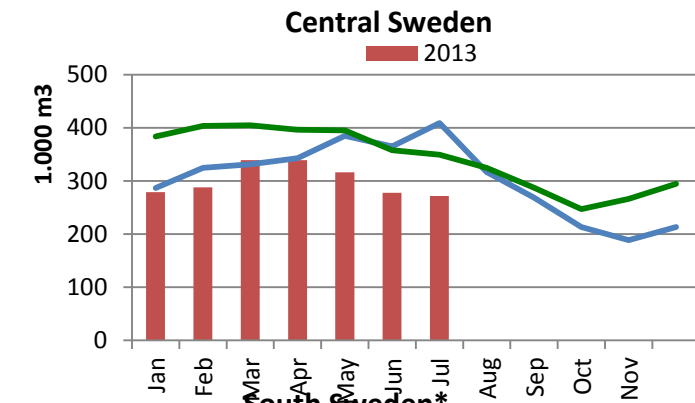
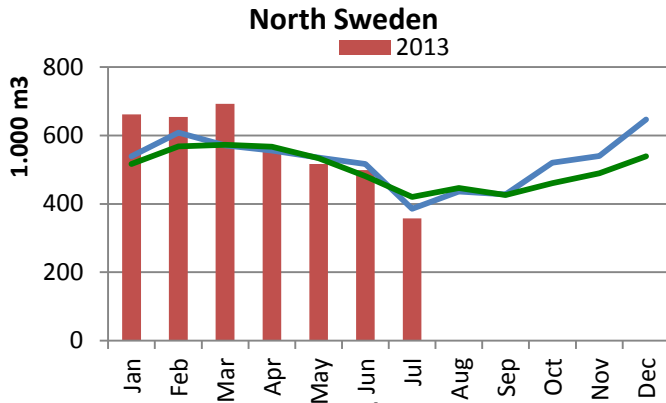


Finnish export rolling 12 months.

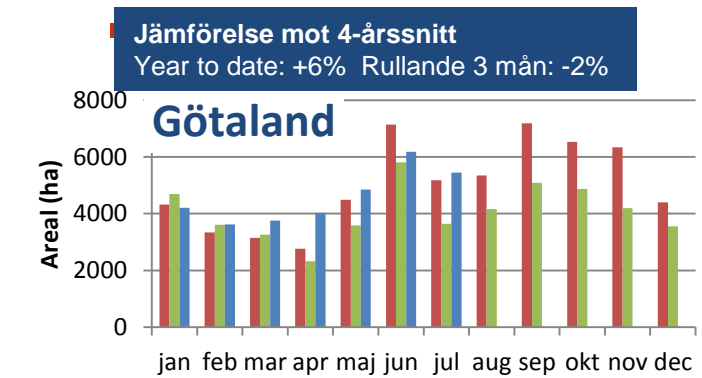
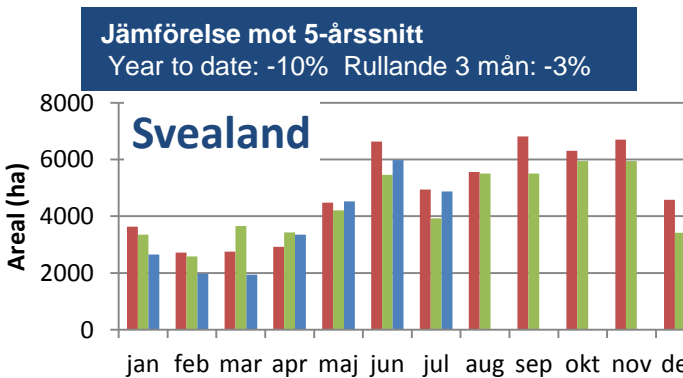
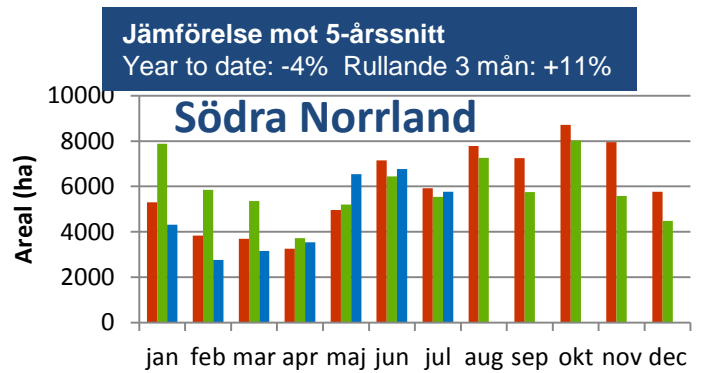
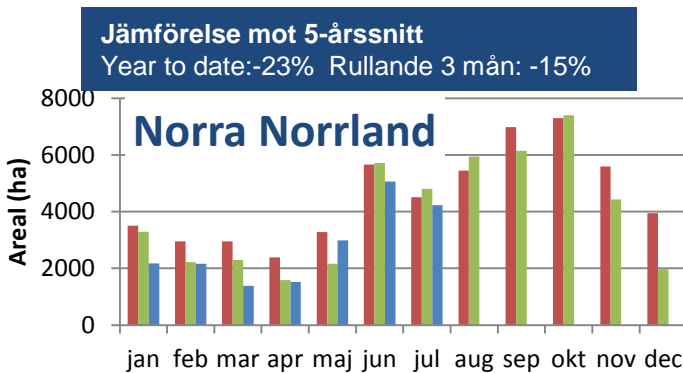


Raw material - sawlogs

Sawmills stock of sawlogs per region.
Lower than 5 years average in all of Sweden.



Harvesting reports





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