

GTI-WOODBASED PANEL (GTI-WBP) REPORT

MONTHLY

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Tracking and monitoring the global
woodbased panel market trend.



The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Brazil, Mexico, and China. In 2021, the total production of woodbased panel in the eight countries mentioned above was 210 million cubic meters, accounting for **53.0%** of the total global production volume of woodbased panel.

Introduction to the GTI-Woodbased Panel

GTI-Woodbased Panel (GTI-WBP), a specialized prosperity index for woodbased panel industry, reflecting the development trend of woodbased panel industry in all GTI pilot countries.

Calculation Method

The GTI-WBP index takes leading woodbased panel enterprises in GTI pilot countries as the survey objects. Each month, the enterprises need to fill the GTI index questionnaire, including the information of production, orders and export, employees, logistic, etc. Then the GTI-WBP index will be calculated and analyzed, and the report will be released at the middle of the following month.

GTI-WBP index contains diffusion index and comprehensive index.

1. GTI-WBP diffusion index. There are 10 diffusion indices (or called sub-indices) based on the data from 10 objective questions which covers production, new orders, new export orders, existing orders, inventory of products, purchasing quantity, purchasing prices of main raw materials, inventory of raw material, employees, and delivery time. The diffusion index is calculated by adding the percentage of enterprises with positive answers to half of the percentage with unchanged answers.

2. GTI-WBP comprehensive index. GTI-WBP comprehensive index (GTI-WBP index for short) is calculated based on five diffusion indexes with different weights: production, new orders, inventory of raw material, employees, delivery time. The five diffusion indexes and their weights are determined according to their influence on the industrial economy.

Interpretation

The value of the index is between 0-100%, and 50% is the critical value of the index. GTI-WBP index reading above 50 percent indicates that the industry prosperity is generally expanding; below 50 percent indicates that it is generally declining.

Survey Method

With the support of The International Tropical Timber Organization (ITTO), the GTI platform has set up focal points in pilot countries, including timber producing and consuming countries.

At the end of each month, major leading woodbased panel enterprises are organized by focal points to fill out survey questionnaires. The questionnaire is usually filled out by the person in charge of production and operation or personnel from the statistics department. The Global Green Supply Chains Initiative (GGSC) organizes experts to analyze the collected data and prepare the GTI-WBP index report.

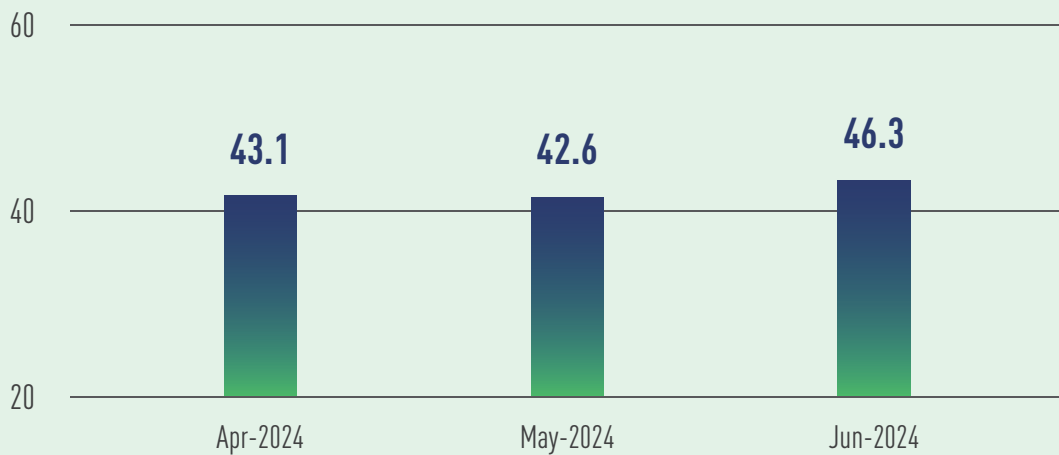
Index Representativeness

The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Brazil, Mexico and China. In 2021, the total production of woodbased panel in the eight countries mentioned above was 210 million cubic meters, accounting for 53.0% of the total global production volume of woodbased panel.

GTI-Woodbased Panel Index in June 2024



GTI-WBP Comprehensive Index



In June, the GTI-Woodbased Panel (GTI-WBP) Index registered 46.3%, an increase of 3.7 percentage points from the previous month, was below the critical value (50%) for 3 consecutive months, indicating that the business prosperity of wood-based panel industry represented by the index shrank from last month, however, the contraction eased.

On the demand side, the new orders index increased 8.5 percentage points to 48.5% near the critical value, indicating that the contraction in orders for the wood-based panel industry eased and there were signs of stabilization. Particularly, the export orders index had maintained growth for three consecutive months to reach 50% this month, indicating a gradual stabilization of the overall export orders for the wood-based panel industry.

On the supply side, the production index registered 43.3%, below the critical value for three consecutive months, revealing that the total production of wood-based panels continued to decline. One reason is the downturn in the global construction sector, leading to overall excess production capacity in the wood-based panel industry and low operating rates for production. However, in some countries, the industry was still expanding production capacity, so how to expand domestic and overseas sales channels, run down the inventories, and

alleviate the pressure on capital flows had become a pressing issue for the enterprises. The index also revealed a slight increase in the inventory of wood-based panels compared with the previous month, due to the overall insufficient demand and the not timely de-stocking of wood-based panel, as reflected by the index for finished products inventory which rose above the critical value to 52.9%.

From a price perspective, the purchase price index for raw materials (46.2%) fell below the critical value after two months, indicating a decrease in raw material costs and a relief in cost pressure for wood-based panel manufacturers.

In terms of market conditions and developments, in June, the GTI-Indonesia enterprises reported an increase in plywood exports, however, the global market conditions (especially in Japan) for plywood products were still unstable. The GTI-Malaysia enterprises reported that plywood prices in June remained weak. Brazil's plywood exports showed positive momentum, and in May 2024, tropical plywood exports increased 9% in volume and 11% in value when compared to May 2023, rising to 3,500m³ and US\$2.1 million, respectively.

Table: Overview of GTI-WBP Sub-Indexes (%)

	Apr. 2024	May. 2024	Jun. 2024	MoM	Performance
Comprehensive Index	43.1	42.6	46.3	3.7 ↑	Contract
Production Index	47.7	40.8	43.3	2.5 ↑	Contract
New Orders Index	38.6	40.4	48.5	8.1 ↑	Contract
Export Orders Index	43.0	44.9	50.0	5.1 ↑	Stable
Existing Orders Index	37.1	44.1	44.0	-0.1 ↓	Contract
Inventory Index of Finished Products	50.8	48.5	52.9	4.4 ↑	Expand
Purchase Quantity Index	44.1	39.0	46.4	7.4 ↑	Contract
Purchase Price Index	52.9	51.2	46.2	-5.0 ↓	Contract
Inventory Index of Main Raw Materials	37.3	40.8	53.9	13.1 ↑	Expand
Employees Index	48.5	47.1	46.1	-1.0 ↓	Contract
Delivery Time Index	41.0	44.8	42.1	-2.7 ↓	Contract



Main Challenges Reported by GTI-WBP Enterprises

- It was difficult to find raw materials for producing products. (Thailand)
- Excessive rainfall had reduced the entry of raw materials into the factory and delayed deliveries. The port situation, with limited berth windows for container to enter the terminal, had caused significant costs. (Brazil)
- Demand from overseas buyers for products from non-Merbau species was hampered by regulations that limit the maximum cross-sectional area of exportable wood products. (Indonesia)
- The importation of wood products had an impact on the domestic market. (Mexico)
- The products were difficult to sell, and the recovery of funds was slow. (China)



Main Suggestions from GTI-WBP Enterprises

- Hope the government could provide policy support to businesses, thereby promoting the consumption of wood products. (Indonesia)
- Raise consumer awareness of the importance of using wood and wood products for the protection of the global environment. (Thailand)
- Reduce production costs. (Gabon)
- Invest in and expand new ports and backport areas to meet the growth in exports. (Brazil)
- Regulate the importation of wood products. (Mexico)
- Request government assistance to improve the timber market. (Mexico)