

GTI-PRODUCERS REPORT

MONTHLY

GGSC-No. 06/2024

Tracking and monitoring the timber market
trend of the ITTO Producers.



The pilot countries for the GTI-Producers include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Brazil, and Mexico. In 2022, the total production quantity of logs and sawnwood in the seven countries mentioned above was 289 million cubic meters, accounting for **63.1%** of the 37 ITTO producers' total quantity.

Introduction to the GTI-Producers

GTI-Producers is a specialized prosperity index for ITTO producers, reflecting the development trend of timber harvesting and primary processing in producers represented by the pilot countries.



1. Calculation Method

The GTI-Producers was compiled using a weighted composite index method. That is, taking all timber producing countries of GTI pilot countries as a whole, each country's weight is determined based on the proportion of logs and sawnwood production quantity. GTI-Producers is calculated based on the weight.

Data basis: The data is from ITTO database, and the logs and sawnwood production quantity is the data over the 5 years (2018-2022). GGSC evaluates the weights annually to determine whether to adjust them.

Formula:

$$\text{GTI-Producers} = 53\% \times \text{GTI-Brazil} + 28\% \times \text{GTI-Indonesia} + 7\% \times \text{GTI-Thailand} + 6\% \times \text{GTI-Malaysia} + 4\% \times \text{GTI-Mexico} + 1\% \times \text{GTI-Gabon} + 1\% \times \text{GTI-ROC}$$

Please refer to the GTI Monthly Report so as to find the calculation method of GTI index for each producing country.

2. Interpretation

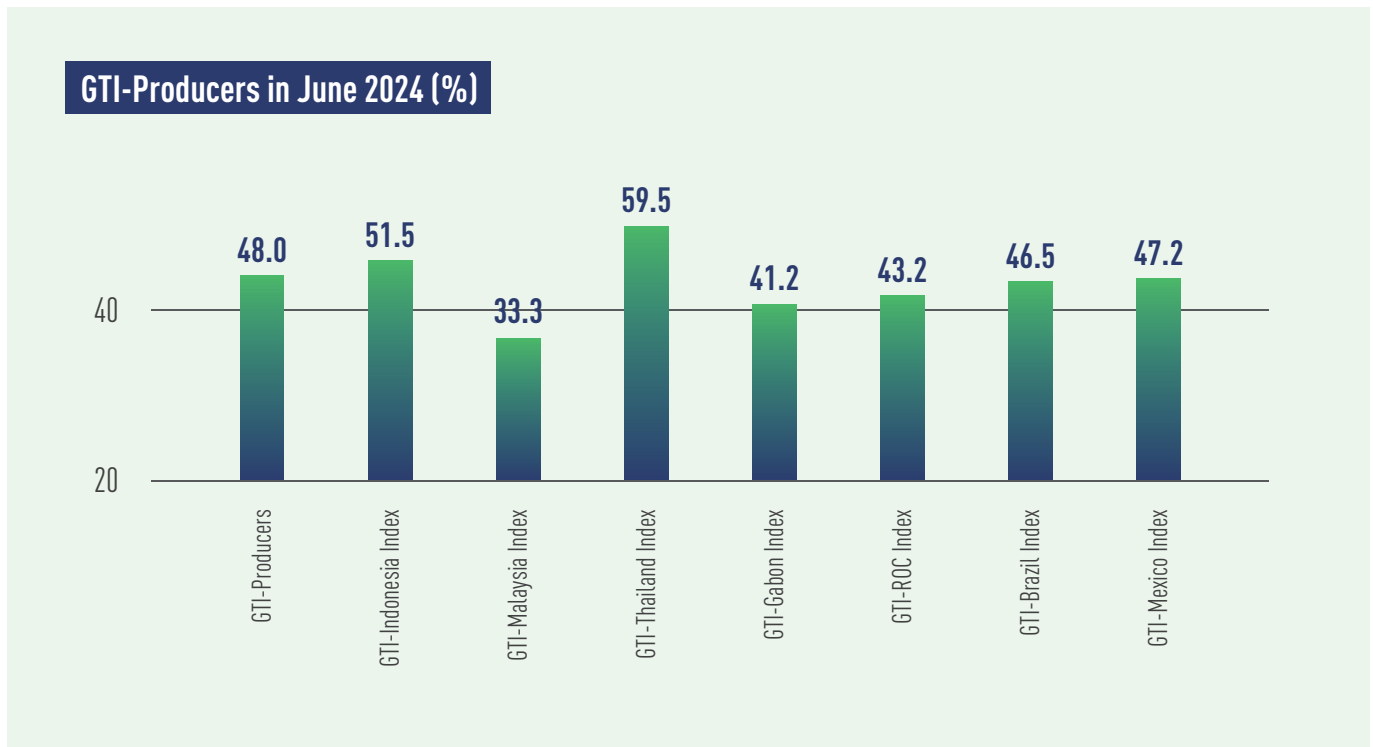
The value of the GTI-Producers is between 0-100%, and 50% is the critical value of the index.

GTI-Producers reading above 50 percent indicates that the industry prosperity is generally expanding; below 50 percent indicates that it is generally declining.

3. Index Representativeness

The pilot countries of the GTI-Producers include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Brazil, Mexico. In 2022, the total production of logs and sawnwood in the seven countries mentioned above was 289 million cubic meters, accounting for 63.1% of the 37 ITTO producers' total quantity.

GTI-Producers Report for June 2024



In June 2024, the GTI-Producers registered 48.0% and had stayed below the critical value (50%) for two consecutive months, indicating a continued downturn for the overall prosperity of the timber harvesting and primary processing industries in the pilot producing countries. Encouragingly, the index rose 8.8 percentage points over the previous month, indicating the overall contraction had eased, primarily due to market recovery in Thailand and Indonesia, and less contraction in other producing countries.

In Asia, the GTI indexes for Thailand and Indonesia stood above the critical value (indicating expansion) and registered 59.5% and 51.5%, respectively, while the GTI index for Malaysia was at 33.3% in the contraction range. Specifically, both Thailand and Indonesia saw a significant increase in the respective volume of harvesting, production and orders, signaling month-over-month improvements on both supply and demand sides. Harvesting in Malaysia contracted for three consecutive months, partly due to the government's control of timber harvesting for sustainable forest management, for example, the Sarawak state government had reduced the state's logging rate by about two million cubic meters annually. In terms of raw material prices, the GTI-Indonesia enterprises reported log prices in the country were still relatively low, while GTI-Thailand and GTI-Malaysia enterprises reported rising prices or high costs of raw materials, and in the face of material problems, they hoped to expand external channels for sourcing raw materials or find more reliable material distributors.

In Africa, the GTI indexes for Gabon and the Republic of the Congo (ROC) were at

41.2% and 43.2%, respectively, both in the contraction range below the critical value, and the harvesting volume in both countries remained largely unchanged from the previous month. In the Republic of the Congo, the volume of orders decreased in the domestic market while the volume was relatively stable in the international market, and the volume of production was basically the same as the level in the previous month. In Gabon, the timber sector was facing challenges from infrastructure that restricted timber production and transportation, in response to which the government was intensifying its efforts to enhance the construction and maintenance of roads and other infrastructure, and on the demand side, the domestic and foreign demand for the country's timber sector was insufficient, and some enterprises reported a slowdown in the markets of Asia and Europe, as a result, connecting with the demand side had become the most urgent issue.

In Latin America, the GTI indexes for Brazil and Mexico registered 46.5% and 47.2%, respectively, both in the contraction range below the critical value. The volume of timber harvesting was still contracting in both countries, partly due to extreme weather conditions which had delayed the recovery of logging activities. On the production side, timber production in Brazil resumed growth, and in Mexico, the decline in the production slowed down. On the demand side in Brazil, the performance of exports was relatively stable when compare to the previous month, but there was a decline in domestic timber trading, while in Mexico, the enterprise had enhanced their ability to secure domestic orders, however, the volume of orders from the international market continued to decline.

Overview of GTI Indexes for Pilot Countries (%)



	2024.5	2024.6	MoM	Performance
GTI-Producers	39.2	48.0	8.8 ↑	Contract
GTI-Indonesia Index	42.1	51.5	9.4 ↑	Expand
GTI-Malaysia Index	30.1	33.3	3.2 ↑	Contract
GTI-Thailand Index	43.1	59.5	16.4 ↑	Expand
GTI-Gabon Index	37.2	41.2	4.0 ↑	Contract
GTI-ROC Index	40.7	43.2	2.5 ↑	Contract
GTI-Brazil Index	37.9	46.5	8.6 ↑	Contract
GTI-Mexico Index	42.5	47.2	4.7 ↑	Contract

ITTO Producers



Africa (14)

- Angola
- Benin
- Cameroon
- Central African Republic
- Congo
- Côte d'Ivoire
- Democratic Republic of the Congo
- Gabon
- Ghana
- Liberia
- Madagascar
- Mali
- Mozambique
- Togo

Asia & Pacific (10)

- Cambodia
- Fiji
- India
- Indonesia
- Malaysia
- Myanmar
- Papua New Guinea
- Philippines
- Thailand
- Viet Nam

Latin America (13)

- Brazil
- Colombia
- Costa Rica
- Ecuador
- Guatemala
- Guyana
- Honduras
- Mexico
- Panama
- Peru
- Suriname
- Trinidad and Tobago
- Venezuela (Bolivarian Republic of)