

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, Ghana, Brazil, Mexico, and China. In 2022, the total production of woodbased panel in the nine countries mentioned above was 336 million cubic meters, accounting for **63.8%** 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.

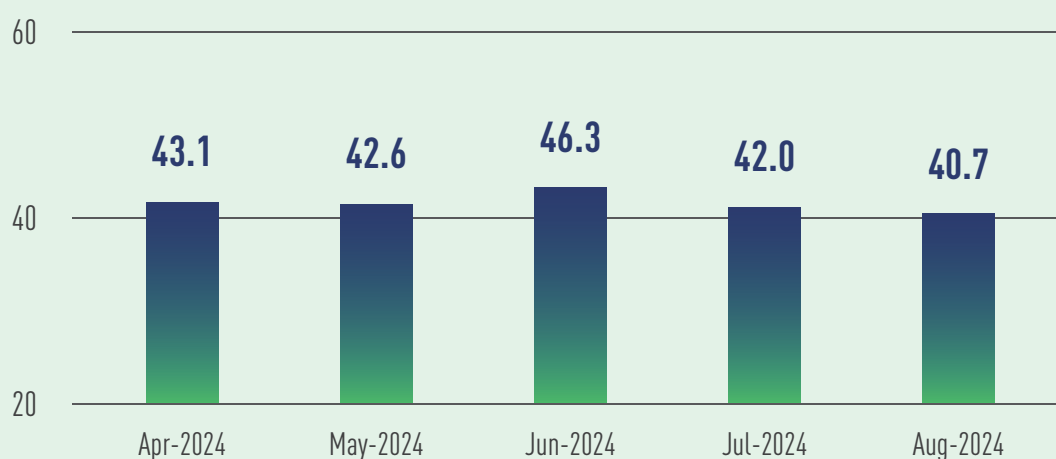
Index Representativeness

The pilot countries for the GTI-WBP index include Indonesia, Malaysia, Thailand, Gabon, Republic of the Congo, Ghana, Brazil, Mexico and China. In 2022, the total production of woodbased panel in the nine countries mentioned above was 336 million cubic meters, accounting for 63.8% of the total global production volume of woodbased panel.

GTI-Woodbased Panel Index in August 2024



GTI-WBP Comprehensive Index



In August, the GTI-Woodbased Panel (GTI-WBP) Index registered 40.7%, a decrease of 1.3 percentage points from the previous month, was below the critical value (50%) for five consecutive months, indicating that the business prosperity of wood-based panel industry represented by the index shrank from last month.

On the demand side, demand for wood-based panels were still declining in the GTI-WBP pilot countries. This month, both the new orders index and the export orders index were below the critical value of 50%, recording 36.5% and 34.7%, respectively. The export orders index saw a larger decrease than the new orders index, indicating the decline in new orders was mainly due to the decrease in export orders.

On the supply side, the downward trend in wood-based panel production had lasted for five months. This month, the production

index registered 43.2%, an increase of 4.1 percentage points from the previous month, still below the critical value of 50%. While reducing the production of wood-based panels, the sample enterprises also cleared their inventory of finished products to alleviate the pressure on capital and warehouse.

In terms of prices, the purchase price index for raw materials registered 54.2%, above the critical value for 2 consecutive months, indicating a continued upward trend in raw material prices, which was mainly due to the rise in logistics costs and log prices in some countries.

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

	Apr. 2024	May. 2024	Jun. 2024	Jul. 2024	Aug. 2024	MoM	Performance
Comprehensive Index	43.1	42.6	46.3	42.0	40.7	-1.3 ↓	Contract
Production Index	47.7	40.8	43.3	39.1	43.2	4.1 ↑	Contract
New Orders Index	38.6	40.4	48.5	40.0	36.5	-3.5 ↓	Contract
Export Orders Index	43.0	44.9	50.0	44.9	34.7	-10.2 ↓	Contract
Existing Orders Index	37.1	44.1	44.0	45.6	39.5	-6.1 ↓	Contract
Inventory Index of Finished Products	50.8	48.5	52.9	43.9	45.2	1.3 ↑	Contract
Purchase Quantity Index	44.1	39.0	46.4	44.1	40.1	-4.0 ↓	Contract
Purchase Price Index	52.9	51.2	46.2	57.6	54.2	-3.4 ↓	Expand
Inventory Index of Main Raw Materials	37.3	40.8	53.9	38.4	38.5	0.1 ↑	Contract
Employees Index	48.5	47.1	46.1	44.8	38.3	-6.5 ↓	Contract
Delivery Time Index	41.0	44.8	42.1	49.4	49.3	-0.1 ↓	Contract



● Main Challenges Reported by GTI-WBP Enterprises

- Orders were decreasing. (China)
- Customers' purchasing power declined. (Thailand)
- Shipping delayed at the ports. (Brazil)
- The raw materials were too humid during the rainy season. (Thailand)
- The entry of low-priced imported products caused unfair competition. (Mexico)
- The export of products was still affected by geopolitical turmoil and wars. (Indonesia)
- Despite an increase in exports, the global market conditions for plywood products were still unstable and tended to be sluggish, especially for the Japanese market. (Indonesia)



● Main Suggestions from GTI-WBP Enterprises

- Use high technology machinery. (Thailand)
- Regulate imports, and encourage customers to use local panels. (Mexico)
- Suggest the government promote the development of the local timber market and encourage consumers to use products that have been certified for sustainable forest management or legally recognized. (Indonesia)