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Lumber and Logs Trend in Opposite Directions

Shrinking Lumber and Rising Log Exports Underline US Hardwood Trade Struggles

By Tony Burbeck

Global demand remains slow for US hardwood lumber but strong for logs. This dynamic has existed before but is especially concerning in 2026, because foreign mills are sawing record volumes of American logs into lumber that subsequently enters the marketplace and competes against domestically produced lumber.

That is not the only challenge the hardwood industry is facing this year. Market participants are also contending with the effects of both actual US import tariffs and reciprocal tariffs by trading partners as well as business disruptions caused by the on-again, off-again nature of threatened tariffs that are not imposed. Then there are the impacts of the US-Iran war on shipments to the Middle East along with fuel costs and, in turn, overland and ocean freight rates. And

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- Real average hourly earnings for all US employees edged down 0.1% in August from July and were 0.3% below August 2025.
- The Federal Reserve raised its benchmark federal funds rate 25 basis points to a range of 3.75% to 4.00% on September 16, the first increase in three years.
- US exports totaled $203.4B in August, while imports totaled $336.1B, resulting in a trade deficit of $132.6B for the month.
- US manufacturing capacity utilization was 75.7% in August, down from 76.0% in July and 75.9% in August 2025.
- The US Consumer Price Index (CPI-U) increased 0.4% (seasonally adjusted) in August and was up 3.4% during the 12 months ending in August.
- Chinese investment in real estate development during the first eight months of 2026 was 19.9% below the same period in 2025.

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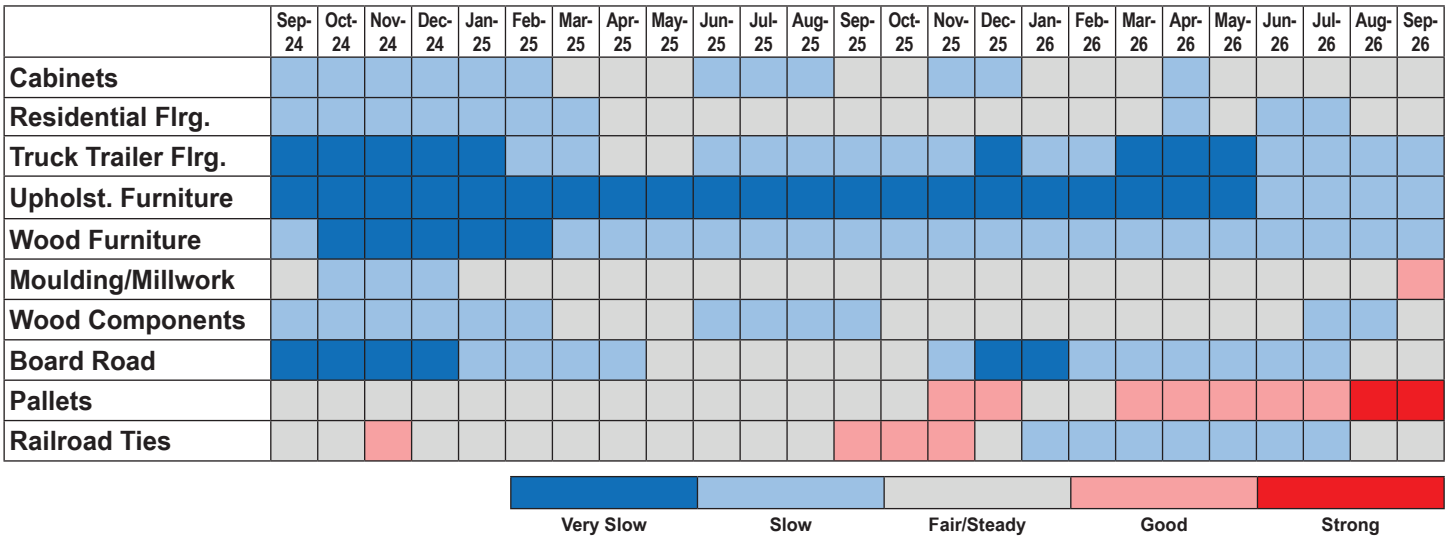
HMR DEMAND INDEX (HDI)



let's not forget sluggish performances by many world economies that are collectively dampening global demand. Even if none of these issues were in play, US hardwoods would still face tough international competition for market share from alternative products.

In the past, domestic demand for hardwoods was often strong enough to mitigate or offset the impacts of reduced exports, including lending stability to prices. That is not the case in 2026. Sellers have limited leverage over foreign buyers due to lackluster domestic demand, and price changes in either direction are overwhelmingly supply-driven.

By the Numbers

US sawmills and yards exported 3.2% less hardwood lumber year over year through July, equating to a reduction of 20.6 million board feet (MMBF). Poplar, Walnut, and Cherry exports increased, while Red Oak, White Oak, and Ash shipments declined. The total value of shipments, in US dollars, was down 1.9% through July to $961.5 million.

"The quality of lumber produced from US logs at Chinese mills caught me off guard. I didn't expect to see such a high-end product."

Conversely, US exports of hardwood logs surged 33.2% year over year through July, with shipments higher each month in 2026 than the corresponding month in 2025 (**Figure 1**). It's worth stating again that the jump in log exports has resulted in foreign-sawn lumber from US logs competing against domestically produced lumber. A decade ago, China purchased four

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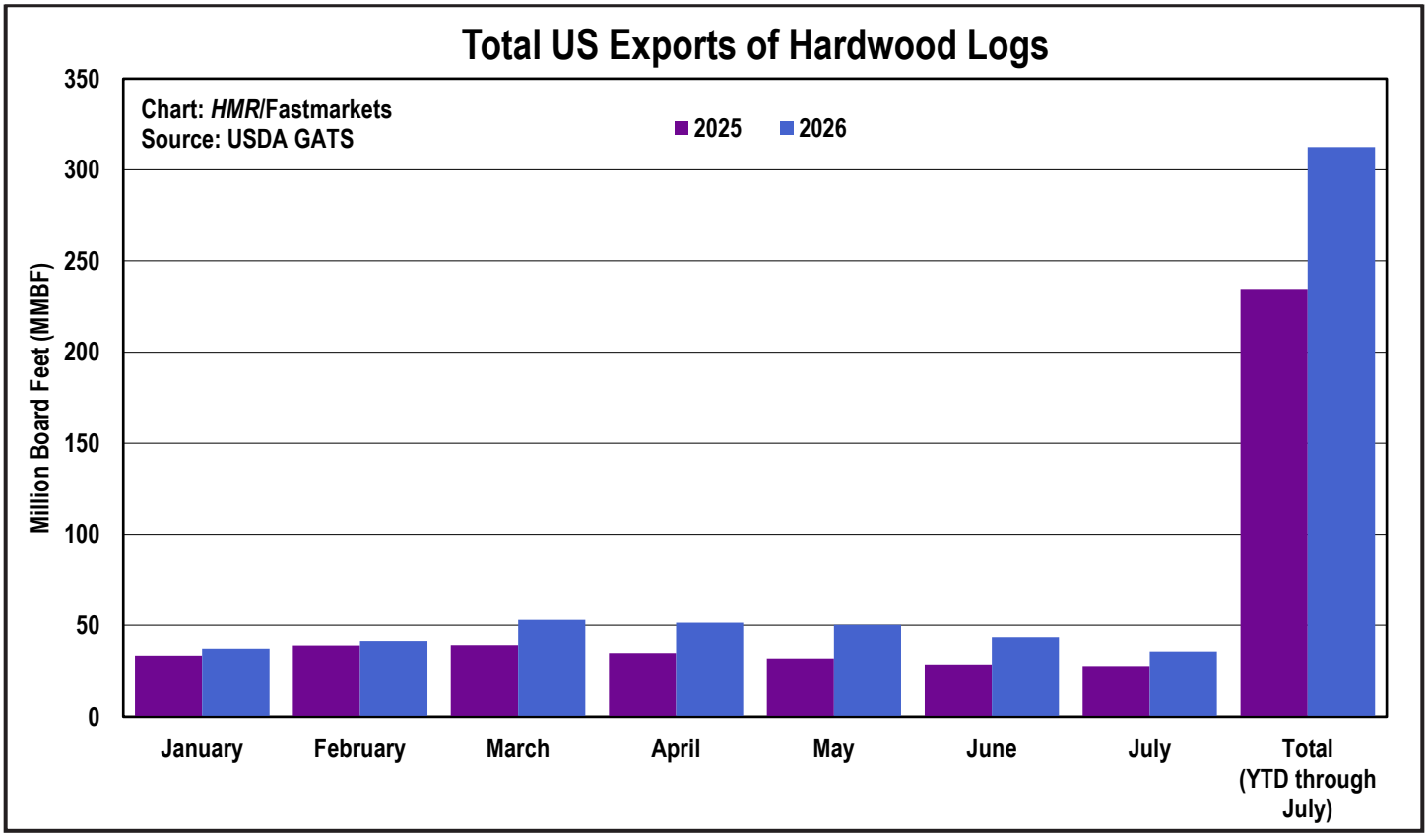
Figure 1



times as much US hardwood lumber as logs (**Figure 2**). Through July 2026, China had purchased just over twice as much lumber as logs, a telling and troubling statistic for US lumber producers. According to an exporting sawmiller who recently returned from a sales trip to China, "The quality of lumber produced from US logs at Chinese mills caught me off guard. I didn't expect to see such a high-end product."

"Total exports to China in 2026 are on pace to be the lowest for any year since 2009."

Trends to the 10 Largest Global Markets

The remainder of this article analyzes hardwood lumber export trends to the 10 largest global markets, which collectively accounted for 85.5% of total shipments last year and have accounted for the same share through July 2026. The order below is based on year-to-date shipments through July 2026.

#1: China

Industry contacts presently report slow demand from China for US hardwood lumber. One exporter to China said, "Over the last few weeks, the last of the high-cost stocks arrived at ports, with customers having low and limited demand for orders." This suggests it could take months for Chinese distributors to whittle down landed inventories to the point where replenishing beyond replacement levels is necessary.

Exporters had hoped that the US-China trade deal framework announced last fall—which ended escalating tariffs in both directions and settled on 10% Chinese tariffs on most US hardwood species—would reduce uncertainty and return volumes to somewhat typical levels. The large changes in monthly volumes that did occur

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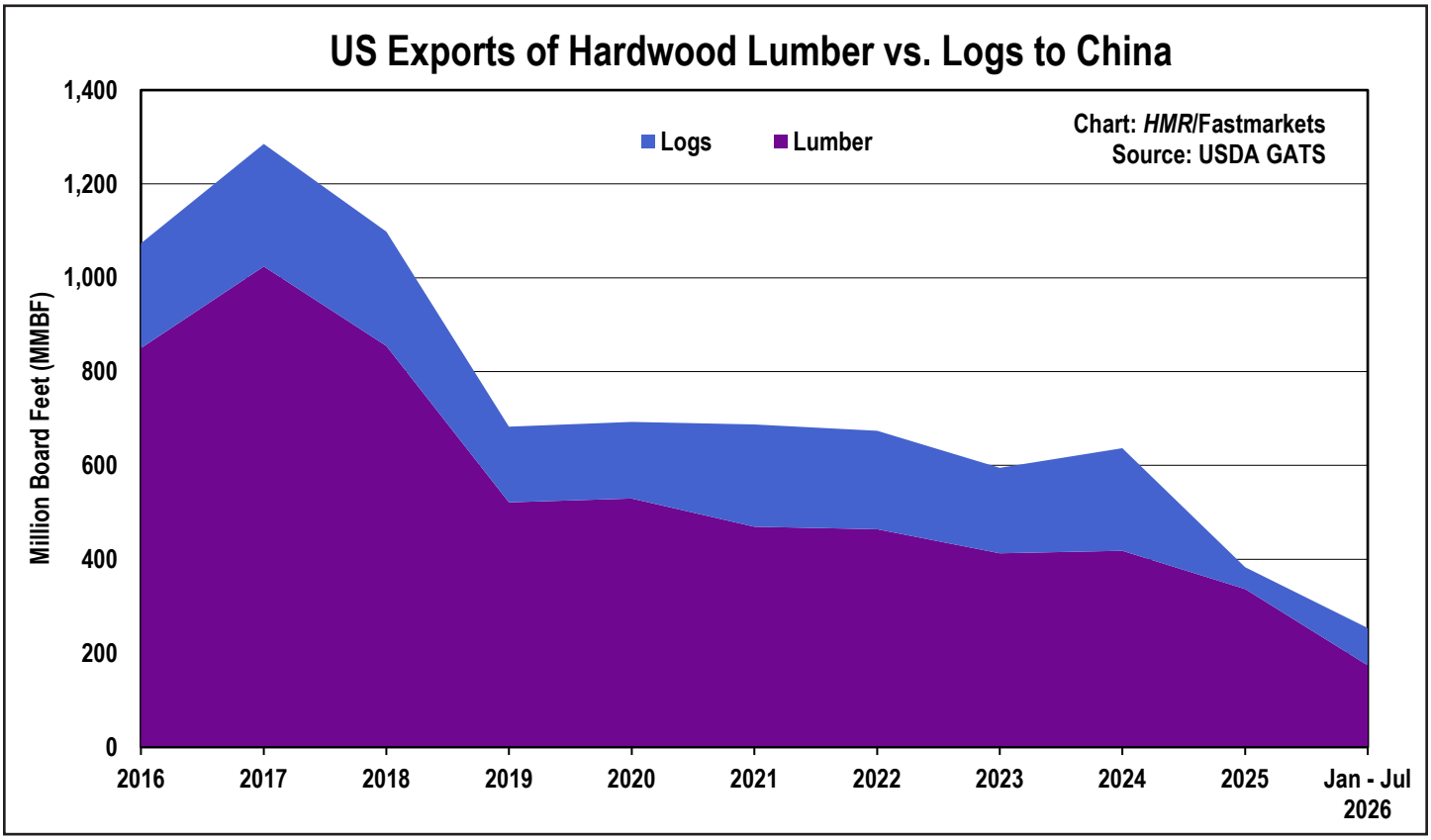
Figure 2



amid heightened trade tensions last year have dissipated. However, exports were still 13.7% lower to China year over year through July 2026. A visit by Chinese President Xi Jinping to the US in late September saw the "trade truce" between the two nations extended until January 2027, meaning a signed trade deal looks unlikely in the short term.

Total exports to China in 2026 are on pace to be the lowest for any year since 2009. Some exporters indicate the lack of a finalized trade deal with China is disrupting business due to uncertainty, and that is no doubt true. However, shipments have been declining for several years irrespective of trade skirmishes, suggesting other factors are at play.

China's manufacturing sector is struggling. Its monthly Purchase Managers Index for manufacturing has spent more time in contraction than expansion over the last year. Real estate investment and new floor space under construction in China's residential, commercial, and office building sectors were each down by double-digit percentages year over year through July, according to the National Bureau of Statistics of China (**Table 1**).

Table 1

China Real Estate Investment	YOY Change Through July
Total Investment in Real Estate Development	-18.0% ▼
Investment in Residential Buildings	-17.8% ▼
Investment in Office Buildings	-20.4% ▼
Investment in Commercial Buildings	-23.1% ▼
Floor Space Under Construction	-12.5% ▼
Floor Space Under Construction - Residential	-12.9% ▼
Floor Space Under Construction - Commercial	-10.6% ▼

Table: HMR/Fastmarkets
Source: National Bureau of Statistics of China

Red Oak and Cherry are the US hardwood lumber species most frequently exported to China. Shipments of both species were down year over year through July, but their shares of total shipments were up slightly, to 44.6% for Red Oak and 13.7% for Cherry. Meanwhile, Ash exports to China slid 29.7% and its share of total volume fell from 10.2% to 8.3%. Notably, China imported 22.0% less Walnut lumber on the year through July, and it dropped one spot to the fourth-most-shipped species to China, surpassed by White Oak.

#2: Canada

Canadian receipts of US hardwood lumber advanced 7.2% year over year through July, only because the March/April 2026 total more than doubled the same months last year. Purchasing was lower every other month in 2026 relative to the same months in 2025 through July. The big drop-off in March and April 2025 coincided with the early stages of the first US-Canada trade fight. President Trump imposed 25% tariffs on imports of certain Canadian goods, and Canada immediately implemented retaliatory tariffs, disrupting trade between the neighbors. As of writing this, the US and Canada were involved in another trade spat, though most US hardwood species are unaffected by it.

At the pace of exports to Canada through July, annual volume would increase to 198.6 MMBF yet rank as the 13th lowest on record. Should that occur, then four of the 13 lowest annual totals to Canada will have occurred since 2020.

The value of hardwood lumber exports to Canada climbed 14.5% on the year through July—twice as large as the volume increase. When a value increase is significantly larger than a volume increase, it suggests a shift toward a higher-cost species, grade, or both. Maple and Red Oak's shares of total exports to Canada were essentially unchanged through July, while White Oak's share was down two percentage points. Meanwhile, Walnut shipments to Canada surged 31.0%. This jump in Walnut volume largely accounted for the overall value increase.

"Walnut log shipments to Vietnam during the first seven months of 2026 were almost as high as 2025's full-year total."

#3: Vietnam

Industry contacts presently report fair-to-somewhat-slower demand for US hardwood lumber from Vietnam. However, total shipments through July were up 8.5%.

Vietnam is the largest importer of US Poplar lumber, which is used widely in the country's furniture manufacturing sector. Many Chinese furniture manufacturers shifted operations to Vietnam over time to avoid duties on wood furniture and other tariff fights with the US. Poplar exports to Vietnam climbed 30.0% through July, while combined shipments of all other species only edged up 0.2%.

Despite this growth for the year, Poplar sales to Vietnam have lagged exporters' expectations of late. According to contacts that ship to Poplar to Vietnam, sales of Vietnamese furniture made from Poplar have been tepid, limiting the need for replenishment. Reports indicate Vietnamese buyers are pressing for lower prices. Some sellers have refused those offers but others haven't, citing the need for monthly cash flow.

The disappointment in Poplar sales to Vietnam is understandable because shipments in 2025 were the lowest in 15 years (**Figure 3**). Thus, year-over-year "growth" in 2026 looks good but is from a low level. Shipments would have to rise another 28.8% next year—on top of this year's gain—just to match the 2010-2025 average.

In 2025, White Oak ended Poplar's 20-year run as the number one US hardwood lumber species exported to Vietnam. And while White Oak

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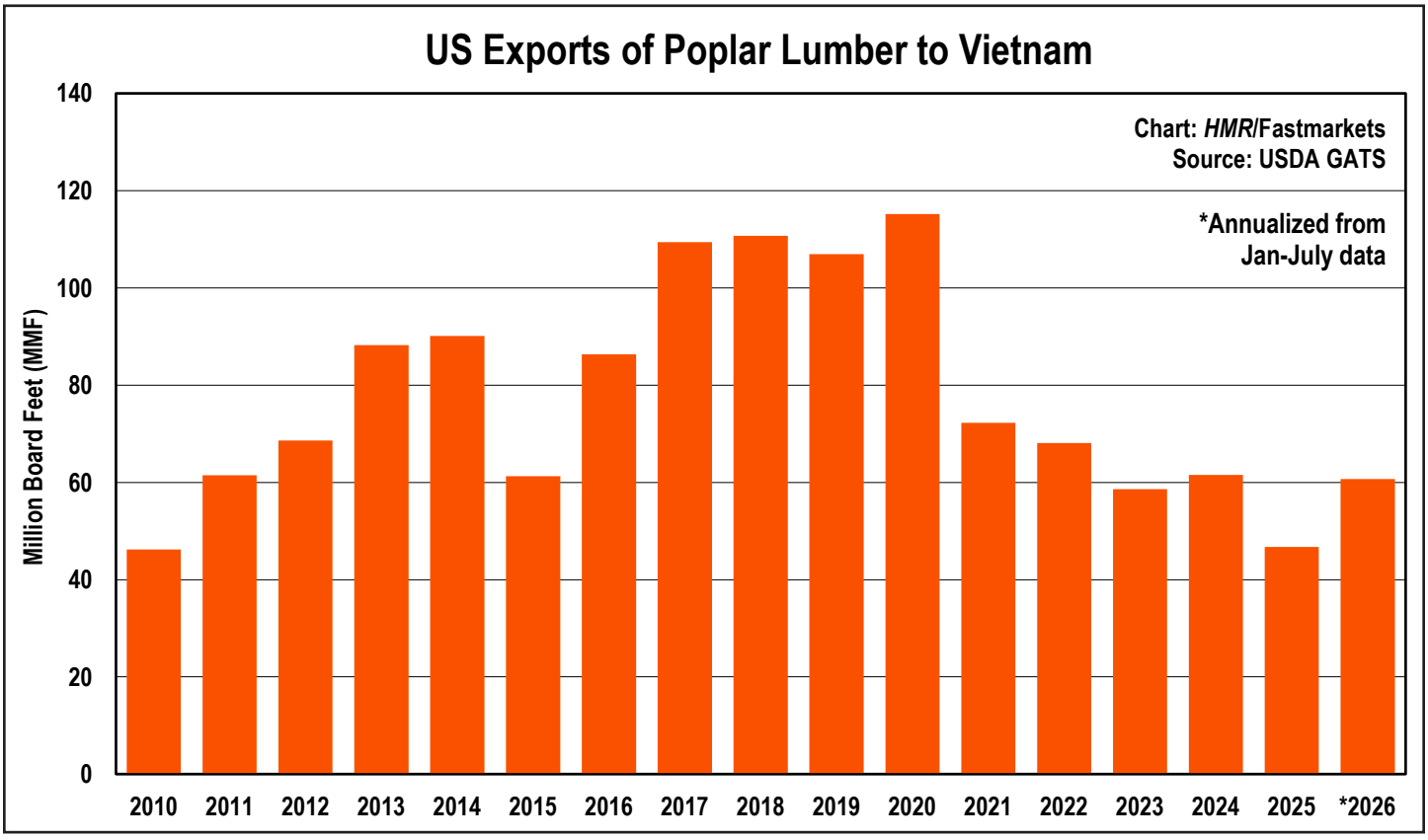
Figure 3



exports to the country were up 2.6% on the year through July 2026—bolstered by record January shipments—the species has fallen back behind Poplar this year.

Separately, US exports of hardwood logs to Vietnam skyrocketed to 178.6 MMBF in 2025, shattering the annual record set in 2024 by 140.0 MMBF. This included a doubling in White Oak shipments, six-fold increase for Red Oak, and near eight-fold increase for Ash. However, those results paled in comparison to the 1,273.4% jump in Walnut shipments to 70.1 MMBF.

This massive growth was driven almost entirely by China's ban on imports of US logs for much of 2025 amid the US-China trade skirmish, which fueled rapid development of Vietnam's sawmill sector. Walnut log shipments to Vietnam during the first seven months of 2026 were almost as high as 2025's full-year total (**Figure 4**). Accordingly, a much higher annual record is a foregone conclusion in 2026. (Decent Walnut log volumes are also moving again to China since the end of the US log import ban.)

"US exports of White Oak to Italy were just 887,652 board feet in 2024, compared with 7.4 MMBF in 2022."

#4: Mexico

After reaching a record of 157.6 MMBF in 2022, US exports of hardwood lumber to Mexico declined three straight years. However, shipments were up 1.8% year on year through July 2026. Most exporters that ship to Mexico indicate business has been slow recently.

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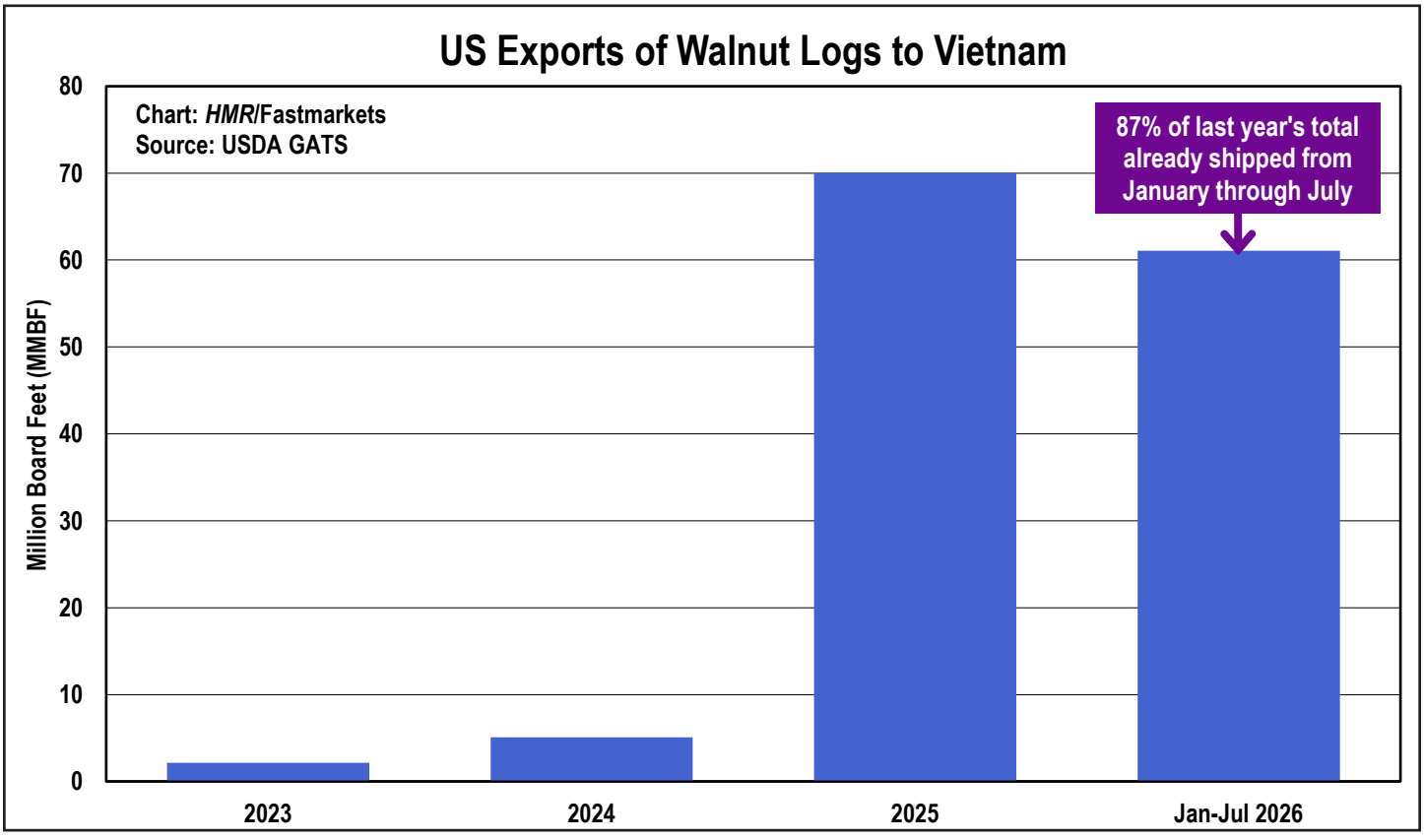
Figure 4



Year in and year out, more lumber is exported to Mexico in the "Poplar/Aspen/Cottonwood" category than any other species designation. When combined with the standalone Poplar classification, year-to-date shipments of these species to Mexico were up 13.1% through July, with Red Oak notching a 7.2% gain. In contrast, declines were registered for Alder (-7.9%), Hickory (-6.7%), Soft Maple (-6.7%), and the catchall "Other Temperate" category (-23.4%).

Mexican manufacturers utilize more lower-grade lumber relative to their counterparts in most other international markets. This is evident when comparing the average value of shipments to a country like the UK, which is primarily a #1C&Btr market. During the first seven months of 2026, the average value of exports to Mexico was $1,015 per thousand board feet ($/MBF) compared with $1,612/MBF for the UK.

#5: UK

US exports of hardwood lumber to the UK were off 12.7% on the year through July, driven by a sharp decline in White Oak shipments (-23.4%) and a modest decrease for Poplar (-1.2%). White Oak exports to the UK surged in March 2025 and held strong through May, but interest over the 14 subsequent months hasn't come close to matching last spring's levels (**Figure 5**).

UK importers were previously reluctant to purchase Red Oak. However, the species became an acceptable substitute when White Oak prices reached record highs in recent years. Some importers now consistently stock Red Oak, according to the American Hardwood Export Council (AHEC). Demand remains higher for Ash than Red Oak, though the volume gap between the two species has narrowed in recent years.

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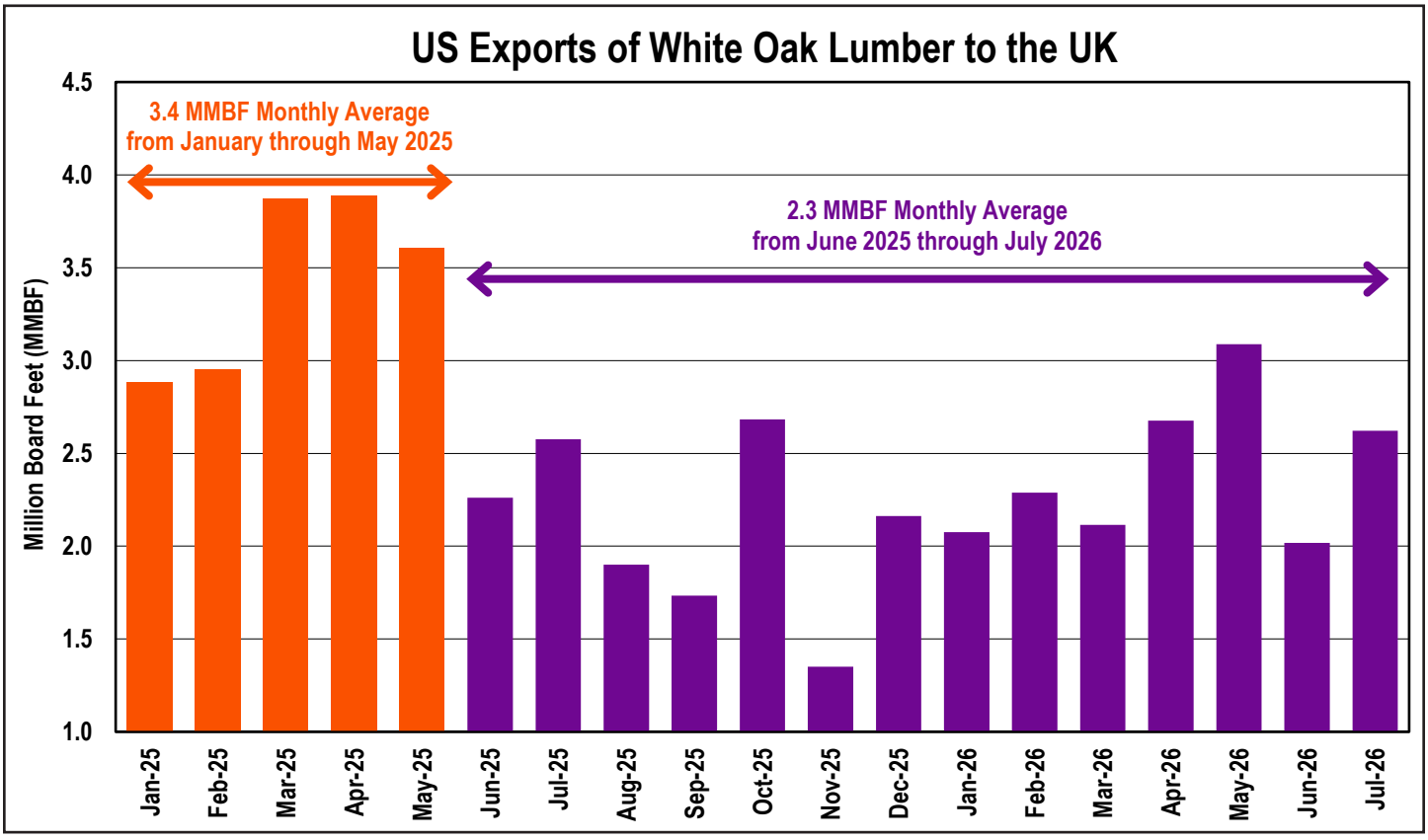
Figure 5



Recently surveyed exporters report slow sales to the UK. Orders for White Oak and Poplar are increasingly length- and width-specific, AHEC reports.

#6: Japan

From a 15-year low in 2024, US exports of hardwood lumber to Japan advanced 18.2% in 2025. However, shipments plunged 27.9% on the year through July 2026, falling to almost the same total through the first seven months of 2024.

Historically, Japan is a high-value market—in terms of both species and grades—preferring items like Fas White Oak and Walnut for use in high-end furniture and millwork. Through July, year-on-year shipments of the former species to Japan were down 44.6%, with the latter up 11.2%. Cherry is the only species besides Walnut to gain ground so far this year, with volume up 50.2%, albeit from a low level in 2025. Red Oak shipments were off 6.1% on the year, yet it will surpass White Oak as Japan's most-purchased US hardwood lumber species for the first time since 1992 if present trends continue.

#7: Italy

Export contacts continue to report sluggish demand from Italy in early fall, as they have all year. Shipments were 11.3% ahead of last year's pace through July, but context is important here. Exports to Italy in 2025 were the lowest since 1985, with volume 73.7% below the annual average of the last 40 years.

For years, Italy was primarily a Poplar and White Oak market. In 2020 and 2021, those two species comprised 69.1% and 62.6% of US hardwood lumber exports to the country, respectively. The Italian market then pivoted toward Red Oak in place of White Oak.

In 2023, overall demand from Italy retreated, especially for White Oak, which lost even more ground in 2024. US exports of White Oak to Italy were just 887,652 board feet in 2024, compared with 7.4 MMBF in 2022. This collapse coincided with skyrocketing White Oak prices, with 4/4 Fas more than doubling to around $5,000/MBF and 4/4 #1C climbing more than 50%. Shipments of Red Oak went the other direction, climbing to 6.4 MMBF in 2025—roughly four times the 2020 volume—and capturing 47.5% of the market, more than Poplar and White Oak combined.

Circumstances have changed in 2026. More White Oak shipped to Italy during the first seven months of this year—almost 1.8 MMBF—than during the entirety of 2025. Falling White Oak prices have somewhat reinvigorated Italian demand for the species. Red Oak exports to the country were down 35.2% through July, although volume still exceeds White Oak. Poplar is currently the top US hardwood species going to Italy, on the strength of a 43.3% increase in shipments so far this year.

#8: Indonesia

The hardwood lumber species mix to Indonesia has shifted several times in recent years. The country was overwhelmingly a White Oak market as late as 2021, when it comprised 49.5% of all US hardwood lumber shipped to the country.

In 2023 and 2024, Red Oak exports to Indonesia climbed, surpassing White Oak in both years. Like Italy, this trend coincided with surging White Oak prices. Then, in 2025, Alder shipments surged 60.2%—on the heels of a 103.3% jump in 2024—to overtake both Red Oak and White Oak. In 2026, trade data show a shift back to White Oak as the most-purchased US hardwood species through July.

Importantly, these changes aren't necessarily indicative of wholesale shifts in species preferences. Rather, occasional monthly volume surges favoring one species over another have been sufficient to shift the rank order and are sometimes driven by purchasing by a relatively small number of companies. This was the case for Alder during three specific months in 2025 and for White Oak in March and May of 2026.

#9: Germany

Exports to Germany in 2025 were the fourth lowest on record since the US Department of Agriculture Foreign Agricultural Service started tracking them in the late-1970s. Year-over-year exports through July 2026 were essentially flat, portending a year-end total that will also be among record lows.

White Oak and Poplar are, by far, the most popular US hardwood species in German markets. Monthly Poplar shipments have been relatively steady, while monthly White Oak volumes have been a bit more volatile.

#10: Australia

Shipments to Australia in 2024 and 2025 were the highest and second highest on record, respectively. Growth correlated, at least in part, to the need for raw materials following the 2023-2024 wildfire seasons that destroyed substantial portions of the country's native forests. Year-to-date shipments were up 4.4% through July to an annualized pace just below the 2024 record.

Red Oak and White Oak account for nearly all shipments Down Under. White Oak exports were up 9.1% through July, more than offsetting a 6.7% decline in Red Oak exports. While Walnut still has a small share of the market, volume was up 50.8% on the year through July.



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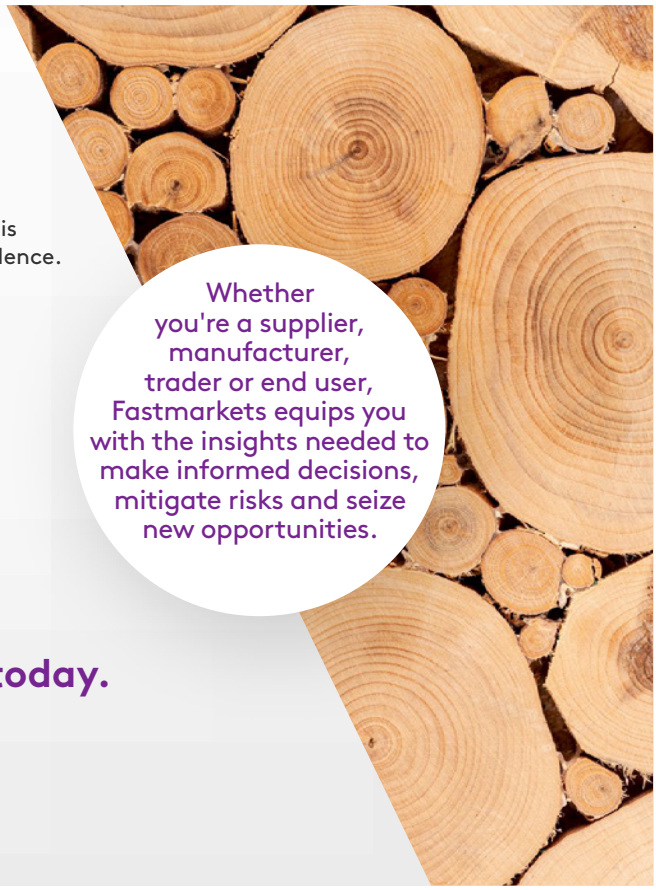

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