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Fuel Prices Pressure Wood Pellet Feedstock Prices in Early 2022

WATKINSVILLE, GEORGIA – April 6, 2022 – The *Forisk Wood Fiber Review* pellet feedstock price indices increased for both Canada and the US in Q1 2022. The U.S. Pellet Feedstock Price Index (PFPI-US) rose 4% to \$67.8/odmt. Feedstock prices in the South rose for all categories of fiber, driven by increased fuel and transportation costs. Mills continued to consume cheaper sawmill residuals, particularly in the South-Central region where four new sawmills came on-line or are expected to come on-line at some point in 2022. With trucking capacity limited, any bottlenecks increased headaches delivering fiber. Diesel prices surged higher in the latter half of the quarter as Russia's invasion of Ukraine disrupted oil markets.

The Canadian Pellet Feedstock Price Index (PFPI-Can) increased 2% to Can\$65.9/odmt. The U.S. dollar rose against the Canadian dollar, reducing the PFPI-Can rise to 1% in U.S. dollar terms. Western Canadian fiber prices increased for a fourth consecutive quarter, pressuring the favorable raw material prices enjoyed by pellet producers. The ramifications of the old growth logging deferrals in BC are still unclear, and further volatility is likely in the coming months. Leading BC-based forestry companies continue to curtail their capacity and diversify their portfolio outside the province, preparing for the impact of the decision. The mid-November BC floods continue to affect supply chains, with major arterial highways still out of service.

The *Forisk Wood Fiber Review* pellet feedstock price indices for the US and Canada provide a quarterly volume-weighted price for the fiber consumed by each country's pellet sector. The feedstock mix (roundwood, sawdust, shavings, microchips, and biomass), production capacity, and operating rates are gathered to calculate the regional price index. The price indices include the cost of chipping the roundwood and the hammering but not the drying costs.

The *Forisk Wood Fiber Review* includes prices and market commentary for all major North American regions, providing essential data for anyone that needs to track pulpwood, wood chip, and biomass prices in the world's largest and most dynamic wood fiber markets. Prices are reported for wood delivered to consuming plants as a range and average price. Each report also updates North American trade statistics for lumber, logs, wood pellets, wood chips, and pulp.

For more information or to subscribe to the [Forisk Wood Fiber Review](#), visit www.forisk.com or contact: Heather Clark, hsclark@forisk.com, 770.725.8447.

About Forisk Consulting: Forisk delivers forecasts and analysis of forest industry markets and timberland investments. Firms participate in Forisk's research program by subscribing to the *Forisk Research Quarterly (FRQ)*, *Forisk Wood Fiber Review*, *Forisk Market Bulletin*, or the North American Forest Industry Capacity Database; supporting benchmarking studies related to forest operations and mill capacities; and attending educational workshops and the annual "Wood Flows & Cash Flows" conference. www.forisk.com.