

Marthall Tree Products Ltd.

Fencing & Timber Supplies

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Dear Customer,

Pricing & Product Update 26th. March, 2007

Regrettably we have to advise you of a further increase to our listed selling prices.

We source two sawmills in the main for our Sawn Fencing. We have been notified for the second time by one of these and the third time by the other that they will be raising their selling prices as and from 1st. April. In both cases these previous price rises have taken place, only since 1st. January i.e. within 3 months.

However, it is only our Sawn prices which will be increased by 6% on the 10th. April. Please note that this will include items which were increased in price by us on 1st. March,

The price of Sleepers however remains unchanged.

Since our last information letter we have had our first Supplier casualties as a direct result of the current severe log shortage. Gwyddelwern Sawmills based in North Wales went into liquidation during March, as did Cannock Gates.

Our Forestry Commission sources have indicated that there are at least two other substantial sawmills who they would describe as "rocky".

On the supply side deliveries of special orders in Brown Treated are now suffering from extended delivery dates. We have further concerns as to our normal Green Treated supplies which will be disrupted by the Easter holiday, as Diamonds will close for a week so effectively losing 2 weeks production. As of now, our next availability date is 23rd. April.

Another thing to think about, is the comment made by the Forestry Commission that the current situation in terms of tonnage available will remain unchanged until 2020!

We also understand that the Russians are imposing a tax on logs in an attempt to supply direct by forcing Baltic & Scandinavian producers using their logs to significantly increase their prices.

Watch this space

STOP Press

From 14/07 Chestnut Pals +5%, Waney Panels +11%.

Decking

On arrival of our next shipment of decking expected during March, our decking price will increase a further 15%. We have been very lucky with our decking which had not changed in price for some time prior to the January increase. This mill is playing "catch up" with other manufacturers.

White list

A complete set of new white lists is enclosed.
Summary of the changes is as follows :

Panels : waney lap price has increased by 10%
Screen trellis now only 6' x 6' stocked other sizes to order.
Stock netting : B8/80/15 price increased
C8/80/15 increases upon delivery of March shipment
C8/80/15 green added
Rabbit netting : prices increased except 1200 x 19g netting
Chain link : prices unchanged 2750 no longer stocked
Chestnut : 2'0 and 3'0 willow hurdles no longer stocked
Weldmesh : list reprinted no price changes
Wire : mild steel barbed wire increased

General news

Log prices and timber availability continue to cause problems, many sawmills are either not taking on any new orders or are offering 8 weeks delivery.
Here is a typical scenario.

Two sawmills A and B are competing for the same saw logs. Mill A supplies fencing material and is receiving £ 180 per metre cube.
Mill B produces graded carcassing and is currently receiving £ 240 per metre cube.
Sawmills are looking for between 3 or 4 times the log cost for there output. For clarity we will work on 4.

Therefore Mill B can afford to bid £ 240 : 4 for its logs i.e £60.
Mill A can only afford a max of £ 45 (180 : 4) in order to obtain logs to cut Mill A must compete with mill B or face the prospect of having no logs to cut. As mill B is a big production Mill it needs all the logs it can get so forces up the price. Mill A has to follow and then the cycle is repeated over and over.

Other elements come into play such as panic buying and end users searching around. Our main mill is regularly receiving offers from companies wishing to buy fencing materials.

They are so desperate that they are offering high prices in order to get this material, in some case 30% more than we are currently paying.

Although we have an excellent relationship with this mill would it not be unreasonable to accept that a mill in this situation would try to find the best price possible. 30% extra equates to £ 1800 per load !

We have recently been speaking to a retail manufacturing unit of a large shropshire Sawmill. They were due in this week 30 packs of feather edge board from their own mill. They were advised boards were now being rationed and that they would only now received 9 packs. The same producer receives home grown waney slats for panel manufacturer. This producer need 10 loads of logs per day and it is only receiving 2 at present resulting in workers being send home at 11 o'clock every morning.

Our Somerset gate manufacturer recently advise they are now having problems getting 3.6 m logs (12'). Previously it was longer and wider sizes that were the problem. Round timber producers are now starting to feel the affect with 50mm and 65mm diameter plus straining posts in shorter supply.

The future looks difficult but we will endeavor to keep you informed and, more importantly, supplied.