

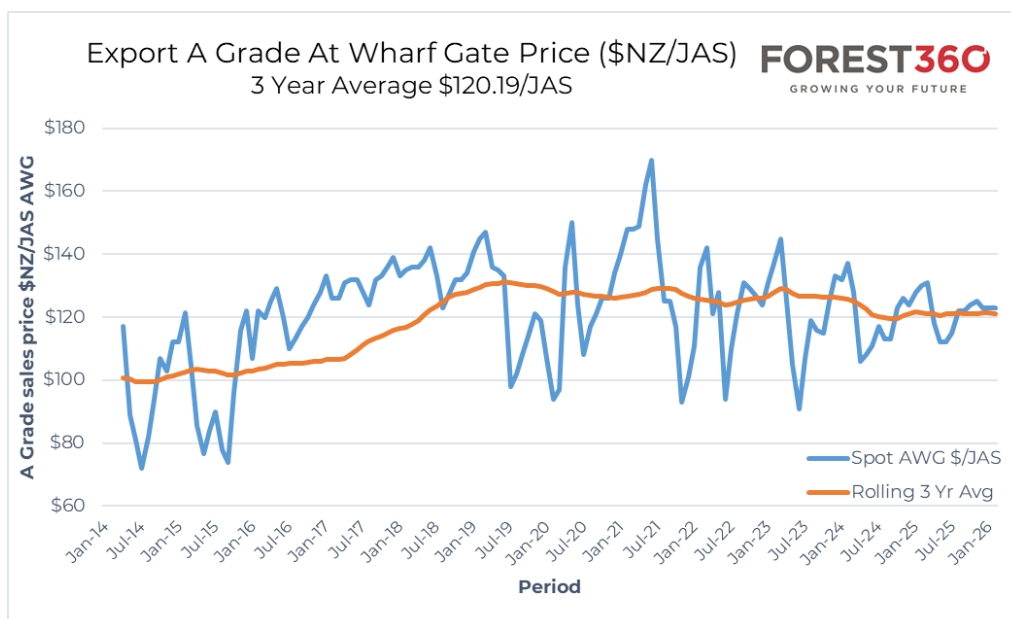
February 2026 Market Update

February, the shortest month of the year and the last and generally hottest month of summer. It's also the month the Chinese celebrate their New Year with the longest holiday in the manufacturing and construction calendar. Although the official public holiday runs from the 16th to the 22nd of February, many sawmills have already shut their doors and won't likely reopen until late in the month as staff take time to travel from the cities to their hometowns in the provinces and back again.

This holiday, although great for the Chinese, generally triggers cold sweats from NZ foresters as sawmills shut up in China and production carries on with a full summer head of steam in NZ. Historically there is an in-market inventory build over this period to the tune of around a million cubic metres which swings the supply and demand dynamic well in favour of the buyers. This season is slightly different in that at the end of 2025, we had the lowest inventory in 24 months and although this has been building with buyers anticipating the closures, the current level is only 2.7 million. In addition, there is lower than usual vessel arrivals into China as weather delays have impacted vessel timing and it is expected that post holidays, the inventory position will only build to around 3.1 million cubic metres. Probably not the best news for buyers.

Current buyer sentiment has started to swing towards the optimistic side of the pendulum, and while not quite at the fizzy stage, it is building. Exporters are expecting some sales price increases coming out of the holiday period although now is not the time to shoot for the moon. Shipping remains under \$US30/cubic metre, however, any wins there have been offset by the weaker US dollar.

In terms of at wharf gate prices for February, it's like Nana's pavlova – flat. In fact, this 7-month run of flatness is the most stable period of pricing in over a decade, to the point that it's almost predictable. Current A grade short prices are around the \$123/JAS mark for SNI ports with fluctuations up and down a few dollars between exporters. While this level isn't anything to write home about, it keeps the doors open and stability provides certainty.



Meanwhile, back home things are starting to look rosier in the NZ construction sector. Certified Builder Chief Executive, Malcolm Fleming stated that employment contracts in the construction industry in January are up 20% from the same time on 2025. The 2025 National Construction Pipeline Report commissioned by MBIE has forecasted steady growth for the sector increasing turnover from \$55.7bn in 2025 to \$65.4bn in 2030. The number of new building consents grew 9% from December 2024 to December 2025 with a reasonable number of those not turning soil until 2026. As many forest owners took a hit in mid-2025 with reductions in both sawlog and pruned log prices due to poor demand, it is hoped that this increased activity will result in stronger log prices into the second quarter.

The government has recently released communications between the Minister and the Climate Change Commission regarding the emission trading scheme. While not as juicy or career ending as the Epstein files, it does point to the Government attempting to arrest the fall of the NZU price and show the punters that they genuinely understand the role of the ETS in addressing our climate change commitments. This has had the desired result in terms of NZU price with a sharp rebound to just over \$44/NZU at the time of writing. There have been a significant number of trades in recent days, and it is thought that the NZU supply volume has dropped a reasonable amount, putting tension on price.

Big news in Taranaki is the Government announcement of the \$1bn plus LNG terminal to be built at the Port courtesy of a levy on electricity users. This has raised more than a few eyebrows and there's plenty of talk around white elephants. National and Act are blaming the Labour/Greens exploration ban for the dwindling natural gas situation, Labour are throwing back the levy being a 'Gas Tax' (which it effectively is), the Greens are saying the idea's 'cooked' as it's a fossil fuel solution and Te Pati Māori are out to lunch. Anyway, you look at it, it's a massive gamble that is touted to be used as an electricity backup in a dry winter. There's a massive amount of infrastructure that will be needed and we will be reliant on overseas markets to supply the LNG. Meanwhile, forest owners are over in the corner with a wood based sustainable, non-fossil solution that can generate electricity 24/7. The billion plus spend would go a long way to building a facility that could either generate electricity or provide the non-coal fuel required for Huntly and keep the cash cycling in our economy – just saying.

So, in summary, its same same in terms of prices. March will be interesting post Chinese New Year to see who flexes first but the cards look to be better for sellers. If you're looking to place some cash somewhere, shares in an engineering company in New Plymouth that specialize in building big things that don't get used much might be a good bet.