

MADISON'S LUMBER REPORTER



Publisher

KetaDesign Productions

Editor

Kéta Kosman

Market Analyst

Zara Heartwood



Annual Subscription Prices

E-mail/Fax: C\$339

Discounts available for multiple subscriptions

Published 50 times a year



www.madisonsreport.com
madrep@shawcable.com
604 984-6838

PO Box 2486 Vancouver, BC
V6B 3W7 Canada



In Canada, add 5% GST

ISSN 0715-5468

Printed in Canada



News & Updates

British Columbia Cabinet Shuffle

This week BC Premier Gordon Campbell needed to mix up his Cabinet because several of his Ministers will not be running in the next election.

Most notably, Rich Coleman was moved from the Ministry of Forests and Range to the newly created Ministry of Housing and Social Development. Incoming Minister of Forests Pat Bell (formerly Agriculture and Lands Minister) is expected to be well positioned in his new portfolio, as his riding is that of Prince George North (which includes Mackenzie, Quesnel and other hard-hit lumber towns).

Prior to becoming an MLA, Mr. Bell owned a trucking company and co-owned a logging company.

US Existing Home Sales

The US Association of Realtors announced Thursday that existing US home sales rose 2 per cent in May but dropped almost 15 per cent from one year ago. Continued very low home prices was cited as the main reason for the slight increase.

The national median existing-home price for all housing types was \$208,600 in May, down 6.3 percent from a year ago when the median was \$222,700. [READ MORE](#)

California Wildfires

Extremely dry conditions, particularly for so early in the season, continue to plague large areas of California forestland. More than 12,500 firefighters were battling 1,088 fires across Northern California by late Thursday.

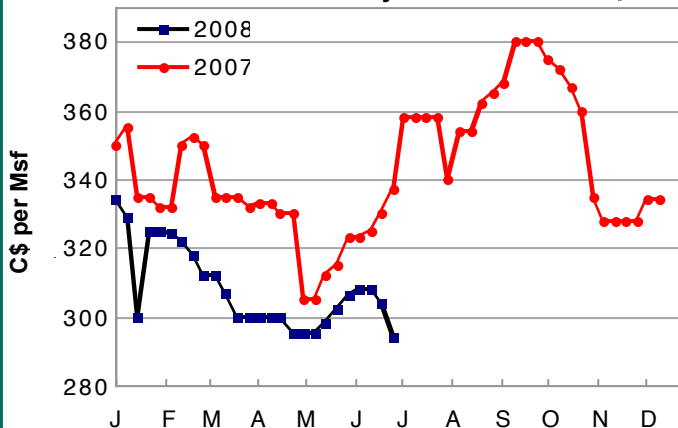
Gov. Arnold Schwarzenegger has promised to call in National Guard troops to aid in the fire fight. Thick smoke is choking most of the state, prompting officials to advise people to stay indoors and keep windows shut. A recent heat wave, coupled with rainless thunderstorms, is mostly to blame for the crisis. [READ MORE](#)

Lumber Statistics

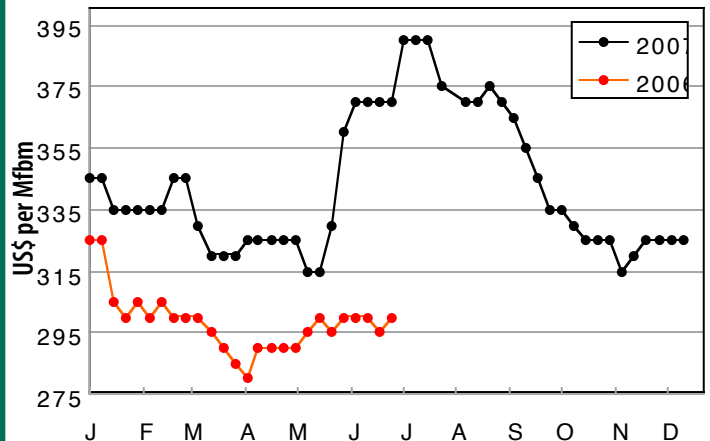
With the usual mid-summer seasonal lull upon us, and a significant portion of the lumber industry across Canada and the United States taking the full July 1/July 4 week off, Madison's is using the opportunity to print some of the interesting statistics we have come across in our research this year.

North American lumber and panel production, sales, and exports to Japan as well as log exports are highlighted. [READ MORE](#)

Canadian Softwood Plywood - 9.5 mm B.C.



ESPF KD Std#2&Btr 2x8



Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	246	242	+4	242	+4	296	-50
WSPF KD R/L 2x6	236	232	+4	228	-8	290	-54
WSPF KD R/L 2x8	240	240	0	222	-18	300	-60
WSPF KD R/L 2x10	255	260	-5	262	+7	360	-105
WSPF KD PET 2x4 Stud	245	245	0	253	-8	305	-60
Douglas Fir Green R/L 2x4	218	230	-12	275	-57	250	-32
Douglas Fir Green R/L 2x10	200	200	0	232	-32	280	-80
ESPF KD 2x4 8ft Stud	310	315	-5	315	-5	365	-55
OSB Ontario 7/16" (CDN\$)	210	210	0	205	+5	215	-5

Weekly News

US Home Sales

CONTINUED Inventory of existing homes for sale at the end of May fell 1.4 percent to 4.49 million units, which represents a 10.8-month supply at the current sales pace, down from a 11.2-month supply in April. By region, existing home sales rose 5.5 percent in the Midwest, 4.6 percent in the Northeast and 2.0 percent in the West, but fell 0.5 percent in the South.

The median price of an existing home sold in May dropped to \$208,600, a fall of 6.3 percent from a year ago. That was the fifth biggest year-over-year price decline on records that go back to 1999. However, rising mortgage foreclosures are dumping even more homes onto the already glutted housing market.

Many economists predict sales will keep falling through the summer and prices will not start to rebound until the

spring of next year.

Sales of new one-family houses in May 2008 were 2.5 per cent below the revised April rate of 525,000 and 40 per cent below the May 2007 estimate of 857,000.

The median sales price of new houses sold in May 2008 was \$231,000.

Forest Fires

CONTINUED Nearly 64,350 hectares (159,000 acres) have been consumed by the fires. About 500 homes were threatened and 16 destroyed, fire spokesman Curtis Vincent said. State and U.S. Forest Service officials counted 38 homes and other buildings destroyed in all the Northern California fires. 14 air tankers and 68 helicopters helped with the fight.

Coulson Water Tankers Mars Water Bomber is flying out of Port Alberni Friday to assist the fire fighting efforts. The aircraft can scoop up and drop 27,000 litres (over 7,000 gallons) of water every 15

minutes, covering an area of 1.6 hectares (3.9 acres), and have been deployed to fight wildfires around the world.

Meanwhile fires are also raging in Greece, Turkey and the island of Cyprus. Firefighters on Friday brought under control a forest fire which had raged on a hill near the Turkish Mediterranean resort of Marmaris at the height of the tourist season, forestry authorities said. Five helicopters, 30 fire-fighting vehicles and 120 fire-fighters had taken part in the operation.

The Greek fire service said a fire broke out in the Glyka Nera area, some 20km east of Athens, and destroyed at least 100 hectares of pine forest.

A raging forest fire forced the evacuation of six villages in southwest Cyprus on Wednesday and the water-starved island sought aid from Greece.

Announcement

The Canyon Lumber Company of Kelowna, British Columbia is pleased to announce that Bob Leslie (formerly of Forwood Forest Products) has joined their sales/traffic staff.



Aircraft used to douse flames before reaching Athens [AFP]

Calendar

August 2008

Forest BioEnergy International Conference and Exhibition

August 28-30 - Finland

BioForest

<http://bioforest.finbioenergy.fi/default.asp>

September 2008

Who Will Own the Forest?

September 8-10 - Portland, OR

World Forestry Center

<http://wfi.worldforestrycenter.org/wwoft4/agenda.html>

Mid-Year Status Report

North American Lumber Industry

- The number of timber jobs in the US fell almost 13 per cent to 8,790 in 2006 from 9,910 in 2000. Likewise, the number of logging equipment operators has declined more than 17 per cent to 28,300 in 2006 from 34,180 in 2000.

by Kéta Kosman

- U.S. lumber consumption is expected to drop, from 64 billion board feet to 43 billion board feet from 2006 to 2008. A drop of 21 billion board feet in the span of three years is simply staggering, equal to the total production of the Top 20 softwood lumber producers in the U.S. market for all of 2007.

- Lumber companies in the Billion Board Foot Club, a measurement of the largest lumber companies in the world, was reduced from 22 to 15 in 2007. Six of the victims to be cut were in North America.

- In the first three months of 2008, U.S. sawmills shipped about 114 million board feet of lumber per day. That's down from 135 million board feet per day the first three months of last year, and 160 million board feet in 2006.

- Wood harvested today has about three to four rings per inch, whereas these old growth strains have 10 to 20 rings per inch.

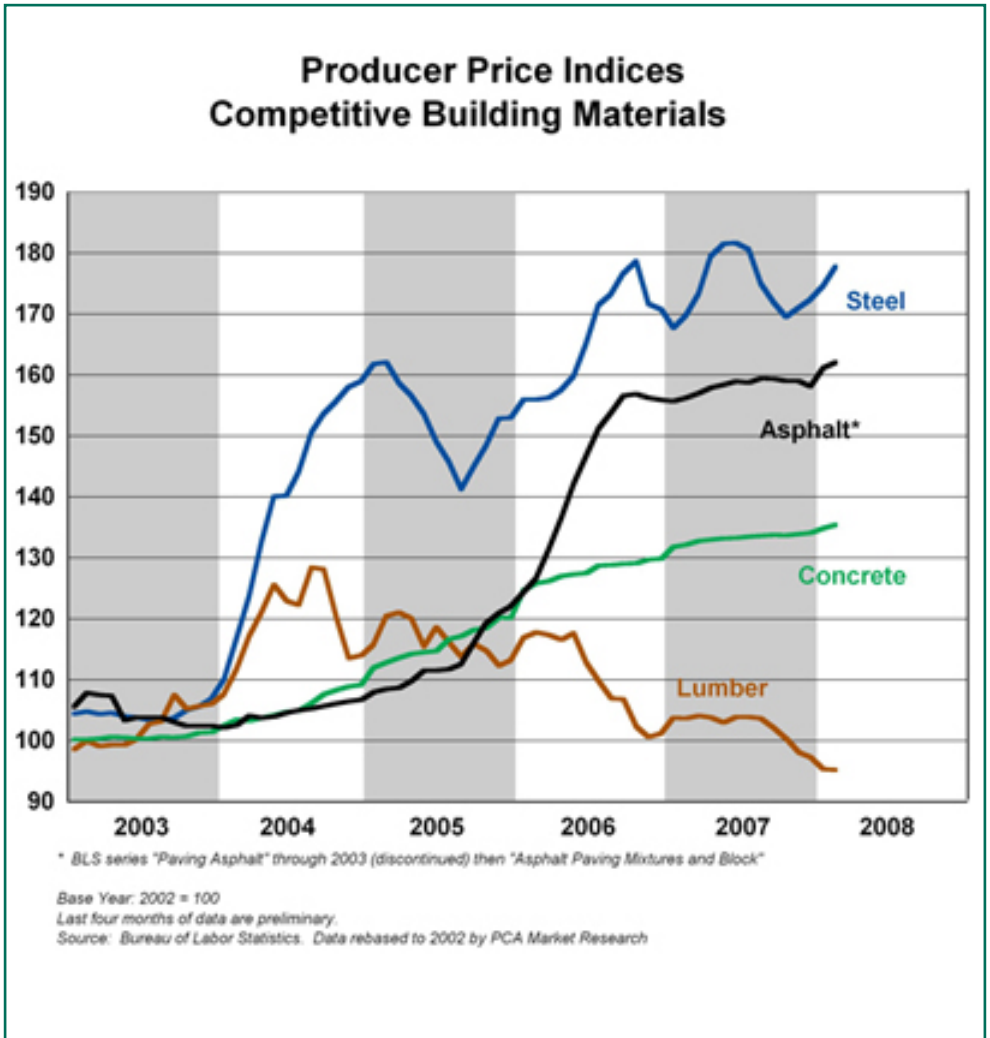
- In the United States, single-family-housing starts in April were down a jaw-dropping 42% below 2007.

- Sawmills, which typically supply the least expensive wood fiber to pulp producers, have reduced production by over 15% in 2007, thus tightening wood chip supply and forcing pulpmills to increase their usage of expensive roundwood chips.

- North American lumber at the Chicago Mercantile Exchange has fallen as low as \$209 per thousand board feet, down a whopping 56% from its peak of \$473 in 2004 - at the apex of the housing boom.

- The United States has about 500 million acres of potentially productive timberland, more than two-thirds of which is now privately held.

- About 4.5 million acres of timberland, worth about \$3.3 billion, were



sold last year. Lumber and paper companies unloaded about 70 per cent of that total.

- According to the NCREIF Timberland Index, timberland has returned 15.1% per year since 1987. Over the same period, large-cap U.S. stocks returned about 12%, small-cap U.S. stocks returned 13%, corporate and government bonds returned 9%, and commercial real estate returned 8%.

- Of the total forest area available for timber production in the U.S. - about 504 million acres, according to the U.S. Department of Agriculture Forest Service - institutional investors own about 3 percent, and lumber and paper companies hold 17 percent. Individuals, along with federal and state governments, control the balance.

- BC timber sales value dropped about 13 per cent from year-end 2006 to 2007.

- 28 Mm² of panel products were produced in 2006, compared to 21.5 Mm² in 2000 and 12 Mm² in 1995.

North American Exports

- In 2006, alone, China's imports of wood pulp jumped 150% to 7.5 million tons.

- In 2007 there were 5,400 wood floor manufacturers in China, with total flooring output amounting to 361 Mm² (a 9 per cent growth from 2006).

- In 2007, over 800,000 logs and 2.5 Mm² of lumber were shipped from Canada to Japan. 2.1 million logs and 194 mm² of lumber were shipped from the US.

- By 3Q 2007, Canadian lumber shipments were at 2.6 billion board feet (a drop of 9 per cent from the year before) and US lumber shipments were at 2.9 billion board feet (a drop of 12 per cent).

SOURCES:
Japan Lumber Journal
USDA Forest Service
StatsCan
Government of British Columbia