

News & Updates

Madison's Timber Preview

This week's issue of *Madison's Timber Preview* examines the latest financial reports of Acadian Timber, Plum Creek, and Canfor as well as looking at 2012 timber revenues in various North American jurisdictions.

Contact us any time for this valuable and timely information.

Japan-Russia Annual Timber Conference

The Japan Russian Wood Products Conference met in early January to exchange opinions regarding the local situation of Russian timber and the trends of products in Japan, according to the *Japan Lumber Journal*.

As the supply of Russian logs has drastically decreased, Japanese sawmills of Russian wood have been forced to close or withdraw from their business. Japanese plywood mills have been reducing their use of Larch logs as much as possible, shifting the materials to domestic or American logs.

Attendees also discussed how Russian wood can cope with rising lumber prices of foreign species as the demand for wooden products is active in this year. READ MORE

Quarterly, Year-End Results

Resolute Forest Products reported its 4Q and 2012 results Tuesday. The company reported a net loss of \$2 million for 2012, compared to a net income of \$41 million in 2011. The net loss in 4Q was \$36 million, on sales of \$1.1 billion, compared to a net loss of \$6 million on sales of \$1.1 billion in the 4Q of 2011.

Interfor Wednesday reported net income of \$3.7 million in 4Q 2012. These results compare with net earnings of \$2.9 million in 3Q 2012 and a loss of \$2.8 million in 4Q 2011.

READ MORE

North American Movement of Goods Statistics

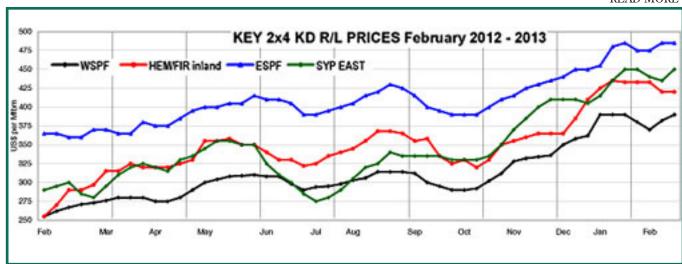
Always a good indicator of business and trade, new data on North American surface transportation shows a glimpse of US economic conditions. While some transportation data improved, in other areas the movement of goods is down compared to the recent past.

The Department of Transportation's Bureau of Transportation Statistics (BTS) reported Wednesday that its Freight Transportation Services Index increased 1 per cent from November to December, following a 1.7 per cent rise from October to November. The Freight Index measures the month-to-month changes in freight shipments in ton-miles, which are then combined into one index. The Index consists of data from: trucking, rail, inland waterways, pipelines, and air freight.

The BTS said that the December Freight Index, at 109.9, is 16.6 per cent higher than April 2009's low point of 94.3, and 3.5 per cent below the December 2011 reading of 114, which represents the all-time high since BTS first began collecting data in 1990. The rail and trucking increases were due, at least in part, to recovery from Hurricane Sandy, as well as general economic activity, the Department of Transportation (DOT) said.

The Index rose 0.7 per cent in 4Q 2012 following a 0.6 per cent decline in 3Q and a 0.3 per cent upturn in 2Q 2012. The index has improved in 11 of the past 14 quarters.

READ MORE



UPDATE YOUR FREE LISTING TODAY!

CANADA'S SOLID WOOD MANUFACTURERS:

Contact our office at madrep@shawcable.com or 604 984-6838 to receive a copy of your current listing. We will send you our wo-page listing form for a complete update!

There are over 1,700 individual entries in our existing database for Canadian solid wood and pulp and paper producers.

Don't be without this valuable resource, order an annual subscription to our online database tool to always have the contact information and product mix of Canada's forest products industry at your fingertips!

COMING THIS YEAR!

We will be expanding our Online Directory to include US producers.

More information to come in early 2013 Madison's Online Lumber Directory is expanding into the US market. Soon our existing tool will include US primary sawmills, secondary remanufacturers, panel mills, pulp and paper mills, and wholesalers. Stay tuned for more announcements!

This FREE listing will	bring war companyle			ting Form			
much info	emation as possible. Th	we more thorough you	on of lumber buyers the ir listing, the more it wil	roughout North America and o I stand out from the rest. PLE			
SALES PHONE	FREE						
EWAL	LISTING	westers					
This location is a:	O Head Office	2)	No Hoad Office educate	list branch addresses (use an			
	O Branch Office		ne read Once, pease	liet branch addresses (use an			
			County Office whom is	the Head Office located?			
	Tober:		Dranch Crisce, where a	the Head Office located?			
ONTACTS (Prease sp	pecity job title. Use back	of form for additional p	personnet):				
PRICE							
mence	INT	9	CE PRESCENT	00			
				_			
		930au		200a			
CIES HANDLED P	lease estimate percentag						
CIES HANDLED P WesternSchwood		pe of each): Eastern Soltwood BALSAN FIR		tikrohood ALDER (
CIES HANDLED P	inase estimate percentag	poof each): Eastern Soltwood BALSAN FIR BUACK SPRUCE		Elizabassod ALDER E			
CIES HANDLED PI Western Softwood HUTHE FIR HUSSAIF FIR NOGLASK FIR NOGLASK FIR	(EastemSaltwood BALSAN FIN BLACK SPRICE EASTERN HEMILOD EASTERN HED FINE		Elizabiocod ALDER E ASIVI E ASIVINOCO E			
CIES HANDLED PI WhitemSobwood HUPVE FIR HUSAN FIR HOGELMANN SPRUCE LAND FIR	(EasternSoltwood BALSAN FR BLACK SPRICE EASTERN HEALOO		Hindwood ALGER [ASW [ASPEN [
CIES HANDLED PI WesternSoftwood HUPNE FIR TOUGLAS FIR NOSEMANN SPRUCE LAND FIR NOSEMANN SPRUCE LAND FIR NOSEMANN SPRUCE LAND FIR NOSEMANN SPRUCE LAND FIR	icase estimate percentaç	EasternSchwood BALBAN FR BLACK SPRICE EASTERN HEMILOO EASTERN HOD FRE EASTERN WHITE CEE EASTERN WHITE FRE ESPF		######################################			
CIES HANDLED PI Western Softward NUTYIE FIR NUTLAN FIR	inase estimate percentag	EastemSaberod BALBALFE BLACK SPRICE EASTERN HERLOG EASTERN WHEE CEI EASTERN WHEE PRI EASTERN WHEE PRI ESPE		######################################			
CIES HANDLED PI WesternSoftwood HUPNE FIR TOUGLAS FIR NOSEMANN SPRUCE LAND FIR NOSEMANN SPRUCE LAND FIR NOSEMANN SPRUCE LAND FIR NOSEMANN SPRUCE LAND FIR	icase estimate percentaç	De of each): Eastern Schwood BALSAN FFR BLACK SPRICE EASTERN HEMLOO EASTERN WHITE CEI EASTERN WHITE PRI ESFF JACK FRE RID SPRICE TAMANACK		Hindwood ALCER [ASPEN [ASPEN [BASSINCO [BEECH [BROW [COTTONICOO			
CIES HANDLED PI WhitemSoltwood NUTYPE FIR. SULSAM FIR. SOLELMAN SPRUCE LAND FIR. SOLENDAY SPRUCE LAND FIR. SOLENDAY SPRUCE TOLENDAY PINE FOLENDAY PINE FOLEN	icase estimate percentaç	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	Histoleand ALCER [ASPEN [ASPEN [BASSWOOD [BEECH [BANCH [COTTONNOOD [III] HAND MAPLE [N			
CIES HANDLED PI WesternScheood *UPVE FIR. *ULSAN FIR. *ULSAN FIR. *USCLEMENT SPRUCE *LAND FIR. *UCC PINE *UCCHOCK	inace estimate percentag	De of each): Eastern Schwood BALSAN FFR BLACK SPRICE EASTERN HEMLOO EASTERN WHITE CEI EASTERN WHITE PRI ESFF JACK FRE RID SPRICE TAMANACK		######################################			
CIES HANDLED PI WhitemSchwood NUPYE FIR. NUBLAM FIR. NUBLAMN SPRICE AND FIR. NUCHMAN SPRICE AND FIR. NUCHMAN SPRICE TOPROCA PINE TOPROCA PINE TA SPRICE STEPN HED CLOAR STEPN NED CLOAR	icase estimate percentaç	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	Histoletood ALCER [ASPEN [ASPEN [BASSWOOD [BEECH [BADK OM [COTTONNOOD [III] HAND MAPLE [HOCORY [HOCORY [III] HOCORY [
CIES HANDLED PI WesternScheood *UPVE FIR. *ULSAM FIR. *ULSAM FIR. *ULSAM FIR. *UDUGLAS FIR.	icase estimate percentaç	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	Hardwood ALDER [ASH			
CIES HANDLED PI WhitemSchwood NUPYE FIR. NUBLAM FIR. NUBLAMN SPRICE AND FIR. NUCHMAN SPRICE AND FIR. NUCHMAN SPRICE TOPROCA PINE TOPROCA PINE TA SPRICE STEPN HED CLOAR STEPN NED CLOAR	icase estimate percentaç	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	Histoletood ALCER [ASPEN [ASPEN [BASSWOOD [BEECH [BADK OM [COTTONNOOD [III] HAND MAPLE [HOCORY [HOCORY [III] HOCORY [
CIES HANDLED PI WhitemSobecod NUTYEE FIR.	Case estimate percentage	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	18xtbased			
CIES HANDLED PI WesternSchwood *UPWE FIR. *ULSAM FIR.	Case estimate percentage	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	Hardwood ALDER [ASPEN [8450000 L 85600 L 85			
CIES HANDLED PI WesternScheood **LPVE FIR **LULAM FIR **LULAM FIR **LULAM FIR **LOG COM **LOG	Case estimate percentage	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	18xtbased			
CIES HANDLED PI Whitem Soberod NUTYEE FIR.	icase estinate percentação de la composição de la composi	pe of each; Eastern Softwood BALBAN FR BLACK SPRICE EASTERN HER COX EASTERN WHITE PRE ESPY JACK FRE RDD SPRICE TAMARIOK WHITE SPRICE	CAR L 23	Hardwood			
CIES HANDLED PI WesternScheood **LPVE FIR **LULAM FIR **LULAM FIR **LULAM FIR **LOG COM **LOG	Case estimate percentage	pe of each p Eastern Solwood BALSAN PRICE EASTERN HEAD PRE EASTERN WHERE PRE EASTERN WHERE PRE EASTERN WHERE PRE EASTERN WHERE EASTER		Hardwood			

COMING SOON . . . US SOLID WOOD PRODUCTION FACILITIES



CANADA'S ONLY LUMBER DATABASE, WITH OVER 1,700 PRODUCER LISTINGS!

- extensive, detailed listings on all Canadian lumber, panel, pulp and paper, and shake and shingle producers and wholesalers
- updated continuously throughout the year, listings are easily accessed through your internet browser
- always up-to-the minute, completely revamped this year for vital information at your fingertips

Madison's Online Lumber Directory is the only current softwood products buyer's and seller's guide in the North American industry. Containing over 1,700 Canadian mill listings in a searchable online format, Madison's Online Lumber Directory is the most valuable information resource tool available. Each listing details: locations; contact names/titles; websites and emails; species; specialty products; capacities; grading agency & mill number; plus much more.

Instantly connect with the Canadian solid wood, pulp and paper products industry.

C\$225 + GST for a yearly subscription

Key Prices											
	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change				
WSPF KD R/L 2x4	390	382	+8	390	0	267	+123				
WSPF KD R/L 2x6	386	382	+4	406	-20	270	+116				
WSPF KD R/L 2x8	375	372	+3	388	-13	252	+123				
WSPF KD R/L 2x10	400	390	+10	406	-6	312	+88				
WSPF KD PET 2x4 Stud	360	335	+25	340	+20	260	+100				
WSPF KD PET 2x6 Stud	360	325	+35	325	+35	265	+95				
Douglas Fir Green R/L 2x4	370	360	+10	355	+15	240	+130				
Douglas Fir Green R/L 2x10	375	365	+10	355	+20	315	+60				
ESPF KD 2x4 8ft Stud	420	405	+15	415	+5	330	+90				
OSB Ontario 7/16" (CDN\$)	437	402	+35	375	+62	194	+243				
CSPlywood Toronto 3/8" (CDN\$)	433	433	0	451	-18	318	+115				

Russian Timber To Japan

CONTINUED Members of the Japan Russian Wood Products Conference from importing companies reported on their current situations, says the *Japan Lumber Journal*:

- The arrival of Russian logs in 2012 was around 250,000 cubic meters; 109,000 cubic meters of Larch, 74,000 cubic meters of Red Pine, and 69,000 cubic meters of Yezo Spruce. There was a sharp drop since July.
- As the tariff rate for Red Pine logs dropped to 15 per cent from 25 per cent, purchase of those logs became easier even with the export quota.
- Chinese buyers have reduced their purchase of Russian logs, while on the other hand they are buying more North American and New Zealand logs. The prices to China would be around US\$160 per cubic metre for Larch and US\$180 per cubic metre for Yezo Spruce.
- The arrival of Russian lumber in Japan was about 560,000 to 600,000 cubic meters from January to November 2012, a drop of 10 per cent from a year ago.
- The lumber prices around the New Year rose to US\$560 to \$570 per cubic meter for high-grade items and US\$410 to \$420 for C-class items.

Japanese sawmills and wholesalers reported on their situation:

- The annual arrival of 250,000 cubic meters of logs and 550,000 cubic meters of lumber is far too little. They are expecting to see more arrival in this year.
- Although the tariff rate for Red Pine logs was lowered, the weaker yen in the exchange rate has forced the sawmills and wholesalers to engage in a bitterly-fought struggle. It is hard for them to persuade their customers to accept high-

Weekly News

er product prices. They understand that sawmills should gradually be out of business unless they renew the facilities, but still they cannot make a decision.

- With the strong yen, the product prices in Japan in 2012 were: 30,000 yen per cubic metre for green lumber; 40,000 yen for KD lumber; and 50,000 yen for laminated lumber. Among them, the price for locally-sawn lumber in Russia exceeded 60,000 yen.
- The demand in Japan is active. The prices for Russian lumber have returned to 55,000 to 56,000 yen. While the import prices are also rising, it is tough for the dealers unless the prices for studs go up by another 5,000 to 6,000 yen.
- Whitewood lumber is in shortage, and then some dealers have started to transact Red Pine lumber.
- It takes time to transport Russian lumber, which is conveyed in containers. It is the question how to achieve stable supply as is always pointed out.

Financial Results

CONTINUED Canfor Corporation Thursday reported a net income of \$24.6 million in 4Q 2012 and \$41.4 million in the 2012 fiscal year. The net income attributable to shareholders is \$21.6 million in 4Q, and \$32.1 million for the entire 2012 fiscal year.

West Fraser Timber reported Thursday earnings of \$22 million on sales of \$773 million in 4Q 2012, and earnings of \$87 million on sales of \$3 billion for 2012. Sales for the latest quarter rose to \$773.4 million, from \$650.7 million in the comparable quarter last year.

Taiga Building Products reported also Thursday net earnings of \$0.4 million in its latest quarter ending December 31, 2012. Consolidated net sales for the quarter were \$247.7 million, an increase of 22 per cent over the same quarter in the previous year. Net earnings for the nine months ending on December 31, 2012 are \$35.4 million, compared to \$28.4 million the previous year, an increase of 24.8 per cent.

West Fraser Announces

Ted Seraphim, West Fraser's President and COO, will replace Hank Ketcham as CEO on March 1.

Ketcham, who also currently serves as Chair, will assume the role of Executive Chair, the Vancouver-based company said Thursday.

Calendar

February 2012

Association of BC Professional Foresters AGM

February 23 to 24 - Victoria, BC http://www.abcfp.ca

March 2012

Western Wood Products Association AGM

March 2 - Portland, OR http://www.wwpa.org

Canadian Bioenergy Association -World Biofuels Markets 2013 March 11 to 14 - Rotterdam, Finland http://www.canbio.ca/article/world-biofuels-markets-2013-361.asp

April 2012

Council of Forest Industries Annual Convention April 4 to 5 - Prince George, BC

April 4 to 5 - Prince George, BC http://www.cofi.org/

North American Transportation

Trends and Statistics

CONTINUED FROM PAGE 2

December 2012 freight shipments were down 3.5 per cent compared to December 2011, but rose 10.6 per cent from December 2008.

However, BTS said January 31 that trade using surface transportation between the US and Canada and Mexico was up 6.2 per cent in November 2012 compared to November 2011, at US\$81.5 billion.

US-Canada surface transportation trade in November came in at US\$46.7 billion. Michigan paced all states in surface trade

by Kéta Kosman

with Canada in November at US\$6.6 billion. BTS said the top

transported commodity in November was vehicles and parts, at US\$9.6 billion

The value of US surface transportation trade with Mexico was US\$34.8 billion in November. Texas led all states in surface trade with Mexico at US\$12.4 billion. Electrical machinery paced all commodities transported between the NAFTA neighbors at US\$7.9 billion.

For November 2012, BTS said \$56.2 billion of U.S. trade with Canada and Mexico moved by truck, \$14.9 billion moved by rail, and \$5.9 billion moved by pipeline.

Elsewhere, January shipment volumes fell off 4.8 per cent from December and were 2.5 per cent lower than they were a year ago, according to the Cass Freight Index, a measure of North American freight volumes and expenditures, released February 6. Data within the Index is derived from US\$22 billion in freight transactions processed by Cass annually on behalf of its client base of 350 large shippers.

For each of the last two years, freight shipment volumes ended the year at about the same place they began. This was the first year since the recession period that January shipments were actually lower than January of the previous year.

Total railroad carloadings in 2012 were lower than 2011 and were contracting at year end. January rail movements looked strong at the beginning of the month, but declined in each of the last two weeks, ending 2 per cent lower than in December. Similarly, truck shipments were sluggish in January.

Intermodal volume – freight moved via containers and trailers on flat cars – on the other hand, reached near record levels in 2012 and was up 3.5 per cent in January 2013 compared to December 2012.

As for the roads specifically, the Trans-Core DAT North American Freight Index for January 2013, released Thursday, increased 42 per cent compared to January 2012, reaching the highest-ever volume for the month of January, said the spot freight marketplace tracker. The monthly DAT Index reflects spot market freight availability of load boards in the US and Canada. Rates are derived from national averages in the Index.

Freight volume was unusually robust for the season, said TransCore DAT, exceeding December levels by 24 per cent, and marking the first time since the Freight Index began when freight availability increased from December. Over the past ten years, there has been a 13 per cent average decline in freight levels between those two months.

On a month-over-month basis, van loads increased 16 per cent and flatbed freight availability rose 28 per cent. Compared to January 2012, freight volume increased 36 per cent for vans and 7.9 per cent for flatbeds.

Despite strong freight volumes, van rates dropped 2.4 per cent and flatbed rates slipped 2 per cent, not including the fuel surcharge. On a year-over-year basis, van rates declined 2.4 per cent and flatbeds lost 5.7 per cent.

North of the border, TransCore's Link Logistics Canadian Freight Index closed 2012 with December freight volumes down for both year-over-year and monthover-month by 16 per cent, the company said January 31.

Looking on the somewhat positive side, annual volumes for 2012 were down 11 per cent from what TransCore called "the elevated levels of 2011." And well above 2009 recessionary levels by 53 per cent.

Load volumes for cross-border postings in December averaged 69 per cent, while intra-Canada posting averaged 28 per cent.

"Equipment postings followed the

normal downward trend ending the year at its lowest," TransCore said. "December 2012 was 19 per cent below the previous month, however, with a year-over-year increase of 7 per cent from December 2011."

Overall, equipment postings for 2012 were 13 per cent above 2011 volumes.

And finally, Canadian railways carried 27.4 million tonnes of freight in November, a 0.8 per cent rise from November 2011 and the third consecutive year-over-year increase for the month, said Statistics Canada January 30. The gain occurred almost entirely on the strength of international rail traffic shipments.

Within Canada, combined loadings of intermodal traffic and non-intermodal traffic decreased 0.4 per cent to 24.2 million tonnes. The drop in domestic loadings was the result of reduced loadings of non-intermodal – freight moved via box cars or loaded in bulk – traffic, which offset the gains in intermodal traffic.

Domestic intermodal freight loadings rose 4.2 per cent to 2.5 million tonnes, solely attributed to increased loadings of freight in containers as freight moved via trailers on flat cars dropped.

Domestic non-intermodal freight loadings decreased 0.9 per cent to 21.7 million tonnes. Loadings declined in 33 of the 64 commodity groups, led by iron ores and concentrates, potash, wheat and canola. The decline was partially offset by gains in a number of commodity groups, most notably, fuel oils and crude petroleum.

The western division accounted for 57.7 per cent of the domestic freight loadings, virtually unchanged from the same month in 2011.

Freight traffic received from US connections advanced 10.9 per cent, to 3.2 million tonnes, driven by increases in both non-intermodal and intermodal traffic movements.

