

MADISON'S LUMBER REPORTER

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News & Updates

Madison's Timber Preview

The US Forest Service indicated at the end of 2012 that there will be a 20 per cent increase in timber harvesting on federal lands in the next few years. A US Congressman plans to table a federal bill in August to boost timber harvesting in national forests. Wisconsin and Montana have just released the latest data on timber harvest, lumber production, and state revenue. Oregon is close to passing legislation allowing counties to increase taxes in lieu of revenue which previously came from the timber harvest on park lands.

Contact us any time to subscribe to this timely and worthwhile information!

Housing Starts, Canada

Canadian housing starts were stronger than expected in June, and May figures were revised higher, according to data released on Tuesday. The trend is a six-month moving average of the monthly seasonally adjusted annual rates of housing starts.

The seasonally adjusted annualized rate of housing starts was 199,586 units in June, according to data from the Canada Mortgage and Housing Corp. Seasonally adjusted urban starts decreased by 2.7 per cent in June to 177,085 units, as both the single and multiple urban starts segments declined in June.

Meanwhile, contractors took out building permits worth \$7.3 billion in May, up 4.5 per cent from April, said Statistics Canada Monday. The total value of building permits continued to trend upward on the strength of five consecutive monthly increases.

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Japan Housing Starts

May housing starts in Japan increased by 14.5 per cent from one year ago, to 79,751 units, as housing starts in that country continue to improve, according to the *Japan Lumber Reports*.

Seasonally adjusted starts were 1.03 million, a 9.4 per cent increase over April, and the first time since October 2008 that Japan housing starts topped 1 million.

Observers note that there has obviously been a rush of buying in advance of a consumption tax increase.

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US Producer Price Index

US producer prices rose more than expected in June. The Labor Department said Friday its seasonally adjusted producer price index increased 0.8 per cent last month, the largest gain since September.

[READ MORE](#)

Looming Trucker Shortage, North America

Operators, agencies, and governments have been issuing warnings for years. The majority of truckers, whether general freight or forest products deliverers, in Canada and the US have already reached retirement age. Meanwhile, enrollment at trucking schools is down significantly.

It seems inevitable that there will be a shortage of log haulers and lumber truckers going forward, just as forest products sales volumes trend back up to normal levels.

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JAPANESE HOUSING STARTS

Month	TOTAL	Non-Wood	Wood	%Wood
May-13	79,751	36,751	43,000	54
Apr-13	77,894	34,133	43,761	56
Mar-13	71,456	31,819	39,637	55
Feb-13	68,969	33,242	35,727	52
Jan-13	69,289	31,982	37,307	54
Dec-12	75,944	32,392	43,552	57
Nov-12	80,145	34,396	45,749	57
Oct-12	84,251	37,883	46,368	55
Sep-12	74,176	31,159	43,017	58
Aug-12	77,500	34,485	43,015	56
Jul-12	75,421	32,883	42,538	56
Jun-12	72,566	31,654	40,912	56

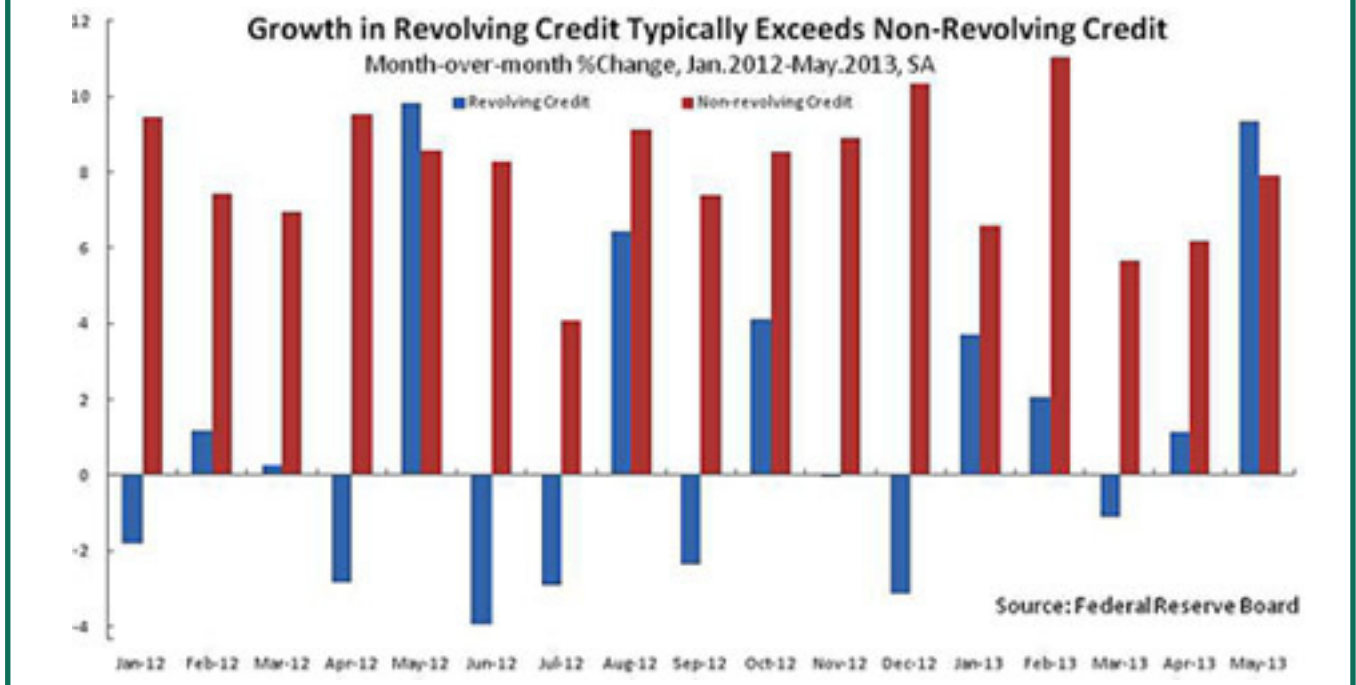
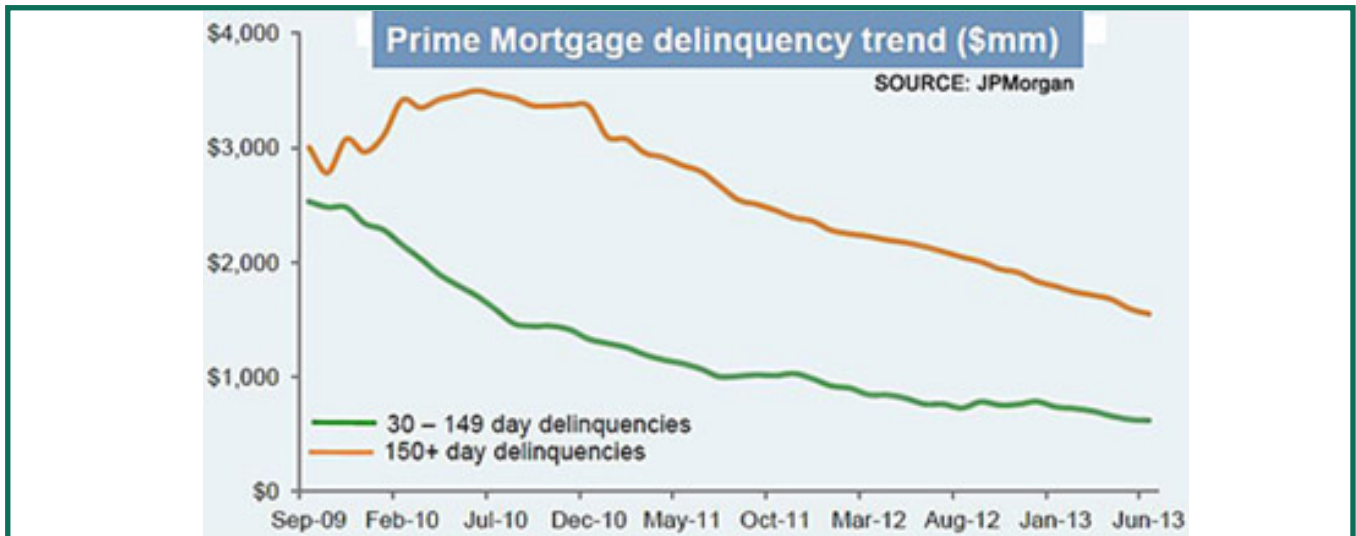
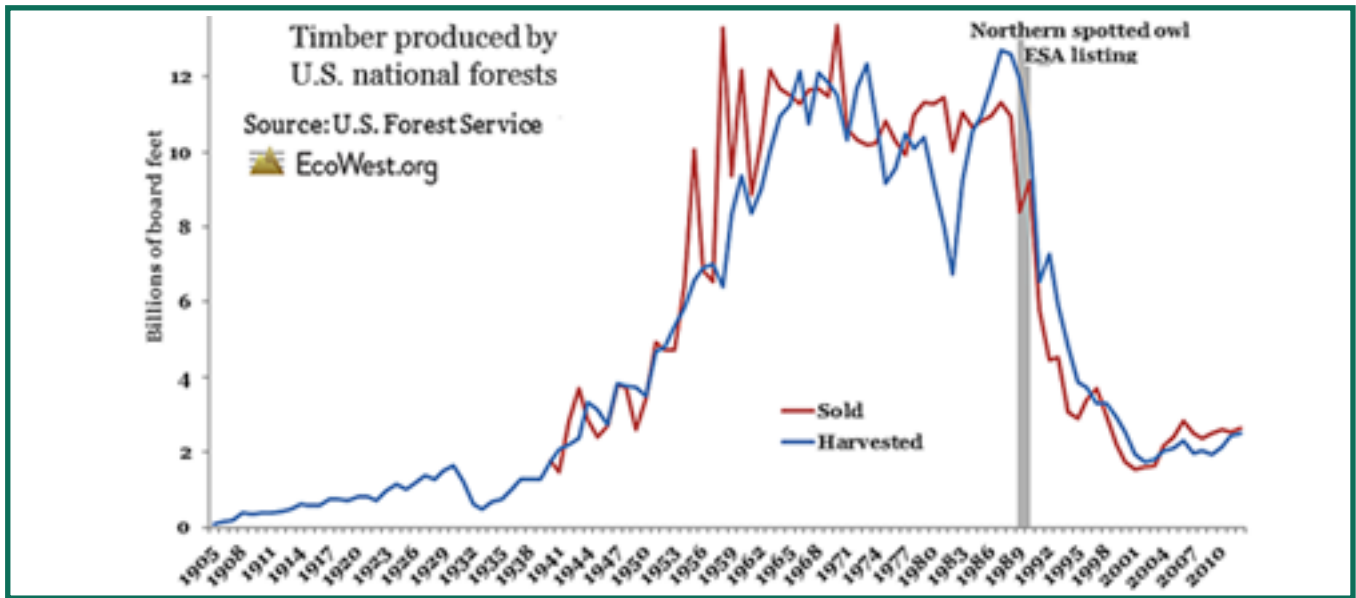
Source: Japan Wood Products Information and Research Center

CANADIAN HOUSING STARTS

Actual and Seasonally Adjusted Annual Rates

	June 2013		May 2013	
	Actual	SAAR	Actual	SAAR
Canada, all areas	18,215	199,586	18,301	204,616
singles, urban centres	6,328	62,743	6,128	65,404
rural areas	2,255	22,501	2,319	22,555
multiples	9,632	114,342	9,854	116,657
Atlantic urban centres		8,192		10,027
Quebec urban centres		30,051		32,439
Ontario urban centres		60,386		68,430
Prairie urban centres		49,110		50,188
BC urban centres		29,346		20,977

Source: Canada Mortgage and Housing Corporation



Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	312	300	+12	302	+10	294	+18
WSPF KD R/L 2x6	280	270	+10	294	-14	290	-10
WSPF KD R/L 2x8	290	280	+10	300	-10	308	-18
WSPF KD R/L 2x10	320	328	-8	320	0	360	-40
WSPF KD PET 2x4 Stud	285	273	+12	316	-31	345	-60
WSPF KD PET 2x6 Stud	265	273	-8	315	-50	345	-80
Douglas Fir Green R/L 2x4	300	295	+5	255	+45	255	+45
Douglas Fir Green R/L 2x10	365	360	+5	365	0	278	+87
ESPF KD 2x4 8ft Stud	370	370	0	380	-10	395	-25
OSB Ontario 7/16" (CDN\$)	260	275	-15	395	-35	245	+15
CSplywood Toronto 3/8" (CDN\$)	372	338	+34	326	+46	413	-41

Weekly News

Canada Housing Starts

CONTINUED The data showed starts of single urban homes decreased by 4.1 per cent, to 62,743 units in June. The multiple urban starts segment, which includes Toronto's once-booming condominium sector, decreased by 2 per cent to 114,342 units.

June's seasonally adjusted annual rate of urban starts increased in British Columbia. Urban starts decreased in all other regions, including Atlantic Canada, Ontario, Quebec and the Prairies.

Rural starts were estimated at a seasonally adjusted annual rate of 22,501 units in June.

Elsewhere, residential sector permit values increased 4.2 per cent to \$4.6 billion in May, according to StatsCan. This advance followed a 21.6 per cent gain in April and was the third consecutive monthly increase. The value of residential building permits was up in seven provinces led largely by Ontario, followed by Alberta and Nova Scotia. BC posted the largest decline.

In the non-residential sector, the value of building permits rose 5 per cent to \$2.8 billion in May. Quebec, Ontario and Manitoba were behind most of the growth at the national level. Declines were recorded in Alberta, New Brunswick and BC.

In the industrial component, the value of permits rose 37.4 per cent to \$612 million in May. This was the third increase in four months.

Housing Starts, Japan

CONTINUED May condominium starts in Japan increased by more than 30 per cent over one year ago, while units built for owners jumped for the ninth consecutive month, says the *Japan Lumber Reports*.

Owner's units, rentals, and units built for sale all increased by double digits.

New building of wood-based units were 43,000, a 53.9 per cent share of the total and a 12.6 per cent improvement over May 2012.

Producer Prices, US

CONTINUED So-called core producer prices, which strip out volatile energy and food costs, rose 0.2 per cent last month, boosted by a 0.8 per cent increase in the price of passenger cars.

Core prices at the wholesale level rose 1.7 per cent in the 12 months through June, matching the gain in the previous month.

The data sends a reassuring signal that demand is still strong enough to push prices higher.

Structurlam Funding

What some are referring to as the world's most sophisticated panel-cutting robot has arrived in Okanagan Falls, BC, said *AM1150* Monday.

The federal government of Canada is chipping in \$2 million for an addition

to Structurlam Products plant, which includes cross-laminated timber panels that will be cut, drilled, and notched by the robot.

The robot has been imported from Germany and allows the company to cost-effectively manufacture cross-laminated timber walls, which is the key to tall wood buildings that are up to 12 stories high.

The cross-laminated plant is one of only two in North America.

Canwell Acquires . . .

CanWel Building Materials Group Ltd. has completed the acquisition of 100 per cent of all outstanding shares of privately held Pastway Planing, the company said in a press release.

Pastway's pressure treating and planing operations are located in Combermere, ON. As a result of this acquisition, CanWel's assets now include six operating treating plants, three planer facilities and 18 distribution centres strategically located across Canada. The purchase price for the acquisition will be satisfied fully from the Company's existing credit facilities.

Calendar

September 2013

Who Will Own the Forest? 9

September 17 to 19 - Portland, OR

<http://wwotf.worldforestry.org/wwotf9/>



North American Trucking Crisis

Equipment, Driver Shortage

An aging workforce, pay rates, working conditions, safety, and other issues are poised to put a crimp on the business of trucking in North America. Many of the looming problems have been a concern to

players for about a decade, but seemed to become less urgent during the economic downturn of 2007 to 2011. Now that North America's forest products industry is moving toward recovery, those issues are back in focus.

by Kéta Kosman

"We have 50 per cent of enrollment now compared to what we had in 2005," said Don Bailey, owner of Fox Professional Driving School based in Prince George, BC, to *Madison's* in a phone interview Monday. "Enrollment was slowly declining since 2000, by 2010 it was down by 50 per cent."

According to Bailey's information, about 60 per cent of truckers in BC are of retirement age right now.

"It used to be that trucks were 60 per cent company-owned/40 per cent owner-operator; now the ratio of owner-operator has dropped to 30 per cent," detailed Bailey.

Bailey's business is focussed on highway haulers and general freight, but the data bears out for the forest industry as well.

Explained Mary-Anne Arcand, Executive Director of the Central Interior Loggers Association, to *Madison's* in an email Wednesday, "We have probably lost 1/3 to 1/2 of our trucks, but that would be mostly anecdotal. [. . .] For logging, I can only say that our membership diminished by 50 per cent over the last 10 years, due to consolidation."

According to the Canadian Trucking Alliance website, the trucking industry as a whole generated an estimated \$67 billion in revenues in 2005. With respect to trucking firms, in 2006, general freight carriers accounted for 57 per cent of the for-hire revenues of the industry. Truck carriers with annual revenues of \$12 million or more accounted for 57 per cent of the for-hire trucking industry.

A Conference Board of Canada report, 'Understanding the Truck Driver Supply and Demand Gap and Its Implications for the Canadian Economy', released in March states that there are over 300,000 truck drivers in Canada today, which includes both drivers in the for-hire trucking industry and those drivers engaged in private trucking activity. As well, the demand for

truck drivers will increase as industries that rely on trucking services continue to grow. By 2020, the gap between the supply and demand of drivers is expected to be 25,000, but this number could exceed 33,000, said the Conference Board report.

Data from the National Household Survey (NHS) released Tuesday found that the average age of a truck driver is 46, higher than the previous age of 44, and significantly higher than the national worker average of 41.5. The NHS, which is conducted by Statistics Canada, used data from a 2011 survey that replaced the previous information from the 2006 long-form census. The Conference Board of Canada analyzed the results of this new survey and found a drop in truck drivers ages 20 to 29 — 11.6 per cent in 2006 versus 8.8 per cent in 2011. The number of drivers between 30 and 34 has also dropped. In 2006, they made up 10 per cent of drivers, whereas now they are just 8.5 per cent. Driver population in the 50 to 55 bracket has spiked to 26 per cent, up from 20 per cent in 2006.

Alberta has a slightly younger workforce with the average driver age being 44.9 years. Meanwhile, Nova Scotia, New Brunswick and Manitoba all share an average of 47 years old.

The data found that truck driver is still the most common occupation among Canadian men, after retail sales person. Ontario is home to the most drivers in the country with over 92,000. Quebec, Alberta and British Columbia sit at 57,000, 39,000 and 32,000 respectively.

According to the latest study from the American Trucking Association, released this week, truck freight tonnage in the US jumped 2.3 per cent in May, compared to April, and posted the highest level on record. The measure of freight-hauling activity was up 6.7 per cent over May 2012. Bob Costello, the organization's Chief Economist, said "heavy loads" such as construction materials and items used for fracking are outpacing "box trailer" cargo. He said the forecast projects trucking's share of tonnage will rise to 70.8 per cent by 2024, from 68.5 per cent in 2012.

Meanwhile, trucking lost 3,500 jobs in June, while US employers added 195,000 workers to payrolls, the US Labor Department reported Monday. The US trucking industry lost 2,400 jobs in May, which was a bigger loss than the 700 drop originally reported, revisions showed. The transportation sector, which includes trucking, lost 5,100 jobs in June, according to Labor figures. The for-hire trucking industry had a total of 1,379,700 jobs in June — a roughly 30,300 job increase over June 2012.

The industry has 145,700 jobs — an 11.8 per cent increase — from March

2010 s bottom. However, the industry remains about 73,700 jobs below January 2007 s peak.

The US Bureau of Labor estimates truck drivers will see an employment growth of 21 per cent by 2020.

Elsewhere, FTR's Trucking Conditions Index for May at 12.4 is unchanged from the previous month, continuing to reflect a positive environment for trucking, the company said Wednesday. The TCI is designed to summarize a full collection of industry metrics, with a reading above zero indicating a generally positive environment for truckers. Readings above 10, as they are now, signal that volumes, prices, and margins are likely to be in a solidly favourable range for trucking companies.

For it's part, California's Long Beach City College has partnered with the Harbor Trucking Association (HTA) to offer a curriculum that addressed the shortage of licensed, short-haul truck drivers qualified to transport goods in and out of the ports of Long Beach and Los Angeles, CA. This particular program aims to bridge the gap in the number of trucking jobs available now with licensed drivers.

Madison's reached out to newly-appointed Minister of Jobs, Tourism and Innovation, Shirley Bond, for information about what the BC government can do to increase the number of truck drivers in the province.

"The logging industry in BC is a key industry in this province and we want to make sure that British Columbians have the right skills to capitalize on the sector's opportunities," said Bond in an emailed statement Wednesday. "In addition to new jobs, as many as 25,000 job openings are expected across the forestry sector as existing workers retire, many in trucking. Our government is aware of the shortage in log haulers and lumber truckers and that's why we have invested nearly \$1 million and trained 60 people with the Central Interior Loggers Association to undertake the Forest Industry Readiness Skills Training (FIRST) program.

"This is a big challenge and one that government can't fix on its own. We need all parties to come to the table and work together to help close this skills gap. That means industry needs to invest in training as well, it means changing parents' and students' perceptions around what career paths our young people are choosing, and it means colleges and universities need to work at aligning their programs to what employers and the labour market need. We believe that by working with industry, parents, students and post-secondary institutions, we will make the right investments."