

MADISON'S LUMBER REPORTER



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News & Updates

US Home Asking Prices

Asking prices for US homes were up 10 per cent year-over-year in March, said Trulia Thursday. Despite declining investor purchases and more inventory coming onto the market, asking home prices continued to rise at the start of the spring housing season.

Month-over-month, asking prices rose 1.2 per cent nationally in March 2014, seasonally adjusted. Quarter-over-quarter, asking prices rose 2.9 per cent in March 2014, seasonally adjusted, reflecting three straight months of solid month-over-month gains.

In March, rents rose 3.9 per cent year-over-year nationally. Rent increases were higher for apartments, up 4.4 per cent year-over-year, than for single-family homes, up 1.9 per cent year-over-year.

In November 2013, year-over-year asking prices were up 12.2 per cent. In December, the year-over-year increase in asking home prices slowed slightly to 11.9 per cent. In January, the year-over-year increase was 11.4 per cent, in February, the increase was 10.4 per cent - and now the increase is 10 per cent.

This suggests prices are still increasing, but at a slightly slower pace, said Trulia.

Canada Building Permits

Canadian municipalities issued building permits worth \$6.1 billion in February, down 11.6 per cent from January, said Statistics Canada Tuesday. This decrease followed an 8.1 per cent gain the previous month and was mainly driven by lower construction intentions for multi-family dwellings in all provinces.

Construction intentions for residential buildings declined 21.0% to \$3.6 billion, following a 26.1% increase the previous month. This was the third decline in four months. Lower residential construction intentions were recorded in every province, except Prince Edward Island. Alberta, Quebec and British Columbia registered the largest decreases.

In the non-residential sector, the value of building permits rose 6.6 per cent to \$2.5 billion in February, following a 15.4 per cent decrease the previous month. Ontario, British Columbia and Quebec were responsible for most of the growth at the national level.

Japan Housing Starts

February housing starts in Japan totalled 69,689 units, a 1 per cent increase over February last year and a consecutive 18-month improvement, said the Japan Lumber Reports Friday. Seasonally-adjusted starts were 919,000 units, a 6 per cent decrease over January.

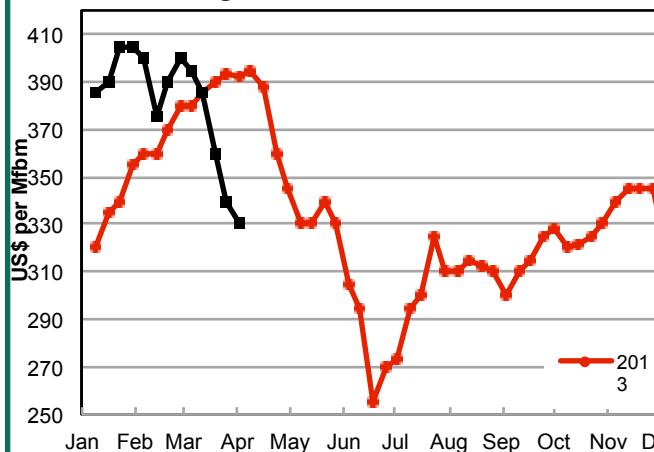
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Softwood and Hardwood Trading Globally

New data came out this week for various regions of softwood and hardwood export and consumption.

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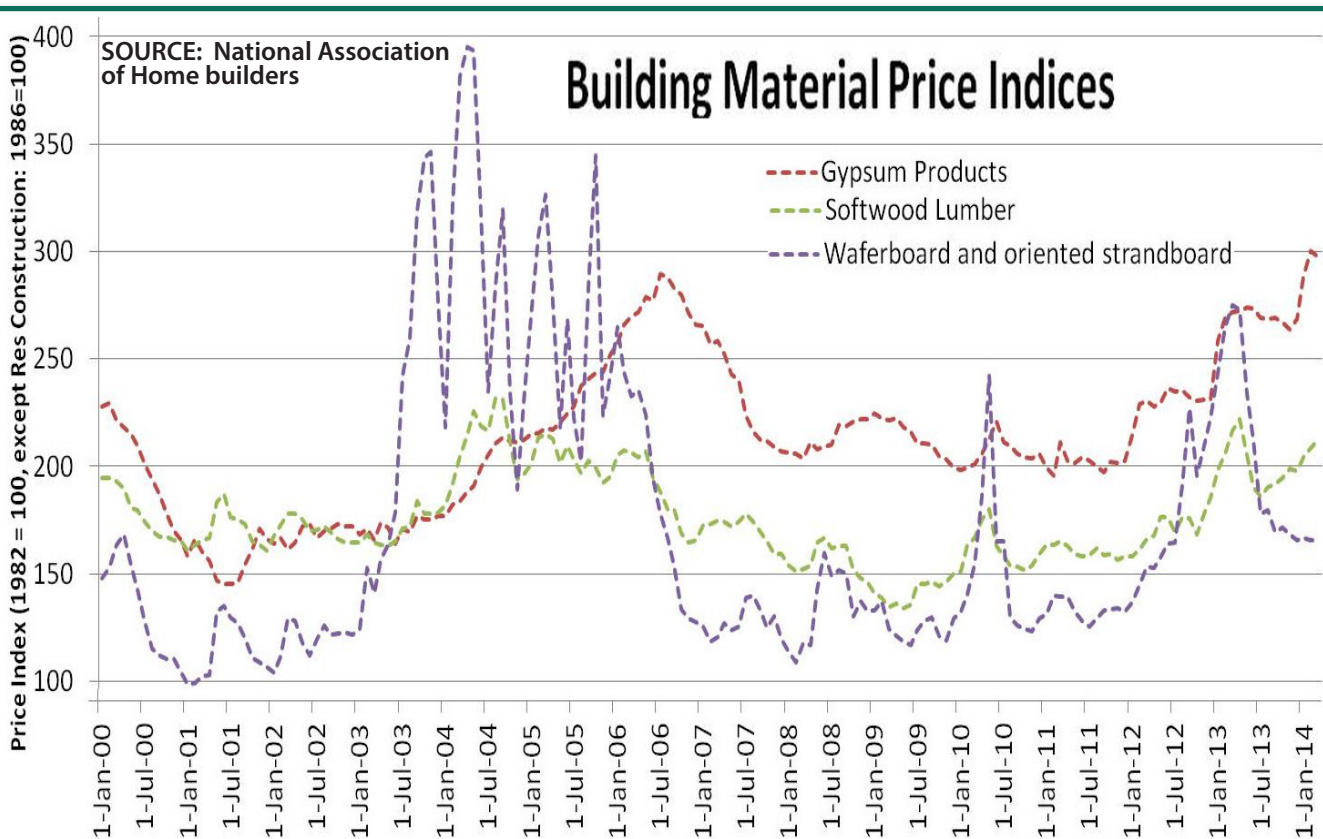
Douglas Fir Green Std&Btr 2x4



JAPANESE HOUSING STARTS

Month	TOTAL	Non-Wood	Wood	%Wood
2014-21-01	69,689	32,932	36,757	53
Jan-14	77,843	37,644	40,199	52
Dec-13	89,578	38,073	51,505	57
Nov-13	91,475	36,671	54,804	60
Oct-13	90,226	37,009	53,217	59
Sep-13	88,539	39,421	49,118	55
Aug-13	84,343	36,442	47,901	57
Jul-13	84,459	37,939	46,520	55
Jun-13	83,704	36,230	47,474	57
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

Source: Japan Wood-Products Information and Research Center



US Producer Price Index : March 2014

The Producer Price Index (PPI) – a broad measure of the prices received by domestic producers of goods and services – increased in March, according to data from the Bureau of Labor Statistics Friday.

The overall PPI increased 0.46 per cent on a seasonally adjusted basis for the month of March, higher than analyst expectations. The PPI for goods was flat, with the increase in the headline PPI due to a month-over-month 0.65 per cent for the PPI for services. On a non-seasonal adjusted basis, producer prices have increased 1.37 per cent over the last 12 months, which while currently tame may suggest higher prices ahead.

Among home building materials, gypsum prices were down 0.9 per cent for the month of March, after significant increases in February (4.1 per cent) and January (7.4 per cent). Softwood lumber products increased 1.7 per cent in March, while OSB prices were effectively flat.

On a year-over-year basis, gypsum prices are up 9.5 per cent, while softwood lumber prices are down slightly from a price peak set at the beginning of 2013. OSB prices are down nearly 40% from a significant run-up in price that began in 2012 but subsided at the end of 2013.

Southwide Stumpage Prices - January/February 2014

SOURCE: Forest2Market	Nov/Dec 2013	Jan/Feb 2014	\$ change	% change
Pine Pulpwood	\$ 9.88	\$ 9.98	\$ 0.10	0.98%
Pine Chip n Saw	\$ 15.43	\$ 15.69	\$ 0.25	1.63%
Pine Sawtimber	\$ 25.46	\$ 25.40	\$ (0.06)	-0.24%
Hardwood Pulpwood	\$ 8.43	\$ 8.43	\$ (0.00)	-0.02%
Hardwood Sawtimber	\$ 22.28	\$ 22.56	\$ 0.28	1.27%

Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	344	356	-12	368	-24	408	-64
WSPF KD R/L 2x6	332	342	-10	354	-22	394	-62
WSPF KD R/L 2x8	338	338	0	338	0	374	-36
WSPF KD R/L 2x10	376	388	-12	400	-24	408	-32
WSPF KD PET 2x4 Stud	330	355	-25	350	-20	465	-135
WSPF KD PET 2x6 Stud	290	305	-15	305	-15	435	-145
Douglas Fir Green R/L 2x4	330	340	-10	385	-55	388	-58
Douglas Fir Green R/L 2x10	388	405	-17	445	-57	418	-30
ESPF KD 2x4 8ft Stud	395	395	0	395	0	505	-110
OSB Ontario 7/16" (CDN\$)	220	220	0	225	-5	395	-175
CSplywood Toronto 3/8" (CDN\$)	390	385	+4	374	+16	402	-12

Weekly News

Japan Housing Starts

CONT'D FROM PG 2 Japan's Ministry of Land, Infrastructure and Transportation commented that the stable economic situation domestically is supporting home purchasing, so current levels are expected to be maintained, said the Japan Lumber Reports. The growth of home purchasing is slowing, but the increase of consumption tax has no demonstrated effects as yet.

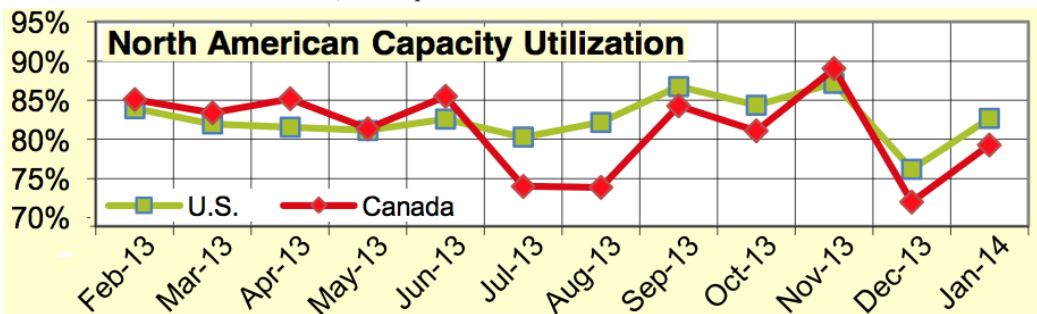
New housing starts for owners declined in February for the first time in 18 months. New units for sale also dropped, by 20.9 per cent, in particular condominium starts dropped by 33.5 per cent.

Southwide Timber Prices - January/February 2014

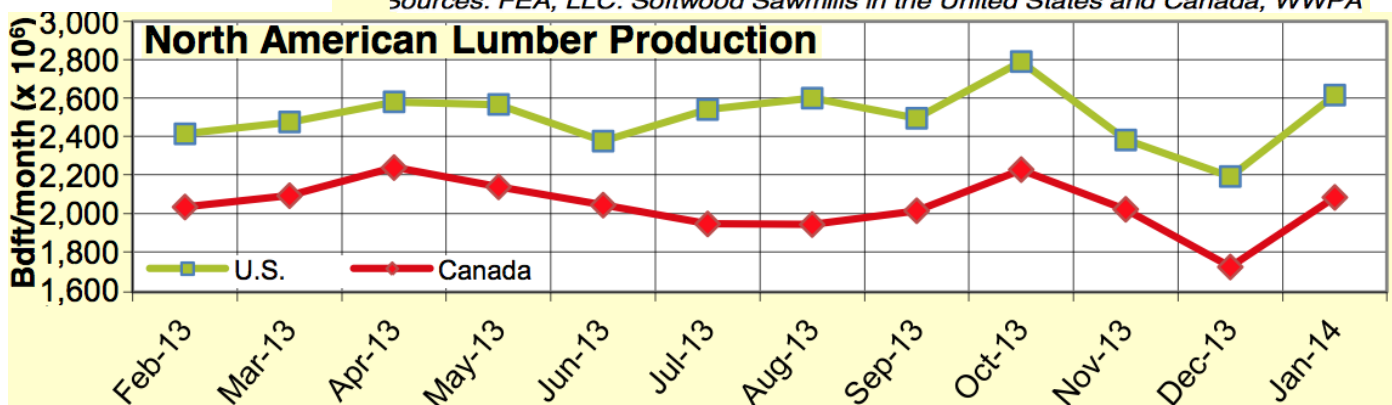
While timber prices in the East-South US were a bit more volatile than average prices across the South, prices were fairly stable overall, said Forest2Markt March 31. The combination of continued wet and severe winter weather in areas of the US South is primarily responsible for the price fluctuations between regions. Pine sawtimber prices saw the least movement, up 0.5 per cent in the East, down 1 per cent in the Mid and flat in the West over the last reporting period of 2013. The Southwide average was also flat at US\$25.40 per ton. Prices

were 4 per cent higher than the Southwide average in the East, 5 per cent lower than average in the Mid region and nearly at average in the West. There has been little upward pressure on prices.

Pine Chip-n-Saw prices were slightly more volatile, up 3 per cent in the East and Mid regions and down almost 2 per cent in the West. The Southwide average was US\$15.69 per ton, up 1.6 per cent from the two-month period that closed 2013. Prices were 13 percent higher than the Southwide average in the East, 3 per cent below average in the Mid region and 10 per cent below average in the West.



Sources: FEA, LLC: Softwood Sawmills in the United States and Canada, WWPA



Source: Southern Forest Products Association, U.S. Census Bureau, Council of Forest Industries-CAN, WWPA

Global Lumber Trade

Softwood and Hardwood Exports

There have been some fascinating changes in the movement of hardwood lumber globally this year, partially due to EUTR restrictions on illegally harvested timber imports having come into effect in Europe a year ago.

This week data became available for North American softwood lumber exports. Also that for imports of softwood lumber into consuming regions, and cover the current situation with North American and global hardwood trade.

Volumes of US softwood lumber exports to the world increased 20 per cent in the first two months of this year compared to 2013, and values increased by 16 per cent, according to the latest data from the USDA Foreign Agriculture Service (FAS). A significant jump in exports to China is responsible for this increase.

US lumber producers shipped 67 per cent more softwood lumber to China in January and February 2014 than it did last year. The value of wood exported to China also rose, by 62 per cent.

Lumber exports to the previously largest import partner, Canada, fell

by 8 per cent while values to Canada dropped 6 per cent, for January and February 2014 compared to last year.

Total lumber exports from the US in 2013 were up only 1 per cent over the previous year, while values actually dropped by 4 per cent. For total 2013, volumes of US softwood lumber exports to China surpassed that to Canada for the first time.

The US exported 3.8 million cubic metres (1.6 billion board feet), or just over US\$1 billion, in lumber products globally in 2013. Exports to China were 884 thousand cubic metres (2.1 thousand board feet), or US\$215.5 million, while that to Canada was 857.5 thousand cubic metres (2 mfbm), or US\$218.1 million.

Put another way, exports of Southern Pine lumber was approximately 44.2 (mmfbm) for January 2014 according to USDA's Foreign Agricultural Service. This volume represents an increase of 44 per cent above the same month last year, said the Southern Forest Products Association Wednesday. Offshore shipments during January roughly break down as follows: 23.5 MMBf dressed, 9.6 MMBf rough, and 11.1 MMBf treated lumber, says SFPA.

In Canada, softwood lumber exports to the US, China, and Japan so far this year are stable compared to last.

As for Russia, in January-February 2014, total volume of lumber ex-

ports from Russia increased by 18.1 per cent, to 1.72 million tons (4.87 million cubic metres) year-over-year, the Federal Customs Service of Russia said in the press release received by Lesprom Network also Wednesday.

The volume of Russian exports of roundwood for the reporting period amounted to 3.16 million cubic metres (1.3 mfbm), a 25.8 per cent increase over the same period last year. Values of roundwood exports amounted to US\$289.6 million, a 29.9 per cent jump from last year. Specifically for lumber, Russia's exports were US\$535.5 million, a 15.9 per cent improvement over the previous year.

In hardwood lumber, US exports totalled 136.8 million board feet (3,209 cubic metres) in January 2014, surpassing the January record set in 2013 by 22 per cent, according to WoodWorking.net Wednesday. Shipments were up 52 per cent to China, 19 per cent to Vietnam, and 27 per cent to the UK this January relative to last. Again exports from Canada declined, the only "Top 5" market to do so, by 12 per cent.

Many exporters already had orders booked for much of the lumber that will come out of their kilns in April and even May, many with prices to be determined at time of shipment, said WoodWorking.net.

by Kéta Kosman

U.S. Hardwood Lumber Exports by Species Jan 2014 vs. Jan 2013

