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News & Updates

US Pending Home Sales

Contracts to buy previously owned U.S. homes rose in March for the first time in nine months, a sign the housing market could be stabilizing after suffering a setback from a rise in interest rates and a severe winter.

The National Association of Realtors said on Monday its Pending Home Sales Index, based on contracts signed last month, increased 3.4 per cent to 97.4, the most since May 2011 and first gain in nine months, after a 0.5 per cent drop in February that was smaller than initially reported.

Existing home sales had fallen to their lowest levels in more than 1-1/2 years, but details of Monday's report suggested the downward trend in sales had probably run its course, with housing inventory rising and more first-time buyers coming into the market.

Despite last month's surge, pending home sales were still down 7.9 per cent compared to March of last year.

Contracts increased in the Northeast, in the South and in the West. They fell in the Midwest.

Port Hawkesbury to Convert to Sugar

Nova Scotia's Port Hawkesbury Paper hopes to move ahead with a demonstration sugar extracting operation within a year. The mill has commissioned an engineering study that is nearly complete for the plant, which would be located at the Point Tupper (Nova Scotia) mill site, according to Atlantic Farm Focus Thursday.

They've been working on the project for some time with FPIInnovations, a pulp and paper research and technology institute.

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Plum Creek Develops

Plum Creek Timber, out of Seattle, WA, and one of the largest private landowners in the nation, has begun developing a 2,000-acre "mega site" in south Georgia for future industrial use.

Speaking to stock analysts on April 28, Plum Creek CEO Rick Holley said the property, which he called the "Heart of Georgia mega site," is in Laurens County, GA, about 100 miles west of Savannah and has excellent access to Interstate 16.

The company has begun zoning and mega site certification work, he said. "We expect this property to be ready to go to market within the next two years," he said.

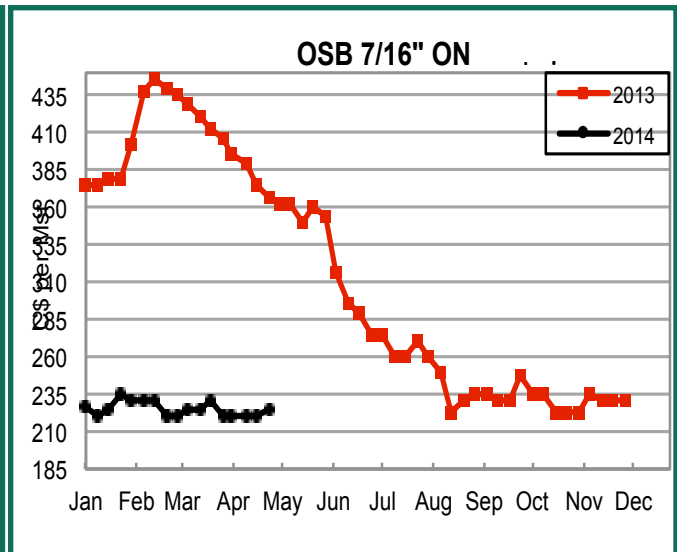
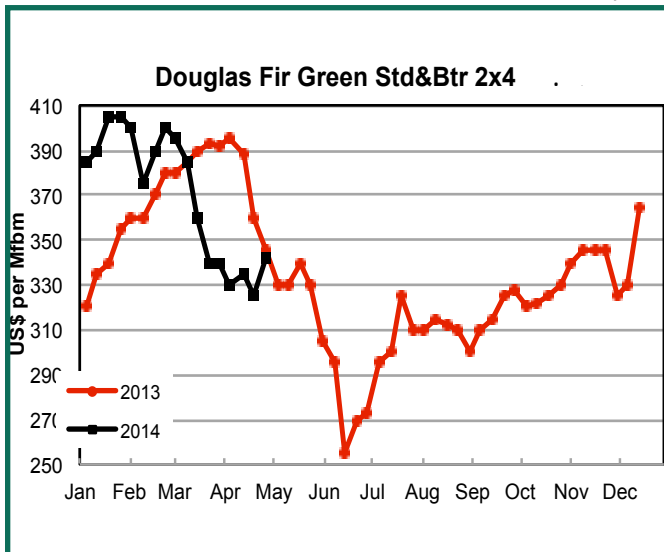
Plum Creek owned 6.8 million acres of timberland in 19 states at the end of 2013. Of that property, the company expects to sell, exchange, and/or develop about 800,000 acres of higher value timberlands over the next 15 years for recreational, conservation, commercial and residential purposes.

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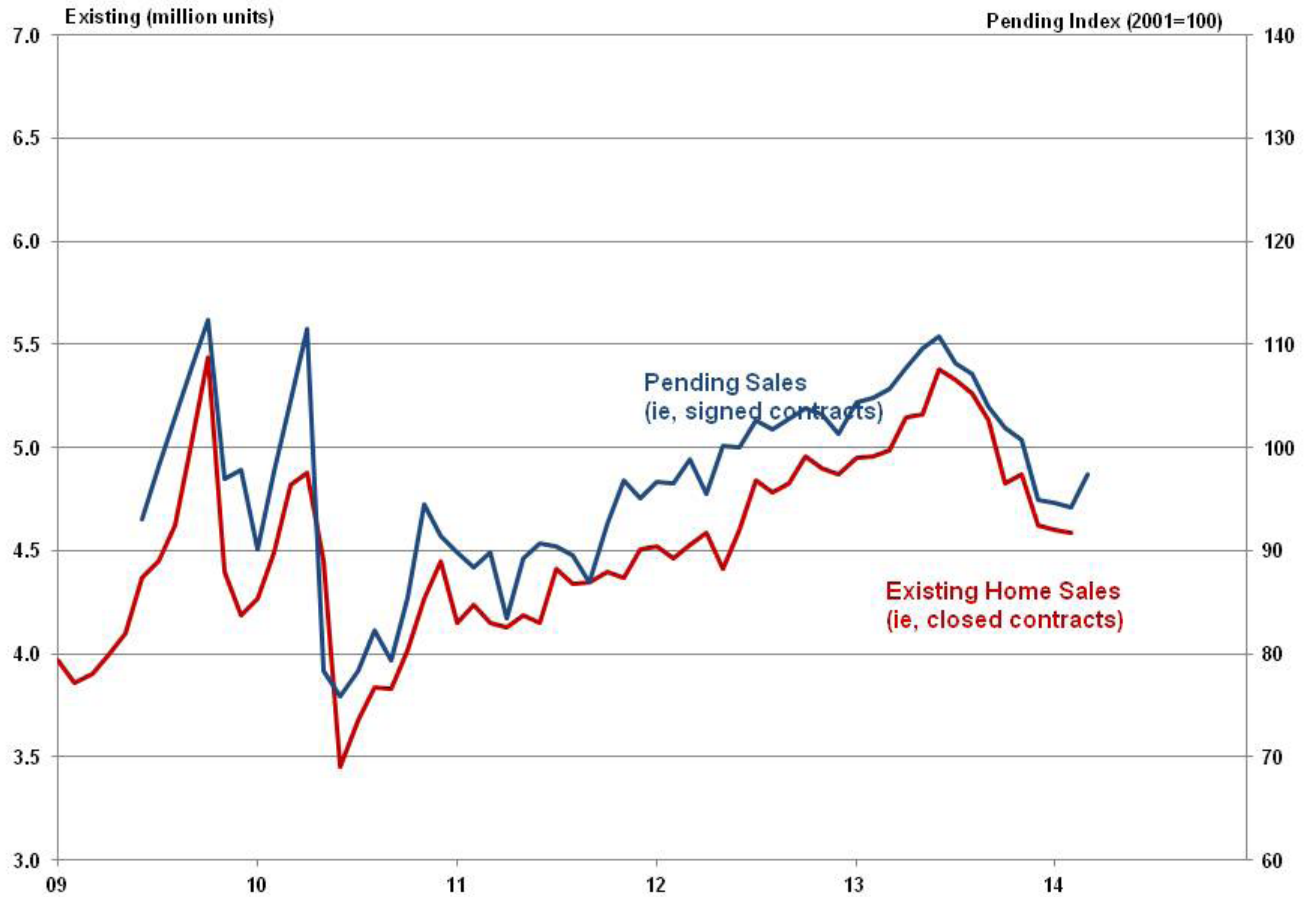
Forest Fire Season

Extended drought-like conditions and strong early Santa Ana winds brought wildfire activity to California this week, as predicted in early 2014. Fire preparedness for this year's season is examined.

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Pending and Existing Home Sales



Remodeling Market Index (RMI) National RMI with Components and Subcomponents (Seasonally Adjusted)

	2011				2012				2013				2014
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
<u>RMI</u>	48	45	43	48	47	45	50	55	49	55	57	57	53
CURRENT MARKET CONDITIONS	47	47	45	50	49	46	52	54	50	54	58	56	53
Major Additions & Alterations*	42	40	37	44	44	42	49	51	48	51	55	54	49
Minor Additions & Alterations*	48	46	45	51	52	47	51	53	50	55	58	57	53
Maintenance and Repair	53	54	52	55	51	50	56	56	54	57	59	57	59
FUTURE MARKET INDICATORS	48	44	41	46	44	44	49	56	48	56	56	58	52
Calls for Bids	47	46	41	46	47	44	48	59	50	56	56	59	52
Work Committed for Next 3 Months	42	42	38	42	42	43	46	49	46	52	52	54	50
Backlog of Remodeling Jobs	50	46	43	47	43	46	50	56	47	58	60	59	55
Appointments for Proposals	52	44	43	50	45	43	51	61	49	58	55	59	52

Key Prices

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
WSPF KD R/L 2x4	344	344	0	356	-12	352	-8
WSPF KD R/L 2x6	332	332	+0	342	-10	350	-18
WSPF KD R/L 2x8	338	338	0	338	0	344	-6
WSPF KD R/L 2x10	370	376	-6	388	-18	372	-2
WSPF KD PET 2x4 Stud	315	310	+5	355	-40	360	-45
WSPF KD PET 2x6 Stud	295	290	+5	305	-10	380	-85
Douglas Fir Green R/L 2x4	342	325	+17	340	+2	330	+12
Douglas Fir Green R/L 2x10	380	370	+10	405	-25	380	0
ESPF KD 2x4 8ft Stud	395	390	+5	395	0	465	-70
OSB Ontario 7/16" (CDN\$)	225	220	+5	220	+5	362	-137
CSplywood Toronto 3/8" (CDN\$)	378	382	-12	385	-7	353	+25

Weekly News

Port Hawkesbury Paper

CONT'D FROM PG 2 The sugars would be used to make non-food products, such as biodegradable plastics. They can also be used in products such as cosmetics or pharmaceuticals.

If a demo plant goes ahead, there would be employment created through its construction and a group of scientists would be working at the mill site. Mill employees would be involved where needed, with the mill possibly hiring or offering overtime, Dube said.

Extracting sugars also makes fibre burn at a higher temperature at the biomass plant in operation at the mill site.

Plum Creek Development

CONT'D FROM PG 2 The company has been particularly busy in the last several years in South, Holley said. In Columbia County, Fla., about 60 miles west of Jacksonville near the intersection of Interstate 10 and 75, Plum Creek owns 2,600 acres with state highway frontage and Class 1 rail line access. Holley said the company has secured more than 8 million square feet in industrial zoning for this property, which is known as the North Florida Intermodal Park. "The entitlements, designations and certifications we have secured combined with the location's excellent access to road and rail transportation, make it a particularly attractive asset for a variety of potential tenants," he said. The site is expected to be ready for the market by the end of this year, he said.

Plum Creek's largest development opportunity is in Alachua County, Fla.,

and the city of Gainesville, Holley said. Plum Creek is the largest landowner in the county with 65,000 acres. Plum Creek plans a mix of land uses and has started the entitlement phase. It expects to have public hearings this summer and approval within the next 12 to 18 months, Holley said.

China, Wildfires

Further to this week's feature story in your Madison's Lumber Reporter, China has mobilized nearly 3,000 people to quench two raging forest fires in the country's southwest and north, said Xinhua Friday.

Authorities in the southwestern Yunnan Province have mobilized 1,720 people and two helicopters to put out a forest blaze in Dali City.

The fire broke out on Tuesday and was almost put out on Wednesday, but resurged and has swept an area of 50 hectares.

It was effectively controlled as of Thursday night, said the provincial forestry fire prevention headquarters.

Meanwhile, in the northern Inner Mongolia Autonomous Region, a four-km firing line extended from Russia to primitive forest to the north of Greater Hinggan Mountain by Thursday afternoon, said local forestry police.

More than 570 firefighters have reached the scene in the Yimuhe Forest Farm run by Wuma Forestry Bureau by helicopter. Another 595 firefighters will arrive by helicopter on Friday.

An emergency work team with the North China Aeronautic Center for Forest Protection under the State For-

estry Administration is on their way to the scene. Eight helicopters have been dispatched.

It is difficult to contain the blaze as the fireground is so inaccessible, with poor communications and too much combustible undergrowth, said the region's forestry bureau, according to Xinhua.

Canfor Invests

Canfor will invest \$30 million at its Polar facility in Bear Lake, north of Prince George, BC, to replace the existing sawmill and to produce higher-value products, company officials said Wednesday at the company's annual general meeting in Prince George.

Canfor will also pump \$6 million into its Fort St. John sawmill's log yard stabilization project.

Canfor's officials used the occasion to describe the \$850 million in investments made since 2010 in company equipment and facilities to improve productivity.

Calendar

May 2014

27th Annual Global Forest & Paper Industry Conference
May 6, 2014 – Vancouver, BC
<http://www.pwc.com/ca/en/forest-paper-packaging/annual-global-forest-paper-industry-conference.jhtml>

Quebec Forest Industry Council (QFIC) Annual Convention
May 14 to 15, 2014 – Quebec, QC
<http://www.cifq.com/en/news-and-events/events/2014-annual-convention>

Wildfire Season

North America

Forecasters predicted earlier this year that, due to an extended period of very dry conditions, parts of the United States are under extreme forest fire danger this season. That warning seemed to be playing out this week when wildfires erupted in California.

A thousand-acre wildfire in the foothills east of Los Angeles, CA, didn't grow overnight Wednesday and was 10 per cent contained, authorities said Thursday. The blaze erupted in the foothills of the San Bernardino National Forest. However, hot Santa Ana winds—which can fan and spread the blaze—were forecast to return. Officials hoped calmer winds would allow firefighting helicopters to take to the air.

There was also a heightened risk of wildfire for most of Riverside County, CA, Wednesday as a surge of strong Santa Ana winds blowing amid dry and warm conditions bore down on the metropolitan areas and mountains for the second consecutive day, meteorologists said.

It was the hot early-season wind, particularly the Santa Anas, which — if coming after repeated dry spells — were cited as a main reason for California's rising fire danger.

The Santa Ana winds, which blow hot air from California's desert through passes and canyons, were gusting at up to 80 miles per hour at times Wednesday, pushing the flames across scrub and forest land left bone-dry by the state's severe, multi-year drought.

The National Weather Service (NWS) issued both a red flag warning and a high wind warning Wednesday for the mountains and valleys of Riverside County, CA, but not the Coachella Valley. The red flag warning, which is the agency's most serious fire-related warning, was scheduled to expire at 8 pm Thursday, while the high wind warning — signalling winds strong enough to cause damage — was scheduled to expire at 5 pm Thursday.

"Sustained winds during this time will range from 20 to 40 miles per hour with gusts of 40 to 60 mph over the foothills and valleys," the NWS said, adding that peak winds of 60 to 90 mph are likely in a few of the wind prone mountain and foothill areas.

US Forest Service officials added that fire crews were continuing to build containment lines around the blaze. Mandatory evacuation orders for 1,650

homes were cancelled, though residents were urged to prepare to leave at a moment's notice. Nine schools near the fire remained closed as temperatures in the area were expected to top 100 degrees Fahrenheit.

At one point, utilities reported about 8,000 people had lost power Wednesday due to downed power lines and other wind-related problems.

The fire erupted in the midst of a heat wave that has sent Southern California temperatures into the 90s in some areas.

High temperatures were expected to continue through Saturday, with humidity in the single digits.

The fast-moving blaze, which sent smoke drifting across much of Southern California all the way to the Pacific Ocean, came amid a dangerous combination of unseasonably hot weather and fierce Santa Ana winds that put much of Southern California's brushy hillsides at risk.

"The bad news is, we're going to have some tough, hot, dry, windy conditions to fight that fire, and in case any other fire gets started, it's going to spread quickly," said Miguel Miller, a forecaster with the NWS Thursday. "The good news is, conditions will improve this afternoon."

Meanwhile, sustained winds blowing southwest continued to push plumes of smoke and ash into Rancho Cucamonga and beyond Thursday.

The winds, however, should begin to subside after noon, and drop to a "light breeze" by the evening, Miller said.

Beachwood, in New Jersey's Ocean County, became engulfed by a brush fire April 24. At the time of the blaze the National Weather Service had already issued a red flag warning, the day prior. Between 150 and 200 acres were burning east of the Garden State Parkway near exit 77, and the fire covered about 300 acres, according to fire officials at the scene.

That morning a 1,500-acre forest fire was burning in Cumberland County, near the Delaware Bay — and forecasters said even a stray cigarette butt could cause problems anywhere in New Jersey.

"The next three to five weeks is actually our worst period unless we have a drought in the summer," said Stephen Maurer, assistant state fire warden, to the Sand Paper Thursday. "It has a lot to do with the angle of the sun. We have a lot of sun coming down right now. And there's the fact we don't have leaves on the trees yet, so all that sunlight is down on the forest floor."

Jim Bunker, National Weather Service observing program leader, said the weather service uses computer models to predict when conditions are likely to pose a potential for forest fires. He added that there are also people who go out to test the "fuels" that can ignite a forest fire. These "fuels" include grass, brush, timber and slash. Once these fuels are recorded, a fire's rate of spread and intensity can be measured.

Elsewhere, a new study examining tree rings has determined that current, or even recent, drought conditions in the US are nothing compared to history. The study of climate data taken from trees in the Western US reveals levels of drought that were significantly worse than anything experienced in the past century.

Brigham Young University professor Matthew Bekker analyzed rings from drought-sensitive tree species going back to the early 1400s. He found several types of scenarios that could make life uncomfortable in the western US:

Long droughts: The year 1703 kicked off 16 years in a row with below average stream flow.

Intense droughts: Utah's Weber River flowed at just 13 per cent of normal in 1580 and dropped below 20 per cent in three other periods.

Consecutive worst-case scenarios: The most severe drought in the record began in 1492, and four of the five worst droughts all happened during Christopher Columbus' lifetime.

For this study, Bekker took sample cores from Douglas fir and pinyon pine trees. The thickness of annual growth rings for these species is especially sensitive to water supply.

Using samples from both living and dead trees in the Weber River basin, the researchers built a tree-ring chronology that extends back 585 years into natural history. Modern stream flow measurements helped them calibrate the correlation between ring thickness and drought severity.

According to the authors, the west's climate usually fluctuates far more than it did in the 1900s. The five previous centuries each saw more years of extremely dry and extremely wet climate conditions.

"We're trying to work with water managers to show the different flavors of droughts this region has had," said Bekker in the *Journal of the American Water Resources Association* Thursday. "These are scenarios you need to build into your models to know how to plan for the future."