

MADISON'S LUMBER REPORTER

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News & Updates

Sawmill Manufacturing Canada: June 2014

Lumber production by Canadian sawmills increased 3.3 per cent from May to 5,068.2 thousand cubic metres in June, said Statistics Canada Tuesday. Compared with June 2013, lumber production increased 2.5 per cent.

Sawmills shipped 5,457.6 thousand cubic metres of lumber in June, a decrease of 6.2 per cent from May.

Canada Exports Improvement

Canada's merchandise exports increased 1.4 per cent in July, while imports edged down 0.3 per cent, according to Statistics Canada Thursday. As a result, Canada's trade surplus with the world widened from \$1.8 billion in June to \$2.6 billion in July.

Exports rose to \$45.5 billion, led by motor vehicles and parts. Overall, volumes increased 1.1 per cent and prices 0.3 per cent.

Imports edged down to \$43 billion, as prices declined 0.6 per cent while volumes increased 0.4 per cent. Lower imports of aircraft and other transportation equipment and parts, consumer goods as well as metal and non-metallic mineral products were partially offset by higher imports of motor vehicles and parts.

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Trade Deficit, US

Total July exports of US\$198 billion and imports of US\$238.6 billion resulted in a goods and services deficit of US\$40.5 billion, down from US\$40.8 billion in June, revised, the US Department of Commerce reported Tuesday. July exports were US\$1.8 billion more than June exports of US\$196.2 billion. July imports were US\$1.6 billion more than June imports of \$237.0 billion.

Exports are 19 per cent above the pre-recession peak and up 4 per cent compared to July 2013; imports are about 3 per cent above the pre-recession peak, and up about 4 per cent compared to July 2013.

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US Multi-Family Residential Construction

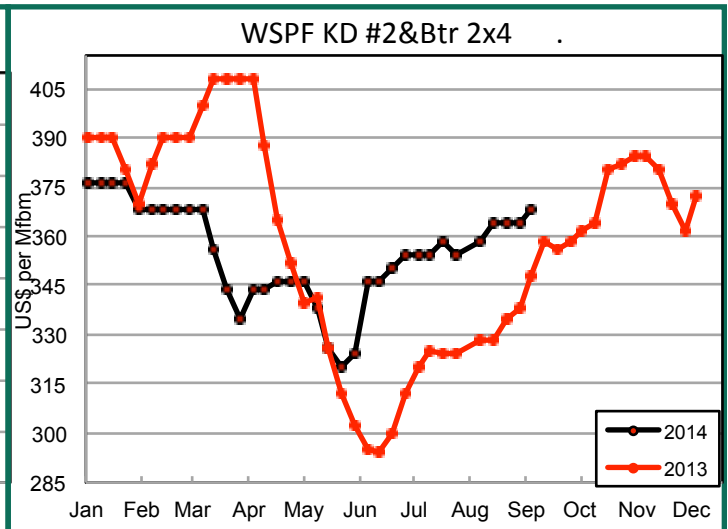
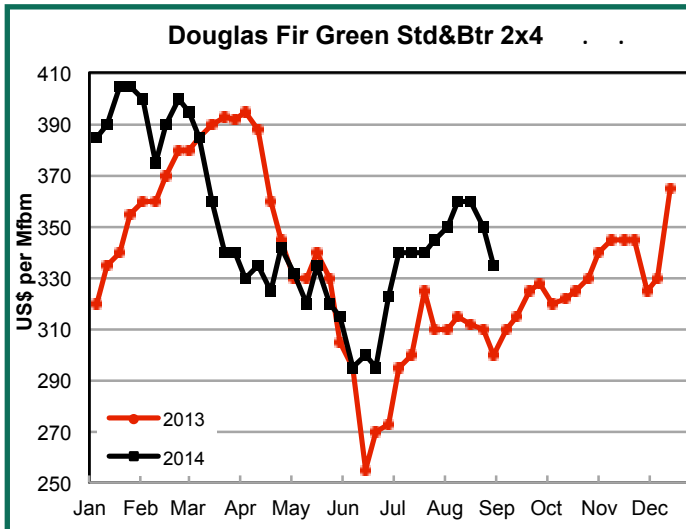
The latest Census estimate shows significant gains in single-family and multifamily private residential construction spending from one year ago, said the National Association of Home Builders also Tuesday. On a 3-month moving average basis from July 2013, single-family construction spending increased 9.9 per cent and multifamily construction spending increased 38.4 per cent. The current seasonally adjusted annual rate for total private residential construction spending (single-family, multifamily, and home improvements) is US\$358.1 billion.

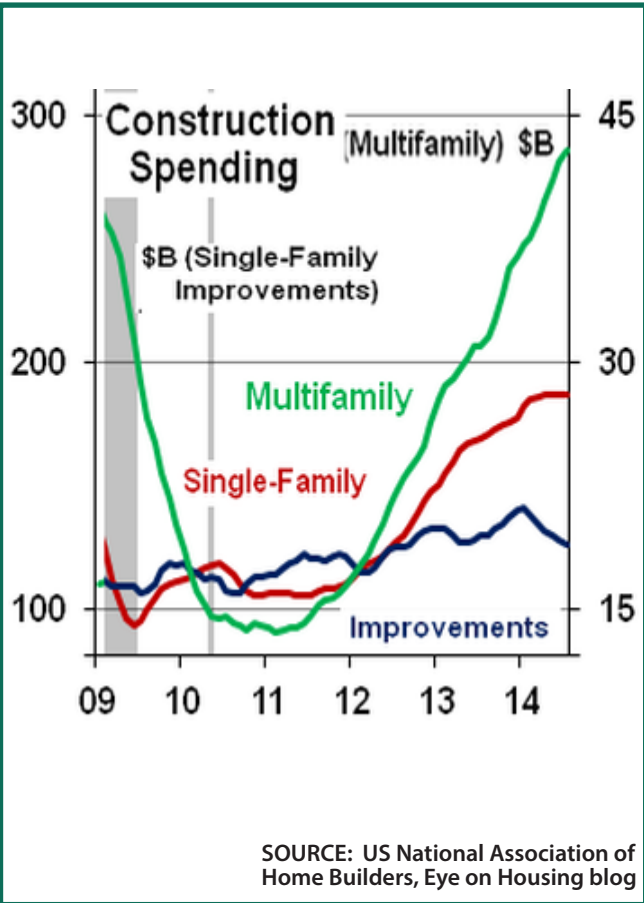
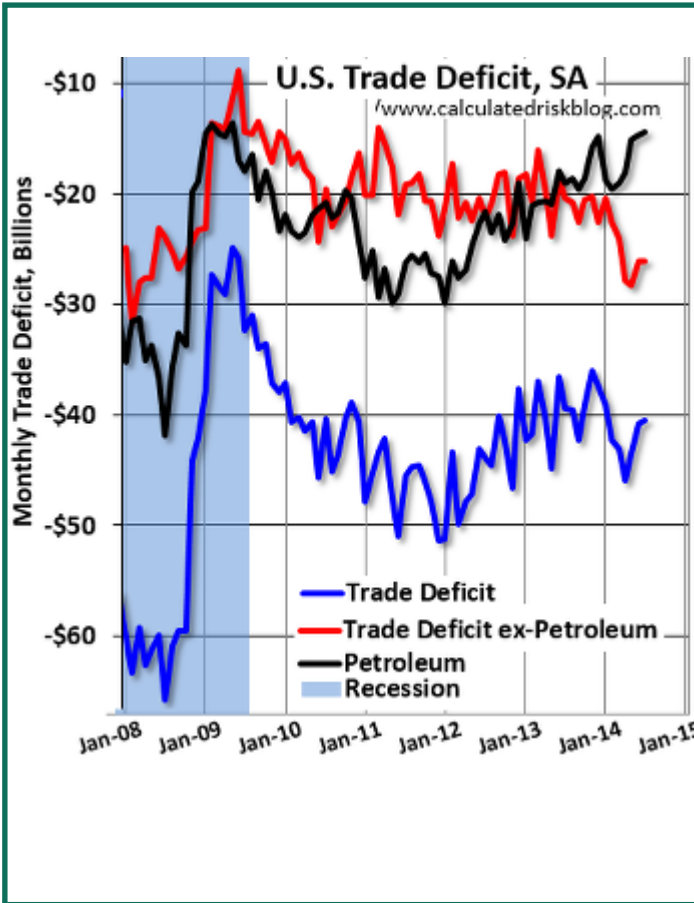
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US Construction Employment

Builders and contractors across the US are warning of a looming extreme worker shortage, according to a new study and report released by the Associated General Contractors of America and SmartBrief.

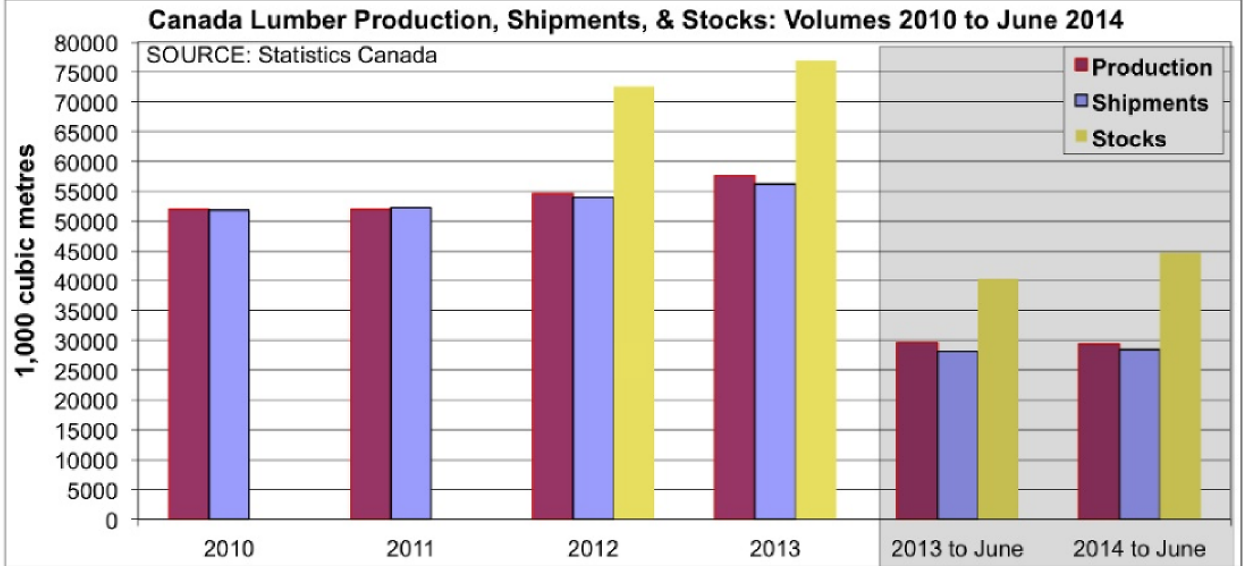
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SOURCE: US National Association of Home Builders, Eye on Housing blog

**Madison's Weekly Slideshares: <http://www.slideshare.net/KetaKosman>
Canada Lumber Production, Manufacturing, and Prices : June 2014 & Aug 2014**



VOLUME of Canadian lumber PRODUCED Jan – Jun 2014: 29.4 million cubic metres (down 1%)
VOLUME of Canadian lumber PRODUCED Jan – Jun 2013: 29.7 million cubic metres
VOLUME of Canadian lumber STOCKS Jan – Jun 2014: 44.7 million cubic metres (up 9.8%)
VOLUME of Canadian lumber STOCKS Jan – Jun 2013: 40.3 million cubic metres



Our quarterly product is tailored to provide you with vital information about the North American solid wood, pulp, and paper industry at your fingertips in a timely manner.



Madison's Weekly Lumber Key Prices Table

www.madisonsreport.com

	This Week	Last Week	Change	Month Ago	Change	Year Ago	Change
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)							
WSPF KD R/L 2x4	368	368	0	354	+14	335	+33
WSPF KD R/L 2x6	386	376	+10	362	+24	316	+70
WSPF KD R/L 2x8	374	375	-1	354	+20	325	+49
WSPF KD R/L 2x10	390	390	0	402	-12	424	-34
WSPF KD PET 2x4 Stud	365	365	0	340	+25	310	+55
WSPF KD PET 2x6 Stud	390	375	+15	345	+45	275	+115
Douglas Fir Green R/L 2x4	335	350	-15	345	-10	300	+35
Douglas Fir Green R/L 2x10	390	390	0	360	+30	410	-20
ESPF KD 2x4 8ft Stud	445	445	0	430	+15	370	+75
OSB Ontario 7/16" (CDN\$)	215	210	+5	225	-10	235	-20
CSPLYwood Toronto 3/8" (CDN\$)	497	486	+11	483	+14	385	+112

Madison's Weekly Lumber News

Exports, Canada

CONT'D FROM PG 2 Exports to the United States rose 1.9 per cent to \$34.4 billion in July and imports from the United States increased 1.2 per cent to \$29.2 billion. Motor vehicles and parts was the main contributor to both gains. Canada's trade surplus with the United States widened from \$4.9 billion in June to \$5.1 billion in July.

Exports to countries other than the United States edged up 0.1 percent to \$11.2 billion. Imports from countries other than the United States declined 3.2 per cent to \$13.7 billion, as imports from the principal trading area "all other countries" (-4.6 per cent) and the European Union (-3.7 per cent) fell. Canada's trade deficit with countries other than the United States narrowed from \$3 billion in June to \$2.6 billion in July.

US Trade

CONT'D FROM PG 2 Oil imports averaged US\$97.81 in July, up from US\$96.41 in June, and down up

US\$97.07 in July 2013. The petroleum deficit has generally been declining and is the major reason the overall deficit has declined since early 2012.

The trade deficit with China increased to US\$30.9 billion in July, from US\$30.1 billion in July 2013.

The trade deficit was revised down (exports up, imports down) for the previous six months.

Multi-Family Building, US

CONT'D FROM PG 2 Although the home improvement component of residential construction spending is down 2.2 per cent from one year ago, the current reading is 1.2 per cent higher than the revised June estimate. In fact, all three categories of residential construction spending increased from the prior month. Single-family spending increased 0.5 per cent and multifamily spending increased 0.2 per cent month-over-month.

The increase in construction spending matches the improvement in builder sentiment. The August NAHB/ Wells Fargo Housing Index rose another two points in to 55.

Maibec Invests

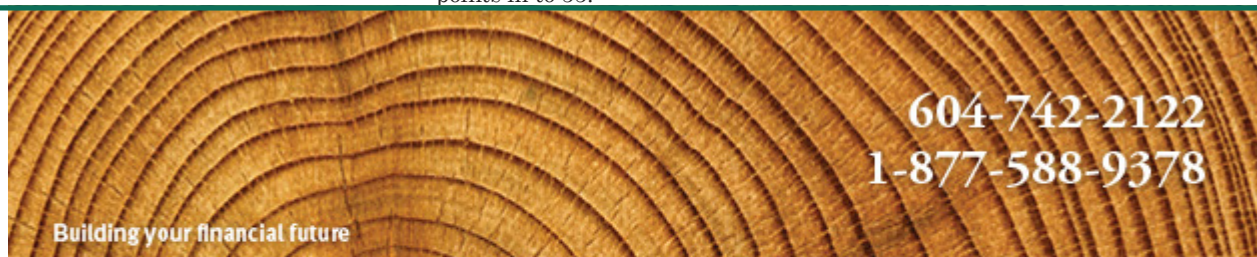
Maibec Inc, out of Levis, QC, has invested more than \$20 million in the upgrade of its lumber mill in St-Pamphile de l'Islet. The upgrade included the acquisition of high-tech, high-performance equipment that maibec says will enable it to optimize the use of resources while increasing agility in manufacturing value-added products for customers and improving overall productivity in a sustainable manner. The new equipment will be operational in early 2015.

Calendar

September 2014

Who Will Own the Forest? 10
September 16 - 18 - Portland, OR
<http://wwotf.worldforestry.org/wwotf10/>

Alberta Forest Products Association
71st AGM
September 25 - 27 - Jasper, AB
<http://www.albertaforestproducts.ca>



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Construction Employment United States

Twenty-five per cent of US construction firms report turning down work due to labour shortages, finds a recent study by the Associated General Contractors of America. The AGC and SmartBrief conducted the survey in early June with 509 respondents representing several sectors of the construction industry. Of the respondents, 48 per cent were general contractors and 28 per cent were subcontractors.

The survey found that 63 per cent of respondents had faced a labour shortage in the last year.

In the wake of the recession, 2 million workers left the construction industry, either retiring or finding more stable work in another industry. According to the latest data from the Commerce Department, the industry is

on a seven-month streak of adding jobs and now employs 6 million Americans—an increase of 609,000 jobs since the low point for construction employment in January 2011. And after reaching a high of 27 per cent in February 2010, the industry's unemployment rate has fallen to 7.5 per cent.

Nationally, construction employment grew in 223 metro areas, declined in 72, and was stagnant in 44, from July 2013 to July 2014 according to the Census report.

Contractors have said they expect the labour shortage to intensify and competition between firms for skilled workers to grow. In fact, 67 per cent of the AGC/SmartBrief survey respondents said they're paying more for skilled labour this year than they did last year. Thirty-one per cent said they're paying the same and only 2 per cent said they're paying less. And when it comes to paying even more for skilled workers, 80 per cent of respondents said they would do just that.

According to the study, 40 per cent of skilled workers who have returned to the industry are now making equal to or more than they were when they lost their jobs between 2011 and 2013. Twenty-two per cent of returning workers are making between the same and 20 per cent more, while 18 per cent have boosted their earnings by 20 per cent or more. Meanwhile, 30 per

cent of returning skilled workers are making less than before. Twenty-three per cent saw their earnings fall 20 per cent or more while 7 per cent saw their earnings fall no more than 20 per cent.

Firms who responded said carpenters, project managers, and supervisors are the most difficult positions to fill right now, however they're also having difficulty finding qualified labourers, estimators, electricians, plumbers, and ironworkers.

As well, according to a recent Bureau of Labor Statistics study, 62 per cent of the 393,000 long-tenured workers who lost their jobs in the construction industry between 2011 and 2013 have been rehired by the industry as of January. Of the skilled workers who have returned to the industry, 6 per cent are working part-time and 10 per cent are either self-employed or unpaid family workers. The study also found that the total number of workers that left the construction industry, including both long-tenured and non-long-tenured workers, was 1.03 million. Of that number, 63 per cent are employed again, but not necessarily in the construction industry.

Elsewhere, data showed US construction spending rebounded strongly to hit its highest level in more than 5-1/2 years in July as private construction increased and state and local government outlays surged, a further sign of economic vigour.

Construction spending increased 1.8 per cent to an annual rate of US\$981.31 billion, the highest level since December 2008, the Commerce Department reported.

July's percentage increase was the largest since May 2012 and reflected gains across all categories, with the exception of the federal government.

It followed June's revised 0.9 per cent decline.

Construction spending in July was buoyed by a 3.4 per cent jump in state and local government projects, which lifted outlays to their highest level since June 2012. The increase in state and local government outlays, which was the largest since April 2013, offset a 1.1 per cent drop in spending by the federal government on construction projects.

Private construction, the largest portion of construction spending, advanced 1.4 per cent to its highest level since November 2008. Private residential construction spending gained 0.7 per cent as housing starts rebounded.

The housing market recovery is back on track after stagnating from the second half of 2013 in the wake of a spike in mortgage rates and higher home prices amid a stock shortage.

Part of the increase in private residential construction spending reflected home improvements.

Investment in private non-residential structures such as factories and gas pipelines jumped 2.1 per cent in July to its highest level in five years.

A good forward indicator of US building activity, US architecture firms have produced three straight months of accelerating gains in design billings, said the American Institute of Architects August 22. With a reading of 55.8 for the month (where any score above 50 signifies growth), the July reading reflects stronger gains in billings than any period since mid-2007. With solid monthly scores for new design contracts (at 54.9 this month) and new project inquiries (66), all signs indicate strong momentum building in design activity, which is expected to produce solids gains in construction later this year and into 2015 said the AIA.

by Kéta Kosman

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