

MADISON'S LUMBER REPORTER



Publisher
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Editor
Kéta Kosman

Market Analyst
Earl Heath



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www.madisonsreport.com
madrep@shawcable.com
604 984-6838

PO Box 2486 Vancouver, BC
V6B 3W7 Canada



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News & Updates

US Housing Starts

Building of single-family units in the United States, roughly two-thirds of the market, fell a modest 2.4 per cent in August, Commerce Department figures showed Thursday. Home construction fell last month after surging to a post-recession high in July, a sign of choppy progress in the housing market.

Total US housing starts fell 14.4 per cent in August from a month earlier to a seasonally adjusted annual rate of 956,000 units. The sharp drop partly reflected a robust July, when residential construction rose 22.9 per cent to a pace of 1.12 million units, the highest level since November 2007, revised figures show. The agency had previously estimated starts rose 15.7 per cent in July from June.

Building permits fell 5.6 per cent in August after rising 8.6 per cent in July.

Work on apartments and condominiums, which tends to be volatile, dropped 31.7 per cent after jumping 44.9 per cent in July.

Separately, data showed 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 vigor in the economy.

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 federal government.

It followed June's revised 0.9 per cent decline.

CONT'D PAGE 7

Canada Wholesale Trade

Following three consecutive monthly gains, wholesale sales in Canada decreased 0.3 per cent to \$52.9 billion in July, said Statistics Canada Friday. Declines in five subsectors, which together represented 81 per cent of wholesale sales, more than offset an increase in the motor vehicle and parts subsector. Excluding this subsector, wholesale sales declined 1 per cent.

In volume terms, wholesale sales were down 0.6 per cent.

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Manufacturing Survey, US

The pace of growth in the US manufacturing sector rose in August to its highest level since March 2011, according to an industry report released Tuesday.

The Institute for Supply Management (ISM) said its index of national factory activity rose to 59.0 from 57.1 the month before. A reading above 50 indicates expansion in the manufacturing sector.

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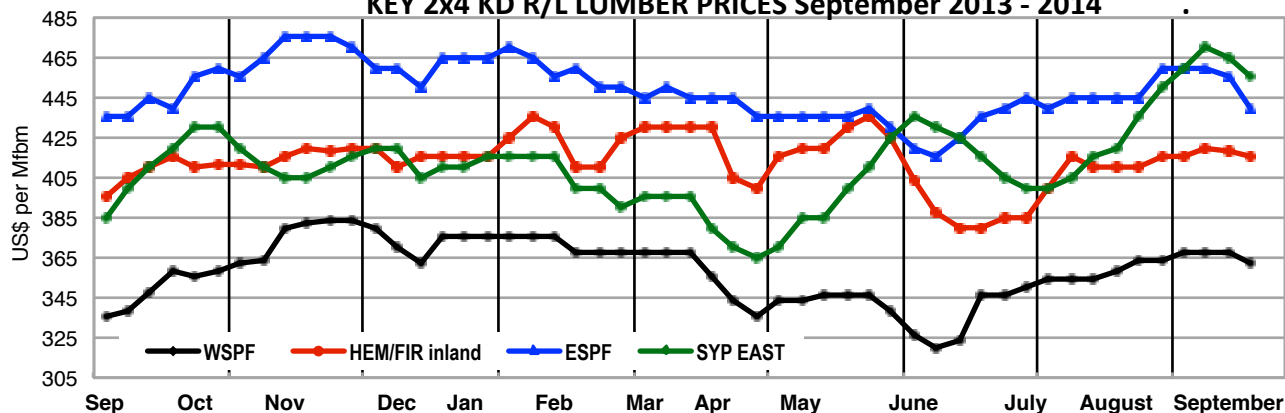
Who Will Own the Forest 10?

This annual timberland investment conference, held at the World Forestry Center in Portland, OR, is growing in attendance each year. As always, the event had an excellent line-up of speakers this week.

The World Forestry Center is a not-for-profit organization.

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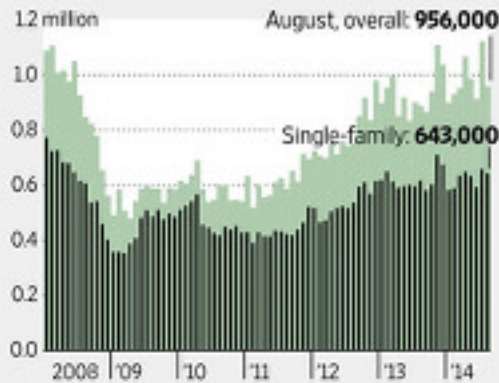
KEY 2x4 KD R/L LUMBER PRICES September 2013 - 2014



Building Momentum

Housing starts fell sharply in August, but single-family construction remains steady and both housing starts and permits remain above their levels at the same time last year...

Housing starts, seasonally adjusted annual rate

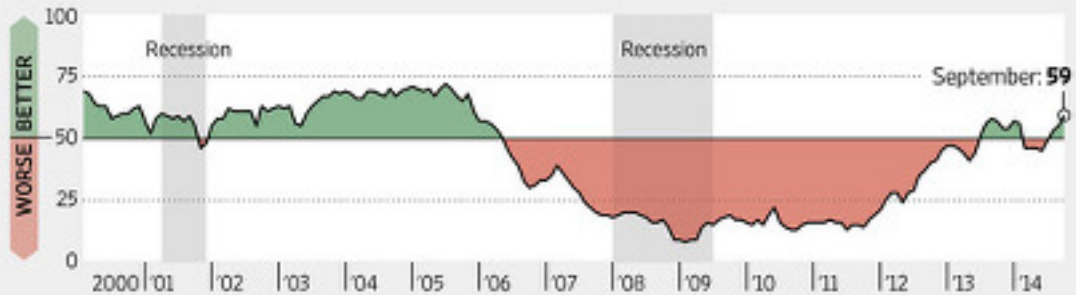


Change from previous year in seasonally adjusted annual rate, three-month moving average



...and builder confidence is as high as it's been since the end of the last housing boom.

Home builder outlook for the market for newly built, single-family homes



Sources: Commerce Department (starts and permits); National Association of Home Builders

The Wall Street Journal

Madison's *new* Interactive Web Price Graphing Tool

Madison's web-based interactive lumber price graphing tool will be ready for beta testing next week! This extremely useful tool is driven by the historical dimension lumber and panel prices listed in your weekly Madison's Lumber Reporter.

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2: ESPF KD Std&Btr 2x4	Average	Yellow
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4: STUDS KD WSPF 2x4 PET	Average	Purple
5: Douglas Fir Green Std&Btr 2x4	Average	Pink

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<http://www.madisonreport.com/2014/09/madisons-interactive-lumber-price-web-based-graphing-tool-2/>



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	362	368	-6	358	+4	348	+14
WSPF KD R/L 2x6	380	386	-6	360	+20	334	+46
WSPF KD R/L 2x8	378	378	0	354	+24	328	+50
WSPF KD R/L 2x10	388	390	-2	394	-6	424	-36
WSPF KD PET 2x4 Stud	345	355	-10	350	-5	325	+20
WSPF KD PET 2x6 Stud	340	385	-45	355	-15	290	+50
Douglas Fir Green R/L 2x4	325	330	-5	350	-25	315	+10
Douglas Fir Green R/L 2x10	380	385	-5	380	0	415	-35
ESPF KD 2x4 8ft Stud	435	435	0	430	+5	375	+60
OSB Ontario 7/16" (CDN\$)	205	210	-5	225	-20	230	-25
CSplywood Toronto 3/8" (CDN\$)	457	463	-6	492	-35	379	+79

Madison's Weekly Lumber News

US Housing Starts

CONT'D FROM PG 2 Sales of previously owned homes—the bulk of the market—have climbed steadily this summer after falling late last year and this winter, according to the National Association of Realtors. Sales of newly built homes fell in June and July, Commerce Department figures show. Many families also continue to rent, driving up apartment construction.

Over the past 12 months, construction has been started on an average of 349,000 multifamily structures, the most since the same period ended July 2006

Home construction remains below the pace of the 1990s and mid-2000s, and the outlook for the market remains murky.

Starts of single-family properties averaged 630,000 over the past 12 months. While that's up from the depths of the economic slump, excluding the recession and subsequent recovery, the reading would be the weakest since 1982.

The Federal Reserve reaffirmed

Wednesday that it plans to end its bond-buying program next month; the program was designed to push down long-term interest rates and stimulate spending and investment, including home sales.

Wholesale Trade, Canada

CONT'D FROM PG 2 For the first time in 2014, the building material and supplies subsector registered a decrease, falling 0.3 per cent to \$7.6 billion. The decline in the lumber, millwork, hardware, and other building supplies industry, down 2.2 per cent, its first in eight months, more than offset the gains recorded elsewhere in the subsector.

The motor vehicle and parts subsector rose 3.1 per cent to \$9.4 billion in July, on the strength of higher sales in the motor vehicle industry, up 4.4 per cent. Exports and manufacturing sales of motor vehicles also saw strong growth in July.

US ISM Survey

CONT'D FROM PG 2 July was

the second consecutive month in which foreclosure starts were up month-over-month.

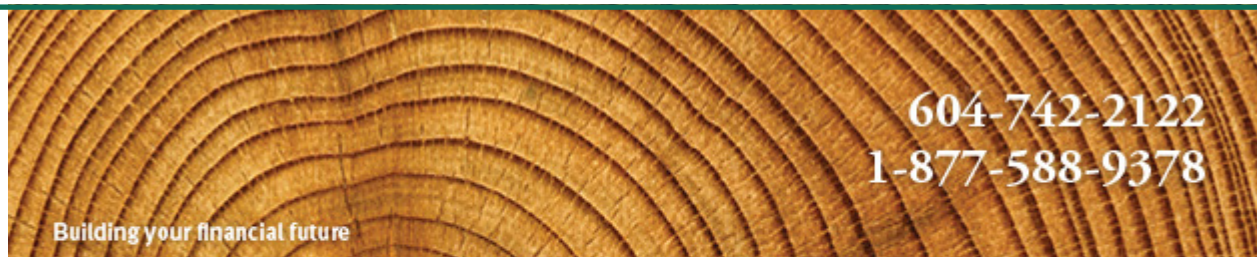
Foreclosure activity increased from a year ago in eight of the markets with top 10 highest foreclosure rates. The two markets with decreases in foreclosure activity from a year ago were Miami, down 10 per cent, and Tampa, down 14 per cent.

ate that although the foreclosure crisis is well behind us, the messy business of cleaning up the distress lingering from the housing bust continues in many markets," said Daren Blomquist, vice president at RealtyTrac. "The annual increase in foreclosure auctions indicates mortgage servicers are finally adjusting to the new paradigms for proper foreclosure that have been implemented in many states."

Calendar

September 2014

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



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Timberland: North America and Global

by Kéta Kosman

Snapshot

This week was held the tenth annual “Who Will Own the Forest?” timberland investment conference at the World Forestry Center in Portland, OR. Here is a brief snapshot of the proceedings, next week there will be more extensive coverage:

“ Canadian and Australian pension fund [investment into timberlands] are following the Harvard model. ” — Reid Carter, Brookfield

“ [There was] 2 billion board feet less lumber used for US housing in 2013/14 due to the higher proportion of multi-family building. ” — Lynn Michaelis, Forest Economic Advisors

“ Emerging markets are, to a certain extent, subordinate to developed countries, but some of those largest markets are showing signs of their own [growth] momentum. ” — Tim Leach, US Bank

“ Forests are currently offsetting 16 per cent of CO2 emissions in the United States.

The US Forest Service says this will be 0 per cent in the next 100 years. ” — Bill Ginn, The Nature Conservancy

“ The economics of natural forests is played out and the future is in plantations [timber, bamboo].

US\$60 to \$100 billion in investment is needed to grow forests. This will come from institutional investors, not governments. ” — David Brand, New Forests

