

# MADISON'S LUMBER REPORTER

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## News & Updates

### Sawmill Fires, British Columbia and Kentucky

Operations at the Western Forest Products sawmill in Port Alberni, which came to a halt because of a fire Tuesday night, are expected to resume later this week. Company spokesperson Amy Spencer could not say where or how the fire started. "We can't release those details until the investigation is complete, although there was a lot of speculation that it was in the head rig area."

The incident drew the combined efforts of more than 30 firefighters, including members from the Sproat Lake and Beaver Creek volunteer fire departments and more than a dozen members of the Port Alberni Fire Department.

Most of the fire appeared to be in an exterior wall, which was made up of two-by-six wood construction clad with plywood.

No injuries were reported.

Elsewhere, the Morehead Fire Department in Kentucky battled a fire at Homer Gregory Lumber Company in Clearfield, KY, Thursday morning during a massive snow storm when a large load of lumber caught fire in a drying kiln.

As firefighters fought the blaze that started in a building used to dry and store wood, they also fought the extreme downfall of snow.

The building was a complete loss but the firefighters did manage to contain the blaze and put out the lumber that ignited.

### WWPA Lumber Track 2014

This week the [Western Wood Products Association](#), out of Portland, OR, released full-year 2014 data on North American softwood lumber production and sawmill capacity utilization.

Lumber production in the US increased 4.5 per cent to 31,307 mmfbm compared to 2013, while Canadian production rose 0.8 per cent to 24,646 mmfbm, the agency said Thursday.

Capacity utilization at sawmills in the US improved 3 per cent, to 83 per cent, while in Canada it remained flat at 79 per cent compared to 2013, according to the WWPA Lumber Track.

CONT'D PAGE 6

### Canada Building Permits: January 2015

The total value of building permits issued by Canadian municipalities fell 12.9 per cent to \$6.1 billion in January, following a 6.1 per cent increase the previous month, said Statistics Canada Friday. Lower construction intentions for non-residential buildings in Alberta, British Columbia, and Ontario were responsible for much of the national decline.

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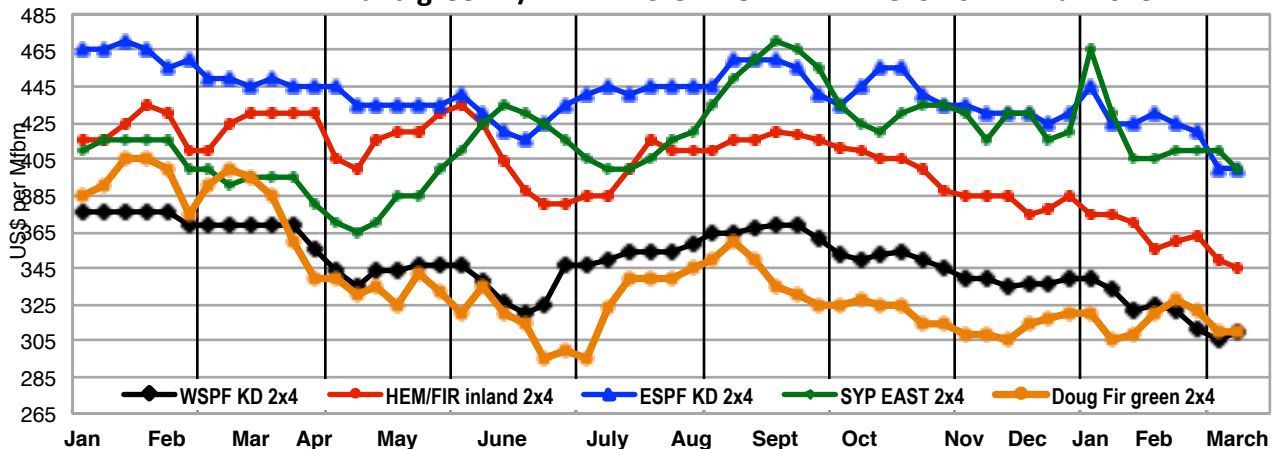
### University of Georgia Timberland Conference 2015

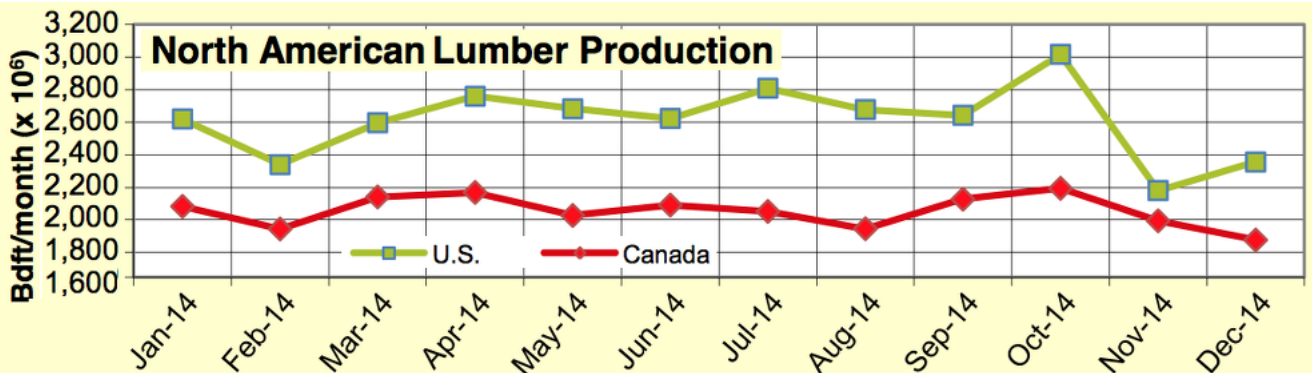
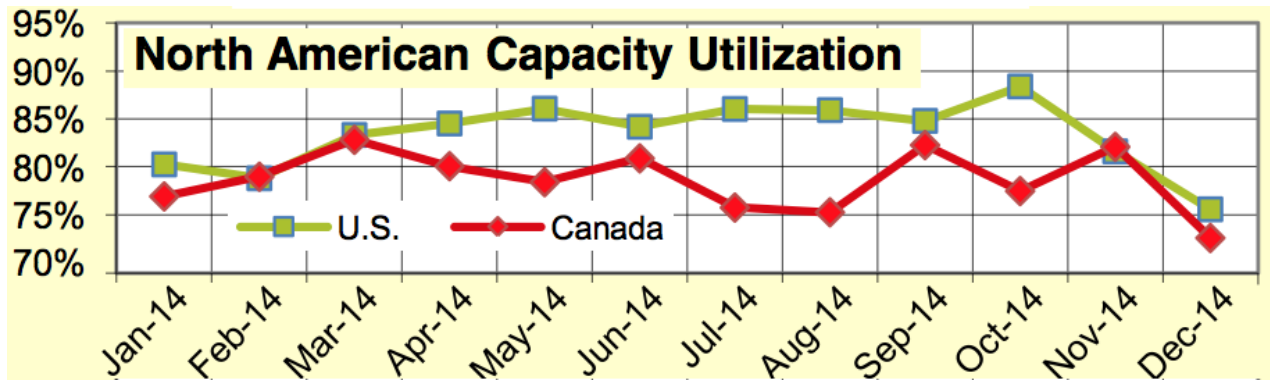
The University of Georgia Center for Forest Business recently held its timberland investment conference.

Subject matter and attendance ranged from timber and lumber finance to tree breeding, from appraisers of all kinds to land investors, and everything in between.

CONT'D PAGE 8

FIVE KEY 2x4 KD and green R/L DIMENSION LUMBER PRICES 2014 - Mar 2015





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

SOURCE: Western Wood Products Association

## Madison's \*new\* Interactive Web Price Graphing Tool

Madison's web-based interactive lumber price graphing tool is beta testing! This extremely useful tool is driven by the historical dimension lumber and panel prices listed in your weekly Madison's Lumber Reporter. Email us for a test log in and password.

1: WSPF KD #2&Btr 2x4	Average	<input type="color" value="#FF8C00"/>
2: ESPF KD Std&Btr 2x4	Average	<input type="color" value="#FFD700"/>
3: SYP KD East #2&Btr 2x4	Average	<input type="color" value="#4169E1"/>
4: STUDS KD WSPF 2x4 PET	Average	<input type="color" value="#800080"/>
5: Douglas Fir Green Std&Btr 2x4	Average	<input type="color" value="#DC143C"/>

Show by:

<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	300	305	-5	324	-24	368	-68
WSPF KD R/L 2x6	300	308	-8	334	-34	354	-54
WSPF KD R/L 2x8	300	308	-8	328	-28	338	-38
WSPF KD R/L 2x10	324	330	-6	344	-20	400	-76
WSPF KD PET 2x4 Stud	320	325	-5	330	-10	350	-30
WSPF KD PET 2x6 Stud	315	325	-10	340	-25	305	+10
Douglas Fir Green R/L 2x4	310	310	0	320	-10	395	-85
Douglas Fir Green R/L 2x10	350	355	-5	378	-28	452	-102
ESPF KD 2x4 8ft Stud	365	365	0	400	-35	390	-25
OSB Ontario 7/16" (CDN\$)	230	230	0	240	-10	220	+10
CSplywood Toronto 3/8" (CDN\$)	432	450	-18	460	-28	386	+46

## Madison's Weekly Lumber News

### Building Permits, Canada

CONT'D FROM PG 2 In the residential sector, the value of permits declined 7 per cent to \$4.1 billion, following a 1.5 per cent increase in December, StatsCan said. Decreases were registered in every province except Saskatchewan.

The value of permits for multi-family dwellings declined 21 per cent to \$1.5 billion in January, a fourth consecutive monthly decline. This marked the lowest level for the component since March 2013.

Municipalities issued building permits for single-family dwellings worth \$2.6 billion in January, up 3.5 per

cent from December. This was the second consecutive monthly advance.

Construction intentions in the non-residential sector fell 22.8 per cent to \$2 billion in January, following a 15 per cent increase the previous month. Decreases were recorded in eight provinces, with Alberta, British Columbia, and Ontario accounting for most of the drop. Quebec registered the largest increase at 54.3 per cent.

By province, after posting a 32.6 per cent increase in December, which came mainly from permits issued for institutional projects, Alberta registered a 27.2 per cent decrease in January.

### Interfor Appoints

Interfor, out of Vancouver, BC, announced Wednesday it has appointed Bart Bender as Senior VP, Sales & Marketing, effective April 1, 2015.

Bender has 20 years of experience in the wood products business. He has held senior sales positions including at Ainsworth Engineered Canada LP. He is currently Senior VP, Operations at Ainsworth.

Bender replaces Steven Hofer who was recently appointed Senior VP, US Northwest Operations, to lead the Company's growing presence in that region.

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### Calendar

April 2015

**Council of Forest Industries  
Convention 2015**  
April 8-9, 2015 – Prince George, BC  
<http://www.cofi.org/>

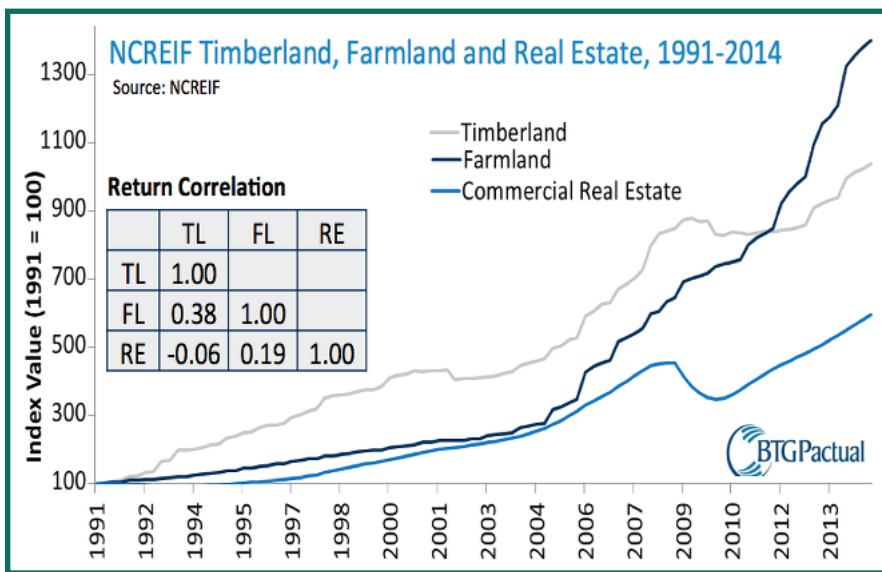
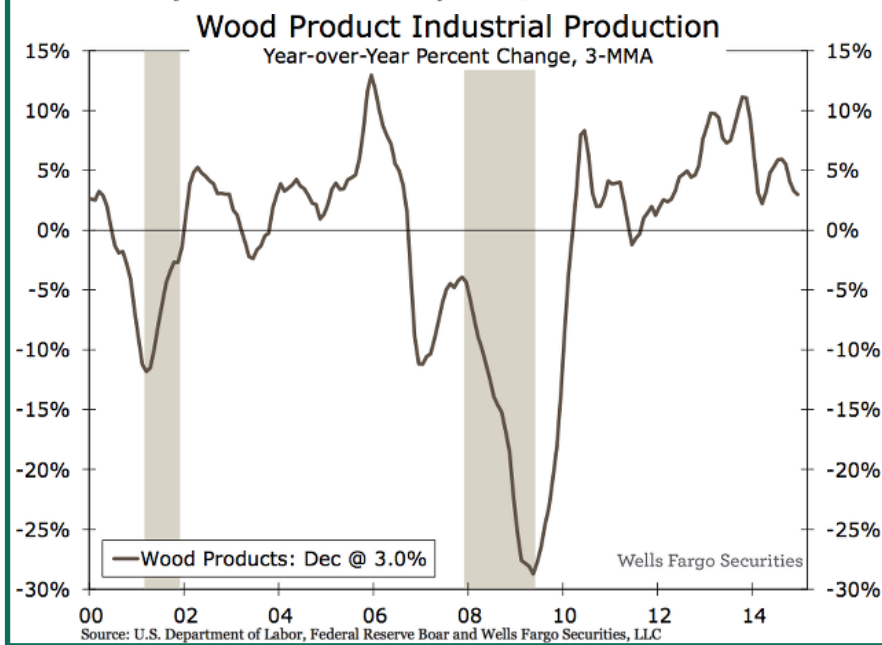
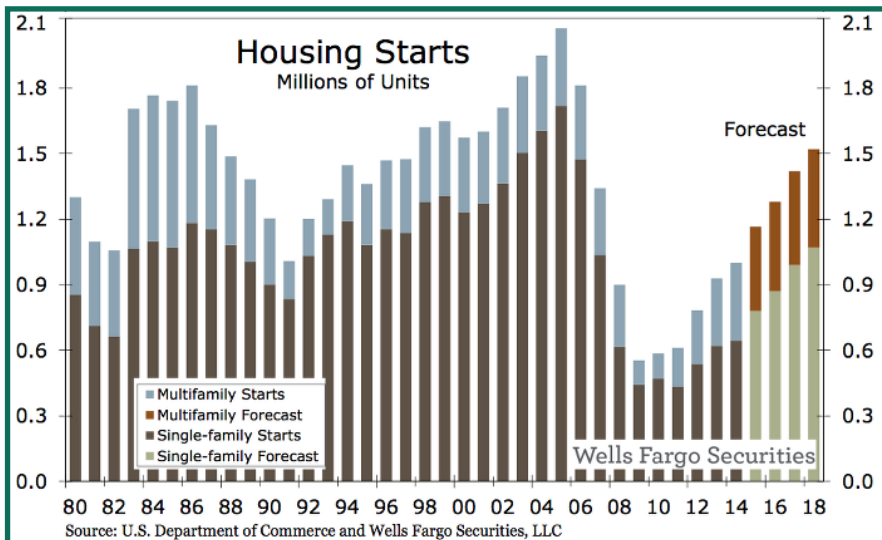
May 2015

**Global Forest Products  
Leadership Summit 2015**  
May 3-7, 2015 – Vancouver, BC  
<http://www.forestproductssummit.com>

**PwC 28th Annual Global Forest  
& Paper Industry Conference**  
May 6, 2015 – Vancouver, BC  
<http://www.pwc.com/>

**International Pulp Week**  
May 3-6, 2015 – Vancouver, BC  
<http://www.internationalpulpweek.com>

# UGA Center for Forest Business Timberland Conference 2015



At the end of February the University of Georgia Center for Forest Business held its prestigious timberland investment conference on Amelia Island, FL, which happens every two years.

Subject matter and attendance ranged from timber and lumber finance to tree breeding, from appraisers of all kinds to land investors, and everything in between. Timber-growing regions globally were well represented in the 500-plus crowd, although heavily weighted to the US south.

Always worthwhile at these events is a macroeconomic perspective, this year provided by the very insightful Mark Vitner, Managing Director and Senior Analyst at Wells Fargo, who provided a "U.S. Economic Outlook."

"The economy should weather the recent slide in oil prices and turmoil in Europe," said Vitner. "Look for real US GDP to rise 3.1 per cent in 2015 and 2.9 per cent in 2016."

However, "Single-family homebuilding could be an upside surprise this year, as stronger job growth boosts household formation. Apartment construction is close to peaking," he detailed.

*Madison's* got its finance geek on with the session on economics: "How Different are Timberland and Timberland Markets?"

The common conversation among the three presenters was the question of if timber and lumber are commodities. First to tackle this was Jon Caulfield, Director of Research at BTGPactual.

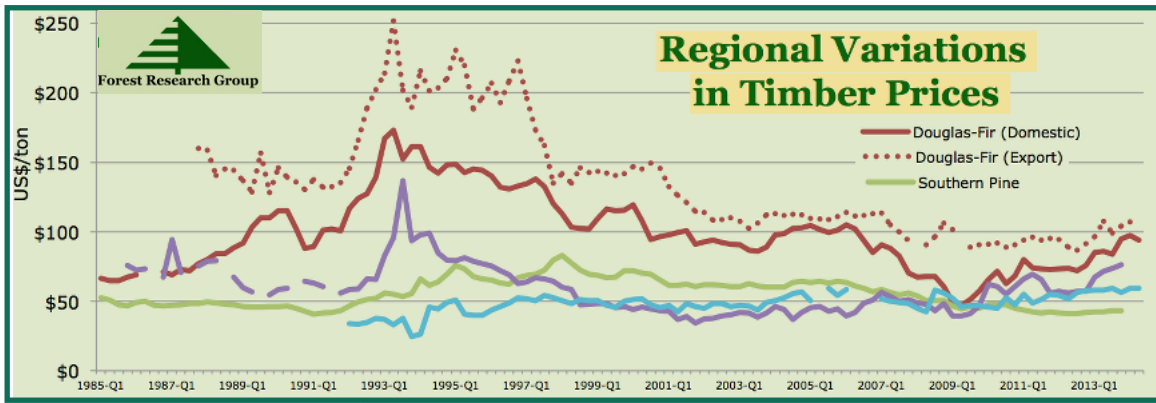
"Timber and lumber price changes exhibit low linkages with each other," explained Caulfield in explaining that these are neither asset classes nor commodities. "However timberland is similar to agriculture and real estate."

Next up, Jack Lutz, Principal and Forest Economist at Forest Resource Group, tackled the question "What Makes Timberland Different?"

Lutz pointed to the "limited mobility of logs" and that "trees are the both the producer and the product" in defining timber, lumber, and timberland.

"Timber and timberland variability are too great for the commodities markets. Southern pine plantation site productivity varies by property," said Lutz. "Plus there is no futures marketplace for these. Regional variations in timber prices lead to regional variations in timberland returns." Which means they can't be classified as commodities.

# UGA Timberland Conference cont'd



Cont'd from Page 8

In a lively talk Jacek Siry, Professor at UGA's Harley Langdale, Jr. Center for Forest Business, directly addressed "Is Timber a Commodity?"

Siry defined commodities as "marketable goods (and services) supplied without qualitative differentiation across a market or as basic resources and agricultural products produced in large quantities by many different producers."

Siry then compared US southern sawtimber long term prices against usual commodities like gold, copper, crude oil, natural gas, and agricultural items like soybeans, coffee, and corn with amazing results. Timber had absolutely no correlation at all with any of the others.

Another very interesting session was: "Investment Outlook", specifically speaker Rocky Goodnow, VP North American Timber Service at Forest Economic Advisors, who took "A Look Forward at North American Timber Demand and Supply."

"There will be a 25 per cent increase in total softwood sawtimber demand in the US south from 2014 to 2020," said Goodnow. "Which will lead to increasing log prices."

