

MADISON'S LUMBER REPORTER

Publisher
KetaDesign Productions

Editor
Kéta Kosman
Market Analyst
Earl Heath

Annual Subscription Prices
E-mail/Fax: C\$389
Discounts available for multiple
subscriptions
Published 50 times a year

www.madisonsreport.com
madrep@shawcable.com
604 319-2266

PO Box 2486 Vancouver, BC
V6B 3W7 Canada

In Canada, add GST or HST
ISSN 0715-5468

Printed in Canada © 2015

All material contained within is the property
of KetaDesign Productions Inc. Reproduction
or retransmission is expressly forbidden.



News & Updates

NRCan Invests in Cascades' Quebec Sawmill

Natural Resources Canada Friday announced a \$10-million investment in innovation at Cascades Canada's Norampac-Cabano mill in Témiscouata-sur-le-Lac, QC. Under the project, funded as part of NRCan's Investments in Forest Industry Transformation (IFIT) program, Cascades will extract hemicellulose from hardwood chips through a new, hot water-based pulping process. The naturally occurring hemicellulose — a polymer in plant cell walls that connects lignin and cellulose fibres — can be sold as concentrated sugars used in the creation of biofuels.

Canada Housing Starts: March 2015

Canadian housing starts rose much more sharply than expected in March as groundbreaking on new condominiums and apartments in urban areas surged 48.2 per cent, while February numbers were revised slightly lower, data showed on Friday.

The report from the Canadian Mortgage and Housing Corp showed the seasonally adjusted annualized rate of housing starts rose to 189,708 units last month from a downwardly revised 151,238 units in February. **CONT'D PAGE 7**

February Housing Starts, Japan

Total housing units built in Japan for February were 67,552, a 3.1 per cent drop compared to February last year, according to the Japan Lumber Reports Friday.

On a seasonally adjusted basis, annual starts were 905,000 units, a 4.7 per cent increase over February 2014. **CONT'D PAGE 7**

Building Permits, Canada

Canadian municipalities issued building permits worth \$6.1 billion in February, edging down 0.9 per cent from the previous month, said Statistics Canada Thursday. This was the second consecutive monthly decline. Lower construction intentions in Quebec, Ontario and Alberta were responsible for the decrease at the national level. **CONT'D PAGE 7**

Forest Product Manufacturing, Sales, Export Data

The latest round of data releases for January and February, out this week from Statistics Canada and Industry Canada, are shaping up to tell a great story for the next issue of *Madison's Forest Pulse* (to be emailed May 4). Also the Western Wood Products Association's most recent issue of *Lumber Track*, out Thursday, provides good indication of the current state of lumber manufacturing and sales in Canada and the US for January 2015.

Of most interest to *Madison's* is Canadian dimension lumber exports to the US, because this is where the immediate and mid-term sales growth for producers up north will come from. It is important to note that US domestic production will first increase — going forward — as US home building and renovations continue to improve, before Canadian exports rise substantially further. **CONT'D PAGE 9**

JAPANESE HOUSING STARTS

Month	TOTAL	Non-Wood	Wood	%Wood
Feb-15	67,552	31,553	35,999	53
Jan-15	67,713	31,517	36,196	53
Dec-14	76,416	32,570	43,846	57
Nov-14	78,364	33,263	45,101	58
Oct-14	79,171	36,181	42,990	54
Sep-14	75,882	32,903	42,979	57
Aug-14	73,771	33,104	40,667	55
Jul-14	72,880	32,249	40,631	56
Jun-14	75,757	33,378	42,379	56
May-14	67,791	30,808	36,983	55
Apr-14	75,286	35,251	40,035	53
Mar-14	69,411	32,515	36,896	53

Source: Japan Wood-Products Information and Research Center

CANADIAN HOUSING STARTS

Actual and Seasonally Adjusted Annual Rates

	March 2015		February 2014	
	Actual	SAAR	Actual	SAAR
Canada, all areas	13,765	179,016	9,776	151,238
singles, urban centres	3,089	52,196	3,048	54,052
rural areas	722	12,249	617	12,689
multiples	9,954	125,263	6,111	84,497
Atlantic urban centres		2,852		3,262
Quebec urban centres		26,116		22,549
Ontario urban centres		61,219		41,000
Prairie urban centres		55,040		48,757
BC urban centres		32,232		22,981

Source: Canada Mortgage and Housing Corporation

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*. To access simply visit: <http://mlrdemo.gobi.ca>

Username: **portland**
 Password: **Pine2014**

Instructions:

All commodities listed in your weekly *Madison's Lumber Reporter* (except Cedar for the time being) are available from the pull-down menu.

Simply start typing the species name of the desired item then select grade and size.

Click "update".

Select "view" for yearly, quarterly, monthly, or weekly.

Click "Graph Tools" at the top left to return to the previous screen and enter a different selection of commodities.

[For more information please contact our office.](#)

Enter Lumber Commodity

1: WSPF KD Econ 2x8	Average ▾	#e0642e
2: Hem/Fir KD Coast Utility 2x4	Average ▾	#e0d62e
3: Douglas Fir Green #2&Btr 2x6	Average ▾	#2e97e0
4: SYP (East) KD S4S #2&Btr 8ft 2x4	Average ▾	#b02ee0
5: SYP (West) KD S4S #2&Btr 8ft 2x8	Average ▾	#e02e75

Enter Graph Options

Show by: Year ▾

To: 2010-12-31

Search Tips Hide

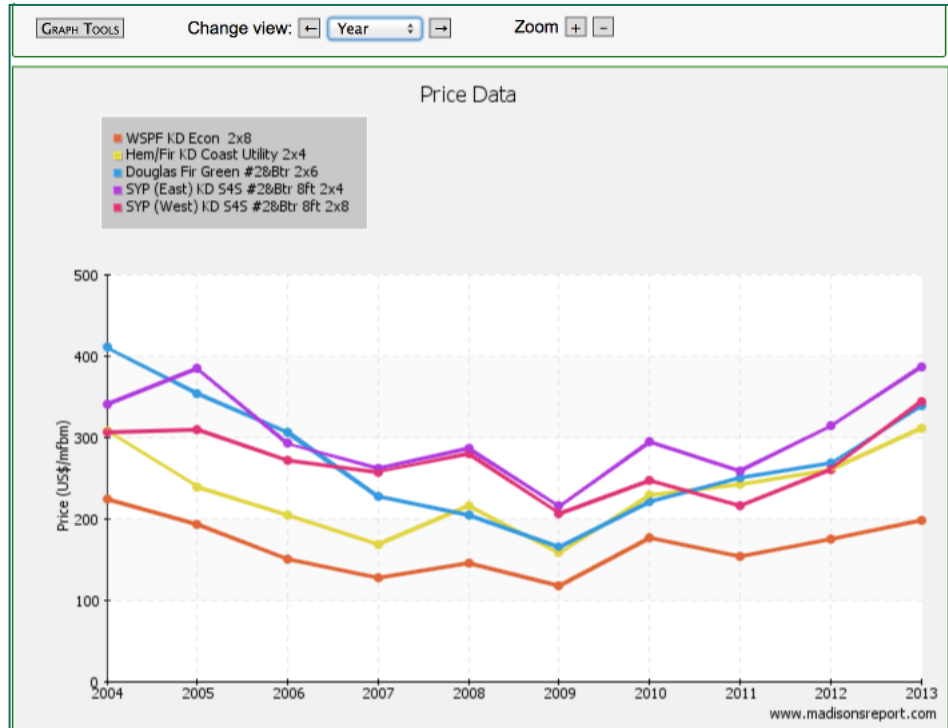
UPDATE
CLOSE

Tips

Use the starting letters of the lumber commodity you are looking for in the search.

For example - Species:

- WRC: Western Red Cedar
- WSPF: Western Spruce-Pine-Fir
- ESPF: Eastern Spruce-Pine-Fir
- DF: Douglas Fir
- LARCH: Fir/Larch
- HEM: Hem/Fir
- SYP: Southern Yellow Pine
- ENG: Englemann Spruce
- PON: Ponderosa Pine
- EAS: Eastern White Pine
- FIR: Fir
- HEML: Hemlock



*This is a demo version of the interactive graph.
 **It is stable in the current versions of Firefox and Chrome web browsers

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	275	280	-5	290	-15	344	-69
WSPF KD R/L 2x6	275	280	-5	295	-20	332	-57
WSPF KD R/L 2x8	286	294	-8	300	-14	338	-52
WSPF KD R/L 2x10	324	318	+6	315	+9	376	-52
WSPF KD PET 2x4 Stud	270	280	-10	305	-35	330	-60
WSPF KD PET 2x6 Stud	275	290	-15	295	-20	290	-15
Douglas Fir Green R/L 2x4	300	300	0	300	0	330	-30
Douglas Fir Green R/L 2x10	340	340	0	348	-8	388	-48
ESPF KD 2x4 8ft Stud	340	350	-10	360	-20	395	-55
OSB Ontario 7/16" (CDN\$)	215	220	-5	215	0	220	-5
CSplywood Toronto 3/8" (CDN\$)	390	417	-27	428	-38	390	0

Madison's Weekly Lumber News

Housing Starts, Canada

CONT'D FROM PG 2 The six-month trend of Canadian housing starts showed 179,016 units in March compared to 180,236 in February, essentially unchanged, said CMHC.

Urban starts led the March increase, up 28.1 per cent. Construction of multiple-family units – typically condos – rose 48.2 per cent to 125,263 units, while single-detached urban starts decreased 3.4 per cent to 52,196 units.

Starts increased in Ontario, British Columbia, Quebec and the Prairies, while decreasing in Atlantic Canada.

Japan Housing Starts

CONT'D FROM PG 2 The pace of new owner's units built in February has declined for thirteen consecutive months, to 20,813, according to *Japan Lumber Reports*, while units built for sale increased for the first time in four months, to 20,445 – largely due to new condos.

Condominium starts increased by 23.3 per cent, to 10,693 units, while new building of rental units dropped 7.5 per cent, to 25,672, an eight straight months decline.

Wood-based new building dropped slightly, to 35,999 units from 36,196 in January. The share of wood-based building also fell slightly, to 53 per cent, from 54 per cent the previous month.

Canada Building Permits

CONT'D FROM PG 2 The value of permits in the non-residential sector

fell 5.4 per cent to \$2.0 billion in February, marking the second decrease in three months, according to StatsCan. Quebec and Alberta accounted for much of the decline in non-residential building construction intentions. Ontario registered the biggest gain, followed by British Columbia.

In February, the value of residential building permits rose 1.5 per cent to \$4.1 billion, following an 8.1 per cent decline in January. The increase stemmed from higher construction intentions in six provinces, led by Quebec, followed by British Columbia and Nova Scotia. Ontario saw the largest decline in the residential sector.

The value of multi-family dwelling permits increased 20.7 per cent to \$1.8 billion in February, ending a string of four consecutive monthly declines. The advance was attributable to higher construction intentions in every province except Ontario. Quebec posted the largest advance, followed by British Columbia and Nova Scotia.

Construction intentions for single-family dwellings declined 9.6 per cent to \$2.3 billion, following two consecutive monthly increases. The decrease came from lower construction intentions in every province except Nova Scotia, which posted a slight increase. Quebec, Alberta, British Columbia and Ontario accounted for most of the decline.

Canadian municipalities approved the construction of 15,133 new dwellings in February, up 2.7 per cent from January. The increase was a result of a 9.4 per cent gain in the number of multi-family dwellings to 9,325 units.

The number of single-family dwellings declined 6.6 per cent to 5,808 units.

Sawmill Fire

A fire was reported Wednesday in one of the storage buildings at Cottles Island Lumber Company on Cottles Island, near Summerford, NL. Fire fighters from Summerford and Twillingate were still on scene Thursday.

By the time firefighters reached the burning warehouse after being alerted by a passing motorist, it was entirely engulfed, said fire chief Terry Hann to CBC.

The warehouse contains the operation's lumber and boiler, making the fire tougher to fight.

"A large portion of the property was still intact but obviously a major part of their operation is destroyed," Hann said.

Calendar

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

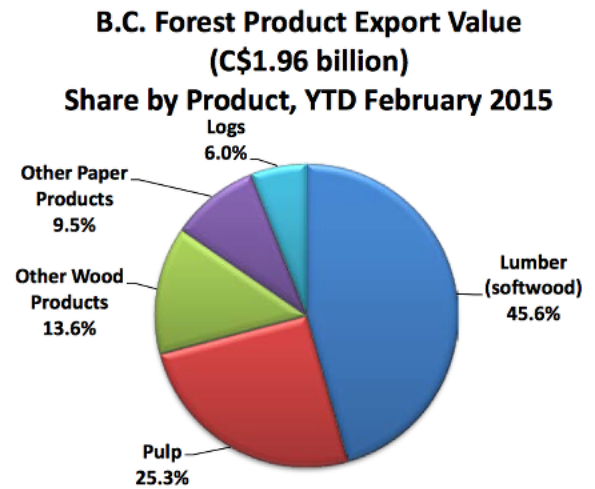
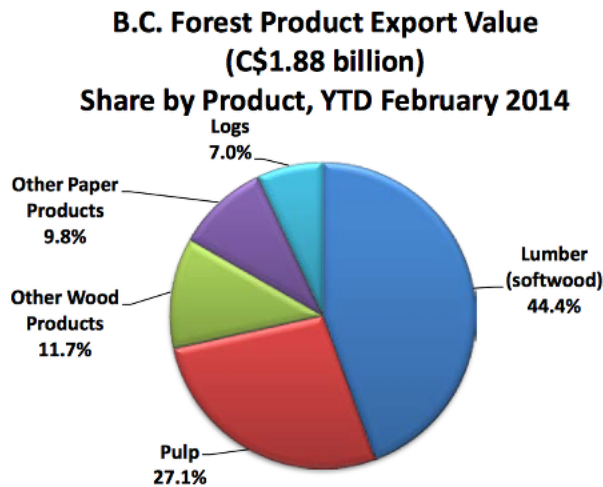
May 3-6, 2015 – Vancouver, BC
<http://www.internationalpulpweek.com>

B.C. Forest Product Exports – February 2015

Highlight of Exports YTD 2015 (February), compared to YTD 2014 (February):

- BC forest product exports totalled \$1.96 billion, up 4.8 per cent from \$1.88 billion.
- Share of export value by market: US (48.2 per cent, up from 42.3 per cent), China + Hong Kong (28.7 per cent, down from 30.9 per cent), Japan (9.3 per cent, down from 11.7 per cent) and other destinations (13.7 per cent, down from 15.1 per cent).
- Share of export value by product: Softwood Lumber (45.6 per cent, up from 44.4 per cent), Pulp (25.3 per cent, down from 27.1 per cent), Other Wood Products (13.6 per cent, up from 11.7 per cent), and Logs (6 per cent, down from 7 per cent).

SOURCE: Competitiveness and Innovation Branch, Ministry of Forests, Lands, and Natural Resource Operations



B.C. Forest Product Export Value (C\$ billion) and Share (%) by Product Current Month (February) and YTD, 2014 and 2015

Products Category	Current Month 2014		Current Month 2015		Change %
	\$	Share %	\$	Share %	
Lumber (softwood)	0.42	45.5%	0.47	47.0%	11.8%
Pulp	0.25	27.3%	0.23	22.7%	-10.1%
Other Wood Products	0.11	11.6%	0.15	14.6%	36.9%
Other Paper Products	0.09	9.4%	0.10	9.7%	11.8%
Logs	0.06	6.2%	0.06	6.0%	4.5%
Total	0.92	100%	1.00	100.0%	8.3%

YTD 2014		YTD 2015		Change %
\$	Share %	\$	Share %	
0.83	44.4%	0.90	45.6%	7.5%
0.51	27.1%	0.50	25.3%	-2.2%
0.22	11.7%	0.27	13.6%	22.1%
0.18	9.8%	0.19	9.5%	1.7%
0.13	7.0%	0.12	6.0%	-10.4%
1.88	100.0%	1.96	100.0%	4.8%

Lumber Data 2015

Canadian exports of construction framing lumber to the US by volume for the first two months of 2015 increased by 8.9 per cent, to 4,353 million cubic metres (1,845 mmfbm), compared to 3,966 million cubic metres (1,681 mmfbm) for the same time the previous year, new data from Statistics Canada said Thursday.

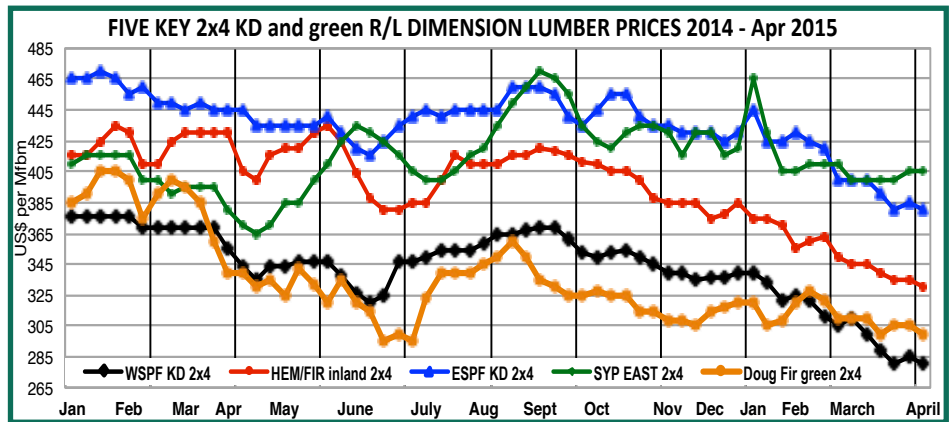
Looked at another way, sawmill product exports to the US by value grew by 18 per cent, to \$959 million from \$814 million for the first two months in 2014, said Industry Canada data also Thursday.

Globally, Canadian lumber export volumes increased just 2.7 per cent for the first two months of 2015, to 5,901 million cubic metres (2,501 mmfbm), compared the previous year's 5,739 million cubic metres (2,432 mmfbm).

by Kéta Kosman

Export values to the world, again notably, improved by 9.1 per cent to \$1,389 million from \$12,730 million.

This is very telling; 2014 volumes of construction framing dimension softwood lumber produced and sold in Canada and the US were very stable over 2013, as were volumes of Canadian lumber exports globally. Values, however, of all of these were up last year compared to 2013. It is extremely interesting that 2015 is starting out again with very stable volumes when compared to the same



period the year before, however values continue their upward trend.

Manufacturing and Sales

This information is noteworthy for Madison's because benchmark WSPFKD 2x4 #2 & Btr prices moderated downward by 14.4 per cent, from US\$376 mfbm at the beginning of February 2014 to US\$322 mfbm in early February this year.

Since then that price has lost another 14.6 per cent, to US\$275 this week.

Also of note, Southern Yellow Pine KD 2x4 #2 & Btr East Side, consumed largely within the US domestically, also waffled, eventually landing between US\$415 mfbm in early February 2014 and US\$405 mfbm at the beginning of that month this year, to land comfortably at US\$410 this week. (green line

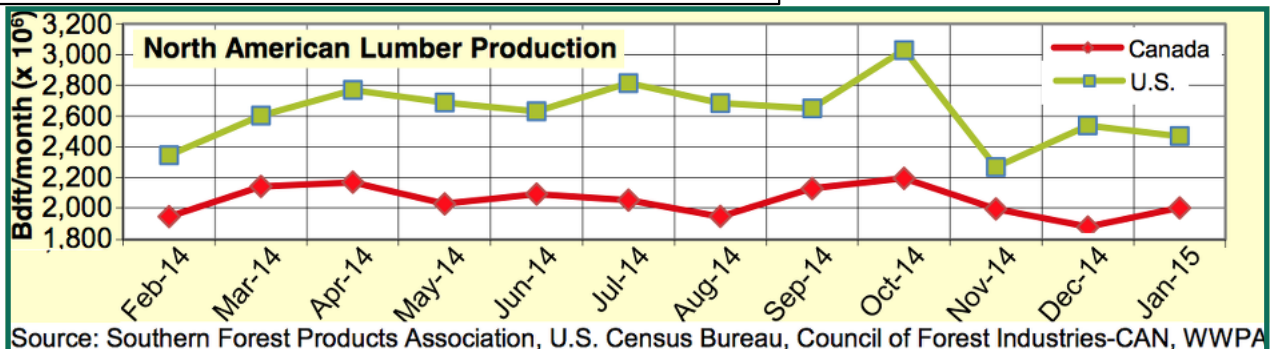
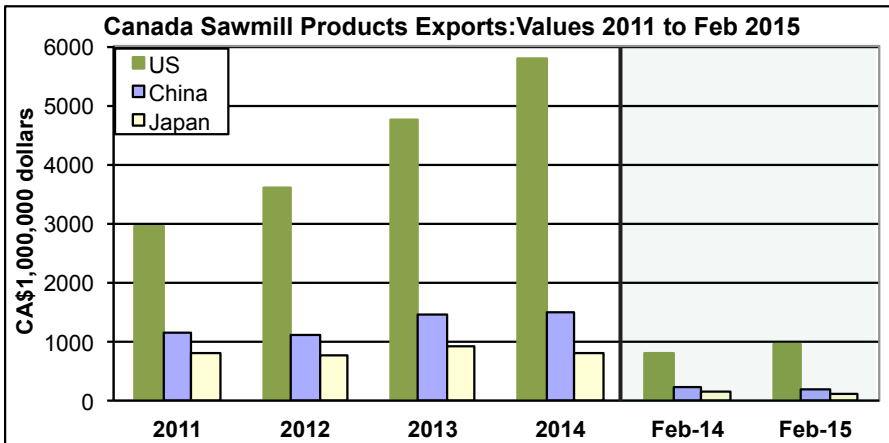
on graph above)

The latest WWPA data shows US production of softwood dimension lumber dropped 5.8 per cent in January 2015, to 2,470 mmfbm (5,829 million cubic metres), compared to 2014, when it was 2,624 mmfbm (6,192 million cubic metres). In Canada, production fell 3.9 per cent, to 2,001 mfbm (4,722 cubic metres) from 2,083 mfbm (4,915 million cubic metres) the previous year.

By comparison, in January 2014 US production remained essentially stable at 0.3 per cent, or 2,608 mmfbm (6,154 million cubic metres) compared to 2,617 mmfbm (6,175 million cubic metres) in January 2013. Canadian production at that time rose 2.4 per cent, to 2,083 mmfbm (4,915 million cubic metres) from 2,034 mmfbm (4,800 million cubic metres) in January 2013.

Lastly for the time being, Statistics Canada data released April 1 shows Canadian lumber production by sawmills in January increased 7.2 per cent from December, to 4.8 million cubic metres. Compared with January 2014, lumber production decreased by 3.5 per cent. Canadian sawmills shipped 4.5 million cubic metres of lumber in January, down 0.8 per cent from December.

A large sampling of other new data, from Canadian and US log and lumber sales and export — not to mention transportation data like rail car loadings — will come out in the coming weeks, before the next issue of the quarterly *Madison's Forest Pulse*. Don't miss out on this vital and timely information! Contact our office today for a subscription.



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