

# MADISON'S LUMBER REPORTER

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## News & Updates

### Sawmill Curtailments, Closures

Tl'oh Forest Products, out of Fort St. James, BC, will be closing its doors as of July 31st, putting 43 employees out of work, according to 250News Wednesday. The plant produced finger-joint products, but the company says there has been "a fundamental shift in markets that does not allow the business to remain viable."

The company also states future fibre uncertainty led to the decision to shut down the operation.

Operating as a partnership between Apollo Forest Products and the Nak'azdli First Nation, Tl'oh has been in business for nearly 20 years.

The assets of the finger-joint plant will be prepared for storage until either operations resume, or a decision is made on the future of the mill.

In Quebec, Maibec, based in Levis, will temporarily shut down its Masardis, MN, lumber mill in US for a few weeks. The mill was acquired in January from Fraser Timber and employs approximately 135 people, producing over 100 million board feet of softwood lumber annually, which is sold in the US.

Maibec is a family business since 1946, with production units located in St. Pamphile and Saint Theophile de Beauce, Quebec, and Masardis.

### Sawmill Investments

Western Forest Products, Weyerhaeuser, and Interfor all this week announced sawmill upgrades or added shifts. CONT'D PAGE 7

### US Construction Job Openings: April 2015

The number of open, unfilled construction sector positions has been elevated during 2015.

According to the BLS Job Openings and Labor Turnover Survey and NAHB analysis, construction sector jobs declined from 168,000 to 153,000 in April from March. However, the 168,000 estimate for March was upwardly revised from a preliminary reading of 147,000. CONT'D PAGE 7

### Canada Housing Starts: May 2015

Canadian residential building activity accelerated in May to the fastest in 10 months, driven by condominium construction.

Builders began work on an annualized 201,705 homes last month, up 10 per cent from April and the most since July, the Canada Mortgage & Housing Corp. said Monday Annualized multiple-unit construction in urban centers rose 17 per cent. CONT'D PAGE 7

### Canada and US Lumber Exports: April 2015

Fresh data out this week from Statistics Canada, British Columbia, Alberta, and the US Census gives a good picture of the state of forest products manufacturing sales and exports in North America so far this year. CONT'D PAGE 9

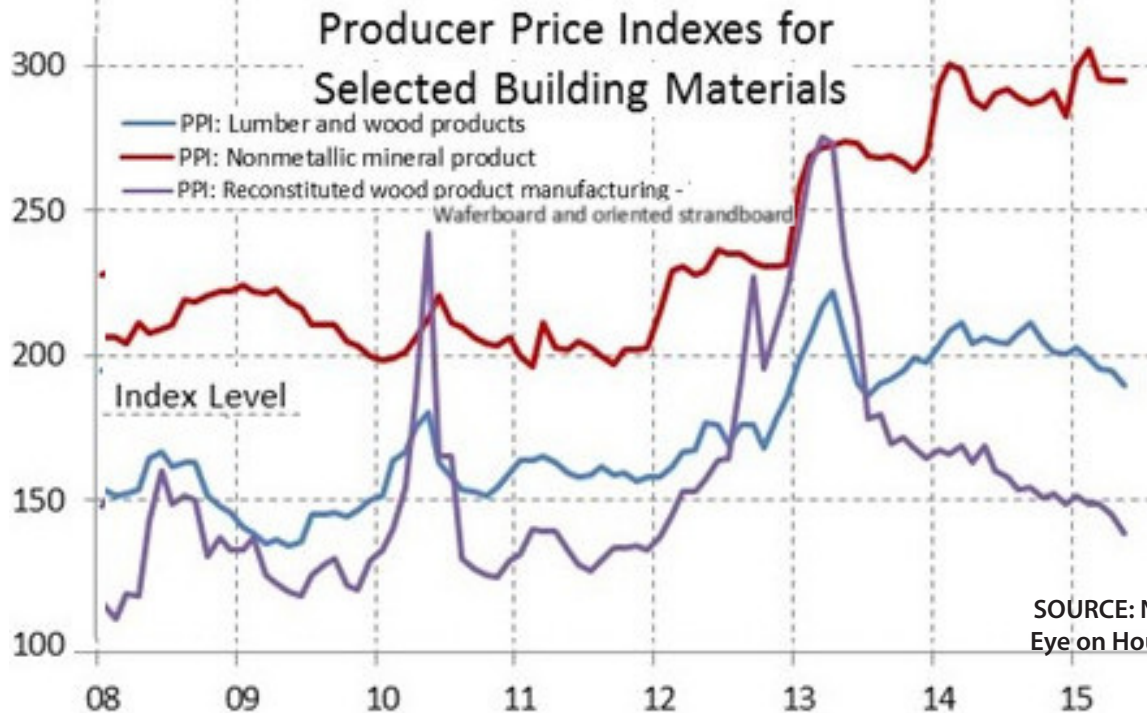
JAPANESE HOUSING STARTS				
Month	TOTAL	Non-Wood	Wood	%Wood
Apr-15	75,617	34,821	40,796	54
Mar-15	69,887	31,635	38,252	55
Feb-15	67,552	31,553	35,999	53
Jan-15	67,713	31,517	36,196	53
Dec-14	76,416	32,570	43,846	57
Nov-14	78,364	33,263	45,101	58
Oct-14	79,171	36,181	42,990	54
Sep-14	75,882	32,903	42,979	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

Source: Japan Wood-Products Information and Research Center

CANADIAN HOUSING STARTS				
Actual and Seasonally Adjusted Annual Rates				
	May 2015		April 2015	
	Actual	SAAR	Actual	SAAR
<b>Canada, all areas</b>	<b>18,880</b>	<b>201,705</b>	<b>15,689</b>	<b>183,329</b>
singles, urban centres	5,781	58,868	5,045	59,037
rural areas	1,561	16,470	1,445	16,222
multiples	11,538	126,367	9,199	108,070
Atlantic urban centres		9,584		3,806
Quebec urban centres		29,448		23,567
Ontario urban centres		81,535		61,666
Prairie urban centres		39,599		40,932
BC urban centres		25,069		37,136

Source: Canada Mortgage and Housing Corporation

### US Residential Construction Spending: April 2015



The US Bureau of Labor Statistics (BLS) released the Producer Price Indexes (PPI) for May. Inflation in prices received by producers rose 0.5 per cent in May after declining 0.4 per cent in April.

The increase was based on rising prices for goods, as prices for services were unchanged. Within goods, a 17 per cent jump in the price of gasoline dominated the increase. Goods prices less food and energy increased by 0.2 per cent in May.

Rising production and healthy inventories put downward pressure on wood product prices in May. Softwood lumber prices declined 2.3 per cent for the month and are down 10.2 per cent since the latest peak in early 2014. Prices for OSB declined 4.5 per cent in May and are down 49.7 per cent since the 2013 peak. The return of productive capacity is the primary driver for OSB price declines.

Prices for gypsum were flat in May after modest declines in March and April. Gypsum prices are 1.8 per cent above housing boom peaks.

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# Madison's Weekly Lumber Key Prices Table

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	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	294	280	+14	258	+36	320	-26
WSPF KD R/L 2x6	290	280	+10	258	+32	318	-28
WSPF KD R/L 2x8	300	290	+10	272	+28	336	-36
WSPF KD R/L 2x10	356	340	+16	310	+46	374	-18
WSPF KD PET 2x4 Stud	295	280	+15	235	+60	320	-25
WSPF KD PET 2x6 Stud	280	270	+10	245	+35	295	-15
Douglas Fir Green R/L 2x4	320	310	+10	290	+30	295	+25
Douglas Fir Green R/L 2x10	360	355	+5	345	-15	335	-5
ESPF KD 2x4 8ft Stud	365	360	+5	320	+45	400	-35
OSB Ontario 7/16" (CDN\$)	235	240	-5	215	+20	230	+5
CSplywood Toronto 3/8" (CDN\$)	448	455	-7	407	+41	398	+50

## Madison's Weekly Lumber News

### Sawmill Upgrades

CONT'D FROM PAGE 2 Nanaimo, BC's, Western Forest Products is spending \$30 million to upgrade three Vancouver Island sawmills, as part of a \$125-million capital plan by the company to become more competitive and line up new markets. The Duke Point, BC, operation is receiving \$28 million in improvements to modernize the sawmill and its planer mill.

Another \$2 million is being invested in the company's Chemainus and Ladysmith sawmills, also in BC.

Meanwhile, Weyerhaeuser's Philadelphia, PA, lumber mill continues its planned, 10-month, US\$57 million expansion and modernization, the company said in a press release Saturday. The mill's expansion will include five key additions to its operations over the next year.

Elsewhere, Interfor has added 50 new jobs at its Thomaston, GA, Sawmill, adding a second shift and doubling production. That mill now has 139 employees and a capacity of 170

million board feet of southern yellow pine lumber annually.

### Construction Jobs, US

CONT'D FROM PAGE 2 On a three-month moving average basis, the open position rate for the US construction sector rose to 2.5 per cent in April, said the BLS survey.

In May, home builders and remodelers added a somewhat reduced number of new jobs, 8,500, on a seasonally adjusted basis after April's 18,100. Over the last 12 months, the industry has added 149,000 jobs on a net basis.

In May, the unemployment rate for construction workers fell to 7 per cent on a seasonally adjusted basis. It has been on a general decline since reaching a peak rate of 22 per cent in February 2010.

### Housing Starts, Canada

CONT'D FROM PAGE 2 Breaking down the housing starts report, multi-unit starts in urban areas accounted for 122,367 of the total for

May, up 16.9 per cent from April, while construction of single-detached houses in urban areas was steady at a seasonally adjusted rate of 58,868 units. There were an estimated 16,470 housing starts in rural areas.

Separate data from Statistics Canada showed the value of building permits rose 11.6 per cent to \$7.8 billion in April. The value of nonresidential permits soared 30.2 per cent, while residential permits rose 1.2 per cent.

### Japan Housing Starts

Total housing starts in Japan for April were 75,716 units, flat compared to one year ago, said the Japan Lumber Reports Friday. On a seasonally-adjusted basis starts were 913,000 units.

Units built for owners were down 2.1 per cent compared to April last year, while those built for sale were up 7.2 per cent.

New starts of condominiums soared by 24.4 per cent, while starts of detached units built for sale decreased by 7.9 per cent.

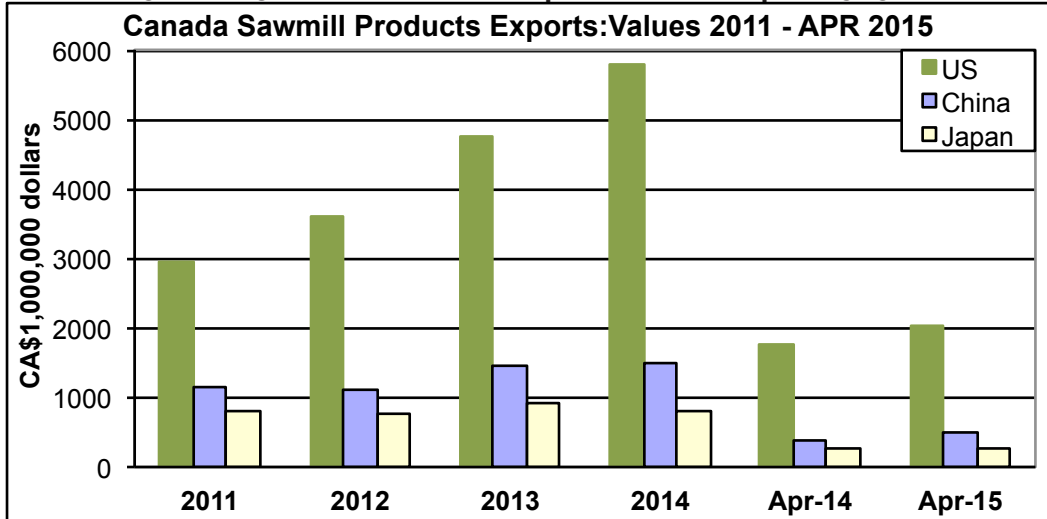


### Wealth Advisors to the Lumber & Logging Industry

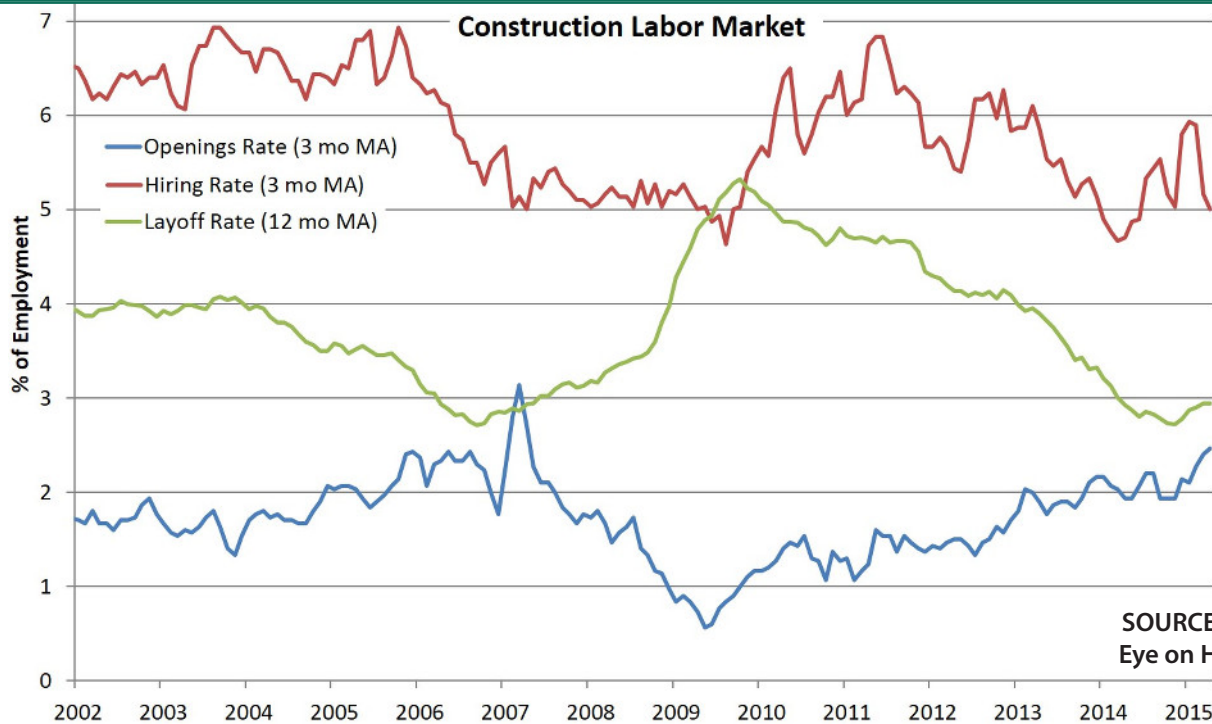
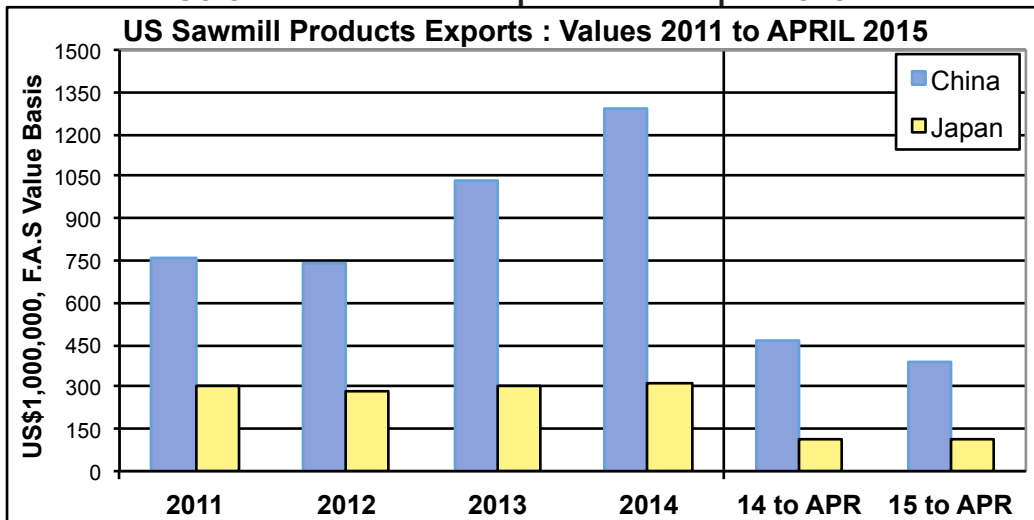
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**Canada Sawmill Products Exports Values: April 2015**



**US Sawmill Products Export Values: April 2015**



SOURCE: NAHB  
Eye on Housing

# Canada and US Lumber Exports: April 2015

Fresh data out this week from Canada, British Columbia, Alberta, and the US Census gives a good picture of the state of forest products manufacturing sales and exports in North America so far this year.

Data released by the BC Ministry of Forests, Lands, and Natural Resource Operations department of Log Export and Economic Analysis Tuesday shows that BC forest product exports for January to April 2015 totalled \$4.28 billion, up 12.7 per cent, from \$3.80 billion for the same time last year. The share of export value by market starts with the US at 46.2 per cent, up from 45.4 per cent in January to April 2014, China + Hong Kong at 30.9 per cent, up from 29.6 per cent, and Japan at 9.2 per cent, down from 10.9 per cent for the first four months of last year.

By product, the share of export value is Softwood Lumber at 46.2 per cent for January to April 2015, up from 43.8 per cent, and Pulp at 25.3 per cent, down from 25.9 per cent.

Out Monday, the latest numbers indicate that Alberta's forest industry is continuing to grow and contribute to the

province's economic diversity. Values of lumber, pulp and paper, and panelboard manufactured by Alberta Forest Products Association (AFPA) members totalled \$2.9 billion in 2014 said an agency press release. The numbers reflect a 7.7 per cent increase from 2013. Industry growth was fuelled by a 12 per cent increase in revenue from lumber sales and a 6 per cent increase in pulp sales.

AFPA-member companies produced 3.3 billion board feet of lumber in 2014, with a value of \$1.3 billion. Part of this production came from the secondary manufacturing sector, said the AFPA. Compared to 2013, production volume increased by 101 million board feet, or 3.2 per cent, and values climbed by \$135 million, or 11.5 per cent.

Nationally, Statistics Canada data out Thursday shows the total value of exports by Canadian sawmills (excepting Shake and Shingle mills) for January to April was \$3,040 billion, a 15.3 per cent increase over \$2,637 billion the previous year. Canadian lumber exports to the US increased by 13.3 per cent, to \$2,018 billion for the first four months of 2014. Exports to China were also up, by 20.1 per cent, to \$481 million, compared to \$400.8 million in 2014.

In the US meanwhile, sawmill products exports to China for January to April 2015 dropped by 17.1 per cent, to US\$387 million, from US\$467 million, as demand for new home building projects continue to consume domestic lumber production. US sawmill product exports to Japan remained almost even compared to the first four months of 2014, at US\$113 million.

US sawmill products imports from Canada for January to April 2015 also remained almost flat compared to the previous year, at US\$1,654 million, according to the latest US Census data.

Back across the border, Export Development Canada's (EDC) Export Performance Monitor for June 2015 shows Canadian Forestry Products exports

fell by 5 per cent in April compared to March 2015 but grew by 10.5 per cent compared to the first four months of the previous year.

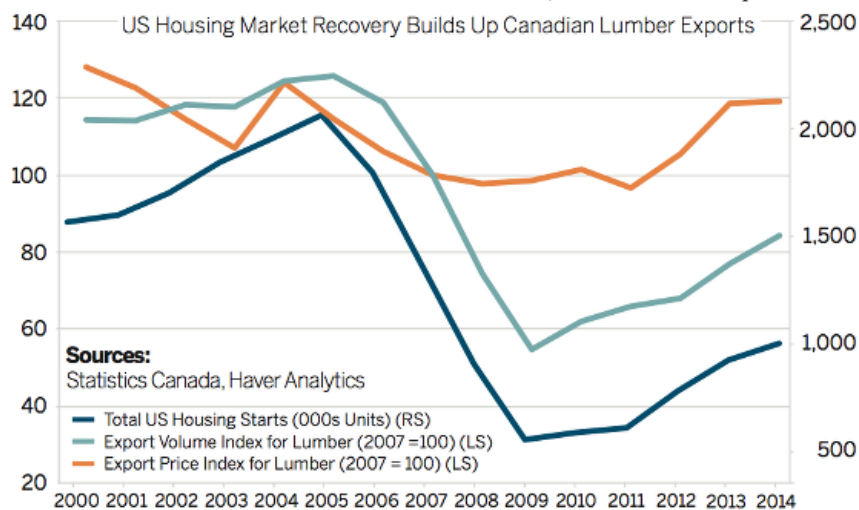
## North American Lumber Exports

As well, according to EDC's Spring 2015 Global Export Forecast, released May 26, Canada's exports of forest products for 2014 totalled \$32.5 billion and are projected to grow by 7 per cent this year and 3 per cent in 2016.

"The relative weakness of the Canadian dollar is boosting the competitiveness of Canadian firms and combining with strong US economic and housing growth to deliver 7 per cent growth in Canadian forestry exports in 2015," details the EDC report. "As the currency effect fades in 2016 and fibre supply in British Columbia is affected by the legacy of the mountain pine beetle, export growth is forecast to slow to 3 per cent in 2016."

"Pulp and paper exports are expected to be relatively robust in 2015 as the low Canadian dollar provides companies with a competitive edge compared with US firms. Though the overall North American newsprint market is expected to shrink, Canada's share is forecast to increase," said the EDC report.

by Kéta Kosman



Canadian Merchandise Export Forecast by Sector		CAD bn	% Share of Total Exports	Export Outlook (% growth)		
EXPORT FORECAST OVERVIEW		2014	2014	2014	2015 (f)	2016 (f)
Forestry		32.5	5.5	9.2	7	3
<b>Total Goods Sector</b>		<b>491.6</b>	<b>83.8</b>	<b>10.9</b>	<b>0</b>	<b>8</b>
<b>Total Services Sector</b>		<b>95.2</b>	<b>16.2</b>	<b>2.9</b>	<b>5</b>	<b>4</b>
<b>Total Exports</b>		<b>586.8</b>	<b>100.0</b>	<b>9.5</b>	<b>1</b>	<b>7</b>
<b>Memorandum</b>						
<b>Total Volumes</b>				<b>5.3</b>	<b>4</b>	<b>4</b>
<b>Total Goods Nominal (excl. Energy)</b>		<b>349.6</b>	<b>59.6</b>	<b>9.4</b>	<b>9</b>	<b>3</b>
<b>Total Goods Nominal (excl. Autos and Energy)</b>		<b>281.7</b>	<b>48.0</b>	<b>9.5</b>	<b>8</b>	<b>4</b>

Sources: Statistics Canada, EDC Economics, 2014 is actual data while 2015 and 2016 are forecast.