

MADISON'S LUMBER REPORTER

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News & Updates

Oregon Lumber Company Safety Citations

Freres Lumber, in Mill City, OR, — just outside Salem — was cited Thursday four times for safety and procedural violations uncovered during inspections launched after a worker died at its plant in September 2014, according to the *Statesman Journal* Friday.

The penalty report from the Oregon Occupational Safety and Health Division detailed that machine lockout procedures on a plywood press undergoing maintenance that prevent equipment operation were not followed.

Freres Lumber did not appeal the citations and was fined US\$3,800 for the violations related to a worker's death and given until March 20 to comply with safety corrections.

According to letter of corrective action documents, Freres Lumber installed new safety equipment, re-wrote lockout/tagout procedures, and re-trained employees on safety protocols after Dodge's death, said the *Statesman Journal*.

US Construction Spending: June 2015

The US National Association of Home Builders' Census Construction Spending analysis shows that total private residential construction spending for June increased to a seasonally adjusted annual rate of US\$378 billion. CONT'D PAGE 7

More Financial Results: 2Q 2015

Weyerhaeuser, Plum Creek, and Potlatch have all released 2Q 2015 financial results in the past week

Weyerhaeuser, out of Federal Way, WA, posted quarterly net earnings to common shareholders of US\$133 million, or \$0.26 per share, compared to US\$280 million, or \$0.47 per share, in the year-ago period. Its sales slipped to \$1.81 billion from \$1.96 billion. CONT'D PAGE 7

Canada Building Permits: June 2015

The total value of Canadian building permits rose 14.8 per cent to \$7.7 billion in June, following a 13.9 per cent decrease in May, said Statistics Canada Friday. The increase in June was mainly attributable to higher construction intentions for multi-family dwellings in Quebec, Alberta, and Ontario, as well as institutional buildings in Alberta and commercial buildings in British Columbia.

After two consecutive monthly declines, construction intentions for multi-family dwellings rose 36.9 per cent to \$2.2 billion in June.

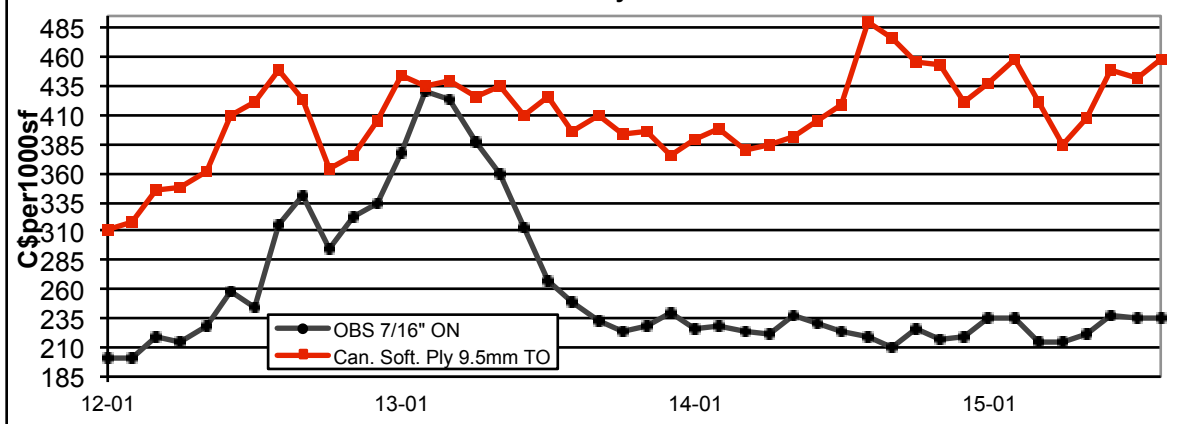
The value of building permits for single-family dwellings rose 1.6 per cent to \$2.4 billion in June.

Exports and Manufacturing, Canada and US: June 2015

Canadian exports surged 6.3 per cent in June, according to Statistics Canada Wednesday, while imports fell slightly by 0.6 per cent, narrowing Canada's trade deficit sharply to just under \$0.5-billion.

In the US, the Institute for Supply Management said also Wednesday its services sector index rose to 60.3, the highest reading since August 2005, a sign of confidence that the non-manufacturing sector, which accounts for more than two-thirds of US economic activity, was growing swiftly. CONT'D PAGE 9

OSB Ontario 7/16" vs Can. Softwood Plywood 9.5mm Toronto 2012 - AUG 2015



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"I am amazed at the data you've been able to collect in this report and find it all very interesting. I can see this kind of information being especially desired by economists / bankers / the investment community and perhaps Industry CFO's and such for help formulating reports and such.

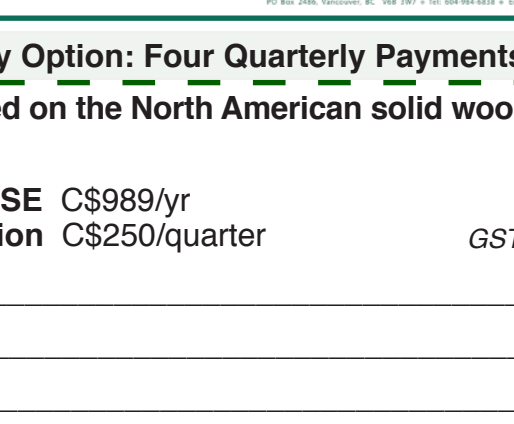
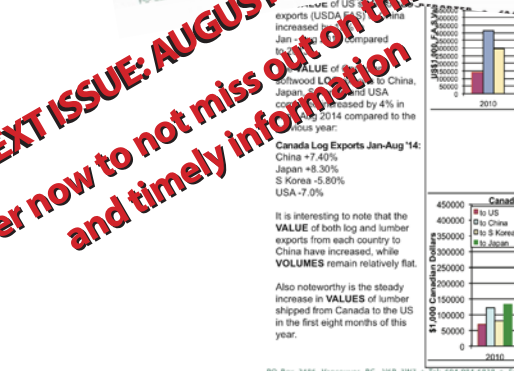
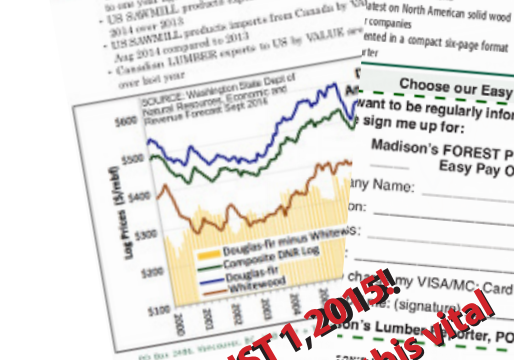
I like the trend data on capacity / efficiency plus export import ratios."

- Michael Low | Scotiabank | Director & Group Lead, Commercial Banking

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3Q 2014 North America Timber Industry Analysis and Pro
By Keith Kosman, Publisher and Editor, Madison's Lumber Reporter



Madison's Forest Pulse
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KEY 2x4 KD R/L LUMBER PRICES

Log Prices (\$/MFB)

Canada Log Exports Jan-Aug '14

Canada Softwood Log Exports by Value - 2010 to Aug 2014

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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
<small>Prices are in U.S. dollars per 1,000 fbm (net FOB mill)</small>							
WSPF KD R/L 2x4	288	292	-4	305	-17	358	-70
WSPF KD R/L 2x6	294	296	-4	305	-11	360	-66
WSPF KD R/L 2x8	308	312	-4	312	-4	354	-46
WSPF KD R/L 2x10	368	372	-4	370	-2	394	-26
WSPF KD PET 2x4 Stud	290	300	-10	325	-35	350	-60
WSPF KD PET 2x6 Stud	270	280	-10	306	-36	355	-85
Douglas Fir Green R/L 2x4	340	335	+5	358	-17	350	-10
Douglas Fir Green R/L 2x10	415	415	0	405	+10	380	+35
ESPF KD 2x4 8ft Stud	345	340	+5	370	-25	430	-85
OSB Ontario 7/16" (CDN\$/msf)	235	237	-2	235	0	225	+10
CSplywood Toronto 3/8" (CDN\$/msf)	457	457	0	457	0	492	-35

Madison's Weekly Lumber News

Construction Spending, US

CONT'D FROM PAGE 2 On a month-over-month basis, private multifamily spending increased to US\$52 billion, up by 2.82 per cent over the revised May estimate, while private single-family spending was US\$211 billion, a slight decline of 0.27 per cent after two months of consecutive gains.

Annually, multifamily spending rose 23.7 per cent from the revised 2014 estimate and spending on single-family construction was 12.8 per cent higher than June 2014.

The NAHB-constructed spending index indicates that recent gains have been driven by the steady increase in multifamily construction spending. The pace of the multifamily spending is however gradually slowing. NAHB anticipates growing increases in single-family spending in 2015.

Forest Company Quarterly Results

CONT'D FROM PAGE 2 Plum Creek Timber, out of Seattle, WA, July 27 announced 2Q earnings of US\$21 million, or US\$0.12 per diluted share, on revenues of US\$302 million. Earnings for 2Q 2014 were US\$55 million, or US\$0.31 per diluted share, on revenues of US\$356 million. Reported earnings in 2Q 2014 were higher due to the sale of over 49,000 acres of Wisconsin timberlands.

The Northern Resources segment reported operating income of US\$3 million during 2Q, compared to the US\$5 million reported during 2Q 2014. Total harvest volumes were similar to 2Q 2014. Higher pulpwood volumes in the Northeast and Lake States offset lower sawlog harvest levels in the Northwest. Average sawlog prices declined US\$4 per ton, or about 5 per cent, compared

to the prior year as West Coast sawmills were well-supplied with logs and log export markets remained soft. In the Northeast, average pulpwood prices increased US\$6 per ton, or about 15 per cent over the past year. Pulpwood demand in the Lake States and New England remained strong as pulp and paper companies struggled to build log inventories.

Meanwhile, Spokane, WA's, Potlatch Corp July 28 reported net income of US\$711,000, or US\$0.02 per diluted share, on revenues of US\$128.7 million for 2Q 2015. Net income was US\$16.3 million, or US\$0.40 per diluted share, on revenues of US\$143.9 million in 2Q 2014.

Wood Products lost US\$2 million on revenues of US\$84.2 million in 2Q, compared to operating income of US\$3.5 million on revenues of US\$89.2 million in 1Q 2015. Lumber shipments were down slightly and the average lumber price realized was 9 per cent lower in 2Q. Log costs also remained high in the Lake States due to pulp mill demand in the region.



LOG TRADE TRENDS

A Global Perspective

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WORLD FORESTRY CENTER



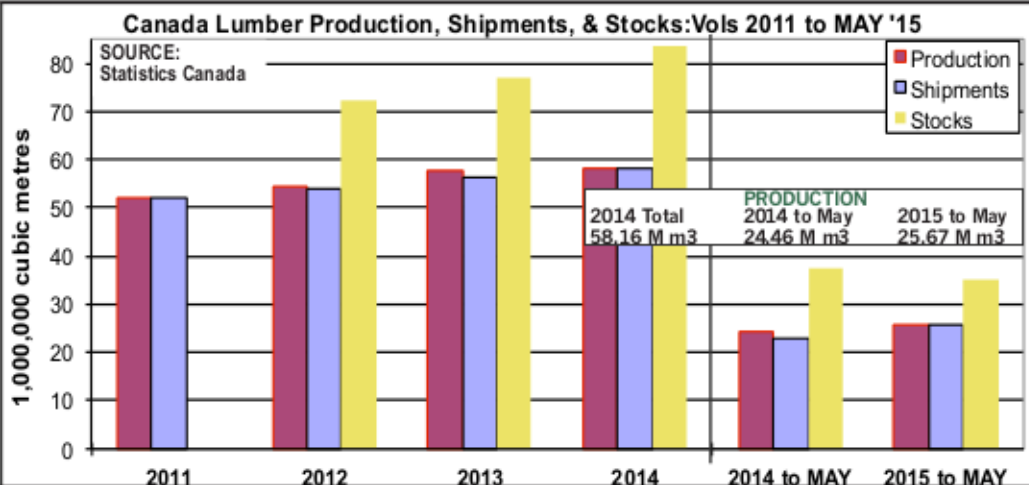
International Forest Industry Advisors

World Forest Institute

<http://logtradetrends.worldforestry.org/>

STOCKS of softwood lumber in Canada were almost down -6.9 per cent for Jan - May 2015 over the previous year, at 34.93 million cubic metres, from 37.53 million cubic metres.

In comparison, lumber **STOCKS** for full year 2014 had been +7.9% higher than the same time in 2013.



IMPORTANT DATA:

- US sawmill products exports to China by VALUE are down by -14.6% (compared to down -17.5% for previous quarter), to US\$562 million (FAS value), for Jan to June 2015. The previous year it was US\$685 million.
- US sawmill products imports from Canada by VALUE are down by -5% (compared to up +4.9% for previous quarter) to US\$562 million, Jan to June 2015 over US\$685 million in 2014.
- Canadian lumber exports to US by VALUE are up by +6.9% (compared to up +18% for previous quarter), to C\$3,012 million, Jan to June 2015. The previous year it was C\$2,817 million.
- US softwood log exports to China by VALUE are DOWN BY -19.2% (compared to down -59% for previous quarter), to US\$193 million, Jan to June 2015 over US\$239 million in 2014.

SHORT TERM ANALYSIS

US domestic lumber production is up +3.7 per cent for the first four months of 2015, according to the most recent Western Wood Products Association's *Lumber Track*, at 10,294 million board feet, compared to 10,673 million board feet for Jan to April 2014.

US Softwood Sawmill Capacity Utilization rose +2% to 83% for January to April 2015 compared to 2014

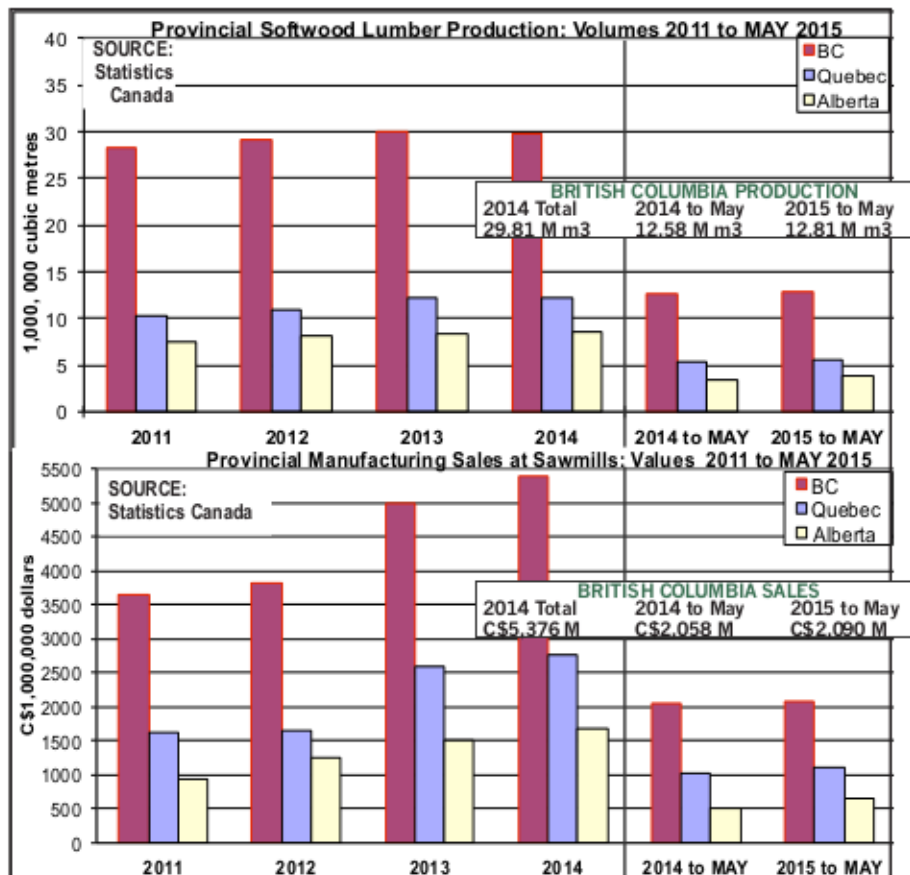
Canada Softwood Sawmill Capacity Utilization flat at 84% for the same time period but up from 77% in the previous WWPA report.

North American forest product company financial for 2Q 2015 reveal...

... CONT'D PG 6

VOLUMES of lumber produced at Canadian sawmills in the first five months of 2015 rose by +4.7%, to 25.67 million cubic metres, compared to the previous year's 24.46 million cubic metres, while **SHIPMENTS** increased by +10.2%, to 25.58 thousand cubic metres over Jan - Feb 2014.

VOLUMES of lumber produced in Québec and Alberta from Jan-May 2014 increased by +1.2% (5.53 million cubic metres) and +10.3% (3.86 million cubic metres) respectively compared to this year, while **British Columbia** climbed by +1.6% (12.81 million cubic metres).



US and Canada Manufacturing and Trade: June 2015

Canada's exports to the United States rose 7.1 per cent to \$34.2 billion in June, according to the latest Statistics Canada data Wednesday. Exports to countries other than the United States increased 3.8 per cent to \$10.4 billion.

Imports from the United States declined 0.9 per cent to \$29.5 billion. Imports from countries other than the United States edged up 0.1 per cent to \$15.6 billion, on small but widespread increases among the principal trading partners.

Consequently, Canada's trade surplus with the United States widened from \$2.1 billion in May to \$4.7 billion in June. Canada's trade deficit with countries other than the United States narrowed from \$5.5 billion in May to \$5.2 billion in June.

US Exports

The US international trade deficit in goods and services increased to US\$43.8 billion in June from US\$40.9 billion in May,

according to the US **by Kéta Kosman** Census Bureau, also

Wednesday. Exports decreased to US\$188.6 billion in June from US\$188.7 billion in May. Goods were US\$127.6 billion in June, down from US\$127.8 billion the month before. Services were \$61.0 billion in June, up from US\$60.9 billion in May.

Exports of large capital equipment, including telecommunications gear and industrial machinery, fell 1.7 per cent in June. Imports of food, auto parts, and cell-phones surged as Americans spent more.

International trade subtracted about 2 percentage points from growth in 1Q, when the economy expanded at an anaemic annual rate of just 0.6 per cent. It then added 0.1 percentage point in 2Q, when growth picked up to a 2.3 per cent pace.

US Manufacturing

Of the Institute for Supply Management's services sector index, the business activity subindex rose to 64.9. It was the best reading for that index since December 2004.

The employment index rose to 59.6, its strongest since August 2005.

