

# MADISON'S LUMBER REPORTER

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## News & Updates

### Madison's Forest Pulse 3Q 2015 is Delivered!

The 3Q 2015 issue of *Madison's* quarterly *Forest Pulse* has been sent to subscribers.

Canadian lumber exports are up, while US log exports down compared to the same time last year. **Let us decipher the data** and show you what is happening right now with solid wood products on the ground in the US and Canada.

**Don't miss out on this vital and timely information! Sign up for a subscription today.**

### Canada Softwood Lumber Production: September '15

Lumber production by sawmills increased 5.2 per cent from August to 5,563.5 thousand cubic metres in September, according to new data released by Statistics Canada Tuesday. Compared with September 2014, lumber production rose 7.8 per cent.

Sawmills shipped 5,609.5 thousand cubic metres of lumber in September, up 8.5 per cent from August. Shipments rose 11.8 per cent compared with September 2014. **CONT'D PAGE 6**

### US Freight Rail Traffic: November 2015

The Association of American Railroads (AAR) reported Wednesday that US traffic in November totalled 1,041,605 carloads, down 10.4 per cent, or 120,259 carloads, from November 2014. US railroads also originated 1,024,162 containers and trailers in November 2015, down 1 per cent, or 10,828 units, from the same month last year. For November 2015, combined US carload and intermodal originations were 2,065,767, down 6 per cent, or 131,087 carloads and intermodal units, from November 2014. **CONT'D PAGE 6**

### BMO Capital Markets' FEA Conference Call

This week was held an update on *North American Lumber & Wood Panel Markets* by **Forest Economic Advisors**, at a BMO Capital Markets Conference call. **CONT'D PAGE 8**

### US Highway Bill Drafted and Passes Senate

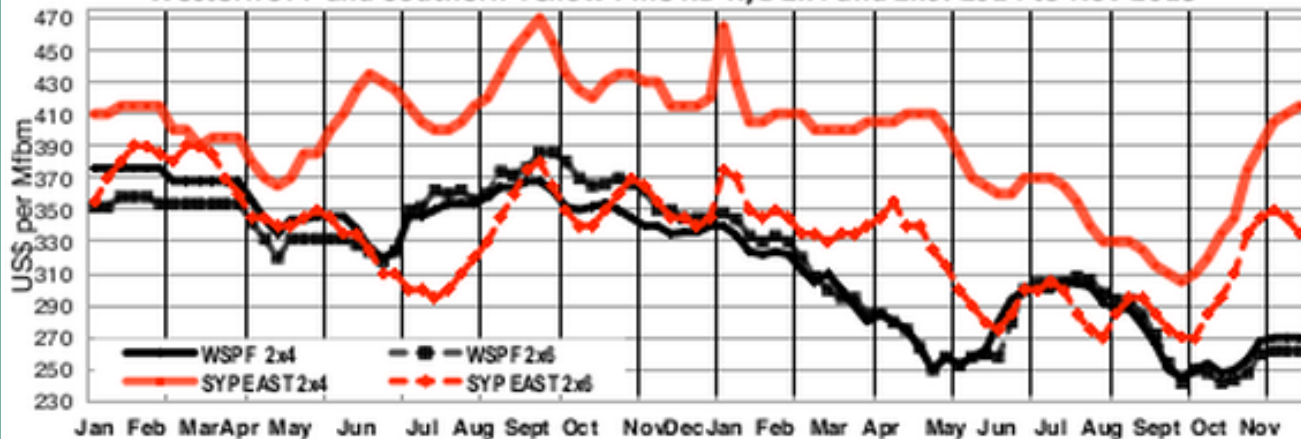
The very, very long-awaited Fixing America's Surface Transportation, Act, — also known as fast and the Highway Bill — was drafted by lawmakers in the House of Representatives and the Senate, who unveiled the US\$305 billion measure to fund highways and mass-transit projects Tuesday in Washington, DC.

The US Senate on Thursday overwhelmingly approved the bill that would fund America's roads, bridges, and mass-transit systems and revive the charter of the US Export-Import Bank.

The institution passed a fully funded five-year plan for surface transportation reauthorization with \$US10.8 billion in grants for freight projects.

FAST specifically funds a freight-specific competitive grant program, the Nationally Significant Freight and Highway Projects Program, to the tune of some US\$4.5 billion over the next five years, and a freight formula program, the National Highway Freight Program, at US\$6.3 billion over the same five years. **CONT'D PAGE 9**

Western SPF and Southern Yellow Pine KD R/L 2x4 and 2x6: 2014 to Nov 2015

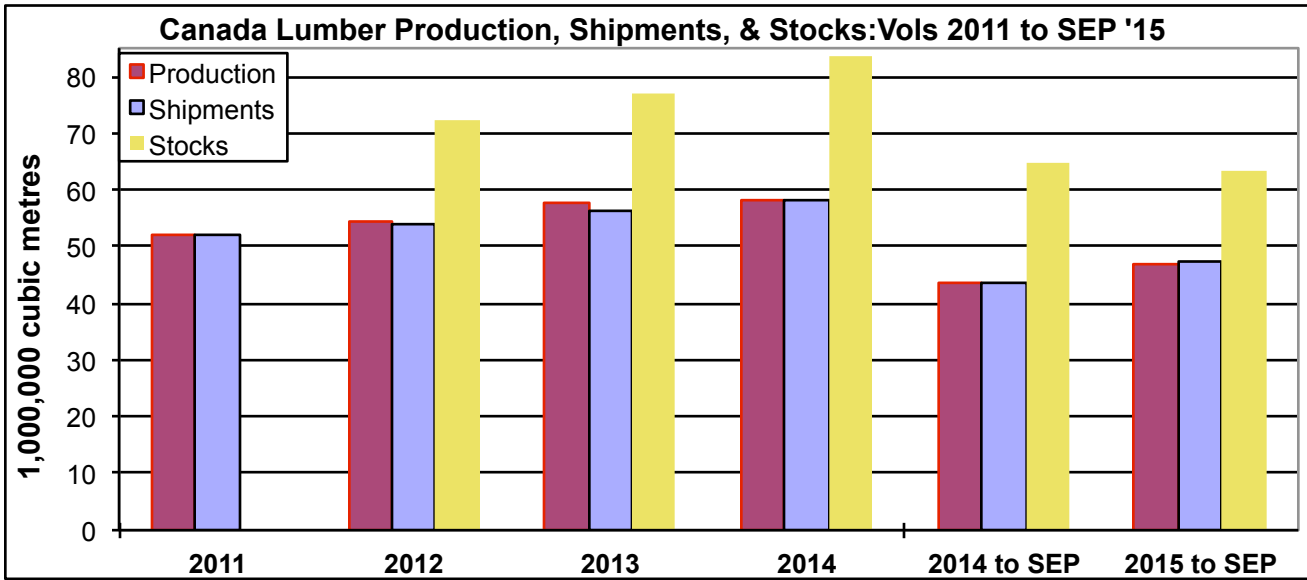


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### Canada Softwood Lumber Production, Shipments, and Stocks: September 2015

Lumber production by sawmills increased 6.4 per cent from for January to September 2015, to 46.84 million cubic metres, according to new data released by Statistics Canada Tuesday. Lumber production was 43.84 million cubic metres for the same time last year.

Sawmills shipped 47.30 million cubic metres of lumber for the first nine months of 2015, up 7.9 per cent from last year. In 2014 lumber shipments were 43.54 million cubic metres.

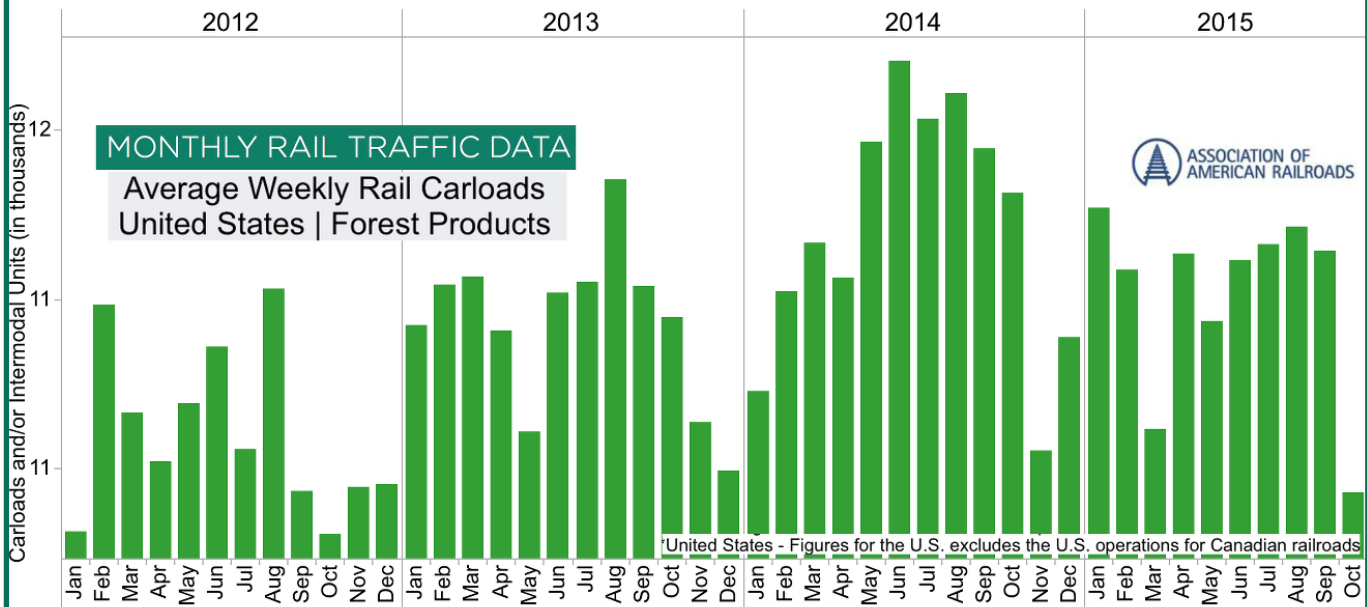


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### US Freight Traffic: November 2015

Excluding coal, carloads were down 5.8 per cent or 41,461 carloads in November 2015 from November 2014.

Total US carload traffic for the first 11 months of 2015 was 13,046,761 carloads, down 5.1 per cent or 699,664 carloads, while intermodal containers and trailers were 12,530,739 units, up 1.8 per cent or 223,272 containers and trailers when compared to the same period in 2014. For the first eleven months of 2015, total rail traffic volume in the United States was 25,577,500 carloads and intermodal units, down 1.8 per cent or 476,392 carloads and intermodal units from the same point last year.



# Madison's Weekly Lumber Key Prices Table

www.madisonsreport.com



	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	260	258	+2	270	-10	336	-76
WSPF KD R/L 2x6	260	254	+6	262	-2	345	-85
SYP KD R/L East Side 2x4	395	400	-5	410	-15	415	-20
SYP KD R/L East Side 2x6	305	310	-5	345	-40	340	-35
ESPF KD R/L 2x4	360	355	+5	375	-15	425	-65
WSPF KD PET 2x4 Stud	210	215	-5	235	-25	355	-145
WSPF KD PET 2x6 Stud	225	225	0	235	-10	380	-155
Douglas Fir Green R/L 2x4	290	295	-5	310	-20	318	-28
Douglas Fir Green R/L 2x10	370	385	-15	410	-40	415	-45
ESPF KD 2x4 8ft Stud	280	290	-10	315	-35	405	-125
OSB Ontario 7/16" (CDN\$/msf)	338	335	+3	330	+8	200	+138
CSplywood Toronto 3/8" (CDN\$/msf)	409	408	+1	412	-3	417	-8

## Madison's Weekly Lumber News

### Canada Residential Construction Index: 3Q 2015

The total value of investment in residential construction rose 3.3 per cent to \$31.9 billion in the third quarter compared with the same quarter a year earlier, said Statistics Canada Thursday. This marked the seventh consecutive year-over-year quarterly growth.

Investment in apartment and apartment-condominium building construction (up 21.5 per cent to \$4.7 billion), acquisition costs related to new dwelling units built (up 7.4 per cent to \$3.6 billion), renovation spending (up 1.3 per cent to \$14.1 billion) and spending on converted dwelling units (up 76.9 per cent to \$385 million) accounted for most of the national advance.

Residential construction investment increased in five provinces in the third quarter. Ontario reported the largest gain, followed by British Columbia and Quebec.

### US Residential Construction Spending: October 2015

NAHB analysis of Census construction spending data released Tuesday shows that total private US residential construction spending for October increased to a seasonally adjusted annual rate of US\$399 billion. On a month-over-month basis, private single-family spending was US\$226 billion, up by 1.6 per cent over the revised September estimate. Private multifamily spending increased to US\$58 billion, up by 1.4 per cent.

Annually, the pace of multifamily spending rose 28 per cent from the October 2014 estimate, and spending on single-family construction was 11 per cent higher.

The monthly growth rate of multifamily construction fell to 1.4 per cent in October from relatively higher rates in August (8 per cent) and September (6 per cent). NAHB anticipates accelerating growth for single-family spending in 2015.

The pace of total nonresidential construction spending increased by 1 per cent monthly in October, and the annual increase from the revised September 2014 estimate was 11 per cent. The largest contribution to this year-over-year nonresidential spending gain was made by the class of manufacturing-related construction (41 per cent increase), followed by lodging (30 per cent increase) and amusement/recreation (24 per cent increase).



## Changing Dynamics of the Asia-Pacific Wood Trade

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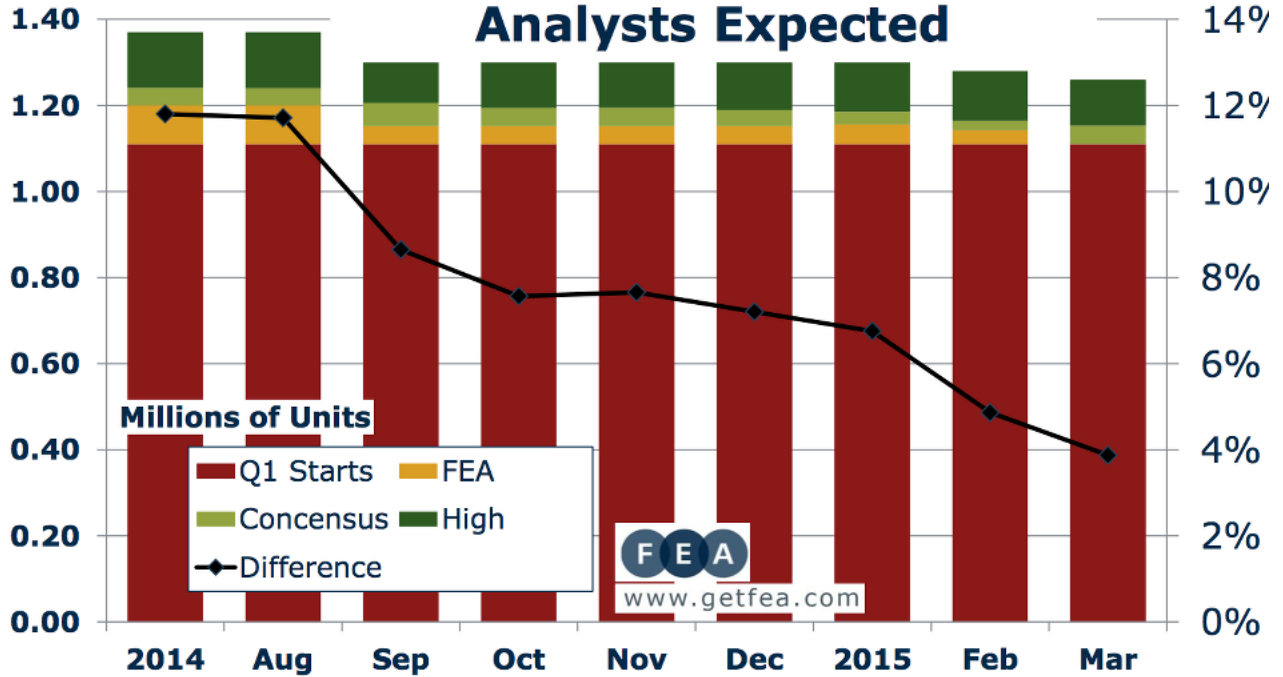
International Forest Industry Advisors

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

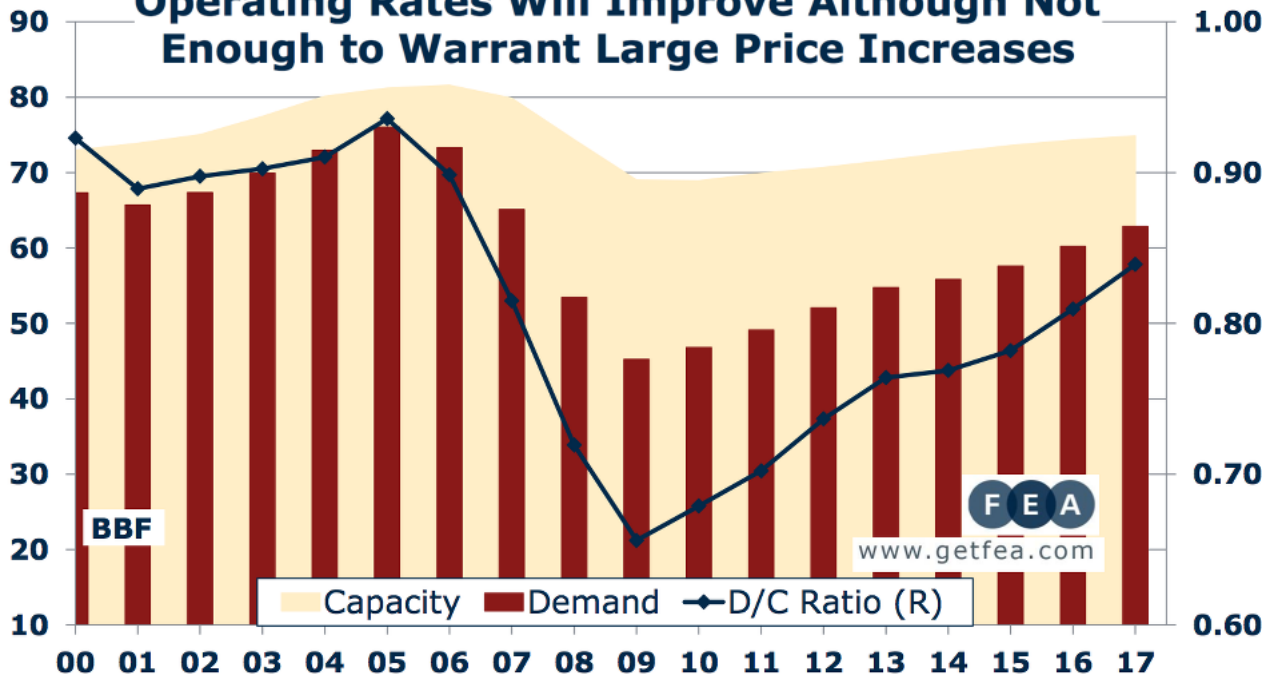
**BMO Capital Markets Update on the North American Lumber & Wood Panel Markets :  
Forest Economic Advisors**

- US Starts Were Weaker Than Most Analysts Expected
- US New Home Sales Are Consistent with Just Over One Million Starts
- Sawmill Operating Rates Will Improve Although Not Enough to Warrant Large Price Increases

**Housing Starts Weaker Than Analysts Expected**



**Operating Rates Will Improve Although Not Enough to Warrant Large Price Increases**





# US Highway Bill Drafted

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The US bill outline federal spending for highway, transit and rail, it also includes a provision to revive the Export-Import Bank. The export-promoting bank's charter expired last summer after conservatives successfully lobbied against the agency as "corporate welfare" that promoted "crony capitalism." The new charter would be renewed through September 2019.

Lawmakers in both chambers generally praised the bill's policy but criticized so-called budget gimmicks negotiators used to offset costs.

by Kéta Kosman

## Six Year US Infrastructure Spending Plan

For years, lawmakers have been looking for new and lasting means to support the cash-strapped Highway Trust Fund. Congress hasn't passed a highway bill that covers more than two years since 2005. Instead, funding has been allocated in small bursts in a series of stopgap measures.

### Project Funding

The taxes on gasoline and diesel continues to be the primary contributor to the fund. Fuel taxes, however, haven't been raised since 1993 and Americans' recent proclivity for driving fewer miles and operating more fuel-efficient cars has only contributed to a crippling shortfall. Today, the federal government typically spends about US\$50 billion each year on transportation projects, while the gas tax annually nets only US\$34 billion to cover those costs.

FAST, however, would not only provide long-term funding, but actual funding mechanisms. Negotiators said they were compelled to begrudgingly include some schemes that were less than desirable, including one plan to pull roughly a billion dollars from the Federal Reserve, another to use revenue from a customs fee levied on airline and cruise passengers and another to sell oil from the nation's emergency stockpile.

### US Import-Export Bank Revived

The legislation returns the EXIM Bank to operation over conservative opposition that allowed its charter to expire on June 30. The agency, which helps US companies with foreign competitors, would have its charter renewed through September 30, 2019, but with a lower lending limit and other reforms.

Boeing, EXIM's biggest beneficiary, and General Electric have warned that the loss of agency support could cause them to move manufacturing jobs out of the United States. Ethiopian Airlines also expressed

concern in September about its ability to take delivery on Boeing jets without EXIM support.

### Other Provisions

To avoid higher taxes, the bill's authors opted for a series of controversial measures including a transfer from the Federal Reserve's surplus funds, an increase in customs fees and a requirement for the Internal Revenue Service to use private tax collection agencies.

The measures would leave the Highway Trust Fund with US\$10 billion at the end of 2020, according to the nonpartisan Congressional Budget Office.

A number of add-on provisions in the legislation were the subject of intensive lobbying by the transportation industry and safety advocates.

The measure also includes funding for ferries and establishes the first-ever grant program guaranteeing financing for large-scale freight projects—money that could help loosen a freight bottleneck in Chicago or construct a rail-freight tunnel in New York Harbor.

The total price tag includes funds that have been authorized but not appropriated, such as roughly \$8 billion for Amtrak.

### Motor-Vehicle Safety

Responding to a wave of deadly auto-safety defects, the package would increase the maximum civil penalty for motor-safety violations to US\$105 million per incident from US\$35 million and give whistleblowers an incentive to report defects by allowing them to receive at least 10 per cent of monetary penalties for cases exceeding US\$1 million, depending on the

kind of information shared with authorities.

National Highway Traffic Safety Administration funds also would increase, with almost \$1 billion for safety programs over five years.

### Further Details

The biggest chunk of the bill's contracting authority is \$281 billion over five years for the Highway Trust Fund for roads, bridges, mass transit and other programs. It also includes more than \$12.2 billion for capital investment grants, \$10.36 billion for freight and rail-related projects, \$980 million for National Highway Traffic Safety Administration vehicle safety provisions and hundreds of millions of dollars for other projects or agencies, including emergency preparedness.

Other aspects of the bill reflect several regional victories. It would keep in place a program that distributes shares of mass-transit funding for seven high-density Northeast states, including New York and New Jersey

### Presidential Approval

The White House said on Friday President Barack Obama will sign the highway bill as soon as it arrives from Capitol Hill

"It's not a perfect bill," said White House spokesman Josh Earnest, adding that the bill is a compromise between Republicans and Democrats.

Obama will sign the bill, said White House spokesman Josh Earnest, who on Wednesday called the measure a "real step forward."