

# MADISON'S LUMBER REPORTER

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## News & Updates

### Canada-US Softwood Lumber Discussions

Ottawa and Washington have begun talks toward renewing a pact regarding the export of Canadian lumber to US markets, Canada's trade minister, Chrystia Freeland told lawmakers in Ottawa Thursday, said *NASDAQ.com*.

Freeland said Canadian negotiators were in Washington last week to meet with their US counterparts about a new lumber-trade agreement.

A spokesperson for the Office of the US Trade Representative didn't elaborate. Freeland said Prime Minister Justin Trudeau raised the issue with President Barack Obama in November at the Asia-Pacific Economic Cooperation summit in Manila.

Canadian forest products represent roughly 8 per cent of total Canadian exports, according to the most recent trade data. In 2015, exports of forest products rose 9.2 per cent from a year earlier to 3.47 billion Canadian dollars (\$2.53 billion).

Read more: <http://www.nasdaq.com/article/us-and-canada-start-lumbertrade-talks--update-20160218-01383#ixzz40dvBALdY>.

### US Construction Material Prices: Jan 2016

Construction input prices fell by 0.6 per cent during January 2016 according to the US Bureau of Labor Statistics Producer Price Index released Wednesday.

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### Southern Pine Lumber Exports: 2015

Southern Pine exports finished 2015 at a record volume of just over 589 million board feet (MMbf), a jump of 7 per cent above the 2014 export total, according to the USDA's Foreign Agricultural Service Thursday.

In the past five years, exports of Southern Pine lumber have more than doubled.

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### Western Forest Products, Canfor, Goodfellow Report

Western Forest Products reported Wednesday revenue of \$265.6 million in 4Q 2015, compared to \$232.6 million for 4Q 2014.

Canfor reported also Wednesday net income of \$1.6 million, or \$0.01 per share, for 4Q 2015, compared to \$29.9 million, or \$0.22 per share, for 4Q 2014.

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### China Log Inventories, Prices: Jan 2016

New Zealand export log prices to China fell in January 2016 and rallied again in February to end up pretty much back at December 2015 levels, said *Wood Matters* Friday. Domestic log prices have continued to strengthen on the back of solid demand, especially for pruned logs.

China log inventory has fallen from 2.7 million m3 as *Wood Matters Log Market Report* last reported in December, to 2.4 million m3 just prior to the Chinese New Year holidays, but is expected to increase again to around 3.6 million m3 by the end of this month.

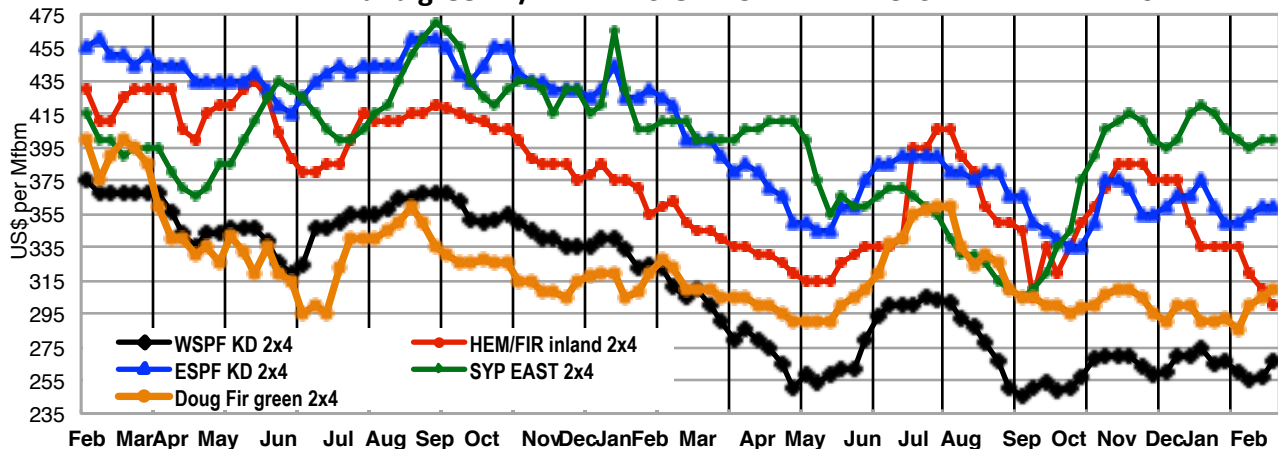
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### North America Transportation Data Update

The latest North America railway transportation data is examined.

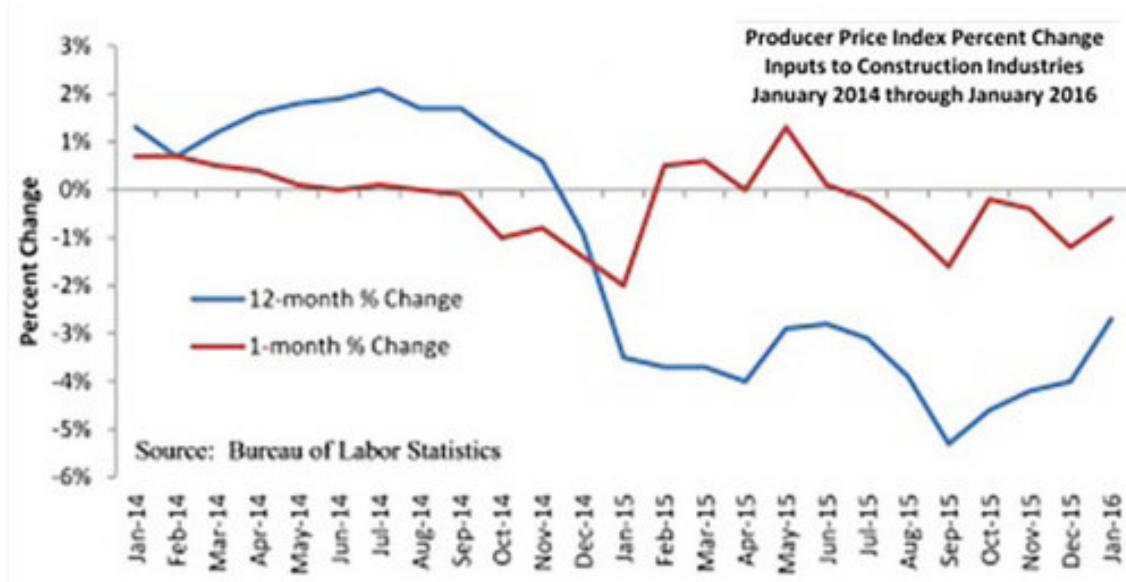
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FIVE KEY 2x4 KD and green R/L DIMENSION LUMBER PRICES FEB '14 - FEB '16



## US Construction Materials Prices: January 2016

Construction input prices are down 2.7 per cent from January 2015 and have now decreased on a year-over-year basis for 14 consecutive months, according to the Associated Builders and Contractors Wednesday. Prices for inputs to nonresidential construction have behaved similarly, falling 0.8 per cent on a monthly basis and 2.7 per cent on an annual basis. Inputs related to energy — crude petroleum, natural gas and unprocessed energy materials — plummeted again in January, contributing heavily to overall construction input price declines.



### Four key input prices expanded in January on a monthly basis:

- Nonferrous wire and cable prices expanded 2.1 per cent on a monthly basis but fell 5.2 per cent on a yearly basis. Iron and steel prices grew by 1.1 per cent month-over-month but have declined 22.3 per cent year-over-year.
- Softwood lumber prices expanded 0.7 per cent for the month but fell 7.2 per cent on an annual basis.
- Prices for prepared asphalt and tar and roofing and siding products increased by 0.5 per cent on a monthly basis but are down 2 per cent on a year-over-year basis.

### Seven key input prices remained flat or declined on a monthly basis:

- Crude petroleum prices plunged 23.1 per cent from December 2015 and are down 38.6 per cent from January 2015.
- Unprocessed energy material prices fell 10 per cent on a monthly basis and 26.4 per cent on a yearly basis.
- Natural gas prices shed 3.5 per cent for the month and are down 31 per cent for the year.
- Fabricated structural metal prices products fell 0.9 per cent month-over-month and 1.9 per cent year-over-year.
- Prices for steel mill products fell 0.3 per cent on a monthly basis and are down 19.2 per cent on a yearly basis.
- Prices for plumbing fixtures and fittings fell 0.2 per cent for the month and are up only 0.8 per cent from the same time one year ago.
- Concrete product prices remained unchanged on a monthly basis but have expanded 2.5% year-over-year.

## Madison's Weekly Lumber Key Prices Table

www.madisonreport.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	266	257	+9	266	0	312	-46
WSPF KD R/L 2x6	264	257	+7	260	+4	320	-56
SYP KD R/L East Side 2x4	400	400	0	400	0	410	-10
SYP KD R/L East Side 2x6	300	295	+5	290	+10	350	-50
ESPF KD R/L 2x4	360	360	0	350	+10	420	-60
WSPF KD PET 2x4 Stud	235	230	+5	200	+35	330	-95
WSPF KD PET 2x6 Stud	220	215	+5	215	+5	330	-110
Douglas Fir Green R/L 2x4	310	305	+5	285	+25	322	-12
Douglas Fir Green R/L 2x10	370	355	+15	330	+40	385	-15
ESPF KD 2x4 8ft Stud	295	295	0	265	+30	380	-85
OSB Ontario 7/16" (CDN\$/msf)	320	305	+15	330	-10	240	+80
CSplywood Toronto 3/8" (CDN\$/msf)	402	406	-4	395	+7	460	-58

## Madison's Weekly Lumber News

### SYP Lumber Exports, 2015

CONT'D FROM PG 2 During 2015, the top three destinations for US Southern Pine lumber exports remained unchanged: China (129.6 MMbf), up 20 per cent; the Dominican Republic (86.9 MMbf), up 12 per cent; and Mexico (73.8 MMbf), up 30 per cent, said the USDA FAS Thursday.

For the month of December, Southern Pine exports totalled 45.7 MMbf, a jump of 17 per cent above the volume exported during December 2014. December shipments offshore break down as follows: 25.2 MMbf dressed, 7.3 MMbf rough and 13.2 MMbf treated lumber,

according to Southern Forest Products Association.

Softwood lumber imports to the US finished 2015 with a volume of 13.7 billion board feet (Bbf), up 10 per cent from 2014. December imports amounted to just over 1 billion board feet, up 13 per cent above December 2014 imports. During all of 2015, softwood imports from Canada totalled approximately 13.1 Bbf, with 1.1 Bbf imported in December alone.

### Quarterly Reports

CONT'D FROM PG 2 Goodfellow Inc, based in Delson, QC, reported

February 12 strong income and consolidated sales for 4Q ended November 30, 2015. Net income was \$2 million, or \$0.23 per share, up from last year's \$1.5 million, or \$0.18 per share, a year ago.

Consolidated sales were \$135.2 million compared to \$124.5 million last year.

As approved by the board of directors, the company will be paying a cash dividend of \$0.15 per common share on March 11 to all shareholders of record as of February 26.

### Cascades Announces...

Cascades Corp, out of Québec City, QC, announced Friday that Charles Malo has been appointed President and Chief Operating Officer of Norampac, a division of Cascades.

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### Calendar

May 2016

#### International Pulp Week 2016

May 1 - 4, 2016 - Vancouver, BC

<http://www.forestproductssummit.com>

#### PwC's 29th Annual Global Forest, Paper & Packaging Industry Conference

May 4, 2016 - Vancouver, BC

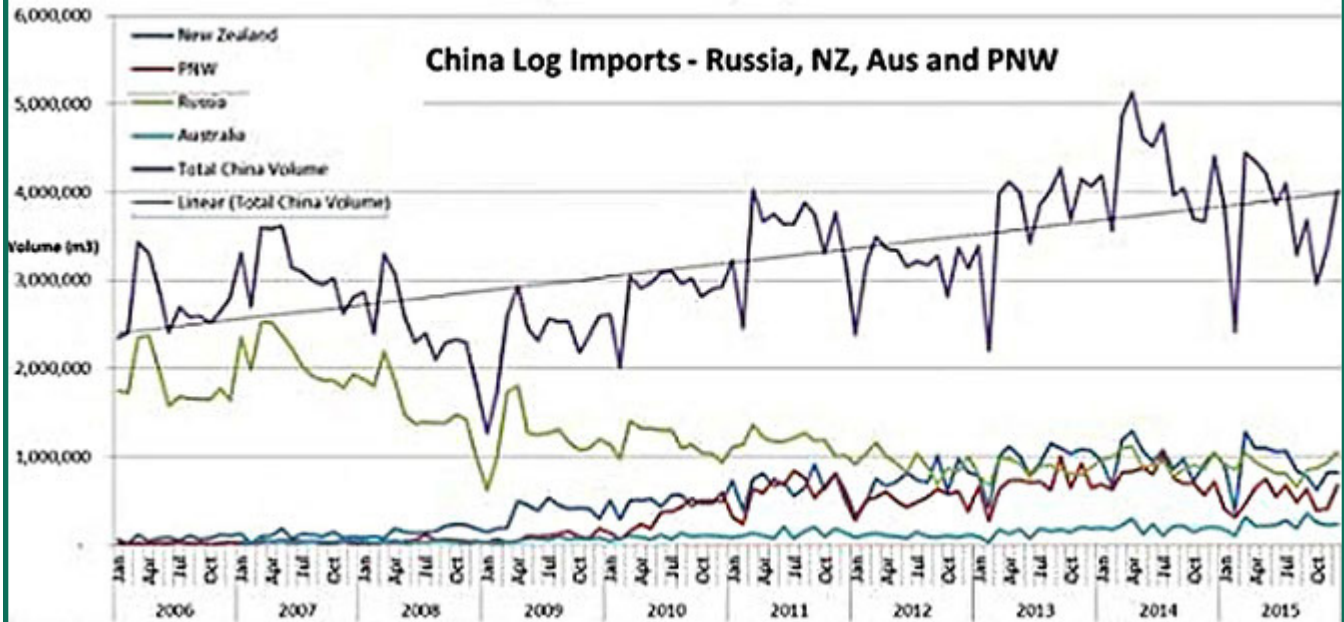
<https://www.pwc.com/ca/en/industries/forest-paper-packaging/publications/annual-global-forest-paper-industry-conference.html>

## China Log Export Market

by [Wood Matters Log Market Report](#)

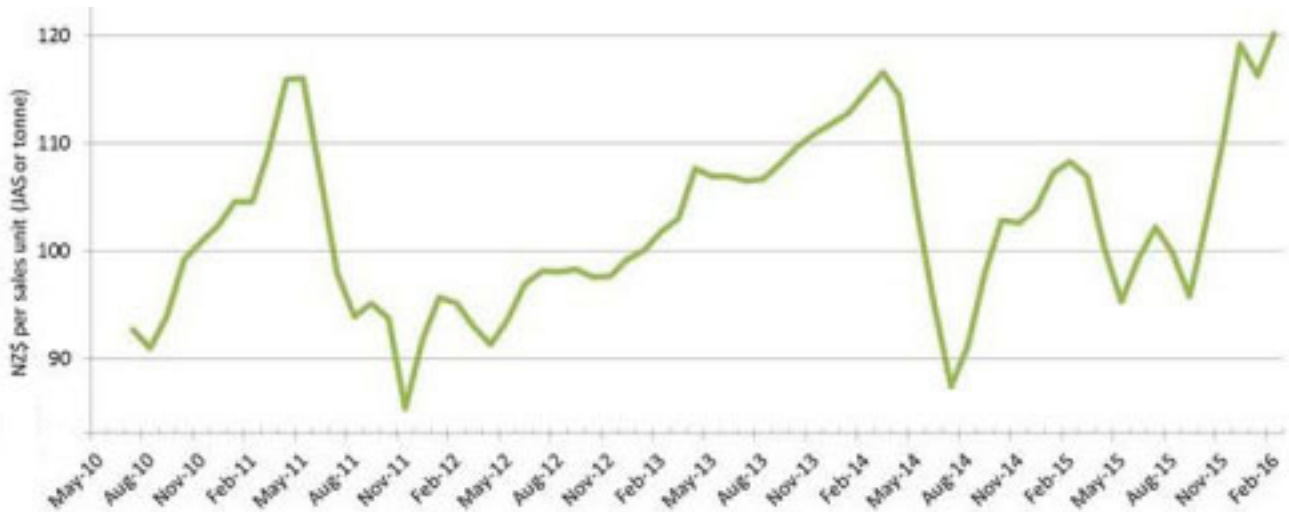
As speculated in the December report, January prices fell based on a CFR price drop [CFR is the price logs sell for in US\$ at the destination port]. This was partly offset by favourable movements in the NZ\$: US\$ cross rate and, believe it or not, further reductions in [already very low] ocean freight costs (mainly lower bunkers – ship fuel oil). Modest firming of CFR price and a continued favourable NZ\$:US\$ cross rate and ocean freight rates saw the export log price rally again in February to recover almost all of January's reduction.

With the A-grade CFR in China at around the [relatively low] price of US\$116/JAS m3, it is not stimulatory for North American log supply. The strengthening trend of the US\$ adds to the decreasing competitiveness of log exports from the USA. This will help keep a lid on excessive inventory build beyond the expected increase through Chinese New Year.



## PF Olsen Log Price Index to February 2016

The PF Olsen log price index rose two points from \$119 last month to \$121 this month. It is now \$36 higher than its cyclical low of \$85 in November 2011 and \$17 above the two-year average and \$18 above the five-year average..





# North America Transportation Volumes Update

CONT'D FROM PAGE 2

The Association of American Railroads Wednesday reported US rail traffic for the week ending Feb. 13, 2016.

For that week, total US weekly rail traffic was 505,148 carloads and intermodal units, down 3.8 per cent compared with the same week last year.

## US Rail Car Loadings

Total carloads for the week ending Feb. 13 were 244,334 carloads, down 15.4 percent compared with the same week in 2015, while U.S. weekly intermodal volume was 260,814 containers and trailers, up 10.4 percent compared to 2015.

## US Truckload Rates

According to a report from DAT Solutions, based on its network of load boards, an 0.8 per cent increase in freight for the week ending Feb. 13 came as truck capacity grew by 1.2 per cent.

With the national average diesel price falling below US\$2 per gallon, truckload rates on the spot market continued their downward trend. Freight brokers usually quote a one-time price that includes both a line-haul portion and the fuel sur-

charge, so declining fuel prices influence spot market rates significantly, according to DAT.

The number of van load posts dropped by 6 per cent last week, while truck posts were 1 per cent higher than the previous week. The van load-to-truck ratio fell 6 per cent, resulting in 1.3 van loads for every truck posted on the DAT network. The national average van rate dropped 4 cents last week to US\$1.58 per mile. All rates include fuel surcharges.

## North American Freight Index

Spot market freight volume declined 9.1 per cent in January, and truckload line haul rates edged down, compared to December. The month-over-month decline was typical of seasonal norms, according to the DAT North American Freight Index. January freight availability in-

creased in only three of the past 20 years represented in the Index. The exceptions were January 2010, 2013 and 2014.

## Global Shipping Index

The Baltic Dry Index is finally starting to show some stability after setting fresh record lows on a near-daily basis for the past few months.

The BDI set a record of 290 points on Feb. 10, but has since posted gains for the past four sessions, settling at 301 on Tuesday. It was above 1,200 as recently as August 2015, and had never been below 500 points since records began in 1985 prior to its latest downturn.

The BDI is compiled daily by the London-based Baltic Exchange and provides an assessment of the price of moving major raw materials by sea, including grain.

