

MADISON'S LUMBER REPORTER



Publisher
KetaDesign Productions

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Annual Subscription Prices
E-mail/Fax: US\$408.45
Discounts available for multiple
subscriptions
Published 50 times a year



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In Canada, add GST or HST
ISSN 0715-5468

Printed in Canada © 2015

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News & Updates

Madison's Forest Pulse: March 2016

The latest data out of Statistics Canada, Industry Canada, the US Foreign Agricultural Service, and the US Census is out! Almost all data sets for **North America 2015 forest product manufacturing, transportation, and export** is now available.

As well, the latest transportation data for Canadian and US rail and US truck.

The next issue of the quarterly *Madison's Forest Pulse* goes out next week!

Don't miss out on this vital and timely information...scroll down for the latest graphs.

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Home Price Index, US: Dec 2015

The Case-Shiller National Home Price Index, reported by S&P Dow Jones Indices Thursday, slowed to a 9.8 per cent seasonally adjusted annual growth rate in December, from 10.4 per cent in November. The Home Price Index from the Federal Housing Finance Agency (FHFA) rose at a seasonally adjusted annual rate of 5.5 per cent in December, following 7.1 per cent in November.

House price appreciation is largely driven by existing home sales and inventory, said NAHB. Existing home sales have been fluctuating over the past year, particularly with interest rate expectations. Correspondingly, house price appreciation has experienced some volatility.

US Housing Starts Index, Home Sales: Jan 2016

US home building data for January showed declines for new home sales and housing construction said the National Association of Home Builders Wednesday. Builder confidence also declined but remains in positive territory. NAHB's forecast is for continued, modest growth for single-family construction and a slowing of the growth rate for multifamily development in 2016.

The NAHB/Wells Fargo Housing Market Index measure of single-family builder sentiment declined three points in February to 58 – still well above the tipping point of 50, and three points above last February, but down from a recent peak of 65 in October 2015. Builders reported more consumer concern over the price of new homes relative to existing homes as builders face higher costs for labor, land and materials.

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Price-to-Rent Ratio, US: Year-over-Year 2015

The Case-Shiller National House Price Index increased 5.4 per cent year-over-year in December said the agency Tuesday. The year-over-year increase in prices is mostly moving sideways now around 5 per cent. In December 2015, the index was up 5.4 per cent.

It has been almost ten years since the bubble peak. In the Case-Shiller release, the National Index was reported as being 3.7 per cent below the bubble peak. However, in real terms, the National index is still about 18 per cent below the bubble peak.

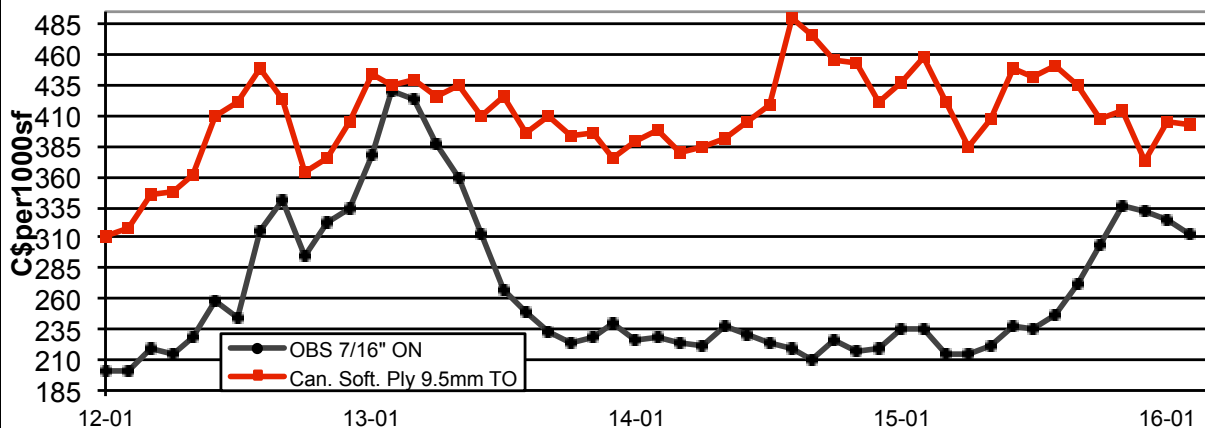
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Canada State of the Forests 2015

For a quarter century the Government of Canada has been using *The State of Canada's Forests* report to chronicle Canada's progress toward sustainable forest management.

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OSB Ontario 7/16" vs Can. Softwood Plywood 9.5mm Toronto 2012 - FEB 2016



Canadian Sawmill Exports: Full-Year 2015

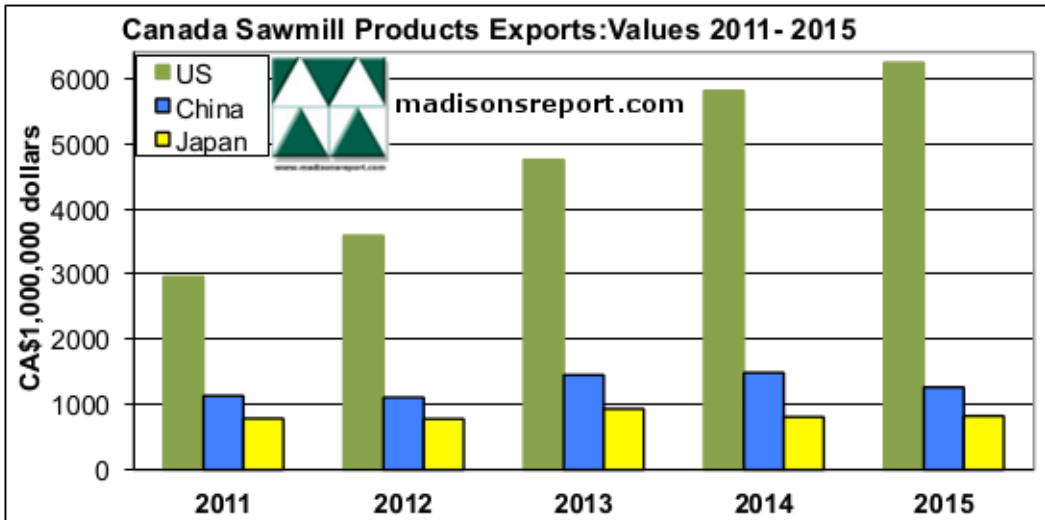
Canada Sawmill Products Exports: VALUES 2011 - 2015

Canada's Total Exports for Sawmills (except Shingle and Shake Mills) To All Countries full year 2015 were up +3.5 per cent, to \$9,142 million from \$8,836 million the year earlier, said Statistics Canada Wednesday.

Canada's exports to the US were up +7.5 per cent, to \$6,240 million in 2015 from \$5,805 million one year earlier.

Canada's sawmill product exports to China were down -14.9 per cent, to \$1,266 million from \$1,487 million in 2014.

Canada's exports to Japan were up +2 per cent, to \$826 million from \$811 million one year ago.



Canada Softwood Lumber Exports: VOLUMES 2011 - 2015

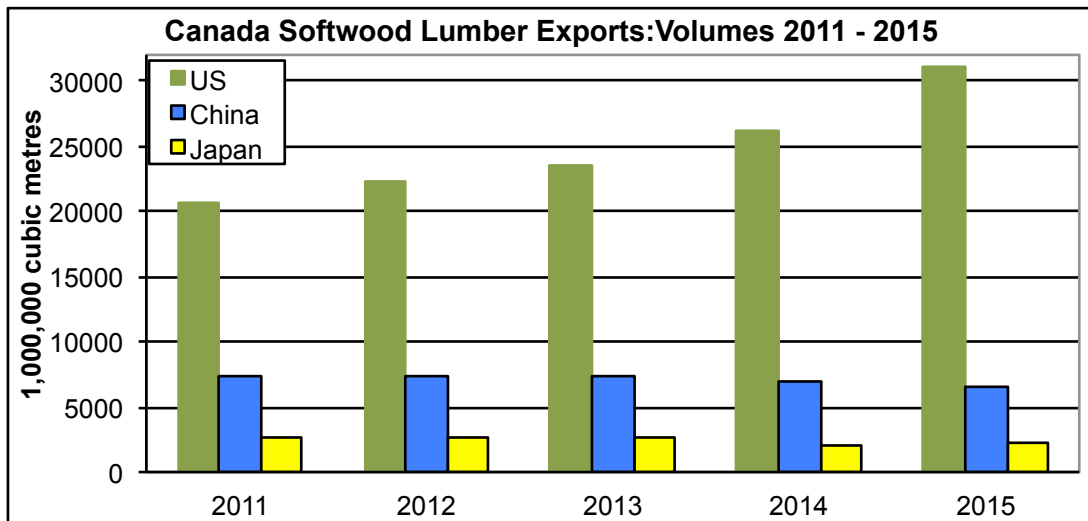
Canada's softwood lumber exports to the world for full year 2015 were up +16.2 per cent, to 42,030 million cubic metres from 35,211 cubic metres compared to the previous year, said Industry Canada also Wednesday.

Canada's exports to the US were up +15.8 per cent, to 31,085 million cubic metres in 2015 from 26,171 million cubic metres one year earlier.

Canada's softwood lumber exports to China were down -6 per cent, to 6,537 million from 6,968 million cubic metres in 2014.

Canada's exports to Japan were up +8.9 per cent, to 2,274 million cubic metres from 2,072 million cubic metres one year ago.

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Madison's Weekly Softwood 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	270	266	+4	260	+10	305	-35
WSPF KD R/L 2x6	268	264	+4	260	+8	308	-40
SYP KD R/L East Side 2x4	395	400	-5	400	-5	410	-15
SYP KD R/L East Side 2x6	295	300	-5	290	+5	345	-50
ESPF KD R/L 2x4	365	360	+5	350	+15	400	-35
WSPF KD PET 2x4 Stud	240	235	+5	200	+40	325	-85
WSPF KD PET 2x6 Stud	220	220	0	215	+5	325	-105
Douglas Fir Green R/L 2x4	315	310	+5	285	+30	310	+5
Douglas Fir Green R/L 2x10	380	370	+10	330	+50	355	+25
ESPF KD 2x4 8ft Stud	300	295	+5	265	+35	365	-65
OSB Ontario 7/16" (CDN\$/msf)	325	320	+5	330	-5	230	+95
CSplywood Toronto 3/8" (CDN\$/msf)	396	402	-6	395	+1	450	-54

Madison's Weekly Softwood Lumber News

Home Sales, US

CONT'D FROM PG 2 Consumers in the US signed contracts to purchase new homes at an annual rate of 494,000 in January, said the US Census Wednesday. The monthly number is 9.2 per cent below the December level but the December report was higher than expected. The two month average is 519,000. Two regions increased and two declined with the West falling 32.1 per cent to 110,000. Similar to the national level, the two month average in the West was 132,000 which compares to the past 6 months average of 127,500.

The inventory of new homes for sale continued to increase to 238,000, the highest since October 2009. The steady increase in inventory supports builders' expectations for continued modest increases in new sales. The month's supply increased to 5.8 months due to the fall in sales.

The median sales price of a new home dropped 4.5 per cent to US\$278,800 due to an increase in sales of homes between US\$150,000 and US\$199,999. Increases in relatively affordable homes is a sign that the first time buyer is finally creeping back into the home buying market.

Existing home sales, as reported by the National Association of Realtors Tuesday, increased 0.4 per cent in January to the highest level since July, and are up 11 per cent from last January. The first-time buyer share for 2015 averaged 30 per cent, up from 29 per cent in 2014 and 2013. Total existing home sales in January increased to a seasonally adjusted rate of 5.47

million units combined for single-family homes, townhomes, condominiums, and co-ops, up from a downwardly revised 5.45 million units in December.

Existing sales increased 4 per cent in the Midwest and 2.7 per cent in the Northeast while remaining flat in the South and falling 4.1 per cent in the West. Year-over-year, all regions increased, including 20.6 per cent in the Northeast, 18.2 per cent in the Midwest, 8.3 per cent in the West, and 5.7 per cent in the South.

Total housing inventory increased by 3.4 per cent in January, but remains 2.2 per cent lower than its level a year ago. At the current sales rate, the January unsold inventory represents a 4.0-month supply, compared to a 3.9-month supply in December and a 5.1-month supply in November. Some 32 per cent of homes sold in January were on the market for less than a month, the same share as in December.

The distressed sales share increased to 9 per cent in January from 8 per cent in December.

US Price-to-Rent Ratio

CONT'D FROM PG 2 In nominal terms, the Case-Shiller National index (SA) is back to October 2005 levels, and the Case-Shiller Composite 20 Index (SA) is back to April 2005 levels, and the CoreLogic index (NSA) is back to June 2005.

In real terms, the National index is back to December 2003 levels, the Composite 20 index is back to September 2003, and the CoreLogic index back to

December 2004.

In real terms, house prices are back to 2003 levels.

Conifex Elects...

Conifex Timber has appointed Tom Reed to its Board of Directors, the company said in a press release Monday.

In 2015, Mr. Reed was Vice President of Resources in Plum Creek Timber Inc.'s Atlantic South region and oversaw sustainable forest management in Alabama, Florida, Georgia, South Carolina, Virginia, and North Carolina.

Reed currently serves as Chair of Forest Resources Association and on the boards of the Florida Forestry Association, and Georgia Forestry Association, as well as on the Georgia-Alabama Land Trust board.

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>

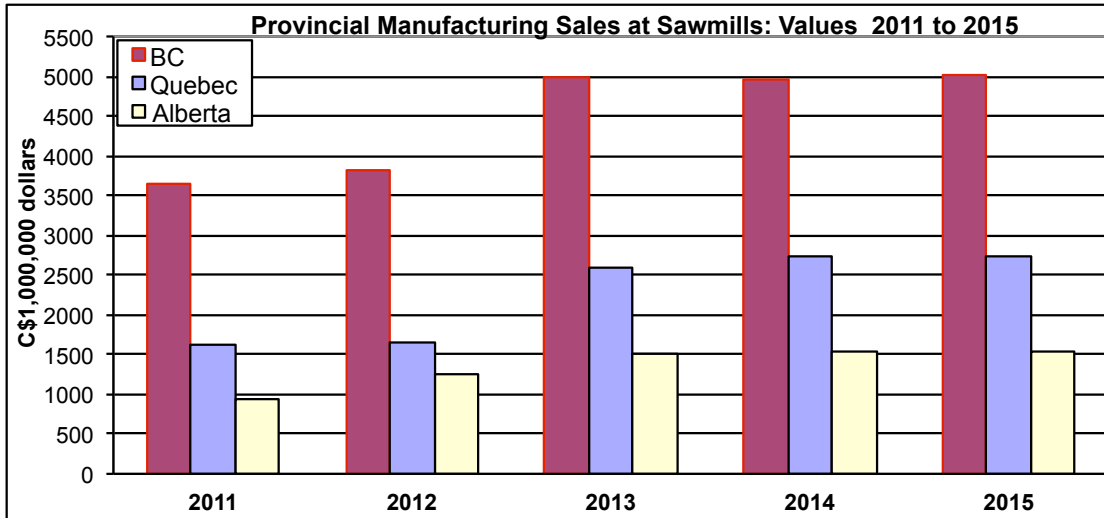
Statistics Canada Survey of Manufacturing for full-year 2015

Provincial Manufacturing Sales at Sawmills

Provincial Manufacturing Sales at Sawmills in British Columbia, Alberta, and Québec for 2015 were essentially flat over the previous year, said Statistics Canada today (Feb 24, 2016).

Manufacturing at British Columbia sawmills were up +1.4 per cent, to \$5,022 million in 2015 from \$4,953 million cubic metres one year earlier.

Manufacturing in Québec and Alberta were up +0.4 per cent, to \$2,734 million, and down -0.6 per cent, to \$1,536 respectively compared to 2014.



-- Madison's Forest Pulse -- Madison's Quarterly Softwood Lumber Industry Analysis in One Tasty Bite!

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Canada State of the Forest 2015 Report

CONT'D FROM PAGE 2

Canada Forest Cover

Canada has 348 million hectares of forest land. This represents 9 per cent of the world's forests and 24 per cent of the world's boreal forests.

Wood volume is an indicator of sustainable forest management. Professional foresters monitor tree growth to determine sustainable harvest levels and make management plans. The overall sustainable wood supply level currently estimated for Canada is 224 million cubic metres per year.

The total wood volume in Canada's forests is about 47 billion cubic metres.

Canada's Forest Zones

Canada's fastest-growing and oldest trees are found in the Pacific Maritime ecozone. There, the average wood volume is 432 cubic metres per hectare, more than triple the national average of 136 m³/ha.

Canada's slowest-growing forests are found in the Taiga Shield ecozone (with an average wood volume of 61 m³/ha) and the Hudson Plains ecozone (36 m³/ha).

Global Forest Resources Assessment

The Food and Agriculture Organization of the United Nations (FAO) prepares a Global Forest Resources Assessment (FRA) every five years. In the 2015 FRA, Canada reports that 59 per cent of its forests are primary forests. Canada's forest inventory does not directly allow for measuring primary forest areas, so this estimate is based on the assumption that primary forests include protected forests and inaccessible forests (where there are no roads).

Canada Timber Harvest

Statistics show that over the last decade, more than 85 per cent of the total volume of timber harvested for industrial use in Canada each year originates from provincial Crown lands.

In 2013, 148 million cubic metres of industrial roundwood were harvested in Canada, mainly for use in the production of lumber, but also for panel products (such as plywood, veneer and oriented strandboard) and pulp and paper products. This represents approximately 0.3 per cent of Canada's total standing wood volume (47 billion cubic metres). British Columbia accounts for nearly half (48 per cent) of Canada's industrial roundwood harvest, followed by Alberta and Quebec.

Wildfires

In 2014, a total of 5,126 forest fires burned about 4.6 million hectares (ha). While the number of fires was lower than the 10-year average, the area burned was about double the

10-year average. In terms of both numbers of fires and area burned, the busiest months were June, July and August, which is typical for Canada.

Also in 2014:

- The Northwest Territories, with more than 3 million ha burned, was over 10 times its 10-year average. British Columbia, with more than 300,000 ha burned, was a little less than 10 times its 10-year average.
- Atlantic Canada, Quebec, Ontario, Manitoba, Alberta and Yukon were all well below their 10-year averages – in most cases being at or below 20% of 10-year averages of hectares burned.
- Saskatchewan was close to its 10-year average, with more than 340,000 ha burned.
- Forest fires resulted in 19 community evacuations, affecting at least 8,200 people.

Download the full report here:
<http://www.nrcan.gc.ca/forests/report/16496>

Estimated area (hectares) of deforestation in Canada, by industrial sector, 1990–2010

SECTOR	YEAR					Source: National Forest Inventory.
	1990	1995	2000	2005	2010	
Agriculture	42,100	22,200	20,500	19,100	18,900	
Forestry*	3,700	3,300	3,600	3,800	3,800	
Hydroelectric	2,700	1,500	900	1,100	600	
Industry and transportation						
Industry	900	900	900	900	900	
Mining	2,800	2,700	2,900	2,700	2,500	
Oil and gas	4,400	5,400	7,900	11,300	11,100	
Transportation	2,000	1,700	3,000	2,800	2,700	
Municipal	3,900	3,700	4,300	4,700	4,700	
Peat mining	900	700	500	100	100	
Recreation	600	700	700	600	600	
TOTAL	64,000	42,600	45,000	47,200	45,900	

Rounding of numbers may affect column totals. *Forestry numbers result from the creation of permanent forestry access roads