

MADISON'S LUMBER REPORTER



Publisher
KetaDesign Productions

Editor
Kéta Kosman

Market Analyst
Earl Heath



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



www.madisonsreport.com
madrep@shawcable.com
604 319-2266

PO Box 2486 Vancouver, BC
V6B 3W7 Canada



In Canada, add GST or HST
ISSN 0715-5468

Printed in Canada © 2015

All material contained within is the property
of KetaDesign Productions Inc. Reproduction
or retransmission is expressly forbidden.



News & Updates

Softwood Lumber Trade Announcement

US and Canadian government officials will accelerate their negotiations for a new deal on softwood lumber trade in order to deliver the broad outlines of a new agreement in time for the North American Leaders Summit in June, the White House announced Thursday, according to *Law360* Friday.

The directive to intensify the lumber talks came out of a closely watched meeting between President Barack Obama and Canadian Prime Minister Justin Trudeau that touched upon a range of bilateral trade and investment policy issues.

“The President and Prime Minister highlighted the need to further facilitate trade between our two countries. President Obama welcomed Prime Minister Trudeau’s interest in a new long-term agreement for softwood lumber. The Leaders agreed that the United States Trade Representative and the Canadian Minister of International Trade will intensively explore all options and report back within 100 days on the key features that would address this issue. The President noted recent legislative and regulatory action to repeal country of origin labeling requirements for beef and pork that bring the United States into compliance with its international trade obligations. Canada and the United States have a shared interest in a return to a fully integrated North American market for cattle and hogs that provides more opportunities and greater economic benefits for producers on both sides of the border,” said a White House Fact Sheet, available here: <https://www.whitehouse.gov/the-press-office/2016/03/10/fact-sheet-united-states--canada-relationship>

Japan Imports of North America Logs & Lumber: 2015

Total lumber import from North America in 2015 was 2,339,457 cubic metres, a 1 per cent drop from 2014, said the *Japan Lumber Reports* Friday. This is two straight year’s decline.

Lumber import did not drop as much as that of logs from North America, but compared to the recent peak year of 2013, it was an 18 per cent drop.

Total log import was 2,565,063 cubic metres, a drop of 17.1 per cent, which is the lowest drop since 2010. The drop in log imports from US specifically was only 8.8 per cent, at 1,762,000 cubic metres, leaving the share of log imports from the US at 68.7 per cent, up from 62.5 per cent in 2014. **CONT'D PAGE 7**

Japan Housing Starts: December 2015

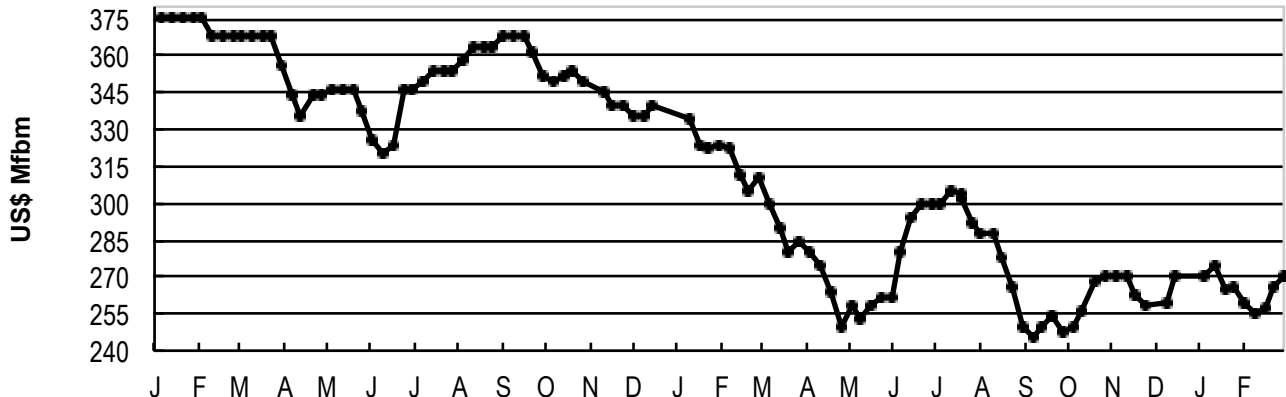
Total housing starts in Japan were 67,815 units for January, a 0.2 per cent increase over the previous year, according to *Japan Lumber Reports* Friday.

The Ministry of Land, Infrastructure, and Transport commented that some say that orders are increasing by rushing in demand before another increase in consumption tax during 2016, regardless a sizable increase in unlikely as fundamentals are still weak. **CONT'D PAGE 7**

North America Forest Industry Data: Full-Year 2015

Full-year 2015 forestry data from Canada and the US came out this week, including lumber production, US sawmill sales, US and Canadian lumber and log exports, and more. **CONT'D PAGES 8 & 9**

WSPF KD #2&Btr 2x4 : 2014 to MARCH 2016



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

The information tool for your forest management and investment decisions.

Our quarterly product is tailored to provide you with critical information about the North American solid wood, pulp, and paper industry at your fingertips in a timely manner. Get in on this vital analysis for your lumber investments.

Call us at 604 319-2266 or email madrep@shawcable.com today to order a subscription!

"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.

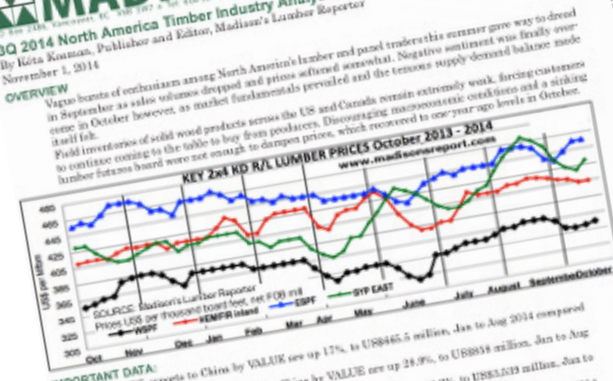
I like the trend data on capacity / efficiency plus export import ratios."

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

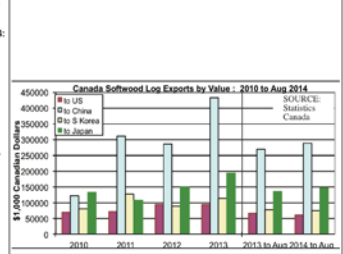
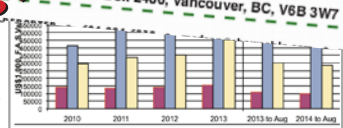
Don't miss even one issue of this essential information!

- foreshadows spot shortages, overages, and balance of supply with demand
- the latest on North American solid wood and paper companies
- presented in a compact six-page format every quarter

MADISON'S
3Q 2014 North America Timber Industry Analysis and Projection
By Keith Kusman, Publisher and Editor, Madison's Lumber Reporter
November 1, 2014



NEXT ISSUE: MARCH 8, 2016
Order now to not miss out on this vital and timely information



Payments of just CS210
solid wood, pulp and paper
11 Nov 31, 2014 only!
GST applies to Canadian subscribers

Choose our Easy Pay Option: Four Quarterly Payments of just C\$250

Yes, I want to be regularly informed on the North American solid wood, pulp and paper industry.

Please sign me up for:

_____ **Madison's FOREST PULSE** C\$989/yr
or _____ **Easy Pay Option** C\$250/quarter

GST applies to Canadian subscribers

Company Name: _____

Attention: _____

Address: _____

Phone: _____ Email: _____

Please charge my VISA/MC: Card No. _____ Exp. ____ / ____

Please bill me: (signature) _____

Madison's Lumber Reporter, PO Box 2486, Vancouver, BC, V6B 3W7 or fax 1-604-608-5438

Madison's Weekly Softwood 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	290	276	+14	257	+33	290	0
WSPF KD R/L 2x6	268	268	0	257	+11	295	-27
SYP KD R/L East Side 2x4	395	395	0	400	-5	400	-5
SYP KD R/L East Side 2x6	300	295	+5	295	+5	335	-35
ESPF KD R/L 2x4	370	365	+5	360	+10	390	-20
WSPF KD PET 2x4 Stud	235	230	+5	230	+5	305	-70
WSPF KD PET 2x6 Stud	210	210	0	215	-5	300	-85
Douglas Fir Green R/L 2x4	322	322	0	305	+17	295	+22
Douglas Fir Green R/L 2x10	380	380	0	355	+25	300	+32
ESPF KD 2x4 8ft Stud	300	300	0	295	+5	348	-60
OSB Ontario 7/16" (CDN\$/msf)	310	320	-10	305	+5	215	+95
CSplywood Toronto 3/8" (CDN\$/msf)	384	380	+4	406	-22	428	-44

Madison's Weekly Softwood Lumber News

Log and Lumber Imports, Japan

CONT'D FROM PG 2 Japan's log imports from North America in 2015 decreased by 17 per cent but lumber import dropped by only 1 per cent because SPF lumber import increased by 3.1 per cent, said the *Japan Lumber Reports* Friday.

SPF lumber accounts for more than half of Japan's total lumber imports.

Imports from Canada accounted for 99.7 per cent of SPF, at 1,346,291 cubic metres, a 3.2 per cent increase over 2014. Hemlock was the second largest species from Canada by volume, at 291,090 cubic metres, a 1.1 per cent decrease from last year, and Douglas fir was 234,660 cubic metres, a 3.6 per cent increase from 2014.

As for logs, imports from Canada dropped 30.8 per cent, at 802,687 cubic metres. Log imports from the US dropped 8.8 per cent, to 1,762,000 cubic metres.

The share of logs to the US was 68.7 per cent, up from 62.5 per cent in 2014.

Japan's plywood mills had a production curtailment program for the second half of last year, which result-

ed in a large drop in imports of logs from Canada.

Total Canadian log import volume was 802,000,000 cubic metres, the lowest since 2009 when Japan's housing starts dropped to 780,000 annually as a result of the global financial crisis. Import of Douglas fir logs specifically dropped by 36.5 per cent, to 623,000,000 cubic metres.

Import of Douglas fir logs from the US fell by 8 per cent, to 1,693,000,000 cubic metres.

The share of Douglas fir logs from the US was 66 per cent after a large decline due to the strong dollar and weak yen pushing up import prices.

Japan Housing Starts

CONT'D FROM PG 2 New building of units for owners in Japan for December 2015 increased slightly, according to *Japan Lumber Reports* Friday.

New rental units grew by 5.3 per cent, while units built for sale dropped by 5.7 per cent.

Detached units built for sale increased by 8.9 per cent, but condominiums dropped by 19.2 per cent.

Condo prices have climbed sharply so buyers are preferring detached units.

Patrick Lumber Funding

Patrick Lumber Company, out of Portland, OR, has closed on a US\$20 million loan from U.S. Bank to support its growth and provide working capital, as *WoodworkingNetwork* reported Thursday.

"Patrick Lumber over the years has shown a thoughtful approach to growth – both domestically and abroad – centered on their commitment to quality products and customer service," said Sam Philbrick, president of U.S. Bank Asset Based Finance.

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>



29th Annual Forest & Paper Industry Conference

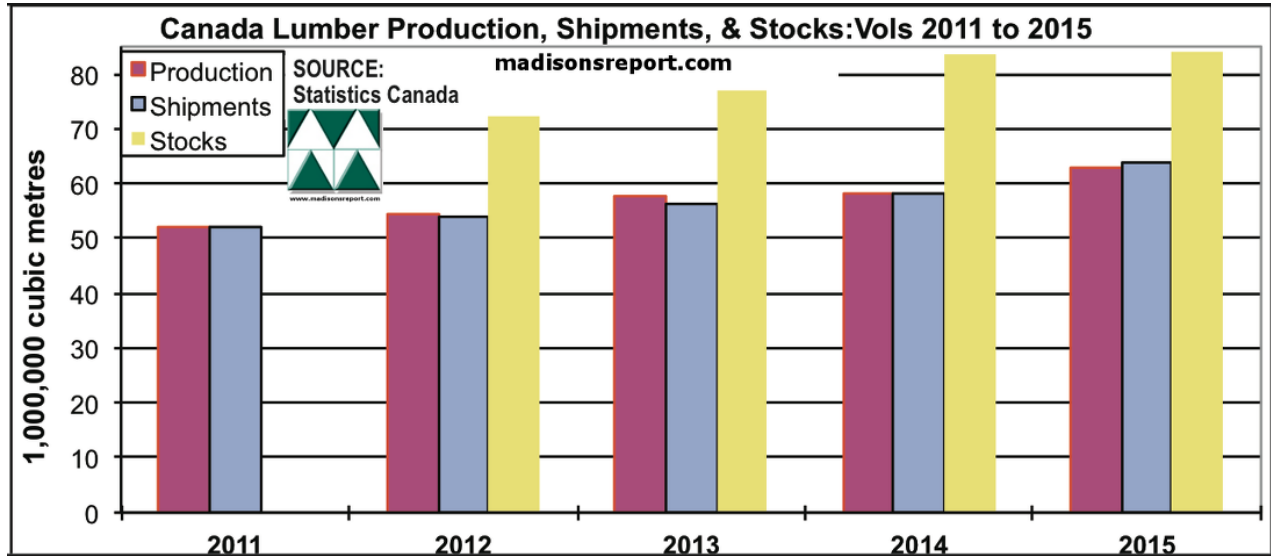
Register today

CONT'D FROM PAGE 2

Canada Softwood Lumber Production, US Lumber Imports & Exports Full Year 2015

New forest industry data out this week from Statistics Canada, the US Census, and the USDA Foreign Agricultural Service:

VOLUMES of Softwood Lumber Production in Canada for full-year 2015 rose by 7.6% , to 62.9744 million cubic metres, compared to 58.1583 million cubic metres the previous year.

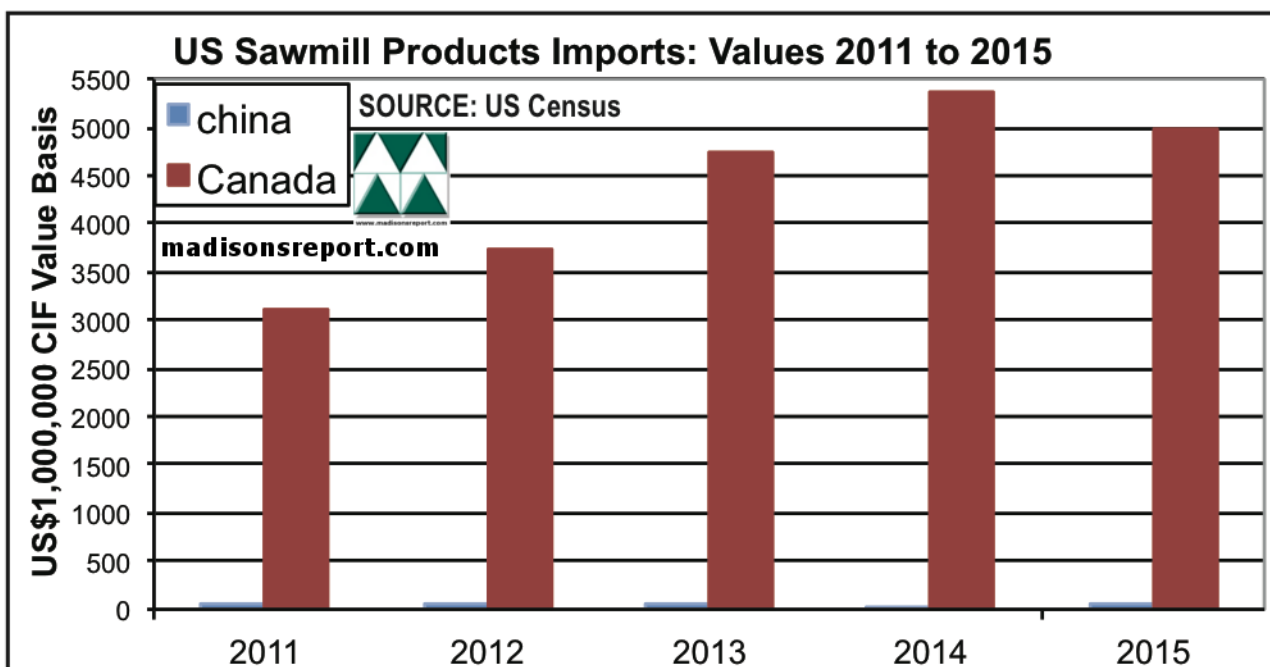


VALUES of US Sawmill Products Imports from Canada for full-year 2015 dropped by 7% , to US\$4,987 million (CIF), compared to US\$5,361 million (CIF) the previous year.

Some Reasons why **VOLUMES** from Canada to US are up but **VALUES** into US from Canada are down:

- strong US dollar in 2015 compared to 2014
- lower lumber prices last year compared to the year before

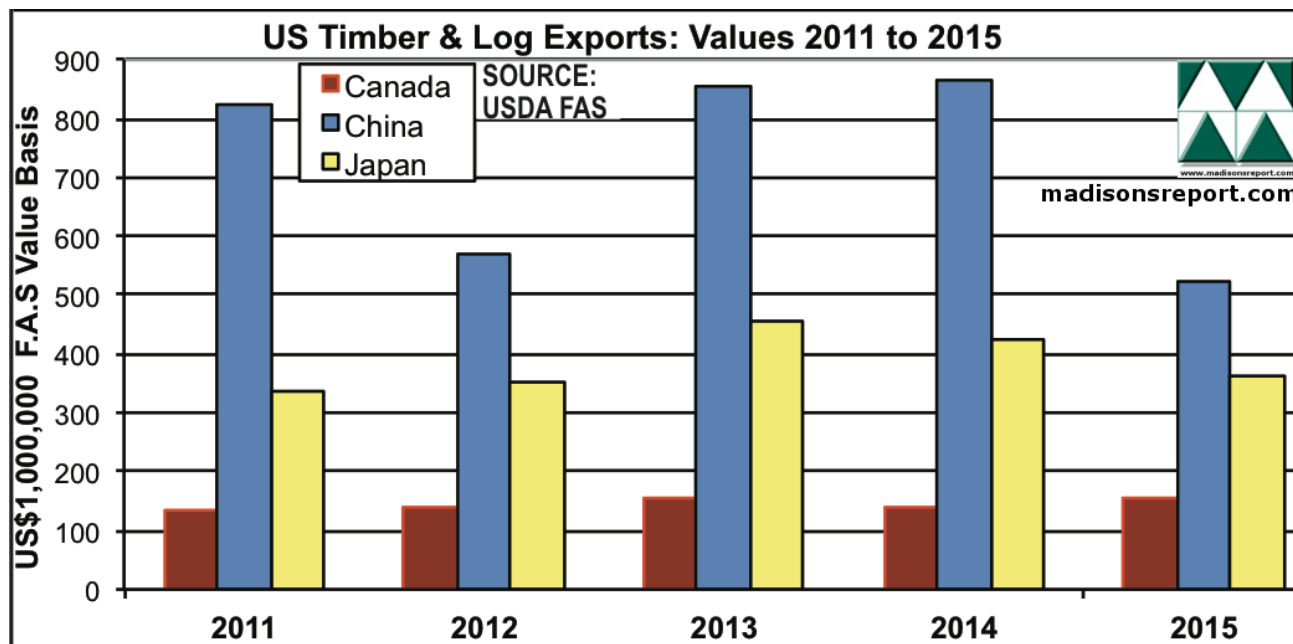
As US lumber production and sawmill capacity continues to improve over previous years, **VALUES of US Timber and Log exports to China** for full-year 2015 dropped drastically, by almost 40% , to US\$524 million (F.A.S.), compared to US\$865 million (F.A.S.) the previous year.



Lumber Production and Imports & Exports 2015

VALUES of US Timber and Log exports to the World also decreased significantly last year, by over 41% , to US\$957 million (F.A.S.), compared to US\$1,625 million (F.A.S.) in 2014.

US Sawmills are consuming US logs which were previously being exported, most specifically from the west coast to solid wood manufacturers in China.



Some Reasons why **VOLUMES** from Canada to US are up but **VALUES** into US from Canada are down:

VALUES of Wholesale Sales of US Lumber and Construction Materials increased by 3.5% in full-year 2015, to US\$113,843 million, from US\$109,832 million the previous year.

Source: Monthly Wholesale Trade: Sales and Inventories

4233: Lumber and Other Construction Materials: U.S. Total — Not Seasonally Adjusted Sales - Monthly [Millions of Dollars]

VALUES of Retail sales of US Building Materials and Supplies increased by 4.5% last year, to US\$286,713 million, compared to US\$273,871 million in full-year 2014.

Source: Monthly Retail Trade and Food Services

4441: Building Mat. and Supplies Dealers: U.S. Total — Not Seasonally Adjusted Sales - Monthly [Millions of Dollars]

