

# MADISON'S LUMBER REPORTER

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## News & Updates

### Madison's Forest Pulse: Full-Year 2015

The latest issue of *Madison's* quarterly *Forest Pulse* is out, containing up-to-the minute date on US and Canadian softwood lumber production, sawmill capacity utilization, log and lumber exports, sawmill manufacturing sales, and solid wood transportation volumes on rail and truck.

Subscribe today, don't miss out on this vital and timely information!

CONT'D PAGE 8

### Canada Investment in New Construction: Jan 2016

Investment in new residential building construction increased 3.9 per cent year over year to \$3.7 billion in January, according to Statistics Canada Monday.

Nationally, the increase was driven by higher spending on apartment and apartment-condominium buildings (+19.9 per cent) and row houses (+7.6 per cent) in January. Conversely, investment in single-family dwellings fell 4.0 per cent from January 2015, and spending on semi-detached buildings decreased 16.4 per cent.

Increases in new housing construction investment were recorded in Ontario, British Columbia and Quebec.

Spending in Ontario increased 23.4 per cent year over year to \$1.5 billion in January. This gain was attributable to higher spending on single-family dwellings, apartment and apartment-condominium buildings, and row houses. Construction spending for semi-detached buildings posted a decline.

CONT'D PAGE 7

### US Home Sales, Economy: January 2016

As existing home sales in the US weakened due to limited inventory, home building-related activity improved in February, albeit modestly, said the National Association of Home Builders *Eye on Housing* Thursday.

Builder sentiment, as measured by the NAHB/Wells Fargo Housing Market Index stands at a level of 58 as of March, consistent with a generally positive outlook tempered by concerns regarding supply-side constraints. Buyer traffic is up, but expectations concerning future sales waned.

Housing starts improved in February, increasing 5.2 per cent to an annual pace of 1.178 million single-family and multifamily residences, according to government estimates. The increase was broad based with single-family starts up 7.2 per cent over January to the fastest rate since November 2007. Total permits were down 3.1 per cent on a monthly basis, but the decline was entirely in the multifamily sector.

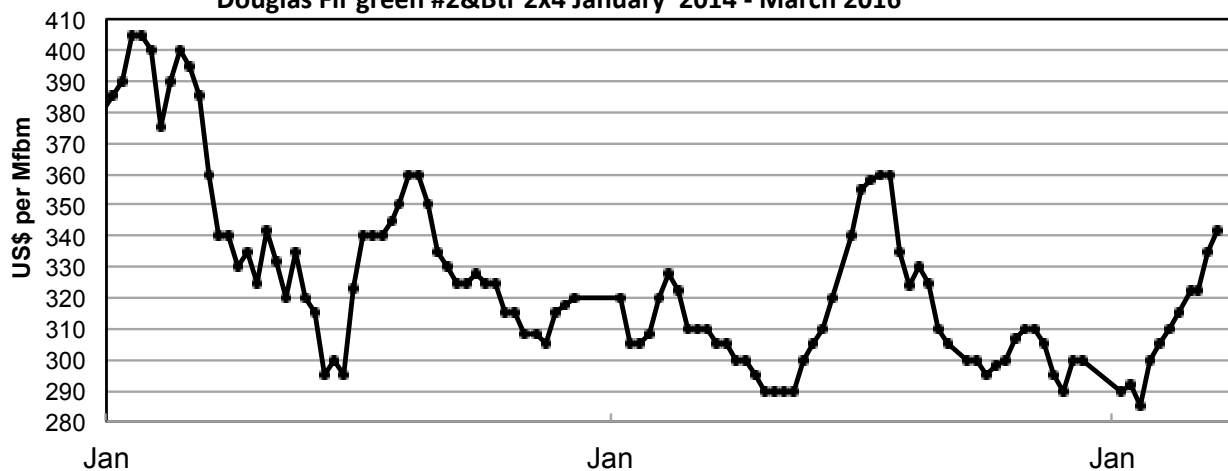
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### US West Coast Log and Lumber Exports: 4Q 2015

The latest data summarizing West coast log and lumber exports in the fourth quarter of 2015 were released Tuesday by the U.S. Forest Service's Pacific Northwest Research Station. The data—covering exports during October, November, and December 2015—were compiled and analyzed by Xiaoping Zhou, a research economist with the station.

CONT'D PAGE 6

Douglas Fir green #2&Btr 2x4 January 2014 - March 2016



## Volume and Value of US West Coast Log, Lumber Exports Down in 2015

China decreased its West coast log and lumber imports in 2015 as a result of its domestic economic and national restructuring adjustment, but the country remains the leading market for West coast wood products, said Xiaoping Zhou, a research economist at the US Forest Service's Pacific Northwest Research Station. Tuesday.

About 59 per cent of the West coast's log exports and 31 per cent of its lumber exports went to China in 2015.

### 2015 Fourth Quarter Highlights

#### Volume of West Coast Log and Lumber Exports, 2015 Q4

	Current Quarter (2015 Q4)	Change Compared to Last Quarter (2015 Q3)	Change Compared to Last Year (2014 Q4)
<b>Logs</b>	340 MMBF*	10.9%	5.5%
<b>Lumber</b>	155 MMBF*	2.5%	-8.8%

\* Million board feet.

#### Value of West Coast Log and Lumber Exports, 2015 Q4

	Current Quarter (2015 Q4)	Change Compared to Last Quarter (2015 Q3)	Change Compared to Last Year (2014 Q4)
<b>Logs</b>	\$231 million	8.6%	-9.6%
<b>Lumber</b>	\$115 million	2.5%	-9.7%

### 2015 Annual Highlights

#### Volume of West Coast Log and Lumber Exports in 2015

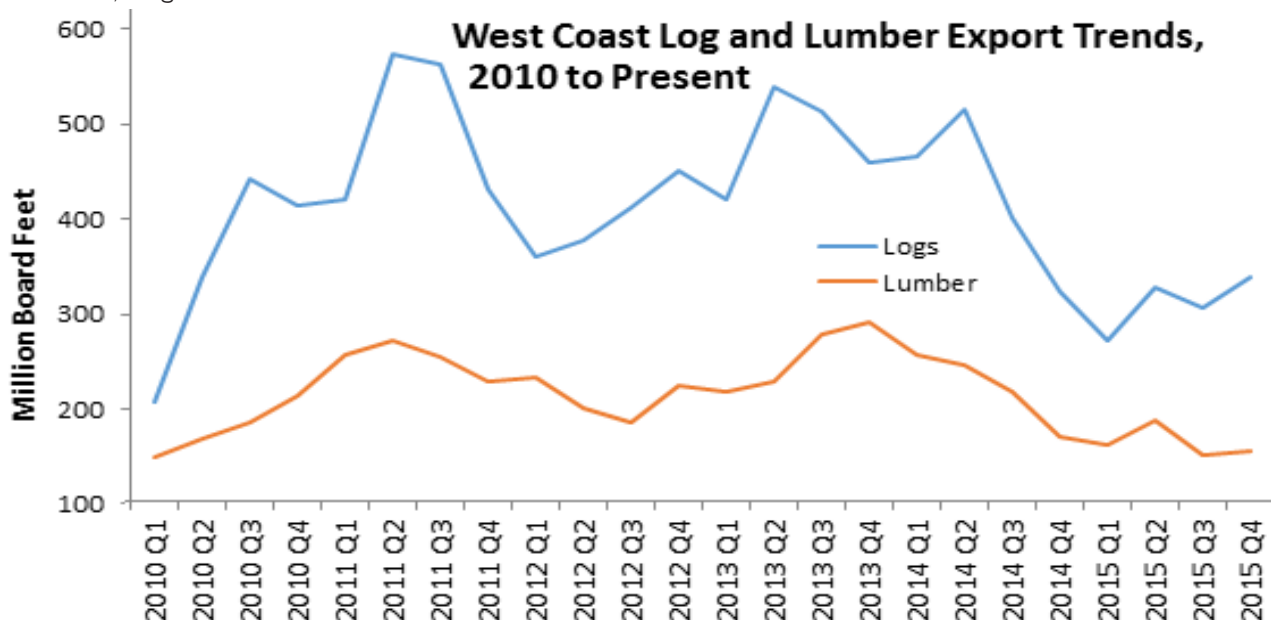
	Current Year (2015)	Change Compared to Last Year (2014)
<b>Logs</b>	1,248 MMBF*	-26.8%
<b>Lumber</b>	656 MMBF*	-26.4%

\* Million board feet.

#### Value of West Coast Log and Lumber Exports in 2015

	Current Year (2015)	Change Compared to Last Year (2014)
<b>Logs</b>	\$884 million	-32.5%
<b>Lumber</b>	\$489 million	-25.5%

According to Zhou, the percentage of West coast log and lumber exports relative to total US exports has decreased in recent years because more exports are coming from other districts, such as New York City and Norfolk, Virginia.



## 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	302	298	+4	270	+32	285	+17
WSPF KD R/L 2x6	284	282	+2	268	+16	285	-1
SYP KD R/L East Side 2x4	410	405	+5	395	+15	405	+5
SYP KD R/L East Side 2x6	315	305	+10	295	+20	335	-20
ESPF KD R/L 2x4	385	375	+10	365	+20	385	0
WSPF KD PET 2x4 Stud	240	240	0	240	0	280	-40
WSPF KD PET 2x6 Stud	205	205	0	220	-15	290	-85
Douglas Fir Green R/L 2x4	342	335	+7	315	+27	305	+37
Douglas Fir Green R/L 2x10	410	400	+10	380	+30	345	+65
ESPF KD 2x4 8ft Stud	315	310	+5	300	+15	350	-35
OSB Ontario 7/16" (CDN\$/msf)	305	315	-10	325	-20	210	+95
CSplywood Toronto 3/8" (CDN\$/msf)	396	390	+6	396	0	410	-14s

## Madison's Weekly Softwood Lumber News

### Construction Investment, Canada

CONT'D FROM PG 2 British Columbia became the second largest provincial contributor of investment in new housing construction in January, as spending rose 14.3 per cent compared with the same month a year earlier to \$695 million, said Statistics Canada Monday. This increase was mainly driven by investment in apartment and apartment-condominium buildings. Investment in single-family dwellings and row houses also contrib-

uted to the advance, while spending on semi-detached buildings declined.

In Quebec, investment in new housing construction totalled \$512 million in January, up 1.1 per cent compared with January 2015. This gain was the result of increased spending on apartment and apartment-condominium buildings, which more than offset lower investment in single-family buildings, semi-detached dwellings and row houses.

Investment in new housing construction declined in the remaining provinces in January compared with January 2015, with Alberta, Saskatch-

ewan and Manitoba registering the largest decreases. In Alberta, spending decreased in all dwelling types except apartment and apartment-condominium buildings, which rose 22.5 per cent to \$195 million.

### US Home Sales

CONT'D FROM PG 2 Similarly, new single-family home sales were up slightly in February, increasing 2 per cent nationwide to an annual rate of 512,000, according to the NAHB Thursday. Consistent with the ongoing, modest recovery in building, new home inventory increased to 240,000 – a 5.6 months' supply – according to Census estimates. However, only 53,000 of these homes were completed, ready-to-occupy residences.

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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>



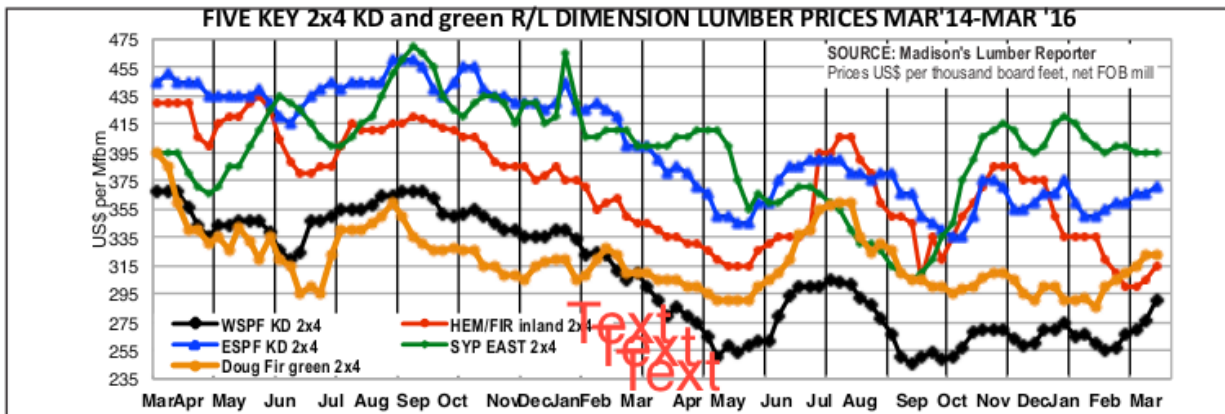
## Full Year 2015 North America Timber Industry Analysis and Projection

By Kéta Kosman, Publisher and Editor, Madison's Lumber Reporter

March 17, 2016

### OVERVIEW

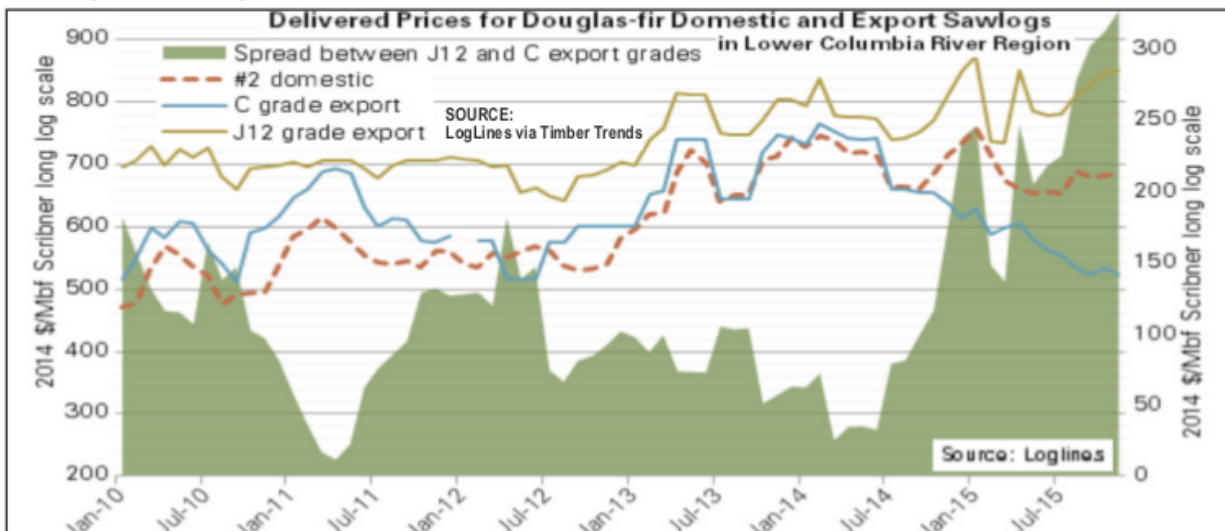
**US softwood lumber consumption** "Apparent Consumption" for full-year 2015 **increased by +4.7%**, to 44,381 million fbm, compared to 42,402 million fbm for the same time period in 2014, according to **Western Wood Products Association's Lumber Track**. This increase was +4.0% for the 3Q 2105 issue of *Madison's Forest Pulse*. **Canadian Sawmill Products exports to the world for 2015 increased +3.5%**, to C\$9.1 billion, from C\$8.8 billion in the first eight months of 2014. The increase was +4.8% for the 3Q 2105 issue of *Madison's Forest Pulse*. **To the US alone Canada's sawmill products exports were C\$6.2 billion, up +7.5%** from C\$5.8 billion, according to the latest Statistics Canada data, compared to up +7.0 % for our previous report. As domestic production continues it's steady increases, **US sawmill product imports from Canada fell by another 1%** from our previous report, down -7%, for full-year 2015, to US\$4.99 billion, from US\$5.36 billion in 2014.



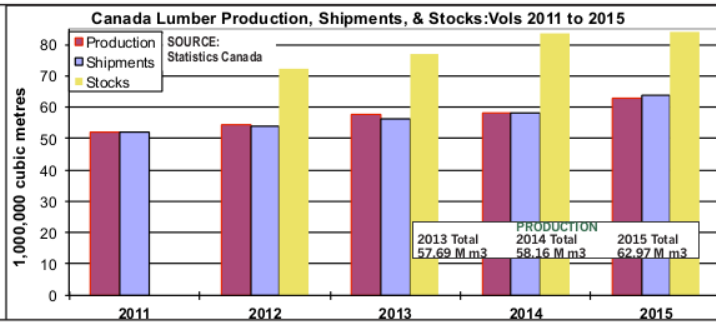
### ONE-YEAR KEY DIMENSION LUMBER PRICE TRENDS: Madison's Lumber Reporter

Benchmark Western Spruce-Pine-Fir R/L KD 2x4 #2&Btr	Mar 2016 ... US\$290	Mar 2015 ... US\$300	- 3.3%
Hem-Fir Inland R/L KD 2x4 #2&Btr	Mar 2016 ... US\$315	Mar 2015 ... US\$345	- 8.7%
Eastern Spruce-Pine-Fir R/L KD 2x4 #2&Btr	Mar 2016 ... US\$370	Mar 2015 ... US\$400	- 7.5%
Southern Yellow Pine East Side R/L KD 2x4 #2&Btr	Mar 2016 ... US\$395	Mar 2015 ... US\$400	- 1.2%
Douglas fir green R/L 2x4 #2&Btr	Mar 2016 ... US\$345	Mar 2015 ... US\$315	+ 8.7%

All prices US dollars per thousand board feet net fob mill



SHIPMENTS of softwood lumber in Canada were up +9% per cent for 2015 over the previous year, at 63.89 million cubic metres, from 58.15 million cubic metres. In comparison, lumber SHIPMENTS in our previous report had been +7.6% higher than in the quarter before that.



**IMPORTANT DATA:**

- US sawmill products exports to China by VALUE are down by -14.8% (compared to down -24.4% for our 3Q report), to US\$1,103 million (FAS value), for full-year 2015. The previous year it was US\$1,294 million.
- US sawmill products imports from Canada by VALUE are down by -7% (compared to up -6% for our previous report) to US\$4,987 million, in 2015 over US\$5,361 million in 2014.
- Canadian lumber exports to US by VALUE are up by +7.5% (compared to up +7.0% for previous quarter), to C\$6,240 million, for full-year 2015. The previous year it was C\$5,805 million.
- Canadian provincial manufacturing sales at sawmills by VALUE are up by +0.5% for 2015 (compared to up by 0.2% for our 3Q report), to C\$9,292 million. The previous year it was C\$9,245 million.

**SHORT TERM ANALYSIS**

US domestic lumber production is up +1.5% for full-year 2015, according to the most recent Western Wood Products Association's *Lumber Track*, at 31,962 million board feet, compared to 31,496 million board feet in 2014. For the previous quarter it had been up +1.7%. Canadian lumber production improved by 8.3 per cent for last year, to 26,687 million board feet, from 24,646 million board feet the year earlier.

US Softwood Sawmill Capacity Utilization rose by another +1% to 84% last year compared to 2014. Canada Softwood Sawmill Capacity Utilization improved by +3% at 86% for the same time period, compared to 83% in the previous WWSA report.

VOLUMES of lumber produced at Canadian sawmills in 2015 rose by +7.6%, to 62.97 million cubic metres, compared to the previous year's 58.16 million cubic metres.

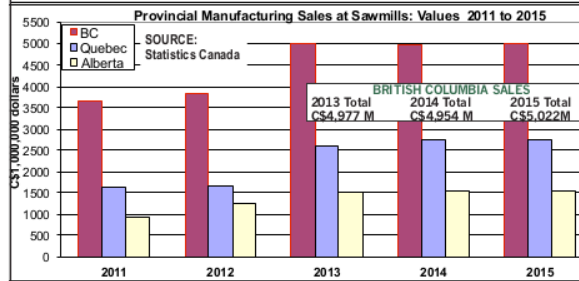
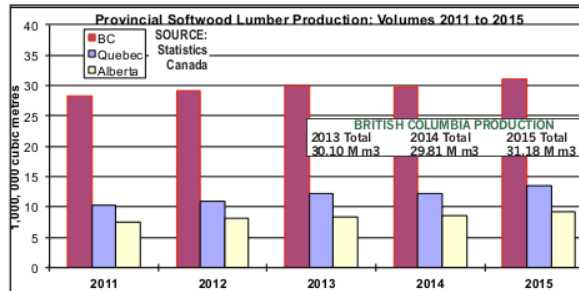
In comparison, lumber VOLUMES for the previous quarter had been +6.3% higher than in the quarter before that.

VOLUMES of lumber produced in Québec and Alberta for 2015 increased by +9.6% (13.57 million cubic metres) and +7.0% (9.27 million cubic metres) respectively compared to this year, while British Columbia climbed by +4.4% (31.18 million cubic metres).

For full-year 2015 VALUES of manufacturing sales at sawmills in BC increased by +1.4%, to \$5,022 million, from a +2.1% increase for our previous report, when it was \$4,954 million. While in Québec and Alberta values rose by +0.4% to \$2,734 million and fell by -0.6%, to \$1,536 million, respectively.

For those three provinces combined, VALUES of manufacturing sales at sawmills for 2015 rose by +0.2% to \$9,292 million, from \$9,245 million in 2014, compared to a +0.2% increase in our 3Q 2015 report.

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