

MADISON'S LUMBER REPORTER

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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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PO Box 2486 Vancouver, BC
V6B 3W7 Canada

In Canada, add GST or HST
ISSN 0715-5468
Printed in Canada © 2015

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News & Updates

Sawmill Fires

An early morning sawmill fire kept crews at the McBain Community Fire Department busy at the Biewer Sawmill in Missaukee County, MI, Tuesday morning. They found the dust collection system caught fire and was spreading.

Crews say they were able to put the fire out quickly.

In Colorado, Mountain View Fire Rescue and Boulder Rural Fire Rescue quickly extinguished a structure fire burning at United Wood Products just after midnight Wednesday night.

The company had a fire in its sawmill warehouse that burned a large amount of sawdust and loose lumber.

The cause of the fire remains under investigation. No one was injured.

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Alberta Lumber Production: February 2016

Economic output by Alberta's forest sector grew in 2015, marking the fourth consecutive year of increases, said the **Alberta Forest Products Association** Monday. The forestry sector saw the value of its products rise by 5 per cent – or \$150 million – last year, following growth of 8 per cent in 2014, 14 per cent in 2013, and 9 per cent in 2012.

Lumber, pulp and paper, and panelboard manufactured by **AFPA** members in 2015 was valued at approximately \$3 billion. The most significant gains came from pulp and paper, which grew 16 per cent. Panel also had a strong year, with 7 per cent growth. Lumber production values declined by 5 per cent.

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Canada and US Lumber Sales, Exports: February 2016

Exports of Southern Pine lumber remained steady in February, amounting to 51.7 million board feet (MMbf), as Southern Forest Products Association (SFPA) said in the press release received by *Lesprom Network* Wednesday.

This volume represents a boost of 12 per cent above the same month last year, contributing to a year-to-date increase of 23 per cent when compared with the first two months of 2015.

New data was also released Tuesday by the British Columbia Ministry of Forests, Lands, and Natural Resource Operations, Competitiveness and Innovation Branch.

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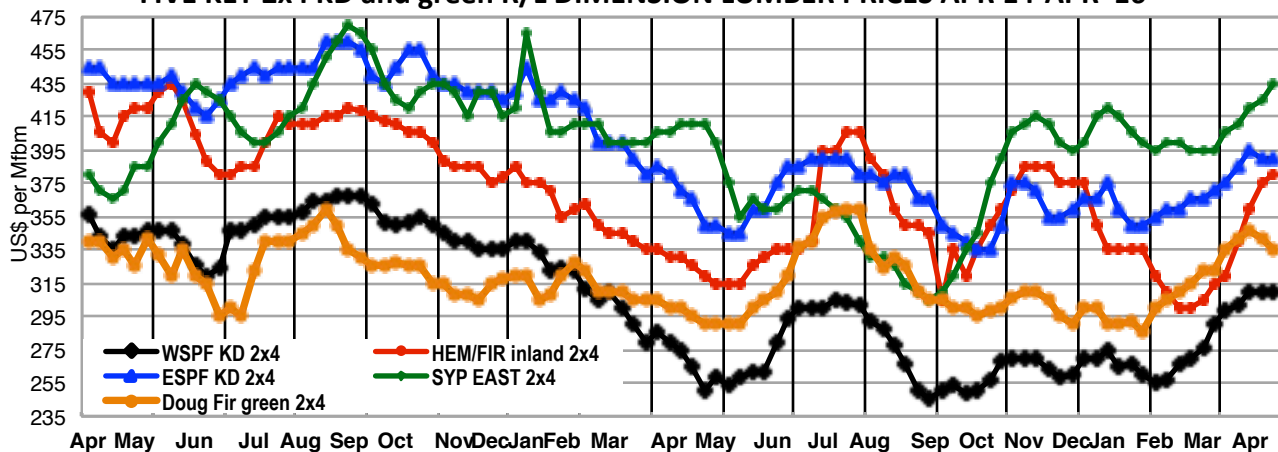
US Construction: March 2016

Construction input prices rose on a monthly basis in March for the first time in nine months according to an **Associated Builders and Contractors** (ABC) analysis of the **Bureau of Labor Statistics** (BLS) Producer Price Index. Input prices expanded 0.9 per cent on a monthly basis in March but are still down 3.4 per cent on a year-over-year basis.

Nonresidential construction input prices behaved similarly, expanding 1 per cent for the month but down 3.5 per cent from a year ago. The monthly price gain was largely driven by crude petroleum, which expanded 40.7 per cent for the month, the largest increase since BLS began tracking the series in August 1991.

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



Canada Softwood Lumber Production, Sawmill Sales: January 2016

Highlight of Exports YTD 2016 (February), compared to YTD 2015 (February):

- B.C. forest product exports totalled \$2.25 billion, up 13.3 per cent from \$1.97 billion.
- Softwood Lumber Share of the Market was 48.2 per cent, up from 45.6 per cent.

Elsewhere, values of Canadian sawmill products exports to the US increased by 23.2 per cent for Jan – Feb 2016 compared to the previous year, to C\$1,182 million from C\$959 million, reported Statistics Canada April 1. Exports to the World increased by 17.2 per cent in the same time frame, to C\$1,628 from C\$1,389 million.

Perhaps most important, Retail Sales of US Building

Material and Supplies improved by 9.4 per cent in the first two months of this year compared to 2015, to US\$40,320 million from US\$36,552 million, according to the US Census data released Thursday.

The SFPA also said softwood lumber imports to the US skyrocketed in February, reaching 1.6 billion board feet (Bbf), up 68 per cent from the volume imported during February of 2015.

Imports from Canada alone recorded a 68 per cent increase during February, totaling 1.56 Bbf; just over 90 per cent of that volume was SPF. Through the first two months of this year, softwood imports are up 48 per cent when compared with the same period a year ago.



Alberta Forests Products Association Production Figures – (2014 and 2015)

Production Figures (2014 and 2015)

Lumber	2014	2015
Year/Quarter	Production (mmfbm)	Production (mmfbm)
1 st Quarter	746.4	822.3
2 nd Quarter	871.5	896.4
3 rd Quarter	883.9	838.4
4 th Quarter	806.8	940.3
Yearly Totals	3,308.6	3,497.3



	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	310	310	0	298	+12	264	+46
WSPF KD R/L 2x6	288	288	0	282	+6	264	+24
SYP KD R/L East Side 2x4	435	425	+10	405	+30	410	+25
SYP KD R/L East Side 2x6	325	325	0	305	+20	340	-15
ESPF KD R/L 2x4	390	390	0	375	+15	365	+25
WSPF KD PET 2x4 Stud	235	240	-5	240	-5	260	-25
WSPF KD PET 2x6 Stud	195	205	-10	205	-10	265	-70
Douglas Fir Green R/L 2x4	335	342	-7	335	0	295	+40
Douglas Fir Green R/L 2x10	415	414	0	400	+15	340	+75
ESPF KD 2x4 8ft Stud	320	320	0	310	+10	365	-45
OSB Ontario 7/16" (CDN\$/msf)	304	310	-6	315	-11	215	+89
CSplywood Toronto 3/8" (CDN\$/msf)	376	394	-18	390	-14	386	-10

Madison's Weekly Softwood Lumber News

Sawmill Fires

CONT'D FROM PG 2 Again in Michigan, a large fire in Posen Township destroyed a sawmill operation Wednesday afternoon.

Fire crews from both Posen and Rogers City responded to a fire at the Nowak family sawmill on oak highway in Posen. When crews arrived, the large sawmill was completely engulfed in flames, and it was evident that at that time, it was beyond saving.

AFPA Results 2015

CONT'D FROM PG 2 Alberta Forests Products Association-member companies produced 3.5 billion board feet of lumber in 2015 with a value of \$1.2 billion, the agency said Monday. Part of this production came from the secondary manufacturing sector. Compared to 2014, production volume increased by 189 million board feet (5.7 per cent), but weaker lumber prices caused values to decline by \$66 million or 5 per cent.

AFPA-member panelboard operators produced 1.1 billion square feet of 7/16 inch equivalent product in 2015 valued at \$388 million. Compared to 2014, production increased by 7 million square feet (0.6 per cent), and significantly stronger prices caused values to increase by \$27 million or 7.4 per cent.

Resolute FP CEO Speaks Out

Another North American forest products industry stakeholder has

gone on the record in calling for action on the current Softwood Lumber Limbo, said *Canada News Wire* Tuesday.

Montreal, QC's, Resolute Forest Products President and Chief Executive Officer Richard Garneau appeared in Ottawa, Canada, before the Canadian Parliament's Standing Committee on International Trade. Testifying in support of free, unencumbered access for softwood lumber exports from Central Canada (Quebec and Ontario) to the US market, Garneau formally presented his perspective, drawing on over 40 years of experience and leadership in the forest products industry across Canada.

In his formal remarks, Garneau emphasized the incredibly destructive nature, particularly for Central Canada, of the last managed trade arrangement between the United States and Canada.

"The purpose of a deal must not be simply an alternative to litigation. It must be to assure fair and equitable trade," offered Mr. Garneau.

Wynndel Completes

Canfor Corporation, out of Vancouver, BC, announced Friday that, further to its news release dated January 21, 2016, it has completed the acquisition of the assets of Wynndel Box & Lumber Ltd. located in the Creston Valley, BC.

WorkSafeBC Fines

Prince George, BC, sawmill Carrier Lumber Ltd. has been fined \$30,000

for high accumulations of hazardous dust, said WorkSafeBC Thursday.

WorkSafeBC posted the fine in January, according to an online posting at the agency's website, after the potentially combustible material was found on cable trays under machine centres; in the merchandising area (especially in the variable frequency drive room); in the chip screening area; on a waste conveyor; and on a hydraulic centre reservoir tray and metal wall sheeting near the tray.

The buildup ranged from one to 10 centimetres (3/8 to four inches) in depth.

Investigators found the firm's cleanup program was not being properly followed and was missing areas it should have included.

Carrier is appealing this most recent fine.

Calendar

May 2016

International Pulp Week 2016

May 1 - 4, 2016 – Vancouver, BC
<http://www.forestproductssummit.com>

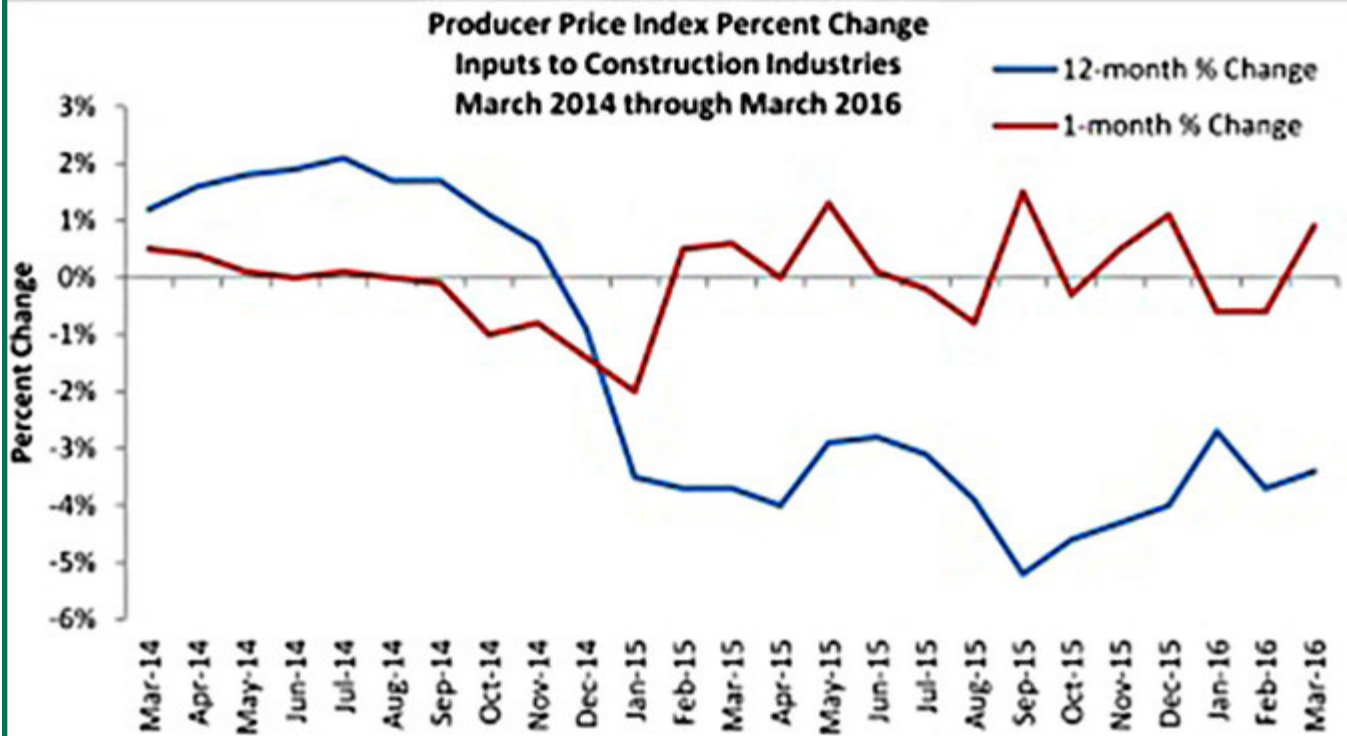
PwC's 29th Annual Global Forest, Paper & Packaging Industry Conference

May 4, 2016 – Vancouver, BC
<https://www.pwc.com/ca/en/industries/forest-paper-packaging/publications/annual-global-forest-paper-industry-conference.html>

US Construction Input Prices: March 2016

Three key input prices rose in February on a monthly basis said the **Associated Builders and Contractors**:

- Iron and steel prices rose 1.6 per cent month-over-month but have declined 14.7% year-over-year.
- Softwood lumber prices were up 2.8% for the month but have fallen 1.6% from the same time last year.
- Concrete product prices edged up 0.8% month-over-month and are up 3% year-over-year.



Source: Bureau of Labor Statistics

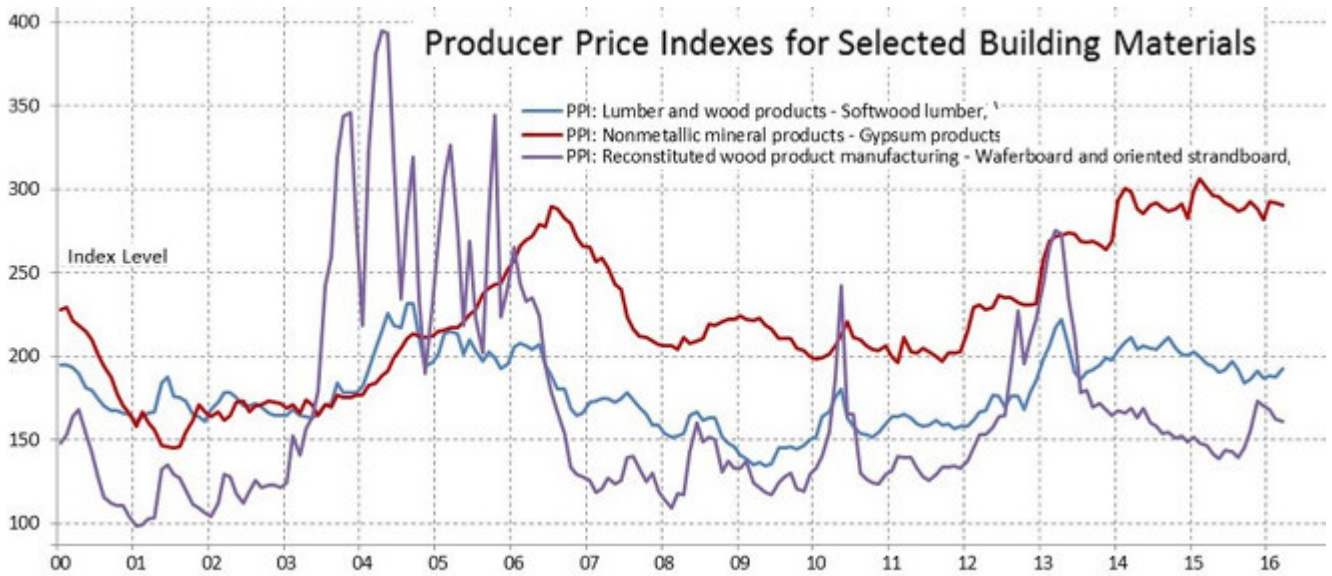
US Producer Prices, Building Materials: March 2016

In The Bureau of Labor Statistics (BLS) monthly Producer Price Indexes (PPI) report, declining prices in the service sector drove prices received by producers 0.1% in March. However, a 1.8% increase in energy goods spurred a 0.2% increase in goods, said the **National Association of Home Builders** Friday. For products used by builders, producer prices were a mixed bag:

Softwood lumber prices rose 2.8% in March but have largely hovered in the current range over the last six months.

OSB prices declined for the fourth straight month in March. OSB prices have given back roughly a third of the 25% increase since mid-2015.

Gypsum prices moved sideways in February and March but are in the range sustained through 2014 and 2015.



US US Construction Industry Growth Forecast 2015-2019

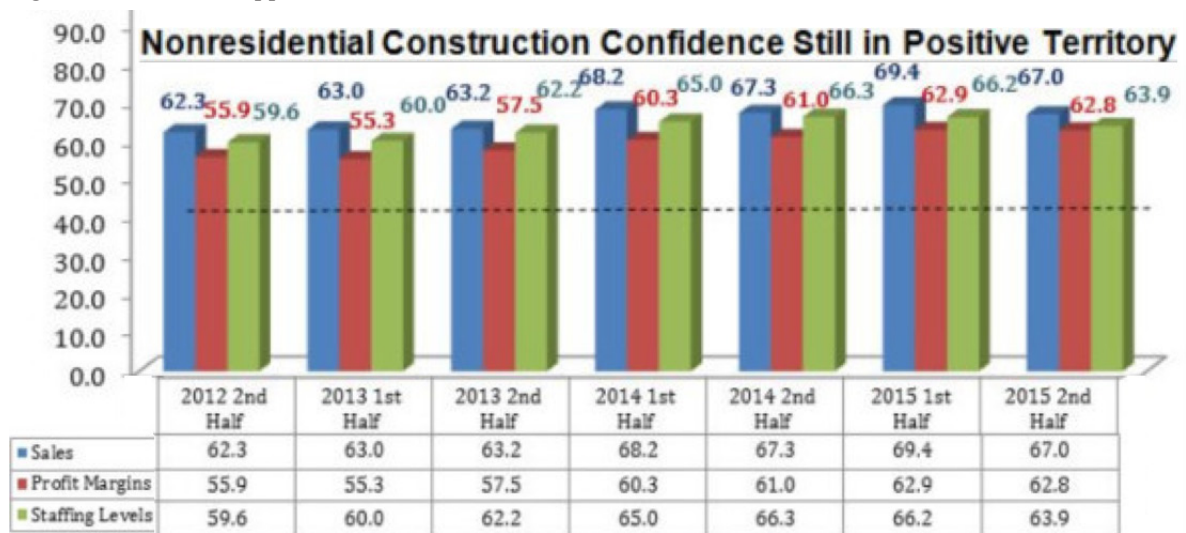
The Construction Market Outlook in the US to grow at a CAGR of 4.5% over the period 2014-2019, according to **ResearchMoz's** Latest Research Report titled "*Construction Market in the US 2015-2019: Worldwide Market Size, Shares, Trends, Growth, Survey and Forecast*"

The report covers the current scenario and the growth prospects of the construction market outlook in the US for the period 2015-2019. The market size has been calculated on the basis of the historical contribution of construction to GDP and also considering the current and upcoming construction projects planned in the country.

US Construction Confidence Index: Second Half 2015

Associated Builders and Contractors' (ABC) Construction Confidence Index (CCI) showed a slight dip in the second half of 2015, although all three components of the index showed optimism for continued economic growth. The diffusion index measures forward-looking construction industry expectations in sales, profit margins and staffing levels, with readings above 50 indicating growth.

- Sales expectations fell from 69.4 to 67.0
- Profit margin expectations edged lower from 62.9 to 62.8
- Staffing level intentions dipped from 66.2 to 63.9.



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Response	2nd Half 2015	Previous	Change
Sales Expectations			
Up Big	9.98%	12.90%	-2.92%
Up Small	57.96%	61.00%	-3.04%
No Change	22.08%	18.00%	4.08%
Down Small	9.77%	7.20%	2.57%
Down Big	0.21%	0.90%	-0.69%
Profit Margins			
Up Big	5.73%	4.60%	1.13%
Up Small	51.17%	54.00%	-2.83%
No Change	32.70%	31.70%	1.00%
Down Small	9.34%	8.10%	1.24%
Down Big	1.06%	1.70%	-0.64%
Staffing Levels			
Up Big	6.16%	7.20%	-1.04%
Up Small	52.02%	57.10%	-5.08%
No Change	33.55%	29.80%	3.75%
Down Small	7.64%	5.20%	2.44%
Down Big	0.64%	0.70%	-0.06%

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