

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

FPAC Major Climate Change Announcement

On the morning of Monday, May 2, the Forest Products Association of Canada will be making a major announcement pertaining to the environment. New FPAC CEO Derek Nighbor will be launching a national initiative related to climate change.

FPAC will be hosting a media conference call at 1 pm EST on Monday to speak to the initiative and take questions from media.

Madison's will update readers on the details in next week's issue.

Japan Log and Lumber Imports: Canada and US 2015

There was little change last year in Japan's import volumes of North American lumber, and of US logs, according to *Japan Lumber Journal* Friday. Japan's imports of Canadian logs, however, dropped significantly in both volumes and values.

Volumes of Japan's imports of US logs increased by 7.9 per cent in 2015 compared to the previous year, from 1.79 million cubic metres to 1.94 million cubic metres. That of US lumber grew by 8.6 per cent, from 317,370 cubic metres to 347,396 cubic metres, while values of US lumber imports improved by 3.2 per cent in 2015 compared to the previous year.

Japan's imports of Canadian logs, by volume, dropped by 28.7 per cent in 2015 compared to the previous year, from 1.17 million cubic metres to 830,827 cubic metres. Volumes of Canadian lumber imports grew by 0.1 per cent, to 2.02 million cubic metres, while values improved by 0.2 per cent.

Please see charts on Page 6.

CONT'D PAGE 6

Major Railway Trestle Bridge Fire in Alberta

Police in Mayerthorpe, AB, said the fire that destroyed the CN Rail trestle bridge started under suspicious circumstances, according to *CBC* Wednesday. The fire is the fifth the local RCMP detachment has been called to in the past 30 days.

Crews responded to 17 fires locally in the last seven days, all wildland or grass fires. The largest and most serious fire destroyed the CN bridge Tuesday, forcing the evacuation of the nearby school.

CONT'D PAGE 7

Interfor, Domtar, Norbord Report: 1Q 2016

Interfor, out of Vancouver, BC, recorded adjusted EBITDA of \$33.4 million on sales of \$433.9 million in 1Q 2016 compared to \$35.8 million on sales of \$411.4 million in 4Q 2015, the company announced Thursday.

Net earnings were \$0.8 million, or \$0.01 per share, compared with net losses of \$3.5 million, or \$0.05 per share, in 4Q 2015.

CONT'D PAGE 7

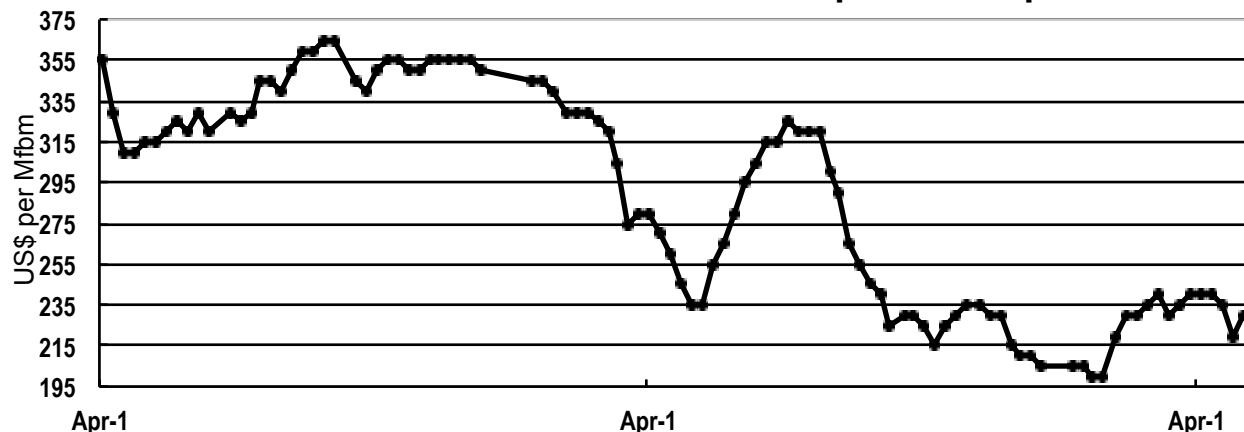
Export Development Canada Reduces Forecast

Export Development Canada has slashed its forecast of goods exports this year to 2 per cent, down from a previous estimate of 7 per cent.

While natural resources continue to struggle under lower prices and sluggish demand, double-digit growth in consumer goods, automotive, and aerospace sectors will drive Canada's overall exports to grow by two per cent this year, according to a new global export forecast by EDC.

CONT'D PAGE 9

WSPF 2x4 PET KD Studs Apr 2014 - Apr 2016



Japan's Imports of North American Logs & Lumber in 2015

Canada	Quantity (m ³)	Value (yen)	U.S.A.	Quantity (m ³)	Value (yen)
Logs			Logs		
<i>softwood</i>			<i>softwood</i>		
Pine	49	1,231	Pine	491	18,553
Sitka Spruce	29,489	894,731	Sitka Spruce	29,182	1,239,909
Spruce, Fir	61,777	1,758,376	Spruce, Fir	596	17,720
White & Yellow Cedar	8,649	267,170	White & Yellow Cedar	7,304	270,766
Hemlock	97,394	2,164,146	Hemlock	8,970	252,957
Red Cedar	3,601	200,622	Red Cedar	4,029	153,832
Douglas Fir	629,818	15,849,006	Douglas Fir	1,858,323	51,519,263
<i>hardwood</i>			<i>hardwood</i>		
Others, log, hewn	50	2,124	Oak	16,287	1,216,953
(Total)	830,827	21,137,406	Paulownia, excluding roughly squared	907	92,951
Lumber			Others, log, hewn	18,158	2,031,890
<i>softwood</i>			(Total)	1,944,247	56,814,794
SPF, planed (-160mm)	1,334,305	50,566,660	Lumber		
Hemlock, etc, planed	251,224	10,677,714	<i>softwood</i>		
Douglas Fir, etc, planed	218,052	10,303,356	SPF, planed (-160mm)	4,937	229,911
Others, planed	25,498	1,820,389	Pine (-160mm)	543	34,806
Sitka Spruce (-160mm)	4,907	291,730	Hemlock, etc, planed	10,166	435,835
Sitka Spruce (160mm-)	3,876	254,992	Douglas Fir, etc, planed	237,531	11,488,555
White & Yellow Cedar (-160mm)	76,345	3,302,018	Others, planed	2,021	110,208
White & Yellow Cedar (160mm-)	6,258	810,894	Sitka Spruce (-160mm)	2,594	169,804
Hemlock (-160mm)	24,064	1,364,118	Sitka Spruce (160mm-)	5,501	527,595
Hemlock (160mm-)	15,730	833,995	Douglas Fir (-160mm)	9,833	478,367
Douglas Fir (-160mm)	13,126	697,107	Douglas Fir (160mm-)	142	11,469
Douglas Fir (160mm-)	3,482	441,905	Others, mfrd	2,565	151,742
Others (-160mm)	3,446	447,609	<i>hardwood</i>		
Others (160mm-)	1,178	174,776	Railway Sleeper, treated	23	985
SPF, Larch, mfrd	12,058	536,975	Oak, planed	16,648	2,205,485
Others, mfrd	13,841	1,158,010	Maple (Acer spp.)	5,138	815,094
<i>hardwood</i>			Cherry (Prunus spp.)	3,715	653,542
Oak, planed	1,839	290,951	Ash (Fraxinus spp.)	10,044	938,192
Maple(Acer spp.)	1,066	417,657	Others, planed	34,039	5,239,787
Cherry (Prunus spp.)	220	35,651	Others, mfrd	708	100,316
Ash(Fraxinus spp.)	1,162	136,628	(Total)	347,396	23,703,384
Others, planed	2,770	551,151			
(Total)	2,015,790	85,183,645			

Japan's Imports of North American Logs & Lumber in 2014

Canada	Quantity (m ³)	Value (yen)	U.S.A.	Quantity (m ³)	Value (yen)
Logs			Logs		
<i>softwood</i>			<i>softwood</i>		
Pine	194	4,810	Pine	2,547	85,787
Sitka Spruce	32,314	1,202,602	Sitka Spruce	31,040	1,185,304
Spruce, Fir	88,492	2,489,809	Spruce, Fir	762	25,505
White & Yellow Cedar	17,339	603,798	White & Yellow Cedar	6,566	221,515
Hemlock	74,593	1,851,529	Hemlock	6,679	195,759
Red Cedar	2,439	111,038	Red Cedar	7,649	366,657
Douglas Fir	947,460	22,815,764	Douglas Fir	1,701,924	49,604,785
Others	1,989	55,064	<i>hardwood</i>		
<i>hardwood</i>			Oak	16,131	1,443,115
Others, log, hewn	47	5,776	Paulownia, excluding roughly squared	922	115,735
(Total)	1,164,867	29,140,190	Others, log, hewn	17,153	2,315,203
Lumber			(Total)	1,791,373	55,559,365
<i>softwood</i>			Lumber		
SPF, planed (-160mm)	1,293,131	49,795,658	<i>softwood</i>		
Hemlock, etc, planed	288,916	11,706,878	SPF, planed (-160mm)	3,995	233,896
Douglas Fir, etc, planed	200,754	9,379,770	Pine (-160mm)	567	41,878
Others, planed	31,800	1,862,331	Hemlock, etc, planed	6,252	292,908
Sitka Spruce (-160mm)	4,876	310,473	Douglas Fir, etc, planed	230,629	11,318,966
Sitka Spruce (160mm-)	4,712	351,612	Others, planed	915	81,398
White & Yellow Cedar (-160mm)	77,588	3,467,705	Sitka Spruce (-160mm)	2,531	148,031
White & Yellow Cedar (160mm-)	4,960	692,066	Sitka Spruce (160mm-)	5,098	521,575
Hemlock (-160mm)	20,928	1,036,363	Douglas Fir (-160mm)	8,406	449,705
Hemlock (160mm-)	17,737	862,744	Douglas Fir (160mm-)	173	19,454
Douglas Fir (-160mm)	22,336	1,114,980	Others, mfrd	861	75,466
Douglas Fir (160mm-)	3,475	348,219	<i>hardwood</i>		
Others (-160mm)	2,954	324,279	Railway Sleeper, untreated	34	2,953
Others (160mm-)	1,203	151,487	Oak, planed	15,088	2,372,451
SPF, Larch, mfrd	11,136	505,638	Maple (Acer spp.)	3,168	581,470
Others, mfrd	17,826	1,200,026	Cherry (Prunus spp.)	2,213	377,604
<i>hardwood</i>			Ash (Fraxinus spp.)	9,234	1,048,086
Oak, planed	1,192	165,376	Others, planed	27,076	5,272,422
Maple(Acer spp.)	1,503	638,728	(Total)	317,370	22,943,119
Cherry (Prunus spp.)	542	84,002			
Ash(Fraxinus spp.)	1,424	141,351			
Others, planed	4,342	666,126			
Others, mfrd	461	194,894			
(Total)	2,015,134	85,053,231			

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	285	298	-13	310	-25	258	+27
WSPF KD R/L 2x6	280	288	-8	290	-10	258	+22
SYP KD R/L East Side 2x4	450	445	+5	420	+30	400	+50
SYP KD R/L East Side 2x6	330	330	0	320	+10	315	+15
ESPF KD R/L 2x4	385	375	+10	395	-10	350	+35
WSPF KD PET 2x4 Stud	230	220	+10	240	-10	245	-15
WSPF KD PET 2x6 Stud	205	195	+10	205	0	255	-50
Douglas Fir Green R/L 2x4	330	340	-10	347	-17	290	+40
Douglas Fir Green R/L 2x10	395	410	-15	420	-25	340	+55
ESPF KD 2x4 8ft Stud	320	310	+10	320	0	330	-10
OSB Ontario 7/16" (CDN\$/msf)	310	308	+2	315	-5	209	+101
CSplywood Toronto 3/8" (CDN\$/msf)	411	388	+23	390	+21	383	+28

Madison's Weekly Softwood Lumber News

CN Rail Trestle Bridge Fire

CONT'D FROM PG 2 CN crews spent the day Wednesday clearing away the debris of the burned structure in Alberta.

CN ran one train a day on that line, and is now examining options to restore the line to service, said spokesperson Kate Fenske to *CBC* Wednesday.

Cornel Notenboom, president of ANC Transloading, said to the *Edmonton Journal* also Wednesday the loss Tuesday of the railway line will cause delays.

"This is a very large inconvenience for us," Notenboom said. "We're anticipating doing a fairly large job in May that may get delayed."

ANC Transloading focusses on moving material for the fracking industry in Fox Creek, but has recently expanded to transloading pipe for the new pipeline project from Fox Creek to Namao by Pembina Pipeline.

After five fires in the last 10 days, RCMP are looking to the public for help.

Mayerthorpe RCMP and CN Rail are still investigating the cause of the fire and have no leads, but Cpl. Grant Kneller said it is being treated as an arson investigation.

Forest Company Quarterly Reports 2016

Interfor produced an additional 50 million board feet in 1Q 2016 versus 4Q 2015. The production increased mainly due to the return to a normal operating schedule at the Castlegar, BC, sawmill, and the improvement in weather conditions near the Georgetown, SC, sawmill.

Monteal, QC's, Domtar Corp reported quarterly earnings results also Thursday. The company reported \$0.35 earnings per share for the quarter. The company posted revenue of US\$1,287 million in the period. The company's revenue was down -2.1 per cent compared to the same quarter last year. During the same quarter in the previous year, the company posted \$0.75 EPS.

Norbord, out of Toronto, ON, Friday reported adjusted EBITDA of US\$61 million for 1Q 2016, versus US\$16 million in 1Q 2015 and US\$57 million in 4Q 2015. The year-over-year improvement is primarily due to higher North American OSB prices and shipment volumes, and the weaker Canadian dollar. North American operations generated Adjusted EBITDA of US\$53 million in the quarter compared to US\$11 million in the same quarter last year

and US\$51 million in the prior quarter.

Conifex, Dunkley Sign

Conifex Timber, out of Vancouver, BC, signed a cooperation agreement on timber harvesting activities in the Mackenzie Timber Supply Area with Hixon, BC, sawmilling company Dunkley Lumber on 12 April, Conifex announced Friday. According to the terms of the agreement, Dunkley acquires 50 per cent of the shares in an undisclosed subsidiary of Conifex at a price of C\$20 million. This subsidiary has felling licences for 300,000 cubic metres per year.

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

Madison's **new** Interactive Web Price Graphing Tool

Madison's web-based interactive lumber price graphing tool is beta testing!
 This extremely useful tool is driven by the historical dimension lumber and panel prices listed in your weekly *Madison's Lumber Reporter*. To access simply visit: <http://mlrdemo.gobi.ca>

Username: **portland**
 Password: **Pine2014**

Instructions:

All commodities listed in your weekly *Madison's Lumber Reporter* (except Cedar for the time being) are available from the pull-down menu.

Simply start typing the species name of the desired item then select grade and size.

Click "update".

Select "view" for yearly, quarterly, monthly, or weekly.

Click "Graph Tools" at the top left to return to the previous screen and enter a different selection of commodities.

[For more information please contact our office.](#)

Enter Lumber Commodity

1: WSPF KD Econ 2x8	Average	#e0642e
2: Hem/Fir KD Coast Utility 2x4	Average	#e0d62e
3: Douglas Fir Green #2&Btr 2x6	Average	#2e97e0
4: SYP (East) KD S4S #2&Btr 8ft 2x4	Average	#b02ee0
5: SYP (West) KD S4S #2&Btr 8ft 2x8	Average	#e02e75

Enter Graph Options

Show by: Year ▼
 To: 2010-12-31

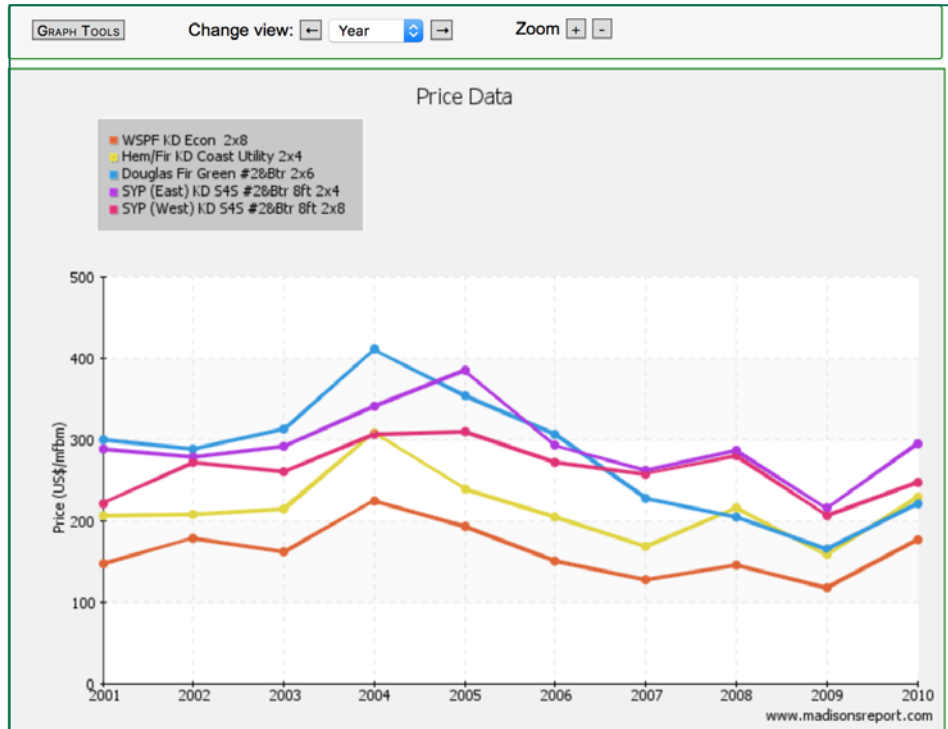
UPDATE
CLOSE
Search Tips HIDE

Tips

Use the starting letters of the lumber commodity you are looking for in the search.

For example - Species:

- WRC: Western Red Cedar
- WSPF: Western Spruce-Pine-Fir
- ESPF: Eastern Spruce-Pine-Fir
- DF: Douglas Fir
- LARCH: Fir/Larch
- HEM: Hem/Fir
- SYP: Southern Yellow Pine
- ENG: Englemann Spruce
- PON: Ponderosa Pine
- EAS: Eastern White Pine
- FIR: Fir
- HEML: Hemlock



*This is a demo version of the interactive graph.
 **It is stable in the current versions of Firefox and Chrome web browsers

Export Development Canada Forecast: 2016 and 2017

A cluster of Canadian sectors is likely to do very well this year, including autos, consumer goods, aerospace, and machinery-and-equipment, according to a twice-yearly forecast by EDC, the federal government's export lender.

But that strength is being offset by a commodities price collapse that is proving to be unexpectedly deep and prolonged, EDC chief economist Peter Hall said.

He insisted that the export recovery is coming, but it's been delayed. EDC is calling for 6-per-cent export growth in 2017.

Export Outlook

The EDC's weaker export outlook is in line with that of Bank of Canada Governor Stephen Poloz, who is also cautious about the year ahead. Poloz has been warning that a long list of obstacles could derail Canada's economic prospects, including a downturn in the global economy, weak business investment and a recent rebound in the Canadian dollar.

Canada's economy continues to show evidence of a split personality.

On the up side, Hall pointed to strong expected gains this year in exports of autos (up 10 per cent), forestry (up 5 per cent), aerospace (up 13 per cent) and consumer goods (up 14 per cent). All of these sectors are getting a lift from the lower value of the Canadian dollar.

Highlights

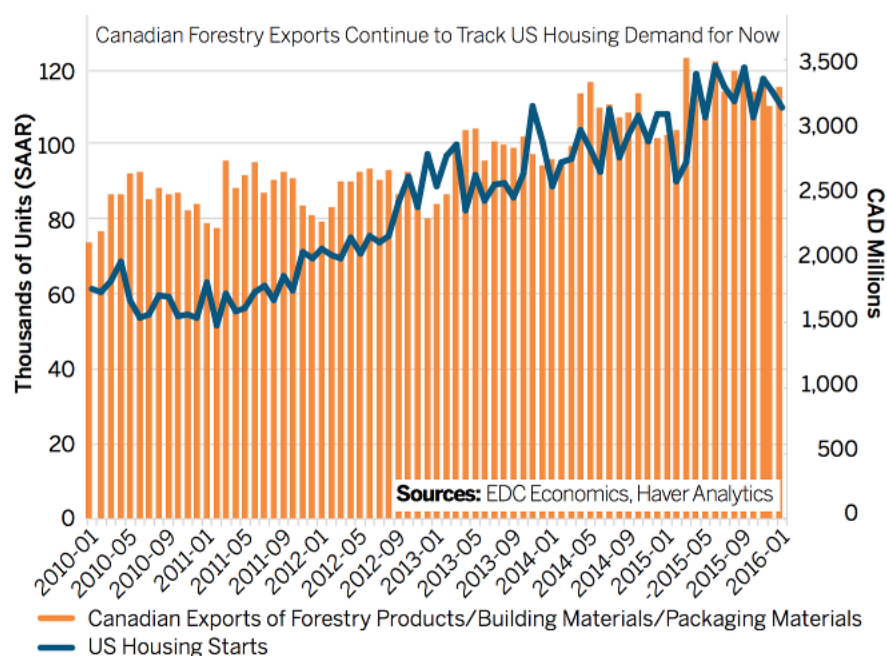
- GDP growth (Canada): 1.4 per cent this year and 2.3 per cent in 2017.
- GDP growth (U.S.): 2 per cent this year and 2.7 per cent in 2017.
- GDP growth (global): 3.1 per cent this year and 3.5 per cent in 2017.
- Canadian dollar: 75 cent (U.S.) this year and 77 cents in 2017.
- Exports to the United States: Up 1 per cent this year and 7 per cent in 2017.
- Exports to Europe: Up 3 per cent this year and 5 per cent in 2017
- Exports to Asia: Up 2 per cent this year and 3 per cent in 2017.

Forestry

In the near term EDC Economics believes that the relative weakness of the loonie against the US dollar, US demand growth and stronger prices will result in 5 per cent growth of Canadian forestry exports in 2016 and 6 per cent growth in 2017.

EDC Economics forecasts that this will continue, with housing starts reaching just over 1.2 million units in 2016 and nearly 1.4 million units in 2017. This will sustain the strong demand for lumber and wood paneling for construction and consumer use in the US.

EDC Economics forecasts that this supply constraint will result in higher prices for Canadian lumber over the medium term, resulting in the total value of lumber exports increasing even as export volume levels diminish.



Canadian Merchandise Export Forecast by Sector	% Share of Total Exports		Export Outlook (% growth)		
	CAD bn	2015	2015	2016 (f)	2017 (f)
EXPORT FORECAST OVERVIEW					
Forestry	34.7	6.0	6.7	5	6
Total Goods Sector	479.6	82.9	-2.5	2	6
Total Services Sector	99.2	17.1	3.6	4	4
Total Exports	578.8	100.0	-1.5	2	6
Memorandum					
Total Volumes			2.4	7	3
Total Goods Nominal (excl. Energy)	380.8	65.8	8.9	6	4
Total Goods Nominal (excl. Autos and Energy)	302.7	52.3	7.4	5	5

Sources: Statistics Canada, EDC Economics, 2015 is actual data while 2016 and 2017 are forecast.