

MADISON'S LUMBER REPORTER

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News & Updates

Latest Update of US Customs Requirements for Canadian Softwood Lumber Exporters

On Friday from intrepid US Customs Broker Michael Jones, of [Jones & Jones Customs Brokers and Trade Consultants](#) in Blain, WA, one of *Madison's* long-time and regular sources:

- the DOC will announce the investigation December 15th
- the first actual date shipments could be subject to "Cash Deposits", as opposed to special "ADD/CVD Bonds", would not follow for at least sixty-five days (early February), with the likely-hood of another extension of sixty-five days, pushing the requirement to pay CVD Duty cash deposits to early May, and the ADD Duty cash deposits to mid-July.

For more, and Mike's contact info, please visit: <http://madisonsreport.com/>

Canada Looming Trade Issues: Conference Board

"Bilateral issues are not Canada's sole concern," Alexander noted. "The hang-over from the deeply divided electorate and the trash-talking of America's democratic institutions will make US governance more difficult."

- Craig Alexander, chief economist at the Conference Board of Canada

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Interfor Completes Sawmill Sale

Interfor announced Wednesday that it has completed the final step in the monetization of its former sawmill in Tacoma, WA, with the closing of the sale of the Tacoma sawmill property for gross proceeds of US\$32.4 million.

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Ontario Sawmill Invests

Lavern Heideman & Sons Ltd, out of Eganville, ON, announced plans this week to spend \$16.9 million to modernize the company's Eganville, ON, sawmill. Four million dollars of the project cost will come from the Ontario provincial government. Eighteen new jobs are expected to be created by the upgrade, which will increase production capacity at the mill by roughly 60 per cent.

CONT'D PAGE 7

Madison's beta Heating Wood Pellet Price Guide

Friday morning *Madison's* released, to customers who are taking advantage of our pre-publication sale, the first beta issue of what will be the monthly *Madison's Pellet Report*, covering North America energy wood pellet manufacturing, distribution, and sales/export.

CONT'D PAGES 8 and 9

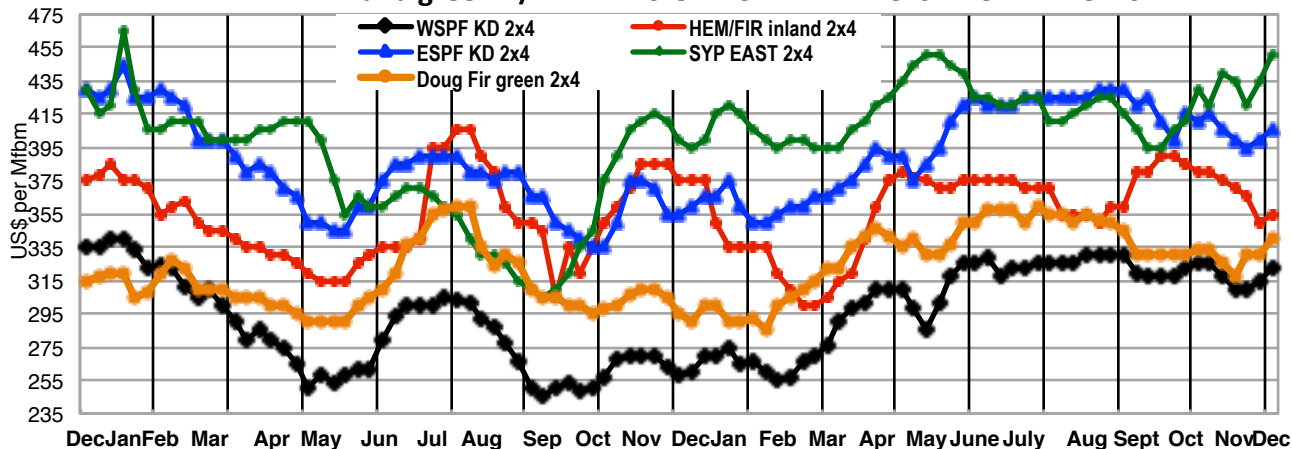
US Manufacturing Rates, Producer Prices: 3Q 2016

The Final US Markit Manufacturing PMI increased to 54.1 in November of 2016 from 53.4 in October.

As well, producer prices in the United States is expected to be 111.30 Index Points by the end of this quarter, according to **Trading Economics**.

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



Canada Looming Trade Projections: Bennet Jones, Conference Board

CONT'D FROM PAGE 2

Bennett Jones Fall 2016 Economic Outlook

Subdued economic growth for advanced economies since 2010 reflects both inadequate demand growth and a decline in potential output growth. It was accompanied by subdued core inflation and persistent low actual and expected interest rates.



“The world as a whole, and notably the advanced economies, have experienced subdued growth after 2010, much below the trends experienced before the 2008 crisis. There seems to have been a structural break, which the usually protracted effects of debt reduction which follow a financial crisis can explain only in part.”

- David Dodge, Richard Dion, John Weekes and Michael Horgan, Bennett Jones

Inadequate demand growth showed up in a considerable, persistent shortfall of actual aggregate demand relative to potential output”



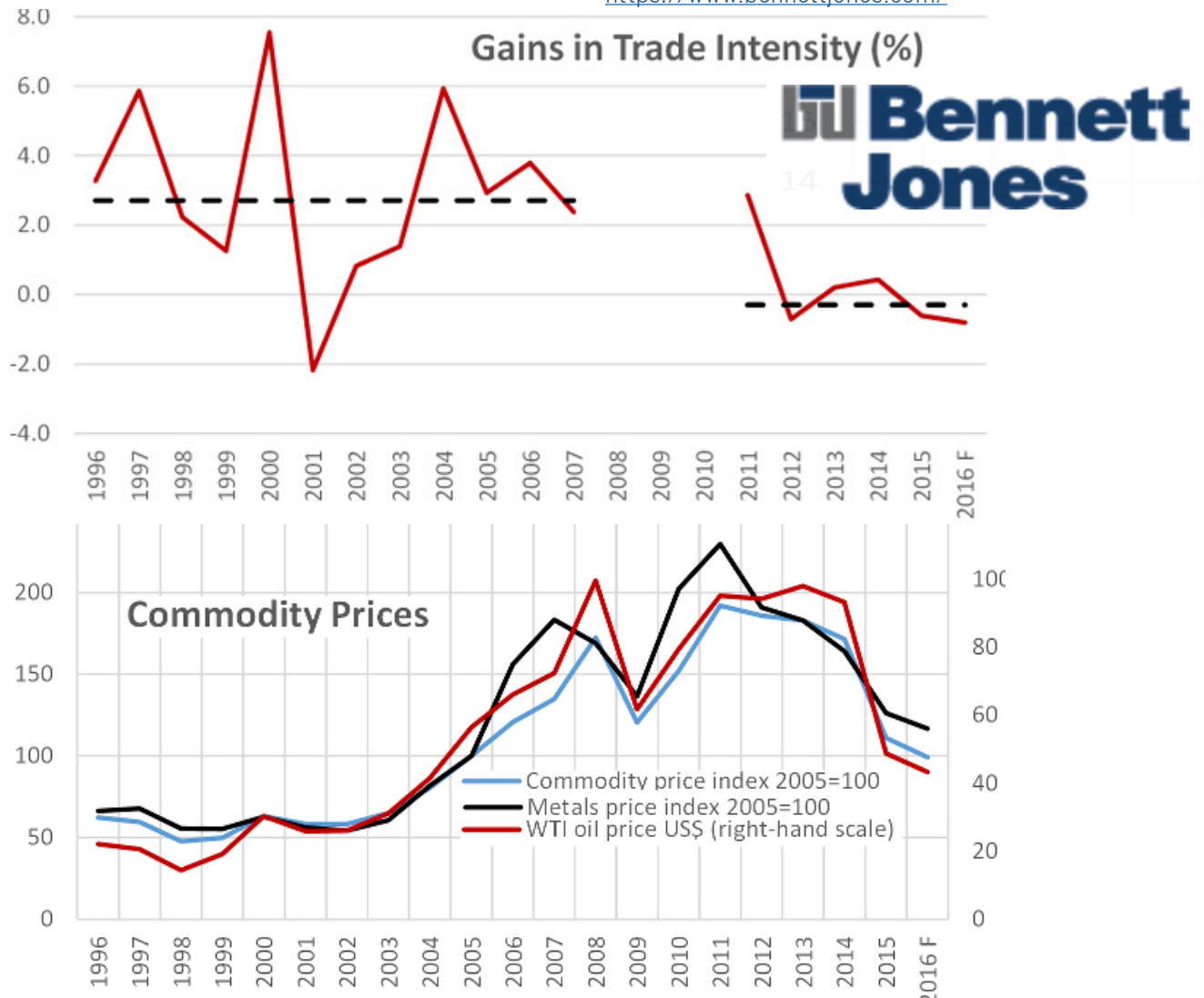
“Bilateral issues are not Canada’s sole concern, Alexander noted. The hangover from the deeply divided electorate and the trash-talking of America’s democratic institutions will make U.S. governance more difficult.”

- Craig Alexander, chief economist at the Conference Board of Canada

Commodities

The slowdown in and change in composition of Chinese growth, and more generally the slowing in world growth, combined with increased supply in response to high prices, led to a fall in commodity prices from their 2011 peak. In real terms, commodity prices in 2016 are at about the same levels as at mid-2000s. These more sustainable levels result from the termination of the commodity supercycle that lasted from 2004 to 2014 rather than from the structural break in the growth rate of advanced economies that started showing up in 2011.

<https://www.bennettjones.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	322	314	+8	310	+12	260	+62
WSPF KD R/L 2x6	292	284	+8	278	+14	260	+32
SYP KD R/L East Side 2x4	450	430	+20	435	+15	395	+55
SYP KD R/L East Side 2x6	355	345	+10	355	0	305	+50
ESPF KD R/L 2x4	405	395	+10	400	+5	360	+45
WSPF KD PET 2x4 Stud	280	280	0	265	+15	210	+70
WSPF KD PET 2x6 Stud	240	240	0	220	+20	225	+15
Douglas Fir Green R/L 2x4	340	330	+10	318	+22	290	+50
Douglas Fir Green R/L 2x10	340	330	+10	320	+20	370	-30
ESPF KD 2x4 8ft Stud	360	355	+5	350	+10	280	+80
OSB Ontario 7/16" (CDN\$/msf)	365	365	0	365	0	338	+27
CSplywood Toronto 3/8" (CDN\$/msf)	417	417	0	418	-1	409	+8

Madison's Weekly Softwood Lumber News

Sawmill Sale, Interfor

CONT'D FROM PG 2 Interfor, out of Vancouver, BC, announced Wednesday that it has completed the final step in the monetization of its former sawmill in Tacoma, WA, with the closing of the sale of the Tacoma sawmill property for gross proceeds of US\$32.4 million.

Net cash proceeds from the sale of the property are estimated to be US\$21

million after taking into account transaction costs, potential post-closing adjustments and the US\$10 million payment to be made to Tacoma, WA's, Simpson Lumber Company. The net proceeds will be used to further reduce net debt.

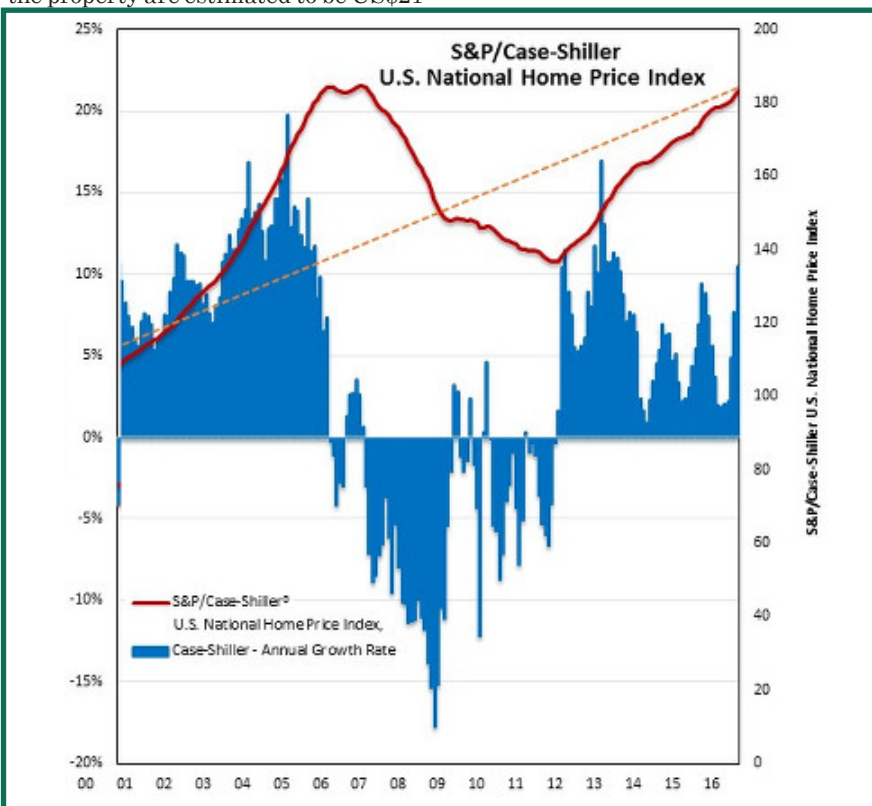
Ontario Sawmill Investment

CONT'D FROM PG 2 Lavern Heideman & Sons Ltd. plans to mod-

ernize its infrastructure, purchase new equipment and consolidate some of its operations at its mill in Eganville, ON—not far from Pembroke, ON.

The company will receive \$4 million from the Ontario government to support the project, becoming the first funding recipient under the province's new Forestry Growth Fund.

The project is expected to create 18 new jobs at the sawmill, which opened in 1974, as well as increase the company's production and exports.



Calendar

January 2017

3rd Annual Western Forest Industry Conference

January 17, 2017 – Vancouver, WA

<http://westernforestry.org/-2017>

Truck Loggers Association Convention & Trade Show

January 18-20, 2017 – Vancouver, BC

www.tla.ca/convention

February 2017

Western Silvicultural Contractors' Association Annual Conference

February 1-3, 2017 – Victoria, BC

<http://wsca.ca/wsca-agm/>

Association of BC Forest Professionals AGM

February 22-24, 2017 – Prince George, BC

<https://abcfp.ca/ABCFPConference/>

Madison's Heating Wood Pellet Price Report - beta release

CONT'D FROM PAGE 2

Friday morning *Madison's* released, to customers who are taking advantage of our pre-publication sale, the first beta issue of what will be the monthly *Madison's Pellet Report*, covering North America energy wood pellet manufacturing, distribution, and sales/export.

We welcome comments and feedback. We are continuing to take this new information to sources so we can provide more complete data to our readers.



MADISON'S Pellet Guide

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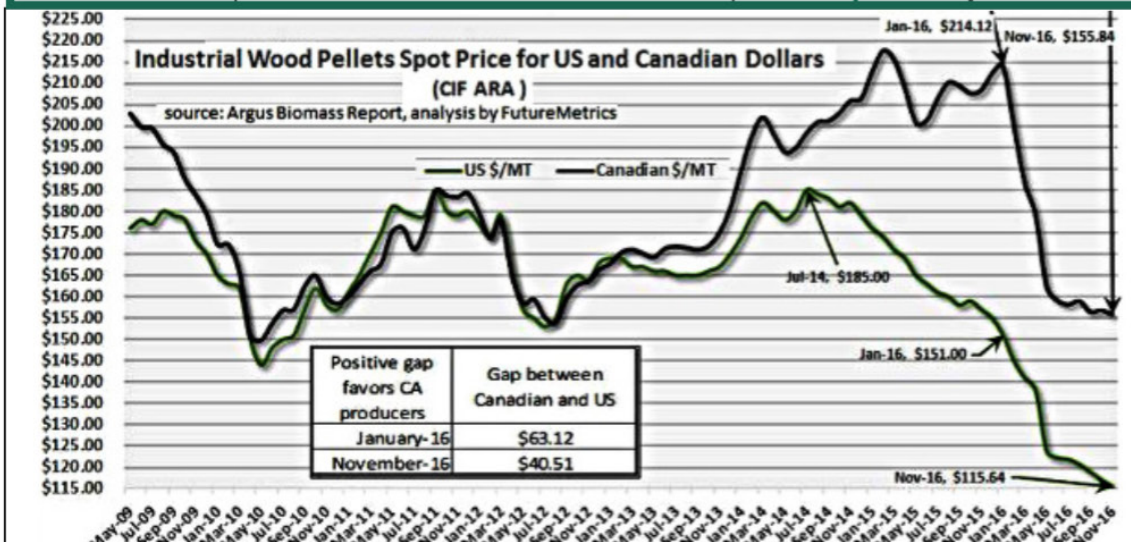
North America Wood Pellet Price and Market Guide : beta release

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

November 29, 2016

Regional Pricing of Heating Wood Pellets • North America Standard

		DOMESTIC (7,800 to 8,400 BTUs)		INDUSTRIAL (to 9,000 BTUs)	
		Producer (wholesale) /ton or tonne	Retail /40 lbg bag	Producer (wholesale) /ton or tonne	Retail /40 lbg bag
CANADA	West	AB - C\$120/tonne (mill gate)	BC - C\$5.99 - 7.29		West ●●
	Central (St. Laurence)	ON - C\$270/tonne (delivered to transport hub) QC - C\$185/tonne (delivered to transport hub)	●	CANADA	Central ●●
	Atlantic	●	C\$12		Atlantic ●●
USA	NorthEast	ME - US\$229 - \$250/ton (mill gate) MI - US\$175/ton (mill gate) - US\$200/ton (mill gate) NY - US\$225/ton (mill gate)	US\$5		NorthEast ●●
	NorthWest	US\$245/ton (delivered to transport hub)	US\$5.50 - \$7	USA	NorthWest ●●
	South	●	●		South ●●



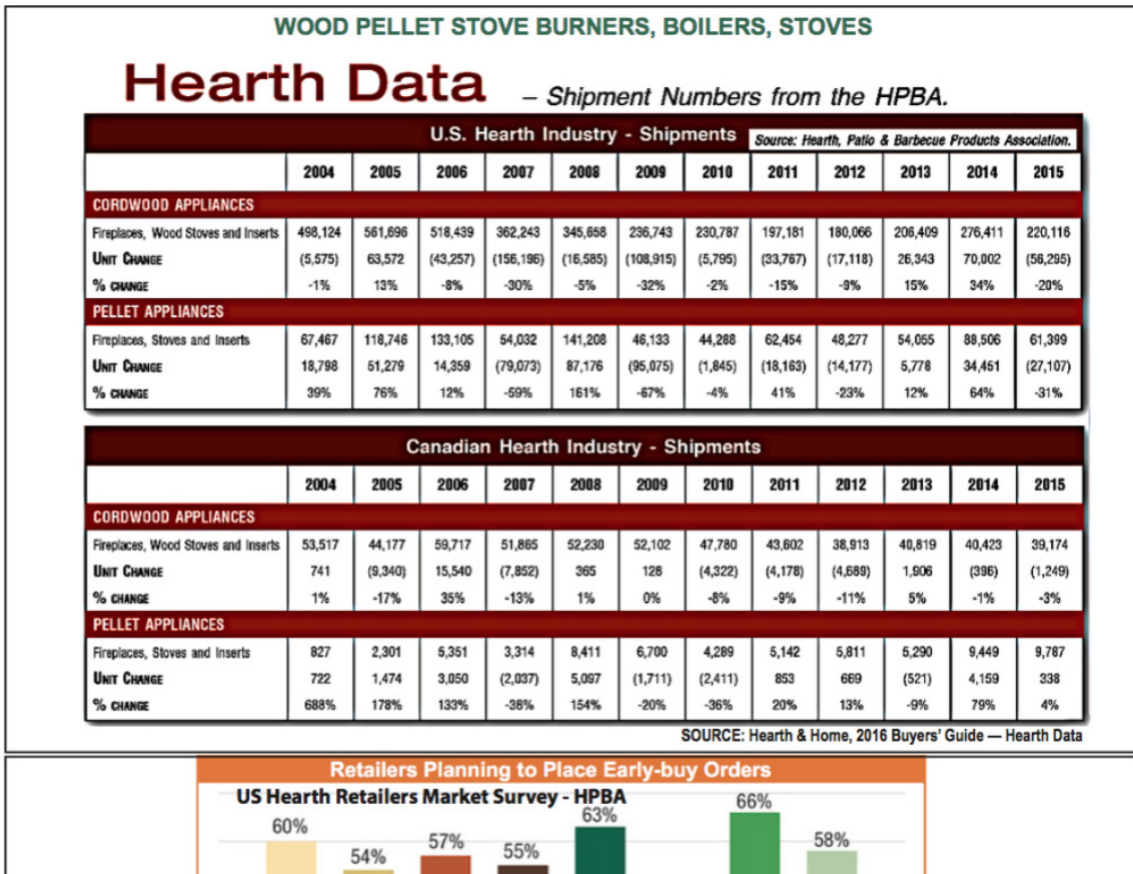
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Madison's Heating Wood Pellet Price Report - beta release

CONT'D FROM PAGE 8

Don't miss out! Sign up today...take advantage of the discount for our pre-publication sale.

The first issue of the full newsletter will be out January 2017, and the cost of a subscription will increase significantly. Please see order form at the bottom of this page.



Yes, I want to be regularly informed on the North American wood pellet industry.

Please sign me up for PRE-PUBLICATION SALE and big discounts:

_____ **Madison's Monthly PELLET MARKET GUIDE** US\$400/yr

and _____ **Canada / US 2016 Pellet Mill listings** US\$100 *GST applies to Canadian subscribers*

Company Name: _____

Attention: _____

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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 1-604-608-4938

US Manufacturing Index, Producer Prices: 3Q 2016

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Economic activity in the manufacturing sector expanded in November, and the overall economy grew for the 90th consecutive month, say the nation's supply executives in the latest **Manufacturing ISM® Report On Business®**.

The report was issued today by Bradley J. Holcomb, CPSM, CPSD, chair of the Institute for Supply Management® (ISM®) Manufacturing Business Survey Committee.

"The November PMI® registered 53.2 per cent, an increase of 1.3 percentage points from the October reading of 51.9 per cent. The New Orders Index registered 53 per cent, an increase of 0.9 percentage point from the October reading of 52.1 per cent. The Production Index registered 56 per cent, 1.4 percentage points higher than the October reading of 54.6 per cent.

The Employment Index registered 52.3 per cent, a decrease of 0.6 percentage point from the October reading of 52.9 per cent. Inventories of raw materials registered 49 per cent, an increase of 1.5 percentage points from the October reading of 47.5 per cent.

The **Prices Index** registered 54.5 per cent in November, the same reading as in October, indicating higher raw materials prices for the ninth consecutive month.

RESPONDENTS COMMENTS:

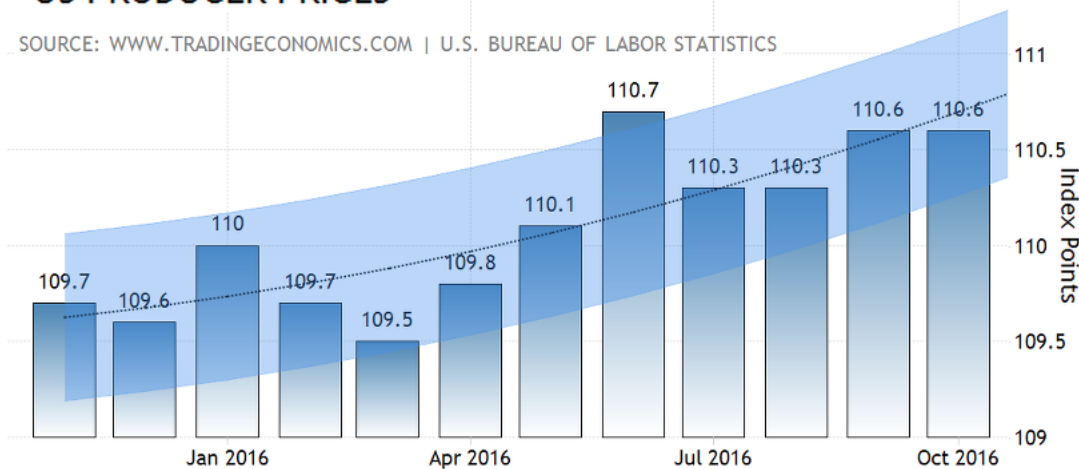
- Raw materials have been rather flat. Ramping up for year-end and reducing inventory is main supply chain goal at this time." (Chemical Products)
- Strong manufacturing numbers in anticipation of strong year-end bookings." (Computer & Electronic Products) orders." (Plastics & Rubber Products)

- Heading into 2017, our business levels look pretty consistent compared to 2016." (Primary Metals)
- Sector remains strong, orders and forecasts are consistent and demand outlook is positive." (Food, Beverage & Tobacco Products)
- New spec buildings going up in our area. Local companies adding additional production space which equates to higher employment." (Machinery)
- Business conditions are good. Labor market is tightening such that it is difficult to staff to completely fulfill production demand." (Miscellaneous Manufacturing)
- We are seeing an upswing in customer Requests for Quotations this month; this is a positive sign for our business." (Textile Mills)
- Continued strong seasonal demand for product." (Nonmetallic Mineral Products)
- 2017 is looking to be a very busy year." (Fabricated Metal Products).

<https://www.instituteforsupplymanagement.org/ismreport/mfgrob.cfm?SSO=1>

US PRODUCER PRICES

SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS



United States Manufacturing PMI

SOURCE: WWW.TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

