# 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 <u>Jones & Jones</u> <u>Customs Brokers and Trade Consultants</u> in Blain, WA, one of *Madison's* longtime 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 hangover 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 CONTD PAGE 6

## **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. CONTD PAGE 7

## **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**. CONTD PAGE 10



## 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 persistently 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/



#### Madison's Weekly Softwood Lumber Key Prices Table www.madisonsreport.com



## Madison's Weekly Softwood Lumber News

#### Sawmill Sale, Interfor

CONTD 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 modernize 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.

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PO Box 2486, Vancouver, BC V6B 3W7 + Tel: 604-319-2266 + Email: madrep@shawcable.com + Web: www.madisonsrepu 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) Retail Producer Producer Retail (wholesale) (wholesale) /40 lbg bag /40 lbg bag /ton or tonne ton or tonne AB -BC -West C\$120/tonne (mill gate) West C\$5.99 - 7.29 ON-CANADA Central C\$270/tonne (delivered to transport hub) CANADA Central (St. Laurence) QC -C\$185/tonne (delivered to transport hub) Atlantic Atlantie C\$12 ME - US\$229 -\$250/ton (mill gate) MI - US\$175/ton (mill gate) NorthEast NorthEast - US\$200/ton (mill gate) US\$5 NY - US\$225/ton (mill gate) US\$245/ton (delivered to transport hub) USA NorthWest US\$5.50 - \$7 USA NorthWest South South \$225.00 Jan-16, \$214.12 -16. \$155. \$220.00 Industrial Wood Pellets Spot Price for US and Canadian Dollars \$215.00 \$210.00 (CIF ARA ) \$205.00 source: Argus Biomass Report, analysis by Future Metrics \$200.00 \$195.00 \$190.00 US \$/MT Canadian \$/MT \$185.00 \$180.00 -\$175.00 \$170.00 \$165.00 \$160.00 \$155.00 \$150.00 Jan-16, \$151.00 \$145.00 Positive gap Gap between \$140.00 favors CA Canadian and US \$135.00 producers \$130.00 \$63.12 \$125.00 January-16 November-16 \$40.51 \$120.00 Nov-16, \$115.64 \$115.00 0000000 33333333333333333333333333333 PO Box 2486, Vancouver, BC V6B 3W7 + Tel: 604-319-2266 + Email: madrep@shawcable.com + Web: www.madisonsreport.com

# 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.

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## US Manufacturing Index, Producer Prices: 3Q 2016

#### CONT'D FROM PAGE 9

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 percent. The New Orders Index registered 53 per cent, an increase of 0.9 percentage point from the October reading of 52.1 percent. 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/

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