

# MADISON'S LUMBER REPORTER

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## News & Updates

### Global Harmonization Code Update

The **World Customs Organization** administers and develops the international goods nomenclature known as the **Harmonized System**, which enables products to be identified by the same code all over the world. Every five years the WCO HS committee issues amendments to the HS nomenclature.

The WCO has published the accepted amendments to the Harmonized System Nomenclature effective January 1, 2017. There are 233 sets of amendments which include some text amendments, certain new chapter notes, more specific product details and the addition of new subheadings.

- Wood sector: chapter 40, 42, 44 forestry products, wood species, bamboo products, rattan products, tropical wood and non-tropical wood amendment
- Paper sector: chapter 48 newsprint.

**Madison's** has adjusted the data feeds to our monthly VOLUMES and VALUES graphs to reflect this new global standardization.

Please see Pages 8 and 9 for more...

### US Housing Starts: January 2017

Residential starts in the US totalled an annualized 1.25 million, easing from a 1.28 million pace in the prior month, a **Commerce Department** report showed Thursday. Permits, a proxy for future construction, increased at the fastest pace since November 2015 on a pickup in applications for apartment building.

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### Canada Softwood Lumber Trade Envoy

British Columbia Premier Christy Clark announced Tuesday the appointment of former Canfor chief executive officer, federal cabinet minister and BC deputy minister David Emerson as the **BC Trade Envoy to the United States** to work with Canada and the new administration in the United States in securing a new **Softwood Lumber Agreement**.

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### Canada & US Lumber Exports & Imports: Full Year 2016

North America's forest products manufacturers had a great 2016, in terms of production volumes, sales, and imports and exports, according to the very latest data this week from **Statistics Canada** and the **US Census**.

CONT'D PAGES 8 & 9

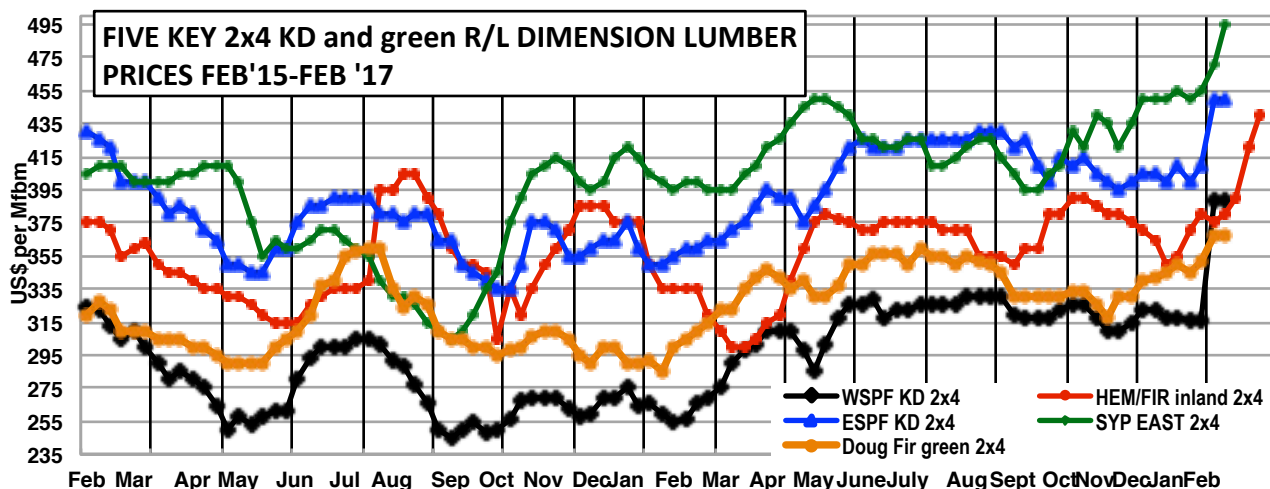
### Japan Housing Starts: December and Full Year 2016

Japan's housing starts in December 2016 were 78,406 units (up 3.9 per cent from the same month in the previous year), surpassing the previous year's results for six consecutive months, said the *Japan Lumber Journal* this week.

The seasonally-adjusted annual rate in 2016 was 967,237 units (up 6.4% from the previous year), increasing for two consecutive years.

Total starts for the year were 967,237 units, up 6.4 per cent over full-year 2015, according to *Japan Lumber Reports* this week.

CONT'D PAGE 10



## US Housing Starts: January 2017

CONT'D FROM PAGE 2

Home starts in December were revised up from a previously reported 1.23 million pace. That represented an 11.3 percent surge from the prior month and was due to a jump in multifamily unit construction. Estimates for January ranged from 1.17 million to 1.32 million, according to the Bloomberg survey of economists.

### SINGLE FAMILY STARTS UP

Single-family house construction increased 1.9 per cent in January to an 823,000 annualized rate, the first gain in three months.

Work on multifamily homes, such as apartment buildings, fell 10.2 per cent last month to an annual rate of 423,000. Data on these projects, which have led housing starts in recent years, can be volatile.

Total housing starts rose by 20 per cent in the South and 55.4 percent in the Northeast, the report showed. Beginning construction in the South, the nation's largest region, reached the highest level since August 2007. They fell 41.3 per cent in the West and 17.9 per cent in the Midwest.

### BUILDING PERMITS UP

Permits for future construction jumped 4.6 per cent in January to a rate of 1.29 million units, the highest level since November 2015. Building permits in the South, where most homebuilding occurs, hit their highest level since July 2007.

With overall permits now outpacing starts, homebuilding is likely to rebound in the coming months. Economists polled by Reuters had forecast groundbreaking activity slipping to a rate of 1.22 million units last month and building permits rising to a 1.23 million pace.

### QUARTERLY AVERAGES IMPROVED

January's starts were above the fourth-quarter average, suggesting housing will again contribute to gross domestic product in the first three months of this year, said *Reuters* Thursday.

Homebuilding last month surged 55.4 per cent in the Northeast region of the country. It jumped 20 per cent in the South to the highest level since August 2007. Starts fell 41.3 per cent in the West, likely due to the impact of unusually wet weather.

Last month, single-family homebuilding, which accounts for the largest share of the residential housing market, climbed 1.9 per cent to a pace of 823,000 units.

Starts for the volatile multi-family housing segment tumbled 10.2 per cent to a rate of 423,000 units.

Single-family permits slipped 2.7 per cent last month after increasing for five consecutive months. Single-family starts in the South rose to their highest level since August 2007.

Building permits for multi-family units soared 19.8 per cent.

The National Association of Home Builders/Wells Fargo index of homebuilder sentiment fell to 65 in February from 67 the prior month, figures showed on Wednesday.

## Steady Pace of Home Construction

■ US New Privately Owned Housing Units Started by Structure Total SAAR



Source: Commerce Department

Bloomberg

# 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	388	388	0	318	+70	266	+122
WSPF KD R/L 2x6	382	282	0	292	+90	264	+118
SYP KD R/L East Side 2x4	495	470	+25	450	+45	400	+95
SYP KD R/L East Side 2x6	365	340	+25	325	+40	300	+65
ESPF KD R/L 2x4	450	450	0	405	+45	360	+90
WSPF KD PET 2x4 Stud	340	325	+15	295	+45	235	+105
WSPF KD PET 2x6 Stud	305	290	+15	270	+35	220	+85
Douglas Fir Green R/L 2x4	367	367	0	345	+22	310	+57
Douglas Fir Green R/L 2x10	435	435	0	390	+45	370	+65
ESPF KD 2x4 8ft Stud	420	415	+5	355	+65	295	+125
OSB Ontario 7/16" (CDN\$/msf)	395	375	+20	370	+25	320	+75
CSplywood Toronto 3/8" (CDN\$/msf)	438	430	+8	396	+42	402	+36

## Madison's Weekly Softwood Lumber News

### BC Lumber Trade Envoy

CONT'D FROM PG 2 Emerson is a highly regarded and experienced British Columbian who has served both his province and country over a 40-year career as both an elected and non-elected government official, said a press release from the **British Columbia Premier's** office Tuesday.

In addition, it was Emerson who, in his role as federal minister of international trade, signed the Softwood Lumber Agreement in 2006 that brought the fourth Canada-USA lumber dispute to an end. And, as a former CEO of Canfor, he has a broad base of knowledge to defend B.C.'s forest policies when dealing with American legislators and industry leaders.

Emerson already has begun the briefing process in order to start dialogues with legislators and the U.S.A. administration as quickly as possible. It is anticipated that his first visit to Washington, D.C. will take place in March in advance of the imposition of expected countervailing duties being applied to B.C. lumber exports to the United States.

The US side has yet to announce their envoy.

Clark expressed those sentiments at a Thursday news conference following a special cabinet meeting.

That meeting was attended by Canada's ambassador to the US, David MacNaughton, and Emerson

According to *CBC* Thursday, Clark said a major change in negotiations is

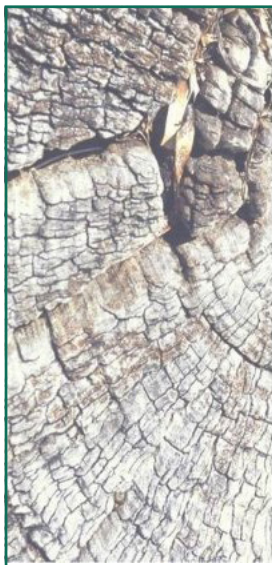
that the Trump administration is more interested in negotiating a deal, which, she says, the Obama administration was not.

MacNaughton shared the premier's confidence, saying a plan was being developed to get "the best deal possible."

He and Emerson agreed, however, that softwood negotiations had little to do with the president's office.

MacNaughton says Canadian representatives brought up the issue of softwood lumber with U.S. counterparts several times in the lead-up to Prime Minister Trudeau's visit to Washington and found softwood was considered to be a "minor" issue.

"They see it as being a small, regional issue," he said.



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### Calendar

February 2017

Western Silvicultural Contractors' Association Annual Conference  
February 1-3, 2017 – Victoria, BC

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

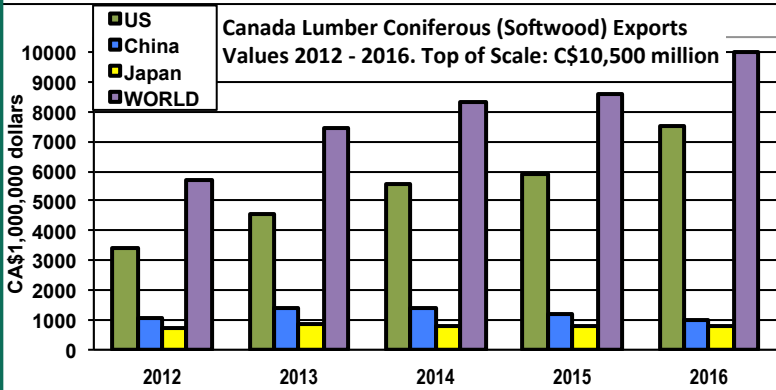
Association of BC Forest Professionals AGM

February 22-24, 2017 – Prince George, BC  
<https://abcfp.ca/ABCFCConference/>

## Softwood Lumber and Log Imports and Exports: Canada and US 2016

### CANADA SOFTWOOD LUMBER EXPORTS FULL-YEAR 2016 :: VALUES

HS 440710 LUMBER, CONIFEROUS (SOFTWOOD), OF A THICKNESS EXCEEDING 6 MM



#### Canada Lumber Coniferous Exports TO USA

2016	C\$7,503 million	+ 21%
2015	C\$5,934 million	+ 6.6%
2014	C\$5,545 million	+ 18%

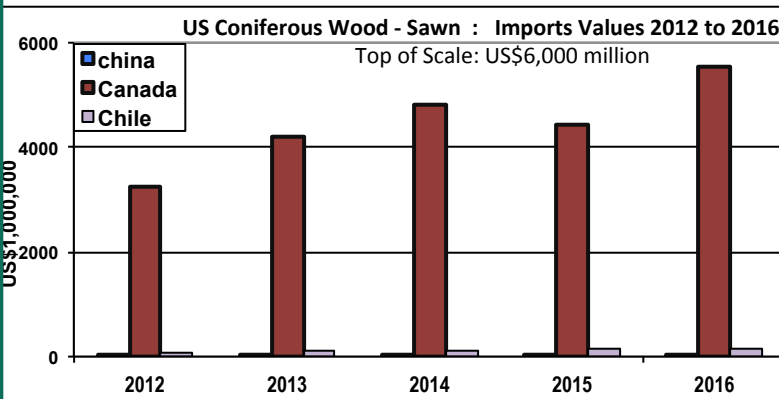
#### EXPORTS 440710 Lumber, coniferous (softwood), of a thickness exceeding 6 mm

VALUES \$millions	2015	2016	% Change 2016/2015
United States	\$5,934	\$7,503	21.0%
China	\$1,192	\$1,031	-13.5%
Japan	\$789	\$772	-2.0%
<b>Total All Countries</b>	<b>\$8,599</b>	<b>\$9,973</b>	<b>14.0%</b>

SOURCE: Statistics Canada

### US SOFTWOOD LUMBER IMPORTS FULL-YEAR 2016 :: VALUES

HS 440710 CONIFEROUS WOOD SAWN, ETC, OVER 6 MM THICK



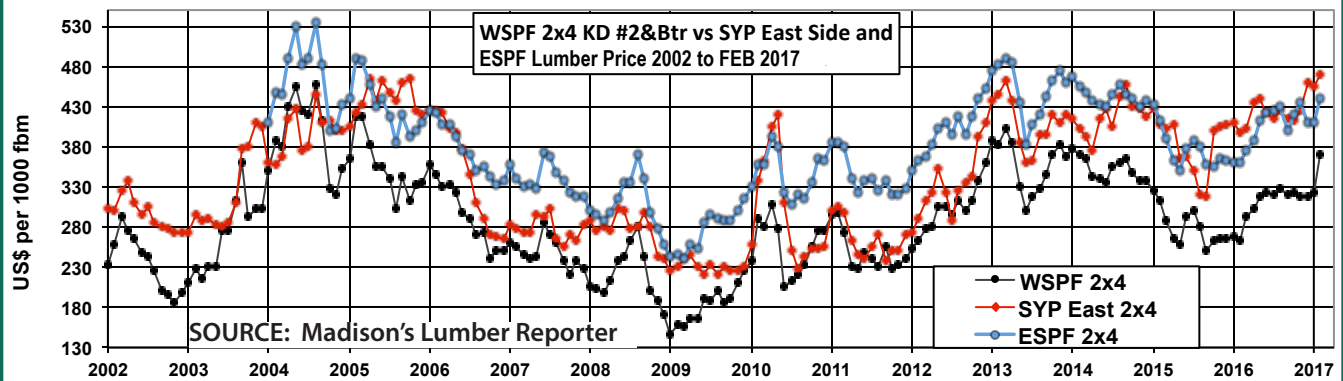
#### US Coniferous Sawn Wood Imports FROM CANADA

2016	US\$5,551 million	+ 20%
2015	US\$4,424 million	- 8.0%
2014	US\$4,809 million	+ 12%
2013	US\$4,225 million	+ 23%
2012	US\$3,246 million	

#### IMPORTS HS 440710 Coniferous Wood Sawn, Etc, Over 6 mm Thick

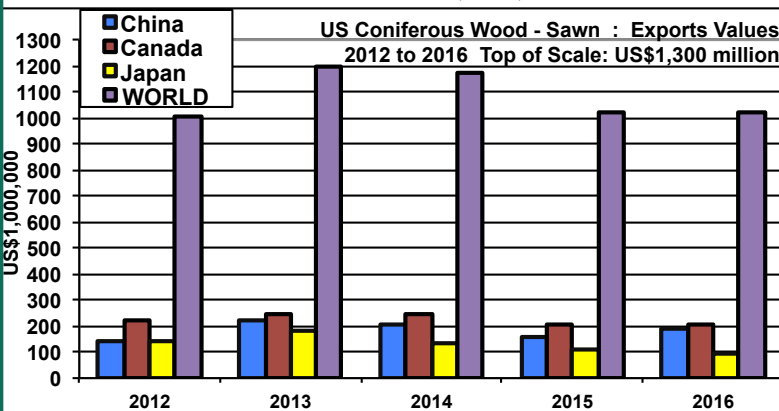
VALUES \$millions	2015	2016	% Change
China	\$20	\$45	-56.0%
Canada	\$4,424	\$5,551	20.3%
Chile	\$141	\$153	7.8%
<b>World</b>	<b>\$4,916</b>	<b>\$6,128</b>	<b>20.0%</b>

SOURCE: US Census Censtats



### US SOFTWOOD LUMBER EXPORTS FULL-YEAR 2016 :: VALUES

HS 440710 CONIFEROUS WOOD SAWN, ETC, OVER 6 MM THICK



#### US Coniferous Sawn Wood Exports TO WORLD

2016	US\$1,021 million	- 0.1%
2015	US\$1,020 million	- 13%
2014	US\$1,174 million	- 2.2%
2013	US\$1,200 million	+ 16%
2012	US\$1,005 million	

#### EXPORTS HS 440710 Coniferous Wood Sawn, Etc, Over 6 mm Thick

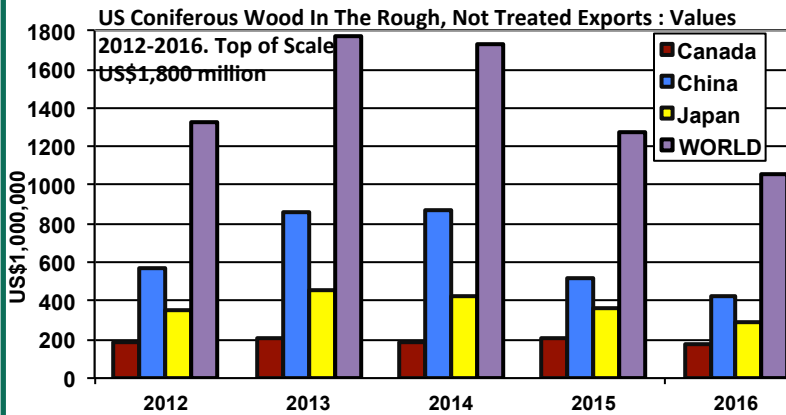
VALUES \$millions	2015	2016	% Change
China	\$158	\$189	16.4%
Canada	\$209	\$207	-1.0%
Japan	\$114	\$95	-17.0%
<b>World</b>	<b>\$1,020</b>	<b>\$1,021</b>	<b>-0.1%</b>

SOURCE: US Census Censtats

## Softwood Lumber and Log Imports and Exports: Canada and US 2016

### US SOFTWOOD LOG EXPORTS FULL-YEAR 2016 :: VALUES

HS 440320 CONIFEROUS WOOD IN THE ROUGH, NOT TREATED



### US Coniferous Wood Rough Exports TO WORLD

2016	US\$1,052 million	- 26%
2015	US\$1,274 million	- 26%
2014	US\$1,728 million	- 1.0%
2013	US\$1,745 million	+ 24%
2012	US\$1,322 million	

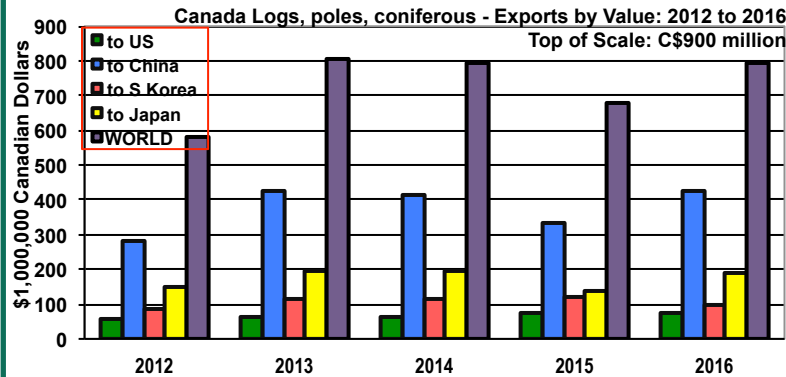
### EXPORTS HS 440320 Coniferous Wood In The Rough, Not Treated

VALUES \$millions	2015	2016	% Change
Canada	\$203	\$175	-14%
China	\$523	\$429	-18%
Japan	\$361	\$289	-20%
World	\$1,274	\$1,052	-17%

SOURCE: US Census Censtats

### CANADA SOFTWOOD LOG EXPORTS FULL-YEAR 2016 :: VALUES

HS 440320 LOGS, POLES, CONIFEROUS



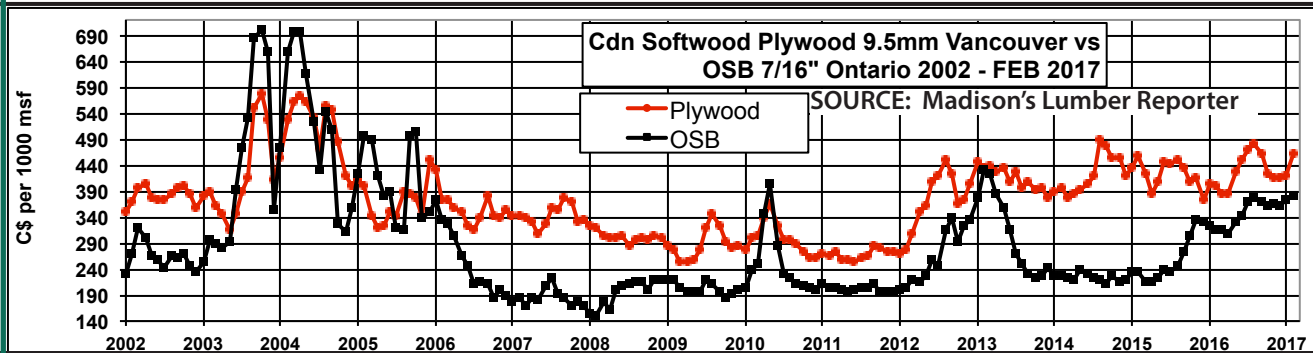
### Canada Softwood Log Exports TO WORLD

2016	C\$679 million	- 14%
2015	C\$793 million	+ 15%
2014	C\$677 million	- 16%
2013	C\$808 million	+ 28%

### EXPORTS HS 440320 Logs, poles, coniferous

VALUES \$millions	2015	2016	% Change 2016/2015
to US	\$72	\$102	-29%
to Japan	\$191	\$158	-17%
to S Korea	\$97	\$77	-21%
to China	\$428	\$337	-21%
WORLD	\$793	\$679	-14%

SOURCE: Statistics Canada



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

Benchmark Western Spruce-Pine-Fir R/L KD 2x4 #2&Btr	Jan 2017 ... US\$322	Jan 2016 ... US\$265	+ 18%
Hem-Fir Inland R/L KD 2x4 #2&Btr	Jan 2017 ... US\$370	Jan 2016 ... US\$375	- 1.3%
Eastern Spruce-Pine-Fir R/L KD 2x4 #2&Btr	Jan 2017 ... US\$400	Jan 2016 ... US\$405	- 1.2%
Southern Yellow Pine East Side R/L KD 2x4 #2&Btr	Jan 2017 ... US\$450	Jan 2016 ... US\$435	+ 3.3%
Douglas fir green R/L 2x4 #2&Btr	Jan 2017 ... US\$367	Jan 2016 ... US\$340	+ 11.8%

All prices US dollars per thousand board feet net fob mill

### ONE-YEAR KEY CONSTRUCTION PANEL PRICE TRENDS: *Madison's Lumber Reporter*

Benchmark Oriented Strand Board 7/16" Ontario prices	Jan 2017 ... C\$363	Jan 2016 ... C\$323	+ 11%
Canadian Softwood Plywood 9.5mm Toronto prices	Jan 2017 ... C\$417	Jan 2016 ... C\$405	+ 3.0%

All prices C\$ dollars per thousand square feet net fob mill

## Japan Housing Starts: December and Full Year 2016

CONT'D FROM PAGE 2

According to a report released by the Ministry of Land, Infrastructure, Transport and Tourism on January 31st, Japan's housing starts in December 2016 were 78,406 units (up 3.9 per cent from the same month in the

### 2016 and December starts

SOURCE: Japan Lumber Reports

	December	'16/'15	2016 total	'16/'15
Total	78,406	103.9	967,237	106.4
Owner's units	23,890	106.5	292,287	103.1
Rental units	34,475	102.2	418,513	110.5
Units built for sale	19,787	104.6	250,532	103.9
(condominiums)	(8,337)	(110.7)	(114,570)	(99.1)
Wood based units	45,974	106.6	546,336	108.3
Prefabricated	12,179	95.9	148,528	103.5
2x4	10,293	113.9	123,713	107.9

previous year), surpassing the previous year's results for six consecutive months, said the *Japan Lumber Journal* Thursday. The seasonally-adjusted annual rate in 2016 was 967,237 units (up 6.4% from the previous year), increasing for two consecutive years.

Results of December by owner/occupant, housing starts of owner occupied houses were 23,890 units (up 6.5 per cent from the same month of the previous year), surpassing the previous year's results for eleven months in a row. The figure decreased by 1.3 per cent in Kanto area, but increased by 28 per cent in Kyusyu

area and 11.3 per cent in Cyugoku area remaining mostly strong.

By construction methods, housing starts of two-by-four houses were 10,293 units (up 13.9 per cent). The former decreased for the first time in seven months, while the latter increased for six consecutive months, said the **Journal**.

### FULL YEAR 2016 STARTS

Total starts for 2016 were 967,237 units, up 6.4 per cent over last year, said *Japan Lumber Reports* Friday.

## Housing Starts

SOURCE: Japan Lumber Journal

(unit of home)

	TOTAL	Structure		Owner / Occupant			
		wooden	non-wooden	owner-occupied	rent	COH	built-for-sale
<b>2015</b>							
<b>TOTAL</b>	909,299	504,318	404,981	283,366	378,718	6,014	241,201
<b>2016</b>							
<b>YTD</b>	967,705	546,336	421,369	292,287	418,543	5,875	251,000
Jan.	67,815	37,516	30,299	20,264	28,288	360	18,903
Feb.	72,831	38,605	34,226	20,984	28,871	572	22,404
Mar.	75,744	41,154	34,590	22,274	30,572	773	22,125
Apr.	82,398	44,091	38,307	23,567	35,504	298	23,029
May	78,728	42,794	35,934	23,501	32,427	587	22,213
June	85,953	47,502	38,451	26,944	36,910	482	21,617
July	85,208	48,693	36,515	26,910	37,745	656	19,897
Aug.	82,242	48,717	33,525	26,341	36,784	608	18,509
Sep.	85,622	49,733	35,889	25,573	38,400	310	21,339
Oct.	87,707	50,929	36,778	26,046	39,950	661	21,050
Nov.	85,051	50,628	34,423	25,993	38,617	314	20,127
Dec.	78,406	45,974	32,432	23,890	34,475	254	19,787

\*source: Ministry of Land, Infrastructure, Transport and Tourism

\*COH=company owned houses to be rented to their employees, etc.