

MADISON'S LUMBER REPORTER

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News & Updates

Softwood Lumber Board Nominees Sought

The **US Department of Agriculture** is seeking nominations to fill seven seats on the **Softwood Lumber Board** coming open in January 2018. The 19-member board will hold elections to fill the seats of directors whose terms expire on December 31, 2017. The deadline for submitting nominations is March 13, 2017.

Domestic manufacturers are being sought to fill four seats -- two large companies representing the US South region and two large companies representing the US West region. Softwood lumber importers will fill three seats: one small company and one large company representing the Canada West region, and one small company representing the Canada East region. Each director will serve a three-year term, which may be renewed once.

The program defines large companies as those that account for the top two-thirds of the volume of assessable softwood lumber annually. Small companies account for the remaining assessable softwood lumber.

Canada Railway Car Loadings

The volume of rail freight carried in Canada totalled 29.1 million tonnes in December, up 0.1 per cent from the same month in 2015, according to **Statistics Canada** Tuesday.

CONT'D PAGE 7

Residential Construction Investment, Canada: 4Q 2016

In 4Q, total investment in residential construction in Canada rose 5.6 per cent from the same quarter of 2015 to \$31.4 billion, reflecting increased spending on every component except cottages, said **Statistics Canada** Thursday.

Higher investment in single-family dwellings, up 11.5 per cent to \$7.3 billion, accounted for nearly half of the increase at the national level. Rising renovation spending (+3.4 per cent to \$13.3 billion) and acquisition costs related to new dwellings (+6.9 per cent to \$3.6 billion) also contributed to the gain.

CONT'D PAGE 7

US Construction Spending, House Prices, Home Builders

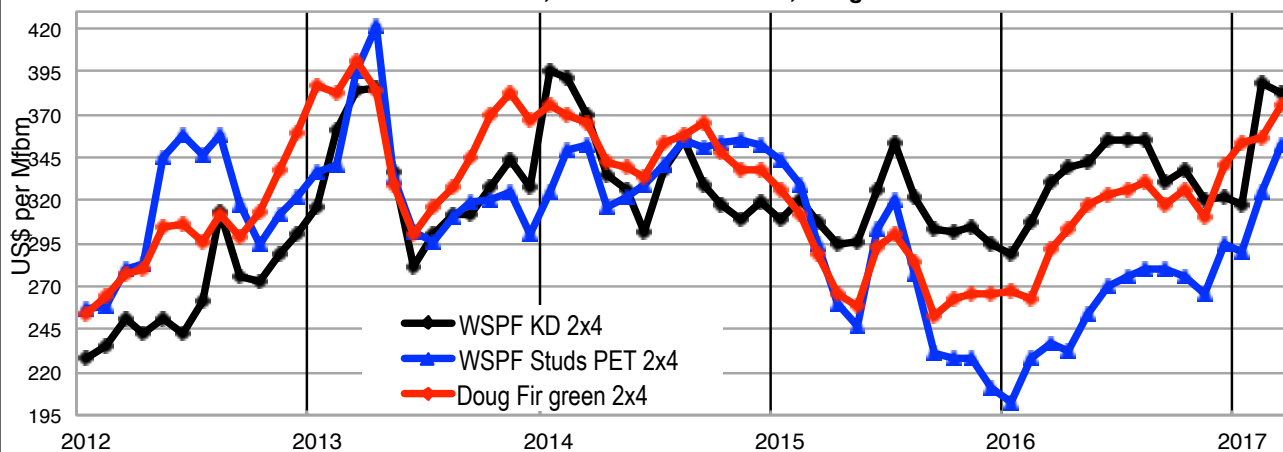
Private residential construction in the US got off to an auspicious start in 2017, continuing the growth trend that began in October of last year. **National Association of Home Builders** analysis of **Census Construction Spending** data released Wednesday shows that total private residential construction spending grew 0.5 per cent in January 2017 to a seasonally adjusted annual rate of US\$476.4 billion.

Meanwhile, the **S&P CoreLogic Case-Shiller US Home Price Indices** for December were released Tuesday. The national index reached a new high for the month of December and 4Q, but trailed slightly in 2016 overall. The annual average in 2006 was 183.45, slightly ahead of 181.34 in 2016.

Elsewhere, the 2016 top ten publicly-traded builders captured a 27.4 per cent share of new single-family home closings, up from 25.6 per cent in 2015. The 27.4 per cent share in 2016 is out of the 559,000 new home sales reported by the **Census Bureau** Friday. However, this count represents a smaller share of the total single-family market when not-for-sale, custom home building is included.

CONT'D PAGE 9

2x4 Prices : WSPF KD R/L #2&Btr, WSPF KD PET Studs, Douglas fir Green - 2012 - MAR 2017



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"I am amazed at the data you've been able to collect in this report and find it all very interesting. I can see this kind of information being especially desired by economists / bankers / the investment community and perhaps Industry CFO's and such for help formulating reports and such.

I like the trend data on capacity / efficiency plus export import ratios."

- Michael Low | Scotiabank | Director & Group Lead, Commercial Banking

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MADISON'S
3Q 2014 North America Timber Industry Analysis and Projection

By Kate Kuzman, Publisher and Editor, Madison's Lumber Reporter
November 1, 2014

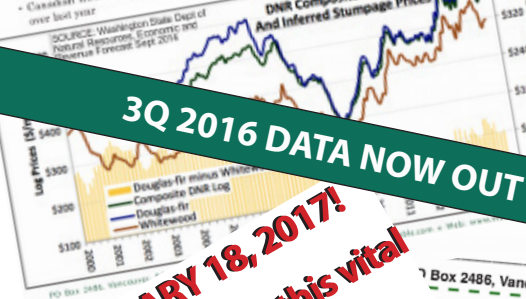
OVERVIEW

Various bursts of enthusiasm among North America's lumber and panel traders this summer gave way to dread in September as sales volumes dropped and prices softened somewhat. Negative sentiment was finally over-Field inventories of solid wood products across the US and Canada remain extremely weak, forcing customers to continue coming to the table to buy from poolers. Disappointing macroeconomic conditions and a sinking lumber futures market were not enough to dampen prices, which recovered to one-year ago levels in October.



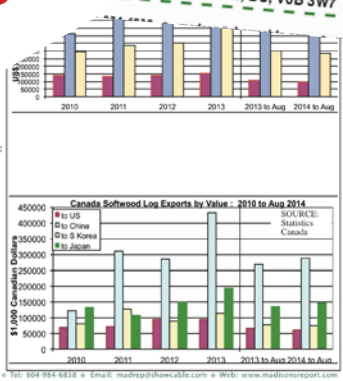
IMPORTANT DATA:

- US LUMBER exports to China by VALUE are up 17%, to US\$445.5 million, Jan to Aug 2014 compared to one year ago
- US SUGMILL products exports to China by VALUE are up 24.9%, to US\$638 million, Jan to Aug 2014 over 2013
- US SAWMILL products imports from Canada by VALUE are up 33.2%, to US\$3,533 million, Jan to Aug 2014 compared to 2013
- Canadian LUMBER exports to US by VALUE are up 16.7%, to C\$4,795 million, Jan to Aug 2014 over last year



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Madison's Weekly Softwood Lumber Key Prices Table

www.madisonsreport.com



	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	382	388	-6	316	+66	255	+127
WSPF KD R/L 2x6	376	282	-6	288	+88	255	+121
SYP KD R/L East Side 2x4	515	510	+5	455	+60	395	+120
SYP KD R/L East Side 2x6	390	380	+10	325	+65	285	+105
ESPF KD R/L 2x4	450	450	0	410	+40	355	+95
WSPF KD PET 2x4 Stud	352	345	+7	310	+42	220	+132
WSPF KD PET 2x6 Stud	320	315	+5	285	+35	215	+105
Douglas Fir Green R/L 2x4	375	375	0	352	+23	300	+75
Douglas Fir Green R/L 2x10	465	455	+10	410	+55	340	+125
ESPF KD 2x4 8ft Stud	425	415	+10	370	+55	290	+135
OSB Ontario 7/16" (CDN\$/msf)	390	395	-5	363	+27	305	+85
CSplywood Toronto 3/8" (CDN\$/msf)	442	442	0	409	+33	404	+38

Madison's Weekly Softwood Lumber News

Railcar Loadings, Canada

CONT'D FROM PG 2 In December, freight originating in Canada decreased 0.4 per cent from the same month in 2015 to 26.5 million tonnes, according to **Statistics Canada** Tuesday. Non-intermodal freight decreased 1.8 per cent to 287,000 carloads in December. The amount of freight loaded into these cars totalled 23.8 million tonnes, down 1.3 per cent from the same month in 2015.

The total volume of rail freight carried in Canada reached 345.9 million tonnes in 2016, down 2.8 per cent from the 355.7 million tonnes of rail freight carried in 2015.

Canada Residential Construction Spending

CONT'D FROM PG 2 Residential construction investment in Canada increased year over year in seven provinces in 4Q, led by British Columbia, Ontario and Quebec, said **Statistics Canada** Thursday.

Producer Price and Raw Materials Indices, Canada

The Industrial Product Price Index (IPPI) rose 0.4 per cent in January, mainly due to higher prices for energy and petroleum products, said **Statistics Canada** Tuesday. The Raw Materials Price Index (RMPI) increased 1.7 per cent, led by higher prices for ani-

mals and animal products.

The IPPI (+0.4 per cent) increased for a fifth consecutive month in January, following a 0.3 per cent gain in December. Of the 21 major commodity groups, 6 were up, 10 were down and 5 were unchanged.

The IPPI increased 2.3 per cent over the 12-month period ending in January, after posting an identical increase in December.

The RMPI increased 1.7 per cent in January, following a 6.5 per cent gain in December. Of the six major commodity groups, five were up and one was down.

The RMPI increased 1.7 per cent in January, following a 6.5 per cent gain in December. Of the six major commodity groups, five were up and one was down.

JOB OPPORTUNITY



*Sales and Marketing
Manager*

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603-621-9037 X109

BKING@SNAPDRAGONASSOCIATES.COM

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/>



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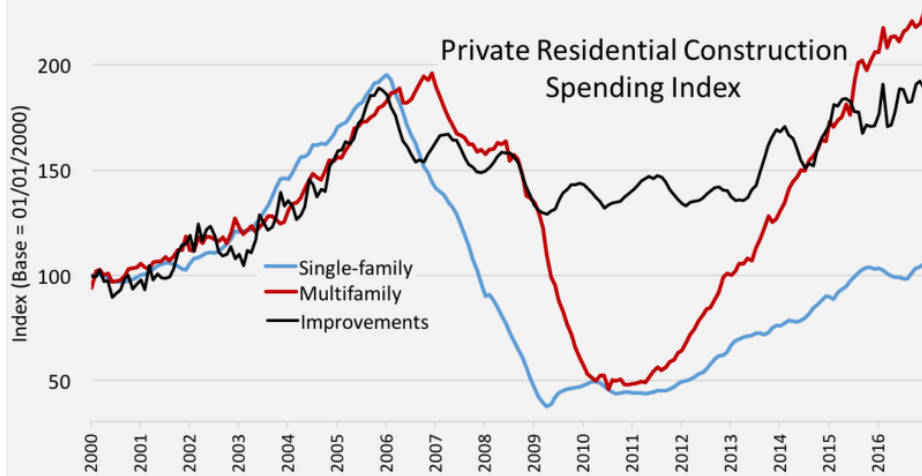
US Residential Construction, House Prices, Home Builder Shares

CONT'D FROM PAGE 2

US CONSTRUCTION SPENDING: TEN YEAR ANALYSIS

Multifamily construction spending in the US for January grew by 2.2 per cent to a seasonally-adjusted annual rate of US\$63.5 billion, more than double that of December, .

The **National Association of Home Builders** construction spending index, released Wednesday, illustrates this four-year trend in home improvement spending as well as the growth in residential construction spending since 2000. Beginning in August 2010—when the indices for single-family and multifamily spending converged—monthly growth of multifamily construction spending has doubled that of single-family spending, on average. During the same period, the month-over-month growth of spending on home improvements has averaged one-quarter that of spending on new multifamily construction.



US HOUSE PRICES: TEN YEAR ANALYSIS

The annual pace of US house price appreciation reaccelerated to 5.2 per cent in 2016 after decelerating from a post-crash high of 9.6 per cent in 2013 to 4.6 per cent in 2015, said **NAHB** Monday. While the monthly numbers are volatile, the general trend in house prices has followed the rise in existing home sales since the downturn.

In fact, since 2012 the pace of growth in the CS national home price index has been highly correlated with the pace of existing home sales in the prior two quarters. The strong price growth in 4Q reflects brisk sales in 2Q of the year, and a slowdown in 3Q sales points to a deceleration in house price appreciation in the current quarter, probably not a bad thing after a bumpy ride through the last couple of years.

US HOME BUILDER SHARE PRICES IMPROVE: 2016

The top builder, D. R. Horton, jumped to a 7.2 per cent share of new home sales in 2016, up from a 2015 share of 5.7 per cent, according to the **US Census Bureau** Friday.

The companies' fiscal years vary and do not perfectly align with calendar years, but the comparison was made against their prior year 10K filings for uniformity. Comparing the top ten builders from 2010 through 2016, the top ten shares based on annual SEC 10Ks were, in order, 26.9 per cent, 24.3 per cent, 23.9 per cent, 25.3 per cent, 26.4 per cent, 25.6 per cent and 27.4 per cent.

Publicly-traded companies possess many advantages including better access to credit from their own balance sheets, economies of scale in land and material purchases as well as in advertising and land holdings. However, small builders are better positioned to address the growth in and the knowledge of their local markets and their flexibility allows them to customize their product to meet local demands and preferences. Also, small home building companies usually have their roots in the local market and can use those more personal relationships to improve quality and increase repeat business.



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	#e0c62e
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

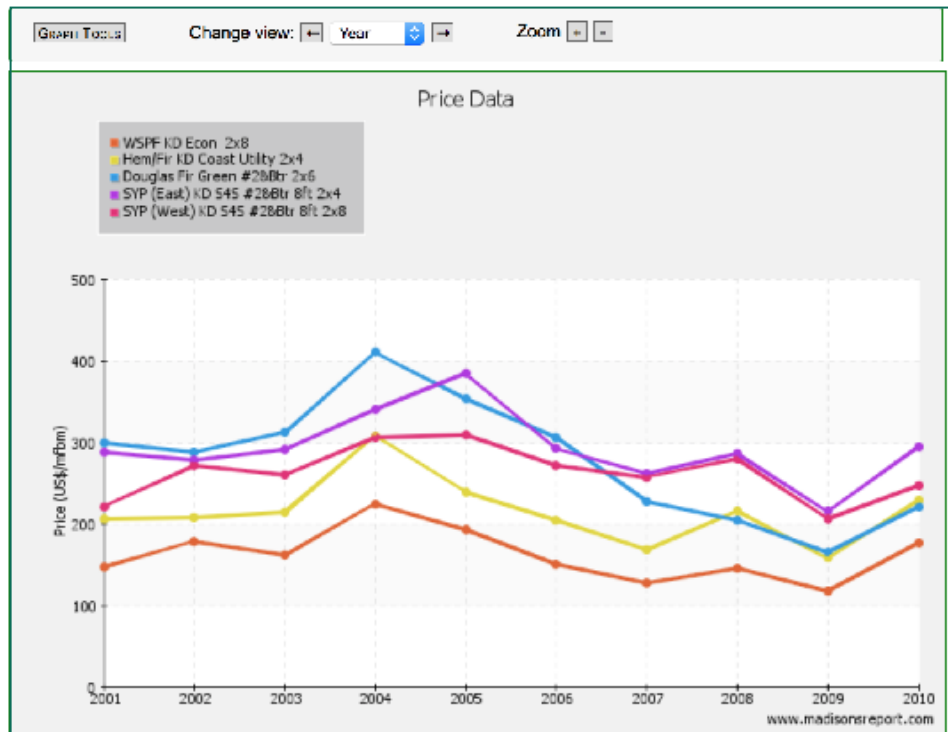
Search Tips [\[Help\]](#)

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