

MADISON'S LUMBER REPORTER



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News & Updates

Madison's Announces . . .

Issue 2 of *Madison's* inaugural North American residential heating *Wood Pellet Report* has gone out this week to subscribers.

Don't miss out on what you need to plan operational strategy for your sawmill residuals. *Madison's Pellet Report* will help you foreshadow spot shortages, overages, and balance of supply with demand for your chips and sawdust, an important feedstock in the cellulosic energy sector.

For more please see....

CONT'D PAGES 9 and 10

US Housing Starts: February 2017

Housing starts in the US increased 3.0 per cent to a seasonally adjusted annualized rate of 1.29 million units last month, the US Commerce Department said Thursday. Homebuilding was up 6.2 per cent compared to February 2016, suggesting housing would contribute to growth this year.

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Softwood Lumber and NAFTA

It's looking more and more like NAFTA is not going to get just "tweaked", according to the latest meetings of new USTR appointee Robert Lighthizer, who formerly worked for Ronald Reagan.

Lighthizer told his Senate confirmation hearing Tuesday that softwood is "at the top of the list," said the *Globe and Mail* Tuesday. He said he recognizes that American companies want "quantitative restraint" – a limit on Canadian lumber entering the United States. "It is a very serious, intractable sort of problem. It has enormous political consequences on both sides of the border," he told the Senate's finance committee. "We have to have a new [deal]."

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Building Materials Price Index: February 2017

The prices of softwood lumber, gypsum, ready-mix concrete, and OSB all increased in February, according to the latest **Producer Price Index** release by the **Bureau of Labor Statistics**, out Tuesday. The increases were led by gypsum products, with softwood lumber a close second.

After decreasing in four of five months, the price of softwood lumber rose in February. Gypsum prices posted a 5.3 per cent increase, the largest increase since January 2015.

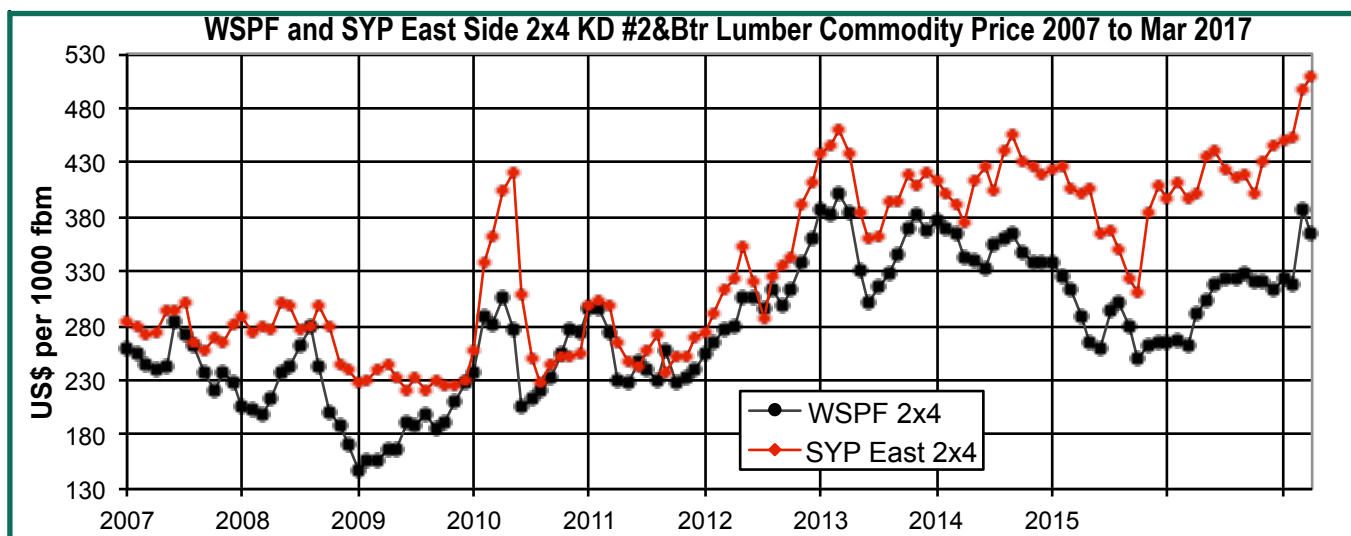
CONT'D PAGE 7

US Construction Spending: January 2017

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. NAHB analysis of Census Construction Spending data, released March 1, 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.

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

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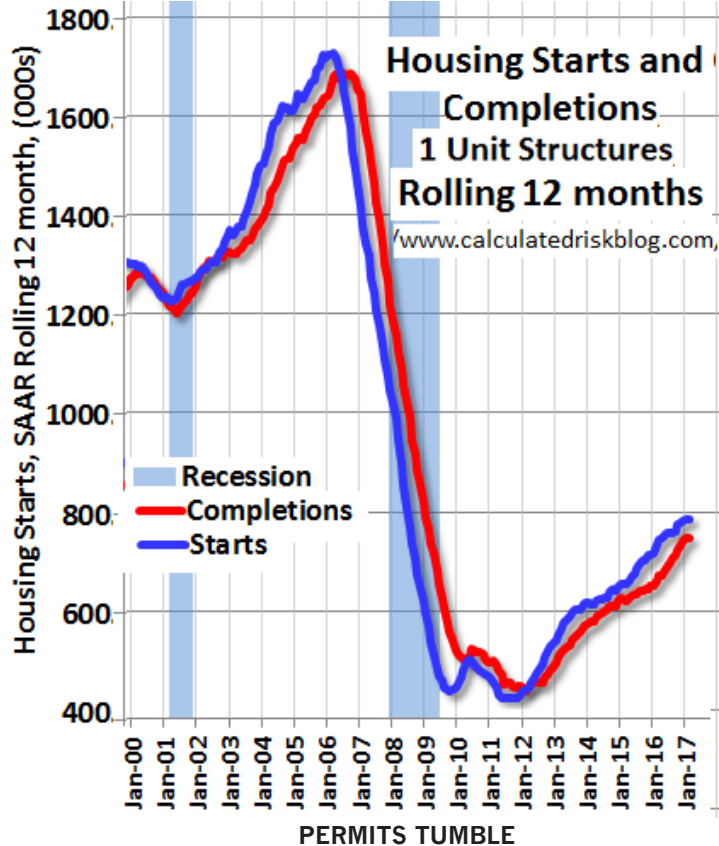


US Housing Starts: February 2017

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US housing starts increased 3.0 percent to a seasonally adjusted annual rate of 1.29 million units last month, the Commerce Department said. Home building was up 6.2 per cent compared to February 2016.

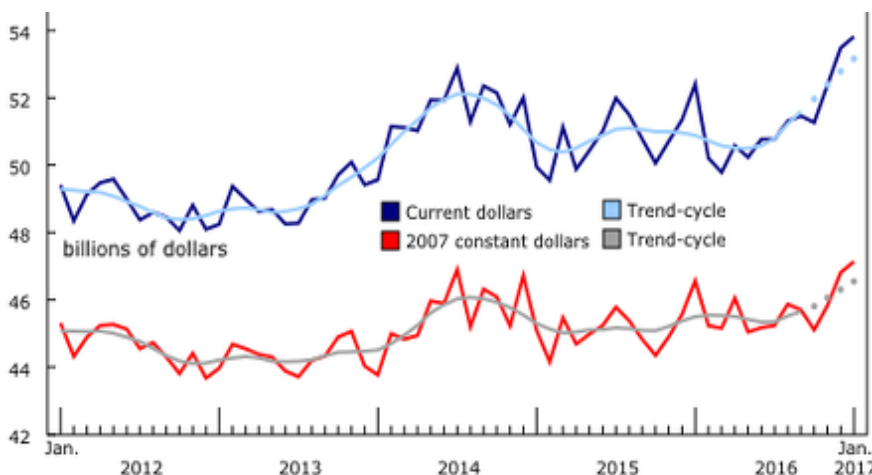
Starts for the volatile multi-family housing segment fell 3.7 per cent to a pace of 416,000 units.



Overall permits, a proxy for future construction, decreased 6.2 per cent to 1.21 million as applications for apartment building declined. Applications to build one-family homes rose to an 832,000 annualized rate in February, the strongest since September 2007.

Permits for multifamily structures plunged 21.6 per cent to a 381,000 annualized rate.

Canada Survey of Manufacturing: January 2017



SOURCE: Statistics Canada

Calendar

March 2017

NAWLA 2017 Leadership Summit

March 12 -14, 2017 – Tucson, AR

<http://www.nawla.org/p/cm/ld/fid=240/>

Montréal Wood Convention

March 28 - 30, 2017 – Montréal, QC

<http://www.montrealwoodconvention.com/en/>

April 2017

National Heavy Equipment Show

April 6-7, 2017 – Mississauga, ON

<http://www.nhes.ca>



	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	358	370	-12	388	-30	266	+92
WSPF KD R/L 2x6	350	262	-12	282	-32	264	+86
SYP KD R/L East Side 2x4	505	510	-5	495	+10	400	+105
SYP KD R/L East Side 2x6	380	390	-10	365	+15	300	+80
ESPF KD R/L 2x4	435	440	-5	450	-15	360	+75
WSPF KD PET 2x4 Stud	325	340	-15	340	-15	235	+90
WSPF KD PET 2x6 Stud	320	325	-5	305	+15	220	+100
Douglas Fir Green R/L 2x4	365	365	0	367	-2	310	+55
Douglas Fir Green R/L 2x10	460	460	0	435	+25	370	+90
ESPF KD 2x4 8ft Stud	415	415	0	420	-5	295	+120
OSB Ontario 7/16" (CDN\$/msf)	405	390	+15	395	+10	320	+85
CSplywood Toronto 3/8" (CDN\$/msf)	424	445	-21	438	-14	402	+22

Madison's Weekly Softwood Lumber News

NAFTA Conversations Stateside

CONT'D FROM PG 2 At Senate hearings held in Washington, DC, Tuesday, Senators from both parties pressed trade nominee Robert Lighthizer on softwood lumber, intellectual-property protection and, with respect to the NAFTA negotiations, for freer trade in dairy and poultry.

American law says the US trade representative must consult the Senate finance committee — before, during, and after trade talks. They were all there.

Lighthizer appeared to say that supply management would be raised in the negotiations, said the *Canadian Press* Tuesday. He offered no firm guarantees or specifics, however.

"I hadn't realized they have that high a tariff (on poultry). I agree it's something we should look at," the trade nominee replied.

"When we sit down with Canada, we should raise that and a variety of other subjects which have been raised by various members of the committee in the course of this process."

"I've had a variety of issues with respect to Canada that have been raised by senators. . . . Certainly (softwood) is at the top of the list," said Lighthizer.

Lighthizer was urged to get tough with Canada on multiple fronts including lumber, dairy, and intellectual property, during a hearing in the

US Congress on Tuesday, said *Global News*.

Lighthizer did not specify whether softwood would form part of the larger talks over the North American free-trade agreement, which Mr. Trump has vowed to renegotiate with Canada and Mexico, or if it would be handled in a separate round of bargaining.

US Building Materials Prices

CONT'D FROM PG 2 After decreasing in four of five months, the price of softwood lumber rose in February, to the latest Producer Price Index (PPI) release by the Bureau of Labor Statistics. The 4.8 per cent increase was the biggest in four years and largely, if not completely, due to the ongoing softwood lumber trade dispute between the U.S. and Canada. Some softwood products rose as much as 30 per cent during the three-week period from January 27th to February 17th.

Gypsum prices posted a 5.3 per cent increase, the largest increase since January 2015. Prices rose by a total of 6.2 per cent in the first two months of 2017, reversing a three-year trend. The cumulative January/February price increases—which became customary earlier this decade—have slowed in recent years. During this two-month period in 2013, 2014, 2015, and 2016, prices paid for gypsum products rose by 15.8 per cent, 11.8 per cent, 8.6 per cent, and 3.5 per cent, respectively. NAHB will pay

close attention to whether the 6.2 per cent increase is an isolated phenomenon or the start of a 2017 trend.

OSB and ready-mix concrete prices climbed by 3 per cent and 0.5 per cent, respectively, in February. The increase in prices paid for OSB pushed the index to its highest level since 2013. As was noted in the February producer price index blog post, the modest increase in ready-mix concrete prices falls in line with a six-year trend that includes only four monthly price declines.

The economy-wide PPI increased 0.3 per cent in February, half the percentage increase in January. Over 80 per cent of the increase was driven by a rise in prices paid for services. Prices for final demand goods moved up 0.3 per cent. A modest 0.1 per cent increase in the final demand prices for core goods (i.e. goods excluding food and energy) continued the upward trend that began in November 2016. Prices for core goods less trade services climbed 0.3 per cent.

Nearly 70 per cent of the rise in prices for goods—the sixth consecutive increase—was due to a 1.6 per cent increase in prices paid for electric power. Conversely, the index for gasoline fell 2.5 per cent. The increase in prices for final demand services was broad-based, led by a 4.3 per cent rise in prices paid for traveler accommodation services. Like energy goods prices, the price of services relating to energy also declined, falling 10 per cent.

US Construction Spending: January 2017

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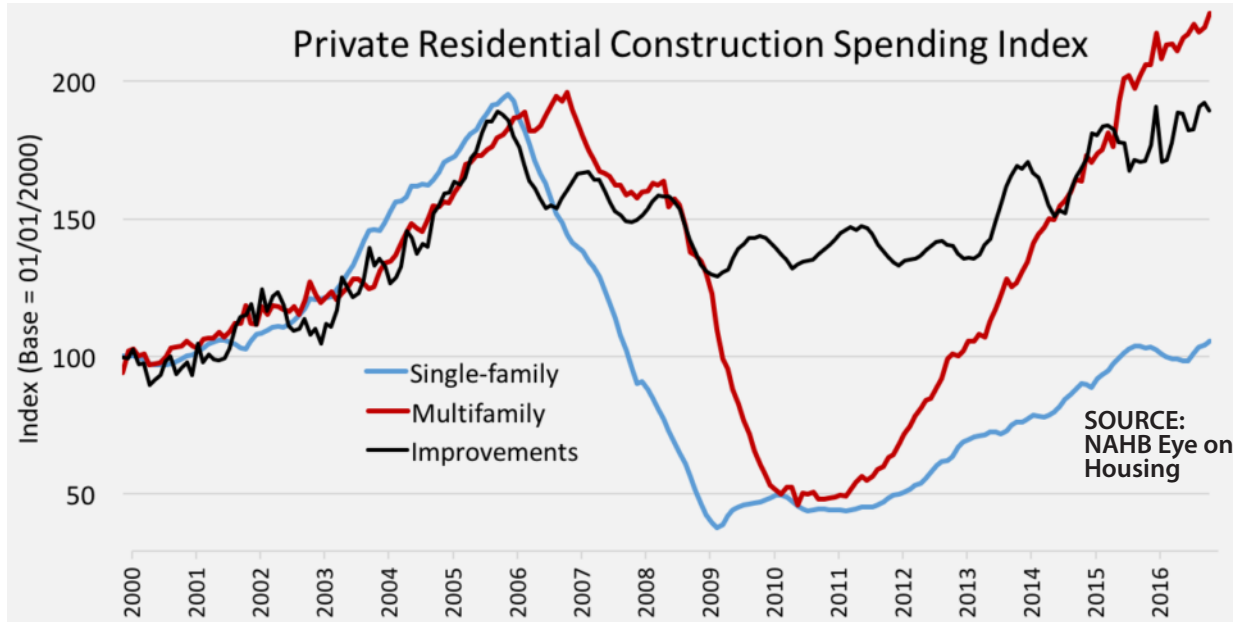
NEW MULTI-FAMILY CONSTRUCTION SPENDING

The seasonally adjusted annual rate of spending on new multi-family structures was 9 per cent higher than one year prior, while single-family construction grew by 2.3 per cent. Compared to last month, single-family construction spending was 1.4 per cent higher. The monthly change in home improvement spending lagged, declining by 1.5 per cent, though ups and downs in these data should be viewed with some caution. Of the three construction spending categories, home improvements data are the most volatile but the trend has been positive overall since 2013.

PRIVATE NONRESIDENTIAL SPENDING

Spending on private nonresidential structures grew

to a seasonally adjusted annual rate of US\$435.4 billion in January, essentially unchanged from the December rate of US\$435.3 billion. The rate of overall construction spending slowed, driven by a double-digit percentage decline in public nonresidential construction. The seasonally adjusted annual rate of public nonresidential and residential spending declined by 15 per cent and 5 per cent, respectively.



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MADISON'S Pellet Report

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North America Heating Wood Pellet Price and Market Guide

March 6, 2017

Regional Pricing of Heating Wood Pellets • North America Standard

		RESIDENTIAL (7,800 to 8,400 BTUs) Producer (wholesale) \$/ ton or tonne	Retail /40 lb bag	UNIT CONVERSIONS Wholesale and Retail \$/GJ \$/MWh	
CANADA	West	AB - C\$120/tonne (mill gate)	BC - C\$5.99 - 7.29	BC - C\$0.32 - 0.39	C\$1.16 - 1.41 AB - C\$6.45
	Central (St. Laurence)	ON - C\$275/tonne (delivered to transport hub)	●	ON - C\$14.78	C\$53.20
		QC - C\$195/tonne (delivered to transport hub)	●	QC - C\$10.48	C\$37.72
	Atlantic	●	C\$12	C\$0.64	C\$2.32
USA	NorthEast	ME - US\$229 - \$279/ton (mill gate)		US\$12.31 - \$14.99	US\$44.30 - \$53.97
		MI -		US\$4.69	US\$0.25
		NY - US\$230/ton (mill gate)		US\$12.36	US\$44.49
		PA - US\$246/ton (mill gate)		US\$5.35	US\$0.29
		- US\$246/ton (mill gate)		US\$13.22	US\$47.59
		NH - US\$252/ton (delivered)		US\$13.22	US\$47.59
		NJ - US\$244 - \$274/ton (delivered)		US\$13.44	US\$48.36
		MA - US\$282/ton (mill gate)		US\$13.11 - \$14.72	US\$47.20 - \$53.00
		- US\$249/ton (mill gate)		US\$15.15	US\$54.55
		MA - US\$259/ton (mill gate)		US\$13.38	US\$48.17
		NE - US\$261/ton (mill gate)		US\$13.92	US\$50.10
		CT - US\$261/ton (mill gate)		US\$14.03	US\$50.49
			NorthWest	US\$245/ton (delivered to transport hub)	
	South	VI - US\$100 - \$145/ton (mill gate)		US\$5.37 - \$7.79	US\$19.34 - \$28.05

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Madison's Wood Pellet Report February 2017

PRICES, EXPORT HIGHLIGHTS, COMMODITIES/PRODUCTS

The brand-new monthly *Madison's Wood Pellet Report* covers North America energy wood pellet manufacturing, distribution, and sales/export.

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Madison's Wood Pellet Report

February 2017

PRICES, EXPORT HIGHLIGHTS, COMMODITIES/PRODUCTS



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

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