

MADISON'S LUMBER REPORTER

Publisher
KetaDesign Productions

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Annual Subscription Prices
E-mail/Fax: US\$408.45
Discounts available for multiple
subscriptions
Published 50 times a year

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In Canada, add GST or HST
ISSN 0715-5468
Printed in Canada © 2017

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News & Updates

Statistics Canada Data Glitch

In a level of service disruption that would be absolutely inexcusable in the general business place, the government of Canada's main public data source, the **Statistics Canada** website, is once again not accessible. This after being down for almost an entire week.

The **StatsCan** site, along with **US Census Censtats**, **Industry Canada**, and a few others, is one of **Madison's** main sources for the data and information we bring subscribers in a timely manner.

As soon as that website becomes once again consistently reachable, **Madison's** will be updating our numerous graphs, charts, and tables to again bring subscribers the latest on **Canadian and US** timber harvests, log sales and exports, lumber production, sales, and exports, and wood products movements on roads and railways.

US Housing Inventory: 1Q 2017

The US housing market has again moved toward greater disconnect between supply and demand, according to a **Trulia** report released Thursday. **US home inventory** has tumbled to a new low after the eighth straight quarter of decline as supply can not keep up with demand.

The drop in availability is being felt most acutely by those seeking starter homes. According to the latest **Trulia Inventory and Price Watch**, *How Rising Home Values May Be Stifling Inventory*, the number of starter homes has dropped 8.7 per cent in the last year. Those with the strongest recovery, on average, have experienced the largest decreases in inventory.

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Tembec Invests

Tembec, out of Montréal, QC, announced Friday a four-year \$136 million capital investment program in its Québec facilities to improve competitiveness, centered on its specialty cellulose pulp operation at the Temiscaming, QC, manufacturing site.

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Condominium Absorptions, US: 3Q 2016

In 3Q 2016, **condominium completions in the US** rose considerably to 6,100, which is 2,800 units more than 2Q 2016 and 1,800 higher than completions in 3Q 2015, said the **US Census Bureau**, in collaboration with the **US Department of Housing and Urban Development** Tuesday. The condominium absorption rate also posted an increase to 74 per cent, which is 10 percentage points higher than 2Q 2016 and 23 percentage points higher compared to 3Q 2015.

CONT'D PAGE 7

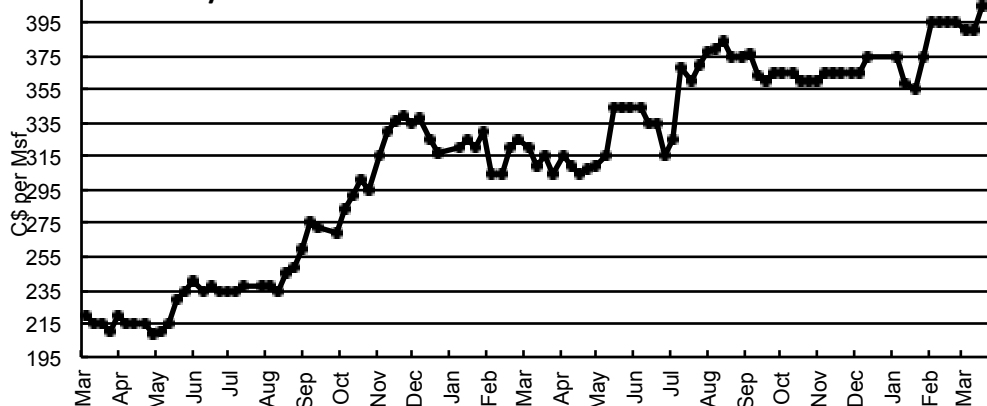
US House Prices, Sales: January and February 2017

House prices in the United States remained flat in January, the first time in more than three years that they have not climbed, according to the **Federal Housing Finance Agency** monthly **House Price Index** Friday.

As well, new US single-family home sales jumped to a seven-month high in February, suggesting the housing market recovery was gaining momentum despite higher prices and rising mortgage rates, said the **US Commerce Department** also Friday.

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OSB 7/16" Ontario December March 2015 to March 2017

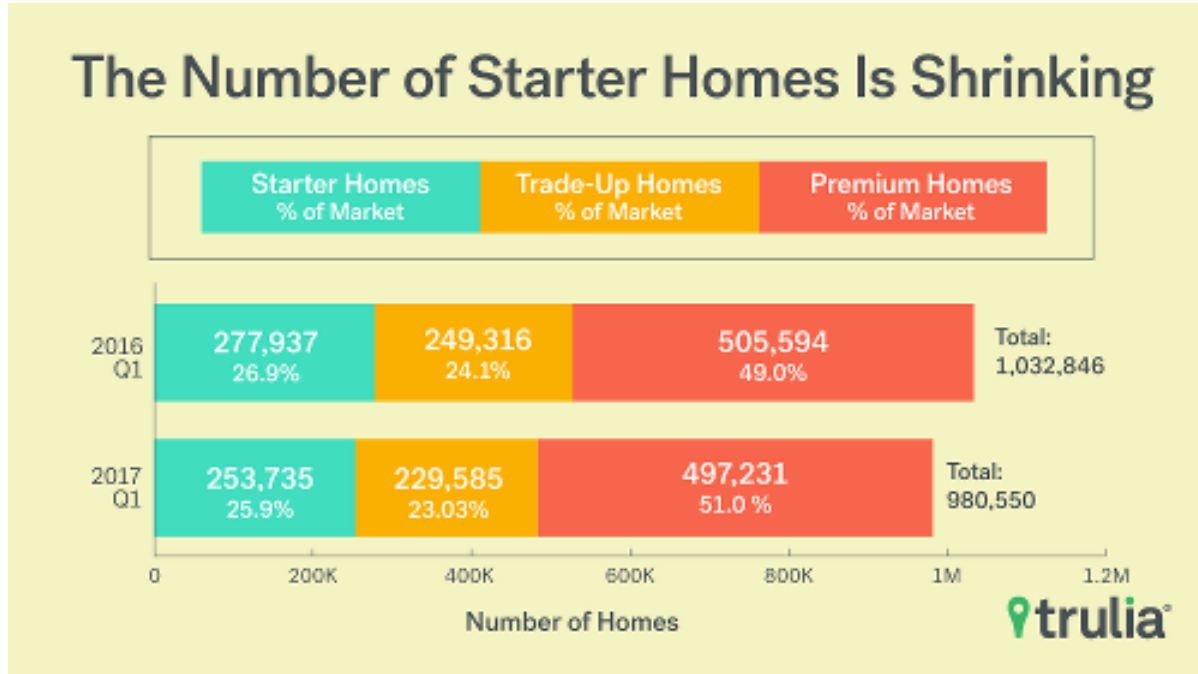


Housing Inventory, US: 3Q 2016

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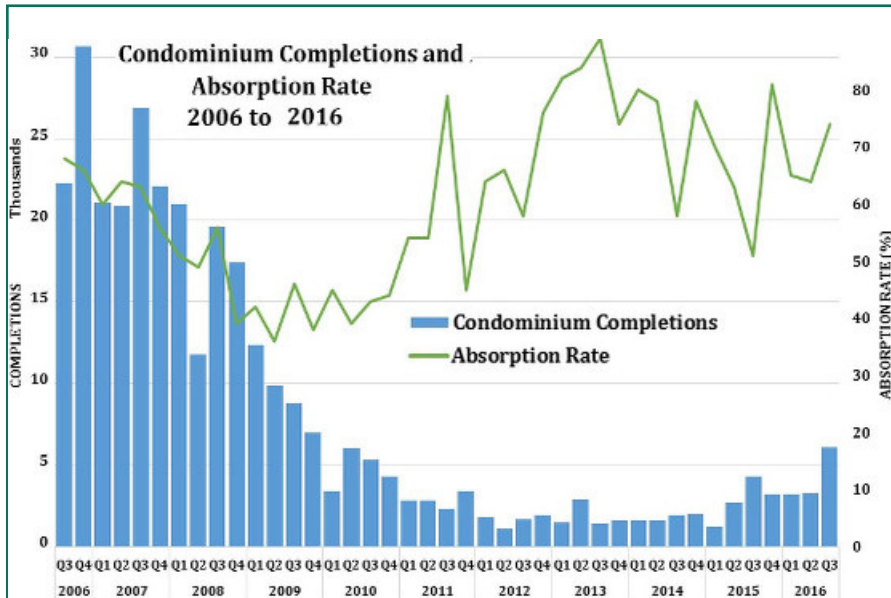
Trulia's report Thursday segments the market, collecting data for starter homes, trade-ups, and premium homes, and all sectors are suffering. Both trade-up and premium home inventory also dropped (7.9 per cent and 1.7 per cent, respectively). Overall, housing inventory sank to its lowest number on record.

Trulia analysts have a few reasons to explain why low inventory is persisting despite a moderate housing recovery: Investors bought up foreclosed homes during the recession and turned them into rental units; increasing price divergence, or price spread, between different sectors of the housing market has made it harder for existing homeowners



to trade up and free up inventory; and the slow pace of recovery means many homeowners remained underwater for much longer than expected. Trulia also found a slight correlation between the pace of the recovery and the housing inventory drop:

“These findings suggest that a moderate home value recovery doesn't affect inventory much, but a strong recovery does and impacts inventory of starter homes the most.”



SOURCE: NAHB Eye on Housing

Calendar

March 2017

NAWLA 2017 Leadership Summit
March 12 -14, 2017 – Tucson, AR
<http://www.nawla.org/ld/fid=240/>

Montréal Wood Convention
March 28 - 30, 2017 – Montréal, QC
<http://www.montrealwooden/>

April 2017

Council of Forest Industries Annual Convention
April 5-7, 2017 – Vancouver, BC
<http://www.cofi.org-glance/>

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
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)							
WSPF KD R/L 2x4	362	358	+4	388	-26	302	+60
WSPF KD R/L 2x6	350	250	0	282	-32	284	+66
SYP KD R/L East Side 2x4	490	505	-15	510	-20	410	+80
SYP KD R/L East Side 2x6	365	380	-15	380	-15	315	+50
ESPF KD R/L 2x4	445	435	+10	450	-5	385	+60
WSPF KD PET 2x4 Stud	325	325	0	345	-20	240	+85
WSPF KD PET 2x6 Stud	320	320	0	315	+5	205	+115
Douglas Fir Green R/L 2x4	370	365	+5	375	-5	342	+28
Douglas Fir Green R/L 2x10	465	460	+5	455	+10	410	+55
ESPF KD 2x4 8ft Stud	420	415	+5	415	+5	315	+105
OSB Ontario 7/16" (CDN\$/msf)	405	405	0	395	+10	305	+100
CSplywood Toronto 3/8" (CDN\$/msf)	464	424	+40	442	+22	396	+68

Madison's Weekly Softwood Lumber News

Tembec Invests

CONT'D FROM PG 2 Tembec, based in Montréal, QC, announced Friday a four-year \$136 million capital investment program in its Québec facilities to improve competitiveness, centered on its specialty cellulose pulp operation at the Temiscaming, QC, manufacturing site.

This investment qualifies Tembec to benefit from electricity rebates applicable to large industrial power users under the Electricity Discount Program for Consumers. Tembec will be reimbursed for an amount of up to \$55 million, representing 40 per cent of the \$136 million investment.

The proposed investments will cover a number of upgrades at the Temiscaming site, including the long-planned replacement of 11 existing pulp digesters, a project required for the site to remain competitive in global markets. Work is already underway, with one digester replaced to date. Some of the new investment also will go toward reducing greenhouse gas emissions, as part of Tembec's long-term commitment to reducing its impact on climate change. The Temiscaming site's manufacturing facilities will also benefit from new investments as will the Mataine high-yield pulp facility.

The Temiscaming site is supplied mainly with wood fiber from local forests and sawmills in the Abitibi-Témiscamingue region. Tembec has a total of some 1,500 employees in Québec of which 800 work at the Temiscaming site.

Condominium Inventory, US

CONT'D FROM PG 2 The US Census Bureau, in collaboration with the US Department of Housing and Urban Development, releases data on completions and absorption rates for multifamily buildings with at least 5 apartments. The most recent release shows that completions of nonsubsidized, unfurnished, rental apartments amounted to 73,800 in 3Q 2016. This is 11,700 more than 2Q 2016, but 9,800 fewer than 3Q 2015.

In 3Q 2016, condominium completions rose considerably to 6,100, which is 2,800 units more than 2Q 2016 and 1,800 higher than completions in the third quarter of 2015. The condominium absorption rate also posted an increase to 74 per cent, which is 10 percentage points higher than the second quarter of 2016 and 23 percentage points higher compared to the third quarter of 2015.

US Hardwood Plywood Trade with China

The Coalition for Fair Trade of Hardwood Plywood has filed "critical circumstances" petitions with the Department of Commerce, to stop a recent surge of Chinese hardwood plywood imports into the United States, in an illegal attempt to flood the market before the imposition of antidumping and countervailing duty orders, said *PR Newswire* Thursday.

The Coalition's action means that, if successful, antidumping and countervailing duties will be imposed 90 days earlier than usual, subjecting Chinese hardwood plywood imports to duties of up to 100 per cent or more.

Commerce's preliminary determination in the countervailing duty case and antidumping case are due no later than April 17, 2017, and June 16, 2017, respectively. This means that if critical circumstances are found, Chinese hardwood plywood imported as early as January 17, 2017 will be subject to countervailing duties, and Chinese hardwood plywood imported as early as March 16, 2017 will be subject to antidumping duties.

The investigations are currently being conducted by the Department of Commerce and the International Trade Commission.

In January 2017, Chinese imports of hardwood plywood were higher than in nearly every single month of 2016—an increase of more than 35 per cent from January 2016 levels. During a previous investigation of hardwood plywood, importers disclosed that they did not switch to U.S.-produced hardwood plywood while the last case was pending.

Based on this new evidence submitted by US producers, Commerce will now evaluate the "critical circumstances" claim and, should the agencies make affirmative determinations, duties will be imposed retroactively to cover Chinese imports entered in the period starting 90 days prior to the preliminary determination.

New Home Prices, House Sales, US: January and February 2017

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US HOUSE PRICE INDEX

The latest Federal Housing Finance Agency monthly House Price Index, released Friday, has shown positive monthly increases since early 2012, except for November 2013 and January 2017, when house prices were flat on a month-over-month basis. The index was up 0.4 per cent in December and 0.6 per cent in November.

From January 2016 to January 2017, however, house prices were up 5.7 per cent.

Monthly price changes in January ranged from -2.0 per cent in the East South Central division to +0.6 per cent in both the Pacific and Mountain regions.

The 12-month changes were all positive in the nine different regions that the index tracks. The biggest jumps for the 12-month period ended January 31, 2017 were the Mountain and Pacific regions, which were up 8.3 per cent and 7.7 per cent respectively. The smallest gains were in the East South Central and New England regions, which were up 3.5 per cent.

The index is calculated using home sales price information from mortgages sold to, or guaranteed by, Fannie Mae and Freddie Mac.

The next House Price Index report will be released April 25, 2017 and will include monthly data through February 2017.

US NEW HOME SALES

New US single-family home sales jumped to a seven-month high in February, suggesting the housing market recovery was gaining momentum despite higher prices and rising mortgage rates.

"New home sales are the secret sauce that helps make the economy grow," said Chris Rupkey, chief economist at MUFG Union Bank in New York. "This will put some backbone in investment spending and make this economic expansion more sustainable."

The Commerce Department said new home sales increased 6.1 per cent to a seasonally adjusted annual rate of 592,000 units last month, the highest level since July 2016. Sales have now more than recouped the sharp drop suffered in December.

Last month's new home sales were likely partially buoyed by unseasonably warm weather. Most economists see a limited impact on housing from higher mortgage rates because a tightening labour market is improving job opportunities for young adults.

SHORTAGE OF PROPERTIES FOR SALE

The market for new houses is benefitting from a shortage of properties for sale. A report on Wednesday showed a 3.7 per cent drop in sales of existing homes in February.

Last month, new single-family homes sales surged 30.9 per cent to their highest level since November 2007 in the Midwest and increased 3.6 per cent in the South. They jumped 7.5 per cent in the West but slumped 21.4 per cent in the Northeast.

The inventory of new homes on the market increased 1.5 per cent to 266,000 units last month, still less than half of its peak during the housing boom in 2006.

At February's sales pace it would take 5.4 months to clear the supply of houses on the market, down from 5.6 months in January. A six-month supply is viewed as a healthy balance between supply and demand.

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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

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February 2017

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