

# MADISON'S LUMBER REPORTER



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## News & Updates

### Madison's Anniversary

This week *Madison's Lumber Reporter* (est. 1952) is delighted to announce the ninth anniversary of current publisher, Kéta Kosman! The first issue under her new ownership was April 17, 2008, when previous owner Laurence (Laurie) Cater RIP retired. Laurie hired Kéta as print production in June 2003.

Laurie had taken over from Peter Madison in 1973.

We look forward to **another 65 years** of providing the best, most accurate, and most timely information available on North American softwood lumber and panel markets.

### Canada and US Sawmill Capacity: January 2017

Rates of production as percent of practical capacity for North American sawmills was 82% in the US for January 2017, compared to 84% the previous year and 86% for full year 2016, said the latest issue of the **Western Wood Products Association Lumber Track** Thursday

Capacity utilization of sawmills in Canada remained flat at 93% compared to January last year, and compared to 90% for full year 2016. CONT'D PAGE 6

### US Construction Jobs: February 2017

According to the **BLS Job Openings and Labor Turnover Survey (JOLTS)** and **NAHB** analysis Tuesday, the number of open construction sector jobs rose to 169,000 in February. The cycle high is 238,000, set in July of last year.

The open position rate (job openings as a percent of total employment) for February increased to 2.4 per cent. On a 12-month moving average basis, the open position rate for the construction sector held steady at 2.7 per cent, near the cycle high. CONT'D PAGE 7

### North American Lumber Market Update: April 2017

In less than two weeks, Canadian forest products operators will be put out of their uncertainty and will find out any preliminary trade actions on softwood lumber by the US.

Final determinations will be at the end of November 2017, for both CVD and AD duties.

#### LATEST SOFTWOOD LUMBER PRICE MOVEMENTS:

Benchmark dimension lumber commodity **Western Spruce Pine Fir KD 2x4 #2&Btr** up US\$140 ( 31% ) to US\$450 mfbm compared to one year ago.

**Eastern Spruce Pine Fir KD 2x4 #2&Btr** up US\$74 ( 20% ) to US\$490 mfbm compared to one year ago.

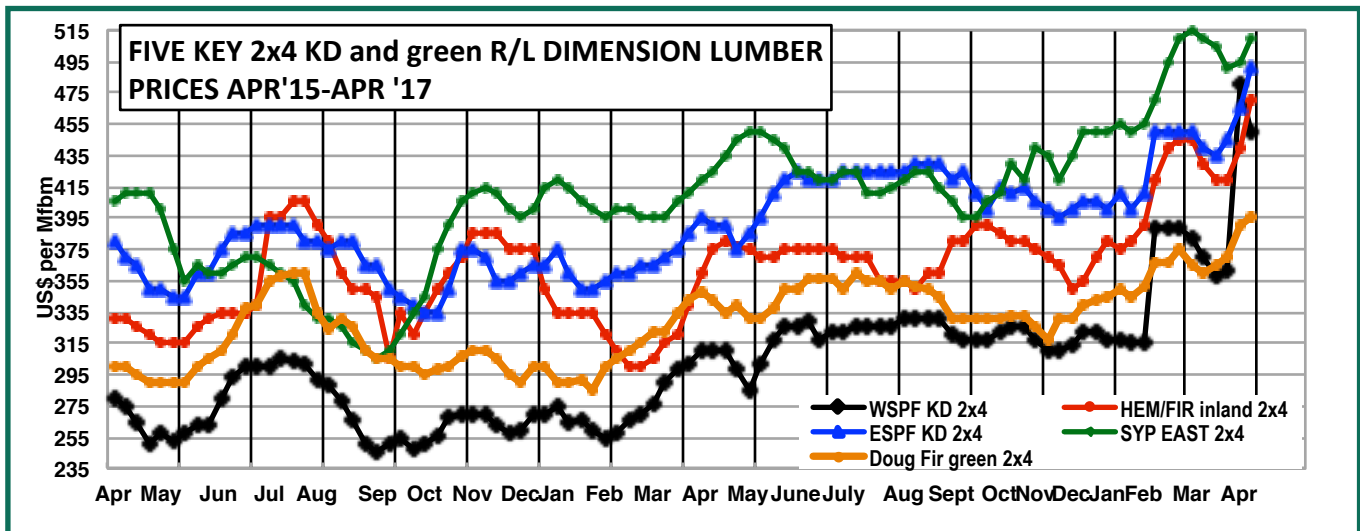
**Southern Yellow Pine KD 2x4 #2&Btr** up US\$75 ( 15% ) to US\$515 mfbm compared to one year ago.

**Douglas Fir green 2x4 #2&Btr** up US\$60 ( 15% ) to US\$395 mfbm compared to one year ago.

Writes Andrew Hecht on *Seeking Alpha* Wednesday, "[Lumber Is A Beast.](#)"

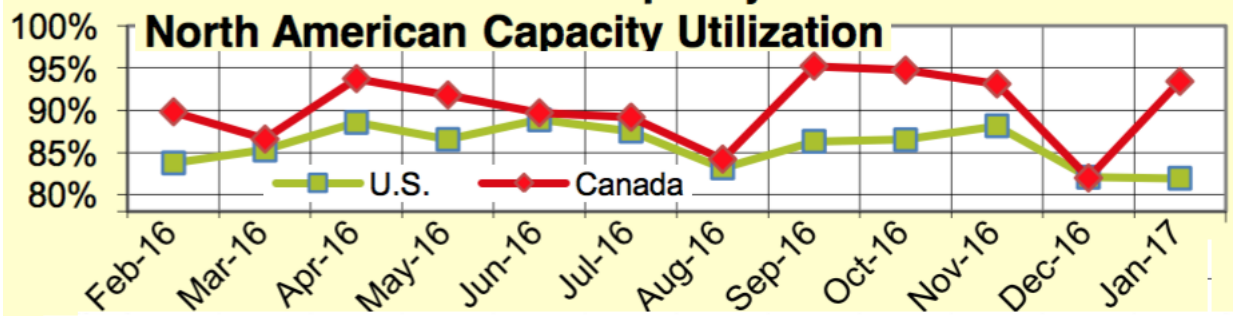
Canadian and US lumber production are at improving volumes, according to the **Western Wood Products Association** monthly **Lumber Track** Thursday.

CONT'D PAGES 9 and 10



## North American Sawmill Capacity Utilization and Lumber Production

CONT'D FROM PAGE 2

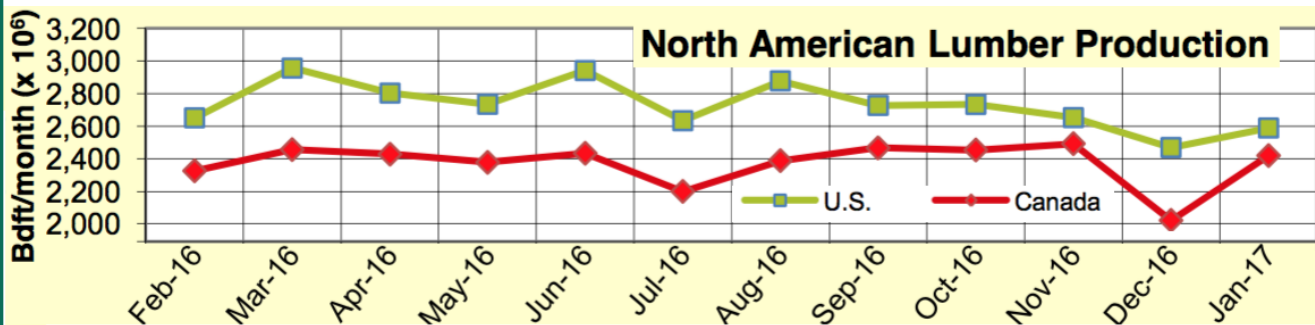


Sources: FEA, LLC: Softwood Sawmills in the United States and Canada, WWPA

### CANADA AND US LUMBER PRODUCTION

Softwood lumber production by US sawmills reached 2,590 million board feet (bbf) in January 2017, a gain of 1.7 per cent from 2,547 million board feet in the same period the previous year, according to the **Western Wood Products Association's** monthly *Lumber Track*.

Canadian sawmills produced 3,052 million board feet of softwood lumber last year, a gain of 5.9 per cent from 3,052 million board feet in January 2016.



Source: Southern Forest Products Association, U.S. Census Bureau, Council of Forest Industries-CAN, WWPA

### FOUR WAYS RESPONSIBLE FORESTRY SUPPORTS WOOD CONSTRUCTION



Ensure the wood products in your construction project – whether small buildings or tall buildings – come from certified, responsible, and legal sources.



In North America, more than 285 million acres/115 million hectares of forests are certified to the SFI Forest Management Standard and millions more are positively impacted by SFI Fiber Sourcing Standard.



SFI is recognized by LEED and other top green building rating systems.



Wood is celebrated by leading architects for its beauty, versatility, and renewability.



## 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
<small>Prices are in U.S. dollars per 1,000 fbm (net FOB mill)</small>							
WSPF KD R/L 2x4	450	480	-30	358	+92	310	+140
WSPF KD R/L 2x6	424	464	-40	350	+74	288	+136
SYP KD R/L East Side 2x4	510	495	+15	505	+5	435	+75
SYP KD R/L East Side 2x6	390	380	+10	380	+10	325	+65
ESPF KD R/L 2x4	490	465	+25	435	+55	390	+100
WSPF KD PET 2x4 Stud	355	355	0	325	+30	235	+120
WSPF KD PET 2x6 Stud	360	350	+10	320	+40	195	+154
Douglas Fir Green R/L 2x4	395	390	+5	365	+30	335	+60
Douglas Fir Green R/L 2x10	500	490	+10	460	+40	415	+85
ESPF KD 2x4 8ft Stud	475	450	+25	415	+60	320	+155
OSB Ontario 7/16" (CDN\$/msf)	435	425	+10	405	+30	304	+131
CSplywood Toronto 3/8" (CDN\$/msf)	482	468	+14	424	+58	276	+206

## Madison's Weekly Softwood Lumber News

### Construction Employment, US

CONT'D FROM PG 2 The overall trend for open construction jobs has been increasing since the end of the Great Recession, according to the BLS Job Openings and Labor Turnover Survey (JOLTS) and NAHB analysis released Tuesday.

The hiring rates in December and January, 5.9 per cent and 5.7 per cent respectively, mark the strongest two months since late 2014.

The construction sector hiring rate, as measured on a twelve-month moving average basis, held at 5.1 per cent in February. The twelve-month moving average for layoffs was steady (2.6 per cent), remaining in a range set last

fall. Quits have been rising recently, increasing to 2.4 per cent in February. This is the highest rates of quits for the cycle.

Residential construction employment now stands at 2.693 million, broken down as 768,000 builders and 1.93 million residential specialty trade contractors.

Over the last 12 months home builders and remodelers have added 113,000 jobs on a net basis. Since the low point of industry employment following the Great Recession, residential construction has gained 710,200 positions.

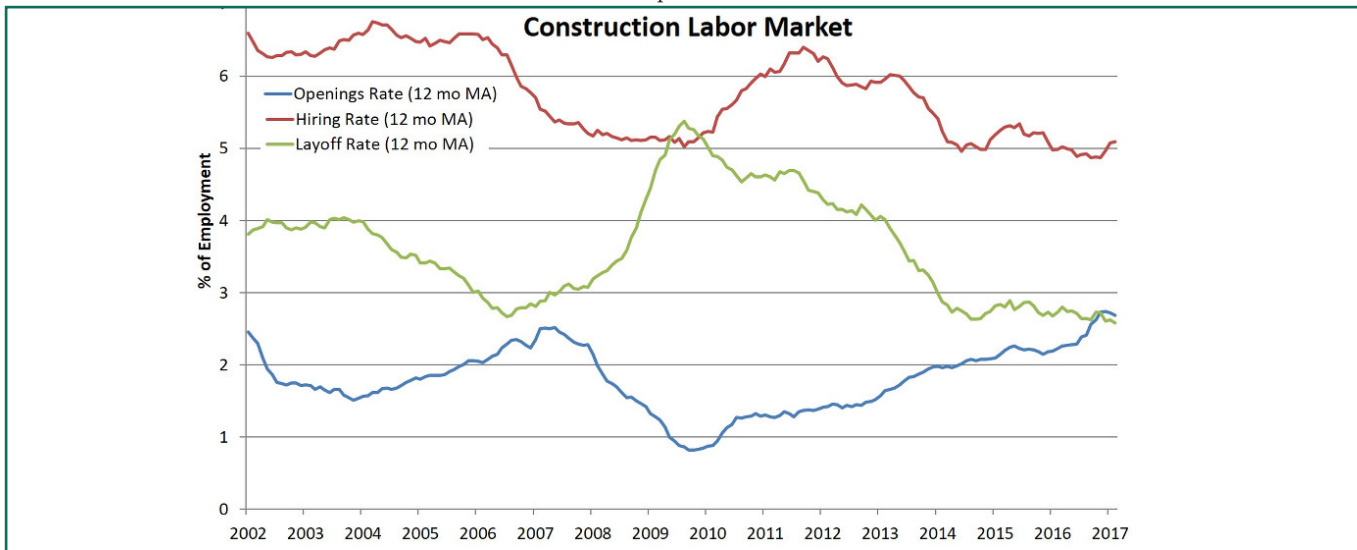
In March, the unemployment rate for construction workers stood at 6.9 per cent on a seasonally adjusted basis. The unemployment rate for the construction occupation had been on a

general decline since reaching a peak rate of 22 per cent in February 2010, although it has leveled off in the 6 per cent to 7 per cent range since the middle of 2016.

### Canada Sawmills: January 2017

Canadian lumber production rose 19.5 per cent in January, with sawmills producing 5,813.4 thousand cubic metres of lumber, said Statistics Canada Monday. Production was 5.2 per cent higher than January 2016.

In January, sawmills shipped 5,452 thousand cubic metres of lumber, up 10.1 per cent from December. Shipments were 2.8 per cent higher than in January 2016.



## JOB CENTRE

### CANFOR IS HIRING IN THE U.S. CANFOR IS HIRING IN CANADA

**JACKSON, ALABAMA**  
Mechanic Leadman, Rolling Stock

**CONWAY, S. CAROLINA**  
Supervisor, Maintenance

**MOBILE, ALABAMA**  
Transportation Coordinator  
Supervisor, Maintenance

**DARLINGTON, S. CAROLINA**  
Maintenance Tech./Millwright

**GRAHAM, N. CAROLINA**  
PLC Technician

**CHETWYND, BC**  
Certified Electrician  
Certified Millwright

**HOUSTON, BC**  
Certified Millwright

**PRINCE GEORGE, BC**  
Specialist, Technical Services

**CRANBROOK, BC**  
Superintendent-Operations

**GRANDE PRAIRIE, AB**  
Supervisor, Forestry-Planning



[www.canfor.com](http://www.canfor.com)



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## ANNOUNCEMENTS

Apply by  
**April 18<sup>th</sup>!**

The Forest Innovation Program supports research, development and technology transfer activities in Canada's forest sector.

Canada

## North America Lumber and Panel Markets Update: April 2017

CONT'D FROM PAGE 2

### “LUMBER IS A BEAST”

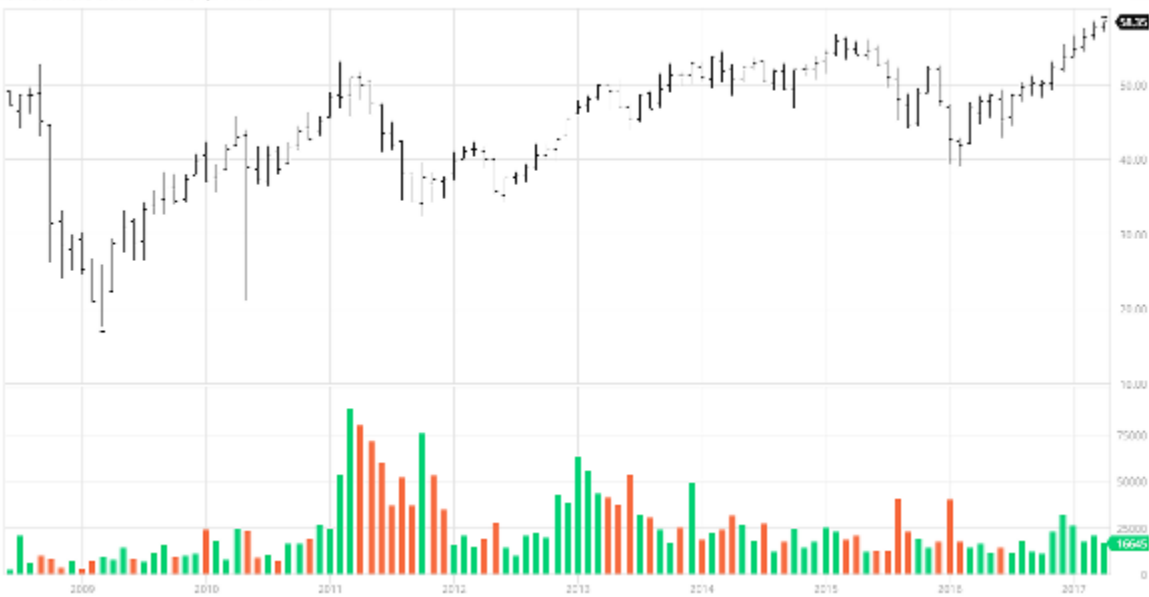
On Monday, April 10 lumber finally broke through the \$400 level on the Chicago Mercantile Exchange, a momentous occasion for the wood market as those two by fours have not been trading at such a lofty level in over a decade, said Andrew Hecht on [Seeking Alpha](#) Tuesday.

As the quarterly chart of lumber futures dating back to 1972 highlights, lumber traded to a high of US\$414.60 per 1,000 board feet on Monday. The next level of technical resistance was at the 2005 highs of US\$418.50 Tuesday, less than \$4 above this week's high. Above there, US\$461 stands as a target followed by the 1996 highs at US\$488, explained Hecht.

The all-time peak at US\$493.50 dates back to 1993.

Lumber has been making higher lows and higher highs on the quarterly chart since 2009 when the price moved to US\$137.90 in the wake of the global financial crisis. These days, lumber is telling us a great deal and confirming that the U.S. economy is in the best shape in many years.

Ishres Gbl Tbr Forst (WOOD)  
58.35 +0.24 (+0.41%) 04/10/17 [NASDAQ]  
INTERACTIVE CHART for Mon, Apr 10th, 2017



### SOFTWOOD LUMBER AND BUILDING MATERIALS PRICES

For the second consecutive month, prices of softwood lumber, gypsum, ready-mix concrete, and OSB all increased, according to the latest **Producer Price Index (PPI)** release by the **Bureau of Labor Statistics** Thursday. The increases were led by softwood lumber and OSB.

Gypsum and ready-mix concrete prices rose by 0.2 per cent and 0.3 per cent, respectively, on a seasonally adjusted basis in March. The moderate growth of gypsum prices is a welcome sign, as it hopefully signals a continuation of prices remaining in a “new normal” range rather than rising sharply at the start of each year (see the February 2017 **Eye on Housing** post, “*Have Gypsum Prices Found a New Normal?*”). Ready-mix concrete prices continued a years-long upward trend marked by near-continuous monthly increases and have increased 0.7 per cent since the beginning of 2017.

### US ECONOMY-WIDE PRODUCER PRICE INDEX

The economy-wide PPI declined 0.1 per cent in March, falling short of market expectations. Three-fourths of the decrease is attributable to prices paid for services. Prices for final demand goods also edged lower by 0.1 per cent. Final demand prices for core goods (i.e. goods excluding food and energy) continued the upward trend that began in November 2016, rising 0.4 per cent. Prices for core goods less trade services climbed 0.1 per cent.

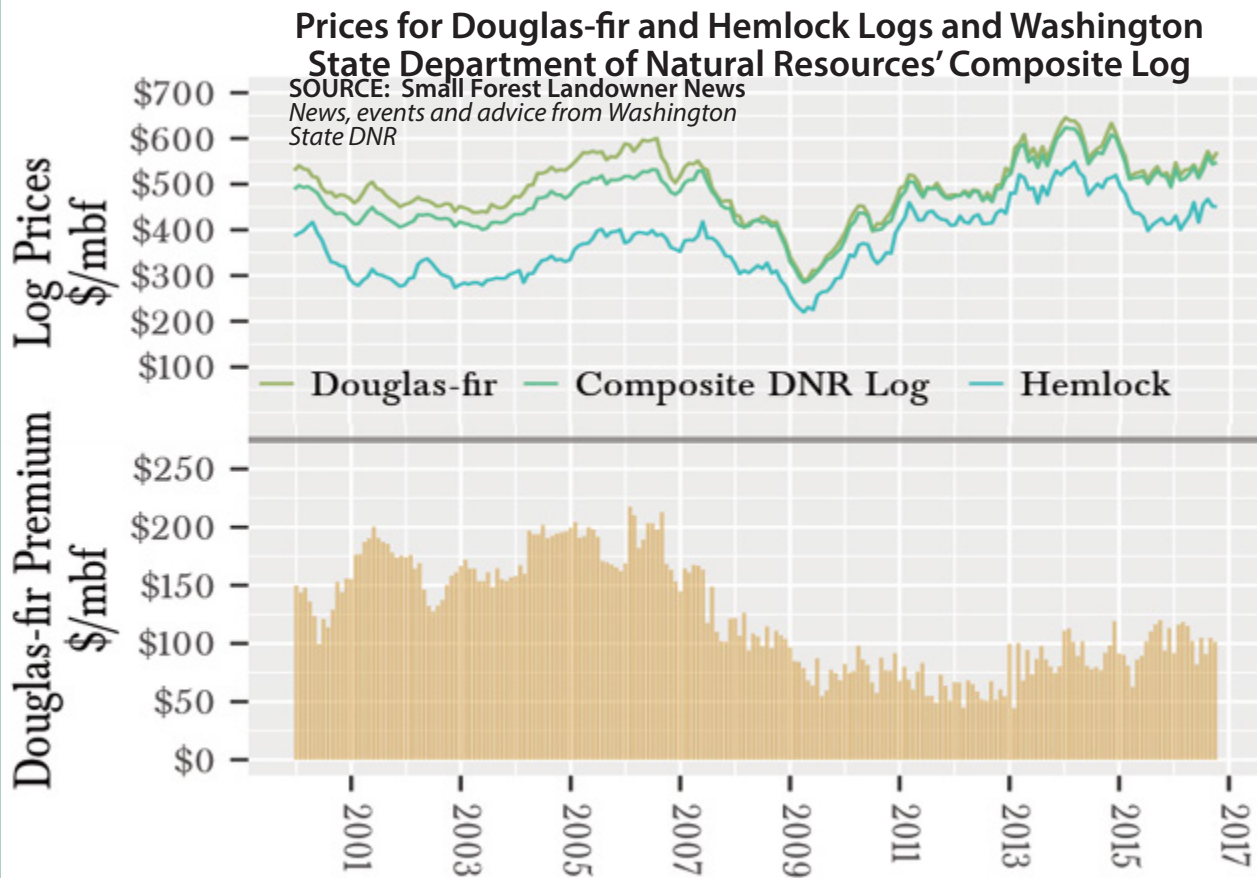
Most of the decline in prices paid for final demand goods was due to a 2.9 per cent drop in energy prices. Conversely, the index for final demand foods rose 0.9 per cent. Over half of the decline in prices for final demand services can be traced to prices for final demand services less trade, transportation, and warehousing. Loan services led the March decline in services prices, falling 4.1 per cent.

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## US Western Lumber and Log Prices

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Lumber prices continue to be robust two months in a row. Logs are also strong. Home values continue improving with relatively brisk sales and building. Industry manufacturing has improved, said Rick Sohn in the News-Review April 5. Recent trends of lumber, logs, home construction, and housing markets, are compared.



### OREGON LOG PRICES

The log price in Oregon is holding up at US\$720, continues Sohn. The lumber price has also held for two months in a row, at US\$360. This is the highest price for studs since 2013, and before that, since 2005. 2013 was the year the snails-pace recovery began in earnest. One year earlier, in 2012, median home prices hit rock bottom (\$151,600 in January, 2012). Housing starts moved from the 800's in 2012 to 1000's in 2013 and there was a feeling of optimism. During the midst of the Great Recession, mill production levels were at their lowest and the increased demand in 2013 raised the lumber prices. Once mill production increased from basement levels, in anticipation of increased housing starts, prices dropped again. Now we are entering a new cycle.

There is the question of log supply, Sohn details. In southern Oregon, log supply may be more limited than it was in the past. While private landowners do tend to increase their log production when log prices are higher, federal lands logging by the Forest Service and BLM is very limited.

### WASHINGTON STATE LOG PRICES

Readily visible on the graph above is the decline in the premium for Douglas-Fir—due in large part to Chinese demand fortifying hemlock prices, according to Small Forest Landowner News February 13. Also readily visible is the drop in prices from late 2014 to early 2016. The price of a 'typical' DNR log moved up sharply from a two-year plateau in 2013 to \$591/mbf in 2014. However, prices declined through 2015 to average US\$521/mbf. The decline in log price is primarily due to the slowdown in demand from China and ample regional supply of both logs and lumber. A price decline was largely foreseen, though the depth of the drop was unexpected.

Log prices in 2016 were expected to be slightly higher than 2015 prices, held back by the same issues plaguing lumber prices, and then to begin increasing in 2017. Prices thus far have averaged US\$531/mbf.