

# MADISON'S LUMBER REPORTER



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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

### Latest Softwood Lumber Dispute Rumbblings

The federal government's aid package for the Canadian softwood lumber industry is expected to go before cabinet Tuesday for final approval.

Also, after newly appointed US Trade Representative Robert Lighthizer said this week that he hoped the issue could be resolved before the formal start of negotiations on the trilateral NAFTA trade agreement, according to the *TheStreet* Thursday.

Canadian Foreign Minister Chrystia Freeland told legislators on Wednesday that "the US, when it comes to softwood lumber, has made no offers that any Canadian would consider to be acceptable".

CONT'D PAGE 6

### Log Demand, Japan: Full-Year 2016

According to Japan's *Wood Statistics for 2016* released on April 18 by the Ministry of Agriculture, Forestry and Fisheries, Japan's demand for logs for 2016 was 26,029,000 cubic meters, up 3.7 per cent, and increasing by 937,000 cubic meters compared with the previous year, showing an increase for the first time in three years, according to *Japan Lumber Journal* Wednesday.

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### US Housing Starts: April 2017

US homebuilding unexpectedly fell in April to the lowest level in five months amid persistent weakness in the construction of multifamily housing units, said the *Globe and Mail* Tuesday.

Housing starts dropped 2.6 per cent to a seasonally adjusted annual rate of 1.17 million units also as single-family homebuilding rebounded modestly, the Commerce Department said on Tuesday. April's reading was the lowest level since last November and followed a downwardly revised rate of 1.20 million units in March.

Single-family homebuilding, which accounts for the largest share of the residential housing market, rose 0.4 per cent to a pace of 835,000 units last month. That left the bulk of the 5.1 per cent decline in March intact.

Single-family starts surged 19.4 per cent in the Midwest and advanced 9.1 per cent in the West. They fell 3.4 per cent in the South and tumbled 29.2 per cent in the Northeast to their lowest level since June 2015.

Multifamily starts have declined for four straight months, suggesting that rental increases have probably peaked.

Building permits fell 2.5 per cent, driven by a 4.5 per cent drop in the single-family segment. Multifamily permits rose 1.4 per cent.

CONT'D PAGE 7

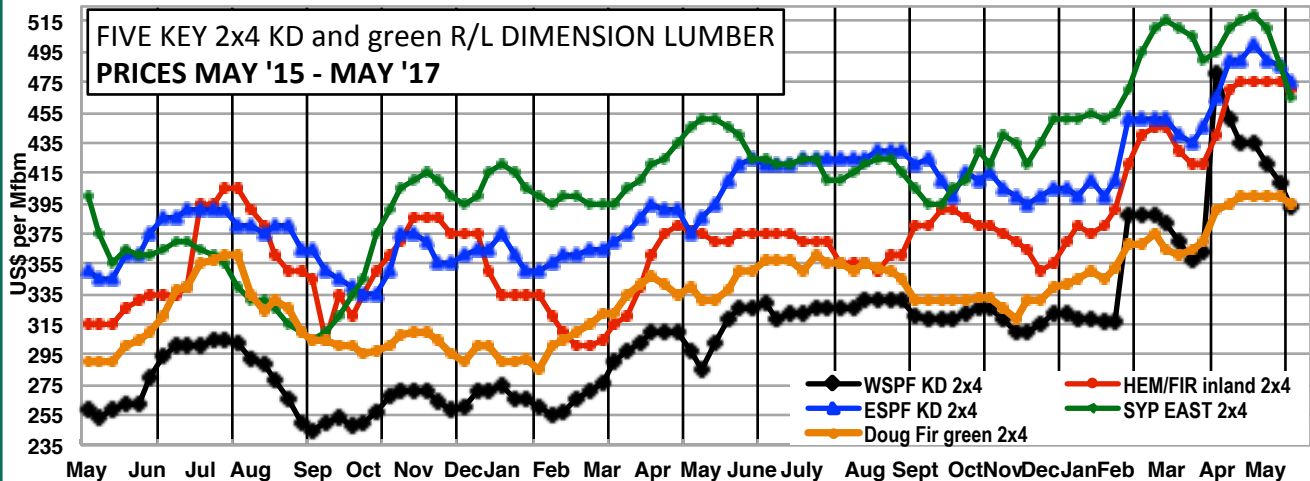
### Madison's Forest Pulse: 1Q 2017

The latest issue of the quarterly *Madison's Forest Pulse* covering 1Q 2017 Canada and US sawmill production as well as log and softwood lumber sales and consumption is out.

Don't miss your chance to be the first to get this **forward-indicating data combined in a snapshot format quarterly.**

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CONT'D PAGE 9 and 10



# Canada-US Softwood Lumber Dispute and NAFTA

CONT'D FROM PAGE 2

Newly-appointed US Trade Representative Robert Lighthizer said Wednesday he hoped the softwood lumber issue would be solved before the formal start of negotiations on the trilateral North American Free Trade Agreement this August.

“It’s hard to imagine a deal being done that soon,” said a source to *Rueters* Thursday, who declined to be identified due to the sensitivity of the matter..

## CANADA SOFTWOOD LUMBER INDUSTRY AID PACKAGE

The federal government’s aid package for Canada’s softwood lumber industry is expected to go before cabinet Tuesday for final approval.

Sources told *CBC News* Monday the package will contain a “substantial” envelope of money — just under a billion dollars — to help the sector struggling to cope with new tariffs recently imposed by the US Department of Commerce.

Sources, speaking to *CBC* on a not for attribution basis because they were not authorized to speak publicly, said the aid package will likely include money for employment insurance benefits for workers in affected regions.

It will also contain funds to help companies innovate, including transitioning into other value-added products, rather than simply exporting primary lumber.

The final package could yet change based on input from members of Prime Minister Justin Trudeau’s cabinet.

If cabinet approves the aid package tomorrow, it’s still unclear when the details will be made public.

## LAYOFFS ALREADY ANNOUNCED

Hundreds of Quebec forestry workers are experiencing the first sour tastes from the softwood lumber battle with the United States as they prepare for the start of layoffs, according to *Globe and Mail* also Monday.

Starting Monday, Resolute Forest Products is cutting shifts at seven sawmills and delaying the start of forest operations that will affect 1,282 workers.

Workers were surprised by the speed with which Resolute moved to cut costs — especially since the company’s preliminary duties are below the 20 per cent Canadian average with no retroactivity, said Daniel Leblond, president of the Unifor local at the Dolbeau-Mistassini, QC, sawmill.

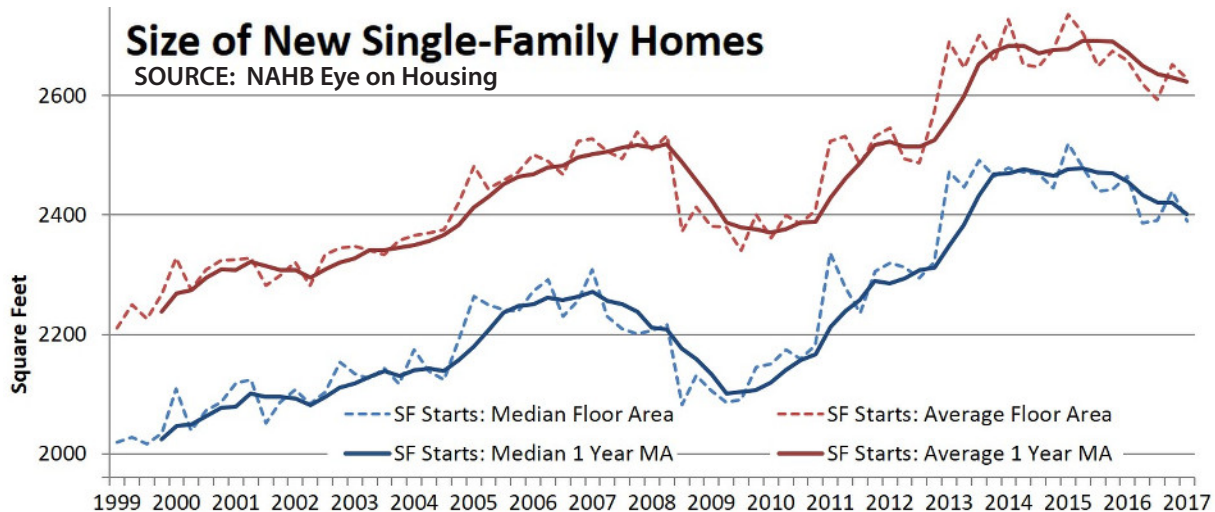
Resolute said the immediate impact on the industry is largely because of volatility in market pricing thanks to the duties, and the fact that some US customers had built up some supply in anticipation of the duties.

## EXPERT OPINION ANALYSIS:

It’s important to remember too that final determinations do not signal an end to the softwood lumber issue; they’re just another step along the road of managed trade, wrote Peter Woodbridge in *Business in Vancouver* Thursday. The US and Canada have been without an agreement on lumber for a year and a half. Interests are divided: Canada badly wants a long-term deal; the Americans see their hand strengthening – and are in no hurry to settle.

Not just that, but the Canadian industry’s east-west “divide” has a history of discord. It threatens a northern accord that might be the basis of an early agreement on managed trade in lumber – before it is pushed aside by a possible NAFTA termination decision by the US At minimum, tough renegotiations.

- Peter Woodbridge is president of global forest products research and consulting firm Woodbridge Associates Inc.



## 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	392	408	-16	435	-43	326	+66
WSPF KD R/L 2x6	376	390	-14	395	-19	308	+68
SYP KD R/L East Side 2x4	465	485	-20	515	-50	440	+25
SYP KD R/L East Side 2x6	365	380	-15	405	-40	320	+45
ESPF KD R/L 2x4	475	485	-10	490	-15	420	+55
WSPF KD PET 2x4 Stud	365	375	-10	365	0	255	+110
WSPF KD PET 2x6 Stud	380	380	0	370	+10	230	+150
Douglas Fir Green R/L 2x4	395	400	-5	400	-5	350	+45
Douglas Fir Green R/L 2x10	470	490	-20	505	-35	415	+55
ESPF KD 2x4 8ft Stud	480	485	-5	475	+5	350	+130
OSB Ontario 7/16" (CDN\$/msf)	440	455	-15	445	-5	345	+95
CSplywood Toronto 3/8" (CDN\$/msf)	469	477	-8	483	-14	441	+28

## Madison's Weekly Softwood Lumber News

### Japan Log Demand: 2016

CONT'D FROM PG 2 Of the demanded volume for logs in Japan for full-year 2016, (the volume arrived at sawmills), 16,590,000 cubic meters (up 2.5 per cent) or a share of 63.7 per cent were for lumber, and 4,638,000 cubic meters (up 10 per cent) were for plywood, said *Japan Lumber Journal* Thursday. Plywood increased from the previous year for the first time in 2 years.

The shipment of lumber for 2016 was 9,293,000 cubic meters (up 0.7%) increasing from the previous year for the first time in 3 years.

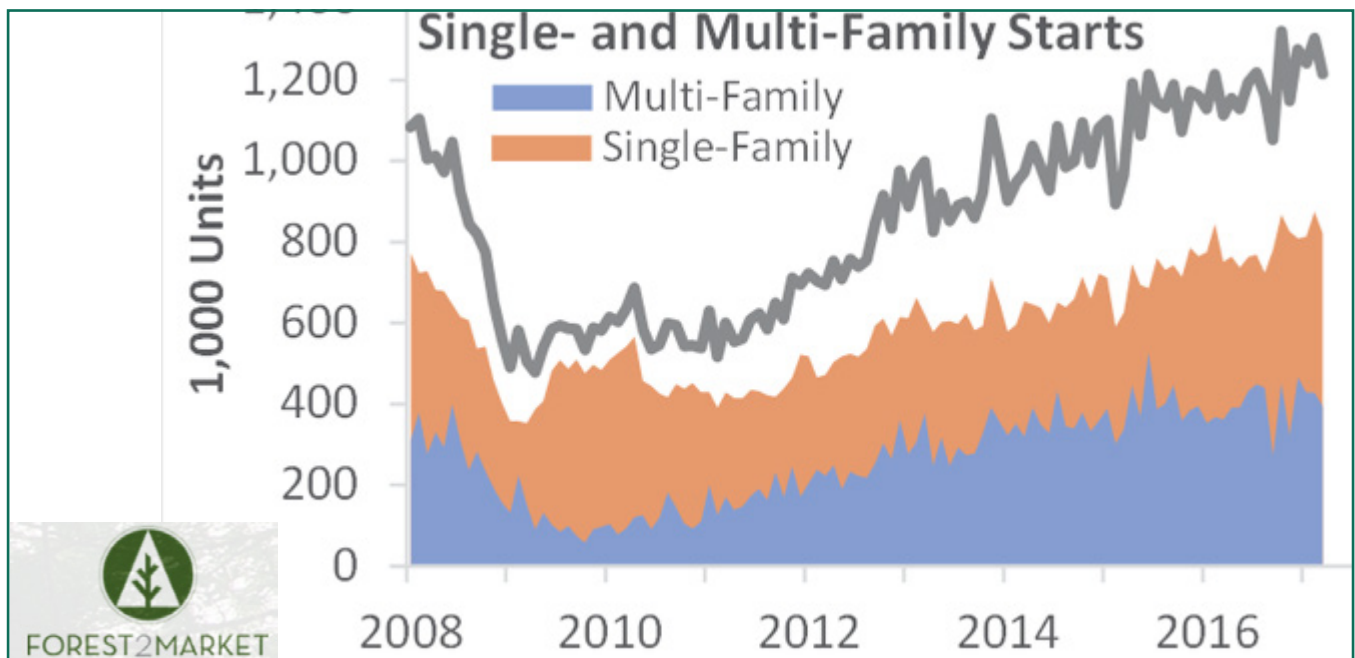
### US Housing Starts: April

CONT'D FROM PG 2 After increasing and leveling off in recent years, new single-family home size continued along a general trend of decreasing size during the start of 2017. This change marks a reversal of the trend that had been in place as builders focused on the higher end of the market during the recovery. As the entry-level market expands, including growth for townhouses, typical new home size is expected to decline.

According to first quarter 2017 data from the Census Quarterly Starts and Completions by Purpose and De-

sign and NAHB analysis, median single-family square floor area was slightly lower at 2,389 square feet. Average (mean) square footage for new single-family homes declined to 2,628 square feet.

On a less volatile one-year moving average, the recent trend of declines in new home size can be seen on the graph above, although current readings remain elevated. Since cycle lows (and on a one-year moving average basis), the average size of new single-family homes is 10 per cent higher at 2,624 square feet, while the median size is 14 per cent higher at 2,402 square feet.



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**BEN GUNNEBERG**

CEO and Secretary General of PEFC International



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
**20** au **22** mars 2018

Fairmont Le Reine Elizabeth

**March 20** to **22**, 2018

Fairmont The Queen Elizabeth

[montrealwoodconvention.com](http://montrealwoodconvention.com)

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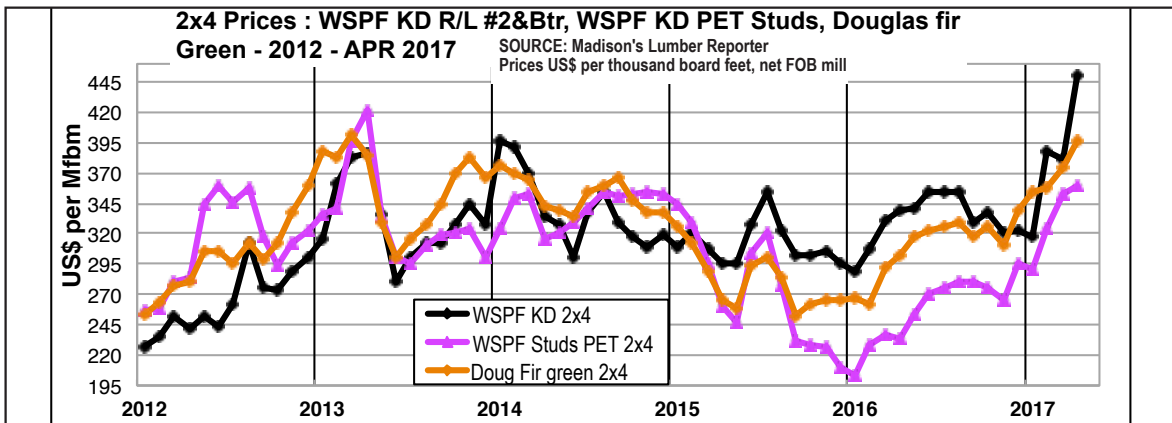
# Madison's Forest Pulse: 1Q 2017 Data

## North American Sawmill Sales, Lumber and Log Supply and Production, Imports and Exports

The latest data, some only just released from Statistics Canada, US Census, Industry Canada and others, is now combined into a sleek and concise visual format.

Contact our office today for your subscription! Don't miss out on this forward-indicator of Canada and US lumber movement and consumption:

	This Quarter	Previous Quarter	Change %	Trend	Full Year	Change %	Trend
<b>Benchmark 2x4 Framing Lumber Prices:</b> Aggregate US\$/mfbm	402	319	+21%	▲	369	+8.2%	▲
<b>Benchmark Panel Prices:</b> Aggregate C\$/msf	440	390	+11%	▲	346	+21%	▲
<b>VALUES</b>							
<b>US Total Coniferous Rough Wood Exports:</b> million US\$	221	186	+12%	▲	1,052	+17%	▲
<b>Canada Coniferous Wood Exports:</b> million C\$	136	106	+22%	▲	793	+15%	▲
<b>US Lumber &amp; Const. Mat. Wholesale:</b> million US\$	42,933	40,475	+7.7%	▲	122,384	+6.0%	▲



The **VALUE** of **US coniferous LOG exports to China** grew by +38%, in January-February 2017, to US\$89.7 million, compared to US\$56.5 million in the first two months of 2016.

The **total VALUE** of **US coniferous LOG exports to the WORLD** combined increased for the first two months of 2017, to US\$211.2 million compared to US\$185.8 million in January - February 2016.

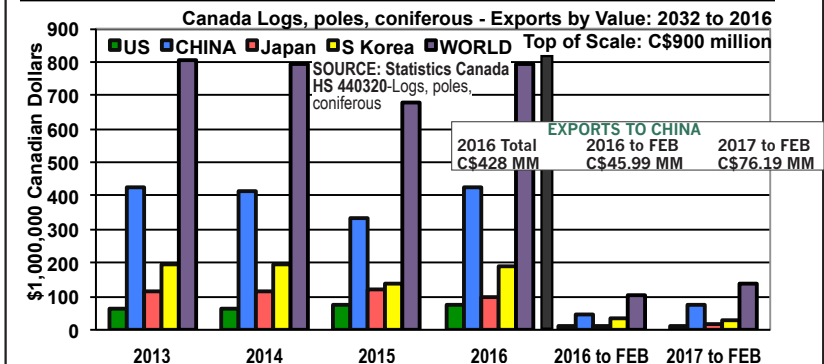
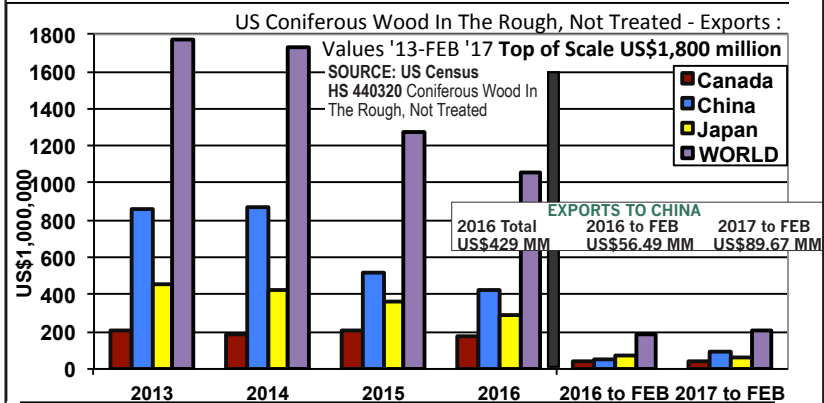
US Log Exports	Jan-Feb 2017:	'17 / '16
China	US\$89.7 million	+ 38%
Japan	US\$64.0 million	- 4.5%
Canada	US\$37.9 million	- 5.0%

The **VALUE** of **Canadian softwood LOG exports to the WORLD** combined also rose sharply, by +22%, to C\$136.2 million, in January-February 2017 compared to C\$106.1 million the previous year.

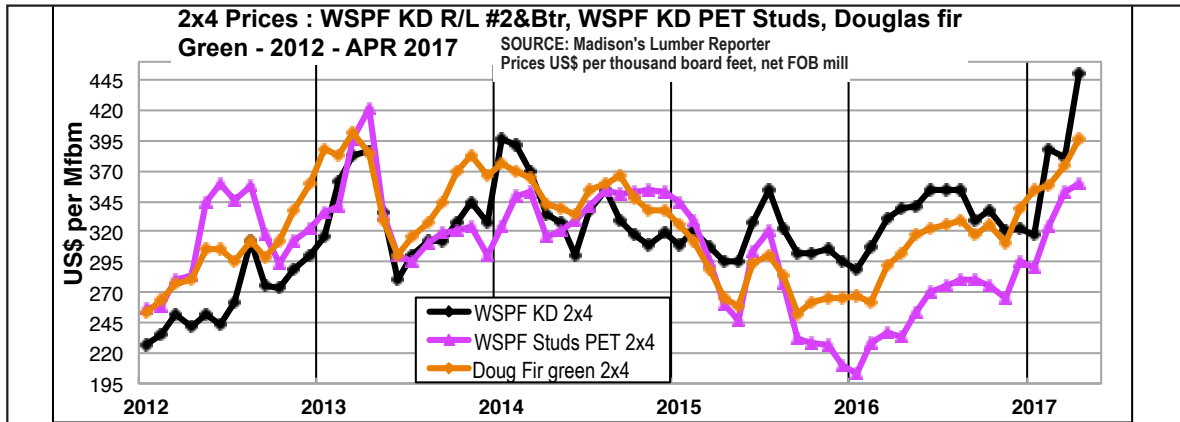
There was a +11.8% increase in our previous report, for 3Q 2016:

Canada Log Exports	Jan-Feb 2017	'17 / '16
China	C\$76.2 million	+ 39.6%
Japan	C\$28.2 million	- 10.8%
USA	C\$13.4 million	+ 6.1%
S Korea	C\$17.8 million	+ 21.3%

### CANADA AND US SOFTWOOD LOG EXPORTS



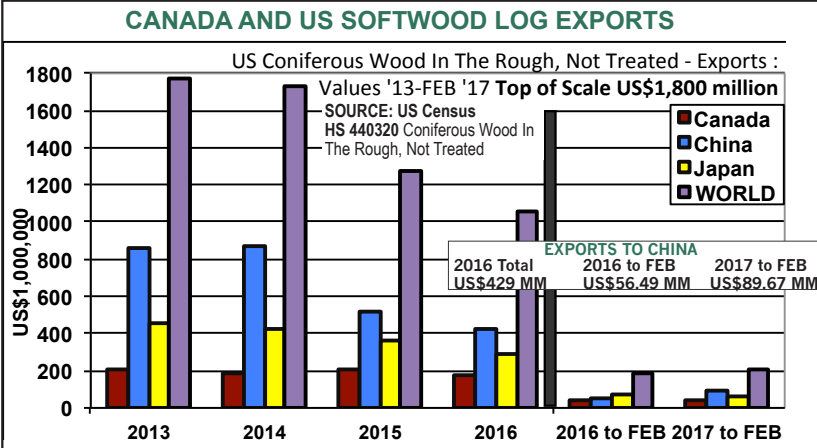
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