

# MADISON'S LUMBER REPORTER

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## News & Updates

### Canada Forest Industry Funding

Thursday the Honourable Jim Carr, Canada's Minister of Natural Resources, the Honourable Chrystia Freeland, Minister of Foreign Affairs, and the Honourable François-Philippe Champagne, Minister of International Trade, announced \$867 million in measures to support forest industry workers and communities affected by U.S. measures targeting softwood lumber.

This includes federal loans and loan guarantees to complement provincial efforts for viable Canadian companies. Export Development Canada (EDC) will make commercial financing and risk management solutions — including loans and loan guarantees — valued at up to \$500 million available to assist viable forestry companies. The Business Development Bank of Canada (BDC) will make \$105 million in commercial financing available to help eligible forestry companies in the short and medium term. Funding for further loan guarantees may be considered by the Government in the future to address changing market conditions.

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### World's Tallest Wood Building: Downtown Vancouver

A design by award-winning Japanese architect Shigeru Ban for the world's tallest hybrid timber structure is poised to be built in downtown Vancouver, according to the *Vancouver Sun* Friday.

When complete, the wood, glass and concrete building will stand 19 storeys and 71 metres tall — one storey higher than the wood-hybrid Brock Commons at the University of B.C. — said Tobi Reyes, the CEO of PortLiving, the Vancouver-based developer behind the project.

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### US Construction Spending, House Prices: April 2017

Construction spending in the US during April 2017 was estimated at a seasonally adjusted annual rate of US\$1,218.5 billion, 1.4 per cent below the revised March estimate of US\$1,235.5 billion.

Spending on private construction was at a seasonally adjusted annual rate of US\$943.3 billion, 0.7 per cent below the revised March estimate of US\$949.7 billion.

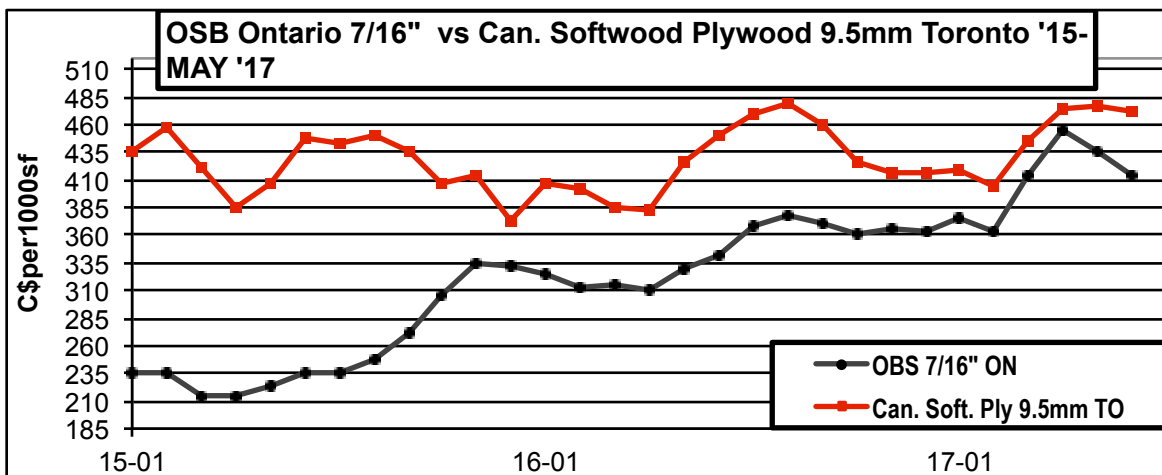
In April, the estimated seasonally adjusted annual rate of public construction spending was US\$275.3 billion, 3.7 per cent below the revised March estimate of US\$285.9 billion.

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### Canada Wholesale Trade, Lumber Exports: March '17

Canada's merchandise trade balance with the world narrowed to a \$370 million deficit in April, from a revised \$936 million deficit in March, said Statistics Canada Friday. Exports rose 1.8 per cent to \$47.7 billion, led by higher exports of passenger cars and light trucks. Imports were up 0.6 per cent to \$48.1 billion, on the strength of import prices.

Canada's trade activity has been strong in recent months, with Canada's total merchandise trade (exports plus imports) reaching a record high \$95.7 billion in April. Year over year, Canada's total trade rose 10.9 per cent. CONT'D PAGE 10



## Canada Forestry Funding

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The Honourable Jim Carr, Canada's Minister of Natural Resources, the Honourable Chrystia Freeland, Minister of Foreign Affairs, and the Honourable François-Philippe Champagne, Minister of International Trade, Thursday announced \$867 million in measures to support forest industry workers and communities affected by US measures targeting softwood lumber.

Additional measures announced today include more than \$260 million in new funding to:

- support efforts to expand overseas markets and promote the diversification of Canadian wood products beyond those targeted by U.S. duties on softwood lumber;
- help Indigenous communities and organizations improve the performance of their forest sector initiatives;
- provide a temporary extension of the maximum period for Work-Sharing agreements from 38 to 76 weeks in order to reduce layoffs; and
- expand supports to help affected workers upgrade their skills and transition to new opportunities.

For details please visit:

<https://www.nrcan.gc.ca/19703>

### LOANS AND LOAN GUARANTEES

Companies can take advantage of expanded financial products and services, including loans and loan guarantees under the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

EDC and BDC have stretched their market-based financial and risk management solutions on commercial terms that are available to forestry businesses of all sizes and can assist viable companies looking to make capital investments, expand market opportunities and diversify into new markets. Funding for further loan guarantees may be considered by the Government in the future to address changing market conditions.

### MARKET AND PRODUCT DIVERSIFICATION

Natural Resources Canada's Expanding Market Opportunities program will increase and diversify market opportunities for Canada's forest products industry in offshore markets and expand wood use in non-residential and mid-rise construction. This new funding will provide much needed stability to this industry/government partnership to further stimulate new and existing markets for Canadian wood products at home and overseas. This program will continue its ongoing success in helping to expand markets by encouraging the use of wood in construction to sustain hundreds of thousands of good, middle-class jobs in communities across our country.

### US LUMBER IMPORTS FROM OTHER THAN CANADA

US softwood lumber imports (excluding shipments from Canada) hit a decade high in 1Q 2017, according to the **US National Association of Home Builders** May 22.

European suppliers – including Austria, Germany, Sweden, Finland, the Czech Republic, Russia, Lithuania, Estonia, Latvia and Romania – accounted for nearly all the increase.

Last year, 33 per cent of the softwood lumber used in the US was imported, and more than 95 per cent of those imports came from Canada, said NAHB.

Since the US must import lumber to meet the nation's needs, NAHB is working to boost domestic production by urging policymakers to increase timber sales from publicly owned lands and making more federal forest lands available for logging in an environmentally sustainable way.

	This Quarter	Previous Quarter	Change %	Trend	Full Year	Change %	Trend
<b>Five Key 2x4 Lumber Prices:</b> Aggregate US\$/mfbm	428	382	+10%	▲	369	+13%	▲
<b>VOLUMES</b>							
<b>Canada Lumber Production:</b> million cubic metres	5.71	5.39	+5.6%	▲	66.9	+5.8%	▲
<b>BC Lumber Production:</b> million cubic metres	2.61	2.65	+1.5%	▲	32.0	+2.5%	▲
<b>VALUES</b>							
<b>Canada Sawmill Manufacturing Sales:</b> million C\$	1,487	1,607	-7.5%	▼	11,284	+15%	▲
<b>US Total Sawmill Products Imports:</b> million US\$	164	158	+3.8%	▲	1,021	+0.1%	▲
<b>US Total Sawmill Products Exports:</b> million US\$	1,002	863	+14%	▲	6,128	+20%	▲
<b>Canada Sawmill Exports to USA:</b> million C\$	1,231	1,130	+8.3%	▲	7,501	+21%	▲
<b>SOURCE: Madison's Lumber Reporter</b>				<b>www.madisonsreport.com</b>			

# Madison's Weekly Softwood Lumber Key Prices Table

www.madisonreport.com



Prices are in U.S. dollars per 1,000 fbm (net FOB mill)	This Week	Last Week	Change	%	Trend	Month Ago	Change	%	Trend	Year Ago	Change	%	Trend
	WSPF KD R/L 2x4	378	384	-6	-1.6%	▼	420	-42	-10%	▼	329	+49	+15%
WSPF KD R/L 2x6	356	366	-10	-2.7%	▼	390	-34	-8.7%	▼	310	+46	+15%	▲
SYP KD R/L East Side 2x4	460	460	0	0%	-	510	-50	-9.8%	▼	425	+35	+8.2%	▲
SYP KD R/L East Side 2x6	355	355	0	0%	-	400	-45	-11%	▼	310	+45	+15%	▲
ESPF KD R/L 2x4	465	475	-10	-2.1%	▼	490	-25	-5.1%	▼	420	+45	+11%	▲
WSPF KD PET 2x4 Stud	340	360	-20	-5.6%	▼	370	-30	-8.1%	▼	270	+70	+26%	▲
WSPF KD PET 2x6 Stud	380	380	0	0%	-	380	0	0%	-	245	+135	+55%	▲
Douglas Fir Green R/L 2x4	390	390	0	0%	-	400	-10	-2.5%	▼	357	+33	+9.2%	▲
Douglas Fir Green R/L 2x10	460	460	0	0%	-	505	-45	-8.9%	▼	415	+45	+11%	▲
ESPF KD 2x4 8ft Stud	470	475	-5	-1.1%	▼	485	-15	-3.1%	▼	355	+115	+32%	▲
OSB Ontario 7/16" (CDN\$/msf)	415	420	-5	-1.2%	▼	450	-35	-7.8%	▼	345	+70	+20%	▲
CS Plywood Toronto 3/8" (CDN\$/msf)	473	478	-5	-1.0%	▼	473	0	0%	-	448	+25	+5.6%	▲

## Madison's Weekly Softwood Lumber News

### World's Tallest Wood Building: Vancouver, BC

CONT'D FROM PG 2 A design by award-winning Japanese architect Shigeru Ban for the world's tallest hybrid timber structure is poised to be built in downtown Vancouver, said the *Vancouver Sun* Friday.

When complete, the wood, glass and concrete building will stand 19 storeys and 71 metres tall — one storey higher than the wood-hybrid Brock Commons at the University of B.C. — said Tobi Reyes, the CEO of PortLiving, the Vancouver-based developer behind the project.

Ban used triangular shapes, natural materials and terraces to connect

the two designs, and enlisted Cornelia Oberlander, the landscape architect for the Evergreen building, to work on the project.

While concrete and steel were the primary building materials in the 19th and 20th centuries, wood was considered to be too weak for massive structures, Albertson said. That's changing.

Also on the project is wood structural engineer Hermann Blumer, who previously worked with Ban on the Centre Pompidou-Metz in Paris, France. Ban won the prestigious Pritzker Prize thanks in part to his design for that building, which placed him in the company of some of the world's top architects.

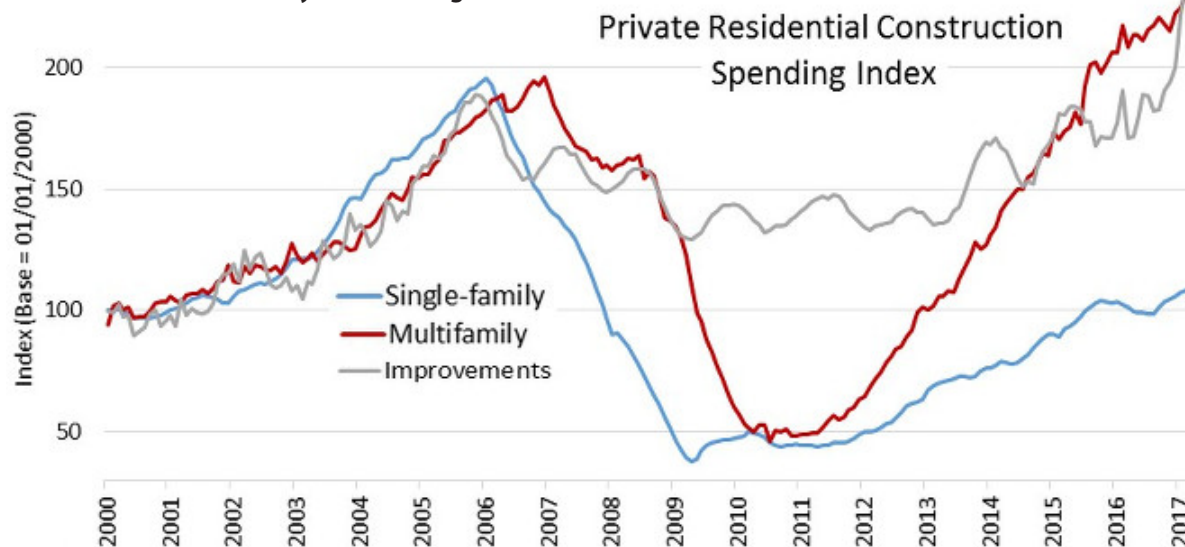
Though Reyes said building a taller wood structure than anyone else had before "wasn't by design," there is something of an ongoing competition for the title of world's tallest.

For now, Brock Commons at UBC is the record holder. The student residential building stands 18 storeys (53 metres) tall and was built last September.

Meanwhile, architects are working on a 57-metre tall tower for Bordeaux, France, a 73-metre tower for Amsterdam, The Netherlands, and a 304-metre tall skyscraper for London, England — all in wood.

But as Reyes said, PortLiving has a development permit for Terrace House and it is now seeking a building permit.

SOURCE: NAHB Eye on Housing



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## ANNOUNCEMENTS

CANADA AND CHINA

Canada's natural resource exports to China were valued at **\$9.1B** (2016)

- forest products **\$4.8B**
- mineral and metal **\$4.2B**
- energy products **\$38M**

Existing forestry programs will receive **\$118M** in additional investments

Canada

CONGRÈS DE MONTRÉAL SUR LE BOIS

**MONTRÉAL**  
WOOD CONVENTION

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

Fairmont Le Reine Elizabeth

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

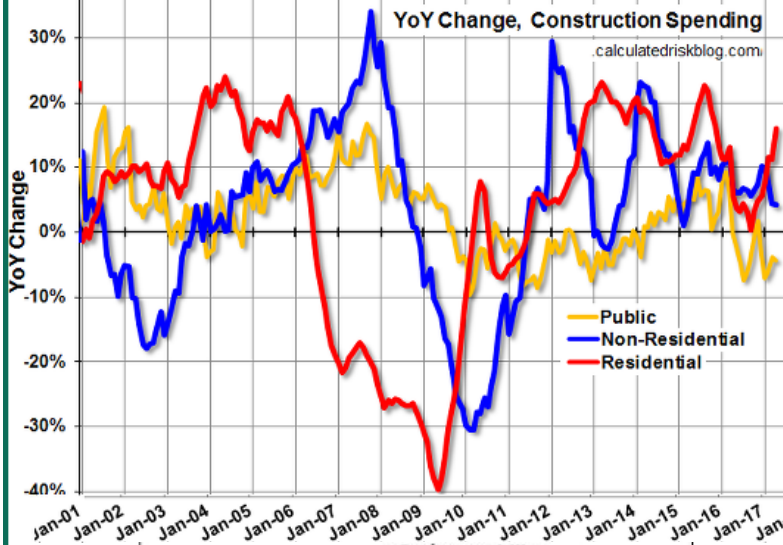
Fairmont The Queen Elizabeth

[montrealwoodconvention.com](http://montrealwoodconvention.com) #Mtlwood18

# US Construction Spending, House Prices, Price-to-Rent Ratio: April 2017

SOURCE: NAHB Eye on Housing

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Private residential spending has been generally increasing, and is still 24% below the bubble peak, said the **US Census Bureau** Thursday.

**National Association of Home Builders** analysis of Census Construction Spending data shows that total private residential construction spending stood at a seasonally adjusted annual rate of US\$522.2 billion in April, 0.7 per cent lower than upwardly revised March estimates. The private residential construction spending slowed down after a strong start this year. However, it was still 16.7 per cent higher than a year ago.

Non-residential spending is now 3 per cent above the previous peak in January 2008.

Public construction spending is now 15 per cent below the peak in March 2009, and only 4 per cent above the austerity low in February 2014.

On a year-over-year basis, private residential construction spending is up 16 per cent. Non-residential spending is up 4 per cent year-over-year. Public spending is down 4 per cent year-over-year.

## US HOUSE PRICE APPRECIATION

In March house prices continued to rise with a more moderate annual growth rate.

The **Case-Shiller U.S. National Home Price Index**, reported Wednesday by **S&P Dow Jones Indices**, rose at a seasonally adjusted annual growth rate of 3.9 per cent in March, down from 4.9 per cent in February. After reached 8.6 per cent in November 2016, house price appreciation has been decelerating.

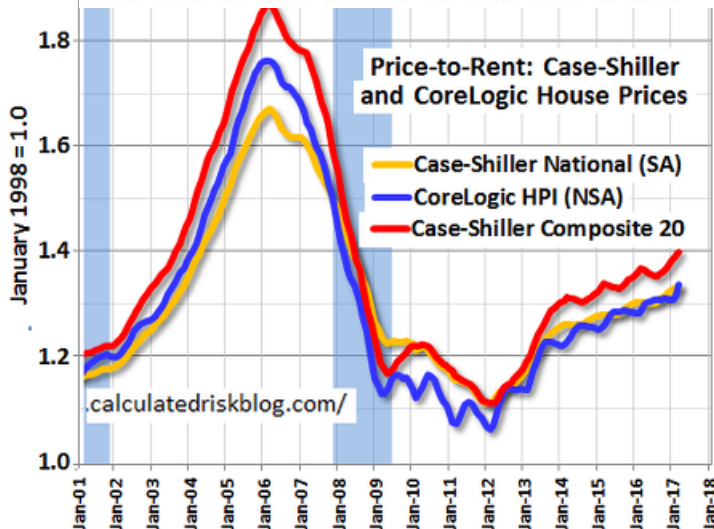
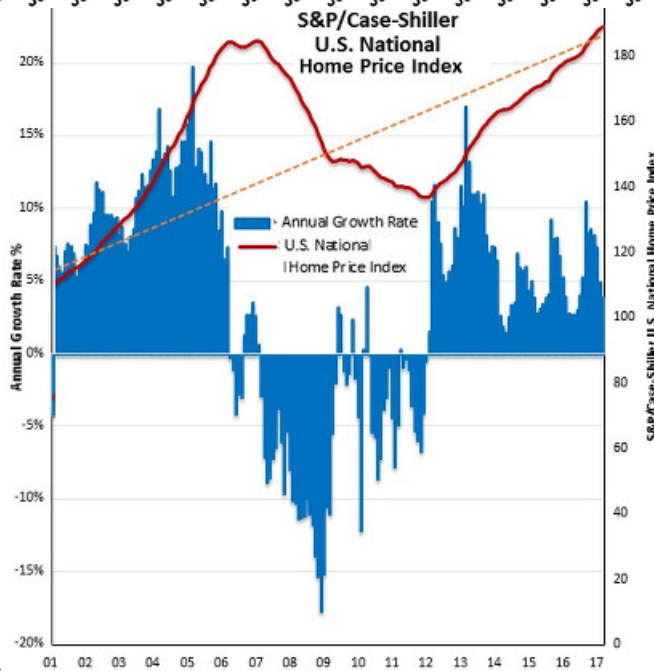
The Home Price Index from the Federal Housing Finance Agency (FHFA) rose at a seasonally adjusted annual rate of 7 per cent in March, slower than 10.7 per cent in February, confirming the deceleration in home prices.

## US HOUSE PRICE-TO-RENT RATIO

In the Case-Shiller release this week, the seasonally adjusted National Index, was reported as being 2.4 per cent above the previous bubble peak. However, in real terms, the National index is still about 13.8 per cent below the bubble peak, said **Calculated Risk** also Wednesday.

The year-over-year increase in prices is mostly moving sideways now just over 5%. In March, the index was up 5.8% YoY.

In real terms, the National index is back to May 2004 levels, the Composite 20 index is back to March 2004, and the CoreLogic index back to March 2004.



## Canada Wholesale Trade, Lumber Export: April 2017

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US Exports to the United States from Canada rose 5.4 per cent to a record high \$36.1 billion in April, mostly on passenger cars, natural gas and softwood lumber, said Statistics Canada Thursday. Imports from the United States were up 1.1 per cent to \$31.1 billion.

As a result, Canada's trade surplus with the United States widened from \$3.4 billion in March to \$5 billion in April, the largest surplus since May 2014. The Canadian dollar fell 0.3 cents US relative to the American dollar in April.

Exports to countries other than the United States declined 7.8 per cent in April to \$11.6 billion, partially offsetting the gain in exports to the United States.

Imports from countries other than the United States edged down 0.2 per cent, as widespread declines were partially offset by higher imports from Norway (crude oil and energy transmission cables) and Turkey (crude oil).

As a result, Canada's trade deficit with countries other than the United States widened from \$4.4 billion in March to \$5.3 billion in April.

### CANADA TRADE SURPLUS

In real (or volume) terms, exports were up 1.1 per cent and imports were down 0.3 per cent in April.

Consequently, Canada's trade surplus in real terms widened from \$239 million in March to \$843 million in April.

### LUMBER WHOLESALE TRADE

The building material and supplies subsector recorded the largest increase in dollar terms, as sales rose 3.9

per cent to a record high \$8.4 billion on the strength of higher sales in the lumber, millwork, hardware and other building supplies industry (+5.7 per cent) and the metal service centres industry (+8.2 per cent). Exports of lumber and other sawmill and millwork products rose 6 per cent in March..

### SALES PROVINCIALLY

Wholesale sales were up in nine provinces in March, representing 97 per cent of total wholesale sales. In dollar terms, British Columbia, Quebec, and Newfoundland and Labrador led the gain.

Following two consecutive declines, sales in British Columbia rose 1.9 per cent to \$6.3 billion, the second-highest sales level on record, primarily on higher sales in the building material and supplies subsector.

In Quebec, sales increased 1.1 per cent to a record high \$10.8 billion, led by the food, beverage and tobacco subsector. This was Quebec's third monthly increase in the past four months.

Sales in Alberta rose 1.5% to \$6.4 billion, a sixth consecutive increase. Gains were recorded in four subsectors, led by the motor vehicle and parts subsector and the building material and supplies subsector.

Ontario posted a fourth consecutive increase, with sales up 0.3 per cent to a record high \$31.0 billion. Gains in three subsectors, led by the building material and supplies subsector, offset declines in the other subsectors.

