

# MADISON'S LUMBER REPORTER

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## News & Updates

### Madison's \*new\* Softwood Heating Wood Pellet Report: May 2017

#### North American Heating Wood Pellet Sales, Supply and Production, Feedstock Volumes, + more

The brand-new monthly *Madison's Wood Pellet Report* covers North America energy wood pellet manufacturing, distribution, and sales/export. It includes the latest data from Statistics Canada, US Census, US International Energy Agency and others, 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 heating wood pellet movement and consumption.

SEE MORE PAGES 9 AND 10

### US Housing Starts: May 2017

Total housing starts in the US declined in May after a few, strong early months to begin 2017. Total starts were down 5.5 per cent, falling to a 1.092 million seasonally adjusted annual rate, according to the joint data release from the **Census Bureau** and HUD Friday. Declines were recorded for both single-family and multifamily development.

Single-family starts fell back, declining to a 794,000 annual rate. The February annualized rate, 877,000, was the fastest monthly pace since the Great Recession. Nonetheless, single-family starts are up 7 per cent year-to-date compared to 2016 as limited existing inventory and solid builder confidence make for positive demand conditions.

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### Japan Housing Starts: April 2017

According to a report released by the Ministry of Land, Infrastructure, Transport and Tourism on May 31st, Japan's housing starts in April were 83,979 units (up 1.9 per cent from the same month in the previous year), surpassing the previous year's results for two consecutive months, said the *Japan Lumber Journal* Thursday.

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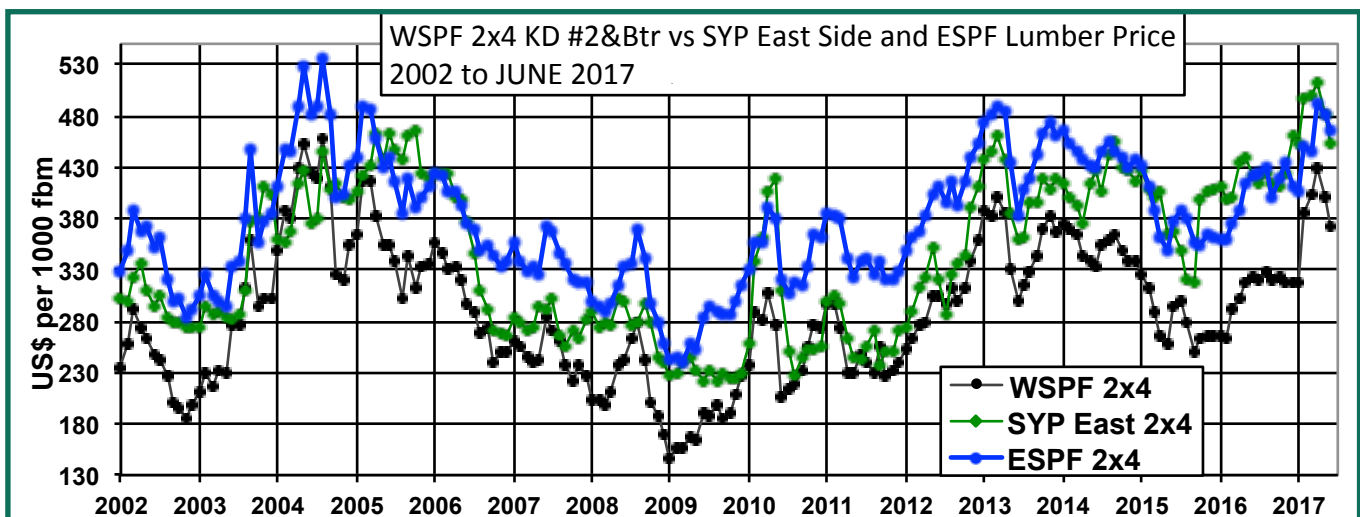
### Builder Confidence, Home Equity, US: June & 1Q '17

Builder confidence in the market for newly-built single-family homes in the US weakened slightly in June, down two points to a level of 67 from a downwardly revised May reading of 69 on the **National Association of Home Builders/Wells Fargo Housing Market Index** (HMI), released Thursday.

Elsewhere, according to the **Federal Reserve Board's** 1Q 2017 release Tuesday of its *Financial Accounts of the United States* report, household holdings of real estate totalled US\$23.526 trillion in 1Q 2017, which is US\$1.597 trillion higher than its level in 1Q 2016.

Home mortgage debt outstanding, US\$9.813 trillion in 1Q 2017, rose by US\$252 billion over the same four-quarter period. As the change in the total value of household-held real estate exceeded growth in mortgage debt outstanding, total home equity held by households grew.

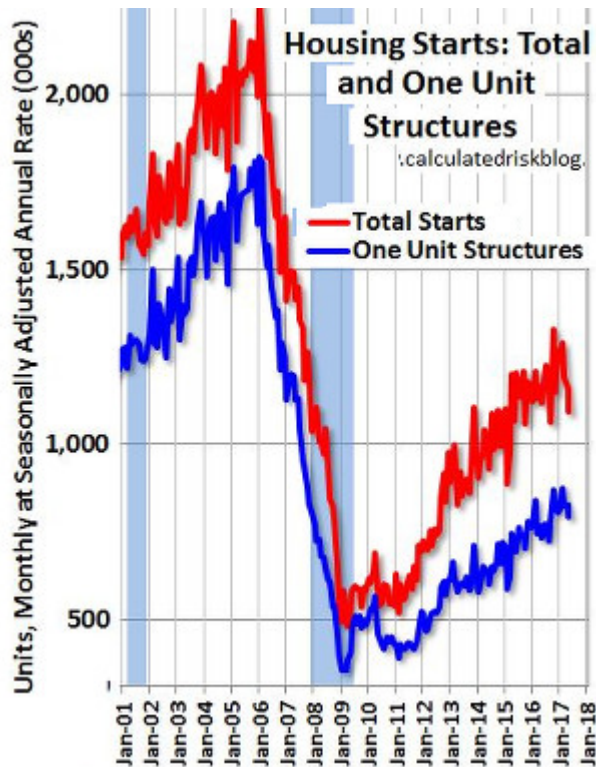
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## US Builder Confidence, Home Equity: June & 1Q 2017

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Builder confidence levels have remained consistently sound this year, reflecting the ongoing gradual recovery of the housing market, said the *National Association of Home Builders/Wells Fargo Housing Market Index* Thursday. As the housing market strengthens and more buyers enter the market, builders continue to express their frustration over an ongoing shortage of skilled labour and buildable lots that is impeding stronger growth in the single-family market.



All three HMI components posted losses in June but remain at healthy levels. The components gauging current sales conditions fell two points to 73 while the in-

dex charting sales expectations in the next six months dropped two points to 76. Meanwhile, the component measuring buyer traffic also moved down two points to 49.

### US HOME EQUITY

Home mortgage debt outstanding, US\$9.813 trillion in 1Q 2017, rose by US\$252 billion over the same four-quarter period, said the **Federal Reserve Board** Tuesday. As the change in the total value of household-held real estate exceeded growth in mortgage debt outstanding, total home equity held by households grew. Over the year, total home equity held by households rose by US\$1.346 trillion, 10.9 per cent, to US\$13.714 trillion. Households' home equity is now 58.3 percent of household real estate.

The share of refinancings resulting in a 5 per cent or higher loan amount has risen in recent years, and the median ratio of the new mortgage rate to the old mortgage rate has also increased from its 2013 low. However, a ratio of .81 indicates that, at the median, refinancings resulted in a 19 per cent decrease in the borrower's mortgage rate.

In contrast, over 2006 and 2007, the last period that the majority of refinancings resulted in a new loan amount that was 5 per cent or higher than the old loan amount, the median ratio peaked at 1.10 indicating that, at the median, a refinancing resulted in a 10 per cent increase in the mortgage rate.

	Year to Date	Previous YTD	Change %	Trend	Full Year 2016	Change % Year Ago	Trend
<b>Five Key 2x4 Lumber Prices:</b> Aggregate US\$/mfbm	(THIS MONTH) 424	(MONTH AGO) 440	-3.6%	▼	(YEAR AGO) 376	+11%	▲
<b>VOLUMES</b>							
<b>Canada Lumber Production:</b> softwood, million m3	17.1	16.7	+2.4%	▲	66.9	+5.8%	▲
<b>BC Lumber Production:</b> softwood, million m3	7.9	8.1	-2.5%	▼	32.0	+2.5%	▲
<b>VALUES</b>							
<b>Canada Sawmill Manufacturing Sales:</b> million C\$	4,057	4,462	-9.1%	▼	11,284	+15%	▲
<b>US Total Sawmill Products Imports:</b> million US\$	2,235	1,858	+17%	▲	6,128	+20%	▲
<b>US Total Sawmill Products Exports:</b> million US\$	342	328	+14%	▲	1,021	+0.1%	▲
<b>Canada Sawmill Exports to USA:</b> million C\$	2,324	2,144	+7.7%	▲	7,501	+21%	▲

SOURCE: Madison's Lumber Reporter

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# 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				Month Ago				Year Ago			
	Week	Change	%	Trend	Week	Change	%	Trend	Ago	Change	%	Trend	Ago	Change	%	Trend
WSPF KD R/L 2x4	370	370	0	0%	-	392	-22	-5.6%	▼	322	+48	+15%	▲			
WSPF KD R/L 2x6	346	346	0	0%	-	376	-30	-8.0%	▼	300	+46	+15%	▲			
SYP KD R/L East Side 2x4	445	450	-5	-1.1%	▼	465	-20	-4.3%	▼	425	+20	+4.7%	▲			
SYP KD R/L East Side 2x6	345	350	-5	-1.4%	▼	365	-20	-5.5%	▼	330	+15	+4.5%	▲			
ESPF KD R/L 2x4	466	460	+5	+1.1%	▲	475	-10	-2.1%	▼	420	+45	+11%	▲			
WSPF KD PET 2x4 Stud	330	340	-10	-2.9%	-	365	-35	-9.6%	▼	270	+60	+22%	▲			
WSPF KD PET 2x6 Stud	360	370	-10	-2.7%	▼	380	-20	-5.3%	▼	245	+115	+47%	▲			
Douglas Fir Green R/L 2x4	407	395	+12	+3.0%	▲	395	+12	+3.0%	▲	350	+57	+16%	▲			
Douglas Fir Green R/L 2x10	450	440	+10	+2.3%	▲	470	-20	-4.3%	▼	400	+50	+13%	▲			
ESPF KD 2x4 8ft Stud	465	465	0	0%	-	480	-15	-3.1%	▼	350	+115	+33%	▲			
OSB Ontario 7/16" (CDN\$/msf)	435	420	+15	+3.6%	▲	440	-5	-1.1%	▼	335	+100	+30%	▲			
CSplywood Toronto 3/8" (CDN\$/msf)	470	478	-8	-1.7%	▼	469	+1	+0.2%	▲	454	+16	+3.5%	▲			

## Madison's Weekly Softwood Lumber News

### US Housing Starts

CONT'D FROM PG 2  
Single-family permits were down 4.9 per cent in May, said the US Census Bureau Friday. There has also been a noticeable increase in the number of single-family homes permitted but not started, consistent with survey data indicating supply-side bottlenecks. For example, in May there were 78,000 single-family homes permitted (on a seasonally adjusted basis) but not started construction. This is almost 15 per cent higher than a year ago.

Multifamily starts dropped again in May for a fifth consecutive month of decline. Five-plus unit multifamily starts fell 10 per cent to a 284,000 sea-

sonally adjusted annual rate. Multifamily five-plus unit permits were also down, falling 10 per cent.

With respect to housing's economic impact, 57 per cent of homes under construction in May were multifamily (612,000). This multifamily count is almost 6 per cent higher than a year ago, although in recent months this total has flattened, consistent with our forecast. There were 455,000 single-family units under construction, a gain of 6 per cent from this time in 2016. This is slightly lower than the April total (457,000), which was a post-recession high.

### Housing Starts, Japan

CONT'D FROM PG 2  
When compared to the previous month, Ja-

pan's housing starts increased 10.7 per cent, and the seasonally-adjusted annual rate was 1,004,000 units (up 2 per cent from the previous month), exceeding 1,000,000 units for the first time in three months, said *Japan Lumber Journal* Thursday.

Starts of owner occupied houses were 23,751 units (up 0.8 per cent from the same month of the previous year).

Housing starts of rental houses were 36,194 units (up 1.9 per cent). Although the growth is slowing down, the figures increased for 18 consecutive months.

Housing starts of built-for-sale houses were 23,708 units (up 2.9 per cent).

Construction of 2x4 houses were 10,124 units (down 1.3 per cent), decreasing for three consecutive months.

### Japan Housing Starts

(unit of home)

	TOTAL	Structure		Owner / Occupant			
		wooden	non-wooden	owner-occupied	rent	COH	built-for-sale
<b>2016</b>							
<b>TOTAL</b>	967,237	546,336	420,901	292,287	418,543	5,875	250,532
<b>2017</b>							
<b>YTD</b>	307,269	165,407	141,862	86,769	132,657	1,949	85,894
Jan.	76,491	39,079	37,412	20,228	31,684	518	24,061
Feb.	70,912	39,587	31,325	21,322	30,842	350	18,398
Mar.	75,887	41,536	34,351	21,468	33,937	755	19,727
Apr.	83,979	45,205	38,774	23,751	36,194	326	23,708

\*source: Ministry of Land, Infrastructure, Transport and Tourism

SOURCE: Japan Lumber Journal

\*COH=company owned houses to be rented to their employees, etc.

## JOB CENTRE

### CANFOR IS HIRING IN CANADA

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VANCOUVER, BC  
Junior Integration Specialist

PRINCE GEORGE, BC  
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VALENBY, BC  
Woodland Accountant



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General Manager - Wholesale Distribution: ME

Kitchen Department Manager: Northern RI

Maintenance Manager: NC **NEW**

Northeast Regional HR Business Partner (HRBP) **NEW**

Plant Managers: AL & PA **NEW**

Regional Sales Director **NEW**

Regional Sales Manager: Northeast US **NEW**

Regional Sales Manager: Upper Midwest **NEW**

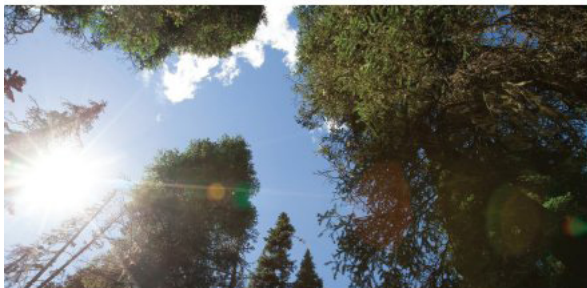
Sales Manager: Western MA



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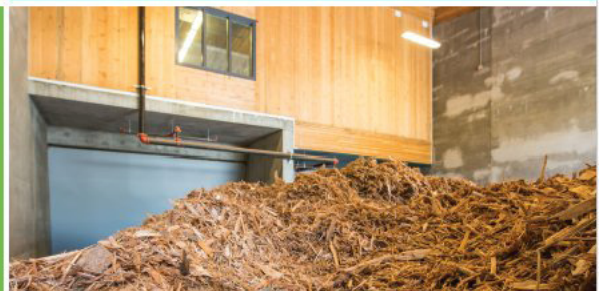
## ANNOUNCEMENTS

TREES PLANTED IN BC  
HAVE CAPTURED  
**2 BILLION TONNES**  
OF CARBON



THE INDUSTRY'S  
**GHG** EMISSIONS HAVE  
**REDUCED** BY  
**62%** SINCE 1990

BC IS THE **LARGEST**  
**BIOENERGY**  
**PRODUCER** IN  
NORTH AMERICA



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# Madison's Pellet Report: May 2017

## North American Heating Wood Pellet Sales, Supply and Production, Feedstock Volumes, + more 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. It includes the latest data from Statistics Canada, US Census, US International Energy Agency and others, 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 heating wood pellet movement and consumption:



PO Box 2486, Vancouver, BC V6B 3W7 ♦ Tel: 604-319-2266 ♦ Email: madrep@shawcable.com ♦ Web: www.madisonsreport.com

### North America Heating Wood Pellet Price and Market Guide: May 2017

#### Regional Pricing of Softwood Heating Wood Pellets • North America Standard

	RESIDENTIAL (7,800 to 8,400 BTUs) Producer (wholesale) \$/ton or tonne		UNIT CONVERSIONS Wholesale and Retail \$/GJ \$/MWh \$/mmBTU		
		Retail /40 lb bag			
WEST	BC - C\$250 - \$294/tonne (roadside)	BC -	C\$13.44 - \$15.80	C\$48.36 - \$56.87	C\$14.17 - \$16.67
	-	C\$7.00	C\$20.69	C\$74.48	C\$21.83
	AB - C\$249 - \$279/tonne (roadside)	AB -	C\$13.38 - \$14.99	C\$48.17 - 53.97	C\$14.12 - \$15.82
CANADA					
CENTRAL  (St. Laurence)	ON - C\$220/tonne (roadside)	ON -	C\$11.82	C\$42.56	C\$12.47
	QC - C\$249 - \$275/tonne (roadside)	QC -	C\$13.38 - \$14.78	C\$48.17 - 53.20	C\$14.12 - \$15.59
	-	C\$4.75 - 7.00	C\$14.04 - \$20.69	C\$50.54 - 74.48	C\$14.81 - 21.83
ATLANTIC	NB - C\$250/tonne (delivered to hub)	NB -	C\$13.44 C\$14.78	C\$48.36 C\$53.20	C\$14.17 C\$15.59
USA	CT - US\$275 - \$284/ton (roadside)		US\$14.78 - \$15.26	US\$53.20 - \$54.94	US\$15.59 - \$16.10
	-	US\$5.90 - 6.50	US\$17.44 - \$19.21	US\$62.77 - \$69.16	US\$18.40 - \$20.27
	NJ - US\$295 - \$315/ton (roadside)		US\$15.85 - \$16.93	US\$57.07 - \$60.94	US\$16.72 - \$17.86
	VA - US\$255 - \$285/ton (roadside)		US\$13.70 - \$15.32	US\$49.33 - \$55.13	US\$14.46 - \$16.16
	-	US\$6.99	US\$20.66	US\$74.37	US\$21.80
	ME - US\$258 - \$286/ton (roadside)		US\$13.86 - \$15.37	US\$49.91 - \$55.33	US\$14.63 - \$16.21
	-	US\$6.00 - 6.50	US\$17.73 - \$19.21	US\$63.84 - \$69.16	US\$18.71 - \$20.27
	VT - US\$287 - \$311/ton (roadside)		US\$15.42 - \$16.71	US\$55.52 - \$60.16	US\$16.27 - \$17.63
	-	US\$6.84 - 7.00	US\$20.22 - \$20.69	US\$72.78 - \$74.48	US\$21.33 - \$21.83
	PA - US\$240 - \$260/ton (roadside)		US\$12.90 - \$13.97	US\$46.43 - \$50.30	US\$13.61 - \$14.74
	-	US\$5.00 - 6.50	US\$14.78 - \$19.21	US\$53.20 - \$69.16	US\$15.59 - \$20.27
	MA - US\$240 - \$280/ton (roadside)		US\$14.78 - \$15.05	US\$53.20 - \$54.17	US\$15.59 - \$15.87
	- US\$270/ton (roadside)		US\$14.51	US\$52.23	US\$15.31
	-	US\$6.00 - 7.00	US\$17.73 - \$20.69	US\$63.84 - \$74.48	US\$18.71 - \$21.83
	NE - US\$265/ton (roadside)		US\$14.24	US\$51.26	US\$15.02
-	US\$6.50	US\$19.21	US\$69.16	US\$20.27	
WI - US\$220 - \$240/ton (roadside)		US\$11.82 - \$12.90	US\$42.56 - \$46.43	US\$12.47 - \$13.61	
NORTHWEST	WA - US\$325/ton (delivered to hub)		US\$17.47	US\$62.87	US\$18.43
SOUTH	TN - US\$220/ton (delivered to hub)		US\$11.82	US\$42.56	US\$12.47

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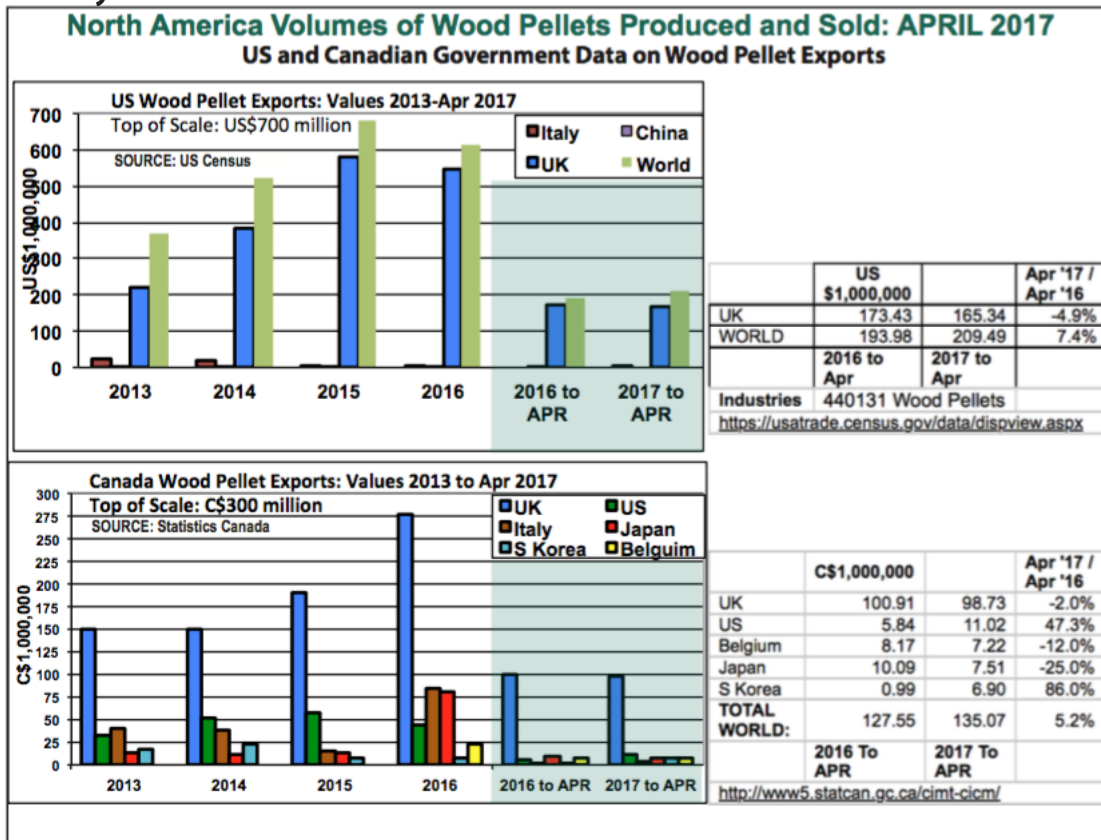
# Madison's Pellet Report: May 2017

## North American Heating Wood Pellet Sales, Supply and Production, Feedstock Volumes, + more

Issue 5 of the inaugural **Madison's Pellet Report** will help decision-makers foreshadow spot shortages, overages, and balance of supply with demand for your chips and sawdust, an important feedstock in the cellulosic energy sector:

What you need to plan operational strategy for RESIDUALS from your sawmill or other wood processing facility in Canada and the USA.

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**Please sign me up for INTRODUCTORY SALE and big discounts:**

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

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Attention: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Please charge my VISA/MC: Card No. \_\_\_\_\_ Exp. \_\_\_\_ / \_\_\_\_

Please bill me: (signature) \_\_\_\_\_

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