

# MADISON'S LUMBER REPORTER



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## News & Updates

### Softwood Lumber CVD Gap Window \*Use with Caution\*

Much fuss was made this week among operators subject to the Canadian Softwood Lumber AD/CVD Case CVD GAP period. The issue requiring further clarification has to do with the ability of the US Customs Broker to delay filing of a shipment's "Entry Summary" for ten business days from the time the shipment is "Arrived" at the U.S. Customs Port of Entry.

**Madison's** spoke with intrepid US Customs Broker Mike Jones [<http://www.jonescb.com>] Thursday for an accurate explanation of circumstances.

With respect to CVD investigations, the US Department of Commerce has 120 days from the date of their Preliminary Determination to file their Final Determination, which in this case, is August 25th. If the DOC does not file by the 120 day deadline, they can no longer collect the applicable CVD Rate Cash Deposits – until they do file, providing what is referred to as a "Gap".

Canadian exporters see this looming deadline for the DOC — in conjunction with the normal ten business day window for their Customs Broker to file the Entry Summary — as an potential opportunity to NOT pay preliminary CVD duties on wood shipped to the US during that ten day 'gap'.

For example: the U.S. Customs Broker defers submitting their Entry Summary data specific to shipments crossing into the U.S. August 14, since by U.S. Customs Regulations, they have until August 28 (the tenth business day) to do so, in the hopes that the DOC does NOT meet the 120 day (August 25) deadline to publish a Final Determination.

HOWEVER, should the DOC indeed publish their Final Determination on or before the 120th day, the CVD Cash Deposits related to any shipments that crossed August 14th and after, would be required to be tendered to U.S. Customs no later than the tenth business day.

This is not a guaranteed window or gap exempting payment of the existing preliminary CVD duties. This will only be allowed IF the US Department of Commerce does not comply with U.S. DOC AD/CVD regulations and publishes its Final Determination late.

### Gypsum Prices, US: July 2017

The prices of gypsum, softwood lumber, and ready-mix concrete increased by 1.4 per cent, 0.6 per cent, and 0.3 per cent, respectively, in July according to the latest **Producer Price Index (PPI)** by the US **Bureau of Labor Statistics**, released Thursday. [CONT'D PAGE 6](#)

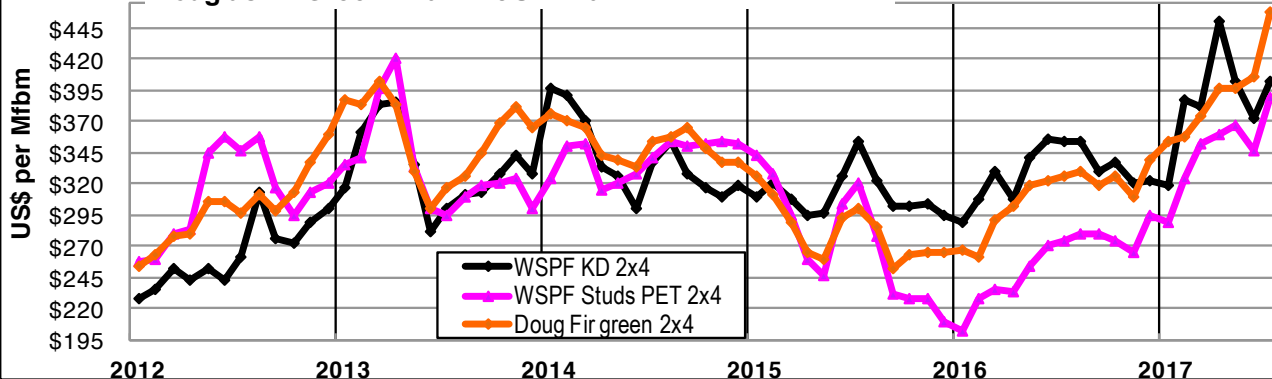
### New US Single-Family Rental 'Giant'

Two companies that bought thousands of homes after the US foreclosure crisis that began a decade ago are planning to merge, said the *Financial Times* Thursday, creating the country's largest owner of rental houses and marking the culmination of a huge private equity bet on the US housing market. [CONT'D PAGE 7](#)

### US Housing Affordability, Mortgage Delinquencies & Foreclosures: 2Q 2017

Rising US home prices offset a quarter-point drop in mortgage interest rates to move housing affordability slightly lower in 2Q 2017, according to the **National Association of Home Builders/Wells Fargo Housing Opportunity Index**, out Thursday. [CONT'D PAGE 9&10](#)

2x4 Prices : WSPF KD R/L #2&Btr, WSPF KD PET Studs,  
Douglas fir Green - 2012 - JULY 2017



## US BUILDING MATERIALS PRICES: JULY 2017

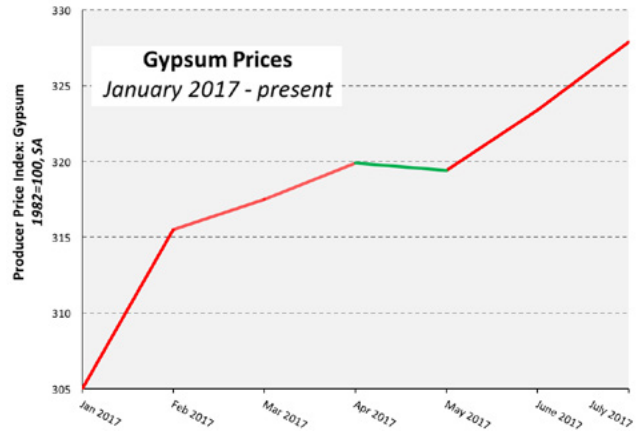
The price paid for OSB fell 3.8 per cent, the **US Bureau of Labor's** June **Producer Price Index** said Tuesday, the largest monthly decline since February 2016.

**Madison's** own OSB Ontario 7/16" prices are up 16.2 per cent from one year ago.

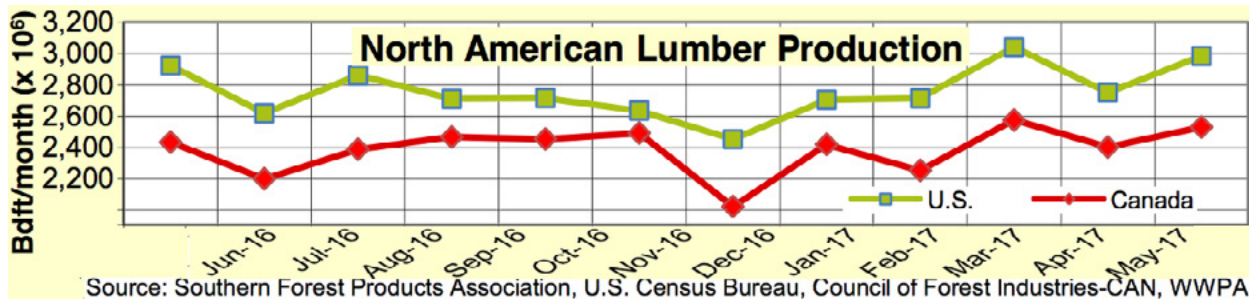
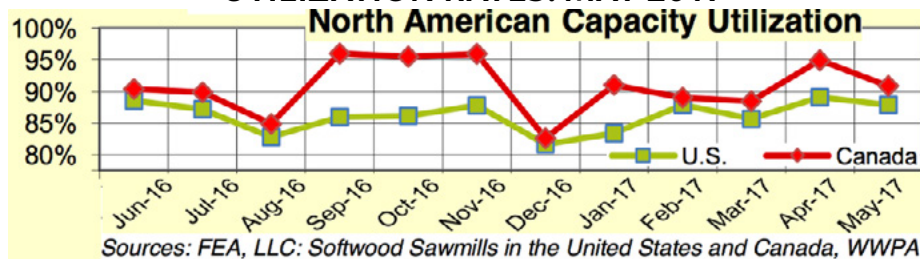
The drop in the PPI index—which runs counter to buyers' experiences—is due to the fact that it includes waferboard, a reconstituted wood product in which the layers of flakes are not oriented

Gypsum prices, meanwhile, rose 1.4 per cent in July following a 1.3 per cent increase in June, said BLS. The final demand price index for gypsum products has increased 7.5 per cent in 2017 and 13.7 per cent since January 2016.

Increasing by 0.3 per cent, the change in prices paid for ready-mix concrete was again in line with its average since 2000. Prices increased nearly three-quarters of the months over that period by an average of 0.3 per cent, said BLS.



## NORTH AMERICA SOFTWOOD LUMBER PRODUCTION, SAWMILL CAPACITY UTILIZATION RATES: MAY 2017



SOURCE: Western Wood Products Association  <https://www.wwpa.org>

	Year to Date (THIS MONTH)	Previous YTD (MONTH AGO)	Change %	Trend	Full Year (YEAR AGO) 2016	Change % (YEAR AGO)	Trend
Five Key 2x4 Lumber Prices: Aggregate US\$/mfbm	464	440	+5.5%	▲	377	+22.9%	▲
Benchmark Panel Prices: Aggregate C\$/msf	<b>583</b>	510	+14.4%	▲	430	+35.7%	▲
<b>VOLUMES</b>							
BC Lumber Production: softwood, million m <sup>3</sup>	<b>7.9</b>	390	-97.9%	▼	346	-97.7%	▼
<b>VALUES</b>							
Canada Sawmill Manufacturing Sales: million C\$	<b>4,057</b>	4,462	-9.1%	▼	11,284	-64.1%	▼
US Total Sawmill Products Imports: million US\$	<b>2,235</b>	1,858	+20.3%	▲	6,128	-63.5%	▼
US Total Sawmill Products Exports: million US\$	<b>342</b>	328	+4.3%	▲	1,021	-66.5%	▼
Canada Sawmill Exports to USA: million C\$	<b>2,324</b>	2,144	+8.4%	▲	7,501	-69.0%	▼

SOURCE: Madison's Lumber Reporter

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

# Madison's Weekly Softwood Lumber Key Prices Table

www.madisonsreport.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	Ago	Change	%	Trend
WSPF KD R/L 2x4	414	-2	-0.5%	▼	416	+2	0.5%	▲	404	+10	+2.5%	▲	330	+84	+25%	▲				
WSPF KD R/L 2x6	426	0	0%	-	426	0	0%	-	412	+14	+3.4%	▲	310	+116	+37%	▲				
SYP KD R/L East Side 2x4	415	0	0%	-	415	0	0%	-	400	+15	+3.8%	▲	425	-10	-2.4%	▼				
SYP KD R/L East Side 2x6	365	+10	+2.8%	▲	355	+10	+2.8%	▲	330	+35	+10%	▲	395	-30	-7.6%	▼				
ESPF KD R/L 2x4	505	-10	-1.9%	▼	515	-10	-1.9%	▼	490	+15	+3.1%	▲	430	+75	+17%	▲				
WSPF KD PET 2x4 Stud	410	-5	-1.2%	▼	415	-5	-1.2%	▼	380	+30	+7.9%	▲	290	+120	+41%	▲				
WSPF KD PET 2x6 Stud	420	0	0%	-	420	0	0%	-	400	+20	+5.0%	▲	245	+175	+71%	▲				
Douglas Fir Green R/L 2x4	490	+5	+1.0%	▲	485	+5	+1.0%	▲	445	+45	+10%	▲	352	+138	+39%	▲				
Douglas Fir Green R/L 2x10	550	+5	+0.9%	▲	545	+5	+0.9%	▲	505	+45	+8.9%	▲	350	+200	+57%	▲				
ESPF KD 2x4 8ft Stud	490	-10	-2.0%	▼	500	-10	-2.0%	▼	475	+15	+3.2%	▲	380	+110	+29%	▲				
OSB Ontario 7/16" (CDN\$/msf)	495	0	0%	-	495	0	0%	-	450	+45	+10%	▲	380	+115	+30%	▲				
CS Plywood Toronto 3/8" (CDN\$/msf)	672	0	0%	-	672	0	0%	-	570	+102	+18%	▲	480	+192	+40%	▲				

## Madison's Weekly Softwood Lumber News

### US Single-Family Rental Giant

[CONT'D FROM PG 2](#)

Two companies that bought thousands of homes after the US foreclosure crisis, Invitation Homes and Starwood Waypoint Homes, are merging according to *Forbes* Thursday, to create a single-family rental behemoth and marking the culmination of a huge private equity bet on the US housing market. The combined company will own 82,000 homes in 17 markets and be valued at approximately US\$11 billion. It will operate under the Invitation Homes banner and Starwood Waypoint CEO Fred Tuomi will lead the company.

The group's combined portfolio is concentrated on middle class homes, and nearly 70 per cent of its revenue comes from the western US and Florida with an average of 4,800 homes per market, said the *Financial Times*. The merger will result in US\$45-\$50 million in annual savings to the costs of managing the portfolios, which have substantial geographical overlap.

The total enterprise value, including debt, of the combined company will be roughly \$20 billion.

The merged company will still represent less than 0.1 per cent of the more than 90 million single-family homes in the US, and just 0.5 per cent of the nearly 16 million homes for rent. Most of the 16 million single-family homes for rent are owned by individuals or small enterprises.

Together Invitation and Starwood Waypoint have spent close to US\$2 billion on renovations and maintenance of homes, or about US\$22,000 per home, said *Forbes*.

### US Open Construction Jobs: June 2017

According to the **BLS Job Openings and Labor Turnover Survey (JOLTS)** and **National Association of Home Builders** analysis, released Tuesday, the number of open construction sector jobs in the US increased to 225,000 in June. The cycle high was 238,000, set in July of last year.

The open position rate (job openings as a percent of total employment) for construction workers in the US in June expanded to 3.2 per cent, said **BLS Job Openings and Labor Turnover Survey (JOLTS)** and **National Association of Home Builders** analysis, released Tuesday. On a smoothed twelve-month moving average basis, the open position rate for the construction sector increased to 2.7 per cent.

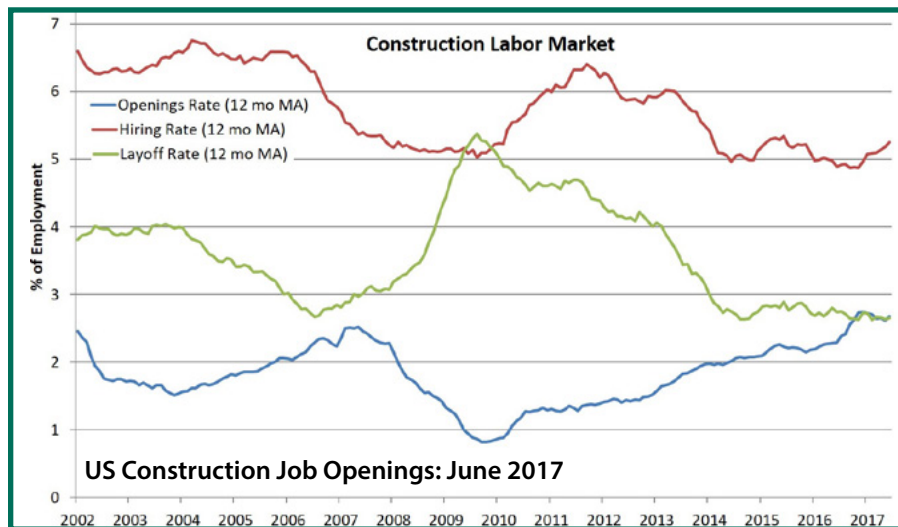
Recent data indicate a levelling off of the count of unfilled construction jobs, albeit at levels higher prior to 2016.

Overall, the labour market for construction workers remained tight as it continues to expand. Home builders and remodellers added 118,000 job over the last 12 months, and industry employment has increased by more than 717,000 since the low point after the Great Recession. As housing starts continue to increase, more workers will be needed in the residential construction sector.

### Canada Softwood Lumber Production: May 2017

Lumber production at Canadian sawmills rose 5.6 per cent from April to 6,100 thousand cubic metres of lumber in May, according to **Statistics Canada** Tuesday. Production was 5.8 per cent higher than May 2016.

Sawmills shipped 5,928 thousand cubic metres of lumber in May, up 0.7 per cent from April and 2.4 per cent higher than in May 2016.



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## ANNOUNCEMENTS



### 2018 WOOD DESIGN AWARDS

#### Submission Requirements, Instructions and Nomination Form Preview

Please read the following information before submitting a project for the WoodWorks Wood Design Awards. This document contains the submission requirements and policies, instructions for uploading photographs, drawings and project team information, category descriptions, and a preview of the nomination form.

Nomination forms must be completed and submitted online, and can be found at:  
<http://www.woodworks.org/project-gallery/nominate-a-project-for-a-wood-design-award/>

September 12-15, 2017

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 AND THE ECOLOGICAL TRANSITION

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 blog.fpinnovations.ca

## US HOUSING AFFORDABILITY: 2Q 2017

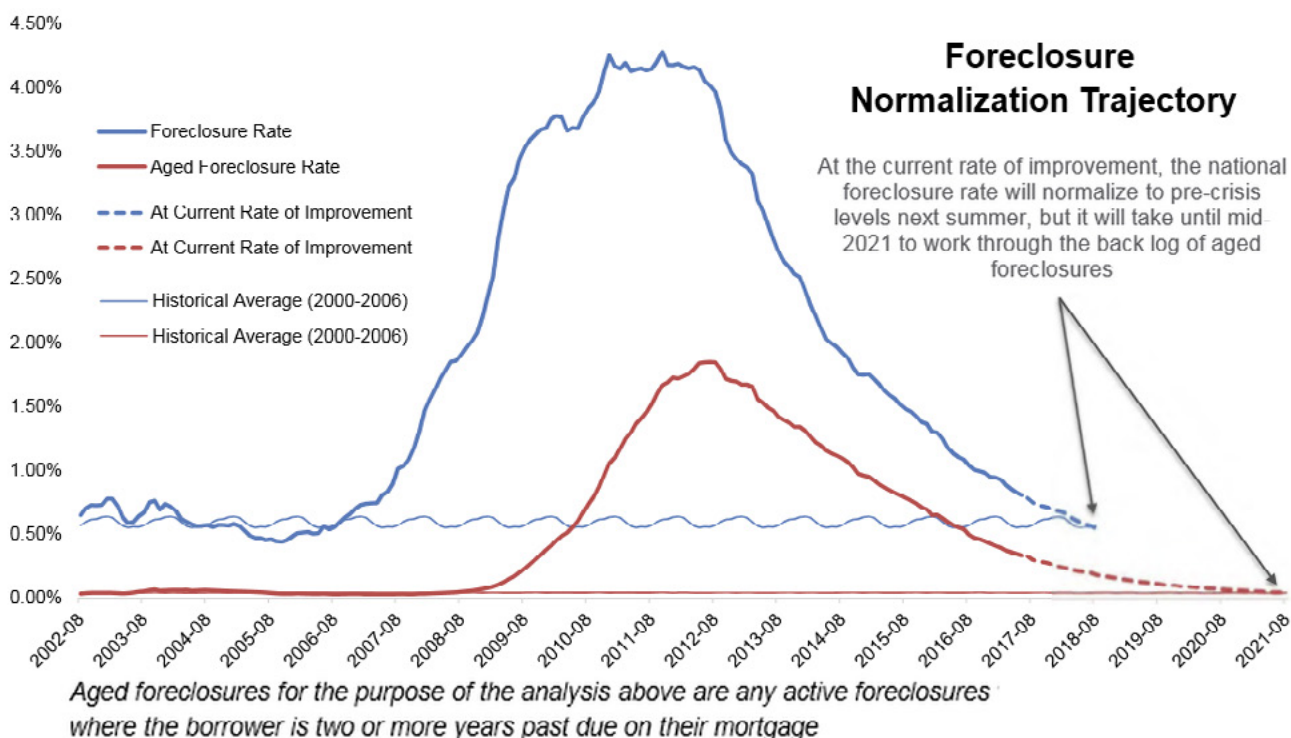
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As well, new data out of CoreLogic Tuesday shows that the May 2017 US mortgage delinquency rate was the lowest in nearly a decade.

In all, 59.4 per cent of new and existing homes sold between the beginning of April and end of June were affordable to families earning the US median income of US\$68,000, said the **National Association of Home Builders/Wells Fargo**

**Housing Opportunity Index**, out Thursday. This is down from the 60.3 per cent of homes sold that were affordable to median-income earners in 1Q 2017.

The national median home price rose to US\$256,000 in 2Q, from US\$245,000 in 1Q 2017. Meanwhile, average mortgage rates fell 25 basis points in 2Q to 4.08 per cent, from 4.33 per cent in 1Q 2017.



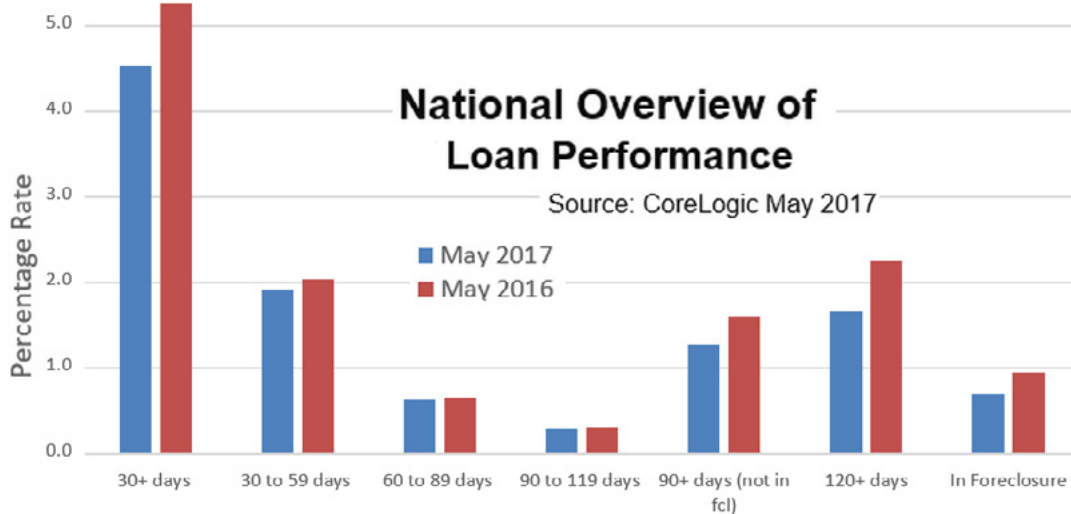
SOURCE: CoreLogic

## US Mortgage Delinquencies and Foreclosures: MAY 2017

**CoreLogic®** Tuesday released its monthly *Loan Performance Insights Report*, said **Calculated Risk**, which shows that, 4.5 per cent of US mortgages were in some stage of delinquency (30 days or more past due including those in foreclosure) in May 2017. This represents a 0.8 percentage point decline in the overall delinquency rate compared with May 2016 when it was 5.3 per cent.

As of May 2017, the foreclosure inventory rate,

which measures the share of mortgages in some stage of the foreclosure process, was 0.7 per cent, compared with 1 per cent in May 2016. The serious delinquency rate, defined as 90 days or more past due including loans in foreclosure, was 2 per cent, unchanged from April 2017 and down from 2.6 per cent in May 2016. The 2 per cent serious delinquency rate in April and May this year was the lowest since November 2007 when it was also 2 per cent.



### US Real-Estate-Owned Inventory: 2Q 2017

US federal home lending giants **Fannie Mae** and **Freddie Mac** reported Tuesday results on Real Estate Owned (REOs) housing inventory.

Freddie Mac reported the number of REO declined to 9,915 at the end of 2Q 2017 compared to 13,284 at the end of 2Q 2016.

For Freddie, this is down 87 per cent from the

74,897 peak number of REOs in 3Q 2010. For Freddie, this is the lowest since at least 2007.

Fannie Mae reported the number of REO declined to 31,371 at the end of 2Q 2017, compared to 45,981 at the end of 2Q 2016.

For Fannie, this is down 81 per cent from the 166,787 peak number of REOs in 3Q 2010. For Fannie, this is the lowest since at least 2007.

### US Real-Estate-Owned Inventory: 2Q 2017

