

MADISON'S LUMBER REPORTER



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News & Updates

Madison's Wood Pellet Report: July 2017

The next issue of the magnificent North American wholesale heating wood pellet price guide, *Madison's Pellet Report*, was emailed today to subscribers.

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[CONT'D PAGE 6](#)

Canada Investment in New Housing Construction: June 2017

Investment in new housing construction in Canada rose 7.2 per cent from June 2016 to \$4.7 billion in June, said Statistics Canada Tuesday. The increase was mostly attributable to higher investment in single family dwellings (+\$257.9 million).

All but one province saw an increase in new housing investment in June 2017. The largest increase was in Quebec (+\$82.6 million), followed by Alberta (+\$72.5 million) and British Columbia (+\$57.4 million). Newfoundland and Labrador posted a decrease of \$7.4 million (-26.2%) compared to June 2016.

[CONT'D PAGE 7](#)

British Columbia Wildfire Update

This year's forest inferno in British Columbia is being mirrored on every continent, according to the new study examining the mechanics of tree death.

Each successive fire and the carbon released leads to more drought, crippling the ability of forests to absorb and sequester carbon, said David Galvez, a former researcher at the University of BC and University of Alberta to the *Times Colonist* Tuesday.

Recent modelling by the **Canadian Forest Service** predicts climate change is driving up the number of fires and leading to more "fire-conducive weather" in BC. The study — Future burn probability in south-central British Columbia — was published last year by the *International Journal of Wildland Fire*.

The new meta-analysis — using data from 62 scientists around the world — found that trees in droughty conditions shut pores that let in carbon dioxide in order to conserve moisture and form air bubbles that block water transport within the tree, leading to lethal hydraulic failure and carbon starvation.

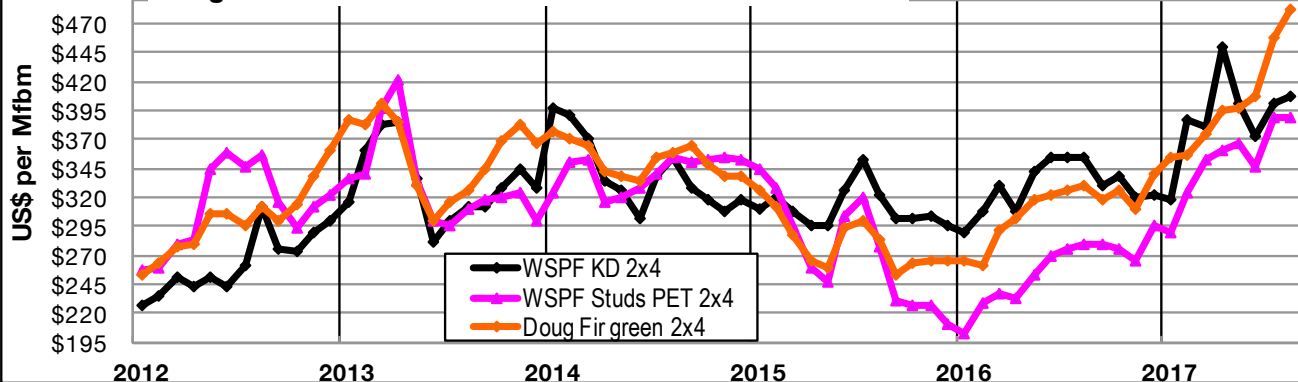
[CONT'D PAGE 7](#)

US New and Existing Home Sales, Prices, Inventory: July 2017

According to the US Census Bureau and the US Department of Housing and Urban Development Wednesday, sales of new single-family homes in the US fell 9.4 per cent over the month of July to a seasonally adjusted annual rate of 571,000. Despite the declines, sales over the first seven months of 2017 are 9.2 per cent above their level over the same period in 2016.

[CONT'D PAGE 9&10](#)

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





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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		
	Price	Change	Price	Change	% Trend	Price	Change	% Trend	Price	Change	% Trend
WSPF KD R/L 2x4	398		402	-4	-1.0% ▼	414	-16	-3.9% ▼	330	+68	+21% ▲
WSPF KD R/L 2x6	422		428	-6	-1.4% ▼	426	-4	-0.9% ▼	310	+112	+36% ▲
SYP KD R/L East Side 2x4	395		405	-10	-2.5% ▼	410	-15	-3.7% ▼	425	-30	-7.1% ▼
SYP KD R/L East Side 2x6	355		360	-5	-1.4% ▼	345	+10	+2.9% ▲	395	-40	-10% ▼
ESPF KD R/L 2x4	485		495	-10	-2.0% ▼	510	-25	-4.9% ▼	430	+55	+13% ▲
WSPF KD PET 2x4 Stud	365		370	-5	-1.4% ▼	405	-40	-9.9% ▼	290	+75	+26% ▲
WSPF KD PET 2x6 Stud	410		415	-5	-1.2% ▼	420	-10	-2.4% ▼	245	+165	+67% ▲
Douglas Fir Green R/L 2x4	470		485	-15	-3.1% ▼	483	-13	-2.7% ▼	350	+120	+34% ▲
Douglas Fir Green R/L 2x10	540		545	-5	-0.9% ▼	550	-10	-1.8% ▼	345	+195	+56% ▲
ESPF KD 2x4 8ft Stud	490		490	0	0% -	495	-5	-1.0% ▼	375	+115	+31% ▲
OSB Ontario 7/16" (CDN\$/msf)	500		505	-5	-1.0% ▼	481	+19	+4.0% ▲	385	+115	+30% ▲
CS Plywood Toronto 3/8" (CDN\$/msf)	672		672	0	0% -	652	+20	+3.1% ▲	491	+181	+37% ▲

Madison's Weekly Softwood Lumber News

Wildfires, BC

[CONT'D FROM PG 2](#) According to figures from the Ministry of Lands, Forests and Natural Resource Operations, the years 2010, 2013, 2014 and 2015 are in the top 10 for hectares burned since 1950. This year, more than one million hectares of B.C. forest have burned to date, eclipsing a 58-year record.

"What we are seeing in BC is what you expect in the modelling," said Galvez, who now works for Abattis Bioceticals, to the *Times Colonist*. "Four of the worst fire years in the past 70 years have come in the past seven years and that's amazing."

"We currently have 154 fires burning across the province, including 20 new fires that have actually just started today," says Kevin Skrepnek, chief wildfire information officer with the BC Wildfire Service Thursday, according to *My Prince George Now*. "We are seeing a number of new fires in the Southeast Fire Centre, many of those the results of lightning activity over the last 24 hours."

Five additional fires started on Wednesday.

"We've had 1099 fires to date and they have burned an estimated 1,026,214 hectares. Estimated costs to date for the BC Wildfire service – \$377.4 million dollars."

The massive Plateau fire, which stretches 130 kilometres from one end to the other, is located on the Chilcotin Plateau, BC, 60 kilometres west of Quesnel, BC, and 60 kilometres northwest of Williams Lake, BC.

The fire was created by the merging of the Chezacut, Tautri, Bishop's Bluff, Baezaeko, Wentworth Creek, Arc Mountain, and other wildfires. The first of those was discovered on July 7 and the cause is listed as "under investigation." It is now so big the wildfire management branch has set up two incident command teams at the northern and southern ends to co-ordinate the firefighting efforts of more than 400 firefighters, 25 helicopters and dozens of pieces of heavy equipment.

There are no major communities affected by the blaze but several smaller rural communities in the Cariboo region are under evacuation orders.

Investment in New Housing Construction, Canada

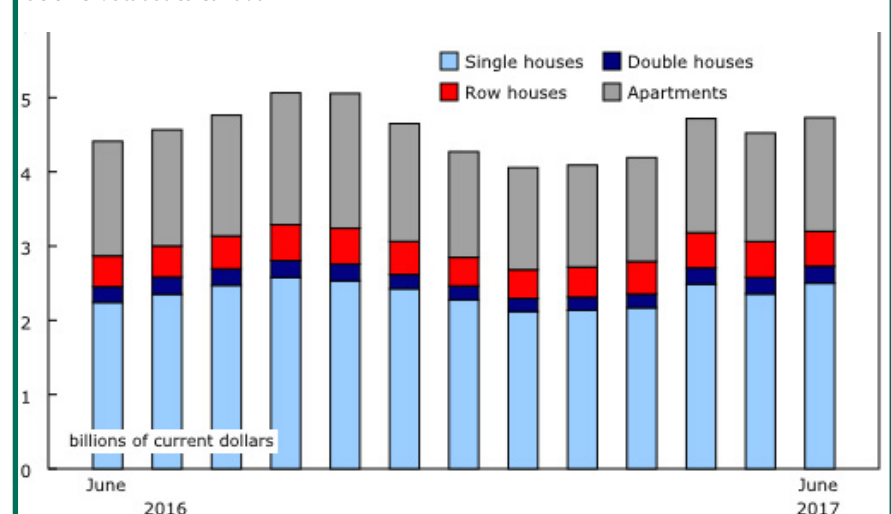
[CONT'D FROM PG 2](#) Quebec's \$82.6 million year-over-year increase was mostly a result of investments in apartments, accounting for 53 per cent of the total gain in this province.

Alberta posted an increase of \$96.3 million of investment in single homes compared to June 2016, offsetting the decrease of \$32.3 million of investment in apartments.

In British Columbia, investment in new housing construction surpassed the \$1 billion mark for the second month in 2017, up 6 per cent year over year. This increase was the result of higher investment in all dwelling types, except for double homes.

Canada Investment in New Housing Construction: June 2017

SOURCE: Statistics Canada



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US HOME SALES, HOUSE PRICES, ARCHITECTURE BILLINGS: 2017

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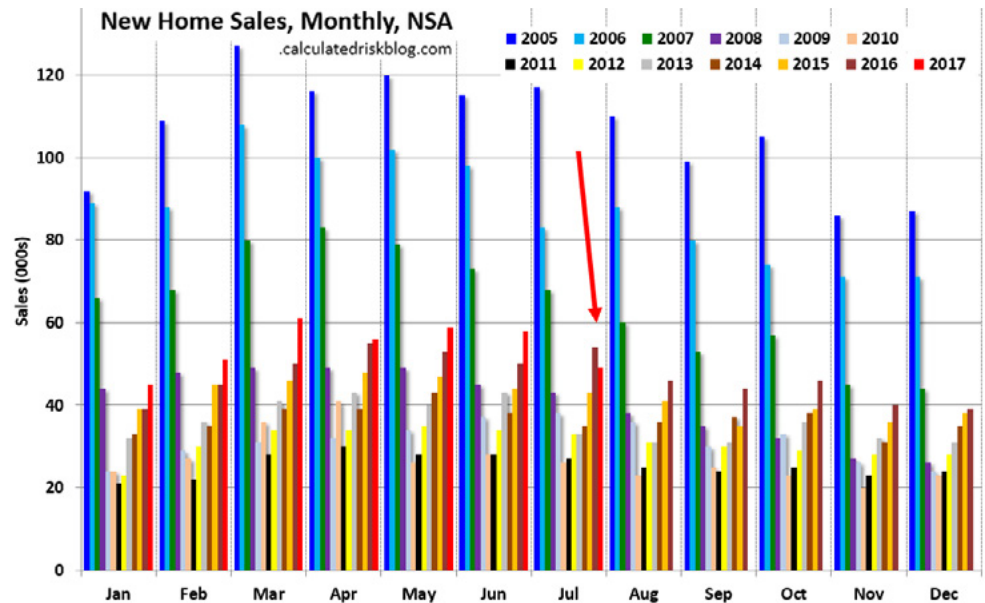
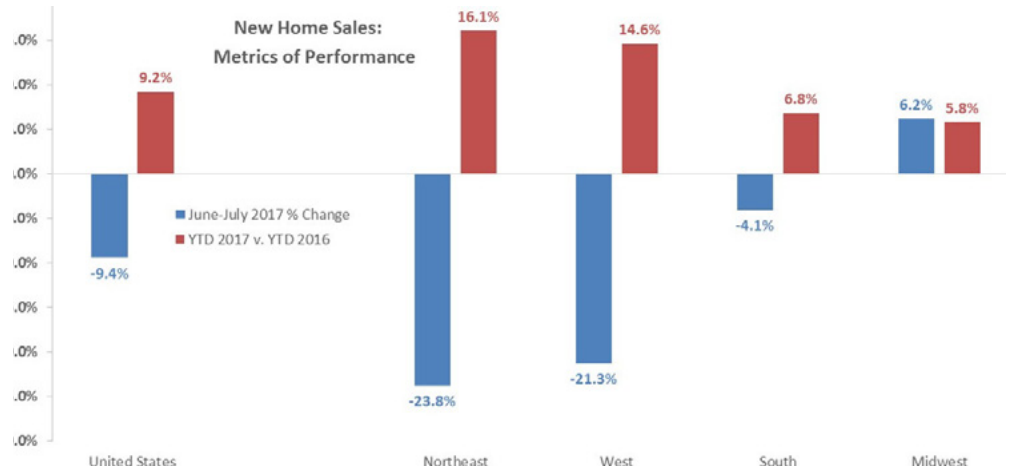
Despite gains in the US West and South, existing home sales fell for a second consecutive month, declining 1.3 per cent in July, but remained 2.1 per cent above the pace a year ago, the **National Association of Realtors** reported Thursday. Some 51 per cent of homes sold last month were on the market less than a month as buyers overcame low inventory and higher prices. July inventory declined 1 per cent, and is now 9 per cent lower than a year ago, having fallen year-over-year for the 26th consecutive month. NAR reported that at the current sales rate, the July unsold inventory represents a 4.2-month supply, down from a

4.8-month supply a year ago. July existing sales reached a seasonally adjusted rate of 5.44 million units.

While new home sales in the US fell in July, year-to-date, the number of new home sales is 9.2 per cent ahead of its pace over the same period in 2016. In addition, each region recorded sales over the January-to-July 2017 period that exceeds sales over the same period in 2016. In the Northeast, year-to-date sales are 16.1 per cent ahead of their pace over the same period last year, followed by the West (14.6 per cent), the South (6.8 per cent) and the Midwest (5.8 per cent).

The months' supply of new homes rose 11.5 per cent over the month to 5.8 months. However, this increase largely reflects a decrease in the sales pace, from 630,000 to 571,000. Meanwhile, the number of new homes for sale in July, 276,000, was 1.5 per cent above its level in June. Over the past year, inventory has shown signs of improving as the sales pace fell 8.9 per cent, but the number of new homes for sale rose by 16.5 per cent. Nevertheless, months' supply remains below the 6.0 month-benchmark for a healthy housing inventory.

The median sales price of a new home rose 0.67 per cent over the month to US\$313,700. Since sales fell, the increase in the median sales price likely reflect changes in the composition of new homes sold. Over the month, the proportion of sales of new homes priced under US\$300,000 fell 1 per cent to 47 per cent while sales of new homes priced above \$300,000 rose 1 per cent to 53 per cent.

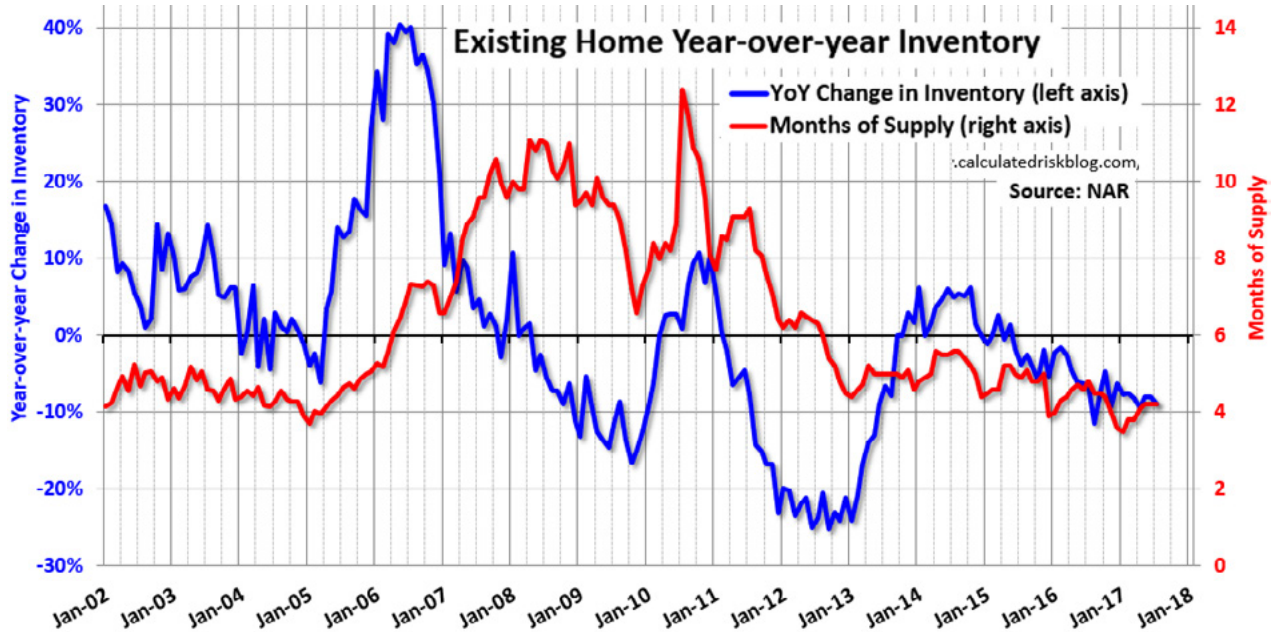


Existing Home Sales

Existing homes stayed on the market for 30 days in July, up slightly from 28 days in June, but down from 36 days in July 2016. The July first-time home buyer share was 33 per cent, up from 32 per cent in June and a year ago.

The July median sales price fell from US\$263,300 last

month to US\$258,300, but was up 6.2 per cent from last year, representing the 65th consecutive month of year-over-year increases. The July median condominium/co-op price fell from US\$246,000 last month to US\$239,800, but was up 5.3 per cent from a year ago.



Architecture Billings Index

For the sixth consecutive month, architecture firms reported increasing demand for design services as reflected in the July Architecture Billings Index (ABI). As a leading economic indicator of construction activity, the ABI reflects the approximate nine to twelve month lead time between architecture billings and construction spending. The **American Institute of Architects** Wednesday reported the July ABI score was 51.9, down from a score of 54.2 in the previous month. This score still reflects an increase in design services (any score above 50 indicates an

increase in billings). The new projects inquiry index was 59.5, up from a reading of 58.6 the previous month, while the new design contracts index increased from 53.7 to 56.4.

According to the AIA, there is an “approximate nine to twelve month lag time between architecture billings and construction spending” on non-residential construction. This index was positive in 9 of the last 12 months, suggesting a further increase in new Commercial Real Estate investment in 2017 and early 2018.

