

MADISON'S LUMBER REPORTER



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News & Updates

Canada Sawmill Production: July 2017

Lumber production declined 9.1 per cent from June to July, with Canadian sawmills producing 5,201 thousand cubic metres of lumber, said **Statistics Canada** Tuesday. Production was 1.9 per cent lower than in July 2016.

Sawmills shipped 5,459 thousand cubic metres of lumber in July, down 5.2 per cent from June and 0.8 per cent lower than in July 2016.

US Construction Spending: August 2017

Overall construction spending in the US during August 2017 was estimated at a seasonally adjusted annual rate of \$1,218.3 billion, 0.5 per cent above the revised July estimate of US\$1,212.3 billion, according to the **Census Bureau** Monday.

NAHB analysis of Census Construction Spending data shows that total private residential construction spending stood at a seasonally adjusted annual rate of US\$520.9 billion in August, 0.5 per cent up from downwardly revised July estimates. [CONT'D PAGE 6](#)

US New Home Sales: August 2017

CoreLogic Tuesday released its **CoreLogic Home Price Index (HPI)** and HPI Forecast for August 2017, which shows US home prices are up strongly both year over year and month over month. Home prices nationally increased year over year by 6.9 per cent from August 2016 to August 2017, and on a month-over-month basis, home prices increased by 0.9 per cent in August 2017 compared with July 2017, according to the CoreLogic HPI.

The CoreLogic HPI is a three month weighted average and is not seasonally adjusted.

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Quebec and Ontario Lumber Headed to Storm-Hit Areas

A cargo ship departed Baie-Comeau, QC, on Sunday to deliver supplies to Puerto Rico, ravaged by the passing of Hurricane Maria, according to **CBC** Monday. Most of the US territory's 3.4 million residents remain without power and are struggling to find clean water and fuel.

Resolute Forest Products said an employee at its Montreal headquarters, who is originally from Puerto Rico, brought the idea forward. Resolute director of public affairs, Karl Blackburn estimated that the total value of the shipment has doubled to around \$10,000 with the help of Baie-Comeau's Maxi grocery store. [CONT'D PAGE 7](#)

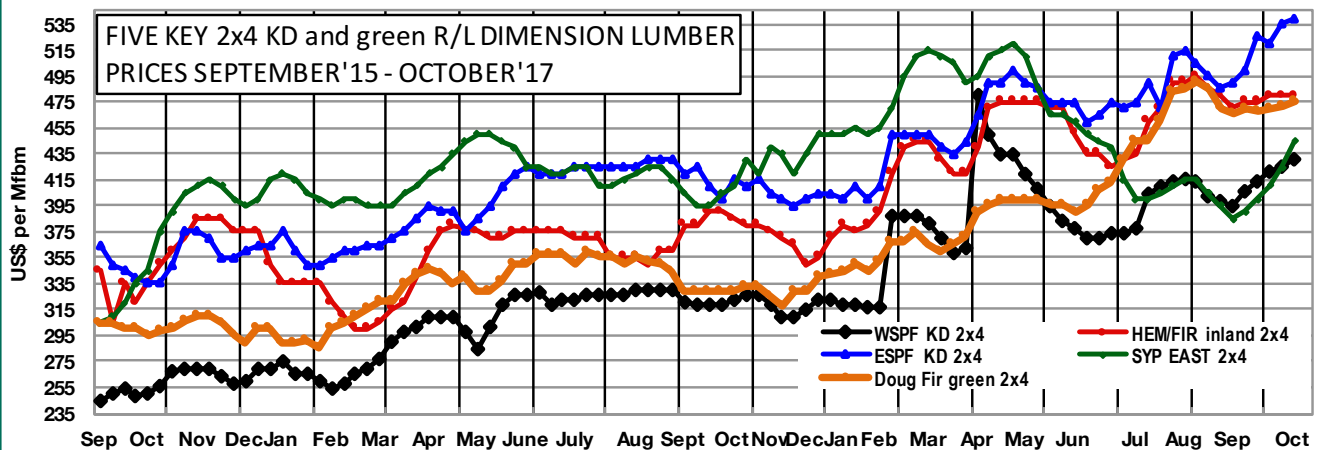
PwC Forestry BC Economic Impact Study: Full-Year 2016

A study was conducted by PwC in 2016 was released at the end of September, and shows a sustainable industry employing thousands of British Columbians.

One out of every 17 jobs, or 140,000 people, were employed in forestry, while 38,000 people on Vancouver Island were employed directly or indirectly through the forest industry.

Forestry generated a total of \$8.6 billion in wages for British Columbians in 2016.

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US Construction Spending: August 2017

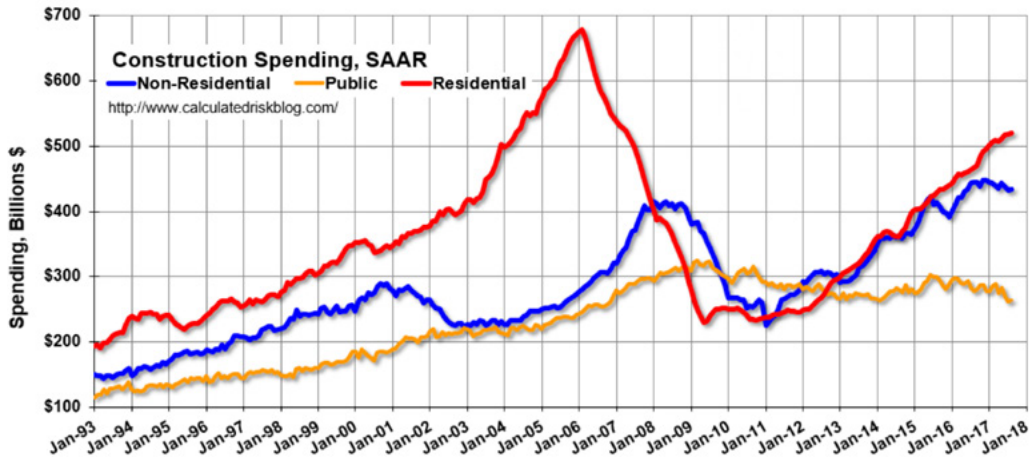
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The monthly gains in residential construction spending are largely attributed to the steady growth of spending on single-family, multifamily construction and home improvement, said the **US Census Bureau** Monday. Single-family construction spending inched up 0.3 per cent, while multifamily spending rebounded by 0.9 per cent in August. Spending on improvements rose to US\$194.8 billion, up by 0.5 per cent over last month.

On a year-over-year basis, private residential construction spending is up 12 per cent. Non-residential spending is down 2 per cent year-over-year. Public spending is down 5 per cent year-over-year.

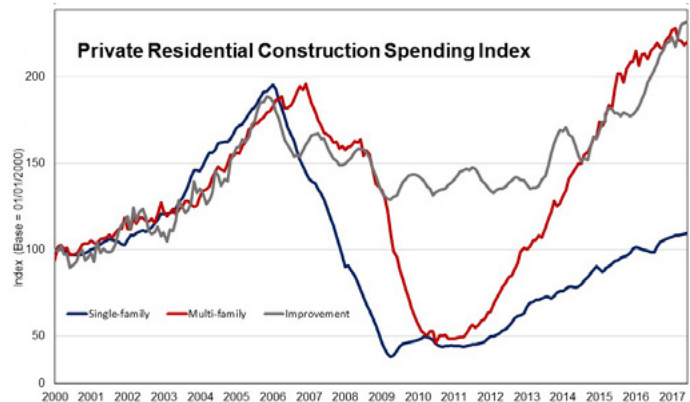
In August, the estimated seasonally adjusted annual rate of public construction spending was US\$263.5 billion, 0.7 per cent above the revised July estimate of US\$261.7 billion.

US Construction Spending: August 2017



Nonresidential Construction Spending

Private nonresidential construction spending increased 0.5 per cent to a rate of US\$434 billion, according to **NAHB** analysis also Monday. However, it was 2.5 per cent lower than a year ago. The largest contribution to this month-over-month nonresidential spending increase was made by the class of transportation (4.4 per cent), followed by educational (3.4 per cent), and lodging (3.2 per cent).



Madison's Weekly Lumber and Forestry Data Table

www.madisonreport.com

	Year to Date (THIS MONTH)	Previous YTD (MONTH AGO)	Change %	Trend	Full Year (YEAR AGO)	Change %	Trend
Five Key 2x4 Lumber Prices: Aggregate US\$/mfbm	474	448	+5.8%	▲	374	+26.8%	▲
Benchmark Panel Prices: Aggregate C\$/msf	575	601	-4.3%	▼	395	+45.7%	▲
VOLUMES							
Canada Lumber Production: softwood, million m3	22.78	22.41	+1.6%	▲	66.9	-65.9%	▼
VALUES							
Canada Sawmill Manufacturing Sales: million C\$	4,271	4,188	+1.9%	▲	11,284	-63.5%	▼
US Total Sawmill Products Imports: million US\$	2,235	1,858	+20.3%	▲	6,128	-63.5%	▼
US Total Sawmill Products Exports: million US\$	433	414	+4.6%	▲	1,021	-57.6%	▼
Canada Sawmill Exports to USA: million C\$	4,467	3,420	+31%	▲	4,237	+5.4%	▼

SOURCE: Madison's Lumber Reporter

www.madisonreport.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					Month Ago					Year Ago				
	Week	Last Week	Change	%	Trend	Ago	Change	%	Trend	Ago	Change	%	Trend		
WSPF KD R/L 2x4	430	426	+4	+0.9%	▲	406	+24	+5.9%	▲	326	+104	+32%	▲		
WSPF KD R/L 2x6	460	450	+10	+2.2%	▲	430	+30	+7.0%	▲	286	+174	+61%	▲		
SYP KD R/L East Side 2x4	445	425	+20	+4.7%	▲	390	+55	+14.1%	▲	420	+25	+6%	▲		
SYP KD R/L East Side 2x6	430	410	+20	+4.9%	▲	360	+70	+19.4%	▲	380	+50	+13%	▲		
ESPF KD R/L 2x4	540	535	+5	+0.9%	▲	500	+40	+8.0%	▲	410	+130	+32%	▲		
WSPF KD PET 2x4 Stud	370	375	-5	-1.3%	-	360	+10	+2.8%	▲	275	+95	+35%	▲		
WSPF KD PET 2x6 Stud	415	415	0	0.0%	▼	410	+5	+1.2%	▲	220	+195	+89%	▲		
Douglas Fir Green R/L 2x4	475	472	+3	+0.6%	▲	470	+5	+1.1%	▲	333	+142	+43%	▲		
Douglas Fir Green R/L 2x10	525	525	0	0.0%	▼	530	-5	-0.9%	▼	325	+200	+62%	▲		
ESPF KD 2x4 8ft Stud	470	445	+25	+5.6%	▼	450	+20	+4.4%	▼	370	+100	+27%	▲		
OSB Ontario 7/16" (CDN\$/msf)	606	567	+39	+6.9%	▲	531	+75	+14.1%	▲	365	+241	+66%	▲		
CS Plywood Toronto 3/8" (CDN\$/msf)	545	590	-45	-7.6%	▼	672	-127	-18.9%	▼	425	+120	+28%	▲		

Madison's Weekly Softwood Lumber News

US House Price Index

CONT'D FROM PG 2 The CoreLogic US home price report for August shows prices up 6.9 per cent in August 2017

The year-over-year comparison has been positive for over five consecutive years since turning positive year-over-year in February 2012.

The year-over-year increase had been moving sideways over the last two years, but might have picked up recently (the recent pickup could be revised away).

While growth in home sales has stalled due to a lack of inventory during the last few months, the tight inventory has actually helped stabilize price growth," said Frank Nothaft, chief economist for CoreLogic.

"Over the last three years, price growth in the CoreLogic national index has been between 5 per cent and 7 per cent per year, and CoreLogic expects home prices to increase about 5 per cent by this time next year."

Canadian Forest Industry Send- ing Aid to Puerto Rico

CONT'D FROM PG 2 "We were asked to send drinking water and local companies pitched in to add non-perishables," said Resolute Forest Products director of public affairs, Karl Blackburn, to CBC Monday.

The cargo ship is expected to reach the country's capital by mid-October. It was already scheduled to dock in San Juan to deliver paper supplies to its regular clients.

Resolute Forest Products is also working out the final details to send construction materials to Houston, TX, badly hit by Hurricane Harvey at the end of August,

as well as southern Florida, pummeled by Hurricane Irma in September.

"We will be sending wood from the Saguenay-Lac-Saint-Jean to rebuild homes," said Karl Blackburn.

The company has partnered with the international aid organization Habitat for Humanity. Blackburn said the call for action also came from an employee who had worked in Houston.

After hearing first-hand accounts of the devastation left by Irma from former colleagues he asked the company to send a truck load of wood to help reconstruction efforts.

"Richard Garneau [the president and CEO] answered let's send a whole wagon load," said Blackburn, estimating the value

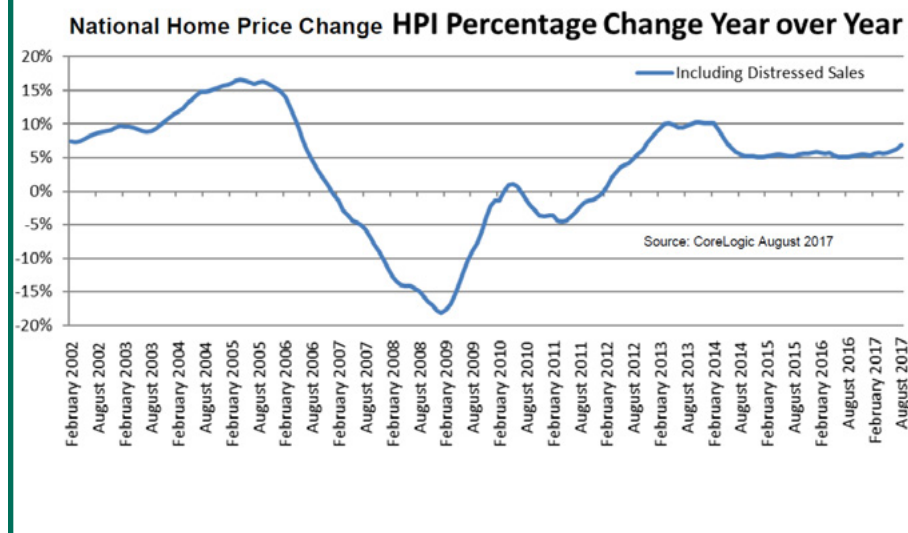
of each shipment at \$50,000.

As well, White River Forest Products reported Tuesday its donation of lumber has arrived in Houston, TX, to assist in the rebuilding of 111 Habitat for Humanity homes that were affected by Hurricane Harvey at the end of August, said *Soo Today*.

The community-based Northern Ontario lumber mill, out of White River, ON, quietly took on the challenge laid down by Resolute Forest Products, who donated a rail-car of lumber after Hurricane Harvey and asked other lumber manufacturers to follow suit. Frank Dottori, CEO of White River Forest Products (WRFP), spurred his team to mobilize and send over \$20,000 worth of eight-foot 2x4 lumber to Houston to help rebuild.

US National Home Price Index Change

SOURCE: CoreLogic



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Open House

FIFTH ANNUAL
Bioenergy Day
 October 18, 2017

Fink Machine is proud to be hosting an Open House on October 18th in celebration of the 5th Annual National Bioenergy Day. People are invited to join us and tour our state of the art facility and woodchip fired District Energy System. The system supplies heat to the Enderby Swimming Pool, Splitsin First Nation and a variety of commercial buildings in Enderby.

Time: 11 am – 2:30 pm
Date: October 18, 2017
Location: Fink Machine, 124 Old Vernon St, Enderby, BC

For more information contact David 250-838-0077 or david@finkmachine.com
 Fink Machine proudly distributes Viessmann Biomass Boilers



Did you know that Fink Machine is the leading supplier of biomass boilers in Canada with nearly 1000 installations across BC, AB, NWY, Yukon, PEI and even the US? Right here in Enderby!

BRITISH COLUMBIA'S FOREST INDUSTRY AND THE ECONOMY IN 2016: PWC

[CONT'D FROM PAGE 2](#)

A study conducted by PwC in 2016 was released at the end of September and shows forestry as a sustainable industry employing thousands of British Columbians. One out of every 17 jobs, or 140,000 British Columbians were employed in forestry in 2016.

The study found that forestry generates \$33 billion in output and \$12.9 billion in provincial GDP. Additionally, the sector contributed \$4.1 billion in payments to municipal, provincial, and federal governments in 2016.

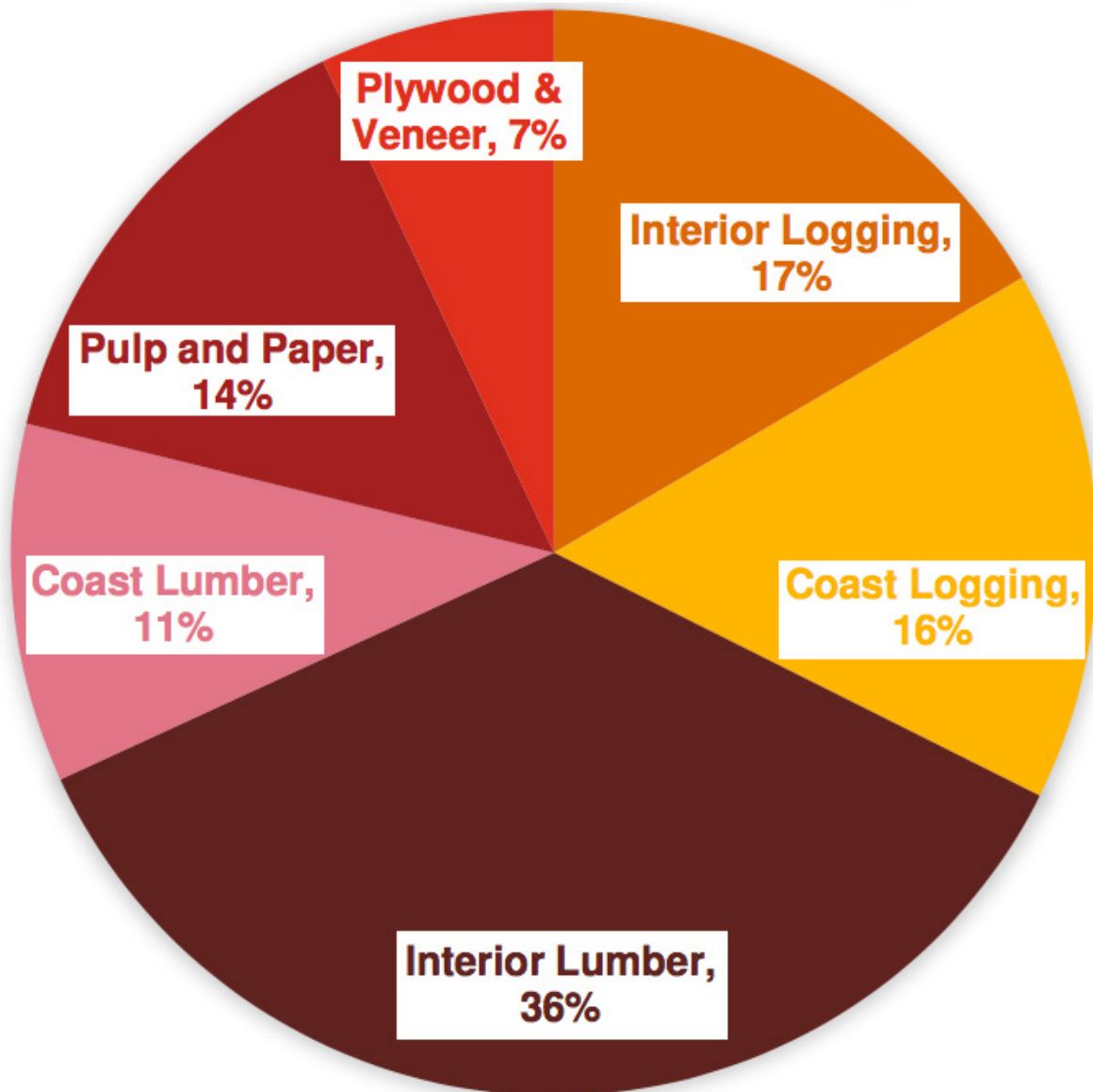
The value of total forest industry exports was \$13.7 billion, representing 34 per cent of all B.C. exports.

BC forestry products are exported to more than 100 countries worldwide.

BC forest companies invested \$650 million in new capital expenditures in 2016 and \$1.5 billion over the last decade.

Most BC wood exports still go to the US, accounting for 53 per cent of the industry's exports. China is second and Japan is third.

B.C. Forest Direct Employment Breakdown by Sector, 2016



SOURCE: PricewaterhouseCoopers

Economic Benefits of Operating Activities

Through its direct, indirect, and induced impacts, the BC Forest Industry generated and facilitated 141,000 total jobs, \$12.94 billion of GDP, and \$32.96 billion of output to the BC economy in 2016

The BC Forest Industry is a significant contributor to government revenues, through production taxes,17 corporate income taxes and other regulatory contributions. PwC esti-

mates a total contribution to the provincial government of \$2.56 billion, including \$1.12 billion in provincial taxes; \$747 million in stumpage; \$86 million in annual rent, logging tax, and fee in lieu of manufacture; and \$607 million payments to BC Hydro.

Furthermore, the industry paid a total of \$1.36 billion in federal taxes and \$198 million in taxes to municipal governments.

Economic Benefits of B.C. Forest Industry's Operating Activities, 2016 (\$ millions, except as noted)

Total Operating Activities	Direct	Indirect	Induced	Total
Output	18,680	7,425	6,856	32,961
GDP	5,316	3,754	3,874	12,944
Jobs	59,900	41,471	39,357	140,728
Labour Income	4,197	2,417	1,941	8,555

CAPITAL SPENDING IN 2016

In 2016, the BC Forest Industry invested close to \$650 million in capital expenditures. The estimated split of 2016 spending between the sectors is 40 per cent for each of Coast and Interior Solid Wood (Forestry and Logging, Lumber, and Panels and Veneer) and 20 per cent for Pulp and Paper:

Over the ten years from 2006 to 2015, the forest sector invested on average \$1.5 billion per year in combined capital

and repair expenditures. Capital expenditures alone, which include expenditures related to construction, machinery and equipment were on average \$540 million per year for the ten years from 2007 to 2016.

The full PwC report can be found here: <https://www.cofi.org/wp-content/uploads/BC-Forest-Report-FINAL-Sept-2017.pdf>

