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News & Updates

US Railcar Traffic: September 2017

US railroads originated 1,044,563 carloads in September 2017, down 2.3 per cent, or -24,106 carloads, from September 2016, said the Association of American Railroads October 4. US railroads also originated 1,080,444 containers and trailers in September 2017, up 3.8 per cent, or 39,482 units, from the same month last year. Combined US carload and intermodal originations in September 2017 were 2,125,007, up 0.7 per cent, or 15,376 carloads and intermodal units from September 2016.

North American Sawmill Capacity Utilization: July 2017

As with May, rates of production as percent of practical capacity for North American sawmills in the US in January to July 2017 rose another percentage point from last month, to 86%. This compared to 86% the previous year and 86% for full year 2016, according to the latest issue of the **Western Wood Products Association Lumber Track** October 6.

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Canada Housing Starts: September 2017

Canadian housing starts dipped in September, capping another quarter of strong home building growth, but a drop in August building permits suggested the long boom is cooling, separate reports from **Canada Mortgage and Housing Corporation** showed Tuesday.

Groundbreaking on homes in Canada edged slightly lower in September to 217,118 units from August's upwardly revised 225,918 as a 10.7 per cent drop in multiple starts, typically condos, outweighed an 8.2 per cent climb in single starts.

[CONT'D PAGE 7](#)

Building Permits, Canada: August 2017

Canadian municipalities issued \$7.5 billion worth of building permits in August, down 5.5 per cent from July, according to **Statistics Canada** Tuesday. This was the second consecutive monthly decrease. Despite these declines, the year-to-date value of building permits (January to August) is up 8.7 per cent compared with the same period in 2016, reflecting a \$3.1 billion increase in multi-family dwellings.

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British Columbia Forest Products Exports: August 2017

BC forest products export values are up +1 per cent for January to August 2017, to \$9.37 billion, compared to the same period in 2016 when it was \$9.23 billion, said to the Competitiveness and Innovation Branch of the **Ministry of Forests, Lands, Natural Resource Operations & Rural Development** Wednesday.

Lumber value is down -4 per cent, while volumes are down -14 per cent. Pulp export value is up +13 per cent.

In terms of value by destination country, China is up +16 per cent and Japan up by +8% per cent. The value to the United States is down by -8 per cent.

[CONT'D PAGE 9](#)

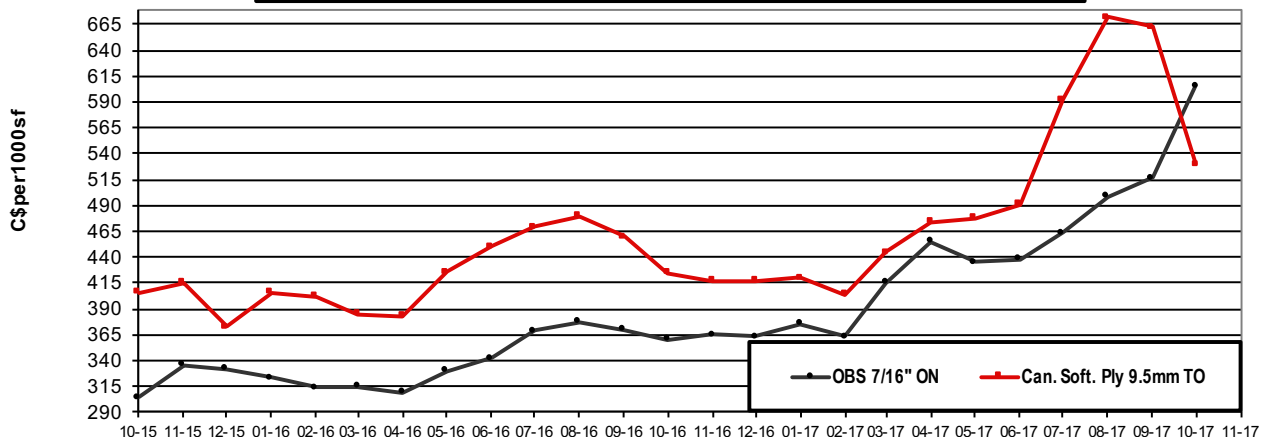
US Construction Job Openings: August 2017

The count of unfilled jobs in the US construction sector continued to rise in August, reaching the highest level since February 2007, According to the **BLS Job Openings and Labor Turnover Survey (JOLTS)** and **NAHB** analysis.

The number of open construction sector jobs increased to 247,000 in August. This represents a 34 per cent increase since August 2016.

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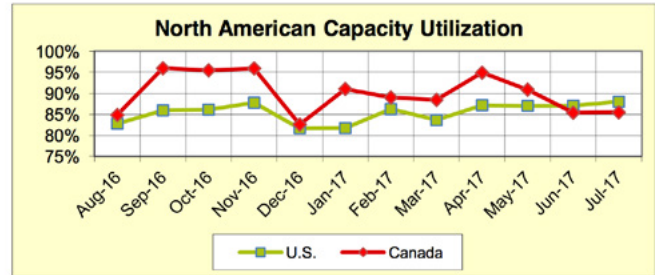
OSB Ontario 7/16" vs Can. Softwood Plywood 9.5mm Toronto '15-OCTOBER '17



North American Sawmill Capacity Utilization and Lumber Production: July 2017

CONT'D FROM PAGE 2

Capacity utilization of sawmills in Canada for January to July dropped sharply to 89%, from 93% in May. In July last year and for full year 2016 it was 91%, said the latest issue of the *Western Wood Products Association Lumber Track*.

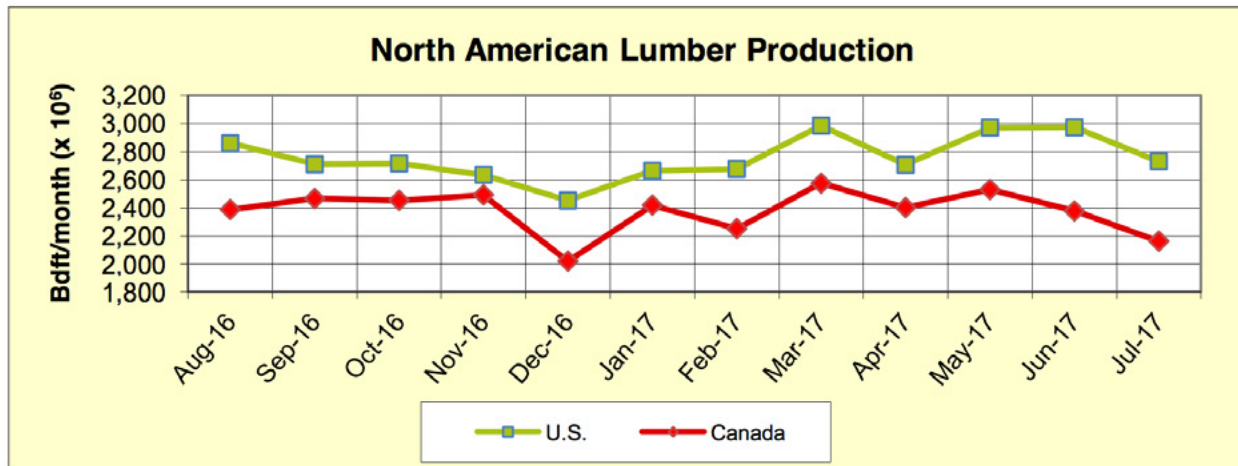


Sources: FEA, LLC: Softwood Sawmills in the United States and Canada, WWPA
SOURCE: Western Wood Products Association

Softwood lumber production by US sawmills for January to July reached 19,708 million board feet, improving on the previous month's increase in production to a gain of 2.9 per cent, from 19,159 million board feet in the same period the previous year.

Canadian sawmills produced 16,724 million board feet of softwood lumber last year, continuing its slow-down in gain to 1.3 per cent, from 1.8 per cent in June. Canadian production for the first 7 months of 2016 was 16,508 million board feet in January to July 2016.

North American Lumber Production: July 2017



Source: Southern Forest Products Association, U.S. Census Bureau, Council of Forest Industries-CAN, WWPA



Madison's Weekly Lumber and Forestry Data Table

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	Year to Date (THIS MONTH)	Previous YTD (MONTH AGO)	Change % %	Trend	Full Year (YEAR AGO)	Change % (YEAR AGO)	Trend
Five Key 2x4 Lumber Prices: Aggregate US\$/mfbm	480	456	+5.3%	▲	378	+27.1%	▲
Benchmark Panel Prices: Aggregate C\$/msf	560	584	-4.1%	▼	380	+47.4%	▲
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

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Madison's Weekly Softwood Lumber Key Prices Table

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	This Week	Last Week	Change	%	Trend	Month Ago			Year Ago				
						Change	%	Trend	Change	%	Trend		
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)													
WSPF KD R/L 2x4	438	430	+8	+1.9%	▲	414	+24	+5.8%	▲	326	+112	+34%	▲
WSPF KD R/L 2x6	464	460	+4	+0.9%	▲	438	+26	+5.9%	▲	286	+178	+62%	▲
SYP KD R/L East Side 2x4	445	445	0	0.0%	-	400	+45	+11.3%	▲	430	+15	+3%	▲
SYP KD R/L East Side 2x6	430	430	0	0.0%	-	375	+55	+14.7%	▲	380	+50	+13%	▲
ESPF KD R/L 2x4	555	540	+15	+2.8%	▲	525	+30	+5.7%	▲	415	+140	+34%	▲
WSPF KD PET 2x4 Stud	366	370	-4	-1.1%	▼	360	+6	+1.7%	▲	280	+86	+31%	▲
WSPF KD PET 2x6 Stud	410	415	-5	-1.2%	▼	420	-10	-2.4%	▼	220	+190	+86%	▲
Douglas Fir Green R/L 2x4	470	475	-5	-1.1%	▼	468	+2	+0.4%	▲	340	+130	+38%	▲
Douglas Fir Green R/L 2x10	515	525	-10	-1.9%	▼	530	-15	-2.8%	▲	325	+190	+58%	▲
ESPF KD 2x4 8ft Stud	455	470	-15	-3.2%	▼	445	+10	+2.2%	▲	365	+90	+25%	▲
OSB Ontario 7/16" (CDN\$/msf)	606	606	0	0.0%	-	523	+83	+15.9%	▲	360	+246	+68%	▲
CSplywood Toronto 3/8" (CDN\$/msf)	514	545	-31	-5.7%	▼	645	-131	-20.3%	▼	400	+114	+29%	▲

Madison's Weekly Softwood Lumber News

Housing Starts, Canada

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The 5.5 per cent decrease in total building permits surpassed forecasts for a decline of 1.0 per cent and suggested that the building boom will slow in the months ahead. July figures were revised to show a decrease of 2.8 per cent from the previously reported 3.5 per cent fall.

Residential permits fell 2.8 per cent as a 6.0 per cent drop in multifamily building permits offset a 0.4 per cent increase in plans to build single-family homes.

Nonresidential building permits fell 10.0 per cent in August as construction intentions for industrial, commercial and institutional buildings all declined.

A separate report from Statistics Canada showed the value of Canadian building permits fell more than expected in August, the second straight monthly decrease, on lower construction intentions for multifamily homes as well as industrial facilities.

Canada Building Permits

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Total construction intentions for multi-family dwellings in Canada declined in August, down 6 per cent from July, according to **Statistics Canada** Tuesday. However, the sector has been on an upward trend since 2009.

This upward trend has gradually closed the gap between the value of multi-family dwellings and single-family dwellings. June 2017 was the first month where the value of multi-family dwelling permits for Canada surpassed the value of single-family dwelling permits. Overall, the multi-family component was \$294.3 million higher than the single-family component in June, and \$8.1 million higher in July.

Broken down provincially, in British Columbia, the value of permits for multi-family dwellings has outpaced single-family dwellings every year since 2012. So far this year, the multi-family component has exceeded the value of the single-family component by more than \$1.6 billion.

In Quebec, the value for multi-family permits has led the residential sector every year since 2013. Thus far, in 2017, Quebec municipalities have issued \$3.8 billion worth of multi-family permits, almost \$1 billion more than the single-family component.

In contrast, the value of single-family permits in Ontario has led the residential component every year, and for year-to-date 2017, the single-family component has surpassed the multi-family component by \$2.1 billion.

Weyerhaeuser Announces...

Weyerhaeuser Company Tuesday announced the redemption of its 21 per cent ownership interest in the Twin Creeks Tim-

ber for US\$107.5 million in cash. The Company also announced an agreement to sell 100,000 acres of Southern Timberlands to Twin Creeks for US\$202.5 million. The sale includes 80,000 acres of timberlands in Mississippi and 20,000 acres in Georgia and is expected to close by year end.

Twin Creeks was formed as a joint venture between Plum Creek Timber Company and several institutional investors. Following its merger with Plum Creek, in February 2016, Weyerhaeuser assumed Plum Creek's investment in the joint venture and became the manager of the Twin Creeks timberlands.

Effective December 31, 2017, Weyerhaeuser will also terminate the agreements under which it has managed the Twin Creeks timberlands. Following termination of these agreements, Weyerhaeuser will have no further responsibilities or obligations related to Twin Creeks. The company does not expect to recognize a material gain or loss on the redemption of its ownership interest.

Housing Starts in Canada

SOURCE: PR Newswire



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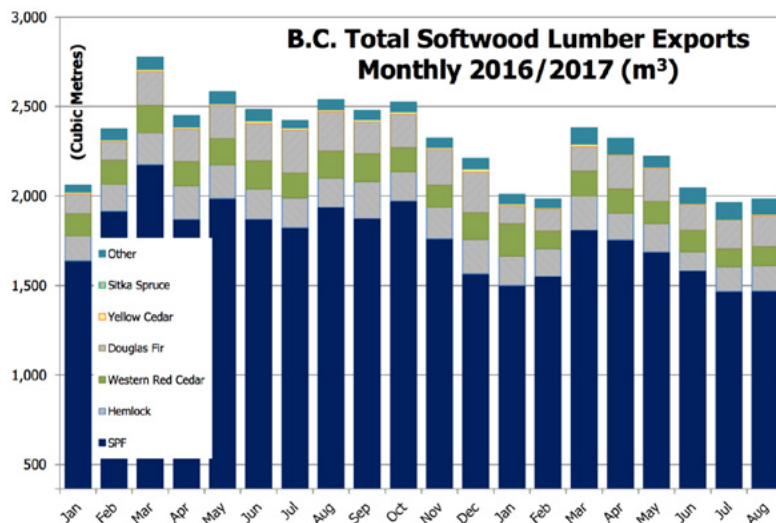
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BRITISH COLUMBIA FOREST PRODUCTS EXPORTS: AUGUST 2017



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BC forest products export values are up +1 per cent for January to August 2017, to \$9.37 billion, compared to the same period in 2016 when it was \$9.23 billion, said to the Competitiveness and Innovation Branch of the **Ministry of Forests, Lands, Natural Resource Operations & Rural Development** Wednesday.

SOURCE: BC Stats

BC Lumber Exports

Lumber value is down -4 per cent, while volumes are down -14 per cent. Pulp export value is up +13 per cent.

In terms of value by destination country, China is up +16 per cent and Japan up by +8% per cent. The value to the United States is down by -8 per cent.

Value (C\$ Millions) - Year to Date								
2017								Change in Total YoY
	Lumber	Pulp	Other Wood	Other Paper	Logs	Country Total	Country Share	
U.S.A.	2,673	238	1,200	402	34	4,548	49%	-8%
China	758	1,338	33	107	348	2,585	28%	16%
Japan	502	175	65	1	119	862	9%	8%
Other	445	493	232	143	60	1,373	15%	11%
Product Total	4,378	2,244	1,531	653	562	9,367	100%	1%
Product Share	47%	24%	16%	7%	6%	100%		
Change in Total YoY	-4%	13%	-3%	5%	18%	1%		

SOURCE: BC Competitiveness and Innovation Branch

Value and Quantity by Product (YTD)

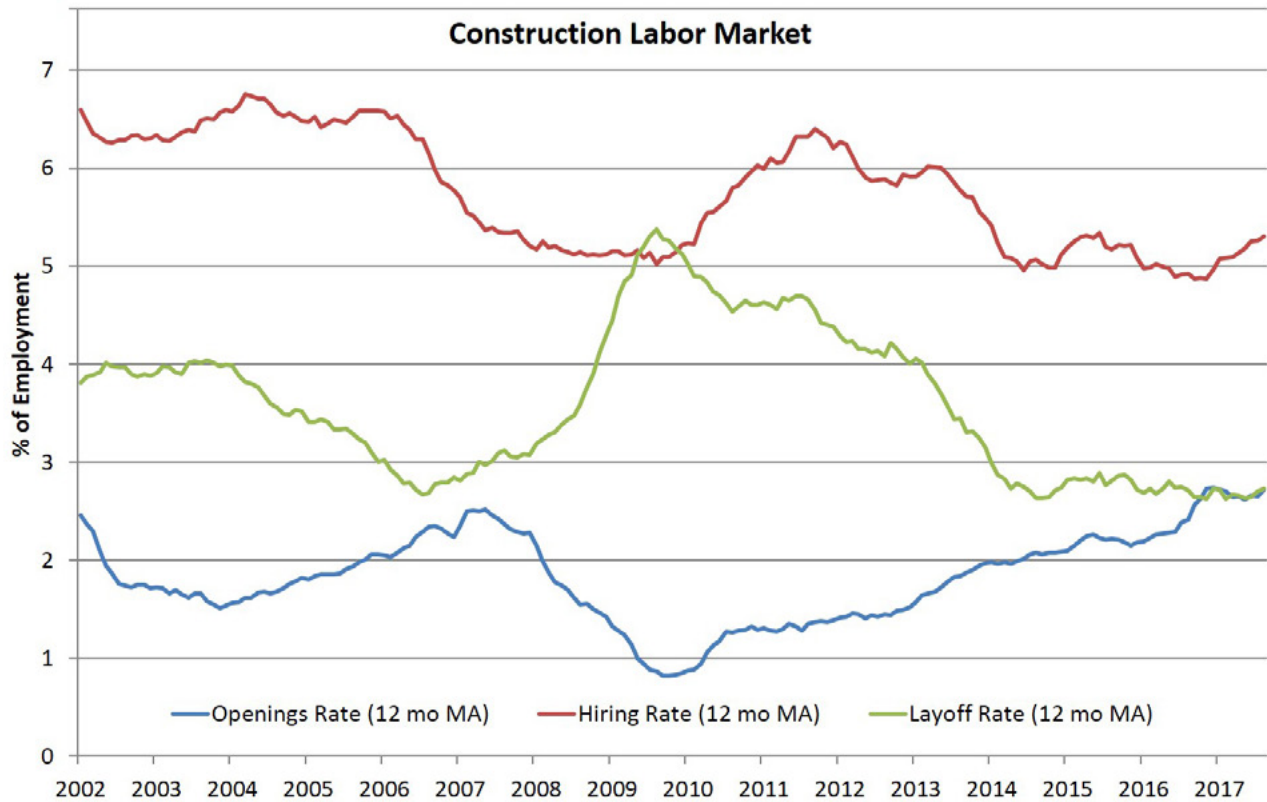
	Value		Quantity	
	Value (\$m)	Change from 2016	Quantity (thousands)	Change from 2016
Lumber	\$ 4,378	-4%	16,910 m3	-14%
Pulp	\$ 2,244	13%	2892 t	7%
Other Wood	\$ 1,531	-3%	-	-
Other Paper	\$ 653	5%	-	-
Logs	\$ 562	18%	4,244 m3	10%
Total	\$ 9,367	1%	-	-

US Construction Job Openings: August 2017

[CONT'D FROM PAGE 2](#)

According to the **BLS Job Openings and Labor Turnover Survey (JOLTS)** and **NAHB** analysis released Wednesday, the number of open construction sector jobs in the US increased to 247,000 in August, representing a 34 per cent increase since August 2016.

The open position rate (job openings as a percent of total employment) for August expanded to 3.5 per cent. On a smoothed twelve-month moving average basis, the open position rate for the construction sector increased to 2.7 per cent.



SOURCE: NAHB Eye on Housing

The overall trend for open construction jobs has been increasing since the end of the Great Recession. This is consistent with survey data indicating that access to labor remains a top business challenge for builders. However, after a spate

of data at the start of the year indicate a leveling off of the count of unfilled construction jobs, open positions are again on the rise.

CONSTRUCTION SECTOR HIRING RATE

The construction sector hiring rate, as measured on a twelve-month moving average basis, was effectively unchanged at 5.3 per cent in August, while the monthly rate increased to 5.6 per cent. The twelve-month moving average for layoffs was steady at 2.7 per cent, remaining in a range set in 2014. The quits rate remained at 2 per cent. Overall, the uptick in hiring along with rise in job openings is consistent with a construction market that is supply-side constrained.

The labor market for construction workers remains tight as it continues to expand, said NAHB. Home builders and remodelers added 80,600 jobs over the last 12 months, and industry employment has increased by more than 710,000 since the low point after the Great Recession. As single-family housing starts continue to increase, and rebuilding efforts in Texas and Florida proceed, more workers will be needed in the residential construction sector.