

# MADISON'S LUMBER REPORTER



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## News & Update

### Year-End for North America's Lumber Industry Arrives with a Bang

As sawmills across Canada and the US start to make their usual year-end curtailment and maintenance upgrade plans, producers look forward to a New Year 2018 as busy as it was this year.

These current high lumber prices have everyone boggling their minds, but it's likely there will be some shocks coming at the start of next year as those prices could climb even higher.

Ongoing sustained strong demand — extremely unusual for this time of year — and the sharp reduction in timber supply to some critical areas due to the wildfires, as well as the imposition of a steep softwood lumber duty by the US on Canadian imports, are largely responsible for very strong lumber prices. [CONT'D PAGE 6](#)

### Canada Softwood Lumber WTO Case

Even in advance of the final International Trade Commission determination, Canada's **Foreign Trade Ministry** formally requested World Trade Organization (WTO) consultations with the United States concerning the **US Department of Commerce's** recent final anti-dumping and countervailing duty determinations on imports of certain softwood lumber products from Canada, said *Woodworking.net* Wednesday.

Canada on Tuesday formally opened a case against the United States at the World Trade Organization over a recent Commerce Department decision to impose duties on Canadian lumber exports, the foreign ministry said, *according to Reuters* Tuesday. [CONT'D PAGE 7](#)

### Sawmill Fires

A building was damaged when a fire started early Monday at the Curtis Lumber yard on Route 67, in Albany, NY, *according to Times Union*.

The fire at the home improvement complex was reported at about 3:30 am, a company official said. Elsewhere, emergency crews are at the scene of fire at a lumber yard in Lancaster County, Pennsylvania, according to *Penn Live*.

That fire was first reported Thursday morning at H.M. Stauffer & Sons along Glenola Drive in Upper Leacock Township, said Lancaster County 911.

Initial dispatches from the scene indicated that at least one burn victim was taken from the scene [CONT'D PAGE 7](#)

### US and Canada GDP: 3Q 2017

Real gross domestic product (GDP) in the US increased at an annual rate of 3.3 per cent in 3Q 2017, according to the "second" estimate released by the **US Bureau of Economic Analysis**, Wednesday. In 2Q, real GDP increased 3.1 per cent.

In Canada, real gross domestic product rose 0.2 per cent in September after edging down 0.1 per cent in August. Goods-producing, up +0.4 per cent, and services-producing, up +0.1 per cent, industries rose as 12 of 20 industrial sectors grew, led by the mining, quarrying and oil and gas extraction sector, said **Statistics Canada** Friday.

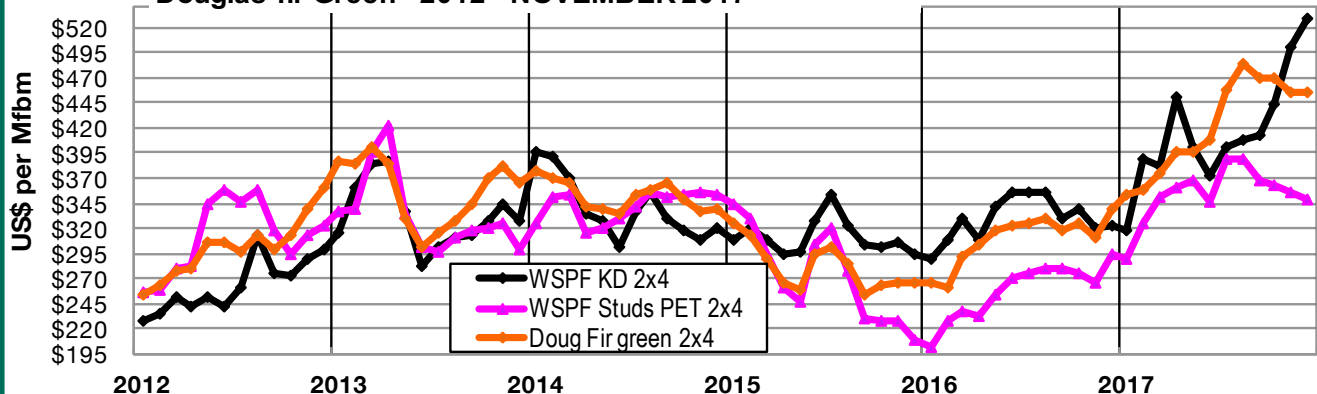
### Madison's Wood Pellet Report: October 2017

The October 2017 issue of *Madison's Wood Pellet Report* is almost ready to be sent to subscribers! Don't miss out on this vital and timely information.

Get the latest information on biomass feedstock volumes and prices, wood pellet production, sales and exports, as well as wood pellet prices. Please go to page 9 to read more...

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

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



## Current Softwood Lumber Prices Compared to Historical Highs

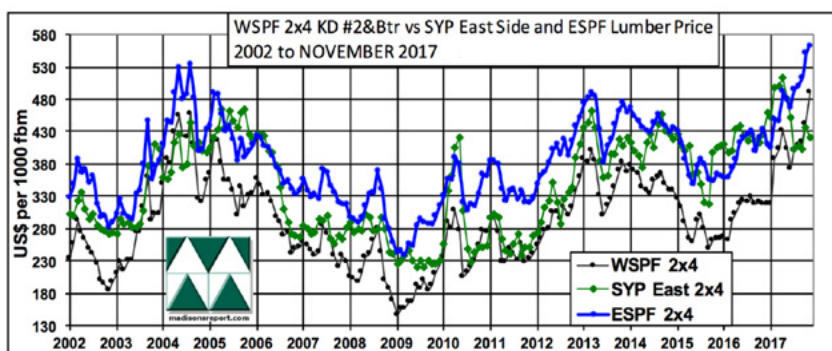
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The below table is a comparison of November 2015, November

2016, February 2017, and November 2017 prices for benchmark Western Spruce-Pine-Fir 2x4s and Southern Yellow Pine 2x4s on the East side:

US\$ mfbm net FOB mill			Nov 2016/Nov-15		Feb 2017/Nov-15			
	Nov-15	Nov-16	% Change	\$ Change	Feb-17	% Change	\$ Change	
WSPF KD #2&Btr 2x4	270	310	13%	\$40	388	30%	\$118	
SYP KD 2x4 East Side	410	440	7%	\$30	495	11%	\$85	
	Nov-15	Nov-16			Nov-17	% Change	\$ Change	Nov 2017/Nov-15
WSPF KD #2&Btr 2x4	270	310			528	41%	\$218	49%
SYP KD 2x4 East Side	410	440			430	-2%	-\$10	5%

The graph beside illustrates 15-year price trends for WSPF, ESPF, and SYPKD 2x4 #2&Btr (2002-2017).



WSPF, SYP, ESPF 2x4 Prices 15-year Trends

SOURCE: Madison's Lumber Reporter

## US Thanksgiving Usually Year-End Slow Time

Sawmill order files, especially in the northwest, shrank down to one week or less as wood ordered a month ago finally made it's way through the supply chain to anxious customers

Most new ordering was for fill-in needs — as would be expected for this time of year — however locating suppliers with that mix of product on hand was tricky.

In the end demand has slowed down in this week following the big US Thanksgiving holiday.

At this point most operators are looking toward closing their yards for year-end. Québec will soon start on it's annual two-week shutdown. Much stock-taking and inventory-accounting, of both logs and lumber, will be taking place.

Before the end of this year, much better word of the immediate loss of timber supply to areas of North America affected by wildfires is expected; most especially from the BC Ministry of Forests.



## Madison's Weekly Lumber and Forestry Data Table

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	Year to Date	Previous Change			Full Year	Change %	
	(THIS MONTH)	YTD (MONTH AGO)	%	Trend	(YEAR AGO) 2016	(YEAR AGO)	Trend
Five Key 2x4 Lumber Prices: Aggregate US\$/mfbm	502	480	+4.5%	▲	374	+34.2%	▲
Benchmark Panel Prices: Aggregate C\$/msf	474	520	-8.8%	▼	391	+21.2%	▲
<b>VOLUMES</b>							
Canada Lumber Production: softwood, million m3	38.95	38.98	-0.1%	▼	66.9	-41.8%	▼
<b>VALUES</b>							
Canada Sawmill Manufacturing Sales: million C\$	7,382	7,094	+4.0%	▲	11,284	-34.6%	▼
US Total Sawmill Products Imports: million US\$	4,158	4,029	+3.2%	▲	6,128	-32.1%	▼
US Total Sawmill Products Exports: million US\$	736	678	+8.6%	▲	1,021	-27.9%	▼
Canada Sawmill Exports to USA: million C\$	5,022	4,918	+2.1%	▲	7,501	-33.0%	▼

SOURCE: Madison's Lumber Reporter

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# Madison's Weekly Softwood Lumber Key Prices Table

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	This Week					Month Ago					Year Ago				
	Week	Last Week	Change	%	Trend	Ago	Change	%	Trend	Ago	Change	%	Trend		
Prices are in U.S. dollars per 1,000 fbm (net FOB mill)															
WSPF KD R/L 2x4	528	528	0	0.0%	-	464	+64	+13.8%	▲	322	+206	+64%	▲		
WSPF KD R/L 2x6	556	556	0	0.0%	-	488	+68	+13.9%	▲	292	+264	+90%	▲		
SYP KD R/L East Side 2x4	455	450	+5	+1.1%	▲	415	+40	+9.6%	▲	450	+5	+1%	▲		
SYP KD R/L East Side 2x6	425	420	+5	+1.2%	▲	400	+25	+6.3%	▲	355	+70	+20%	▲		
ESPF KD R/L 2x4	560	565	-5	-0.9%	▼	560	0	0.0%	-	405	+155	+38%	▲		
WSPF KD PET 2x4 Stud	348	356	-8	-2.2%	▼	355	-7	-2.0%	▼	280	+68	+24%	▲		
WSPF KD PET 2x6 Stud	366	380	-14	-3.7%	▼	395	-29	-7.3%	▼	240	+126	+53%	▲		
Douglas Fir Green R/L 2x4	455	455	0	0.0%	-	460	-5	-1.1%	▼	340	+115	+34%	▲		
Douglas Fir Green R/L 2x10	480	480	0	0.0%	-	495	-15	-3.0%	▼	340	+140	+41%	▲		
ESPF KD 2x4 8ft Stud	435	440	-5	-1.1%	▼	450	-15	-3.3%	▼	360	+75	+21%	▲		
OSB Ontario 7/16" (CDN\$/msf)	495	500	-5	-1.0%	▼	595	-100	-16.8%	▼	365	+130	+36%	▲		
CSplywood Toronto 3/8" (CDN\$/msf)	453	444	+9	+2.0%	▲	445	+8	+1.8%	▲	417	+36	+9%	▲		

## Madison's Weekly Softwood Lumber News

### Canada Takes US to WTO Over Softwood Lumber

[CONT'D FROM PG.2](#)

A Canadian Foreign Ministry statement Tuesday said Canada would forcefully defend the lumber industry against the "unfair, unwarranted and deeply troubling" decision, according to Reuters Tuesday.

Earlier this month Canada launched a NAFTA trade challenge against duties affecting about US\$5.66 annually billion worth of US lumber imports.

The Office of the US Trade Representative is confident the Department of Commerce's actions "fully comply" with WTO rules, said USTR spokeswoman Amelia Breinig, in a statement.

In any case, Canada's decision to open a case with the WTO is premature, she said, since final duties are not yet in place, pending a decision by the US International Trade Commission on whether imports of Canadian lumber have harmed US producers.

The Canadian government said it has requested consultations with the US under the WTO, said CBC also Tuesday.

Canada is also fighting the case through NAFTA's dispute-resolution system, according to Canadian Press.

### Sawmill Fires

[CONT'D FROM PG.2](#)

One employee at a lumber yard in Upper Leacock Township suffered serious injuries after a fire in a storage building on Thursday morning, according to Penn Live.

Firefighters said the fire started around 8:30 at H.M Stauffer and Sons. Deputy Chief Nelson Dagen with Upper Leacock Fire Company said the employee who was burned was the only person in the storage facility at the time the fire started.

Dagen told ABC 27 News the employee, who needed to be taken to burn centre in

Chester County, had to walk through flames in order to escape the building.

Despite windy conditions firefighters were able to contain the flames to one building, which is destroyed. A number of employee cars were damaged due to the intense heat from the fire.

There was no immediate cause of the fire, but a fire marshal from the State Police was on scene investigating.

Officials urged residents in Upper Leacock Township to conserve water due to the amount of water used in the fire. Management from H.M. Stauffer and Sons gave ABC 27 News a

statement that said they expect to resume normal business operations starting next week.

At Curtis Lumber in New York, a security guard noticed that power went out at one of the buildings and a odd odour filled the air, John Hallgren, Curtis Lumber's vice president said to Times Union.

The flames were noticed a short time later.

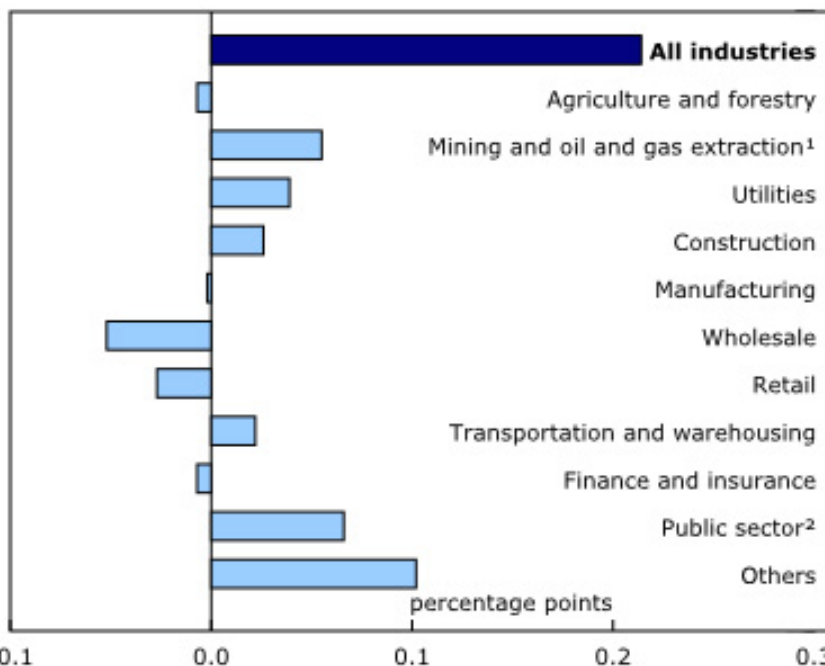
Hallgren said the fire was contained to one building and some building supplies were destroyed, he said.

So far, no injuries were reported.

Firefighters from five different companies were summoned to the fire scene.

Main Industrial Sectors' Contribution to Percent Change in Canada GDP: September 2017

SOURCE: Statistics Canada



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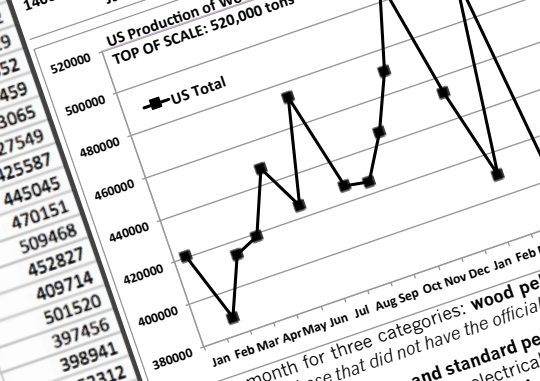
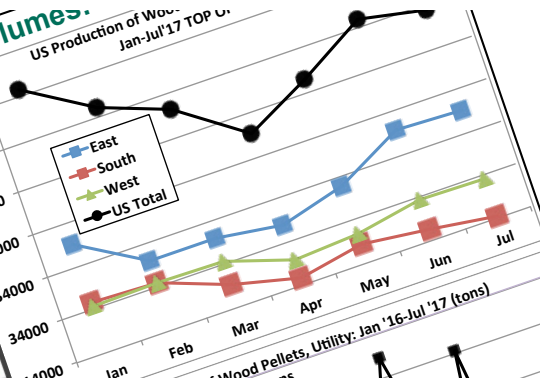


# MADISON'S WOOD PELLET REPORT: OCTOBER 2017

## Production of Wood Pellets, Volumes

Wood Pellets, Standard	Premium/ West	US Total
137294	35417	118501
106791	36106	85170
100581	25731	117765
111651	27640	32506

Month	South	Wood Pellets Utility	US Total
Jan '17	388199	413882	419029
Feb '17	413882	419029	447352
Mar '17	419029	425459	427549
Apr '17	447352	473065	445045
May '17	425459	427549	470151
Jun '17	473065	445045	509468
Jul '17	427549	445045	409714
Aug '17	425587	470151	452827
Sep '17	445045	509468	397456
Oct '17	470151	452827	452312
Nov '17	509468	409714	464870
Dec '17	452827	409714	
Jan '18	409714	501520	
Feb '18	501520	398941	
Mar '18	398941	452312	
Apr '18	452312		
May '18			
Jun '18			
Jul '18			



## National Pellet Sales, Prices: JULY 2017

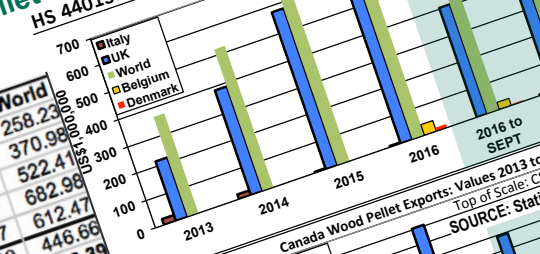
Compressed wood pellets, briquettes, and logs. Pellets from sustainably managed forests as well as logging. Wood pellet combustion has a high energy density and is a renewable energy source. Pellets are used in residential settings and industrial processes that require thermal energy.

Month	East	Avg Price (USD)	South	Avg Price (USD)
Feb '16	\$180.77	\$131.11	\$173.11	\$129.87
Mar '16	\$177.20	\$129.87	\$175.81	\$129.56
Apr '16	\$173.11	\$129.44	\$175.56	\$129.00
May '16	\$175.81	\$129.44	\$173.22	\$129.44
Jun '16	\$173.22	\$131.22	\$173.95	\$131.22
Jul '16	\$175.64	\$136.60	\$175.64	\$136.35
Aug '16	\$173.69	\$141.70	\$175.64	\$136.35
Sep '16	\$175.64	\$136.35	\$173.69	\$136.35
Oct '16	\$173.69	\$136.35	\$175.64	\$136.35
Nov '16	\$175.64	\$136.35	\$173.69	\$136.35
Dec '16	\$173.69	\$136.35	\$175.64	\$136.35
Jan '17	\$175.64	\$136.35	\$173.69	\$136.35
Feb '17	\$173.69	\$136.35	\$175.64	\$136.35
Mar '17	\$175.64	\$136.35	\$173.69	\$136.35
Apr '17	\$173.69	\$136.35	\$175.64	\$136.35
May '17	\$175.64	\$136.35	\$173.69	\$136.35
Jun '17	\$173.69	\$136.35	\$175.64	\$136.35
Jul '17	\$175.64	\$136.35	\$173.69	\$136.35

Types of wood fuel products manufactured in each region during the reporting month for three categories: wood pellets, PFI certified; wood pellets, not certified; and wood pellets, utility. (Non-certified pellets are those that did not have the official PFI certification). Included in wood pellets: PFI certified and not certified categories are premium, super-premium, and standard pellets. These pellet types are primarily used for heating residences and schools. Utility-grade pellets are generally used for electrical power generation and include both those with and without certifications. SOURCE: US Energy Information Administration [www.eia.gov](http://www.eia.gov)

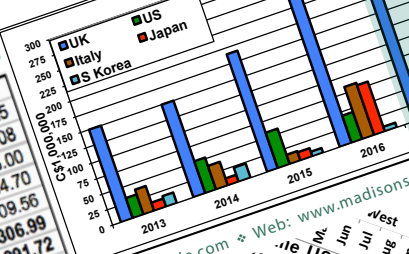
## North America Values of Wood Pellet Exports: SEPTEMBER 2017

Country	2016 to SEPT	2017 to SEPT	% Change
Italy	2.63	108.82	258.23%
China	0.16	219.69	370.98%
UK	23.91	384.89	522.41%
Belgium	18.36	578.77	682.98%
World	37.69	546.77	612.47%
US	27.99	403.10	446.66%
Japan	44.59	402.38	483.39%
South Korea	0.01	-0.20%	7.60%



## Canada Wood Pellet Exports: Values 2013 to Sept 2017

Country	2016 to SEPT	2017 to SEPT	% Change
US	18.18	14.31	-21.4%
Japan	32.18	15.71	-51.2%
UK	50.90	12.48	-75.7%
Italy	57.20	14.71	-74.3%
World	85.51	13.76	-84.1%
South Korea	8.54	80.20	840.3%
US	29.19	276.16	840.3%
Japan	20.54	222.45	985.1%
UK	211.36	306.99	44.3%
Italy	291.72	284.70	-2.4%
World	291.72	409.56	40.7%
US	8.49	26.80%	-63.70%
Japan	32.91	-42.10%	-5.20%



## Export Volume and Average Price of US Wood Pellets: JULY 2017



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