



# MARKET UPDATE

A SUPPLEMENT TO WIDMAN'S MARKET BAROMETER

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Another week, another round in the softwood lumber dispute. Yesterday, the U.S. Coalition for Fair Lumber Imports filed court papers with a federal appeals court in Washington, D.C. that it says establishes how U.S. companies are being deprived of their due-process rights through non-U.S. panel decisions under NAFTA. No hearing date has been set. Meanwhile, Ottawa is asking for a review of the latest U.S. softwood lumber duty rates. After consulting with the Canadian lumber industry, the Department of International Trade will challenge the rates set by the U.S. DOC. The dispute is a hot issue in the upcoming January 23 Canadian federal election.

According to the NAR's chief economist, the 2006 U.S. housing market should hold steady, with a return to more normal rates of price growth. Home demand has been largely met over the past five years, and small mortgage-rate increases are causing some market cooling. A 30-year fixed-rate mortgage is likely to rise gradually to 6.7% by mid-2006.

B.C.'s Lower Similkameen Indian Band has signed a \$1.1-million, five-year forestry

agreement with the province. The Band receives access to 67,500 cubic metres, with a further potential annual allowable cut in the Okanagan Timber Supply Area of 53,490 cubic metres, depending on pine beetle outcomes. Effective April 19, 2006, Tolko Industries will close its The Pas, Manitoba sawmill if an agreeable financial solution is not arrived at by January 20. A closure would affect 227 employees and remove 185,000 bf of lumber from the market. This year, Minnesota's Lyman Lumber will invest \$15-\$20 million in a Longview, WA industrial park employing up to 480 people and earning \$100 million in yearly revenue through a new truss company.

There is vulnerability in Canada's SPF market (especially W-SPF) that started late last week and carried into early trading this week. Futures dropped limit-down on Friday, causing concern. Other species, such as Douglas fir, Inland KD fir and SYP, appear steady to firm. Last week, wholesalers focused on cleaning up their short positions. This market has the potential to turn around, but for the next week look for prices to soften by about \$5.

**Next Barometer: January 25, 2006 • Next Market Update: February 1, 2006**

## Product Update

### Western SPF

Prices fell late last week as some producers aggressively sought out orders for prompt shipment, indicating that mills in this region now need to build order files. The limit-down in the futures market caused further concern to buyers. Wider widths also fell.

### Eastern SPF

Sales slowed as prices softened a little. Some mills began to

concentrate on order files that are out two weeks; others accepted small discounts. Number 2&btr 2x10 remains strong. Long lengths were active.

### Southern Pine

This region has been fairly active. Treaters have purchased and are now watching from the sidelines. Truss manufacturers remain busy. Retailers have slowed. OSB is steady.

### Inland KD Hem-Fir

Mills held prices despite slower sales. Wides were very thin in both KD hem-fir and fir-larch as mills raised their prices. The BN and UP railroads will raise rates around the end of February by \$1-\$5/Mfbm.

### Douglas Fir Green

Prices moved sideways (except std & btr) on slower sales; 2x4 was the most vulnerable and prices dropped. Heavy rain in the Northwest is hampering log production.

BI-WEEKLY SUPPLEMENT TO WIDMAN'S MARKET BAROMETER

# Framing Lumber Price Forecasts

January 18–February 1, 2006 • U.S. funds per thousand board feet, unitized

	Western SPF KD (fob mill)		Eastern SPF KD (Great Lakes)	
	January 18 (cash)	Jan. 18–Feb. 1 (forecast)	January 18 (cash)	Jan. 18–Feb. 1 (forecast)
2x4 studs – 8ft PET	\$340	\$335–340	\$403	\$398–403
2x4 #2 & btr – R/L	345	340–345	422	417–422
2x6	340	335–340	420	415–420
2x8	318	313–318	400	395–400
2x10	384	379–384	480	475–480
2x12	395	390–395	n/a	n/a
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2x4 utility R/L	\$265	\$260–265	\$346	\$341–346
2x6 #3	192	187–192	286	281–286
2x8	215	210–215	n/a	n/a
2x10	210	205–210	n/a	n/a
2x12	220	215–220	n/a	n/a

	Inland Hem-Fir KD (Spokane)		Southern Pine KD (West)		D. Fir Green (Portland)	
	Jan. 18 (cash)	Jan. 18–Feb. 1 (forecast)	Jan. 18 (cash)	Jan. 18–Feb. 1 (forecast)	Jan. 18 (cash)	Jan. 18–Feb. 1 (forecast)
2x4 studs – 8ft PET	\$385	\$380–385	\$335	\$330–335	\$325	\$320–325
2x4 std & btr – R/L	388	383–388	—	—	345	340–345
2x4 #2 & btr – R/L	—	—	420	415–420	—	—
2x6 #2 & btr – R/L	382	377–382	410	405–410	380	375–380
2x8	350	345–350	360	355–360	403	398–403
2x10	390	385–390	390	385–390	415	410–415
2x12	377	372–377	450	445–450	410	405–410
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2x4 utility R/L	\$272	\$267–272	\$330	\$325–330	\$246	\$241–246
2x6 #3	202	197–202	285	280–285	226	221–226
2x8	n/a	n/a	275	270–275	n/a	n/a
2x10	n/a	n/a	240	235–240	n/a	n/a
2x12	n/a	n/a	295	290–295	n/a	n/a

MSR Western SPF KD (fob mill)	Jan. 18 (cash)	Jan. 18–Feb. 1 (forecast)	MSR Eastern SPF KD (G. Lakes)	Jan. 18 (cash)	Jan. 18–Feb. 1 (forecast)
2x4 1650F	\$365	\$360–365	2x4 1650F	\$430	\$425–430
2x4 2100F	380	375–380	2x4 2100F	445	440–445
2x6 1650F	365	360–365	2x6 1650F	430	425–430
2x6 2100F	385	380–385	2x6 2100F	440	435–440

Please note that this information represents the best judgment of the editors on price forecasts and market activity. We accept no liability for the commercial use by subscribers of the findings herein.