

NOTE FROM THE EDITOR: This is a MUST READ article about LUMBER PRICING!

Lumber Market Update

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Quality Building Materials Since 1884



The lumber and panel markets rocketed upward from late January to late April in anticipation of a countervailing duty on Canadian lumber. The actual duty announced on April 24th averaged just under 20%. Four individual mills were investigated with duties assessed to them ranging from 3% to 30%. The weighted average of 20% was assigned to all other Canadian mills. The duty is retroactive for 90 days. A decision on the Anti-Dumping portion of the investigation is due in late June. It is rumored that that could be another 10%.

Between late January and late April prices increased significantly. Douglas Fir and KD SPF were both up 20%, the exact amount of the duty. What a coincidence! Meanwhile plywood rose 17% and OSB rose 23%. Neither of these are directly affected by the duty.

Since late April, prices have declined a bit, probably in response to reduced demand. Douglas Fir, KD SPF and OSB are now up 16% from late January, while plywood is up 11%. We'll likely have wait for the Anti-Dumping duty to be announced for the market to make its next move.

The NAHB recently reported that softwood imports from Europe have increased significantly. While this is true, imports from Europe are currently approximately 2.5% of Canadian imports. Some of this is in the form of boards as opposed to framing lumber. Euro spruce has a very nice appearance and sells at a 20-25% premium to KD SPF. Most of what is currently available is 2x4

and 2x6 studs where strength is not a large concern. Beware the joist spans in Euro Spruce can be as little 13'0" for a 2x10. Euro spruce spans vary with species and country of origin. KD SPF spans vary between 14'6" for domestic production (SPF-S) to 15'5" for Canadian production (SPF). Euro spruce is unlikely to make much of a dent in Canadian imports.

Other items of interest include the following. Southern Yellow Pine exports are increasing. North American exports to China continue to drop. Interestingly, Norway Spruce (one of the component species of Euro spruce) has recently been approved for inclusion in SPF-S. This is first new species to be evaluated in nearly 100 years. These trees were often planted during the 1930's in an effort to prevent erosion in unused fields. Norway Spruce can be found throughout New England and upstate New York.

The NAHB is on the right track, encouraging more logging in national forests. Most of these forests haven't been logged since the Spotted Owl debate more than 25 years ago. It makes much more sense, to say nothing of creating domestic jobs, to log these forests in a sustainable way, before the trees start to die, rot and be at risk of forest fires. Growing forests produce oxygen and store CO2. Dead trees release CO2 and consume oxygen. This is the best way to reduce our reliance on Canadian imports. Contact Frank Sanford for more information FSanford@sanfordAndhawley.com about the critical lumber pricing. □