

## Paper/Forest Products

# Pkgg/Paper Wrap-up, Daily – 1/10/24:

## Wood prices flattish in midweek

Industry Overview

**Exhibit 2: Lumber Futures Tracker**

Lumber down slightly w/w

	Date	Price	w/w (%)	y/y (%)
Lumber (\$/bf)				
Lumber (*)	10-Jan-24	\$545.50	-0.9%	26.9%

Source: FactSet, BofA Global Research; (\*) Jan 24 contract

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**Random Lengths midweek shows composites up**

Random Lengths' (RL) Midweek report showed that the Framing Lumber Composite increased \$1/mbf to \$401/mbf compared to prices reported on January 5<sup>th</sup> (there was no Midweek report last week given the holiday schedule). RL noted that buyers were less active this week and that sales decelerated to "a crawl" as buyers addressed near-term needs last week. Inclement weather in many parts of the country was also said to have hampered sales this week. CME Lumber futures (Jan 24 contract) edged down by \$5/mbf to \$545/mbf compared to last week. Meantime, the Structural Panel index was up \$1/msf at \$600/msf. North Central and Southeastern oriented strand board (OSB) prices were flat at \$415/msf and \$355/msf, respectively. As for plywood, prices were up \$3/msf to \$640/msf. In OSB, most producers were said to be off the market and catching up on late shipments. In plywood, demand was described as muted.

**West Fraser announces mill closures**

On January 9, West Fraser (WFG; Not covered) announced that it will be closing its Maxville, FL sawmill and indefinitely curtailing operations at the Huttig, AK sawmill by the end of January. The company cited "high fiber costs and soft lumber markets" as the reasons behind these moves. Ultimately, these closures will reduce WFG's lumber capacity by ~270 million board feet (mnbf). Based on our updated supply/demand model ([see here for our Year Ahead report](#)), we are forecasting a 70-80% utilization rate for lumber this year and this move could theoretically add a point or so to that.

10 January 2024

Equity  
United States  
Paper/Forest Products

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**Exhibit 1: Paper/Packaging Research**

Summary of recent Bofa notes

	Date	Link
<b>Reports</b>		
Weekly	7-Jan	<a href="#">Red Sea shipping impact</a>
Year-Ahead	2-Jan	<a href="#">Year-Ahead Report</a>
<b>Daily Wrap-Up</b>		
Daily	4-Jan	<a href="#">Investor Comments</a>
Daily	9-Jan	<a href="#">Pulp and Beer</a>

Source: BofA Global Research

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**OSB: Oriented strand board**

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