



# Lumber Track

MAY 2010  
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WWPA'S MONTHLY REVIEW OF NORTH AMERICAN LUMBER STATISTICS, INCLUDING TRADE HIGHLIGHTS AND KEY MARKETS

## Many still bullish on housing

Despite a weak first half of 2010, many analysts believe the recovery in housing construction is still coming and will gain momentum over the next few years.

Housing starts began rising in November 2009 but ran out of steam in April. By June, the seasonally adjusted annual rate had slipped to 549,000, 19 percent below the April peak. Expiration of the home buying tax credit contributed to the swoon in construction activity and some observers believe the next round of growth will be a more "organic" gain, reflecting a pure market recovery.

Lumber markets followed the swoon in housing. U.S. lumber production in May slid 16.5 percent from April and imports declined 8 percent.

The unsettled first half forced many economists to pull back on their earlier forecasts for housing starts in 2010. However, there is still optimism that housing is on the path to recovery which will gain strength in the coming years.

Builder Magazine reviewed recent forecasts by six leading housing economists and noted the new consensus was for starts to rise 15 percent this year. At the start of the year, the 2010 forecasts for housing starts increases ranged from 20 percent to as high as 50 percent.

Freddie Mac and Moody's are the most optimistic, expecting starts to finish the year up 19 percent and 21 percent, respectively. Frank Nothaft, chief economist for Freddie Mac, said low mortgage rates, more affordable home prices and a better jobs outlook should push starts to 660,000 this year.

The National Association of Home Builders also sees a stronger second half, but was more muted in its forecast of 632,000 starts for the year, up 14 percent. NAHB Chief Economist David Crowe noted that single-family start totals have been less volatile, a sign they may have reached the bottom.

### Consensus for housing growth

thousands of housing starts

Forecasters	2010	2011
Wachovia Bank	580	850
NAHB	632	906
Fannie Mae	648	932
Freddie Mac	660	1,000
Moody's	672	932
IHS Global Insight	683	962

Source: Builder Magazine

More optimism emerges in the outlook for 2011 and beyond. Many expect housing starts to rise to 900,000 to 1 million units next year. IHS Global Insight predicts starts will climb 51 percent to 962,000 next year and rise another 40 percent to 1.37 million in 2012. Mark Zandi, Moody's oft quoted economist, predicts starts to roar to 1.7 million units by 2012. Freddie Mac is even more optimistic, calling for 1.8 million starts in 2012.

All agree that any housing growth is going to be tied to employment. Since December 2007, some 7.9 million jobs have been lost. The uncertainty about jobs has trumped the record lows in mortgage rates and housing affordability. Bankrate.com reports 30-year fixed mortgages are available at 4.25 percent and jumbo loan rates are at their lowest level in five years.

For more information on Lumber Track or other WWPA statistical reports, contact Butch Bernhardt at 503-306-3488 or [bbernhardt@wwpa.org](mailto:bbernhardt@wwpa.org)

## U.S. Softwood Lumber Industry Activity by Region (million board feet)

Production	Full Year		5 months YTD									
	2009	2010	2009	% Chg	May-10	Apr-10	May-09	M to M %	Y to Y%	1st Qtr-10	1st Qtr-09	% Chg
West	10,710	4,747	4,253	11.6	875	1,030	791	-15.0	10.7	2,842	2,482	14.5
South	11,788	4,866	4,985	-2.4	954	1,160	941	-17.8	1.4	2,752	2,942	-6.5
Other	1,255	536	515	4.1	102	122	97	-16.5	5.6	312	303	3.1
Total	23,754	10,149	9,753	4.1	1,932	2,312	1,829	-16.5	5.6	5,906	5,727	3.1

### Shipments

West	10,945	4,705	4,385	7.3	843	1,065	913	-20.9	-7.7	2,796	2,524	10.8
South	11,788	4,866	4,985	-2.4	954	1,160	941	-17.8	1.4	2,752	2,942	-6.5
Other	1,269	534	523	2.1	100	124	103	-19.2	-3.1	310	305	1.5
Total	24,002	10,105	9,893	2.1	1,897	2,350	1,958	-19.2	-3.1	5,858	5,771	1.5

### New Orders

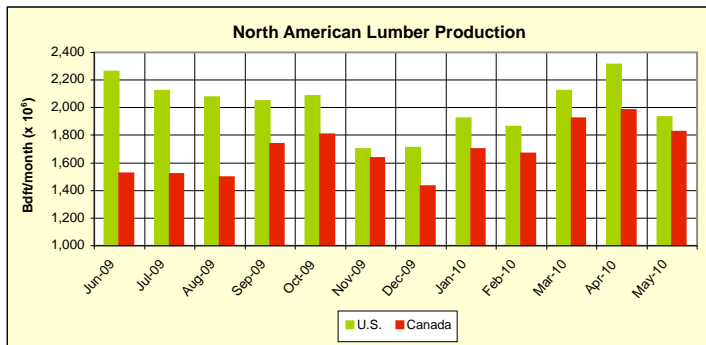
West	10,908	4,746	4,333	9.5	784	1,052	954	-25.4	-17.8	2,910	2,433	19.6
South	11,788	4,866	4,985	-2.4	954	1,160	941	-17.8	1.4	2,752	2,942	-6.5
Other	1,266	536	520	3.2	97	123	106	-21.4	-8.3	316	300	5.3
Total	23,962	10,148	9,838	3.2	1,835	2,335	2,001	-21.4	-8.3	5,978	5,675	5.3

### Unfilled Orders

		May-10	May-09	
West	453	494	439	12.7
South	807	807	807	0.0
Other	122	124	121	2.6
Total	1,382	1,425	1,366	4.3

### Inventories

		May-10	May-09	
West	1,039	1,082	1,142	-5.3
South	1,818	1,818	1,818	0.0
Other	271	273	277	-1.2
Total	3,128	3,173	3,237	-2.0



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

## Canadian Softwood Lumber Industry Activity by Region (million board feet)

Production	Full Year		5 months YTD									
	2009	2010	2009	% Chg.	May-10	Apr-10	May-09	M to M %	Y to Y%	1st Qtr-10	1st Qtr-09	% Chg
British Columbia	9,681	4,727	3,857	22.5	895	1,041	772	-14.0	16.0	2,791	2,219	25.8
East of the Rockies	9,123	4,375	3,797	15.2	931	942	708	-1.2	31.5	2,502	2,416	3.5
Total	18,804	9,102	7,655	18.9	1,826	1,983	1,480	-7.9	23.4	5,293	4,635	14.2

### Shipments

British Columbia	9,979	4,643	3,904	18.9	841	1,034	779	-18.7	7.9	2,769	2,244	23.4
East of the Rockies	9,486	4,324	3,869	11.8	902	1,002	759	-9.9	19.0	2,420	2,401	0.8
Total	19,466	8,967	7,773	15.4	1,743	2,036	1,538	-14.4	13.4	5,188	4,645	11.7

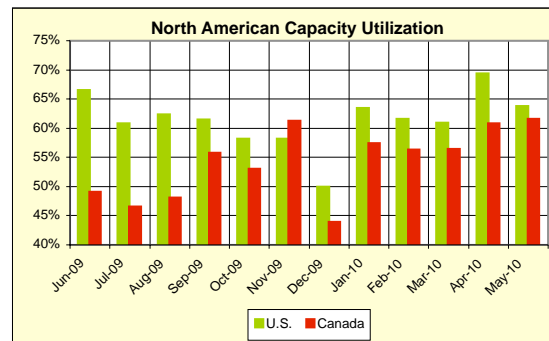
### Inventories

		May-10	May-09	
British Columbia	943	1,026	1,194	-14.1
East of the Rockies	1,408	1,459	1,699	-14.1
Total	2,350	2,485	2,894	-14.1

Source: Statistics Canada, Council of Forest Industries-CAN

## Production as Percent of Practical Capacity

	Full Year		5 months YTD				
	2009	2010	2009	May-10	Apr-10	May-09	
West	61%	73%	68%	71%	76%	57%	
South	56%	57%	75%	58%	65%	52%	
Total U.S.	59%	64%	72%	64%	69%	54%	
British Columbia	51%	61%	65%	60%	64%	47%	
East of the Rockies	48%	56%	61%	63%	58%	43%	
Total Canada	49%	58%	63%	62%	61%	45%	



Source: USDA Profile: Softwood Sawmills in the United States and Canada, WWPA

## Trade Statistics

### U. S. Softwood Lumber Imports (million board feet)

	Full Year		5 months YTD									
	2009	2010	2009	% Chg.	May-10	Apr-10	May-09	M to M %	Y to Y%	1st Qtr-10	1st Qtr-09	% Chg
From British Columbia	5,075	2,299	2,007	14.5	472	498	441	-5.2	7.1	1,329	1,156	15.0
East of the Rockies	3,228	1,494	1,343	11.3	315	356	258	-11.5	22.4	822	820	0.2
Total Canadian Imports	8,303	3,793	3,350	13.2	787	854	698	-7.8	12.8	2,151	1,976	8.9
From Latin America	284	98	126	-22.2	19	21	25	-10.1	-22.8	58	76	-23.6
From Europe	177	41	111	-63.3	7	10	20	-33.3	-66.7	24	83	-71.1
Total Non-Canadian	551	180	271	-33.6	37	40	53	-9.2	-31.0	103	176	-41.7
Total Lumber Imports	8,855	3,972	3,621	9.7	824	895	752	-7.9	9.7	2,254	2,152	4.7

## U. S. Softwood Lumber Exports (million board feet)

	Full Year 2009	5 months YTD										
		2010	2009	% Chg.	May-10	Apr-10	May-09	M to M %	Y to Y%	1st Qtr-10	1st Qtr-09	% Chg
To Canada	268	180	86	108.5	36	39	19	-5.7	92.7	105	48	118.9
To Japan	115	61	44	38.6	12	14	9	-11.9	42.9	34	27	27.9
To Mexico	182	87	81	6.2	17	21	13	-16.8	27.9	49	50	-3.2
To Other Countries	417	201	155	30.1	46	51	33	-10.6	38.6	104	91	13.8
Total Lumber Exports	983	529	367	44.3	112	125	74	-10.3	50.9	292	217	34.9

## U. S. Softwood Log Imports (million board feet)

From Canada	89	20	50	-60.2	7	8	9	-7.7	-25.5	6	31	-81.9
Non-Canadian Sources	1	0	0	0.0	0	0	0	0	0	0	0	0
Total Log Imports	90	20	51	-60.2	7	8	9	-7.4	-25.7	6	31	-81.8

## U. S. Softwood Log Exports (million board feet)

To Japan	430	168	156	7.9	44	40	25	9.6	76.2	85	90	-6.0
To Canada	537	248	280	-11.1	31	33	21	-8.3	44.8	185	216	-14.4
To Other Countries	537	293	162	80.2	81	78	42	3.4	91.1	134	70	90.7
Total Log Exports	1,504	709	598	18.6	155	151	88	2.4	75.8	403	376	7.2

Source: U.S. Department of Commerce, U.S. International Trade Commission, Foreign Agricultural Service

## Canadian Softwood Lumber Exports (million board feet)

To U.S.	8,303	3,793	3,350	13.2	787	854	698	-7.8	12.8	2,151	1,976	8.9
To Japan	918	456	327	39.6	99	99	67	-0.5	47.5	258	203	27.3
Other	1,824	900	665	35.4	208	194	220	7.2	-5.4	499	304	64.2
Total Lumber Exports	11,046	5,149	4,341	18.6	1,094	1,147	985	-4.6	11.1	2,908	2,483	17.1

Source: Statistics Canada, Council of Forest Industries-CAN

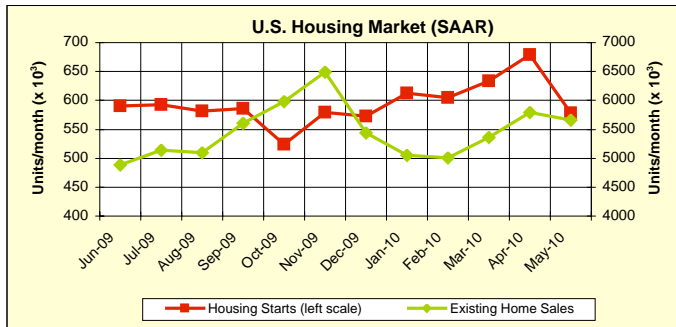
## U.S. Softwood Lumber Consumption (million board feet)

	Full Year 2009	5 months YTD										
		2010	2009	% Chg.	May-10	Apr-10	May-09	M to M %	Y to Y%	1st Qtr-10	1st Qtr-09	% Chg
Lumber Shipments	24,002	10,105	9,893	2.1	1,897	2,350	1,958	-19.2	-3.1	5,858	5,771	1.5
Plus Imports	8,855	3,972	3,621	9.7	824	895	752	-7.9	9.7	2,254	2,152	4.7
Minus Exports	(983)	(529)	(367)	44.3	(112)	(125)	(74)	-10.3	50.9	(292)	(217)	34.9
Apparent Consumption	31,873	13,548	13,147	3.1	2,610	3,119	2,635	-16.3	-1.0	7,819	7,706	1.5

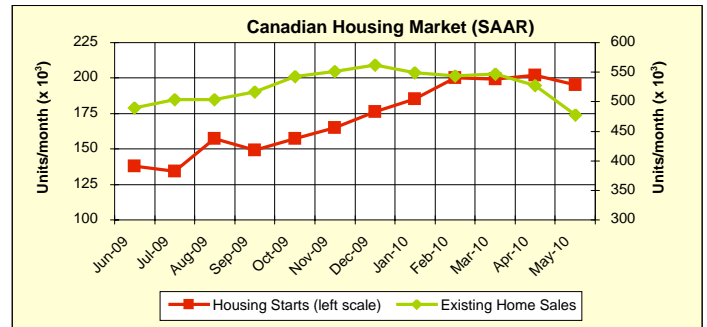
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		2010	2009	% Chg.	May-10	Apr-10	May-09	M to M %	Y to Y%	1st Qtr-10	1st Qtr-09	% Chg
Lumber Shipments	19,466	8,967	7,773	15.4	1,743	2,036	1,538	-14.4	13.4	5,188	4,645	11.7
Plus Imports	289	195	93	108.5	39	42	20	-5.7	92.7	114	52	118.9
Minus Exports	(11,046)	(5,149)	(4,341)	18.6	(1,094)	(1,147)	(985)	-4.6	11.1	(2,908)	(2,483)	17.1
Apparent Consumption	8,710	4,013	3,525	13.8	689	930	573	-25.9	20.2	2,394	2,215	8.1

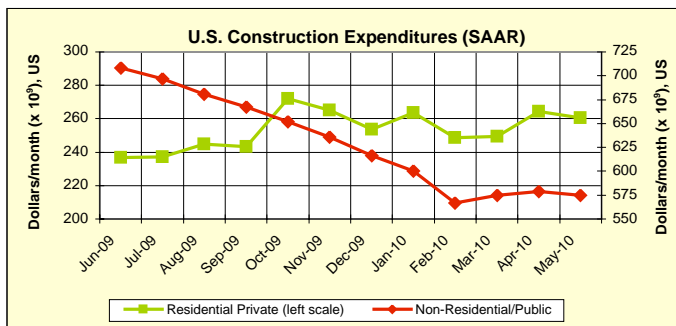
## U.S./Canada Lumber Demand Indicators



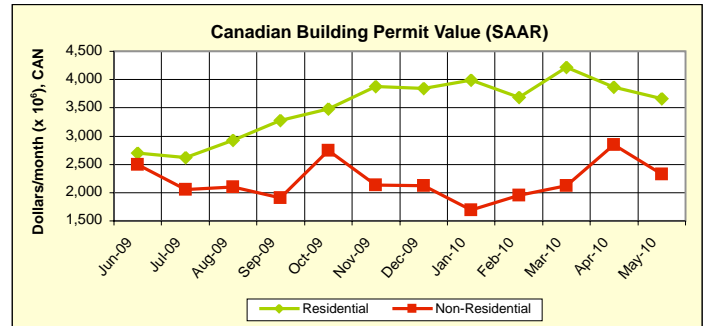
Source: National Association of Realtors, U.S. Census Bureau



Source: Canadian Real Estate Association, Canada Mortgage & Housing



Source: U.S. Census Bureau



Source: Statistics Canada