Lumber Track

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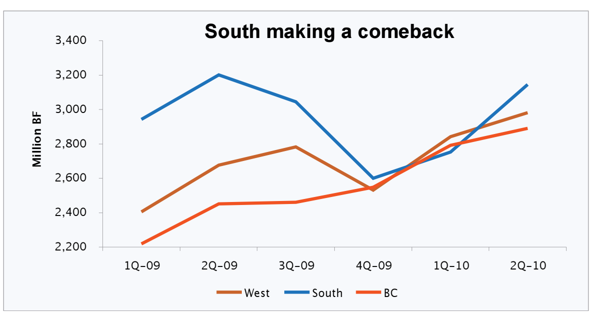
WWPA'S MONTHLY REVIEW OF NORTH AMERICAN LUMBER STATISTICS, INCLUDING TRADE HIGHLIGHTS AND KEY MARKETS

South catching up with West, BC

Mills in the South are showing signs they are recovering from last year's swoon in production, although the volumes remain below 2009 levels. Through the first seven months, production at Southern mills totaled 7 billion board feet, down 2.7 percent from this time a year ago.

While production in the West and British Columbia continued to slowly climb in after the first quarter of 2009, the South moved in the opposite direction and quarterly volumes declined by double digit percentages. Between April 2009 and December 2009, Southern Pine production dropped by 19 percent. By comparison, Western production decreased 5 percent due to a weak fourth quarter while BC production ramped up by 4 percent.



Since the fourth quarter of 2009, all three regions have increased production. The second quarter production in the South was up 21 percent compared to the fourth quarter 2009 total. Western mills produced 18 percent more lumber in the second quarter vs. the fourth quarter of '09, while output at BC mills was 13 percent higher.

Production in both the West and South tailed off in July as prices stumbled and home construction remained in a malaise. Output at BC mills continued to trend higher, thanks chiefly to increased sales to China and the Pacific Rim. Other Canadian provinces have seen similar growth, pushing total Canadian production up 19.8 percent this year compared to this time last year.

New home inventory hits bottom

With anemic construction activity so far this year, the inventory of new homes available for sale has reached an all-time low. That may bode well for lumber in the future, once home buying begins to recover.

Hanley Wood reports new home inventories totaled 207,000 in August, down from 209,000 the previous month. New home inventories have declined for a record 36 straight month and August's total is an all-time low.

Much has been made of the glut of existing homes on the market due to foreclosures and the economy. While the presence of those homes for sale will impact future housing construction, there will be demand for new houses, particularly as home prices start to rise.

Many foreclosed homes are in less than pristine shape for sale. Reports from around the country tell of former owners taking out their frustrations on these houses before they move out, removing appliances, cabinets, doors and even walls.

Once the higher quality existing homes in inventory are sold, buyers will be considering whether to buy a forclosure "fixer-upper" or a newly constructed house. If past history is any indicator, Americans will chose new over old, particularly if prices are close.

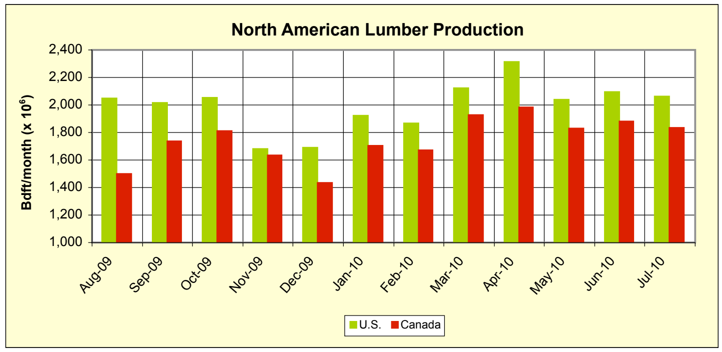
For more information on Lumber Track *or other WWPA statistical reports, contact Butch Bernhardt at 503-306-3488 or* ***bbernhardt@wwpa.org***

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

	Full Year 2009	7 months YTD 2010	7 months YTD 2009	% Chg	Jul-10	Jun-10	Jul-09	M to M %	Y to Y%	2nd Qtr-10	2nd Qtr-09	% Chg
Production												
West	10,395	6,635	5,995	10.7	901	920	915	-2.1	-1.5	2,892	2,676	8.1
South	11,788	7,012	7,209	-2.7	1,051	1,061	1,066	-0.9	-1.4	3,209	3,201	0.2
Other	1,238	762	737	3.4	109	111	111	-1.5	-1.4	340	328	3.8
Total	23,420	14,409	13,940	3.4	2,061	2,092	2,091	-1.5	-1.4	6,442	6,205	3.8
Shipments												
West	10,630	6,573	6,191	6.2	926	885	935	4.6	-1.0	2,850	2,805	1.6
South	11,788	7,012	7,209	-2.7	1,051	1,061	1,066	-0.9	-1.4	3,209	3,201	0.2
Other	1,251	758	748	1.4	110	109	112	1.6	-1.2	338	335	0.9
Total	23,669	14,343	14,148	1.4	2,088	2,055	2,113	1.6	-1.2	6,397	6,341	0.9
New Orders												
West	10,592	6,605	6,133	7.7	915	915	928	0.0	-1.4	2,780	2,847	-2.3
South	11,788	7,012	7,209	-2.7	1,051	1,061	1,066	-0.9	-1.4	3,209	3,201	0.2
Other	1,249	760	745	2.1	110	110	111	-0.5	-1.4	334	337	-1.0
Total	23,629	14,377	14,087	2.1	2,075	2,086	2,105	-0.5	-1.4	6,324	6,386	-1.0

Unfilled Orders		Jul-10	Jul-09	
West	453	486	433	12.2
South	807	807	807	0.0
Other	122	124	121	2.4
Total	1,382	1,416	1,360	4.1

Inventories		Jul-10	Jul-09	
West	1,039	1,101	1,077	2.2
South	1,818	1,818	1,818	0.0
Other	271	274	273	0.5
Total	3,128	3,194	3,168	0.8



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)

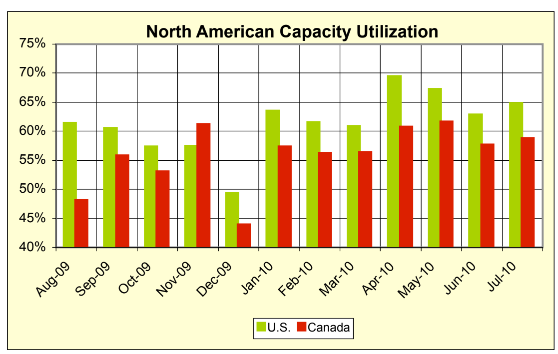
	Full Year 2009	7 months YTD 2010	7 months YTD 2009	% Chg.	Jul-10	Jun-10	Jul-09	M to M %	Y to Y%	2nd Qtr-10	2nd Qtr-09	% Chg
Production												
British Columbia	9,681	6,680	5,523	20.9	1,011	942	852	7.3	18.6	2,878	2,452	17.4
East of the Rockies	9,123	6,132	5,175	18.5	820	938	666	-12.6	23.1	2,811	2,093	34.3
Total	18,804	12,812	10,699	19.8	1,830	1,880	1,518	-2.6	20.6	5,689	4,545	25.2
Shipments												
British Columbia	9,979	6,583	5,739	14.7	994	946	943	5.1	5.4	2,821	2,552	10.5
East of the Rockies	9,486	6,192	5,474	13.1	907	962	762	-5.7	18.9	2,866	2,310	24.0
Total	19,466	12,776	11,214	13.9	1,901	1,908	1,706	-0.4	11.4	5,687	4,862	17.0

Inventories		Jul-10	Jul-09	
British Columbia	943	1,039	1,025	1.4
East of the Rockies	1,408	1,348	1,472	-8.4
Total	2,350	2,387	2,497	-4.4

Source: Statistics Canada, Council of Forest Industries-CAN

Production as Percent of Practical Capacity

	Full Year 2009	7 months YTD 2010	7 months YTD 2009	Jul-10	Jun-10	Jul-09
West	60%	73%	67%	70%	68%	60%
South	56%	58%	73%	61%	59%	59%
Total U.S.	58%	64%	70%	65%	63%	60%
British Columbia	51%	61%	65%	65%	58%	52%
East of the Rockies	48%	56%	62%	53%	57%	41%
Total Canada	49%	58%	63%	59%	58%	46%



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

Trade Statistics

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

	Full Year 2009	7 months YTD 2010	7 months YTD 2009	% Chg.	Jul-10	Jun-10	Jul-09	M to M %	Y to Y%	2nd Qtr-10	2nd Qtr-09	% Chg
From British Columbia	5,075	3,361	2,887	16.4	485	576	432	-15.8	12.5	1,460	1,253	16.5
East of the Rockies	3,228	2,128	1,896	12.2	294	340	263	-13.4	12.0	1,006	869	15.7
Total Canadian Imports	8,303	5,489	4,783	14.8	780	916	695	-14.9	12.3	2,466	2,122	16.2
From Latin America	284	140	177	-21.0	23	19	28	21.8	-18.1	56	71	-20.9
From Europe	177	62	130	-51.9	8	14	7	-44.5	17.1	26	44	-41.7
Total Non-Canadian	551	264	356	-25.9	41	43	43	-4.9	-4.0	111	139	-19.7
Total Lumber Imports	8,855	5,753	5,139	11.9	821	959	737	-14.4	11.3	2,578	2,261	14.0

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

	Full Year	7 months YTD										
	2009	2010	2009	% Chg.	Jul-10	Jun-10	Jul-09	M to M %	Y to Y%	2nd Qtr-10	2nd Qtr-09	% Chg
To Canada	268	245	132	85.2	31	34	22	-9.8	39.4	109	62	75.4
To Japan	115	91	60	51.1	14	16	9	-16.8	54.2	43	25	75.4
To Mexico	182	119	110	7.8	15	18	15	-16.8	0.1	55	45	22.7
To Other Countries	417	295	225	31.1	52	42	36	22.4	45.3	140	98	42.1
Total Lumber Exports	983	750	528	42.1	110	110	81	0.4	36.5	347	230	50.8

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

From Canada	89	52	66	-20.8	17	15	6	14.5	175.6	30	29	0.9
Non-Canadian Sources	1	0	0	0.0	0	0	0	0	0	0	0	0
Total Log Imports	90	53	66	-20.9	17	15	6	14.0	175.1	30	29	1.0

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

To Japan	430	238	230	3.6	33	37	30	-8.5	13.0	120	110	9.0
To Canada	537	319	343	-7.0	37	33	36	13.7	3.0	97	91	6.5
To Other Countries	537	466	265	75.7	96	77	51	24.4	90.3	236	145	63.2
Total Log Exports	1,504	1,023	838	22.1	167	147	116	13.8	43.5	453	346	31.0

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	5,489	4,783	14.8	780	916	695	-14.9	12.3	2,558	2,112	21.1
To Japan	918	656	478	37.3	88	111	81	-20.7	8.7	309	194	59.8
Other	1,824	1,297	978	32.6	189	208	158	-9.0	19.5	609	516	18.0
Total Lumber Exports	11,046	7,442	6,239	19.3	1,057	1,235	934	-14.4	13.2	3,476	2,822	23.2

Source: Statistics Canada, Council of Forest Industries-CAN

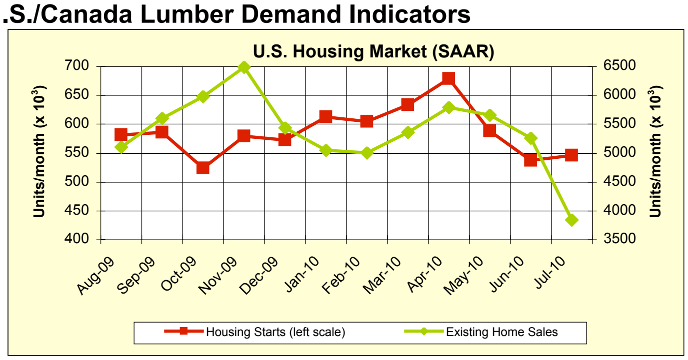
U.S. Softwood Lumber Consumption (million board feet)

	Full Year	7 months YTD										
	2009	2010	2009	% Chg.	Jul-10	Jun-10	Jul-09	M to M %	Y to Y%	2nd Qtr-10	2nd Qtr-09	% Chg
Lumber Shipments	23,669	14,343	14,148	1.4	2,088	2,055	2,113	1.6	-1.2	6,397	6,341	0.9
Plus Imports	8,855	5,753	5,139	11.9	821	959	737	-14.4	11.3	2,578	2,261	14.0
Minus Exports	(983)	(750)	(528)	42.1	(110)	(110)	(81)	0.4	36.5	(347)	(230)	50.8
Apparent Consumption	31,541	19,346	18,760	3.1	2,798	2,904	2,770	-3.7	1.0	8,628	8,372	3.1

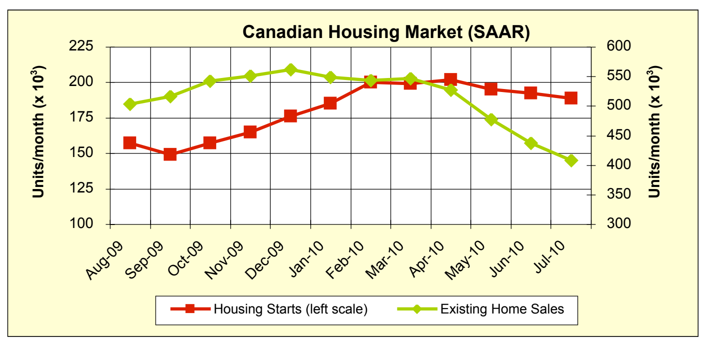
Canadian Softwood Lumber Consumption (million board feet)

	Full Year	7 months YTD										
	2009	2010	2009	% Chg.	Jul-10	Jun-10	Jul-09	M to M %	Y to Y%	2nd Qtr-10	2nd Qtr-09	% Chg
Lumber Shipments	19,466	12,776	11,214	13.9	1,901	1,908	1,706	-0.4	11.4	5,687	4,862	17.0
Plus Imports	289	264	143	85.2	33	37	24	-9.8	39.4	118	67	75.4
Minus Exports	(11,046)	(7,442)	(6,239)	19.3	(1,057)	(1,235)	(934)	-14.4	13.2	(3,476)	(2,822)	23.2
Apparent Consumption	8,710	5,598	5,118	9.4	876	709	795	23.6	10.2	2,328	2,107	10.5

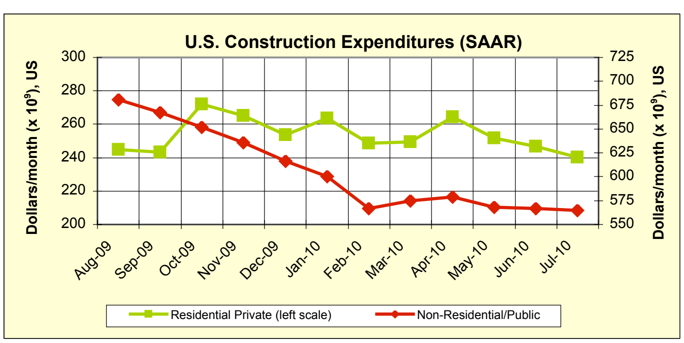
U.S./Canada Lumber Demand Indicators



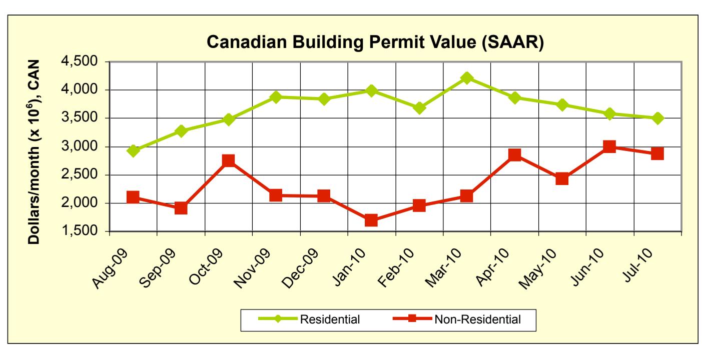
Source: National Association of Realtors, U.S. Census Bureau



Source: Canadian Real Estate Association, Canada Mortgage & Housing



Source: U.S. Census Bureau



Source: Statistics Canada