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**March 5, 2010** **Week #9**

# NORTHEAST

## Lumber Summary

A round of wholesale short covering midweek allowed producers to bolster their order files and firm asking levels. Limited follow through purchases on Thursday and Friday sent buyers back to their corner as they sorted out the next move the market would make. The increase in activity created a flood of inquiry that did not get filled and in turn gave producers the feeling that the market remains under bought. Better weather in many consuming regions allowed shipments to jobsites to resume creating some holes in Dealers' inventories however most of those were filled quickly from secondary sources that seemed to have "ready" material at less than mill asking levels. Overall the market finished the week at lower levels than the previous week but on a firmer tone than it started. One more week left of trading in the discounted March futures contract is leaving many traders believing the true market direction will not be realized until expiration however at this time few are willing to give an opinion on which way the market will move once that happens. Most are making sure they are protected with inventory for the next 3 to 4 weeks and will adjust once the direction is defined.

## Western SPF

| #2 & Btr. | Baltimore | Change | Month Ago | Truck Frt Adders |
|---|---|---|---|---|
| 2x4 | 364 | -5 | 384 | |
| 2x6 | 363 | -11 | 388 | Baltimore +10 |
| 2x8 | 347 | -10 | 366 | Boston +33 |
| 2x10 | 437 | -15 | 457 | Harrisburg +20 |
| 2x12 | 533 | -5 | 545 | Pittsburgh +25 |
| 2x4 92-5/8 | 374 | -7 | 389 | Philadelphia +23 |
| 2x6 92-5/8 | 420 | 0 | 415 | |
| | | | | |

***** Freight rates have changed*****

Western spruce sales picked up slightly by midweek as secondary's came in for a round of short coving, but mills did manage to sell off prompt wood and build small order files especially in narrows. Prices rebounded from Midweek levels but were still down for the week signaling a bottom has been reached for now and prices will likely stay flat to higher for the next week or two. Many buyers took advantage of the discount in March Futures against current cash prices, taking EFP's shipping over the next two weeks. Look for the market to firm next week as mills keep a more bullish approach to the market.

## Eastern SPF

| | Boston Truck | Change | Month Ago | Truck Frt Adders |
|---|---|---|---|---|
| 2x4 | 330 | -10 | 340 | Scranton +12 |
| 2x6 | 340 | -10 | 348 | Baltimore +22 |
| 2x4 92-5/8 | 338 | -7 | 340 | Harrisburg +15 |
| 2x4 104-5/8 | 335 | -5 | 335 | Pittsburg +21 |
| 2x6 92-5/8 | 370 | -8 | 380 | Philadelphia +16 |
| | | | | |

Prices drifted off from last weeks levels, but some buying took place mid-week, putting prices back on a firmer note. Most producers booked enough business to extend their order files into the week of March 22nd, but could get prices back to last week's levels. Both 2x4 & 2x6 # 2 randoms were off $8-10/m, while studs traded down $5-7/m from last weeks levels. As more demand picks up and buyers step in to cover their spring needs, it won't take much to push prices back up, as the production coming from the eastern mills remains limited. Be ready to cover your needs.

## Hem-Fir

| | Baltimore | Change | Month Ago | Truck Frt Adders |
|---|---|---|---|---|
| 2x4 | 375 | -10 | 380 | Baltimore +10 |
| 2x6 | 365 | -10 | 370 | Boston +38 |
| 2x8 | 350 | -10 | 355 | Harrisburg +25 |
| 2x10 | 395 | -5 | 395 | Philadelphia +25 |
| 2x12 | 410 | 0 | 410 | Pittsburg +28 |
| 2x4 92-5/8 | 377 | -8 | 370 | |
| 2x6 92-5/8 | 372 | -3 | 360 | |

The week started off slowly, and even with a pickup in sales at midweek, most prices still finished lower. Producers were willing to look at mild counters, but most buyers stuck to fill-in quantities. Hem-Fir prices fell unevenly across the producing regions, with Coast prices slipping $2-7/m. The Inland and Northern California regions posted decreases in the $5-15/m range. Studs also showed some weakness, with prices drifting a few dollars lower. Fir & Larch followed the same trend, posting decreases of $5-12/m. Expect trading to remain in a narrow range next week, as more buyers are looking at early spring needs.

## Southern Pine (SYP)

| | #1 Central | Change | Month Ago | Truck Frt Adders |
|---|---|---|---|---|
| 2x4 | 366 | 0 | 335 | Annapolis +80 |
| 2x6 | 340 | -8 | 320 | Baltimore +81 |
| 2x8 | 335 | -7 | 322 | Boston +143 |
| 2x10 | 360 | -6 | 347 | Harrisburg +80 |
| 2x12 | 460 | -4 | 430 | Pittsburg +69 |
| 2x4 92-5/8 | 325 | 0 | 290 | |
| *Subtract $25/m for #2 | | | | |

Sales dwindled as lackluster demand took its toll on the market leaving producers with ample floor stock for sale. Prices took double-digit cuts of $12-19/m on 2x6 thru 2x10, while 2x4 and 2x12 held near last week's levels. Secondaries continued to stay ahead of mills on pricing discounts and quick shipments. The downward trend should carry us through most of March as mixed weather patterns tamper with demand. Numbers should level out as weather improves we move closer to spring. Continue covering your immediate needs as this market continues its correction.

## Panel Summary

It was the tale of two markets as Fir and SYP plywood markets moved higher while OSB markets remained in a "digestive" phase. The earthquake in Chile created most of the issues as the Arauco and Selex mills were hit hard and could possible remain off the market for quite some time until repairs are made to the plants and the infrastructure leading to the mills. Additional devastation at the port and to staged shipments created more heartburn to the market as inventory expected to arrive in the next month is under water or completely damaged. Double digit price increases were the norm in specialty sanded and siding panels and "leaked" into sheathing and underlayment's as the week wore on. On the other hand OSB prices moved sideways as earlier purchases continued to arrive and outbound shipments to jobsites remained spotty. Traders argued where the market would go from here however most chose to only fill immediate needs and wait for a true direction to develop before making larger volume purchases.

## Southern Pine Plywood

| | Eastern | Change | Month Ago | Truck Frt Adders | | |
|---|---|---|---|---|---|---|
| | | | | | 15/32 | 23/32 |
| | | | | Albany | +42 | +67 |
| 15/32 CDX/PRS 4ply | 340 | +7 | 332 | Baltimore | +24 | +38 |
| 19/32 CDX/PRS | 370 | +10 | 360 | Scranton | +34 | +53 |
| 23/32 CDX/PRS | 467 | +17 | 450 | Watertown | +45 | +72 |
| 23/32 UL T&G | 505 | +15 | 475 | Wilmington | +28 | +44 |

** Freight Rates have changed **

## Fir Plywood

| | Baltimore | Change | Month Ago | Truck Frt Adders | | |
|---|---|---|---|---|---|---|
| | | | | | 15/32 | 23/32 |
| 15/32 CDX 5ply | 386 | 0 | 381 | Annapolis | +12 | +18 |
| 19/32 CDX | 424 | 0 | 439 | Baltimore | +12 | +18 |
| 23/32 CDX | 534 | +10 | 534 | Boston | +25 | +38 |
| 23/32 UL T&G | 574 | +10 | 564 | Harrisburg | +15 | +22 |
| 23/32 ACX | 704 | +25 | 764 | Pittsburgh | +17 | +33 |

** Freight Rates have changed **

Sanded plywood got most of the attention this week after the earthquake in Chile damaged mills, infrastructure and reportedly caused 3 mill worker deaths. Preliminary indications were that the interruption in the supply of Arauco would be 2-8 months but that will likely prove to be optimistic. Southern producers raised prices on sandeds in increments of $30-40 and went off market while western fir producers saw a lot of new business as well but price increases were not as severe. Buyers began to turn their attention to sheathing and underlayment's by mid-week and concrete form was selling well also. Sandeds and sidings are going to continue making double digit increases in the near term while the sheathing market, which appears to have bottomed, will likely remain more muted.

**OSB**

| | E. Canada | Change | Month Ago | Truck Frt Adders | | | |
|---|---|---|---|---|---|---|---|
| 1/4 | 150 | 0 | 147 | | 7/16 | 1/2 | 23/32 |
| 3/8 | 205 | 0 | 190 | Annapolis | +55 | +63 | +90 |
| 7/16 | 210 | 0 | 195 | Baltimore | +52 | +59 | +85 |
| 15/32 | 220 | 0 | 205 | Boston | +59 | +67 | +97 |
| 1/2 | 230 | 0 | 215 | Harrisburg | +47 | +54 | +77 |
| 19/32 T&G | 280 | 0 | 260 | Pittsburgh | +42 | +48 | +69 |
| 23/32 T&G | 340 | 0 | 315 | | | | |

OSB prices ran sideways this week as producers leaned on 2-3 week order files. Mill sales were thin as buyers turned to secondaries and distributors to quicker shipping wood. Log shortages in the south continue to hamper production due to wet weather, but the lack of demand has off set those problems. A few producers that were off the market are starting to come back on to test the waters. Look for prices to remain firm over the next few weeks.

**Treated Lumber/Specialties**

| #2 SYP | FOB SYP Mill | Change | Month Ago | Truck Frt Adders |
|---|---|---|---|---|
| 4 x 4 – 8’ | 375 | 0 | 340 | Pittsburgh +70 |
| 4 x 4 – 12’ | 395 | 0 | 350 | |
| 4 x 6 -12’ | 375 | 0 | 345 | Syracuse +90 |
| 6 x 6 -12’ | 365 | -5 | 345 | Boston +100 |
| 5/4 x 6 -12’ Std | 460 | 0 | 425 | Wilmington +50 |
| 5/4 x 6 -12’ Prem. | 725 | 0 | 660 | |
| ***Approximate Treatment Adders – G/C +150, A/G + 110, .60 CCA +80*** | | | | |

Sales remained sluggish as many buyers divulge recent purchases. Prices continued to come off on most dimensional treated items as mills seek out business. Treaters have been offering terms through most of February to assist buyers during the recent market run in order to secure as much business as possible. Decking and timbers held flat as they seem to have topped out as well. Numbers should continue their downward trend as we move thru March.