



MARKET UPDATE

A SUPPLEMENT TO WIDMAN'S MARKET BAROMETER

Vol. 5, No. 19 • September 24, 2003

Trading continued quiet for a second week as surplus items began to appear in the inventories of a few mills. Some significant discounts were available for oddball items and volume purchases. At least for the short-term, control of the market has shifted to the buyers.

Two additional factors helped to slow immediate demand. First, construction was halted in a number of areas affected by Hurricane Isabel. Second, the impact of the OSB shortage has begun to be felt at building sites, delaying some projects. These delays may result in some housing starts being pushed back to 2004.

Logistics continue to play an important part in this market. While mill inventories are building, there is still little surplus wood in the pipeline. In talking to both mills and middlemen, all expect some type of turnaround in the next few weeks. While trading remains quiet, buyers have begun to put in lowball bids for new inventory, often the first sign of a market shift.

With demand still very strong due to the housing market, we must caution that a price change could occur very quickly if everyone tries to buy at the same time. However, for the short-term, while activity should continue to pick up, we anticipate prices to remain sloppy. Therefore, we look for a drop in the \$10 range for the coming week.

Next Barometer: October 1, 2003 • Next Market Update: October 8, 2003

Product Update

Western SPF

Inventories at mills are building, but remain thin at reload centres and distribution yards. In the coastal region, the IWA has given 72-hour strike notice; additional pressure could be put on the market if a strike goes ahead. Expect some price breaks in the short-term as mills try to extend their order files.

Eastern SPF

With order files dwindling after two weeks of light trading, some producers took on volume business at discounted prices. Reloads and distribution yards have broken inventories. There are reports that some projects are being held up due to a lack of OSB. Expect a

pickup in activity in comparison to the previous week, with prices open to negotiation.

Southern Pine

With reduced trading, lumber inventories have risen over the past few weeks. Most mills now have reasonable log piles. More wides are available, but 2x4 #2&btr continues to hold its own. A few more trucks are showing up, although supply is still considered tight. Inventories at distribution yards are very low. Look for interest to pick up in prime items as buyers begin to replenish their diminished inventories.

Inland Hem-Fir

Demand quieted during the past week as delayed shipments began

to arrive in dealers' yards, satisfying immediate needs. Demand for KD fir and larch still remains strong and prices are easing only slightly. Expect more of the same over the coming week.

Douglas Fir Green

This was the first area in which a reduction in prices was seen, and many traders now believe the bottom is in sight. Wholesalers have been cleaned out of most of their long positions. Some car shortages have shown up on the UP and the BN. While both California and the northeast have remained slow during the past few weeks, look for increased activity, as buyers need to purchase lumber to replace their depleted stocks.

BI-WEEKLY SUPPLEMENT TO WIDMAN'S MARKET BAROMETER

Framing Lumber Price Forecasts

September 24–October 8, 2003 • U.S. funds per thousand board feet, unitized

	Western SPF KD (fob mill)		Eastern SPF KD (Great Lakes)	
	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)
2x4 studs – 8ft PET	\$328	\$318–328	\$362	\$352–362
2x4 #2 & btr – R/L	345	335–345	400	390–400
2x6	317	307–317	375	365–375
2x8	320	310–320	382	372–382
2x10	356	346–356	410	400–410
2x12	472	462–472	n/a	n/a

2x4 utility R/L	\$270	\$260–270	\$318	\$308–318
2x6 #3	205	195–205	248	238–248
2x8	224	214–224	n/a	n/a
2x10	220	210–220	n/a	n/a
2x12	235	225–235	n/a	n/a

	Inland Hem-Fir KD (Spokane)		Southern Pine KD (West)		D. Fir Green (Portland)	
	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)
2x4 studs – 8ft PET	\$332	\$322–332	\$295	\$285–295	\$330	\$320–330
2x4 std & btr – R/L	350	340–350	—	—	335	325–335
2x4 #2 & btr – R/L	—	—	395	385–395	—	—
2x6 #2 & btr – R/L	357	347–357	330	320–330	330	320–330
2x8	350	340–350	350	340–350	365	355–365
2x10	350	340–350	385	375–385	395	385–395
2x12	360	350–360	385	375–385	395	385–395

2x4 utility R/L	\$240	\$230–240	\$315	\$305–315	\$220	\$210–220
2x6 #3	175	165–175	260	250–260	230	220–230
2x8	n/a	n/a	240	230–240	n/a	n/a
2x10	n/a	n/a	240	230–240	n/a	n/a
2x12	n/a	n/a	275	265–275	n/a	n/a

MSR Western SPF KD (fob mill)	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)	MSR Eastern SPF KD (G. Lakes)	Sept. 24 (cash)	Sept. 25–Oct. 8 (forecast)
2x4 1650F	\$453	\$443–453	2x4 1650F	\$500	\$490–500
2x4 2100F	470	460–470	2x4 2100F	535	525–535
2x6 1650F	352	342–352	2x6 1650F	455	445–455
2x6 2100F	375	365–375	2x6 2100F	475	465–475

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