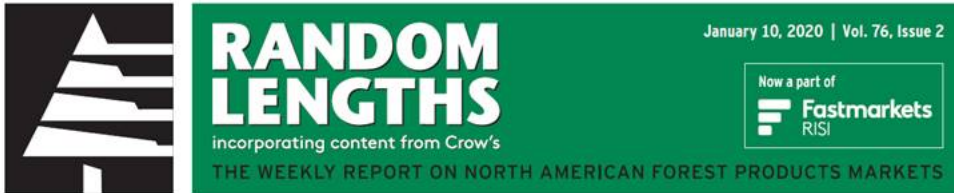


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Slim to no growth forecast in R&R, non-residential sectors

Lumber usage in the U.S. repair and remodeling sector in 2020 is forecast to hold at its 2019 level of 21.5 billion board feet, according to Fastmarkets RISI.

While growth is expected to stall, repair and remodeling will remain far and away the largest lumber consuming sector, although its share of total consumption is expected to slip from 44.0% to 43.8%.

Analysts foresee suspended growth in the sector through the first half and even through the third quarter due to several headwinds. These include softness in project permitting, existing home sales, and retail home center sales.

Macro-sized issues, such as the U.S.-China trade war, Mideast tensions, and general sluggishness outside the U.S. are also expected to weigh on consumer and business confidence, according to Fastmarkets RISI.

Those issues may also undermine growth in the nonresidential and industrial lumber sectors, both of which are forecast to ease modestly in 2020 (table).

	New Residential	Repair Remodeling	Non-Residential	Industrial	Total
Softwood Lumber (bbf)					
2016	14.3	20.0	1.7	10.5	46.5
2017	15.1	20.8	1.9	10.7	48.4
2018	15.2	21.1	1.8	10.7	48.9
2019	15.0	21.5	1.9	10.6	48.9
2020*	15.5	21.5	1.8	10.3	49.1
Structural Panels (bsf, 3/8-inch basis)					
2016	12.4	7.6	2.0	6.8	28.7
2017	13.1	8.0	2.3	6.9	30.4
2018	13.4	8.5	2.3	7.0	31.2
2019	13.3	8.5	2.5	7.0	31.3
2020*	13.6	8.6	2.5	7.0	31.7

*Forecast Source: Fastmarkets RISI



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“Manufacturing will still face challenges in the U.S. in 2020 with a persistently strong dollar and lingering weakness in off shore markets that are amplified by tariffs on exports to China,” said Dustin Jalbert, Fastmarkets RISI’s lumber economist. “Demand from nonresidential construction will also likely be flat to down as investment in corporate office and retail space also struggles to gain steam.”

Harvard University’s Leading Indicator of Remodeling Activity measures home improvement spending in nominal dollars based on a rolling four-quarter rate of change. At \$326 billion over the last four quarters, owner improvement and repair spending in the coming year is expected to essentially remain flat.

The current reading forecasts growth in spending to slow through the first half and then dip into negative territory at -0.3% in the third quarter of 2020. That reading was published last October; the Harvard program will publish its latest update January 16.

The Fastmarkets RISI forecast for structural panel usage in the U.S. calls for a modest increase in the new residential sector, and largely flat consumption in the other sectors (table).

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