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MADISON'S Lumber Reporter

Unceasing Demand Sends Softwood Lumber Prices Ever Higher

August 11, 2020

By Madison's Lumber Reporter

Madison's Weekly Softwood Lumber Prices www.madisonsreport.com August 7, 2020					
Prices are net FOB mill U.S. dollars per 1,000 fbm except * are CDN\$/msf	This Week	Last Week	Change %	Month Ago	Change %
WSPF KD R/L 2x4	866	820	+7.4%▲	504	+32%▲
WSPF KD R/L 2x6	850	820	+4.8%▲	488	+33%▲
SYP KD R/L East Side 2x4	815	559	+10.0%▲	525	+17%▲
SYP KD R/L East Side 2x6	565	515	+9.7%▲	480	+18%▲
ESPF KD R/L 2x4	750	710	+5.6%▲	585	+28%▲
WSPF KD PET 2x4 Stud	844	818	+4.2%▲	486	+33%▲
WSPF KD PET 2x6 Stud	450	450	0.0%↔	328	+37%▲
Douglas Fir Green R/L 2x4	875	850	+3.8%▲	530	+27%▲
Douglas Fir Green R/L 2x10	860	835	+3.9%▲	510	+29%▲
ESPF KD 2x4 8ft Stud	775	740	+4.7%▲	610	+27%▲
OSB Ontario 7/16" *(CDN\$/msf)	720	540	+33.3%▲	430	+67%▲
CSPlywood Toronto 3/8" *	649	649	0.0%↔	623	+4%▲

North American softwood lumber manufacturers, wholesalers, distributors, buyers, and end-users alike agree that this current supply-demand situation, and resulting steep price increases week-after-week, is truly unknown territory. Sawmills across Canada and the US are either running at full capacity or working to ramp-up production after the new social-distancing rules from the Covid-19 restrictions were put into the place. Meanwhile, US housing — construction, sales, and prices — is heating up only more and more. All this at a time of year when home builders and contractors have already ordered and are receiving the wood they need for projects ongoing through September.

Suffice to say: no one knows what is going on, except that demand is non-stop and there just isn't enough wood on-hand with suppliers to keep up. Order files at sawmills, whether in the West, the East, or the

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 South, were all firmly into September. Customers looking for wood now have to wait until mid-September before that production is even booked at sawmills, then even longer to receive delivery.

“Softwood lumber prices climbed yet again as frustration and urgency among buyers reached a fever pitch.” — [Madison’s Lumber Reporter](#)

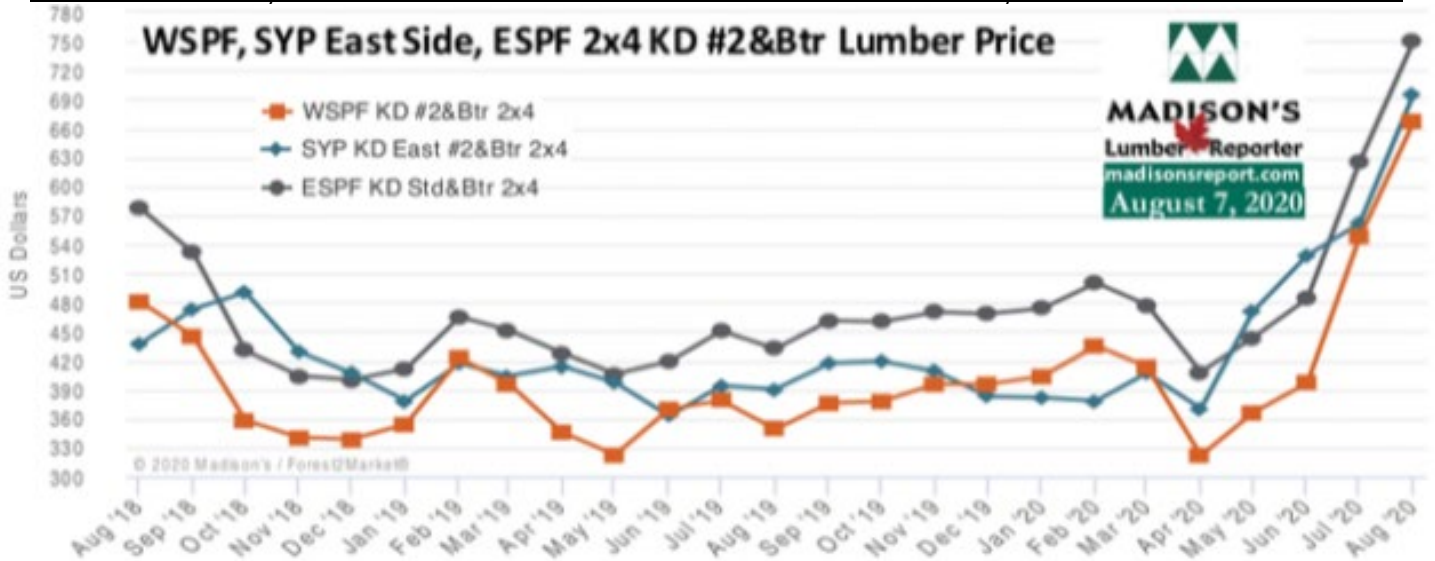


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Buyers of Western S-P-F in the US were getting used to picking their jaws off the floor each week as softwood lumber prices rose again to meet or surpass previous record highs. In the face of these unprecedented new levels, demand remained strong as ever according to traders. Sawmill order files stretched into September on most items, with increasingly late rail car arrivals adding multiple weeks to those timelines. A general tone of frantic urgency continued to dominate the market as customers jumped on any scrap of wood they could find, regardless of species. Availability at all levels was basically nonexistent, with wood coming in and going out too fast for players to build inventory.

The wild ride of Western S-P-F in Canada continued last week as #2&Btr 2x4 climbed another \$46 to US\$666 mfbm. Standard grade and High Line dimension all increased by double digits as sawmills were again aggressive with their numbers and still received no pushback from buyers. After demand in Canada paused briefly the previous week it came roaring back, quickly cleaning out large producers every morning before they could offer any cash wood to US customers. With secondary suppliers unable to build any inventory, players don't anticipate a correction to prices in the near future. Order files at sawmills were into early September, and shipment delays caused further frustration.

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For the week ending August 7, 2020, prices of standard construction framing dimension softwood lumber items jumped significantly. Benchmark softwood lumber item Western S-P-F 2x4 #2&Btr KD price increased by +46, or +7 per cent, to US\$666 mfbm (net FOB sawmill), from US\$620 the previous week. The price for this lumber commodity was up +\$162, or +32 per cent, from one month ago. Compared to the same week in 2019, when this item was selling for US\$340 mfbm, it is up +\$326, or a whopping +96 per cent.

Madison's Weekly Softwood Lumber Movers & Shakers August 7, 2020 www.madisonsreport.com

	This Week	Last Week	Change \$	Change %	Trend	Month Ago	Change \$	Change %	Trend	Year Ago	Change \$	Change %	Trend
WSPF KD High Line 2x4 <i>*new*</i>	712	682	+30	+4.4%	▲	556	+156	+28.1%	▲				
WSPF KD R/L 2x4 #2&Btr	666	620	+46	+7.4%	▲	504	+162	+32.1%	▲	340	+326	+96%	▲
WSPF KD R/L 2x6 #2&Btr	650	620	+30	+4.8%	▲	488	+162	+33.2%	▲	312	+338	+108%	▲
SYP KD R/L East Side 2x4	615	559	+56	+10.0%	▲	525	+90	+17.1%	▲	395	+220	+56%	▲
SYP KD R/L East Side 2x6	565	515	+50	+9.7%	▲	480	+85	+17.7%	▲	310	+255	+82%	▲
SYP KD R/L Central 2x4 <i>*new*</i>	586	527	+59	+11.2%	▲	488	+98	+20.1%	▲				
SYP KD R/L West Side 2x4	580	534	+46	+8.6%	▲	510	+70	+13.7%	▲	365	+215	+59%	▲
ESPF KD R/L 2x4 #2&Btr	750	710	+40	+5.6%	▲	585	+165	+28.2%	▲	430	+320	+74%	▲
WSPF KD PET 2x4 Stud	644	618	+26	+4.2%	▲	486	+158	+32.5%	▲	275	+369	+134%	▲
WSPF KD PET 2x6 Stud	450	450	0	0.0%	↔	328	+122	+37.2%	▲	270	+180	+67%	▲
Douglas Fir Green R/L 2x4	675	650	+25	+3.8%	▲	530	+145	+27.4%	▲	366	+309	+84%	▲
Douglas Fir Green R/L 2x10	660	635	+25	+3.9%	▲	510	+150	+29.4%	▲	445	+215	+48%	▲
ESPF KD 2x4 8ft Stud	775	740	+35	+4.7%	▲	610	+165	+27.0%	▲	350	+425	+121%	▲
OSB Ontario 7/16" (CDN\$/msf)	720	540	+180	+33.3%	▲	430	+290	+67.4%	▲	250	+470	+188%	▲
CSplywood Toronto 3/8" (CDN\$/msf)	649	649	0	0.0%	↔	623	+26	+4.2%	▲	430	+219	+51%	▲

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“Prices of softwood lumber advanced significantly again and sawmills pushed their order files into early September in most cases..” — [Madison’s Lumber Reporter](#)

Demand in the Eastern portion of the continent was extremely strong again last week. Sawmills raised their asking prices on #2&Btr Eastern S-P-F dimension between \$40 and \$55 in the Great Lakes market and \$45 and \$55 in the Toronto market. Hectic sales activity and inquiry were the norm, and buyers desperately grabbed any material they could find. Early September order files were commonly reported by sawmills and customers knew they wouldn’t receive their orders until at least two weeks after that.

* Madison’s Lumber Prices, weekly, are a good forecast indicator of US home builder’s [current lumber buying activity](#).

As shocking price increases continued, last week’s Western S-P-F 2x4 price rose +\$262, or +65 per cent, relative to the one-year rolling average price of US\$404 mfbm and grew a massive +\$275, or +70 per cent, compared to the two-year rolling average prices of US\$391 mfbm.

The below table is a comparison of recent highs, in June 2018, and current August 2020 benchmark dimension Softwood Lumber 2x4 prices compared to historical highs of 2004/05 and compared to recent lows of Sept 2015:

2x4 Dimension Lumber Prices: Current Compared to Recent and Historical Highs, and to Recent Lows								madisonsreport.com	
US\$ per thousand board feet	Current: 8/07/2020	2014 to 2020		All Time High (Previous or Current)	% Change: Current vs. All Time High	Previous Low: Sept 2015	% Change		
		Recent High: June 2018	% Change						
SYP East Side KD #2&Btr	\$ 615	\$ 550	11.8%	3Q2005 \$460	33.7%	\$ 311	97.7%		
WSPF KD #2&Btr	\$ 666	\$ 622	7.1%	2Q2004 \$443	50.3%	\$ 249	167.5%		
ESPF KD #2&Btr	\$ 750	\$ 690	8.7%	2Q 2004 \$529	41.8%	\$ 350	114.3%		
Douglas fir Green	\$ 675	\$ 590	14.4%	2Q 2004 \$500	35.0%	\$ 302	123.5%		
WSPF 2x4 STUDS (PET)	\$ 644	\$ 445	44.7%	2Q 2005 \$445	44.7%	\$ 230	180.0%		

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