

## What's Hot – What's Not

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**A**t the first part of the summer of 2014 log prices for those selling logs looked very promising. However it turned out to be a spike right before prices for domestic cutting mills collapsed to near the level of one year ago. While housing starts are up close to seven percent from the previous year they dropped more than nine percent in June from May levels. Most log buyers felt their inventory was in good shape in July and the first two weeks of August. Not only had building starts not increased enough to increase the demand but the export market had also softened the last few months. Having said this the Commerce Department in early August reported the economy in the April-June quarter grew at a pace of four percent, which is good. This followed a sharp two percent annualized drop in economic activity for the January-March quarter. They reported that was the biggest contraction since early 2009 during the depths of the recession. Another item to watch this fall is the effects of this fire season during this summer. How much logging will be curtailed, if any?

Chinese log imports had been near record volumes around the first of the year but residential construction in that country slowed considerably and sales of residential housing had decreased substantially leaving a high inventory of unsold and unfinished housing. Therefore inventory of logs in China is reported to be at a very high level.

I have also read that Japan's economy may be improving a little but housing around the Fukushima

nuclear plant disaster three years ago is still needed. Maybe as many as 60,000 families are still living in temporary accommodations. To me this brings back memories of Louisiana and Mississippi after hurricane Katrina only at a larger scale. Japan is also scheduled to host the 2020 Olympics so construction is starting to take place in Tokyo in preparation for that event.

It is reported that India has been purchasing some lower grade logs but at this time the volume is reported to not be very significant. I have not confirmed this but I suspect that these logs are of the equivalent quality of logs we are exporting into the China market.

The ports loading logs for export from Oregon and Washington presently are averaging a total of approximately 15 ships a month for China, Japan, and Korea.

Reports are that the red alder market is steady and most of the mills have an adequate inventory. Lumber sales did not pick up as anticipated but the available log supply may have

increased when the softwood prices spiked this last spring. Standard & Poor's reported that Northwest Hardwoods will be acquired by Littlejohn and Co. in the near future.

I have seen reports that the pulp chip market is fairly strong but prices paid for pulp logs has stayed fairly even with no significant increases.

Western redcedar prices were pretty fair this spring and early summer but they traditionally drop some during the fall and winter months. ■

### Log Prices

<b>Saw Logs</b>	M/B/F
Douglas-fir export . . . . .	\$600-715
Douglas-fir domestic . . . . .	\$600-625
White wood domestic . . . . .	\$540-580
White wood export . . . . .	\$600-625
Western redcedar . . . . .	\$850-1300

### Pulpwood/ton

Douglas fir . . . . .	\$30-33
White wood . . . . .	\$32-35
Alder & Maple . . . . .	\$29-33
Cottonwood . . . . .	\$22-24

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