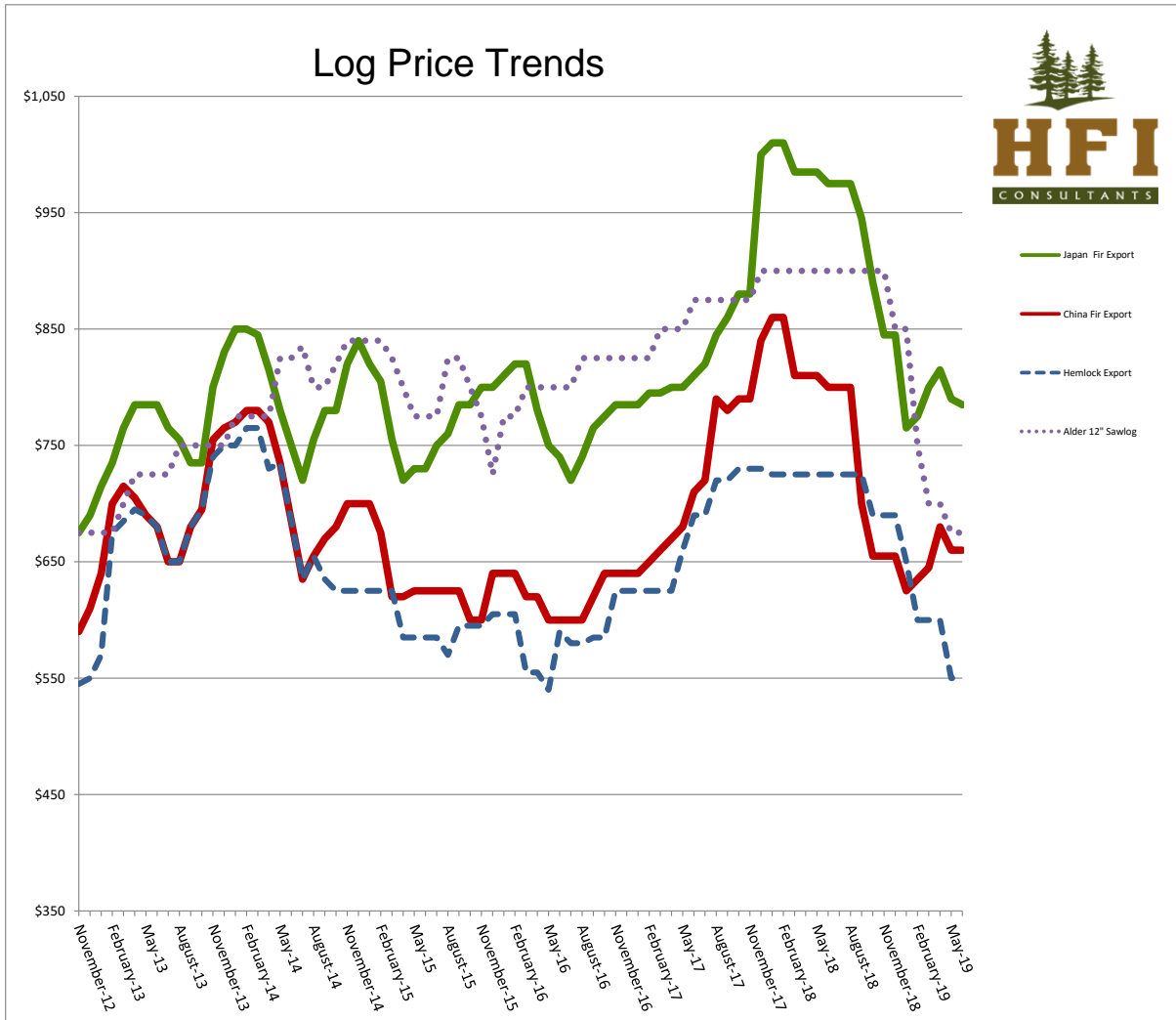


June 2019



Log prices have been in the doldrums for all of 2nd Quarter. Despite the declaration by China not to increase hemlock tariffs over 5%, the hemlock log prices continued to drop. Fir prices average about the same as last Quarter. I don't expect to see huge changes for July as of now as there is still quite a bit of wood in the yards and not a lot of demand from Asia for our logs.

However....the bright spot is that lumber futures have skyrocketed in recent days. The prices have jumped about 25% in one week, mostly on news of mill shutdowns, particularly in British Columbia. A number of mills in Canada are deciding to curtail or permanently stop production due to weak lumber prices in the US along with their high cost of stumpage. Most of the mills up there have been in the bleeding cash for months and they finally had it....so some are calling it quits.

The Canadians produce so much lumber that they have a big impact on our local stumpage prices. A drop in Canadian lumber production is good news for US tree farmers. Despite our access to export markets here in SW Washington, domestic lumber prices now are the real drivers in determining what log prices will be for us locally. So...keep your eye on lumber futures.