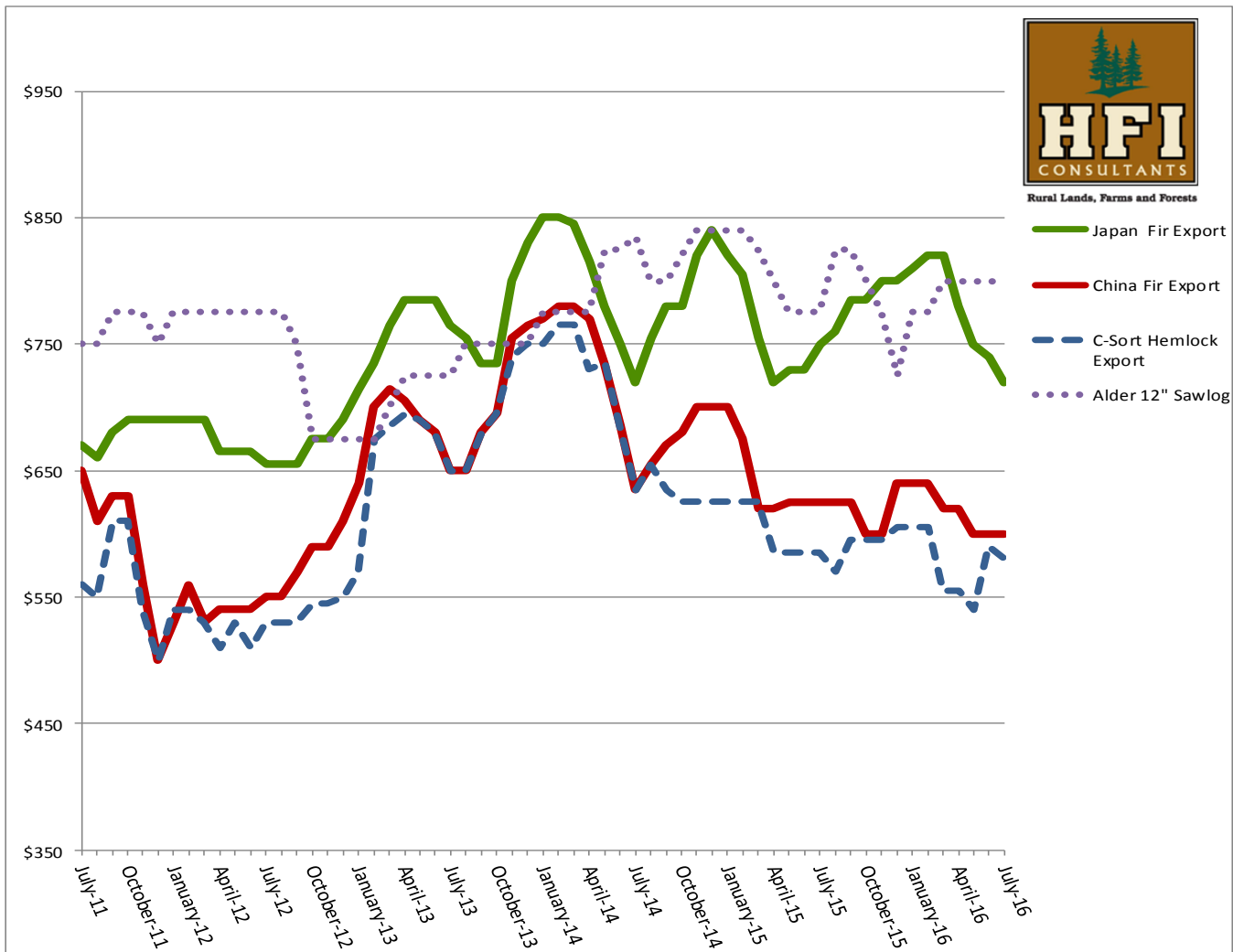


5 Year Log Price Trends



Japanese log prices continued their seasonal decline in July as supply is greater than demand at this time of the year. If the past patterns are any clue, then we can look for better Japan log prices in the 4th Quarter.

China sort logs are pretty flat at around the \$600 per mbf range. Domestic logs are seeing a slow rise and are staying just above the China log price. Alder is steady as is cedar as they are both in good demand. Pole prices have dropped as supply is outstripping demand at the moment, but that is likely to change in 4th Quarter. Framing lumber prices are up due to increased US home construction.

The Canadian-US Softwood Lumber trade agreement has expired and there are rumblings of a lumber trade war. The US is threatening duties on Canadian lumber after October 2016 if an agreement is not in place before then. If duties are put in place, or lumber flow from Canada is restricted, then this may drive log prices up for the tree farmers, which is a good thing.

On the downside, the Russians are increasingly providing China with low cost logs and lumber so we may see a continuing softening of the China market for US logs.

*This graph is intended to show market trends. Actual prices may be different at time of harvest.

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