



Log prices have remained unusually flat through the summer. Domestic log prices took a sharp dip last March, then recovered somewhat and has remained stable since then. As shown above, export prices are very good with the current spread between domestic and export prices the largest in more than 20 years. If this trend continues, it may be time to reconsider rotation age. A 45 year old stand can produce substantially more export quality than a 40 year old stand depending on the site class.

As many know, Weyerhaeuser mills yards and logging sides are all on strike. We are not sure how this will impact lumber markets or log supply, but for now, Weyerhaeuser sawmills are not accepting any logs. The export logs are still being accepted at a non-Weyerhaeuser yard so we can still take advantage of high export prices. The domestic log flow is being redirected to other mills. If this keeps up, it is only a matter of time before the other mills get plugged up.

Labor shortages, inflation and fuel prices are a real problem still, and the wood industry is feeling it in many ways. This includes higher logging costs, haul costs and no doubt, the labor strike. Tree planting and manual labor costs have jumped over 20% in the last 3 years, seedling costs are up 25% and herbicide costs have, for some products, tripled as in the case of Round-up.

The good news is that building still seems to be continuing, and lumber supply is slowing out of Canada.