



the LAYMAN'S GUIDE...

to Lumber & Panel Trading

A Weekly Softwood Framing Lumber & Panel Market Analysis & Forecast Since 1984

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August 22, 2001 Week #34

The Bottom Line ... Up Front

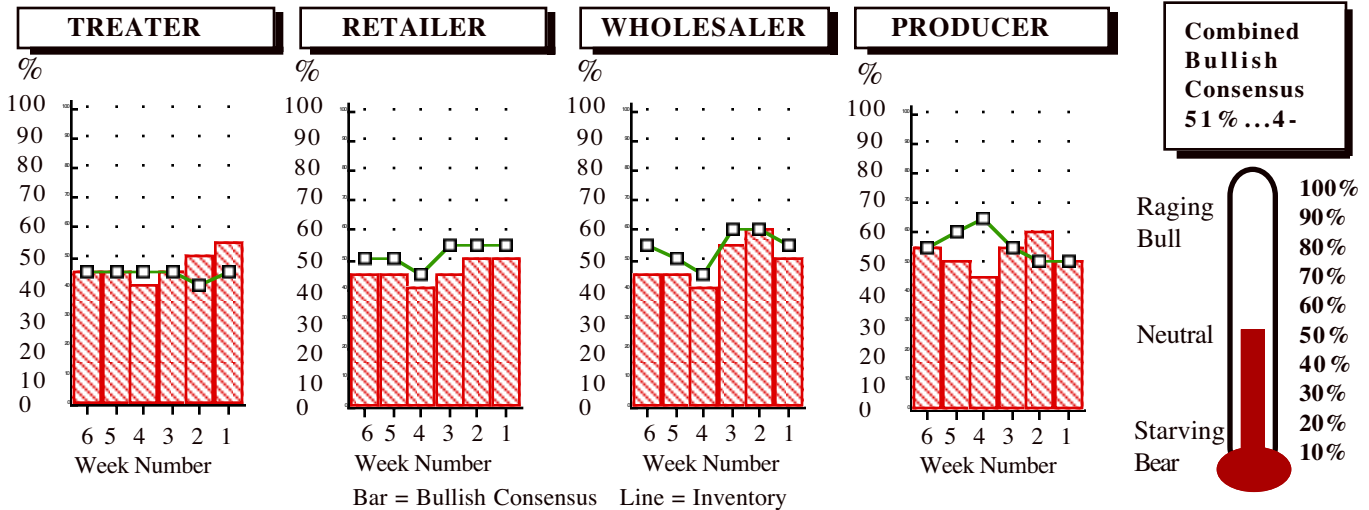
Demand is rising; consumers are procrastinating; I'm getting bullish!

SYP LUMBER...Opportunity is slipping away and prices are creeping higher.

CANADIAN SPF...Perception of value is at hand.

WESTERN U.S...Buyers have lost confidence. **PANELS...**Better demand is about to kick in.

BULLISH CONSENSUS vs. INVENTORY STATUS



(Graphs are in descending order. Week 1 represents the current week and week 6 represents six weeks ago.)

Graphs: Inventory Analysis: 0% = Empty; 100% = Loaded: Bullish Consensus: 0% = Most Bearish 100% = Most Bullish

MARKET	SYP	CDN	Dry Grn			OSB		Trading Cycle Phases
EVALUATION	SYP	SPF	Fir	Fir	Plywood	OSB	OSB	
Seasonal Trend*	M 5	M 5	U 6	6	M 5	M 5	M 5	-1) "No thanks. I'm OK for now." Translation: Digestion period; buyers feel they may have over bought.
Minor Trend: 2wks	U 6	M 5	M 5	5	M 5	M 5	M 5	-2) "What do you mean I can have some more of last week's deal?" Translation: The market is leveling; buyers feel remorse.
Major Trend: 4 wks	U 8	U 8	U 8	8	U 8	U 8	U 8	-3) "I'm not looking for anything! I have more than enough right now!" Translation: Buyers fear/expect lower prices.
Production 0-10	10	8	9	9	9	9	9	-4) "I'm hearing some cheaper numbers." Translation: Consumer needs to buy; but still anticipate lower prices, not ready to commit.
Consumption "	8	8	8	8	8	8	8	-5) "I don't need anything, but I would help you out at '\$X' lower." Translation: Has need and desire. Perception of value is at hand.
Producer Inven. "	5	6	5	5	5	6	6	-6) "Have you still got that ____?" Translation: Oops! Missed it! Can you help me out on this one?
Consumer Inven. "	5	5	6	6	5	4	4	-7) "Just give me the price! When will it ship?" Translation: Buyer is in a pinch!
Producer Optimism "	7	7	6	6	5	5	5	
Consumer Optimism "	6	6	6	6	6	6	6	
Over/under-valued 10/1	5	6	5	5	6	5	5	
Over/under-supplied 10/1	5	5	5	5	5	5	5	
Speculative Desire "	5	5	5	5	5	6	6	
Price Extremes "	5	6	6	6	6	5	5	
Strength Index (1-10)	5.7	5.6	5.5	5.5	5.4	5.7	5.7	
Trading Phase 1 thru 7	6	4	4	4	4	4	4	

Price extremes are in relation to five years hi's and lo's.

1 is most bearish; 10 is most bullish. *Trends: U=Up, D=Down, F=Flat, M=Mixed (more volatile than a flat market)
(*Mixed trend is a time of reversal, either long term or temporary.)
Market Evaluation 1-10 scale: 1 is very low; 10 is very high; 5 is average. Trend numbers imply the strength of the trend.
Over/under-valued-supplied is consumer perception. 10= most overvalued/supplied 1= most undervalued/supplied