

the LAYMAN'S GUIDE...

to Lumber & Panel Trading

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

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... Canadian S.P.F.

It's not that the SPF market is bad, it's just that it needs to recover from the damage that was done by irrational and emotional mills last week.

Consumers would like to buy and need to buy, but with prices swings in the \$50 range they are afraid to make offers.

As the prophets of old would say, "I tell you this", "the market is never \$5 from the bottom!"

Either the desired buying level is \$20 away or it has just been missed. All other offerings are fill-in's or just in time needs.

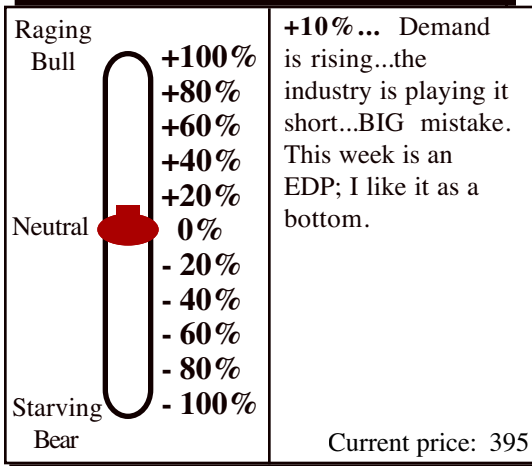
I read one comment this week that said the market wants to buy at the same value as futures. The truth is, the market was buying from wholesalers at less than futures last week. Now the futures prices is close to reflecting a genuine \$25 discount. So, if you like the futures price, buy futures. You might have to wait six weeks for delivery, but hey you can't get everything you want.

When you ask, "At what price will you buy some volume?" you hear \$20 lower from whatever number is being quoted. What dealers are saying is, "I'm not buying any volume until the noise settles down."

Projection: Every day now, retail sales are improving across the country. Weather is not a deterrent. Consumers are reducing inventory and Canadian mills are fearful that the U.S. machine is going to stick them with an anti-dumping violation so they are reluctant to extend quote times, much less order files. The environment is ripe for a rally. Consumers will not likely get the bottom of this settling because they are not willing to buy \$5 lower. Look for some producer induced action, such as pulp-related curtailments, to push procrastinating dealers into the buying arena.

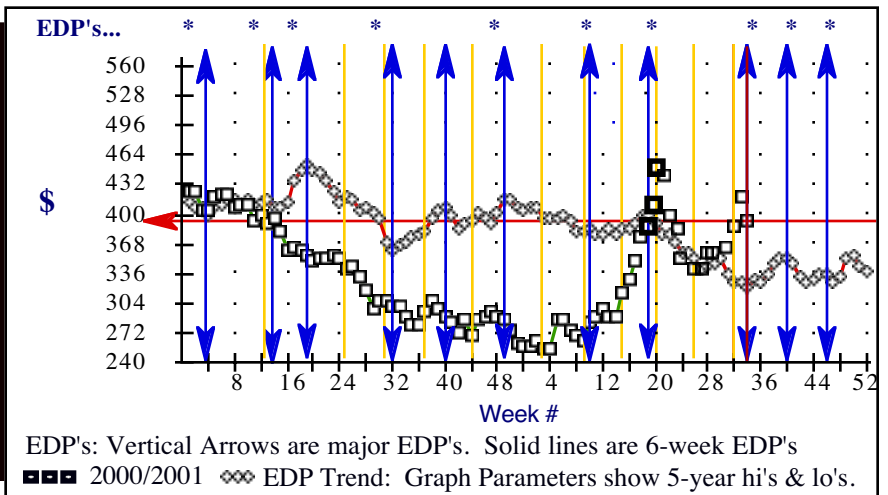
The time to buy is nigh!

Canadian SPF Bull-o-meter 4-week Outlook



2x4 KD Western Canadian (SPF-W-Chicago) Expected Decision Points (EDP's) vs Current Year

EDP's occur at Arrows and/or 6-wk intervals within a move.



St&Btr/#2 SPF Western Canada	This week	Last week	Year ago	St&Btr SPF Eastern Canada	This week	Last week	Year ago
2x4xR/L	395	420	300 =	2x4xR/L	420	455	300 =
2x10xR/L	389	399	341 =				

SPF-W % Mill Sales/Production Ratio	3-wk Ave	wk	wk	wk
		33	32	31
%	177	80	150	300

100% means sales and production are equal.

(Ratio Stats Source: Layman's Guide)
Prices are Delivered Chicago