



the LAYMAN'S GUIDE... to Lumber & Panel Trading

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

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...Southern Yellow Pine Lumber

Perhaps the most bullish feature of the SYP lumber market is that producers are not sold out bulls. That means they are still willing to let consumers book at will and extend order files. I believe it would be in the consumers' best interest to do just that.

Truss plants that I speak with tell me they have a lot more to quote and builders are on the verge of making commitments. Contractors are still a bit apprehensive due to slower than normal traffic but what is on the market is starting to move better and inventories of new and used unsold homes remains low.

The lowering of interest rates this week should pressure mortgage rates as well now that onlookers are not as optimistic about the resiliency of housing.

Here is my take on the next few months. Lower mortgage rates will qualify a sector of the market

previously shut out of home buying. That sector will be the middle to low income folks to whom a \$50 per month lower payment is significant. Thusly, demand for 1200-2000 square foot homes will increase, giving housing starts a boost. Also, multi-family will rise as those who fear for their jobs will continue procrastinate and opt to rent.

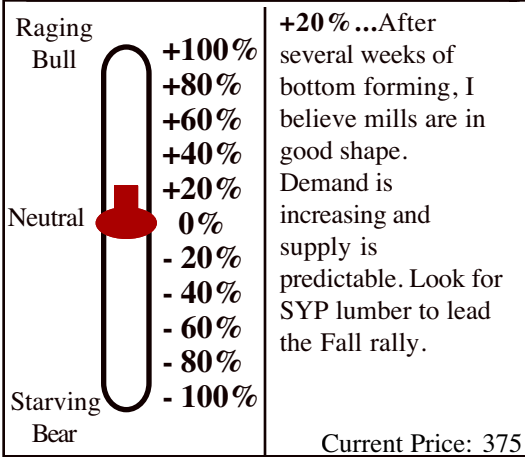
Projection: That resurgence in housing demand between now and next Spring will create more treated need. So, I expect that until weather gets crappy, SYP will be in a bull market beginning now.

We will get some sort of pull back late Fall but it will not penetrate or approach today's trading levels.

Be careful about long term commitments on truss and treated that you cannot cover today. I expect SYP lumber prices will be higher every week between now and the end of September.

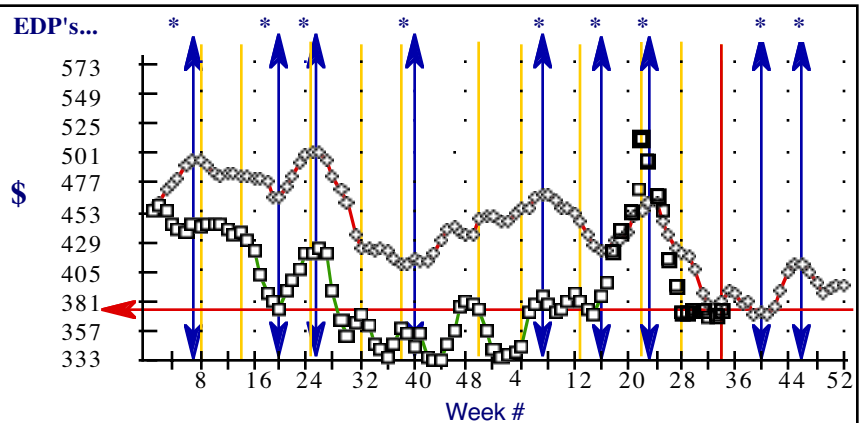
This is a 6-week interval and mills are gaining control.

SYP Bull-o-meter 4-week Outlook



2x4-2x12 Composite Southern Yellow Pine (SYP-East) Expected Decision Points (EDP's) vs Current Year

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



EDP's: Vertical Arrows are major EDP's. Solid lines are 6-week EDP's
■■■ 2000/2001 ◇◇◇ EDP Trend: Graph Parameters show 5-year hi's & lo's.

#2 SYP Eastside	This week	Last week	Year ago	#2 SYP Westside	This week	Last week	Year ago	#2 SYP Composite	This week	Last week	Year ago
2x4xR/L	362	352	341 8-	2x4xR/L	359	359	342 7-	(2x4-2x12, Eastside FOB Mill)	375	371	360 9-
2x10xR/L	388	388	366 12-	2x10xR/L	361	361	339 13-				

% Mill Sales vs. Production Ratio

3-wk Ave	wk	wk	wk
102	110	105	90

100% means sales and production are equal

The Meters reflect the strength of my bullish or bearish sentiment not the percentage of price change expected or the percentage chance of the forecast coming to pass.