

# Builders. Market Report

4-15-24

**“We contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”**

**– Winston S. Churchill**



The Market Update, in existence since 2012, is published on a weekly basis and is intended to be a source of lumber and commodities information for the present & future and pricing trend information. We appreciate receiving some of this information from Forest Economic Advisors, RISI Inc, Zelman Research, and LMC.

Builders value the opportunity to serve its customers in Colorado & Nebraska and provide you with Lumber & Panel price guidelines as well as Commodities information.

## **Economic News:**

### **ROYOMARTIN TO INVEST \$30 MILLION TO UPGRADE ITS OSB FACILITY IN ALLEN PARISH, LA**

Martco, LLC, the parent company of timber sourcing and manufacturing company RoyOMartin, has announced that it is investing more than \$30 million to install technologically advanced production equipment at its Allen Parish, Louisiana, OSB manufacturing facility, according to a press released published by Louisiana Economic Development (4-11-24).

The plant is one of Allen Parish’s largest employers, and as a result of this expansion, the company will retain 232 full-time employees. Louisiana Economic Development estimates the project will also result in nearly 600 indirectly supported jobs in the state, for a total of 831 retained and indirectly supported jobs. To win the Oakdale project, Louisiana Economic Development offered a competitive incentive package that includes a performance-based Retention and Modernization Tax Credit valued at \$455,400. **-Forest Economic Advisors**

### **CANFOR PERMANENTLY CLOSING ITS JACKSON, AL, SAWMILL; EXPANDING PRODUCTION IN FULTON**

On Wednesday, Canfor Corporation announced that it is in the process of optimizing its footprint in southern Alabama by permanently closing its Jackson, Alabama, sawmill in June, while expanding production at its Fulton facility with a second shift.

Canfor says these steps, together with the previously announced construction of a new, state-of-the-art greenfield sawmill in Axis, Alabama, will grow the company’s regional manufacturing

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platform by 100 million board feet of production capacity and consolidate operations at modern facilities that are well positioned to be competitive for the long term. **-Forest Economic Advisors**

## **TWO RIVERS LUMBER TO BUILD SECOND SAWMILL FACILITY IN KELLYTON, AL**

Two Rivers Lumber Co. plans to build second sawmill in Alabama with an investment of \$115 million in Kellyton, Business Alabama reported (4-11-24). The new facility will specialize in the production of Southern yellow pine dimensional lumber. Upon completion the mill will employ 130 full-time employees.

Construction on the sawmill is set to begin in June, with completion scheduled for August 2025. The construction efforts will be led by Peak North America. To support the project, Lake Martin Area Industrial Development Alliance is donating 110 acres of land, valued at \$2.2 million. In addition, AIDT will provide training services to the company.

Two Rivers was established by the McElroy family, owners of McElroy Truck Lines in Cuba, Alabama, and Roy Geiger, the owner of Sumter Timber in Jefferson, Alabama. The company opened its first sawmill in Marengo County in 2017. That facility has an annual capacity of 200 million board feet and 145 full-time employees, Business Alabama reported. **-Forest Economic Advisors**

## **LMC expands, adding the Manufactured Housing Buyers Group**

LMC, a leading forest products and building materials buying group in the U.S., announced April 11 that MHBG (“Manufactured Housing Buyers Group”), an association of independently-managed Manufactured Housing and Modular Housing Producers, is joining LMC. This combination marks a significant milestone in the pursuit of enhancing purchasing power and leveraging collective resources for the mutual benefit of all the cooperative’s members.

A new division will be created at LMC, called the Modular Building Division, to support this manufactured housing channel. The team at MHBG will join the LMC Team in this new division. By aligning with LMC, it provides MHBG members with an expanded product line opportunity as well as access to the services LMC provides, in addition to preserving the purchasing strengths MHBG has with its current product focus. This strategic partnership underscores the commitment of LMC to empowering its members with enhanced procurement solutions, thereby driving cost efficiencies, and fostering sustainable growth with diversification.

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Paul Ryan, LMC President and CEO stated, "This is a great opportunity for both organizations. The MHBG members will form the core of our new Modular Building Division, along with certain existing LMC members. This will strengthen our business in this market segment and will improve our collective purchasing power for all LMC members. We welcome the MHBG members, the team, and their supplier partners as we work to drive opportunity and growth for everyone." **-LBM Journal**

## **Rockin' Report**

U.S. employers added a very strong 303,000 net jobs in March, the best level since 5/23, and there were upward revisions to January and February of 22,000. Better yet, the workweek rose, the labor force participation rate increased from 62.5% to 62.7%, and wage growth slid from 4.28% in February to 4.14% in March. Strong employment growth and high and rising equity prices mean no June Fed rate cut. **-Elliot Eisenberg**

## **FIXED-RATE MORTGAGES CLIMB HIGHER IN THE WEEK ENDING APRIL 11<sup>TH</sup>**

Freddie Mac has released its Primary Mortgage Market Survey® for the week ending April 11th.

The 30-year fixed-rate mortgage averaged 6.88%, up from last week when it averaged 6.82%. A year ago at this time, the 30-year rate averaged 6.27%.

The 15-year fixed-rate mortgage averaged 6.16%, up from last week when it averaged 6.06%. A year ago at this time, the 15-year rate averaged 5.54%. Adding background and his analysis to the results of this week's survey, Freddie Mac Chief Economist Sam Khater said: "Mortgage rates have been drifting higher for most of the year due to sustained inflation and the reevaluation of the Federal Reserve's monetary policy path. While newly released inflation data from March continues to show a trend of very little movement, the financial market's reaction paints a far different economic picture. Since inflation decelerated from 9% to 3% between June 2022 and June 2023, the annual growth rate of inflation has remained effectively flat, ranging from 3.1–3.7% and averaging 3.3%. The March estimate of 3.5% annual growth is in the middle of that range. However, the market's reaction was dramatically different, as illustrated by a significant drop in the Dow Jones Industrial Average post-announcement.

It's clear that while the trend in inflation data has been close to flat for nearly a year, the narrative is much less clear and resembles the unrealized expectations of a recession from a year ago."

**-Forest Economic Advisors**

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**30-Yr  
FMR**

**6.88**

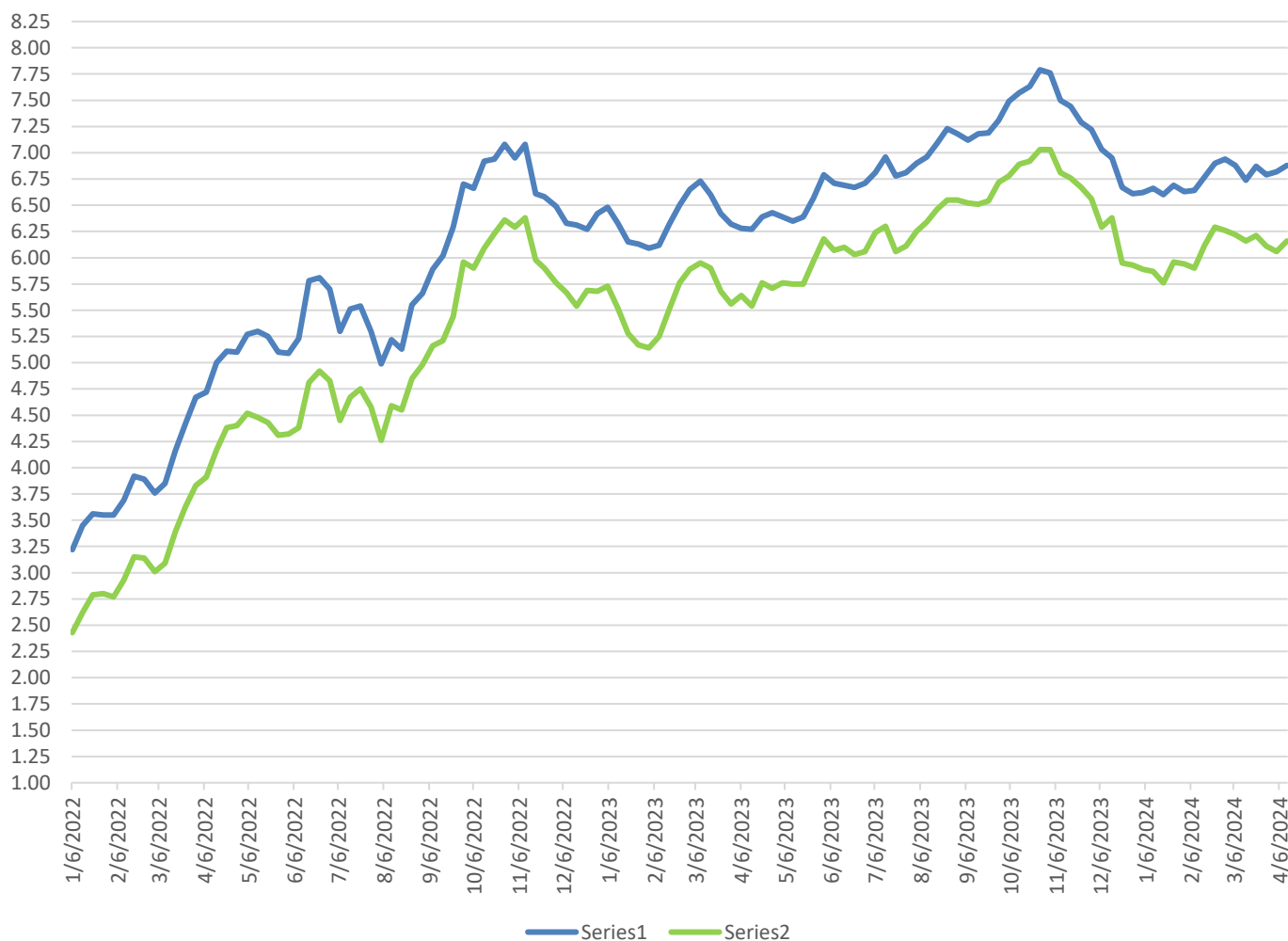
1-wk change **0.06**  
 1-Yr change **0.61**  
 4-Wk avg. **6.84**  
 52-wk avg **6.92**

**15-Yr  
FMR**

**6.16**

1-wk change **0.10**  
 1-Yr change **0.62**  
 4-Wk avg. **6.14**  
 52-wk avg **6.25**

FreddieMac Mortgage Rate History



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## Price Increase Announcements:

L1/L2	Vendor	Announced Increase Amount	Increase Date	L1/L2	Vendor	Announced Increase Amount	Increase Date
<b>In Effect</b>				<b>Upcoming</b>			
ROOF	Owens Corning	10-12%	4/1/2024	INSULATION	Kingspan GreenFiber	8-10%	4/25/2024
ROOF	GAF	4-6%	4/1/2024	INSULATION	Cellulose Armstrong	TBD	5/1/2024
ROOF	Atlas	4-6%	4/1/2024	BLDMT	Ceilings Tarco Ice & Water	5%	5/1/2024
ROOF	Tamko	6%	4/8/2024	ROOF	Water	7%	5/1/2024
				INSULATION	Atlas Polyiso	5%	5/15/2024
				INSULATION	Dupont	9%	5/20/2024

## Current Lead Times:

L1/L2	Vendor	Current Leadtime	L1/L2	Vendor	Current Leadtime
Adhesives	SF450	No Production	KITCH & BATH	Onyx	6 weeks
APPL	Almo	4 weeks	MILL	BayerBuilt	1-3 weeks
APPL	Samsung	4-8 weeks	MILL	Central	4-5 weeks
APPL	Whirlpool	4 weeks	MILL	Hardwood Boards	4+ weeks
APPL	Bosch 300/500/800 DW	4 weeks	MILL	Larson doors	3 weeks
BLDMT	Amarr Garage Doors	8+ weeks	OSB	Huber Zip	6-8 Weeks
BLDMT	Chamberlian GDO	6-8 weeks	PTOOL	Dewalt	2-4 weeks
BLDMT	Clark Detrich	2 weeks	PTOOL	Milwaukee	2-4 weeks
BLDMT	Plygem	3 weeks	ROOF	AirVent	4 weeks
BLDMT	Rebar	1 week	ROOF	Epilay	3 weeks
BLDMT	Rollex	4 weeks	ROOF	GAP	3 weeks
DECK	Trex	4-8 weeks	ROOF	Lomanco	2 weeks
Drywall	All	1-3 weeks	ROOF	Tamko	6-12 weeks
Electrical	Generac	8-40 weeks	ROOF	Tarco	1 week
ENGLB	LSL	8 weeks	SEAS	Traeger	2 weeks
ENGLB	RIM	4 weeks	SEAS	Yeti	3-8 weeks
ENGLB	Roseburg	6-8 Weeks	SIDE	Collins Truwood	6-8 weeks
ENGLB	TJI	3 weeks	SIDE	Fypon	5 weeks
FENCE	UFP Trt DE	4-6 weeks	SIDE	Hardie	6-8 weeks
HARDWARE	Locksets	1-2 weeks	SIDE	LP- Prefinished	1-3weeks
INSUL	Atlas	3-4 weeks	SIDE	LP- Primed	4-6 weeks
INSUL	Dupont/Dow	6 weeks	SIDE	Plygem	3-4 weeks
INSUL	Knauf	4-6 weeks	WIND	Marvin	10 weeks
INSUL	OX-IS	4 weeks	WIND	Pella- impervia	3-6 weeks
INSUL	Reflectix	6-8 weeks	WIND	Pella- vinyl	3-5 weeks
KITCH	Fieldstone	6-8 Weeks	WIND	Pella- wood	3-6 weeks
KITCH	Schrock	5-12 weeks	WIND	Windsor-Vinyl	6 weeks
KITCH	Ultra Craft	5-9 weeks	WIND	Windsor-Wood	6 weeks
KITCH	Koch	6-16 weeks			

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## THE BOTTOM LINE:

### **Lumber:**

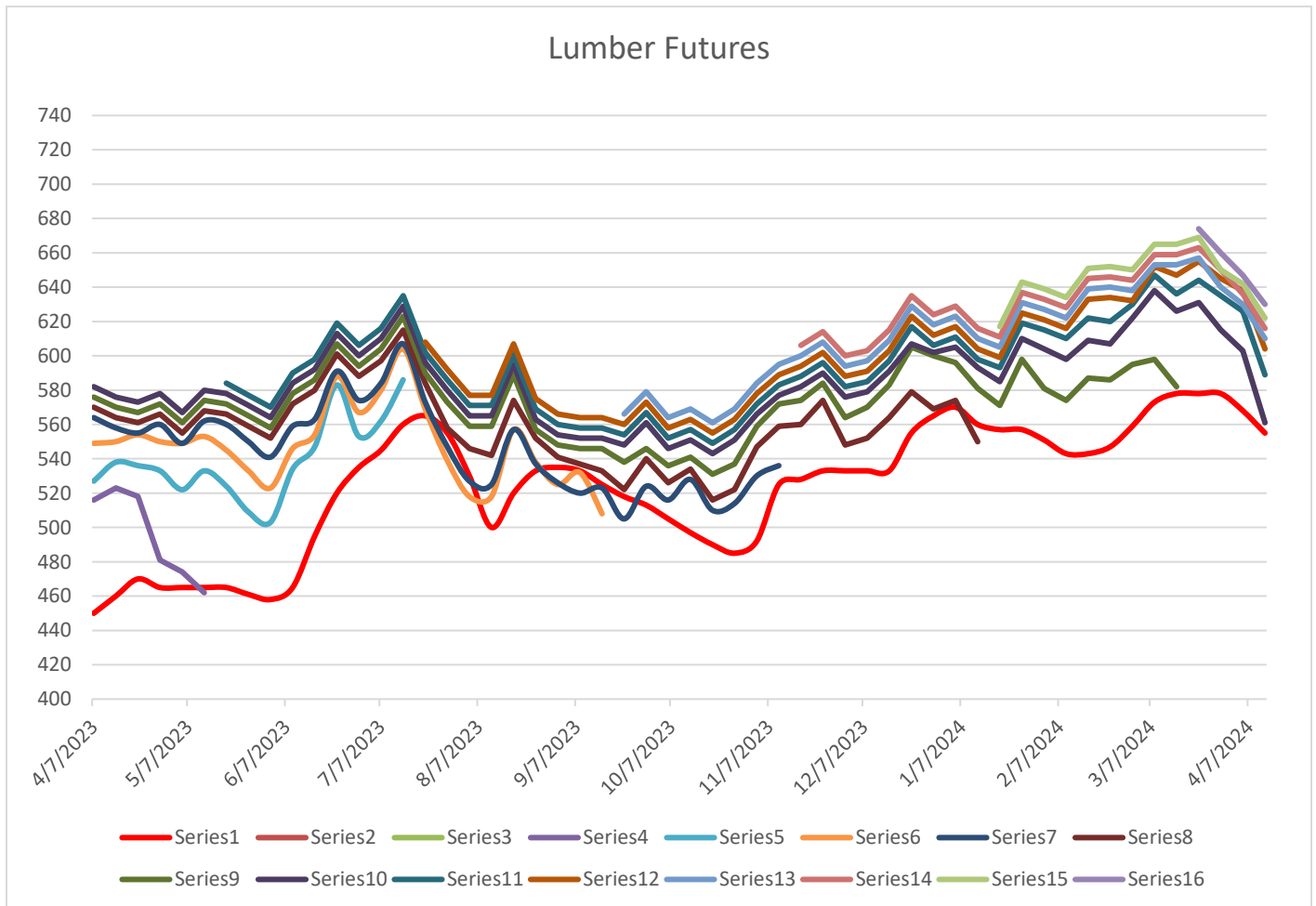
The pace of trading slowed to a crawl as buyers only bought fill in orders. The Montreal Wood Convention took everyone's attention away from trading and the market was mostly flat to down across all species on narrows. Wide material is still harder to come by and we saw a few increases there.

### **Studs:**

Stud mills were taking counters all week trying to build an order file. Pricing reflected the mills' willingness to drop pricing in an attempt to capture larger block buys. Most buyers were either distracted by the show or not interested at these levels.

### **Futures:**

Hedge fund traders continued to sell off contracts and lumber dealers are starting to take notice at these levels and becoming buyers. For the most part, the elevated futures pricing has been overvalued, and supply and demand of the cash market is taking over. May futures have finished lower for 12 straight days and now trading even with cash.



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Builders price motion this week:

Price Change From Prior Week

4/12/24

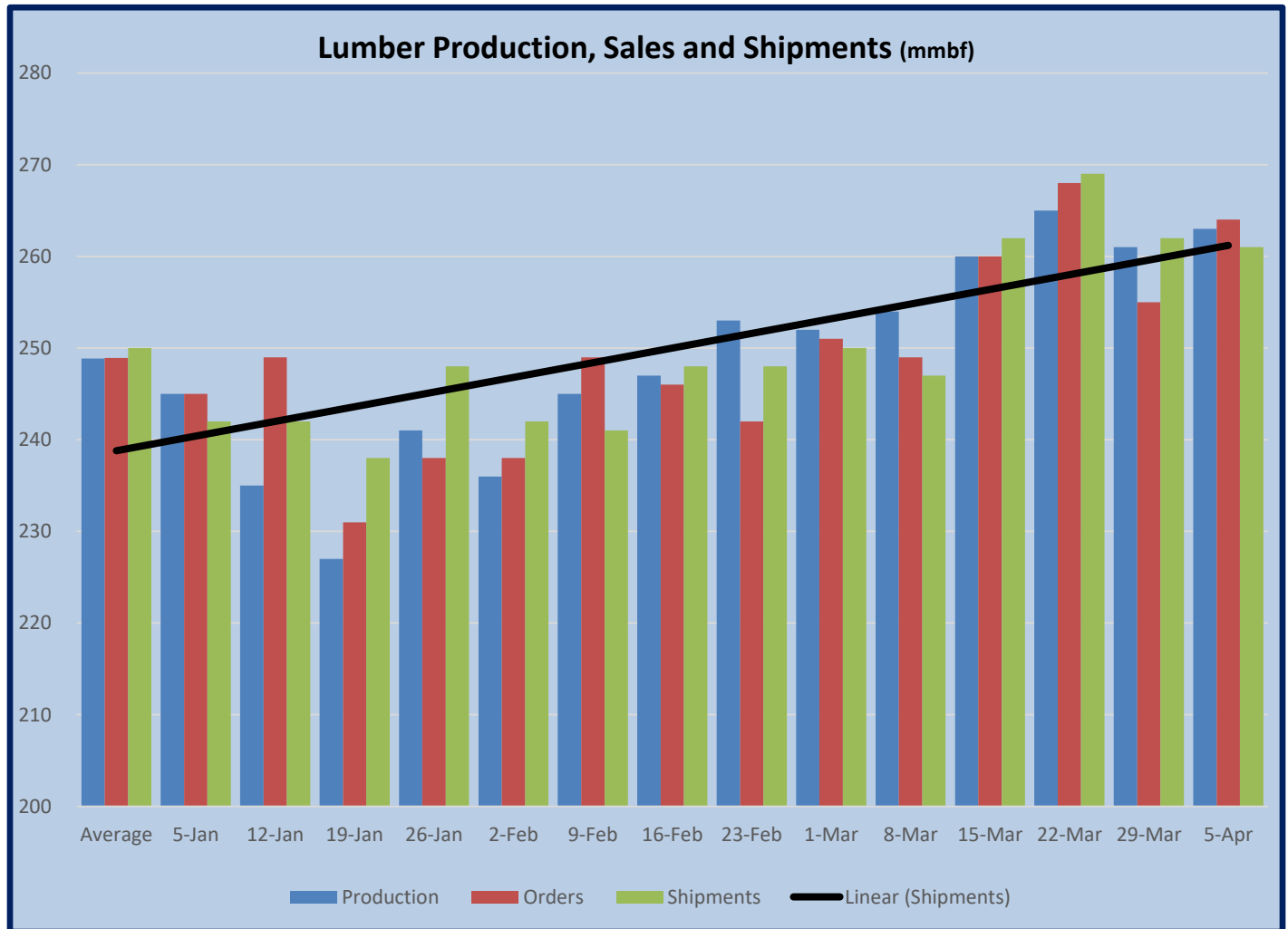
vs

4/5/24

Lumber Futures		May	↓ -42	Jul	↓ -37	FOB Mill	↓ -13		
Size	Coastal Hem Fir	Inland Fir	Doug Fir	Intf. Fir/Larch	#2 SPF Denver	#2 Euro (East Cst)	Premium SPF Grand Island	#2 SPF Grand Island	2x4 #1 SYP (central)
2x4 #2&Btr	→ 0	↓ -5	↓ -10	↓ -5	↓ -13	↓ -13	↓ -13	↓ -13	↓ -23
2x6 #2&Btr	→ 0	↓ -5	↓ -10	→ 0	↓ -11	↓ -11	↓ -11	↓ -11	↓ -22
2x8 #2&Btr	→ 0	→ 0	↑ 15	→ 0	(SPF)		↓ -5		↓ -15
2x10	→ 0	↑ 10	↑ 5	→ 0	(Hem Fir)		→ 0		↓ -5
2x12	→ 0	→ 0	↓ -5	→ 0	(Hem Fir)		→ 0		↓ -25
2x4 Util	→ 0	→ 0	→ 0	→ 0					
2x6 Utility	→ 0	→ 0	→ 0	→ 0					
<b>MSR</b>	<b>GI</b>			<b>Denver</b>					
	DF 1800	DF 2400	2x3 #2 SPF	DF 1800	DF 2400	DF 2850	SPF 1650		
2x4	↓ -5	↓ -5	→ 0	↓ -5	↓ -5	↓ -5	↑ 5		
2x6	↓ -5	↓ -5		↓ -5	↓ -5				
<b>Studs</b>									
Studs	Hem Fir #2 Studs	White Fir	Doug Fir #2	Fir/Larch	Western SPF Denver	Apollo SPF Prem Grade	Premium SPF	Saratoga Blanca	
2x4 92	↓ -15	↓ -10	↓ -10	↓ -10	↓ -10	↓ -10	↓ -10	↓ -10	
2x4 104	↓ -20	↓ -25	↓ -25	↓ -30	↓ -10	↓ -20	↓ -20	↓ -20	
2x4 116	↓ -5	↓ -25	↓ -20	↓ -30	↓ -10	NA		↓ -20	
2x6 92	→ 0	↓ -10	→ 0	↓ -10	↓ -10	↓ -10	↓ -10	↓ -10	
2x6 104	→ 0	↓ -10	↓ -10	↓ -20	↓ -10	↓ -10	↓ -10	↓ -10	
2x6 116	↓ -10	↓ -10	↓ -10	↓ -20	↓ -10	NA		↓ -10	
<b>Denver OSB</b>						<b>ZIP</b>			
OSB	7/16	15/32	15/32 Struc 1	19/32	3/4 T&G	7/16	1/2	Advantech	1 1/8"
4x8	→ 0	→ 0	→ 0	→ 0	→ 0	↑ 10	↑ 10	↑ 15	↑ 15
4x9	→ 0	→ 0	→ 0			↑ 10	5/8	R3	
4x10	→ 0	→ 0				↑ 10	↑ 10	R6.6	→ 0
<b>Grand Island OSB</b>						<b>ZIP</b>			
OSB	7/16	15/32	15/32 Struc 1	19/32	3/4 T&G	7/16	1/2	Advantech	1 1/8"
4x8	→ 0	→ 0	→ 0	→ 0	→ 0	↑ 10	↑ 10	↑ 15	↑ 15
4x9	→ 0	→ 0	→ 0	Durastrand	→ 0	↑ 10	5/8	→ 0	
4x10	→ 0			1/4"	→ 0	↑ 10	↑ 10	NA	
<b>Quake Zone</b>	<b>110 7/16"</b>	<b>122 7/16"</b>	<b>134 7/16"</b>		<b>110 7/16"</b>	<b>122 7/16"</b>	<b>134 7/16"</b>		
Denver	→ 0	→ 0	→ 0	GI	→ 0	→ 0	→ 0		
<b>4x8 Plywood</b>	<b>3/8</b>	<b>15/32-4</b>		<b>19/32</b>	<b>23/32</b>	<b>23/32 UL</b>	<b>1 1/8 UL</b>		
Western	→ 0	↓ -10		↓ -5	→ 0	→ 0	→ 0		
SYP West	→ 0	→ 0		→ 0	→ 0	→ 0			

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Production, sales, and shipments continue to increase. There was a slight downturn the week of 3/29, but everything rebounded the week of 4/5. We have seen a steady increase since mid-January. This helps explain the downturn in lumber.

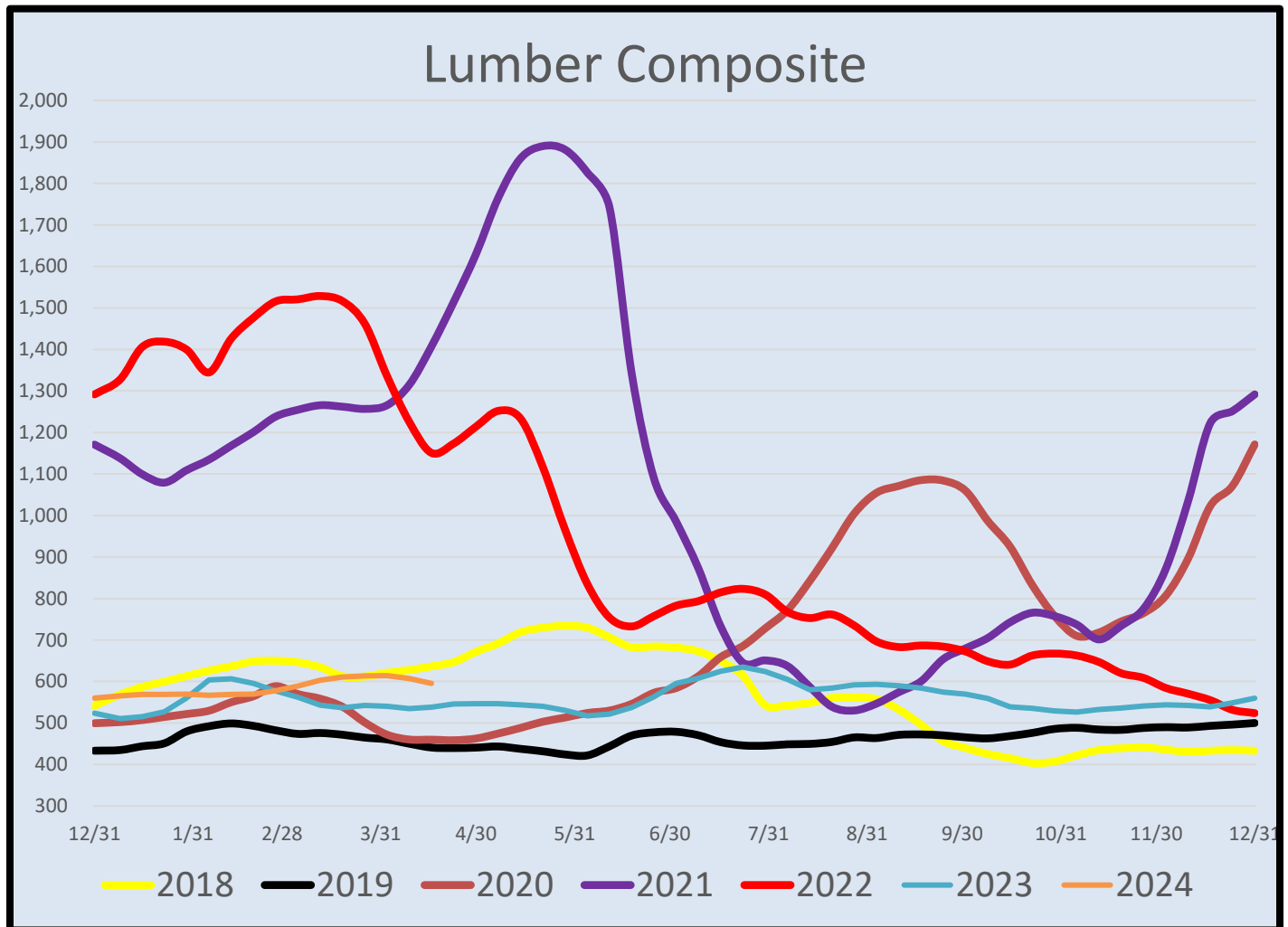




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Our lumber composite is **down** \$12/MBF this week.

Lumber Composite			
Today	1 week ago	1 month ago	1 year ago
595	607	611	538
% +/-	-2.0%	-2.6%	10.5%



The Lumber Composite is a weighted average of HF, DF, SPF dimensions and studs as well as Fir and DF wides.

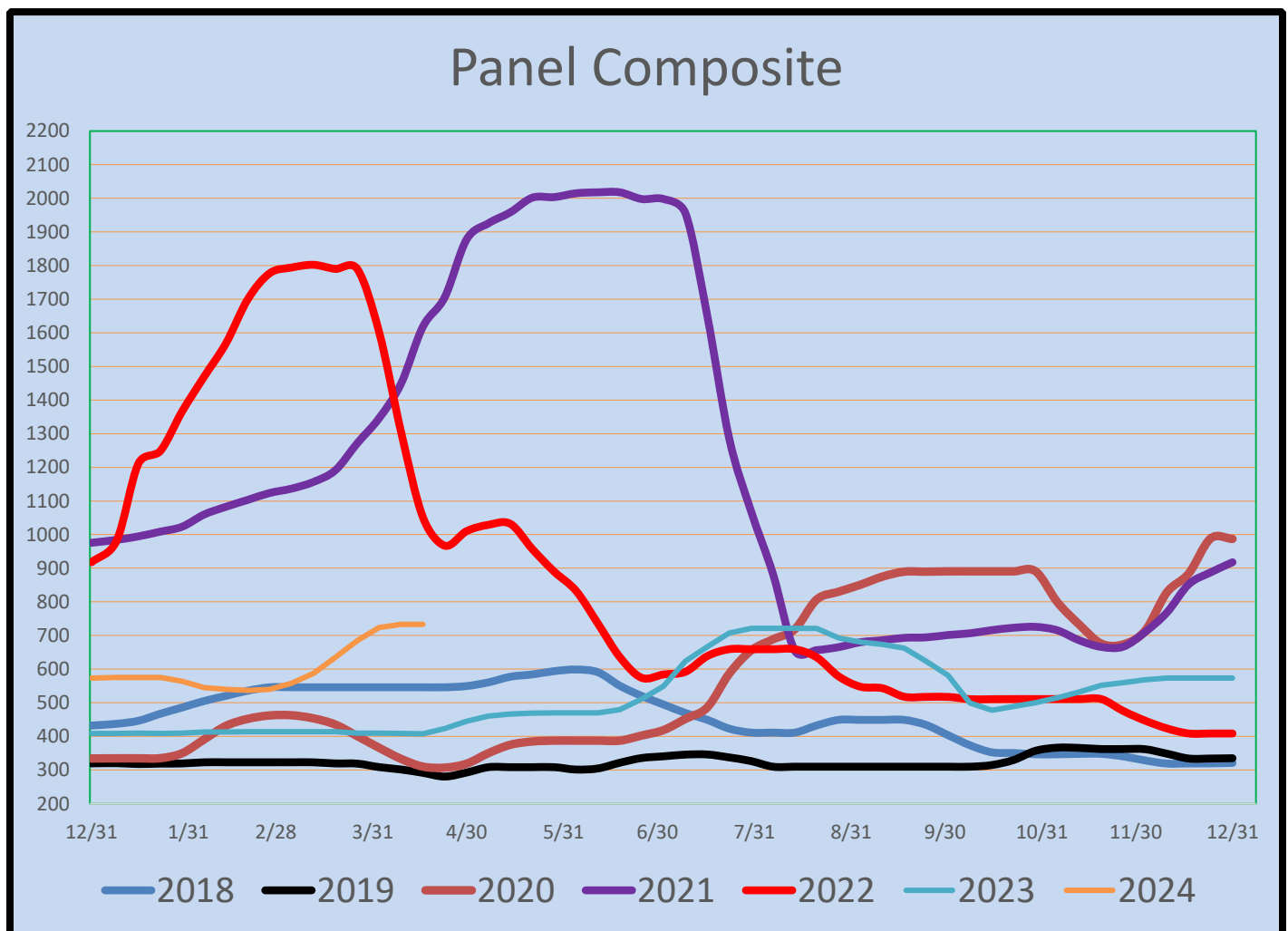
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## Panels:

The two-tiered market is still going strong with secondary suppliers still the only side offering material as OSB mills continue to be off the market for cash offerings. Trading slowed significantly and buyers have stopped chasing the limited open market offerings. Pricing has leveled off and we may see a few counter offers accepted this week from the mills.

Our panel composite is **flat** this week.

Panel Composite			
Today	1 week ago	1 month ago	1 year ago
733	733	634	408
% +/-	0.0%	15.6%	79.9%



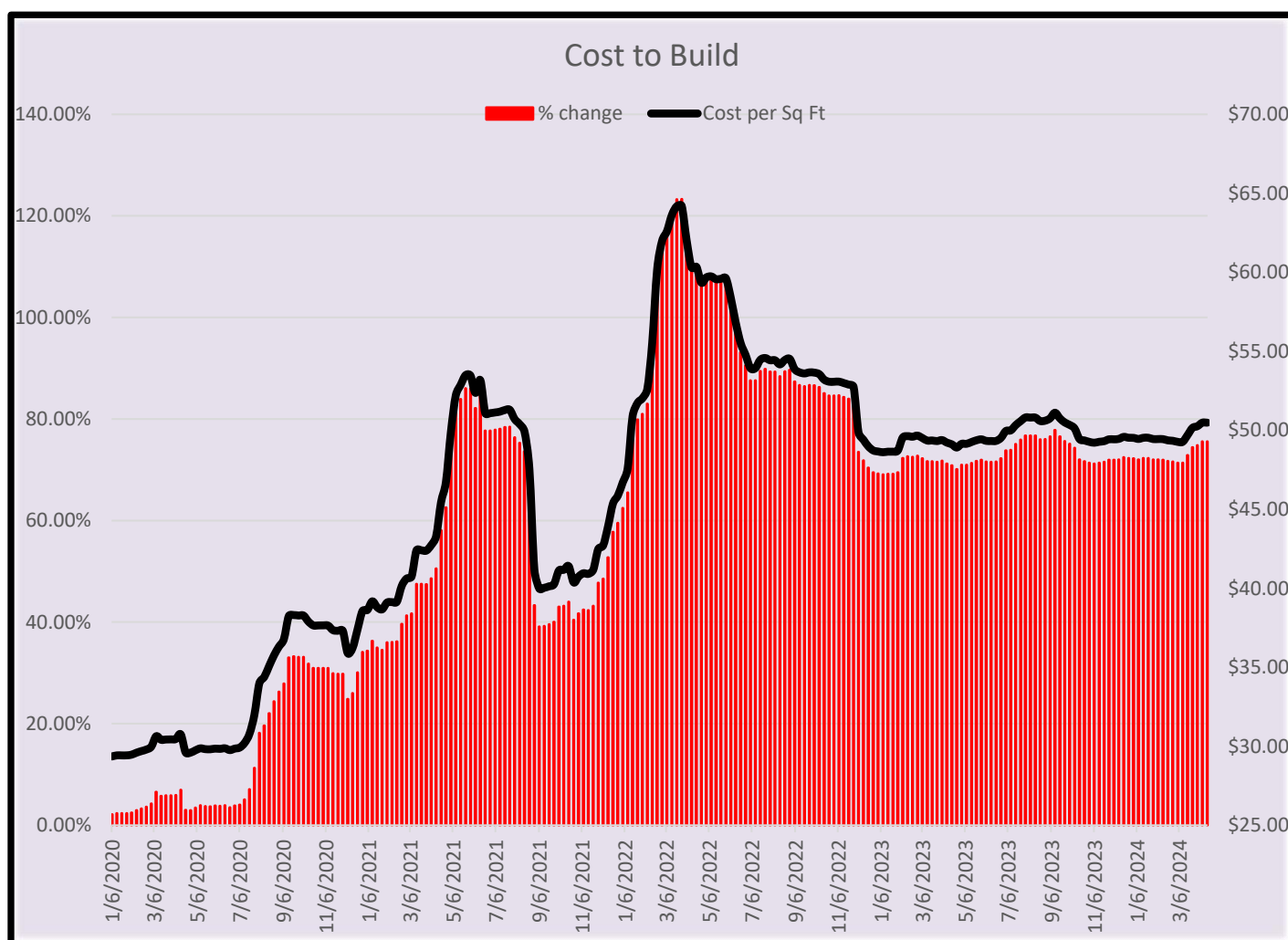
The OSB Composite is a weighted average of both Colorado and Nebraska panels from 7/16 through 23/32 T&G.

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The cost of a home, with pricing updated weekly, so you can get a sense of the total cost, not just studs or 7/16.



This design is a combination of the following: Plan Collection #109-1098, 131-1162; Houseplans #124-141; Homeplans #homepw00783



## 1,452 sq. ft. three bedroom, two-bath ranch w/attached 2-car garage.

Includes: All framing materials from the basement to the roof, Pella windows, vinyl siding, aluminum soffits and trims, laminate roofing, entrance doors, insulation (installed), drywall, interior flush oak doors and trim, oak stair rail, closet shelving and hardware, treated deck, 2 egress windows with area walls and covers in the basement, fasteners. #44245 #E144768