THE LUMBER DAILY

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MARKET PULSE | Monday, April 6, 2026

TOP STORIES

Three things to start your week.

Markets Reopen Into Iran Deadline as Trump’s April 6 Ultimatum Hits Today

U.S. equity and futures markets reopen this morning after the Good Friday close into a tense geopolitical setup. President Trump’s deadline for Iran to reopen the Strait of Hormuz to unrestricted commercial traffic falls today. WTI crude held above $111 through the weekend after last week’s 12% single-day spike, and the national average diesel price sat at $5.38 per gallon entering Monday. For wood products, the freight read-through is direct: flatbed spot rates were already running 30–40% above prior-year levels before this latest energy move, and carriers have signaled additional fuel surcharges within days regardless of how the Hormuz situation resolves. Expect delivered pricing volatility on every quote going out this week.

Canadian Combined Duties Now at 45.6% as 22 Mills Stay Closed Permanently

The arithmetic on Canadian softwood entering the U.S. has gotten heavier. Anti-dumping and countervailing duties now total 35.16%, layered with the additional 10% Section 232-style softwood tariff announced last September — putting combined effective duties at roughly 45.6% as we move through Q2. The supply-side response continues: 22 Canadian sawmills have closed permanently since 2022, more than 50 have reduced operations, and over 5,600 direct jobs have been affected. The next administrative review, expected to drop combined AD/CVD rates by roughly 10 points in August, will ease the math somewhat — but it will not bring back curtailed BC capacity. The structural hole in North American supply that opened over the past three years is durable, and it is the single biggest reason spring lead times are extending despite a soft demand backdrop.

West Coast Hardwood: “Curious and Uneven” as Q2 Begins

Hardwood suppliers along the West Coast are describing a market that opened the year on steady but restrained footing, with most reporting activity levels similar to late last year. There is no sign of a sharp downturn, but neither is there a strong surge in demand — producers and distributors characterizing conditions as cautious and uneven. White Oak continues to perform reasonably well, along with Soft Maple in SAP & Better grades. Walnut high-grade and Poplar are leading other species. PNW mill operators report that long-length Alder in the 12- through 16-foot range is moving particularly well into core customer programs, with niche-focused producers running at high rates. The pattern is short-interval rises and falls rather than sustained runs — a market built on selective buying, not broad confidence.

■ DEEP DIVE: ENGINEERED WOOD PRODUCTS

The Quiet Displacement: How EWP Is Eating Solid Sawn’s Lunch

The U.S. engineered wood products category — laminated veneer lumber (LVL), I-joists, glued-laminated timber (glulam), cross-laminated timber (CLT), and the OSB/structural panels that feed them — has spent the past two decades quietly displacing solid sawn lumber in the applications where it matters most. Floor systems, headers, beams, rim boards, and long-span structural members in residential construction are now overwhelmingly EWP rather than dimension lumber. The pitch is straightforward: superior strength-to-weight ratio, consistent dimensional stability, longer spans, less waste, and the ability to engineer to spec from smaller-diameter and lower-grade fiber. For mills, EWP has fundamentally changed which logs are valuable and which are not.

LVL and I-Joists: Built on Veneer, Sensitive to Peeler Supply

LVL is manufactured by laminating thin wood veneers with grain running parallel, producing billets that are sliced into beams, headers, and the flange stock for I-joists. Because the input is rotary-peeled veneer, LVL plants compete directly with structural plywood mills for the same peeler logs — predominantly Douglas fir in the West and Southern Yellow Pine in the South. When peeler log availability tightens, both categories feel it simultaneously. I-joists pair LVL or laminated strand lumber flanges with OSB webs, and the residential floor system has shifted almost entirely to this format over the past 20 years. Demand tracks single-family starts more closely than almost any other wood product, which makes the recent 14.2% plunge in March single-family starts a leading-indicator concern for I-joist plant utilization heading into Q3.

Glulam and Mass Timber: The Architectural Frontier

Glulam beams and CLT panels are the visible face of the mass timber movement, and they are the highest-value EWP applications by a wide margin. A glulam beam from premium Douglas fir lamstock carries multiples of the per-board-foot value of the same volume sold as #2 dimension. CLT panels for mass timber buildings command similar premiums and have opened a new structural market for wood in mid- and high-rise construction that didn’t exist a decade ago. North American CLT production capacity has roughly tripled since 2020, with new plants in Oregon, Washington, Arkansas, and Maine, and several more in development. The architectural and institutional demand pipeline for mass timber is the brightest spot in the entire forest products complex right now.

What This Means for Specialty Producers

The EWP shift creates two distinct effects for specialty mills. First, it removes pressure on small-log dimension volume — the mid-grade and lower-grade output that used to compete with EWP-substitutable applications is increasingly being displaced rather than priced. Second, and more importantly, it concentrates value in two places: the peeler log feeding LVL and plywood, and the large-diameter, high-quality lamstock feeding glulam and architectural mass timber. For moulding, millwork, and architectural producers in the PNW, this is a tailwind: the same old-growth and large second-growth Douglas fir that commands premiums in vertical-grain millwork is also what the highest-end glulam buyers want. Supply is finite, demand is structural, and the competition for premium fiber is intensifying in ways that favor producers who can grade, sort, and merchandise at the top of the curve.

AI IN THE SAWMILL: THE QUIET REVOLUTION IN GRADE RECOVERY

The two dominant scanning and optimization platforms in North American mills — one Canadian, one U.S. — have both moved their flagship grade optimizers to deep-learning AI architectures, and the operational results are starting to reshape how mill economics work. Modern systems use 3D laser scan data combined with trained neural networks to detect and classify defects (knots, splits, wane, stain, pitch pockets, catface, pistol grip, nodal swells) at line speed, then solve for the optimal cutting pattern board by board. The recovery gains are real: mills running deep-learning optimizers are reporting incremental upgrades of 1–3% on grade yield versus rules-based predecessors, which translates directly to margin on the same log input.

Two second-order effects matter for the broader market. First, better optimization is part of the reason low-grade lumber supply has been tightening even as overall production has held flat — more boards are being graded up rather than dropping into industrial and pallet stock, which is squeezing buyers in those segments and helping explain why low-grade indices have outpaced framing composites year-to-date. Second, AI-driven quality control platforms are giving mill managers near-real-time feedback on when products are drifting out of spec, shrinking the lag between a problem developing and the corrective action. For specialty producers grading Alder, Maple, Walnut, and Oak, the same underlying technology is being tuned for hardwood defect signatures — and the operators who get their training data and grading rules dialed in first will pull ahead of the field on yield.

INDUSTRY & COMPANY NEWS

• **COFI Convention Tomorrow — Vancouver, April 8–10:** The Council of Forest Industries’ annual convention brings 600+ delegates to the JW Marriott Parq under the theme “Forestry is a Solution.” Keynote panels include the State of the Forest Economy and a Forester Panel on wood supply access. BC Forests Minister Parmar will speak. Watch for any policy announcements on BC timber supply.

• **North Alabama Sawmill Files WARN for April Permanent Closure:** A North Alabama sawmill submitted a Worker Adjustment and Retraining Notification filing listing the action as a permanent closure taking effect this month. Adds to the running total of southern capacity losses on top of the 22 permanent Canadian closures since 2022.

• **Hardwood Federation Pushes EPA on Woody Biomass Under RFS:** The Hardwood Federation and a coalition of hardwood associations and companies signed a letter to EPA Administrator Lee Zeldin advocating for modernizing the treatment of woody biomass under the Renewable Fuels Standard so that liquid fuels derived from forest biomass would qualify under the mandate. A potential new outlet for low-grade and residual fiber if it moves.

• **Martinsville VA Sawmill Restart Funded:** USDA approved a $7.57 million loan guarantee to support the restart of an idle sawmill in Martinsville, Virginia. The acquirer plans to revive the former Pine Products operation. Adds to the small but growing list of grassroot and restart projects in the U.S. Southeast.

• **USDA Wood Innovations Grant Deadline — April 22:** The Forest Service is accepting applications for $95 million in competitive grants supporting mass timber construction, wood energy, and forest products processing capacity. Requires 100% non-federal match. Two weeks left.

• **Forecasts Coalescing Around “2026 Looks Like 2025”:** Forest Economic Advisors and ERA Forest Products Research are both signaling that the first half of 2026 will look broadly similar to 2025 — oversupply pressure, weak prices, lackluster earnings — with housing starts stabilizing this year before any meaningful 2027 recovery to 1.50 million units.

MARKET SNAPSHOT

INDICATOR	VALUE	CONTEXT
WTI Crude	$111+	Held weekend gains; Hormuz deadline today
National Diesel Avg	$5.38/gal	Pre-Hormuz; surcharges expected
Canadian Combined Duties	~45.6%	AD/CVD 35.16% + 10% Sec 232
Single-Family Starts (Mar)	-14.2%	873K annualized; permits -5.4%
March Nonfarm Payrolls	+178K	Beat 59K est; unemployment 4.3%
Wage Growth YoY	+3.5%	Slowest pace since May 2021
Cdn Mill Closures Since 2022	22 permanent	50+ reduced; 5,600+ jobs affected
Next Admin Review	August 2026	Expected ~10 pt duty reduction

THE BOTTOM LINE

Three things for Monday: (1) Today’s Hormuz deadline is the swing factor for the rest of Q2 freight — build flexibility into every quote, and don’t lock delivered pricing more than two weeks out without a fuel adjustment clause. (2) The structural EWP shift is now permanent, and it concentrates value at two ends of the log curve: peeler-grade fiber for LVL and plywood, and large-diameter premium lamstock for glulam and architectural mass timber. The middle is getting squeezed from both sides. If your log book is heavy in dimension-grade output, the long-term margin pressure is structural, not cyclical. (3) The “cautious and uneven” hardwood read continues to favor producers running narrow, well-defined niche programs over those chasing broad volume — selective buying rewards selective selling, and long-length specialty product is still the path of least resistance.
