THE LUMBER DAILY

Thursday, April 9, 2026
Biomass & Fiber Competition Edition
Est. 2026 | Vol. 1, No. 13

MARKET PULSE | Lumber $526.50 | WTI $94.41 (-16%) | Diesel $5.05 | S&P 6,782.81 | 10yr 4.28%

■ TOP STORIES

Drax locks 1M tonnes/year of pellets into Pathway Energy's $2B Texas sustainable aviation fuel (SAF) plant

Drax and Pathway Energy signed heads of terms for more than 1 million tonnes per year of biomass pellets. The pellets will feed Pathway's proposed 30 million-gallon sustainable aviation fuel plant at Port Arthur, Texas. Pathway enters front-end engineering design (FEED) now, targets early 2026 construction, and plans commercial sustainable aviation fuel production in 2029. The site includes bioenergy with carbon capture and storage (BECCS) rated at roughly 1.9 million tonnes of CO_2 per year. A side agreement gives Drax an optional convertible loan note of up to $10 million and right of first refusal on two more Pathway sites, which would add another 2 million tonnes per year of pellet demand through the 2030s. It is the strongest signal yet that SAF is becoming a structural competing use for Southeast pulpwood and low-grade fiber.

Oregon Pellet Mills loads first Japan-bound vessel from Coos Bay as ILWU picket erupts over jurisdiction

Oregon Pellet Mills, the Southport Lumber and Swanson Group joint venture, loaded its first export cargo in mid-March. The vessel Ocean Virginia took on Douglas-fir pellets at the Ko-Kwel wharf in Coos Bay bound for Japan. The facility runs at 5.5 tons per hour, or roughly 35,000 to 40,000 tons per year. Pellets move by truck from the two Oregon sawmills to the wharf, then load through a fully enclosed mobile conveyor. The International Longshore and Warehouse Union (ILWU) Local 12 staged a five-day picket outside the terminal during the first load, contesting jurisdiction over the new pellet handling work. The story matters on two fronts. First, it is the PNW answer to the same residual-fiber problem driving Southeast pellet growth. Two Oregon sawmills built their own pellet capacity after losing traditional chip outlets. Second, it opens a direct PNW-to-Japan softwood pellet trade lane that did not exist a year ago. Expect more West Coast sawmills to look at the same playbook as chip markets tighten.

West Virginia hardwood trade mission closes contracts as India emerges as top buyer

The West Virginia Division of Agriculture brought an international buyer delegation through log yards and sawmills the week of April 7. The visits produced multiple signed hardwood contracts, concentrated in White Oak, hickory and tulipwood. WVDA also flagged that U.S. hardwood exports to India through three quarters of the fiscal year have already passed last year's full-year total. West Virginia's wood industry generates $3.2 billion annually and supports over 30,000 state jobs. The takeaway is that Appalachian mills are now competing directly for the same export buyers as Western hardwood producers as global buyers diversify away from China.

Rayonier keeps name and ticker post-merger; wood products Executive Vice President (EVP) departs for private specialty CEO seat

Rayonier will keep its name and RYN ticker after completing its merger of equals with PotlatchDeltic, and has unveiled a new corporate logo. The combined company owns more than four million acres of U.S. timberland and operates six sawmills plus an industrial plywood mill. That makes it the second-largest publicly traded timber and wood products company in North America behind Weyerhaeuser. The new board seats five legacy Rayonier directors and five legacy PotlatchDeltic directors, with Eric J. Cremers as executive chairman. Former EVP of Wood Products Ashlee Townsend Cribb has exited to take a chief executive officer role at a privately held specialty wood products manufacturer. The combined entity reshapes Southern softwood log supply and concentrates industrial plywood capacity under a single owner.

■ DEEP DIVE: BIOMASS & FIBER COMPETITION

U.S. pellet exports top 10 million tonnes as the buyer mix shifts

U.S. wood pellet exports hit 10.09 million metric tons in 2025, up about 1% year over year. Drax alone produced a record 4.2 million metric tons across its North American operations. The historic demand anchor is UK and EU utility-scale power, and that channel is now near its ceiling. The European Union's third Renewable Energy Directive (RED III) caps forest-wood pellet harvests at the 2017–2022 average and phases them down (not out). The European Commission's December 31, 2026 deadline to assess additional sustainability criteria is inside trading horizons. RED III's cascading-use language also bars subsidies for sawlogs, veneer logs, stumps and roots used for energy. That forces pellet producers deeper into residuals and harvest slash. Every tonne that can no longer come from solid-wood grades has to come from somewhere else — and the answer is Southeast pulpwood and low-grade hardwood, the same fiber pool that backs pallets, board mills and chip markets.

SAF is the new pellet buyer — and it wants volume no power station ever did

Pathway Energy's $2B Port Arthur plant is the leading indicator. A single 30 million-gallon facility has now contracted for more than 1 million tonnes per year of pellets, with optional expansion to two more Pathway sites worth another 2 million tonnes per year through the 2030s. In parallel, Verso Energy is deploying Honeywell UOP's eFining methanol-to-jet process across seven planned electro-SAF (eSAF) sites in France, Finland and the United States. The World Economic Forum projects global SAF demand at 17 million tonnes per year by 2030, or 4–5% of total jet fuel consumption. SAF plants behave differently from European biomass power stations. Power stations run base-load and accept variable fiber quality. SAF plants demand consistent, densified, low-ash feedstock and sign 10–15 year offtake contracts that underwrite new pellet mill construction. This is the first structural new pellet buyer since the UK utility conversion wave a decade ago, and it is contracting volume at a scale that will reprice Southeast residual fiber by the time the first plants ship fuel in 2029.

Enviva emerged — and the industry's capital base is now private equity

Enviva, the world's largest industrial wood pellet producer, emerged from Chapter 11 in December 2024 after equitizing more than $1 billion of debt. American Industrial Partners Capital Fund VIII became the largest shareholder. Stakeholders put in $250 million of new money through an equity rights offering. Exit financing funded completion of the 11th plant at Epes, Alabama, which produces roughly 1 million metric tons per year. The restructuring effectively closed the public bond market as a funding channel for North American pellet capacity. New mills will now be built against long-dated offtake contracts with utility and SAF buyers rather than cash-flow projections alone. The net effect is a structurally higher cost of capital for the industry, which tightens future pellet supply growth even as SAF, RED III and European utilities keep pressuring the same fiber pool that board mills, pallet producers and specialty operations rely on.

The fiber basin squeeze — second-order effects across regions

West Coast fiber basins run on Douglas-fir, hemlock, Alder and Bigleaf Maple grade logs, not Southern pulpwood. That partially insulates Western operations, but the insulation is thinner than it looks. Oregon Pellet Mills just loaded its first Japan-bound vessel out of Coos Bay. Two Oregon sawmills built pellet capacity rather than eat shrinking chip outlets, and a new PNW-to-Asia softwood pellet lane is now open. Beyond that, two second-order risks matter. First, Drax's Williams Lake, British Columbia (BC) closure and the strategic review of its Canadian pellet operations mean BC residual fiber that had been moving to pellets is now back on the market. Watch for softer chip pricing and more slash available to cross-laminated timber (CLT) feedstock and panel board. Second, low-grade hardwood competition is real on the East Coast. Mills running pallet-grade Red Oak or mixed Appalachian residuals now face a rising fiber cost floor as SAF offtake contracts start pulling on the same basin. Appalachian paint-grade moulding and White Oak/Walnut millwork operations are increasingly competing with energy demand that did not exist five years ago and scales independently of housing starts.

■ WHAT YOU MISSED YESTERDAY

Wednesday, April 8 — business, markets, and the broader economy.

- **Indices:** S&P 500 6,782.81 +2.51%, Dow 47,909.92 +2.85%, Nasdaq 22,635.00 +2.80% — best Dow day in roughly a year, broad risk-on move.
- **Catalyst:** President Trump announced a conditional two-week U.S.–Iran ceasefire tied to immediate reopening of the Strait of Hormuz, pausing a five-week conflict that had threatened 20% of global oil flows.
- **Oil:** WTI May futures closed $94.41, down more than 16% — the largest single-session drop since April 2020. European diesel fell roughly 20% to $1,217/tonne.
- **Bonds:** 10-year Treasury yield eased to roughly 4.28% as the safety bid unwound.
- **Note:** The ceasefire proved fragile into Thursday — WTI re-bid above $100 intraday on fresh accusations of breaches, a reminder that any diesel relief at the pump is not banked yet.

■ INDUSTRY & COMPANY NEWS

- **COFI 2026 opens in Vancouver (April 8–10):** The BC Council of Forest Industries released an updated *Rooted in BC: Economic Impact of Forestry* study led by COFI chief economist Dr. Kurt Niquidet and validated by BDO Canada. 600+ delegates convened at the JW Marriott Parq under the theme 'Forestry is a Solution,' with BC Forests Minister Parmar scheduled to speak. Backdrop: ongoing BC mill closures, volatile trade and the Carney conservation framework.
- **Canadian federal/provincial forestry subsidies top C$2.1B in seven months:** Support packages responding to U.S. antidumping, countervailing and Section 232 measures have now exceeded C$2.1 billion in aggregate over the last seven months — the largest Canadian forest sector support cycle in recent memory.
- **Canada Wood April market report — Asia hybrid systems gaining ground:** Canada Wood's April market update highlights Korean fire and acoustic test work advancing mid-rise wood adoption, and Japanese integration of Canadian dimension lumber into traditional post-and-beam systems — a hybrid pathway that fits the value-added export thesis.
- **Graanul Invest sets record single shipment from Port Arthur:** Graanul Invest Woodville Pellet loaded 50,042 tons of wood pellets at its Port Arthur logistics hub, the company's largest single U.S. shipment on record — another datapoint on the Gulf Coast emerging as the global center of gravity for wood pellet logistics.

- **Honeywell UOP eFining expands to seven planned eSAF sites:** Verso Energy is deploying Honeywell UOP's eFining methanol-to-jet technology across seven planned production sites in France, Finland and the United States, a parallel SAF pathway that does not compete directly for pellet fiber but signals scale of the buildout.
- **USDA Wood Innovations grants — deadline April 22:** $95 million in funding remains open for the 2026 Wood Innovations and Community Wood grant cycle. Any specialty producer or millwork operation planning capacity or market development work should have an application in motion this week.

■ HARDWOOD & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
CME Lumber (front month)	$526.50 / MBF	Flat week-over-week, -24% from Aug peak
WTI Crude (May)	$94.41 / bbl	-16% session, two-week ceasefire
National on-hwy diesel	~$5.05 / gal	Off $5.38 peak; CA $7+
10-year Treasury	~4.28%	Eased on risk-on move
CAD / USD	~1.38	Range-bound into COFI week
PNW #2 Douglas-fir sawlog (OR)	~$700–775 / MBF*	Firm; diameter declining
Red Alder log (PNW)	firm	Processing capacity shrinking
* MBF = thousand board feet		

■ THE BOTTOM LINE

Three things for your Thursday. First, the biomass story has moved from European utilities to Gulf Coast SAF. A single announced plant now contracts more pellet volume than most producers ship in a year, and there is more in the pipeline behind it. Second, that shift reprices Southeast and Appalachian residual fiber and feeds directly into pallet, paint-grade moulding and low-grade hardwood cost curves. Western specialty is one step removed, not immune. Third, the Iran ceasefire is a fragile two-week window. WTI fell 16% on the announcement and then re-bid above $100 on Thursday. Treat any relief in diesel and ocean freight surcharges as temporary. Meanwhile COFI 2026 runs in Vancouver this week against a C$2.1B Canadian subsidy backdrop — watch for real policy signals on BC's annual allowable cut (AAC) and duties.