THE LUMBER DAILY

Tuesday, April 14, 2026
AI in the Sawmill Edition
Est. 2026 | Vol. 1, No. 16

MARKET PULSE | Lumber $575.50 | WTI $104 (+7.8%) | S&P 6,886.24 (+1.02%) | 10yr 4.334% | 30yr mortgage 6.39%

■ TOP STORIES

USDA relocates U.S. Forest Service headquarters to Salt Lake City, consolidates regions

The United States Department of Agriculture (USDA) is moving the U.S. Forest Service (USFS) national headquarters from Washington, DC to Salt Lake City, Utah. The restructure consolidates the agency's nine regions into three geographic divisions and folds research stations and the Job Corps Civilian Conservation Centers into the new structure. USDA framed the move as bringing leadership closer to the 193 million acres of National Forest System land the agency manages, 80% of which sits in the West. Several hundred headquarters positions are affected. Timber sale administration, fire program management, and state and private forestry grant processing all run through USFS. A multi-quarter transition is now baked in for anyone doing business with the agency: sale volumes, permit timelines, and grant cycle pacing are all exposed to the relocation and reorganization.

British Columbia passes Forests Statutes Amendment Act: BC Timber Sales adds 800,000 m³, doubles value-added set-aside

The British Columbia (BC) legislature passed the Forests Statutes Amendment Act, adding 800,000 cubic metres to the BC Timber Sales (BCTS) program annually and doubling the Category 4 value-added manufacturer set-aside from 10% to 20% of the BCTS volume. The amendments also authorize non-replaceable forest licences of up to five years for strategic applicants. The first licence under the new framework was awarded to Box Lake Lumber Products, a secondary manufacturer, with volume tied to specialty and value-added production commitments. BCTS historically has supplied about 20% of BC's allowable harvest and has been running well below target as old-growth deferrals, fire-salvage constraints, and appeals have compressed timber supply. Doubling Category 4 and pushing 800,000 m³ of new volume into the system is the province's clearest signal to date that value-added remanufacturers — including moulding, millwork, specialty appearance grades, and engineered wood producers — are being prioritized for allocation over pure commodity dimension buyers. The first licence sets the template for what qualifies.

Mirax Group acquires former Errington Cedar sawmill on Vancouver Island, relaunches as Vancoast Sawmill

Mirax Group has acquired the former Errington Cedar Products sawmill near Parksville on Vancouver Island and relaunched the operation as Vancoast Sawmill, a division of Mirax. Errington Cedar shut down operations last year after more than three decades of Western Red Cedar (WRC) specialty production. Mirax is recommissioning the mill with a focus on WRC decking, fencing, and appearance-grade shop lumber, and is retaining the existing operations team. The restart adds capacity back into a WRC supply pool that has thinned materially since 2020 as BC's old-growth deferrals and coastal harvest declines have pulled premium cedar inventory down. Vancoast is expected to ramp through spring and summer. Dealers working cedar programs on the West Coast and in export channels should re-open conversations on allocation and lead times.

■ DEEP DIVE: AI IN THE SAWMILL

Deep neural network grading crosses from pilot to production floor

USNR, the largest North American sawmill equipment supplier, now has its deep neural network (DNN) vision systems deployed in more than 100 operating systems across North America for lumber grading and defect detection. The systems replace or augment the human grader, classifying knots, shake, wane, pitch pockets, stain, split, and skip at green-chain and planer-mill speeds. Throughput on the scanning station is effectively unlimited relative to a visual grader, and grade consistency between shifts and between mills rises sharply. The pilot era is over. DNN grading is now the default spec on new North American softwood and hardwood mill projects that can carry the capex.

Segmentation models hit 99-100% precision on species and grade

Research from the Savcor LumberSeg platform, published late last year, reports 99 to 100% precision on species identification and grade-feature segmentation across Southern Yellow Pine (SYP), Douglas-fir, and mixed northern hardwoods in commercial trials. Comact's TrimExpert optimizer now couples a vision grader with automated trim-and-rip decisions in a single control cycle, pulling value recovery out of edge-of-grade boards that human graders historically defaulted to downgrade. For specialty and appearance-grade producers, the relevant number is not accuracy — it is the recovery lift. Early deployments are reporting 1 to 3% recovery improvement in appearance grades and 3 to 6% on high-value hardwood runs, with payback periods inside 18 months on the vision retrofits alone.

Ultrasound, X-ray, and hyperspectral — what is coming next

The next layer under visual grading is internal defect imaging. Ultrasonic log and cant scanners are moving from research trials into commercial installations for internal decay, knot cluster, and compression wood detection. X-ray density scanning — already standard at stud-mill headrigs — is being extended down the line into optimized trim decisions. Hyperspectral imaging, which reads moisture and extractive content beyond what visible light captures, is in pilot for color-sort and kiln-drying optimization. The trajectory is clear. Within three to five years, a modern mill will grade the log, the cant, the board, and the dried piece with overlapping vision, density, and spectral data streams, and the grading software will be continuously trained on the yield outcomes that follow.

The labor and capex angle: why the 2026 wave is different

Two forces are accelerating adoption this cycle. First, experienced graders are retiring faster than they are being replaced, and the training curve to reach consistent grade calls runs 12 to 24 months. Second, the vision-system cost curve has come down roughly 40% since 2020 while model accuracy has crossed the threshold where mill managers and insurers will accept it as the primary grade of record. The capex story for 2026 is retrofits on 1990s- and early-2000s-vintage lines rather than greenfield. Specialty and appearance-grade operations benefit disproportionately because recovery lift compounds on higher-value grades. For producers selling into millwork, moulding, and custom remanufacturing channels, the practical question is whether the supplier base is standardizing on AI-graded input specs. The answer, increasingly, is yes.

■ WHAT YOU MISSED YESTERDAY

Monday, April 13 — markets, AI, business, and sports.

- S&P 500 +1.02% to 6,886.24; Nasdaq +1.23% to 23,183.74; Dow +0.63% to 48,218.25. West Texas Intermediate (WTI) $104, +7.8%. Bitcoin $71,415, -5%.
- 10-year Treasury 4.334%; 30-year mortgage 6.39%. March Consumer Price Index (CPI) +0.9% month over month, +3.3% year over year. Chicago Mercantile Exchange (CME) front-month lumber $575.50 per thousand board feet (MBF); Madison's Lumber Price Index $523 per MBF.
- Anthropic released Claude Mythos (93.9% SWE-bench, 94.6% GPQA) and identified a 27-year-old bug in OpenBSD; announced Project Glasswing, a security-research consortium with Amazon, Apple, Microsoft, and CrowdStrike ($100 million in compute credits); Treasury Secretary Bessent and Federal Reserve Chair Powell encouraged major banks to test Mythos against code-audit and compliance workflows.
- PwC AI Jobs Barometer: 20% of companies using artificial intelligence (AI) are capturing roughly 75% of the measured economic gains.
- Union Pacific and Norfolk Southern cleared the final labor hurdle on their proposed merger, setting up the first single-line transcontinental United States railroad pending regulatory approval.
- Rory McIlroy won the Masters for the second consecutive year with a final-round 71, joining Nicklaus, Faldo, and Tiger Woods as the only back-to-back winners.
- NBA Play-In Tournament tips off tonight through Friday, April 17. Round 1 of the playoffs begins Saturday, April 18.

■ INDUSTRY & COMPANY NEWS

- **Atlas Engineered Products secures $4M IFIT grant for Clinton, Ontario robotic truss plant:** Natural Resources Canada's Investments in Forest Industry Transformation (IFIT) program awarded Atlas Engineered Products a $4 million grant toward a robotic truss manufacturing line at the company's Clinton, Ontario facility. The line brings automated saw-and-press cell technology into an Ontario truss market that has been constrained by skilled labor supply. Commissioning is targeted for later this year.
- **Update — Southwood Pallet fire confirmed in Apple Creek, Ohio:** Follow-up reporting places the five-alarm fire that destroyed Southwood Lumber Pallet Inc.'s production facility in Apple Creek, in Wayne County, Ohio, near Orrville. Twenty-four fire departments and more than 75 firefighters responded. No injuries. The 42-year-old pallet operation has pledged to rebuild. Pallet-grade lumber remains tight across the Ohio Valley.
- **Russian Timber Industry Union warns half of mills face insolvency:** The Russian Timber Industry Union issued a public warning that approximately 50% of the country's sawmills are operating below breakeven and face insolvency without intervention. Drivers cited: loss of European Union (EU) markets since 2022, weak domestic housing demand, and rising logistics costs on Far East rail routes into China. Russian softwood and birch plywood flow into global markets is at risk of further contraction, a tailwind for North American and European producers in overlapping grades.
- **Robinson Lumber commissions biochar system at New Albany, Indiana facility:** Hardwood distributor and importer Robinson Lumber commissioned a biochar production unit at its New Albany, Indiana yard, converting sawdust, bark, and off-cuts into agricultural biochar. The unit is designed around the company's hardwood residue streams and is part of a broader circularity push among Midwest hardwood handlers facing thin margins on low-grade sell-out.
- **Montréal Wood Convention opens today through April 16:** The Quebec Forest Industry Council's (QFIC) Montréal Wood Convention opened this morning at the Palais des congrès. Agenda: Canadian softwood duty outlook, sawmill automation, and the new BC Timber Sales Category 4 framework.

■ HARDWOOD & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
CME front-month lumber (Mon close)	$575.50 / MBF	Flat week over week
Madison's Lumber Price Index	$523 / MBF	Unchanged w/w; SPF 2x4 at $490
10-year Treasury	4.334%	Holding above 4.30%
30-year fixed mortgage	6.39%	Off recent highs
WTI crude	~$104 / bbl	+7.8% on Hormuz headlines
Canadian softwood combined duty (7th review prelim)	24.83%	Final due August 2026
BC Timber Sales Category 4 set-aside	20% of BCTS volume	Doubled from 10% — new law

■ COMING UP

- **April 18:** Canadian Forest Sector Transformation Task Force roadmap due to Natural Resources Canada.
- **April 21-23:** National Wood Flooring Association (NWFA) Wood Flooring Expo, Charlotte, North Carolina.
- **April 30:** Weyerhaeuser first-quarter 2026 earnings release.
- **May 1:** Canfor, West Fraser, and Interfor first-quarter 2026 earnings window opens.
- **August 2026:** U.S. Commerce Department 7th administrative review final determination on Canadian softwood duties.

■ THE BOTTOM LINE

Three things for your Tuesday: first, the BC Timber Sales changes are the first concrete policy tilt in North America toward value-added and specialty remanufacturers over commodity dimension buyers — the allocation template set by the Box Lake Lumber licence is worth reading closely. Second, the Mirax acquisition of the former Errington Cedar mill is a rare piece of good news on the Western Red Cedar (WRC) supply side and warrants a re-look at spring cedar programs. Third, the sawmill artificial intelligence (AI) story has quietly crossed the line from pilot to standard — if counterparty mills are grading on deep neural networks, the tolerances, recovery assumptions, and grade outturns feeding downstream remanufacturing are all shifting, and the people running numbers on Q3 and Q4 programs need to know it.