THE LUMBER DAILY

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Canadian Producer Wrap Edition
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MARKET PULSE | Lumber $584.50 | WTI $101 | Diesel $5.64 | S&P 7,500 (record) | 10yr 4.46%

■ TOP STORIES

Interfor reports Q1'26 net loss of $63 million, ASP climbs to $666/mfbm

Interfor reported first-quarter 2026 results yesterday, May 14, with a net loss of $63.3 million, or $(0.96) per share, narrowing from a $104.6 million net loss in the fourth quarter of 2025. Adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) turned positive at $30.7 million on sales of $643.2 million, up from negative $29.2 million on $600.6 million in the prior quarter. Average selling price rose to $666 per thousand board feet (mfbm), an increase of $67 per mfbm versus the fourth quarter, with strengthening across all operating regions. Lumber production totaled 856 million board feet against shipments of 806 million board feet, lifting inventory by 52 million board feet. Interfor indefinitely curtailed its Ear Falls, Ontario sawmill in the first quarter and its Nairn and Gogama, Ontario sawmills in April. Available liquidity was $385.8 million at quarter-end. Management hosts the conference call at 8 a.m. Pacific this morning.

Conifex draws $19 million BDC term loan, posts negative $7.7 million EBITDA

Conifex Timber released first-quarter 2026 results pre-market today, May 15, reporting EBITDA of negative $7.7 million against negative $12.6 million in the fourth quarter of 2025 and positive $4.9 million in the first quarter of 2025. Lumber revenue was $15.0 million, down 5% from the prior quarter and down 52% from the year-ago quarter, reflecting fewer shipping days and a partial offset from a modest commodity price uptick. In March, wholly owned subsidiary Conifex Mackenzie Forest Products entered a $19 million secured term loan with the Business Development Bank of Canada (BDC) under the federal Softwood Lumber Guarantee Program. The loan matures July 15, 2033, carries interest-only servicing through August 2028, and bears interest at BDC's floating base rate minus 0.60%. Proceeds support working capital and operations. The previously announced seven-week curtailment of the Mackenzie, British Columbia (BC) sawmill begins May 19 with a target July restart. Conference call is at 9 a.m. Pacific.

April retail sales advance 0.5% as furniture stores decline 2%

The Census Bureau on May 14 reported advance estimates of US retail and food services sales of $757.1 billion in April, up 0.5% month-over-month and up 4.9% year-over-year. Retail trade sales rose 0.5% on the month and 5.2% over the prior year. Core retail sales — which excludes autos, gasoline, building materials, and food services and feeds directly into the gross domestic product (GDP) consumption calculation — advanced 0.7% on the month and 6.3% year-over-year, the largest annual gain since early 2023. Within the report, furniture and home furnishings stores fell 2%, department stores fell 3.2%, motor vehicle dealers fell 0.5%, and clothing fell 1.5%. Nonstore retailers ran up 11.1% year-over-year. The April print sits against an April National Association of Home Builders / Wells Fargo Housing Market Index of 34, the lowest reading since September 2025. The 10-year Treasury yield closed near 4.46% after the data; the S&P 500 crossed 7,500 for the first time, up 0.77%, the Nasdaq printed another record, and the Dow retook 50,000.

■ DEEP DIVE: CANADIAN PRODUCER WRAP

Q1 average selling prices recovered, but coastal specialty separated from interior commodity

All five major Canadian integrated softwood producers have now reported first-quarter 2026 results. Western Forest Products, the British Columbia coastal specialty producer, posted the highest realization at $1,422 per mfbm, with specialty grades at 57% of mix versus 51% a year earlier. Interfor, weighted toward Southern Yellow Pine (SYP) and Western SPF (spruce-pine-fir) commodity production, realized $666 per mfbm — up $67 quarter-over-quarter from broad-market recovery. The benchmark Western SPF 2x4 #2&Btr averaged near $463 per mfbm through the quarter, up about 10% from the fourth quarter. Doman Building Materials Group, on the distribution side, reported revenue of C$762.0 million with EBITDA of C$68.1 million and a gross margin of 17.0% despite year-over-year SPF, oriented strand board (OSB), and plywood price compression. The dispersion shows the segmentation reality: coastal hemlock, Douglas fir, and Western Red Cedar specialty mix earns roughly double the commodity SPF print, and distribution-tier margins held even as upstream realization fell.

The Section 232 plus seventh administrative review duty stack is now showing up in segment results

West Fraser's first-quarter Adjusted EBITDA of negative $66 million reported on April 29 included a $114 million duty adjustment booked to the Lumber segment, isolating Lumber EBITDA at negative $84 million. The Commerce Department's preliminary seventh administrative review of antidumping and countervailing duties (AD/CVD) published April 14 set a country-wide rate of roughly 24.83%, against the 35.16% combined rate in force through the review period. The 10% Section 232 tariff that took effect October 14, 2025 sits on top of whichever AD/CVD rate is operative, taking all-in duty exposure to roughly 35% on Canadian softwood entries. The preliminary rate will not finalize until August 2026, so first-quarter cash deposits continued to flow at the higher rate. Canfor reported a first-quarter net loss of C$72.1 million with a lumber segment operating loss of C$43.7 million, improved from a C$318.8 million loss in the fourth quarter. Western Forest Products posted Adjusted EBITDA of negative C$13.6 million against positive C$3.5 million in the year-ago quarter. Conifex's negative $7.7 million EBITDA — small relative to the integrated peers — required the $19 million Softwood Lumber Guarantee Program-backed term loan to maintain working capital.

Curtailments are now the dominant supply lever in BC and northern Ontario

The Canadian capacity response is broader than any single quarter has captured. Interfor's first-quarter indefinite curtailment at Ear Falls, Ontario and April indefinite curtailments at Nairn Centre and Gogama, Ontario subtract integrated commodity volume from a region that already carries weak fibre economics. Conifex's seven-week curtailment at Mackenzie, BC starting May 19 removes approximately 25 million board feet of SPF supply with logging not resuming until early June and planers running through late June. West Fraser's High Level, Alberta OSB mill wind-down concluded at the end of April, removing 860 million square feet of panel capacity. The Blue Ridge, Alberta SPF restart in the second quarter offsets some of the SPF volume loss, but only partially. Western Forest Products' Chemainus sawmill on Vancouver Island remains down through the end of 2026, idle since June 2025. The aggregate effect is that announced Canadian SPF and OSB curtailments now exceed any single price recovery scenario being discounted into second-quarter futures. The bottleneck is no longer demand; it is whether retained capacity stays disciplined into the August final rate.

What second-quarter realization needs to do to clear the duty load

Interfor flagged that the SYP composite ran up $118 per mfbm, or 35%, from end-December to early second quarter. The KD H-F (kiln-dried hem-fir) Stud 2x4 9' rose $103 per mfbm, or 24%. Western SPF composite ran up $82 per mfbm, or 20%. Eastern SPF advanced $66 per mfbm, or 14%. Those moves rebuild gross margin on the operating side but do not retire the duty cash deposit balance that sits on Canadian producer balance sheets. Conifex's BDC loan is the first formal use of the federal Softwood Lumber Guarantee Program by a small Canadian operator, and the structure — floating-base minus 0.60%, interest-only through August 2028 — sets a template for similar facilities if final August 2026 duty rates land near the preliminary 24.83%. Capacity discipline that holds through the August finalization, combined with second-quarter realization continuing the first-quarter trajectory, is the path to clearing duty-related cash drag without further closures.

■ WHAT YOU MISSED YESTERDAY

Thursday, May 14 — business, markets, and the broader economy.

- S&P 500 closed above 7,500 for the first time at a record (+0.77%), Nasdaq printed another record, Dow retook 50,000.
- April retail sales +0.5% month-over-month / +4.9% year-over-year; core retail +0.7% M/M / +6.3% Y/Y, largest annual gain since early 2023.
- Furniture stores -2%, department stores -3.2%, motor vehicle dealers -0.5%, clothing -1.5%; nonstore retailers +11.1% Y/Y.
- 10-year Treasury closed near 4.46% post-retail; WTI June contract $101.04 (-0.4% on the session).
- CME front-month lumber settled $584.50 / mfbm (-0.43%) ahead of Powell's last day Friday.

■ INDUSTRY & COMPANY NEWS

- **Ganahl Lumber adds 12th and 13th locations through Pine Tree Lumber acquisition.** The 142-year-old Southern California dealer added yards in Escondido and Fallbrook, bringing total locations to 13. Pine Tree was founded in Escondido in the 1940s and added the Fallbrook yard via acquisition from Hayward Lumber in 1952. The deal extends Ganahl's footprint into San Diego County for the first time.
- **Mill Creek Lumber & Supply finalizing acquisition of Tulsa Fireplace Supply.** The Oklahoma-based dealer extends into the hearth, fireplace, and stone specialty category. Tulsa Fireplace Supply is a long-standing provider in the Oklahoma market; integration adds a specialty product line to Mill Creek's traditional building-materials mix.
- **Pine Mountain Fire reaches 100% containment at 2,589 acres on the Deschutes National Forest.** The fire began as a prescribed burn on the Bend-Fort Rock Ranger District southeast of Bend, Oregon and was declared a wildfire at approximately 4 p.m. on May 7. Three hotshot crews, one dozer, five engines, and four water tenders worked through steep rocky terrain south of the summit; full containment was confirmed May 12. The escape is the first prescribed-burn declared wildfire of the 2026 season on the Deschutes.
- **West Coast Dry Kiln Association holds spring meeting tomorrow in Eugene, Oregon.** The Saturday, May 16 meeting includes a tour of Zip-O Logging Industries' new kilns in Goshen, Oregon. The association covers kiln operators across Oregon, Washington, Northern California, and coastal British Columbia.
- **National Hardwood Lumber Association (NHLA) publishes 2025 thermally modified wood annual report.** The April 27 release covers North American market trends, sustainability framing, performance standards, and growth opportunities for thermally modified hardwood. The category sits as a Western Red Cedar (WRC) substitute for decking, siding, and cladding end uses.

■ BY THE NUMBERS

INDICATOR	VALUE	TREND
CME lumber, front-month settle (May 14)	$584.50 / MBF	-0.43% DoD
Madison's Lumber Prices Index (wk May 8)	$522 / mfbm	-$2 WoW
Interfor Q1 average selling price	$666 / mfbm	+$67 QoQ
Western Forest Products Q1 ASP	$1,422 / mfbm	57% specialty mix
WTI crude (Jun contract, May 14)	$101.04	-0.4% DoD
10-year Treasury yield (May 14 close)	~4.46%	Flat post-retail
S&P 500 close (May 14)	7,500+ record	+0.77% DoD
CAD/USD · EUR/USD	0.73 · ~1.15	CAD soft, EUR firm

On Deck: Today — Interfor Q1 call 8 a.m. PT; Conifex Q1 call 9 a.m. PT; Powell's final day at the Fed. Tomorrow May 16 — West Coast Dry Kiln Association spring meeting Eugene OR (Zip-O Goshen kiln tour). Monday May 19 — Conifex Mackenzie BC seven-week curtailment begins; Kevin Warsh's first business day as Fed Chair. June 16–17 — Warsh's first Federal Open Market Committee (FOMC) meeting. August 2026 — Commerce final seventh administrative review AD/CVD.

■ THE BOTTOM LINE

Three things for your Friday: Canadian integrated producer first-quarter realizations recovered into the $660s-$700s per mfbm for commodity-weighted books and held above $1,400 for coastal specialty mix, but the seventh administrative review preliminary 24.83% AD/CVD rate plus the 10% Section 232 tariff is now visibly drag on operating segment EBITDA — West Fraser's $114 million Q1 Lumber duty adjustment is the clearest single number. Conifex's $19 million Business Development Bank of Canada term loan under the federal Softwood Lumber Guarantee Program is the first small-producer use of the new facility and likely the template for additional drawdowns if the August final rate lands at the preliminary level. April retail data — core sales +6.3% year-over-year, the strongest annual print since early 2023, against a National Association of Home Builders / Wells Fargo index of 34 and furniture-store sales down 2% — keeps the consumer in the picture while the builder remains the missing buyer. Second-quarter cash tape sitting in the mid-$580s per mfbm on the front-month with diesel pinned at $5.64 needs the capacity discipline now in place to hold through August.