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THE LUMBER DAILY

MARKET PULSE | Lumber $597 | WTI $93 | Diesel $5.59 | S&P 7,519 | 10yr 4.58%

TOP STORIES

Longview White-Liquor Tank Implosion Kills One, Nine Still Missing at Nippon Dynawave

Recovery crews resume work Wednesday morning at the Nippon Dynawave Packaging plant at 3401 Industrial Way in Longview, Washington, a day after a 900,000-gallon white-liquor storage tank ruptured and imploded at 7:18 a.m. Tuesday. One worker, identified by his family as Gilbert Bernal, was killed. Nine workers are unaccounted for. Nine more were injured, along with one firefighter. The tank was about 60% full when it failed, releasing roughly 500,000 gallons of strongly alkaline liquor that mixed with water from a ruptured on-site fire main; officials said the liquid is contained on site and no off-site threat has been identified. White liquor, the core cooking chemistry of the kraft pulping process, is a solution of sodium hydroxide and sodium sulfide at a pH near 14 and causes severe chemical burns on contact. Recovery was suspended Tuesday evening because the damaged tank remains structurally unstable and exposure risk to corrosive chemicals is ongoing. The site employs about 1,000 people. The plant was Weyerhaeuser's liquid-packaging-board business until June 2016, when it was sold to Nippon Paper Industries for $285 million in cash; the plant is one of the largest producers of liquid-packaging board in North America, supplying paperboard for milk cartons and aseptic juice and broth containers. Washington's Department of Labor and Industries cited the facility four times between 2019 and 2025 on issues unrelated to chemical-process safety, and federal records show a 2021 serious citation with a $2,700 penalty; state regulators also cited the mill in 2020 and 2021 for high-pH wastewater discharge exceedances. The cause of the failure is not known.

Robbins Lumber Searsmont Explosion Was Accidental, Started at Silo Unloader, Investigators Find

The Maine Office of State Fire Marshal and the ATF released preliminary findings Tuesday on the May 15 fire and explosion that killed a firefighter and injured eleven other people at Robbins Lumber in Searsmont, Maine. Investigators concluded the incident was accidental. The fire originated at the unloader mechanism at the base of the mill's silo, and the explosion that followed was caused by the rapid ignition of suspended particulate material inside the silo. The blast lifted the silo from its concrete base; the silo then toppled, and the surrounding mill complex caught fire. The on-scene portion of the probe is complete and the ATF National Response Team has begun demobilizing after working through the Memorial Day weekend; the investigation remains open for laboratory testing, computer modeling, electrical analysis, and follow-up interviews. More than fifty witnesses have been interviewed to date.

Fed Minutes Show Majority Open to Rate Hike if Iran Conflict Keeps Inflation Elevated; Four Dissents

Minutes from the Federal Open Market Committee's (FOMC) April 28-29 meeting, released May 20, show a majority of participants viewed further interest-rate increases as likely necessary if the conflict in the Middle East continued to push inflation higher. The meeting carried four dissents, the largest count since 1992, reflecting an unusual range of views on whether the right next move is a hike, a hold, or a cut. Staff analysis attributed the rise in two-year nominal Treasury yields since the start of the Iran conflict to a sizable increase in expected inflation, partially offset by a decline in expected real rates, the signature of an adverse supply shock running through energy prices. The crude oil futures curve at the meeting sat above the curve at the March meeting. Bond markets held the move: the 10-year Treasury yield is near a 52-week high at 4.58%, and the 30-year fixed-rate mortgage averaged 6.51% in the May 21 weekly Primary Mortgage Market Survey (PMMS), up from 6.36% a week earlier. The rate path matters for the lumber complex through housing demand and through builder-financed inventories at the dealer channel.

■ DEEP DIVE: PNW PULP & PACKAGING CAPACITY

What Is Left of the Pacific Northwest Pulp & Packaging Footprint

The Pacific Northwest pulp and packaging base has thinned, but it is not as short as a casual read suggests. Anchoring the western Washington stretch is Nippon Dynawave Longview, the site of Tuesday's incident. A few hundred yards from it sits NORPAC (North Pacific Paper Company), a ~500-employee mill with three paper machines and roughly one million tons of annual capacity; International Paper announced an agreement to acquire NORPAC for $360 million in April and expects to close in the third quarter, and NORPAC began phasing out newsprint production at the Longview mill on May 1, pivoting toward recycled packaging grades. Georgia-Pacific Toledo, Oregon is the largest containerboard mill on the Oregon coast, running three paper machines on virgin and recycled fiber with about 400 employees; it is the largest wastepaper recycler in the state. Georgia-Pacific Camas, Washington operates with roughly 150 employees and is in the middle of a multi-year revitalization that runs through 2027, with two boilers demolished in 2026 as part of the modernization. Port Townsend Paper Company in Port Townsend, Washington produces kraft pulp, kraft paper, containerboard, and specialty grades at roughly 1,000 tons per day across about 300 employees; the mill was acquired by Atlas Holdings in October 2022. Cascade Pacific Pulp in Halsey, Oregon produces about 200,000 tons per year of kraft market pulp with about 166 employees and was acquired by Wayzata Investment Partners in 2020. Packaging Corporation of America's Wallula, Washington containerboard mill remains active on its recycled line after a Q1 2026 reconfiguration, addressed below. Two anchors from last decade are gone or idle: Cosmo Specialty Fibers in Cosmopolis, Washington (the former Weyerhaeuser specialty cellulose mill) has been shut since December 2022 while Charlestown Investment seeks restart capital, and the WestRock containerboard mill in Tacoma was permanently closed in the prior decade.

PCA Wallula Reconfiguration: Kraft Gone, Recycled Stays

Packaging Corporation of America (PCA) completed the reconfiguration of its Wallula, Washington containerboard mill in the first quarter of 2026. The mill's No. 2 paper machine and its kraft pulping facilities were shut permanently; the No. 3 paper machine, fed by recycled pulping, remains operational. The change removed about 250,000 tons per year of annual containerboard capacity from the Pacific Northwest and idled roughly 200 jobs in February 2026. The Wallula mill is now sized to produce about 285,000 tons per year of recycled linerboard and corrugating medium on W3, against roughly 400,000 tons of total containerboard production at the mill in 2025. PCA has signaled that the lost virgin-fiber capacity will be backfilled by production enhancements at company mills in Alabama and Tennessee beginning in the fourth quarter of 2026. The reconfiguration moves the regional packaging fiber base further toward old corrugated containers (OCC) and away from virgin kraft pulp.

What This Means for Sawmill Chips and Residuals

Every working pulp mill in the region is also a chip customer. A standard Pacific Northwest sawmill recovers roughly half of an incoming log as lumber; the balance is chips, sawdust, shavings, and bark, and the chip stream in particular is sized to local pulp and panel buyers. When a regional pulp mill goes dark or shifts away from virgin fiber, mill chip values fall and sawmills face longer hauls, lower netbacks, or accumulation. Two outlets absorb part of the displaced volume: panel mills (oriented strand board, medium-density fiberboard, hardboard) and energy and densified-fuel users (boilers, pellet plants, biomass cogeneration). Both have ceilings. Export chips through Pacific Northwest ports have at times supplemented the domestic outlet, with chip movements out of Longview, Coos Bay, and Tacoma flagged as a leading indicator of soft residual conditions. With Cosmo Cosmopolis idled, WestRock Tacoma closed, PCA Wallula now off virgin kraft, and NORPAC Longview phasing out newsprint into recycled grades, the virgin chip market in the region depends more heavily than it did five years ago on Nippon Dynawave Longview, Georgia-Pacific Toledo, Port Townsend Paper, Cascade Pacific Halsey, and a handful of panel mills.

WHAT YOU MISSED YESTERDAY

Tuesday, May 26 - new highs on a tech-led tape, oil softer, yields firmer.

- The S&P 500 rose 0.61% to a record close of 7,519.12 and the Nasdaq Composite added 1.19% to a record 26,656.18. The Dow Jones Industrial Average fell 118.02 points, or 0.23%, to 50,461.68.
- Micron Technology jumped about 19% and crossed $1 trillion in market capitalization for the first time, leading a chip-driven rally that pulled most large-cap technology higher.
- West Texas Intermediate (WTI) crude eased to around $93 a barrel as Iran-deal headlines cooled the prior session's risk premium; on-highway diesel held near $5.59 a gallon in the weekly Energy Information Administration (EIA) average.
- The 10-year Treasury yield held near 4.58%, sitting at a 52-week high after the prior week's Federal Open Market Committee (FOMC) minutes pointed to a divided committee leaning hawkish if oil-driven inflation persists.

INDUSTRY & COMPANY NEWS

- **Canadian International Trade Tribunal (CITT)** posted questionnaires May 15 to domestic producers, importers, and foreign producers in the global safeguard inquiry on solid and engineered wood cabinets and vanities, hardwood flooring, and engineered-wood storage furniture. Responses are due June 5. Hearings begin October 1. The inquiry was opened April 21 and tests whether import volumes are a principal cause of serious injury to Canadian producers.
- **US Census Bureau** April new residential sales release is on the calendar for Thursday, May 28. The March print showed a seasonally adjusted annual rate of 682,000 single-family sales, up 7.4% from February; the April figure will set the demand frame for the lumber complex heading into the summer building window.
- **The Big Timber Auction** runs Friday, May 29 in Woodburn, Oregon, with preview days Wednesday and Thursday. Hundreds of lots of late-model logging, sawmill, and yard equipment are on offer. Auctions of this scale read as a real-time signal of contractor exits, fleet rotation, and the mid-2026 used-equipment market.
- **US Commerce Department** Section 232 wood-products schedule sits unchanged. The 10% global tariff on softwood lumber and the 25% tariff on kitchen cabinets and vanities remain in effect; the January 2026 escalation on cabinets, vanities, and upholstered wood furniture was deferred one year to January 1, 2027. The Secretary is required to deliver an update to the President by October 1 on whether to extend Section 232 to hardwood timber, lumber, and their derivatives.

■ WEDNESDAY OPEN

INDICATOR	LEVEL	NOTE
CME lumber futures (front month)	**$597/MBF**	Per thousand board feet (MBF); near the May high
WTI crude	**$93/bbl**	Easing as Iran-deal track holds; was $94 Tuesday
On-highway diesel (US average)	**$5.59/gal**	EIA weekly; flat at multi-month highs
10-year Treasury yield	**4.58%**	Near a 52-week high after Fed minutes
30-year fixed-rate mortgage	**6.51%**	Freddie Mac PMMS, week ended May 21; up from 6.36%
April housing starts (annualized rate)	**1.465M**	-2.8% M/M; single-family at 930K (-9.0%)
April building permits (annualized)	**1.442M**	+5.8% M/M; permits running ahead of starts

■ THE BOTTOM LINE

Three things for the middle of the week. A regional fiber-side mill is the news the industry is waking up to, with Nippon Dynawave Longview's white-liquor tank failure killing one worker, leaving nine unaccounted for, and forcing a multi-day recovery on an unstable site that anchors one of the few remaining liquid-packaging-board lines in the Pacific Northwest. Two thousand miles east, the preliminary read on Robbins Lumber in Searsmont points the cause at suspended particulate ignition at the silo unloader, the textbook mechanism that has defined wood-products operational risk for a generation. Underneath both, the FOMC minutes set a more hawkish backdrop than the April hold suggested, the 10-year is at a 52-week high, and the 30-year mortgage is back to 6.51%, all of which keep the demand ceiling in lumber close to where it has been for most of the spring.
