THE LUMBER DAILY

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Process Safety Edition
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MARKET PULSE | Lumber $588 | WTI $89 | Diesel $5.59 | S&P 7,520 | 10yr 4.46%

TOP STORIES

Longview Death Toll Climbs to Eight; U.S. Chemical Safety Board Opens Federal Investigation

Recovery crews removed six bodies from the Nippon Dynawave Packaging plant in Longview, Washington on Thursday, bringing the confirmed death toll from Tuesday morning's 900,000-gallon white-liquor tank implosion to eight. Three workers remain unaccounted for and are presumed dead. The U.S. Chemical Safety and Hazard Investigation Board (CSB) announced Wednesday that it has opened a federal investigation into the incident; CSB investigators arrived on site Wednesday afternoon. The damaged tank remains structurally unstable and is still leaking; operations at the site are suspended until the remaining contents can be safely removed. The City of Longview said its drinking water has not been affected and city crews are flushing hydrants to dilute residual alkaline liquor through stormwater systems and away from sensitive infrastructure. The Washington Department of Labor and Industries (L&I) said it had two open inspections at the plant prior to the rupture, including one opened two months ago after an anonymous complaint about a valve on a tank holding aqua ammonia; the plant has been cited for three separate health and safety violations totaling $3,400 in state fines since 2021. Plant employment is approximately 1,000.

April PCE Reaccelerates to 3.8% Year over Year; Personal Spending Up 0.5%

The U.S. Bureau of Economic Analysis (BEA) reported Thursday that the headline personal consumption expenditures (PCE) price index rose 3.8% year over year in April, up from 3.5% in March and the highest annual print since May 2023. Core PCE, which strips out food and energy, rose 3.3% year over year. On a monthly basis, personal income was essentially unchanged (less than 0.1% lower) as a decline in farm proprietors' income offset a gain in compensation. Personal consumption expenditures rose 0.5% in dollar terms. The personal saving rate fell to 2.6% of disposable personal income (DPI). The Fed's preferred inflation gauge has now moved further away from the 2% objective for a third consecutive month, with the energy complex doing most of the work. The April Federal Open Market Committee (FOMC) minutes, released May 20, showed a majority of officials anticipated that interest rate increases would be necessary if the Iran conflict continued to aggravate inflation; that meeting produced four dissents, the largest count since 1992. The 10-year Treasury yield closed Thursday at 4.46%, down from a 16-month high of 4.70% touched May 20.

Weyerhaeuser Convicted in Grande Prairie Worker Death; Ordered to Fund $355K Safety-Training Program

Weyerhaeuser Company Limited was convicted May 19 in the Alberta Court of Justice after pleading guilty under Alberta's Occupational Health and Safety Act for failing to ensure the health and safety of a worker who was killed at the company's Grande Prairie, Alberta lumber mill in 2023. The worker was using a pike pole to clear a blockage from a wood-chipping machine when it was unsafe to do so and was fatally struck by the pole. The Crown withdrew 12 other counts. Under section 49 of the Act, the court directed the $355,000 penalty to Northwestern Polytechnic in Grande Prairie to develop the Northern Industrial Safety Pathways Program, a three-year pilot focused on training for inexperienced workers in industrial settings. The conviction is one of the largest Alberta OHS penalties against a forest-products operator in recent years and lands as the U.S. side of the wood-products industry processes the Longview tank failure on a parallel safety vector.

■ DEEP DIVE: PROCESS SAFETY AT THE KRAFT PULP MILL

White Liquor and the Tank That Failed

White liquor is the active cooking chemical in the kraft pulping cycle: a strongly alkaline mixture of sodium hydroxide and sodium sulfide that breaks down lignin so cellulose fibers can be freed from wood chips. A typical kraft mill recirculates white liquor through digesters, washes the resulting brown stock, and recovers the spent black liquor through a recovery boiler, where inorganic sodium and sulfur compounds are reduced back into smelt and then recausticized to fresh white liquor. The Longview tank that failed Tuesday morning was a 900,000-gallon storage vessel reportedly about 60% full of white liquor; an estimated 500,000 gallons of caustic solution were released on site. White liquor is corrosive to carbon steel at elevated temperature and concentration, and the typical specification for storage at active mills is either coated carbon steel or stainless. Tank-shell thinning from accumulated alkaline service is the textbook failure mode investigators look for first, alongside foundation movement, weld defects, and overpressure or vacuum events from venting and level controls.

Three Investigations, Three Mandates: CSB, OSHA, and Washington L&I

Three separate federal and state bodies are now active on the Longview site, and each has a different mandate. The CSB, created by the 1990 Clean Air Act Amendments, is an independent federal agency that investigates the causes of serious chemical incidents and issues safety recommendations; CSB does not write or enforce regulations and does not impose fines. The Occupational Safety and Health Administration (OSHA) and its Washington state partner, the Department of Labor and Industries (L&I), enforce workplace-safety standards including the Process Safety Management (PSM) standard at 29 CFR 1910.119. Washington L&I had two open inspections at the Nippon Dynawave plant before Tuesday's failure, including a complaint-driven inspection from two months ago concerning an aqua-ammonia tank valve; the plant has $3,400 in resolved fines since 2021. CSB typically issues a preliminary report on a major incident within months, with a final report and safety recommendations following the full investigation. Recommendations carry no compliance force, but historically OSHA, the Environmental Protection Agency (EPA), the National Fire Protection Association (NFPA), and industry associations have adopted CSB findings into rule or consensus standards within one to three cycles.

The Regulatory Stack: OSHA PSM, BLRBAC, and What's Voluntary

Kraft pulp mills sit inside a layered regulatory stack. OSHA PSM at 29 CFR 1910.119 applies to processes that exceed threshold quantities of OSHA-listed Highly Hazardous Chemicals (HHC), and most kraft mills are covered through chlorine dioxide generation, sulfur dioxide handling, or anhydrous ammonia systems. PSM requires written process-safety information, hazard analyses, mechanical-integrity programs for storage tanks and piping, management-of-change protocols, and incident-investigation procedures. EPA's Risk Management Program rule at 40 CFR Part 68 layers community-facing requirements on top of PSM for the same chemicals. Recovery-boiler safety, distinct from PSM scope, is governed largely by voluntary consensus through the Black Liquor Recovery Boiler Advisory Committee (BLRBAC), an industry body that issues recommended guidelines for design, operation, and emergency shutdown of kraft recovery boilers. NFPA 850 covers fire-protection for electric generating plants and high-voltage substations including those at integrated mills. White-liquor storage tanks specifically are not federally rule-bound the way recovery boilers and listed-HHC inventories are; tank design, inspection, and integrity management at kraft mills run on a mix of API 650 atmospheric-tank construction standards, owner-operator mechanical-integrity programs, and insurance-carrier inspection cycles.

WHAT YOU MISSED YESTERDAY

Thursday, May 28 - inflation reaccelerates, yields ease, claims edge up.

- The S&P 500 held its record close at 7,520, the Dow Jones Industrial Average finished little changed at 50,644, and the Nasdaq Composite slipped 0.05% to 26,661. WTI crude traded in the $88-89 area on continued Iran-ceasefire headline flow.
- April PCE inflation came in at 3.8% year over year (3.3% core); personal income was flat, personal consumption expenditures rose 0.5%, and the personal saving rate fell to 2.6%.
- The 10-year Treasury yield closed at 4.46%, off from the 16-month high of 4.70% touched May 20; the 30-year fixed-rate mortgage in the Freddie Mac Primary Mortgage Market Survey (PMMS) rose 2 basis points to 6.53%.
- U.S. Department of Labor initial jobless claims for the week ending May 23 totaled 215,000, up 5,000 week over week; the four-week moving average rose to 209,000. Insured unemployment held at 1.2%.
- BEA's accompanying release on Q1 corporate profits showed profits from current production fell in the quarter, consistent with the morning's downward revision to first-quarter GDP.

INDUSTRY & COMPANY NEWS

- **Builders FirstSource, Inc. (BLDR)** named Mike Hiller chief operating officer (COO)-designate effective May 18, succeeding current COO Steve Herron upon Herron's retirement on December 31, 2026. The board also named Coley O'Brien, formerly Chief People Officer at The Wendy's Company, as the new chief human resources officer (CHRO) effective the same day. Shareholders at the company's annual meeting re-elected the director slate, ratified PricewaterhouseCoopers LLP as 2026 auditor, and approved new equity-incentive and employee-stock-purchase plans.
- **Stora Enso** announced plans to permanently close softwood pulp production on fiberline 3 (L3) at its Skutskar mill in Sweden, with the production stop targeted for the third or fourth quarter of 2026 subject to completion of change negotiations. The mill will be reorganised around fluff pulp; the closure would affect a maximum of 80 employees. The company cited European softwood pulp demand declining since 2023, with prices falling while wood costs have increased.
- **European Commission** four-week public-feedback window on the draft delegated act expanding the product scope of the European Union Deforestation Regulation (EUDR) closes Monday, June 1. The Commission's broader simplification package, presented May 4, leaves the application date for large and medium operators at December 30, 2026, and June 30, 2027, for small enterprises. The Commission has confirmed it will not reopen the EUDR text itself.

■ RATES, INFLATION & DEMAND READS

INDICATOR	LEVEL	NOTE
April PCE inflation (Y/Y)	**3.8%**	+0.3 pp from March; highest since May 2023
April core PCE (Y/Y)	**3.3%**	Fed's preferred core inflation gauge
10-year Treasury yield	**4.46%**	Off from 16-month high of 4.70% touched May 20
30-year fixed-rate mortgage (PMMS)	**6.53%**	+2 bp W/W; 6.89% a year ago
WTI crude (Thursday settle)	**$88.68/bbl**	Down 5.55% Wednesday on Iran-ceasefire headlines
Madison's Lumber Prices Index (May 22)	**US$521/mfbm**	-US$1 W/W; held narrow May corridor
UMich Consumer Sentiment (May final)	**44.8**	Record low; revised down from 48.2 preliminary

■ THE BOTTOM LINE

Three things for Friday. The April PCE print at 3.8% year over year is the third consecutive month inflation has reaccelerated away from the Federal Reserve's 2% target, and it lands inside the same news cycle as Federal Open Market Committee minutes showing a majority of officials are now prepared to hike if the energy disruption persists; the 10-year Treasury at 4.46% has eased off the 4.70% high of May 20 but the 30-year fixed-rate mortgage at 6.53% is the ceiling that matters for the new-construction channel. The Longview tank failure has now been formally taken up by the CSB, which means the kraft-pulp process-safety regulatory stack -- Process Safety Management at 29 CFR 1910.119, EPA Risk Management Program, recovery-boiler practice through the Black Liquor Recovery Boiler Advisory Committee, and atmospheric-tank inspection cycles -- moves into a one-to-three-cycle window where adopted findings change what mills have to demonstrate to regulators and insurers. The same week an Alberta sawmill operator was convicted and ordered to pay $355,000 over a 2023 worker fatality is the week Pacific Northwest forest-products operators should expect their carriers and counterparties to reopen mechanical-integrity and training-program questions that have been quiet for a stretch.
