Friday, June 5, 2026
Tropical Trade Edition
Est. 2026 | Vol. 1, No. 51

THE LUMBER DAILY

MARKET PULSE | Lumber $598 | WTI $93 (-3.1%) | S&P 7,584 | 10yr 4.48%

TOP STORIES

May Payrolls Blow Past Forecasts as Unemployment Holds at 4.3%

U.S. employers added 172,000 nonfarm jobs in May, more than double the roughly 80,000 economists had expected, while the unemployment rate held at 4.3% for a third straight month, the Labor Department reported on June 5. Upward revisions added another 93,000 jobs across March and April combined, making it the strongest three-month stretch of hiring in more than two years. Gains were led by leisure and hospitality, up 70,000 and concentrated in restaurants and bars, along with local government at 55,000 and health care at 35,000; manufacturing added 7,000 while financial activities shed 22,000. Average hourly earnings rose 0.3% on the month and 3.4% over the year, to $37.53. The strong print pushed Treasury yields higher in early trading and gives the Federal Reserve more room to hold rates elevated, a headwind for mortgage rates and housing demand even as the same resilient consumer keeps remodel and repair spending alive.

U.S. Proposes 25% Tariff on Brazil, Naming Illegal Timber Among the Triggers

The Office of the U.S. Trade Representative (USTR) determined on June 1 that a range of Brazilian practices are unreasonable and actionable under Section 301 of the Trade Act of 1974, and proposed tariffs of 25% on Brazilian goods, subject to an annex of exemptions. Alongside complaints over digital trade, preferential tariffs, ethanol market access and intellectual property, the determination singles out illegal deforestation. It finds that weak enforcement of Brazil's Forest Code lets illegally harvested wood move through supply chains, and estimates that illegally sourced timber depresses prices for competing wood products, including U.S.-made goods, by an estimated 7% to 16%. The action is a proposal, not yet in force: USTR opened a comment period on June 1, set a July 6 hearing in Washington, and faces a July 15 statutory deadline to act. Brazil is one of the largest suppliers of wood to the U.S. market, so any final action reaching wood lines would ripple through plywood, sawnwood and tropical decking.

Interfor Restarts a Second Shift at Grand Forks, Against the Curtailment Tide

Interfor resumed a second shift at its Grand Forks sawmill in southern interior British Columbia the week of June 1, and expects the planer mill back to two shifts by the end of the month, the mayor confirmed on June 3. The operation had been down for much of the period since September 2025; a single shift of about 68 workers was recalled in November. The restart runs against the prevailing direction in the British Columbia interior, where high U.S. duties, soft demand and tight fibre have driven a wave of curtailments and indefinite closures. What changed in Grand Forks was log access, not the lumber price, and officials said the mill is still working to lock in enough timber to sustain full shifts. The episode underscores that fibre availability, more than end demand, is the binding constraint on Western Canadian capacity right now.

■ DEEP DIVE: THE WOOD-IMPORT MAP TIGHTENS

What Brazil Ships North

Brazil is among the world's largest wood-products exporters, and the United States is its biggest wood market. Brazilian wood and wood articles sent to the U.S. ran roughly $1.7 billion in 2024. That flow splits in two. One leg is industrial panel: plywood and veneer, much of it milled from southern Brazil's vast pine plantations, competing head-to-head with U.S. softwood and hardwood plywood. The other is tropical hardwood from the Amazon and Atlantic forests, sold as sawnwood, veneer and high-value decking species such as ipe, cumaru and jatoba that go into premium decks, docks and architectural work. A 25% tariff, if it reaches those lines, would land on both a low-cost panel source and a high-end specialty source at the same time.

A Plywood Map That Keeps Closing

The proposal hits a decorative- and hardwood-plywood market already redrawn by trade enforcement. In early 2026 the Commerce Department set steep preliminary antidumping and countervailing duties on hardwood and decorative plywood from China, Indonesia and Vietnam, with the China rate stacking to roughly 268%, Vietnam's antidumping margin near 196%, and Indonesia's antidumping rate as high as about 85%. With the three largest Asian suppliers boxed in, buyers leaned harder on the remaining sources, Brazil among the biggest. A 25% Brazil tariff would narrow that last large opening. Each closed door routes more panel demand toward domestic mills and Southern pine plywood, and toward any supplier that can document a clean chain of custody.

Tropical Decking and the Substitution It Forces

The tropical-decking trade was tightening before this proposal landed. Ipe, the benchmark species, has run roughly $3,500 to $3,800 per cubic meter at the Brazilian dock, and U.S. landed costs have climbed as Lacey Act documentation demands, customs scrutiny and freight all rose. The Section 301 finding sharpens the logic by arguing that illegally harvested wood, entering cheaply, drags down prices for legal timber by an estimated 7% to 16%, a rationale for pricing the risk in at the border. Add a 25% tariff and the shift already underway speeds up, toward cumaru, jatoba and angelim as ipe substitutes, toward thermally modified domestic species, and toward composite decking. Each step up in tropical cost and scrutiny widens the opening for documented, domestic and thermally modified wood.

WHAT YOU MISSED YESTERDAY

Thursday, June 4 - business, markets, and the broader economy.

- U.S. stocks were mixed as investors rotated out of artificial-intelligence names. The Dow Jones Industrial Average jumped 874.86 points, or 1.73%, to a record 51,561.93, and the S&P 500 rose 0.41% to 7,584.31, while the Nasdaq Composite slipped 0.09% to 26,830.96. A sell-off in Broadcom pulled money out of chip and AI-linked shares and into health care, financials and real estate.
- Oil fell. WTI crude settled down 3.1% at $93.03 a barrel, easing some of the recent pressure on diesel and freight costs.
- The 10-year Treasury yield edged down to about 4.48% on the day, with traders positioning ahead of Friday's May employment report, which arrived hot and sent yields back up in early trading.

INDUSTRY & COMPANY NEWS

- **International Paper** completed its $360 million acquisition of North Pacific Paper Company (NORPAC) on June 4, buying the Longview, Washington producer of lightweight recycled packaging papers from One Rock Capital Partners. The deal, first announced in April, adds West Coast recycled-packaging capacity and folds a major regional fibre buyer into International Paper's system.
- The **2026 North American Fenestration Standard (NAFS)** for windows, doors and skylights was published June 1 by the Fenestration and Glazing Industry Alliance and partner standards bodies, superseding the 2022 edition. Reviewed on a five-year cycle, the standard carried no major technical revisions this round, a quiet update that keeps performance benchmarks steady for the millwork and fenestration trades.
- **Western Forest Products** workers at its value-added division in Chemainus, British Columbia voted to join the United Steelworkers, the union said June 4. The drive at the coastal remanufacturing operation cited wages, benefits and job security lagging other unionized forestry workers, adding a labour dimension to a mill complex that has weathered repeated curtailments.
- A **U.S. Endowment for Forestry and Communities** study with Georgia Tech, released June 4, estimated that more than 40 pulp and paper mills have closed since 2015, erasing roughly 60 million tons of annual demand for wood fibre, with more capacity flagged at risk. Their modeling tool weighs converting mill and forest residues into biomass power, renewable diesel and sustainable aviation fuel (SAF) as a replacement outlet.
- **Natural Resources Canada** unveiled a Forest Sector Action Plan on June 4, the government's framework response to the Canadian Forest Sector Transformation Task Force, organized around four priority areas spanning traditional and advanced wood products. Industry and labour groups welcomed it while pressing for funding detail and faster execution.

■ MARKET & RATE SNAPSHOT

INDICATOR	LEVEL	NOTE
CME lumber futures (June 3)	**~$598/MBF**	Eight-week high; tight supply into summer restock
WTI crude (June 4)	**~$93/bbl**	-3.1%; pulled back from the recent run-up
30-year mortgage (May avg)	**6.41%**	+7 bps M/M; +36 bps since Mideast conflict
On-highway diesel (June 1)	**$5.35/gal**	+$1.90 vs a year ago; freight cost base
10-year Treasury (May avg)	**4.47%**	+16 bps M/M; rising again on the jobs print

■ THE BOTTOM LINE

Three things for your Friday. The labor market refuses to roll over: a hot May payroll print with upward revisions keeps the Federal Reserve's inflation worry alive and pushes yields and mortgage rates the wrong way for housing, even as the same resilient consumer keeps remodel and repair work ticking. Trade policy keeps redrawing the wood-import map one country at a time, and the move to price Brazilian supply at the border lands on a market that has already lost its three largest Asian plywood sources to duties, steering panel and decking demand toward domestic mills and toward anyone who can prove a clean chain of custody. And the Western supply story still comes down to fibre: a tight market has carried lumber to an eight-week high, while an interior British Columbia mill added back a shift only after it secured enough logs to run one, a reminder that access to wood is what is setting the pace of capacity.