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THE LUMBER DAILY

MARKET PULSE | Lumber $608 | 10yr 4.55% | S&P 7,384 (-2.6%) | May CPI Wed

TOP STORIES

Columbia Forest Products Buys Pennsylvania Pallet Maker, Widening Its Packaging Push

Columbia Forest Products, one of North America's largest hardwood plywood and veneer producers, has acquired PRO Pallet LLC, a custom pallet manufacturer, recycler and crating-and-packaging provider with operations in Dover, York and Harrisburg, Pennsylvania, the company said June 5. Terms were not disclosed. PRO Pallet will keep running under its own name through the integration, and its founder is staying on. The deal is Columbia's second move into industrial packaging, after it bought JC Pallet, with operations in Virginia and North Carolina, in 2022. Founded in 1957 and fully employee-owned through an Employee Stock Ownership Plan (ESOP) since 1984, Columbia runs seven hardwood plywood mills and four veneer plants alongside its growing pallet division. The purchase pushes a maker of decorative hardwood panels deeper into low-grade and industrial wood, where steadier pallet and packaging demand can cushion the swings in panel orders tied to cabinets and furniture.

Builders FirstSource Adds a Boise-Area Trim Installer

Builders FirstSource, the largest U.S. supplier of building products to homebuilders, has acquired Precision Design & Trim of Nampa, Idaho, the company said June 3. Terms were not disclosed. Founded in 2006, Precision Design & Trim does finish carpentry and interior trim installation for new homes across the Boise-area Treasure Valley. President and chief executive officer Peter Jackson said the deal expands the company's installation capabilities and deepens its presence in the Boise market. The purchase fits a broader pattern of buying value-added millwork and installation operations rather than commodity distribution, capturing more of the finished-carpentry work on each house in a fast-growing interior Northwest housing market.

Alabama Cabinet Maker Legacy Cabinets Shuts Down After Financing Falls Through

Legacy Cabinets permanently ceased operations at its plant in Eastaboga, Alabama on June 6, ending work for hundreds of employees on short notice, according to a closure memo sent to staff. The company invoked the faltering-company exception to the Worker Adjustment and Retraining Notification (WARN) Act, which normally requires 60 days' notice, saying it had been actively seeking financing and investment that would have kept the plant open. Management said it believed a formal notice would have signaled distress to lenders and partners and killed any deal. The shutdown came about a month after Legacy unveiled a brand refresh. The abrupt closure adds to a run of stress in stock and semi-custom cabinetry, where soft remodel demand, high financing costs and import competition have squeezed mid-market producers even as larger players consolidate the channel.

■ DEEP DIVE: WHITE OAK AND THE BARREL

Why Bourbon Owns the Tree

Federal rules require straight bourbon to be aged in new charred oak containers, and white oak is effectively the only domestic species that fits. The reason is in the wood. American white oak (*Quercus alba*) plugs its own vessels with growths called tyloses, which make the heartwood watertight, while red oak leaves those vessels open and leaks. With U.S. bourbon output near record highs, cooperages are buying every quality stave bolt they can find. Barrels are the reason white oak runs well above red oak at comparable grades, by some surveys 30% to 80% more, and that demand now sets the floor under the whole species. One note for Western readers: this is the eastern tree, not Oregon white oak (*Quercus garryana*), a separate species with its own thin, access-limited supply.

The Price Sits in the Stave Bolt

Most of the value sits in the log, and only the best logs reach barrel grade. In Kentucky, the center of the bourbon trade, delivered white oak stave bolts have lately run roughly $933 to $3,200 per MBF, with stave-grade logs around $1,500 to $2,500 per MBF in the eastern part of the state and across its borders. High-grade white oak logs are up about 13% over the past year. A stave bolt has to be straight, large in diameter and nearly free of defect, so only a slice of any white oak stand qualifies. The rest goes to lumber, flooring and pallets at a fraction of the price. That spread is why landowners and loggers chase white oak stands, and why a barrel-grade log can be worth several times a sawlog of the same species.

A Shortage Measured in Decades

The supply worry is real, and it is slow. A white oak suitable for a barrel takes roughly 70 to 100 years to mature, and federal forest-inventory data point to a coming gap in mature white oak as today's stands age out faster than young oak replaces them. Oak struggles to regenerate under a closed canopy, where faster-growing maple and poplar crowd out seedlings, a problem decades of fire suppression have worsened. The White Oak Initiative, a coalition of industry, agencies and conservation groups, has warned that without active management the regeneration gap will eventually reach cooperages and distillers. None of that shows up in this year's price. It shows up in the planting and management decisions being made now against a barrel that will not be filled for two generations.

WHAT YOU MISSED YESTERDAY

Friday, June 5 - markets and the broader economy.

- U.S. stocks sold off Friday. The S&P 500 fell 2.6%, or 200.57 points, to 7,383.74, and the Dow Jones Industrial Average dropped 1.3%, or 695.15 points, to 50,866.78, as a slide in chip and technology shares dragged the broader market lower.
- Bond yields jumped. A hotter-than-expected May jobs report, released that morning, pushed the 10-year Treasury yield to 4.55%, a multi-week high, as traders bet the Federal Reserve will keep rates high for longer.
- The week's main event is Wednesday's May Consumer Price Index (CPI) report, due June 10. Economists generally look for a headline rate near or above 4% year over year, a reading that would keep pressure on interest rates and mortgage costs.

INDUSTRY & COMPANY NEWS

- **Do it Best** and **Sherwin-Williams** entered a long-term strategic partnership on June 8 to supply paint across Do it Best and True Value retail locations. The deal gives the hardware co-operative's members a single national paint program and extends Sherwin-Williams' reach deeper into independent lumber-and-hardware dealers.
- **UCS Forest Group** rebranded as **Spitz Group** on June 5, consolidating its specialty distribution businesses under one name. The group continues to run Sierra Forest Products in the United States along with Upper Canada Forest Products and A&M Wood Specialty in Canada, all suppliers of hardwoods, panels and decorative surfaces to the architectural and millwork trades.
- **The Western Wood Preservers Institute (WWPI)** promoted Ryan Pessah to executive director, the group said June 3. The institute represents producers of pressure-treated wood across the Western United States and Canada, a segment tied to utility poles, decking and ground-contact building materials.
- **President Trump** signed an executive order on June 3 to tighten enforcement of U.S. customs laws, directing what the order calls comprehensive reform. For wood products the relevant edge is duty evasion and transshipment, the routing of tariffed goods such as plywood through third countries to avoid antidumping orders.

■ MARKET & RATE SNAPSHOT

INDICATOR	LEVEL	NOTE
CME lumber futures (June 8)	**~$608/MBF**	Highest since March; +4.6% over the past month on tight supply
10-year Treasury (June 5)	**4.55%**	Multi-week high after the hot May jobs report
Nasdaq Composite (June 5)	**25,709 (-4.2%)**	Chip and technology selloff led Friday's drop
Residential furniture orders (March)	**+1% M/M, -2% Y/Y**	Reported June 5; secondary wood demand still soft
May CPI (due June 10)	**~4%+ Y/Y est.**	Wednesday's inflation print is the week's main catalyst

■ THE BOTTOM LINE

Three things for your Monday. First, secondary wood manufacturing is sorting itself in real time: a hardwood-panel maker is buying into pallets and packaging, a national dealer is rolling up finish-carpentry work on new homes, and a mid-market cabinet plant has gone dark for lack of financing. The common thread is that demand and margin are deciding who expands and who exits. Second, the white oak squeeze shows where specialty value really comes from. Cooperage demand and a stave-grade log that takes most of a century to grow set a floor under one species, while a regeneration gap quietly builds for the buyers who come after. Third, the macro backdrop still leans against housing. Yields backed up to a multi-week high after a strong jobs print, lumber is holding a multi-month high on thin supply, and Wednesday's inflation reading will shape how much room the Federal Reserve has to help. For now, the strongest wood markets are the ones tied to a buyer with no substitute, from stave-grade white oak to the finish work on a new house.
