Friday, June 19, 2026
Sawmill Capacity Edition
Est. 2026 | Vol. 1, No. 62

THE LUMBER DAILY

MARKET PULSE | Lumber $633 | WTI sub-$75 | S&P 7,500 (+1.1%) | 10yr 4.45%

TOP STORIES

Finnish Producer Lifts Sawmill Capacity Toward 600,000 m3

Keitele Group has commissioned a new lumber sorting and packaging line at its mill in Keitele, Finland, the centerpiece of a roughly EUR 40 million investment program. The work raises the sawmill's annual capacity to about 600,000 m3. The expansion lands in a weak European market, where sawn-timber demand and prices have stayed soft through the first half of 2026. The bet is on unit cost: a larger, more automated line lowers the cost per cubic meter, letting the operation hold margin at prices that strand older mills. The commissioning was reported June 18.

Swedish Forestry Group Warns 2026 May Be Worse Than 2012

Sodra, one of Sweden's largest forestry cooperatives, used its annual general meeting on June 3 to warn that the current downturn may prove more serious than the severe crisis of 2012. Management argued the present strain differs in kind, with weak sawn-timber demand and high log costs squeezing margins at the same time. The cooperative was pushed into a loss earlier in 2026, and a run of winter storms added windblown timber to an already oversupplied log market. The assessment was reported June 16.

EU Softwood Shipments to the US Collapsed in the First Quarter

European Union softwood lumber exports to the United States fell sharply in the first quarter of 2026. Volumes dropped 58% from a year earlier and export value fell 62%, per first-quarter trade data reported June 11. Germany and Sweden drove most of the decline. Finland was the only major EU supplier to ship more. The slide reflects the 10% Section 232 tariff on lumber stacked on existing duties, alongside soft US construction demand. It leaves European mills with far less access to what had been a growth outlet.

■ DEEP DIVE: EUROPE'S SAWMILL PARADOX

Capital Is Still Flowing to Scale

Even with prices weak, Nordic producers keep investing in bigger, faster lines. Swedish producer Stenvalls completed an expansion that doubled its Sikfors sawmill to 360,000 m3 from 180,000 m3, reported June 17. The same week, Finland's Koskisen said it is targeting 450,000 m3 at its Jarvela mill. The logic is unit cost. A larger, more automated mill drives down the cost per cubic meter, so the lowest-cost operators stay profitable at price levels that strand older mills. These projects are sized for a recovery that has not yet arrived.

The Contraction Underneath

The same downturn is forcing exits. Swedish producer Vida is closing two mills even as it funds growth elsewhere, reported June 17. Germany's sawmill industry has warned of a deeper crisis as insolvency risk climbs, and a Swedish timber trader has filed for bankruptcy amid a suspected fraud and timber-theft case. Austrian mills are cutting log intake as their output outlook softens. On the fiber side, Finland's UPM will idle its Kaukas pulp mill in early August, citing weak European demand and expanding Chinese capacity. Capacity is concentrating in the lowest-cost hands while marginal mills and lines go dark.

Where the Wood Goes Now

With the US largely walled off, European volume is competing harder everywhere else. EU softwood shipments to the United Kingdom fell 23% in the first quarter, and Brazilian exporters shut out of the US are redirecting toward Europe. The result for US buyers runs against intuition. A glutted Europe is not flooding American ports. Domestic cash lumber sits near an eight-month high, held there by tight Canadian supply rather than strong demand. That gap between European oversupply and US firmness rests on the Section 232 wall and the pace of Canadian curtailments.

WHAT YOU MISSED YESTERDAY

Thursday, June 18 — business, markets, and the broader economy.

- Stocks rebounded after Wednesday's Fed-driven selloff: the S&P 500 rose 1.1% to 7,500.58, the Nasdaq added 1.9% to 26,517.93, and the Dow gained 72 points to 51,564.70, led by technology and cyclicals.
- The 10-year Treasury yield eased to about 4.45% from 4.49% a day earlier.
- WTI crude settled below $75 a barrel, its lowest since early March, as the US-Iran de-escalation and the reopening of the Strait of Hormuz fed oversupply concerns; oil kept sliding into Friday.
- Freddie Mac's 30-year fixed mortgage averaged 6.47%, down from 6.52% a week earlier and 6.81% a year ago.
- US markets are closed Friday, June 19 for Juneteenth; the next session is Monday.

INDUSTRY & COMPANY NEWS

- **Coillte** — Ireland's state forestry company said the total cash impact of Storm Eowyn will top EUR 80 million, with salvage of windblown forests running into mid-2027. The storm struck in January 2025.
- **BrasPine** — The Brazilian timber producer is investing about $250 million to build out operations in Uruguay and is buying forestland to feed them. Uruguay's industry ministry confirmed the plan.
- **Metsa Group** — The Finnish forest group is ending production at its Suolahti plywood operations, trimming European plywood capacity.
- **MEDITE SMARTPLY** — The Irish wood-panel manufacturer is investing EUR 75 million to modernize and future-proof its production operations.
- **Belarusian pellets** — An investigation alleges sanctioned Belarusian wood pellets kept reaching European Union markets, routed through Turkiye.

■ MARKET & SUPPLY SNAPSHOT

Indicator	Value	Trend
CME lumber (front month)	**~$633/MBF**	Up 0.4% on June 18; near an 8-month high
WTI crude	**Below $75/bbl**	Lowest since early March; oil sliding
30-yr fixed mortgage	**6.47%**	Down from 6.52% a week earlier
USD/CAD	**~1.40**	Loonie near 2026 lows
EU wood-based panels	**+3% in 2025**	Output rose despite weak demand

■ THE BOTTOM LINE

Three things for your Friday. First, Europe is adding sawmill capacity into its worst downturn since 2012, an overhang that will outlast the current price weakness. Second, that overhang is not reaching American docks. European Union shipments to the US collapsed in the first quarter, and tight Canadian supply is holding domestic cash near eight-month highs even as demand stays soft. Third, the wall between European oversupply and US firmness is a policy artifact, holding only as long as the Section 232 tariff stays up and Canadian mills keep curtailing. Watch both levers. The day either one slips, that European wood starts looking for a new home.

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