Sunday, June 21, 2026
Weekend Edition
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THE LUMBER DAILY

MARKET PULSE | Lumber $633 | Mortgage 6.47% | S&P 7,500 | 10yr 4.45%

■ WEEK IN REVIEW

Lumber's Supply-Driven Rally

Front-month lumber futures pushed to an eight-month high on June 19, even as housing starts sit at a five-year low and builder confidence stays below break-even. The driver is on the supply side. Reduced Canadian shipments under US tariffs, mill curtailments, and British Columbia wildfire and storm disruptions have tightened availability, while buyers pull orders forward ahead of trade-policy decisions due this summer. Domestic mills are not running flat out to close the gap, so a soft-demand market is still posting firm prices. The split between weak end demand and rising quotes is the dynamic to watch into the second half.

A Landmark Northwest Mass-Timber Project Broke Ground

Crews started work June 12 on the rebuild of Cleveland High School in Portland, a roughly 300,000-square-foot campus that will use nearly 870,000 board feet of Pacific Northwest-sourced mass timber. It is one of the largest K-12 mass-timber projects in Oregon and the first area school built to the Type IV heavy-timber standard, combining dowel-laminated timber decking, glulam beams, columns, and structural steel. Vertical construction begins in July, with completion set for the summer of 2029. Projects like it are where regional glulam and appearance-grade demand quietly accumulates while commodity framing volumes stay soft.

Building-Material Costs Reaccelerated

Prices for goods used in new residential construction rose 6.9% from a year earlier in May, the fastest annual pace in three years, even as housing demand cooled. Softwood lumber was up 5.6% year over year, and among finish inputs metal molding and trim jumped 42.9%, the largest gain in the basket. Diesel remained the standout, more than doubling from a year ago and feeding freight costs across every load. The increases land on builders already wrestling with slow sales, and they cut against the easing-cost assumptions baked into many 2026 budgets.

■ DEEP DIVE: SAWMILLS BET ON THE NEXT UPSWING

A Cooler Mood Going Into 2026-27

United States softwood lumber producers head into the back half of the year more guarded than they were a year ago. In an annual survey of sawmill operators conducted in May, covering companies that run about 130 US mills, 38% rated their business outlook excellent or good. That is down from 44% in the prior year's survey. Another 56% expect only fair conditions, and 6% brace for poor ones. Operators pointed to interest rates, soft housing activity, and the broader economy as the swing factors, and several singled out oversupplied southern yellow pine markets as a drag. Most still expect a fair year, with fewer than one in ten preparing for poor conditions.

Flat Markets And A Tight Labor Pool

Asked to name their single biggest challenge, 53% of operators cited flat lumber markets, the most common answer. Labor shortages followed at 43%, and shipping and logistics problems at 41%. Finding skilled workers is getting harder as mill equipment grows more automated and complex, which raises the cost of every unfilled seat. To keep people, companies reported leaning on incentive pay, wage increases, and more flexible scheduling. One operator credited a move to a four-day workweek with better morale and higher productivity on the floor.

Still Spending Through The Soft Patch

Capital budgets have not followed sentiment down. Nearly two-thirds of respondents completed a capital project in 2025, and 48% have committed at least $1 million to new investment for 2026-27. The shopping list runs to forklifts, conveyors, dry kilns, log-handling gear, data-collection systems, and fire-prevention technology, with 18% planning artificial intelligence-related projects. The building is literal as well as financial. Some 19% of operators have started a new sawmill or production line in the past two years, and another 18% are constructing one now. Capacity is being added into a market most of those same operators rate no better than fair.

Divided On Policy

Operators split on trade policy. Some expect tariffs on Canadian and offshore lumber to firm up domestic demand and pricing, while others see the same measures feeding the economic uncertainty that weighs on their customers. There was more agreement on federal timber. A clear 59% said the administration's effort to increase timber sales from federal land could deliver at least some benefit to the industry. That question lands hardest on Western mills, where decades of constrained public-land harvest have left many operations dependent on a log supply they do not control.

■ THE WEEK AHEAD

- **A quiet open, a heavy finish.** No major US economic releases land Monday or Tuesday; the week's data clusters on Thursday as markets trade a normal week after Friday's Juneteenth closure.

- **Wednesday, June 24 - May new-home sales.** The Census Bureau and the Department of Housing and Urban Development release new single-family home sales, the demand read tied most directly to framing-lumber draw.
- **Thursday, June 25 - growth and inflation.** The third estimate of first-quarter gross domestic product (GDP) is due, near 1.6% annualized, alongside May personal income and outlays, which carries the core personal consumption expenditures (PCE) price index, the Federal Reserve's preferred inflation gauge, seen near 2.6% year over year.
- **Thursday, June 25 - orders, housing, and mortgages.** May durable-goods orders, May pending home sales, and weekly jobless claims print in the morning, and Freddie Mac's mortgage survey follows last week's 6.47% on the 30-year fixed.
- **The trade calendar heats up.** The first joint review of the United States-Mexico-Canada Agreement (USMCA) formally begins July 1, with softwood lumber among the files in play, and the final results of the latest US duty review on Canadian softwood are expected in August.
- **A light earnings week.** No major North American wood-products earnings are due; the large timber real estate investment trusts and integrated producers report later in July, so data and policy set the tone.

■ KNOW YOUR WOOD: PORT ORFORD CEDAR

A Narrow-Range Oregon Native

Port Orford cedar (*Chamaecyparis lawsoniana*), also called Lawson's cypress and, in the trade, Oregon cedar, takes its name from the Oregon coastal town where it was first identified. Despite the name it is a cypress rather than a true cedar. Its native range is unusually narrow, a coastal band of southwestern Oregon and northwestern California running from around Coos Bay south to Humboldt County, with a few isolated inland pockets near the Oregon Caves and Mount Shasta. Within that small footprint it grows large, reaching 150 to 200 feet tall and four to six feet in diameter.

Light, Strong, And Rot-Resistant

The wood is light, at about 29 pounds per cubic foot, yet stiff and strong for its weight, with some of the best strength-to-weight numbers of any Northwest softwood. The grain runs straight and fine, straight enough that the species was long the premium choice for archery arrow shafts. Color is a pale yellowish brown, with sapwood and heartwood blending together. It rates durable to very durable against decay and shrugs off most insects, and it is acid-resistant enough that mills once cut it into storage-battery separators before and during the Second World War. Freshly worked, it gives off a distinct ginger-like scent.

The Japan Premium

Almost all the Port Orford cedar harvested today is exported to Japan, where it stands in for hinoki (*Chamaecyparis obtusa*), the native cypress used in temple, shrine, and fine-home construction. With hinoki supply scarce, clear straight-grained Port Orford logs command some of the highest prices paid for any Northwest tree, well above what commodity softwoods fetch. Closer to home the wood shows up in guitar soundboards and other tonewood, boatbuilding, fine boxes, decking, and interior millwork. Even so, it is the export log trade that sets the price.

A Tree Under Pressure

Supply is tight in part because the species is under biological siege. *Phytophthora lateralis*, a non-native root pathogen, surfaced on nursery ornamentals near Seattle in 1923 and reached the native forests of southwestern Oregon by 1952. It travels in water and soil, often in mud carried on tires, boots, and hooves, and kills by rotting the roots. On the international Red List, Port Orford cedar is listed as near threatened, a reflection of its narrow range and the pressure from the disease. A long cooperative effort by the US Forest Service, the Bureau of Land Management, and Oregon State University has bred more resistant trees and now yields resistant seed for replanting, one of the few programs against a non-native pathogen to reach that stage.

■ MARKET SNAPSHOT

Indicator	Value	Trend
CME lumber (front month)	**~$633/MBF**	Highest since October 2025; supply tight, demand soft
30-yr fixed mortgage	**6.47%**	June 18 print, down from 6.52% a week earlier and 6.81% a year ago
10-yr Treasury yield	**~4.45%**	Eased from about 4.49% at the prior session
USD/JPY	**~161**	Yen near its weakest since 1986; a headwind for dollar-priced log exports to Japan
Home-builder confidence	**35 (June)**	Off 2 points; 26th straight month below the break-even 50

■ THE BOTTOM LINE

Three things for your Sunday. First, this week's firm prices were a supply story. Lumber reached an eight-month high while housing demand stayed weak, so the strength reflects tight Canadian shipments and curtailments more than any pickup in buying. Second, costs are still rising into that soft demand, with building-material prices climbing at their fastest pace in three years and keeping margins thin. Third, the mills are spending through it anyway. The operators surveyed this spring are cautious about the year but still adding capacity, positioning for the next upswing rather than waiting on it. The week ahead tests the demand side, with new-home sales and the Federal Reserve's preferred inflation gauge both due midweek.
