THE LUMBER DAILY

Wednesday, July 1, 2026
Crosstie Edition
Est. 2026 | Vol. 1, No. 72

MARKET PULSE | Lumber $619 | WTI $70 | S&P 7,449 | 10yr 4.4%

TOP STORIES

The First Joint Review of the North American Trade Deal Opens, With Softwood in Scope

July 1 triggered the first mandatory joint review of the Canada-United States-Mexico Agreement (CUSMA), the pact known in the United States as the USMCA, under the clause that requires the three governments to decide whether to extend the deal beyond its 2036 expiry. The date is a trigger, not a deadline: absent an agreement to extend for another 16 years, the countries move into annual reviews while the agreement keeps operating. Softwood lumber sits inside the talks. For Canada, relief from United States duties and tariffs on lumber, steel, aluminum, and autos is the priority, and Canadian officials have said they are also discussing softwood quotas. Prime Minister Mark Carney played down expectations of a quick outcome, saying he was not expecting agreements out of the opening meeting. The trade backdrop is unchanged for now: the combined antidumping and countervailing duty on Canadian softwood stands near 35 percent, on top of a 10 percent tariff added in October under Section 232, with a preliminary administrative review pointing to a cut in the duty portion to about 24.83 percent once final results land, expected as early as August.

Hardwood Industry Pools Money for a Unified Voice in Washington

The National Hardwood Lumber Association (NHLA) has engaged Crossroads Strategies, the flagship government-relations firm of Public Policy Holding Company, in what industry leaders describe as one of the most coordinated federal-outreach efforts the hardwood sector has mounted in years. The engagement is a two-year, one-million-dollar commitment, and the NHLA board required that the full amount be raised before formally signing on. Contributions moved quickly: about $365,000 came in over four days and roughly $715,000 to date, with the largest gift $50,000 and the smallest $500. Bill Courtney, chief executive of Classic American Hardwoods and chair of the association's governmental-affairs fundraising task force, said 82 percent of the companies contacted have committed, spanning sawmills, concentration yards, distributors, flooring and dimension operations across northern and southern regions. Existing support for the Hardwood Federation and the Real American Hardwood Coalition stays intact. The campaign's argument is that policymakers underrate how far hardwood reaches beyond furniture and appearance products, into railroad ties, crane mats, transportation infrastructure, and defense.

QXO Closes TopBuild Deal, Expanding a Building-Products Distribution Giant

QXO completed its acquisition of TopBuild on July 1, adding installation capabilities and scale across the building-products supply chain. The combined company holds the top position in insulation distribution in North America, the second position in roofing-products distribution, the top position in waterproofing, and ranks first or second in lumber and building-materials distribution in certain markets. Chief executive Brad Jacobs said the deal broadens the product line and widens exposure to fast-growing end markets such as data centers, and the company is targeting at least $300 million in annual synergies by 2030 from procurement, pricing, and cross-selling. TopBuild's former chairman, Alec Covington, joined the QXO board. The transaction continues a wave of consolidation among the distributors that sit between mills and the job site, where scale increasingly sets purchasing terms for lumber, panels, and millwork.

■ DEEP DIVE: THE CROSSTIE SQUEEZE

Hardwood's Quiet Growth Market

For nearly two decades, the railway crosstie has been one of the steadiest outlets for North American hardwood. Since 2008 it has ranked as the third-largest consumption sector for the industry, behind exports and pallet material, and roughly one-sixth of all hardwood consumed in the United States ends up beneath the rails. It is also the only hardwood end market that has grown since 2019, up 5.3 percent, with about 906 million board feet used as ties in 2025. Replacement demand is structural: Class I railroads maintain more than 90,000 miles of track and install upward of 20 million wood ties a year, and ties draw on the lower and middle grades of the log that appearance markets pass over.

What Cracked in 2026

That floor is buckling this year. The Railway Tie Association (RTA) projects more than one million fewer ties will be bought in 2026, a sector-wide drop of at least 5 percent, and warns it may deepen. Tie-treating companies have answered with price cuts and purchase quotas across all three hardwood-producing regions. The benchmark 7-by-9 Eastern tie has been hit hardest, with the price range sliding to roughly $33 to $40, the lowest east of the Mississippi since September 2021. The drop has been sharpest in the South, where sawmills leaned heavily into industrial production, especially oak ties, in recent years; nearly ten southern tie buyers have lost their jobs and a tie-treatment plant in South Carolina is closing.

The Merger Overhang

The proximate cause is uncertainty at the railroads, not the track. Union Pacific's roughly $85 billion agreement to take over Norfolk Southern, announced last July, would create the first coast-to-coast United States network and concentrate close to 40 percent of rail freight in one company. The Surface Transportation Board (STB) accepted the merger application in late May but held the proceeding in abeyance and ordered supplemental information by July 27, with a decision not expected until early 2027. Railroads carrying healthy tie inventories have little pressure to buy while they wait. Cost discipline is compounding it: one large eastern carrier cut its tie-maintenance budget and shed 166 management positions in January as it trims to look merger-ready.

The Center of the Log

The squeeze lands on the middle of the log, the tie-grade material a hardwood mill cannot simply redirect. The obvious alternatives are limited. Softwoods now make up more than 80 percent of wood pallets, so hardwood pallet demand cannot absorb the slack; residential and trailer-flooring plants are well stocked; and board road and mat timbers depend on large project pipelines that are not there in size. Because ties must air-dry for up to nine months before treatment, mills and treaters are already planning 2027 volumes against demand that may not return until the merger picture clears. The long-run case for ties is intact given the miles of track that must be maintained, but the gap between now and that recovery is where the risk of sawmill closures sits.

WHAT YOU MISSED YESTERDAY

Tuesday, June 30 — a quarter for the books.

- United States stocks closed the strongest quarter since 2020. The S&P 500 rose 14.9 percent and the Nasdaq 21.4 percent over the second quarter, their biggest quarterly gains since the second quarter of 2020, while the Dow climbed 12.9 percent, its best since late 2022. The indexes ended June 30 at 7,449.36, 26,213.72, and 52,319.20.
- Oil fell hard over the quarter. WTI crude settled near $70 a barrel, down about 30 percent across the second quarter as Middle East supply fears eased.
- The 10-year Treasury yield held near 4.4 percent, close to its lowest since early May as softer energy prices cooled inflation worries.

■ MARKETS & TRADE SNAPSHOT

INDICATOR	LEVEL	TREND
Lumber futures (Jul 1)	**$619/MBF**	Up 0.3%, holding near eight-month highs
Canadian softwood duty (AD+CVD)	**~35%**	Preliminary review points to ~24.83%; final due as early as Aug
S&P 500, second-quarter gain	**+14.9%**	Best quarter since Q2 2020
Nasdaq, second-quarter gain	**+21.4%**	Biggest quarterly jump since Q2 2020
WTI crude (Jun 30)	**~$70**	Down about 30% over the quarter
10-year Treasury (Jun 30)	**~4.4%**	Near lowest since early May

■ THE BOTTOM LINE

Three things for your Wednesday. First, the trade checkpoint arrived without a quick fix: the joint review of the North American deal is open with softwood inside it, but the near-35 percent duty stack and the added tariff stay in place, and the market is waiting on final duty results due as early as August. Second, hardwood is organizing at the very moment one of its most dependable outlets is wobbling, as the sector funds a unified push in Washington while crosstie demand slides on rail-merger uncertainty. Third, the macro backdrop is a tailwind for financing but not for framing, with the strongest quarter for stocks since 2020 and lower oil and yields set against still-soft housing.