THE LUMBER DAILY

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Window & Door Edition
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MARKET PULSE | Lumber $619 | S&P 7,483 (-0.2%) | ISM 53.3 | 10yr 4.47%

TOP STORIES

Pella Hands the Window Maker to a New Chief Executive

Pella Corporation, the family-controlled window and door manufacturer based in Pella, Iowa, moved Emily Videtto into the roles of president and chief executive officer on July 1, as Tim Yaggi retired. Videtto had served as president and chief operating officer and spent nearly a decade at the company, earlier running marketing and helping expand its portfolio of brands and distribution channels. Yaggi led the company through a stretch of growth that lifted headcount from roughly 6,000 to more than 10,000. The board framed the move as a planned succession rather than a strategy shift. The handoff matters to wood suppliers because Pella is one of the larger buyers of appearance-grade pine, engineered components, and clad-window materials in the residential market, and leadership transitions at that scale can reset sourcing priorities and supplier terms.

Mercer Pulls a European Pulp Mill Offline for All of September

Mercer International said on June 30 that it will extend the planned maintenance shutdown at its Rosenthal pulp mill in Germany from about two weeks to the entire month of September. The company said it is coordinating the longer outage with production, wood procurement, logistics, and pulp sales so customers can plan around it. Pulling a mill of that size out of the market for a full month is a supply-management signal: softwood pulp demand in Europe has been weak, and extended downtime trims output rather than pushing it into a soft market. For North American fiber, the read is indirect but real. Pulp and sawmill residuals compete for the same chips, and disciplined pulp operators tend to hold prices firmer than mills that keep running flat out into weakness.

Construction Spending Flatlines as Factory Growth Cools

Two data prints on July 1 sketched a demand backdrop that is stable but not building. Construction spending in May held essentially flat, at an annual rate of about $2.21 trillion, up 0.1 percent from April but down 1.5 percent from a year earlier, according to the Census Bureau. Private construction was virtually unchanged on the month and down 2.1 percent from last year, the piece most tied to housing and framing demand. Separately, the Institute for Supply Management (ISM) manufacturing index eased to 53.3 in June from 54.0, a fifth straight month of expansion but a slower one, with output and new orders both decelerating. The survey again flagged wood products as a laggard while furniture held up, a split that continues to favor appearance and finish grades over commodity framing.

■ DEEP DIVE: THE WINDOW-AND-DOOR SUPPLY CHAIN

A Segment That Is Concentrating

The window and door business is consolidating at both the brand and the plant level, and the past two years show it plainly. Pella just completed a planned leadership handoff. JELD-WEN has spent that stretch shrinking its North American footprint, closing a door plant in Chiloquin, Oregon, a window plant in Grinnell, Iowa, and a wood-window plant in Hawkins, Wisconsin, while discontinuing a composite-window line in Vista, California, and consolidating production into fewer, larger sites. Fewer buyers of larger size increasingly set the purchasing terms for the millwork shops and component makers that feed them, and a supplier that loses one major program has fewer places to place the volume.

Where the Wood Actually Is

A finished wood or clad window is mostly clear, stable, defect-free stock, and a large share of it starts in the West. Frames, sashes, jambs, and sills lean on ponderosa and other western pines, often finger-jointed and laminated into engineered blanks that stay straight through paint and weather. Bright Wood, based in Madras, Oregon, is one of the country's largest makers of window and patio-door components and engineered dimensional lumber; it runs 28 processing plants, employs more than 1,100 people, and ranks as one of Central Oregon's biggest private employers. That places a meaningful slice of the West's clear-grade pine into fenestration components rather than framing, a demand channel that tracks remodeling and high-end housing more than commodity starts.

The Insourcing Signal

When a window maker buys its component supplier, the open market for those parts shrinks. Andersen agreed in December to acquire Bright Wood, keeping it as an independently run business with arm's-length governance through an outside capital partner rather than folding it into the parent. The structure is designed to preserve Bright Wood's status as a neutral supplier to the wider industry, but the ownership still ties one of the largest component makers to one of the largest window brands. Specialty mills that sell clear pine and finger-joint blanks should watch whether the major fenestration names keep buying on the open market or steadily pull that sourcing in-house, because either path reshapes who is bidding for appearance-grade material.

Wood Against Vinyl, and What Holds

Vinyl wins most of the unit count in new construction, and that is not changing. Wood and wood-clad windows hold the premium: custom homes, historic and high-design remodels, and buyers who want a paintable interior and a real-wood look. JELD-WEN's retreat from its composite-window experiment underscored how hard it is to profitably straddle the middle. The durable demand for solid and clad wood sits at the top of the market, which leans on repair and remodel rather than starts. For a mill selling clears and stable engineered stock, the fenestration channel is a steadier, higher-value outlet than framing, but it rises and falls with big-ticket remodeling budgets, not housing-starts headlines.

WHAT YOU MISSED YESTERDAY

Wednesday, July 1 - stocks slip to open the second half.

- United States stocks eased at the start of the third quarter after their strongest quarter since 2020. The S&P 500 slipped 0.2 percent to 7,483.23, the Nasdaq fell 0.7 percent to 26,040.03 as semiconductors sold off on profit-taking, and the Dow was essentially flat at 52,305.24.
- The 10-year Treasury yield eased to about 4.47 percent after touching 4.5 percent earlier in the session.
- Construction spending in May was about flat at an annual rate near $2.21 trillion, up 0.1 percent on the month and down 1.5 percent from a year earlier.
- The ISM factory index slipped to 53.3 in June from 54.0, still expanding but at a slower pace, with new orders and output both cooling.

■ MARKETS & DEMAND SNAPSHOT

INDICATOR	LEVEL	TREND
Construction spending, May (annual rate)	**~$2.21T**	Up 0.1% on the month, down 1.5% from a year ago
Private construction, May (year on year)	**-2.1%**	The housing-tied piece still soft
ISM manufacturing index, June	**53.3**	Fifth month of expansion, but slower than May's 54.0
Lumber futures (Jul 1)	**~$619/MBF**	Holding near eight-month highs
S&P 500 (Jul 1)	**7,483.23**	Down 0.2% to open the second half
10-year Treasury (Jul 1)	**~4.47%**	Eased after testing 4.5% intraday

■ THE BOTTOM LINE

Three things for your Thursday. First, the window and door channel is concentrating, with a planned leadership handoff at one major brand and a large western component maker now tied to another, and that concentration steadily reshapes who bids for the West's clear-grade pine and engineered stock. Second, supply discipline is showing up on the fiber side too, as a European pulp operator pulls a full month of output rather than feed a weak market, a posture that tends to hold prices firmer and that North American residual sellers should note. Third, the demand read is stable but not building, with construction spending flat, factory growth cooling, and stocks off their highs, leaving finance and remodeling as steadier ground than new framing.
