THE LUMBER DAILY

Friday, July 3, 2026
Fire Season Edition
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MARKET PULSE | Lumber $623 | Dow 52,844 | 10yr 4.49% | Payrolls +57K

TOP STORIES

The U.S. Declines the CUSMA Extension, and the Long Countdown Begins

The United States formally declined on July 1 to endorse a 16-year extension of the Canada-United States-Mexico Agreement (CUSMA), the outcome of the mandatory joint review that opened the same day. The pact stays in force to 2036, but the choice starts a decade-long review process with annual check-ins rather than a locked-in term to 2042. Trade chiefs from the three countries met virtually Wednesday. Canada had formally recommended renewal in a June 2 letter from Trade Minister Dominic LeBlanc, which also said parallel talks on sectoral tariffs, including forestry, would be essential. Softwood lumber remains squarely in scope, and the separate duty file still points to a final determination on revised rates as early as August.

Fire Year Hits Preparedness Level 4 Going Into the Holiday Weekend

The national wildfire system stood at preparedness level 4 on July 2, with 49 uncontained large fires and a fire year running hot: 36,463 fires and 3.2 million acres year to date, 133% and 154% of the ten-year averages. The Great Basin is at its own level 4 with more than 4,200 personnel committed. Utah's Cottonwood fire has burned roughly 94,000 acres and the Babylon fire, at about 71,000 acres, is crowning through timber. Three federal helitack crew members died Saturday in a burnover on western Colorado's Knowles and Gore fires. The Northwest has been comparatively quiet so far, with 848 fires on 73,260 acres this year, though the Henderson fire forced evacuations near Chelan, Washington this week.

June Hiring Nearly Stalls at 57,000 Jobs; Dow Sets a Record Anyway

Nonfarm payrolls rose 57,000 in June, roughly half the 115,000 consensus and down from a revised 129,000 in May, with April and May together revised 74,000 lower. Unemployment ticked down to 4.2%, but for a soft reason: labor force participation fell 0.3 point to 61.5%, the lowest since March 2021. Construction employment was little changed. Markets read the print as the end of the rate-hike conversation. The Dow rose 539 points, 1.03%, to a record 52,844, the 2-year Treasury yield eased to 4.14%, and the 10-year held near 4.49%.

■ DEEP DIVE: FIRE SEASON AND THE LOG SUPPLY

Four Levels Between Full Crews and Full Stop

Oregon and Washington run woods operations through the Industrial Fire Precaution Level (IFPL) system on state and private forestland, and federal units post parallel restrictions. Level 1 is the closed fire season itself: normal work, with a fire watch on site after operations. Level 2 is the partial hoot-owl: power saws away from loading sites, cable yarding, blasting, and welding may run only between 8 p.m. and 1 p.m. Level 3 is a partial shutdown that idles most cable yarding, with a narrow gravity-system exception. Level 4 stops everything. BC reaches the same end by a different route, keying high-risk activity restrictions to local fire danger class, so shutdowns arrive valley by valley rather than all at once.

The Hoot-Owl Shift

When Level 2 posts, harvest crews move to the early shift the trade has long called hoot-owl hours: in the woods before dawn, saws and yarders quiet by 1 p.m., a watchman walking the unit for hours afterward. The math is unforgiving. A crew that ran ten hours in June gets seven or eight in August, and staffing the fire watch adds cost per shift just as production per shift falls. West Coast operators already work a calendar squeezed between spring breakup and fall rain, and the hoot-owl weeks compress the best haul months of the year.

Decked Before the Danger

The standing response is inventory. Mills and log buyers build decks in June and early July, before restrictions bite, and carry them into the danger window. That front-loading is why a hard restriction year firms late-summer log prices: a Level 4 week removes harvest without removing mill consumption. Buyers who track IFPL postings by district, and the size of decks at the mills they sell into, get an early read on whether August logs will be cheap or contested.

Where 2026 Stands Going Into the Peak

This year's burn is running 154% of the ten-year average on acres, but the distribution matters more than the total. The Great Basin and Rockies are carrying the fire load, and the West Coast has so far been spared the worst of it. The BC outlook points the other way from here: fire activity peaking through July and August, with drought holding in the Chilcotin, South Thompson, Okanagan, and on Vancouver Island. The driest districts typically post the first serious restrictions after the holiday, and levels this high in early July leave little slack for a bad lightning week.

WHAT YOU MISSED YESTERDAY

Thursday, July 2 -- business, markets, and the broader economy.

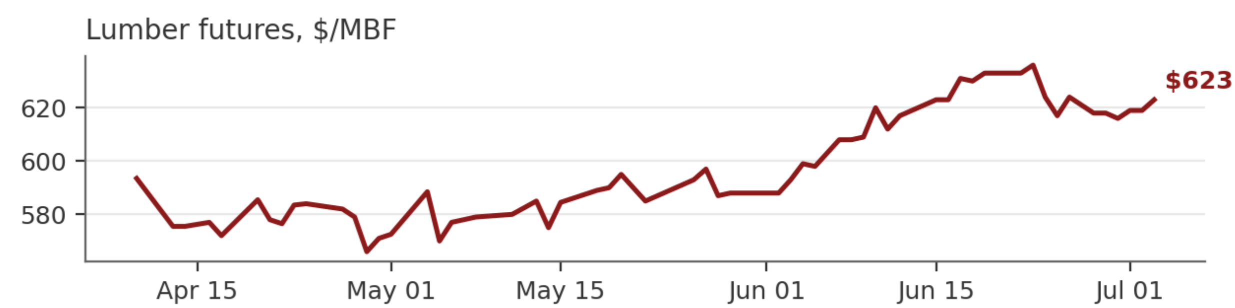
- Indices: Dow +539 points (+1.03%) to a record close of 52,844 on the soft jobs print; the S&P 500 was little changed and the Nasdaq slipped as chip stocks extended their slide.

- Rates: the 2-year Treasury yield eased to 4.14% as rate-hike odds faded; the 10-year held near 4.49%.
- Lumber: front-month futures added 0.65% to $623.50, up about 4.4% over the past month and holding near eight-month highs.
- Schedule: U.S. equity markets are closed Friday, July 3 for the observed Independence Day holiday; the next session is Monday.

INDUSTRY & COMPANY NEWS

- **International Paper and Smurfit Westrock announced a fresh round of North American plant closures.** International Paper is shutting operations in Kentucky, Illinois, California, and New Jersey, and Smurfit Westrock is closing a Tennessee plant, extending the packaging sector's capacity retreat and trimming demand for the residual chips sawmills sell into that system.
- **Japan's housing starts jumped 33.9% year over year in May**, the fastest pace since March 2025, with two-by-four construction up 24.8% -- a demand signal for the North American lumber and component exporters who supply that platform-frame segment.
- **Workers at Balcas Timber's Enniskillen sawmill in Northern Ireland staged their third one-day stoppage Thursday** in a pay dispute with owner Glennon Brothers, after rejecting a 3% offer. The latest filed accounts show pre-tax profit of GBP 18.7 million on GBP 130.8 million in turnover.
- **Capilano University opened a six-storey mass-timber student housing project in North Vancouver**, 362 beds with a 250-seat exposed-timber dining pavilion -- another institutional win for BC's engineered-wood pipeline.

■ THE CHART: LUMBER'S SECOND QUARTER



Front-month lumber futures, $/MBF, as carried in each edition's Market Pulse (prior-session closes). A grind from the April lows to eight-month highs heading into the holiday.

■ FIRE & MARKETS SNAPSHOT

INDICATOR	LEVEL	TREND
Wildfire acres, year to date (Jul 2)	**3.2M**	154% of the ten-year average
Uncontained large fires	**49**	National preparedness level 4
Lumber futures (Jul 2)	**~$623/MBF**	+0.65% Thursday, +4.4% on the month
June nonfarm payrolls	**+57K**	About half of consensus; April-May revised down 74K
10-year Treasury (Jul 2)	**~4.49%**	2-year eased to 4.14% as hike odds faded

■ THE BOTTOM LINE

A holiday Friday with markets dark is a good moment to mark positions. The trade file hardened this week: the CUSMA extension question is settled in the negative, softwood now sits inside a review that runs on annual cycles, and the duty file still points to a final determination as early as August. The supply file turned seasonal. The fire year stands at 154% of the ten-year average on acres, and the log decks built in June start earning their keep. Demand remains the soft leg. Hiring nearly stalled in June, the labor force shrank, and the rate conversation tilted back toward holding. The number most likely to move log markets this month is an IFPL posting, and those follow fire weather, not anyone's calendar.