

MARKET PULSE | Lumber \$621 | Dow 53,056 | S&P 7,537 | 10yr 4.48%

TOP STORIES

A 72-Year Veneer Producer Closes in Roseburg

Nordic Veneer Inc. announced July 3 that it has permanently ceased production at its Roseburg, Oregon operations after more than 72 years in Douglas County. The company was founded in 1954 by Dick Adams and Norm Jacobsen, bought the Perkins veneer plant in Dixonville in 1960, and stayed under Adams-family leadership for four generations. Owner Art Adams cited sustained wood-supply and market challenges, structural realignment, and foreign competition, saying that despite recent investments in efficiency, sustaining operations is no longer viable under current market conditions. The mill employed 26 people at the close, down from 50 before a night-shift layoff in April. The company says it is providing transition support and job placement help, and that it is entertaining a sale of the operation, with a couple of interested parties but nothing final.

Canada and BC Put Softwood Fixes on a December Deadline

Prime Minister Mark Carney and BC Premier David Eby signed the Canada-British Columbia Cooperative Prosperity Agreement in Vancouver on July 2. The pact spans critical minerals, LNG, ports, and clean power, and it carries a dedicated softwood lumber section: both governments commit to concrete measures to stabilize, transform, and strengthen the sector, including modernizing operations, simplified and efficient access to fibre, attracting investment, expanding wood use in construction, growing value-added production, and diversifying export markets. The work is to follow the objectives of the Final Report of the Canadian Forest Sector Transformation Task Force. The agreement's implementation annex puts the softwood lumber commitments on a hard clock: deliverables are due on or before December 1, 2026, managed by a joint implementation committee.

A Federal Air Rule Takes Effect at 219 Wood-Products Plants

A final EPA rule tightening hazardous-air-pollutant standards for plywood and composite wood products plants was published in the Federal Register on July 6 and took effect the same day. The rule reaches the equipment at the center of panel and lumber production, including veneer dryers, presses, refiners, and lumber kilns. It covers 219 existing major-source facilities: 93 plywood and composite wood products plants and 126 kiln-dried lumber facilities. The standards limit total hazardous air pollutants such as acetaldehyde, acrolein, formaldehyde, methanol, and phenol, and set limits or work practices for mercury, hydrogen chloride, and dioxin/furan. EPA expects the rule to cut emissions by 721 tons a year, at \$121 million in total capital costs and \$53.5 million in annualized costs in 2024 dollars, an average of roughly \$237,680 per facility per year.

■ DEEP DIVE: PEELER LOGS AND THE VENEER ECONOMY

Three Exits in Eight Months

Nordic Veneer's shutdown is the third veneer or plywood pullback in eight months along the I-5 mill corridor that runs from Douglas County, Oregon south to Weed, California. Roseburg Forest Products closed its Weed veneer plant in December, ending nearly 40 years of production there and idling about 140 workers as the company consolidated veneer into Oregon plants running newer equipment. In February it cut about 146 positions at its Riddle Plywood facility, the third wave of reductions since September, bringing its total to nearly 400 jobs in under six months alongside the permanent closure of the Dillard hardwood plywood plant. Riddle now concentrates on sheathing, underlayment, and veneer feeding the company's nearby engineered-wood operations, with specialty plywood consolidated at Coquille, all framed as part of a multi-year \$700 million modernization. Across the three exits the driver is consolidation: veneer production is concentrating into fewer plants running newer equipment, and the operations without that kind of capital budget are the ones closing outright.

What the Peeler Log Costs

Veneer starts with the peeler: a large, straight, low-defect log that a lathe can turn into continuous ribbon. Face-grade Douglas-fir veneer has grown scarcer as the resource base shifts from old-growth to second-growth stands, and every peeler-quality stem has other bidders, from sawmills chasing clears to exporters and engineered-wood buyers. Nordic's owner listed wood supply first among the reasons for the closure. The same competition for industrial-grade logs is drawing policy responses overseas. Germany's cabinet approved a draft law on July 3 that removes saw logs, veneer logs, and other industrial-grade roundwood from the wood categories eligible for renewable-power subsidies under the country's Renewable Energy Sources Act. Industrial wood residues stay eligible, and the excluded log classes can still qualify only when needed for energy security or when local industry cannot use the wood in ways that deliver greater economic and environmental value than burning it. For mills, the effect is a subsidy line drawn at the mill gate: power plants keep support for residues, and lose it for the logs mills compete to buy.

The Panel Market That Remains

Oriented strand board (OSB) took the commodity sheathing market from plywood decades ago, which left domestic plywood competing on the grades OSB cannot make: specialty, appearance, marine, industrial, and concrete-forming panels. The import side of that market has its own history. In May 2022 a US federal court revoked the grade stamps and certifications on structural plywood imported from southern Brazil, after a coalition of ten domestic producers showed panels were being certified to the US structural standard without meeting it. Certification integrity remains the industry's line of defense on imports, and it is the reason the surviving domestic plants cluster toward certified structural and specialty grades where consistency carries a premium. That is visible in the consolidation map: the specialty plywood output moved to a single dedicated plant, while commodity-adjacent capacity absorbed the cuts.

Where Veneer Demand Lives Now

The growth outlet for veneer is engineered wood. Laminated veneer lumber (LVL), used in beams, headers, and many I-joist flanges, is made from peeled veneer, and the Riddle repositioning routes that plant's veneer directly into nearby engineered-wood operations. This week's deal flow ran the same direction, with Western Canada's largest I-joist plant moving into an integrated producer's hands. For the Roseburg-area assets that just went quiet, the near-term question is disposition: Nordic says it has a couple of interested parties, and whether its line sells to a veneer or engineered-wood buyer or is scrapped decides whether last week was a transfer of capacity or a permanent exit. Watch for further worker-adjustment filings in the corridor and for the December 1 Canada-BC fibre-access deliverables.

WHAT YOU MISSED YESTERDAY

Monday, July 6 - business, markets, and the broader economy.

- **Stocks:** The Dow rose 155.84 points, 0.29%, to 53,055.91, its first close above 53,000 and a fresh record. The S&P 500 gained 0.72% to 7,537.43 and the Nasdaq added 1.12% to 26,121.16, with technology leading as trading resumed after the holiday weekend.
- **Rates:** The 10-year Treasury yield eased to about 4.48% in a quiet session with no major US data on the calendar.
- **Oil:** WTI slipped 0.2% to settle just under \$69, near its lowest since late February, as tanker flows through the Strait of Hormuz keep recovering and Sunday's OPEC+ output increase for August works into supply forecasts.

INDUSTRY & COMPANY NEWS

- **Canfor** completed its acquisition of Calgary-based PinkWood Ltd. on July 3, taking ownership of Western Canada's largest I-joist facility. The deal, announced June 9, adds 120 employees and 46 million linear feet of annual I-joist capacity; PinkWood keeps its name and operates as a wholly owned subsidiary.
- **BC's chief forester** set a new annual allowable cut (AAC) of 496,000 cubic metres for the Kispiox timber supply area (TSA) in the Skeena region on July 2, a reduction of nearly 50% from the prior determination, though still about 39% above the 2019-23 average annual harvest of roughly 356,000 cubic metres. The determination weighs cedar management, old forests, and wildlife habitat, and covers territory overlapping several First Nations.
- **Forest Products Association of Canada (FPAC)** president Derek Nighbor took on a second post July 1 as president and chief executive of the Canadian Wood Council, a one-year dual mandate the two boards will then reassess. Nighbor points to trade pressure, mill closures, and Canada's homebuilding push as the reason the organizations are tightening alignment.
- **The Softwood Lumber Board** published a new strategic plan July 3 targeting 2.9 billion board feet (BBF) of additional annual lumber demand by 2035, concentrated in six segments: multifamily one-to-four story, multifamily five-to-eight story, commercial, office, education, and warehouses. The board counts 16.7 BBF of incremental demand generated since its founding.
- **The Chelan Hills fire** near Orondo in Douglas County, Washington turned deadly: deputies following up on a missing-person report found human remains Sunday in a vehicle that had slid off a roadway and burned, the sheriff's office said Monday. Improved mapping put the fire at about 9,400 acres as of Sunday evening, well below the initial 15,000-to-20,000-acre estimates, though it remained 0% contained Monday morning with Level 3 evacuation orders still in place.

■ MARKETS & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
Lumber futures (front month)	\$621/MBF	-0.4% Monday; up about 1.5% over the past month
Dow Jones Industrial Average	53,055.91	Record close; first finish above 53,000
10-year Treasury	4.48%	Eased as trading resumed Monday
Kispiox TSA annual allowable cut	496,000 m3	Nearly halved July 2; ~39% above the 2019-23 average harvest
EPA wood-products air rule	219 plants	Effective July 6; \$53.5M annualized industry cost
Canada-BC softwood measures	Dec 1, 2026	Delivery deadline set in the July 2 agreement

■ THE BOTTOM LINE

Quick read for Tuesday: Douglas County lost a 72-year-old family veneer producer, which may yet sell the assets. Canada and BC signed an agreement promising softwood fibre-access and value-added measures by December 1. A new EPA air rule effective July 6 now applies at 219 plywood and kiln-dried lumber plants. The deep dive walks through where veneer supply and demand stand after three plant pullbacks in eight months. Also in the news: the PinkWood I-joist acquisition closed, BC nearly halved the Kispiox cut, and the Chelan Hills fire turned deadly with its mapped size revised down to about 9,400 acres.

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