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Energy Edition
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THE LUMBER DAILY

MARKET PULSE | Lumber $623.50 | WTI $71 | Diesel $4.58 | S&P 7,504 | 10yr 4.50%

TOP STORIES

Hood Closes Wiggins Plywood Mill for Good

Hood Industries said Tuesday it will permanently close its plywood mill in Wiggins, Mississippi, with manufacturing to end by late August once remaining inventory is processed. The decision followed an assessment of damage from Tropical Storm Arthur, whose remnants dropped up to 12 inches of rain on parts of south Mississippi. The company concluded that repairing the 56-year-old facility, built in 1970 and acquired by Hood in 1984, was not economically feasible; president Jay Galloway said restoring the mill "is not a sustainable option." About 260 employees are affected. It is the second permanent panel-sector closure announced this week.

Washington Sends Inspectors Into Its Two Other Kraft Mills

The Washington State Department of Labor & Industries (L&I) has opened safety inspections at the state's two other operating kraft mills, the Smurfit Westrock mill in Longview and Port Townsend Paper in Port Townsend, as its investigation of the May 26 tank failure at Nippon Dynawave continues. That failure killed 11 workers, the deadliest industrial accident in modern Washington history. Kraft pulping uses caustic chemicals, including white liquor, to break wood down into pulp. Inspectors will review tank maintenance, testing and repair records, spill and breach reports, and operating procedures; each inspection can run up to six months. The agency is also launching a targeted enforcement program covering the state's seven non-kraft pulp and paper mills, scheduled to run through February 2027.

Tankers Hit in Hormuz; Oil Back Above $70

Projectiles struck at least two tankers near the Strait of Hormuz on Tuesday, including the Qatari liquefied natural gas (LNG) carrier Al Rekayyat, which caught fire about eight nautical miles off the Omani coast. It was the heaviest day of attacks on shipping since the US-Iran cessation of hostilities in late June, and maritime authorities raised the transit threat level for the strait to severe. The United States answered with strikes on dozens of Iranian targets. WTI crude rose more than 2 percent to about $71 a barrel, Brent topped $75, and the 10-year Treasury yield touched 4.50 percent, a two-week high.

■ DEEP DIVE: WOOD'S ENERGY BILL

A whipsaw, not a spike

This summer's energy shock has not settled into a simple story. Crude that traded above $110 in mid-June, when traffic through the Strait of Hormuz all but stopped, gave back the entire move within two weeks of the late-June cessation of hostilities, then jumped again Tuesday on fresh tanker attacks. That is a fall of roughly a third, partially reversed in a single session. Diesel followed the same arc at the pump: the national on-highway average printed $4.578 a gallon this week, down nine cents week over week. Natural gas never joined the ride. Henry Hub held near $3 per million British thermal units through the crude spike, because North American gas prices are set by domestic supply rather than by the Gulf. For wood producers the harder problem is now volatility itself. Quoting freight, pricing kiln time, and budgeting a logging season all assume an input cost that has moved by a third in a month, twice.

The kiln is the mill's furnace

Drying is the most energy-intensive step in lumber manufacturing. Studies of softwood sawmills have measured kiln drying consuming six to nine times the energy of any other process in the mill, and most of that load is thermal. How a mill feeds its kilns decides its exposure. Gas-fired kilns ride the gas market, which has stayed calm; mills that burn their own hog fuel and shavings hold their heat cost roughly flat no matter what the market does. The exposure hiding in the power bill is electricity, which runs kiln fans, scanners, and saws. Industrial electricity averaged 5.5 percent more per kilowatt-hour in April than a year earlier, and that climb is unrelated to the Gulf. A buyer comparing kiln-dried quotes this summer is, in part, comparing how each mill heats its kilns.

Diesel writes the delivered price

Lumber is diesel-intensive before it is anything else. Felling and yarding equipment, the log haul to the mill, and the flatbed to the distributor all burn it, and West Coast pumps consistently price above the national average. Most carrier fuel surcharges index to the weekly national diesel print, so June's spike reached freight bills weeks after it reached the pump, and this week's nine-cent decline will take just as long to show up. The practical read for buyers is that delivered cost lags the headlines in both directions: freight billed on an order shipped today still carries part of June in it, and the current easing will not be fully visible until later this month.

The other side of the meter

The same energy market that raises costs pays some mills back. Sawmills and pulp mills with biomass boilers and turbines sell power and steam into a grid that is getting hungrier: federal forecasters expect the strongest four-year run of US electricity demand growth since 2000, driven largely by data centers. In BC, Conifex pairs its Mackenzie sawmill with a biomass power plant that sells electricity to BC Hydro, a configuration that turns residual fiber into a second revenue stream. Firmer power demand also firms the floor under hog fuel and shavings that would otherwise move at fuel-grade prices. For mills with generation on site, the 2026 energy market adds a revenue line alongside the cost line.

WHAT YOU MISSED YESTERDAY

Tuesday, July 7 — business, markets, and the broader economy.

- **Markets:** The S&P 500 fell 0.45% to 7,503.85, the Dow slipped 0.25% to 52,925, and the Nasdaq dropped 1.16% to 25,818.69.
- **Catalyst:** Semiconductors led the selling after Samsung's quarterly results disappointed and reports emerged that China's DeepSeek is developing its own artificial-intelligence chip.
- **Oil and bonds:** WTI settled near $71, up more than 2%, and the 10-year Treasury yield rose to 4.50% after the Hormuz tanker attacks.
- **Currencies:** The Canadian dollar traded near US$0.704, below its six-month average of roughly US$0.72 — a tailwind for Canadian shippers selling into US markets.

INDUSTRY & COMPANY NEWS

- **Cowichan title ruling stands:** The BC Supreme Court dismissed Montrose Property Holdings' bid to reopen the Cowichan Tribes Aboriginal title case, calling the application an abuse of process nearly two years after the 513-day trial concluded. The 2025 decision recognized Aboriginal title over land on the Fraser River's south arm in Richmond, where Montrose is the largest single private landowner — a precedent BC's private landowners, including timberland holders, have been following closely.
- **Ontario funds wood manufacturing:** The Ontario government announced more than C$3 million on Monday to expand made-in-Ontario wood manufacturing, the latest in a series of provincial supports for domestic wood processing.
- **Fire season, north of the line:** Evacuation orders and air-quality warnings were issued around Boston Bar, BC, as the Brunswick Creek wildfire burned in the Fraser Canyon, the corridor that carries both national railways' mainlines to the coast. Quebec extended open-air fire bans to most of the province on Tuesday.
- **No bids in Thunder Bay:** The City of Thunder Bay, Ontario received no offers for the former Superior Fine Papers mill site at 550 Shipyard Road in a tax-sale tender that closed July 3 — the second failed attempt to sell the waterfront brownfield, where the minimum acceptable offer was the $2,351,000 in taxes owed.

■ ENERGY & MARKETS SNAPSHOT

INDICATOR	VALUE	TREND
Lumber futures (front month)	**$623.50**	Up on the session; summer supply-led firmness intact
Brent crude	**Above $75**	Up ~2% Tuesday on the Hormuz tanker attacks
10-year Treasury	**4.50%**	Two-week high as oil repriced
Canadian dollar	**US$0.704**	Soft vs. a six-month average near US$0.72

■ THE BOTTOM LINE

Energy is back at the top of the page. Hood will close storm-damaged Wiggins for good, the second permanent panel closure announced this week. Washington's safety agency now has inspectors inside every kraft mill in the state. Fresh attacks in the Strait of Hormuz put crude back above $70 and the 10-year at 4.50 percent. The deep dive traces where the energy bill actually lands in this business: the kiln, the log haul, and, for mills that generate their own power, the meter that runs the other way.