

TOP STORIES

US Fire Response Hits Its Top Level as Lightning Ignites 81 BC Fires in a Day

Federal fire managers raised the national wildfire preparedness level to 5, the highest tier, on Saturday, the first time this season the system has reached the top of the scale. The declaration came with 73 uncontained large fires burning, 17 new incidents in a single day and 17,683 firefighters and support personnel committed nationwide. Year-to-date burned area stands near 3.85 million acres, about a third above the ten-year average, and the Northwest is now the country's most active region with 36 uncontained large fires and 58 new starts in one day. In southern Oregon, the East Evans Creek Fire reached 14,442 acres Sunday at 8 percent containment, with 2,089 personnel and resources assigned and spot fires near Board Mountain and Canyon Creek drawing immediate attack. BC's escalation was steeper: lightning delivered more than 4,000 strikes by late Friday afternoon, igniting 81 fires in 24 hours and pushing the province's active count to 99 by Friday evening. The Ainslie Creek fire north of Boston Bar has destroyed at least seven structures, including four homes or seasonal cabins, and the roughly 170 residents of the Boston Bar townsites remain under evacuation order. A new evacuation order covers more than 100 properties around Big Bar Lake for the Fiftynine Creek fire, while the 38-hectare Signal Hill fire near Pemberton held without structures at risk. Cooler, more humid air let crews mount direct attacks Friday; forecasts called for hot, drying weather to return by Sunday.

El Nino Is Established, and the Odds of a Top-Tier Event Keep Climbing

The National Oceanic and Atmospheric Administration's (NOAA) Climate Prediction Center says El Nino is now fully established and still gaining strength. Sea-surface temperatures in the benchmark Nino 3.4 region have reached 1.2 degrees Celsius above average, the far eastern Pacific is running 2.7 degrees above average, and forecast models point to a peak near 2 degrees. The center puts an 81 percent probability on the event reaching very strong intensity between October and December, which would place it among the strongest episodes since 1950, and 97 percent odds that conditions persist into early 2027. For the wood business the stakes run through winter operating conditions: strong El Nino winters have historically tilted the Pacific Northwest and southern BC toward warmer, drier weather with lighter mountain snowpack, while steering wetter storm tracks across California and the southern United States. That pattern tends to extend fall log-hauling windows in the Northwest, thin the snowpack that feeds next summer's fuel moisture, and ease drought stress across the Southeast pine belt. How hard those tendencies land will not be clear until the event peaks, but planning around a top-tier El Nino winter is no longer a tail scenario.

The Container Rate Rally Stalls as Mid-July Increases Fail to Stick

The transpacific freight rally that has squeezed wood importers since late May showed its first crack. The World Container Index composite fell 2 percent to \$4,547 per forty-foot container in the week reported Thursday, with Shanghai to Los Angeles down 3 percent to \$6,272 and Shanghai to New York flat at \$7,879. Carriers had posted mid-month rate initiatives targeting \$7,900 to \$8,500 per box on the Pacific for July 15; the market refused them, and the increases failed to hold. Index publisher commentary said the strong upward momentum of the early peak season is beginning to subside as front-loaded cargo, pulled ahead of the July 24 US tariff deadline and new tariffs expected in early August, works through the system. Rates remain far above spring levels, and the deep dive below works through what the stall means for the wood trade.

■ DEEP DIVE: THE PRICE OF A BOX

What stalled the rally

The rally's fuel was always borrowed demand. Importers pulled fall orders into June and early July to beat announced surcharges and the July 24 tariff deadline, so cargo that normally ships in August moved early and the back half of the peak season is arriving pre-shipped. With demand released, carriers are defending the rate structure with capacity: nine blank sailings are scheduled on the transpacific for the coming week, among the heaviest weekly reductions of the year. Congestion relief is compounding the turn, with average vessel waiting times at some major hubs falling by more than a day week-over-week. The index publisher expects rates to hold roughly steady near term, which would make this a plateau engineered by canceled sailings rather than a collapse. For importers who spent the spring paying each increase, the distinction matters: the failed mid-month push was the first time since May that the market told the carriers no.

The box in board feet

A standard forty-foot container loads about 12,000 board feet of kiln-dried hardwood lumber before it weighs out, while lighter softwood cubes out closer to 17,000 board feet and a twenty-foot box carries roughly half the hardwood volume. Run the arithmetic at the current board: an East Coast box near \$7,900 works out to about \$655 per MBF on a hardwood-density load, or roughly \$465 on softwood. The West Coast lane near \$6,300 lands at about \$520 per MBF for hardwood and \$370 for softwood. For imported mouldings, hardwood plywood and tropical decking, the ocean leg still rivals the mill price of much of the wood inside the box. The stall spares those importers the next \$2,000 rung on the ladder, but it does not roll back the more than \$3,000 per box added since late May, and every container booked at the top of the rally is still working through landed costs now.

The war premium underneath

Even with peak-season demand fading, the floor under rates sits well above last year's. The Iranian port blockade was reinstated on July 14, war-risk concern keeps carrier plans for resumed Suez Canal transits in doubt, and crude's roughly 13 percent jump last week feeds directly into bunker surcharges on a lag. Bunker fuel remains well above pre-conflict levels, and insurance and rerouting costs on Middle East trades have not released. This is why the index publisher talks about rates holding rather than falling: the demand impulse is fading while the cost base underneath it is not. A genuine rate retreat would need either a durable end to the Gulf disruption or a demand air pocket in the fourth quarter once the pre-shipped fall inventory is counted.

The backhaul trap

US wood exports ride the cheap direction of the trade, and that is the exposure. Carriers earn their money on the loaded import headhaul, so export cargo works within whatever capacity and equipment the import flow leaves behind. When headhaul rates spiked this spring, the fastest-earning move was to rush empty boxes straight back to Asia rather than wait for a loaded export container to be trucked inland, stuffed and returned; in the 2021-22 run-up that behavior left US agricultural and forest-products shippers without equipment for weeks at a time, and the same pressure built through June. The stall is the first relief signal exporters have had in two months. If blank sailings hold rates flat while the empty-repositioning urgency eases, box availability and backhaul quotes for hardwood shippers should improve before headline rates ever do, and the China lane that reopened to US logs and lumber this spring is the first place that improvement would show up.

WHAT YOU MISSED YESTERDAY

Friday, July 17 - business, markets, and the broader economy.

- **Markets:** The S&P 500 fell 1.0 percent to 7,457.69, the Nasdaq dropped 1.4 percent to 25,520.24 and the Dow lost 0.8 percent to 52,146.42, about 407 points. All three finished the week lower as the semiconductor selloff ran a third straight session.
- **Consumer sentiment:** The University of Michigan's preliminary July index rose to 54.4, up 9.9 percent from June and the highest reading since February, helped by gas prices that eased through most of the survey window.
- **Oil:** WTI crude rose 2.0 percent to \$80.51 and Brent gained 1.6 percent to \$85.56. Crude finished the week up about 13 percent on the reinstated Iranian port blockade, and energy was the day's strongest equity sector.
- **Earnings:** Netflix fell 10 percent after third-quarter revenue guidance missed expectations and subscriber growth slowed, one of the week's sharpest single-stock moves outside the chip complex.

INDUSTRY & COMPANY NEWS

- **Four Michigan congressmen demand Canadian wildfire action.** Representatives Jack Bergman, John James, Lisa McClain and John Moolenaar sent a July 15 letter to Prime Minister Mark Carney citing a third consecutive summer of cross-border smoke, hospitals treating children and dialysis patients, and what they call insufficient forest management and arson enforcement. The letter warns that if Canada will not manage its forests to prevent the fires, the United States will act on its own; more than 100 million people across 18 states were under air-quality alerts late last week. Carney acknowledged the situation and pledged continued coordination with provincial and Indigenous partners.
- **Prince George presses for transition help after the Northwood closure.** The city's mayor, council and area MLAs formally asked the province and Ottawa for financial assistance and worker-transition support last week, days after the announcement that the Northwood kraft pulp mill will close by the end of 2026 and take about 300 direct jobs with it. Local business and labour groups added their own calls, framing the closure as a hit to the whole northern-interior fibre economy rather than a single site.
- **FPInnovations wraps first drone-seeding field trials.** The research institute completed spring 2026 trials of drone-based forest seeding for post-wildfire reforestation in remote areas, working with Quebec's natural-resources ministry and academic and industry partners. The work tested drone operating capability, the accuracy of remote sensing for targeting plantable microsites, and germination performance of different seeds and seed capsules; preliminary results on technical and economic viability are due this fall.

■ MARKET & FIRE SNAPSHOT

INDICATOR	VALUE	TREND
WTI crude (Aug)	\$80.51	Up 2.0% Friday and about 13% on the week on the reinstated Iranian port blockade
Brent crude	\$85.56	Up 1.6% Friday; spread to WTI holding near \$5 on Gulf war risk
Canada June home resales	+0.5% m/m	Sales sit 12% below the 10-year average; May's 5.5% jump was not sustained
US wildfire preparedness level	5 (highest)	Raised Saturday for the first time this season; large fires burning in more than 20 states
US fire personnel committed	17,683	Up nearly 800 since Tuesday; 22 complex incident management teams deployed

■ THE BOTTOM LINE

The container rally cracked first: carriers' mid-July increases failed, the composite index fell for the first time since the run began, and blank sailings are now doing the work that demand was doing in June. Fire owned the rest of the weekend, with the national response at its top level for the first time this season and a single night of lightning igniting 81 new BC fires while Boston Bar lost homes. El Nino is established, with better-than-even odds of a top-tier event by winter and real implications for Northwest snowpack, logging windows and next year's fuels. The wildfire fight is turning diplomatic too, with four Michigan congressmen demanding Canada answer for the smoke. Oil's 13 percent week and a five-month high in consumer sentiment set the backdrop for the trading week ahead.

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