THE LUMBER DAILY

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Rail Edition
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TOP STORIES

Domtar Will Close the Outardes Sawmill This Fall, Ending 346 Jobs on Quebec's North Shore

Domtar told employees Tuesday it will indefinitely suspend all operations at its Outardes sawmill in Pointe-aux-Outardes, on Quebec's North Shore, this fall. The shutdown covers 186 sawmill positions and about 160 forestry jobs, and the harvesting and road building that feed the mill stop with it. The company cited the Cote-Nord region's fiber-cost disadvantage against other Quebec regions, fuel costs, weak lumber markets, and the cross-border duty load, and said it is negotiating renewal of its North Shore supply agreement with the provincial government before any restart is considered. Regional officials, who had worked the file for months, called the consequences catastrophic: the mill accounts for roughly $215,000 a year in municipal tax revenue, about 38 percent of the host village's industrial-park tax base. Cote-Nord is Quebec's second-largest forestry region by capacity.

A New Fire at Boston Bar Forces a Full Evacuation and Closes the Trans-Canada

A wildfire discovered Tuesday afternoon near Boston Bar, BC grew from about 300 hectares at dinnertime to roughly 1,000 hectares by late evening, forcing evacuation orders covering about 450 properties across Boston Bar, North Bend, Nahatlatch, North Boothroyd, Canyon Alpine, and Fishblue Lake. Highway 1 closed south of the community, sending evacuees north through the Fraser Canyon to a reception centre in Kamloops. The new start, since named the Anderson Creek fire, burns beside the existing Brunswick Creek and Ainslie Creek fires, which stood near 5,400 and 16,500 hectares Tuesday. Provincewide, crews were managing roughly 100 active fires after more than 34,000 lightning strikes in recent days, with heat warnings across much of the Interior expected to hold through Thursday.

Brazil's 25 Percent Duty Takes Effect, and Brasilia Holds Its Fire

The Section 301 tariff of 25 percent on most Brazilian imports entered into force at 12:01 a.m. Eastern on Wednesday with no last-minute changes: coffee and beef were spared in the final order, and the wood exemptions published last week, covering tropical logs, sawnwood, veneer, teak mouldings, and most plywood lines, stand as printed. Brazil chose not to retaliate immediately. The government opened proceedings under its trade Reciprocity Law and is preparing a World Trade Organization (WTO) dispute while expanding an aid program for affected exporters, and Vice President Geraldo Alckmin publicly argued against tit-for-tat duties. The action covers roughly $7.4 billion of Brazilian shipments, about 18 percent of the country's exports to the United States.

■ DEEP DIVE: THE RAIL LEG

The Line Through the Fire

Canadian National Railway (CN) has been running its transcontinental traffic south of the Great Lakes since wildfires forced the closure of its northern Ontario main line on July 13. Freight is detouring through the carrier's US network between Duluth, Minnesota and the Sarnia and Windsor border gateways, and Toronto-Winnipeg passenger service was annulled for much of last week. The closure followed an incident near Armstrong, Ontario in which a train crew was surrounded by flames and treated for smoke inhalation; Transport Canada, the Transportation Safety Board (TSB), and the federal labour department are all examining the railroad's actions. As of CN's last public statement there was no timeline for reopening the route. Canadian Pacific Kansas City (CPKC), whose main line runs farther south, has reported no fire impact on its network.

The Centerbeam Economy

Dimensional lumber rides in 73-foot centerbeam flatcars with load limits between roughly 195,000 and 224,000 pounds depending on the car. One centerbeam carries about as much framing lumber as six houses use, and one train replaces roughly 300 trucks; panels and paper move in high-capacity boxcars. Much of the fleet belongs to the railroads' jointly owned TTX pool, which fields more than 140,000 flatcars, with leasing companies supplying most of the rest. The car builders are watching demand soften. Greenbrier, the Oregon-based manufacturer whose riserless-deck centerbeam is designed specifically for packaged lumber, booked 2,200 new railcar orders worth $340 million in its May-ended quarter against 3,600 deliveries, trimmed full-year earnings guidance, and told investors it is assessing deferred railcar demand in North America.

What the Waybills Show

Rail's lumber franchise is having a better year than the housing data would suggest. Lumber and wood products carloads rose 8.5 percent in the second quarter from a year earlier even as primary forest products slipped 5 percent, and US railroads originate more than a million carloads of forest and paper products in a typical year. In the week ending July 18, total US carloads eased 1.2 percent while intermodal volume rose 7.2 percent. The economics behind the split are stable: as a rule of thumb rail wins loads moving more than about 500 miles, which is why a Northwest mill selling into Texas or the Southeast quotes freight in centerbeams while the same mill selling into its own region quotes flatbeds.

Diesel's Slow Fuse

This week's diesel spike reaches rail bills on a delay. On-highway diesel jumped 33.8 cents in Monday's federal survey to $5.134 a gallon, up $1.32 from a year ago, and rail fuel surcharges are indexed to that same series: CN's carload surcharge moves 0.6 cents per mile for every 2.5-cent change in the diesel index, and its intermodal program applies the change on a two-month lag, so July's crude rally lands on September freight invoices. The efficiency argument underneath is unchanged, with railroads moving a ton of freight nearly 500 miles on a gallon of fuel, and published line-haul rates for lumber carloads have been essentially flat since the start of 2025. That leaves fuel as the main moving part in the rail bill this quarter.

WHAT YOU MISSED YESTERDAY

Tuesday, July 21 — business, markets, and the broader economy.

- **Stocks:** The S&P 500 rose 0.9 percent to 7,509, the Nasdaq gained 1.3 percent, and the Dow added 0.7 percent as chip and AI names rebounded from the prior week's selloff.
- **Rates:** The 10-year Treasury yield held near 4.63 percent.
- **Oil:** Crude rose again, with WTI up 2.3 percent to a five-week high, after Houthi forces declared a naval blockade of Saudi Arabia and a tanker was damaged in the Strait of Hormuz; two Saudi tankers turned around in the Red Sea.
- **Diesel:** Monday's weekly federal survey put US on-highway diesel at $5.134 a gallon, up 33.8 cents in a week, the second straight weekly increase.
- **Economy:** The Conference Board's leading economic index fell 0.2 percent in June, dragged by weaker consumer expectations and declining building permits.

INDUSTRY & COMPANY NEWS

- **Mercer International** disclosed in a securities filing that Nasdaq notified it on July 9 of noncompliance with the exchange's $1.00 minimum bid price. The company has until January 7, 2027 to regain compliance; the notice has no immediate effect on listing or trading.
- **Sodra**, the Swedish forest-owner cooperative, swung to a second-quarter operating loss of SEK 424 million on sales down 3.4 percent, citing weak sawn-timber demand in Sweden, the US, and the UK and wood costs that outran finished-product prices. Management pointed to SEK 200 million of cost reductions underway.
- **The Price Companies** ordered a 475-tonne-per-hour debarking and chipping line for Pine Bluff, Arkansas, with startup planned for November 2028 — the company's second major wood-handling order this year after a 425-tonne-per-hour Georgia line set for late 2027.
- **Trex** named Fencing Supply Group the exclusive national distributor for its composite fencing line, consolidating a category it entered to extend the brand beyond decking.
- **Ottawa and Washington** talked Tuesday: Prime Minister Mark Carney said he and President Trump agreed to intensify trade negotiations ahead of the 50 percent Section 338 duties taking effect in mid-August. Ontario's premier demanded dollar-for-dollar retaliation, and BC said it will stop restocking US alcohol.

■ MARKET & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
WTI crude	$85.15	Up 2.3% Tuesday to a five-week high on Red Sea and Hormuz escalation
Brent crude	$91.05	Highest close since June 10; blockade declaration added a war premium
USD/CAD	1.4095	Loonie eased from 1.4054 Monday as the Section 338 clock started
Wood siding share of single-family starts	5.9%	Fiber cement fastest-growing exterior at 22.6%; vinyl leads at 27.7%
East Evans Creek Fire (Jackson Co. OR)	15,705 ac	Containment rose from 17% to 26% Tuesday; Go Now zones downgraded

■ THE BOTTOM LINE

Costs are doing the cutting this week, not demand. A North Shore sawmill will close this fall, ending 346 jobs in Quebec on fiber costs and duties. A new fire put Boston Bar under full evacuation and closed the Trans-Canada. Brazil's 25 percent tariff is now live, most wood exempt and no retaliation yet. The deep dive covers rail, where a fire-closed main line and a 34-cent diesel jump feed into freight bills. Watch the mid-August Section 338 deadline.