

## TOP STORIES

**A French Court Liquidates One Pulp Mill and Gives the Other Until Wednesday**

The Toulouse commercial court ruled Monday on Fibre Excellence, the French pulp producer in receivership with about 670 direct jobs at stake. The court declared the takeover offer led by financier Matthieu Pigasse inadmissible because its conditions were never met; the bid depended on state support for electricity pricing, subsidized wood supply, and carbon-quota relief that the government declined to provide. The Tarascon mill in southern France, about 270 jobs, goes into judicial liquidation. The Saint-Gaudens mill, about 400 jobs, won a short reprieve after an unnamed industrialist filed a last-minute letter of intent backed by a EUR 2 million guarantee. The court set a final hearing for Wednesday for that offer to firm up.

**New-Home Supply Sits at 9.3 Months as Seattle Prices Turn Negative**

Two demand prints in four days sketched the same soft market. June sales of new single-family homes ran at a 628,000 annualized pace, up 1.6 percent from May but down 5.6 percent from a year earlier, and the median price fell 2.7 percent from a year ago to \$398,300. Unsold inventory reached 485,000 homes, a 9.3-month supply at the current sales rate. Tuesday's national home-price gauge added the price side: values rose just 1.1 percent in the year through May while inflation ran 4.2 percent, a decline in real terms. Seattle joined Las Vegas and Denver at the bottom of the 20-city table at minus 1.8 percent from a year earlier, while Chicago led at plus 6.9 percent.

**Interfor Tells Staff Corporate Support Is Moving From Burnaby to Georgia**

Interfor has told employees it plans to shift corporate and functional support operations from its Burnaby, BC headquarters to Georgia, where the company already runs a corporate office in Peachtree City, closer to its US South operations. The move is a marker of how far the company's center of mass has shifted from the BC coast toward the southern pine belt. Interfor idled two Northern Ontario sawmills indefinitely in April, citing US softwood tariffs at the time.

## ■ DEEP DIVE: THE PULP PROBLEM

**What a Ton Brings Now**

The distress starts with the price. The US producer price index (PPI) for wood pulp stood 8.7 percent below its year-ago level in June and 14.7 percent below its August 2024 peak. Mercer International realized \$696 per metric ton on northern bleached softwood kraft (NBSK) in the first quarter, down \$87 from a year earlier, and booked a \$52 million net loss. Canfor's pulp segment lost C\$16.2 million over the same period. Geography sharpens the squeeze: first-quarter list prices ran about \$1,618 per ton in Europe and \$1,563 in North America against \$685 in China, and the Chinese price is the one that clears the marginal volume. Prices have stabilized since a February trough, and Suzano reported an average realization of \$560 per ton, up 1 percent from a year earlier. The level is the problem: at these numbers, high-cost northern mills lose money on everything they ship.

**The Closure Roll**

Monday's ruling in Toulouse is one entry on a lengthening list. Canfor will close Northwood in Prince George by late in the fourth quarter, taking about 300 jobs and roughly 300,000 tons of annual NBSK capacity with it. Domtar's Crofton mill on Vancouver Island, about 380,000 tons and 350 jobs, is winding down after a December closure announcement. The company also idled its Coosa Pines fluff-pulp mill in Alabama in May, a 285-job hit that includes the Talladega chip mill. Ahlstrom closed the pulp mill and two paper machines at Mosinee, Wisconsin at the end of June, putting about 200 jobs at risk. In Finland, Metsa Fibre suspended its 690,000-ton Joutseno line at the end of March and has not announced a restart. Stora Enso will permanently close a softwood fiberline at Skutskar, Sweden this quarter, and UPM's half-year report last week flagged a temporary shutdown at its Kaukas pulp mill. Mercer, which is taking a German pulp mill down for all of September, is also cutting about 350 positions at its Torgau operation through mid-2027.

**The New Capacity Is Already Built**

The capacity forcing those decisions is new. Suzano's Ribas do Rio Pardo mill in Brazil's Mato Grosso do Sul, the largest single pulp line ever built, started up in July 2024 at 2.55 million tons a year, reached nameplate ahead of schedule, and said in June it expects to run about 150,000 tons above nameplate from 2027 with no added capital. Arauco broke ground in April 2025 on Sucuriu, a \$4.6 billion, 3.5-million-ton hardwood-pulp mill in the same state, with startup targeted for late 2027. Demand has held up: Suzano reported Chinese hardwood-pulp demand rising 14.7 percent from a year earlier in the first quarter, and its own trailing-year sales set a record at 12.7 million tons. The new supply is simply bigger, and the lowest-cost fiber in the industry now arrives in multimillion-ton blocks priced off Chinese demand, below what many older northern mills need to cover cash costs.

The Residual Buyer Disappears

For the lumber side of the industry, the pulp story lands in the chip pile. Northwood ran largely on sawmill residuals, and its closure leaves independent sawmills around Prince George without their main chip buyer; regional estimates put the total employment ripple near 1,000 jobs. Forestry contractors in the BC Interior say fire-mitigation and commercial-thinning projects are losing the buyer for the low-value fiber they generate, and BC tree planting has fallen from more than 300 million seedlings a year earlier this decade to about 230 million in 2026. On Vancouver Island, the municipality of North Cowichan expects to lose about C\$5 million a year in property tax when Crofton goes dark. The same mechanics are now landing in the US Northeast: Finch Paper in Glens Falls, New York, which ended pulp production this month, has stopped buying Adirondack pulpwood, taking a standing income source away from the region's loggers.

WHAT YOU MISSED YESTERDAY

Monday, July 27 — business, markets, and the broader economy.

- The S&P 500 closed at 7,413, essentially flat; the Dow added 0.5 percent to 52,210; the Nasdaq slipped 0.2 percent to 24,932.
- Oil set the tone: WTI settled down 5.2 percent at \$84.64 and Brent at \$91.89 after Washington paused strikes on Iran over the weekend to open talks on the Strait of Hormuz.
- The 10-year Treasury yield eased four basis points to 4.64 percent ahead of the Federal Reserve's two-day meeting; the decision comes Wednesday afternoon, with markets leaning toward a hold and a minority pricing a hike.
- Semiconductor stocks fell on reports of Chinese progress in chipmaking equipment and a surging Shanghai memory-maker debut; AMD lost 5 percent and ASML 6 percent.
- Four of the biggest US technology companies report earnings later this week, the heaviest stretch of the quarter.

INDUSTRY & COMPANY NEWS

- **Four conservation groups** closed a deal permanently protecting more than 78,000 acres of timberland in western Maine's Magalloway River region; 62,500 of those acres will remain managed working forest.
- **The shuttered hardwood sawmill in Olla, Louisiana** is running again. Brothers Magruder and Alex Kirkland bought the mill Hunt Forest Products closed in June, rehired 22 former employees, and plan about ten more jobs around a new industrial-mat plant making crane mats and board-road skids.
- **Domtar** agreed to a \$1.5 million civil penalty and about \$2.6 million in compliance projects to settle Clean Air Act violations at its Ashdown, Arkansas kraft pulp mill.
- **British Columbia** is importing firefighters: 25 Yukon personnel arrived this week, 66 from Alberta follow, and 114 Mexican firefighters are expected next week as the province manages more than 130 active fires. The Brunswick complex near Boston Bar has grown to roughly 35,200 hectares, and the Trans-Canada Highway remains closed through a 45-kilometre stretch of the Fraser Canyon.
- **Tolko** was fined \$75,000 for a 2017 logging-road failure that sent a landslide into BC's Shuswap Lake. The Forest Appeals Commission upheld the penalty after finding the company's risk assessment inadequate; additional timber-loss costs are still to be decided.

MARKET & SUPPLY SNAPSHOT

| INDICATOR                                     | VALUE     | TREND                                                                       |
|-----------------------------------------------|-----------|-----------------------------------------------------------------------------|
| WTI crude                                     | \$84.64   | Settled down 5.2% Monday on the US-Iran pause                               |
| Brent crude                                   | \$91.89   | Lowest settle in over a week as the war premium unwinds                     |
| USD/CAD                                       | 1.41      | Holding near 1.41 into Wednesday's Fed decision                             |
| Canada softwood lumber producer prices (June) | +6.1% m/m | Largest monthly gain since Nov 2024 in the StatCan series                   |
| US acres burned YTD                           | 4.51M     | 132% of the 10-yr average; preparedness level 5, 25,244 personnel committed |

THE BOTTOM LINE

Pulp made most of today's hard news. A French court liquidated one mill and gave its sister until Wednesday to find a buyer, and the closure list now runs from BC through Alabama to Finland. The new Brazilian capacity behind that list is already built and ramping. Housing stayed soft, with new-home supply above nine months and Seattle prices down year over year. Oil settled sharply lower on the US-Iran pause, and the Fed decision lands Wednesday. The corporate-support move from Burnaby to Georgia says plainly where the industry's center of gravity keeps drifting.