

TOP STORIES

Rayonier Posts \$123.7 Million Adjusted EBITDA in First Full Quarter With PotlatchDeltic

Rayonier reported second-quarter net income of \$19.1 million, or \$0.06 per diluted share, on revenue of \$396.5 million — the first quarter to include PotlatchDeltic's operations for the entire period. Pro forma net income, which excludes \$10.2 million of merger costs and \$2.3 million of timber write-offs from a casualty event, was \$31.5 million against \$9.6 million a year earlier, and adjusted EBITDA reached \$123.7 million against \$44.9 million for standalone Rayonier. Southern Timber sales doubled to \$107.6 million as harvest volumes rose 110 percent to 3.35 million tons, with about 1.5 million of those tons coming from the acquired timberlands; Northwest Timber adjusted EBITDA rose to \$26.3 million from \$6.8 million. Wood Products, the segment the merger added, contributed \$25.0 million of adjusted EBITDA as lumber price realizations climbed through the quarter to their highest level in nearly four years, and Real Estate delivered \$38.3 million, above the top of prior guidance. The company repurchased \$72.4 million of shares at an average of \$20.95, held its February full-year guidance, and holds its earnings call this morning.

About 230 Homes Destroyed as Okanagan Fire Sweeps Reserve Community Near Vernon

The Bradley Creek fire started July 31 on the west side of Okanagan Lake and made a wind-driven run through the Okanagan Indian Band reserve near Vernon on Saturday, August 1 — some residents had five minutes to evacuate. Band Chief Dan Wilson said Tuesday that about 230 homes were destroyed, roughly 30 belonging to band members and 200 to non-band residents, one of the worst wildfire structure losses in recent Canadian history. The fire measured about 7,000 acres and was still burning out of control at midweek. In Metro Vancouver, a new fire in Belcarra Regional Park put 35 properties in the Village of Anmore under evacuation alert Wednesday evening, while the Fraser Valley Regional District downgraded evacuation orders at Boston Bar. South of the border, the National Interagency Fire Center (NIFC) Thursday report puts official structure losses across the three Spokane fires at 812 — 600 on Old Trails, 156 on Autumn Lane, 56 on Fairview — with containment between 5 and 13 percent, and the national year-to-date burn at 5.59 million acres, 144 percent of the 10-year average, with the country still at Preparedness Level 5.

Forest Service Awards \$105.5 Million Across 177 Wood-Products Projects

The US Forest Service announced \$105.5 million in grants Wednesday for 177 projects across 44 states and the District of Columbia: \$31 million for 113 wood innovation projects, \$17 million for 23 community wood projects, and \$57 million for 41 wood products infrastructure assistance projects. The agency said the awards are meant to increase manufacturing capacity and operational efficiency, reduce wildfire risk for communities adjacent to federal or tribal lands, and expand economic opportunity for forest products businesses. The funding round implements the administration's executive order on expanding American timber production.

■ DEEP DIVE: CANADA'S CABINET SAFEGUARD

The Order

Canada's finance minister announced a provisional safeguard on July 31 and made it effective the same day: a 25 percent surtax on imported wood cabinets and vanities intended for permanent installation, plus their subassemblies — frames, boxes, doors, drawers, back panels and end panels. The Canada Border Services Agency (CBSA) administers the measure under four tariff lines, and the scope is broad: solid or engineered wood, finished or unfinished, assembled or flat-pack, with or without countertops, sinks or hardware. The surtax is calculated on the value for duty, applies only to commercial imports, and stacks on top of regular customs duties and any antidumping or countervailing duties already owed. Cargo already in transit to Canada on July 31 is excluded, as are freestanding furniture and wall-mounted medicine cabinets up to 7 inches deep.

The Tribunal Clock

The surtax runs for a maximum of 200 days while the Canadian International Trade Tribunal (CITT) completes the safeguard inquiry into certain wood goods it opened in April at the government's request. The Tribunal's report is due by January 15, 2027. If it finds that increased imports are causing or threatening serious injury to Canadian producers, it will recommend remedies and final safeguard measures can follow; if it makes no injury finding, the surtax ceases to apply the day the finding is issued. The World Trade Organization (WTO) Agreement on Safeguards reserves provisional measures for critical circumstances in which delay would cause damage that is difficult to repair — the standard Ottawa invoked here.

Who Pays, Who Is Exempt

Goods made in the United States, Mexico, Chile and Israel are exempt, along with roughly 90 listed developing countries and territories that include the Philippines, Bangladesh and Egypt. The list leaves China, Vietnam, Malaysia, Thailand and Indonesia paying the full 25 percent. The United States has had antidumping and countervailing duties on Chinese wooden cabinets and vanities since April 2020, and Ottawa's release names harmful trade diversion resulting from the changing global trade environment as the reason for acting before the inquiry concludes. Importers of US- and Mexico-origin goods retain access to Canada's duties relief and drawback programs, and the CBSA can demand proof of origin on any entry.

The Industry Behind It

Muskoka Cabinet Company, an Ontario custom cabinetry maker in business for nearly four decades, says its workers have been on two- and three-day weeks for six months, that it is running at less than half of capacity, and that it has laid off 30 of its 70 employees, citing low-priced imports from Southeast Asia. The Canadian Federation of Independent Business called the surtax an important first step in addressing dumping. Cabinet and vanity plants are volume buyers of hardwood lumber, hardwood plywood, medium-density fiberboard (MDF) and particleboard, so 200 days of protection for domestic production reaches back into the hardwood and panel supply chain on both sides of the border — US-made cabinets and subassemblies enter Canada surtax-free for the duration.

WHAT YOU MISSED YESTERDAY

Wednesday, August 5 — business, markets, and the broader economy.

- Indices:** The S&P 500 slipped 0.2 percent to 7,723.55, ending a four-day winning streak one day after setting a record close. The Dow rose 0.5 percent to a record 54,349.12, its fifth straight gain; the Nasdaq fell 0.8 percent to 26,363.44.
- Rates:** The 10-year Treasury yield eased to 4.62 percent from 4.63 percent late Tuesday, down from the 4.74 percent late-July peak. Freddie Mac's 30-year mortgage rate averaged 6.54 percent for July, up 5 basis points from June.
- Oil:** WTI settled near \$75, its lowest close in almost a month, as negotiators drafted an interim plan to reopen the Strait of Hormuz — inbound ships through Iranian waters, outbound through Oman's. Government data showed US crude inventories rose 2.5 million barrels last week.
- Movers:** Disney rose 3.7 percent after beating profit forecasts on a roughly \$1 billion box-office run and theme-park revenue. SpaceX fell 11.9 percent on its first quarterly report as a public company; its commitment to use Nvidia chips exclusively sent Nvidia up 4.4 percent and Advanced Micro Devices down 6.2 percent.
- Earnings season:** About three-quarters of S&P 500 companies have now reported, and analysts expect roughly 50 percent profit growth for the quarter once all results are in.

INDUSTRY & COMPANY NEWS

- Hampton Lumber names Chris Walton CEO.** The Portland-based sawmill company appointed Walton, a 30-year company veteran and most recently its chief financial officer, as chief executive officer. He succeeds Steve Zika, who had served as interim CEO since December 2025.
- Valemount sawmill down to weeks of log supply.** The Valemount Industrial Park sawmill in eastern BC had roughly 15 to 20 operating days of logs left and no new logging contracts in place, its board was told at a July 29 meeting. Without new fibre, the board faces a decision between curtailment and continuing to run with support from industrial-park lease revenue.
- Stella-Jones margins compress on ties and residential lumber.** The Montreal-based treater reported second-quarter sales of C\$1.04 billion, up from C\$1.03 billion a year ago, with adjusted EBITDA of C\$167 million against C\$189 million and net income of C\$61 million against C\$106 million. Utility pole sales rose while railway-tie volumes and residential lumber pricing fell, and log and lumber sales dropped 31 percent on reduced log trading. Management expects margins to improve in the second half.
- Mercer schedules Peace River maintenance outage.** Mercer International will take its Peace River, Alberta pulp mill down for planned maintenance September 7-17, a 10-day outage expected to reduce production by about 15,000 air-dried metric tons.
- EU formaldehyde limits take effect today.** Under Commission Regulation 2023/1464, wood-based panels and furniture placed on the EU market from August 6 must emit no more than 0.062 milligrams of formaldehyde per cubic meter — half the previous limit — covering particleboard, MDF, oriented strand board (OSB) and the furniture and flooring made from them. Products already in the supply chain are covered by transitional provisions; exporters shipping to Europe must now document compliance.

MARKETS, TRADE & FIRE SNAPSHOT

INDICATOR	VALUE	TREND
Canada cabinet surtax	25%	Effective Jul 31; up to 200 days
Rayonier Q2 adjusted EBITDA	\$123.7M	First full merged quarter; \$44.9M standalone a year ago
WTI crude	~\$75	Lowest close in almost a month on Hormuz progress
10-yr Treasury	4.62%	Down from 4.74% late-July peak
30-yr mortgage (July avg)	6.54%	+5 bp over June per Freddie Mac
Bradley Creek homes destroyed	~230	Okanagan Indian Band estimate, Aug 4
US year-to-date acres burned	5.59M	144% of 10-yr average; Preparedness Level 5

■ THE BOTTOM LINE

Canada now charges 25 percent at the border on most imported wood cabinets and vanities, with North American and developing-country producers exempt and Southeast Asian origins paying. The year's big timberland merger delivered its first full combined quarter, with adjusted EBITDA nearly triple the standalone year-ago figure and lumber realizations at a near four-year high. One BC fire took about 230 homes on the Okanagan Indian Band reserve, and the official Spokane structure count reached 812. The Forest Service put \$105.5 million into 177 wood-products projects. Oil settled near a one-month low on Hormuz progress while the Dow closed at another record.