

TOP STORIES

Domtar Idles Its Howe Sound Pulp Mill and a Sunshine Coast Chip Plant

Domtar will indefinitely idle Howe Sound Pulp and Paper at Port Mellon, British Columbia, along with the Bayview Fibre chipping facility on the Sunshine Coast. The company has spent 500 million dollars on the mill since buying it in 2010, and gives three causes for the decision: reduced demand from Asia, sustained poor global pulp pricing, and a decline in affordable domestic fibre. Published headcounts conflict at 350 and 400, and the provincial release carries no figure. Forests Minister Ravi Parmar said the province is approaching the lowest pulp prices in a hundred years when adjusted for inflation, and that British Columbia's northern bleached softwood kraft pulp is being outcompeted by low-cost hardwood eucalyptus pulp. Company president Luc Theriault said the decision is not a reflection on the employees. A spokesperson said the equipment stays on site and the mill could restart. Domtar announced the Crofton closure in December 2025, and Canfor announced the permanent closure of Northwood at Prince George on July 14.

Rayonier Sells 36,000 Acres of Coastal Washington in a Like-Kind Swap

Rayonier has closed the sale of roughly 36,000 acres in southwest Washington for 145 million dollars, or about 4,028 dollars an acre, and used the proceeds to acquire roughly 57,000 acres in Alabama and Texas for 146 million dollars, or about 2,561 an acre. The company structured the pair as a tax-efficient like-kind exchange and estimates about 3 million dollars of incremental annual adjusted EBITDA over ten years. The buyer is Evergreen Timber, an affiliate of Resource Management Service (RMS) of Birmingham, Alabama, acquiring through its RMS Evergreen U.S. Forestland Fund. RMS reports 5.8 billion dollars in timberland under management. The acreage is coastal Douglas fir and western hemlock concentrated in the Grays River Basin of eastern Pacific County, and spans 56 square miles. County deeds recorded on August 6 and detailed Thursday value the Pacific County portion at 138.79 million dollars, 95.7 percent of the total, and generated 2.12 million dollars in state real estate excise taxes, of which the county received about 300,000. More than 170 Fossil Creek hunting permits will be honored through December 31, after which the buyer moves to an exclusive hunt club model. The ground remains bound to the federal Marbled Murrelet Safe Harbor Agreement through 2056 and the Washington fisher agreement through 2036.

Custom Home Starts Fell 9 Percent in the Second Quarter

Custom home building starts totaled 49,000 in the second quarter, down 9 percent from the second quarter of 2025, which had been a three-year high. Over the trailing four quarters, custom single-family starts came to 183,000 against 184,000 in the prior four quarters. Custom building holds a 20 percent share of total single-family starts on a one-year moving average, down from a 31.5 percent peak in the second quarter of 2009. Overall single-family construction is down almost 7 percent through the first seven months of the year. On the cabinet side, the Kitchen Cabinet Manufacturers Association (KCMA) reported June sales of 191.0 million dollars, 2.8 percent below June 2025, on 498,035 units, down 7.0 percent. Custom cabinet sales rose 6.6 percent year over year while semi-custom fell 7.5 percent and stock fell 1.2 percent.

■ DEEP DIVE: THE BOTTOM OF THE SORT

The Alder Sorts Drew No Bids

Washington's Department of Natural Resources (DNR) ran its July timber auction over three days, July 28 to 30, with the sort sales bid on the final day. Two sorts on the Turdy Pointer sale in Cowlitz County went unsold: a red alder sort of 59 MBF at a minimum bid of 300.34 dollars per MBF, and a hardwood pulp sort of 5 MBF at 338.00 dollars. Both are back on the block at the August 27 auction, combined into a single 64 MBF offering listed at 19,460 dollars. On the Ten Fir sale, a 35 MBF red alder sort sold at exactly its 500.00 dollar per MBF delivered minimum, on one bid, to Northwest Hardwoods, at a projected stumpage of 196.52 dollars per MBF. That sale carried no premium over its minimum.

Negative Stumpage on the Pulp Sort

The conifer pulp sort on that same Turdy Pointer sale, 55 MBF at 2 inches and up, drew one bid from Pacific Fibre Products, at exactly the 338.00 dollar per MBF delivered minimum. The delivered price cleared. DNR's projected stumpage determination on that sort came out at negative 96.57 dollars per MBF. Stumpage is delivered log value less the cost of cutting, handling and hauling, so a negative figure means the material costs more to move than the logs are worth at the gate. The conifer sawlog sorts at the same auction cleared well above their minimums. A Douglas fir sort at 16 inches and up, high quality, took 1,050.00 dollars per MBF delivered against a 750 dollar minimum on three bids, and a 20-inch-and-up sort took 866.00 against 625.

What the Rest of the Auction Did

Ten sales were offered and nine sold. Of 39,605 MBF offered, 28,801 MBF sold, 73 percent of the volume. Sold sales averaged 317.02 dollars per MBF and cleared 56 percent over minimum bid on an average of 2.17 bids per sale. The bid range within that single auction ran five to one, from 118.56 dollars per MBF at Kalaloch Ridge in Jefferson County, one bid at 2 percent over minimum, to 594.05 dollars at Buttercup in Snohomish County, three bids at 105 percent over. Hampton Tree Farms took four of the nine sales, Sierra Pacific Industries two and Murphy Company one. The unsold volume reconciles exactly: one whole sale, Elk Mill at 10,740 MBF and 27.1 percent of everything offered, plus the 64 MBF of alder and hardwood pulp inside a sale that otherwise sold.

The Same Split North of the Border

BC Timber Sales (BCTS) reported gross revenue of 36.2 million Canadian dollars for the quarter ended June 30, down 10.1 percent from 40.2 million, and a net loss of 16.4 million against 3.7 million a year earlier. The agency attributes the revenue decline to lower average stumpage rates despite higher harvest volumes. Twelve sales received no bids at first auction, covering 195,387 cubic metres, all of them in the Interior. Nine of those twelve, 82,741 cubic metres, had been advertised as value-added. BCTS puts monthly no-bids at between zero and nine over the eighteen months ended June 30, peaking at nine in March 2025 and eight in June 2026. Licences issued in the quarter numbered 28, covering 687,773 cubic metres at 27,782,098 dollars, and billed out at 94.61 dollars per cubic metre on the Coast against 51.89 in the South Interior and 23.09 in the North Interior. The province's non-appraised rates effective August 1 put the Coast at 5.54 dollars per cubic metre across all species, down 3.1 percent from July, with cedar off 5.0 percent to 8.14 and cypress off 6.0 percent to 2.82. The Sunshine Coast district, where Port Mellon sits, took the largest district cut at 5.2 percent, to 12.30 dollars. In the Interior the South Central coniferous sawlog rate fell 10.0 percent to 2.42 dollars, the largest single move in either schedule.

Who Buys the Low Grade

The coastal chip and pulp-log outlet lost a buyer on Thursday when Domtar idled Port Mellon and the Bayview Fibre chipper. Industry tracking projects eastern US hardwood sawmill production at 4.08 billion board feet in 2026, down from 4.13 billion in 2025 and, if that trajectory holds, the lowest since the series began in 1960, against consumption of 5.451 billion board feet and 7.73 billion as recently as 2022. The National Hardwood Lumber Association (NHLA) counts 35 hardwood sawmills closed in 2025, and the industry is down roughly 40,000 jobs since 2022. Green 4/4 FAS and 1F white oak sits at its lowest price in at least two and a half years in all three eastern producing regions. The pallet trade, a principal outlet for low-grade hardwood, now runs roughly 80 percent softwood.

WHAT YOU MISSED YESTERDAY

Wednesday, August 19 — business, markets, and the broader economy.

- **Stocks:** The S&P 500 rose 0.21 percent to 7,707.98, its first gain in four sessions. The Dow closed at 53,463.05, up 0.22 percent, the Nasdaq composite at 26,331.09, up 0.16 percent, and the Russell 2000 at 3,032.94, up 0.50 percent. The Treasury said it will at least double its long-end buyback operations, lifting the ceiling from 2 billion dollars to at least 4 billion per operation, over September 9 to November 4.
- **Rates:** The 10-year Treasury yield fell 6 basis points to 4.65 percent and the 30-year fell 9 basis points to 5.19 percent, after the 30-year closed Monday at 5.31 percent. The 2-year was unchanged at 4.19 percent.
- **Federal Open Market Committee (FOMC) minutes:** The July 28 to 29 meeting held the target range at 3.5 to 3.75 percent on a 9 to 3 vote, with the three dissenters preferring a quarter-point increase. The minutes record that several participants favored an increase at that meeting and that no participant favored a cut. Several assessed that the pass-through of past tariff increases into the price level was largely complete and that recently announced tariffs would likely have a modest effect on measured inflation. A couple of participants reported business contacts absorbing elevated input costs by compressing profit margins.
- **Target:** Second-quarter net sales of 26.5 billion dollars, up 5.3 percent, with comparable sales up 3.8 percent and comparable traffic up 3.6 percent. Diluted earnings were 4.11 dollars a share, including a 994 million dollar pretax tariff refund worth 1.65 dollars. The company raised full-year earnings guidance to a range of 9.90 to 10.90 dollars from 7.50 to 8.50.
- **La-Z-Boy:** Shares fell 17 percent after fiscal first-quarter sales of 476 million dollars, down 3 percent, and adjusted earnings of 0.43 dollars a share against 0.49 expected. The company guided second-quarter sales to 500 to 520 million dollars against roughly 537 million in consensus.

INDUSTRY & COMPANY NEWS

- **Interfor** is transitioning certain corporate support roles from Burnaby, British Columbia to its Peachtree City, Georgia office, largely through attrition and future hiring. Burnaby remains the corporate head office. Chief executive officer Ian Fillingier said on a recent conference call that the change is intended to better align support functions with the needs of the business while maintaining a corporate presence in both countries. About 84 percent of the company's lumber sales were in the United States in 2025. Interfor has not specified which roles move or how many employees are affected.

- **VT Industries** will add 52,000 square feet of finished-goods storage and manufacturing space at its Neenah, Wisconsin architectural wood door plant. Groundbreaking is set for this fall, construction is expected to run just under a year, and the space should be operational by summer 2027. It is the second expansion at Neenah since VT acquired Eggers Industries in 2018; the company broke ground on the first, a 45,000 square foot addition for a core assembly machine, in June 2020. VT is headquartered in Holstein, Iowa and lists 15 facilities, ten of them manufacturing plants.
- **Stimson Lumber** received final approval Wednesday from the Montana Fish and Wildlife Commission for a 20,629-acre working conservation easement appraised at 29,293,900 dollars, completing the placement of its entire Montana timber base of roughly 130,000 acres under easement. Funding comes from 10,200,000 dollars in federal Forest Legacy money, 1,015,000 in private funds through the Trust for Public Land, 250,000 from Avista and 150,000 from NorthWestern Energy, with Stimson donating about 60 percent of the easement value, or 17,678,900 dollars. The ground is checkerboarded from Libby to Superior and shares 115 miles of boundary with federal and state land. The easement bars subdivision and requires continued timber production.
- **Washington** confirmed its first detection of emerald ash borer on Wednesday, from a specimen two people collected off a windshield near Vancouver in early August. The beetle has killed more than 100 million ash trees in the United States over twenty years and has never been eradicated anywhere it has established. A state analysis projects that untreated municipalities lose 90 to 100 percent of their ash within ten to twelve years of infestation. The insect reached Forest Grove, Oregon in 2022 and Vancouver, British Columbia a year later.
- **Commerce** rescinded in their entirety the antidumping and countervailing duty administrative reviews on wooden cabinets and vanities from China, published at 91 FR 51664 and applicable August 11. The rescission covers the antidumping review for the period April 1, 2025 to March 31, 2026 and the countervailing review for calendar 2025, after all requesting parties withdrew within the 90-day window. Customs will assess duties on entries during those periods at the cash deposit rate required at the time of entry, with instructions issued no earlier than 35 days after publication. The same notice rescinded the wooden bedroom furniture review for calendar 2025.
- **The Hardwood Federation** told members that budget reconciliation will be the vehicle for supplemental appropriations providing 200 million dollars for US hardwood producers, and that the sector is well positioned if the measure moves. The group also reported that United States Trade Representative (USTR) Jamieson Greer met Chinese ambassador Xie Feng ahead of a planned September summit, with the two sides working toward a list of roughly 30 billion dollars in non-sensitive goods eligible for tariff reductions. The Senate has advanced a continuing resolution funding the government through December 11 against a House measure running to December 4.

■ HARDWOOD TRADE & SUPPLY SNAPSHOT

INDICATOR	VALUE	TREND
US hardwood log exports (Q2)	\$367.4M	Up 13.5% from Q1 on 686,658 m3
Vietnam share of that value	51.3%	\$188.3M, up 22.3% on the quarter
Walnut share of that value	48.8%	\$179.1M, up 21.2% on the quarter
Red oak log exports (Q2)	\$60.8M	Up 21.9% on the quarter, up 105.9% year over year
China lumber imports (H1)	10.66M m3	Down 12%; hardwood lumber the only category up, at 2%
Forest Service timber sold (FY26 Q3)	2,104,481 MBF	Up 29.1% from the same period a year earlier

■ THE BOTTOM LINE

The low end of the log market is carrying the strain. A Washington auction could not sell its red alder sorts at a 300-dollar minimum, and the one conifer pulp sort that did sell booked a negative stumpage determination, while Douglas fir at the same sale took 1,050 dollars per MBF. BC Timber Sales drew no bids on twelve offerings last quarter, nine of them advertised as value added, and the province cut August stumpage again on the Coast and in the South Central Interior. A coastal pulp mill and its chipping plant went idle Thursday. Eastern hardwood production is tracking to its lowest level since the series began in 1960. Second-quarter hardwood log exports still rose 13.5 percent, with Vietnam and China taking more than 83 percent of the value.