

TOP STORIES

CMPC Commits More Than \$90 Million to Chilean Moulding and Sawmill Lines

Chilean forest products company CMPC said on October 2 that it is investing more than US\$90 million in its wood business in Chile's Biobio region. The larger share, US\$72 million, goes to its remanufacturing plant at Los Angeles, Chile, which turns sawn timber into panels and remanufactured mouldings. About US\$33 million of that buys new equipment: automatic cross-cutting, planing, pressing, moulding and panel finishing, and finger-joint lines. Another US\$20.6 million goes to the Mulchen sawmill for debarking, sawing and drying. The upgrade lifts the mill's capacity from about 335,000 to about 365,000 cubic meters a year and raises the share of dried lumber aimed at construction. The company tied the spending to a two-year investment plan of more than US\$1 billion and gave no start-up date for the new lines.

Bearlodge Forest Products Will Close Its Hulett, Wyoming Sawmill and Pallet Plant

Bearlodge Forest Products will close its sawmill and pallet operations in Hulett, Wyoming, after October 31, ending a run of nearly 50 years, according to a report Monday. The company, owned by Doug and Dena Mills, cited high input costs, a limited labor pool, scarce housing and sustained downward pricing in a social media post. "No single issue brought us here," the owners wrote. "It was the weight of many." The company's website says it saws more than 6 million board feet a year and builds more than 20,000 industrial pallets a month, mainly for mines and manufacturers, along with a few timbers. The company gave no headcount. Hulett's mayor estimated the closure leaves about 5 percent of the town's 349 residents looking for work. Bearlodge operates separately from the larger Neiman Enterprises sawmill in Hulett, which belongs to another branch of the same family.

Germany's EUDR Enforcement Bill Carries Prison Terms of Up to Five Years

The German government sent the Bundestag a bill on September 30 setting national penalties for breaches of the European Union Deforestation Regulation (EUDR), which applies to large and medium operators from December 30. Deliberately placing covered goods on the market, making them available or exporting them in breach of the regulation would carry up to five years in prison or a fine. Attempts would also be punishable. Where the breach destroys or lastingly damages an ecosystem of considerable size or value, a protected habitat, or water, soil or air, the range rises to one to 10 years, or six months to five years in less serious cases. A reckless breach would carry up to three years. Administrative fines for failing to exercise due diligence run up to 100,000 euros, or up to 4 percent of EU-wide annual turnover for companies with turnover above 2.5 million euros. Failing to submit a due diligence statement carries up to 50,000 euros, or 4 percent above 1.25 million euros in turnover. Record-keeping and registration failures carry up to 20,000 euros, or 4 percent above 500,000 euros. The bill still needs to pass the Bundestag.

WHAT YOU MISSED YESTERDAY

Tuesday, October 6 — business, markets, and the broader economy.

- US stocks rose Tuesday. The S&P 500 gained 44.98 points, or 0.58 percent, to 7,818.93. The Dow rose 253.38 points, or 0.49 percent, to 51,521.28. The Nasdaq Composite rose 122.48 points, or 0.45 percent, to 27,599.79.
- Treasury yields fell at every maturity from three months to 30 years. The 2-year par yield dropped 5 basis points to 4.79 percent. The Treasury sold \$58 billion of 3-year notes at a high yield of 4.932 percent, with a bid-to-cover ratio of 2.62, the first of this week's 3-, 10- and 30-year auctions.
- Canada's merchandise trade surplus widened to C\$4.2 billion in August from C\$787 million in July, Statistics Canada reported Tuesday. Exports rose 2.5 percent to C\$77.9 billion and imports fell 2.0 percent to C\$73.7 billion. Exports to the US jumped 8.1 percent, lifting the surplus with the US to C\$11.2 billion from C\$6.1 billion, the largest monthly change in that balance on record. Exports of forestry products and building and packaging materials rose 4.0 percent on the month to C\$3.82 billion and were 10.7 percent above a year earlier.
- Canada's seasonally adjusted Ivey Purchasing Managers Index fell to 58.2 in September from 64.3 in August. The prices index rose to 82.8 from 80.4.
- November WTI settled at \$89.44 a barrel Tuesday, up a cent. December Brent rose 26 cents to \$100.58 after falling as much as 3.3 percent during the session.
- Google and Constellation Energy signed a 20-year agreement for 890 megawatts of new nuclear capacity from upgrades at 11 Constellation reactors in Illinois, Pennsylvania and New Jersey, with the first due by 2028. A separate 15-year deal covers 2,700 megawatts from Constellation's existing plants on the PJM grid.

INDUSTRY & COMPANY NEWS

- **US hardwood log exports** totaled US\$330.2 million from May through July, up 67.6 percent from a year earlier but down 7.7 percent from February through April, according to a trade analysis of Census export data published Monday. Monthly value fell from \$131.9 million in May to \$88.7 million in July. China took \$114.0 million, against \$1.75 million a year earlier, when its suspension of US log imports was in force. Vietnam remained the largest buyer at \$167.8 million. Walnut made up 48 percent of total value. The figures cover all nonconiferous wood in the rough, including pulpwood.
- **The Northeastern Lumber Manufacturers Association** is changing presidents after 25 years. Jeff Easterling ran his last annual meeting, held September 30 to October 2 in Rockport, Maine. Matt Pomeroy will succeed him, according to a trade report Tuesday.
- **The Ward Organization**, a Nashville holding company, has agreed to acquire CaseWorx, an architectural millwork maker in Hudson, North Carolina, according to a trade report Tuesday. Terms were not disclosed. The buyer has taken over management ahead of closing. Ron Thiel takes over day-to-day operations from President John Moore, who is stepping away.
- **The Forest Service** published a final rule on October 7 removing the purchaser-credit provisions from its timber sale regulations. The authority behind those credits ended April 1, 1999; the agency said no contracts remain subject to it. The rule takes effect November 5.
- **Port Saint John's** chief executive estimated that AV Group NB's dissolving-pulp mill at Nackawic, New Brunswick, accounted for about 8 to 10 percent of the port's container traffic and 15 to 20 percent of its export containers, according to a report Tuesday. AV Group NB has said it will idle the mill from around the end of October. The president of the Unifor local at the mill asked that it be kept heated through the winter to protect its equipment.
- **British Columbia's Conservatives** pledged on October 2 to spend about C\$500 million on a Crown-owned water-bomber fleet and a wildfire technology fund ahead of the October 24 provincial election. The same day, New Democratic Party (NDP) leader and Premier David Eby pledged to match Red Cross wildfire donations up to C\$20 million.
- **Wildfire status.** Wednesday morning's national situation report held the national and Northwest preparedness levels at 2. Northwest personnel fell by 167 to 1,391. The Sinlahekin Fire near Tonasket, Washington, where 33 structures were lost, stood at 99 percent containment, with no further reports planned unless activity picks up. The Sisi Fire near Stehekin was 29 percent contained with residences threatened. In the Great Basin, at level 2, the new Jones Fire near Deeth, Nevada, reached 1,657 acres with structures threatened.

■ DEEP DIVE: THE TEN-YEAR AT 5.31%

The Highest Close Since May 2002

The 10-year Treasury par yield closed at 5.31 percent on Monday, October 5. The last close at or above that level was 5.32 percent on May 14, 2002. The 2007 peak was 5.26 percent on June 12, and the 2023 peak was 4.98 percent. It eased to 5.27 percent on Tuesday. The 10-year started 2026 at 4.19 percent and bottomed at 3.97 percent on February 27. It was 4.96 percent on September 22, so Monday's close added 35 basis points in nine sessions and stood 134 basis points above the February low. The 30-year closed Monday at 5.66 percent. The Federal Reserve raised its target range to 3.75 to 4 percent on September 16. Minutes of that meeting are due at 2 p.m. Eastern today.

Half a Point on the 30-Year Mortgage in Three Weeks

The weekly mortgage survey put the 30-year fixed rate at 7.28 percent on October 1, up from 7.03 percent a week earlier and 6.34 percent a year ago. The 15-year fixed rose to 6.60 percent from 6.42 percent. The 30-year stood at 6.76 percent on September 10, so it gained 52 basis points over three weekly readings. In the Mortgage Bankers Association (MBA) survey for the week ending October 2, the 30-year conforming contract rate rose to 7.49 percent from 7.30 percent, the highest in almost three years. Its jumbo rate, for loans above \$832,750, rose to 7.39 percent from 7.27 percent, below the conforming rate. Total applications fell 4.2 percent on the week, after a 6.0 percent drop the week before. Refinance applications fell 8 percent and were 56 percent below a year earlier. Adjustable-rate loans held at 10.3 percent of applications.

Builders Were Paying Close to 12 Percent on Construction Loans

In the National Association of Home Builders' survey of builder credit for the second quarter, before the September rise in long-term rates, the average effective rate on loans for pre-sold single-family construction was 11.67 percent, nearly unchanged from 11.68 percent in the first quarter. The contract rate fell to 7.01 percent from 7.19 percent, while points rose to 0.71 from 0.55. The effective rate on speculative single-family construction loans rose to 11.82 percent from 11.22 percent. Land development loans climbed to an effective 12.59 percent from 10.15 percent, with the contract rate at 8.09 percent and points at 1.05, up from 0.50. Land acquisition loans went to 10.43 percent from 9.36 percent. The builders' net easing index stood at -12.0, the 18th straight quarter of reported tightening. Among builders reporting tighter credit, 53 percent cited lenders demanding personal guarantees or collateral unrelated to the project.

Remodeling Spending Had Already Turned Down

Census construction spending figures released October 1 put private residential spending at a seasonally adjusted annual rate of \$882.3 billion in August, down 4.8 percent from a year earlier. New single-family construction ran at \$403.3 billion, down 3.5 percent, and new multifamily at \$115.8 billion, down 0.6 percent. Subtracting both from the residential total leaves about \$363.2 billion for improvements, down 7.4 percent from \$392.3 billion a year earlier. On an unadjusted year-to-date basis the same subtraction gives \$247.6 billion, down 3.9 percent. The remodeling forecast released in July by Harvard's Joint Center for Housing Studies projected growth in owner-occupied improvement and repair spending slowing from 2.1 percent in the third quarter of 2026 to 0.5 percent by the second quarter of 2027. Its next quarterly update is due October 22.

■ CURRENCY & TIMBER SNAPSHOT

INDICATOR	VALUE	TREND
US dollar in Canadian dollars, October 6	C\$1.4226	From C\$1.4254 on October 5; Canadian dollar firmer
Euro in Canadian dollars, October 6	C\$1.6017	Up from C\$1.5974 on October 5
Japanese yen in Canadian dollars, October 6	C\$0.009000	From C\$0.009020 on October 5
Chinese renminbi in Canadian dollars, October 6	C\$0.2122	From C\$0.2126 on October 5
Washington state trust land October auction, board sales	68,379 MBF	10 sales, \$15.89 million in minimum bids; bids open October 28

■ ON DECK

Tue, Oct 13	• The 180-day limit for Commerce's final results in the seventh administrative review of softwood lumber from Canada runs out. The preliminary rates would cut the combined antidumping and countervailing deposit for non-selected Canadian producers to 25.18 percent from 35.16 percent, before the separate 10 percent Section 232 duty. • Comments on proposed PS 2-25, the revised voluntary product standard for wood structural panels, are due to the National Institute of Standards and Technology.
Wed, Oct 14	• Statistics Canada publishes August building permits at 8:30 a.m. Eastern. • September US consumer prices are due at 8:30 a.m. Eastern.
Thu, Oct 15	• September US producer prices, including softwood and hardwood lumber, are due at 8:30 a.m. Eastern. • Statistics Canada publishes August manufacturing sales at 8:30 a.m. Eastern. • EU Implementing Regulation 2026/1565, which changes how EUDR due diligence statements are filed, enters into force.
Fri, Oct 16	• Canada Mortgage and Housing Corporation reports September housing starts. • Advance voting opens in British Columbia's provincial election and runs through October 21.
Mon, Oct 19	• Bids open on the Oregon Department of Forestry's Lone Corndog sale in the Klamath-Lake District, 2,202 MBF appraised at \$130,099. • The October builder confidence index is due at 10 a.m. Eastern.
Tue, Oct 20	• September US housing starts and permits are due at 8:30 a.m. Eastern. • Bids are scheduled to open on the Shelter Cove timber sale on the Tongass National Forest near Ketchikan, Alaska; a request for a preliminary injunction against the sale is pending.