

TOP STORIES

Lower Canadian Softwood Deposit Rates Take Effect Today

The final results of the seventh administrative reviews of the antidumping and countervailing duty orders on Canadian softwood lumber were published in the Federal Register on October 19. The new cash deposit rates apply to lumber entered from that date. The October 16 edition reported Commerce's October 14 announcement of the rates. Companies not individually examined now deposit 24.75 percent, down from 35.16 percent, made up of 10.64 percent antidumping and 14.11 percent countervailing duty. The separate 10 percent Section 232 tariff on softwood lumber applies on top, bringing their total to 34.75 percent. That group numbers 220 companies in the antidumping review and 215 in the countervailing duty review, among them Interfor, Tolko, Western Forest Products and Weyerhaeuser. Canfor's dumping margin of 17.00 percent is the highest of the three examined companies, against 13.13 percent for Resolute and 4.71 percent for West Fraser. Canfor was not individually examined in the subsidy review and takes the 14.11 percent rate there, while West Fraser's subsidy rate is 15.31 percent and Resolute's 12.42 percent. Exporters and producers never covered in any segment of the cases keep the original rates of 6.04 percent antidumping and 14.19 percent countervailing duty. Commerce intends to issue assessment instructions for 2024 entries no earlier than 41 days after publication.

Tolko Agrees to Transfer a BC Forest Licence to Westbank First Nation's Forestry Company

Tolko Industries and Westbank First Nation announced last Wednesday, October 14, that Tolko will transfer Forest Licence A98912, with an allowable annual cut of 52,100 cubic meters, to Ntityix Resources, the First Nation's forestry company in the Okanagan. Under a 15-year fibre supply agreement that renews automatically under specified conditions, Ntityix will supply Tolko with timber from that licence and from other Westbank tenures. Ntityix will manage and harvest timber from A98912, First Nations Woodland Licence N2B and Community Forest Agreement K1P, which together carry an allowable annual cut of more than 115,000 cubic meters. The agreements contemplate provincial capacity funding and still need regulatory approval under British Columbia's Forest Act.

Finland's Three Largest Forest Companies Took Wood From Google's Disputed Data-Center Clearings

Stora Enso said on October 17 that about 5,000 cubic meters of sawlogs and pulpwood from the clearing at Google's data-center site in Muhos reached its Oulu business unit through a supplier whose contract ended in May. The company had earlier said it had no connection to the felling. UPM and Metsä Group have said small volumes from the Google sites reached them through supply partners. Metsä halted those deliveries in mid-September, and both have now suspended them. In the first half of October, Finland's Licensing and Supervisory Authority told Google to stop work at its Muhos and Kajaani sites. The authority suspects the felling broke the law. The wood could be barred from use. The October 2 edition reported the authority's examination of the Muhos clearing, which current reports put at about 815 acres. The head of the Forest Stewardship Council's Finnish office says illegally felled wood cannot enter certified production in any form. The Finnish arm of the Programme for the Endorsement of Forest Certification is investigating.

WHAT HAPPENED THIS WEEKEND

Friday, October 16, the weekend and Monday morning — business, markets, and the broader economy.

- The S&P 500 fell 84.62 points, or 1.1 percent, to 7,659.44 on Friday. The Nasdaq Composite fell 572.99 points, or 2.1 percent, to 26,140.03 as chip stocks dropped. Both posted their worst week since June, the S&P down 1.9 percent and the Nasdaq 4.5 percent. The Dow lost 175.28 points to 52,002.41 and gained 0.7 percent on the week.
- The 10-year Treasury par yield slipped 1 basis point to 5.09 percent, a new low for October, and fell 15 basis points over the week. The 2-year ended at 4.74 percent and the 30-year was unchanged at 5.43 percent.
- US industrial production rose 0.7 percent in September, led by a 3.5 percent jump in utility output, while manufacturing rose 0.3 percent. Capacity utilization rose to 76.9 percent from 76.4 percent. Output of construction supplies rose 1.0 percent and furniture fell 1.2 percent.
- President Trump signed an executive order late Friday putting on hold new Russia sanctions in a law he signed last month, two days before a deadline in the law for them to take effect. The law sanctions Russian officials, banks and tankers carrying Russian energy exports and directs tariffs of up to 100 percent on the five biggest importers of Russian oil or gas.
- China's economy grew 4.5 percent from a year earlier in the third quarter, up from 4.3 percent in the second, the National Bureau of Statistics reported Monday, Beijing time. Growth for the first three quarters was 4.6 percent.
- The Bank of Canada's daily rate fell to C\$1.4154 per US dollar on Friday from C\$1.4196 on Thursday. On Monday morning Statistics Canada put September consumer price inflation at 3.1 percent, up from 3.0 percent in August, with gasoline up 27.8 percent and shelter up 1.8 percent.

INDUSTRY & COMPANY NEWS

- **Unifor** held forestry rallies in 36 communities on October 16 across New Brunswick, Nova Scotia, Newfoundland and Labrador, Quebec, Ontario and British Columbia, including Port Mellon, Port Alberni, Quesnel and Kamloops. The union's priorities include a national forestry industrial strategy, a federal industrial transformation fund tied to modernization and immediate transition support for workers. It points to the April 2026 final report of the federal Canadian Forest Sector Transformation Task Force as the roadmap. The union's release describes the Howe Sound pulp mill deal as an agreement in principle.
- **Knives Out**, a report on lobbying over the EU Deforestation Regulation (EUDR) published October 17 by the advocacy group Mighty Earth, counts 26 meetings between the National Alliance of Forest Owners and members of the European Parliament from July 1, 2024, to August 1, 2026, the most of any company or group in its tally. Fourteen of those meetings listed the regulation as the main subject. The report also counts eight European Commission meetings for the alliance, tied with the farm lobby Copa-Cogeca for the most, and five briefing papers in which the alliance asked for the law's geolocation requirements to be removed or simplified. Large and medium operators must comply with the regulation from December 30.
- **Södra** named Peter Karlsson head of its Södra Wood sawmill division, effective October 13, saying the appointment would strengthen the cooperative's position as a sawmill operator in Götaland in southern Sweden. Kim Gunnarsson, head of raw-material supply, becomes acting head of the Södra Skog forestry business, and Marcus Åsgärde becomes strategy and technology chief at the Södra Cell pulp division.

■ DEEP DIVE: THE BUILDER SURVEY

The Builder Index Fell to 29

The National Association of Home Builders (NAHB)/Wells Fargo Housing Market Index fell 3 points to 29 in October, its lowest reading since June 2012. A reading below 50 means more builders rate conditions poor than good. Current sales conditions fell 2 points to 33 and sales expectations for the next six months fell 5 points to 32. The gauge of prospective buyer traffic dropped 5 points to 18, its lowest since April 2012 apart from April 2020. On three-month averages the West was the weakest region at 26, down 2 points, against 30 in the South, 38 in the Northeast and 40 in the Midwest. More than one-third of builders reported immigration enforcement activity in their markets over the past month.

Forty-Three Percent of Builders Cut Prices

Forty-three percent of builders cut prices in October, the highest monthly share of the 2020-2026 period, against 67 percent in June 2008. The average cut was 6 percent for a seventh straight month. Sixty-five percent used sales incentives, the 19th consecutive month at 60 percent or more. In the September survey, which carried regional detail, 38 percent of builders cut prices nationally, with 45 percent in the West and 44 percent in the South against 34 percent in the Northeast and 23 percent in the Midwest. Among builders with 100 or more starts, 57 percent cut. The most common September incentives were price discounts and paid closing costs, each used by 38 percent of builders, then free or reduced-cost options and upgrades at 36 percent, up from 32 percent in April 2025, and mortgage rate buydowns at 30 percent. In the West, 45 percent offered free or reduced-cost upgrades.

Finish Carpenters Are the Scarcest Trade

In the September survey, 58 percent of builders reported a shortage of directly employed finish carpenters, 14 percent serious and 44 percent some, the widest of 16 trades. Framing crews followed at 57 percent, up 9 points from April 2025 for the largest increase, with rough carpenters and bricklayers at 55 percent and concrete workers at 51 percent. The finish carpenter shortage peaked at 85 percent in October 2021 and stood at 53 percent in April 2025. It reached 75 percent in the Northeast and 72 percent in the Midwest, against 53 percent in the South and 45 percent in the West. Among subcontractors, framers and rough and finish carpenters each showed a 59 percent shortage. The average across the nine trades tracked since 1996 was 47 percent, above any reading from 2004 to 2006, when housing starts ran above 1.8 million a year.

Labor Costs Rose 4.2 Percent

Builders put the median 12-month increase in labor cost for the same house at 4.2 percent in September, up from 3.4 percent in February 2025, and 26 percent reported increases of 6 percent or more. Regional medians ran from 5.3 percent in the Northeast and 4.5 percent in the Midwest to 4.2 percent in the South and 2.6 percent in the West. A gauge of building material and product availability fell to 82 from 86 in June. The gauge for labor and subcontractors fell to 59 from 66. Single-family permits for January through August totaled 620,558, down 2.6 percent from a year earlier. Permits fell 9.4 percent in the Northeast, 5.2 percent in the West and 2.0 percent in the South and rose 2.0 percent in the Midwest. Nevada's 26.3 percent drop was the steepest of any state.

■ RATES, DUTIES & OUTPUT SNAPSHOT

INDICATOR	VALUE	TREND
10-year Treasury par yield, October 16	5.09%	Down 15 basis points from 5.24% on October 9
2-year Treasury par yield, October 16	4.74%	Down 6 basis points from 4.80% on October 9
US dollar, Bank of Canada daily rate, October 16	C\$1.4154	From C\$1.4271 on October 9
Canadian softwood deposit rate, non-selected companies	24.75%	From 35.16%; 10% Section 232 tariff applies on top
US wood products output, September	-0.1%	Up 10.4% annualized in Q3; up 1.5% on the year
Canada homeowners' replacement cost, September	-1.9% y/y	Same annual decline as August

■ ON DECK

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. - The Ketchikan Indian Community and two conservation groups have asked a federal court to halt the Shelter Cove sale.
Thu, Oct 22	- Statistics Canada publishes September industrial product prices, which include lumber. - Statistics Canada publishes the September new housing price index.
Fri, Oct 23	- Bids open on the Oregon Department of Forestry's Mystree Solved sale in Tillamook County, 4,188 MBF, mostly Douglas-fir. - Statistics Canada publishes its advance estimate of September manufacturing sales.
Sat, Oct 24	British Columbia holds its provincial election.
Tue, Oct 27	September US new home sales are due at 10 a.m. Eastern.
Wed, Oct 28	- The Washington Department of Natural Resources auctions 13 timber sales totaling 76,270 MBF. - The Bank of Canada and the Federal Reserve announce interest rate decisions. - West Fraser reports third-quarter results.
Thu, Oct 29	- Weyerhaeuser reports third-quarter results after the market close. - Statistics Canada publishes third-quarter building construction price indexes.