



Lumber Track

MAY 2008
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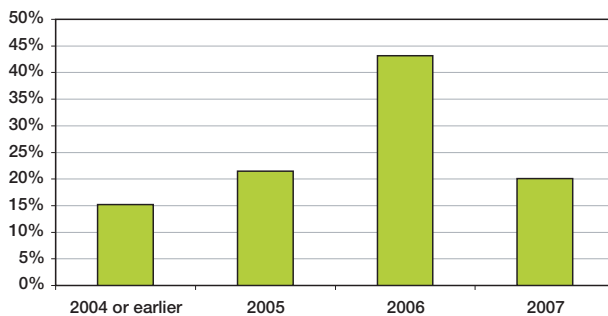
WWPA'S MONTHLY REVIEW OF NORTH AMERICAN LUMBER STATISTICS, INCLUDING TRADE HIGHLIGHTS AND KEY MARKETS

2008: the year of subprime resets

There were approximately 7 million subprime loans in the U.S. at the end of 2007. According to data recently published by the Federal Reserve Bank of New York taken from an investigation conducted by First American Core Logic on a large sample of subprime loans:

- Nine percent of the loans had at least one payment overdue by 90 days or more
- More than 10 percent were in some phase of foreclosure
- Lenders had assumed legal title to about 6.4 percent of the underlying properties
- An estimated 36 percent of subprime loans undergo their first reset over the next twelve months

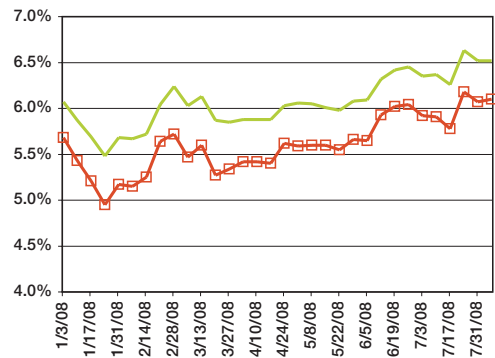
U.S. Subprime Originations by Year



Sources- Federal Reserve Bank of New York, First American Core Logic

The estimated 2.5 million subprime mortgages that are scheduled to reset over the next year face mortgage rates propelled higher by the continuing credit crisis and inflationary pressures. Higher rates mean higher monthly payments. The upcoming swath of subprime resets will add to current U.S. housing woes.

Mortgage Rates Rise in 2008



Source: Freddie Mac — 30-yr fixed — 15-yr fixed

Foreclosures down slightly in June

Realtytrac reported 252,000 U.S. foreclosure filings in June—down 3 percent compared to the previous month, but a 53 percent increase over filings in June 2007. Bank repossessions of homes continued to increase at a rapid clip, up 171 percent compared to a year ago.

On the basis of filings per number of household, Nevada topped the list with one filing per 122 households (8,713 filings). California had the most filings (68,666 filings) and second on a per household rate with one filing for every 192 households. For the U.S. overall, there was one foreclosure filing per 501 households.

Housing turmoil leads to higher vacancy rates

As a percentage of total housing, the number of year-round vacant homes now exceeds 10 percent, or approximately 13.9 million out of a total estimated at 130 million homes.

Homeowner vacancy rates climbed above 2 percent in the fourth quarter of 2005 and have

(continued)

U.S. Softwood Lumber Industry Activity by Region (million board feet)

Production	Full Year	5 months YTD			May-08	Apr-08	May-07	M to M %	Y to Y %	1st Qtr-08	1st Qtr-07	% Chg
	2007	2008	2007	% Chg								
West	16,315	5,737	7,222	-20.6%	1,106	1,254	1,514	-11.8%	-26.9%	3,376	4,270	-20.9%
South	16,985	6,495	7,312	-11.2%	1,281	1,395	1,512	-8.2%	-15.3%	3,819	4,279	-10.7%
Other	1,858	683	811	-15.8%	133	148	169	-9.9%	-21.1%	401	477	-15.8%
Total	35,158	12,914	15,345	-15.8%	2,520	2,797	3,195	-9.9%	-21.1%	7,597	9,026	-15.8%

Shipments

West	16,215	5,809	7,122	-18.4%	1,234	1,278	1,526	-3.4%	-19.1%	3,297	4,140	-20.4%
South	16,662	6,187	7,183	-13.9%	1,200	1,350	1,476	-11.1%	-18.7%	3,637	4,154	-12.4%
Other	1,835	669	798	-16.1%	136	147	167	-7.4%	-18.9%	387	463	-16.4%
Total	34,712	12,666	15,103	-16.1%	2,570	2,775	3,169	-7.4%	-18.9%	7,321	8,756	-16.4%

New Orders

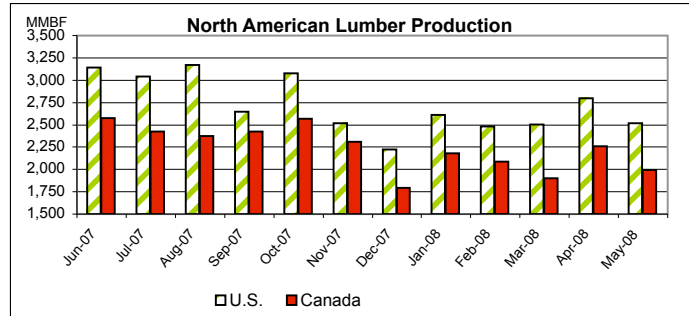
West	16,123	5,759	7,085	-18.7%	1,178	1,274	1,497	-7.6%	-21.3%	3,307	4,155	-20.4%
South	16,589	6,113	7,351	-16.8%	1,082	1,369	1,426	-21.0%	-24.1%	3,662	4,478	-18.2%
Other	1,825	662	806	-17.8%	126	148	163	-14.5%	-22.7%	389	482	-19.3%
Total	34,538	12,535	15,242	-17.8%	2,386	2,791	3,087	-14.5%	-22.7%	7,358	9,114	-19.3%

Unfilled Orders

	May-08	May-07	% Chg
West	450	505	-20.9%
South	1,372	1,613	-19.5%
Other	165	182	-12.9%
Total	1,987	2,300	-19.3%

Inventories

	May-08	May-07	% Chg
West	1,317	1,317	-5.5%
South	1,761	1,568	32.0%
Other	283	272	8.8%
Total	3,360	3,156	14.3%



Sources: WWPA, SFPA (Southern Pine #'s are revised every edition with the latest information)

Statistics for "other" regions are based on annual Census survey of those regions compared to annual data from West and South

Canadian Softwood Lumber Industry Activity by Region (million board feet)

Production	Full Year	5 months YTD			May-08	Apr-08	May-07	M to M %	Y to Y %	1st Qtr-08	1st Qtr-07	% Chg
	2007	2008	2007	% Chg								
British Columbia	15,541	5,359	7,068	-24.2%	961	1,208	1,339	-20.4%	-28.2%	3,189	4,289	-25.6%
East of the Rockies	14,396	5,069	6,399	-20.8%	1,031	1,055	1,293	-2.2%	-20.2%	2,983	3,810	-21.7%
Total	29,937	10,427	13,466	-22.6%	1,993	2,263	2,632	-11.9%	-24.3%	6,172	8,099	-23.8%

Shipments

British Columbia	15,603	5,381	6,980	-22.9%	1,018	1,233	1,396	-17.5%	-27.1%	3,130	3,997	-21.7%
East of the Rockies	14,498	5,002	6,270	-20.2%	1,109	1,074	1,404	3.3%	-21.0%	2,818	3,566	-21.0%
Total	30,101	10,383	13,250	-21.6%	2,127	2,307	2,800	-7.8%	-24.0%	5,948	7,563	-21.4%

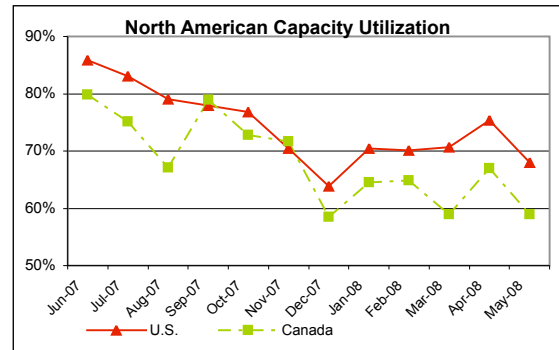
Inventories

	May-08	May-07	% Chg
British Columbia	1,377	1,571	-13.8%
East of the Rockies	1,931	2,126	-6.1%
Total	3,308	3,698	-9.3%

Sources: Statistics Canada, Council of Forest Industries

Production as Percent of Practical Capacity

	Full Year	5 months YTD			May-08	Apr-08	May-07
	2007	2008	2007	% Chg			
West	76%	67%	79%	64%	72%	78%	
South	81%	74%	83%	71%	78%	81%	
Total U.S.	79%	71%	82%	68%	75%	80%	
British Columbia	81%	66%	87%	58%	73%	78%	
East of the Rockies	71%	60%	75%	60%	61%	71%	
Total Canada	76%	63%	81%	59%	67%	75%	



Sources: USDA's Profile 2005: Softwood Sawmills in the United States and Canada; WWPA's Annual Mill Operating Survey; Resource Information Systems, Inc.

Trade Statistics

U. S. Softwood Lumber Imports (million board feet)

From	Full Year	5 months YTD			May-08	Apr-08	May-07	M to M %	Y to Y %	1st Qtr-08	1st Qtr-07	% Chg
	2007	2008	2007	% Chg								
From British Columbia	9,814	3,038	4,460	-31.9%	614	702	947	-12.5%	-35.2%	1,722	2,506	-31.3%
East of the Rockies	6,858	2,116	3,177	-33.4%	480	503	701	-4.7%	-31.5%	1,132	1,777	-36.3%
Total Canadian Imports	16,672	5,154	7,637	-32.5%	1,094	1,206	1,648	-9.3%	-33.6%	2,854	4,283	-33.4%
From Latin America	620	210	272	-23.1%	38	41	56	-7.6%	-32.8%	131	162	-18.9%
From Europe	880	320	320	0.0%	41	51	78	-19.9%	-47.2%	227	167	36.1%
Total Non-Canadian	1,712	603	678	-11.0%	94	108	151	-12.6%	-37.4%	401	378	5.9%
Total Lumber Imports	18,385	5,757	8,314	-30.8%	1,188	1,314	1,799	-9.5%	-33.9%	3,255	4,661	-30.2%

U. S. Softwood Lumber Exports (million board feet)

	Full Year	5 months YTD			May-08	Apr-08	May-07	M to M %	Y to Y%	1st Qtr-08	1st Qtr-07	% Chg
	2,007	2008	2007	% Chg.								
To Canada	254	141	98	43.6%	27	29	21	-6.2%	28.2%	85	59	45.7%
To Japan	67	30	31	-5.5%	7	7	6	10.8%	31.4%	16	19	-17.2%
To Mexico	196	81	81	-0.8%	16	19	16	-15.2%	0.3%	45	48	-5.4%
To Other Countries	475	178	210	-14.9%	37	37	45	-0.2%	-18.2%	105	127	-17.6%
Total Lumber Exports	993	429	420	2.2%	87	91	88	-4.5%	-0.6%	251	252	-0.6%

U. S. Softwood Log Imports (million board feet, Scribner)

From Canada	380	84	179	-53.2%	18	17	39	3.5%	-54.3%	48	93	-48.0%
Non-Canadian Sources	1	0	0	-27.0%	0	0	0	NA	NA	0	0	NA
Total Log Imports	381	84	179	-53.1%	18	17	39	3.6%	-54.2%	49	93	-47.9%

U. S. Softwood Log Exports (million board feet, Scribner)

To Japan	550	197	251	-21.4%	57	34	56	66.9%	2.3%	106	139	-23.5%
To Canada	574	244	277	-12.1%	28	39	31	-27.2%	-8.5%	177	199	-11.0%
To Other Countries	400	201	150	34.0%	50	43	36	16.4%	37.2%	108	71	51.8%
Total Log Exports	1,524	641	678	-5.3%	135	115	122	16.7%	9.9%	391	409	-4.3%

Sources for the U.S. trade statistics: U.S. Department of Commerce, FAS, USITC

Canadian Softwood Lumber Exports (million board feet)

To U.S.	16,672	5,154	7,637	-33.5%	1,094	1,206	1,648	-9.3%	-33.6%	2,854	4,283	-33.4%
To Japan (est.)	1,223	465	554	-16.1%	120	97	136	24.4%	-11.4%	248	300	-17.5%
Other (est.)	1,264	516	541	-4.6%	130	131	121	-1.2%	7.4%	255	289	-11.8%
Total Lumber Exports	19,159	6,134	8,731	-29.7%	1,344	1,433	1,904	-6.2%	-29.4%	3,357	4,873	-31.1%

Sources: Statistics Canada, Council of Forest Industries

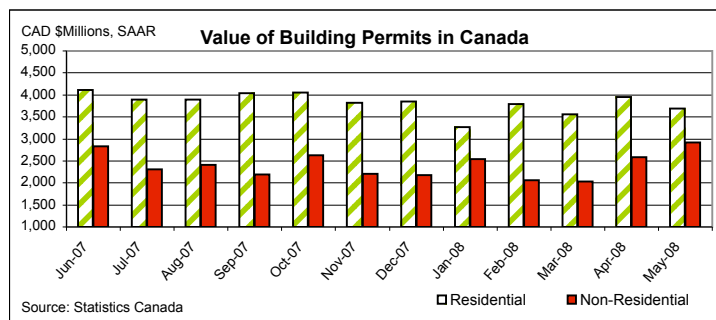
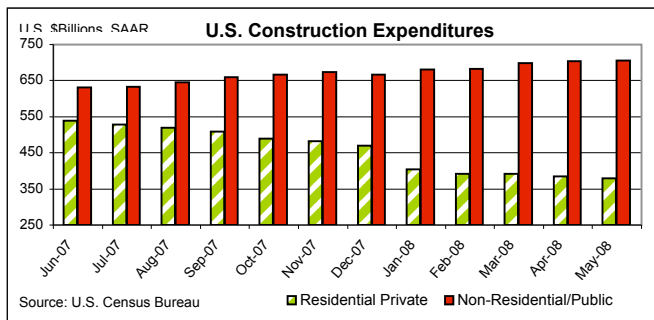
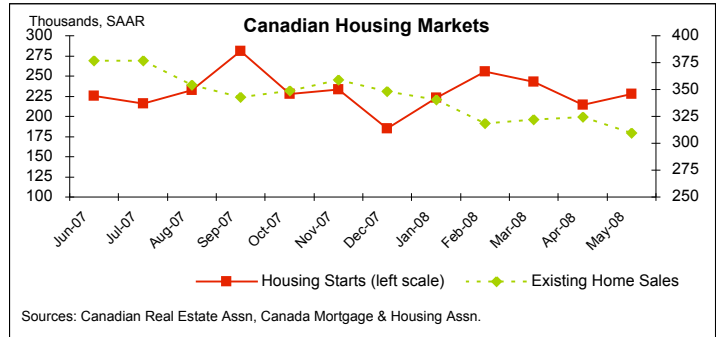
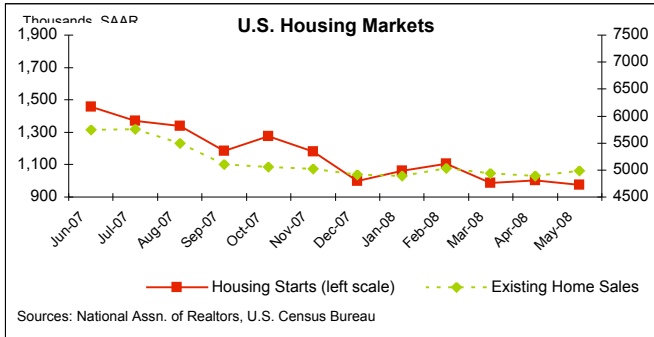
U.S. Softwood Lumber Consumption (million board feet)

	Full Year	5 months YTD			May-08	Apr-08	May-07	M to M %	Y to Y%	1st Qtr-08	1st Qtr-07	% Chg
	2007	2008	2007	% Chg.								
U.S. Lumber Shipments	34,712	12,666	15,103	-16.1%	2,570	2,775	3,169	-7.4%	-18.9%	7,321	8,756	-16.4%
Plus: Imports	18,385	5,757	8,314	-30.8%	1,188	1,314	1,799	-9.5%	-33.9%	3,255	4,661	-30.2%
Less: Exports	(993)	(429)	(420)	2.2%	(87)	(91)	(88)	-4.5%	-0.6%	(251)	(252)	-0.6%
Apparent Consumption	52,103	17,994	22,997	-21.8%	3,671	3,997	4,880	-8.1%	-24.8%	10,325	13,166	-21.6%

Canadian Softwood Lumber Consumption (million board feet)

	Full Year	5 months YTD			May-08	Apr-08	May-07	M to M %	Y to Y%	1st Qtr-08	1st Qtr-07	% Chg
	2007	2008	2007	% Chg.								
Can. Lumber Shipments	30,101	10,383	13,250	-21.6%	2,127	2,307	2,800	-7.8%	-24.0%	5,948	7,563	-21.4%
Plus: Imports (est.)	275	152	106	43.6%	29	31	23	-6.2%	28.2%	92	63	45.7%
Less: Exports	(19,159)	(6,134)	(8,731)	-29.7%	(1,344)	(1,433)	(1,904)	-6.2%	-29.4%	(3,357)	(4,873)	-31.1%
Apparent Consumption	11,217	4,400	4,625	-4.9%	812	905	918	-10.2%	-11.6%	2,683	2,754	-2.6%

U.S./Canada Lumber Demand Indicators



remained elevated ever since, rising to nearly 3 percent by the second quarter of 2008. Empty houses, higher interest rates, and a weak economy foretell a slow unwinding to housing market weakness in the U.S.

For more information on Lumber Track or other WWPA statistical reports, contact Kevin Binam at 503-306-3466 or kbinam@wwpa.org