



Monday Market Report: 4/12/21

Greetings all and welcome to the inaugural Monday Market Report! The historic highs we have seen this year have brought a lot of attention and often concern to buyers throughout the entire supply chain. Almost every transaction has turned into a conversation where most folks are just looking to understand WHAT THE HECK IS HAPPENING!! You are not alone. Customers are looking for more consistent communication about what is occurring in the market and how it will affect their business. We understand completely. This report is our effort to better educate our customers and all buyers that could use a little help navigating these waters and communicating to all stakeholders within their organizations and their customers.

...here we go...

Demand continues to outpace supply in most categories of Southern Yellow Pine lumber. We have seen most narrow widths in 2x #2 soften recently, but that has not affected the industrial markets as #3 and #4 lumber continue to rise weekly. Lumber is trading at 2-3 times the last 5-year average for the last few months, and this has caused increased competition buying lower grades to reduce costs. With lumber futures rising this week for May and July, it looks like most traders anticipate a strong summer and prices to remain strong compared to recent years.

Now for the elephant in the room. Panels. The most important thing to understand about plywood in the southern US markets is that there are only a handful of producers. While they have a substantial production capacity, the regional demand has proven to be quite a beast to feed. Most have not been able to offer any additional orders beyond their contracts with major retail and distribution outfits. Order files are pushed out several weeks and months in some cases. A combination of low interest rates and a positive short to mid-term outlook from consumers and companies alike will continue to drive demand. Prices will continue to rise with it until either supply catches up or demand takes a dive. One of those is a more appealing resolution than the other, but both of come with a new set of challenges.

...phew...That does it for the first Monday Market Report. I intend to be more concise moving forward, but I felt this one needed a bit of context.

Please feel free to reach out to me with any specific questions or feedback on the Report or anything else in the wild world of lumber. The entire Lodge Lumber team is dedicated to being a valued partner to our customers, vendors, and to our community. We look forward to talking with you all soon!

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