

2026 Forest Products Industry Outlook

Tuesday, March 17, 2026



FARM CREDIT

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Paul Jannke



Principal, Lumber



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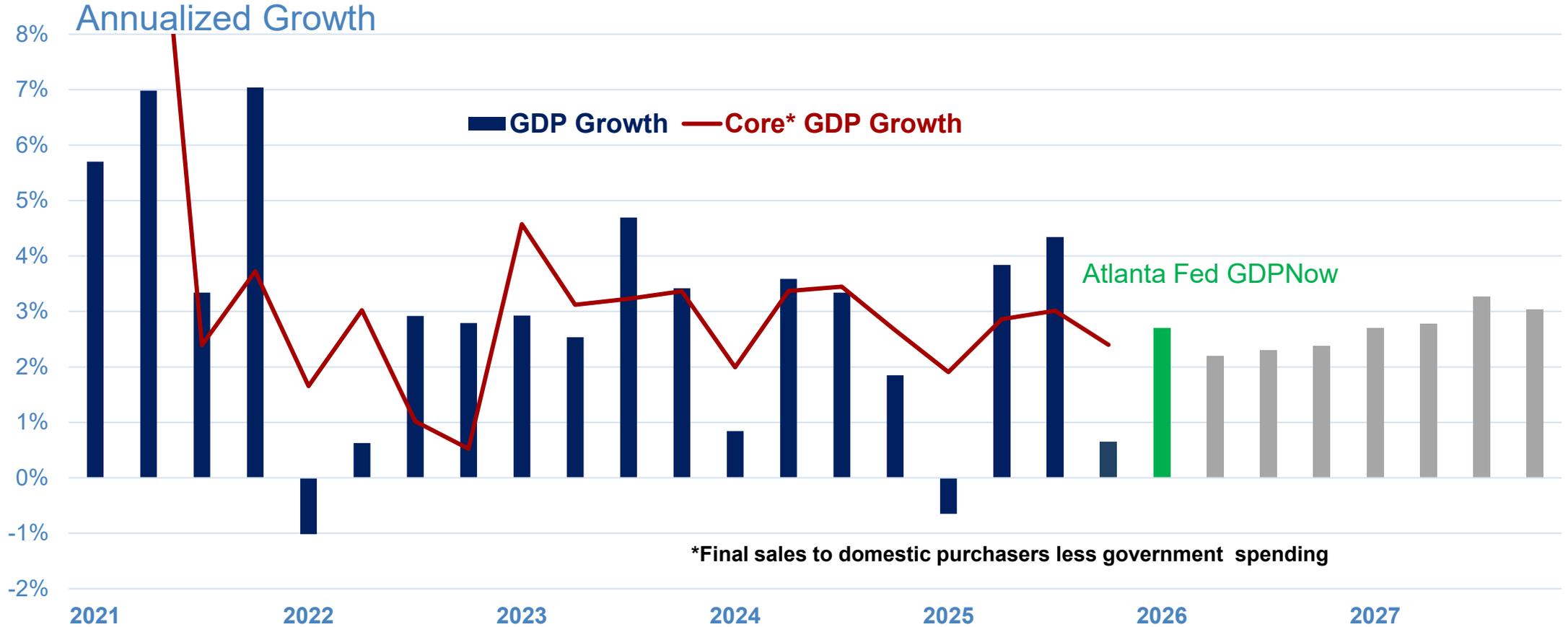
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North American Lumber Markets

Prices Have Rebounded, But Are Not Likely To Stay Elevated As Consumption Growth Will Be Weak

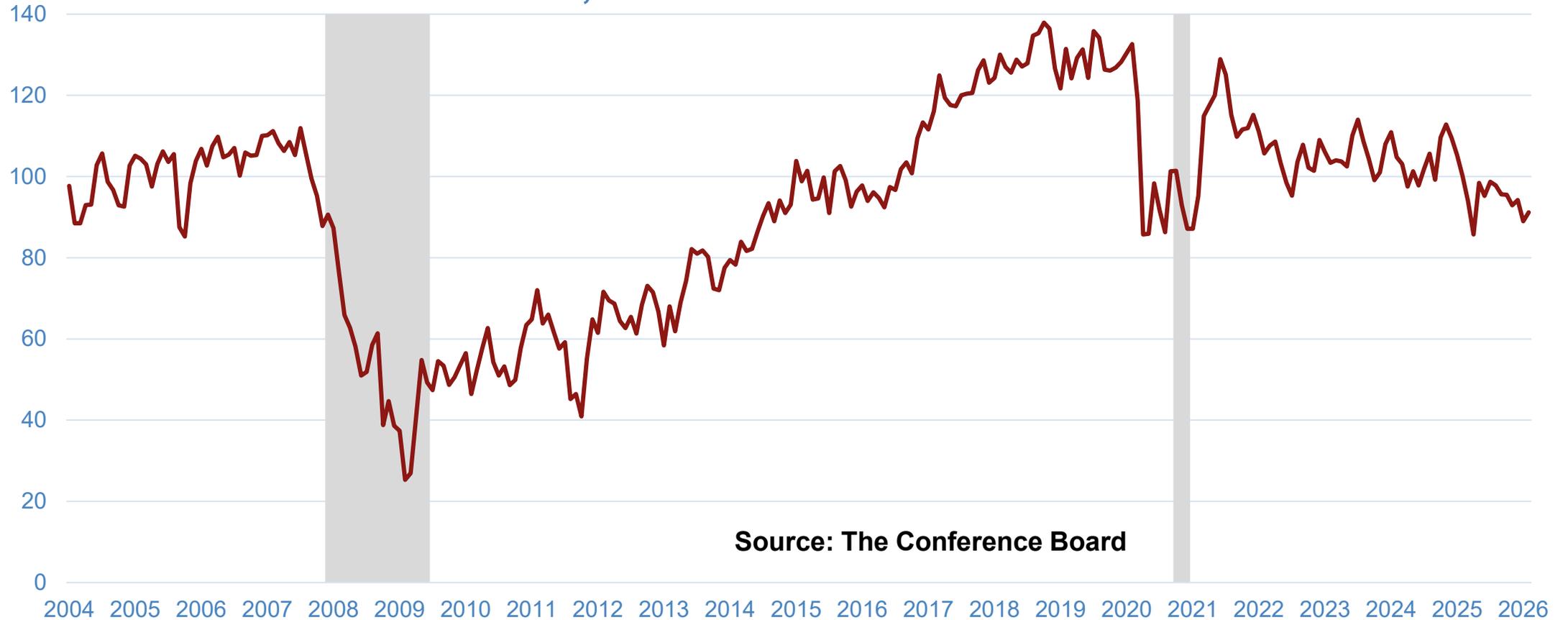
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2026 Forest Products Outlook
Mar 17th, 2026

Real GDP Growth Remains Surprisingly Robust



Consumer Confidence Has Been Sliding

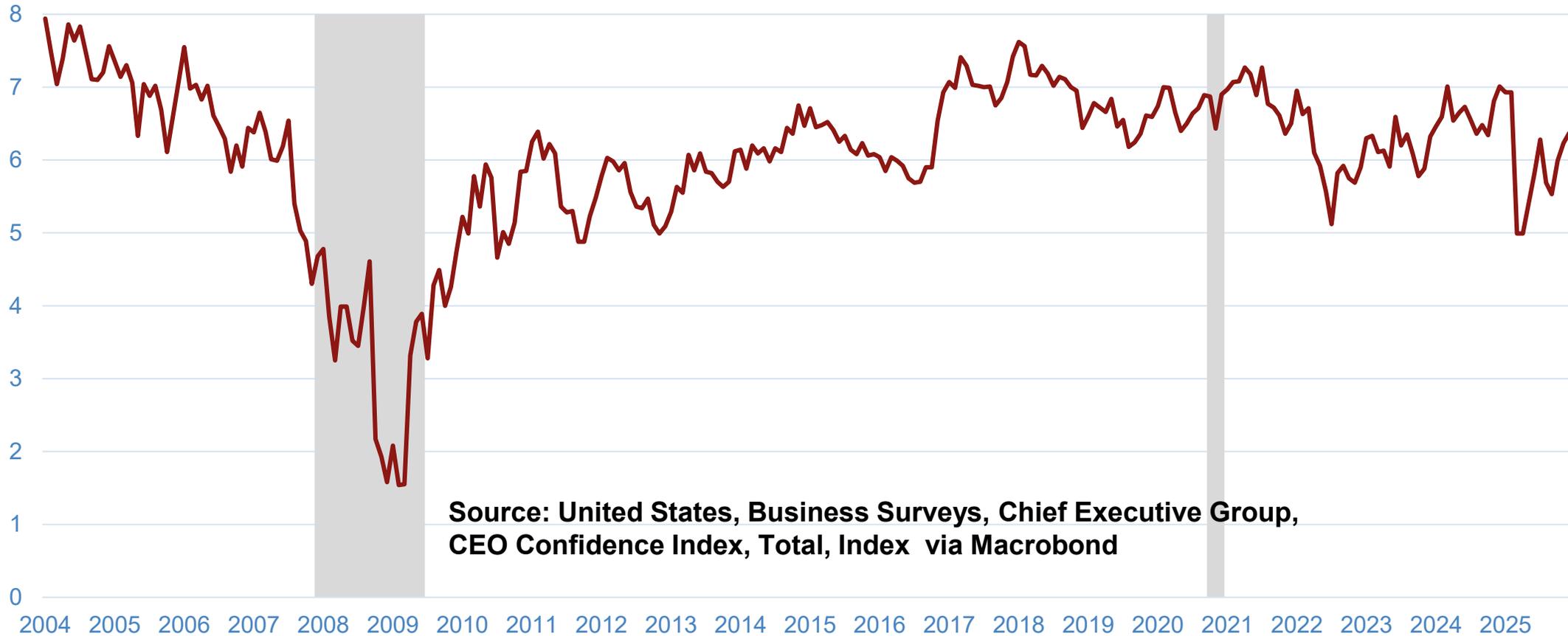
Consumer Confidence Index, 1985=100



Source: The Conference Board

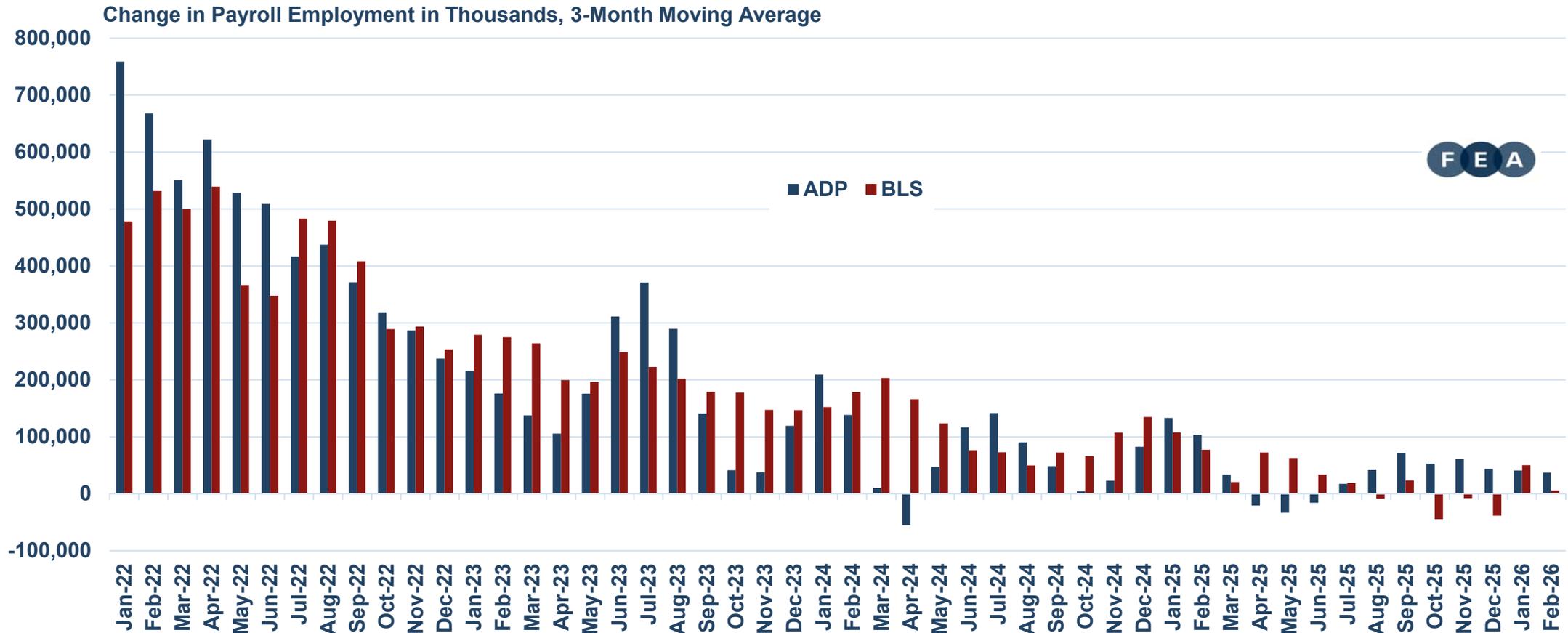
Business Leaders Remain Anxious

Confidence in the Economy One Year From Now



Source: United States, Business Surveys, Chief Executive Group, CEO Confidence Index, Total, Index via Macrobond

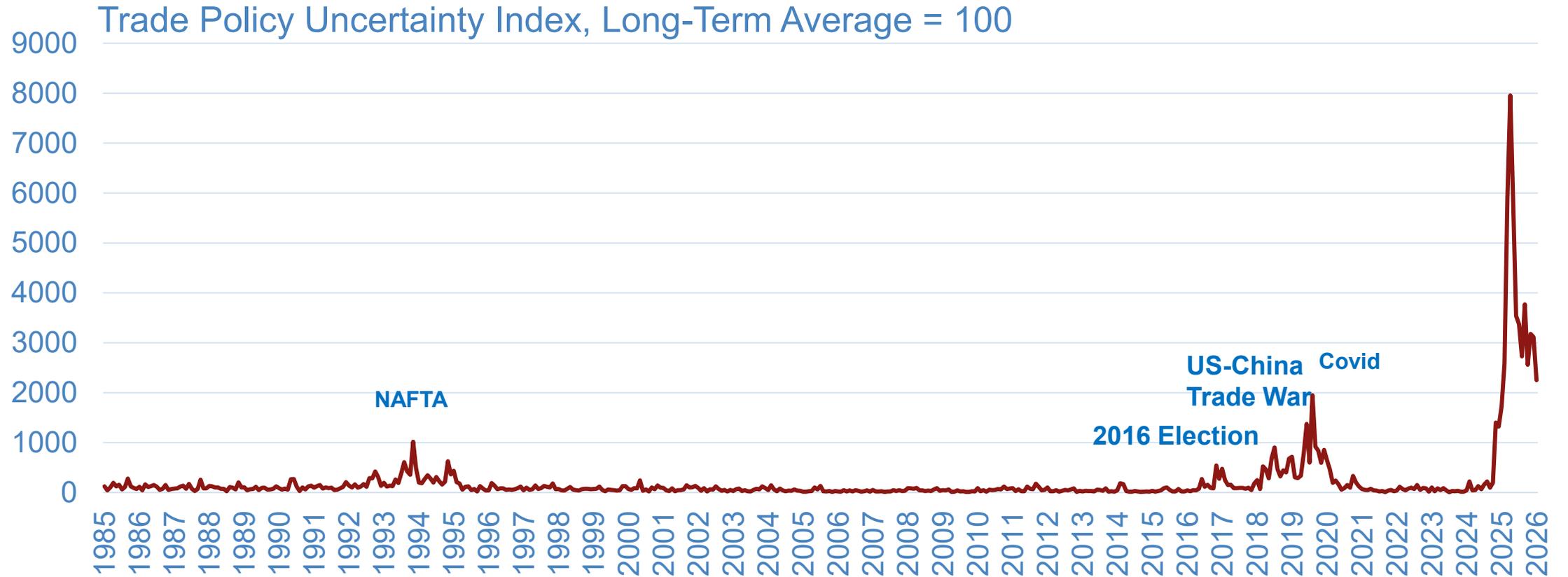
Official BLS and ADP Payroll Data Both Show Weak Job Growth



Source: Bureau of Labor Statistics, ADP

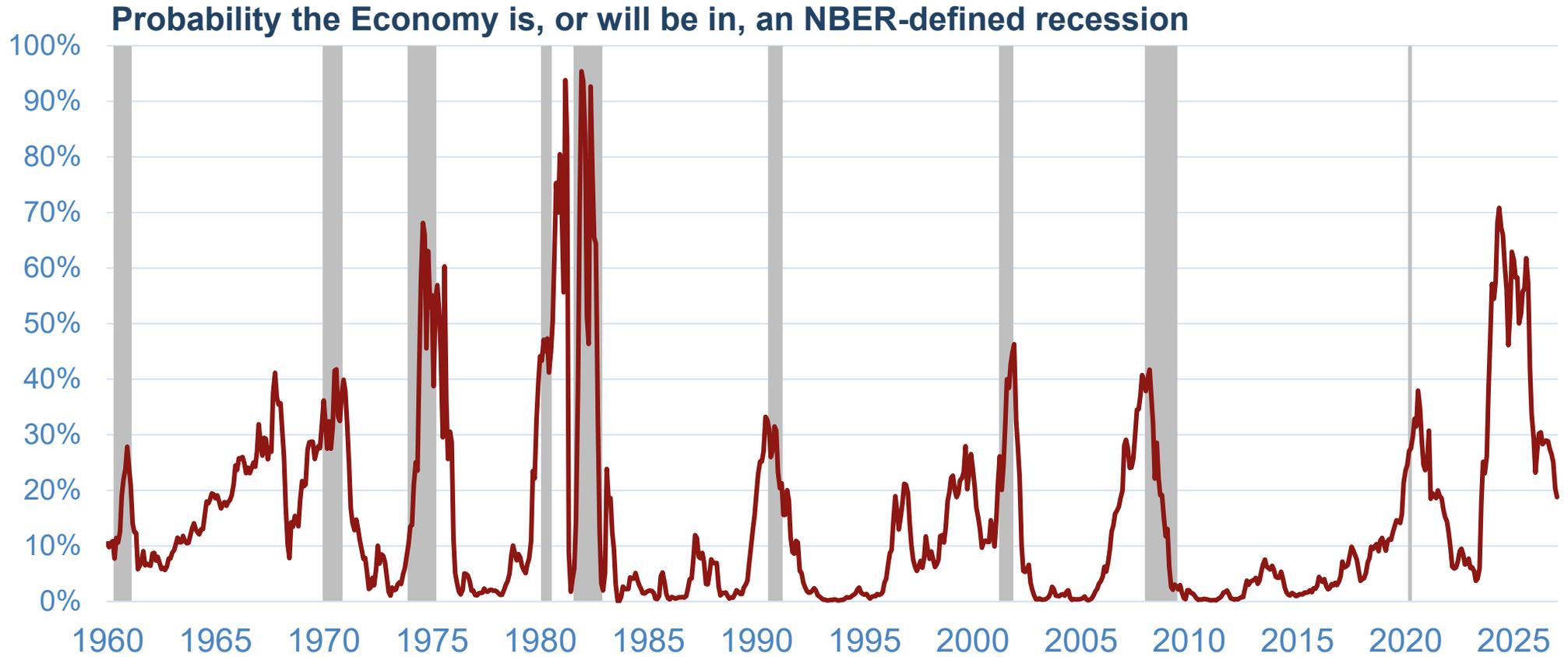
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US Trade Policy Uncertainty Returns



Source: www.PolicyUncertainty.com

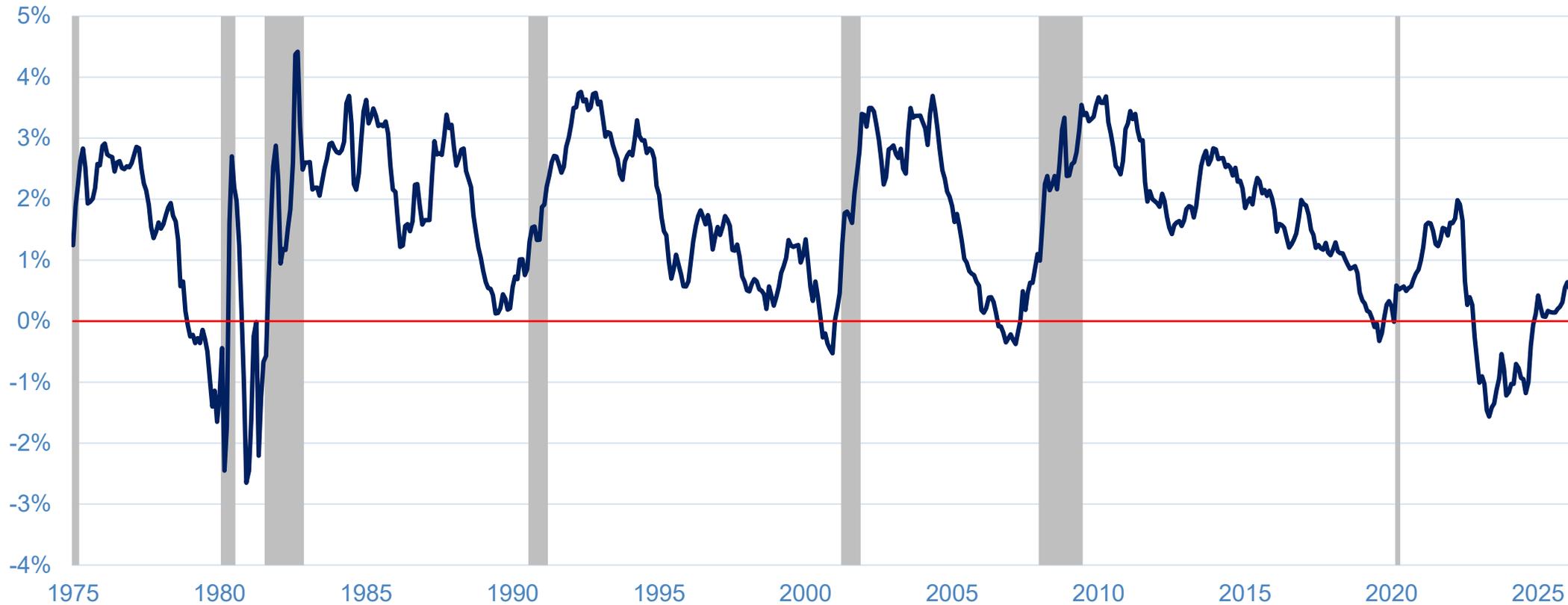
New York Fed Indicator Shows a 20% Chance of Recession Within Next Year



Source: New York Fed

The 10-Year/3 Month Yield Curve Is No Longer Inverted

Yield Spread: Ten-Year Treasury minus Three-Month Treasury Bill

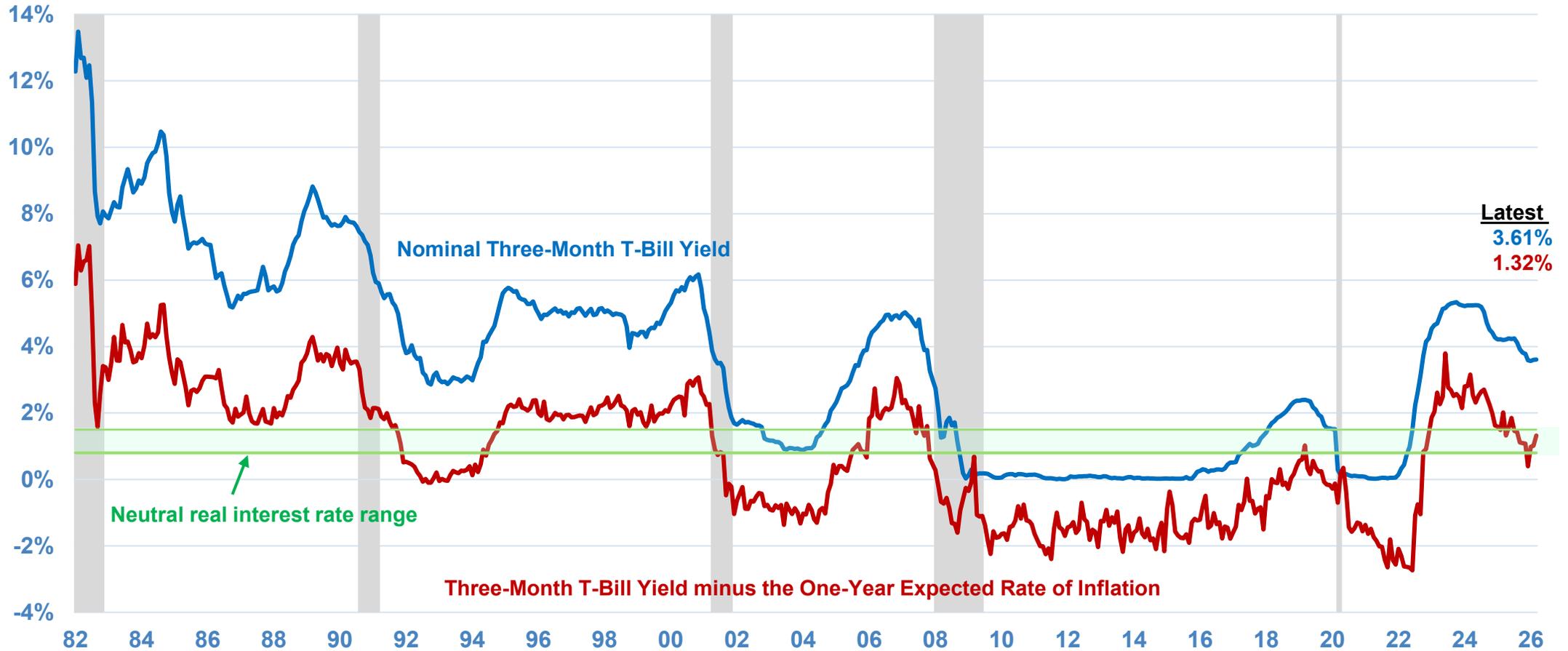


Source: Federal Reserve



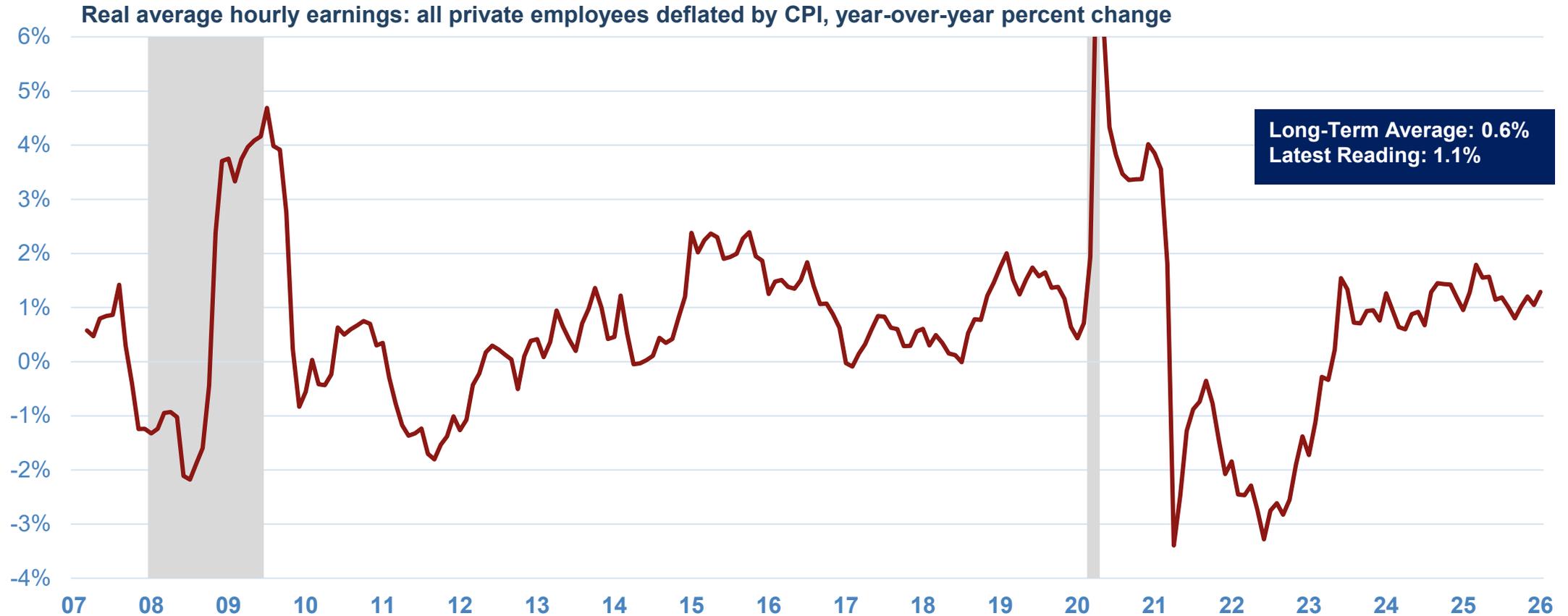
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Real Short-Term Interest Rates Are Close to Neutral



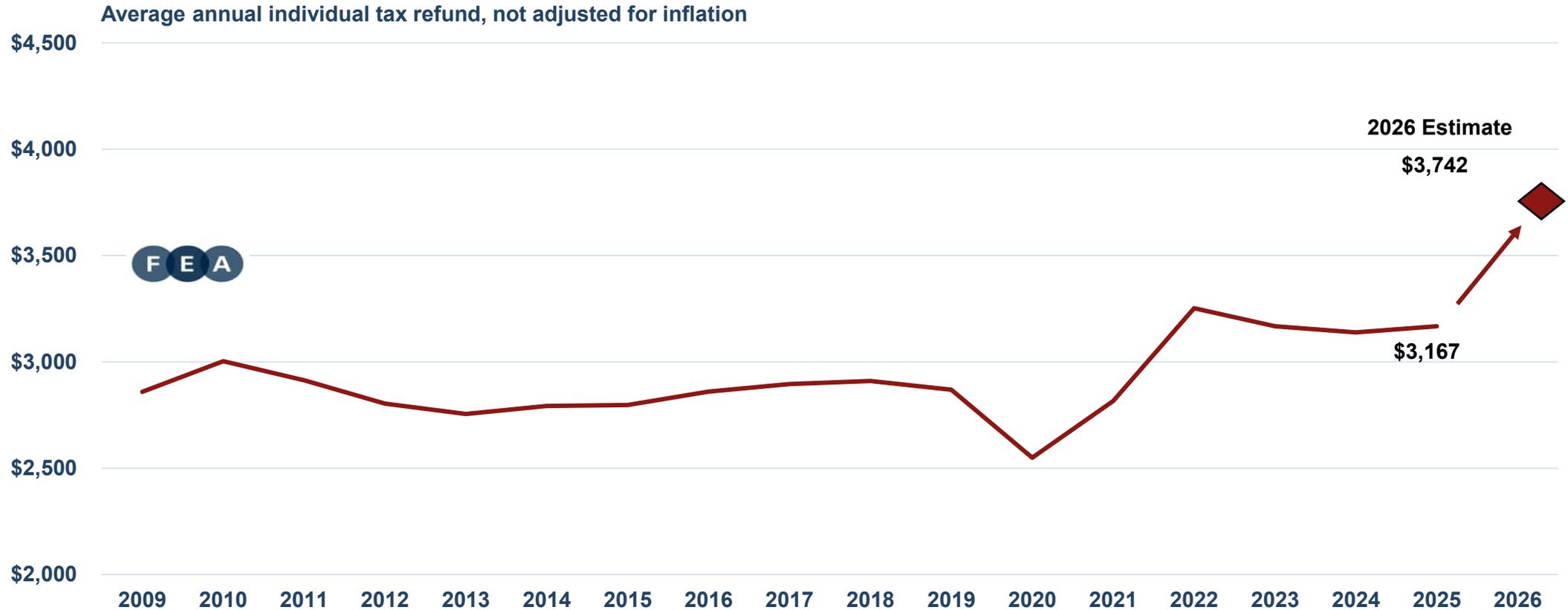
Source: Federal Reserve Fred Database, Cleveland Fed Inflation Expectations

Real Wages Have Been Growing Steadily Since Mid-2023



Source: Bureau of Labor Statistics

US Tax Refunds Expected to Increase by \$600 in 2026

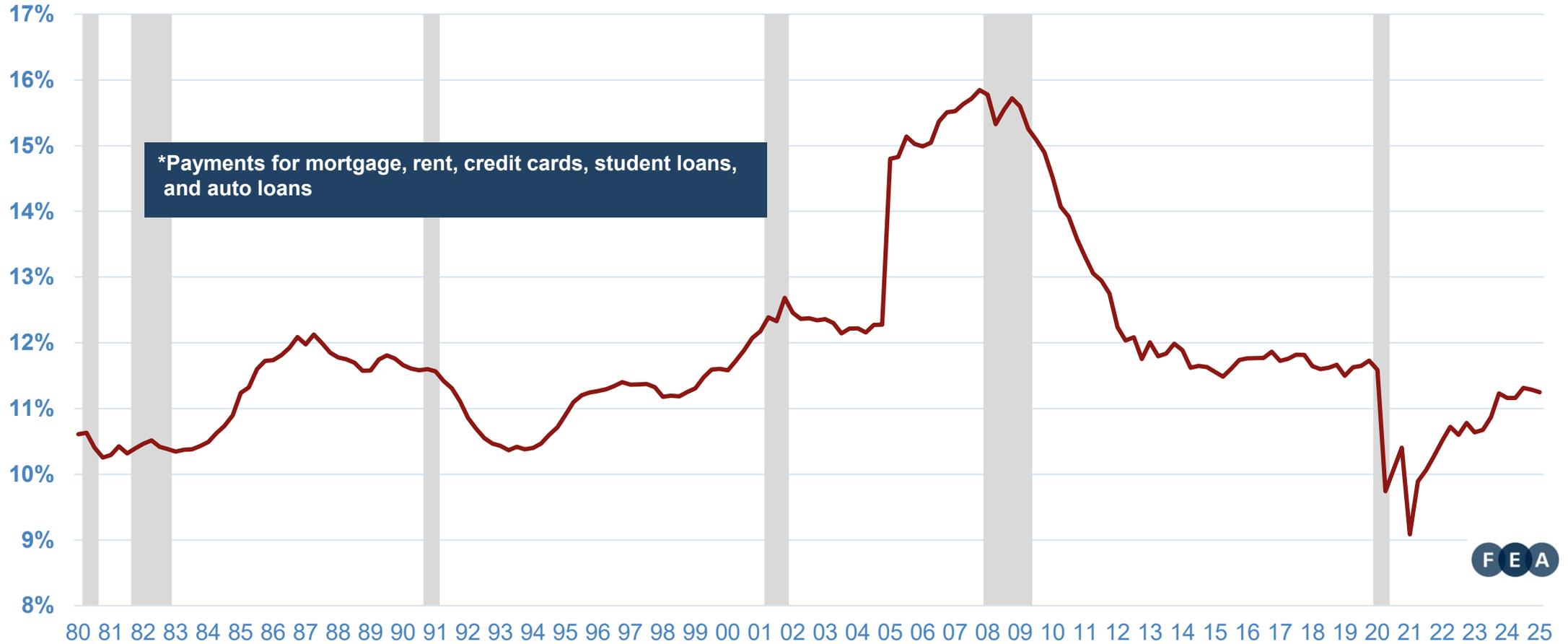


Source: Internal Revenue Service

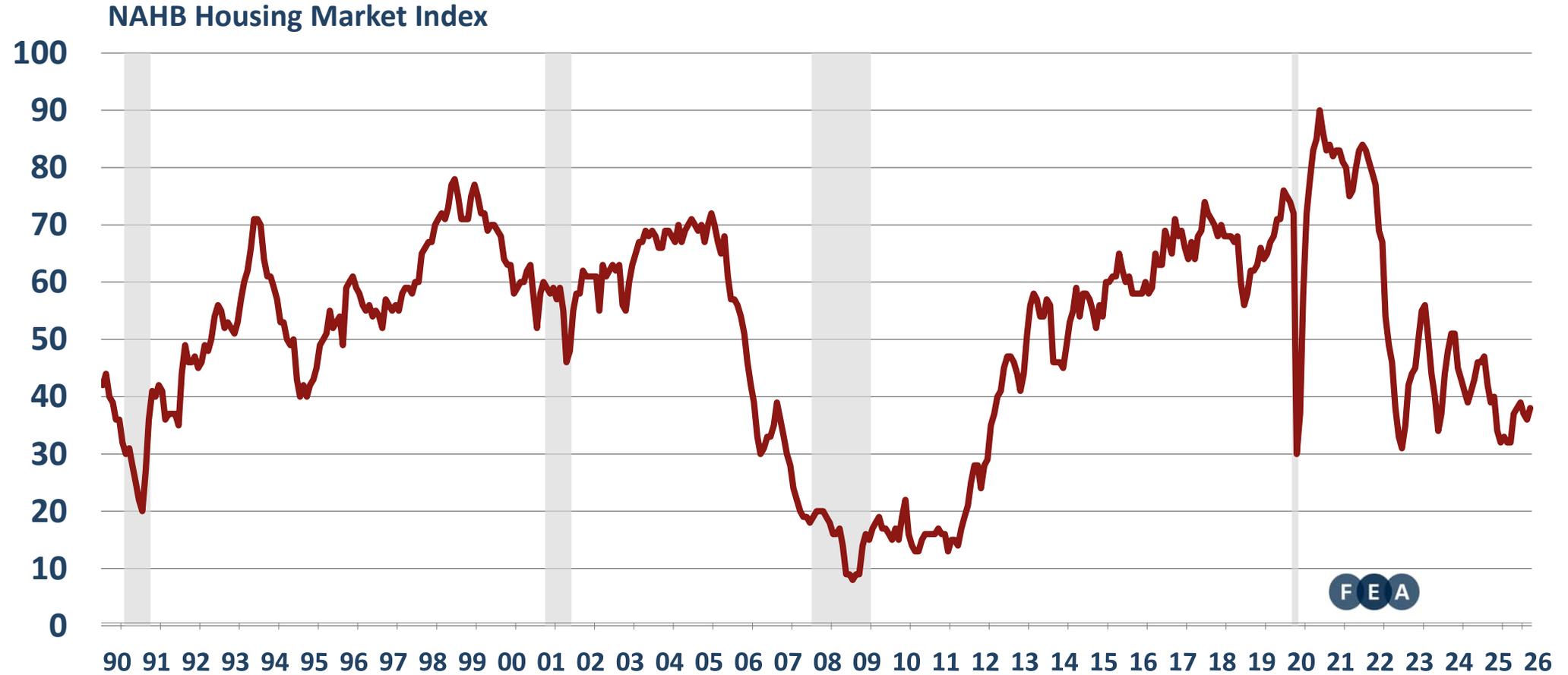
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US Household Balance Sheets Are In Good Shape

Household Debt Service* as a percent of Disposable Personal Income



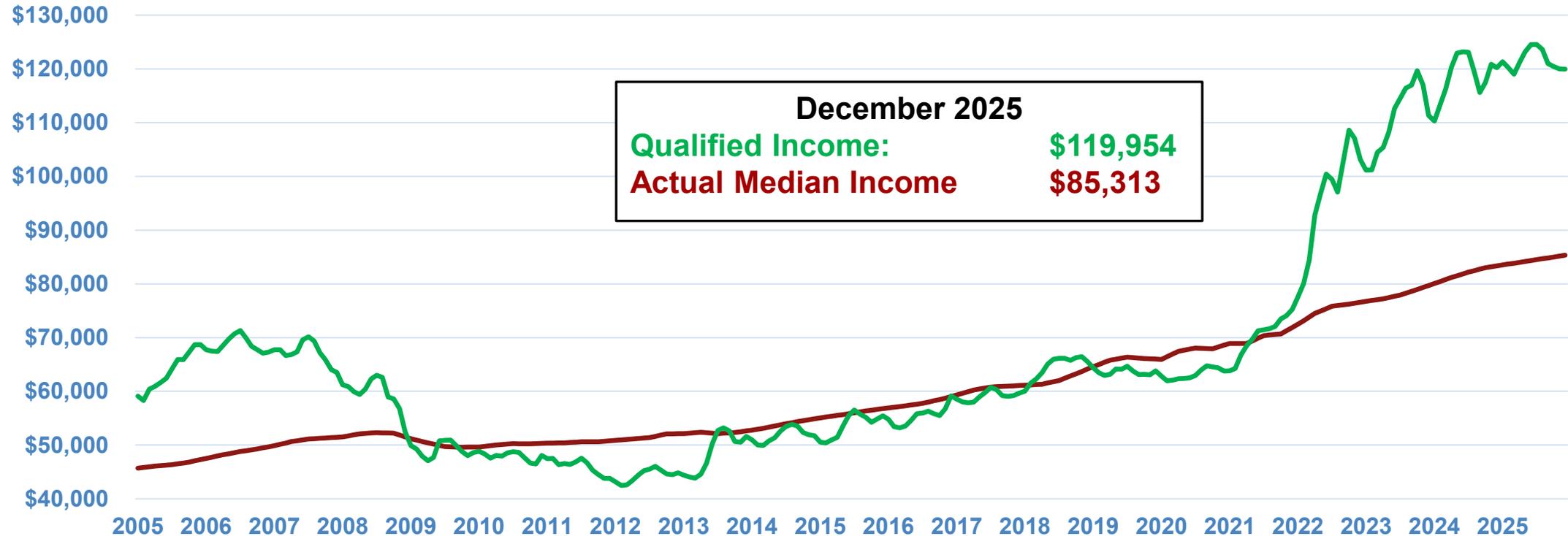
Homebuilder Sentiment is Sour



Source: National Association of Realtors

Homeownership is a Stretch for Middle-Class Households

Gap Between Actual Median Household Income and Qualified Income
(Qualified Income = Income needed for annual homeownership cost to equal no more than 30 percent of annual income)

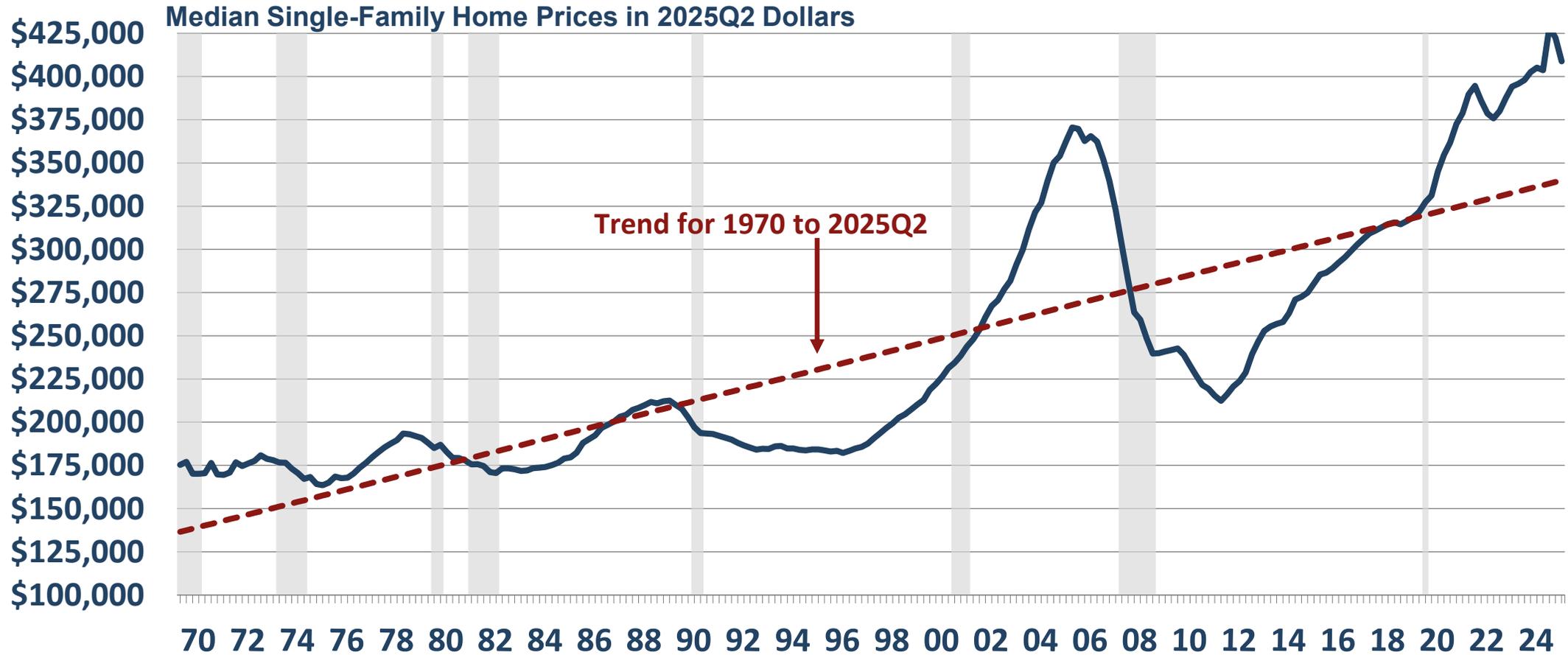


Source: Federal Reserve Bank of Atlanta



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Real Home Prices Are Near Record Levels

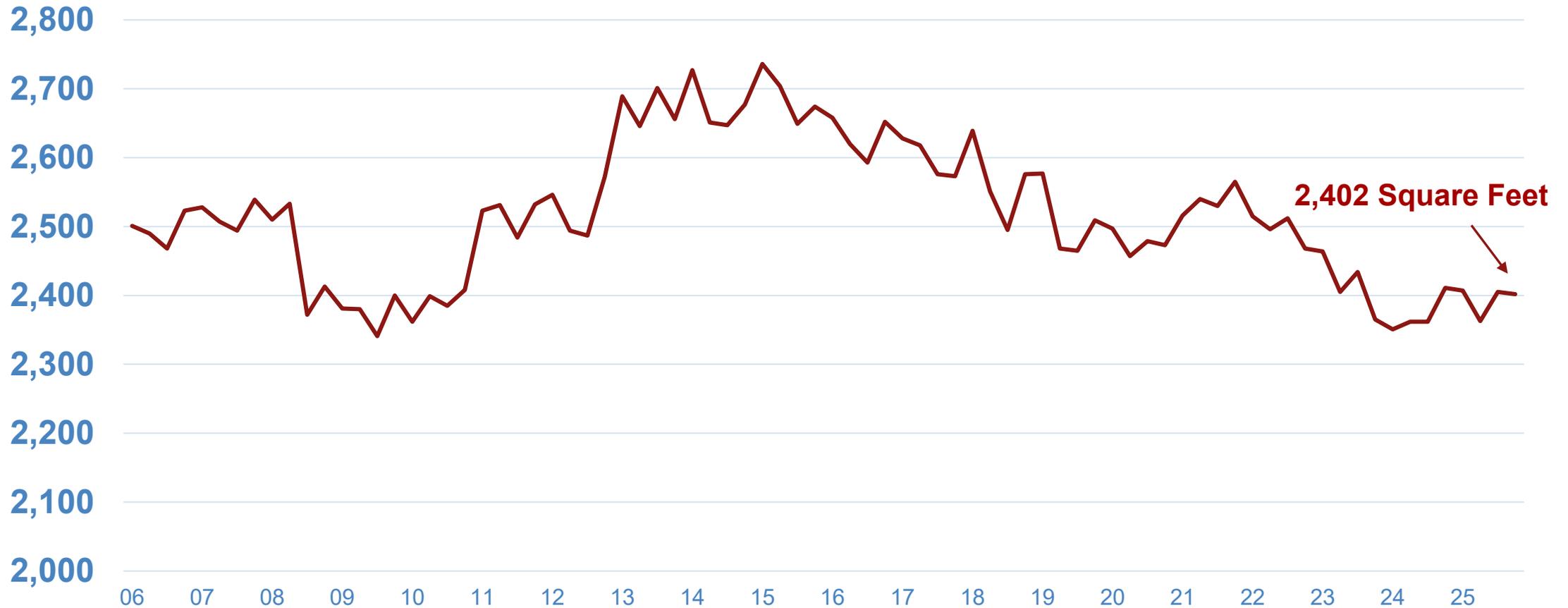


Source: Federal Reserve, FEA calculations

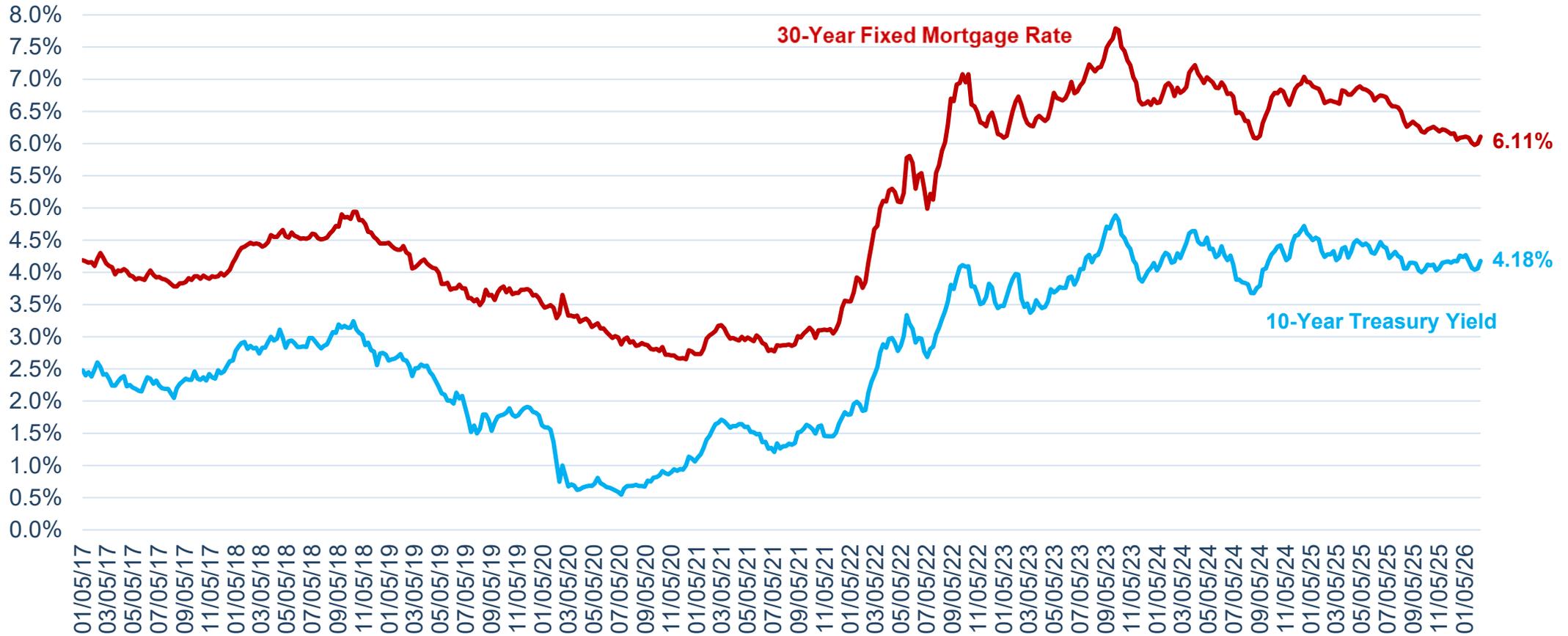


New Single-Family Home Sizes is 12% Below 2015 Peak

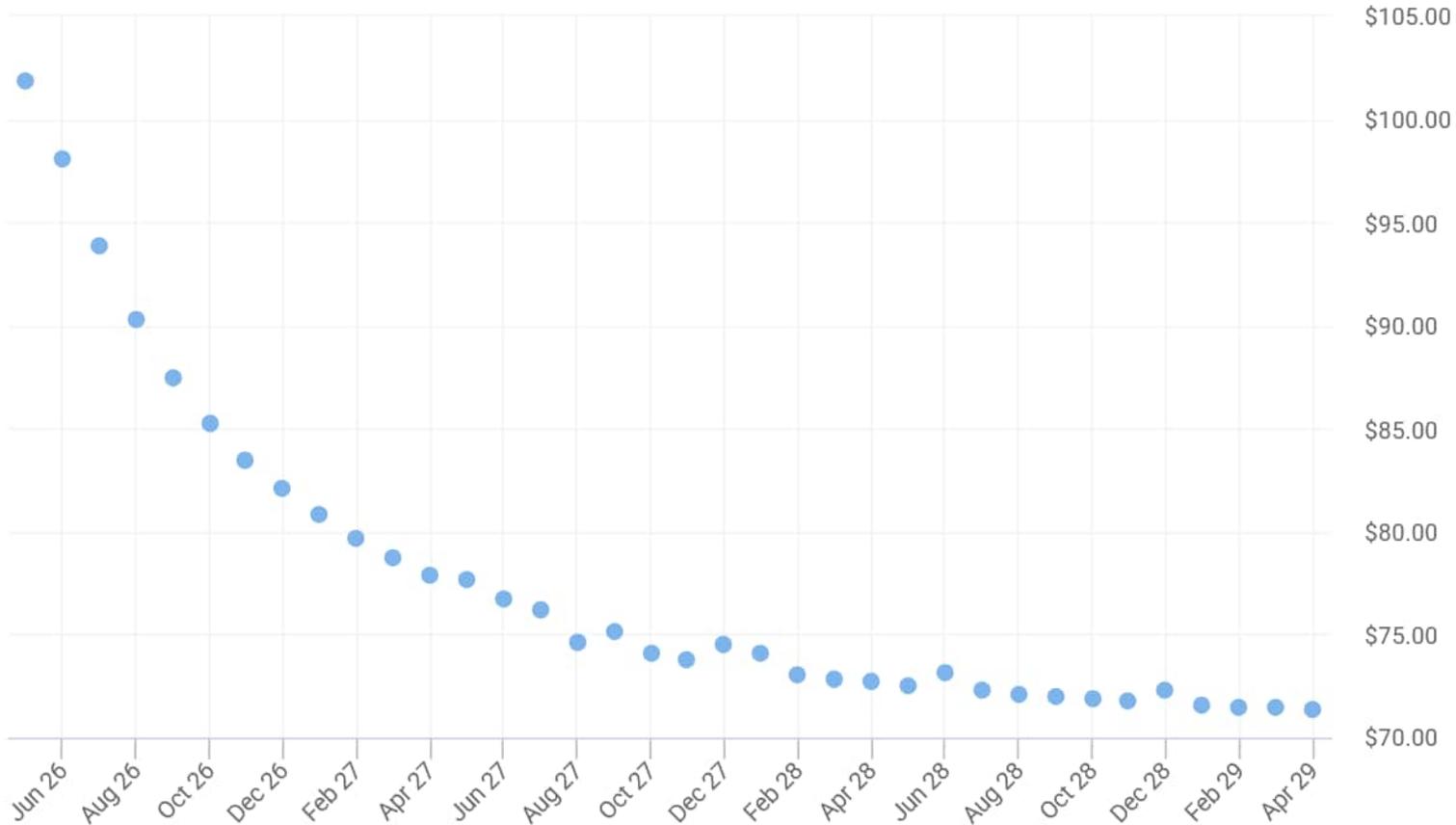
Mean Size of a New Single-Family Home in the US in Square Feet



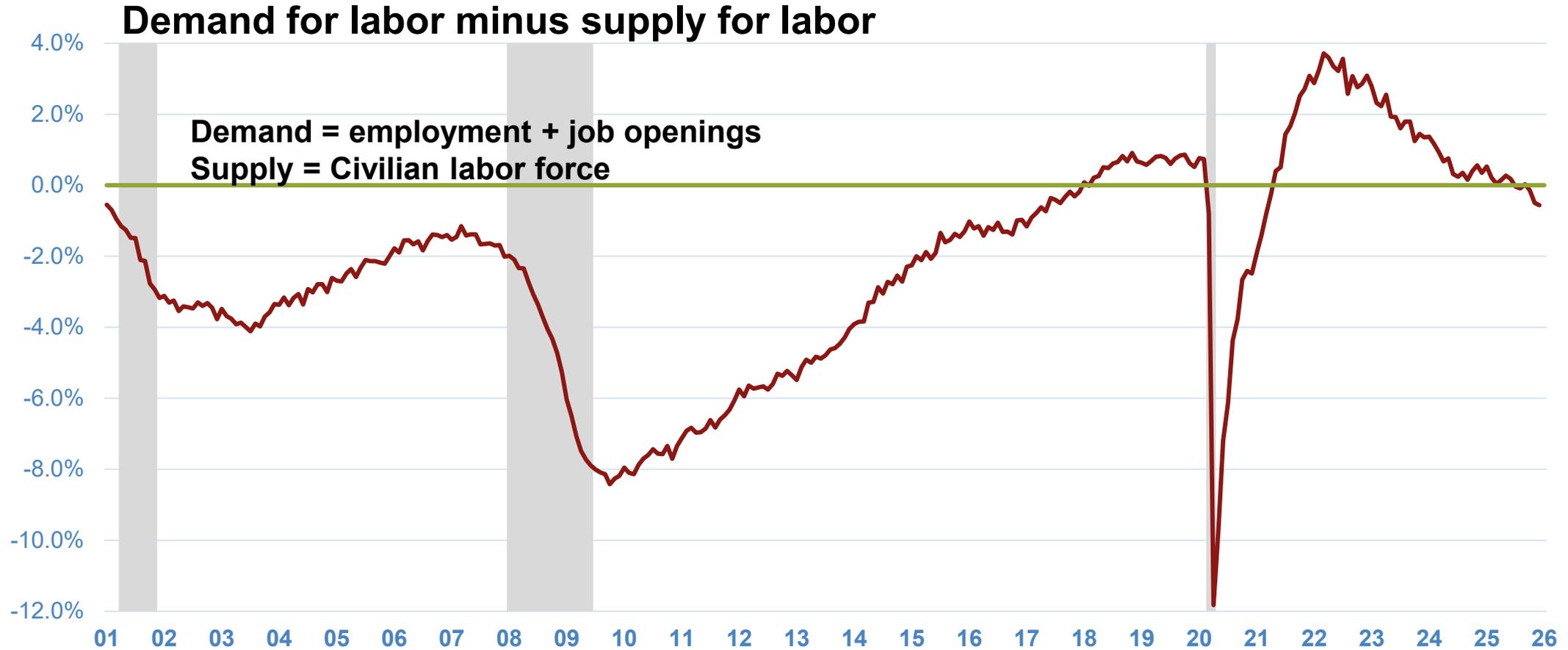
Hopes For Lower Mortgage Rates Rekindled?



Brent Crude Future's Do Not Expect an Extended War



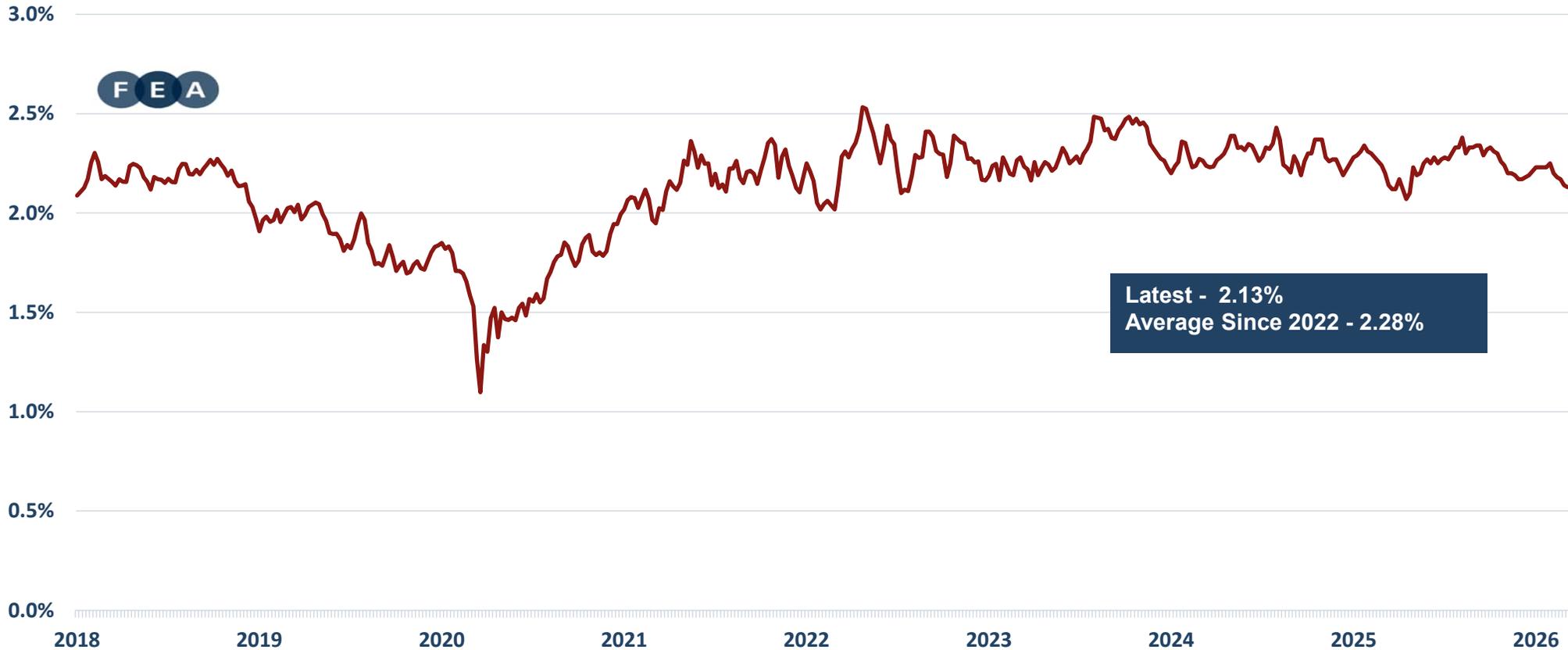
Excess Demand for Labor Has Been Wrung Out of Economy



Source: Bureau of Labor Statistics

Bond Market Investors' Inflation Expectations Remain Anchored

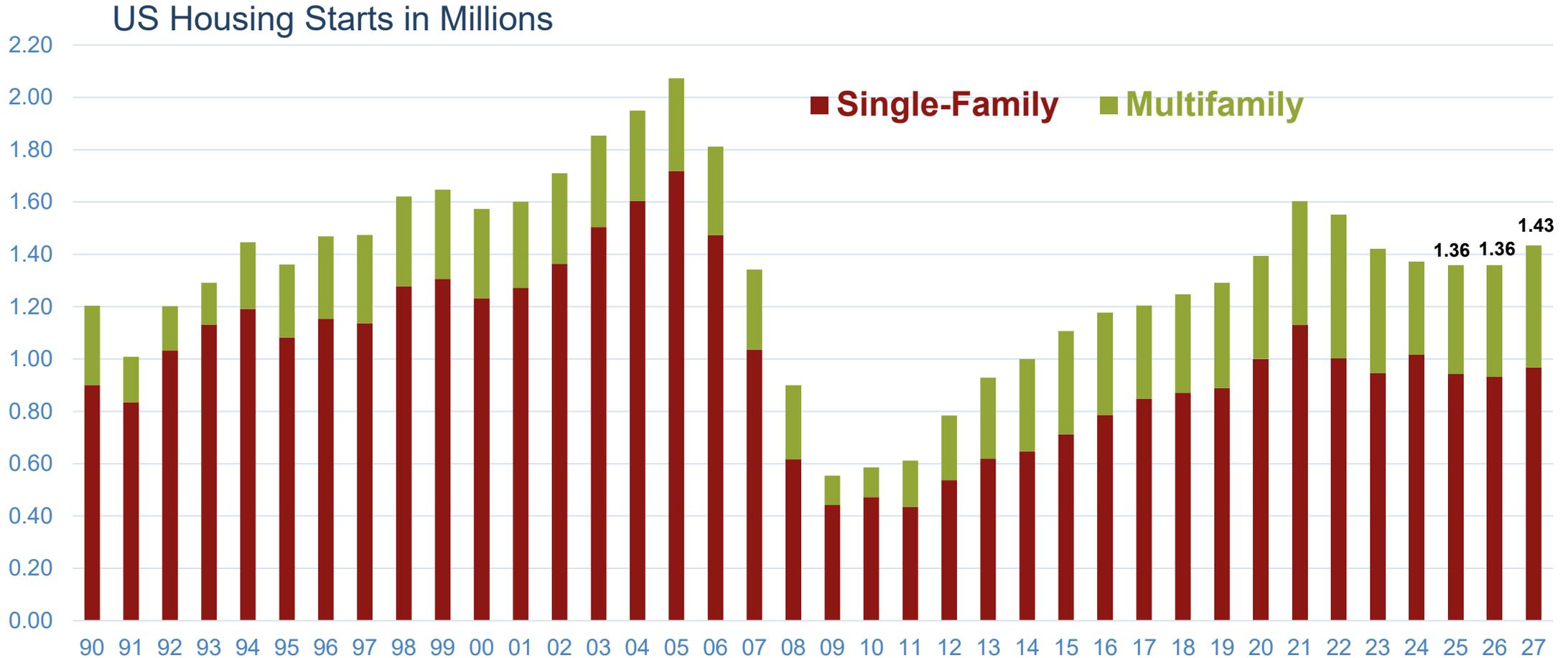
Expected inflation over the five-year period that begins five years from today, weekly data



Source: Federal Reserve

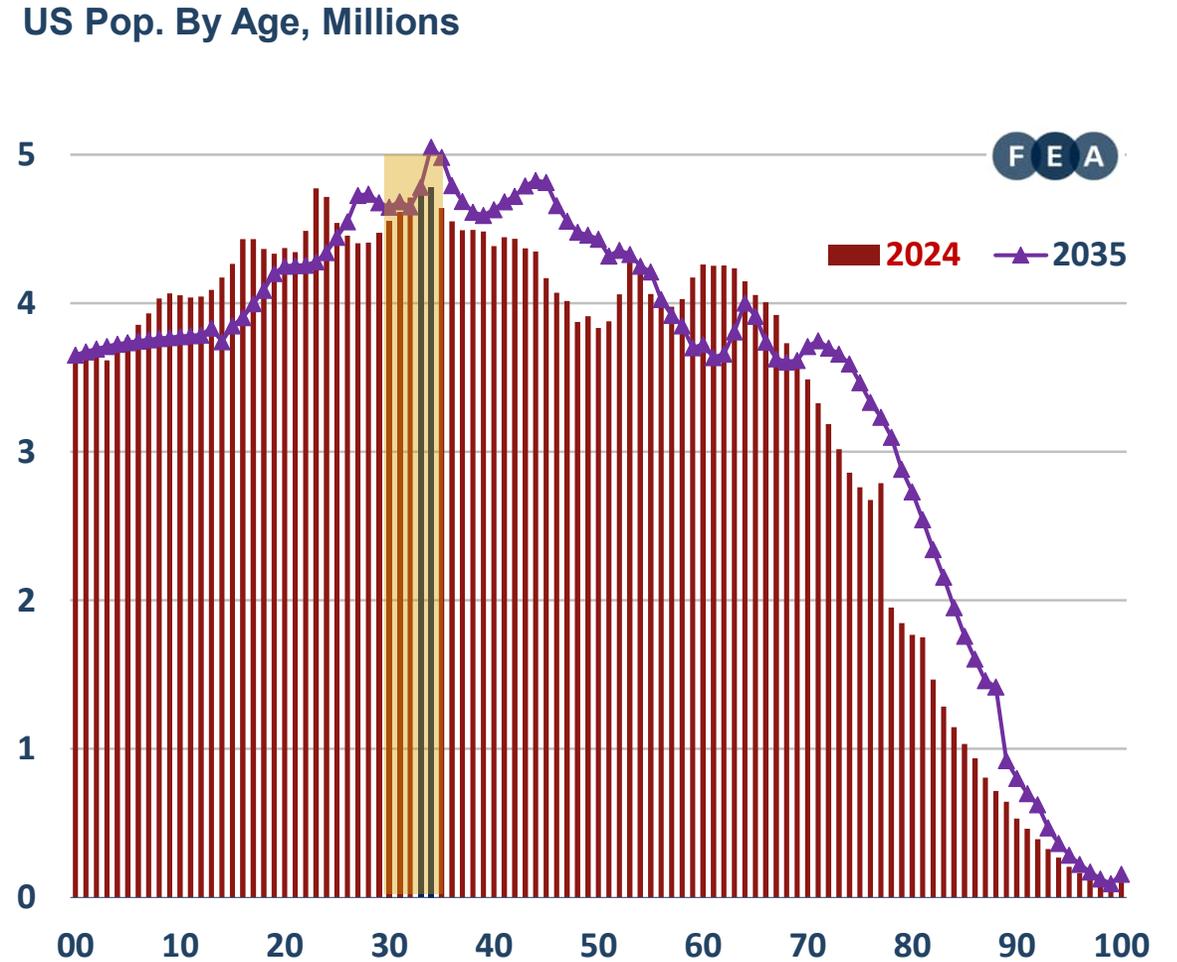
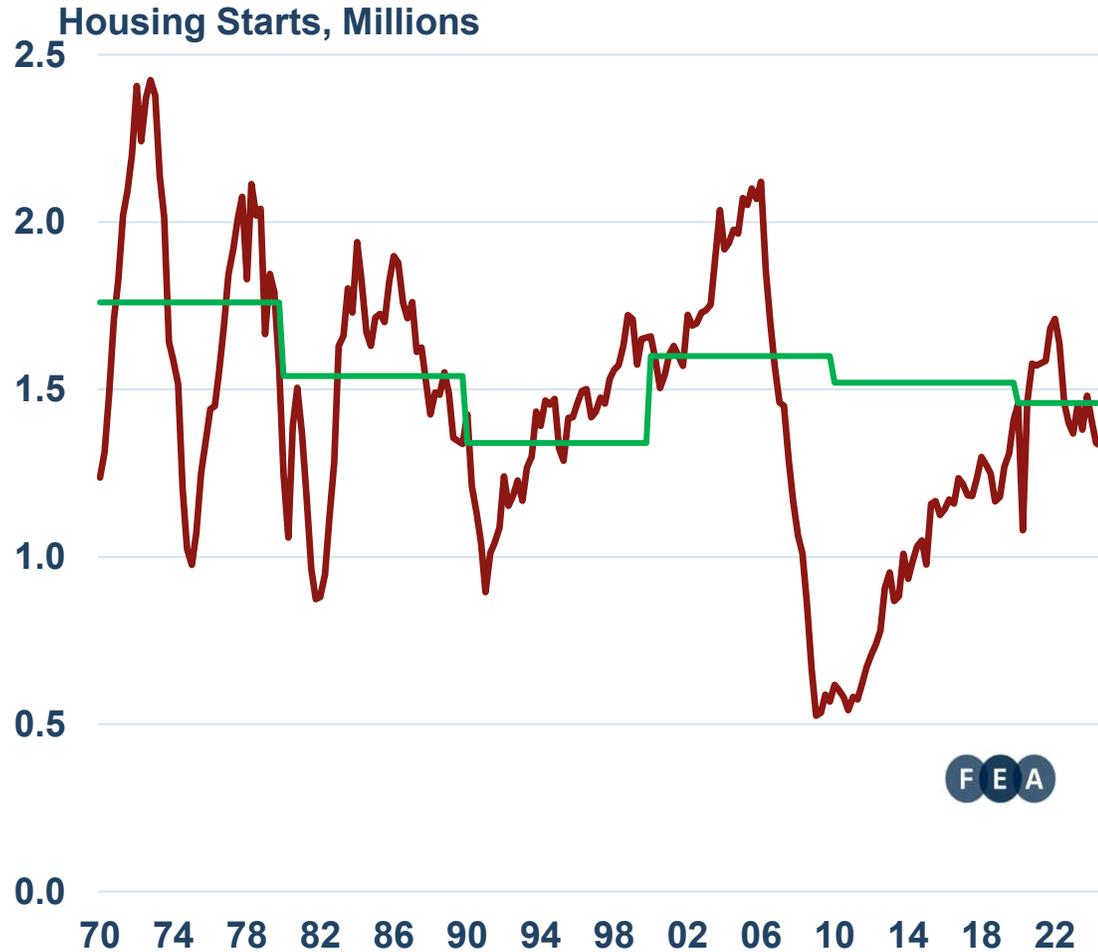
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Housing Starts are Projected to Drop 1% in 2025 and Remain There in 2026 Before Jumping 5.5% in 2027.

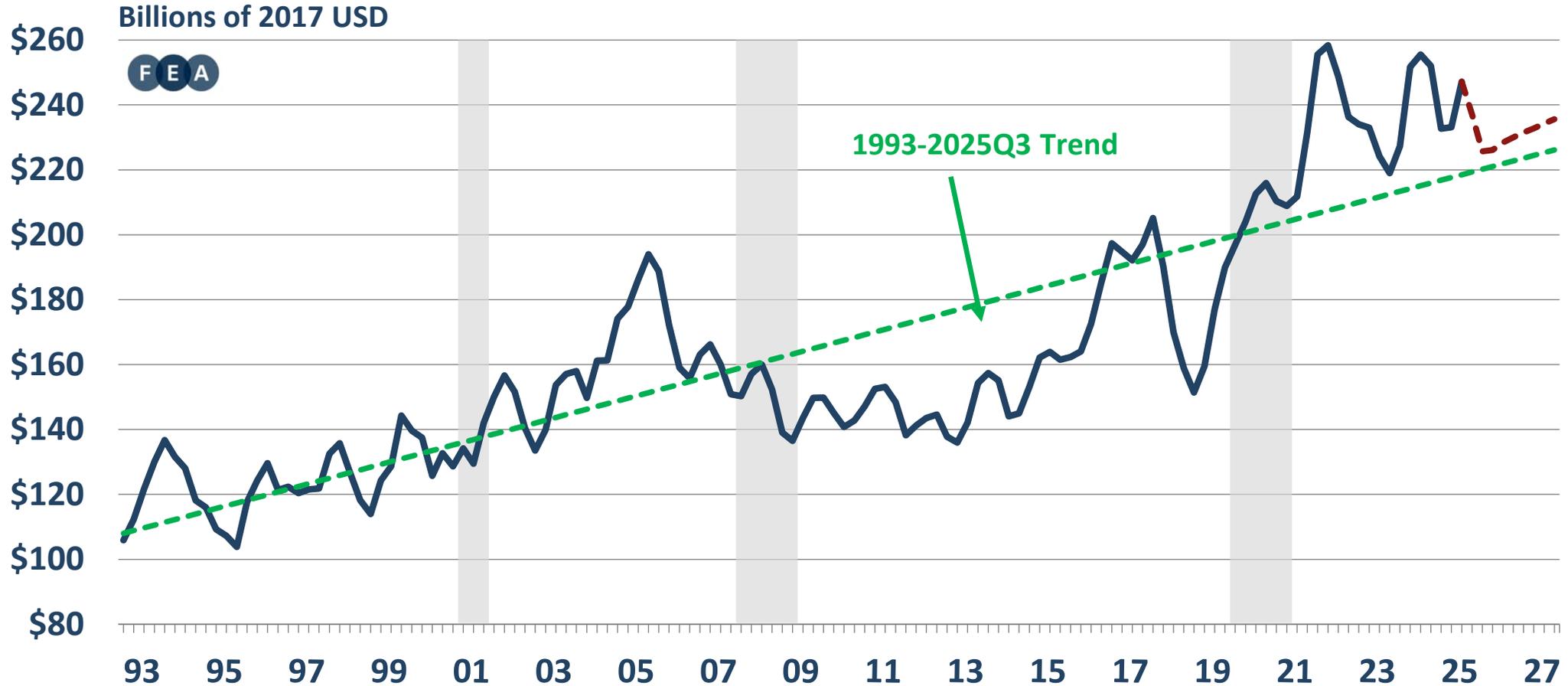


Source: Census Bureau, FEA Forecasts

There is Tremendous Pent Up Demand And Strong Demographic Tail Winds



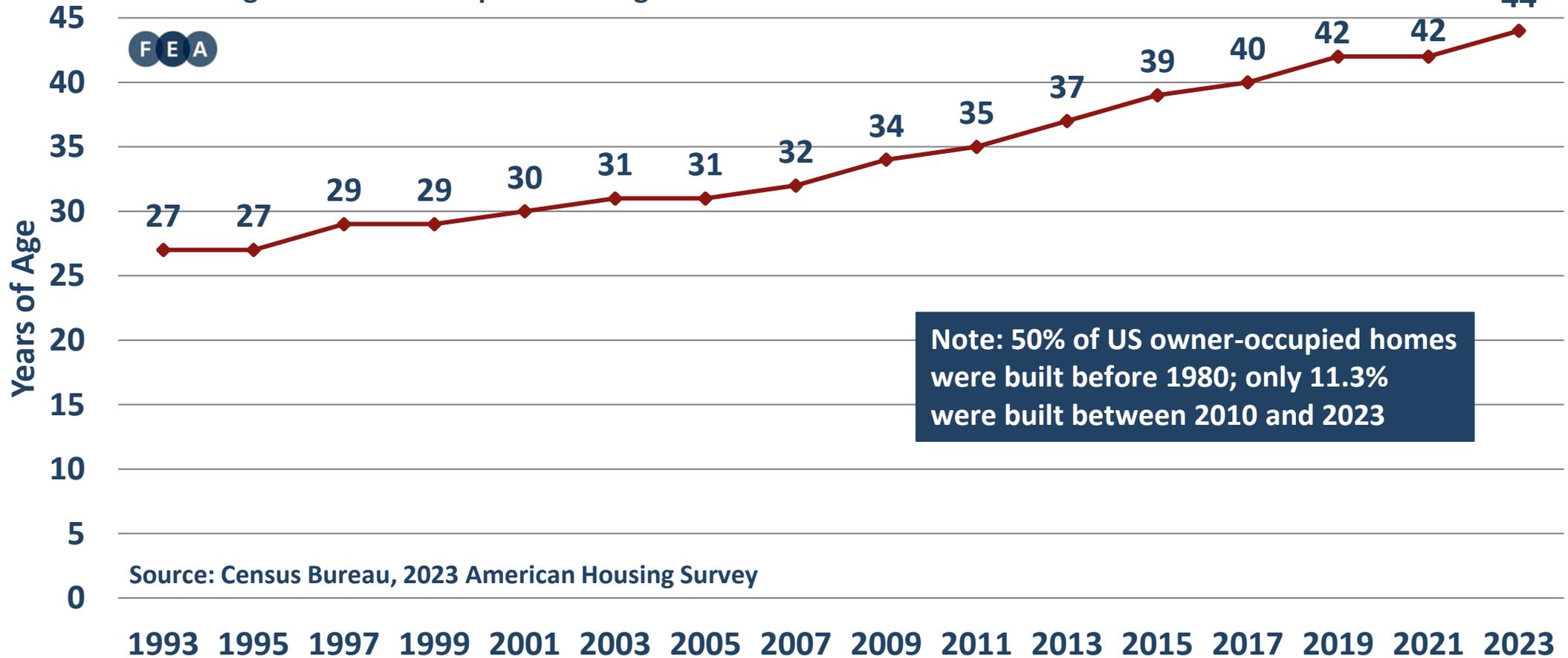
Improvement Expenditures Will Decline But Remain Elevated



Source: Census Bureau, Bureau of Economic Analysis, FEA calculations

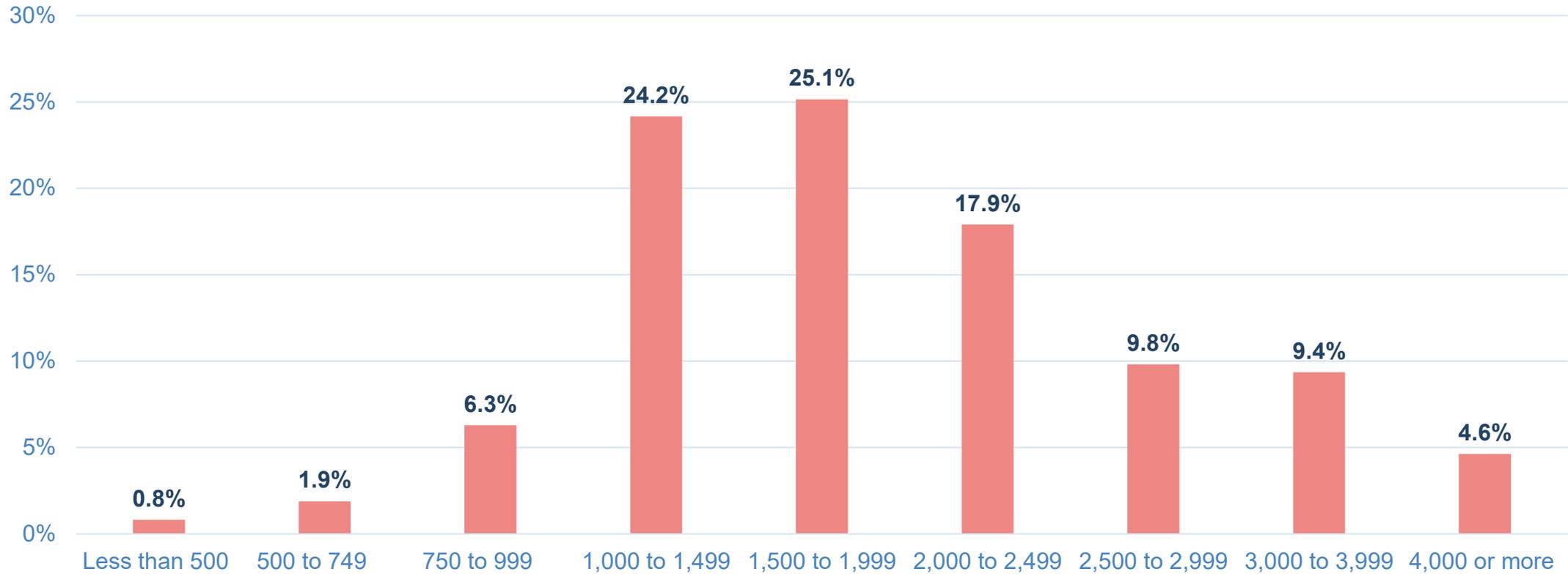
The US Housing Stock Has Aged Considerably

Median Age of Owner-Occupied Housing



Nearly 60% of Existing US Single-Family Homes Are Less Than 2000 Square Feet in Area

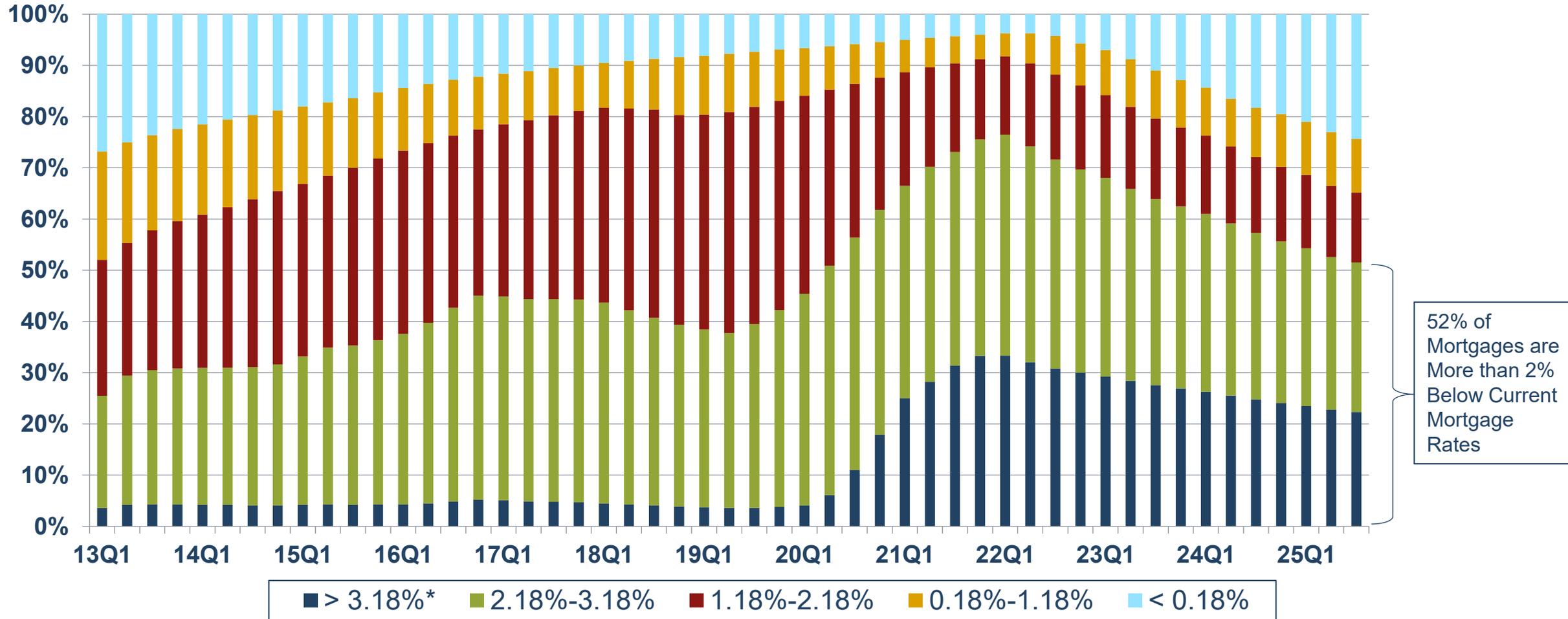
Distribution of Home Sizes of Existing Single-Family Housing Stock, Square Footage



Source: Census Bureau: 2023 American Housing Survey

High Mortgage Rates Are Causing Rate Lock

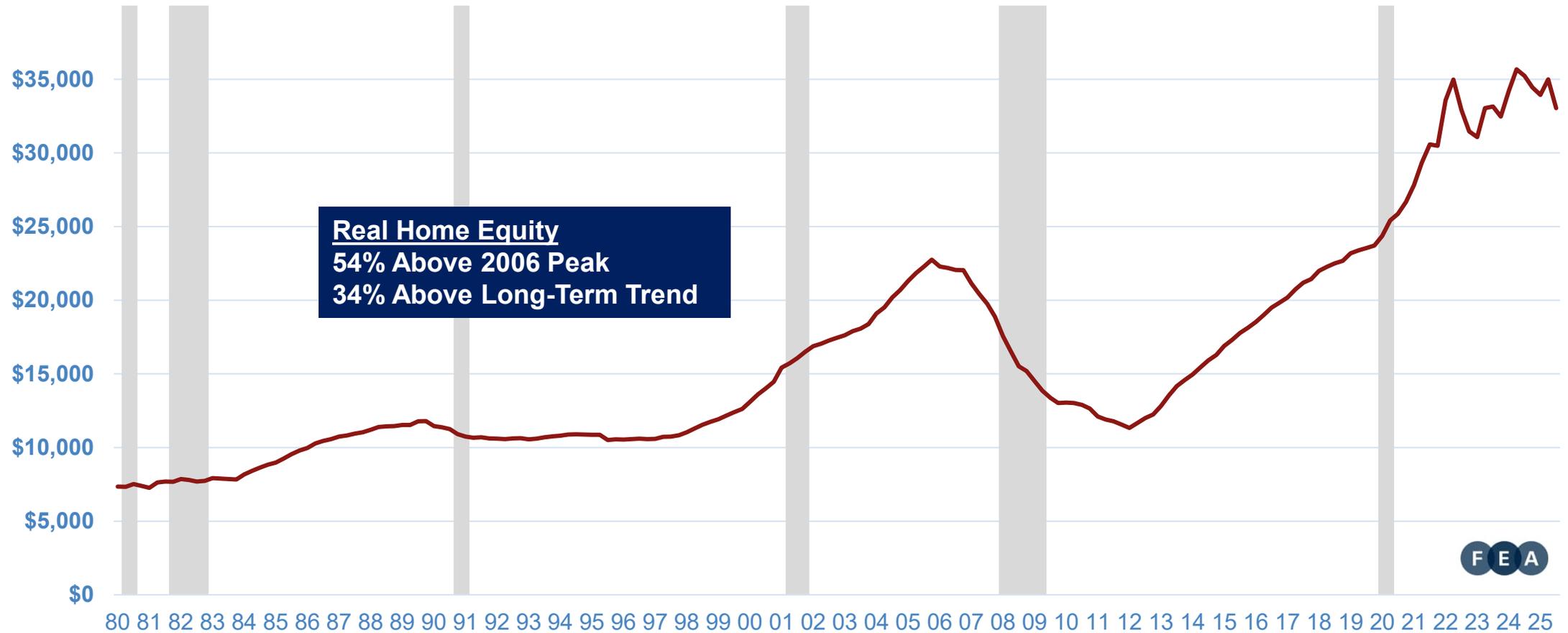
Share of Mortgages



*Difference of Existing Mortgages from Current Rates
www.getfea.com

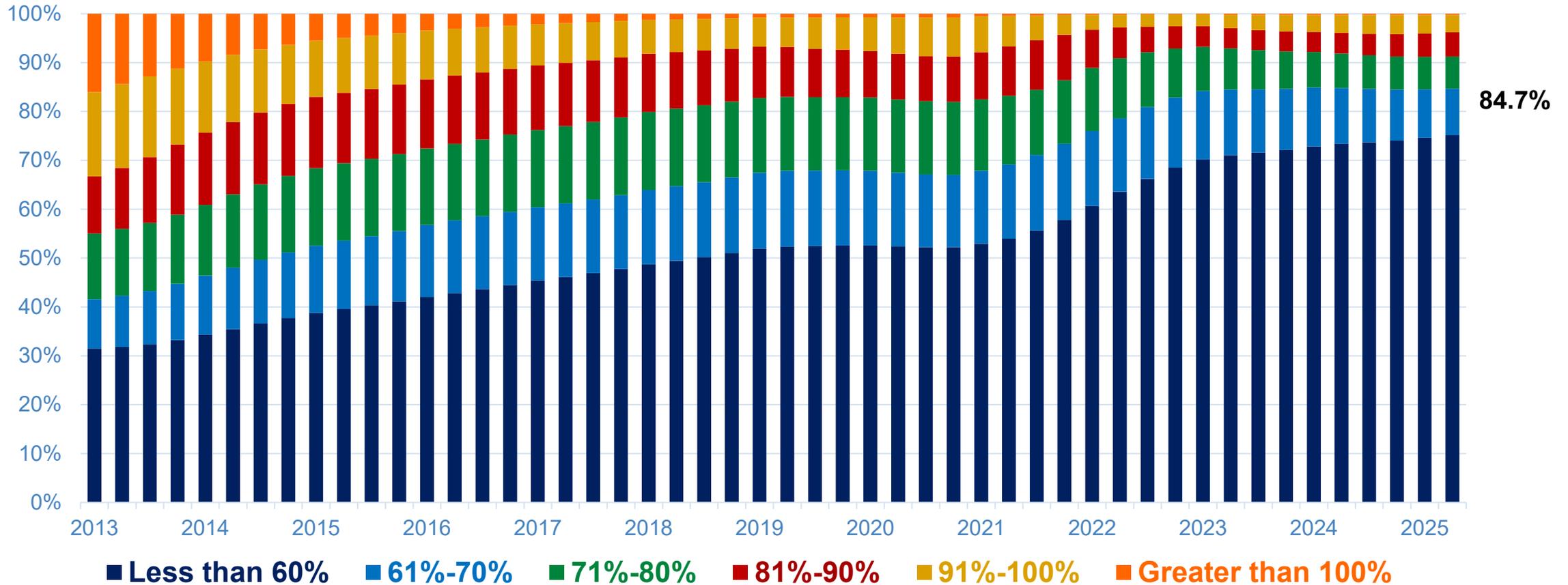
Swelling Home Equity and Lower Interest Rates Will Support Residential Improvements Spending in 2025-26

Real Homeowners' Equity in Real Estate in Billions of 2024 US Dollars



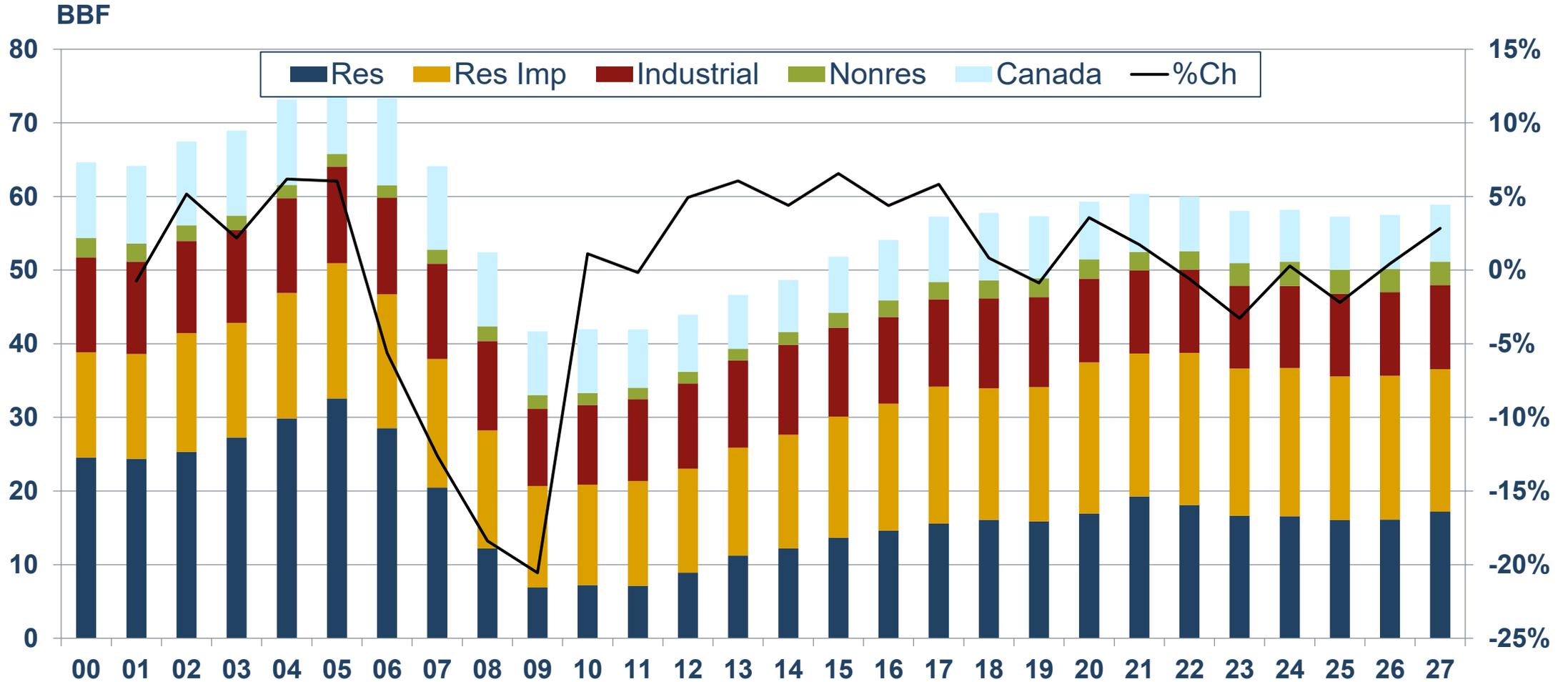
Nearly 85% of US Mortgage Borrowers Have At Least 30% Equity in Their Homes

Distribution of Loan-to-Value Ratios Among US Mortgage Borrowers

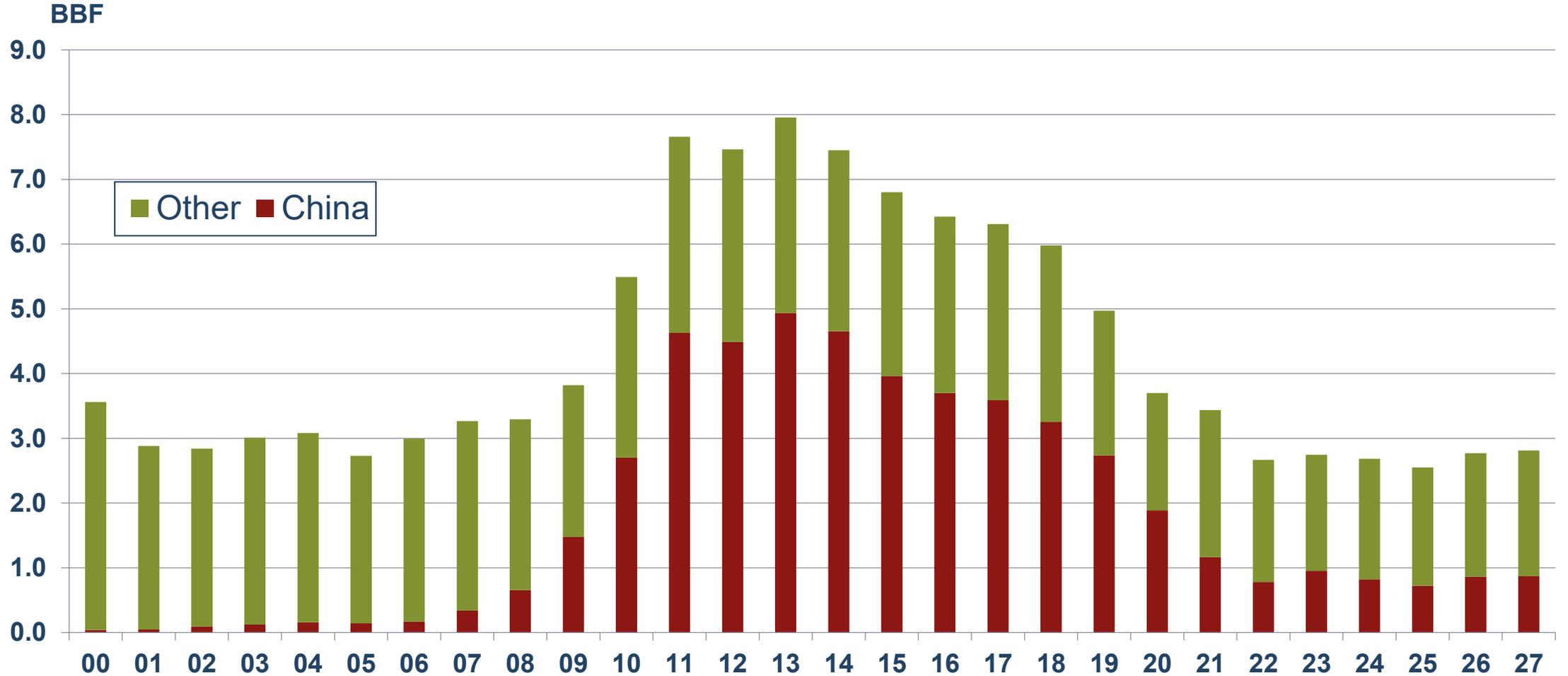


Source: FHFA's National Mortgage database

Lumber Consumption Will See Little Growth Over The Next Two Years

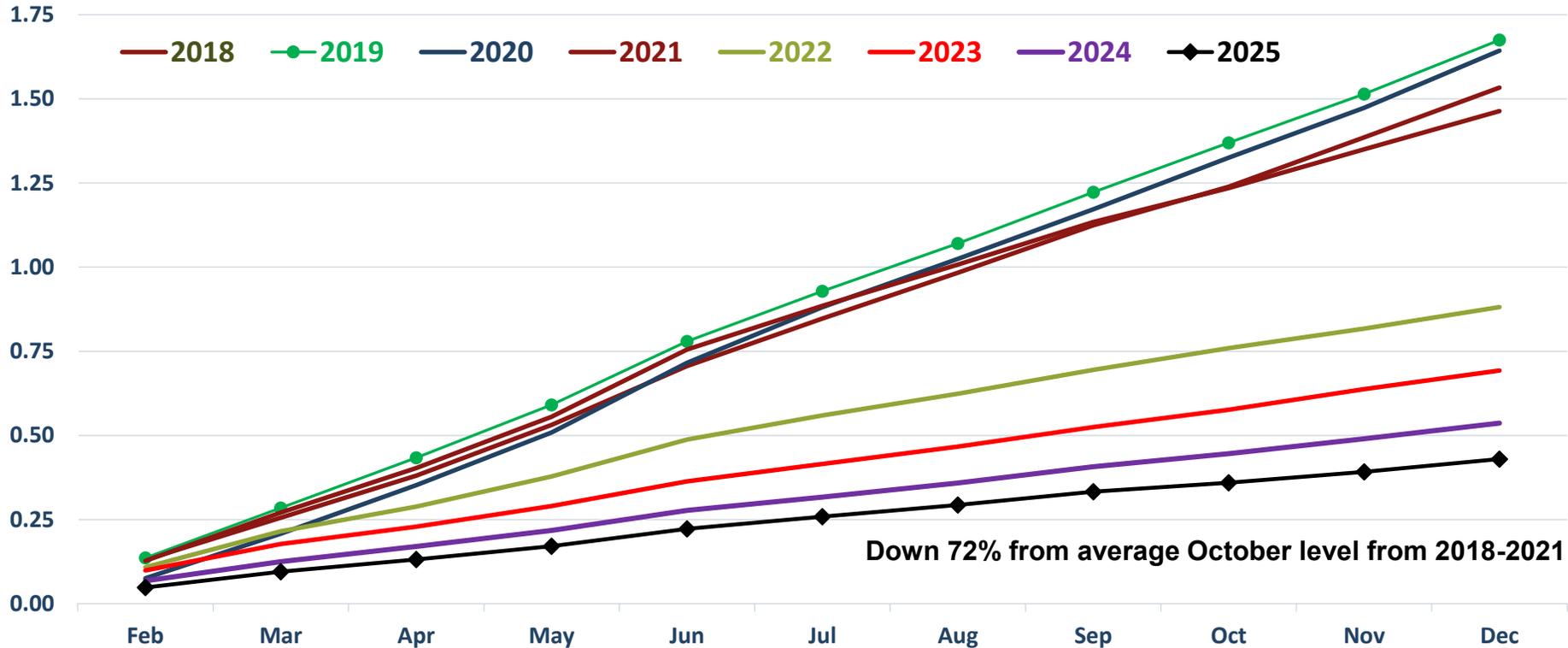


North American Lumber Exports Will Increase But Remain Weak



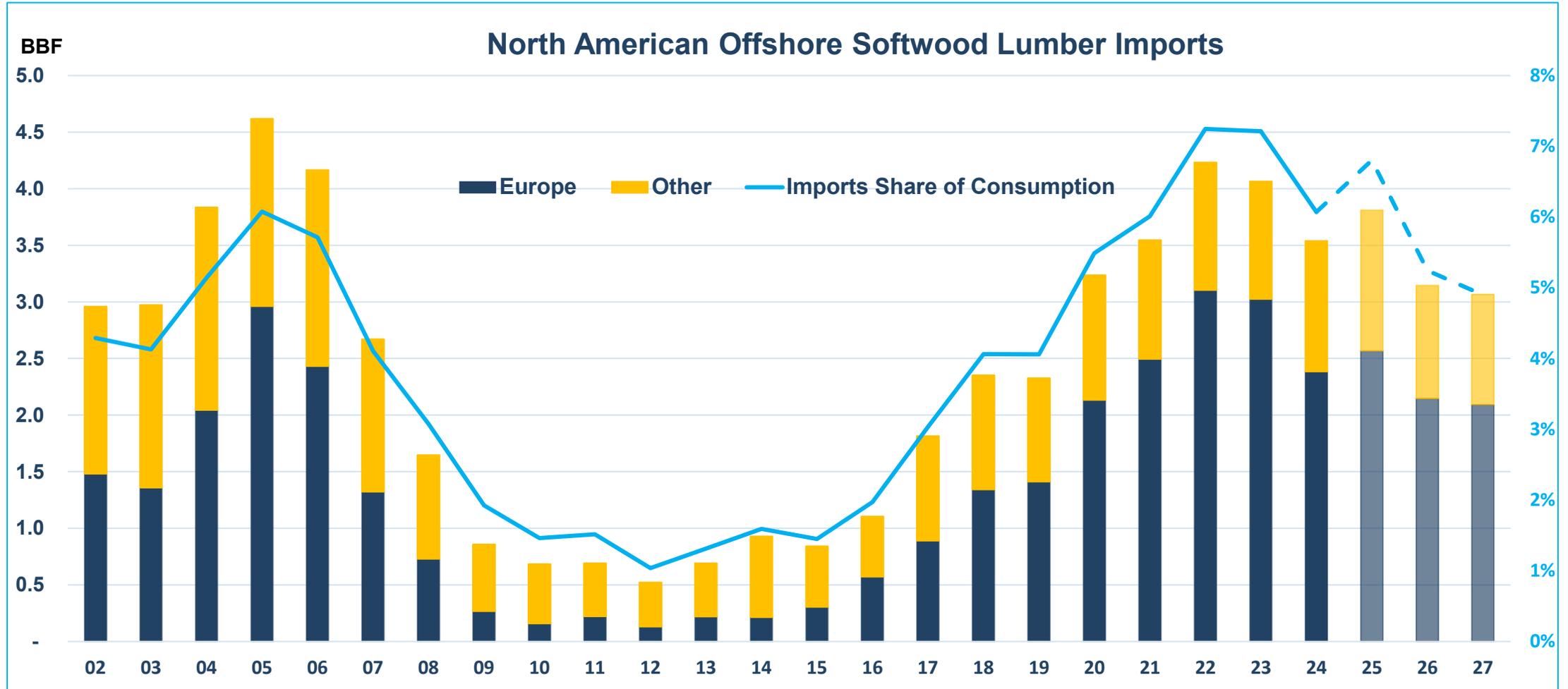
Chinese Residential Construction is Down Bigly From Pre-Pandemic Level

Cumulative Square Meters of Newly Started Residential Construction (Billions)



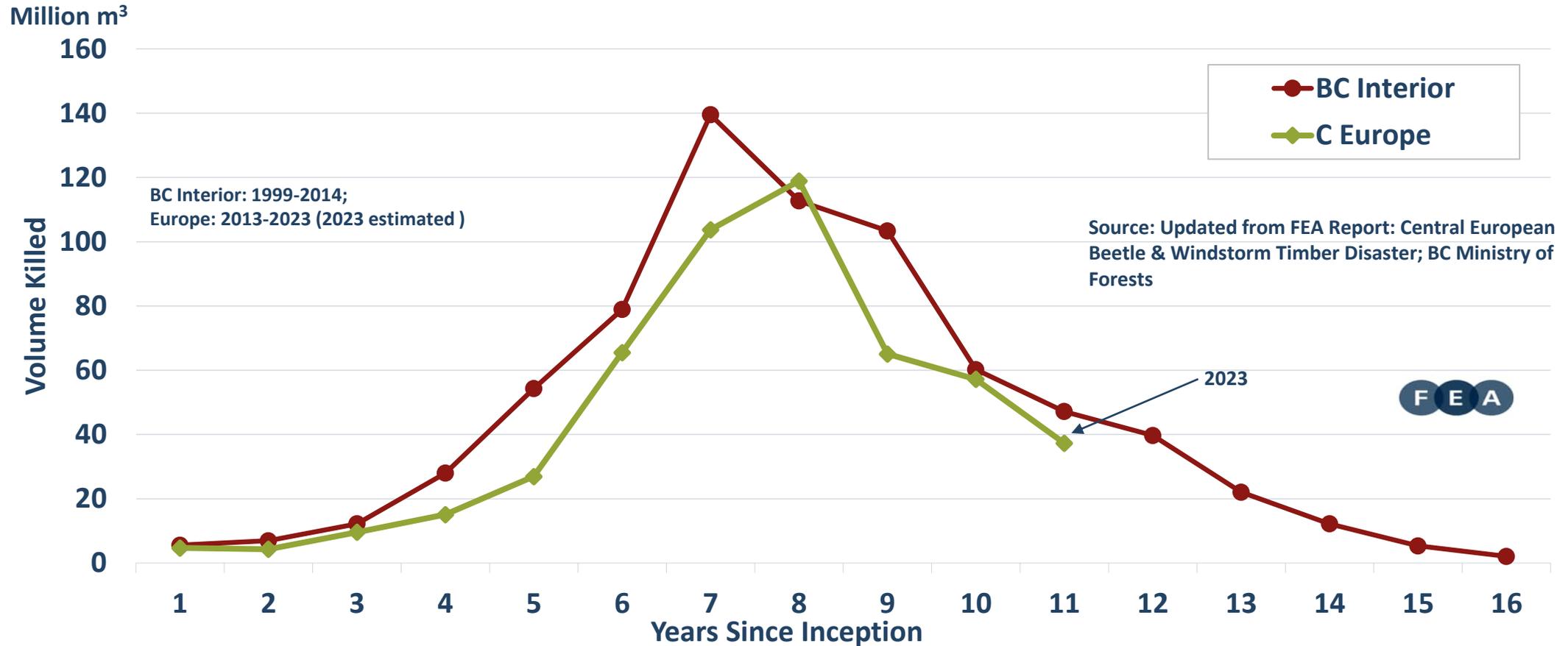
Source: China National Bureau of Statistics

Lumber Imports Will Fall, But Remain Elevated Relative To The Past Decade



The Scale of the Spruce Bark Beetle in C.Europe is Comparable to the Mtn. Pine Beetle in the BC Interior

Years Since the Inception of Bark Beetle Epidemics

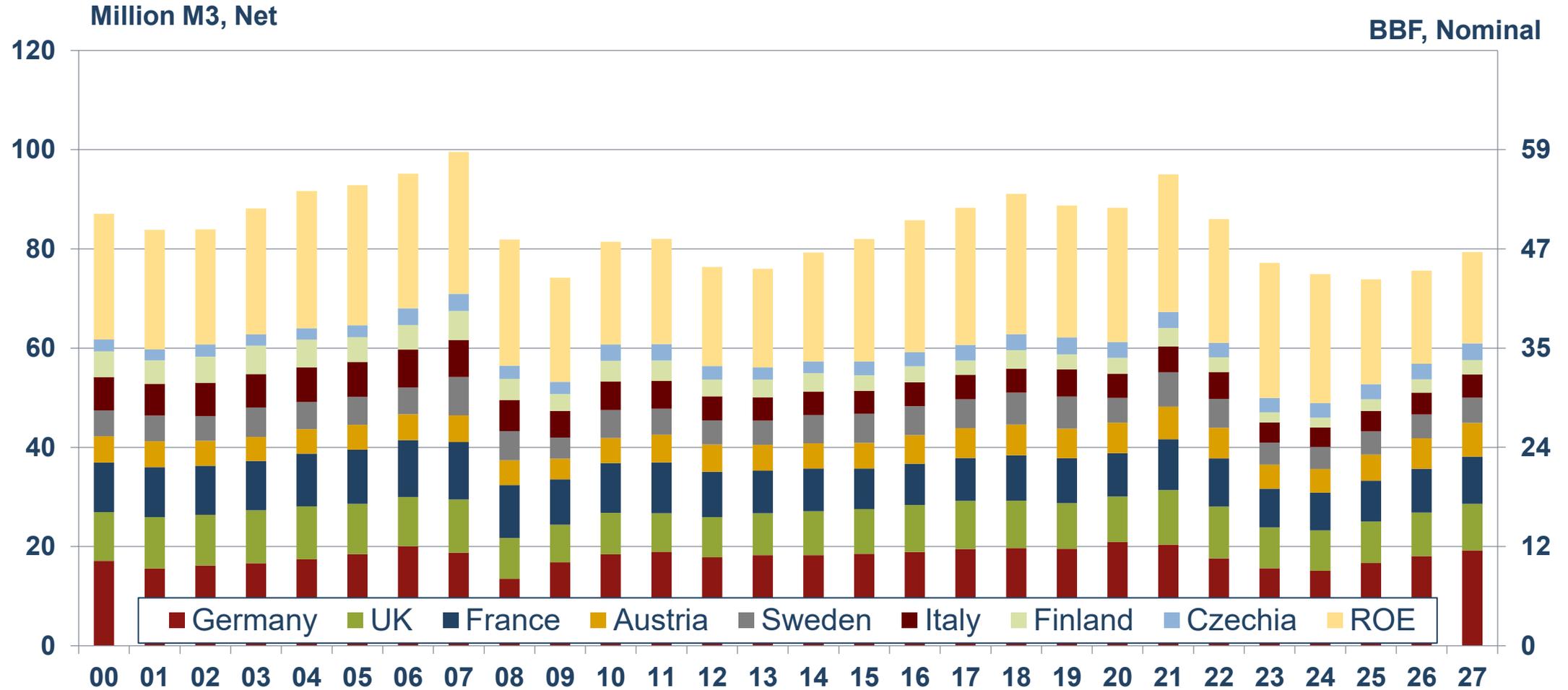


European Union Policy Changes Will Likely Impact Harvest Levels

- Land Use, Land Use Change, and Forestry (LULUCF)
- Biodiversity Strategy for 2030
- Nature Restoration Regulation
- EU Forest Strategy for 2030

Bottom line: Policies aimed at climate change and biodiversity will create stricter regulations on timber harvesting in the European Union. The LULUCF will likely have the greatest impact. The effect on harvest levels expected to be limited in the near-term but expected to increase beginning in 2026.

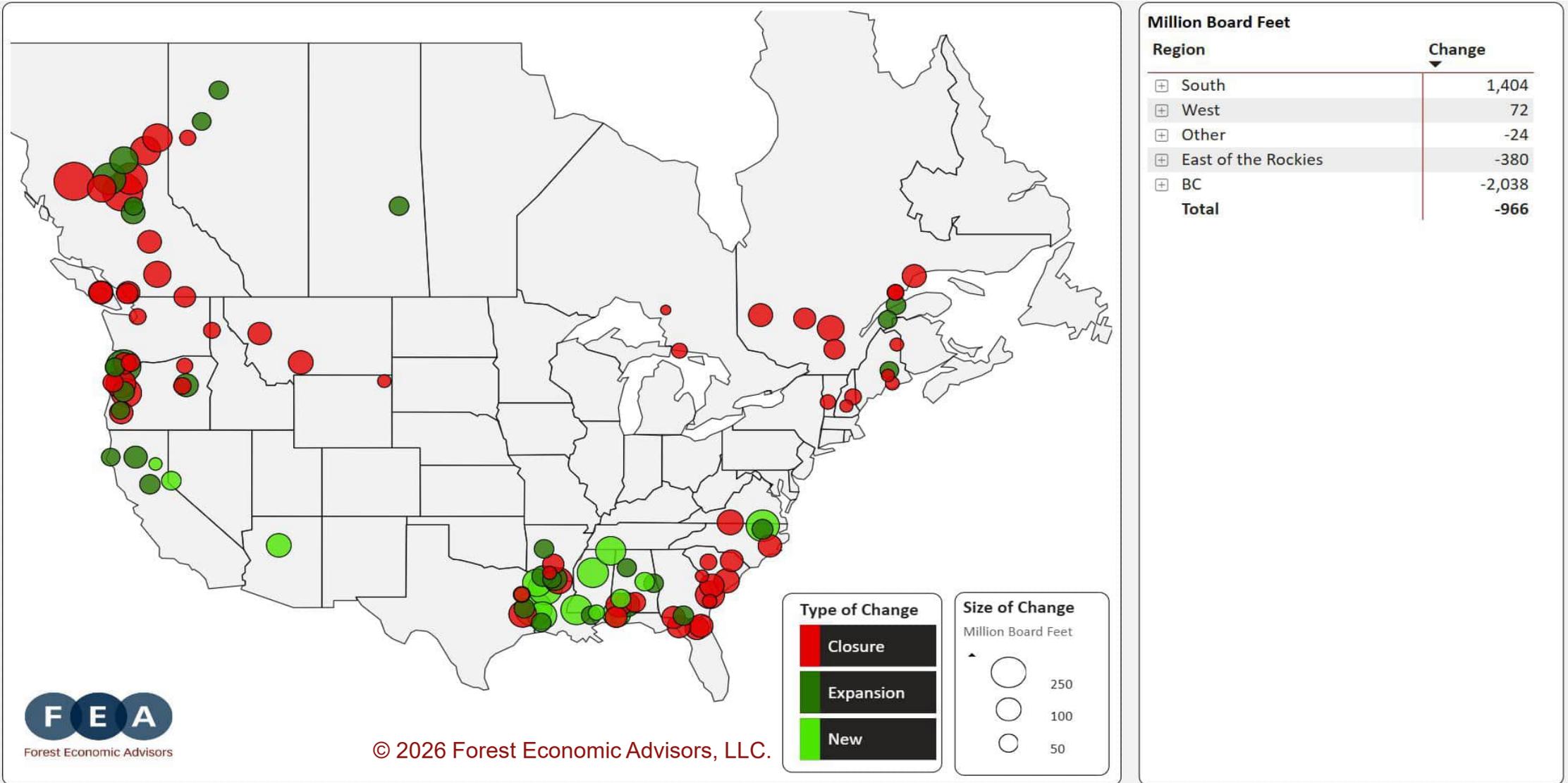
Europe Will See Only Modest Growth





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North American Softwood Lumber Capacity Changes | 2023-2025



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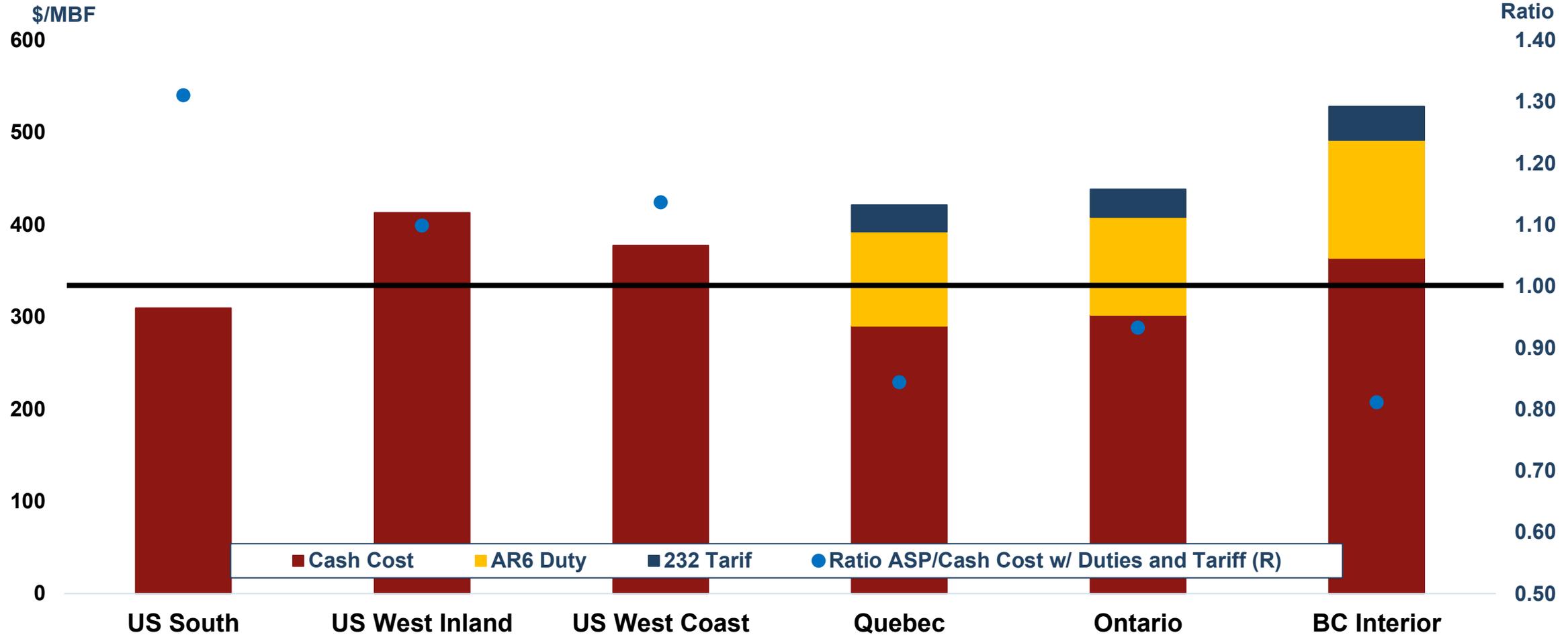
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Duties And Tariffs Are On The Rise

AR6 Final Determination (Revised) & Section 232 Tariffs

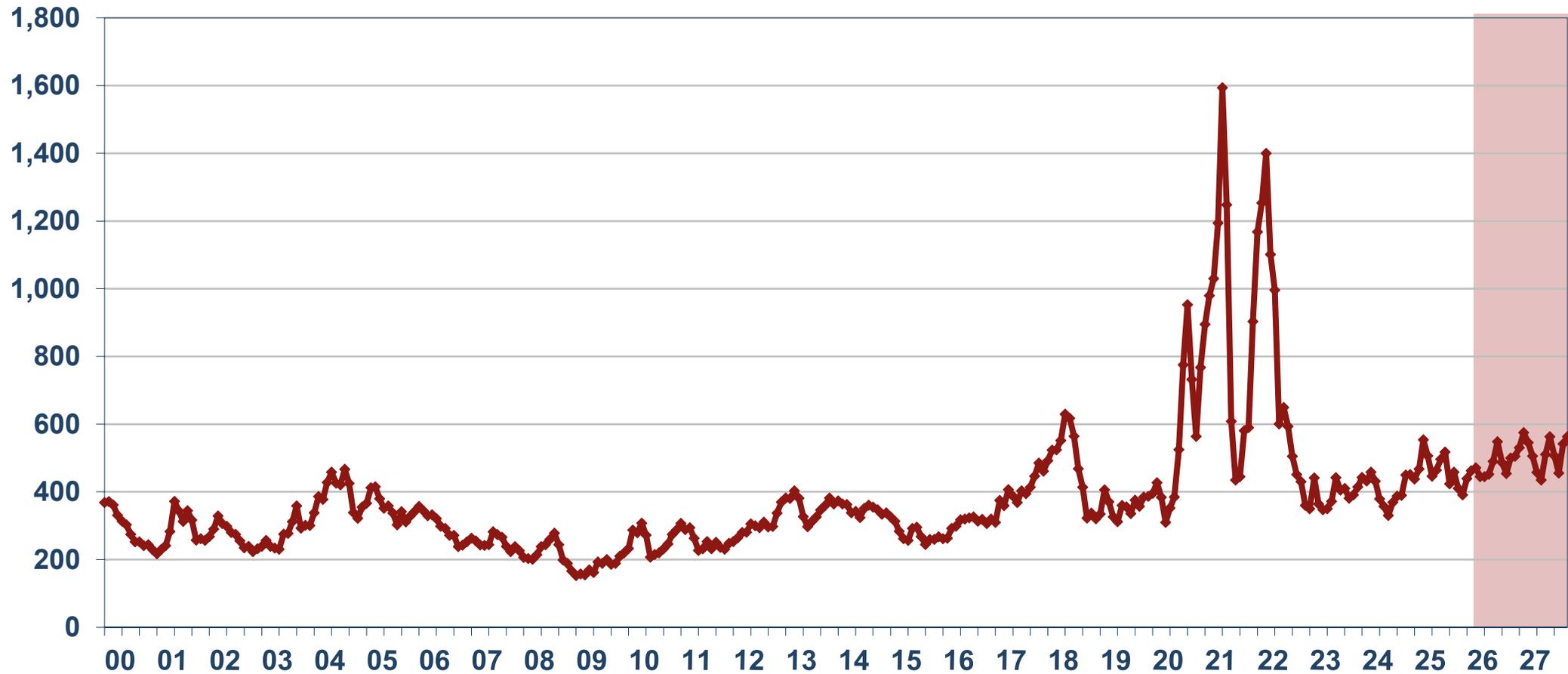
	Antidumping Duty	Countervailing Duty	Section 232	Total
Canfor	35.47%	12.12%	10.00%	57.59%
West Fraser	9.65%	16.82%	10.00%	36.47%
All Others (Canada)	20.53%	14.63%	10.00%	45.16%
Offshore Imports	N/A	N/A	10.00%	10.00%

Prices Have Jumped, But Duties Are Holding Prices Below Cost Across Canada



Lumber Prices Will Continue to Climb in 2026-27

Western SPF 2x4, US\$/MBF





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PRICEPULSE

LUMBER AND PANELS

WEDNESDAY PRINT
AUGUST 27, 2025

LUMBER | COMPOSITES & PRICE CHANGES

Kiln-Dried | FOB Mill | US\$ per Thousand Board Feet (MBF) | Unless Otherwise Noted

FRAMING LUMBER COMPOSITES

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
Southern Pine	306	323	-17	325	324	-6%
Western SPF	457	501	-44	489	446	2%
Eastern SPF	588	608	-20	603	503	17%
Douglas-Fir (Green)	419	411	+8	423	415	1%

SOUTHERN PINE

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
WESTSIDE						
2x4 #2, RL	321	349	-28	347	347	-7%
CENTRAL						
2x4 #2, RL	319	336	-17	338	347	-8%
EASTSIDE						
2x4 #2, RL	347	366	-19	369	386	-10%

SPRUCE-PINE-FIR

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
WESTERN SPF MILL						
2x4 #2&Btr, RL	480	519	-39	517	397	21%
2x4-9' Stud P.E.T.	424	465	-41	455	336	26%
EASTERN SPF DELIVERED BOSTON						
2x4 #2&Btr, RL	618	629	-11	626	479	29%
2x4-9' Stud P.E.T.	554	592	-38	582	427	30%
EASTERN SPF DELIVERED GREAT LAKES						
2x4 #2&Btr, RL	627	644	-17	647	506	24%
2x4-9' Stud P.E.T.	604	617	-13	608	442	37%
EASTERN SPF DELIVERED TORONTO, CANADIAN DOLLAR						
2x4 #2&Btr, RL	636	663	-27	—	—	—
EASTERN SPF DELIVERED MONTREAL, CANADIAN DOLLAR						
2x4 #2&Btr, RL	628	643	-15	—	—	—

US WEST SPECIES

	THIS WEEK	LAST WEEK	W/W CHG	4-WK AVG	YEAR AGO	Y/Y CHG
DOUGLAS-FIR (COAST)						
2x4 #2&Btr, RL	545	556	-11	551	461	18%
2x4-9' #2&Btr P.E.T.	431	458	-27	468	364	18%
DOUGLAS-FIR, GREEN (COAST)						
2x4 #2&Btr, RL	427	446	-19	446	452	-6%
2x4-9' #2&Btr P.E.T.	435	409	+26	430	367	19%

PRICEPULSE

LUMBER AND PANELS

FRIDAY PRINT
2X4 LUMBER FREIGHT | BETA

2X4 LUMBER FREIGHT | BETA

Kiln-Dried | US\$ per Thousand Board Feet (MBF) | Unless Otherwise

	SOUTHERN PINE			SPRUCE-PINE-FIR			DOUGLAS-FIR	KD
	WEST	CENTRAL	EAST	WESTERN CANADA	SOUTH	EASTERN CANADA		
WESTERN CANADA								
Edmonton, AB	—	—	—	57	—	—	—	56
Vancouver, BC	—	—	—	61	—	—	—	20
US WEST								
Denver, CO	—	—	—	135	—	—	—	108
Los Angeles, CA	—	—	—	146	—	—	—	84
Phoenix, AZ	—	—	—	168	—	—	—	116
Portland, OR	—	—	—	63	—	—	—	15
Salt Lake City, UT	—	—	—	112	—	—	—	67
MIDWEST								
Detroit, MI	161	129	86	164	—	—	—	150
Chicago, IL	126	101	85	144	—	—	—	134
Columbus, OH	142	108	68	168	—	—	—	152
Kansas City, KS	75	90	96	141	—	—	—	113
Minneapolis, MN	128	141	135	116	—	—	—	109
SOUTHWEST								
Dallas, TX	21	73	124	147	—	—	—	122
Little Rock, AR	68	47	84	153	—	—	—	132
SOUTH CENTRAL								

WOOD MARKETS STATUS & TRENDS

AUGUST 21, 2025

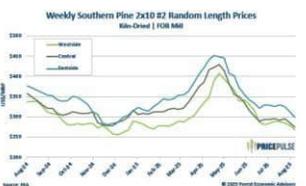
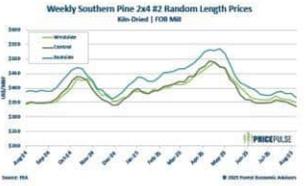
GREEN DOUGLAS-FIR (GDF)

As the gap between green GDF std&btr and #2&btr and KD Doug-fir continues to widen, producers capable of manufacturing both have transitioned production to the more lucrative KD products. This has led to reduced GDF availability, but limited buyer interest has producers quoting prices firm on the wides and lower on narrow widths. Demand for low-grade GDF remains weak, with producers quoting #3 and #4 dimension lumber firm to lower. Lower-priced GDF studs continue to attract buyers able to switch between KD and green, enabling mills to maintain prices near last Friday's levels. GDF mills quoted shipment for the week of September 1.



SOUTHERN PINE (SYP) LUMBER

The Southern pine #1 and #2 dimension lumber markets continue to lack urgency. An influx of imported European spruce and lower-priced pine products from South America did little to encourage speculative buying. Sluggish sales led to an inventory buildup, and producers and secondaries started the week searching for a new trading level. Construction-grade SYP is being quoted firm to lower, with producers encouraging firm counteroffers. Sales of SYP high-grade continue to outperform those of construction-grade items. Reduced availability enabled producers to quote high-grade firm to higher. SYP low-grade sales and availability vary between zones. Producers are quoting #3 and #4 dimension lumber—depending on the region—close to last Friday's levels. Slower price appreciation in other stud trim species is creating downward pressure on the SYP stud trim market. Sales of 4x6 #2 remain a bright spot, although upward pressure is easing. Buyer interest in 4x4 and 6x6 is "hit or miss," and mills are quoting these items firm to lower. Sales of 5/4x6 standard and premium-grade radius-edge decking (RED) remain subpar, with producers in both zones quoting RED firm to lower. SYP mills quoted shipment for the week of September 1.



PRICEPULSE

LUMBER AND PANELS

FRIDAY PRINT
AUGUST 22, 2025

LUMBER | SOUTHERN PINE

Kiln-Dried | FOB Mill | US\$ per Thousand Board Feet (MBF) | Unless Otherwise Noted

SOUTHERN PINE DIMENSION & MSR LUMBER

	8'	10'	12'	14'	16'	18'	20'
WESTSIDE							
2x4 #1	376	400	333	326	379	399	400
2x4 #2	312	304	306	306	317	316	316
2x8	343	332	348	354	323	355	318
2x10	330	335	309	343	304	352	299
2x12	380	386	368	361	315	371	325
2x4 #1	339	355	323	303	337	385	336
2x6	295	264	278	315	306	217	270
2x8	308	290	302	302	315	338	284
2x10	273	277	277	276	277	310	239
2x12	362	310	329	333	302	339	327
2x4 #1	312	299	259	285	319	357	—
2x6 #1	222	211	208	221	239	232	—
2x8	238	227	218	217	247	251	—
2x10	215	211	213	211	218	211	—
2x12	228	218	218	231	242	239	—
2x4 East/PA	134	186	209	—	—	—	—
2x6	167	156	157	—	—	—	—
CENTRAL							
2x4 #1	360	343	336	347	361	380	403
2x6	324	278	303	348	333	373	320
2x8	354	319	329	357	336	347	314
2x10	363	337	385	382	347	361	315
2x12	399	412	382	397	379	370	325
2x4 #2	322	323	298	297	314	347	328
2x6	295	258	289	298	306	301	250
2x8	288	261	283	278	280	309	276
2x10	272	275	275	273	281	279	252
2x12	335	287	314	356	311	347	308
2x4 #1/MSR	274	244	274	287	293	317	—
2x6 #1	209	203	205	205	216	220	—
2x8	224	212	228	222	233	228	—

SOUTHERN PINE DIMENSION & MSR LUMBER

	8'	10'	12'	14'	16'	18'	20'
EASTSIDE							
2x4 #1	380	371	364	350	384	398	420
2x6	339	331	332	361	334	318	353
2x8	333	361	343	309	337	344	365
2x10	310	331	362	388	359	371	343
2x12	407	425	412	430	367	383	503
2x4 #2	360	352	328	332	376	377	380
2x6	308	255	314	318	330	301	318
2x8	306	285	317	311	301	310	299
2x10	293	226	286	292	257	305	284
2x12	339	290	305	364	311	350	368
2x4 #1/MSR	299	260	301	311	327	323	—
2x6 #1	210	210	240	234	246	252	—
2x8	242	233	218	284	251	253	—
2x10	209	191	205	205	222	230	—
2x12	255	248	250	242	256	267	—
2x4 East/MSR	183	168	188	185	193	195	—
2x6	189	185	154	199	212	206	—
2x8	217	215	236	234	243	236	—
SOUTH							
2x4 #1	377	377	377	377	377	377	377
2x6	311	311	311	311	311	311	311
2x8	311	311	311	311	311	311	311
2x10	311	311	311	311	311	311	311
2x12	311	311	311	311	311	311	311
2x4 #2	311	311	311	311	311	311	311
2x6	311	311	311	311	311	311	311
2x8	311	311	311	311	311	311	311
2x10	311	311	311	311	311	311	311
2x12	311	311	311	311	311	311	311
2x4 #1/MSR	311	311	311	311	311	311	311
2x6 #1	311	311	311	311	311	311	311
2x8	311	311	311	311	311	311	311
2x10	311	311	311	311	311	311	311
2x12	311	311	311	311	311	311	311
2x4 #2/MSR	311	311	311	311	311	311	311
2x6 #2	311	311	311	311	311	311	311
2x8 #2	311	311	311	311	311	311	311
2x10 #2	311	311	311	311	311	311	311
2x12 #2	311	311	311	311	311	311	311

SYP STUDS

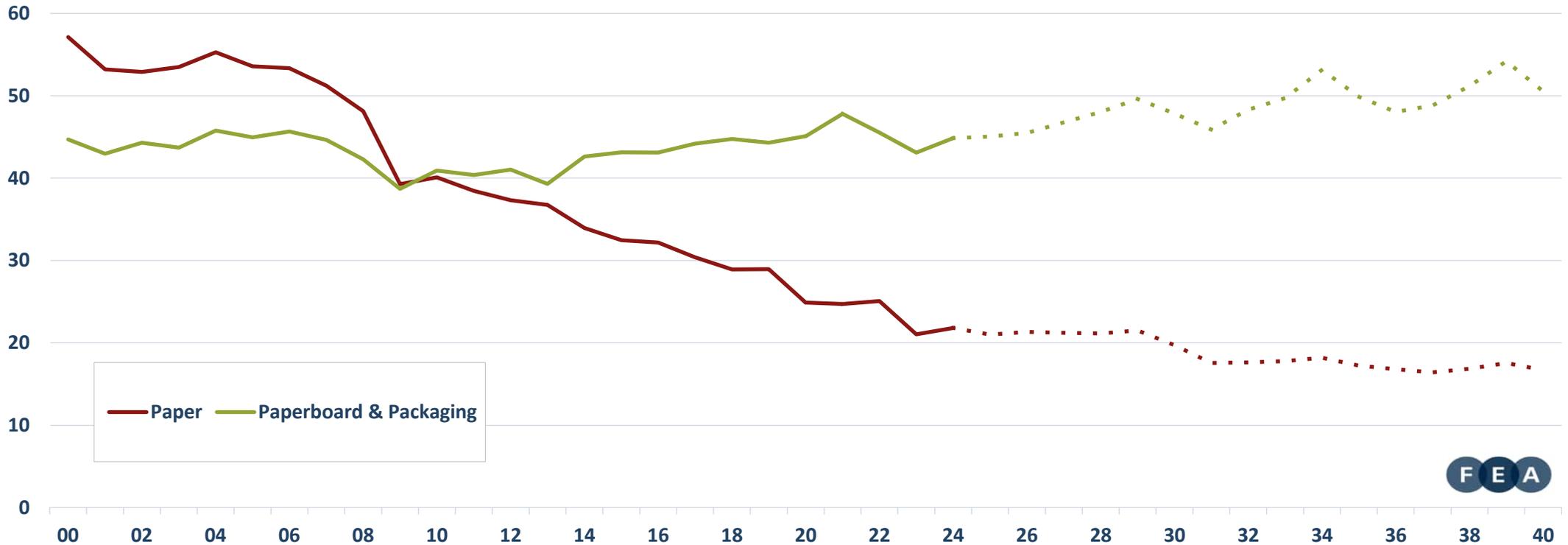
2x4-9' Stud	411
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COAST DIMENSION

	8'	10'	12'	14'	16'	18'	20'
HEM-FIR							
2x4 #2&Btr	504	369	474	496	516	570	525
2x6	387	285	383	375	383	435	419

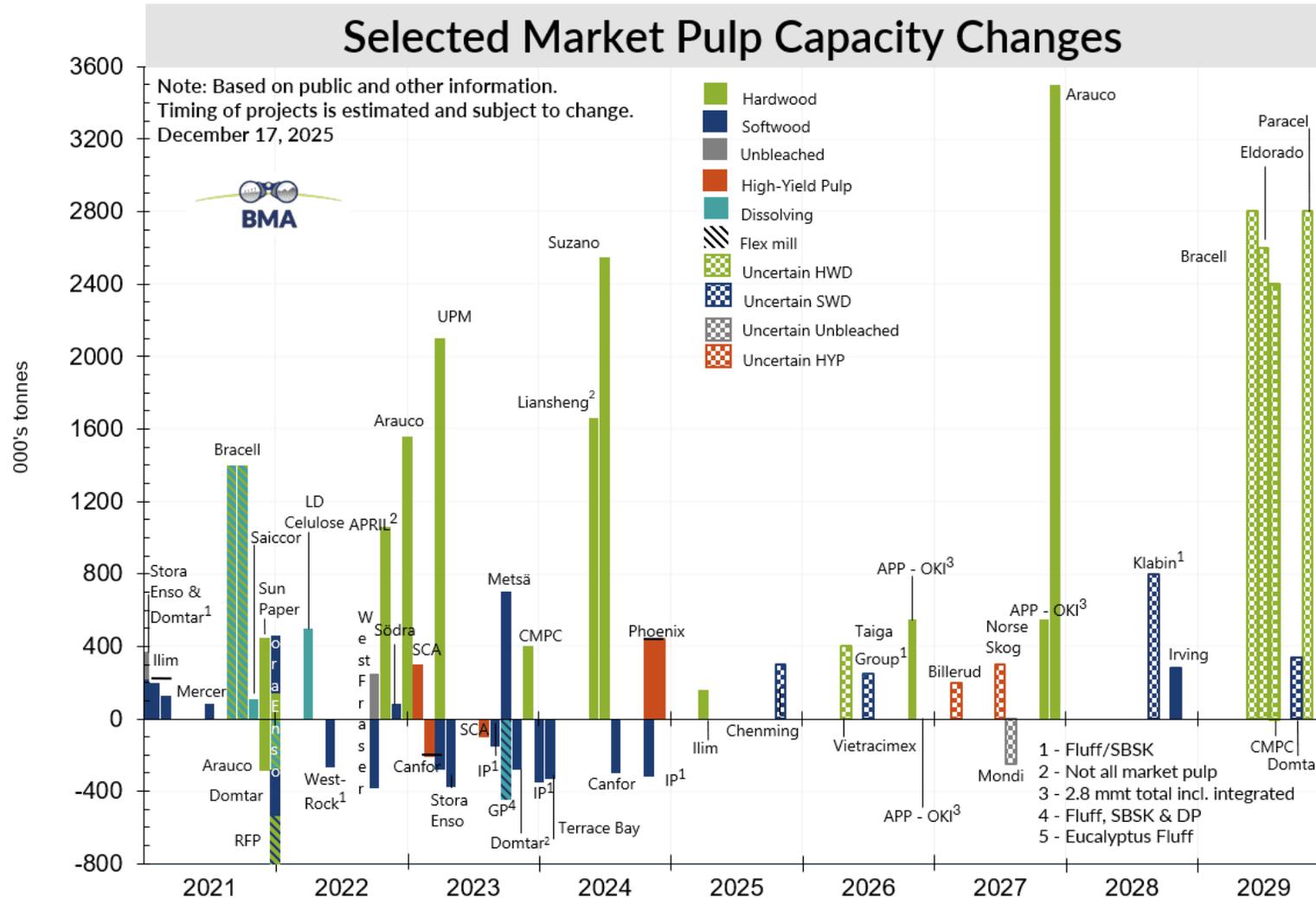
Paper Consumption Expected to Continue to Fall While Demand for Packaging Grades Trend Higher

US Consumption, Million Tons



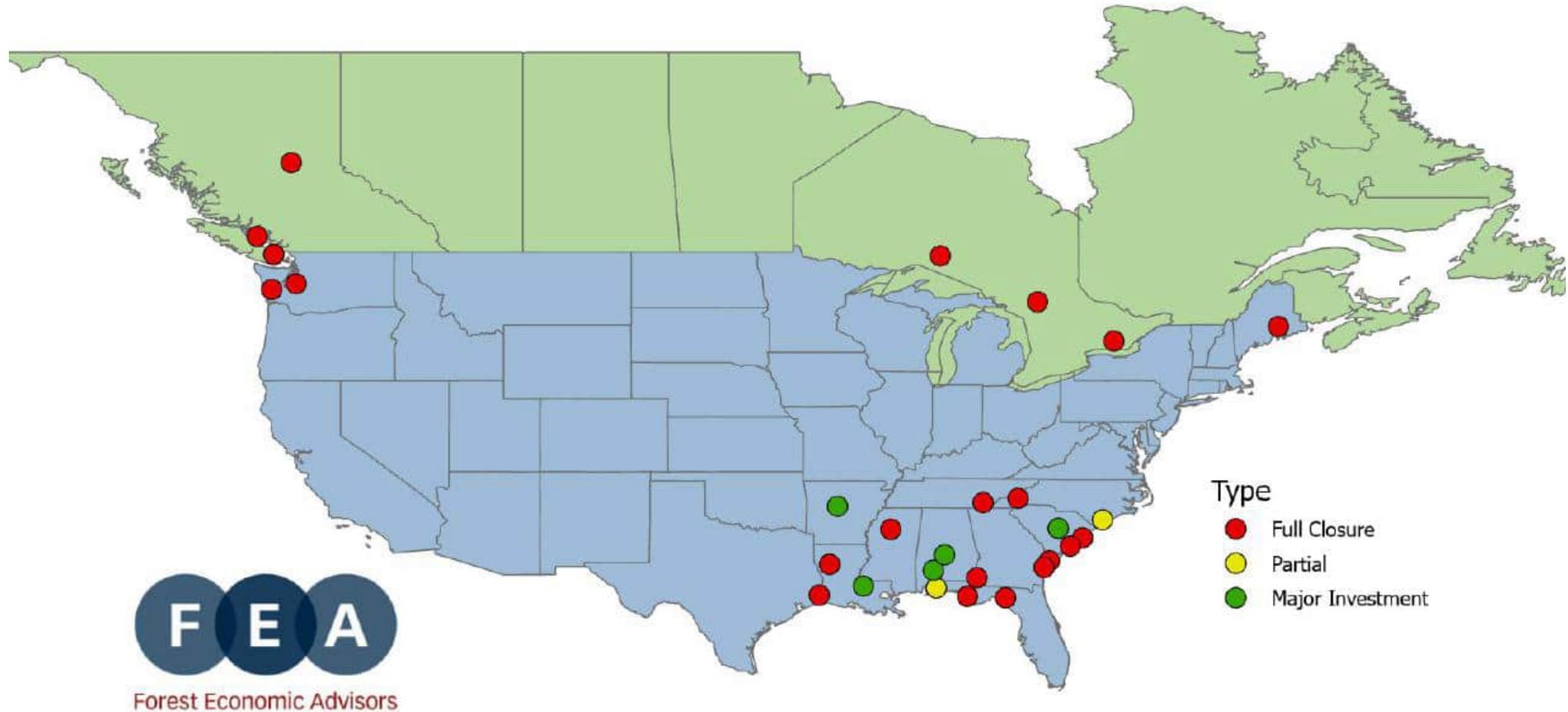
Source: FEA

Massive Expansion in Pulp Capacity in Southern Hemisphere, Primarily South America



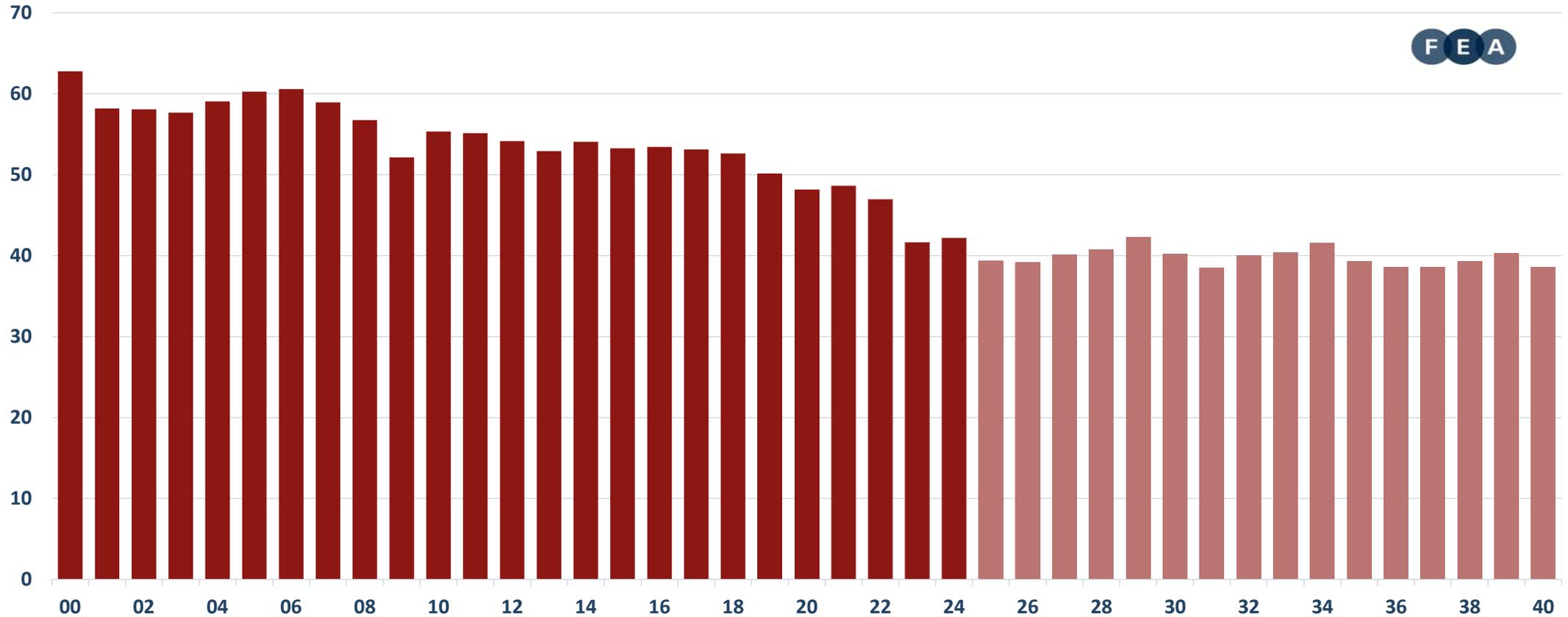
Source: Trade-Tree Online/Brian McClay Associates
www.getfea.com

Significant Pulp Capacity Closures Across North America since 2023



Pulp Production Will Continue on a Downward Trend

US Pulp Production, Million Tons



Source: FEA

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