

OREGON WOODLAND COOPERATIVE

April 21, 2008

BRIEF SUMMARY OF ACTIVITY OF COORDINATORS

1. An OWC mailing went out last week which presented the OWC firewood project, FSC special cut information, Wilco preferred provider agreement and details on the OWC annual meeting. If you did not receive this mailing please call the coordinators at 503-647-7425 or email at kent@orwoodlandco-op.com
2. We are looking for Coop members to participate in a special cut in May. Please see the market report below. You can email Scott at scott@orwoodlandco-op.com or go to the OWC website at www.orwoodlandco-op.com and click on the contact us button.
3. Bundled firewood has emerged as having a great deal of member interest and the coordinators are looking for more members to become involved as soon as possible. Please contact Louis Leatherman on the bundled firewood program louis@orwoodlandco-op.com or call 503-647-7425.
4. Don't forget the Oregon Woodland Coop annual meeting:
When – May 17th
Place – Kinton Grange on Scholls Ferry Road
Time – Meeting at 10 a.m., followed by potluck lunch at noon, and scheduled events/displays/tour in the afternoon

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MARKET REPORT 4/21/2008

By Scott Zimmerman

As suggested in the last two market reports as to what the market might do in the near future, the prices for the finished lumber market rose this week again as they had begun to show signs of wanting to do so last week. The prices for green Doug Fir 2" dimension rose another \$20/m or what would be \$255/m for the bellwether 2x4 std and btr. grade. The price for dry Doug Fir 2" dimension rose \$15/m to \$275/m for the bellwether 2x4 std and btr. Remember, 6 weeks or so ago the price for the same green Doug Fir item was at \$165/m and dry Doug Fir 2x4 std and btr was at \$210/m. When using the formula we have been employing to calculate log cost equivalent, which would equal \$432/m for a #2 mill dimension log not counting the added benefit of the by-product market which is still quite strong. Adding in the by-product would suggest a saw mill can break even now from log cost and manufacturing of \$472/m log scale. I remember 6 weeks ago when that number to break even was \$330/m and less when 2x4 actually sold one day for \$130/m in the dead of winter and no one cared as there was no liquidity in the lumber marketplace. The slight increase in demand for the spring season

coupled with the perception that just enough saw mills have cut back just enough production to suggest some scarcity has provided strength in the pricing power of finished lumber for the short term.

Log prices up to this point though have remained steady. They could rise slightly, but the finished lumber market prices will have to go up another good bit for that to happen. Mills are producing less here on the West Coast and therefore need fewer logs. If the prices continue to go up though, at some point some mills will try to increase production thereby increasing the demand for logs thus putting some upward pressure for log prices. However, too much of an increase in lumber production will have the effect of diluting the perception of some shortage of lumber and the net result would be a reduction again in the price of finished lumber.

On the overall economic front, things are better for the Wall Street investor, worse for the everyday family wage earners. Housing starts are now at a 17 year low. They came out this week down to 947,000 units from February's 1,075,000 on a seasonally adjusted average with permits, an indicator of future housing construction coming in at 927,000 units, down from February's 984,000 units. At the very height of the housing market in January of 2006, the housing starts were at around 2,200,000 units. You do the math. Fuel and food reported by the U.S. government for March rose to three times the cost on the wholesale level that what it was in February. Citibank, Washington Mutual and JP Morgan cut a total of 17,000 jobs last week alone. I could go on with more statistics, but the point here is that "business as usual" for most everyday Americans isn't working. This makes room for new creative solutions to present day challenges. That is the great part of this present day scenario, it gives us all permission to think outside of the box should we choose and take a more active roll in our choices and decisions. We could say that the present models are impaired to the point that creating and acting on these new concepts is more of a blessing in that if they don't work we didn't lose by trying as the business as usual is the real risk today and if we win, we have shifted for the positive how business could be run more equitably and efficiently.

We at the Oregon Woodland Cooperative are getting ready for the next custom FSC cut scheduled for the week of May 12th and this will be the first custom cut that will go through the COOP. The first two forestland owners contributing their logs for the cut have and/or are joining the COOP. We are grateful and thankful to these forestland owners. There are two other contributors that are not COOP members, yet are considering so. They are located in the Corvallis area. The fifth contributor is an existing COOP member, the infamous and one and only Mr. Neil Schroeder. He has three loads of beautiful large logs as a result of the December blow down and has graciously consented to let us have our way with these logs. We feel very fortunate and grateful to Neil and the other participants for being a part of and seeing the vision of what can happen when the members become active and take action in the day to day affairs of the COOP. They realize that they must take ownership, be accountable and engage where they can for the present and future success of the COOP.

Where do you see the COOP in the next year? The next five years? How much as a member can you put into your COOP? We would like feedback from the membership as to what you would like to see happen in your COOP. Please send us your ideas and comments, either through the website, by mail or call us. The coordinators are a vehicle for your active participation.

With warm regard to all, Scott Zimmerman
Coordinator for Marketing
Oregon Woodland Cooperative.

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