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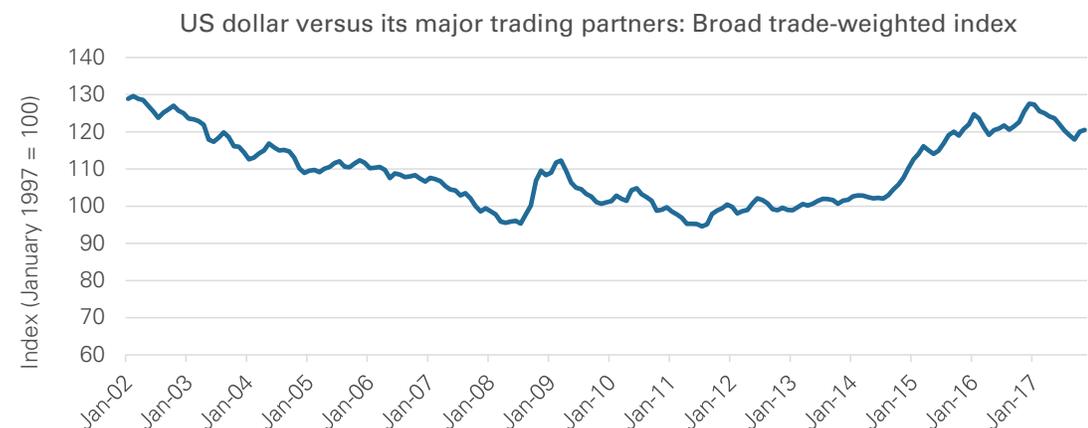
Highlights

- Douglas-fir log prices continue to surge in the Pacific Northwest as log supply shortage remains a major challenge
- US exports of softwood logs to Canada continue to decline, on track to two-decade low
- Commerce levies final countervailing and anti-dumping duties of 20.83 percent on Canadian lumber shipments to the US
- New-home sales surge to 10-year high

International Trade

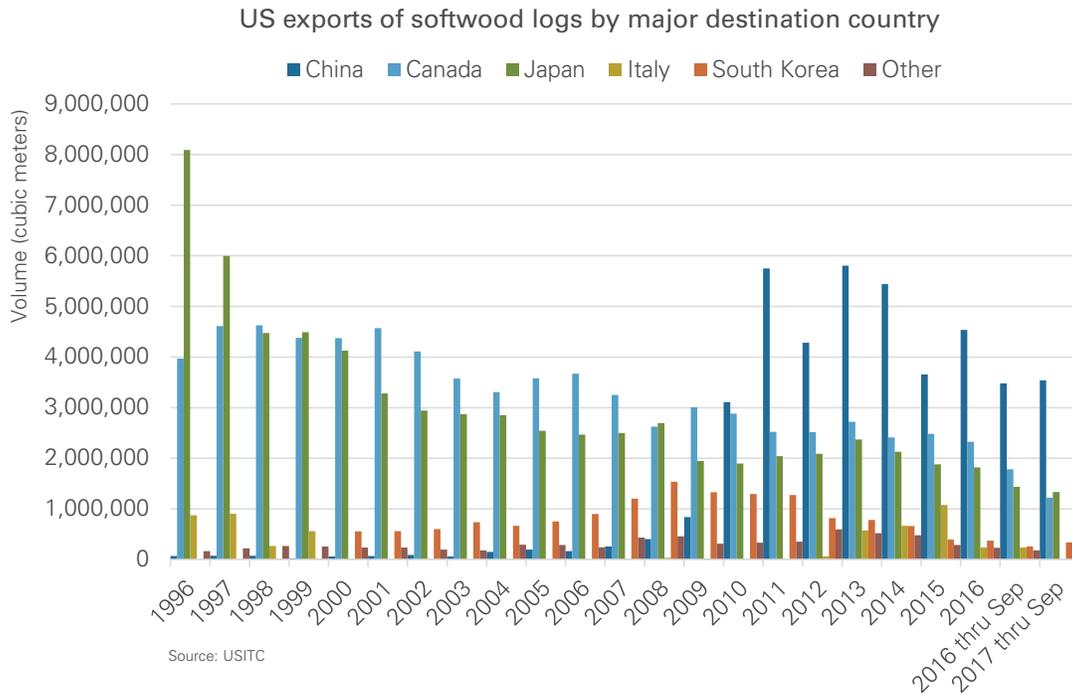
Exchange Rates

The US Dollar is strengthening against a wide range of currencies as markets await December Fed rate hike



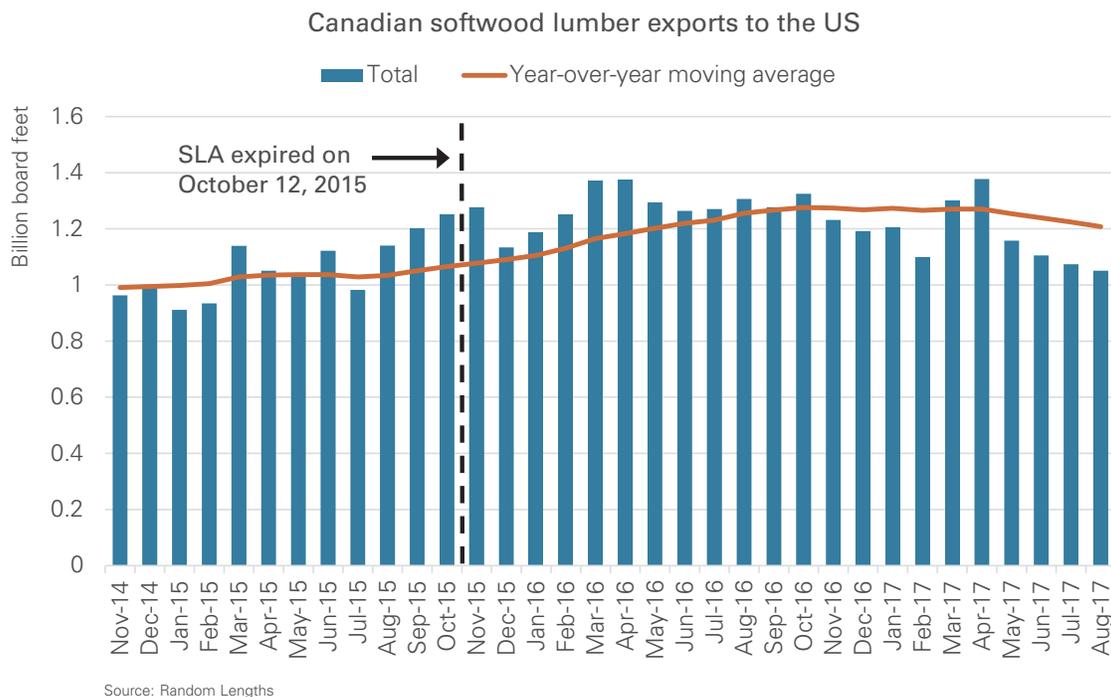
Exports

US exports of softwood logs to Canada continue to decline, on track to two-decade low



Trade in Wood Products

Canadian lumber shipments to the US continue to decline, reaching two-year low in August



China

The increase of sawnwood import is 8.2 percent higher than the increase of logs in 2017H1 year-over-year¹

In 2016, China's commercial timber trade volume (including logs and sawn lumber) was about 160 million m³, of which 93 million m³ or 58 percent was imported representing an increase of 13 percent year-over-year.

The volume of China sawn lumber import continues to grow and reached 32 million m³ in 2016, increased by 19 percent year-over-year. Canada maintains its position as the second largest supplier to China although with a decrease of 6 percent, while Russia ran further apart as the largest supplier with an increase of 36 percent. China's sawn lumber imports from other suppliers such as Finland, Sweden and Vietnam have increased significantly by 54 percent, 33 percent, 128 percent respectively.

The development of China's wood market has been stable but some new changes have taken place in 2017H1. Mr. Zhu Guangqian, the Chief Expert of China Timber and Wood Products Distribution Association summed up with three observations:

- The increase of sawn lumber import is 8.2 percent higher than the increase of logs. Sawn lumber will be a mainstream trend for importing timber as the manufacturing cost in China is getting higher and higher.
- The increase of coniferous timber imports is far greater than that of hardwood timber due to low inventory level of coniferous timber and the effect of logging ban.
- Unit price rises generally.

China is the biggest timber consuming country in the world. However, China's forest resources are very limited and far from self-sufficiency and the huge gap has to be filled by importing timbers. The commercial logging ban of natural forests effective from early 2017 has further increased the need of timber imports.

Other drivers for China's wood demand includes the rising middle class and household income which will be reflected by demand for upgrading/renovating of apartments, décor items and furniture, etc. Increasing consumption in tourism and leisure will drive the demand of higher-quality and unique-designed resorts or holiday facilities.

Extending urbanization in central and west China including Government's drive of developing small township in suburb areas generates continuous demand for general construction as well as wood buildings which aligns with policies of green development, energy efficiency and industrialized construction.

The market potential in China has obviously attracted various lumber exporting countries who are expanding export to China. Following further development in China's construction's "go green" and development of mass timber and CLT buildings in China, further dynamics and changes in competitive landscape are expected.

Roughly half of hardwood chips traded in the Pacific Rim went to China in 2017H1²

Shipments of hardwood chips in the Pacific Rim have increased for six consecutive years and reached a record-high of 22.9 million oven dry metric tonnes (odmt) in 2016. Last year was also the year when China took over Japan's role as the world's largest importer of hardwood chips—roughly half of all hardwood chips traded in the Pacific Rim were destined for Chinese ports in 2016. Based on import volumes to China in the first nine months of 2017, it is likely that Chinese imports will hit a new record high of over 11.5 million odmt in 2017, according to the Wood Resource Quarterly. The top-five trade flows of hardwood chips in 2016 were: (1) Vietnam to China; (2) Australia to China; (3) Vietnam to Japan; (4) Chile to Japan; and (5) Australia to Japan.

During 2017H1, hardwood chip shipments from most of the major supplying countries in the Pacific Rim have gone up with the notable exceptions of Australia, Thailand, Brazil and Uruguay, which

reduced their export volumes by between four and 21 percent compared with 2016H1. The largest increases in chip supply to Japan and China year-over-year were from Chile and Indonesia. Chilean chip exports are likely to reach a new all-time high in 2017 and the country will remain the third largest chip exporter in the world.

Latin America

Value of pine sawnwood exports increased by 19 percent in September, year-over-year³

Brazilian exports of wood-based products (except pulp and paper) increased by 25 percent in value in September 2017 year-over-year, from US\$201.2 million in September 2016 to US\$251.5 million. The value of Pine sawnwood exports increased by 19 percent between September 2016 (US\$ 35.3 million) and September 2017 (US\$ 41.9 million). In volume terms, exports rose 12 percent over the same period from 181,100 m³ to 202,500 m³.

Trade Issues

US Canadian Softwood Lumber Dispute

Commerce levies final countervailing and anti-dumping duties of 20.83 percent⁴

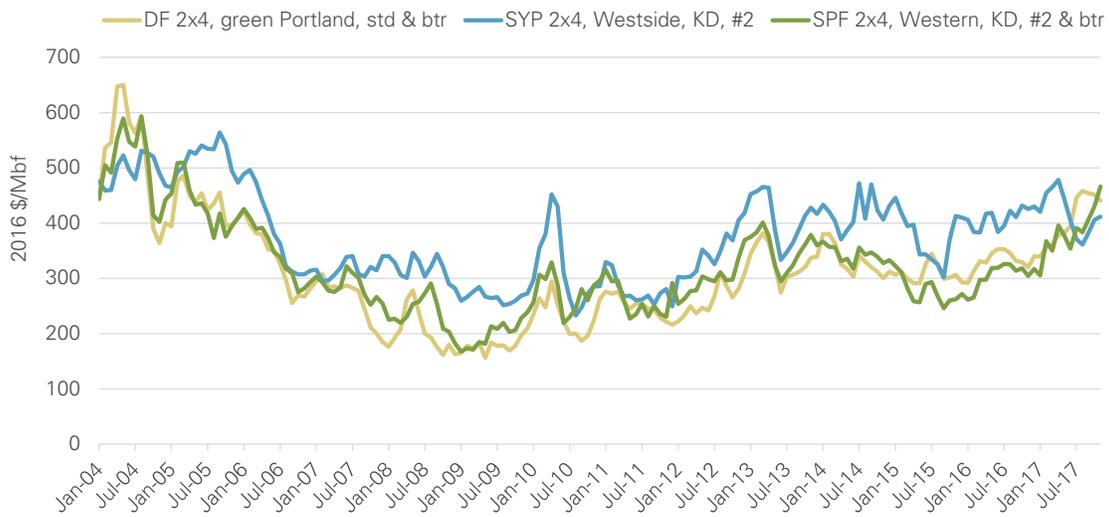
The US Department of Commerce announced affirmative final determinations in the countervailing (CVD) and anti-dumping (AD) duty cases. Most Canadian producers will pay total duties of 20.83 percent on lumber shipments to the US. This is down from the preliminary combined rates of 26.75 percent. The individual companies investigated will be assessed their own duty rates. Combined CVD/AD rates are: Canfor 22.13 percent; Resolute 17.90 percent; Tolko 22.07 percent; and West Fraser 23.76 percent. J.D. Irving was individually investigated in the CVD case and will be assessed a rate of 3.34 percent, which will combine with the "all-other" AD rate of 6.58 percent for a combined total of 9.92 percent. The final "all-other" CVD rate is 14.25 percent, and the final AD "all-other" rate is 6.58 percent. Commerce also announced that "critical circumstances" exist in the AD case with regards to Resolute, Tolko, West Fraser, and "all-others," but did not exist for Canfor. Consequently, those duties will be collected retroactive to late March for those companies. Commerce did not specifically address a "critical circumstances" finding in the CVD case, which is assumed those duties won't be collected retroactively.

Prices

US Lumber

North American lumber markets remain volatile, with SPF prices jump to more than twelve-year high in November

Key softwood lumber real price indicators for the US West Coast (Douglas-fir, DF), the US South (Southern Yellow Pine, SYP), and Canada (Spruce-Pine-Fir, SPF, in Interior British Columbia)



Source: Random Lengths, BLS

West Coast Logs

Douglas-fir log prices continue to surge in the Pacific Northwest as log supply shortage remains a major challenge

Delivered prices for Douglas-fir domestic and export sawlogs in the lower Columbia River basin

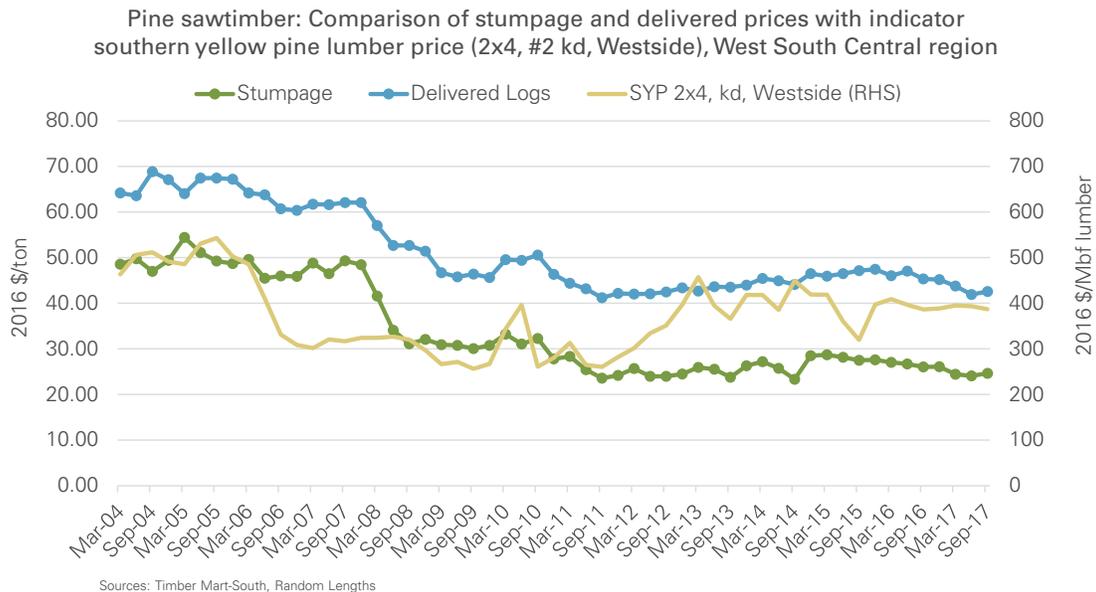


Definitions
 #2 domestic sawlog: 12+\" diameter, tight sound knots < 2.5\" diameter
 C export: 12+\" diameter sawlog, tight sound knots < 3\" diameter

Source: Loglines

US South

Pine sawtimber stumpage finally show modest improvements across the US South



Costs

Labor

Construction employment rises in October while industry’s unemployment rate declines⁵

Construction employment increased by 11,000 jobs in October to the highest level in nine years, while the industry’s unemployment rate fell to 4.5 percent, the lowest October rate since 2006, according to an analysis of new government data by the Associated General Contractors of America. Association officials said that while hurricane recovery work may have helped boost employment in the sector, most of the gains are occurring because of strong demand for many types of private-sector projects across much of the country.

Construction employment totaled 6,930,000 in October, a gain of 11,000 for the month and 187,000, or 2.8 percent, over 12 months—twice as great as the 1.4 percent rise in total nonfarm payroll employment. Residential construction added 13,300 jobs in October and 98,500 jobs, or 3.8 percent, over the past 12 months. Nonresidential construction employment dipped by 2,000 jobs in October but increased by 89,100 positions, or 2.2 percent, over 12 months.

The construction sector’s 4.5 percent unemployment rate and the number of unemployed former construction workers in October, 418,000, were the lowest October figures since 2000. Average hourly earnings in the industry climbed to \$29.06, an increase of 2.3 percent from a year earlier.

Has the labor shortage reached 'crisis' status?⁶

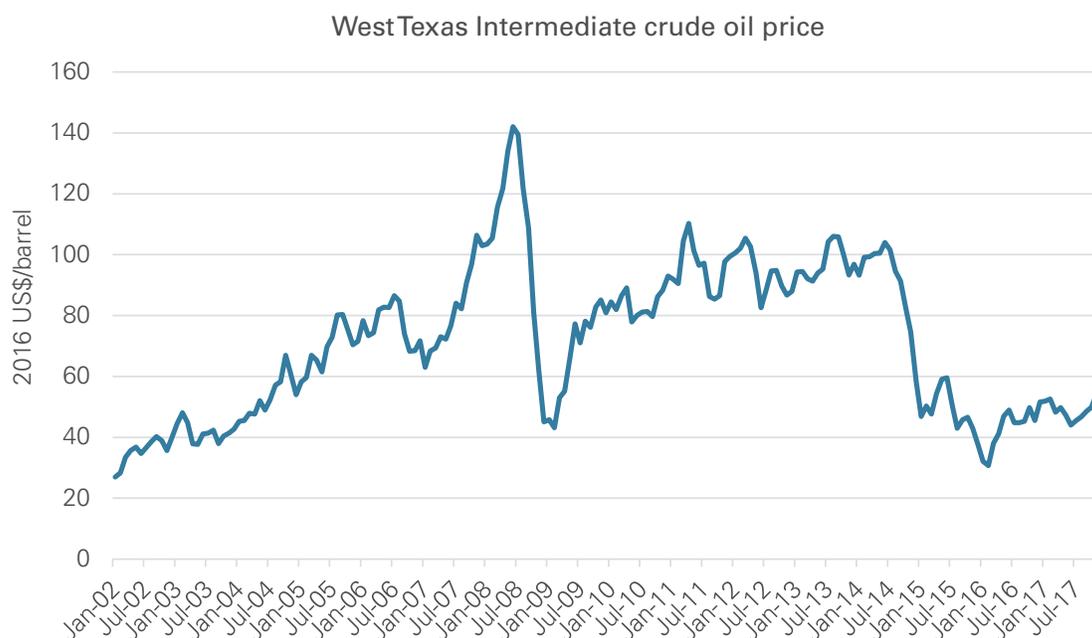
It's been more than 10 years since there were this many unfilled construction jobs. And as NAHB Chief Economist Robert Dietz noted in a recent Eye On Housing article, the labor situation is likely to worsen in the months ahead. Builders all across the country are struggling to find enough skilled laborers to keep up with housing demand. And nowhere is this more concerning than in the regions of Texas and Florida impacted by hurricanes Harvey and Irma, where the recovery efforts have only just begun. Even the surrounding areas that sustained minimal storm damage are seeing the effects, as labor continues to be drawn to the storm-affected areas. But the labor shortage had been a primary concern long before this summer's hurricanes made landfall.

"Everyone in our area is having trouble finding hands that want to work," said Michael Grassi, president of the North Texas HBA. "Whether it's bricklayers, framers, you name it—I'm having to [hire] guys from as far away as Oklahoma City to come and work. And most of them are happy to do it cause they're getting paid more here where there's even less competition."

Grassi says he's amazed by how much the cost per square foot of a home has increased recently. He's gradually had to raise the sales prices of his homes as a result of rising costs, but Grassi says he and many builders just like him aren't seeing an increase in profit margin. "Prices for everything have increased significantly, and I'm scared for what's to come over the next few years," Grassi said. "A lot of our skilled trades aren't far from retirement. And of the limited number of new guys I see coming in, many of them have a ways to go to refine their skills and work ethic. With everything from the cost of materials, to lots, to a dwindling pool of skilled workers—we have a crisis on our hands."

Energy

Crude oil prices are rising amid robust global demand expectations



Sources: FRB EIA

Supply

North America Lumber

US lumber production through August up 3.2 percent year-over-year, Canada production up 0.7 percent⁷

US sawmills produced 22.721 billion board foot (bbf) of softwood lumber in the first eight months of 2017, a 3.2 percent increase from 22.019 bbf in the previous year, according to the Western Wood Products Association. Western US sawmills contributed 9.464 bbf to the eight-month volume, up 2.7 percent from 9.220 bbf in the same period a year earlier, while sawmills in the southern US accounted for 12.187 bbf, a 3.6 percent increase from 11.763 bbf last year.

Output (bbf)	2017 thru Aug	2016 thru Aug	YOY % Change
US sawmills	22.721	22.019	3.2%
Western US sawmills	9.464	9.220	2.7%
Southern US sawmills	12.187	11.763	3.6%

Production in August alone was 3.004 bbf, up five percent year-over-year from 2.860 bbf, and up 9.7 percent from July's production volume of 2.739 bbf. Western sawmills accounted for 1.327 bbf of production in August, up 8.2 percent from 1.226 bbf a year ago, and an 18.2 percent increase from 1.122 bbf in July 2017. Sawmills in the South contributed 1.536 bbf to output in August, a year-over-year gain of 2.5 percent from 1.499 bbf, and up 3.2 percent from 1.488 bbf in the prior month.

Output (bbf)	Aug 17	July 17	Aug 16	MOM % Change	YOY % Change
US sawmills	3.004	2.739	2.860	9.7%	5.0%
Western US sawmills	1.327	1.122	1.226	18.2%	8.2%
Southern US sawmills	1.536	1.488	1.499	3.2%	2.5%

Softwood lumber production by Canadian sawmills in the first eight months of 2017 was 19.037 bbf, an increase of 0.7 percent from 18,898 bbf in the previous year. Sawmills in British Columbia contributed 8.797 bbf to August's production, a drop of four percent year-over-year from 9.166 bbf, while sawmills east of the Rockies accounted for 10.240 bbf—up 5.2 percent from last year's 9.732 bbf.

Output (bbf)	2017 thru Aug	2016 thru Aug	YOY % Change
Canadian sawmills	19.037	18.898	0.7%
BC sawmills	8.797	9.166	(4.0%)
East of the Rockies sawmills	10.240	9.732	5.2%

In August alone, Canada's softwood production was 2.313 bbf, down 3.2 percent from 2.389 bbf last year, but 6.9 percent higher than July's production of 2.164 bbf. Sawmills in British Columbia contributed 1.070 bbf to Canadian production in August—down 8.7 percent from 1.173 bbf in August 2016, but up 4.7 percent from July's production volume of 1.022 bbf.

Sawmills east of the Rockies produced 1.242 bbf, up 2.1 percent from 1.216 bbf in August last year, and up 8.8 percent from 1.142 bbf in July 2017.

Output (bbf)	Aug 17	Jul 17	Aug 16	MOM % Change	YOY % Change
Canadian sawmills	2.313	2.164	2.389	6.9%	(3.2%)
BC sawmills	1.070	1.022	1.173	4.7%	(8.7%)
East of the Rockies sawmills	1.242	1.142	1.216	8.8%	2.1%

Western Lumber Production

Western lumber production in September declines sharply from August⁸

Western lumber production totaled 1.144 bbf in September, down 13.8 percent from August but up 0.6 percent from September 2016, according to the Western Wood Products Association. Year to date through September, western lumber production totaled 10.608 bbf, an increase of 2.4 percent from the 10.356 bbf produced over the same period last year.

September production in the Coast region totaled 684 million board foot (MMbf), down 13.1 percent from August and 0.4 percent from last year. Inland production was 416 MMbf, down 13.9 percent from August but up 1.8 percent from September 2016. Year to date, Coastal production is up 2.9 percent while Inland production rose 2.2 percent.

Output	Sep 17	Aug 17	Sep 16	MOM% Change	YOY% Change
Western US sawmills	1.144 bbf	1.327 bbf	1.137 bbf	(13.8%)	0.6%
Coastal sawmills	684 MMbf	787 MMbf	681 MMbf	(13.1%)	(0.4%)
Inland sawmills	416 MMbf	483 MMbf	409 MMbf	(13.9)	1.8%

Demand

US construction spending rises in September⁹

US construction spending in September was estimated at a seasonally adjusted annual rate (SAAR) of \$1,219.5 billion, 0.3 percent above the revised August estimate of \$1,216.0 billion. The September figure is two percent above the September 2016 estimate of \$1,195.6 billion. During the first 9 months of this year, construction spending amounted to \$917.0 billion, 4.3 percent above the \$879.6 billion for the same period in 2016.

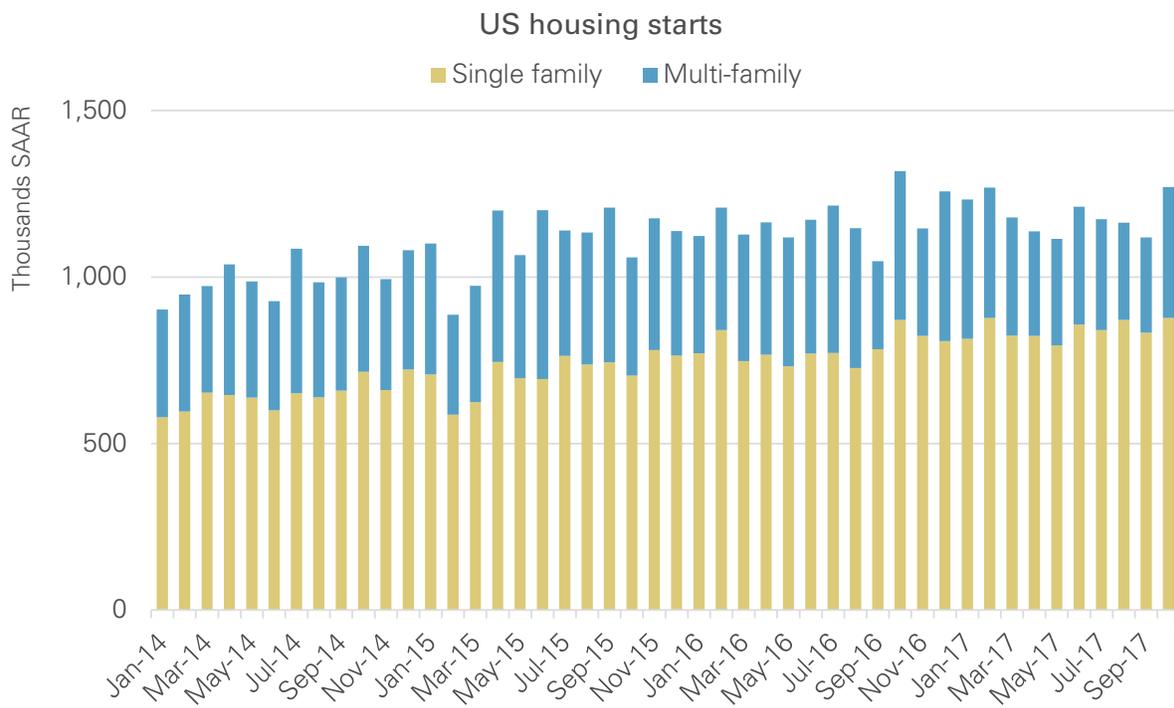
Spending on private construction was at \$942.7 billion SAAR, 0.4 percent below the revised August estimate of \$946.2 billion. Residential construction was at \$515.4 billion SAAR in September, nearly the same as the revised August estimate of \$515.6 billion. Nonresidential construction was at \$427.3 billion SAAR in September, 0.8 percent below the revised August estimate of \$430.6 billion.

Housing

US

US housing starts jump to one-year high¹⁰

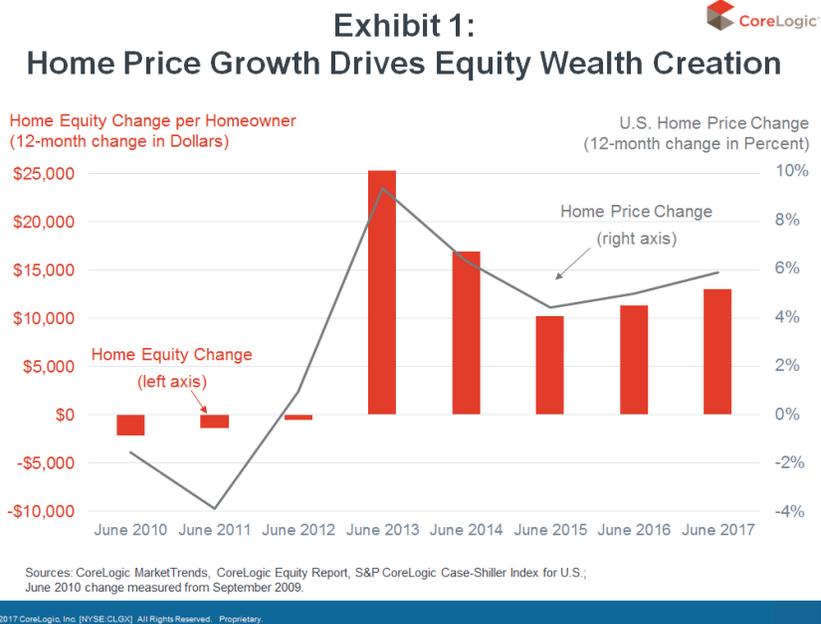
US home building jumped to a one-year high in October, likely as disruptions caused by recent hurricanes in the South faded and communities in the region started replacing houses damaged by flooding. Housing starts surged 13.7 percent to a seasonally adjusted annual rate of 1.29 million units, the Commerce Department reported. That was the highest level since October 2016. September's sales pace was revised up to 1.135 million units from the previously reported 1.127 million units.



Source: US Census Bureau

Home equity wealth at new high¹¹

Home-equity wealth reached a new nominal high this year according to latest data from the Federal Reserve: \$13.9 trillion at mid-2017, \$0.5 trillion above the 2006 peak and more than double the \$6.0 trillion amount at the trough of the Great Recession. While several factors affect aggregate home equity, it's clear that much of the recovery in home-equity wealth is due to the rebound in home values: The S&P CoreLogic Case-Shiller Index for the US was up 40 percent (seasonally adjusted) through June from its February 2012 nadir.



Comparing annual home-price growth with the annual change in home equity per homeowner shows a strong correlation (Exhibit 1). When prices are stagnant or falling, equity typically declines. Conversely, price growth generally supports equity accumulation, with faster appreciation leading to larger amounts of equity creation. Home-equity wealth is an important component of family savings, accounting for about 20 percent of homeowners' net worth, on average.

Generation X recovery boosts homeownership rate¹²

More Americans became homeowners last quarter, and in an optimistic sign for the housing market, their numbers were boosted by the generation that got smacked the hardest by the crisis of a decade ago. The national homeownership rate rose to 63.9 percent in 2017Q3, the Census Bureau reported. That's up from 63.7 percent in 2017Q2 and 63.5 percent a year ago. Even better, the number of owner-occupied households rose more quickly than the number of renter-occupied households for the second straight quarter.

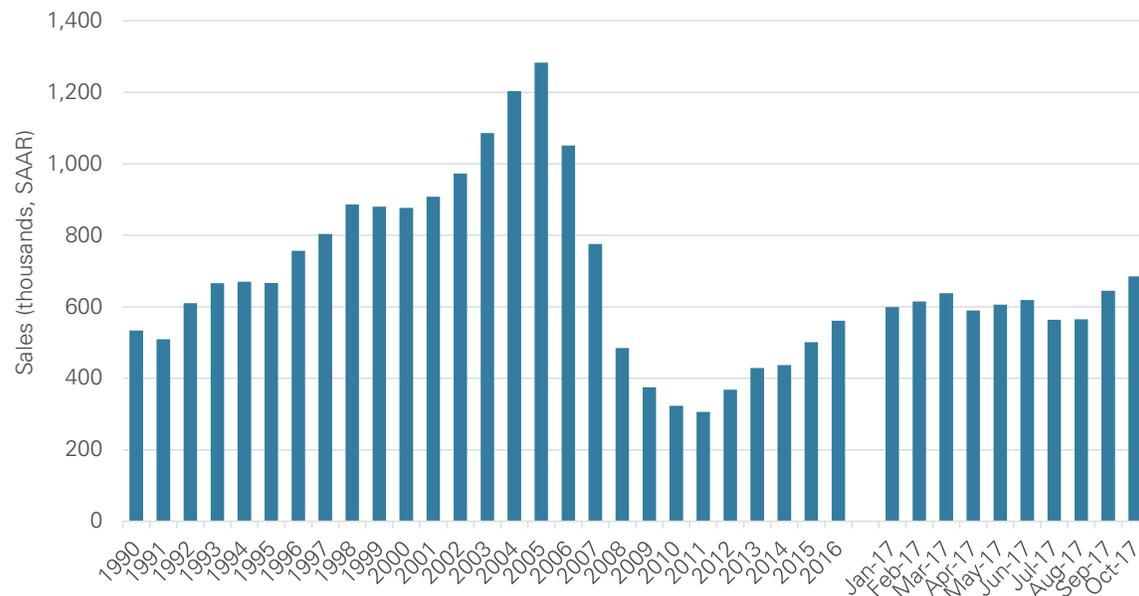
Because the Census Department's ownership report spans so much time, it can be hard to discern trends from the data. But now, with multiple quarters confirming the uptick both in the overall rate and the spread between owners and renters, it seems clear that housing in America has turned a corner, said Ralph McLaughlin, chief economist for Trulia. "Last quarter seems to be an inflection point," McLaughlin told MarketWatch. "Renters are making the conversion to buying."

There's another signal of an improving housing landscape in the Census report. Americans aged 35-44 had by far the biggest improvement in homeownership. That age group saw nearly a full percentage point increase over the past year, compared to a more moderate but still solid 0.6 percentage point for those under 35, and a flat reading for those 45 to 54. Generation X-ers were "really hit hard by the crisis," McLaughlin said. Americans in that age group bought homes in an overheated market and then saw the crisis crater their home equity, jobs, and credit scores. Earlier research has shown that Generation X were also more likely to have sold a distressed home—which by definition signals that they were more likely to have had trouble paying a mortgage.

New-home sales surge to 10-year high¹³

Sales of new US single-family homes unexpectedly rose in September, hitting their highest level in nearly 10 years, offering hope that the housing market was regaining speed after appearing to stall in recent months. The Commerce Department said new home sales surged 18.9 percent to a seasonally adjusted annual rate of 667,000 units last month amid an increase in all four regions. That was the highest level since October 2007 and followed August's upwardly revised sales pace of 561,000 units.

New single family home sales in the US



Source: Bureau of the Census

Products

Australia Logs

Australia's log harvest estimated at record 33 million m³ in 2016-2017, up nine percent year-over-year¹⁴

A report released by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) highlights that Australia's forestry sector is continuing to enjoy some of the best conditions in its history. ABARES Executive Director, Steve Hatfield-Dodds, said the report, Australian forest and wood products statistics: March and June quarters 2017, showed the industry is now in its fourth consecutive year of growth.

"In 2016-17, the volume of logs harvested is estimated to have reached record levels, increasing nine percent on the year prior, to nearly 33 million m³," Dr Hatfield-Dodds said. "The value of total logs harvested was up nearly 12 percent to \$2.5 billion, reflecting increased estimated softwood log prices and softer hardwood log prices.

"The report also revealed a softening domestic demand for wood products, with a 6.1 percent decrease in dwelling commencements compared to the previous year.

"Exports of Australia's wood products are higher than ever, reaching a record \$3.4 billion on the back of strong demand for roundwood, newsprint and miscellaneous forest products exports.

“This means Australia’s trade deficit in wood products is now under \$2 billion—its lowest level in six years.”

The report finds the Chinese market accounted for the majority of total wood product export growth in 2016-17. In fact, nearly half of Australia’s wood product exports in 2016-17 went to China, a market worth over \$1.6 billion.

Global Pulp and Paper Supply, not demand, will drive developments in world pulp market in 2018¹⁵

Unlike 2017, the force driving the pulp market in 2018 will be supply, not demand, according to Hawkins Wright Ltd., reported Euwid. China alone was responsible for two-thirds of the overall increase in bleached chemical pulp demand projected for 2017, said Oliver Lansdell from Hawkins Wright during a presentation at Pulp Week in London.

The consulting firm forecasts that bleached chemical pulp shipments will increase by 1.6 million tonnes in 2017, up 2.9 percent from 2016. New pulp mills entering the market, especially in 2017, are expected to cause a surplus and possibly undermine pulp prices, according to Hawkins Wright analysts. In 2017, unscheduled downtime trimmed pulp production by an estimated 1.4 million tonnes. This, plus strong demand from China, led to massive markups for both softwood and hardwood pulps.

Announcements

Interfor expands lumber production in Meldrim, GA¹⁶

Interfor Corp. announced that it plans to invest \$16.5 million to upgrade its sawmill in Meldrim, Georgia. The project, which is scheduled to be completed in December 2018, includes installation of a continuous lumber drying kiln and upgrades to the planer mill. Lumber production is expected to increase by 50 percent in addition to improving product quality and mill efficiency. Once the project is completed the facility will operate a full two shifts.

Interfor eyeing central US South for greenfield 200 mmbf/year sawmill¹⁷

Interfor is considering building a greenfield sawmill in a central region of the US South, according to Douncan Davies, CEO of Interfor Corp. He expects a decision on the project in early 2018, and construction would likely begin in 2019.

Interfor completed a detailed feasibility study and business case for the mill, which would be able to produce more than 200 MMbf per year. The project would cost an estimated US\$115 million, both for pre-startup and working capital, and potential returns on the greenfield mill “appear to be very attractive,” Davies said.

In addition to its greenfield announcement, Interfor is working to expand capacity through several projects, mostly in the US South. Two projects have received approval and are scheduled to be complete in 2018Q4 and 2019Q1, respectively, Davies said. The projects should add about 150 million board feet of additional annual production to the company’s current capacity. One project involves adding a new continuous kiln and automated grading system along with other planer upgrades. The second project involves a new primary breakdown system along with others sawmill upgrades and a new continuous kiln, an automatic grading system and other planer upgrades.

Potlatch and Deltic Timber to combine to create REIT and lumber manufacturer¹⁸

Potlatch Corporation and Deltic Timber Corporation announced that they have entered into a definitive agreement to combine in an all-stock transaction and create a leading domestic timberland owner and top-tier lumber manufacturer. The combined company will be named PotlatchDeltic Corporation.

Together, the combined company will have a highly productive and diverse timberland portfolio of approximately 2 million acres, with approximately 1.1 million acres in the US South, 600,000 acres in Idaho, and 150,000 acres in Minnesota. In addition, upon completion of the transaction, the company will operate eight wood products manufacturing facilities, including six lumber manufacturing facilities, one medium density fiberboard (“MDF”) facility and one industrial plywood mill. In total, the combined company will have lumber capacity of 1.2 billion board feet, making it one of the leading producers in the US.

Timberlands Transactions

CatchMark acquires 14,923 acres in southeast GA for \$43.3 million (\$2,900/acre)¹⁹

CatchMark Timber Trust, Inc. announced that the company has completed the acquisition of 14,923 acres of prime timberlands near the southeast coast of Georgia for \$43.3 million, excluding closing costs. The acquisition includes 72 percent pine plantations with stocking of 81 tons per acre. Approximately 92 percent of the inventory volume is pine and 65 percent of the inventory volume is chipping saw or sawtimber with an average pine plantation age of 19 years. The transaction includes a long-term supply agreement.

Twin Creeks Timber adds to timberland portfolio²⁰

Twin Creeks Timber LLC announced that it will add 121,000 acres of timberland to its portfolio. Twin Creeks will purchase 100,000 acres located in the southern US from Weyerhaeuser Company and receive a contribution of 21,000 acres located in the Pacific Northwest from Green Diamond Resource Company. Through the addition of these timber assets, Twin Creeks will increase its southern portfolio to 360,000 acres and add the Pacific Northwest to its portfolio. The timberland transactions are expected to close by year-end.

Southern Pine Plantations sells 46,000+ acres of timberland in AL, LA, and MS²¹

Southern Pine Plantations announced its previous sale of more than 46,000 acres of timberland in multiple transactions in 2017Q4. Terms were not disclosed. Sales included: 12,700 acres in Alabama, 21,345 acres in Louisiana, and 9,596 acres in Mississippi.

Conferences, Overview Studies, and Reports

New report asserts softwood lumber’s economic impacts²²

A new report by Forest Economic Advisors (FEA), commissioned by the Softwood Lumber Board (SLB), highlights the importance of softwood lumber manufacturing to the US economy and, in particular, the health of rural communities. Through both direct manufacture and via downstream industries that use softwood lumber as a primary input, FEA estimates that 775,674 jobs, with a total payroll of more than \$46 billion, are tied to the softwood lumber manufacturing industry.

There are currently 509 sawmills operating in 464 mostly rural communities across 32 states. Softwood lumber’s economic impact extends far beyond the direct sales, employment, and wages of the nation’s lumber mills. In many ways, mills formed microeconomic hubs that generated

substantial indirect and induced employment and wages, in the form of the goods and services mills purchased for their operations, and the goods, materials, and services workers bought using their incomes, including through investment in housing. Because most mills are in rural areas with limited alternative employment opportunities, these jobs are of particular importance to state and regional economies. When tabulating these, softwood lumber's total direct impact in 2016 was 208,107 jobs and \$11.35 billion in wages. Many would be surprised to learn that the softwood lumber industry employs more people than oil and gas extraction (181,430 jobs) or primary steel manufacturing (140,200 jobs).

FEA also assessed the economic impacts of seven downstream industries that rely heavily on lumber as a primary input in their operations, including the manufacture of trusses, windows, doors, millwork, wood containers, and pallets; wood preservation; wood remanufacturing; and the lumber wholesale trade. Together these industries accounted for 567,567 indirect & induced jobs, with annual wages of \$34.93 billion.

Background Reading

NCREIF Timberland Index returns 0.60 percent for 2017Q3, down from 2017Q2 and 2016Q3²³

The National Council of Real Estate Investment Fiduciaries (NCREIF) has released 2017Q3 results of the NCREIF Timberland Index. The index returned 0.60 percent for 2017Q3, down from 0.70 percent in 2017Q2 and 0.67 percent in 2016Q3. The EBITDA return, at 0.74 percent, was up from to 0.62 percent in 2017Q2 and 0.68 percent a year ago. After three quarters of slight appreciation, timberland experienced depreciation of 0.15 percent in 2017Q3. For the trailing year, the annual total return was 3.28 percent, unchanged from the year ending 2016Q3. The annual total return was comprised of a 2.70 percent EBITDA return and 0.56 percent appreciation.

The Lake States led regional returns in 2017Q3 with a 1.02 percent total return as the only region experiencing appreciation for the quarter. The Northwest and South had slight depreciation for positive total returns of 0.90 percent and 0.63 percent, respectively. The Northeast had a negative total return with 2.15 percent depreciation and a 0.70 percent EBITDA return.

Timberland market value per acre, at \$1,796 in 2017Q3, has remained close to \$1,800 per acre over the past three years, although trends vary by region. Northwest values continued to rise over the quarter and the year, to \$2,809 per acre in 2017Q3. The Northeast, meanwhile, saw values decline, to \$996 per acre, from \$1,181 last quarter and \$1,243 a year ago. The Lake States and South had steady values per acre over the quarter.

Student loan debt delays homeownership by seven years²⁴

The \$1.4 trillion of student loan debt carried by Americans is a drag on the economy in numerous ways. A recent study by the National Association of Realtors and the nonprofit America Student Assistance agency found that student loan debt is delaying homeownership for millennials. The median expected delay is seven years and 84 percent expect to postpone homeownership for at least three years.

Millennials include the age range when people typically marry, have children and buy a house, yet this study found that the burden of student loans is driving them to delay financial and personal decisions that could have a long-term impact on their wealth building and personal happiness.

The student loan debt report found that only 20 percent of millennials currently own a home. Millennials are typically carrying a student debt load of \$41,200, which is more than their annual income of \$38,800. The millennials in the survey who don't own a home said that their student loan debt impacted their ability to buy a home. The median expected delay is seven years and 84 percent expect to postpone homeownership for at least three years.



Student loan debt impacts millennials' ability to save for a down payment and makes them less financially secure. Most lenders want borrowers to have a maximum debt-to-income ratio of 42 percent, which compares your minimum payment on all debt and with your gross monthly income. Student loan payments can negatively impact that ratio.

The survey found that 86 percent of millennials have made sacrifices in their career, such as taking a second job, staying in a job that made them unhappy or taking a job outside their field to make their student loan debt sustainable. More than half have delayed continuing their education and starting a family and 41 percent are delaying marriage because of their debt. In addition, 61 percent of those surveyed said they had been unable to make a contribution to their retirement.

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