

# News Release

## **U.S. Moulding Market** Looking for Better Results in 2010

**FOR IMMEDIATE RELEASE**

**December 16, 2009**

**Vancouver, BC** — International WOOD MARKETS Group announces the release of its latest strategic report, *U.S. Moulding Market Outlook 2010 – 2014*. This report has been based on WOOD MARKETS' 20 years of involvement in the clear pine lumber and moulding sectors and highlights many of the dramatic market shifts that have occurred in both Shop & Better clear lumber and mouldings – finger-joint, MDF, solid lineal, plastic – since its 2008 Clearwood (Pine) Lumber & Moulding Report.

Total moulding consumption in 2009 is projected to drop by roughly 20% from 2008 due to the continued collapse in housing starts and residential remodeling. When 2007 and 2008 consumption declines are added to 2009, the total consumption decrease is about 50% less than the peak volume achieved in 2006. “Despite the dramatic number of domestic and offshore plant closures and curtailments in recent years, moulding producers simply could not reduce their capacity fast enough to prevent prices from falling to below break-even for extended periods in 2008/2009,” explained Vice President, Peter Butzelaar, the principal report author. “With U.S. producers having absorbed significant consolidation prior to 2007, most of the recent capacity reductions have fallen on the shoulders of offshore producers.” Since peaking in 2006 at 1.3 billion lineal meters, imports of softwood mouldings are projected to contract to 570 million lineal meters in 2009, a net reduction of 62%. “Due to 2009 currency exchange rates appreciating as much as 40% against the U.S. dollar combined with weaker U.S. prices, and, rising manufacturing and ocean freight costs, offshore producers have had to back away from the U.S. to pursue opportunities in Asia, Europe, and Latin America,” observed Mr. Butzelaar.

Looking out to 2010 to 2014, the fifth edition of the *U.S. Moulding Market Outlook Report* calls for housing starts and repair and remodeling usage to show slow but steady growth. For 2010, the recovery should translate into a modest 5% increase in total moulding demand but a 10% increase in the average annual price of finger-joint mouldings. Given that the majority of imported softwood mouldings are finger-joint, and since finger-joint moulding consumption is linked closely to usage by new home builders, the WOOD MARKETS forecast anticipates that offshore producers will enjoy rebounding volumes and price gains as the recovery in the housing market takes hold.

“However, due to the reluctance of companies to risk cash flow on replenishing depleted inventories, we are predicting periodic supply chain shortages and unusually erratic price spikes in 2010,” commented Butzelaar. “Moving out to 2011 and beyond, our forecast assumes that moulding demand and prices will move even higher as the U.S. economy and housing market starts to accelerate into full gear.”

From a strategic perspective, market-share battles are predicted to be intense, with domestic producers benefiting from their timely delivery capability and offshore producers competing on their advantage in scale/integration back to the forest. Market share battles between consumer-

friendly MDF and builder-loyalty towards finger-joint will also create interesting dynamics and strategic implications for channel players. As well, an emerging trend towards factory pre-finishing versus factory primed is only just beginning to play out. In such dynamic times, those with an accurate vision of what to expect from their competition and from the consumer will have the greatest potential to capitalize on the emerging opportunities. The information in our *U.S. Moulding Market Outlook Report* is produced in an *Executive Summary Format and is* intended to provide subscribers with an independent, third party perspective on what to watch for and what to expect in moulding supply, demand and prices over the next five years as the market moves back into a growth phase. A full brochure and table of contents can be found at [http://www.woodmarkets.com/p\\_clearwoodreport.html](http://www.woodmarkets.com/p_clearwoodreport.html)

### **About WOOD MARKETS**

International WOOD MARKETS Group Inc. ([www.woodmarkets.com](http://www.woodmarkets.com)) provides leading market information and consulting services to the global wood products industry, specializing in wood products research, analysis, and business and corporate strategies. Its consultants provide research, analysis, forecasts, due diligence, operational assessments, strategic direction and guidance to the world's top moulding and millwork companies. They travel to major producing and consuming countries to provide comprehensive, real-world perspectives based on current trends, issues and developments.

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