

NO TWO ALIKE

by Andy Sabula

An old sawmiller once told me, “Trees are like people, no two of them alike.” If you’ve spent any time contemplating the finer points of woodworking, you know how very true that statement is. When you are dealing with a product of nature, inconsistencies are the norm; that’s the way they were designed. These inconsistencies contribute to the natural beauty of wood, yet may also cause consternation for those who try to utilize them.

The same can be said for current lumber market conditions. A close look reveals a complicated picture of a relatively unregulated, non-subsidized agricultural market. As I travel around the far flung corners of the state, and talk with major and minor players in Ohio’s wood utilizing industries, the only thing that I find consistent is conflicting information – for every down market there is an up market, winners and losers. I’ve been in the wood business for my entire career, nearly 25 years, and it’s always been that way. The main reason for this is the wide variety of markets that Ohio has developed over the years. For example, we have paper plants, lumber mills, pallet mills, and veneer mills, as well as related import/export companies. We also have a wide variety of secondary manufacturing that ranges from kitchen cabinets to furniture and roof trusses that utilize wood.

This integrated manufacturing attracts a healthy demand for wood residues as well. Wood residue from the manufacturing process is used by Ohio companies for everything from roofing shingles to boiler fuel, wood pellets, composite lumber, bricks, animal bedding, and silicon metal. Nothing is wasted in the wood business. A recent timber products output study by the US Forest Service reflects these multiple market demands by indicating that round wood consumption in Ohio has fared much better than other states in the region. However, a recent downturn in lumber production has reduced the available residue stream. Couple this with increased demand due to high energy costs and global warming concerns, and you have a recipe for higher prices that help some and hurt others.

Make no mistake, lumber market conditions are very tough. The skyrocketing cost of diesel fuel has sidelined semis and cargo ships alike, and put more than one company on the edge of failure. State and federal quarantines complicate and confuse the market with paperwork and liability concerns. The social and environmental costs of manufacturing logs and lumber stings even the most frugal minded business owner. Raw material costs have gone beyond the elastic and can no longer be passed along.

Because wood is a basic raw material that has a tremendous number of uses, its market is very dynamic and subject to a variety of influences. For every circumstance or economic condition that presents itself, there is a market reaction that is bad for some and not so bad for others. Consider the following scenarios:

- The weak dollar and strong yen tend to support exports of US goods into Asian markets. As a result, shipping containers are in extremely short supply, hurting lumber exporters who must compete with preferred higher value goods like electronics. However, these and all other goods are shipped on wooden pallets, and since Ohio is the second largest pallet producer in the nation, demand for low-grade logs and lumber is in better shape than some other market segments.
- Decreased grade lumber demand, combined with wet weather and the scarcity of loggers, has greatly reduced log production. This has decreased the supply of veneer, grade and low-grade logs alike, thereby increasing their values, benefiting some markets and hurting others.
- Market demands from the spirits industry are strongest for white oak barrel staves during periods of economic downturns and reduced employment opportunities – what’s bad news for some people is good news to others.
- Because of the high efficiency of shipping by rail, high fuel costs have benefited the railroads. Recent reports indicate that 34 billion tons of commodities like coal, grain, chemicals and scrap iron destined for offshore markets are being handled every week. What’s hurting the trucking companies is helping the railroads. This high traffic volume compels the rail companies to replace cross ties and bridge timbers to the tune of 350 million board feet every year in order to maintain safety levels. This has motivated some mills to go where the money is and switch production to meet the demand.

I could go on, but the point is that Ohio is blessed with a wide variety of forest products markets. Wood is a renewable resource that has survived the swings of the global economy and continues to supply industry with what it needs to generate paychecks and taxes. This should motivate us to take stock in what we have and nurture our opulent forests as well as our abundant markets.