

LUMBER & PLYWOOD PRICES CONTINUE TO RAGE

To say that 2020 has been unpredictable would be a serious understatement. The COVID-19 situation has made a volatile lumber and plywood market even more unpredictable. Here's what has transpired in the last few months:

After the initial sudden decrease in demand due to COVID-19 restrictions, commodity lumber and panel prices stalled into early April. Producers reacted by cutting production in volumes never before seen. These production cuts led to a supply-demand imbalance that has sent lumber and panel markets skyrocketing. Demand has far outpaced production and mills do not seem able to bring volume back to market fast enough, even at the current very high price levels.

It appears that personal travel and vacation budgets have been redirected to home improvements. Millions of North Americans have unexpectedly inundated the box stores and contractor yards with requests for lumber to build decks, fences, additions, and other renovation projects.

The markets are so strong and demand so high that we are seeing the situation reflected not only in the usual industry publications, but also in mainstream media:

BNN Bloomberg: [Canadian lumber price surge driving building prices in the U.S.](#)

Wall Street Journal: [America Is on a Lumber Binge](#)

LBM Journal: [Dealers navigate treated lumber shortage](#)

CTV: [Decks become the new hot pandemic project, creating a run on lumber](#)

MarketWatch: [Why lumber prices defied pandemic-related pressure to score a nearly 60% quarterly gain](#)

CBC: [Lumber shortage raises big issues for construction industry](#)

BNN Bloomberg: [Lockdown Renovation Boom Sends Canadian Lumber Stocks Surging](#)

NPR: [Stay-At-Home Improvement: DIY Builders Help Drive Up Lumber Prices](#)

The MR Report: [Lumber Prices Record Largest Price Gain in Two Years](#)

Wall Street Journal: [Lumber Prices Rebound From Coronavirus Decline](#)

Madison's Lumber Reporter: [DIMENSION SOFTWOOD LUMBER PRICES BIG RISE, FOLLOWING PLYWOOD LAST WEEK](#)

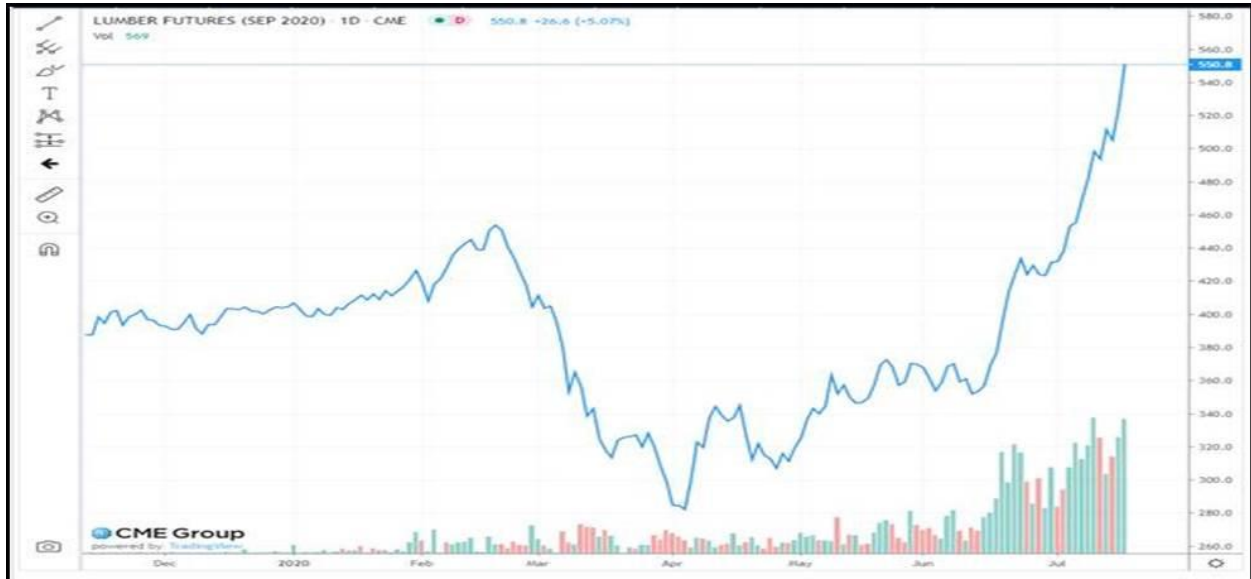
The following market influences still remain at play:

- Curtailments in lumber and plywood production in major western Canadian producing regions due to timber availability and labour constraints
- Annual summer sawmill maintenance shutdowns are going ahead as planned
- OSB production has been greatly reduced and demand is extremely strong
- Low inventory levels throughout the distribution pipeline have created a very strong weekly demand profile
- Labour continues to be a big problem for forest products producers and transportation companies, more so while the COVID-19 situation remains unresolved and many US states threaten to go back into lockdown
- Transportation issues, a huge factor in the historic 2018 market run, may serve to tighten supply even at the current reduced volumes
- The threat of an abnormally aggressive fire season in many timber harvesting regions may impact lumber and plywood prices upward ([How climate change is affecting wildfires around the world](#))
- Poor weather for hardwood harvesting in eastern Canada and the Great Lakes states has resulted in firm pricing for hardwood cants
- Recent U.S. Department of Commerce announcements outlining a dramatic reduction in duty rates on softwood lumber exports to the U.S. will most likely serve to increase Canadian lumber prices relative to US pricing
- Sustained high rise development and infrastructure spending predict solid demand for forming plywood and associated products
- Despite initial extreme unemployment levels and a drop in US housing start numbers early in the pandemic, both statistics have seen a dramatic resurgence

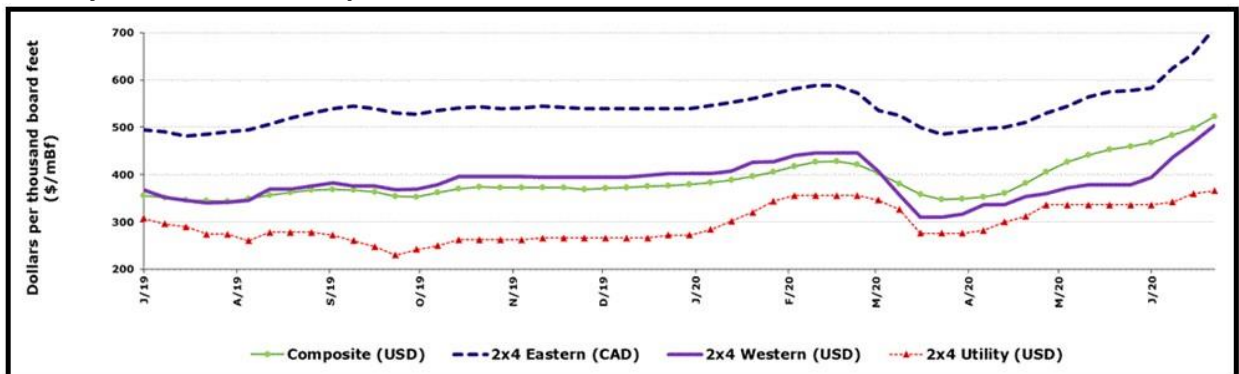
While every market eventually peaks, this one shows no signs of abating.

See charts below for recent history.

CME Lumber Futures

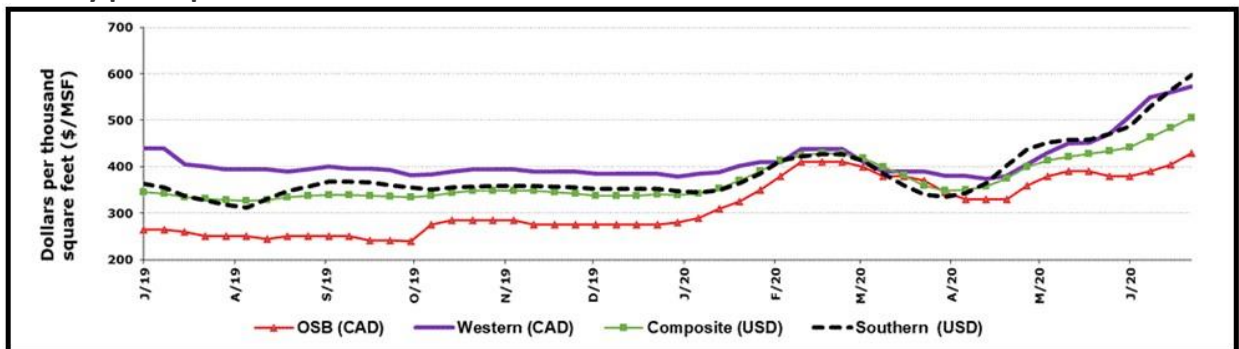


Weekly softwood lumber prices in North America



Sources: 1) Random Lengths, used with publisher's permission
2) Madison's Lumber Reporter, used with permission granted by the publisher

Weekly panel prices in North America



Sources: 1) Random Lengths, used with publisher's permission
2) Madison's Lumber Reporter, used with permission granted by the publisher

WESTON FOREST COVID-19 RESPONSE

At Weston Forest, we believe that results matter, but people matter more.

Our focus since the beginning of the COVID-19 situation has been keeping our people safe, and continuing to safely provide our customers with essential materials for their business. We have taken several steps to ensure these priorities as far back as late February, when we first purchased hand sanitizing stations for the entire office.

To give you the confidence that your business is in good hands when you do business with us, here is a partial list of steps we have taken and protocols we have put in place to stay ahead of the situation. We have referenced CDC or Government of Canada guidelines wherever applicable along the way. In order of newest first:

- We have instituted a new mask policy, requiring everyone at our physical locations to properly wear a non-surgical mask in any common areas
- There is an Onsite COVID-19 Protocol document that every employee must read, acknowledge, and sign before returning back to the office. We have had this in place for guests since March, and realized that it was also necessary for our own people returning from a long stretch of working from home
- Now that travel restrictions are relaxing, we continue to require that anyone travelling through an airport must stay away from the office for two weeks upon their return
- We have built a permanent mail slot in our shipping area to further separate guests and drivers from our Operations team, affording a higher level of protection for everyone
- Reinforced physical distancing by rerouting high-traffic areas and removing chairs in lunchrooms and common areas
- Contracted ServiceMaster to treat many of our common areas with an antimicrobial coating called Aegis Microbe Shield. This product protects high traffic environments from the spread of viruses like the flu, cold and Coronavirus for up to six months. We have treated all of our forklifts and common areas including all bathrooms and both lunchrooms, fridges, microwaves, all entrance handles, shipping admin, and all door handles.
- Changed our delivery procedures to touchless: no signature required

- Closed all front entrances to guests, couriers, and drivers, redirecting them to a central shipping entrance
- Changed employee entrance to 3 separate, less congested areas to facilitate distancing
- Set up new document drop zones for each department, minimizing contact between people for necessary paperwork and preventing mingling between departments
- Set up external in-trays for every person with an office to prevent people from having to enter
- Mandated work-from-home for anyone that could: reduced office presence by more than 85%
- Ended all in-person customer and supplier visits
- Initiated widespread use of videoconferencing in place of physical meetings
- Reiterated all hygiene and distancing initiatives daily in Operations, and regularly throughout the company
- Modified customer pickup procedure to minimize contact
- Minimized all nonessential contact between everyone at Weston Forest:
 - Email, text or videoconference in place of in-person meetings
 - Split shifts and split breaks within shifts
 - Implemented all communications to Operations from other departments through a central Operations coordinator
- Suspended all business travel to conferences and meetings
- Issued 14-day self-quarantine directive if any immediate family member has had any travel through an airport
- Issued 14-day self-quarantine directive after any travel through an airport, referencing available Government of Canada resources
- Issued directives to seek medical attention immediately when not feeling well
- Issued directives to avoid unnecessary travel, and monitor health for 14 days after return
- Issued directives regarding personal hygiene, hand washing, and disinfecting workspaces, referencing available Government of Canada and CDC resources
- Ordered disinfectant wipes for office and Operations areas, including forklifts
- Ordered hand sanitizing stations for every entrance and high traffic area, including lunchrooms and washrooms

COLOUR ME PLAID

At Weston Forest, we strongly believe that this is more than just a place to work.

Starting in 2015, the Plaid for Dad initiative has sought to build awareness and fund research behind prostate cancer. With 1 in 9 men being affected by this disease, the Plaid for Dad campaign has been able to garner the support of various organizations and individuals in a fun, competitive atmosphere. The concept is simple: register your organization on the Friday before Father's Day, followed by sharing pictures of donors wearing plaid and posting it on social media with #PlaidforDad.

On the Plaid for Dad website, top workplace donors can track their progress and standings in relation to others. At the beginning of our fundraising campaign, we were in 96th place. In a matter of only hours we shot up to Top 53 Workplaces. By the end of our campaign and thanks to all of our generous donors, we were able to more than double our fundraising goal and finish in the Top 30 Workplaces. Again, this would not be possible without the support of our donors. Despite some of the difficulties encountered as a result of COVID-19, we were moved to see the immense amount of support for this worthwhile initiative.

To see our Plaid for Dad posts, please follow us on social media:

Instagram: [@weston_forest](https://www.instagram.com/weston_forest)

Facebook: [@WestonForest](https://www.facebook.com/WestonForest)

LinkedIn: [Weston Forest](https://www.linkedin.com/company/Weston-Forest)

WESTON FOREST: YOU'LL LOVE DOING BUSINESS WITH US