Log prices expected to stabilize, experts say

By MATEUSZ PERKOWSKI
Capital Press

VANCOUVER, Wash. — Log markets probably won't fluctuate as wildly in 2020 as during the past few years, but the Northwest timber industry can expect political volatility, experts say.

The average price for Douglas fir sawmill logs shot up from roughly $650 per thousand board-feet in early 2017 to $850 per thousand board-feet in early 2018.

After maintaining that level for more than half a year, the average price plunged below $650 per thousand board-feet by the summer of 2019 and has since risen slightly, according to the Fastmarkets RISI market intelligence firm.

"We know what goes up must come down," said Steve Courtney, director of solid wood procurement at Roseburg Forest Products. "Remember how good it was, because the hangover has been hell."

Log prices were depressed in 2019 due to lower demand for lumber from lagging housing starts and poor weather during the building season, he said at the Western Forestry and Conservation Association's Jan. 23 "Mapping the Course" conference in Vancouver, Wash.

Colin Murphey/EO Media Group

A heavy equipment operator moves logs for Astoria Forest Products at the Port of Astoria.

Uncertainty about rising interest rates and the fears of a looming recession also likely contributed to gloomy markets last year, Courtney said.

Housing construction is expected to strengthen in 2020 but there's an increased supply of logs from the Southern U.S. and log exports across the Pacific Ocean are expected to be subdued, he said.

"Overall, I think 2020 will be more positive than 2019, but you never know," Courtney said, adding that turbulence in trade, labor, domestic politics and foreign relations will probably have an uncertain influence.

U.S. housing starts only increased by about 1% in 2019, but the building industry expects them to rise by about 4% in 2020 and 2% in 2021, according to Hamir Patel, an analyst at the Canadian Imperial Bank of Commerce. To compare, housing starts grew by about 3% in 2017 and in 2018.

For sawmills, the decline in lumber prices has eaten deeply into profits, forcing them to cut shifts and production, said Hakan Ekstrom, principal of the Wood Resources International consulting firm.

"We've seen some dramatic reductions in prices over the last 18 months," he said. "For many sawmills, it's too low to run. Things have changed a lot."

Tim Newkirk recognized as Nut Grower of the Year

Farmer considered one of the youngest recipients of prestigious award

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CORVALLIS, Ore. — Winners of the Nut Grower of the Year award tend to be "well-seasoned," which isn't surprising since award recognizes years of dedication to the hazelnut industry.

At 43 years old, Tim Newkirk of Canby, Ore., is considered one of the youngest farmers to win the prestigious title from the Nut Growers Society of Oregon, Washington and British Columbia.

Tim Newkirk

"It typically takes a lifetime of work to achieve this award," said Sean Denfeld, general manager of the Denfeld Packing company near Hillsboro, Ore.

Despite his relative youth, Newkirk has performed a vital role in educating new growers about hazelnut varieties, suitable pollinizers, tree spacing and irrigation methods since the planting boom began more than a decade ago, Denfeld said during the Jan. 16 annual winter meeting of the Nut Growers Society in Corvallis, Ore.

As the hazelnut industry has grown, Newkirk has become "arguably one of the most sought-after resources for advice" among other farmers, Denfeld said.

In accepting the award, Newkirk said he considered it a major honor in light of the achievements of past recipients.

"It's hard for me to even think of being in this realm with them," Newkirk said.

Newkirk currently sits on the board of the Oregon Hazelnut Commission, which steers industry research and promotion, and served on the board of the Nut Growers Society between 2008 and 2012, including a stint as its president in 2010.

Aside from sitting on "countless other sub-committees, steering committees and ad hoc groups," Newkirk is also a participant in the Hazelnut Stewardship Project, which aims to measure and improve the industry's environmental performance, Denfeld said.

He's also the former CEO of Willamette Hazelnut Growers, a packing company in Newberg, Ore., and his family has been involved in Oregon State University's hazelnut breeding program.

"I love the life I live, and I wish more people could live it," Newkirk said.

Hazelnut impacts from China deal remain murky

While agreement is generally positive, specifics are unclear

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Hazelnuts are harvested in an orchard near Salem, Ore. The specific impacts of a trade deal between the U.S. and China remain unclear for Oregon's hazelnut industry, though the outlook is positive.

CORVALLIS, Ore. — While Oregon's hazelnut industry stands to gain from the first phase of the Trump administration's trade deal with China, the specifics remain shrouded in mystery.

China's agreement to buy more agricultural goods from the U.S. amounts to a "purchase agreement" but it's unclear exactly how that increase will be achieved, said Larry George, president of the George Packing Co., a major packer.

"We have to figure out how to talk to the Chinese government about how to get them to waive tariffs or do some kind of direct purchase," George said. "We're not sure exactly how it will work."

Under "phase one" of the two-stage agreement, China has committed to increasing its purchases of U.S. farm products by $12.5 billion in 2020 and $19.5 billion in 2021 above a baseline amount established in 2017.

According to USDA, the U.S. shipped nearly $19.5 billion worth of agricultural products to China that year. In the wake of the trade dispute between the two countries, U.S. farm exports to China dropped by more than $10 billion in 2018.

For the hazelnut industry, tariffs rose from 25% on in-shell nuts and 10% for shelled nuts to 65% and 50%, respectively.

While the trade deal has established minimum purchase amounts, it doesn't actually state that tariffs on U.S. hazelnuts or any other farm products will be reduced, George said at the Jan. 16 Nut Growers Society winter meeting in Corvallis, Ore. "None of the big commodity groups got their tariffs lowered by the Chinese."

It's possible that hazelnuts and other agricultural commodities will have to apply for tariff waivers or that purchases of these crops will be subsidized by direct purchases from the Chinese government, he said.

At the moment, it's unknown whether the process will last a couple months or a couple years, George said. "The question is how we get the attention of the Chinese government."

Even so, the USDA, the U.S. Trade Representative and the U.S. State Department have all been highly supportive of the hazelnut industry in recent trade negotiations, George said.

An upside of the trade tensions is that Oregon's hazelnut producers have opened the door for shipping their crops directly to China, rather than first funneling them through Hong Kong or Vietnam as part of a "gray market" to avoid tariffs, he said.

Aside from progress in China, the hazelnut industry will see tariffs drop to zero under a recent trade deal with Japan, and U.S. government agencies expect to negotiate with India's government to eliminate its tariffs on the crop as well, George said. "We need to engage them on a regular basis and we're seeing real progress."

Despite the recent trade turbulence, prices for Oregon hazelnuts have improved after taking a steep plunge in 2018.

The initial field price set at the end of summer in 2019 rose to 83 cents per pound, up from 62 cents the previous year. Since then, the field prices have risen by 7 to 35 cents per pound, depending on the variety of hazelnut.

The market was particularly tough in 2018 because the value of Turkish currency had plunged against the U.S. dollar, allowing hazelnut producers in that country to outcompete Oregon growers, said Terry Ross, executive director of the Hazelnut Growers Bargaining Association.

"This by itself was enough to devastate our market," he said.

Before the 2019 harvest, however, the global inventory of leftover hazelnuts was low, which has contributed to healthier prices, he said.

Turkey's crop also doesn't appear to be as large as expected and sales have been brisk thanks to growing demand, Ross said. "The price kept ticking up."

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TRUSTEE'S NOTICE OF SALE Loan No: 286394 T.S. No.: NR-51579-OR Reference is made to that certain deed made by, BRIAN J NEWRONES AND AMY L. NEWRONES, AS TENANTS BY THE ENTIRETY as Grantor to AMERITITLE, as trustee, in favor of MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC "MERS" SOLELY AS NOMINEE FOR EQUITY ONE, INC., ITS SUCCESSORS AND/OR ASSIGNS, as Beneficiary, dated 3/26/2003, recorded 3/21/2003, in official records of Marion County, Oregon in book/reel/volume No. 2095 at page No. 309, fee/file/instrument/microfile/reception No. XX (indicated which), covering the following described real property situated in said County and State, to-wit: APN: R63582 Lot 46, WATERFORD ADDITION,, City of Keizer, Marion County, Oregon. Property Commonly known as: 1376 Wisdom Avenue Northeast Salem, OR 97303 Both the beneficiary and the trustee have elected to sell the said real property to satisfy the obligations secured by said trust deed and notice has been recorded pursuant to Section 86.735(3) of Oregon Revised Statutes: the default for which the foreclosure is made is the grantor's: The balance of principal and interest which became due on 4/1/2018, along with late charges, foreclosure fees and costs any legal fees or advances that have become due. Monthly Payment $1,168.08 By this reason of said default the beneficiary has declared all obligations secured by said deed of trust immediately due and payable, said sums being the following, to-wit: The sum of $124,841.38 together with interest thereon at the rate of 7.25 % per annum from 9/1/2011 until paid; plus all accrued late charges thereon; and all trustee's fees, foreclosure costs and any sums advanced by the beneficiary pursuant to the terms of said deed of trust. Whereof, notice hereby is given that Darren J. Devlin, Esq., the undersigned trustee will on 2/24/2020 at the hour of 10:00 AM, Standard of Time, as established by section 187.110, Oregon Revised Statues, at AT THE HIGH STREET ENTRANCE TO MARION COUNTY COURTHOUSE 100 HIGH STREET NE, SALEM,OREGON County of Marion, State of Oregon, sell at public auction to the highest bidder for cash the interest in the said described real property which the grantor had or had power to convey at the time of the execution by him of the said trust deed, together with any interest which the grantor or his successors in interest acquired after the execution of said trust deed, to satisfy the foregoing obligations thereby secured and the costs and expenses of sale, including a reasonable charge by the trustee. Notice is further given that any person named in Section 86.753 of Oregon Revised Statutes has the right to have the foreclosure proceeding dismissed and the trust deed reinstated by payment to the beneficiary of the entire amount then due (other than such portion of said principal as would not then be due had no default occurred), together with the costs, trustee's and attorney's fees and curing any other default complained of in the Notice of Default by tendering the performance required under the obligation or trust deed, at any time prior to five days before the date last set for sale. TRUSTEE'S NOTICE OF SALE In construing this notice, the masculine gender includes the feminine and the neuter, the singular includes plural, the word "grantor" includes any successor in interest to the grantor as well as any other persons owing an obligation, the performance of which is secured by said trust deed, the words "trustee" and 'beneficiary" include their respective successors in interest, if any. Without limiting the trustee's disclaimer of representation or warranties, Oregon law requires the trustee to state in this notice that some residential property sold at a trustee's sale may have been used in manufacturing methamphetamines, the chemical components of which are known to be toxic. Prospective purchasers of residential property should be aware of this potential danger before deciding to place a bid for this property at the trustee's sale. Darren J. Devlin, Esq 5677 Oberlin Drive Suite 210 San Diego, CA by Darren J. Devlin (IFS# 17905, 01/08/20, 01/15/20, 01/22/20, 01/29/20)

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