UTAH LUMBER

Sawdust Signals

A practical field read for lumber buyers, sellers, manufacturers and distributors

CLEAR INFORMATION. STRONG RELATIONSHIPS. TRUSTED INSIGHT.

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THE COUNTER CULTURE EDITION

After months of "take it or leave it," buyers are back to naming numbers.

THE BOTTOM LINE

After nearly ten months of a consistently "strong like bull" lumber market - dating back to Halloween 2025 - the counteroffer has officially returned from the endangered-species list. All eight Utah Lumber averages moved lower again, with HF/DF Dimension and KD Studs each losing another $30/m this week.

Cash weakness is still real in common dimension, studs, low grade and prompt 2-inch wood. Big counters are getting attention again. But underneath the clearance rack, September futures twice held $560 and settled Monday August 24 at $574.50, while the forward curve remains flat-to-higher.

That is not a bottom call. Keep pressing inventory that has to move - but do not confuse three good weeks of waiting with a law of physics.

MARKET DIRECTION	Cash still lower, but momentum is separating by item and futures are no longer confirming new lows....at least for now.
MAIN DRIVER	Conservative demand, visible prompt inventory and mills rediscovering the ancient art of accepting counters.
DEMAND QUALITY	Need-based. Buyers are replacing sales and plugging holes, not broadly extending positions.
BEST BUY OPPORTUNITY	2x4 RL SPF #2, 2x4-9 studs, low grade / economy, SYP #2 narrows and prompt Green DF 2x4/2x6 RL
MARKET CAUTION (TIGHT SUPPLY)	MSR & SS, fingerjoint studs, selected KDDF wides and scarce 4-inch Green DF still demand replacement discipline.

Prepared by Utah Lumber Co. | Lead Market Commentary: Tyrone Konecny, President

Utah Lumber Market Averages

Indicator	4 Weeks Ago	2 Weeks Ago	1 Week Ago	Current	4 Week	1 Week
2x4 & 2x6 HF/DF Dimension	615	595	570	540	-75	-30
KD Studs	575	565	540	510	-65	-30
low grade	400	375	345	330	-70	-15
Green Doug Fir Studs & Dimension	615	580	560	540	-75	-20
WSPF	530	510	495	480	-50	-15
ESPF	610	595	580	565	-45	-15
Euro	650	635	620	610	-40	-10
SYP	480	455	435	420	-60	-15

Price averages are Utah Lumber market inputs for directional context. Actual pricing varies by size, grade, tally, shipment timing, freight and availability.

Market Overview

There is still no ambiguity in the direction of the Utah Lumber averages: all eight tracked categories moved lower again. The eight-category average is now about $499/m, down roughly $19/m in one week and $60/m over four weeks.

The broad commodity market remains unsettled. Studs took some of the hardest Mike Tyson uppercut counters last week and 2x4 through 2x12 #2&Btr dimension across all species struggled for attention and may be next to aggressively find a clearing level.

Low grade - especially 2x4 & 2x6 economy products in both green and dry - were relentlessly waterboarded into submission.

The separation matters. MSR remains tight and selected items held or improved, while 4-inch Green Douglas Fir continues to push toward yearly highs. Incoming Euro inventory adds another near-term pressure point for common spruce items.

Market factor	What it means now	Buyer response
Overall tone	Cash is still correcting broadly, but the rate of decline is becoming less uniform.	Reset common-item bids, but do not drag protected items down by association.
Demand	Replenishment remains conservative and need-based.	Buy orders and inventory holes, not a broad market opinion.
Producer posture	Big counters are back - especially where studs, 2x4 or prompt stock are visible. Pride is now a negotiable item.	Put real volume behind the bid and make the seller decide.
Incoming inventory	Euro booked during the June/July squeeze is beginning to arrive into a weaker cash market.	Watch port and reload availability over the next 30-45 days.
Protected supply	MSR, selected structural items and scarce 4-inch Green DF remain on a different path.	Price actual replacement risk rather than the species headline.
Logistics	Some lanes are easier, but freight, fuel and timing remain a market-wide headache.	Judge delivered replacement before celebrating an FOB bargain.
Futures	The board held $560 while cash kept falling.	Treat futures as a warning against assuming downside is automatic.
Positioning	Managed Money added heavily to shorts again.	Respect bearish momentum - and the risk created by a crowded side.

TRADER TRANSLATION: "Take it or leave it" has officially been replaced by "Ok... what would you pay?"

From the Trading Floor

THE COUNTEROFFER HAS RETURNED FROM EXTINCTION.

After ten months of a market flexing like it owned the weight room, the change is less about one ugly print and more about how the phone calls sound. A month ago, a hard counter could earn a dial tone. Now it is more likely to get, "Let me talk to the floor and get right back to you."

That shift matters, but it is not universal permission to swing low at everything. Commodity 2-inch is doing most of the bleeding, while MSR stays tight and 4-inch Green Douglas Fir continues to act like it was invited to a completely different market.

The trade now is separating sellers who need to move wood from items that still have real replacement risk. Make the counter where inventory is visible. Pay attention when the seller says yes. Counter culture is back; universal capitulation is not.

THE INVENTORY WAVE

Euro inventory bought during the June/July squeeze is beginning to hit. On-ground supply was extremely lean when much of that wood was booked; now higher-priced cargo is arriving into a much softer market. The next 30-45 days matter.

THE MARKET COMPASS

The market is not giving one signal. It is giving a stack of them. Commodity weakness, protected structural supply and a futures board refusing new lows all belong in the same read.

Fast Field Read

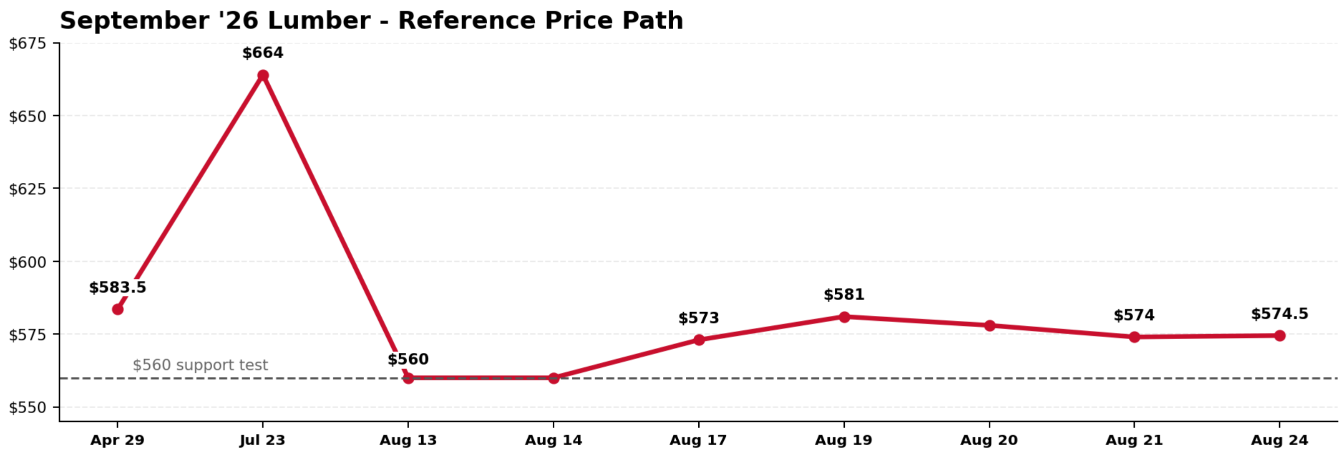
- 2x4 RL across species remains one of the cleanest places to make a serious volume bid, especially in W-SPF, which is being heavily weighed down by the discount in September futures.
- 2x4-9 studs are still under pressure; fingerjointed studs remain distinctly better supported.
- Low grade / economy is still searching for clearing levels - especially green and dry economy.
- MSR remains tight enough that commodity weakness should not be used as its replacement guide.
- 4-inch Green DF remains the market rebel: tight, expensive and apparently unimpressed by the correction.
- Watch Euro arrivals over the next 30-45 days; incoming inventory can change the leverage quickly.
- Freight has eased in some lanes, but a cheap FOB without a workable truck is still just a pretty number.

Futures: Cash Keeps Falling. Futures Don't.

$560 SURVIVED THE FIRST TEST

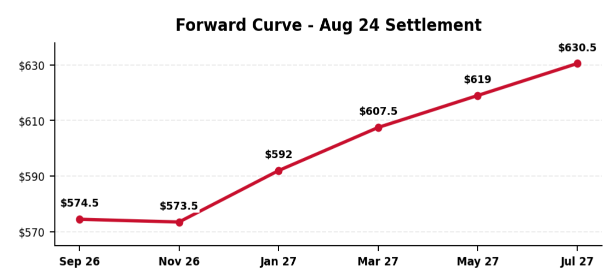
September lumber printed an intraday low of $560 on both August 13 and 14. Since then it has refused to make another low, traded as high as $581 on August 19, and settled Monday August 24 at $574.50. Meanwhile, the Utah Lumber cash averages fell again across all eight categories.

Translation: cash keeps walking downstairs, but the board has stopped following it into the basement. That does not prove the low is in - "I will buy it cheaper next week" is no longer a free assumption on the futures board.



WHAT CHANGED?

Cash kept moving lower, but September spent the past seven sessions above the contract lows and settled Monday at $574.50. That is the first real divergence of this correction. The market can still retest $560 - but bears now need the board to confirm them again.



The forward curve is also sending a different message than the panic phase: September settled $574.50 and November $573.50 on August 24, while January through July 2027 were progressively higher. That is not a bullish guarantee; it is a market structure that no longer rewards the idea that every later month must be cheaper.

Futures do not set cash prices. They do change how brave everyone feels when naming a number.

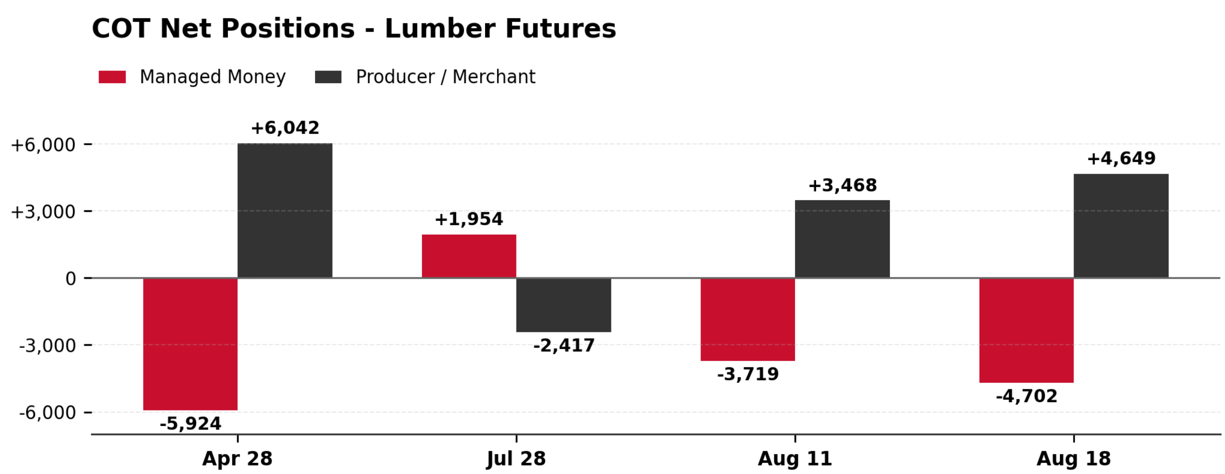
Public futures references: CME lumber contract data via public historical/contract quotes. August 24 settlement: September $574.50; November $573.50; January 2027 $592.00; March $607.50; May $619.00; July $630.50. Intraday contract low: $560 on August 13 and 14.

COT: The Short Side Gets Even More Crowded

LAST WEEK WE EXPLAINED THE PLAYERS. THIS WEEK THE BEARISH SIDE BROUGHT MORE FRIENDS.

The August 18 COT snapshot shows Managed Money with just **379 longs against 5,081 shorts** - a net **-4,702**. Producer/Merchant participants moved further the other way, to a net **+4,649**. Open interest rose to **9,260 contracts**.

COT snapshot	Managed Money net	Producer / Merchant net	What was happening
Apr 28	-5,924	+6,042	Funds heavily short as the spring rally was beginning.
Jul 28	+1,954	-2,417	Funds reached their most bullish point in this sequence just after futures peaked.
Aug 11	-3,719	+3,468	Both groups reversed dramatically as futures collapsed.
Aug 18	-4,702	+4,649	Funds added shorts even as the board stopped making new lows.



What changed in one week?

Managed Money moved another **983 contracts more net short** from August 11 to August 18. Managed shorts increased by **1,089**, while longs rose only **106**. Open interest increased by **1,021 contracts**.

Why should a cash buyer care?

A crowded short is not a buy signal. But when shorts keep growing while price stops making new lows, the trade starts to look less like an empty highway and more like everybody heading for the same exit. Bearish can still work; comfort gets thinner.

The funds did not just stay bearish. They brought a bigger shovel. The board is still refusing to confirm another leg lower.

COT source: CFTC Disaggregated Commitments of Traders, futures only, lumber, snapshot August 18, 2026. COT reflects the broader lumber futures complex and participant classifications; it is not a directional forecast.

Housing Market Context

JULY NEW HOME SALES: 607K. NO DEMAND-SIDE RESCUE.

Census/HUD put July new home sales at 607K SAAR, down 10.5% from June's revised 678K and 6.3% from July 2025. New houses for sale rose to 488K, pushing months' supply to 9.6 from 8.5 in June.

The median sales price slipped to $393,800, down 2.3% from June and 0.9% year over year. Put beside July starts at 1.239M and single-family starts at 808K, housing did not show up wearing a cape for lumber this morning.

Builders still need wood, but the broad commodity market isn't getting a clean demand-side excuse to stop taking counters. Mortgage relief remains modest: Freddie Mac's Aug 20 survey put the 30-year fixed at 6.65%.

Housing indicator	Current read	Lumber market read
Housing starts	1.239M SAAR (-12.4%)	Clear near-term demand negative
Single-family starts	808K SAAR (-9.9%)	Core framing-demand signal softened
Building permits	1.443M SAAR (+5.0%)	Forward pipeline improved
Single-family permits	894K SAAR (+2.5%)	Forward single-family pipeline held up
New home sales	607K SAAR (-10.5% m/m)	488K for sale; 9.6 mos. supply; -6.3% y/y
30-year mortgage rate	6.65% (Aug 20)	Affordability remains restrictive

Utah Lumber Takes

Category	Utah Lumber Take
WSPF	2x4 remains the pressure point. Selected lengths are getting stretched enough to deserve a value check - but cheap is not the same thing as bottom.
ESPF / Euro	2x4 remains vulnerable, and incoming Euro inventory adds another competitive supply source over the next 30-45 days.
HF/DF - Coast/Inland	Interest is light across common #2&Btr dimension. Keep selected KDDF wides and structural items in their own market.
Green DF	Press prompt 2-inch. Keep 4-inch completely separate - it remains tight and continues to trade with real strength.
Southern Pine	Downside momentum is fading in some narrows, but prompt #2 inventory still deserves an aggressive volume bid.
Studs	Big counters remain the story, especially 2x4-9. Fingerjointed stock continues to rage uncontrollably.
low grade / economy	Still the market punching bag. Keep bids tied to exact prompt loads and expect the seller to need a reason to say yes.
MSR & SS	Treat as protected supply. Do not use commodity 2x4 weakness as the replacement guide.
Logistics	Some lanes have eased, but freight remains a major pain point. Confirm the truck and the delivered replacement before declaring victory.
Futures / COT	$560 held, cash kept falling, and September settled Monday at $574.50. Funds remain heavily short; respect bearish momentum without ignoring reversal risk.

What This Means for Buyers

COVER	BID	WAIT
Selected KDDF wides All MSR & SS Fingerjoint studs Scarce Green DF 4-inch Job-specific tallies with real replacement risk	2x4 & 2x6 HF/DF/SPF 2x4-9 studs Low Grade / Economy SYP #2 narrows Prompt Green DF 2-inch	Wait where a seller is still protecting common commodity wood with a July price. But waiting just because it worked for three weeks can become a habit right before it stops working.

This Week's Short List

- Keep short-expiration volume bids working on commodity 2x4 & 2x6, studs and low grade while prompt inventory is visible.
- Watch Euro arrivals over the next 30-45 days. Yesterday's shortage solution is arriving into today's softer market.
- Protect MSR, selected structural supply and 4-inch Green DF. Those markets are not following the commodity script.
- Get freight nailed down before celebrating the mill buy. Logistics have improved in spots, not disappeared.
- Keep $560 on the futures board as the major line in the sand. Monday settled $574.50 and 2027 deferred months remain higher.
- Do not turn a good bearish run into a religion. The market rewards flexibility more often than conviction.

FINAL TAKE

The last few weeks have moved lumber from "take it or leave it" to "Ok... what would you pay?" fast enough to remind everyone why this business keeps antacids within reach. Cash is still falling. Futures are not.

That is not permission to get bullish. It is a reminder that the easiest part of the waiting game may be behind us. Press the wood that has to move. Cover what you truly need and cannot easily replace. Make the counter that makes the seller uncomfortable - then be prepared for the mildly awkward moment when they say yes.

And if a trader opens with "I know you do not need it right now..." do not hang up. That is just price discovery wearing work boots.

Welcome back to lumber trading.

WANT THE SIGNALS BEFORE THE SAWDUST SETTLES?

Ask your Utah Lumber trader to add you to Sawdust Signals every Tuesday. And if you know somebody still using futures like a traffic light, forward this issue to them.