



October 2024

In the first week of October, both Big C customers and employees inundated our purchasing department with inquiries regarding potential price spikes. Hurricane Helene had made landfall in late September and caused catastrophic damage along the east coast. In addition, the International Longshoremen's Assoc. voted to strike on October 1st, shutting down 36 ports mainly along the Gulf of Mexico and the east coast. This alone was enough to create concern, but looming on the horizon was a second hurricane, Milton. Decades ago, the mere mention of a hurricane would send plywood and OSB prices soaring. Fortunately, the reaction isn't nearly as severe these days. But still with two storms back-to-back in addition to the strike, it was logical to think the markets would have considerable reactions. Luckily the strike lasted only a couple days and in spite of the widespread damage, most lumber and panel markets have seen just an uptick in pricing. On the dimension side, southern yellow pine has seen the most appreciation due to the proximity of the mills to the storm damage, but it's been far from severe. SPF has clicked up but nothing major. OSB has its own tale to tell, and it mainly concerns lack of supply due to limited production and little to do with the weather. Prior to all the turmoil, the cost spread between OSB purchased on contract versus product purchased on the cash market was considerable, and it continues to be. This is due to the lack of product available outside of the material the mills are contracted to supply. The mills seem to have found the sweet spot for their production levels, making just enough to cover their contracts and have some extra to sell in the cash market. Demand is strong enough to force buyers to pay inflated asking levels or be faced with outages.

Roofing supply continues to be a struggle. Most manufacturers have been allocating their product all year, some for much longer than that. They too have seemingly found the right level of production to create pent up demand through limited supply. There are few other concerns supply wise for building materials.

Tru Value announced it was filing for bankruptcy last week. The 75 year old hardware store brand will likely be purchased by a competitor who will continue to promote the Tru Value brand. There are approximately 4,000 retailers nationwide who fly the Tru Value flag. As they are independently owned, they are not a part of the bankruptcy proceedings. Tru Value primarily owns their hardware inventory along with their distribution centers along with a paint manufacturing operation.