



Lumber Market Review

An overview of the Softwood and Hardwood lumber market is given to provide clarity along with some take-aways to help navigate the market.

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Ongweoweh Sustainability Metrics

A breakdown of Ongweoweh's 2023 January data is provided for pounds of material diverted from the landfill and credits issued to customers.

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Recycled Market Review

A slowdown in orders have given recyclers the availability to rebuild inventories.

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Transportation Market Review

Rates should get more competitive as loads decrease and drivers/equipment increases.

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Lumber Market Review

SOFTWOOD

Softwood started to curve with printed pricing slightly moving upward over the past few weeks. Inventories are currently good at pallet mills and have helped negate increases and keep prices level. However, the availability of 2x4 material is tightening, causing prices to rise in certain areas. The tightening of softwood material was expected because of the curtailments of large lumber mills in the Northwestern region. Once current inventories are depleted, SW pallet pricing will likely start to increase. The normal trend for softwood is demand increases in March and April with the housing market and lumber prices move upward. Depending

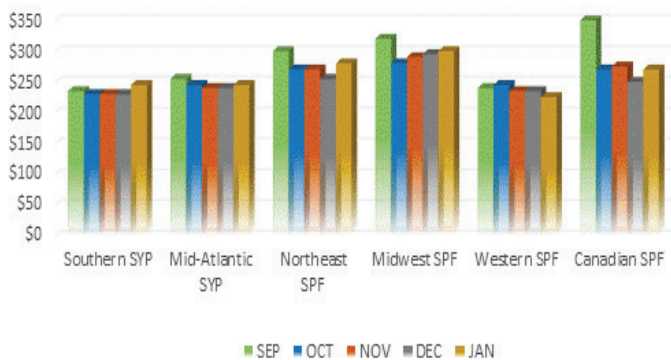


on how the housing market moves, low-grade pallet material will follow the same trend.

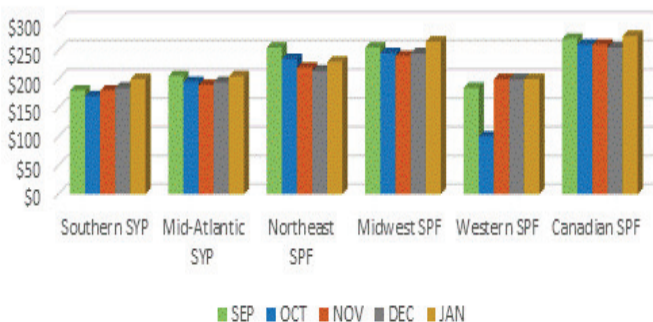
TAKEAWAY

Printed pricing has started to slightly increase during January. Most pallet mills have decent inventories of material which helps keep pricing level. Expect potential pallet increases if the lumber market continues to move upward as current inventories deplete.

KDSW 2X4



KDSW 2X6

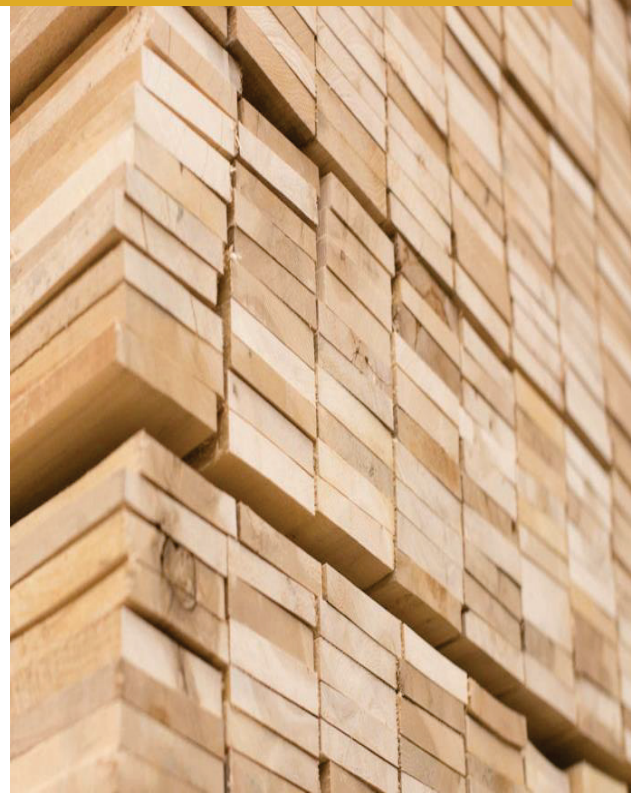


Lumber Market Review

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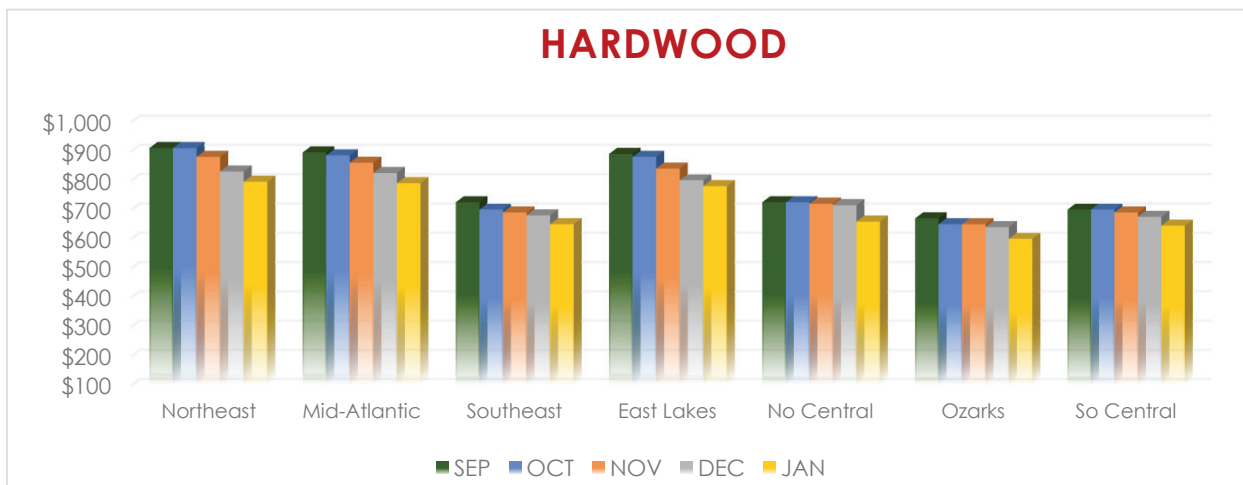
HARDWOOD

Printed pricing for hardwood lumber continued to slightly soften through January. Hardwood pallet orders have slowed but that is typical for this time of year. Sawmills that cut production or shutdown due to a slow in high-grade demand are starting to run low on log supplies. Most HW pallet suppliers have an adequate inventory of cants and cut stock but are fearful of the lack of material at the sawmills. The reduced amount of production and material will most likely start to drive pricing up once the existing inventory is used. The railroad industry is still busy and purchasing rail ties which is helping to keep hardwood sawmills operating. Mills will continue to stay shutdown or operate at a lesser capacity until the demand for high-grade lumber increases (flooring, furniture, cabinets, etc.).



TAKEAWAY

The lack in demand from high-grade hardwood users has left sawmills running at minimal capacity. Current inventory levels are good, but pallet prices may increase once they are exhausted and log processing continues to be limited.



Recycled Market Review

48x40 GMA/Cores

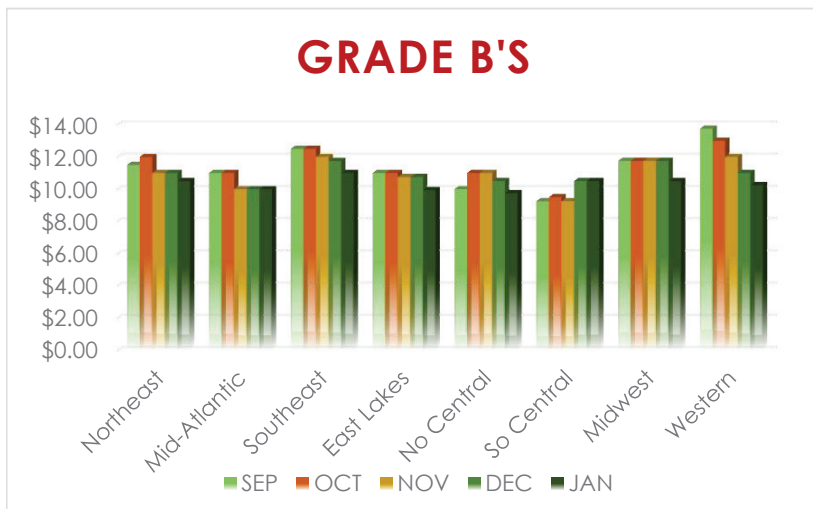
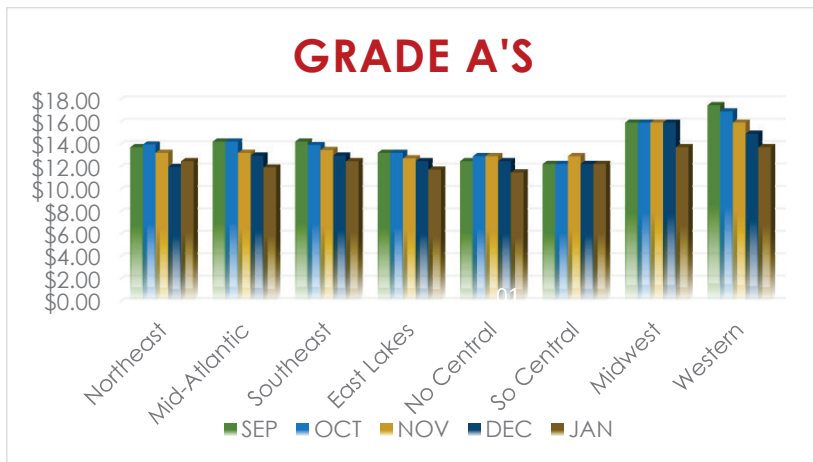
During the month of January, demand for pallets is typically lighter than the rest of the year. In 2023, that trend has continued. The slowdown in orders gives recyclers a chance to restock their inventory with material and finished goods after the busy holiday season. This year many recyclers are already fully stocked with 48x40 GMA pallets and are looking to move inventory. The push to move inventory has helped reduce costs from the highs experienced months ago. Core prices are decreasing more as the market begins to settle because of less demand and more availability. There seems to be a shift back to a more “normal” state, although pricing is likely not going to reach the lows of a few years ago.

Recycled pallet consumers are starting to tighten the quality standards and expectations with their decrease in volume. This is typical when pallet usage slows and there is not a scramble to cover loads each week. The push back on quality helps to remind pallet manufacturers to focus and implement quality control processes that will stay in process during the busy season, when more pallets are needed.



TAKEAWAY

There is a good availability of recycled 48x40 GMA pallets. It appears that the market is somewhat settling and moving towards a more “normal” state, although prices are not likely to decrease to where they were pre-pandemic.



Transportation Market Review



In the final week of January, we saw spot rate volumes up 2% week over week after dropping 39% since the start of the year. Compared to the same time frame last year load posts were down 68%. For the same timeframe carrier equipment posts were 35% higher. As we see the volume of loads decreasing, but the volume of drivers and equipment increasing we hope to continue to see a trend of more competitive freight rates.

Following last week's \$.05 per mile decrease to \$1.80 per mile for dry van, the national average dry van rate has dropped 16% since the start of the year. In the last two pandemic-influenced years, dry van spot rates in the previous seven years typically decreased by 11% during the new year's first month. At \$1.80 per mile, freight rates are \$0.91 per mile lower than the previous year.

As of February 3rd, the national average on van rates is \$2.32 per mile, flatbed is \$2.69 per mile and reefer is \$2.59 per mile. The national average on diesel is currently running at \$4.62 per gallon. All the per miles rates have dropped from January to February so far. Diesel is up .4%.



Ongweoweh Sustainability Metrics 2023 (January)

Recycled material diverted from landfills – 24,099,660lbs
Credits provided to customers for recycled material - \$906,863.78