

Acts of nature and the laws of man have combined over the past year to keep pricing for building materials unusually high. While wildfires cut into supply, homes destroyed by hurricanes raised demand—just as preliminary countervailing duties by the Trump administration were causing the prices of Canadian lumber to rise.

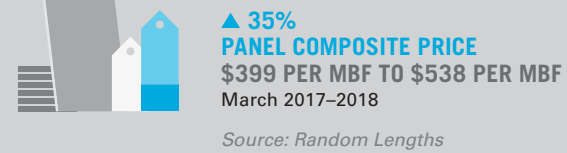
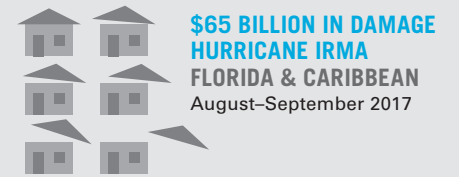
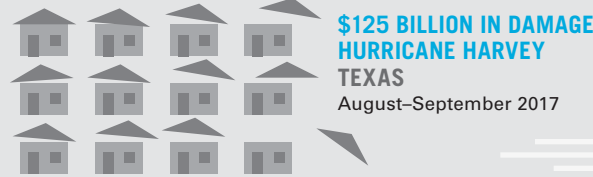
TAKING THEIR CUT

Since Canadian lumber is subsidized by the Canadian government, this lumber can be sold cheaper than its U.S. counterparts. Claiming this is an unfair advantage, the U.S. has enacted duties with consequent price hikes. Canada is challenging the ruling.



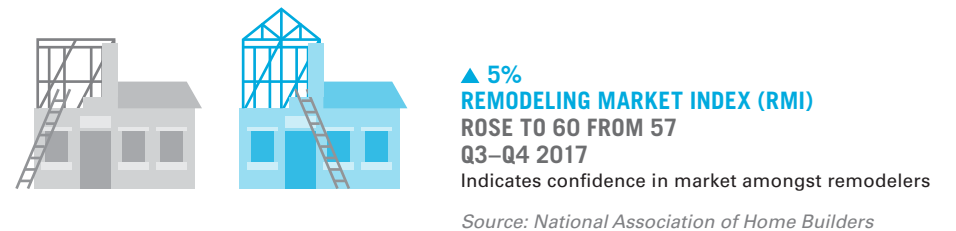
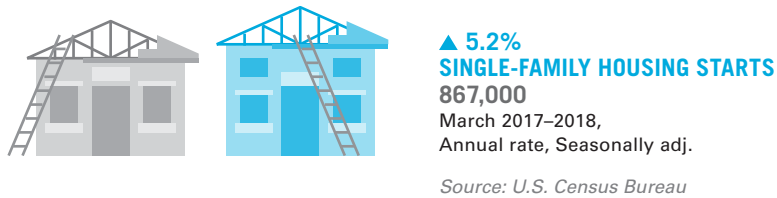
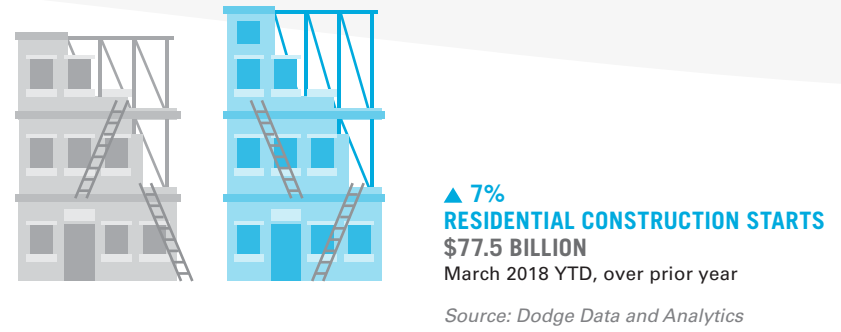
WINDS OF CHANGE

Hurricanes in the South drove demand for softwood, while wildfires in Canada kept supplies low. Both elements created severe shortages and skyrocketing prices.



RAISING THE ROOF

Despite more new home starts, U.S. housing prices remain strong. This is driven, in part, by the expectation of rising mortgage rates, resulting in brisk home sales.



GROWTH THAT'S BRANCHING UPWARD

While rising interest rates could cool the market, observers see the U.S. economy growing 4% in Q2, likely driving more construction. Experts expect lumber demand to rise 10% by the end of 2018, with supply struggling to keep pace, rising only 1.4%. As the buildings rise, prices should remain elevated as well.

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