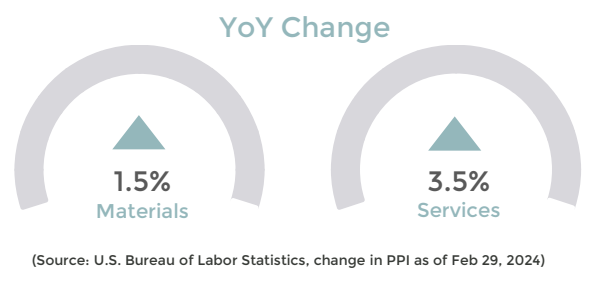
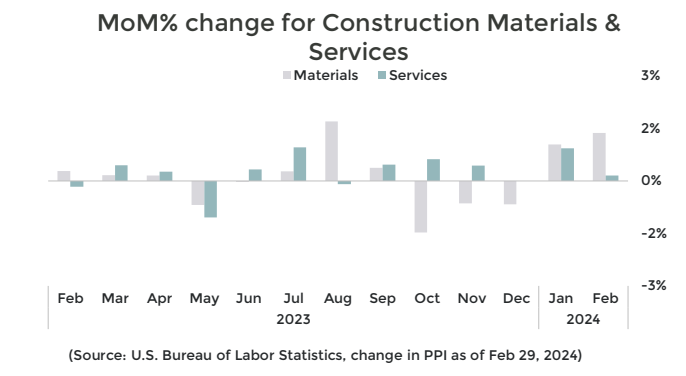


The producer price index (PPI) for net inputs to construction industries - not seasonally adjusted (a broad index that measures producer inflation in materials and services to construction excluding capital investments, labor, and imports)

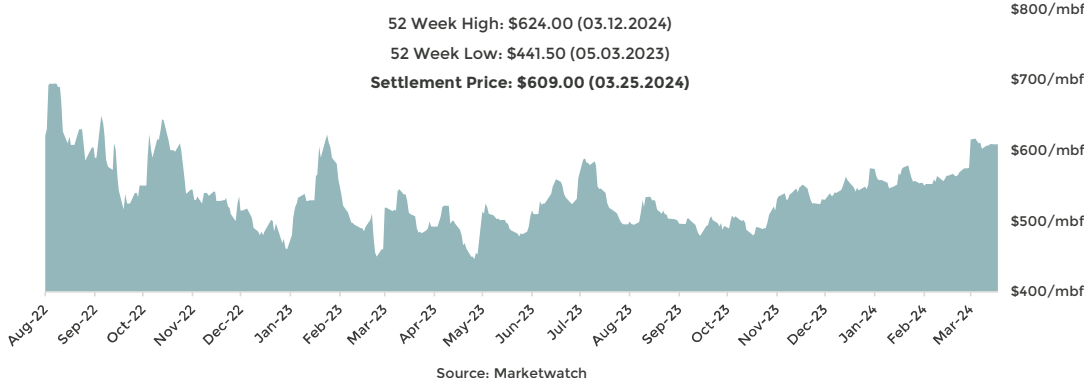


Deeper into the woods | Throughout March, lumber futures steadily crept higher and are now trading slightly above \$600 per thousand board feet.

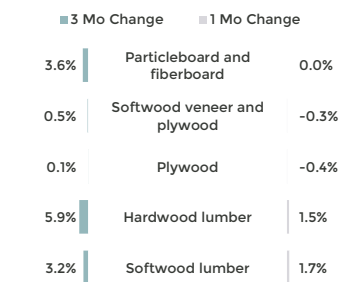
The Producer Price Index (PPI) for softwood lumber revealed a third consecutive uptick in February which rose by 1.7% compared to the previous month. Builder confidence in the housing market rose again for the four consecutive months in March. This optimism is measured by the National Association of Home Builders/Wells Fargo Housing Market Index (HMI) exceeding the critical level of 50 for the first time since last summer rise to 51, marking the highest confidence level in 8 months. This surge is largely attributed to the ongoing scarcity of existing housing inventory, which is driving buyers towards new construction builds. According to the latest monthly new residential construction report from the U.S. Census Bureau, housing starts surged by 10.7% month-over-month and 5.9% year-over-year. Single-family housing starts led the charge with a 11.6% monthly increase and a massive 35.2% increase compared to the same period last year. Conversely, multifamily starts saw growth on a monthly basis (8.6%) but experienced a decline of 35.9% year-over-year. Construction permits, which serve as a gauge for future construction activity, displayed a more tempered increase of 1.9% from the previous month and 2.4% from the prior year. Particularly noteworthy is the substantial 29.5% year-over-year increase in single-family housing permits, in contrast to the 32.8% decline observed in multifamily units (five or more) over the same period.

The trajectory of interest rates remains a pivotal factor influencing lumber prices in the foreseeable future. Despite hopes for earlier rate cuts in 2024, the recent Consumer Price Index CPI and PPI reports have dimmed such expectations. Consequently, interest rates have remained stable, with inflation persisting as a concerning factor. However, as rates stabilize and potentially decrease, it is anticipated that the demand for lumber will experience a corresponding increase.

Lumber Continuous Futures (CME: LBR00)

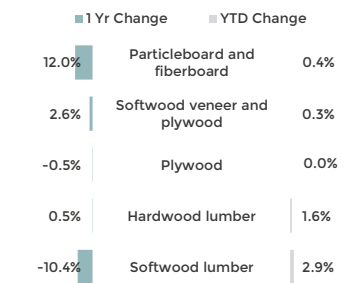


Lumber & Wood Products

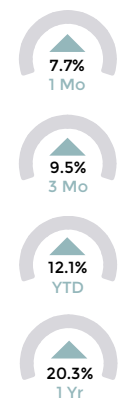


(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Lumber & Wood Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

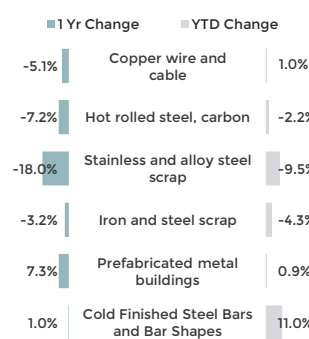


(as of 03.25.2024)

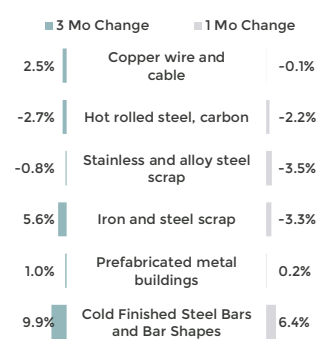
Out of the furnace | As March ends, U.S. hot-rolled coil (HRC) futures appear to be in a state of stasis, hovering around the \$800 per short ton (st) mark.

This marks a substantial 30% drop from the beginning of the year. The descent began towards the end of last year, where prices peaked at roughly \$1,150/st. HRC prices plummeting abruptly by the end of January and are stabilizing around \$800/st. After a prolonged spell of negative growth, the Producer Price Index (PPI) for steel mill products took a turn in December, showing gains that continued through February.

Metals & Metal Products

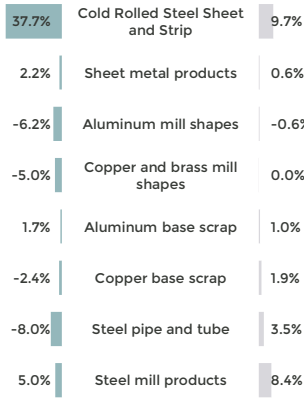


Metals & Metal Products

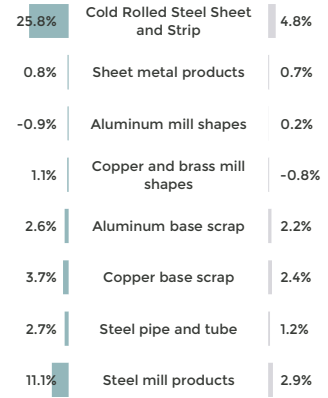


The PPI for steel mill products saw a third consecutive monthly increase, rising by 2.9% in February (not seasonally adjusted) and sitting 5.00% higher than a year ago. This upward trend, totaling an 11% surge over the last three months, stands in stark contrast to the recent downturn in steel futures markets, suggesting potential shifts in steel prices on the horizon.

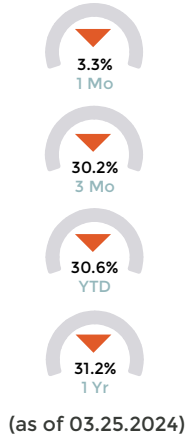
Presently, steel coil prices have softened. Nevertheless, capital flows and construction of semiconductor and electronics manufacturing plants under the CHIPS Act are expected to remain significant factors influencing demand for steel in construction, particularly if CHIPS Act funding decisions include domestic requirements.



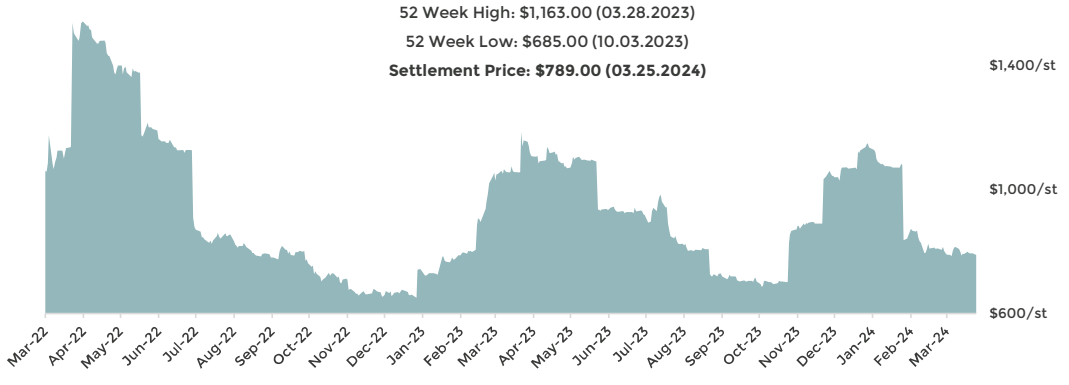
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)



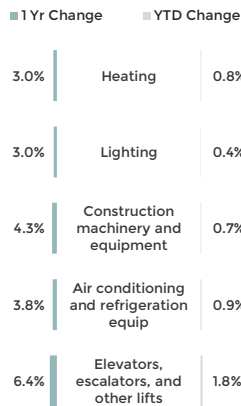
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)



Hot-rolled Coil Steel Continuous Futures (Nymex: HRN00)

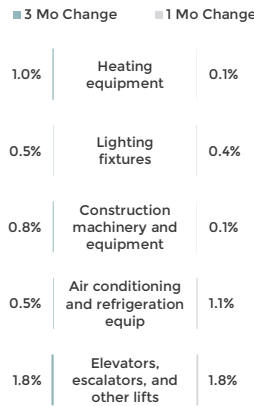


Equipment & Others



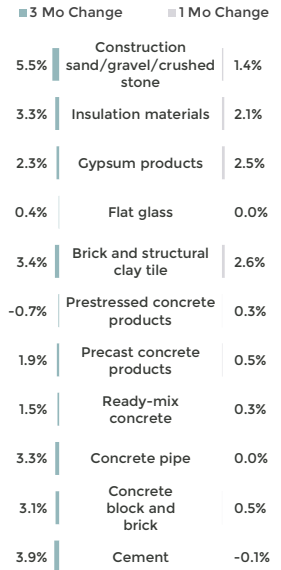
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Equipment & Others



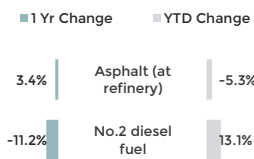
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Nonmetallic Mineral Products



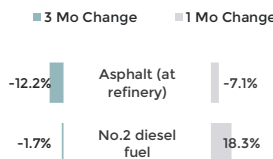
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Fuels & Related Products



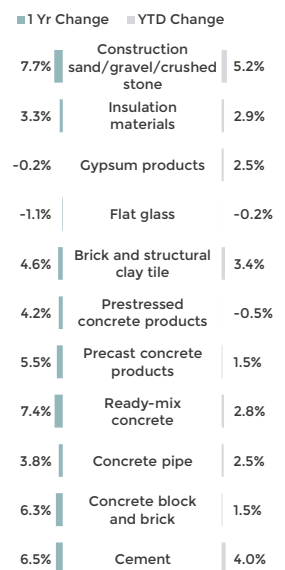
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Fuels & Related Products



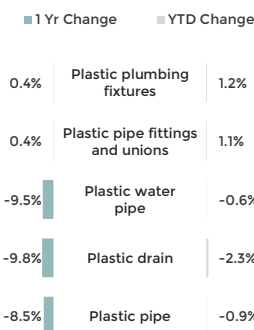
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Nonmetallic Mineral Products



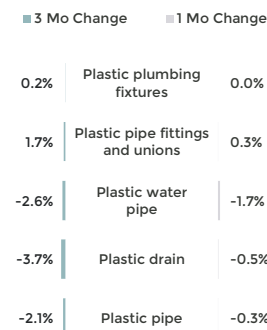
(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)

Rubber & Plastic Products



(Source: U.S. Bureau of Labor Statistics, change in PPI as of Feb 29, 2024)