

Markets

## Lumber Duties Fail to Stop Price Slump as Housing Demand Falters



A forklift at a lumber yard in Orem, Utah. *Photographer: George Frey/Bloomberg*

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When the Trump administration more than doubled import fees on Canadian softwood lumber earlier this year, the goal was to support domestic prices and boost US production. Instead, prices have plunged, and mills on both sides of the border are scaling back.

A benchmark for the commodity mostly used in construction has plunged 18% since an August peak to the lowest in seven months, driven by sluggish homebuilding activity and a glut of inventory.

The drop shows how protectionist measures aren't always enough to protect domestic industries from broader market dynamics at a time when high

interest rates and elevated costs are squeezing consumers and weighing on their confidence, dampening demand for new homes.

Canadian softwood lumber imports are subject to anti-dumping and anti-subsidy duties, aimed at countering what the US alleges are unfairly low-priced sales and government support for Canadian sawmills. The US Commerce Department raised those duties to a combined rate of 35.19% this summer, up from 14.4% previously.

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“The US producers were looking for more of a price bump from the duties, and they didn’t get one,” said Brooks Mendell, the founder of Georgia-based Forisk Consulting Llc. “The interpretation of that is, well, the demand isn’t there.”

### Lumber Futures Stay Pressured by Weak Housing Demand



US housing starts in August fell to the lowest since May as homebuilders pull back on new construction amid still-bloated housing inventory. A key index of homebuilder confidence has been negative for 16 straight months. The National Association of Home Builders declined to provide comment, but has said that lumber “prices must fall for long enough periods of time to sufficiently lower a supplier’s average costs after a run-up.”



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Wood suppliers are now facing what some describe as “the worst market conditions they have ever seen,” the [US Lumber Coalition](#), a Washington-based lobbying group, wrote in a Sept. 9 letter to Trump administration officials. In addition to weak demand for new housing, the industry has also struggled with a “massive oversupply” after Canadian and European producers “raced” earlier this year to ship product ahead of the increased duties and potential new tariffs, the group said.

Lumber prices are so weak that Beckerle Lumber, a New York-based retailer, can now get next-day deliveries from its distributor at a lower cost than its usual bulk orders from mills, which take weeks to arrive by rail, said owner Stephen Beckerle. US mills have tried to raise prices following the duty hike, he said, “but it’s not happening.”

With prices too low to be profitable, some North American mills are beginning to idle production. Interfor Corp., which is headquartered in British Columbia, said last month it would cut  lumber output by about 12% across its US and Canadian operations and that it expected other companies to follow suit. The company’s stock has dropped 25% in 2025.

Lumber futures for December delivery touched a seven-month low at \$559.5 per 1,000 board feet in Chicago on Thursday, before erasing losses. Newer futures for southern yellow pine, grown in the US South, closed at \$385 on Wednesday.

Canadian mills need prices to reach at least \$600 per 1,000 board feet to break even, said Dustin Jalbert, a senior economist at Fastmarkets. American producers need southern yellow pine to fetch at least \$400, according to Mendell.

The US Lumber Coalition says more closures should be coming from Canada and is pushing for added tariffs via an ongoing Section 232 investigation that assesses national security risks posed by lumber imports. The Canadian government has already pledged support for its industry, a move the lobbying group has said it would challenge. The aid means “that the Canadian producers as always will be slow to react to market realities which mean they should be producing a lot less lumber,” said Zoltan van Heyningen, the coalition’s executive director.

Without further production halts across the continent, “there is little need for buyers to worry about their inventory situation,” said Crystal Gauvin, a senior economist at Forest Economic Advisors. “Prices keep correcting until enough producers come to terms with the supply overhang.”

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