

GREEN EXPECTATIONS



May 2009

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Panel Source Turns Grimm

While the above headline would usually signal bad news, quite the opposite is true at Panel Source. We are pleased to announce that Rick Grimm joined Panel Source International, Inc. on Monday, May 11th. Rick is an industry "veteran" with a wealth of knowledge and experience in the composite panel industry, including sales, marketing and operations. In his role, Rick will focus on developing additional markets and applications for Panel Source's two registered product groups: PureKor® and Pyroblock®. PureKor® products include a complete selection of particleboard, MDF, and particleboard door core, all designed to be used with the LEED® construction rating system developed by the United States Green Building Council.

Depending on the product chosen, PureKor® complies with the following LEED® Credits: EQ 4.4, MR 4.1, MR 4.2, MR 5.1, MR 5.2 and MR 7.0.

PureKor® panels offer the following environmental features: No Added Urea Formaldehyde---100% Pre-Consumer Recycled Fiber---FSC Certified and Moisture Resistance.

Pyroblock® products combine all of the above listed features available with PureKor® panels, and in addition, are also certified as Class A Fire Retardant panels that can be veneered, laminated or painted.

Rick is based in California, and will primarily work with customers in Arizona, California, and Nevada. He can be contacted at 916-765-8145 or rick@panelsource.net

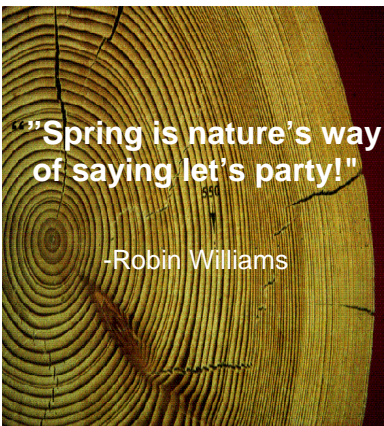
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"Spring is nature's way of saying let's party!"

-Robin Williams



Forest Products Market Update

May 2009

As April commenced, most forest products sellers assumed we would see a continuation of the last seventeen months—another decrease in pricing and further mill closures and curtailments. However, for the first time since December 2007, prices actually increased during the month. Such increases had little impact on the mills, as the process of reducing or eliminating production continued to be the pattern. While an increase in price was surprising, it was not unexpected. For months, traders have been discussing the falling levels of production, and correctly projected that, eventually, the production levels would finally fall below the dimly small level of consumption. As prices began moving up in April, these same traders saw two reasons for the increases: an assumption that production had finally reached the decreased levels required, and secondly, spring across America was boosting a seasonal demand for wood products.

As April progressed, the volumes that had been purchased slowly began arriving in the lumber yards and distribution centers across the country. What happened next, however, was totally unexpected. Instead of moving through these yards and distribution centers to buyers who required these items, the lumber, plywood, OSB and other wood products simply began to pile up, unsold, and unwanted. By the end of April, buyers in every region were asking themselves “why did we buy all this stuff?”, but no one had any good answers. While there has been some increase in demand, an increase that is strictly related to the season, this increase has been far smaller than originally assumed. As May begins, most wood products are in a price “free fall”, and appeared headed right back to the disastrous levels we saw just four weeks ago. To add to the market woes, a number of large lumber mills (especially in Western Canada) are scheduled to resume production, production that is obviously not required.

Of course, there are always a few exceptions to the rules, so let’s quickly recap the direction for the main forest product items:

- * Southern Yellow Pine Lumber: Prices are in decline, and will likely remain that way for at least 30 days.
- * Canadian SPF Lumber: Prices have already dropped significantly. Expect more of the same through May.
- * Western Hem/Fir Lumber: Prices starting to break, declines will be large when they occur.
- * Douglas Fir Lumber: Prices are already down heavily, more to follow.
- * Southern Pine Plywood: Falling, but may be near the bottom. Pay attention for a buying opportunity in the next two weeks.
- * Douglas Fir Plywood: Prices moved up four weeks in a row, and continue to buck the trend. This item may be strong for another 30-45 days. Buy only what you need.
- * OSB: OSB went up, OSB went down, and we are right back where we started. Production statistics show just how bad things really are in the world of OSB. Canadian production is down by 74% from the peak in 2006, yet prices are still falling. “OSB to Planet Earth, OSB to Planet Earth, is anyone home?”
- * Particleboard: PB prices respond to different factors than softwood lumber or plywood. Prices did not increase in April, and there’s no reason to think May or June will be any better. Prices remain stuck between awful and terrible.
- * MDF: MDF follows the same market factors as particleboard. April saw small price declines, May and June will be just as bad.



Green Cellulose Insulation from FTI

Do you remember when you turned 35? Maybe you're not there yet? 2009 marks the 35th anniversary of Fiberlite Technologies, Inc. Founded by P.K. Maitra as a manufacturer of thermal insulating cements, it was aptly named P.K. Insulation Manufacturing. Through 1976 all of the company's production was committed to and marketed by Eagle-Picher Industries' Insulation Division under a private label agreement. In 1977 "PK" expanded its line of cements and dry blend mixes and commenced selling its products industry wide. Well before "green" was popular, the company was promoting environmentally friendly products.



Several cellulose insulation products were introduced to insulators in the midwest. These products included PK Class I Cellulose Insulation, IN-CIDE Pest Control (PC) Insulation, "WAL-MAT" Spray Applied Wall Cavity Insulation and "SATAC" Spray Applied Thermal Acoustical Cellulose. These products made PKI a broad based manufacturer of unique insulating materials and major paper recycler in the midwest.

In 1991 FTI acquired the Encotec product line of commercial spray adhesives and began promoting the sale of its adhesives and insulation from its Dallas, TX location. This provided the company with a commercial building insulation system utilizing its "SATAC" Insulation and Encotec Adhesives.

FTI reached a critical point in its history in 2004. Dr. Jose Herrera from Truman State University in Kirksville, Missouri initiated research early in 2004 on the mold resistant properties of FTI Cellulose Insulation. FTI also decided to focus its sole attention towards the manufacture of cellulose insulation and decided to sell its industrial cement division. To symbolize this transition, the company decided to rename itself as its main product, FIBER-LITE. It was officially changed to Fiberlite Technologies, Inc. (FTI) late in the year.

As FTI grew in both in popularity and as technology continued to evolve, FTI implemented its most recent manufacturing expansion in 2006. Dr. Herrera's first scientifically reviewed research article was published in 2006 and a second article was published in 2007. Dr. Herrera's work demonstrated that FIBER-LITE and IN-CIDE PC resisted mold germination and actively killed mold spores.

Many things have changed since FTI started, but its company mission of manufacturing a high quality product including value added product benefits and offering excellent customer service remain as strong today as it was in 1974.

So, how is FTI green you ask? FTI currently manufactures several different brands of cellulose insulation. Each product, although they have slightly different applications, contain many of the same green properties. Each product is manufactured using a minimum of 80% recycled post-consumer newsprint. Newsprint is collected from local recycling centers within 500 miles of the manufacturing facility. The other component is a borate fire retardant. Thus, it is free of ammonia or other volatile organic compounds (VOCs). The manufacture of cellulose insulation also does not contain a high embodied energy.

FTI Cellulose insulation is most commonly known for its energy efficiency. It can be spray applied into wall cavities or blown into attics. Either application can effectively prevent gaps or voids and effectively seal an area. When properly installed, it prevents heat loss or gain from all four methods: air infiltration, convection, conduction and radiation. In contrast, traditional insulation only is effective versus convection. A secondary benefit of FTI cellulose insulation is sound control. The dense nature of the product effectively prevents sound transmission between rooms. FTI has been involved in the green industry for many years by manufacturing a product that is green for many different reasons. For more information, please contact Fiberlite Technologies Inc. at (800) 641-4296 or www.fiberlitetech.com.





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Your One Source When Building With LEED®!

If you would like more copies of this newsletter please contact Ryan McNeil at 780-458-1007 or info@panelsource.net

Panel Source International is North America's leading manufacturer and distributor of forest products designed for use in LEED® construction projects. We focus exclusively on the manufacturing and distribution of environmental forest products, including products that are FSC Certified, urea formaldehyde free, and manufactured with rapidly renewable or recycled fiber contents. These products include lumber, softwood and hardwood plywood, particleboard, MDF, OSB, timbers, IPE decking, door core, melamine panels, pressure treated and fire retardant products.



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FSC IPE Now Available

In case you missed it, Panel Source is now offering FSC Certified Ipe decking and lumber. Just in time for summer, this product has been popular in numerous application, such as siding and of course, decking. Call today for more information, toll free at 1-877-464-7246.

FSC Certified IPE Lumber and Decking:

IPE is a dense, hard, and beautiful hardwood grown in limited areas throughout South America, including Bolivia, Brazil, Chile, Ecuador and Peru. IPE is legendary for its resistance to decay, with numerous applications showing the products resistance still highly effective after 50-75 years from time on installation. IPE also holds a unique distinction, in that raw IPE lumber (without any treatment) achieves a class A level of fire resistance, the only wood species in the world to claim that ability.

Lumber sizes available: 2x4, 2x6, 2x8, and 2x10. All lumber is S4S, PAD or KD, and graded to a #1 premium grade. In boards we offer a complete selection of 1X2, 1x4, 1X6, and 5/4”.

