MISSOULA —

The first half of 2010 brought Montana’s wood products industry a mixture of employment and wage declines but some production increases, according to a University of Montana researcher.

Todd Morgan, director of forestry industry research at UM’s Bureau of Business and Economic Research, said the mixed signals contain scraps of good news, but the big picture is not improving.

Lumber production increased about 11 percent at Montana sawmills between the first and second quarters of 2010, and production is up by 20 percent compared to the first half of 2009, Morgan said. About 256 million board feet of lumber were manufactured in Montana during the first half of 2010 compared to 212 million board feet in the first half of 2009. Wood panel (i.e., plywood, particleboard and medium density fiberboard) production also increased by more than 20 percent from the first half of 2009.

“The recent increases are nice to see, but lumber production is still only 69 percent of what it was during the same period in 2008 and less than half of what it was in 2005,” Morgan
said. “Montana lumber production figures for 2009 were the lowest they have been since the end of World War II. So, these modest increases are not very significant.”

“We still have a long way to go before I would declare any kind of recovery in wood products,” he said. “The U.S. housing market just has not made the kind of turn around that will significantly increase the demand for lumber and other wood products, and the outlook for the remainder of the year does not show much improvement.”

The number of production workers employed in Montana mills during the second quarter of 2010 decreased to 1,560 – about 6 percent lower than the first quarter of 2010, and 23 percent lower than second quarter 2009 employment.

Production wages experienced a slight increase to $14.3 million – almost 2 percent higher than the first quarter of 2010. However, like number of employees, wages are down nearly 23 percent compared to a year ago.

“The effects of the Smurfit-Stone Container and Plum Creek mill shutdowns are now beginning to register in the employment and wage figures for Montana’s wood products industry,” Morgan said. “Even if employment and wages at Montana lumber and panel producers increase for the remainder of the year, those increases are unlikely to make up for the jobs lost during 2009.”

Compared to the relatively poor wood product market year of 2008, Montana mill employment in 2010 is down by 45 percent, and employee income is down by 50 percent.

Wage, employment and production figures refer only to Montana production workers at timber-processing facilities and mills that use wood residue. Production workers account for 30 to 40 percent of the workers in Montana’s forest products industry. Estimates do not include several thousand workers in logging, trucking and other related jobs.