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## Lumber Rises to Highest Price Since 2006 on Economic Outlook

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By Tony C. Dreibus

April 15 (Bloomberg) -- Lumber rose to the highest price in more than three years as signs of rebounds in the U.S. economy and home-building industry fueled speculation that demand for wood products will increase.

U.S. factory production rose 0.9 percent in March, the Federal Reserve said today. Homebuilder bonds have climbed to levels reached before the global credit freeze, buoyed by investor confidence that the economy is strong enough to prevent defaults. Lumber prices that plunged in January 2009 to the lowest level since at least 1986 have jumped 67 percent in the past year.

"The industry is optimistic that demand will go up," said Hakan Ekstrom, the president of Wood Resources in Bothell, Washington. "The general economic situation looks better than we've seen in a long time. That helped trigger lumber prices."

Lumber futures for July delivery rose \$6.60, or 2.1 percent, to \$315.60 per 1,000 board feet on the Chicago Mercantile Exchange, after touching \$318.10, the highest price for a most-active contract since May 19, 2006.

Suppliers of construction materials, including retailers Lowe's Cos. and Home Depot Inc., may try to stock up on lumber to avoid shortages, Eckstrom said.

"Some buyers and end-users are nervous they won't be able to get the volume they need as quickly as they need it," Eckstrom said. "The general positive news about the economy has certainly helped."

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