FenceSense

Take a look at trends and issues with fence industry leaders and contractors across the country as they share their insights into today's market and the future to help you make better business decisions. Every major sector of the fence industry is represented on the FenceSense board, including an external economist who watches the housing, construction, and public markets.

May 2016

Economic Report

As was widely expected, recent data confirmed that economic activity was sluggish in the early months of 2016. The first read on Gross Domestic Product (GDP) showed economic output growing at a timid 0.5 percent in the first quarter of the year.

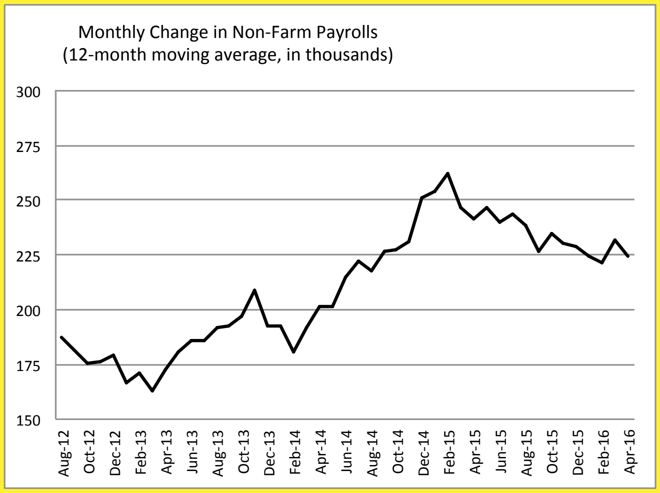
This sluggish first-quarter report followed a 1.4 percent growth rate in the final quarter of 2015. Over the trailing four quarters, GDP growth has averaged 2.0 percent or roughly in line with the FenceSense outlook for 2016.

First-quarter growth was restricted by contractions in private domestic investment and exports. Nonresidential fixed investment, which includes capital expenditure, shaved 0.76 percent from GDP growth in the quarter. Some of this pullback is likely due to the ongoing softness of energy-related activity. While the price of crude oil is well off its floor, it seems unlikely to rise high enough to stimulate a recovery in the country's energy belt. Indeed, the handful of states for whom employment has dropped over the last 12 months are all energy intensive states, including North Dakota, West Virginia, Wyoming, Louisiana and Oklahoma.

On the trade side, exports dropped enough to cut 0.31 percent off GDP growth. Much of the softness in exports is due to the effects of a stronger U.S. dollar, which makes U.S. produced goods more expensive in foreign markets. The dollar has eased some in recent weeks, but not to a degree sufficient to jumpstart U.S. exports.

More bothersome may be recent softness in consumption expenditures. Personal consumption expenditures grew in the first quarter, adding 1.27 percent to output. However, almost all the increase was tied to consumption of services. Personal consumption of goods, particularly durable goods including motor vehicles, was essentially flat in the first quarter - the worst quarterly performance since the early days of economic recovery.

It is also worth noting that inventories contracted enough to clip 0.33 percent from first quarter growth. This was the third consecutive quarterly decrease in inventories. While the inven tory contraction cuts GDP growth in the short run, it also reduces the likelihood of an inventory overhang in subsequent quarters.



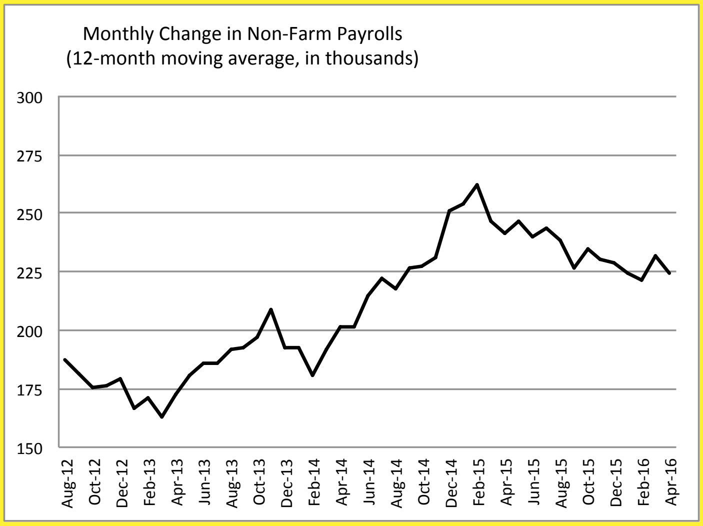
Total nonfarm payroll employment increased by 160,000 in April; an increase was a disappointment to many financial analysts. Further, previous estimates of employment for February and March were revised down to show 19,000 fewer jobs created than previously reported. However, even with the April reading, nonfarm payrolls grew by an average of 200,000 between February and April.

The gains in April employment were concentrated at service-producing businesses. Professional and business services led all sectors, adding 65,000 jobs in April. Healthcare added 38,200 positions. Leisure and hospitality and financial services added 22,000 and 20,000 jobs respectively. Goods-producing industries dropped 3,000 jobs in April, with much of it due to an 8,000 position reduction in the mining sector. Modest gains of 4,000 and 1,000 jobs were reported in the manufacturing and construction sectors.

In the household survey, the unemployment rate was unchanged at 5.0 percent. The stable unemployment rate reflected that roughly the same number of jobs was added as the number of workers entering the labor force.

There continues to be some skepticism about the degree to which the 5.0 percent unemployment rate reflects tightness and labor market. Specifically, some analysts have suggested that the "real" unemployment rate is much higher.

In fact, the Bureau of Labor Statistics releases six different unemployment rates, each reflecting a different definition of labor force engagement. The broadest measure of unemployment rate, known as U-6, was at 9.7 percent in April. This measure counts as unemployed. Those who are "employed part-time for economic reasons" - that is, part-time employees who would prefer to be full-time. While the 9.7 percent reading for U-6 is clearly above the commonly reported 5.0 percent reading, it also reflects a significant improvement from its poster session peak of over 17 percent.



Manufacturing activity expanded in April, according to the Institute of Supply Management's monthly PMI. This was the second consecutive monthly reading above the important 50 threshold between expansion and contraction in the sector.

This reading, helped ease concerns that had developed as the PMI had posted five consecutive months below 50 between October 2015 and February 2016.

While the PMI came in above 50 in April, it was marginally lower, recording a 50.8 reading versus the 51.8 in March. The modest reduction in the PMI reflected pullbacks in both the new orders and production components, which fell by 2.5 points and 1.1 points, respectively.

Bradley J. Holcomb, chair of the ISM's Manufacturing Business Survey Committee, noted that "manufacturing registered growth in April for the second consecutive month, as 15 of our 18 industries reported an increase in new orders in April."

The soft consumption spending in the first quarter GDP report was consistent with recent softening and consumer sentiment. The University of Michigan's index of consumer sentiment dropped from 91.0 in March to 89.0 and April 2016. The index is now down 7.2 percent from the 95.9 reading one year prior.

Richard Curtin, chief economist for the Michigan's Surveys of Consumers, said that "consumer sentiment continued its slow decline in late April due to weakening expectations for future growth, although their views of current economic conditions remained positive. All of the April decline was in the expectations component, which fell by 4.8 percent from one month ago and by 12.6 percent from a year ago and by 14.7 percent from its January 2015 peak.

Curtin also noted that "the size of the decline, while troublesome, is still far short of indicating an impending recession. The decline is all the more remarkable given that consumers' assessments of current economic conditions, including their personal finance, have remained largely unchanged at very positive levels during the past year."

Consumer spending has become increasingly important in recent months. For the first three months of 2016, retail sales were up by 3.8 percent versus the same period in 2015. However, that increase is not adjusted for changes in price. With the energy sector continuing to be under pressure and exports unlikely to recover in the near-term, keeping the economy out of recession in 2016 is conditional upon consumer sentiment and spending improving.

The Conference Board's Leading Economic Index (LEI) increased in March, after declining for the prior three consecutive months. With the March increase, the six-month moving average for the LEI reflects a 0.7 percent increase - higher than for the six months ending in February.

Six of the 10 indicators that make up the LEI increased in March. The positive contributors were stock prices, the interest rate spread, the Leading Credit Index, the ISM new orders index, manufacturers' new orders for nondefense capital goods excluding aircraft, and manufacturers' new orders for consumer goods and materials.

Ataman Ozyildirim, director of business cycles and growth research at The Conference Board, said that "financial conditions, as well as expected improvements in manufacturing, should support a modest growth environment in 2016."

Inflation remained in check during March, at least as measured by the Bureau of Labor Statistics' Consumer Price Index (CPI). For the month, the CPI rose by 0.1 percent. This follows a reduction of 0.2 percent, and a reading of unchanged in February and January. Over the past 12 months, the CPI has risen by a relatively modest 0.9 percent.

However, the headline CPI is likely skewed by recent volatility in energy and food prices. The core CPI, which excludes food and energy, also rose by 0.1 percent in March, but is now 2.2 percent higher than 12 months ago. Much of the year-over-year inflation was confined to services, shelter and transportation.

Concerns over sluggish growth, coupled with relatively tame inflation data, led the Federal Reserve to remain on the sidelines with regard to interest rate policy in recent months. In the press release following its April 27 meeting, the Fed's Open Market Committee (FOMC) noted that "information received since the Federal Open Market Committee met in March indicates that labor market conditions have improved further even as growth in economic activity appears to have slowed."

The FOMC affirmed its short-term interest rate target of between 0.25 percent and 0.50 percent. It also directed a continuation of the rolling over maturing Treasury securities at auction and the reinvestment of principal payments on all agency debt and agency mortgage-backed securities.

The Federal Reserve next meets on June 15. The Fed Funds futures market assigns a probability of roughly 95 percent that the Fed will leave short-term interest rates unchanged at that meeting as well. However, the same market assigns a probability of roughly 50 percent that the fed will hike rates one or more times by the end of the year.

With the Federal Reserve seemingly committed to very gradual path of rate hikes, long-term bond yields drifted downwards in February. Since the first of that month, the bellwether 10 year Treasury bond has bounced traded in a range between 1.7 percent in 2.0 percent. The rate on 30 year fixed-rate mortgages edged down with the drop in Treasury yields.

New construction starts fell by 1 percent in March, according to Dodge Data & Analytics. This modest reduction was on the heels of a 13 percent increase in February, an increase that was skewed by large gains in utility construction. For the first three months of 2016, total construction starts remain down 10 percent versus the same period in 2015. However, the comparison is misleading due to construction at several large electric power and LNG facilities initiated in early 2015. Adjusting for the volatility in the utilities industry year-to-date construction would show a more modest 4 percent decline.

Robert A. Murray, chief economist for Dodge Data & Analytics observed that "what's noteworthy about the March report is the renewed strength shown by nonresidential building, and in particular its institutional building segment. Nonresidential building had settled back 5 percent in 2015 after its 24 percent surge in 2014, reflecting not only a steep 36 percent plunge for manufacturing plant construction but also a slight 1 percent decline for institutional building."

Murray also pointed out that "institutional building in March provides some indication that it's beginning to shift back into expansion mode, helped by growth for educational facilities as well as by the start of several large transportation terminal projects. Assuming this pattern gets repeated over the course of 2016, it would be an important factor behind nonresidential building reestablishing an upward trend."

By sector, nonresidential building was the strongest in March, posting a 23 percent increase. Residential construction grew by 3 percent for the month. However, these gains were more than offset by a 30 percent plunge in nonbuilding construction projects.

Inside the Beltway, the 2016 presidential election is shaping up. On the heels of Indiana primary Gov. John Kasich and Sen. Ted Cruz suspended their campaigns effectively passing Republican nomination Donald Trump. While the Democratic primary season is still in full force, it seems highly unlikely, Vermont Sen. Bernie Sanders can surpass Hillary Clinton at the convention.

While it is a long road to November, betting markets are handicapping the Democrats as the favorite to hold the White House. What remains an open question is whether Republicans can maintain a majority in the Senate, where several open seats are presenting opportunities for Democrats.

Political pundits are also noting that a Trump versus Clinton contest could have implications for voter turnout and thus the outcome of state and local races down the ticket.

AIA

The Architecture Billings Index reflects consecutive months of increasing demand for design activity at architecture firms. As a leading economic indicator of construction activity, the ABI reflects the approximate nine to twelve month lead time between architecture billings and construction spending. The American Institute of Architects (AIA) reported the March ABI score was 51.9, up from the mark of 50.3 in the previous month. This score reflects an increase in design services (any score above 50 indicates an increase in billings). The new projects inquiry index was 58.1, down from a reading of 59.5 the previous month.

"The first quarter was somewhat disappointing in terms of the growth of design activity, but fortunately expanded a bit entering the traditionally busy spring season. The Midwest is lagging behind the other regions, but otherwise business conditions are generally healthy across the country," said AIA Chief Economist, Kermit Baker, Hon. AIA, PhD. "As the institutional market has cooled somewhat after a surge in design activity a year ago, the multi-family sector is reaccelerating at a healthy pace."

Key March ABI highlights:

- Regional averages: South (52.4), Northeast (51.0), West (50.4), Midwest (49.8)
- Sector index breakdown: multi-family residential (55.7), commercial / industrial (51.8), mixed practice (50.0), institutional (48.0)
- Project inquiries index: 58.1
- Design contracts index: 51.8

The regional and sector categories are calculated as a three-month moving average, whereas the national index, design contracts and inquiries are monthly numbers.

Manufacturer Report

STEEL

Steel is in turmoil worldwide. Contractors can expect tight supply and further price increases. Why? Let's start with China: China produces just over 50 percent of all the steel in the world. Its steel industry is comprised of hundreds of steel mills producing steel with reckless abandonment. All was fine until the Chinese economy started to soften, resulting in a shrinking economy so the mills became more aggressive in their domestic and export pricing resulting in the Chinese steel mills collectively losing $15.5 billion in 2015.The unreasonable priced exported steel in turn impacted other steel producing countries world-wide who in turn lowered their pricing. The U.S. mills fought back as hard as they could during 2015 which resulted in U.S. mills losing billions of dollars. U.S. Steel alone lost $1.5 billion! To try to obtain some relief during 2015 the U.S. mills filed trade cases for certain products which to date has reduced the amount of imported steel of these products about 40 percent. On top of all of this, the cost of iron ore to date has increased 75 percent and steel scrap is up about 50 percent. In an attempt to return to profitable operations the U.S. mills have instituted all sorts of cost savings including reduced capacity and have been successful in obtaining seven price increases since December of 2015 totaling 71 percent. In April alone there were three price increases: 9 percent the first week, 6 percent the second week and 11 percent last week. With the reduced capacity plus strong U.S. demand for the auto and the construction industry, lead times are extending and some steel is becoming difficult to obtain in a timely manner. Needless to say this has hit the United States rather quickly and is still unfolding. In summary, try to educate yourself as much as possible regarding steel in general and keep your eye on all of your steel fence products, expect longer lead times and as it stands now most likely further increases.

ZINC

Zinc pricing continues to be stable trading on the London Metal Market in the range of $ 0.94/lb.

STEEL & ALUMINUM, ARCHITECTURAL ORNAMENTAL

Ornamental Steel

Since the beginning of the year, there has been a 16 percent increase on the wire and rod side. Another 5 percent increase is expected in the middle of May. This will work its way down the supply lines. Rod mills (domestic ones) are four to six weeks out. Scrap is increasing. Importers are starting to bring some scrap in. Some manufacturers and suppliers are running four weeks out on deliveries.

Construction is strong but the economy overall is not that great. First quarter had 0.5 percent GDP growth — the weakest growth in two years. Construction is feeling the labor pinch. Aluminum purchased a few weeks ago was very low in price (lowest in two years).

Residential ornamental steel remains steady as it appears that wholesalers are moving through spring inventory buys rather quickly. With the mild winter, contractor installations have been steady and material is moving.
Commercial and industrial ornamental remained strong through the first quarter as quotes and new orders are abundant. Critical infrastructure projects continue to be the driver in these markets. We are seeing activity in the utility, transportation, school and data centers remaining strong. High security projects are also driving the market as well. Multifamily housing remains strong as well. Schools are active at this time as well and municipalities are upgrading perimeter security at K-12 schools as well as Universities.

Chain Link Pipe & Tube

Chain link pipe and tube continue to be a challenge with Allied's exit. Combined with escalating steel prices, availability and lead time continue to be a topic of discussion. Many tube mills are rapidly considering the possibility of allocating product.

Ornamental Aluminum

Raw material prices have seen some creep upwards but are still below last YTD and running on the low side of the five year average.

After a robust first quarter attributed to the "no winter," April sales remained strong and exceeded April 2015 which was the month that sales broke open and ramped up. In spite of below-average April weather. The outlook for May looks strong as well. Most of the sales increase comes in the residential and light commercial markets. Industrial sales remain flat over last year.

PVC

PVC fence sales are strong for the first four months of the year. Weather has been favorable and contractors are busy. Colors and textures continue to grow and are becoming a bigger part of the vinyl business. PVC costs are rising: three increases this year from the major resin suppliers, with another increase targeted for May. Aluminum and steel used for reinforcement of vinyl fence, as well as titanium dioxide, is also on the rise.

The 8 percent cost increase of PVC has not yet been passed on to market. The driving forces behind the increases can be attributed to demand, the cost of ethylene, plants offline for maintenance, and supply. It doesn't appear that more increases are coming, but that remains to be seen. Distribution is strong. Overall demand is up. Unemployment is down; people are more confident in their jobs and are starting to put money back in their homes.

ASTM

ASTM recently released a group of ballots and the results are as follows: One new standard, "Standard Guide for the

Design and Construction of Welded Wire Fence systems for Security Purposes" was approved and will be published and assigned a designation number sometime in early June. F1043 Standard Specification for Strength and Protective Coatings on Steel Industrial Framework was balloted and passed to remove 4.500" OD Group IC pipe as it is no longer made. F969 Standard Practice for Construction of Chain Link Tennis Court Fence was balloted for its five year review and was re-approved.

Two other standards balloted for review received negatives and must be addressed at the next meeting which is scheduled at ASTM headquarters Sept. 15, 2016.

CLFMI

The Chain Link Fence Manufacturers Institute Summer meeting will be in Charlottesville, Virginia, July 13-15, 2016.

VMA

The VMA has been out soliciting and acquiring new members on the fabricator side of things and those members will be able to use the VMA certification if they are buying from a VMA-certified extruder. The goal has been to get the message out and to help differentiate the products and explain to people why it's important to have certified products. It's still in the infancy stage but it's moving along nicely. The VMA also has representation on the ASTM for fence PVC and is trying to align the certifications with the ASTM spec and they're very close now.

WOOD

Western Red Cedar

Domestic Supply:

Wood fencing is still in high demand and many distributors are not comfortable with their low inventory levels and not being able to find supply to keep up with demand. 1 x 6 – 6' #2/Btr NH fencing is the hardest item to find, but is being followed closely by 7' and 8'. Domestic sawmills are running all shifts, plus overtime so they can to try and keep up with sales. Contributing to the problem were the home centers who ran a printed spring ad with incorrect pricing on multiple species of 5.5" wood pickets nationwide. The price on WRC 1 x 5.5 – 6' was well below Pressure Treated Pine pricing in most markets and stores sold out of WRC quickly. Although the retailer printed a retraction and price correction, the demand spike was very large and big volumes were sold at the discounted level before the error was caught and corrected. 2x4 and 4x4 pricing has remained stable and high priced for the last 60 days and suppliers report healthy order files. Products are available to customers, but expect to pay a premium for good tallies and quick shipments on WRC. Most manufacturers are opting to sell mixed carloads of product to keep an even flow out of the sawmills and ship product sooner to the customers, as they are not willing to wait for straight carload ship times.

Canada:

Canadian sawmills are still shipping WRC products as soon as they are produced at the sawmill. Hard to get items have 60-day order files and price counters have not been accepted for products that are not currently in inventory. After the announcement in March of the pending shutdown of the sawmills at Mary's River Lumber, customers have switched demand for these WRC products mostly to Canadian and Idaho suppliers. Pricing on Channel, Bevel, T&G, dimensional and S1S2E fencing products have steadily risen since the announcement.

There has been no progress made on forming a new Softwood Lumber agreement between Canada and the United States. Currently, the two countries are engaged in a "cooling off" period until October 2016. The two nations will submit a report within the next 100 days looking at options for a potential agreement.

Redwood

Redwood fencing products are very tight. Lack of cedar (both Incense and Western Red Cedar) has pushed Redwood fencing to capacity in California. The remainder of the year will likely be a supply constrained market. Prices are up from 2015, based on high demand and limited supply. Essentially there is a finite amount of Redwood being pulled into a vast assortment of products and fencing products generate one of the lowest returns to the sawmill.

Red Pine

This year's retail take-away is still out pacing last year's sales. Manufacturers are running at near capacity and expecting to see strong sales for the remainder of the season. Focus has been running home center products for the fencing product lines.

Doug Fir and Whitewood

With this year's ever tightening supply of WRC and elevated prices the demand for alternatives has increased. Sawmills have reported and increase in sales of Doug Fir and in particular Whitewood fencing pickets. Sawmills are quoting longer lead times and seeing an expansion of market share nearing 20 percent over last year. There is inquiry for matching rail and posts to make a complete fence system to replace higher priced Western Red Cedar and Incense Cedar options.

Import Products

Similar to other alternative wood species, strong demand for Western Red Cedar, Incense Cedar and Redwood fencing products has created an increased interest in the imported wood products from Japan and China. The reality is the sawmills overseas have limited production and little interest to increase it. The Government of China pays rebates to companies that manufacture and export products from China. These rebates are based on the amount of value, material and labor that goes into that product. Fencing has very little to no rebate so manufacturers do not push to make it. The majority of the imported product seems to be going to one major national home center and a few accounts in the Southwest. Customers are seeing late ship times on the product and with a rising market, lower priced orders for import wood products are being shipped after all of the higher priced orders are filled.

Southern Yellow Pine/Pressure Treated Lumber

The SYP Market has been active & firm so far in 2016. 2x4s & 4x4s have been in tight supply, which have continued to drive costs up on these items. There is some signs that the market will start to calm a little by end of May, but it's not looking like there will be a ton of immediate back up/fall in pricing.

DE Pickets—Import & Domestic

Supply has tightened at the mill level both import and domestic. Most mills are running at almost full capacity, so not a lot of excess product available. Most parts of the country are up at least 20 percent from 2015, so this has put a slight crunch on the supply side of pickets. Some slight changes in exchange rates has caused a slight up-tick in Import pricing from the mills. Price will remain pretty flat through 2016.

Effective May 2016, the AWPA (American Wood Preserving Assc) has changed retentions on some Pressure Treated Items. The changes were made in regards to the decking industry, but some of these items cross over to the fence world.

- Actual Change: All 2x6 thru 2x12 will now be Ground Contact (vs Above Ground). There will be no change in the chemical—just a little more of it present in the wood. This change was brought about b/c of the misapplication of Above Ground Product, so this change will be a good thing for the industry in the long-run. The immediate effect is it will increase the cost on these items. The dollar increase will be approximately $50/M, which equates to 8-12 percent, depending on the item.
- What this means to you: There will be markets and areas of the country where some suppliers/distributors make "wholesale" changes and make everything Ground Contact to eliminate confusion when selling PT and trying to figure out "what product goes where." FYI … Most big box/large retail chains are Ground Contact across the board, which means 2x4s, plywood, & 5/4 Radius Edge Decking will be GC as well. Contractors should check with their suppliers to see what their game plan is.
- Items that AREN'T changing: Deck Specialties, Lattice, Landscape Timber (LSTs), & Fence Pickets

This is an industry change, not something being driven by an individual supplier/chemical manufacturer, so everyone will have to abide by these changes at some point.

Gate Operators/ Access Control

Access Control: Access control continues to increase with new construction. There continues to be a great demand for gate operators and gates in many of the sectors. Many projects are just coming out of the ground which should produce a continued demand into next year. Residential and commercial projects are also seeing a demand for video surveillance. There continues to be a great demand for custom and security gates in utility and high-profile sites. Several mobile apps are coming out which will allow the user to see the video on their handheld device from a telephone entry. Also systems using Bluetooth to grant access are available.

Many of the manufacturers have had price increases this year. Some go into effect June 1.

Contractor Report

MIDWEST

The Midwest experienced an early spring this year. Projects year to date are up. In March, lead sales were equal to last year's, but in April they dropped off about 15 percent. However, orders remain the same. It's unknown if this is because of the colder weather in April or if it's an indication of things slowing down.

Commercial is down 25 percent over last year. The steel issue is making it difficult for companies to price their projects and to bid work. In addition, because of the thinner margins on the commercial side, the steel pricing issue is creating some hesitation there.

Year-to-date sales are still up 10 percent over last year because contractors were able to start installing earlier and build quicker.

Distributors have been scrambling to find options for 1 x 6 – 5' fence picket systems to fill HOA requirements. This is an accumulation items for sawmills and demand has been greater than can be supplied in wood species. Installers looked for the usual pricing concessions on 1 x 6 – 6' #1-2Face boards and found little acceptance from any distributor on counters.

NORTHEAST

Sales are up 27 percent for the month of April, year over year. The issues for the year include:

1. Labor: both installers and laborers/assemblers. Currently experiencing a backup of three weeks on wood assembly (normally 10 days). Northeast is a panel market, not stick built.
2. Eastern White Cedar (also called Northern White Cedar). This is extremely tight. Companies are taking what they can get. In many cases they are using grades that they would not normally use because that is all that is available. In some cases, people are switching to other species of wood.

Shortages of White Cedar have lead contractors to using more Pressure Treated products and alternative lower grades on White Cedar. Business and leads are up for contractors and distributors.

Snow in April slowed things down. Leads were down 13 percent compared to last year. Sales year to date up 60 percent but because there wasn't much of a winter, a lot of work was done there. As far as large projects, there is not a lot to bid out there. Residential is very busy. Backlog is up 46 percent. It should be a very strong residential year. Bidding activity on commercial and industrial work is slow. Finding qualified workers is difficult. The fall should be strong in commercial work.

SOUTHEAST

Business is up for the year approximately 15 percent. Labor issue is a concern. Companies are becoming creative in how they build their labor force and market to potential employees. A progressive approach to running an organization will help: logistics, mapping software for crews, improving technology internally and in the field. It's becoming necessary to implement more creative solutions because the labor shortage isn't going away soon.

Current backlog is six weeks. Feedback from local contractors is everyone is operating above capacity. Increase in sales is driven partly by the market. Organic growth is also playing a role. Referral business has been a number one source.

Business continues to be strong. Leads are good. Labor and steel price increases are problematic. Quotes are good for only 10 days because of continual spike in costs. Workers' compensation, medical insurance and wages are increasing. Employee wage increases may need to happen for companies to stay competitive.

TEXAS AND GULF

The Gulf states continue to get pounded with storms and fence damage this year. Texas fences have been in a constant state of storm repair since January with the Dallas tornados and most recently in Houston with flooding and wind storms. Installers report problems finding enough WRC pickets in 6', 7' and 8' for the repair and new home construction needs.

PACIFIC NORTHWEST

Warm spring weather recently has done well for the fence building in the Pacific Northwest. Seattle and Olympia broke all time high temperatures for May 1st. Contractors report long lead times to start new jobs and more quotes are coming daily. The new expansion of oil staining wood fences in the Pacific Northwest increased revenue for installers, but it is taking longer to move on to the next job.

INTERMOUNTAIN

More consumers are switching from wood fences back to vinyl fences as the pricing spread has become smaller between these two products. Several builders are asking for 5' fencing on their subdivisions which is making 1 x 5.5 – 5' and 1 x 3.5 – 5' harder to find.

OTHER

Sawmills report railcar availability as very good for being at the peak of the season. The railroads are supplying cars to load product with seven days after ordering for UP and 10 days after ordering for the BN. Rail transit times to destination are reasonable and very consistent to most major metropolitan areas.
Trucking from the West Coast and Canada has been used more often because distributors have not been able to wait for carload shipments. Even with more demand for trucking, pricing has remained flat and is expected to do so moving forward. Van traffic on the West Coast has been very good and prices are negotiable. Equipment heading across the country is also more available than in past years.

Products coming from overseas have been met with some delays and distributors have reported missing sales because shipments have arrived late from Asia.

TRANSPORTATION

Flat Bed trucking is tight and we are just approaching growing season which will tighten trucking up even more. Diesel is low relatively speaking, but this isn't driving freight rates down at all. JIT/ASAP deliveries will cost you dearly, so plan accordingly as best you can.

FENCESENSE COMMITTEE MEMBERS

Jeffrey Cook, Alta Forest Products
Tom Corrigan, CFP, Midwest Fence & Mfg. Co.
Paul Crooks, Taylor Fence Company
Joe Dagata, Obar Distributing Co.
David Daly, A-1 Fence Company
Mark Davis, CFP, Carlson Fence
Jeff Duerr, CertainTeed/Bufftech
Terry Fielden, Jerith Manufacturing Co.
Brian Huitt, Controlled Product Systems Group, Inc.
Ty Nowell, Universal Forest Products
JC Ordono, First Fence of Georgia
Don Parrin, Pro Access Systems, Inc.
Bill Peterson, CFP, Richards Fence Company
Mike Saliba, CFP, Hastie Fence Co., Inc.
Bill Schenke, Ameristar Fence
Roger Tutterow, Kennesaw State University, Atlanta, GA
Bill Ullrich, CFP, Link Consulting
Peter E. Williams Jr., Eastern Wholesale Fence
Scott Young, SA Young Enterprises, LLC

FenceSense

FenceSense welcomes comments, ideas and brief updates from allied trades and AFA members. Contact Jeanie Clapp, editor-in-chief, Fencepost, at editor@americanfenceassociation.com or 352-333-3453.

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American Fence Association
6404 International Parkway,
Suite 2250-A • Plano, TX 75093
800-822-4342