

A SPECIAL PUBLICATION:



THE 1930s



1930s

THE HARDWOOD MARKET REPORT

BANK OF COMMERCE BUILDING
MEMPHIS, TENNESSEE

FACTORY TRADE.



May 31, 1930: "At the present time the supply of lumber is adequate, or possibly more than adequate, for any normal demand; but bear in mind, the actual demand is only about 50% of normal."

Report.
Report.

May 31, 1930

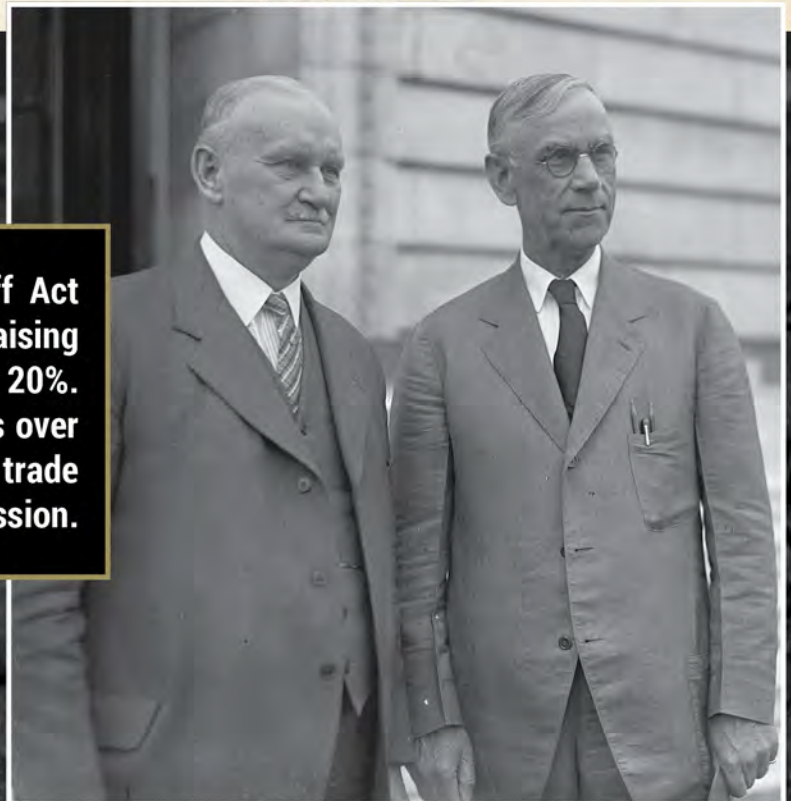
THICK- NESS	PL WHITE OAK			PL RED OAK			QTD WHITE OAK			TOUGH ASH		
	F1S	F1C	F2C	F1S	F1C	F2C	F1S	F1C	F2C	F1S	F1C	F2C
5/8	58	35	23	44	29	17	60	50	27	58	32	18
3/4	65	38	25	50	33	22	90	55	30	62	37	17

There are a few facts which every lumber manufacturer should constantly bear in mind. They are not new, and everyone has probably heard similar statements many times before, but a re-statement may serve to refresh the memory, or drive the truth home; so here goes:

Lumber demand is not predicated upon the price of lumber, but upon the demand for manufactured articles (such as automobiles and furniture) made from lumber. When the demand for such manufactured articles is only half of what it normally is, cutting the price of lumber doesn't increase the demand, either for the lumber or the manufactured product. At the present time the supply of lumber is adequate, or possibly more than adequate, for any normal demand, but bear in mind, the actual demand is only about 50% of normal.

On account of the above situation, competition is probably keener for business than it has been for the past ten years. Many producers in the wild

Memphis, Tenn. May 31, 1930.



June 17, 1930: The Smoot-Hawley Tariff Act is signed into law by President Hoover, raising U.S. tariffs on imports an average of about 20%. Dozens of countries enact similar policies over the next two years, sharply reducing world trade and deepening the Great Depression.

History, Hardwoods, & HMR



June 28, 1930: "...we should realize and be impressed with the fact that this country has the greatest power of recuperation, more wealth, more natural resources, and the smartest industrial leaders of any other nation; that it always has emerged triumphant from every previous similar depression, and as soon as the ebb tide has run its course, the flood tide of business prosperity will start in."

Memphis, Te

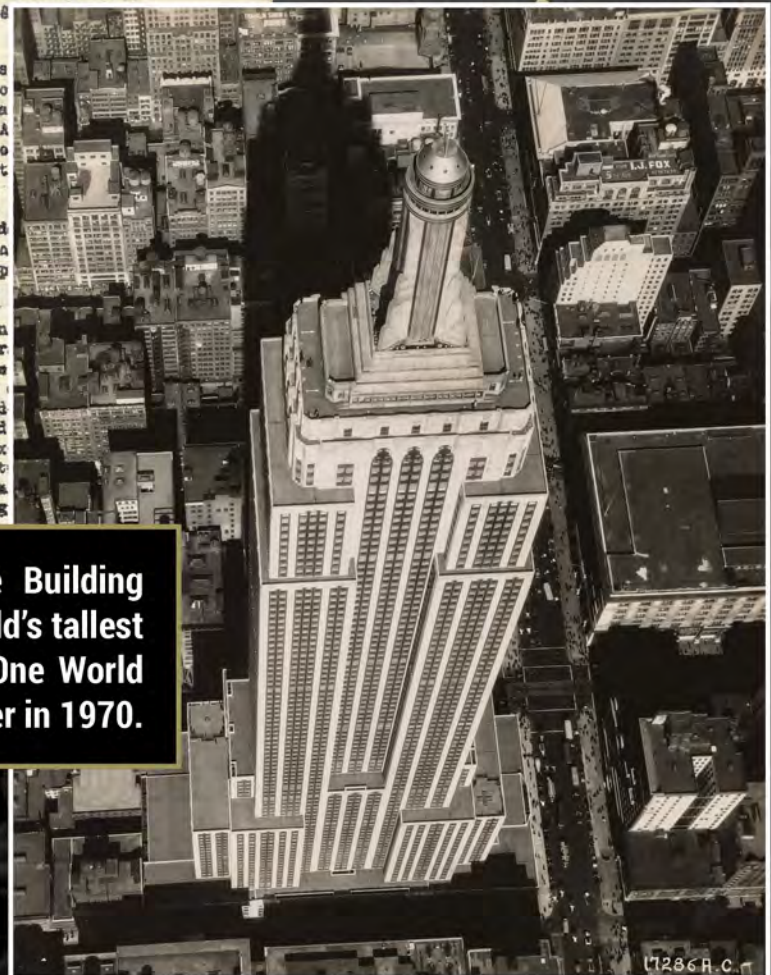
There is an old saying and by the same token it might be necessary for the welfare of business in particular. The in for the past few months has been of halting the excess production conviction that last year we are having to pay the penalty. We have had our dance, and we must now pay the piper. Every over-action brings about a corresponding reaction, and there is no way of avoiding it. It is as inviolable as the laws of the Medes and the Persians.

While it was right and proper that we look facts in the face and have our little pessimistic spree, we believe pessimism has outlived its usefulness, and should now be wiped out with a dose of psychological castor oil. This does not mean that we should poster our friends with a silly prattle about good business, but that we should realize and be impressed with the fact that this country has the greatest power of recuperation, more wealth, more natural resources, and the smartest industrial leaders of any other nation; that it always has emerged triumphant from every previous similar depression, and as soon as the ebb tide has run its course, the flood tide of business prosperity will start in.

Business economists tell us that so long as we have boom periods, we must have corresponding periods of depression, as readjustments and reorganization are essential. The whole industrial organization slows down to recover its normal equilibrium. Uneconomical methods and loose practices that have sprung up during the tolerant times of prosperity are thrown out, and men of vision see the necessity of reducing manufacturing product to conform to the lowered selling price.

Getting down to cases, these last nine months of dull business accomplished what all the lumber association activities, trade winded speeches and what not, have failed to do during that time has brought about a real genuine curtailment of production. It is the summer season when the heaviest logging is usually done 50% of the usual number of logs are being brought out. Report Pacific Coast indicate that the logging industry out there is then it has been in fifteen years, and only one third of what a year ago. In the South, nearly all of the small mills are closed for all time to come - and a larger percentage of the large ones we ever remember seeing before. While it is a fact that in my production is still running somewhat above sales, it might be situation is better in hand, and more nearly balanced than it quite a long time. Lumber prices continue to drop slowly on and so long as this condition prevails it is natural for buyer and confine their purchases to immediate requirements. This a lack of confidence in the business situation, and also to a great extent at the lowest possible levels. During such periods of suspension and before the mills can become adjusted to the lowered demand up on the yards of the manufacturers, where they require an of significance, due largely to the wide publicity given the situation as soon, however, as prices have reached bottom, and a revivification makes it necessary for the automobile, furniture, and flooring replenish their stocks. It is surprising to see how quickly things will v

May 1, 1931: The Empire State Building opens for business. It was the world's tallest building until the completion of One World Trade Center in 1970.



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A QUICK GLANCE: THE COST OF LIVING IN THE 1930s

GALLON OF GAS: \$0.19

FORD MODEL 48 COUPE: \$495

FRESH ½ GALLON OF MILK: \$0.23

UNIVERSITY OF PA YEARLY TUITION: \$400

AVERAGE COST OF SINGLE-FAMILY OWNER
OCCUPIED DWELLINGS : \$3-4,000

History, Hardwoods, & HMR

December 11, 1931: The Statute of Westminster takes effect, granting Canada full legislative independence from Britain in national and international affairs.



August 13, 1932: "Although this is mid-summer, and hardwood buying is about as light as it has ever before been in history, still we feel that from now on the plus signs are going to be more in evidence. That is one key on the typewriter that has grown rusty from disuse this year, but it has recently been oiled and polished in anticipation of a revival of its services. We are also looking forward with much pleasure to being given the privilege of laying the minus sign on the shelf for a period. Having been worked overtime for so many months it deserves a long rest."

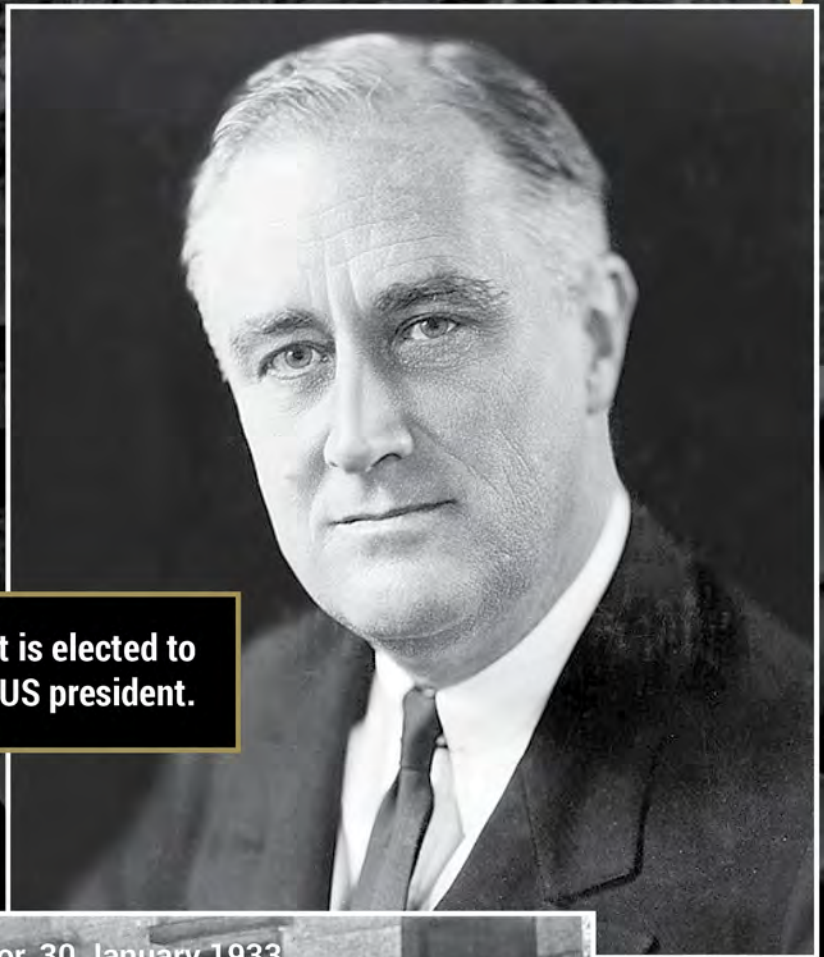
Another week
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Although we have made some downward revisions in several items on the opposite page, these have not been designated by the usual minus sign. The reason for this is that we feel the market has about reached bottom, and no actual declines have occurred this week, but there were still a few adjustments to be made in order to bring our prices more in line with sales made last week. Although this is mid-summer, and hardwood buying about as light as it has ever before been in history, still we feel that from now on the plus signs are going to be more in evidence. That is one key on the typewriter that has grown rusty from disuse this year, but it has recently been oiled and polished in anticipation of a revival of its services. We are also looking forward with much pleasure to being given the privilege of laying the minus sign on the shelf for a period. Having been worked overtime for so many months it deserves a long rest. Demand for number one and two common Cottonwood continues strong, and as there is only a very small amount of the stock available, it could easily stand a dollar or two advance in price.

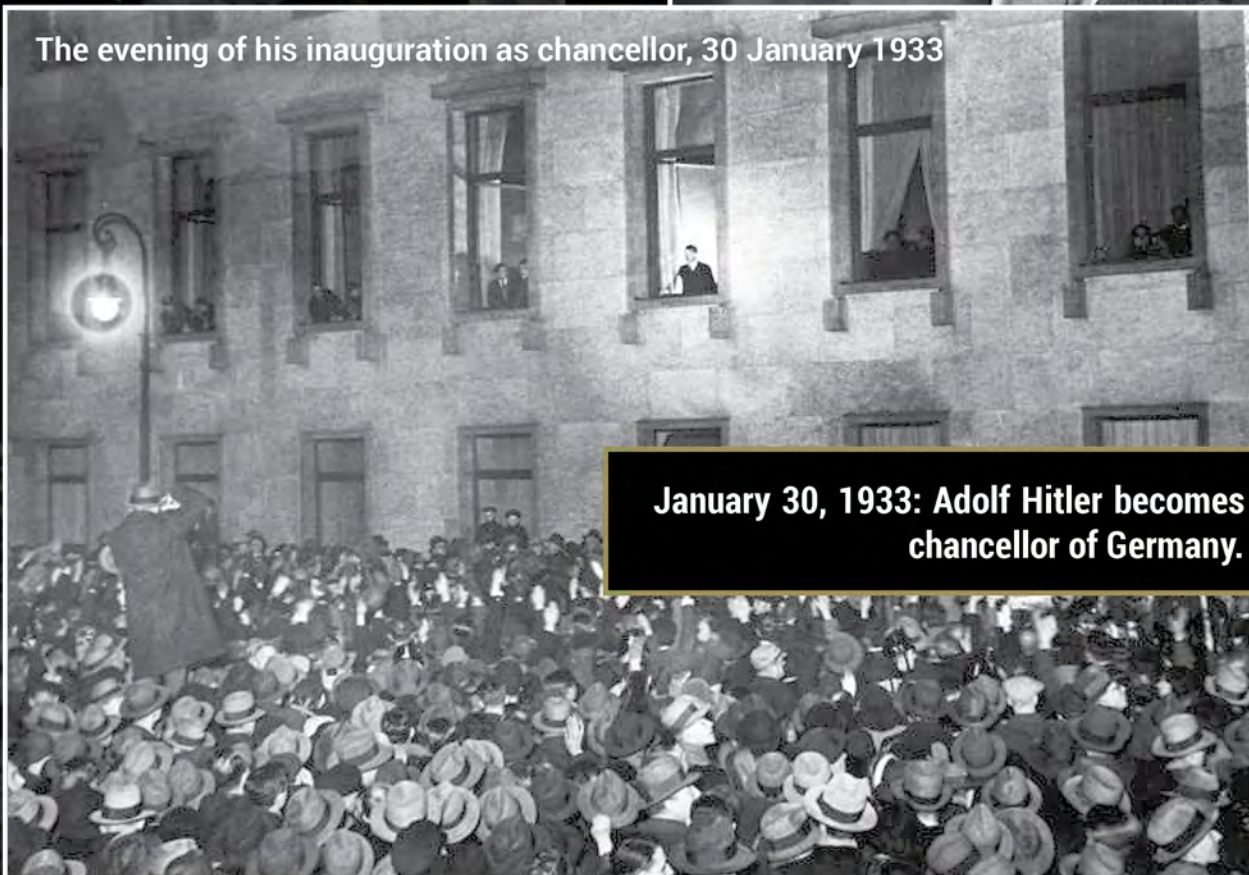
There is not much expected of the automobile industry during the balance

1930s



November 8, 1932: Franklin D. Roosevelt is elected to the first of his four terms as US president.

The evening of his inauguration as chancellor, 30 January 1933



January 30, 1933: Adolf Hitler becomes chancellor of Germany.

History, Hardwoods, & HMR



June 10, 1933: "The market can no longer be described as improving or picking up; it is more nearly a riot. ... the mills are spending a lot of money on telegrams withdrawing quotations and issuing new instructions to their men on the road. Naturally, with so many items scarce and the demand exceeding the supply, prices are highly erratic, and advances on certain items of 25 to 40 percent in one week are not uncommon."

Memphis, Tenn. June 10, 1933.

The hardwood market reminds us very much of the situation in 1919. Prices that year started advancing in April and continued upward each month thereafter until the peak was reached in April 1920. The market can no longer be described as improving or picking up; it is more nearly a riot. Some items are advancing much more than others, but everything on the list is going up. Producers who brag about a sale one day are ashamed of it before the week is out, and the mills are spending a lot of money on telegrams withdrawing quotations and issuing new instructions to their men on the road. Naturally, with so many items scarce and the demand exceeding the supply, prices are highly erratic, and advances on certain items of 25 to 40 percent in one week are not uncommon. In fact the confusion is such that it is physically impossible to keep up with price changes or issue a list which accurately reflects the market, so if discrepancies are noticed it can be attributed to the abnormal conditions rather than to carelessness on the part of your reporter.

The autobody plants, flooring plants, and dimension manufacturers seem to be the heaviest buyers, and most of the lumber moving is destined to points South of the Ohio River. For this reason it is hard for the woodworking trades in the North and East to understand the excitement and activity down here. The flooring plants are all active, and several have recently started up which have been down for a year or two. Flooring Oak has become so scarce West of the Mississippi River that plants in Arkansas and Louisiana have had to pay more for their supplies FOB mill than the Memphis plants are paying delivered here. Sales are reported in Texas and Arkansas as high as \$33 for #1 Common, \$25 for 4/4 #1 and #2 Common is highest price paid in Memphis common, \$22 for #2 and

or 4/4 #1 Common & Better are also buying 6/4 and 8/4

H. R. 5755

(PUBLIC... No. 67... 73d CONGRESS)



Seventy-third Congress of the United States of America
At the First Session,

Begun and held at the City of Washington on Thursday, the ninth day of March, one thousand nine hundred and thirty-three.

AN ACT

To encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful works, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—INDUSTRIAL RECOVERY

DECLARATION OF POLICY

SECTION 1. A national emergency productive of widespread unemployment and disorganization of industry, which burdens interstate and foreign commerce, affects the public welfare, and under the standards of living of the American people, is hereby declared to exist. It is hereby declared to be the policy of Congress to remove obstructions to the free flow of interstate and foreign commerce which tend to diminish the amount thereof; and to provide for the general welfare by promoting the organization of industry for the purpose of cooperative action among trade groups, to induce and maintain united action of labor and management under adequate governmental sanctions and supervision, to eliminate unfair competitive practices, to promote the fullest possible utilization of the

June 16, 1933: The National Industrial Recovery Act becomes law, giving the President authority to regulate wages and prices in hopes of spurring economic recovery. The same week, in a nearly unanimous vote of about 300 representatives of Southern and Appalachian hardwood companies, the Memphis-based Hardwood Manufacturers Institute becomes the NIRA administrative agency for the hardwood industry - regulating wages, production levels, and prices.

22
31-29-26
30
55
45

White Oak sold recently has

1930s

December 5, 1933: The 21st Amendment to the US Constitution is passed, ending prohibition.



Americans celebrate the end of Prohibition in 1933

Seventy-second Congress of the United States of America;
At the Second Session,

Begun and held at the City of Washington on Monday, the fifth day of December, one thousand nine hundred and thirty-two.

JOINT RESOLUTION

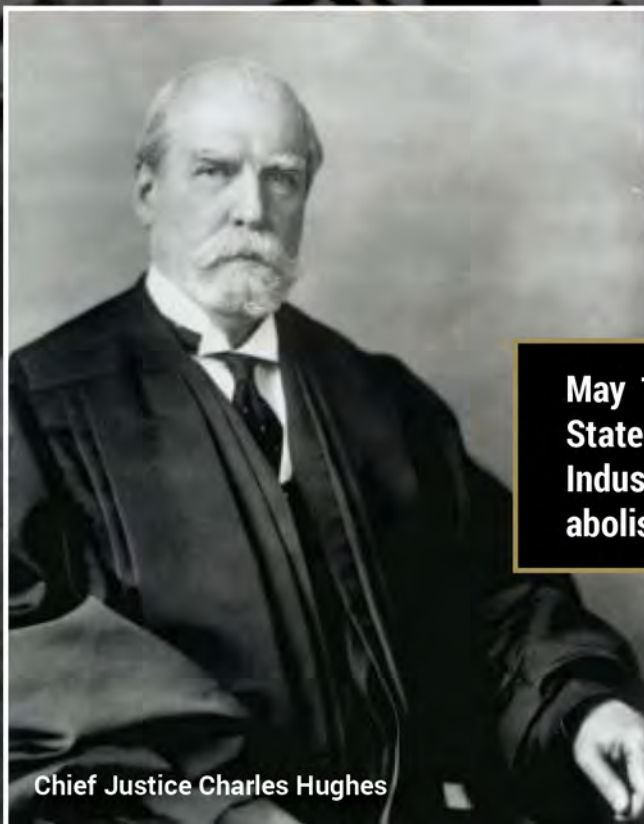
Proposing an amendment to the Constitution of the United States.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by conventions in three-fourths of the several States:

“ARTICLE —

1. The prohibition of article of amendment to the Constitution

December 25, 1934: “On Saturday, Dec. 22, the price fixing provision of the lumber code is suspended by the NRA at Washington, for the reason that it could not be enforced.



Chief Justice Charles Hughes

May 1935: In the *Schechter Poultry Corp. v. United States* decision, the Supreme Court rules the National Industrial Recovery Act unconstitutional. The law is abolished on January 1, 1936.

History, Hardwoods, & HMR



July 17, 1936: Spanish Civil War begins.



December 26, 1936: "As a rule there is not much business transacted during Christmas Week ... Not so this year. ... So far no let-up in orders is noticeable, and the books will be closed with more real thankfulness and good cheer than has been the case in December since 1929, or possibly 1926."

SCARCE ITEMS: No use going into details. Practically everything scarce.

MARKET LETTER

DECEMBER 26, 1936

This is our last Report for the good old year of 1936, and we wish to extend to all of our friends the compliments of the Season.

As a rule there is not much business transacted during Christmas Week, and it is usually devoted largely to social affairs, inventory, and winding up the books for the year. Not so this year. All the mills have been so busy booking orders and getting out shipments they haven't had time for anything else. So far no let-up in orders is noticeable, and the books will be closed with more real thankfulness and good cheer than has been the case in December since 1929, or possibly 1926.

On the whole, 1936 has been a splendid year for the lumber industry, and especially the last quarter. And the cheerful part of the picture is that the improvement bears no earmarks of a transient nature, and the industry is expecting a much better year in 1937.

It may get somewhat monotonous to keep harping on the sensational price increases in hardwoods, but this only happens once or twice during the life of the average lumberman, and quite naturally it looms up as quite an event in his experience. We had higher prices on many items in 1929, but no such sensational price advances were recorded in a short period during that year as has happened during the past ninety days. For the benefit of those who may not be familiar with the situation, a list of prices FOB Louisiana mill basis on some of the principal hardwood items is shown as of September 25 for comparison with present going prices.

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May 6, 1937: The German airship Hindenburg bursts into flames at Lakehurst, NJ, killing 36 passengers and crew members.



May 27, 1937: The Golden Gate Bridge opens to the public.

History, Hardwoods, & HMR



November 13, 1937: " ... one would have to go back several years in his memory to find a period when it was more difficult to sell lumber than it is now." On December 10, 1937, the Hardwood Market Report composite price for a basket of 37 items sinks to \$34/MBF, down 26% from the March 1, 1937 peak of \$46/MBF.

MARKET LETTER

NOVEMBER 13, 1937

Continued unfavorable business reports, and the tendency to curtail buying, work down inventories, and move with more caution, seems to have gotten under the skin of the Administration, and we may expect developments at Washington next week as soon as the special session of Congress convenes. It is believed in most quarters that the President will abandon his hostile attitude toward business and make a move for closer cooperation; that he has under consideration ways and means of checking the downturn in business through stimulating the building industry.

So far as the hardwood business is concerned, it shows no change, and one would have to go back several years in his memory to find a period when it was more difficult to sell lumber than it is now. Many buyers state their future buying policy depends largely on what happens in Washington during the next few weeks. Prices show very little change, but on account of such few sales it is difficult to estimate the market accurately.

The writer has talked with several salesmen who have been combing the territory for business during the past several weeks. All reported some business, but said orders were scarce and hard to get. Many of the mills are entirely down, and the majority running at reduced schedules. Lumbermen are of the opinion that the trade is holding off for lower prices. That is not the case. Salesmen state they can usually obtain orders at a price, but they are not inter-



1938: The Hardwood Manufacturers Association is founded.

June 25, 1938: The National Minimum Wage is signed into law, establishing a minimum wage of \$0.25/hour.



1930s

September 1, 1939: Germany invades Poland, triggering the start of World War II.



September 16, 1939: "Since Sept 16, no new orders for export can move without permit. This, together with a 75¢ ocean rate, war risk insurance, etc. all of which have to be paid in advance by shipper, makes the export business anything but attractive."

THE HARDWOOD MARKET REPORT

Crosstown Station, Memphis, Tenn.

SEPTEMBER 16, 1939

Present average selling prices to consuming trade on B/S Southern Hardwoods in carload lots of one grade and thickness, random widths & lengths, and graded in accordance with NHLA Rules of Inspection.

FOB Mill prices other than Louisiana and Texas can be figured from the table usually printed on back of this sheet.

Log Run prices are same as #1 Common prices, if stock averages #1 Common.

Indicates price revision upward since last report
 - " " " " downward " " "

PRICES ARE BASED ON LOUISIANA & TEXAS POINTS

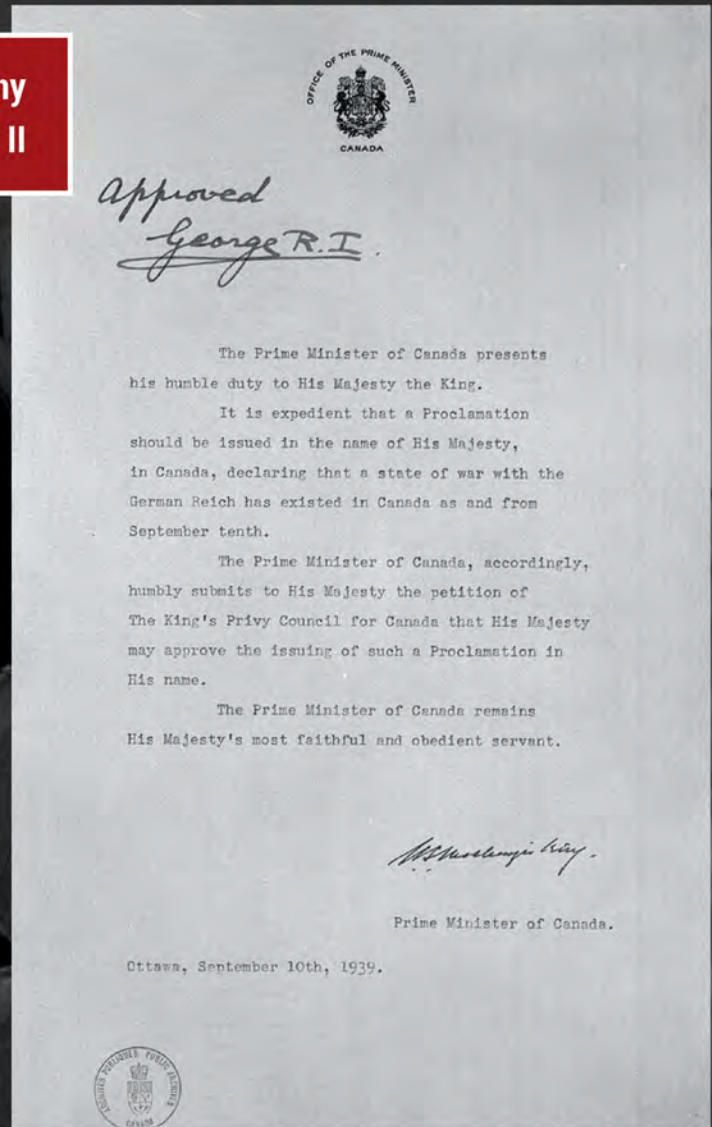
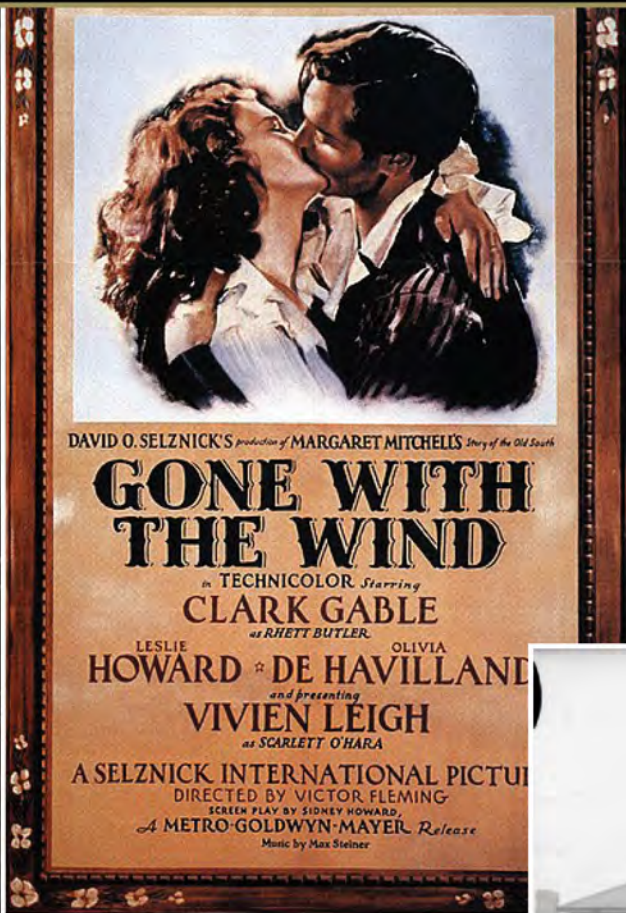
THICK- NESS.	PL WHITE OAK			QTD WHITE OAK			PL RED OAK				QTD RED OAK		
	FAS	#1C	#2C	FAS	#1C	#2C	FAS	#1C	#2C	S.W	FAS	#1C	#2C
5/8"	- 42	24#	18#	64	42	20	32#	23	17	13	50	29	18
3/4	- 50	30#	20	80	50	25	36#	25#	18	14	50	32	20
4/4	- 56#	32#	24#	96#	57#	30	40#	29#	23#	16	65#	40#	25
5/4	- 75	36	24	105#	60	32	47	31#	23	20	65	40	25
6 1/4	- 80	40#	24	110#	65	32	50	34	23	23	65	40	25
8/4	- 90	46#	25	120	70	35	56	37	25	25	75	45	28
10/4	- 110	60	--	135	80	--	90	60	--	--	--	--	--
12/4	- 120	70	--	150	95	--	100	65	--	--	--	--	--

	PL RED GUM			PL SAP GUM			TUPELO & B.GUM			MEDIUM TEXTURED POPLAR				
	FAS	#1C	#2C	FAS	#1C	#2C	FAS	#1C	#2C	FAS	S&S	#1C	#2A	#2B
5/8	50	23	14	27	18	9	26#	17#	9	48	33	24	15	9
3/4	60	25	16	30#	20#	10	28#	19#	10	52	35	25	17	12
4/4	72	28	18#	34#	22#	12#	30#	21#	13#	57#	41#	30#	20#	13
5/4	75	33	19	35#	25#	13#	32#	23#	13#	62	43	31#	21	15
6/4	75	34	19	36#	26#	13#	34#	24#	13	69	44	32#	21	15

History, Hardwoods, & HMR

September 10, 1939: Canada declared war on Germany and enters World War II

December 16, 1939: "Gone With the Wind" premieres.



December 17, 1939: The 1st Canadian Infantry Division - the first Canadians deployed in World War II - arrives in the UK.

1930s

PRICE INDEX
 (Please note: This price index is made up from the average price of 37 selected items, and is in no sense the average log run price of Southern hardwoods. According to the published records of the Southern Hardwood Producers, Inc. the average log run price of Southern Hardwoods for month of November was \$29.39 FOB mill.

MARKET LETTER**DECEMBER 23, 1939**

For week ending Dec. 9, 91 Southern Hardwood units reported to Southern Hardwood Producers, Inc. at Memphis, production 9,001M', shipments 8,508M', and new business 7,322M' - 81 per cent of production. For the year so far (49 weeks) orders booked have been 124% of production; and Oak Flooring orders



December 23, 1939 HMR quoting from the December 15th issue of the Cleveland Trust Co. business bulletin: " ... among all the important industrial nations of the world there is only one other that has made such laggard progress toward recovery as we have, and that is France. The League of Nations furnishes figures showing month by month since 1928 the volume of industrial production in 22 countries. Most of them had recoveries which long ago carried business activity up to new prosperities. The U.S. takes rank in the 21st place, while France is in the 22nd place. Both nations share in common two similarities in their depression records. Both have followed programs of managed economics in which government has left unchanged the capitalistic structure of business, while interposing progressive regulation over its operations, and meanwhile incurring huge deficits to finance subsidies and relief programs. In both countries these developments have been accompanied by great reductions in the investment of private capital in business enterprise. Here is the key to the central problem of this depression."

clearly at this time the probable developments of business in 1940. The first is the war, which may at any time develop new characteristics of first importance to American business. The other is the presidential election, which event is also packed with possibilities. No man living can predict with any degree of accuracy the outcome of either of these two factors, and any one who tries to do so is merely guessing. Since we cannot penetrate the fog of the future, it might be well to review the past, to test whether by its aid we can helpfully interpret the business developments of the present. On this subject we quote from the December 15 issue of the Cleveland Trust Co. business bulletin:

"At present we are in a period of business expansion. More workers are employed, more goods are being produced, and larger profits are being earned than was the case last summer. Once more we are wondering, as we have done so many times before, whether this upturn may be the long hoped for recovery from the depression. It is true that this period of better business had at least part of its origin in the stimulus resulting from the war, but some improvement was under way before the war began, and that gives us added hope. "The fact that this depression is of special significance. One is that

History, Hardwoods, & HMR will continue to take a trip into the past, present, and future and showcase historical events in the world, the hardwood industry, and within HMR.

Stay tuned as we head into the 1940s.



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