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WOOD PRODUCTS INDUSTRY IMPROVEMENT MAY NOT HOLD

MISSOULA--

The condition of Montana's wood products industry continued to improve during second quarter 1983, but the outlook for the rest of the year doesn't look quite so bright, according to a University of Montana research office.

The Bureau of Business and Economic Research reports that production, employment and wages increased from first quarter 1983 and are up dramatically from one year ago.

But bureau researcher Charles Keegan cautions that lumber prices have declined since June, reflecting higher home mortgage rates and an anticipated decline in U.S. housing starts. This could ultimately mean reduced operating levels for the rest of the year, he said.

Information on the state's wood products industry is gathered quarterly by the bureau in cooperation with the Montana Wood Products Association.

At least 29 of the 35 plants surveyed operated at or above normal levels during the second quarter. The 35 plants account for over 90 percent of the state's wood products manufacturing activity. A "normal" year for the industry is defined as one in which there are between 1.5 and 1.6 million housing starts nationwide.

The number of production workers is also up. An average of 4,500 employees worked each month of second quarter 1983, compared to an average of 4,100 employees on the job during each of the first three months. The second quarter figure is a vast improvement from the same period one year ago, when only 3,300 employees worked each month. In addition, almost all workers are back on at least a 40-hour

(OVER)

WOOD PRODUCTS--add one

week. One year ago an average of 1,300 production workers were on curtailed schedules.

An increase in wages paid to workers also reflected economic improvement within the industry. Wages were up almost one-third (32 percent) from a year ago, with workers receiving a total of \$27 million in second quarter 1983 compared to \$20.5 million during second quarter 1982.

These figures refer only to production workers at mill sites and do not include the several thousand workers in logging, trucking, and other related areas.

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The Montana Wood Products Industry

Second Quarter, 1983

	<u>April</u>	<u>May</u>	<u>June</u>
Number of mills operating at normal levels			
1982	12	12	14
1983	29	31	32
Total production workers			
1982	3,813	4,021	4,021
1983	4,352	4,566	4,738
Total production wages			
1982	\$6,492,594	\$6,942,919	\$7,083,272
1983	8,489,000	8,926,000	9,574,000

Source: University of Montana, Bureau of Business and Economic Research, Forest Industries Information System (Missoula, Montana, 1983).

Notes: The mills included in the survey account for approximately 90 percent of the total production of the wood products industry in the state. The number of mills surveyed decreased from 36 in 1982 to 35 in 1983. Second quarter 1982 figures are revised.

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