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Lumber Jumps as Post-Quake Building in Chile May Limit Supplies
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By Tony C. Dreibus

March 18 (Bloomberg) -- Lumber rose to the highest price this week on speculation that demand will improve as Chile rebuilds homes and businesses damaged by last month's earthquake.

The 8.8-magnitude temblor on Feb. 27 was the fifth-largest ever recorded, causing as much as \$30 billion in damage. Chile's central bank will probably keep its benchmark interest rate at a record low to help the economy recover from the earthquake, according to a survey of analysts by Bloomberg News.

"There's some feeling this earthquake in Chile is having an effect on the amount of lumber available in North America," said Gerry Van Leeuwen, a vice president at International Wood Markets Group in Vancouver. "Coincidentally, China, Japan, Europe and even the Middle East are feeling some shortage of supply. So that's causing some upward pressure on prices."

Lumber futures for May delivery rose \$5.90, or 2.1 percent, to \$281.50 per 1,000 board feet on the Chicago Board of Trade. Earlier, the price rose by the exchange limit of \$10 to \$285.60, the highest level since March 12. Futures have gained 75 percent in the past year.

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