

Louisiana-Pacific shares gain after RBC upgrade

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A slow recovery in the U.S. housing market this year will help maintain prices on the wood panels made by manufacturer Louisiana-Pacific, an analyst wrote as he upgraded the company.

Shares in Louisiana-Pacific Corp., based in Nashville, Tenn., rose more than 4 percent.

RBC Capital Markets analyst Paul Quinn on Tuesday upgraded LP to "Outperform" from "Sector Perform" and put a \$9 price target on its shares.

Quinn said he expects 725,000 housing starts this year and that the slow uptick will work in favor of Louisiana-Pacific.

That's a much better outlook than the one recently issued by Goldman Sachs.

Goldman analyst Richard Skidmore earlier this month predicted 670,000 starts this year, and doesn't expect prices of LP's wood panels to rise substantially until housing starts hit 1.3 million to 1.4 million.

Skidmore believes a glut of wood panels will keep prices weak.

A record 2.8 million households were threatened with foreclosure last year, and that could get worse this year because of unemployment.

Quinn, however, said that a slow rebound in housing "should lessen the temptation to start up idled capacity, keeping supply tight."

LP's wood panels are used in floors, roofs and walls.

Quinn sees prices for the particular type of board that LP sells at about \$185 per 1,000 square feet in 2010, up 13 percent from last year.

That's about 4.5 percent more than Goldman Sachs expects.

LP shares rose 33 cents, or 4.5 percent, to \$7.72