



MCES Timber Price Report

Agriculture Economics Department
Extension Forestry Department

P. O. Box 5446
Mississippi State, MS 39762

July/August 1992

MCES TIMBER PRICE REPORT

1. WHAT IS THIS REPORT?

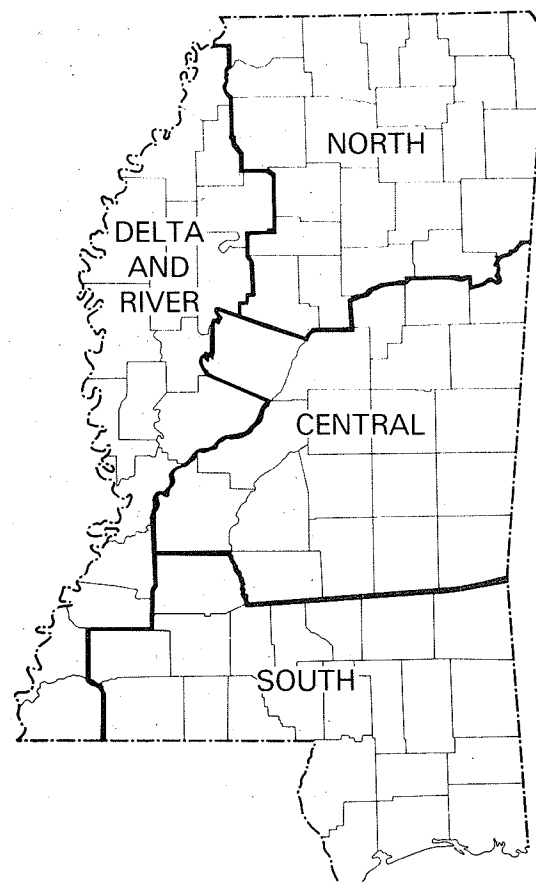
The MCES Timber Price Report is a bimonthly survey of stumpage and delivered timber prices in Mississippi. It is developed through the cooperation of public and private members of the forestry sector with MCES to provide an accurate picture of timber market activity. Mississippi is divided into four market regions that reflect distinct timber markets within the state (see map) and average prices for common forest products are listed. These values are compiled by polling cooperators from forest industry, public agencies, consulting foresters and landowners.

2. HOW TO USE THIS REPORT.

This report is intended to give a profile of timber prices in Mississippi.

Values given are offered as a guide to help individuals assess the fair-market value of their timber. The average price for a region should **NOT** be applied as the exact value for a particular timber tract. The best way for private landowners to obtain the highest price for a particular tract is to use competitive bidding. These prices, however, do reflect current timber market activity in each region.

Certain factors may cause a particular tract of timber to be valued higher or lower. For example, a tract that has a high timber volume per acre and can be logged during wet weather may bring a price per unit higher than the average reported here. On the other hand, a tract with less volume at great distance from the buyer's mill may bring less. Additional factors that affect timber values are timber quality, tract size, type of product to be made from the timber, access to the tract and many others. These values are a good price reference for landowners who wish to market timber, but individuals are advised to have their timber evaluated by a professional forester before making a timber sale.



3. TIMBER MARKET COMMENTS

Sawtimber

Several reporters summed up the feeling of many buyers by commenting that "the market is active (for pine sawtimber), prices are high, and there always seems to be someone to buy it." Pine sawtimber prices have continued to hold steady through the summer (when usually logs are plentiful and prices sag) except in north Mississippi where average stumpage prices for pine dropped. But the rest of the state saw pine prices steady or higher though there was a feeling that fewer bids were being made on timber sales.

Higher pine lumber prices, especially "wides" such as 2x12's, had improved the outlook for some reporters. The plywood market was also reported to be strong even before Hurricane Andrew mauled Florida and Louisiana. A few reporters said they expect some lumber price increases as cleanup and rebuilding get started. One reporter commented that "the lumber market this year was like a rollercoaster ride" and it apparently won't change very soon.

Most mills have adequate log supplies but many commented they would like to have more especially with the expected rains from the remnants of Hurricane Andrew. Several mills commented their log inventory was "lower than average for this time of year." Some speculated the hurricane would cause mills to begin preparing winter log inventories a little earlier this year. Some had already begun building winter stocks.

Winter logging sites were reported to be in demand with strong competition for these sales.

Pine sawtimber prices reported in the southwest averaged \$243/MBF,D standing and \$278/MBF,D delivered while stumpage in the southeast was \$262/MBF,D and delivered logs averaged \$306/MBF,D.

Hardwood sawtimber prices remained strong and moved higher in most areas. Log inventories had improved with many mills reporting "near normal log supplies" but in some areas of south central, low areas near the Delta, and near the Tenn-Tom corridor, logging has been difficult because of periodic showers all summer that have kept the woods wet. Mills in these areas had lower than usually log supplies. The hurricane rains won't help.

The hardwood lumber market improved some in the past 60 days with lower grades of oak moving well. Not much change was reported in the upper grades. A couple reporters commented that "flooring lumber prices were as good as they had ever seen." Some mills reported that although lumber was moving well, payment schedules were lengthened and some cash flow problems were occurring. A north Mississippi hardwood producer mentioned "the furniture frame market was doing fine" and orders were expected to increase soon after the Tupelo Furniture Market being held August 27-30. Furniture companies write new orders at market which usually translates into lumber sales in a few weeks.

One hardwood reporter in the Tenn-Tom area commented that competition for timber is very strong, much more than 5 years ago. The hardwood chip mills and Alabama hardwood mills have made buying hardwood timber in the area a challenge. He mentioned a timber sale in Monroe County that had good quality red oak was recently bought by a mill in Selma, Alabama, at a high price. He commented, "That's a long way to haul paying the prices they did."

Pulpwood

Pulpwood demand was generally beginning to increase toward the end of August after a pause during July when a few pulp mills were down for maintenance. Dealers reported good orders for pulpwood, and no quotas were mentioned. Prices remained steady though the stumpage averages moved a bit lower, which is not unusual for summer. However, delivered prices in north Mississippi moved up. A few north Mississippi reporters mentioned prices for pine pulpwood were improving in late August so landowner prices may also improve in the near future. Apparently in some areas of north Mississippi logging has been limited because of rains this summer, and the delivered prices have been affected.

Other Comments

One reporter south of Grenada mentioned an increase in pine pole buying in that area. Apparently, the pole market continues to spread north. A south Mississippi reporter indicated "the demand for small poles is up in several states and he can sell all he has."

Average chip-n-saw prices were steady to lower in south Mississippi, but they moved up a bit in the central region.

Prices for "pine billets"—9 foot logs cut from larger pine pulpwood trees (usually the butt cut) used for plywood logs—were reported bringing \$170-180/MBF at central Mississippi pulpwood yards.

Southern pine beetle problems continued to be reported in several areas, but apparently problems are in pockets. One southwest Mississippi reporter mentioned "this has been the worst period of the year and beetles were all over the place." In central Mississippi near Choctaw, Montgomery, Jasper, and Clarke Counties, beetle spots have been found and folks are keeping a close watch. Reporters commented that north of Highway 82 there are few beetle spots, but they are expecting increased activity next year.

Louisiana Pacific at Philadelphia has decided to close its hardwood lumber mill indefinitely and has officially stopped taking logs.

Weyerhaeuser's mill at Bruce is undergoing mill improvement work through September to upgrade mill equipment and improve recovery.

Most reporters commented that the timber market remains active with the number of sales offered described as "steady."

DON'T FORGET the Mid-South Forestry Equipment Show September 18-19, 1992, on the John Starr Memorial Forest at Mississippi State University. The show will feature live equipment exhibits and live contests between local loggers. For more information, contact Extension Forestry at 325-3150 or Mississippi Forestry Association at 354-4936.

This issue contains graphs of standing and delivered sawtimber prices for each area for the past two years.

The MCES Timber Price Report is available by contacting your county Extension office or Extension Forestry at P. O. Box 5446, Mississippi State, MS 39762. Your comments are welcome.

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DON'T FORGET TO CHECK THE TIMBER MARKET COMMENTS!

STANDING TIMBER¹

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	164-256	219	235-290	256	211-323	253	-	-
Chip-n-saw pine	-	47*	50-60	53	-	-	-	-
Poles (pine)	-	-	-	-	-	-	-	-
Mixed hardwood sawtimber ²	70-125	97.50	87-125	109	59-115	88	59-88	72
Oak sawtimber	145-150	148	135-225	178	-	-	163-282	218
Soft hardwood sawtimber ³	-	-	-	-	-	-	-	-
Rare hardwood sawtimber ⁴	-	-	-	-	-	-	-	-
Pine pulpwood	8-21	17	14-19	16.50	10.75-21.25	16.50	10-20	15
Hardwood pulpwood	5-15	8.75	8-13	10.50	6.50-12.00	9.00	6-7	6.75

DELIVERED PRICES⁵

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	240-265	259	270-285	276	265-315	296	-	-
Chip-n-saw pine	-	75	-	73*	71.50-78.00	73.75	-	-
Poles (pine)	-	-	-	-	-	44/T*	-	-
Mixed hardwood sawtimber ²	160-225	196	175-225	200	180-200	194	155-210	168
Oak sawtimber	240-275	257	-	275*	275-300	288	240-300	283
Other hardwood sawtimber	-	-	-	-	-	-	145-350**	-
Pine pulpwood	39-58	47.25	38-40	39	38-41	39.25	-	44*
Hardwood pulpwood	36-45	40.50	32-38	34.25	30-35	33.75	36-40.50	37.50

¹Prices reported are for timber market transactions during the two-month period listed, sawtimber and standing pole prices in \$/MBF Doyle, chip-n-saw and pulpwood prices in \$/cord, delivered pine poles in \$/ton.

²"Mixed Hardwoods" are mostly: Low-grade Oak, Beech, Cottonwood, Willow, Elm, Gums, Locust, Hackberry, Magnolia, Pecan, Hickory, Sycamore, Tupelo and Birch.

³"Soft Hardwoods" are mostly: Cottonwood, Willow, Poplar and Gum.

⁴"Rare Hardwoods" are mostly: Walnut, Cherry, Royal Paulownia, Persimmon, some species and grades of Cypress, certain prime grades of Cherrybark and White Oaks.

⁵Delivered prices are values given at the sawmill or pulpwood yard gate.

*Only one price reported.

**See Timber Market Comments.

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