
July/August, 2001

Mississippi Timber Price Report

1. WHAT IS THIS REPORT?

The Mississippi 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 the Mississippi State University Extension Service 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

The pine lumber market continues to feel the effects of uncertainty. Softwood lumber demand and price improved significantly in the second quarter after the Softwood Lumber Agreement expired. However, a surge of lumber to the market soon dropped prices again by the end of May. Prices have still trended up through July and August. US housing starts have

remained good with 1.6 million starts through July. Interest rates continue to decline which typically spurs housing.

Mississippi's stumpage market remains slow compared to 2000. Forest landowners have continued to hold timber off the market waiting for better prices and forest industry is feeling the pinch of a slower economy. Several mills have closed and others have curtailed production to relate to the market. Through July timber severance tax collections (an indicator of the level of timber harvest) were 12 percent behind collections from July of 2000.

Foresters report that they are making fewer sales as landowners "bank their timber on the stump". In early July, however, the sales that were being made were bringing "respectable" prices - in the \$400/MBF,D range - and more bidding interest- 7 to 13 bidders. Contacts report that mills are being more selective and quality-conscious in their timber purchases and tracts of good quality pine timber are bringing good prices. This has caused some foresters to be hopeful of a better market this fall.

The hardwood lumber market has also been lower this summer compared to last. However the market for good oak sawlogs has been steady this spring and average stumpage prices are in the range of \$280 - \$330/MBF,D or more. Mixed hardwood sawtimber prices are in the range of \$120 to \$176/MBF,D.

Pulpwood

The pulpwood market remains slowed but demand for hardwood pulpwood has improved. This is unusual for summer. Reporters comment that mills are looking for hardwood pulpwood statewide. One reporter in North Mississippi commented that "hardwood pulpwood has gotten to be a good commodity these days."

Pine pulpwood markets remain sluggish. U.S. paper and paperboard production in February was 7.3% below a year ago. Market pulp production was 11.8% behind February, 2000. Foresters report difficulty finding markets for thinnings from pine plantations because of low demand for pine. Many landowners are becoming aggravated about this according to reporters.

Standing pine pulpwood price averages remained low but improved a bit in July/August. Standing prices were between \$6 and \$9/ton and hardwood ranged a bit better between \$3 and \$7/ton.

The Mid-Year Outlook for the industry in Pulp and Paper magazine reports that the North American paper industry has been battered this year by lower prices for all grades of paper, excess production capacity and high energy costs and a strong US dollar that has reduced demand for US exports. An estimated 10,000 paper mill workers have lost jobs industry-wide during the current industry downturn.

Other Comments

The Canadian Softwood Lumber imports situation continues. After the Softwood Lumber Agreement (SLA) expired on March 31, 2001, a US lumber industry group called the Coalition for Fair Lumber Imports (CFLI) filed lawsuits with the US Department of Commerce (DoC) charging unfair trade due to Canadian government subsidies. On August 10, the DoC

announced that a 19.3% preliminary penalty tariff would be imposed on Canadian softwood lumber imports. It will be retroactive to mid-May.

Production of western softwood lumber in the first six months of 2001 fell 7.7 percent to 8.5 billion board feet according to preliminary figures released by the Western Wood Products Association. For the first half of 2001, Southern pine lumber production was down 9.4 percent to 7.68 billion board feet according to the Southern Forest Products Association.

Overall, the slowed general economy has hit the manufacturing sector harder than others and lumber and paper is lower than last year. However the long-range outlook for timber in Mississippi remains good and many landowners are waiting for better markets.

Would you like to receive Mississippi Timber Price Report (MTPR) information by E-mail? If you would like to receive a short version of the MTPR to your E-mail box send a message requesting this to the following address: bobd@ext.msstate.edu. We'll add your email address to a distribution list to send this information to you.

The Mississippi Timber Price Report is available on the World Wide Web. The current issue can be accessed through the Mississippi State University Extension Service Homepage. The Extension website has had a facelift and been combined with the MAFES site. The new site is at <www.msucare.com>. Select "Forestry" from the left hand index and then select "Timber Price Reports" to find the Mississippi Timber Price Report on line. Individual price reports are available dating back to 1997. Other price and production data is also available.

Anyone can get copies of the Mississippi Timber Price Report from the local Extension office. For the latest timber prices, call your County Extension Office or to get on the mailing list, contact Extension Forestry at Box 9681, Mississippi State, MS 39762

As always, your comments, pro and con are welcome.

MISSISSIPPI TIMBER PRICE REPORT
July/August, 2001
DON'T FORGET TO CHECK THE TIMBER MARKET COMMENTS!

STANDING TIMBER¹

| | <u>North</u> | | <u>Central</u> | | <u>South</u> | | <u>Delta and River</u> | |
|---------------------------------------|--------------|---------|----------------|---------|--------------|---------|------------------------|---------|
| | Low-High | Average | Low-High | Average | Low-High | Average | Low-High | Average |
| Pine sawtimber | 339-420 | 385 | 339-440 | 397 | 315-391 | 378 | 350-410 | 383 |
| Chip-n-saw pine | 72-80 | 76.75 | - | 72* | 60-74 | 68 | - | - |
| Poles (pine) | - | - | - | - | - | 600 | - | - |
| Mixed hardwood sawtimber ² | 140-220 | 176 | 155-200 | 166 | 105-192 | 159 | 100-138 | 120 |
| Oak sawtimber | 262-400 | 310 | 253-340 | 287 | 188-225 | 200 | 290-370 | 338 |
| Soft hardwood sawtimber ³ | - | - | - | - | - | - | - | - |
| Rare hardwood sawtimber ⁴ | - | - | - | - | - | - | - | - |
| Pine pulpwood | 13-30 | 20 | 15-25 | 19 | 15-26 | 18.50 | 8-18 | 16 |
| Hardwood pulpwood | 12-30 | 18.75 | 12-20 | 16.75 | 9-18 | 12.50 | 7-14 | 9.50 |

DELIVERED PRICES⁵

| | <u>North</u> | | <u>Central</u> | | <u>South</u> | | <u>Delta and River</u> | |
|---------------------------------------|--------------|---------|----------------|---------|--------------|---------|------------------------|---------|
| | Low-High | Average | Low-High | Average | Low-High | Average | Low-High | Average |
| Pine sawtimber | 425-455 | 440 | 435-470 | 453 | 435-462 | 441 | - | - |
| Chip-n-saw pine | - | - | 82-95 | 90 | 80-95 | 85 | - | - |
| Poles (pine) | - | - | - | - | - | - | - | - |
| Mixed hardwood sawtimber ² | 240-280 | 255 | 200-265 | 252 | 235-255 | 240 | 200-245 | 229 |
| Oak sawtimber | 320-395 | 375 | 355-410 | 380 | 335-360 | 342 | 395-460 | 425 |
| Other hardwood sawtimber | - | - | - | - | - | - | - | - |
| Pine pulpwood | 32-60 | 50 | 34-49 | 42 | 34-58 | 46 | 29-45 | 40 |
| Hardwood pulpwood | 30-55 | 36 | 28-47 | 35 | 30-47 | 36 | 27-45 | 30.50 |

Prices 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.

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

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

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

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

Mississippi weight conversion factors for shortwood pulpwood by law are: pine = 2.6 tons/cord. ; mixed hardwood = 2.8 tons/cord.

There is no statutory weight conversion for sawlogs in Mississippi. Pine sawlog weight to lumber volume conversions vary by log diameter and range from 6.5 tons of logs/MBF of lumber to 12 or 13 tons/MBF. Most mills in Mississippi use weight conversion factors of 8 to 10 tons/MBF for southern pine. For hardwood logs (comprised mostly of oak and hickory), most mills use a conversion factor between 9 and 11 tons of logs/MBF of lumber. A mill's conversion factor will also vary according to the equipment configuration in the mill.

*Only one price reported.

**See Timber Market Comments.