



Mississippi State University Extension Service

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Mississippi Agricultural and Forestry Experiment Station

Mississippi Timber Price Report

March/April, 2001

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 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

Uncertainty about the pine lumber market remained the largest factor in the pine sawtimber market during March/April. Mills continued to curtail lumber production because of oversupply in the market and uncertainty about the fate of the Softwood Lumber Agreement (SLA) with Canada. Some mills closed down completely. This was a trend across the South. It was reported that southern pine lumber production was 12% lower in January compared to a year ago. This situation left pine sawtimber prices weak and many landowners continued to hold their timber off the market.

There was some brighter aspects to the softwood lumber market, however. Average softwood lumber prices had improved in the first quarter and the building season is picking up. In addition, Atlanta, a close market for Mississippi pine lumber, was the hottest home building market in the US in 2000. Also, interest rates were falling - 6.9% in April.

Foresters reported very few timber sales on the market but those with "high tree-average pine saw timber" were bringing good interest and "respectable" prices. Most mills continued to have low standing inventories and wanted to buy timber but were holding back unless the timber was absolutely needed.

Standing pine sawtimber average prices dropped in March/April. The standing pine sawtimber average price in north Mississippi was \$368/MBF, down 4%. In central Mississippi the price average was \$378/ MBF and in south Mississippi prices dropped to \$364/MBF. These prices are about 15% below a year ago.

Salvage of the storms that hit areas of north Mississippi in February continued in March/April providing a source of lower-cost logs for area pine mills. This situation was another reason for landowners to hold timber off the market in north and parts of central Mississippi.

In the hardwood market, demand for oak logs increased and most reporters in north and central Mississippi described the market as "good". Standing prices for mixed hardwood dropped but oak timber increased in March/April. Buyers from mills in Alabama were especially competitive for oak sawtimber in east central Mississippi.

Pulpwood

Mississippi's pulpwood market continues slow. Standing pine pulpwood averages remained steady between \$7.00 - \$8.00/ton and hardwood remained between \$3.50 - \$4.50/ton.

Other Comments

With the slowed general economy, times remain tough in the timber business in Mississippi. Timber prices are down and commerce in timber has been adversely affected. Georgia-Pacific announced the Louisville plywood plant would close permanently and Wiggins Lumber Company in Wiggins also closed.

The SLA expired March 31, 2001 and the Coalition for Fair Lumber Imports immediately filed a Countervailing Duty lawsuit and an Anti Dumping lawsuit with the US Department of Commerce (DOC) charging the Canadian government with unfair trade practices. These suits will have to be handled through the DOC and could result in a duty being placed on imported Canadian softwood

lumber. The DOC has up to 120 days to rule. This extends the uncertainty already in the US softwood lumber market.

Energy costs remain a problem for several segments of the industry. With diesel fuel costs increased and delivered log prices falling the logging segment of the industry is being squeezed. Reports from the pulp and paper industry note that energy costs in paper production have spiked in the last year. International Paper Company reported that their energy costs for mill operations in 2000 were \$40 million higher than in 1999. Smurfit-Stone's energy costs were \$75 million higher for the same period. Firms in California paid seven times 1999's costs in 2000 due to the energy crisis there. In addition to energy costs, the strong dollar is reducing pulp and paper export sales. All these factors impact Mississippi's markets.

There was no Southern pine beetle (SPB) activity to report in March/April.

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 data will be added periodically.

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, March/April, 2001
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	330-390	368	312-463	378	325-450	364	330-432	377
Chip-n-saw pine	70-85	79	69-103	77	62-85	71	-	-
Poles (pine)	-	-	-	-	-	500*	-	-
Mixed hardwood sawtimber ²	130-159	142	120-188	147	128-155	140	100-160	145
Oak sawtimber	190-300	289	220-402	297	220-345	260	320-390	353
Soft hardwood sawtimber ³	-	-	-	-	-	-	-	-
Rare hardwood sawtimber ⁴	-	-	-	-	-	-	-	-
Pine pulpwood	14-24	22	13-25	22	20-26	21	14-23	19
Hardwood pulpwood	6-16	13	7-14	12	10-17	12	8-17	10

DELIVERED PRICES⁵

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	430-465	440	430-470	444	420-464	450	-	-
Chip-n-saw pine	-	85*	80-95	90	79-103	89	-	-
Poles (pine)	-	-	-	-	-	-	-	-
Mixed hardwood sawtimber ²	225-270	250	220-260	240	220-270	240	210-250	230
Oak sawtimber	344-400	365	350-430	392	335-405	365	370-460	433
Other hardwood sawtimber	-	-	-	-	-	-	-	-
Pine pulpwood	28-50	45	31-48	40	30-53	46	26-44	40
Hardwood pulpwood	25-50	32	21-43	29	27-45	33	25-35	28.50

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.

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.

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