



Mississippi State University Extension Service

Coordinated Access to the Research and Extension System

Mississippi Agricultural and Forestry Experiment Station

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September/October, 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

In the wake of the September 11th attacks the lumber markets - along with the general economy - are in a "wait-and-see" mode. As the confusion and grief gave way to resolve, markets for lumber began to get back on track. But the track has been generally lower than before 9/11. Pine lumber prices for 2x4s, however, are a bit better than they were a year ago.

Southern pine lumber production continued to slow in September/October with mills limiting

their production as the market tries to balance supply and demand. The Southern Forest Products Association reports that southern pine lumber production has been 7% lower in 2001 compared to this year, through July. This has impacted the demand for pine timber locally in Mississippi. Many contacts report that landowners are holding their timber off the market but those that have been testing the market have found good interest from bidders and stumpage prices for "good quality pine timber" have pleasantly surprised foresters. Pine sawtimber stumpage prices have increased a bit from July/August moving up to the \$385/MBF to \$410/MBF range. Several foresters reported "respectable" prices and remarked that "if there are landowners that need to sell some good timber, the market is not bad".

On the hardwood side, foresters report good interest in oak timber continues and prices for logs have increased slightly as mills took advantage of good harvesting weather to stock logs for the winter. Mixed hardwood sawtimber also moved up slightly in central Mississippi but held steady elsewhere.

Some individual hardwood species stumpage prices reported in South Mississippi were: white oak \$460/MBF, red oak \$500/MBF, magnolia \$375/MBF. Individual hardwood species stumpage prices reported in the Delta and River region were: sweetgum \$115/MBF, ash \$185/MBF and "miscellaneous species" 90/MBF. One forester in the Delta remarked that "right now, hackberry is a give away".

Pulpwood

The paper industry remains depressed and US production levels through August are about 7% below August of 2000. Newsprint production levels are about 10% behind last year. This situation and the closure of some mills has lowered demand and prices for pulpwood in Mississippi over the last 2 years. Despite the situation, in September/October foresters reported an improvement in pulpwood demand and some small improvements in price. Pine pulpwood prices increased slightly in September/October to the \$16/cord to \$22/cord range. Many reporters remarked that mills were especially interested in hardwood pulpwood. Hardwood pulpwood stumpage prices moved up a bit to the \$10/cord to \$18/cord range. These are not "big prices" by any means compared to the prices of 1998, but they may mean we've seen the bottom.

Other Comments

This year has seen lots of market uncertainty. As a backdrop to this year the paper industry has been realigning for 2 years to balance supply and demand. Then, early in the year, the lumber markets had uncertainty because of the Presidential election aftermath and the pending expiration of the Softwood Lumber Agreement (SLA). As the SLA situation began to shake out, then came the 9/11 attacks and the economic uncertainty around that which we still experience. The Federal Reserve has continued to cut interest rates in an effort to stimulate the economy. As interest rates fall this stimulates housing construction which should eventually help lumber and panel markets. That should be a bright spot on the horizon as the US works through these economic disruptions.

In August, the US Department of Commerce (DOC) announced that it would impose a 19.3% penalty tariff on softwood lumber imported from Canada, in response to "unfair government subsidies" given to the Canadian lumber industry. In November, the DOC announced it found that producers of softwood lumber in Canada were selling their products below fair market value ("dumping") in the US market and would add an additional duty of between 5.94 and 19.24 percent. These were both preliminary decisions by DOC and subject to an appeals process but these developments may add some stability to the US softwood lumber markets.

The Weekly Hardwood Review in September reported that loggers are leaving the business "in droves" and that this change could have long-term implications for the hardwood industry. They cite high timber prices compared to log prices - not much profit - and poor pulpwood

markets, among other challenges making times difficult for loggers to continue. Some mills are adding their own logging crews while others can not afford to do it. This remains a major concern in the hardwood industry.

Virtually no southern pine beetle (SPB) activity was reported in September/October. A Forest Service report in June for the region, however, reports that infestations remain a problem in the states east of Mississippi, especially Alabama. The Forest Service projections for SPB populations, based on Spring 2001 pheromone trappings show Mississippi should experience moderate declines in SPB activity. Nevertheless, landowners are encouraged to periodically check their timber for SPB.

Mr. Lonnie Crosby of Seminary is seeking "cypress and cedar (juniper) slabs and chips. Cypress and Juniper sawtimber: 12 inches on the little end and up. Must be solid. No holes or knots in sawtimber. \$60/ton delivered". Contact him at his cell 601-2705557.

Would you like to receive Mississippi Timber Price Report (MTPR) information by E-mail? If you would like to receive a notice 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 is added continually.

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.

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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	358-401	387	370-445	408	350-454	396	365-410	389
Chip-n-saw pine	63-80	77	70-81	75	68-76	71	-	-
Poles (pine)	-	-	-	-	500-641	564	-	-
Mixed hardwood sawtimber ²	102-185	175	189-250	210	80-185	154	116-185	135
Oak sawtimber	-	280*	285-395	315	-	425*	320-385	359
Soft hardwood sawtimber ³	-	-	-	-	-	-	-	-
Rare hardwood sawtimber ⁴	-	-	-	-	-	-	-	-
Pine pulpwood	18-23	22	13-24	19	12-25	18	-	16*
Hardwood pulpwood	14-25	18	10-16	16	12-20	14.50	8-14	10

DELIVERED PRICES⁵

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	420-440	435	435-450	442	430-470	445	-	448*
Chip-n-saw pine	-	-	80-112	95	82-99	90	-	-
Poles (pine)	-	-	-	-	-	-	-	-
Mixed hardwood sawtimber ²	230-275	265	294-331	312	225-260	245	200-253	230
Oak sawtimber	360-420	380	370-552	410	340-390	365	385-552	430
Other hardwood sawtimber	-	-	-	-	-	-	-	-
Pine pulpwood	35-62	49	36-52	48	35-59	48	33-52	41
Hardwood pulpwood	28-58	35	29-64	39	26-52	35	30-60	34

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.

Bob Daniels
Extension Professor

