



Forest2Market®  
Solutions for the Forest and Wood Products Industries

# Mississippi Timber Report

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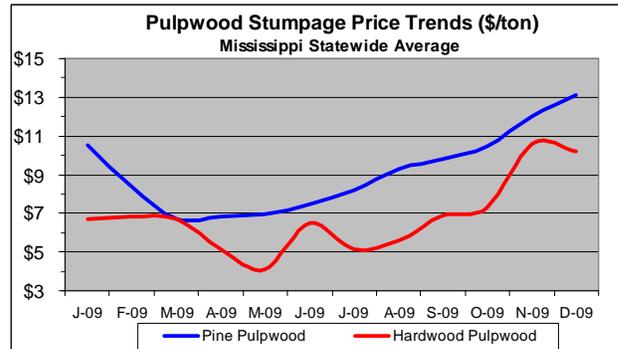
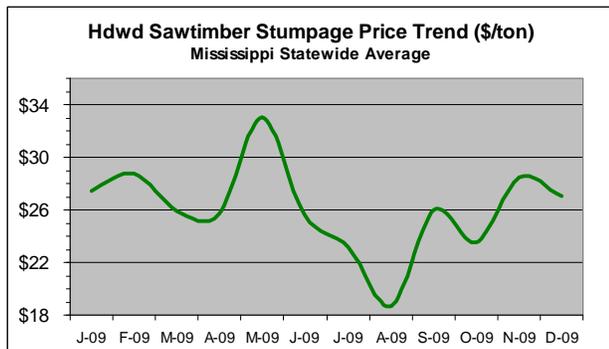
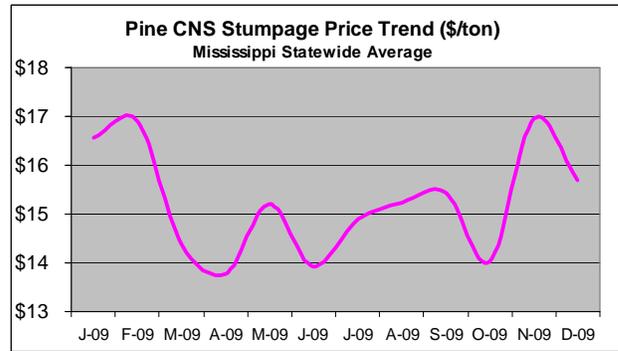
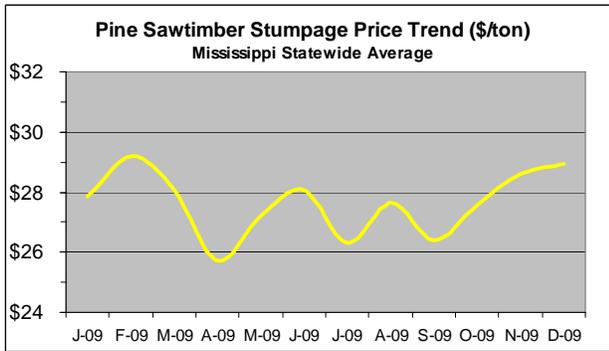
**4th Quarter  
2009**

**Volume 6  
Number 4**



Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at [www.forest2market.com](http://www.forest2market.com) for prices that are specific to your local area.

## MISSISSIPPI STUMPAGE PRICE TRENDS



## MISSISSIPPI STUMPAGE PRICES



### *Pine*

The last few months saw a significant increase in pulpwood pricing as mills began the winter season with low inventories. An extremely wet winter coupled with increased demand in the national and global pulp market were the main attributes to the high price. Demand and pricing for pine sawtimber experienced a similar increase as mills struggled to keep inventories up during the wet weather. **Pine Pulpwood** increased \$2.82/ton to end the quarter at **\$11.86/ton** – a 31.3% increase. **Pine CNS** increased \$0.88/ton to close the quarter at **\$15.97/ton** – a 5.8% increase. **Pine Sawtimber** also showed an upward trend increasing \$1.76 or 6.6% to end at **\$28.44/ton**.



### *Hardwood*

Hardwood pricing experienced a similar increase this quarter due to the same factors as pine. As a result, **Hardwood Pulpwood** increased this quarter \$3.71/ton to close at **\$9.50/ton**. **Low Grade Hardwood** increased \$1.65/ton to end at **\$21.45/ton**, and **High Grade Hardwood** increased \$1.53/ton to end at **\$31.81**. **Mixed Hardwood** ended the period at **\$26.30/ton**, \$3.19/ton less than last quarter. Expect for both hardwood and pine prices to level off in the coming months as much of the price increase is due to seasonality.

## U.S. SOUTH TIMBER MARKET OUTLOOK

### PINE SAWTIMBER PRICES

We are beginning to see some signs of strength in the sawtimber market:

- Lumber prices rose in the last two months of 2009, and early January 2010 prices are higher as well.
- We expect steady growth in housing starts in 2010, moving from roughly 550,000 per month to 800,000 by the end of 2010. Homebuyer tax credits have precipitated this improvement.

While normal seasonality will occur, both of the above factors will combine to strengthen sawtimber prices, moving them off the historic lows experienced in 2009. We do not expect gangbuster increases, however, as oil prices will increase throughout 2010, leading to higher diesel costs. This will put downward pressure on stumpage prices, though not enough to push prices back to historic lows. As a result, we expect slow steady growth for sawtimber prices in 2010. If the Biomass Crop Assistance Program (BCAP) plays out as it is currently structured, small log CNS may feel pressure from pulpwood pricing.

### PULPWOOD PRICES

Expect a strong year for pulpwood prices. Why?

- GDP growth for 2010 will be positive: 2 percent for the first half of 2010, though it will slow in the second half to 0.5 percent. This increases demand for paper.
- Winter has been exceptionally wet this year across the entire South. As a result, most pulpmills are strapped for inventory and prices are at highs.
- We've already seen evidence that BCAP is driving up stumpage prices.

These factors will combine to create extremely high prices. We expect them to continue to be high through mid-March, as pulp mills continue to struggle for inventories. As spring and summer approach and ground conditions improve, pricing will decelerate, though a strengthening economy and (possibly) BCAP will still support higher prices throughout the year.