

MCES Timber Price Report

Agriculture Economics Department
Extension Forestry Department

P. O. Box 5446
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September/October 1990

MCES TIMBER PRICE REPORT

1. WHAT IS THIS REPORT?

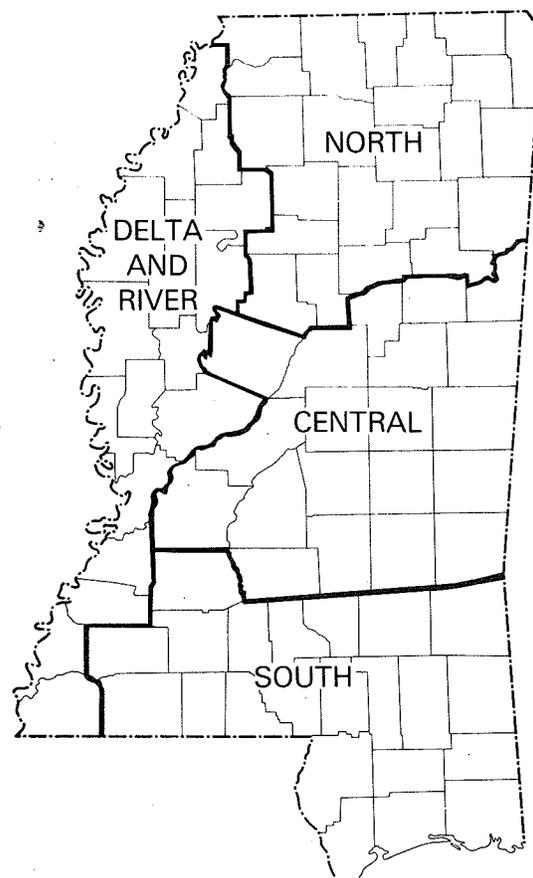
The MCES Timber Price Report is a bimonthly survey of stumpage and delivered timber prices in Mississippi. It is developed through the cooperation of public and private members of the forestry sector with MCES to provide an accurate picture of timber market activity. Mississippi is divided into four 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

Stumpage prices continued strong in September and October for both pine and hardwood sawtimber. Loggers took advantage of continued dry weather and have filled many log yards statewide. Many mills also took the opportunity to harvest already-purchased, standing timber. Consequently, many mills report above average log inventories, but a few firms are still building log inventories.

Reporters indicated, however, that many mills currently have low standing inventories and that competition for "winter logging" tracts is strong. Many suggest that this competition is the major factor supporting pine stumpage prices while lumber markets remain soft.

Prices for pine sawtimber remained steady from the last report with the exception of the northern district where prices increased. During the favorable harvesting weather, some mills cut back buying contract logs as they cut their own standing inventory. Buyers were reportedly more grade-conscious in the high supply market. Almost every mill reported that pine lumber prices had plummeted, with wide dimension lumber now following the drop in narrow dimensions seen earlier this summer. Several reporters said that the pine lumber market had "gone to pot." Reported delivered pine sawtimber prices in the Southeast averaged \$272/MBF, with prices in the Southwest averaging \$255/MBF. Standing prices averaged \$216/MBF in the Southeast and \$209/MBF in the Southwest.

Most hardwood mills have built large inventories in advance of the rainy winter season, and some reported "turning some logs away." Stumpage prices remained relatively firm, but delivered prices have fallen, reflecting the supply situation. Most hardwood mills reported that upper grade oak lumber demand was low and that "ash was dead." One reporter said that things were so uncertain he didn't know the "kind of logs to inventory nor how many to hold." Many mills are uncertain about how much inventory to purchase because of the Persian Gulf situation and the federal budget problems. They are reluctant to be committed to a high-priced inventory if the economy turns down.

Pulpwood

Pine pulpwood prices remained strong. Pine pulpwood is reported moving well throughout the state, with standing and delivered prices up a bit. The situation was different for hardwood. Many dealers reported hardwood difficult to move and were on a quota. Several reported that pulp mills were beginning to use greater amounts of pine. Prices for hardwood pulpwood remained about the same compared to the last report.

Other Comments

A continued decline in housing starts, uncertainty in the Persian Gulf, and a generally weak economy provides a shaky foundation for a quick recovery in lumber markets. Some say it will be several months before any stability returns. Continued low lumber prices would lead to lower stumpage prices for landowners. Landowners should consider these factors in their plans to market merchantable timber over the next several months.

This issue contains charts depicting average pulpwood prices over the past year.

Anyone can receive the MCES Timber Price Report by contacting their county agent or the Extension Forestry Department.

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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	155-218	181	150-265	212	169-255	212	150-180	168
Chip-n-saw pine	-	34*	30-48	39	34-52	38	-	-
Poles (pine)	-	-	-	-	300-310	304	-	-
Mixed hardwood sawtimber ²	70-125	100	60-150	96	61-125	88	60-100	73
Oak sawtimber	-	-	150-200	167	-	-	100-200	150
Soft hardwood sawtimber ³	-	-	-	-	-	-	-	-
Rare hardwood sawtimber ⁴	-	-	-	-	-	-	-	-
Pine pulpwood	5-18	12	7-22	13	12-20	15	9-13	11.25
Hardwood pulpwood	3-8	5	4-10	7	6-10	7.75	5-6	5.25

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	200-270	245	220-306	263	250-285	264	-	-
Chip-n-saw pine	-	68*	-	57*	62-73	68.50	-	-
Poles (pine)	-	-	-	-	36-40/T	39/T	-	-
Mixed hardwood sawtimber ²	163-182	173	160-190	173	163-200	187	150-200	168
Oak sawtimber	195-200	197	-	225*	-	-	200-300	268
Other hardwood sawtimber	-	-	-	-	-	-	200-313	-
Pine pulpwood	32-45	39	37-51	41	36-48	39	-	47*
Hardwood pulpwood	30-39	34.75	30-43	34.25	32-41	34.50	35-38	36.50

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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