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Mississippi Timber Price Report

September/October, 2000

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 story of the timber market in September/October is overproduction of pine lumber and uncertainty. The combination of extended drought, forest industry company reorganizations and overproduction of pine lumber created a gloomy mood in the timber market.

We've discussed the drought's effects on the timber market at length this year but forest industry mergers and acquisitions are also beginning to impact Mississippi's industry and timber market. A number of industry announcements have been made that are causing realignment in our forest products industry. These have many foresters and some landowners uncertain about the future. For example, Georgia-Pacific bought Fort James Paper Co., International Paper bought Champion International, Bowater bought Newsprint South and Plum

Creek bought the Timber Company (formerly GP timberlands, now separate). As a result, IP's Natchez paper mill and Masonite Division are for sale and GP's Leaf River mill is for sale. These changes are part of a continuing realignment in the forest products industry that began with the paper industry 2 years ago.

These changes also come at a time when there is too much southern pine lumber on the market. The abundance of softwood lumber (of all types) and the relatively high cost of southern pine compared to other softwood lumber has kept our markets weak. While the softwood lumber market seems to have bottomed in July, pine lumbermen still comment that stumpage is too high given the current price of lumber. Add to all this the customary business caution in a Presidential election year and the market is flat.

During September/October average pine standing sawtimber prices dropped another 5% statewide from July/August to the $400/MBF,Doyle range. Pine sawtimber in north Mississippi dropped to $376/MDF,D, an 11% drop. That's the lowest it's been since 1996. There was one report of a spruce pine sale at $381/MBF,D in south Mississippi.

Most reporters contacted reported that they had all the logs they wanted now and lumber too. Others reported that they were taking down time at the mill or cutting back from two shifts to one. Some companies were planning to shut their mill until lumber supply comes back into line with demand. Mill owners commented that the Softwood Lumber Agreement with Canada which governs the importation of Canadian softwood lumber was up for renewal in April 2001. It is unclear now if it will be renewed and that adds another measure of uncertainty to the lumber situation.

Many consultants contacted remarked that business was very slow. Some reported success when they "tested the market" with a few sales but more thought the opportunity in the market was slim for the rest of this year.

In the hardwood market, logs remained available but some good sales of oak were reported in September/October. Two sales of $600/MBF,D oak timber were reported in central Mississippi, but these were kept out of the averages since they were so unusual. Reports are that the hardwood lumber market is steady but supply is adequate. Some mills report demand for lumber good but comment that prices are not what they need to be. Standing prices for mixed hardwood and oak timber held steady or moved a bit higher in September/October. As the normal rainy season approaches mills may be taking the opportunity to buy.

In general, the sawtimber markets have been struggling along but hardwood timber has been the steady side of the market this year. One reporter commented that "the sales we had in September did OK because it seemed that all the buyer's bids would be in the same range but there would always be one that would come in to bid higher. But at our last sale, no one did that. And "the pack" (of bidders) have dropped their prices now.' Through it all, timber is moving but much of the "steam" is out of the market.

Pulpwood

Mississippi's pulpwood market remained slow. Total U.S. paper and paperboard production in July was 7.9% lower than July of 1999. Newsprint production however was 5% above last year.

Reporters in north Mississippi again commented that they have been thinning pine plantations this summer and fall. North Mississippi reported the best pine pulpwood prices in the state, which is unusual. Pulpwood prices in north and central Mississippi moved up slightly while in the south they retreated a bit. Stumpage prices were in the range of $6 to $7.50/ton for pine and $2 to 5/ton for hardwood.

Other Comments

A bright note in the timber situation is that Southern pine beetle problems have not materialized this year. No significant Southern Pine Beetle activity was reported in September/October. Ips beetles however are reported throughout central and especially southeast Mississippi, causing "large and widespread damage" according to several foresters.

As part of the industry reorganization and market effects Georgia Pacific announced that it will close its plywood plant at Louisville, MS in December until April, 2001. Neshoba Lumber in

Philadelphia has idled its mill. Production at Georgia Pacific's Roxie, MS sawmill has been suspended indefinitely. The chip mill at Glen, MS is being shut down in response to curtailments at the IP (formerly Champion) paper mill at Courtland, AL. Packaging Corporation of America announced the sale of 385,000 acres of its timberlands to an investment group, Southern Timber Ventures, LLC.

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 at <http://www.ext.msstate.edu>. Select "Agriculture and Natural Resources" then select "Forestry" and then "Timber Prices." Individual price reports are available back to 1997 and other price data is being added.

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, September/October, 2000
DON'T FORGET TO CHECK THE TIMBER MARKET COMMENTS!

STANDING TIMBER[1]

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	350-400	376	367-430	408	381-518	408	375-475	417
Chip-n-saw pine	-	-	-	81*	60-81	72.75	-	-
Poles (pine)	-	-	-	-	450-560	524	-	-
Mixed hardwood sawtimber[2]	140-247	160	154-183	165.50	100-185	149.75	150-195	175
Oak sawtimber	190-270	260	259-411	355	-	350*	320-385	345
Soft hardwood sawtimber[3]	-	-	-	-	-	-	-	
Rare hardwood sawtimber[4]	-	-	-	-	-	-	-	-
Pine pulpwood	15-25	20	11-24	16	10-23	16.50	11-22	17
Hardwood pulpwood	12-16	14	5-10	6.50	5-15	9.75	8-15	10

DELIVERED PRICES[5]

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	460-485	470	465-490	485	470-495	488	-	-
Chip-n-saw pine	-	-	79-99	93	81-100	95	-	-
Poles (pine)	-	-	-	80/T*	78-100	89/T	-	-
Mixed hardwood sawtimber[2]	215-275	255	225-285	270	222-277	253	230-290	259
Oak sawtimber	330-385	350	375-450	400	339-390	356	375-470	440
Other hardwood sawtimber	-	-	-	-	-	-	-	-
Pine pulpwood	22-52	40	27-50	38	30-52	39	21-38	36
Hardwood pulpwood	24-52	32.50	23-53	30	25-42	31	21-44	28

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.

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