



Mississippi Timber Report

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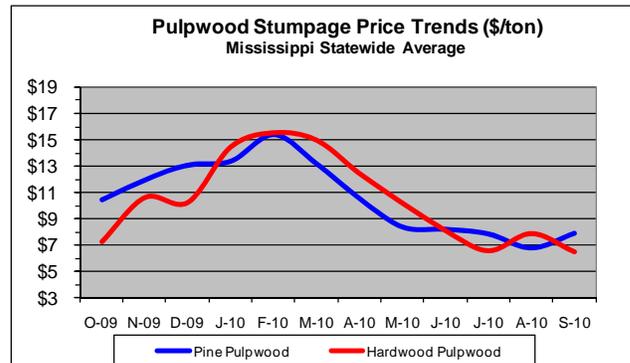
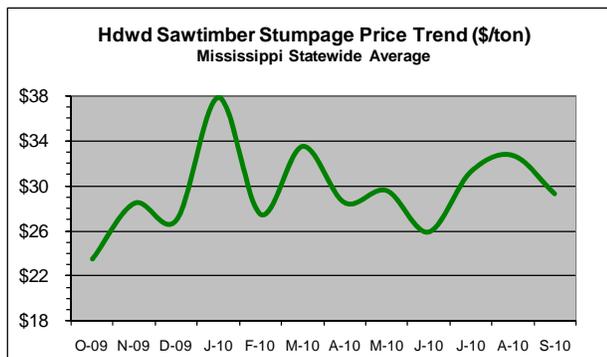
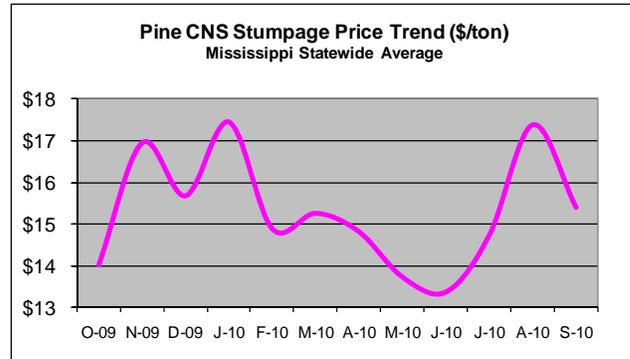
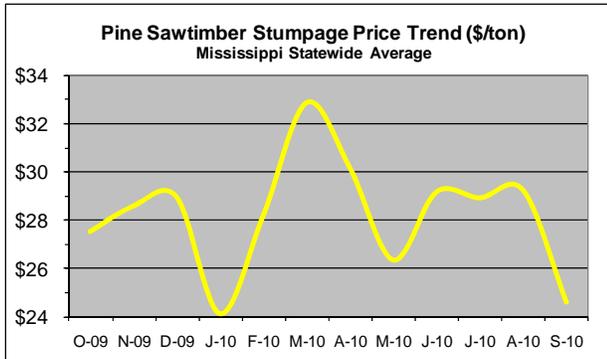
**3rd Quarter
2010**

**Volume 7
Number 3**



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 for prices that are specific to your local area.

MISSISSIPPI STUMPAGE PRICE TRENDS



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Pine



As was the trend in the 2nd Quarter, Pine Pulpwood price continued to decline as a dry summer made it easier for mills to procure wood. Pine CNS price saw an increase however sawtimber remained flat. Sawlog prices still remained very low from a historical standpoint. **Pine Pulpwood** decreased \$1.86/ton to end the quarter at **\$7.42/ton** – a 20.0% decrease. **Pine CNS** increased \$1.26/ton to close the quarter at **\$15.33/ton** – a 9.0% increase. **Pine Sawtimber** showed a decrease of \$0.02 or 0.1% to end at **\$28.50/ton**.

Hardwood



Hardwood pulpwood experienced an even larger drop in price than pine, as prices were still correcting themselves after a huge spike last winter. Mixed hardwood sawtimber price saw an increase as there has been a shift toward higher grade hardwoods. While low and high grade sawtimber prices each decreased this quarter, mixed hardwood experienced an increase as there was a shift in volume toward higher grade sawtimber. As a result, **Hardwood Pulpwood** decreased this quarter \$3.92/ton to close at **\$6.76/ton**. **Low Grade Hardwood** decreased \$2.68/ton to end at **\$18.82/ton**, and **High Grade Hardwood** decreased \$2.35/ton to end at **\$33.07**. **Mixed Hardwood** ended the period at **\$30.52/ton**, \$1.94/ton more than last quarter.

U.S. SOUTH TIMBER MARKET OUTLOOK

PINE SAWTIMBER PRICES

Prices for pine sawtimber have remained flat since last quarter. The market is still very weak and prices remain at historic lows. Because sawmill inventories are high, mills continue to keep gatewood prices low. In addition, dry weather has made it very easy for mills to procure wood. Most sawmills are operating on quotas and limit the number of loads a logger can deliver each week as a result. No sustained elevation in the housing market is likely to increase demand in the next several months.

Landowners also appear to be more motivated to sell their timber: first, because they do not anticipate increases in stumpage prices for the next year or two; second, long-term capital gains taxes are expected to increase from 15 percent to 20 percent in 2011.

PULPWOOD PRICES

The pulpwood market has fared better. Although prices have dropped over the past two months (roughly \$2 per ton on average throughout the South), mills continue to need logs. Since a significant cause of lower prices has been the dry weather, we expect this to change as wetter winter weather impacts the ability to harvest low lying tracts.