



Mississippi Timber Report

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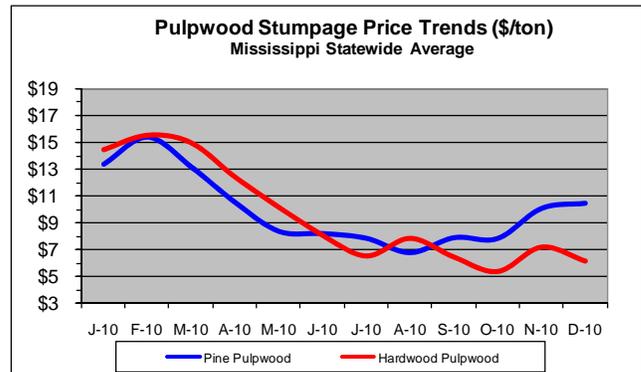
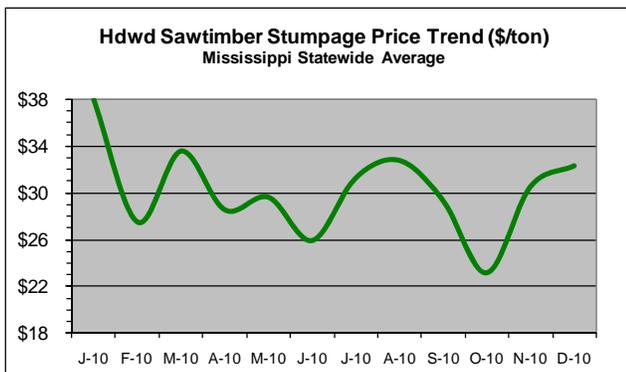
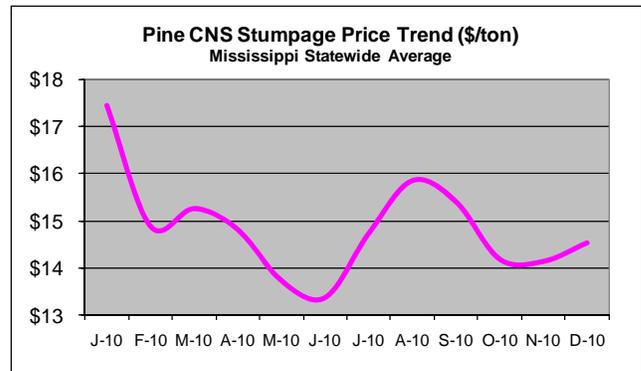
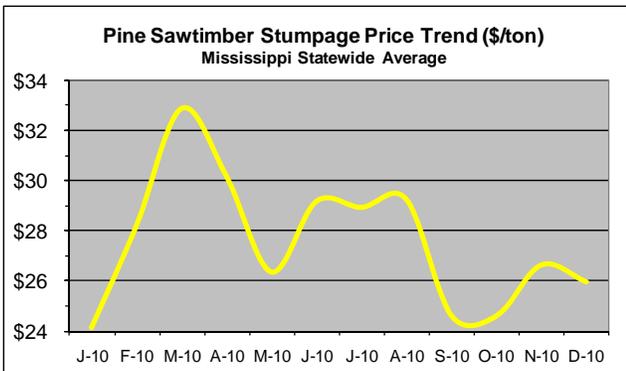
**4th Quarter
2010**

**Volume 7
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 for prices that are specific to your local area.

MISSISSIPPI STUMPAGE PRICE TRENDS



MISSISSIPPI STUMPAGE PRICES

Pine



Seasonality had a big impact on pine pulpwood price this quarter. Winter weather forced mills to buy more logs on the open market for a premium price. Pine chip-n-saw and pine sawtimber both saw a decrease this quarter as the housing market continued to sag. **Pine Pulpwood** increased \$2.04/ton to end the quarter at **\$9.46/ton** – a 27.5% increase. **Pine CNS** decreased \$0.97/ton to close the quarter at **\$14.36/ton** – a 6.3% decrease. **Pine Sawtimber** showed a decrease of \$2.62 or 9.2% to end at **\$25.88/ton**.

Hardwood



Hardwood pulpwood price remained relatively flat this quarter in comparison to pine. Pulpwood actually decreased slightly, which is abnormal for this season. Milder weather conditions than in years past was a key factor for the decrease. Hardwood sawtimber was on the rise this quarter as sawmills were seeing increased demand for some specialty products. As a result, **Hardwood Pulpwood** decreased this quarter \$0.43/ton to close at **\$6.33/ton**. **Low Grade Hardwood** increased \$3.22/ton to end at **\$22.04/ton**, and **High Grade Hardwood** increased \$1.21/ton to end at **\$34.28**. **Mixed Hardwood** ended the period at **\$30.75/ton**, \$0.23/ton more than last quarter.

U.S. SOUTH TIMBER MARKET OUTLOOK

TIMBER MARKET OUTLOOK

GDP growth in the 4Q2010 will be strong, and the first three quarters of 2011 will follow suit. We then expect the second leg of the double-dip recession to strike, though it will shorter and less severe than once thought.

The recession has proven that the floor for housing starts is roughly 500,000 per year. We expect the average during 2011 to be approximately 625,000, with an increase of about 100,000 per year through 2014, when starts will hit 1 million once again. The months when starts averaged more than 2 million on an annualized basis are unlikely to return.

PINE SAWTIMBER PRICES - U.S. SOUTH

While normal seasonality will occur, both of the above factors will combine to offer some support for sawtimber prices. We expect prices to experience only modest increases, however. Oil prices will hang between \$90 and \$100 per barrel throughout most of the year, increasing diesel costs and putting downward pressure on stumpage prices. After many months of holding their timber off the market due to low prices, landowners appear to have accepted new lower prices as the norm. This willingness to sell will ensure sufficient supply.

PULPWOOD PRICES

Pulpwood prices will not see the same volatility they experienced last year, primarily because the GDP-induced increase in demand will be offset in part by drier than normal weather patterns that ensure sufficient supply.