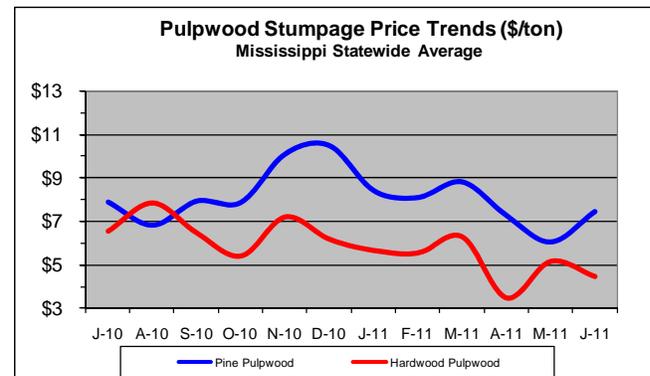
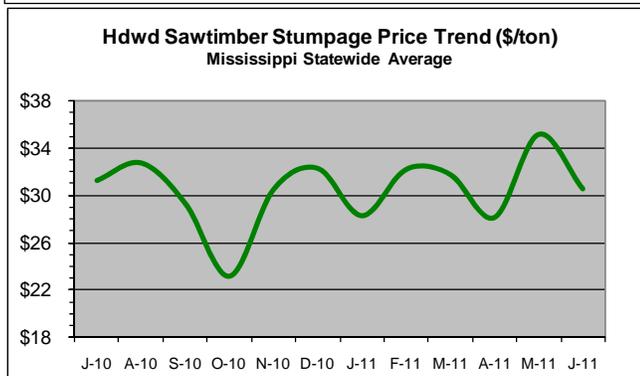
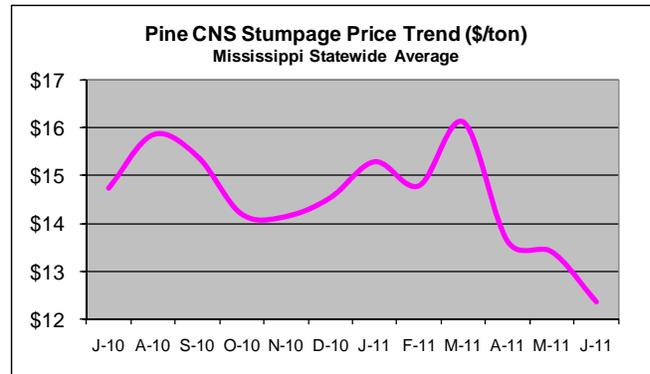
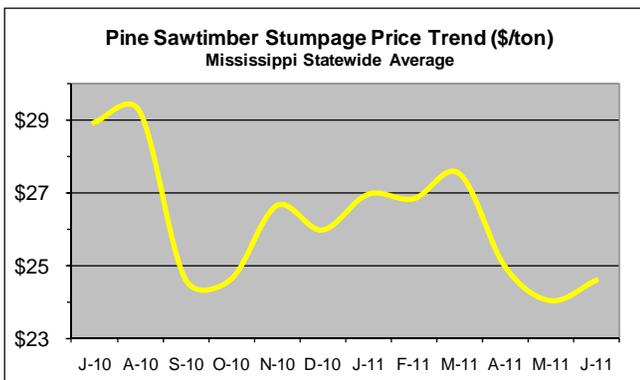




Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

MISSISSIPPI STUMPAGE PRICE TRENDS





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MISSISSIPPI STUMPAGE PRICES



Pine

The pine sawlog market continues to struggle with the slumping housing market as more mill closures occur, there are fewer outlets to haul pine sawtimber to, and this is causing a lot of uncertainty among loggers. The demand for pulpwood is the one bright spot for loggers; it is allowing them to keep moving wood. As a result, **Pine Pulpwood** decreased \$1.41/ton to end the quarter at **\$6.99/ton** – a 16.8% decrease. **Pine CNS** decreased \$2.10/ton to close the quarter at **\$13.23/ton** – a 13.7% decrease. **Pine Sawtimber** showed a decrease of \$2.53/ton or 9.4% to end at **\$24.5/ton**.



Hardwood

Hardwood pulpwood also saw a decrease this quarter with dry summer weather enabling mills to stay full of inventory. Hardwood sawtimber did see a price increase on lower quality logs. As a result, **Hardwood Pulpwood** decreased this quarter by \$1.53/ton to close at **\$4.30/ton**. **Low Grade Hardwood** increased \$3.71/ton to end at **\$23.30/ton**, and **High Grade Hardwood** decreased \$0.15/ton to end at **\$36.25**. **Mixed Hardwood** ended the period at **\$31.07/ton**, \$0.11/ton more than last quarter.

U.S. SOUTH TIMBER MARKET OUTLOOK

GDP growth in the first quarter of 2011 is now estimated at 1.9 percent, lower than many had predicted. We expect similar growth in the second quarter. Due to high unemployment and oil prices, a housing market that is resisting recovery, and the threat of the US being in technical default on its debt unless the Congress votes to raise the debt ceiling, we expect the second leg of the double-dip recession to strike during the third quarter.

The recession has proven that the floor for housing starts is roughly 500,000 per year. We expect the number to approach the 600,000 in 2011, with an increase of about 100,000 per year through 2014, when starts will hit 1 million once again. Despite this protracted downturn in housing, 90 percent of Americans still believe that homeownership is an integral part of the American dream, one they intend to pursue.

Pine Sawtimber Prices – U.S. South

Sawtimber markets remain soft. The Southwide average for pine sawtimber, for instance, is \$24/ton. To put this in perspective, when Forest2Market founder Pete Stewart started buying timber in Southeast Texas 21 years ago, the going price for sawtimber was \$24/ton.

As a result of market weakness, some pine sawmills closed their doors this summer and more reductions are expected. Many loggers are having their weekly quotas reduced with mills only taking wood three days a week. Landowners can expect low pine sawtimber prices until later this year, when wet weather conditions may provide a small bump in prices.

Pulpwood Prices – U.S. South

Demand for pulpwood remains strong. Fluff pulp producers have seen an increase in prices well above trendline in the last 18 months, so pulpwood prices have been holding up better than sawtimber. The Southwide average for pulpwood over the last three months is roughly \$8.20/ton, down less than \$0.80/ton since the end of 2010. They should remain near this level throughout 2011.