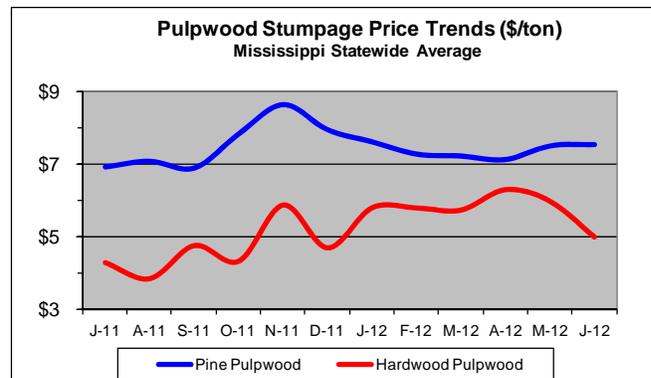
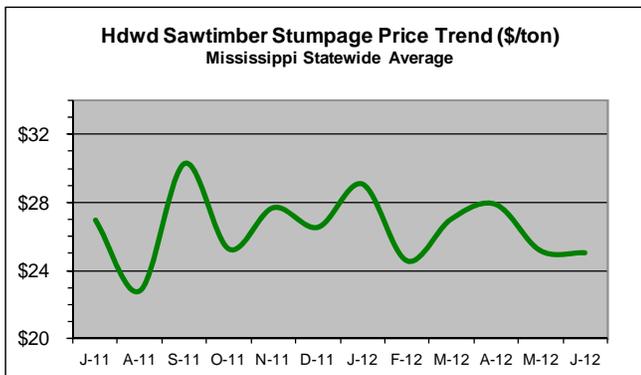
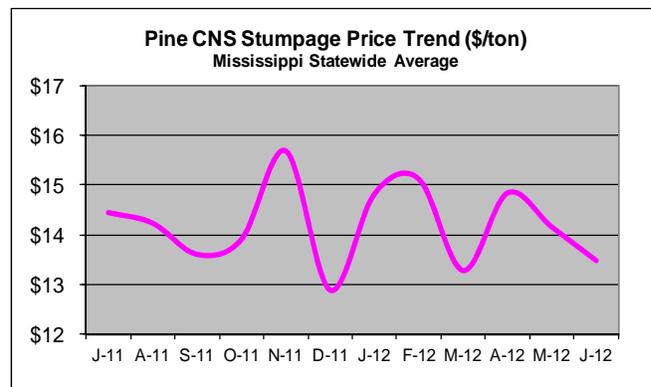
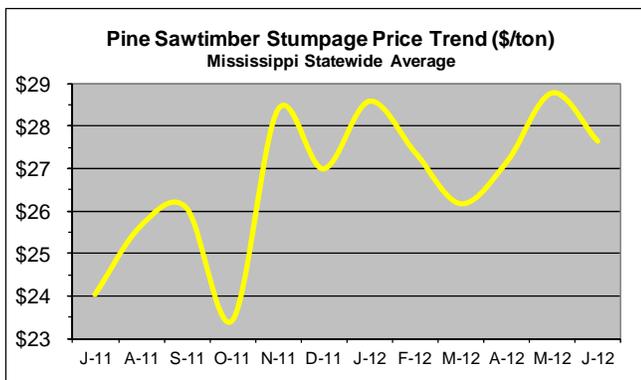




Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

MISSISSIPPI STUMPAGE PRICE TRENDS





A Quarterly Publication of Forest2Market®
14045 Ballantyne Corporate Place, Suite 150
Charlotte, NC 28277
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MISSISSIPPI STUMPAGE PRICES



Pine

Pine pulpwood price remained relatively flat this quarter, with no significant increase or decrease in price. Stumpage prices for Pine CNS and Sawtimber also remained relatively stable, with no major shifts in lumber demand. **Pine Pulpwood** decreased \$0.03/ton to end the quarter at **\$7.34/ton** – a 0.4% decrease. **Pine CNS** decreased \$0.12/ton to close the quarter at **\$14.24/ton** – a 0.8% decrease. **Pine Sawtimber** showed an increase of \$0.53/ton or 1.9% to end at **\$27.86/ton**.



Hardwood

Hardwood pulpwood price also flattened out this quarter. **Hardwood Pulpwood** increased this quarter by \$0.09/ton to close at **\$5.88/ton**. Sawtimber quarterly price changes were mixed depending on grade and quality. **Low Grade Hardwood** increased \$2.40/ton to end at **\$21.96/ton**, and **High Grade Hardwood** decreased \$1.38/ton to end at **\$32.76**. **Mixed Hardwood** ended the period at **\$26.01/ton**, \$1.05/ton less than last quarter.

U.S. SOUTH TIMBER MARKET OUTLOOK

June provided another month's worth of conflicting data about the economy. Manufacturing statistics were weaker, whereas housing may be taking baby steps toward recovery. Overall, the Bureau of Economic Analysis' (BEA) estimates of growth in real gross domestic product (GDP) between 4Q2011 and 1Q2012 seem to be consistent with a slowing economy. GDP growth in 4Q2011 was 3 percent, while 1Q2012's estimate has now been revised from 2.2 to 1.9 percent.

There are a number of reasons why the United States is either already (or soon will be) in recession:

- * Europe is a disaster
- * Both U.S. and Chinese manufacturing are cooling rapidly
- * The United States still needs fiscal tightening
- * Unemployment insurance has expired for millions
- * Recent jobs reports have been dismal
- * New home sales have yet to gain significant traction
- * Tax Armageddon (expiration of Bush tax cuts will occur at the end of 2012 unless Congress acts)

These factors – along with a realistic assessment of likely outcomes (and their ramifications) from ongoing domestic and foreign sociopolitical/economic events – suggest that another period of contracting U.S. GDP is almost inevitable sometime during the next two years. The downturn may have started already in 2Q2012, is more probable during 2H2012, but is almost certain after 2013 begins.

The manufacturing and service sector reports issued by the Institute for Supply Management (ISM) indicate that there was no net change for Wood Products in June. There was, however, a decrease in customer inventories, which is a modestly positive sign. The Paper Products industry contracted in June as the drop in production and export orders overwhelmed the positive effect of rising new orders. Real Estate and Ag & Forestry both reported contraction in overall activity, while Construction expanded. Nonetheless, "[the general] state of business this month is flat, with no changes." claimed one Construction respondent.

Pine sawtimber and chip-n-saw prices fell across most of the South in 2Q2012; the decreases were due largely to the fact that sawmills have adequate inventory now that the spring building season has passed. Lumber prices and demand for sawtimber logs have decreased, and loggers have been given quotas by the mills, limiting the amount of sawtimber they can deliver. Sawtimber forecasts call for prices to remain flat for 2012 and most of 2013 with an increase in prices late 2013.

Pine pulpwood has not experienced any recent changes in price or demand. Expect for pine pulpwood price to remain flat in Mississippi for the rest of the year.