



Mississippi Timber Price Report

Department of Agricultural Economics

Department of Forestry

Box 9681
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MISSISSIPPI TIMBER PRICE REPORT

1. WHAT IS THIS REPORT?

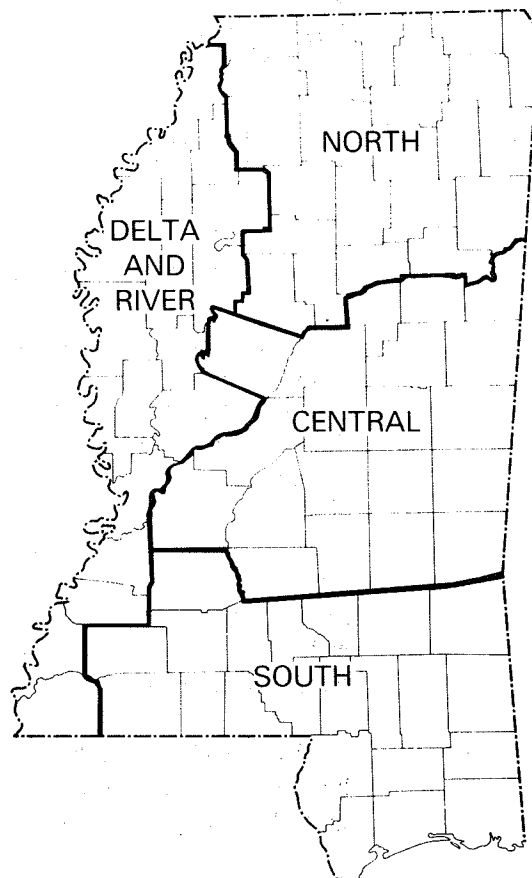
The Mississippi Timber Price Report is a bimonthly survey of stumpage and delivered timber prices in Mississippi. It is developed through the cooperation of public and private members of the forestry sector with the Cooperative Extension Service to provide an accurate picture of timber market activity. 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 order of the day in March/April was "oversupply" and "salvage." The reporting period ended with dry weather and very good logging conditions in most areas of Mississippi. This is unusual for springtime. Several reporters described it as "unique." Usually, at this time of year logs are in short supply (especially, hardwood logs). However, this year things were different and some other circumstances are also adversely affecting the market.

The dry weather and good logging conditions have made logs plentiful. This has been magnified by the salvage proceeding in north Mississippi after February's ice storm. The result has been that mills have full log yards, quotas are common (especially in pulpwood) and (timber) "buyers are not motivated" as one reporter put it.

The exception to this is the Mississippi river area where the rising water level (resulting from melting snow up north) has restricted logging. Log prices moved up there.

Pine stumpage prices declined statewide except in the Delta/River area. In north Mississippi prices held steady for good timber, undamaged by the ice storm, but the number of sales were significantly lower than usual. Generally, in north Mississippi, private and company landowners were trying to get their pine timber salvaged before warm weather brought on blue stain and ruined it. As would be expected, salvage prices were considerably lower than normal. Salvage prices in north Mississippi were tallied separately and were as follows:

	<u>Range</u>	<u>Average</u>
Pine Sawtimber	\$139-200/MBF,D	\$177/MBF,D
Pine Pulpwood	\$14.30-18.20/cd	\$15.75/cd

One reporter summed up the pine sawtimber market saying that "prices for winter logging tracts have held steady but summer logging has dropped." This appears to be the case.

Log supply is one factor, but pine lumber prices also have fallen about \$100/MBF since January. Though pine lumber prices turned and began moving up at the end of April, lower lumber prices and a slower than usual housing market has left mills with too much lumber. One reporter commented that "a glut of timber buying occurred in the fall of 1993 and now mills are taking a wait and see attitude."

Landowners, too, seem to be watching. In north Mississippi, consulting foresters report that some landowners with low amounts of damage are electing not to salvage their timber, waiting for better market conditions. Others are moving full speed ahead to remove downed timber. Several reporters estimated that about 50% of the damaged timber in north Mississippi is being salvaged and 50% is being left as a loss.

In central and south Mississippi several reporters commented that landowners had refused all bids because they thought prices were too low. Many have apparently chosen to withdraw their timber until the market improves.

One tornado salvage sale reported for central Mississippi brought the following: Pine Sawtimber - \$250/MBF,D (blown down), Pine Pulpwood \$16/cord and chip-n-saw \$45/cord.

On the hardwood side, most mills have good log inventories and are in better shape this year than many, recently. Areas of the Delta region, however, were less fortunate as mentioned. However, the hardwood lumber market was described as "pretty good" but oak lumber prices were weakening toward the end of April. Lumber species, other than oak, seemed to be in brisk demand. But log supply was a worry to some mills. One reporter mentioned that his mill had only cut about 50% of their winter log stockpile and now were putting logs back in storage again. He said "I've got more than I should have for this time of year."

Actions in the lumber and log markets have made it very difficult for buyers and sellers to read the market. This situation had one reporter commenting that the "market is confusing" now. Pine sawtimber stumpage prices in Southwest Mississippi averaged \$359/MBF,D compared to \$389/MBF,D in the southeast.

In the Delta/River region some individual hardwood stumpage prices reported were: Cherry - \$500/MBF; Red Oak - \$462/MBF; White Oak - \$400/MBF; Sweetgum - \$140/MBF; Yellow Poplar - \$160/MBF; Ash - \$450/MBF; and Sycamore - \$140/MBF.

Pulpwood

The pulpwood market is flooded with wood, according to reporters and that has most yards on quota and has pushed demand lower. Several factors are at work in the Mississippi pulpwood market. First, world pulp prices have been soft for nearly 2 years, reportedly due to overcapacity in the pulping industry. Second, the ice storm and good logging conditions have brought more wood to market than is needed. Third, at least 5 pulp mills that use Mississippi pulpwood and chips were down for maintenance during March/April. These circumstances combined to cause most pulpwood dealers to wish for rain. Inventories at the pulp mills are reportedly good and hence stumpage prices have dropped significantly in most areas of the state. This glut will probably take the summer to work out of the market.

Some companies that ship hardwood chips on the Tenn-Tom Waterway reported a slowdown in demand from Asia for hardwood chips. This has also been written in the literature. Apparently a slowdown in the Japanese economy has lessened the demand for U.S. hardwood chips. The Mississippi-Alabama region served by the Tenn-Tom is the leading U.S. region producing hardwood chips for the Japanese market.

This summer the Tenn-Tom waterway will be closed from about July 6 until early August for routine lock maintenance at Gainesville (north of Demopolis, AL) and Lock B at Amory. The waterway chip mills are trying to work down their inventory so they can have low (no) inventory by early July. This will also have a damping effect on the pulpwood markets in north Mississippi for the summer, though some chip mills will continue chipping wood during the closed period.

Other Comments

One reporter commented that the pole market had slowed down since last period although stumpage prices in some areas for poles remained strong.

Most reporters commented that timber sales continue to be offered, but though there are bidders, prices have fallen and many landowners have rejected bids. One reporter commented that "many

buyers are trying to negotiate lower prices."

Virtually no Southern Pine Beetle problems were reported, except one spot in east central Mississippi. Southern Pine Beetle activity is feared by some in north Mississippi after the ice damage, but no problems yet.

This issue contains graphs of standing and delivered pine and hardwood sawtimber by region for the past two years.

Anyone can get copies of the Mississippi Timber Price Report from the local Extension Office. The report is now available through the Cooperative Extension Service County Computer Network to all county Extension Offices. For the latest timber prices, call your county Extension Office or to get on the mailing list, contact Agricultural Economics at Box 9755 or Extension Forestry at Box 9681, Mississippi State, MS 39762.

As always your comments, pro or con, are welcome.

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DON'T FORGET TO CHECK THE TIMBER MARKET COMMENTS!

STANDING TIMBER¹

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	250-480	336**	285-525	384	257-500	376	377-400	389
Chip-n-saw pine	-	-	55-70	62	50-60	55*	-	-
Poles (pine)	-	-	-	-	303-500	401*	-	-
Mixed hardwood sawtimber ²	100-150	130.50	100-200	134.50	64-160	110	140-160	148
Oak sawtimber	170-223	209	150-200	180	-	-	240-400	268
Soft hardwood sawtimber ³	-	-	-	**	-	-	-	-
Rare hardwood sawtimber ⁴	-	-	-	-	-	-	-	-
Pine pulpwood	25-35	28	9-35	18	12-30	20.00	8-20	15.25
Hardwood pulpwood	5-17	12	5-40	14.50	6.25-15	11.00	4-17	15.25

DELIVERED PRICES⁵

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	310-340	361	300-450	413	375-450	398	-	-
Chip-n-saw pine	-	-	-	-	80-94	90	-	-
Poles (pine)	-	-	-	-	-	55/T*	-	-
Mixed hardwood sawtimber ²	218-280	230	210-275	230	190-325	208	100-200	183
Oak sawtimber	-	310	-	-	250-300	275	350-450	400
Other hardwood sawtimber	-	-	-	-	-	-	200-375	**
Pine pulpwood	49-60	52.50	43-48	45	43-47	45	-	50*
Hardwood pulpwood	45-56	50	36.50-40	39	35-38	36.50	-	45*

¹Prices 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.

²"Mixed Hardwoods" are mostly: Low-grade Oak, Beech, Cottonwood, Willow, Elm, Gums, Locust, Hackberry, Magnolia, Pecan, Hickory, Sycamore, Tupelo and Birch.

³"Soft Hardwoods" are mostly: Cottonwood, Willow, Poplar and Gum.

⁴"Rare Hardwoods" are mostly: Walnut, Cherry, Royal Paulownia, Persimmon, some species and grades of Cypress, certain prime grades of Cherrybark and White Oaks.

⁵Delivered prices are values given at the sawmill or pulpwood yard gate.

*Only one price reported.

**See Timber Market Comments.

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