



Mississippi Timber Price Report

Department of Agricultural Economics • Department of Forestry

Box 9681
Mississippi State, MS 39762

May/June, 2000

MISSISSIPPI TIMBER PRICE REPORT

1. WHAT IS THIS REPORT?

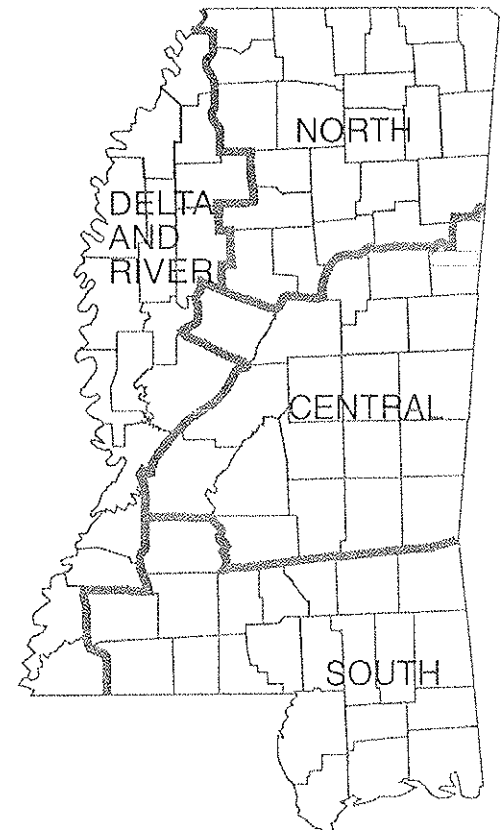
The Mississippi Timber Price Report is a bimonthly survey of stumpage and delivered timber prices in Mississippi. It is developed through the cooperation of public and private members of the forestry sector with the Mississippi State University Extension Service to provide an accurate picture of timber 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

An extended period of dry weather statewide has made logging easy and created an oversupply of timber. Summer is usually a slow season for timber sales anyway but the current timber market is especially sluggish.

The brightest spot in the timber market is oak sawtimber. Extra dry conditions mean loggers have access to trees located in some of the wettest areas of the state that are normally difficult to reach. That's where some of the best hardwood timber grows. The oak log market is good right now to take advantage of that. For landowners with good quality oak to sell the market is there. Red Oak logs have averaged around \$370 per thousand board feet which is about 25% higher than six months ago. Some prices for the best grade have been as high as \$450.

The pine sawtimber market has been steady around \$430 to \$450 per thousand board feet, statewide. But sales volume seems low. Many consultants report that most large tracts of quality timber are being held off the market for a better market this fall. This is especially true in southeast and central Mississippi. In that area a large volume of industrial timber in the market has caused an additional oversupply.

Most contacts report that pine sawmills have plenty of logs. Quotas are common. Lumber is reported to be moving in the markets but prices have been trending lower for months. Competition from Canadian and west coast lumber have kept pine lumber prices retreating. Some mills have taken downtime to relieve the production pressure. If the normal lumber price cycle for the past few years holds we should be near the bottom for prices and begin a run up of price as we head toward the end of the year.

There was one report of a spruce pine sale at \$300/MBF in central Mississippi and one for \$350/MBF in south Mississippi. There was one report of cypress stumpage for \$200/MBF in the Delta.

Pine pole sales were more active in May/June in south Mississippi with poles selling in the range of \$500 to \$590/MBF.

Pulpwood

The pulpwood market remains sluggish despite overall improving paper industry production levels. The dry weather is affecting pulpwood too. Pulp mills are only buying the wood needed immediately so inventory backs up in the woods.

The best pine pulpwood market right now appears to be north Mississippi. Foresters in north Mississippi seem to be able to get pine plantations thinned and prices are in the high side of today's depressed range. Central and south Mississippi markets were described by contacts as "dead". One contact said that "Its hard to give pine pulpwood away these days." Many reporters in central and south Mississippi remarked that the pine pulpwood market to Alabama and southeast Mississippi was oversupplied with pine pulpwood from large landholding in Alabama that are being harvested. They complained that they could not interest mills in wood from pine plantations that need thinning. Many said their landowners were frustrated with the situation. If landowners who want to thin their pine plantations are having difficulty finding a market they may just have to wait out the oversupply.

Some other situations are impacting the pulpwood markets in Mississippi these days as well. Mergers, acquisitions and rearrangements by various forest industry firms are changing Mississippi's forest industry and many organizations are trying to sort out the new arrangements. The International Paper/ Champion International merger impacts Mississippi because IP is a prominent firm in south Mississippi and Champion's Courtland, AL mill buys wood in northeast Mississippi. IP's Natchez paper mill has been put up for sale. Georgia Pacific is buying Fort James, Bowaters is buying Newsprint South and the Timber Company, the land management subsidiary of Georgia Pacific will be purchased by Plum Creek Timber Co.. All of these changes may be unsettling to landowners but markets for timber should remain competitive when

the dust from these changes settles. According to Forest Service projections of US timber demands published this month the demand for Mississippi's timber resources will remain positive out to the year 2050.

Prices for pine pulpwood are between seven and ten dollars per ton which is 15% less than six months ago. Over the same period, hardwood pulpwood prices have dropped about 10% to six to seven dollars per ton. Hardwood pulpwood is moving better than pine, but both are sluggish.

Other Comments

A look at timber severance tax collections through June, 2000 suggests that timber harvest volumes are about 95% of last year at this time but May/June have been much slower months. March/April ran ahead of last year but figures suggest a significant slow down in May/June.

Industry contacts reveal that many mills have little timber bought for winter and this is an opportunity for land owners. The fall market should be better as mills buy timber to last through the normal rainy season. Most mills are only buying timber as they need it so they don't have a lot of standing inventory. That should set up conditions for a better fall market.

Anytime we get extended dry periods, southern pine beetle becomes a threat. Despite some Alabama counties with epidemic levels of southern pine beetle, Mississippi has not had any serious outbreaks yet. No significant Southern Pine Beetle activity was reported in May/June but some activity was noted in east central Mississippi along the Alabama line from Kemper to Wayne counties. Some activity was also noted by reporters in extreme southwest Mississippi.

A drought map for July, 2000 at <http://www.fs.fed.us/land/wfas/kbdi.gif> shows the status of the drought in the nation. It shows the most severely dry areas in Alabama, Mississippi and Georgia. With these kinds of dry conditions, we expect to see southern pine beetle problems. Timber owners should stay on guard for beetle problems.

Would you like to receive Mississippi Timber Price Report (MTPR) information by E-mail? If you would like to receive a short version of the MTPR to your E-mail box send a message requesting this to the following address: bobd@ext.msstate.edu. We'll use your requests to create a distribution list to send this information to you.

The Mississippi Timber Price Report is now available on the World Wide Web. It can be accessed through the Mississippi State University Extension Service Homepage at <http://www.ext.msstate.edu>. Select "Agriculture and Natural Resources" then select "Forestry" and then "Timber Prices." Current price reports are available back to 1997 and other price data is being added.

Anyone can get copies of the Mississippi Timber Price Report from the local Extension office. For the latest timber prices, call your County Extension Office or to get on the mailing list, contact Extension Forestry at Box 9681, Mississippi State, MS 39762

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

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DONT 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	364-511	440	400-485	446**	378-488	441**	375-480	442
Chip-n-saw pine	65-90	82	64-89	80	74-90	81	-	-
Poles (pine)	-	-	-	-	500-590	548	-	-
Mixed hardwood sawtimber ²	150-192	172	160-210	183	125-201	158	140-190	173**
Oak sawtimber	190-310	290	250-440	370	230-340	269	310-455	360
Soft hardwood sawtimber ³	-	-	-	-	-	-	-	-
Rare hardwood sawtimber ⁴	-	-	-	-	-	-	-	-
Pine pulpwood	21-30	23.50	11-45	21	10-23	18.50	10-22	19
Hardwood pulpwood	12-20	16	6-20	14	5-15	10	10-15	11

DELIVERED PRICES⁵

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	475-510	498	480-520	510	489-515	505	-	-
Chip-n-saw pine	-	-	80-105	98	83-109	101	-	-
Poles (pine)	-	-	-	-	-	-	-	-
Mixed hardwood sawtimber ²	220-278	260	235-290	270	225-270	251	240-320	260
Oak sawtimber	340-410	370	370-415	405	340-400	360	360-455	435
Other hardwood sawtimber	-	-	-	-	-	-	-	-
Pine pulpwood	25-57	40	25-57	43	30-59	40	20-42	39
Hardwood pulpwood	26-52	32	25-48	33	27-45	31	22-45	30

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.

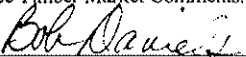
⁵Delivered prices are values given at the sawmill or pulpwood yard gate.

Mississippi weight conversion factors for shortwood pulpwood by law are: pine = 2.6 tons/cord. ; mixed hardwood = 2.8 tons/cord.

There is no statutory weight conversion for sawlogs in Mississippi. Pine sawlog weight to lumber volume conversions vary by log diameter and range from 6.5 tons of logs/MBF of lumber to 12 or 13 tons/MBF. Most mills in Mississippi use weight conversion factors of 8 to 10 tons/MBF for southern pine. For hardwood logs (comprised mostly of oak and hickory), most mills use a conversion factor between 9 and 11 tons of logs/MBF of lumber. A mill's conversion factor will also vary according to the equipment configuration in the mill.

*Only one price reported.

**See Timber Market Comments.


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