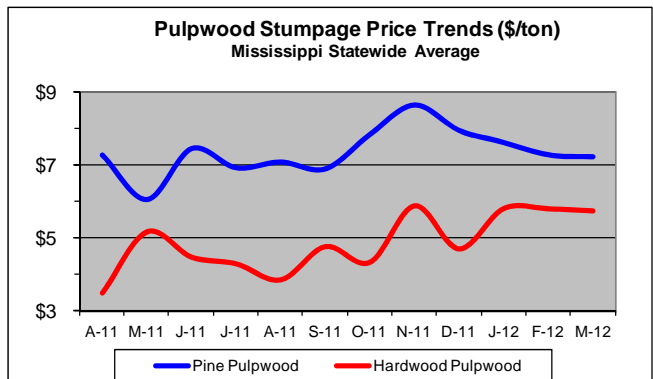
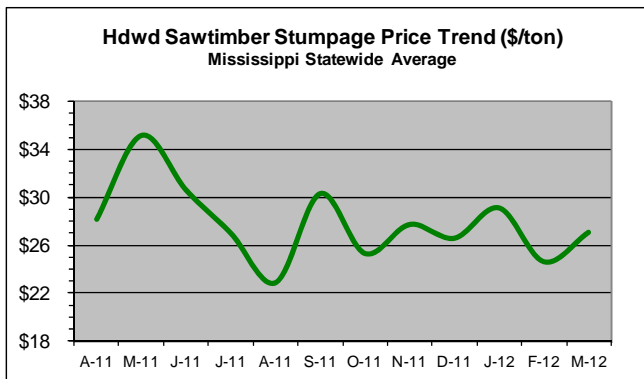
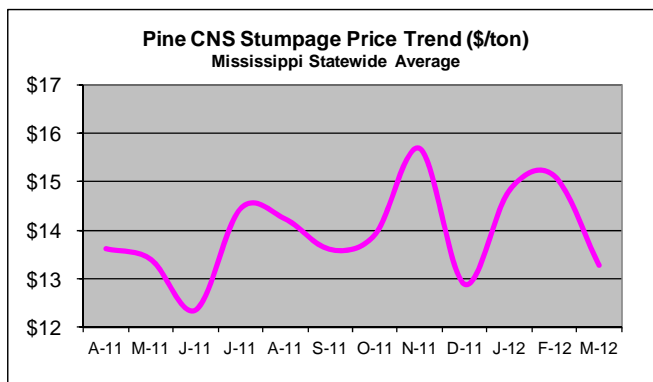
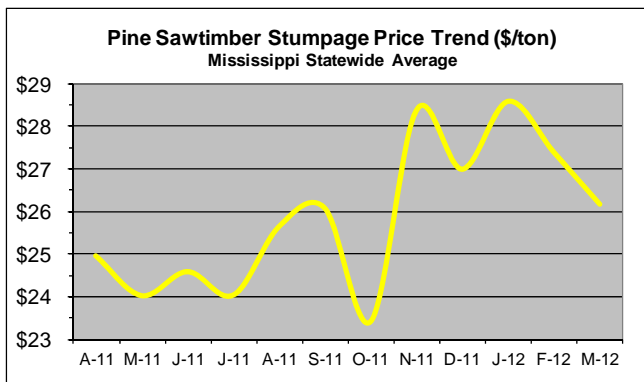




Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

MISSISSIPPI STUMPAGE PRICE TRENDS





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Edited by: Michael A. Fiery, Timber Market Analyst

MISSISSIPPI STUMPAGE PRICES



Pine

Pine pulpwood price saw a decrease this quarter, which was expected coming out of a milder winter logging season. Thanks to higher demand in building materials, pine chip-n-saw and pine sawtimber prices both increased. **Pine Pulpwood** decreased \$0.83/ton to end the quarter at **\$7.37/ton** – a 10.1% decrease. **Pine CNS** increased \$0.15/ton to close the quarter at **\$14.36/ton** – a 1.1% increase. **Pine Sawtimber** showed an increase of \$0.88/ton or 3.3% to end at **\$27.33/ton**.



Hardwood

Hardwood pulpwood also increased this quarter as pulpmills tend to struggle during the winter months to procure enough wood. **Hardwood Pulpwood** increased this quarter by \$0.67/ton to close at **\$5.79/ton**. Sawtimber quarterly price changes were mixed depending on grade and quality. **Low Grade Hardwood** decreased \$1.71/ton to end at **\$19.56/ton**, and **High Grade Hardwood** increased \$0.99/ton to end at **\$34.14**. **Mixed Hardwood** ended the period at **\$27.06/ton**, \$0.51/ton more than last quarter.

U.S. SOUTH TIMBER MARKET OUTLOOK

Conflicting data have once again complicated the job of divining which way the economy is moving, let alone how fast it will get to wherever it is headed. The “rear-view mirror” perspective provided by the seasonally adjusted and annualized rate (SAAR) of growth in real gross domestic product (GDP) during 4Q2011 is a bit rosier thanks to the upward revision to 3.0 percent. Moreover, the Federal Reserve’s latest *Beige Book* suggests “overall economic activity continued to increase at a modest to moderate pace in January and early February.”

Between 2007 and 2011, pine sawtimber lost 40 percent of its value (read the details on our blog at www.blog.forest2market.com). Slightly better performance in residential construction and housing start statistics may lead prices slightly higher over the spring building season. They will not make up the 40 percent loss until the market fully recovers, perhaps as far in the future as 2014.

New orders and overall activity in the Wood Products industry was unchanged in February, according to the Institute for Supply Management (ISM). Real Estate and Construction both reported expansion in these areas as well. Agriculture & Forestry performance was unchanged. Read more on industry performance at our blog.

The Paper Products industry expanded once again, according to the ISM, and as a result, pulpwood markets continue to show strength. Pulpwood prices did experience their winter seasonality increase in many areas over the last few months. With the optimistic reports regarding pulp and paper demand, we expect pulpwood prices to remain steady and not see a significant decline in 2012.