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Mississippi Timber Price Report

January/February, 2001

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 values 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

As the new year began the anxiety among Mississippi's pine lumber producers about the Softwood Lumber Agreement (SLA) with Canada continued to build. What could the new President and his administration do to avoid the expiration of the SLA or does the administration want it to expire? These are questions pine lumbermen are spending time assessing. The Congressional delegation from Mississippi also expressed concern about the potential impact on Mississippi if the SLA situation is not addressed.

Meanwhile, the pine lumber market continued to suffer from uncertainties in the market from the SLA situation. Lumber buyers were only willing to purchase enough lumber to keep bare inventories while they waited to see how the agreement negotiations would unfold. Lumber treaters began to purchase southern pine which improved sales but the market was not strong enough to sustain a rally. At the same time the industry continued to throttle back lumber production to bring it in line with market demand. This situation left the pine mills dropping delivered log prices again but the stumpage market in Mississippi though low, began to firm a bit.

Standing pine sawtimber average prices held relatively steady in January/February. The standing pine sawtimber average price in north Mississippi moved up a bit to $385/MBF. In central Mississippi the price moved up to $395/ MBF and in south Mississippi prices dropped to $384/MBF.

Straight-line winds and tornados from a large storm that hit Holmes, Choctaw, Oktibbeha and Lowndes counties on February 16 and another tornado that hit the Pontotoc and Prentiss counties a week later, made many pine logs available in north Mississippi that otherwise would not have been cut. The storm knocked out power to thousands of Starkville and Columbus residents for many days and the cleanup continued into March.

In the hardwood market, the rains of winter finally began to impact log availability. As late as early December some foresters were questioning if there would be enough moisture in the ground to ensure plantation survival. But the rains did begin in mid-December and the water deficit of last summer was supplied in about 6 weeks. Hardwood timber sales were scarce in January/February and most hardwood producers used banked winter logs to run the mill. With a slowing economy many furniture plants report slow sales and this has affected hardwood lumber industry. Standing prices for mixed hardwood and oak timber dropped in January/February.

Pulpwood

Mississippi's pulpwood market continues down. U.S. paper and paperboard production for September 2000 was 4.4% lower than a year earlier reflecting the slower growth of the US economy. Newsprint production, however, remained 4.1% above last year. Standing pine pulpwood averages remained steady between $6.50 - 7.50/ton and hardwood remained between 3.50 - $4.50/ton.

The January issue of Pulp and Paper magazine carries an article on the outlook for the industry for 2001. After two years of tighter industry discipline on production and supply management analysts say that this year will remain tight because of the slowing U.S. economy. Energy costs could also have an important negative impact on industry performance and the strength of the US dollar is making exports more difficult. Projections are for a 1% increase in US paper and paperboard production in 2001.

Other Comments

These are tough times in the timber business in Mississippi. Timber prices are down and commerce in timber has been adversely affected. There have been some mills closed temporarily and some permanently. Reports are that loggers, in particular, are being squeezed hard as delivered prices decline and costs of fuel and other business expenses rise or remain the same. Landowners observe that timber companies are reorganizing, sometimes causing the sale of manufacturing plants. And foresters too are being displaced as companies sell timberland and adjust forest management personnel. We are in a time of significant change in the forest industry but the fact remains that the South will be important to the nation's timber supply for decades to come. The latest demand projections from the US Forest Service estimate that today 59% of the nation's timber harvests occur in the South. They project that in 2050, 56% of US timber harvests will be in the South. This implies that timber being grown here today will have good markets in the future. The buyers of this timber may not be the same companies as are operating today, but landowners can rest assured that their timber will remain valuable for many years to come.

While Mississippi saw relatively little Southern pine beetle (SPB) activity last year the beetle was running rough-shod over many southern states. Alabama was the worst hit (for example, 8,000 acres of pines were killed in the Sipsey Wilderness Area alone.) but Virginia, Tennessee,Kentucky, the Carolinas, Georgia and Florida were also ravaged. The Forest Service reports that "it will likely go down as one of the largest outbreaks in history." In the southern Appalachians, SPB ravaged the southern pine timber and then attacked eastern white pine, Norway spruce and eastern hemlock. Conversely, not one infestation occurred west of the Mississippi. For a full SPB report go to www.srs.fs.fed.us/4501on the worldwide web.

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 add your email address to a distribution list to send this information to you.

The Mississippi Timber Price Report is available on the World Wide Web. The current issue can be accessed through the Mississippi State University Extension Service Homepage. The Extension website has had a facelift and been combined with the MAFES site. The new site is at www.msucares.com>. Select "Forestry" from the left hand index and then select "Timber Price Reports" to find the Mississippi Timber Price Report on line. Individual price reports are available dating back to 1997. Other data will be added periodically.

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.

MISSISSIPPI TIMBER PRICE REPORT, January/February, 2001
DON'T FORGET TO CHECK THE TIMBER MARKET COMMENTS!

STANDING TIMBER[1]

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	367-390	385	372-507	395	300-489	384	310-420	377
Chip-n-saw pine	65-90	72	63-86	70	60-115	81	-	-
Poles (pine)	-	-	-	-	495-625	540	-	-
Mixed hardwood sawtimber[2]	135-168	158	107-200	151	130-159	148	110-180	152
Oak sawtimber	190-310	275	220-330	295	165-340	280	300-380	345
Soft hardwood sawtimber[3]	-	-	-	-	-	-	-	
Rare hardwood sawtimber[4]	-	-	-	-	-	-	-	-
Pine pulpwood	15-28	20	14-22	20	15-25	19	11-21	18
Hardwood pulpwood	6-13	12	10-14	12	8-14	11	8-13	10

DELIVERED PRICES[5]

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	440-490	450	450-490	465	430-485	460	-	-
Chip-n-saw pine	-	-	80-100	95	85-108	97	-	-
Poles (pine)	-	-	-	-	-	-	-	-
Mixed hardwood sawtimber[2]	230-280	270	225-285	255	232-279	250	230-280	255
Oak sawtimber	330-400	357	360-420	390	345-400	368	365-450	425
Other hardwood sawtimber	-	-	-	-	-	-	-	-
Pine pulpwood	27-52	44	30-51	42	32-58	45	27-41	38
Hardwood pulpwood	26-55	33	20-50	30	25-45	32	24-37	29

Prices 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.

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

"Soft Hardwoods" are mostly: Cottonwood, Willow, Poplar and Gum.
"Rare Hardwoods" are mostly: Walnut, Cherry, Royal Paulownia, Persimmon, some species and grades of Cypress, certain prime grades of Cherrybark and White Oaks.
Delivered 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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