



## Mississippi Timber Price Report

Department of Agricultural Economics • Department of Forestry

Box 9681  
Mississippi State, MS 39762

July/August, 2000

### MISSISSIPPI TIMBER PRICE REPORT

#### 1. WHAT IS THIS REPORT?

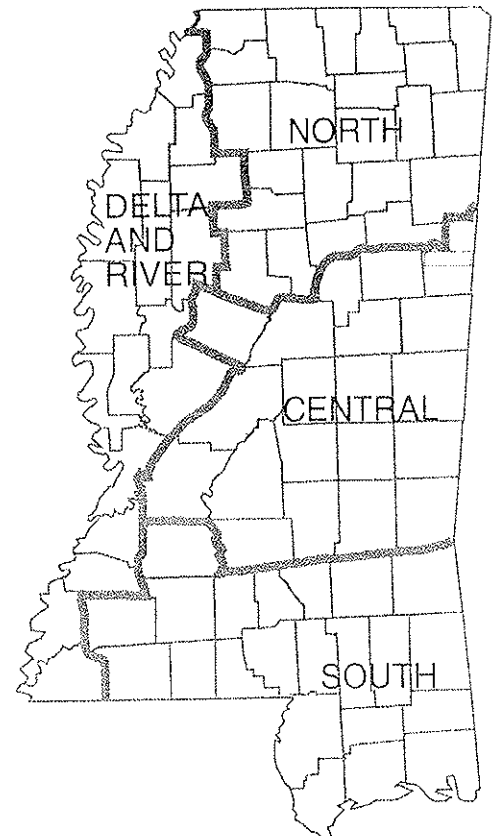
The Mississippi Timber Price Report is a bimonthly survey of stumpage and delivered timber prices in Mississippi. It is developed through the cooperation of public and private members of the forestry sector with the Mississippi State University Extension Service to provide an accurate picture of timber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

As one reporter put it, the hot dry days of summer have been “the doldrums” for Mississippi’s timber market in July/August. Timber severance tax collections through July indicate that about the same volume of timber is being harvested from Mississippi’s forests as last year but prices are low and most contacts reflect the pessimism. We have a unique situation in Mississippi this year. The US housing market is good but an oversupply of lumber has kept southern pine prices under price pressure since April.

Overall, the drought is affecting all parts of the timber market. Most areas of Mississippi are 22 to 35 inches of rainfall behind over the past 24 months, depending on your location. Under these conditions lakes, reservoirs, streams and rivers are low and trees are stressed. Forest fires have also been more common and a nagging problem this summer. In addition, virtually all timber can be harvested, if needed, so oversupply of logs is the order of the day. Accordingly, most mills have all the logs they need, prices have dropped and some loggers and mills have taken down time. Also, Southern pine beetle remains a threat with forests so drought-stressed. It’s a tough situation that needs rain to improve.

The pine lumber market has been under pressure to reduce prices. The Random Lengths lumber price index has been eroding since about April - when the new quota year for Canadian lumber imports began. As of September 1st, the price of #2 southern pine 2x4s, kiln dried was \$315; a year before it had been \$427. That’s a 26% drop in price! In addition, a lumber buyer could find western 2x4s at \$204. This shows that as one market watcher said, “Southern pine mills are now the high-cost producer and since raw materials are the largest part of production costs stumpage will have to come down.”

Pine sawtimber stumpage prices have been coming down this year. But stumpage prices never come down as fast as they go up. During July/August average pine standing sawtimber prices dropped about 5% statewide to the \$420/MBF, Doyle range. There was one report of a spruce pine sale at \$200/MBF, D in south Mississippi.

Most reporters contacted reported that they had dropped their prices, their mills had plenty of logs and they were hesitant to put money into standing timber right now. Likewise, most consultants and landowners were holding their best tracts off the market but were getting ready for an anticipated improvement in the fall. When the rains do come it’s likely we’ll see a flurry of buying.

Meanwhile many landowners and foresters complained of difficulties getting pine plantations thinned (especially in south and central Mississippi) because of weak pulpwood demand.

In the hardwood, market logs are also abundant and several reporters commented that mills are taking down time and limiting log deliveries. Reports are that the hardwood lumber market is steady but supply is adequate. Some mills report demand for lumber good but prices are poor. (Overall, the hardwood lumber price index published by the Weekly Hardwood Review is up about 25% since August of 1999 but the price history for #1 common southern red oak lumber is flat.) This situation has made mills more choosy about the quality of the logs they buy and some hardwood mills have begun stockpiling hardwood logs for the winter a bit early.

In general, the timber markets have been poor all summer. Too many logs, not enough rain and lower prices have kept many “singing the blues” as one reporter put it. And the threat of a southern pine beetle outbreak is worse news yet. “That would be a big problem if it developed”, one reporter commented, “because our ability to absorb extra wood into the market now is very limited; let’s hope it doesn’t happen”.

Amongst all this bad news there are tracts being sold. Timber is moving to market and there were a few reporters that commented that sales they had made in central and south Mississippi have brought “decent” prices. However, they did qualify those comments saying that they would have waited to sell those tracts if they could. “Sometimes you have to sell no matter what the market looks like and take your chances” one reporter commented, “and we didn’t do as bad as I expected”. As we move toward fall, the pine lumber prices

should rebound and if we get the normal rains there should be opportunities for landowners to sell timber in a better market.

### Pulpwood

Mississippi's pulpwood market remained slow despite continued improving paper industry production levels. As mentioned, the dry weather is having its impact on pulpwood too. Some pulp mills are taking down time or taking wood less than 5 days per week.

Pulpwood prices slumped again from May/June and retreated about 10 to 15%. Stumpage prices were in the range of \$4 to 8/ton for pine and \$3 to 5/ton for hardwood. Pulpwood prices have not been this low since about 1991-92.

The company mergers, acquisitions and rearrangements are also still having their impact on market activity. This type of uncertainty, in the short run, tends to disrupt individuals and affect the markets.

### Other Comments

Industry contacts confirm, as they did in May/June, that many mills have little timber bought for winter. This is an opportunity for land owners who will have timber sales ready this fall.

Southern pine beetle remains a threat. No significant Southern Pine Beetle activity was reported in July/August. Timber owners should stay on guard for beetle problems in their timber stands.

During July/August however, there were widespread reports of hardwood stands with as much as 20% of the canopy dehydrated from about 2 weeks of 105+-degree days. It appears that the red oaks, cherrybark oak in particular, were hardest hit. The extent of the mortality won't likely be known until next year. Some reporters commented that it seems certain some dieback of the crowns will occur.

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 at <<http://www.ext.msstate.edu>>. Select "Agriculture and Natural Resources" then select "Forestry" and then "Timber Prices." Individual 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 968 1, Mississippi State, MS 39762

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

MISSISSIPPI TIMBER PRICE REPORT  
July/August, 2000  
DON'T FORGET TO CHECK THE TIMBER MARKET COMMENTS!

STANDING TIMBER<sup>1</sup>

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	380-492	424	322-498	422	301-489	418**	360-490	421
Chip-n-saw pine	69-86	80	68-88	80	70-85	81	-	-
Poles (pine)	-	-	-	-	450-560	524	-	-
Mixed hardwood sawtimber <sup>2</sup>	135-180	152	135-200	157	90-200	135	140-185	170
Oak sawtimber	175-295	280	225-365	320	177-325	251	300-420	342
Soft hardwood sawtimber <sup>3</sup>	-	-	-	-	-	-	-	-
Rare hardwood sawtimber <sup>4</sup>	-	-	-	-	-	-	-	-
Pine pulpwood	13-29	19	10-35	13	10-24	17.50	10-20	18
Hardwood pulpwood	9-17	14	6-16	10	5-16	8.75	7-13	10

DELIVERED PRICES<sup>5</sup>

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	460-505	492	470-510	495	480-510	500	-	-
Chip-n-saw pine	-	-	80-100	95	82-105	96	-	-
Poles (pine)	-	-	-	-	-	-	-	-
Mixed hardwood sawtimber <sup>2</sup>	200-270	254	220-275	261	215-265	243	220-280	248
Oak sawtimber	325-390	351	370-427	392	325-390	344	360-450	430
Other hardwood sawtimber	-	-	-	-	-	-	-	-
Pine pulpwood	24-50	38	26-51	37	31-50	38	22-39	36
Hardwood pulpwood	25-50	32	22-42	30	27-40	30	20-41	29

<sup>1</sup>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.

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

<sup>3</sup>"Soft Hardwoods" are mostly: Cottonwood, Willow, Poplar and Gum.

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


<sup>5</sup>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.

  
Bob Daniels  
Extension Forester  
(601) 325-3150