COOPERATIVE EXTENSION SERVICE Mississippi State UNIVERSITY

Mississippi Timber Price Report
Department of Agricultural Economics
Department of Forestry

Box 9681
Mississippi State, MS 39762

July/August 1994

MISSISSIPPI TIMBER PRICE REPORT

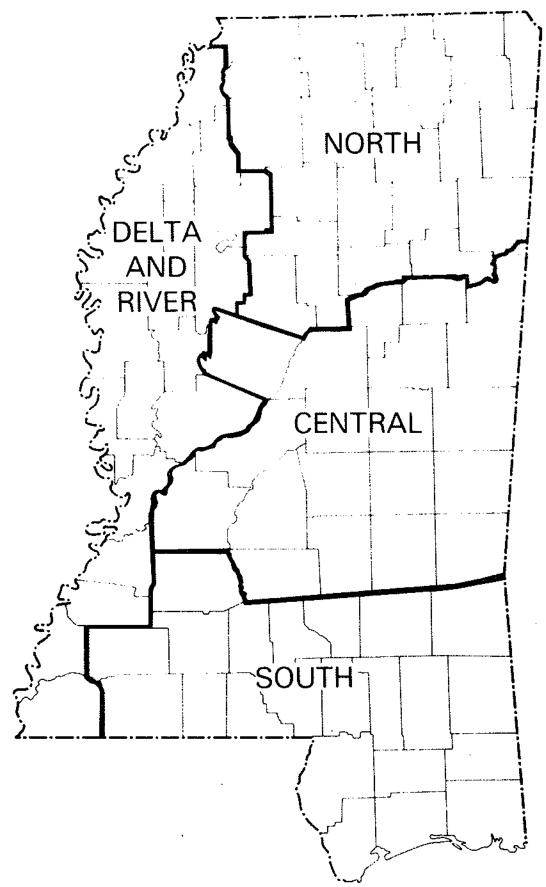
1. WHAT IS THIS REPORT?

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

A rainy July slowed harvesting operations statewide, but a drier August helped mills get production back on track. Many reporters indicated that some bottomland tracts could only be partially worked because areas were too wet. One reporter in east central Mississippi commented that he had harvested some "winter logging" tracts in July because his "summer" timber was too wet. By late August, however, weather conditions became drier and harvesting activities were improving.

Most pine and hardwood mills in central and north Mississippi reported log inventories in "good shape, considering a wet July." Most said their inventories were "normal or a bit below normal – but building." Logs were arriving on a regular basis, but many loggers were concentrating on the lower tracts to get them finished before fall weather turned wet. One reporter in northeast Mississippi mentioned that some loggers in his area were concerned about harvesting tracts with timber deeds expiring this fall. In south Mississippi pine logs were more plentiful since that area seemed less affected by weather. Several reporters mentioned that they had yeads nearly full but a few others didn't have enough logs. In general, August has been a busy logging month with mills trying to catch up after the July slowdown and think ahead toward building winter log inventories.

Many reporters commented that there were a lower number of sales being offered in July/August. One central Mississippi contact speculated that consultants were advising clients to wait until fall to market their timber. However, summer is usually a slow sale season. In north Mississippi, the word among some consultants was that the ice storm salvage period was over and that the mills "were looking to buy again."

Demand for pine sawtimber and pulpwood seems to be increasing and this was reflected in the average prices paid in July/August. Average pine sawtimber prices inched up statewide, but mixed hardwood sawlog prices moved lower and oak sawtimber held steady. Some reporters commented that hardwood lumber prices had dropped except for FAS (highest grade) red oak and some white oak grades.

Several reporters mentioned that "No. 1 common oak lumber prices, compared to last period, were $100/MBF less." Another reporter mentioned that "on the average, oak prices are off $65/MBF." This and the ordinary slow summer market, combined to push hardwood sawtimber prices lower.

Standing pine sawlog prices in southwest Mississippi averaged $354/MBF,D compared to $366/MBF,D in the southeast. Reported gate log prices in the southeast averaged $382/MBF,D in the southwest compared to $406/MBF,D in the southeast. "Gate log prices" are the prices mills pay for uncontracted logs brought to the mill gate and tend to be lower than the theoretical" true delivered price."

Some reported ice storm salvage prices in north Mississippi were pine sawtimber 210-250/MBF,D; average 223/MBF. Oak sawtimber 155/MBF,D. Pine pulpwood, 17.50/cd.

Pulpwood

The pulpwood market has improved some since the last period with most of the improvement coming late in August. Pine pulpwood demand has been increasing faster than hardwood, but both are moving better now. Perhaps the July rains caused the mills to think ahead about their inventory. In addition, the paper market has been improving after almost 2 years of "soft markets". Reportedly, paper company stocks have been slowly gaining value in the past few months.

The Tenn-Tom Waterway was closed for scheduled maintenance during July and part of August, but is open now. Chip mills are operating and shipping chips they had stored during the down period. Many woodyards contacted mentioned that they were "wide open" or "looking for wood". Pulpwood prices were mixed. Stumpage prices were generally weak and delivered prices steady.

Other Comments

Wow have Mississippi timber markets changed since 1986 when we began writing this report. And they're still changing. In 1986 we established this report to better understand Mississippi's timber markets and reflect that to landowners and the industry. Other reports saw the state's market as the Delta, south Mississippi (everything south of Hwy 82) and north Mississippi. We felt there was a separate market area in central Mississippi (between Hwy 82 and I-20) and there was. Our reports of the late 80's showed differences in average prices between south and central and north Mississippi regions. With the increase of competition and expansion of our state's forest industry central Mississippi and south Mississippi are looking less and less different. In addition, north Mississippi timber prices are catching up fast. North Mississippi is still different - price wise - but not much. We've come a long way in the last decade or so toward price equity among the regions of the state, especially in pine. Now we all know our timber is worth managing; let's get all our forest land — especially private lands — in full production. Plan for reforestation **BEFORE** your timber sale. Encourage your landowner friends to manage their timber. The markets are here, let's produce the crop - and hunt, camp and recreate in it while it's growing. Like the commercial said, "Life is Goood!"

For the first time in a long time reporters noted seeing an increase in Southern Pine Beetle in southwest Mississippi. Reporters in other areas of the state had little to report on SPB. One commented seeing some "IPS or Black Turpentine beetle damage" around Oxford in north Mississippi and another noted some SPB on north Mississippi National Forest land. But, so far, it looks like the ice storm of north Mississippi hasn't caused any beetle outbreaks.

The pole market was "super" following the ice storm in February but has gotten soft since then. The market was reported to be "improving" during July/August but is "still relatively weak". Another market change since the 1980's is that the pole market has spread to north and central Mississippi. Landowners should explore pole markets when making pine timber sales.

The Bureau of the Census (U.S. Department of Commerce) reports that housing starts have increased in 1994 but starts have declined going into the 3rd quarter of 1994. Median house prices continue to increase, manufactured house shipments are up and mortgage rates are up.

This issue contains graphs of standing and delivered pine and hardwood sawtimber by price report region for the past two years. The May/June issue incorrectly stated the May/June graphs were sawtimber when they were pulpwood. Sorry for that error, please correct your copy.

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.

MISSISSIPPI TIMBER PRICE REPORT
July/August 1994
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	190-493	325**	300-450	371	205-400	366	310-400	354
Chip-n-saw pine	-	-	59-66	61	50-65	58	-	-
Poles (pine)	-	-	-	-	-	550	-	-
Mixed hardwood sawtimber[2]	70-175	119	80-150	127	74-150	116	70-200	121
Oak sawtimber	105-325	205	-	200	-	-	141-370	300
Soft hardwood sawtimber[3]	-	-	-	-	-	-	-	-
Rare hardwood sawtimber[4]	-	-	-	-	-	-	-	-
Pine pulpwood	18-35	22.50	8-30	17.50	9-23	15.25	-	15.00*
Hardwood pulpwood	8-15	13	7-24	12	7-12	9.50	5.50-12	9.00

DELIVERED PRICES[5]

	North		Central		South		Delta and River	
	Low-High	Average	Low-High	Average	Low-High	Average	Low-High	Average
Pine sawtimber	315-400	369	325-445	420	325-450	394	-	-
Chip-n-saw pine	-	-	93-109	97	85-97	90.50	-	-
Poles (pine)	-	-	-	-		48/T*	-	-
Mixed hardwood sawtimber[2]	170-260	227	200-275	229	190-215	230	170-200	190
Oak sawtimber	300-335	318	-	-	275-375	304	350-390	371
Other hardwood sawtimber	-	-	-	-	-	-	190-375	**
Pine pulpwood	47-54	50	42-52	46.50	43-55	47.50	-	47*
Hardwood pulpwood	40-56	48.50	36-50	42	35-51	39.75	43-46.50	44.75*

[1]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.

[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.

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

*Only one price reported.

**See Timber Market Comments.

Bob Martin
Bob Martin
Extension Economist
(601) 325-2515

Bob Daniels
Bob Daniels
Extension Forester
(601) 325-3150