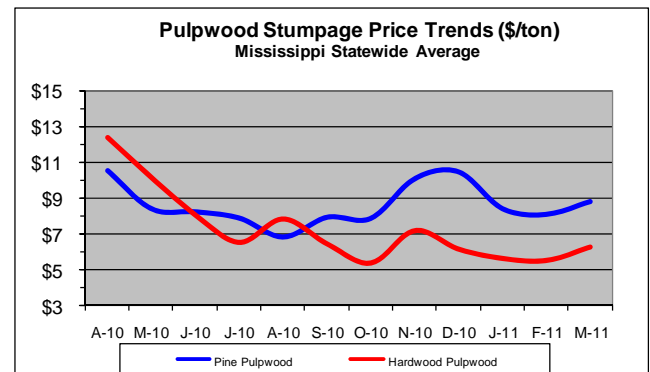
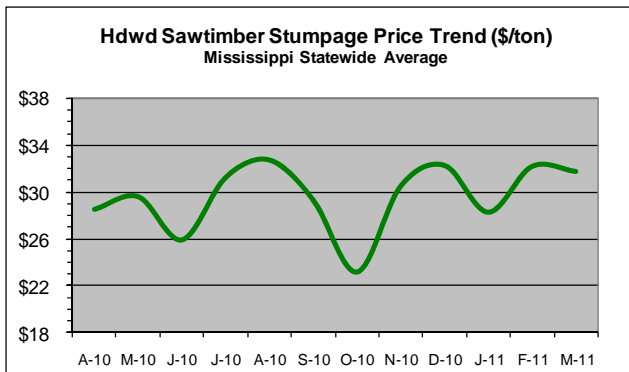
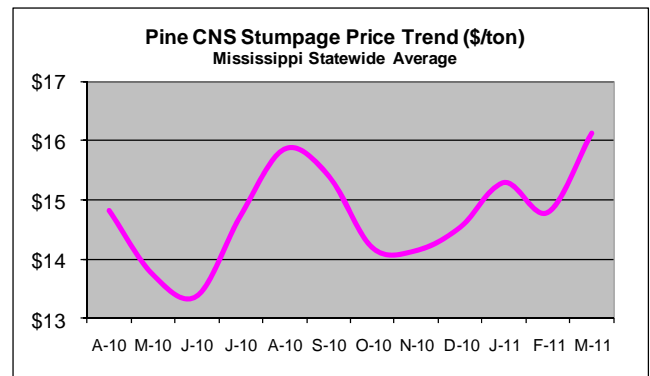
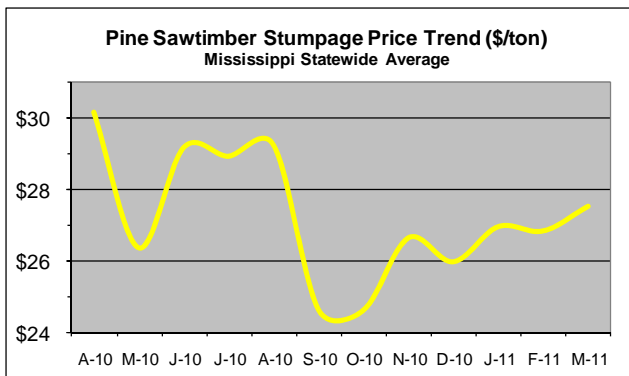




Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at [www.forest2market.com](http://www.forest2market.com) for prices that are specific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

## MISSISSIPPI STUMPAGE PRICE TRENDS





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## MISSISSIPPI STUMPAGE PRICES



### **Pine**

Pine pulpwood saw a price decrease this quarter as pulpmills entered the winter with ample inventory. Pine chip-n-saw and pine sawtimber both saw an increase this quarter due in part to seasonality. However, the sawtimber gains were much lower than in previous years as the housing market continued to sag. **Pine Pulpwood** decreased \$1.06/ton to end the quarter at **\$8.40/ton** – an 11.2% decrease. **Pine CNS** increased \$0.97/ton to close the quarter at **\$15.33/ton** – a 6.8% increase. **Pine Sawtimber** showed an increase of \$1.15/ton or 4.4% to end at **\$27.03/ton**.



### **Hardwood**

Hardwood pulpwood price remained relatively flat again this quarter with a slight drop in stumpage price. One bright spot for landowners is that demand and price for High Grade Hardwood sawtimber has been on the rise. This demand is expected to be temporary, however, as underlying issues with the economy and housing market are likely to resurface later in the year. **Hardwood Pulpwood** decreased this quarter \$0.50/ton to close at **\$5.83/ton**. **Low Grade Hardwood** decreased \$2.45/ton to end at **\$19.59/ton**, and **High Grade Hardwood** increased \$2.12/ton to end at **\$36.40**. **Mixed Hardwood** ended the period at **\$30.96/ton**, \$0.21/ton more than last quarter.

## U.S. SOUTH TIMBER MARKET OUTLOOK

### **Timber Market Outlook**

GDP growth in the 4Q2010 will be strong, and the first three quarters of 2011 will follow suit. We then expect the second leg of the double-dip recession to strike, though it will be shorter than once thought.

The recession has proven that the floor for housing starts is roughly 500,000 per year. We expect the number to be slightly above that level in 2011, with an increase of about 100,000 per year through 2014, when starts will hit 1 million once again. The months when starts averaged more than 2 million on an annualized basis are unlikely to return.

### **Pine Sawtimber Prices - U.S. South**

The number of open market sales is beginning to dwindle, as spring weather has allowed loggers to harvest on tracts they had on hold during the winter. After many months of holding their timber off the market due to low prices, landowners appear to have accepted new lower prices as the norm. This willingness to sell will ensure sufficient supply.

Due to unrest in the Middle East, oil prices have climbed above \$100/barrel and are expected to remain there. This is an added cost for loggers, who are already being squeezed by low gateway prices at mills. Stumpage prices will remain low for the rest of the year as a result.

### **Pulpwood Prices**

Pulpwood prices will not see the same volatility they experienced last year, primarily because the GDP-induced increase in demand have been offset in part by normal weather patterns that ensure sufficient supply. With a southwide average of roughly \$9.00/ton, pulpwood prices continue to hold up; they are expected to remain near this level throughout 2011.