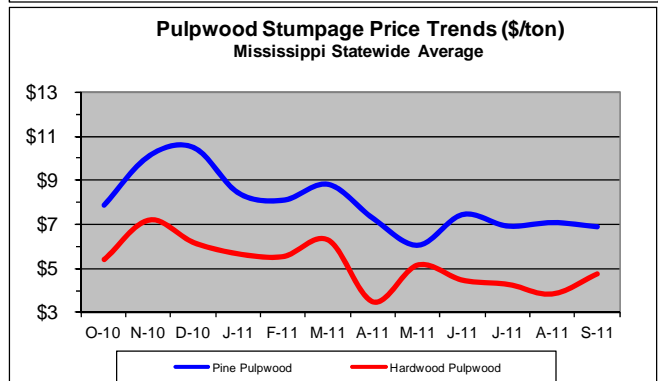
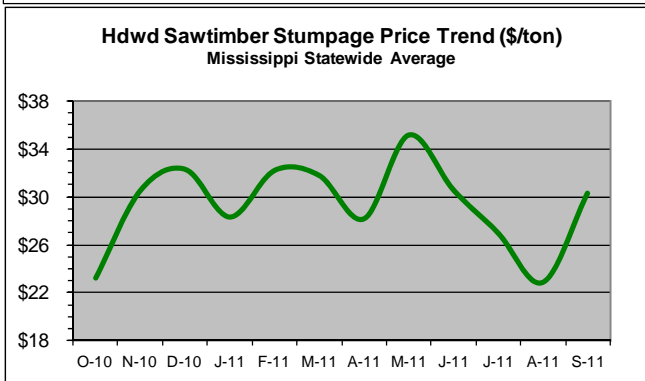
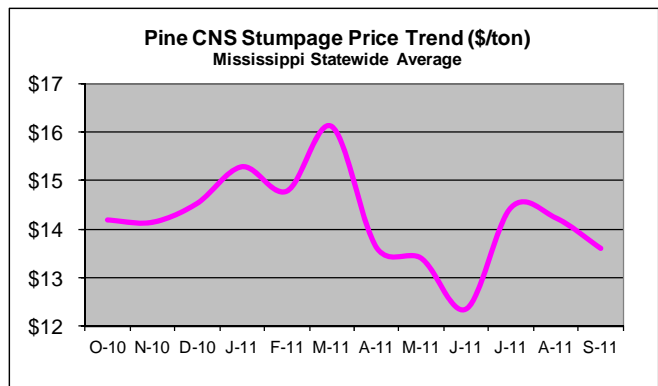
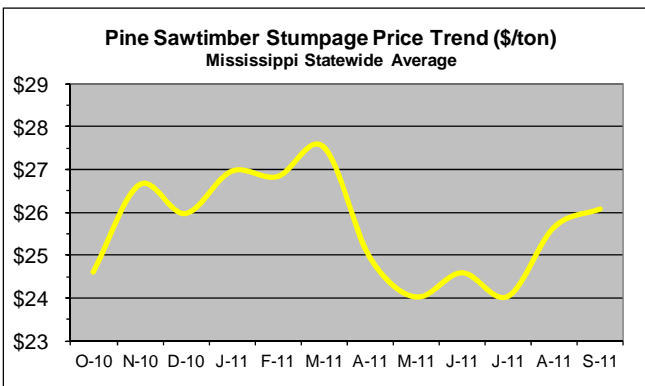




Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

MISSISSIPPI STUMPAGE PRICE TRENDS





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MISSISSIPPI STUMPAGE PRICES



Pine

Larger dbh, high quality pine sawtimber is still in demand as shown by an increase in average dbh for pine sawtimber. The pine sawlog prices saw a slight increase this quarter primarily due to a shift in demand toward this larger size. Pine pulpwood remained relatively flat as dry summer conditions continued. As a result, **Pine Pulpwood** decreased \$0.01/ton to end the quarter at **\$6.98/ton** – a 0.1% decrease. **Pine CNS** increased \$0.81/ton to close the quarter at **\$14.04/ton** – a 6.1% increase. **Pine Sawtimber** showed an increase of \$0.85/ton or 3.5% to end at **\$25.35/ton**.



Hardwood

Hardwood pulpwood also remained flat this quarter with ample inventory at pulp mills. Hardwood sawtimber experienced a decrease in all categories, a reflection of seasonality along with weak economic conditions. As a result, **Hardwood Pulpwood** decreased this quarter by \$0.02/ton to close at **\$4.28/ton**. **Low Grade Hardwood** decreased \$1.85/ton to end at **\$21.45/ton**, and **High Grade Hardwood** decreased \$3.04/ton to end at **\$33.21**. **Mixed Hardwood** ended the period at **\$26.26/ton**, \$4.81/ton less than last quarter.

U.S. SOUTH TIMBER MARKET OUTLOOK

Forest2Market's Economic Outlook indicates that the US economy is already in a recession. This second leg of the recession will be short and shallow compared to the one that started in December 2007, but it will prevent a broad recovery in the housing market, and therefore a broad recovery in sawtimber markets.

Despite this, some positive signs cannot be ignored. Home prices are down significantly from peaks, the average rate on a 30-year fixed-rate mortgage has fallen below 4 percent for the first time, and inventories of unsold homes are smaller than they were last year – particularly in locations with comparatively healthy economies. Replacement demand from normal deterioration and natural disasters, demographic pressure from an expanding population, and heightened demand in geographies with comparatively strong economies will result in a gradually improving market over the next two years.

Pine Sawtimber Prices – U.S. South

In addition to the longer term recovery of the housing market, seasonality will play a role in sawtimber pricing over the near term. While prices have been relatively flat over the summer, we expect winter inventory building (increased demand) and increased rainfall (constrained supply) will result in higher prices over the winter.

Pulpwood Prices – U.S. South

Pulpwood markets, due to continued strength in pulp and paper industry performance, continue to show strength. Winter season inventory building and increased rainfall will also drive pulpwood prices higher.