



STUMPAGE SPEAK

<http://www.lsuagcenter.com/en/blogs/stumpagespeak/>

<http://www.freddiemac.com/finance/ehforecast.html>

<http://water.weather.gov/precip/>

<http://graphics.wsj.com/us-housing-market/>

http://themoneyconverter.com/USD/Exchange_Rates_For_US_Dollar.aspx

Louisiana Timber Market Report¹

2nd Quarter (Apr-Jun.) 2015

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LSU AgCenter

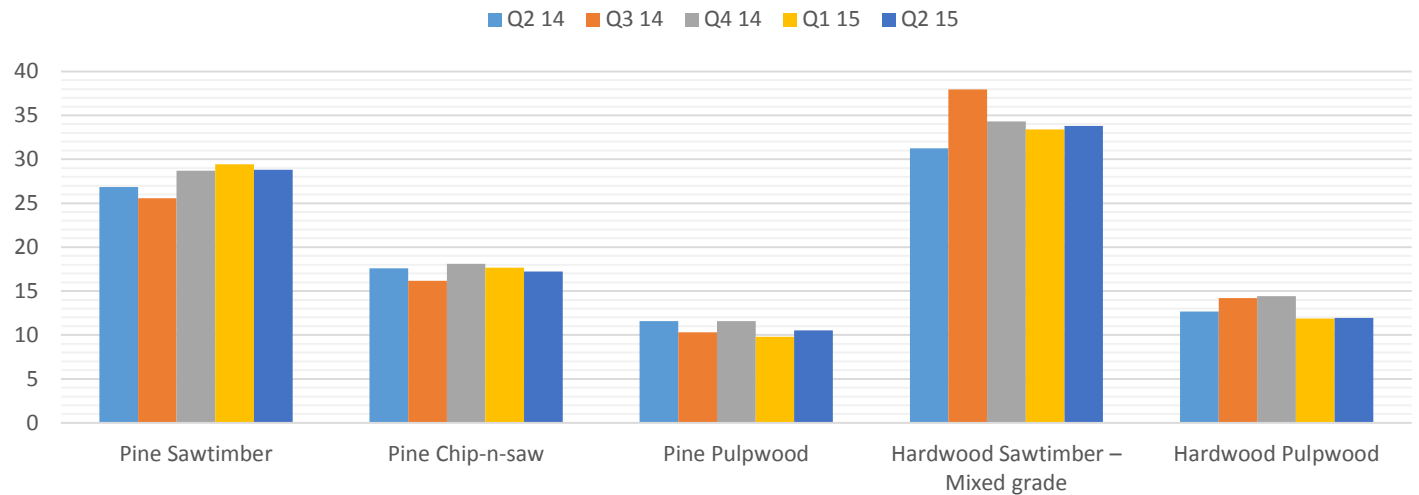
Staff Report # 2015-14

Louisiana Stumpage Prices (\$/ton)	2 nd Quarter 2015	Change from Prior Quarter
Timber Class	Price per ton	% Change
Pine Sawtimber	\$29.00	-2%
Pine Chip-n-Saw	\$17.00	-3%
Pine Pulpwood	\$10.50	7%
Hardwood Sawtimber –Mixed grade	\$34.00	1%
Hardwood Pulpwood	\$12.00	1%

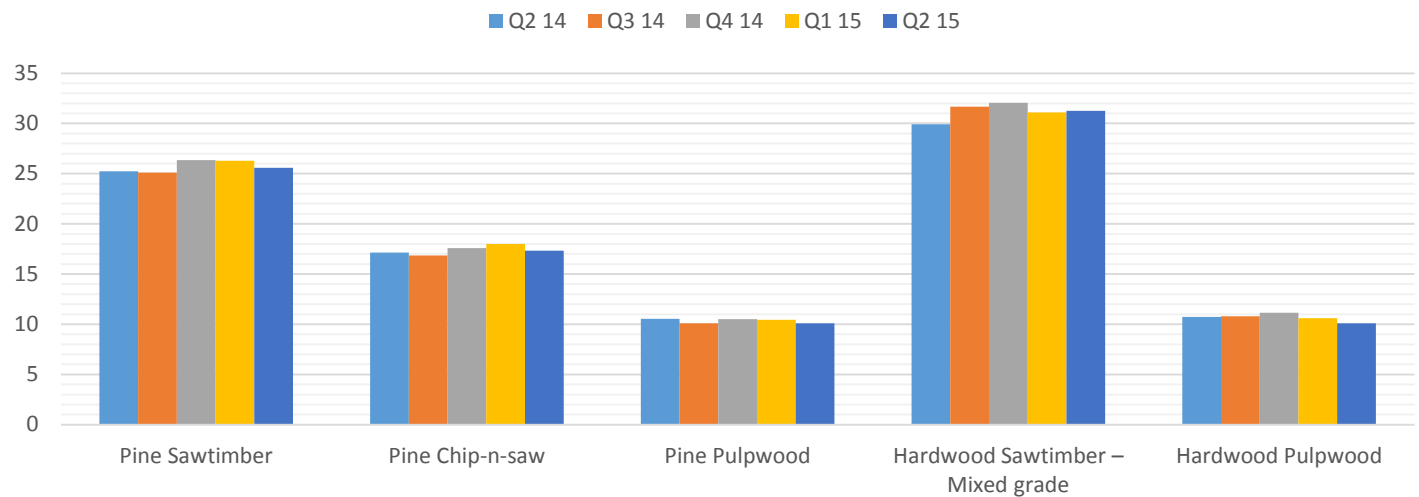
¹ The following document is intended for use by owners of forested land in Louisiana. The source of these prices is proprietary in nature and are therefore rounded per agreements to disseminate to the general public. The prices I report are also state averages and the LDAF numbers are by specific regions. I recommend using both to aid in decisions about purchases, sales, and determining harvesting schedules. As always communicate with a consultant forester on prices before executing contracted agreements with wood buyers.

****Price Conversions: Pine Sawtimber/ MBF= Tons * 8; Hardwood Sawtimber/ MBF = Tons * 9.5; CNS and Pine Pulpwood Cords = Tons * 2.7; Hardwood Pulpwood = Tons * 2.85*****

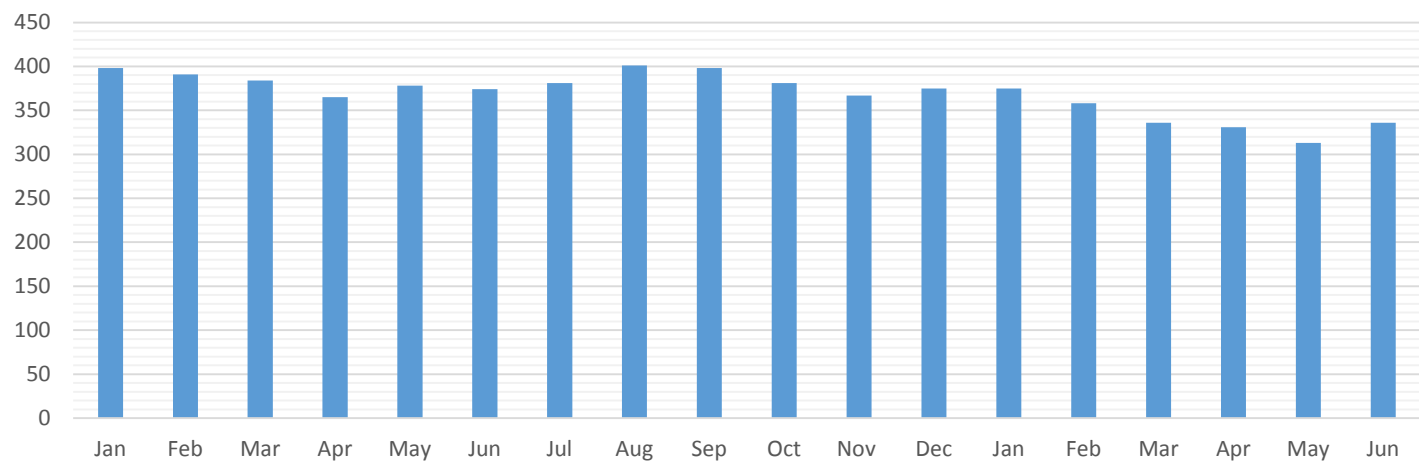
LA Stumpage Prices (\$/ton)



Southeast Stumpage Prices (\$/ton)



Monthly Composite Lumber Prices (2014-2015)



Introduction

A brief note on Extension events, the LSU AgCenter has scheduled the 2015 Louisiana Natural Resources Symposium for Aug. 21 at the LSU AgCenter Grant Walker 4-H Educational Center near Pollock in central Louisiana¹. The theme of this year's meeting is maximizing value of tree farms. Topics will include economics, weed control, insects and diseases of short rotation stands, tree spacing, genetically improved seedlings, benefits of a consulting forester, alternative tree species, biomass and procurement needs by industry, and state financial assistance. Contact Dr. Todd Shupe (tshupe@agcenter.lsu.edu) for more details.

Also, our Northwest Area Forester, Ricky Kilpatrick, has been named the Extension Forester of the Year by the Forest Landowners Association². On the tax front, The Louisiana Tax Commission has approved new timberland assessments for ad valorem tax purposes for the 2016-2019 tax years. The timber valuation increased in each of the first three timberland classes and class four remained flat. Please contact your local parish tax assessor for more details.

2016-2019 USE VALUE ASSESSMENT FORESTLAND

Use Value	2016-2019	2012-2015	% Change
Class I	39.77	38.67	+2.8%
Class II	28.28	27.47	+2.9%
Class III	12.39	12.05	+2.8%
Class IV	7.53	7.53	- 0 -

Stumpage Prices

Pine products were down for the quarter, mirroring prices south-wide, the only outlier was pine pulpwood in Louisiana (+ 7%), this in spite of pine pulpwood for the entire south being down more than 3%. Looking at the harvesting trends over the last two quarters, while the other products have an inverse relationship with respect to price and quantity harvested, all except pine pulpwood. The economist in me sees this as being a demand pull phenomena, despite more product harvested (21% increase), prices moved upward as well. This is a good sign for my pine pulpwood prediction earlier in the year.³

Lumber Prices

Lumber prices started the year strong (see Figure 3). The Random Lengths Framing Lumber Composite Price was close to \$400. By May that had dropped below \$315, pressures from fading markets worldwide, poor exchange rates, and to be quite honest some factors that people still cannot figure out, wood traders were getting panicky. Fortunately, after a sluggish first quarter, three strong months (of 1M plus starts) housing starts has spurred lumber prices back up to \$340 as of last week. Again, this is mostly on the back of multifamily housing (most of which are rentals).

¹ http://text.lsuagcenter.com/news_archive/2015/March/headline_news/Louisiana-Natural-Resources-Symposium-set-for-Aug-21-in-Pollock.htm

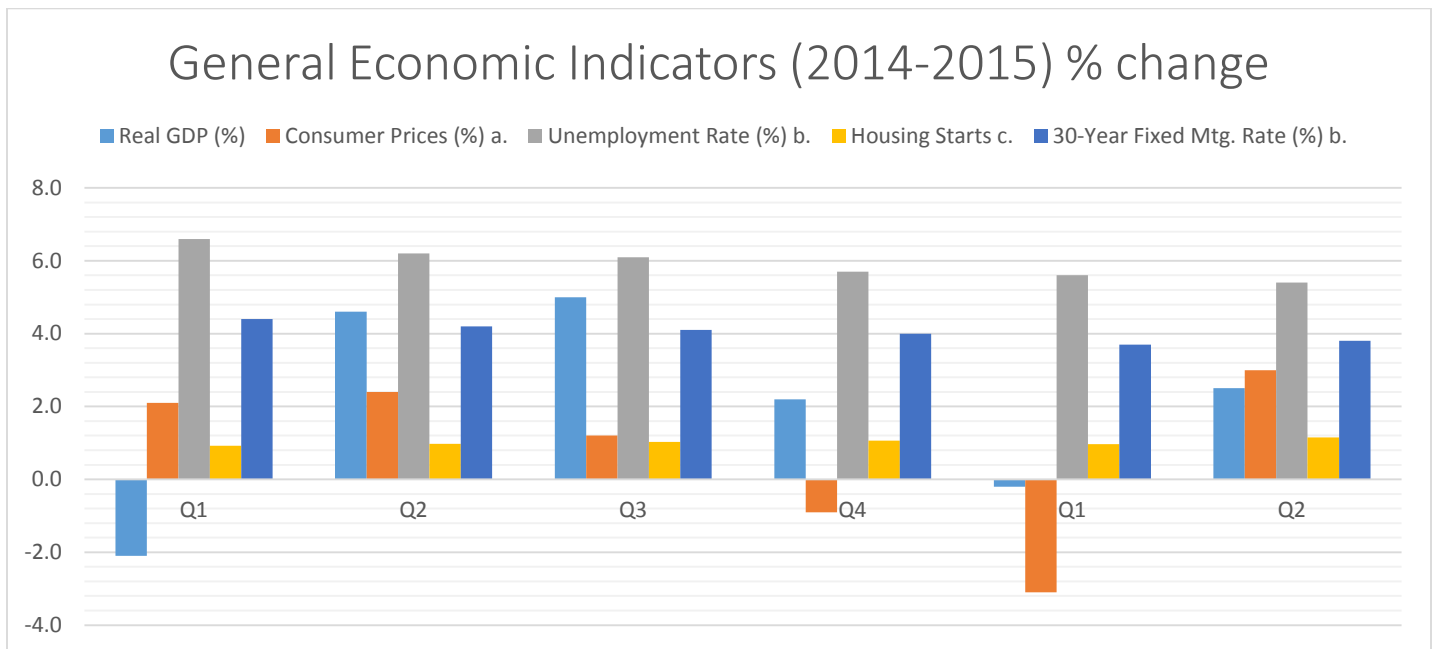
² http://www.lsuagcenter.com/news_archive/2015/May/headline_news/LSU-AgCenter-forester-wins-national-award.htm

³ <http://www.lsuagcenter.com/en/blogs/stumpagespeak/Forestry-Economic-Outlook-2015.htm>

Needless to say, you'd need a crystal ball to predict how this thing will wash out. On one hand, the slump in prices earlier in the year resulted in a 15% tax being imposed in Western Canada in July. However, that rate will be reduced to 5% in August. Weakness in the Canadian loonie vs. the U.S. dollar has made it more profitable for Canadians to ship lumber across the border. Fire season in the West, and the slowdown in China have kept both supply and demand predictions in uncertain territory. Reduced exports to China are another key factor for traders to consider going forward as the recent tumult in the Chinese stock market is likely going to take months to sort through.

In the longer term, The SLA (softwood lumber agreement) will expire in mid-October, and it doesn't appear that a new agreement will be negotiated any time soon. That means no more taxes or quotas on Canadian shipments to the U.S. come mid-October, and the U.S. can't file any trade cases for a year after the SLA's expiration. Combine that with a lot of Canadian wood that is beetle infested and one would predict that prices are going to be suppressed going forward. Larger forces at work on general economic uncertainty abound as well. Uncertainty remains over the effect that the banking crisis in Greece could have on the continuity of the European Union and the euro zone, along with Canada and China despite efforts from both on interest rate policy. As a result, I would be absolutely shocked if the U.S. fed bank continues efforts to raise rates. Most would warn that that would leave the U.S. vulnerable to recessions in the future, but as the recovery has been so tepid over the last several years I don't see anything other than a modest correction in 2016.

Note: On the small landowner front, a man has been apprehended for timber theft in LaSalle and Catahoula parish, he had previously been charged with eight counts of felony timber theft in 2014. He allegedly stole approximately \$100,000 of timber. According to Louisiana Department of Agriculture (LDAF), he had cut timber with landowner permission; however, landowners did not receive scale tickets, settlement sheets, or loader's log as required under state law. Each landowner only received a fraction of what they were owed. Several steps need to be taken ahead of a harvesting operation and those need to be on your terms. We don't want this happening to unsuspecting landowners in the future. See the link in the footnote below for A Planning Guide for Landowners with regards to Timber Sales⁴. Also, returns for landowners using a good consultant over those trying to do things themselves have far better results (20-25%) on average.⁵



⁴ <http://content.ces.ncsu.edu/timber-sales-a-planning-guide-for-landowners/>

⁵ http://templinforesstry.com/Newsletters/Newsletters/vol12no1-believing_in_forestry.htm