



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/>

Louisiana Timber Market Report

3rd Quarter (Jul-Sep) 2015

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Staff Report # 2015-20

Louisiana Stumpage Prices¹ (\$/ton) 3rd Quarter 2015

Timber Class	Price per ton	% Change from Q2 2015
Pine Sawtimber	\$29	1%
Hardwood Sawtimber – Mixed grade	\$34	No Change
Pine Chip-N-Saw	\$18	5%
Pine Pulpwood	\$10	-6%
Hardwood Pulpwood	\$12.50	6%

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*****

Table 1. Stumpage prices for Louisiana Q3 2014-Q3 2015

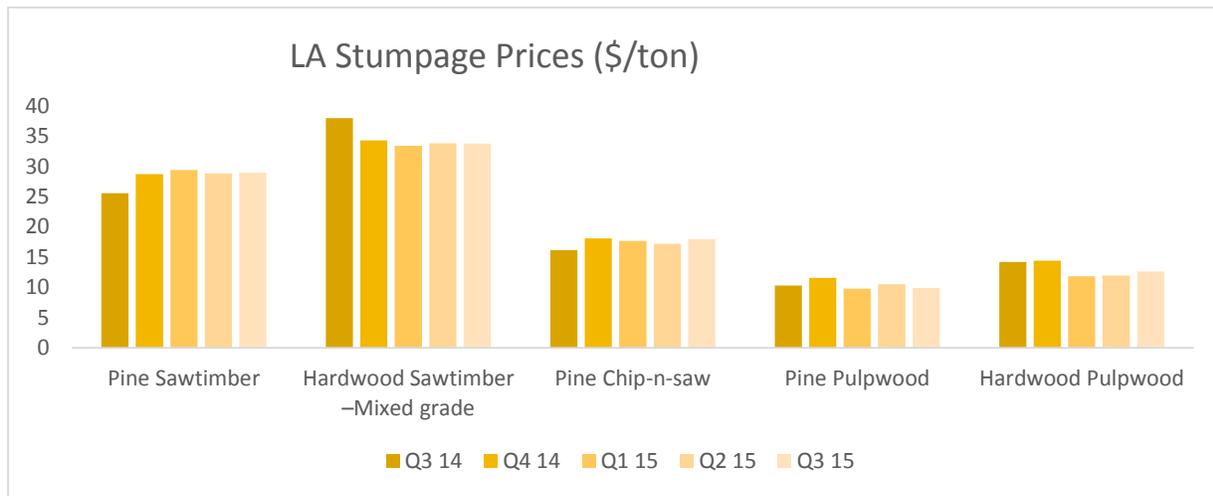


Table 2. Stumpage prices for Louisiana Q3 2014-Q3 2015

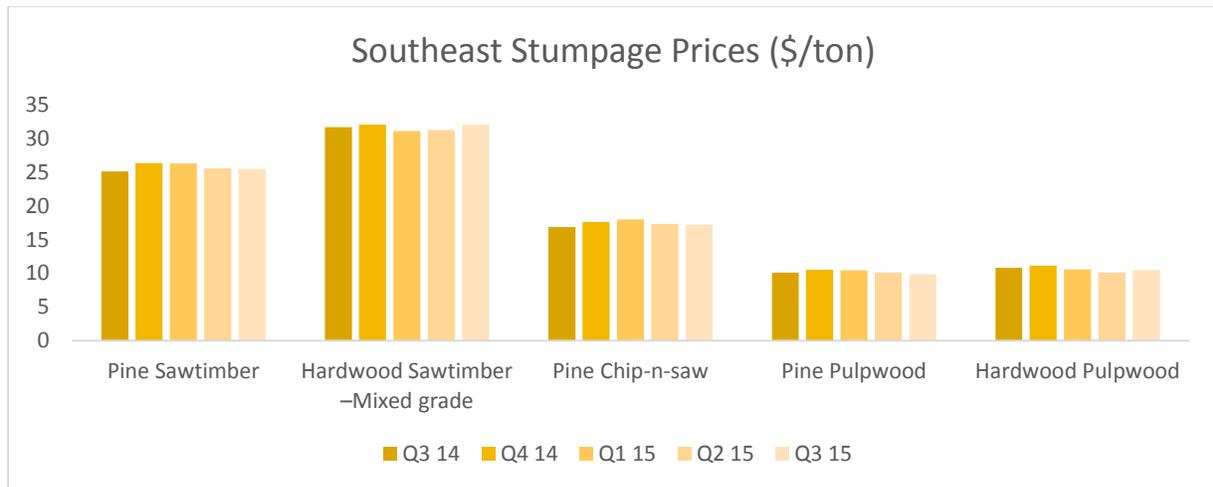


Table 3. Louisiana Harvested Products Q1 2015-Q3 2015

Total harvest (in tons)	Pine Sawtimber	Hardwood Sawtimber	Chip-N-Saw	Pine Pulpwood	Hard Wood Pulpwood
1st 2015	1,595,870.75	192,785.42	513,396.38	2,627,680.55	447,005.04
2nd 2015	1,555,145.75	110,554.06	512,713.27	2,958,944.00	372,120.13
3rd 2015	2,157,620.93	434,536.66	689,190.49	3,673,497.77	598,656.81
Total in 2015	5,308,637.42	737,876.14	1,715,300.14	9,260,122.32	1,417,781.98
1st-3rd in 2014	4,934,614.07	559,922.28	1,527,758.68	10,693,131.20	1,398,988.21
Total in 2014	6,517,410.19	739,361.28	2,050,448.90	13,361,306.44	1,787,937.21

Waters of the U.S.

Big news affecting the forestry industry in the past several months. First and foremost, the Waters of the U.S. (WOTUS) ruling has been stayed by a circuit court for the time being. AmyLou Bannon, who runs a tree farm operation near Golconda, was also pleased with the stay. She said she was sure people who didn't understand the law also had implications for them as property owners. While this issue is being portrayed by some in the media as a struggle between those concerned with the environment and those who only wish to turn a buck from it, that narrative is flawed.

One such business owner, Amy Lou Bannon, who runs a tree farm operation near Golconda Illinois, had this to say²:

"I'm hopeful that this law can be rewritten because none of us want our water polluted," Bannon said. "The people who are against (it), we are not for pollution of the water, we are definitely not for the pollution. We are just thinking this law is way over the top and needs to be rewritten and it needs to be rewritten in such a way that property owners do not lose all the right to control their own property."

She said the law severely hampered what land owners could and could not do on their own property.

"You wouldn't be able to determine what you wanted to do on your own land without a government agency OK — for instance, if you wanted to build a pond, or a lake, or any land structure," Bannon said. "It wouldn't affect only my farms, but it would affect everyone who owns property — that would include someone who owns a three-acre lot in the suburbs."

A representative with the state's homebuilders association also said the proposed rule threatened to add significant sums to the cost of new construction, which would be passed onto consumers.

"It's a great relief for the homebuilders' industry," said Executive Vice President of the Home Builders Association of Illinois Bill Ward. "The new requirements were going to cost Illinoisans about \$3,300 per single family lot in regulations."

You can learn more about the WOTUS rules here:

https://www.nahb.org/en/Products/34827_2015%20Webinar%20Taking%20Notice%20of%20WOTUS%20-%2034827.aspx

You have to register but it looks like a free service, and it's the National Association of Home Builders website, so it's trustworthy.

Logging Rules Change Proposed?

The Safe, Flexible and Efficient Trucking Act (Safe Trucking Act) is proposed as an amendment to the surface transportation reauthorization, or "highway bill" that is expected to be taken up in the House Transportation and Infrastructure Committee. HR 3488 is proposing increasing weight limits from 80,000 to 91,000 for extra axle trucks.

The impact in the forest products sector, could be profound since moving harvested trees from the forest to the facility represents over a third of the raw material costs. Further, while the industry has worked tirelessly to optimize the supply chain system through innovation and technology, trucks are still integral

² http://thesouthern.com/news/local/opponents-applaud-u-s-appellate-court-s-stay-on-waters/article_a00bbbb1-d85c-5ded-b321-368b917fd53c.html

to logging and lumber-delivery operations. In Oregon for example, trucking represents 40% of the delivery system getting lumber to end users. You can read more about the language of the bill and supporters of the legislation here: www.congress.gov/bill/114th-congress/house-bill/3488/cosponsors

On the LSU extension forestry front

Forest landowners in the Northwest part of the state will want to keep December 3rd free as the annual western Gulf Silvicultural Exchange will be hosting a landowner oriented event on forest remediation. Many landowners don't face optimal conditions when making management decisions regarding their forest investment. While most extension efforts usually jump off from these optimal points the landowners may be unable to see how to get their forest to that initial optimal stage. We hope to provide some of that insight. If the meeting goes well, we would also like to adapt the meeting to other locations in the state going forward. You can contact myself, Dr. Mike Blazier, or Ricky Kilpatrick for more details. We'll be sending out more details through the usual channels in the coming weeks.

Also, if you are located in North Louisiana, the Ag. Expo will host the Forestry Forum in Monroe on January 15th. The theme will be more economically driven as both Myself and Paul Spillers are on the docket at this time. It's still taking shape though, so I don't have more details. If you are interested in attending, please contact Lucas Stamper at lstamper@agcenter.lsu.edu.

Other sites for pricing data

If like me you want to know what's going on with timber product prices in nearby states here are some web links that may be of interest to you.

Arkansas

<http://www.uaex.edu/environment-nature/forestry/timber-price-report.aspx>

Texas

<http://tfsweb.tamu.edu/timberpricetrends/>

Mississippi

<http://msucare.com/forestry/prices/reports/index.html>

Predictions

I appear to continue to be wrong on the pine pulpwood price movement as you can see from the graphs on page 2, I suspected that prices would rise due to increased competition in the southeast for pulp products and supply constraints due to a glut of sawtimber that hasn't been harvested for the last decade (well 8 years). The usual planting that would occur would be close to pulp age by now, but had to be postponed from the massive drop-off in housing construction and thus slack demand for sawtimber products (i.e. lumber).

Nonetheless, my "SWAG" (scientific wild ___ guess) on housing starts has proven correct and while we appear to be steadily moving up, signs of breakouts are muted despite wishes to the contrary. 1.1 million starts is still my guess and while September proved to be quite good (1.206), my expectation is the final three months of the year will pull that back down. September as with most of the improvements over the last several years has been in the multifamily sector of housing, these still count certainly but it may be time to ask your financial advisor about investing in REIT's that focus on rental properties, as I don't see this trend ending anytime soon.