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# *Timber Tales*

No. 151 News and Ideas for Forest Landowners from Ricky Kilpatrick, Area Forestry Agent 1<sup>st</sup> Quarter 2015

## **Fourth Quarter 2014 Louisiana Timber Market Report<sup>1</sup>** By Dr. Shaun Tanger, LSU AgCenter Forest Economist

<b>Louisiana Stumpage Prices (\$/ton)</b>	<b>4th Quarter 2014</b>
<b>Timber Class</b>	<b>Price per ton</b>
<b>Pine Sawtimber</b>	<b>\$28.50</b>
<b>Pine Chip-n-saw</b>	<b>\$16.00</b>
<b>Pine Pulpwood</b>	<b>\$10.50</b>
<b>Hardwood Sawtimber –Mixed grade</b>	<b>\$38.00</b>
<b>Hardwood Pulpwood</b>	<b>\$14.00</b>

For additional information, call Area Code 318 and . . .					
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<sup>1</sup> 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 LDAF numbers are by specific regions. The LDAF Price Report: <http://www.ldaf.state.la.us/forestry/>. 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.

## Introduction

As expected from dealer inventories in late September lumber prices dropped in October and November but rallied a bit in December. Judging by the futures market, early prices for the New Year will be down and does not give me hope of a strong housing report for January starts. I believe forecasts for housing starts in 2015 is again overly optimistic. Forecasts of five analysts polled by Random Lengths average 1.16 million starts in 2015, up from an average projected finish in 2014 of 994,000 units. They cite supply-side constraints, including credit, buildable lots, timely permit issuance, labor shortages, and transportation difficulties.

Despite weakness in foreign markets, economic recovery continued in the 4th Quarter of 2014 with growth in both US manufacturing and employment. While the continued recovery is positive news, wages didn't grow as fast as many economists were hoping. This despite calls that many employers have jobs available, but cannot find qualified labor. This correlates with the data on first time home buyers. This key demographic accounted for only 29% of existing single-family home sales in 2014, still far below the pre-2008 average of 40%-plus. Combine that with those aged out of the housing market (as buyers anyway) and it's difficult to see large gains in 2015 in housing.

Never one to accept market forces, Fannie Mae and Freddie Mac are launching mortgage programs with down payments as low as 3%, hoping to broaden the pool of home buyers and boost the real estate market. This despite a recent survey asking the growing renter class why they are renting and not buying.

The following are the top reasons that renters offered up for why they have chosen to rent rather than purchase a home, according to the survey:

- **Do not have enough money saved or have too much debt (55.7%)**
- **Do not make enough money (52.7%)**
- My credit is not good enough (41.4%)
- Do not want the upkeep of home ownership (28.6%)
- Do not want to or can't be tied down to certain area (24.1%)
- More affordable to rent than buy (23.6%)
- Do not want to tie my money up in a house (18.7%)

So the number one reason is too much debt, but we want to make it easier for you to go into more debt...err....purchase a home. Big disconnect between policy and reality here.

## Lumber and Stumpage prices

Nation-wide softwood lumber prices remained high but slightly below prices from a year ago (Table 1; page 3), while southern pine lumber prices surged ahead showing greater-than-usual market strength. Hardwood lumber prices were also near historical highs, but were slightly weaker than earlier in the year. Moderate to strong growth in housing markets was countered by lower levels of expenditures on home improvements. Mortgage activity was slow even though interest rates were low.

Consequently, pine sawtimber and chip-n-saw (Tables 2 & 3; page 4) were both up from the previous quarter, pine sawtimber and chip-n-saw stumpage at over \$26 dollars per ton and \$17.50 per ton, respectively, 1.25% and 0.75% increases to the quarter before. In state the same trends were seen only with stronger results, good for double the percentage increases compared to south-wide averages. Stronger pine stumpage prices were driven mostly by increased prices in the gulf coast states.

Hardwood sawtimber (Tables 2 & 3; page 4) was down in-state (~3.5%), but up southwide (0.5%). The result southwide driven by hardwood lumber trends on the year and Louisiana being driven by weather patterns, but hardwood pulp prices are flat from the previous quarter. So what’s going on here?

The spread on hardwood pulpwood was biased upward this quarter. Not a surprise as a landowner I spoke to said he had heard of some unusually high prices in Northeast Louisiana. Meanwhile, sawtimber low bids dropped off the table from the quarter before (down \$10!), indicating that those sticks of wood that were small diameter were sold as pulpwood. Basically the high on pulpwood and the low on mixed sawtimber were almost identical at around \$21.

Softwood pulp prices were also strong, (Tables 2 & 3; page 4) with hardwood pulp slightly weaker. Pulp and paper producers reported business expansion; however, wood products experienced seasonal contractions. In-state pine pulpwood was up 13%, while southwide prices were more modest but still increased by 4%. Likewise, hardwood pulpwood was up (around 3%); that gain mirroring the southwide increase.

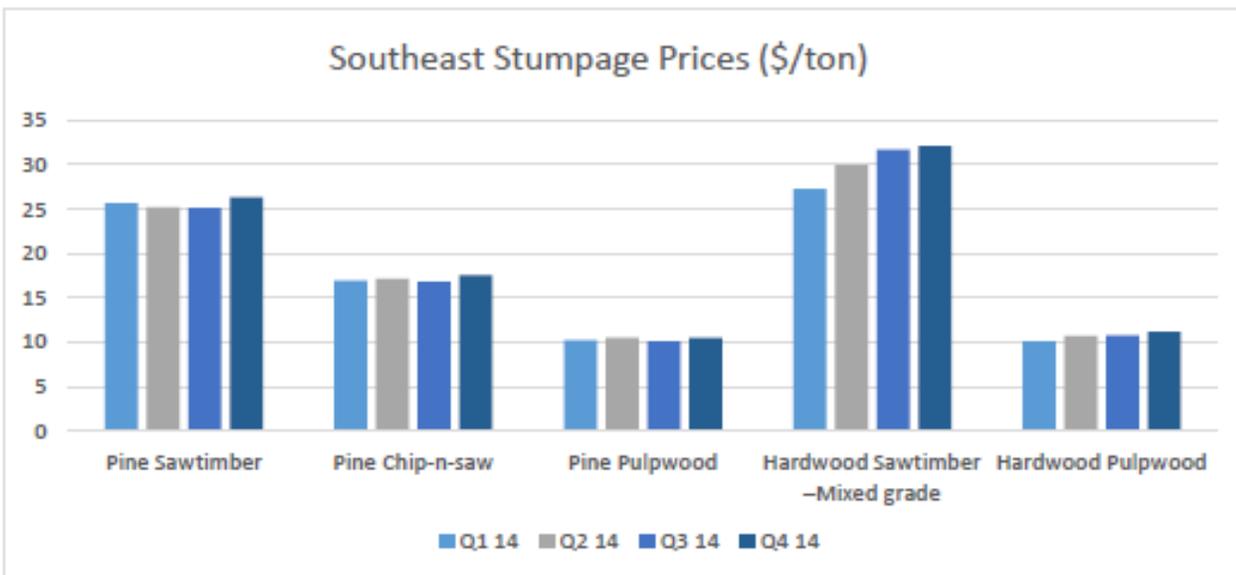
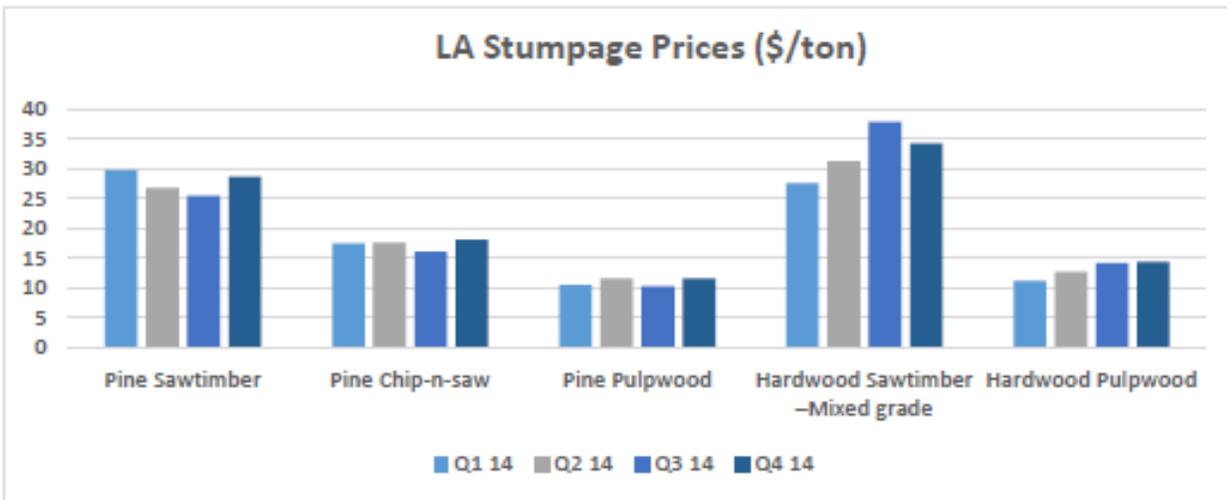
**Conclusions**

In the context of the last two years of stumpage prices, lots to feel good about in the short term and going forward. My personal opinion is that a slower housing market is a good thing for now. The fundamentals are not there yet, so if we were seeing big gains in housing I’d suspect bubble activity. Rentals are still too large a percentage of starts at 35% of all starts and rental rates indicate that will not subside anytime soon. However, as wages increase and employment continues to move downward I think we’ll see more home ownership. Combine that with pellet activity in state and around the southeast and that should give a boost to pulp prices over the next decade.

In-State prices for pine stumpage are up 3% (for all classes) over the last two years, despite abundant inventory. The increases in hardwoods are even better. Sawtimber and pulp are up 13 ½% and 6%, respectively. Those gains are spread evenly over the last two years across all classes.

For predictions on 2015, please see the special edition “stumpage speak outlook” document that is available right now through our blog site, LFA, and our area foresters mailing lists. I hope you have a productive new year.





Check out Dr. Tanger's Market Outlook at <http://www.lsuagcenter.com/en/blogs/stumpagespeak/>

### **Ark-La-Tex Forestry Forum Cancelled Due to Weather!**

For the first time in 31 years, the annual forestry forum had to be cancelled, due to the weather and road closures. I guess that is not a bad record, especially given the time of year. When we first started this program back in the mid-1980's, it was held in November. Over the years, it has been held in November, December, January, February and March. Many have asked if we would reschedule. Planning for this program several months ago, and getting the cast of great speakers together on the same day anytime soon again is practically impossible, so we will not reschedule the forum. HOWEVER, I will be planning some individual seminars based on the forum program. I am working on a tax seminar now, and will be working on others soon. These seminars will be one or two hour sessions. If you are on my email listserv to get the Timber Tales newsletter, you will get the notices of these seminars. Stay tuned for more information.

## **Emerald Ash Borer is in Louisiana**

I'm sure you all have seen that the Emerald Ash Borer (EAB) has been found and confirmed in north Webster Parish. On February 5, USDA Forest Service scientists found the EAB on the east side of Hwy 159, between Shongaloo and the Arkansas line. Generally it is thought that once the EAB has been detected and confirmed in a state, it has probably been there for six to eight years. I feel sure that is the case, since the forest service personnel found it at the first place they looked. If the EAB follows the same pattern as in other states, it will become a major problem about 12-14 years after introduction. Louisiana becomes the 25<sup>th</sup> state to be infested by the EAB.

Here are some websites with information on the EAB:

[www.emeraldashborer.info](http://www.emeraldashborer.info)

[www.hungrypests.com](http://www.hungrypests.com)

[www.stopthebeetle.info](http://www.stopthebeetle.info)

[www.dontmovefirewood.org](http://www.dontmovefirewood.org)

You'll find identification information at these websites. I will also have an informational poster with identification tips on our website soon:

[http://www.lsuagcenter.com/en/our\\_offices/parishes/Bossier/Features/Forestry\\_Wildlife/](http://www.lsuagcenter.com/en/our_offices/parishes/Bossier/Features/Forestry_Wildlife/)

If you suspect the EAB in your ash trees, please contact me at [rkilpatrick@agcenter.lsu.edu](mailto:rkilpatrick@agcenter.lsu.edu) or 318-965-2326.

## **Deer Hunting Among Feral Hogs**

Feral hogs continue to be a huge problem for landowners, farmers, homeowners and others. Many of you attended the deer/hog seminar we had back in the fall in Bossier City. Extension wildlife specialist, Dr. Don Reed, provided us with the information on coping with feral hogs while deer hunting. Pat Stinson, manager of the Red River National Wildlife Refuge, discussed their hog control efforts on the refuge. The U.S. Fish and Wildlife Service are currently conducting their annual aerial attack here in north Louisiana for the third year in a row. Even with all that is being done currently, this problem still seems to be exploding. In the meantime, landowners and farmers can merely try to manage the problem until more productive options are discovered. Here's a couple of tips from our wildlife specialists for deer hunters who are trying to hunt around hogs.

1. A 28" high fence seems to be the right height to keep hogs out, but allow deer to get in and out. An 80' perimeter of a fence around feeding areas might be helpful. If you are not excluding the hogs, you are improving their health and body conditions and improving their reproductive capability.
2. Cotton seed meal seems to be less tasty to hogs, but deer like it.
3. Consider foregoing direct feeding for supplemental food plots. The food plots will provide nutritional needs for the deer without the heavy hog pressure.
4. Fertilizing natural vegetation that deer prefer is a great way to increase deer herd health with minimum hog interference. Consider fertilizing honeysuckle, French mulberry, greenbriar or other preferred deer browse during the spring and summer. Herbacious plants and forbs may account for 50% or more of a deer's diet. Fertilizing these plants improves the condition of the browse material and deer will find the fertilized plants. Faster growing sprouts are better than slow growing suppressed stems, higher moisture content in the browse material is important and a healthier plant can sustain repeated browse and continue to be a productive food source for the deer.
5. Studies show that overlap of feral hog and deer diets vary with the season of the year. Consider taking advantage of the low overlap seasons by fertilizing as mentioned above, and possibly by providing supplemental food that is less attractive to feral hogs (cotton seed meal, rice bran) during the higher overlap seasons. Here's a look at the diet overlap by season:  
Fall 46%      Winter 28%      Spring 26%      Summer 25%

## **Next THEO Training Class Coming Soon!**

What is a THEO? Answer: A Timber Harvesting Equipment Operator  
Skilled THEO's are currently in high demand across Louisiana. We all know of cases where someone has had a hard time getting timber cut....especially in recent years. Maybe it was a small tract, hard to get to, or there were just no available crews in the area. I believe we would all agree that lack of loggers is certainly a bottleneck in the timber industry at this time.

To address this issue, the Timber Harvesting Equipment Operator Class was initiated back in 2013. Students attend classroom instruction and field training outdoors, actually operating timber harvesting equipment. The class is sponsored by the Louisiana Forestry Association, the Louisiana Society of American Foresters, the Louisiana Loggers Association, the Louisiana Logging Council and several Louisiana Forest Industries and others. The inaugural class of four all got hired and are working now.

The next class starts this May at the Sabine Valley campus of the Northwest Louisiana Technical College in Many, LA. For more information, call 318-609-1230 or go to [THEOLa.Homestead.com](http://THEOLa.Homestead.com)

This program is a very positive step for all of us in the forestry community! Maybe you know someone who would be interested in a timber harvesting career.

## **The Economic Contribution of Forestry and the Forest Products Industry on Louisiana's Congressional Districts**

This is the title of a recent LSU AgCenter Research Information Sheet by AgCenter forest economist, Dr. Shaun Tanger. According to Dr. Tanger's report, Louisiana's Forests provided the following in 2012:

**Jobs – 45,611**

**Income – \$2.67 billion**

This includes wages, salaries, and benefits of employees as well as income for self-employed individuals.

**Value-Added – \$4.20 billion**

The difference between an industry's total output and the cost of its intermediate inputs.

**Tax Revenue – \$711 million**

The federal, state and local taxes generated by Louisiana's forests and forest products.

**Output – \$10.86 billion**

This represents the value of industry production.

There is a lot of great information in this report. To check out more details such as information by product sector and by congressional district, check out the full report at:

<http://www.lsuagcenter.com/MCMS/RelatedFiles/%7B458DFE45-F304-4BA2-84AF-6FEE6E6A8B5A%7D/Pub3367-G-AllDistrict-proof1.pdf>

## AgCenter Forestry Team Receives Award

The Denver T. and Ferne Loupe Extension Team Award was presented to faculty specializing in forestry education. Team members are Brian Chandler, area agent in the southeast region; Steve Hotard, area agent in the northeast region, who has recently retired; Ricky Kilpatrick, area agent in the northwest region; Keith Hawkins, area agent in the southwest region; Robbie Hutchins, area agent in the central region; Michael Blazier, associate professor and forestry researcher at the Hill Farm Research Station in Homer; Don Reed, wildlife specialist for the state; and Shaun Tanger, assistant professor in Agricultural Economics and Agribusiness.

The team is responsible for conducting educational programs for forest land owners statewide and providing educational outreach to youth. Programs directed by the team have led to better timber production and enhanced wildlife opportunities. The group was recognized along with other award winners at a statewide ceremony on December 15, 2014 at the LSU AgCenter Botanic Gardens at Burden Research Center in Louisiana.

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### Events, Thoughts and Tidbits

\*\*\* If you have scraps of treated wood from a project, DO NOT burn them in the fireplace. You should NEVER burn treated wood in the fireplace. The fumes can be toxic!! This includes CCA, penta and creosote treated wood. Many deaths have resulted from this.

\*\*\*Lots of great smartphone apps relating to forestry/wildlife can be found at the Southern Regional Extension Forestry website: <http://www.sref.info/resources/mobile-apps>

\*\*\*Check out the Louisiana Forestry Association billboards in the Shreveport area. There's one on I-20 near the Market Street exit in Shreveport, one on I-49 near the Inner Loop and one on Youree Drive at East Kings Hwy.

\*\*\*LSU AgCenter Research Associate, Joseph Nehlig, is trying to put together a prescribed burning workshop with burner certification this fall at Lee Memorial Forest in Franklinton, LA. It will depend upon if he can get enough participants to justify the program. If you are interested, you can contact Joseph:

*Joseph Nehlig, Research Associate*      *Office: 985-848-5709*      *Email: [jnehlig@agcenter.lsu.edu](mailto:jnehlig@agcenter.lsu.edu)*

*LSU AG CENTER-School of Renewable Natural Resources*

*Lee Memorial Forest*

*21139 Lee Memorial Rd.*

*Franklinton, LA 70438*

Sincerely,



Ricky Kilpatrick  
Area Forestry Agent

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Bienville, Bossier, Caddo, Claiborne, DeSoto, Red River and Webster Parishes**

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