

Forisk Consulting LLC

FORISK TEAM:

Brooks Mendell, Ph.D., Publisher
678.984.8707, bmendell@forisk.com

Seth Freeman, Market Coordinator
229.567.7589, sfreeman@forisk.com

Tim Sydor, Ph.D., Forest Economist
706.621.2370, tsydor@forisk.com

Amanda Hamsley Lang, Project Manager and Education Coordinator
478.396.0704, ahamsley@forisk.com

FORISK UPDATE—NEWS AND UPCOMING EVENTS

- **Wood Bioenergy South**, a detailed bioenergy project assessment, is now available and is updated monthly! Visit www.foriskstore.com and click "Bioenergy" for more details.
- **Forisk's Timber Price Forecasts: US South 2009-2018** available soon. Visit www.foriskstore.com for details.
- **Tailored Wood Demand Reports now available** for your market. Visit www.foriskstore.com to learn more.
- The **2010 Forisk Continuing Education Program** schedule will be available soon. Check www.forisk.com and click "Education" for updates.
- Forisk Forest Economist Tim Sydor and his wife, Oksana, celebrated the birth of twins, daughter Sofia and son Orest. Welcome and congratulations!!!

SAWTIMBER AND PULPWOOD DEMAND RECOVERING; CHIP-N-SAW DEMAND DECREASES

Wood markets continued to show improvement this quarter. Fewer downtimes were reported, although some mills did take maintenance-related downtimes. Several mills indicated that they had curtailed production as a result of log shortages and wet weather.

Pine sawtimber consumption saw an improvement during the third quarter, signaling a recovery despite consumption levels that are not as high as one year ago. Individual state markets were fairly consistent, though Arkansas and Louisiana saw significant increases in consumption. Consumption was up at both sawmills and plywood/veneer mills. A few factors led to the increase of pine sawtimber consumption: (1) there was a noticeable transition from chip-n-saw consumption to pine sawtimber consumption, which was due in part to log availability; (2) lower stumpage prices in dry weather markets prompted mills to increase inventory for anticipated recovering product markets in the near future.

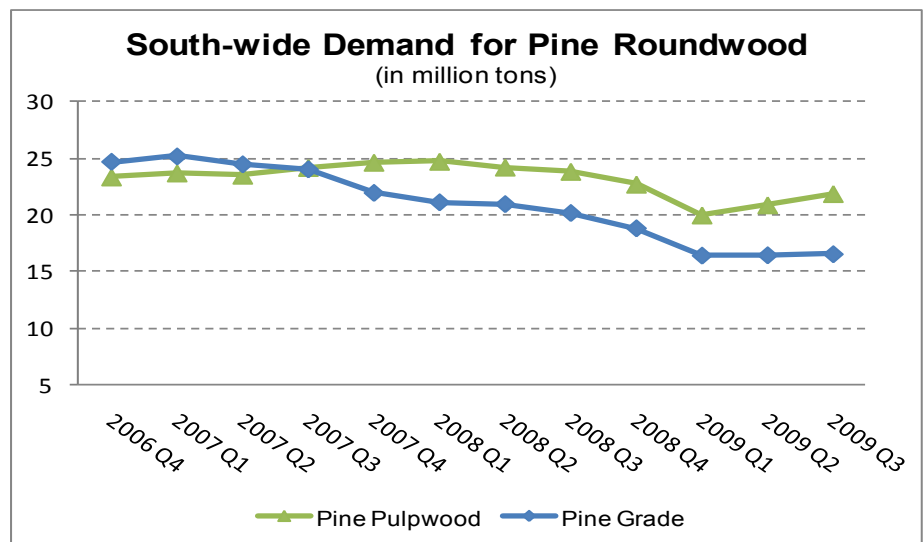
Hardwood sawtimber consumption modestly increased this quarter. In fact, this was the first quarter to show a Southwide increase in hardwood saw-

timber consumption since the second quarter of 2007.

Pulpwood markets continued to increase consumption this quarter. As market pulp prices increased, consumption for both pine pulpwood and hardwood pulpwood increased 5%. In addition to pulp mills, pine pulpwood consumption also increased at OSB mills.

Pine residual chip flows also increased this quarter in the South. While the increase can be somewhat attributed to an increased supply of residual chips from pine sawmills, increased consumption of pine pulpwood by chip mills is the primary explanation. Chip mills increased consumption of pine pulpwood by over 11% this quarter.

Looking ahead to the fourth quarter, many mills have indicated they will take downtime because wet weather has made it difficult to log in many markets. Even though there were a few mills that idled this quarter, there were some mills that have recently restarted operations and other mills announced plans to restart in early 2010.



Copyright © 2009 Forisk Consulting LLC. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. Publisher is not responsible for errors or omissions herein. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, or transmitted in any form without the expressed consent of the owner.