

Michigan Public Timber Markets, 1st Quarter (October - December), FY 2015

State forest data – The State Forest timber sale volume dropped further in the 1st quarter of FY 2015. All sold bid and non-bid species volume was down from 160,344 cords to 131,507 cords while bid species volume was down from 141,400 to 106,712 cords. Volumes had hit all-time highs two quarters earlier in the 3rd quarter of FY 2014 of 368,864 cords (all volume) and 311,361 (bid species only) cords. The record 3rd quarter volume was achieved in part due to rebid sales that had not attracted bids initially.

Aspen pulpwood bid species sale volumes decreased sharply in the NLP while modestly increasing in the UP. The NLP volume dropped from a high of 35,000 cords two quarters ago to under 2,200 cords in the most recent quarter. The UP volume recovered slightly from falling from 26,800 cords to 11,000 cords last quarter to 13,760 cords in the most recent (1st) quarter. Likewise, the aspen price also went in opposite directions, with the UP price climbing from \$38.28 to \$49.75 per cord as the NLP price fell from \$32.48 to \$24.59 per cord. Both peninsulas saw their red pine pulpwood sale volume continue to drop, with the NLP bid species volume going from 10,143 to 6,074 while the UP's dropped from 4,739 cords to only 2,230 cords. The red pine pulpwood price dipped in the UP, from \$95.50 to \$94.50 per cord while it decreased in the NLP, from \$73.40 to \$65.50 per cord. Jack pine pulpwood sale volume dropped sharply in both peninsulas with the NLP going from 9,323 to 5,710 cords and the UP going from 10,652 cords all the way down to 972 cords. Meanwhile, NLP jack pine pulpwood prices increased from \$20.74 per cord to \$22.15 while they fell in the UP from \$71 per cord to \$67.55 per cord. Upper peninsula softwood pulpwood sale volume also continued to fall. From a high sale volume level at 35,140 cords in the 3rd quarter last year, it has now fallen to 7,860 cords. Its price has increased from \$33.11 last quarter to \$47.79 per cord in the 1st quarter. Oak pulpwood sale volume in the NLP increased moderately from 1,635 cords last quarter to 2,469 this quarter while the price fell from \$23 to \$17 per cord. Other hardwood pulpwood pricing has remained virtually the same for the past three quarters at about \$33.50 per cord. At the same time, its volume has dropped by more than half, from over 66,000 cords down to 25,672 cords in the 4th quarter and 21,259 cords in the most recent quarter. Red pine sawtimber prices have dropped from moderately from \$226 to \$209 per mbf on falling volumes (from 5,750mbf to 3,185mbf). UP sugar maple sawtimber prices increased modestly, from \$1014 per mbf to \$1,060 per mbf at the same time the volume rose from a low 273mbf volume to 819mbf. The NLP's sugar maple sawtimber price dropped from \$520 down to \$410 per mbf as the volume fell from 274mbf to a low 96mbf.

Federal forest data – Sale volume for all three National Forests decreased in the 1st quarter, dropping by almost half - from about 53.7mmbf to under 27mmbf (or roughly 107,000 to 54,000 cord equivalents). The Hiawatha volume was down about five percent (from 12.4mmbf down to 11.8mmbf) while the Huron-Manistee sales were down by almost half (from 14.7mmbf to 7.8mmbf). The Ottawa's volume fell the most, from a high sale volume in the 4th quarter of almost 26.6mmbf down to just over 7mmbf. It is typical for the National Forests to have higher 4th quarter volumes sales relative to 1st quarter sale volumes.

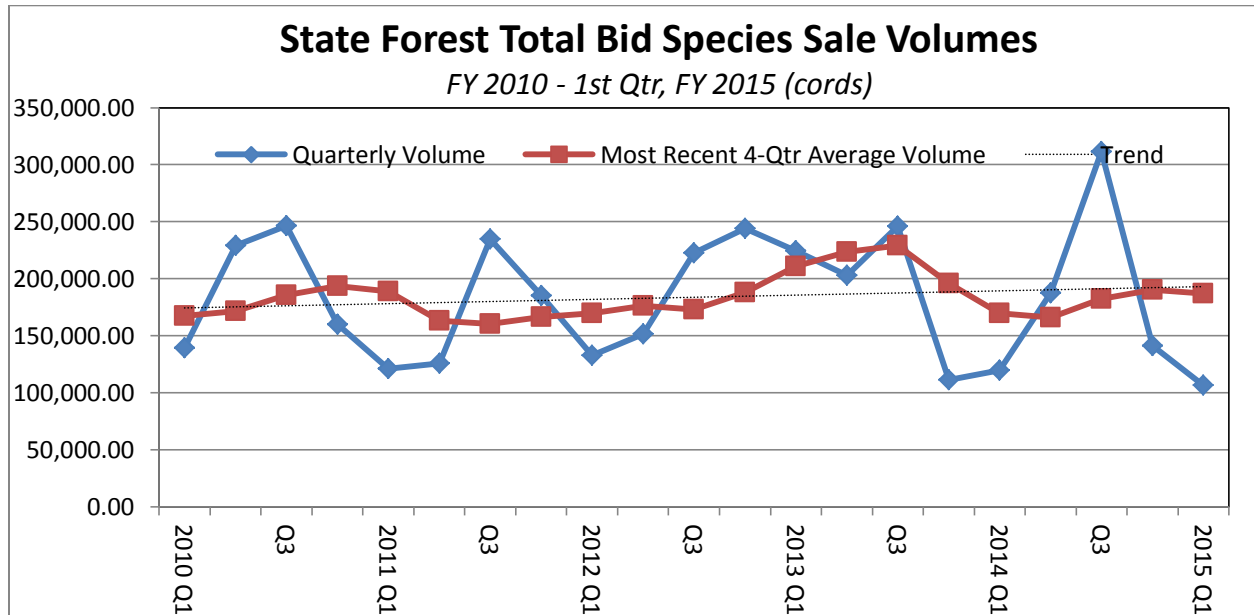
Both sawtimber and pulpwood sale volume dropped sharply on the Ottawa while the average sawtimber price rose slightly and the pulpwood price fell. Ottawa sugar maple sawtimber sale volume dropped from over 1.2mmbf down to .5mmbf at the same time its price dropped from \$566 to \$499 per mbf. Its aspen pulpwood sale volume dropped from over 7mmbf down to under .3mmbf at the same time its price also fell from almost \$60 per mbf down to under \$29 per mbf. While the Hiawatha's sawtimber volume dropped, its pulpwood volume increased slightly. The Hiawatha's sawtimber price increased rather sharply as its red pine price hit \$250 per mbf and its "hardwood-other" price shot up from \$200 to \$414 per mbf. The Hiawatha aspen pulpwood sales dropped from just under 900mbf to under 50mbf. Both red pine pulpwood volume and prices increased, with the volume going from 200mbf to over 1.3mmbf and the price from \$126 to \$175 per mbf. The Huron-Manistee's sawtimber sale volume declined from 3.9mmbf down to 3.3mmbf, but its pulpwood sale volume dropped from 10.8mmbf to 4.6mmbf, largely because aspen volume fell from 4.3mmbf down to under .25mmbf. Red pine pulpwood volume also fell, from 2.96mmbf to 1.3mmbf. H-M red pine sawtimber prices increased from \$107 per mbf to over \$171.

State Forest Timber Sales for Major Species & Products

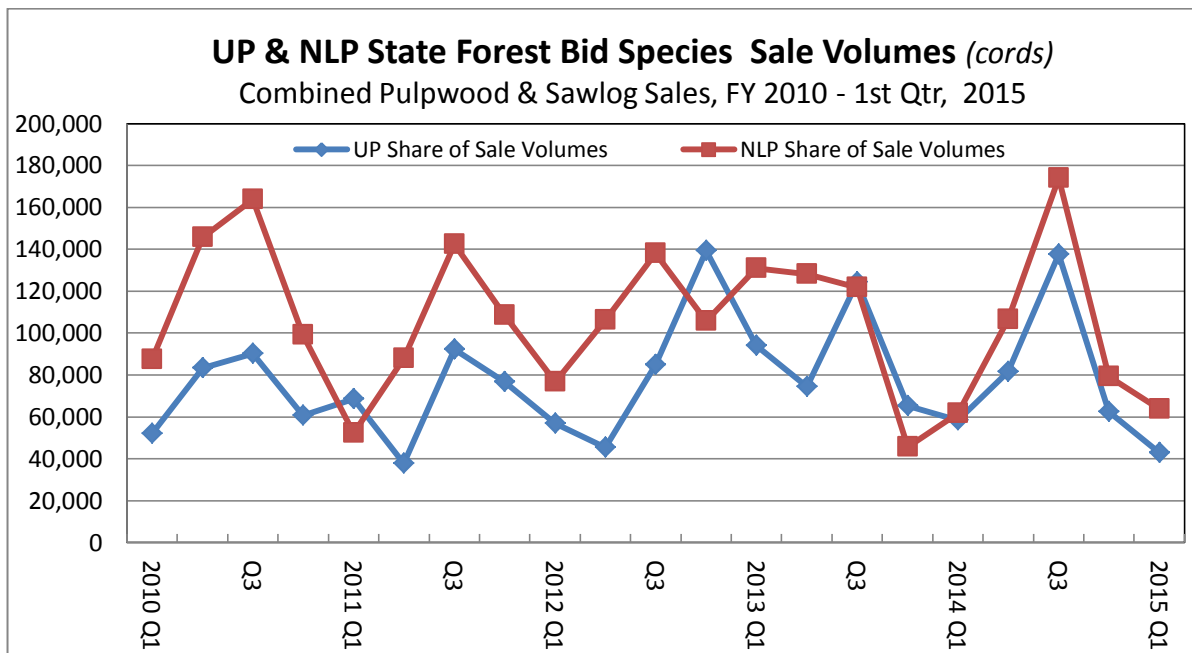
Quarter 1, FY 2010 – Quarter 1, FY 2015

Source: Michigan DNR, Forest Resources Division

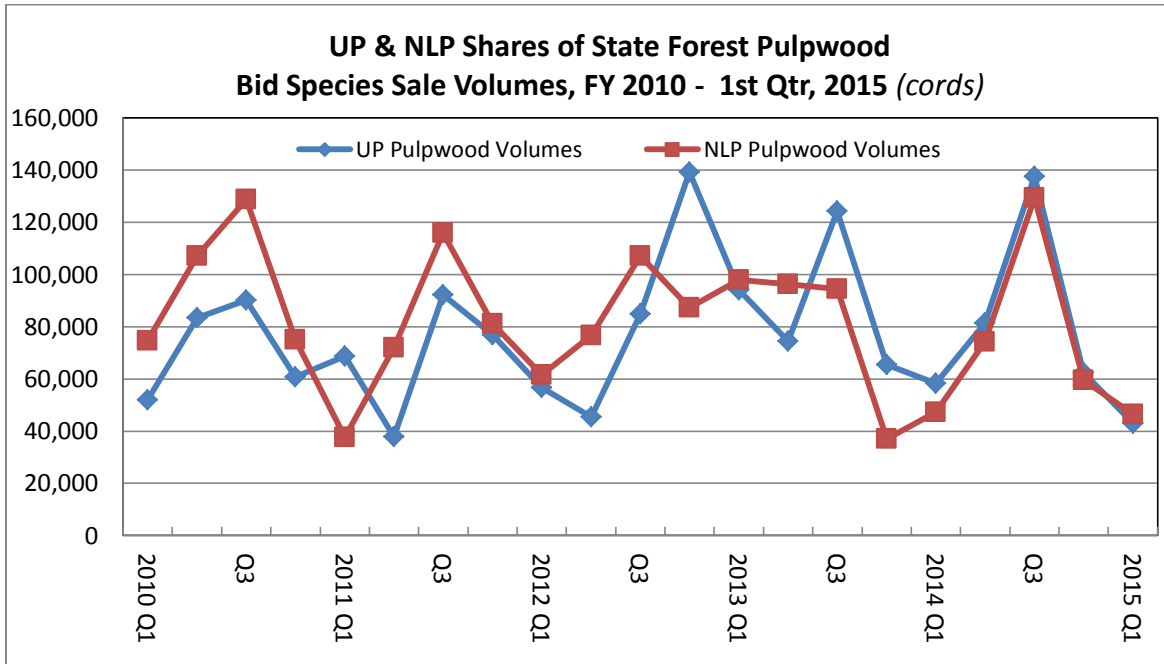
The State follows the federal fiscal year (October 1 through September 30). Graphs below use bid species volume and value data; total volumes and values are slightly more. The graphs often include a dotted trend line based upon data for the average of the most recent four quarters (labeled as “Most Recent 4-Qtr Average Volume” or “Avg4QtrVolWtdPrice”). This average eliminates variability in quarterly data due to seasonal issues and natural variation in quarterly sales. It takes volumes into account when averaging prices. It also may represent the values and volumes of stumpage that are available on the market better than the most recent quarter. Gaps in the blue line indicate no sales in the quarter.



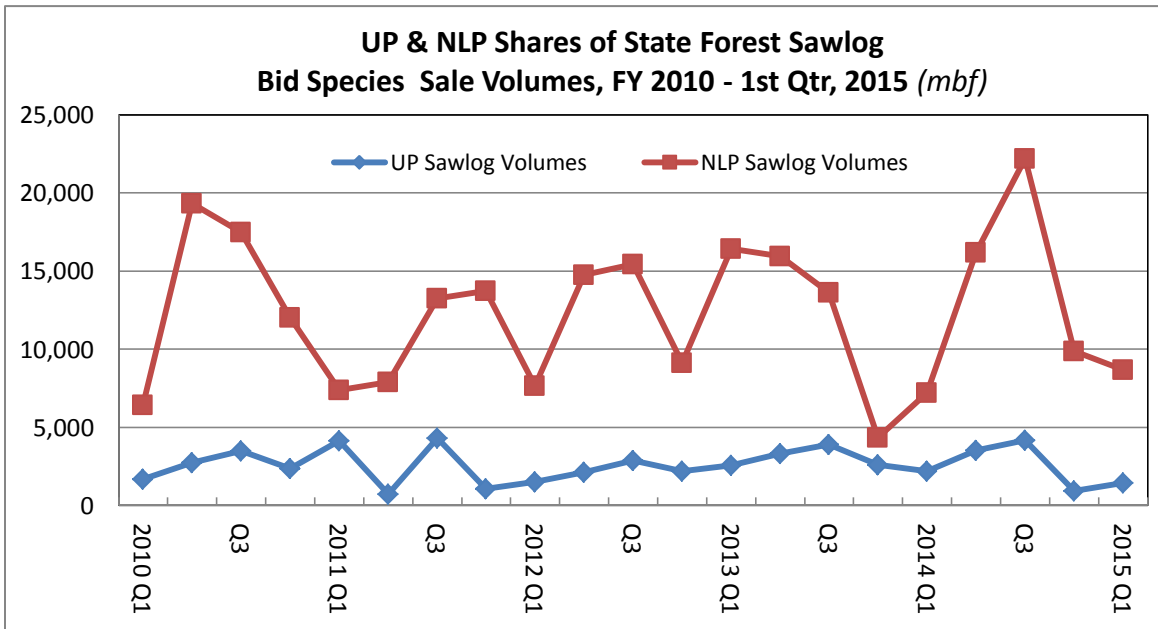
Following a sharp drop in the previous quarter, sale volume for bid species fell further in the 1st quarter (Oct. to Dec.) of FY 2015. From a level of 311,000 cords two quarters ago, it has now fallen to 107,000 cords. The record sale volume in the 3rd quarter was in part due to a large number of rebid sales which were originally offered earlier, but did not attract any bidders. Overall, there is a slight increasing sale volume trend over the past five years despite the drop in the two most recent quarters. It is not unusual for the 1st quarter of each fiscal year to have below average sales; upcoming quarters for FY 2015 should rebound somewhat from the 1st quarter and the previous quarter's bid species sale volume levels.



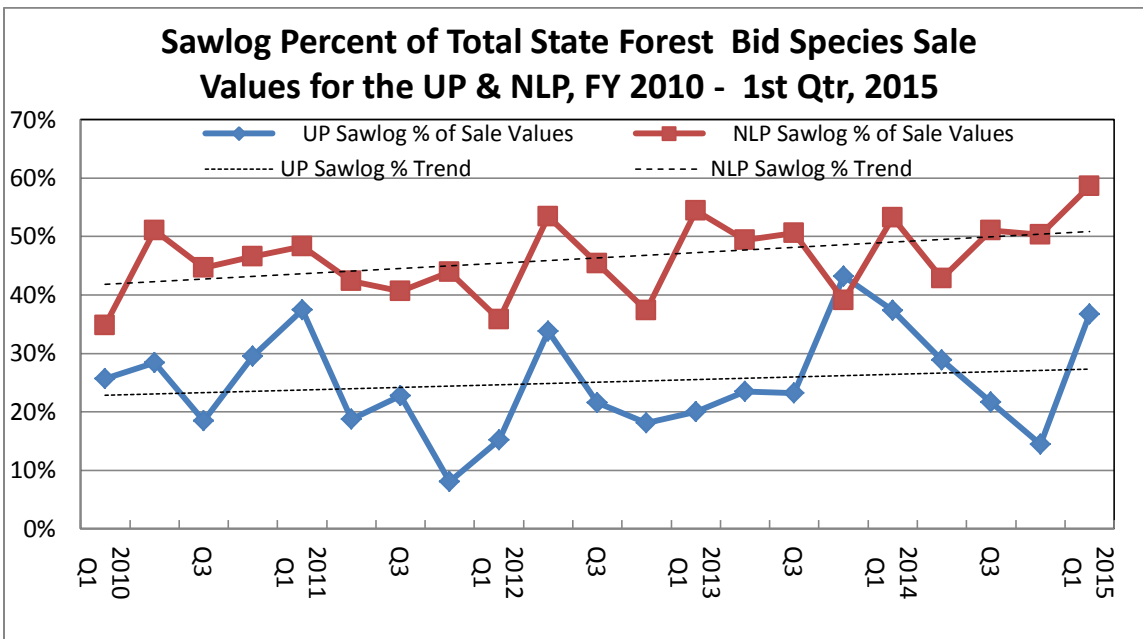
FY 2015 first quarter sale volumes fell further in both the UP and NLP as the above graph indicates.



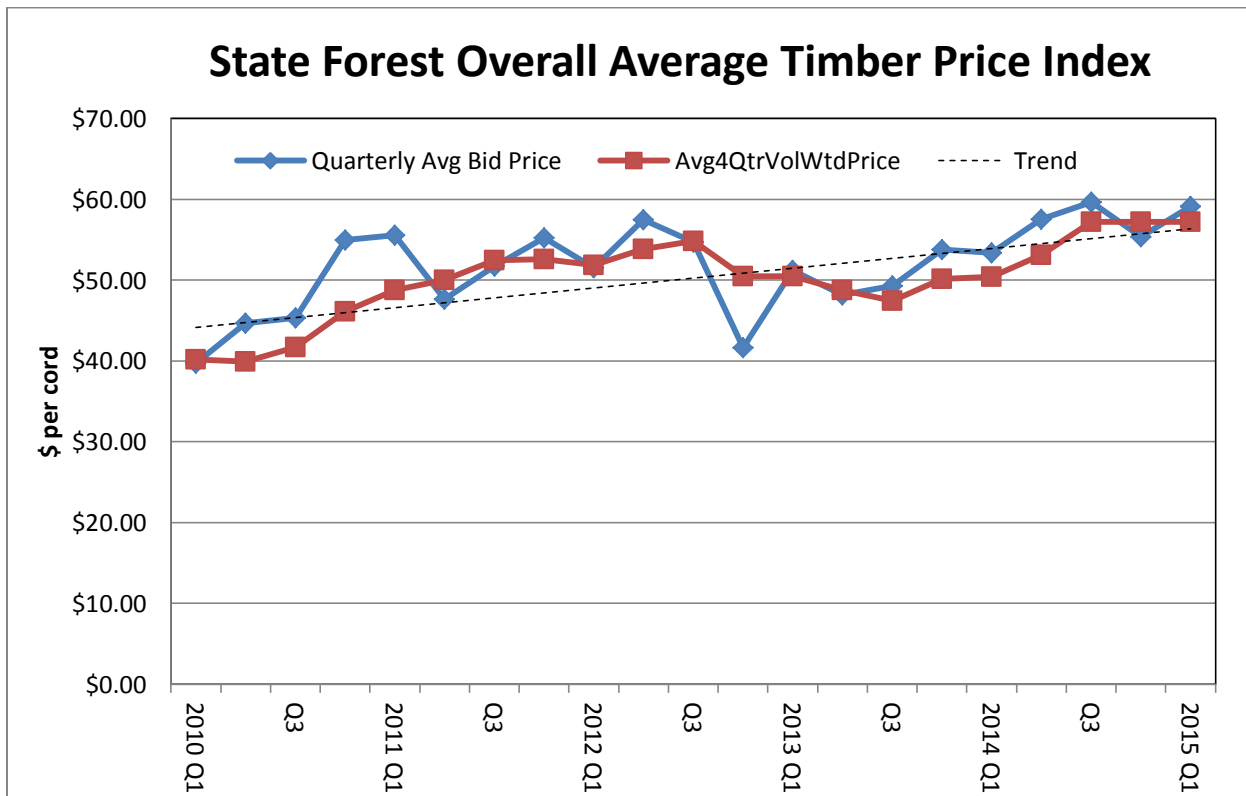
Pulpwood sale volume generally accounts for over 80% of total State Forest sale volume. As the above graph indicates, pulpwood sale volumes have been quite similar across the two peninsulas for the past four quarters, first increasing then decreasing.



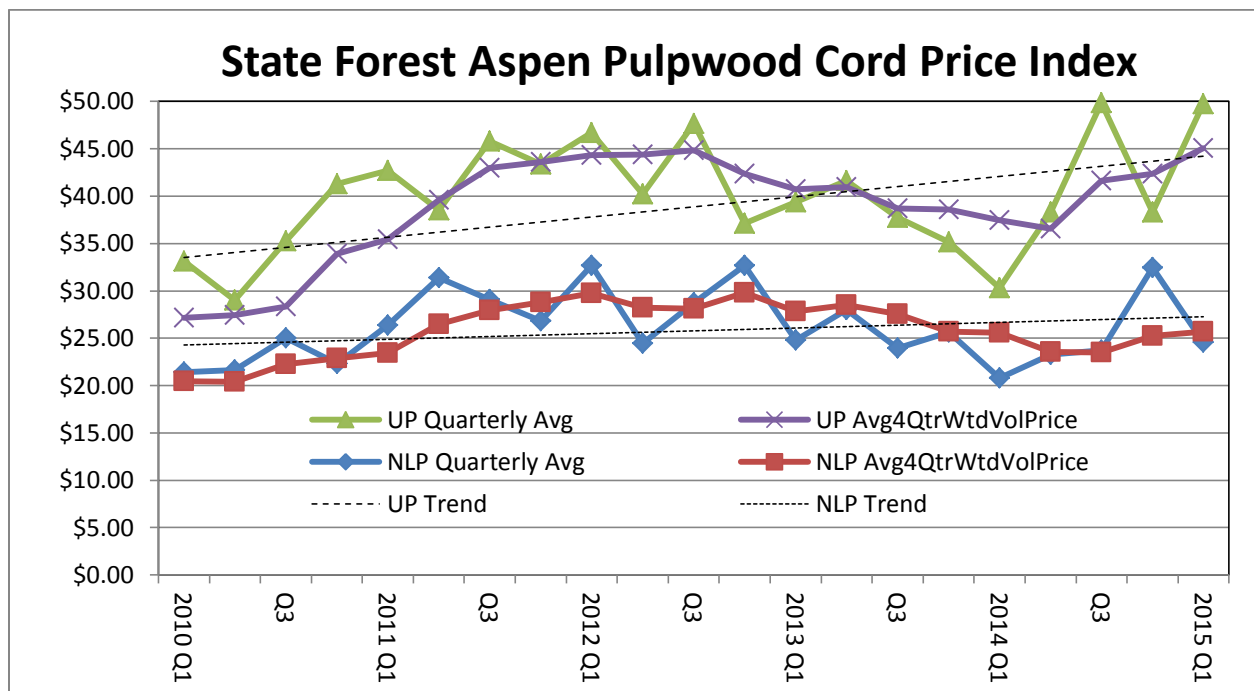
The NLP generally accounts for more than 80% of State Forest sawlog volume (but closer to 70% of sawlog sale value). While the NLP sawlog volume continued a decline in the 1st quarter of FY 2015, the UP volume increased somewhat, but it remains well below the NLP level. In the 3rd quarter of FY 2014, NLP sawlog volume was at record levels; more than four times what it was a year earlier (and five times the UP level). NLP volume dropped by more than half in the 4th quarter of FY 2014 (from over 22,000 to under 10,000mbf), while the UP volume dropped by more than three-fourths (from over 4,000mbf to under 1,000mbf). In the most recent quarter (1st quarter of FY 2015), NLP volume fell to 8,680mbf while UP volume increased to 1,455mbf.



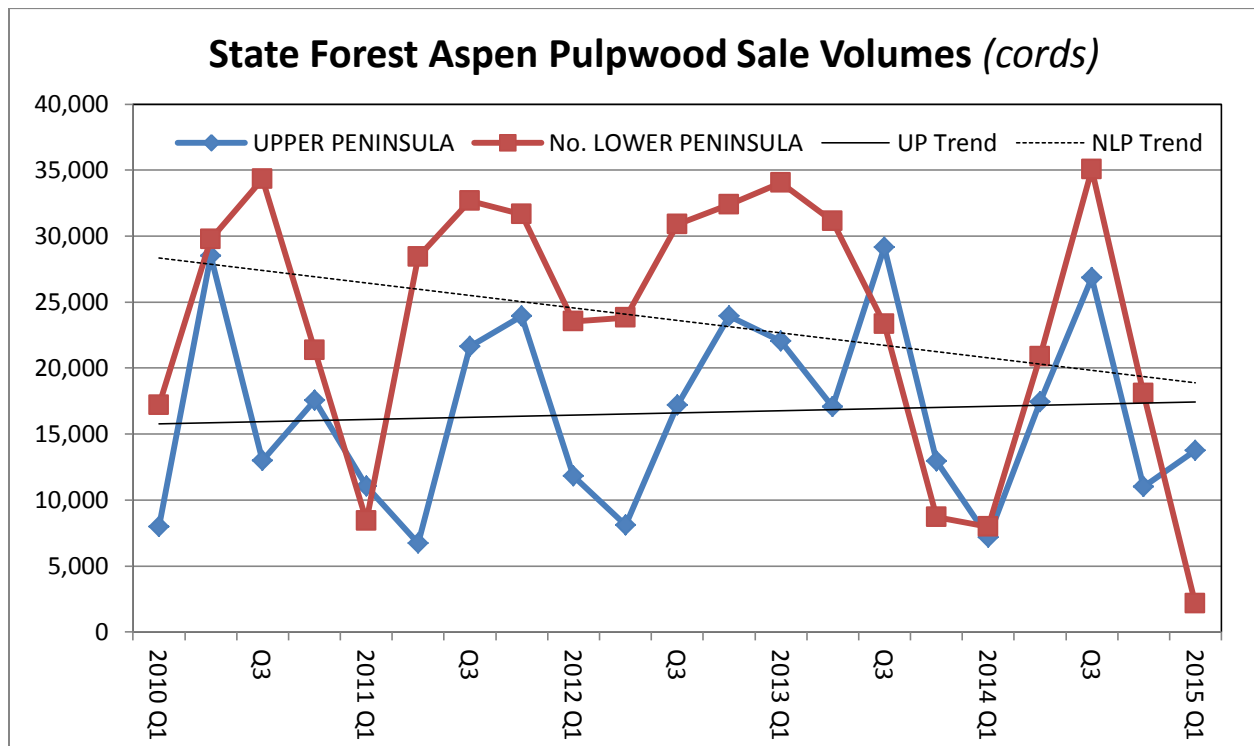
After falling to 14% last quarter, the sawlog percent of total sale values jumped to 37% (the UP average over the past 5 years is 28%) largely on the strength of increasing sawlog sale volume versus decreasing pulpwood volume. The NLP's sawlog value percent of total sale values rose from 50 to 59%, a level it last reached in FY 2009 (not shown).



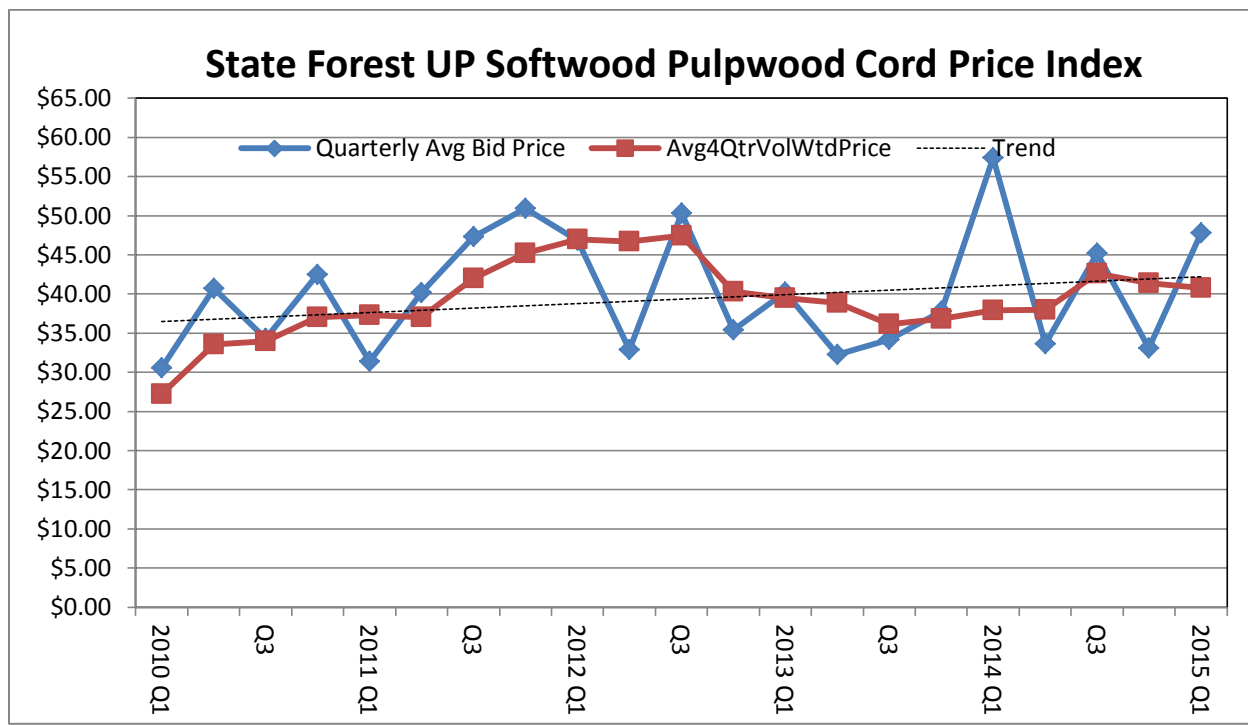
The overall average timber price index rose to \$59.66 in the 1st quarter of FY 2015. It reached \$59.66 per cord in the 3rd quarter of 2014, its highest level in recent years and almost 50% higher than its low in the 4th quarter of FY 2012. It had been steadily climbing for five quarters before declining to \$55.39 in the 4th quarter of FY 2014.



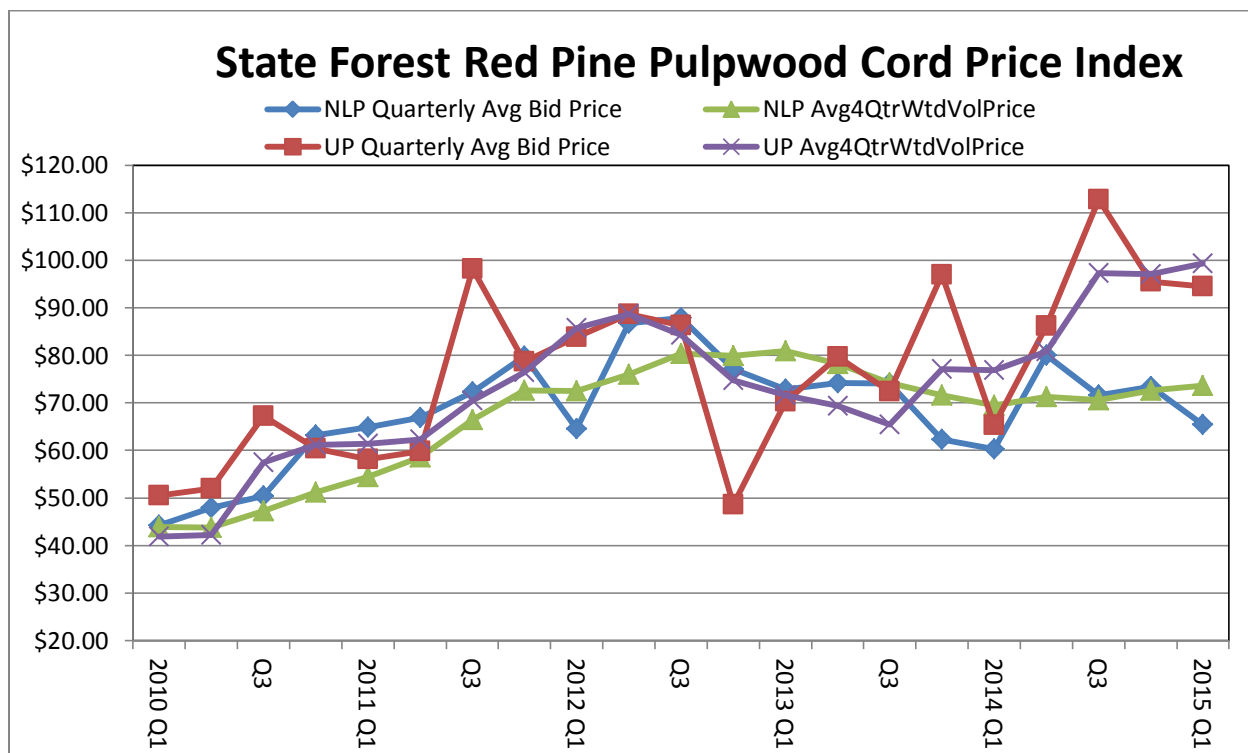
UP average Aspen pulpwood prices increased from \$38 per cord in the 4th quarter to \$49.75 per cord in the most recent quarter. Last fiscal year, they had gone from \$30 to \$38 per cord between the 1st and 2nd quarters and then jumped to \$50 in the 3rd quarter, their highest level in recent years, but then fell back in the 4th quarter to \$38. In contrast, the average 4th quarter NLP price jumped sharply, from \$23 to \$32 per cord but dropped back to \$24.59 in the most recent quarter. With the UP price going up and the NLP price dropping, the price gap between the peninsulas in the first quarter has widened again, from under \$6 per cord in the 4th quarter of FY 2014 to \$25 in the most current (1st) quarter.



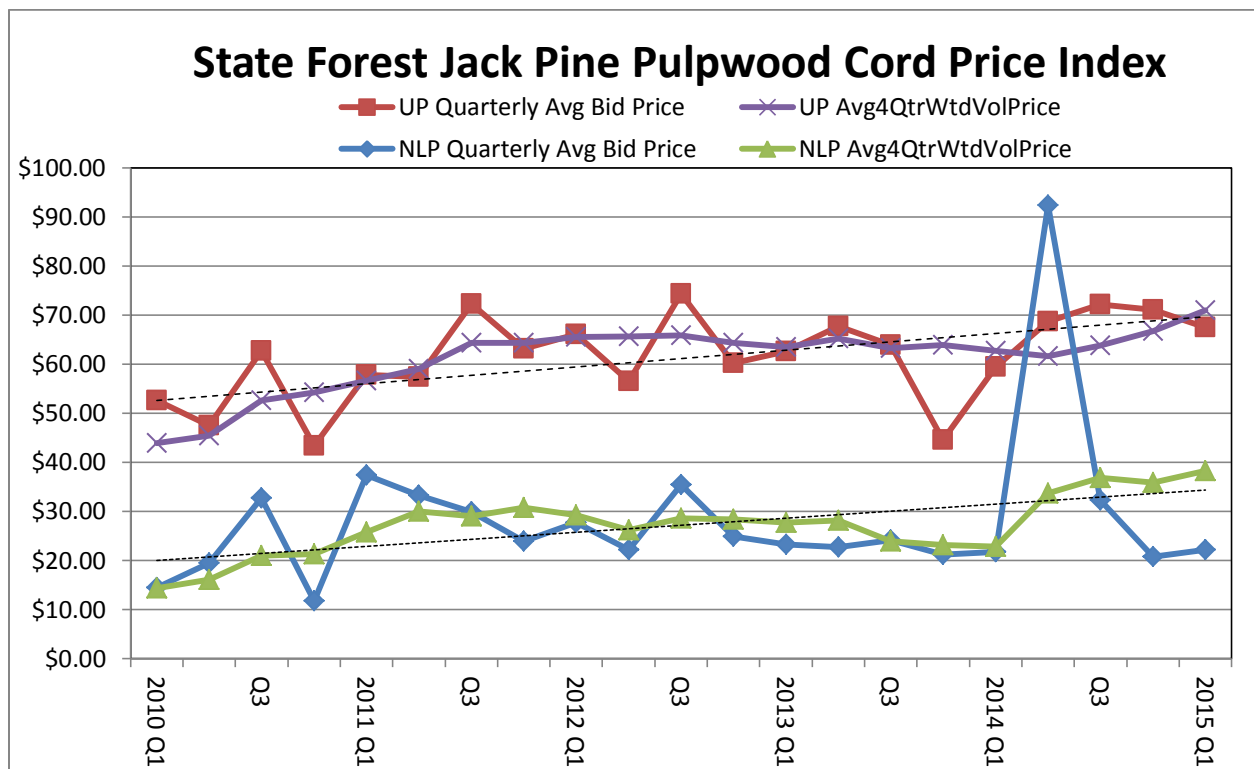
NLP aspen pulpwood sale volumes have fallen dramatically the last two quarters and - at 2,168 cords for the 1st quarter of 2015 - they are much lower than they have been at any time over the past five-plus years and less than one-tenth their five-year average. UP aspen sale volumes increased slightly to 13,761 cords after falling in the 4th quarter of last fiscal year. While the 1st quarter UP aspen sale volume level is below its five-year average, it exceeds the NLP volume more than it has any other quarter. Five-year sale trends are also different with the NLP declining trend strongly reinforced by the two most recent quarters while the UP has an increasing trend line. What has caused the dramatic back-to-back drops in NLP aspen sale volume needs to be looked into.



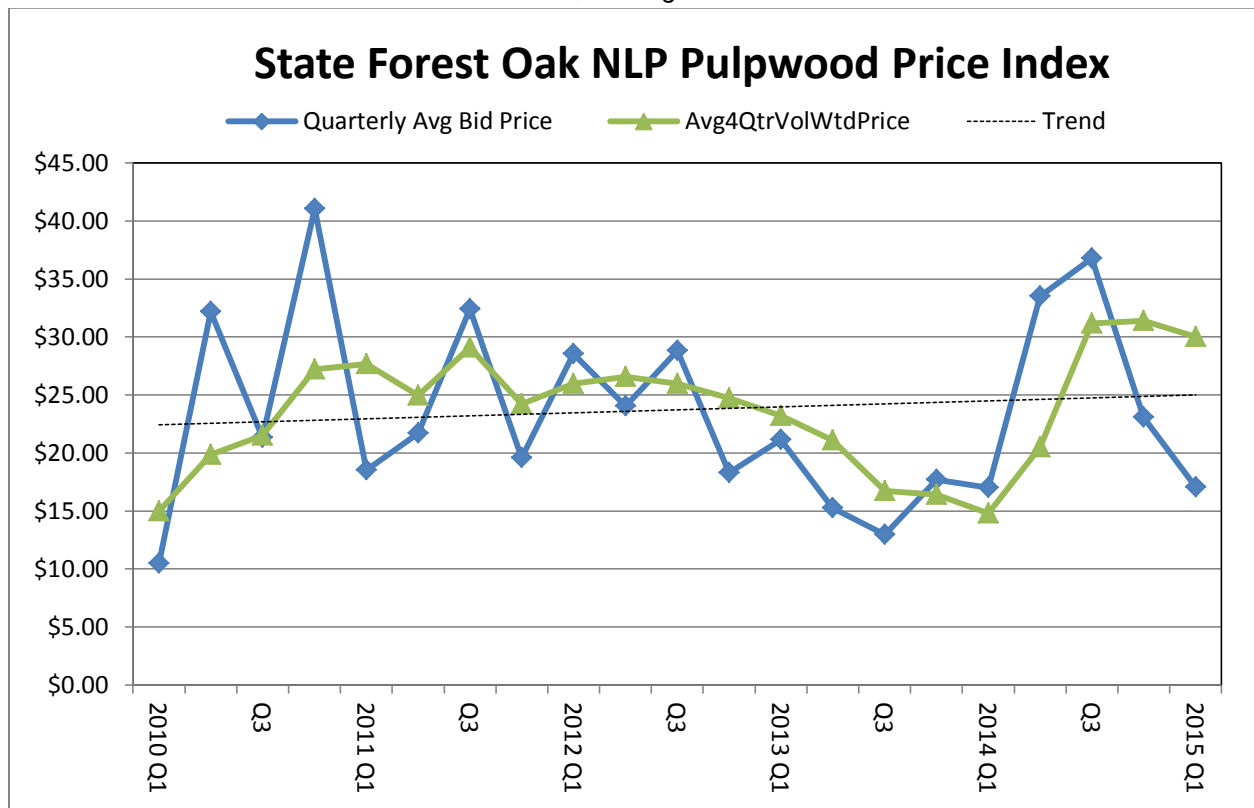
The UP accounts for the vast majority of what is sold as “softwood pulpwood.” The 1st quarter softwood pulpwood cord price rose from \$33 to almost \$48 per cord while sale volumes decreased from 16,500 to just below 7,900 cords. Sale volumes have recently been fairly erratic. Its price shot up to over \$57 in the 1st quarter of 2014. Its 2nd quarter level fell back to below \$35 on double the volume of the 1st quarter (12,000 cords vs. 6,000 cords in the 1st quarter). The 3rd quarter price rose back to \$45 per cord on sale volume of over 35,000 cords, a record level in recent years for this product.



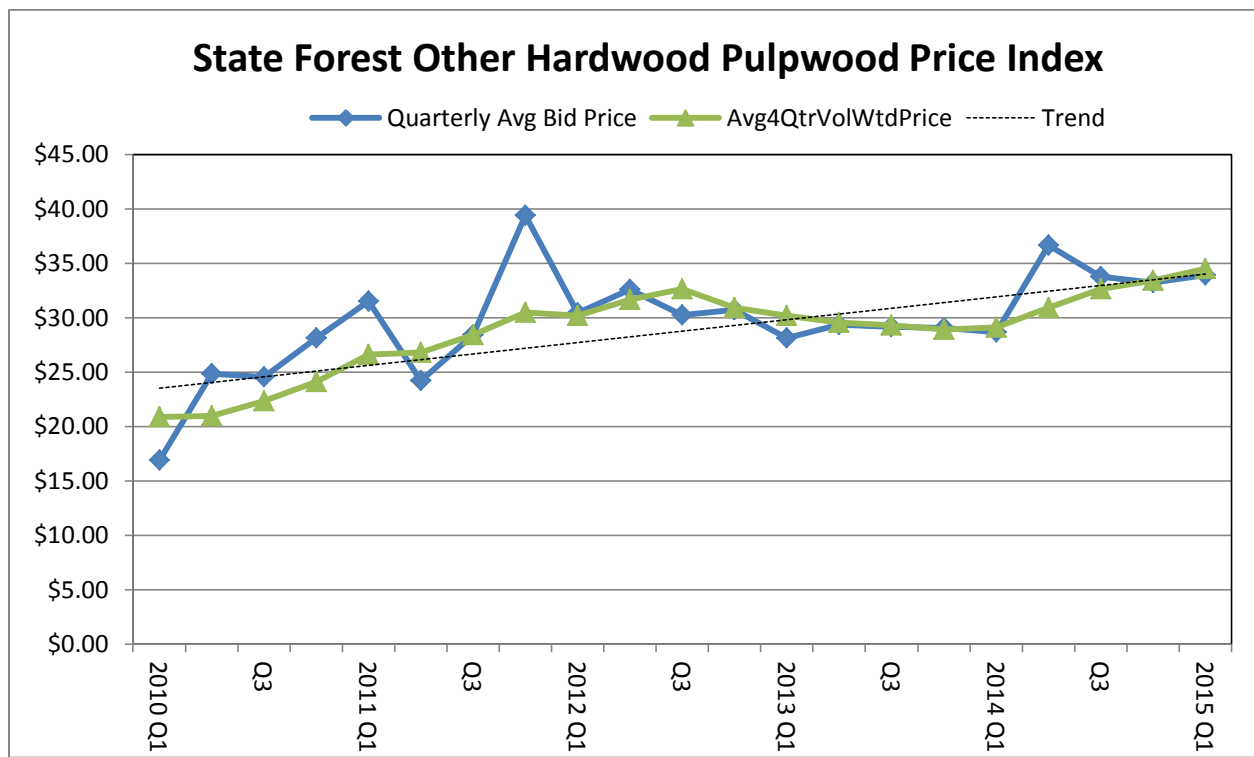
The NLP red pine pulpwood price declined in the 1st quarter, from \$73.40 to \$65.47 while the UP price dipped slightly from \$95.49 to \$94.46. UP red pine pulpwood prices rose sharply to a record \$113 per cord last fiscal year while the NLP prices remained more stable in a \$70 to \$80 per cord range. Both peninsulas’ volumes have dropped recently. UP volume dropped from 13,742 cords in the 3rd quarter of FY 2014 down to 4,739 cords in the 4th and down to 2,230 cords in the 1st quarter of FY 2015. Over the same quarters, the NLP went from 26,094 cords to 10,143 and then to 6,074 cords. While the UP has recently tended to be higher, RP pulpwood prices are more similar across the peninsulas than JP pulpwood prices (see the next graph).



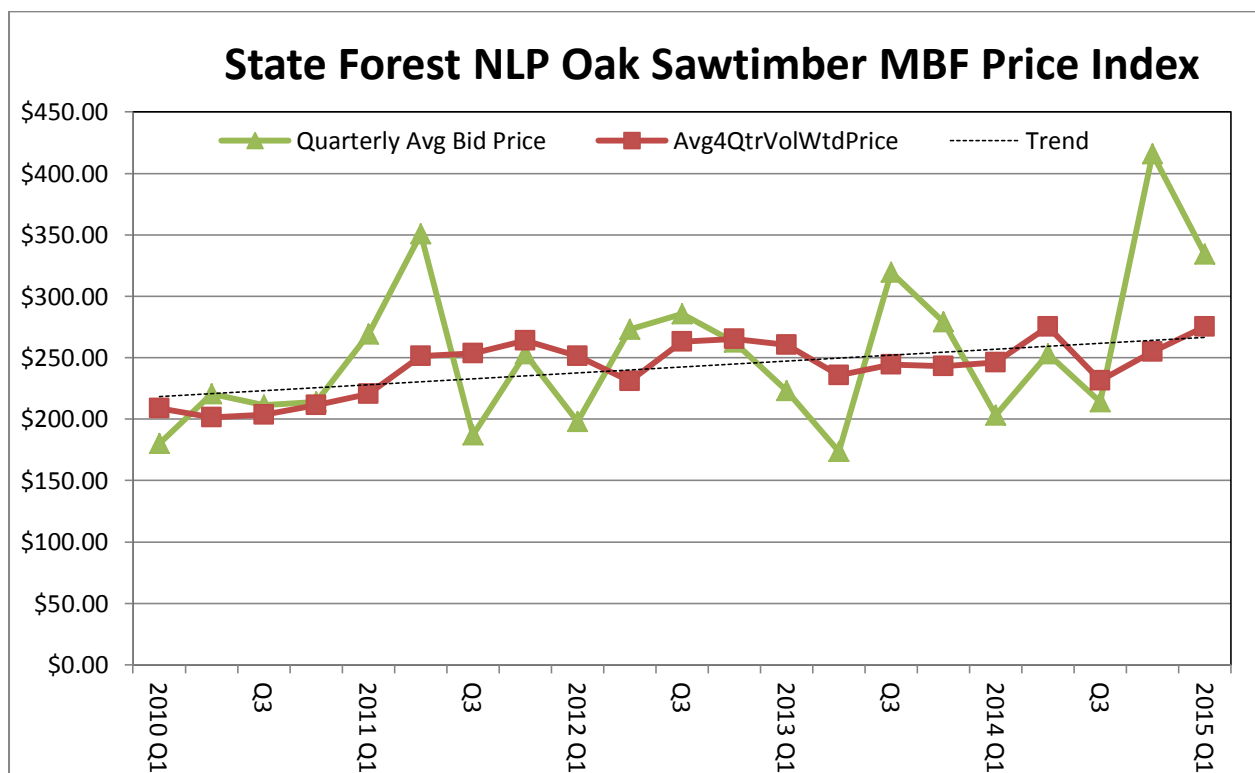
Jack pine prices dipped further in the UP from \$71 to \$67.50 per cord (on very little volume sold) while the NLP price rose from \$21 to \$22 per cord. The UP sale volume almost disappeared, going from 10,650 cords in the 4th quarter down to 972 cords in the 1st quarter (the five-year average is 8,737 cords) while the NLP volume dropped from 9,300 cords to 5,710 cords. The 2nd quarter NLP \$90 price is an anomaly; quarters before and after it have been fairly stable in the \$20 to \$30 range.



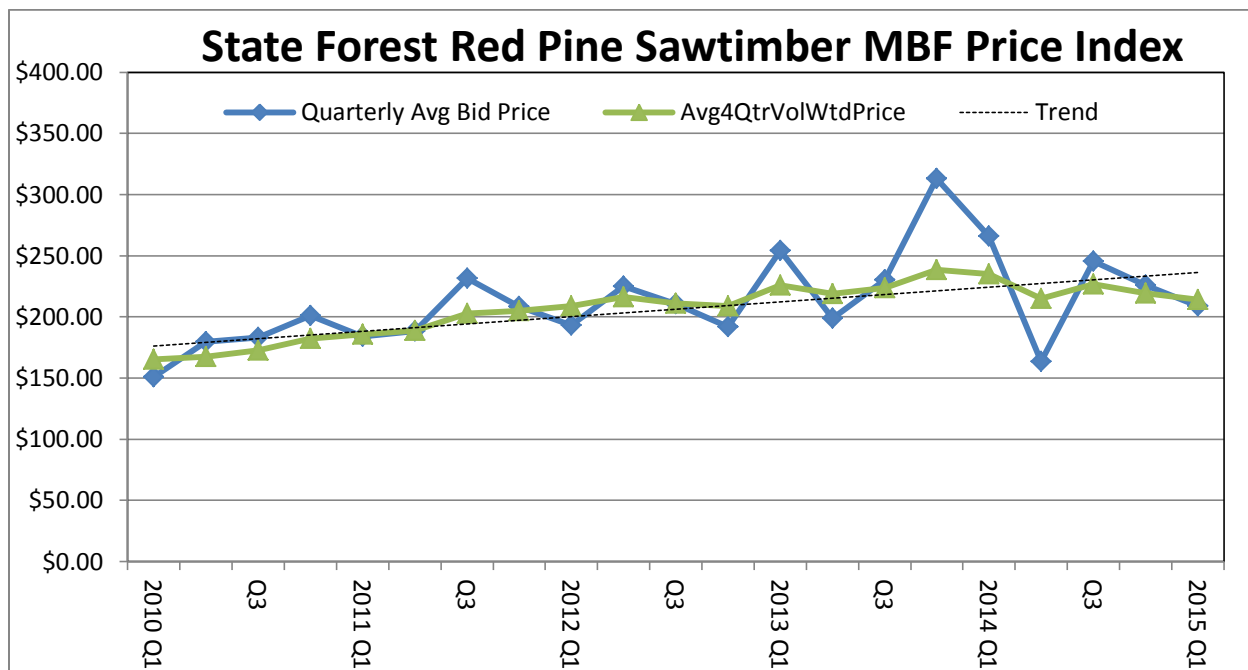
NLP 4th quarter oak pulpwood prices dropped sharply from \$37 to \$23 per cord and they dropped further in the 1st quarter of FY 2015 to \$17 per cord. Prices had risen dramatically in the 2nd and 3^d quarters of FY 2014, following six quarters of hovering around the \$20 level. For the five-year period overall, the price trend line is virtually flat. Sale volume rose from 5,800 cords to 9,230 cords in the 1st quarter. The average volume for the five-year period is similar at 9,450 cords.



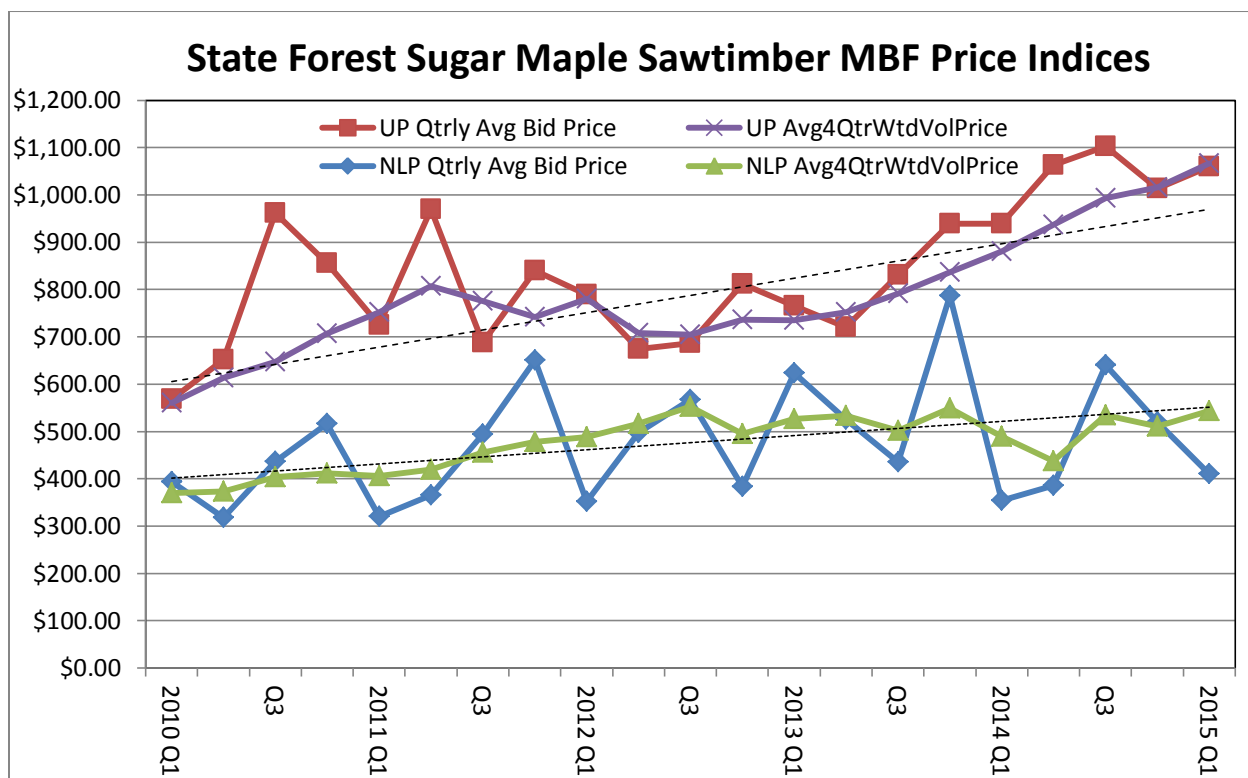
The "other hardwood pulpwood" cord price has been quite stable for three quarters at about \$34 per cord while sale volumes have been dropping from a record 66,150 cords in the 3rd quarter of FY 2014 down to less than a third of that, to 21,258 cords in the 1st quarter of FY 2015. The average quarterly price for the five-year period is \$29.70 while average quarterly volume is 37,587 cords.



NLP oak sawtimber prices almost doubled in the 4th quarter to \$415 per mbf, a 5-year record, but they fell back to \$334 per mbf in the 1st quarter of 2015. Prices hit a the low of \$173 in the 2nd quarter of FY 2013. Sale volume for the 4th quarter plummeted to only 1.6mmbf. It rose to 2.5mmbf in the 1st quarter of FY 2015, close to the average for the five-year period.



Red pine sawtimber prices dropped from \$246 down to \$226 per mbf in the 4th quarter and dropped again to \$209 per mbf in the 1st quarter of FY 2015. They had rebounded in the 3rd quarter from \$164 per mbf in the 2nd quarter. For the most recent five-year period, prices reached a high of \$313 per mbf in the 4th quarter of FY 2013 before falling for two quarters. Sale volume has fallen from 14.2mmbf in the 3rd quarter of FY 2014 down to 5.75mmbf in the 4th quarter and now 3.2mmbf in the 1st quarter of FY 2015. There is a moderately increasing price trend.

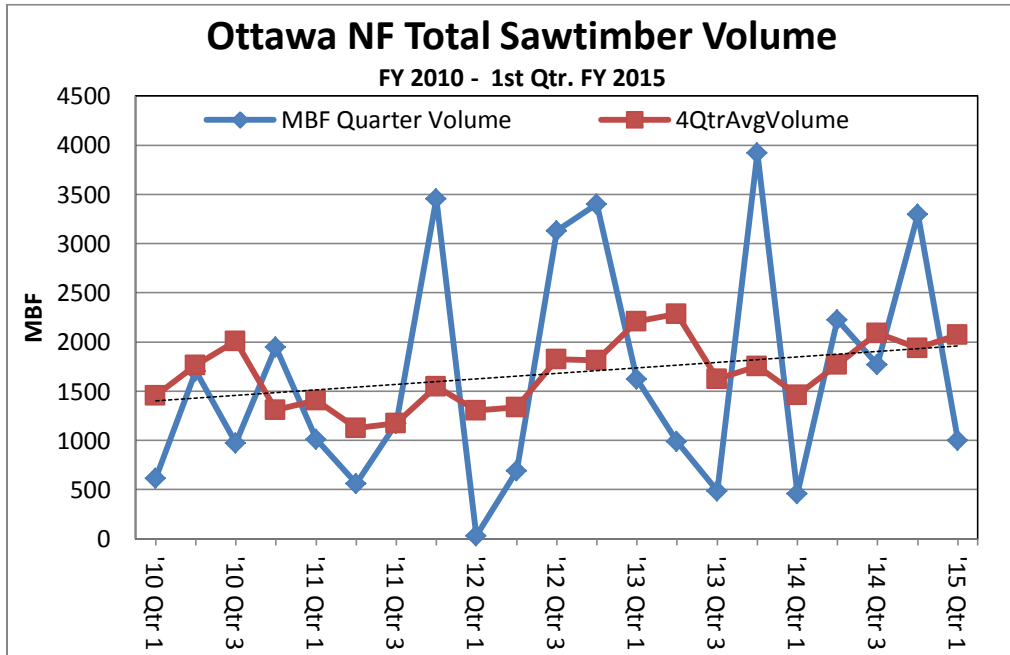


The UP sugar maple sawlog price dipped slightly in the 4th quarter of FY 2014, but it increased again in the 1st quarter of FY 2015 to \$1060 per mbf. It has been climbing fairly steadily for over two years and it has a fairly steep increasing trend for the five-year period. Sale volume jumped to 820mbf, up from 273mbf in the 4th quarter. The NLP sugar maple sawlog price dropped further in the 1st quarter of FY 2015, down from \$520 per mb to \$410 per mbf while sale volume also fell from 274mbf to only 96mbf, one-fifth of the average for the five-year period. NLP sugar maple sawlog prices peaked at almost \$790 per mbf in the 4th quarter of 2013; now they are less than half the UP prices.

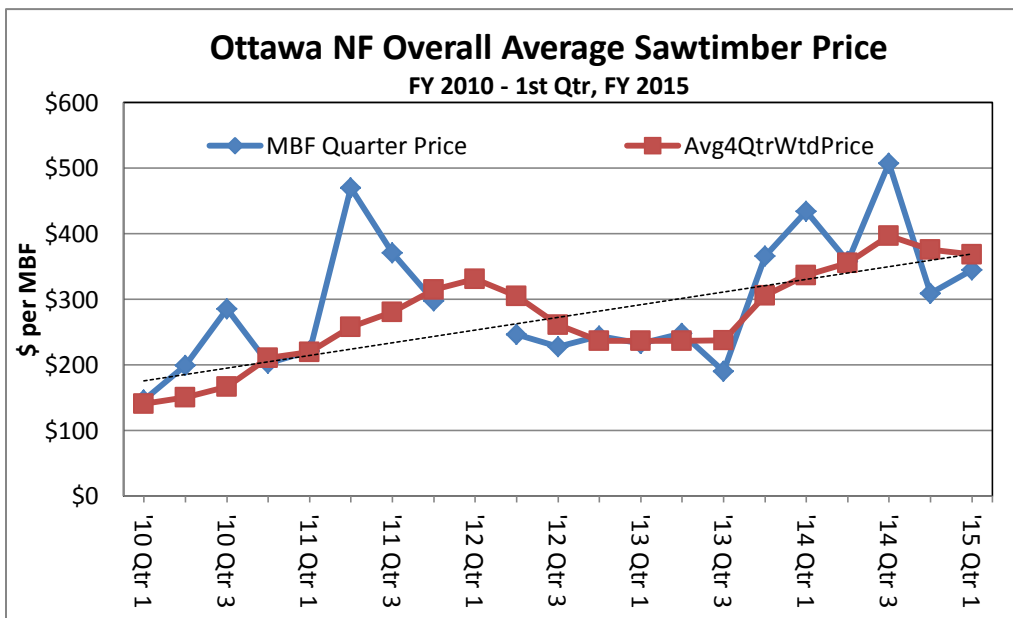
Ottawa National Forest Major Species/Product Timber Sales, FY 2010 – 1st Qtr, FY 2015

All graphs include a dotted trend line based upon the data set for the average of the last four quarters. Gaps in the blue quarter line indicate no sales in the quarter where the gap occurs. The National Forests follow the federal fiscal year from October 1 through September 30. The sale data included here goes through the first quarter of FY 2015 (October through December, 2014). Only certain major categories of timber sales are shown; more information is available through the Region 9 pdf reports posted on the Forest Service website:

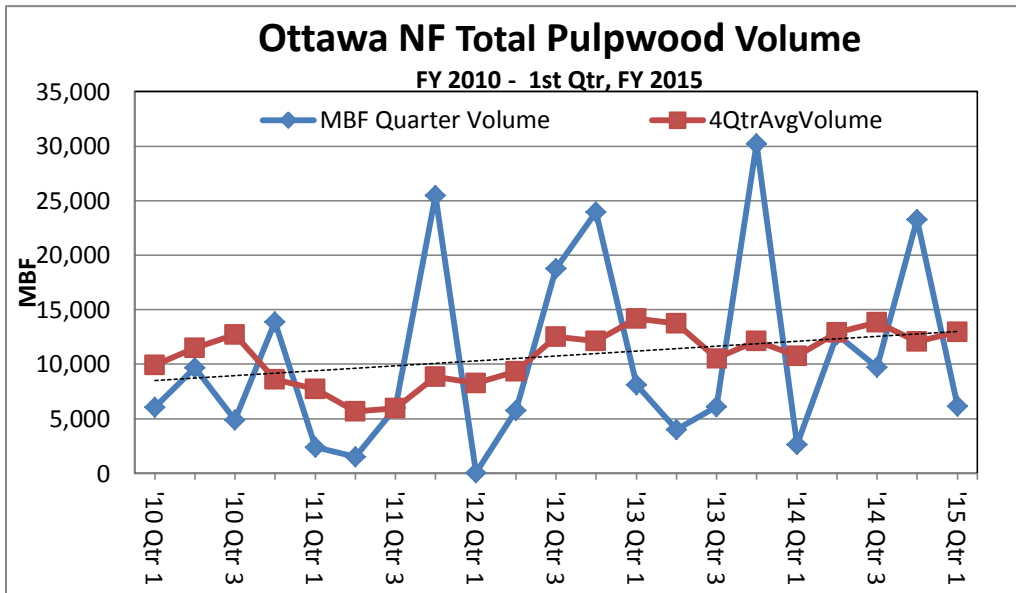
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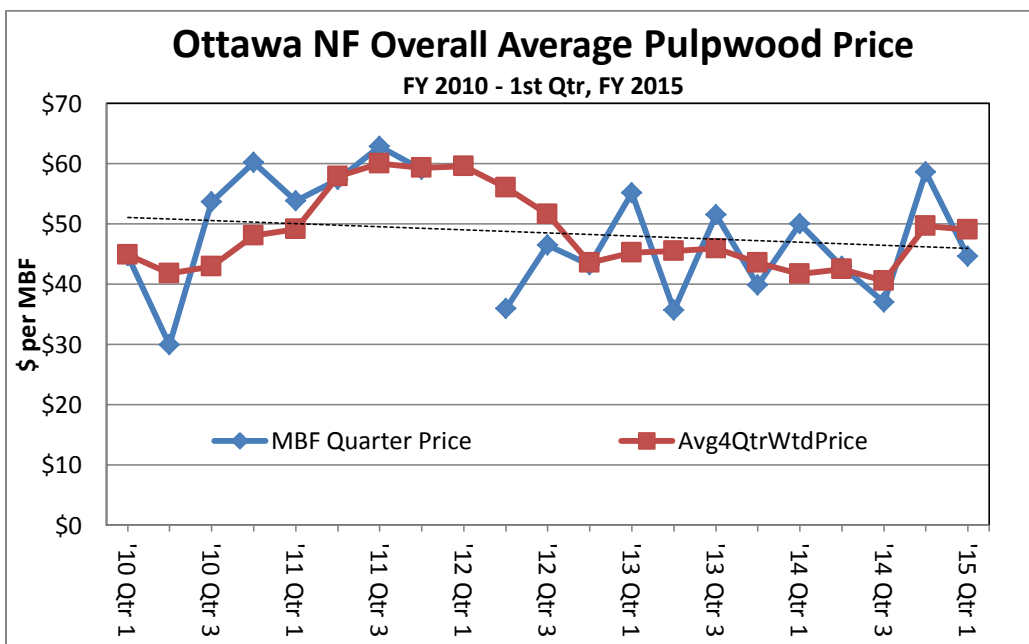
Total sawtimber sale volume fell to 1mmbf in the 1st quarter from almost 3.3mmbf in the previous (4th) quarter. It is not unusual for Ottawa's 1st quarter to have relatively low volume – well below the average for the past five years – and the 4th quarter to have the highest volume. Sawtimber sale volume has been modestly increasing overall during the past five years, with sale volumes from quarter to quarter often erratic. 2nd quarter sale volume may increase, but not by much.



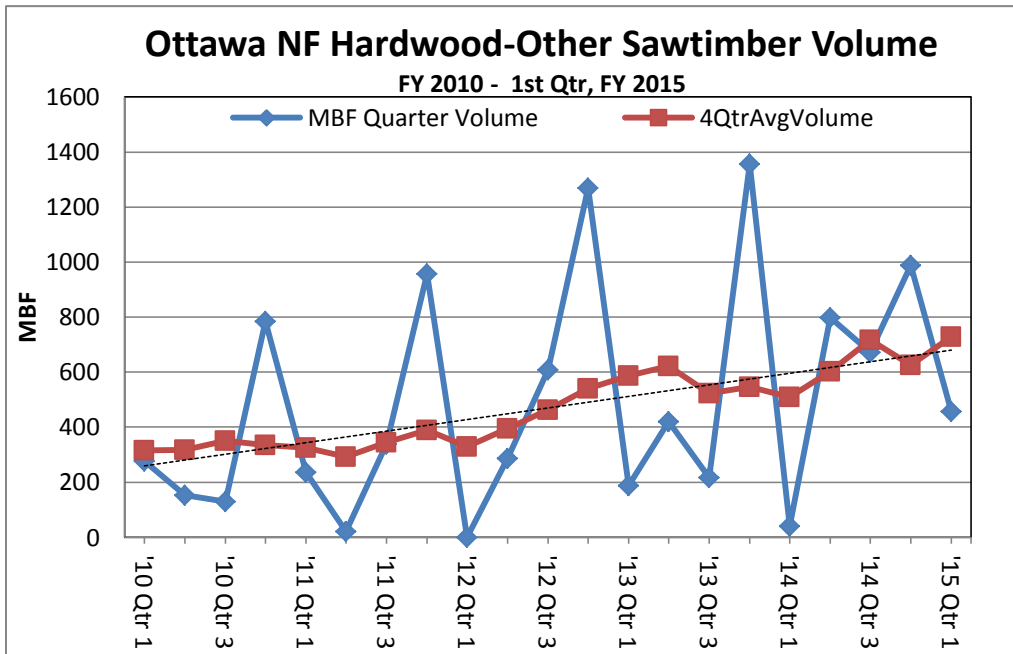
The overall average sawtimber price rebounded to \$344 per mbf in the 1st quarter. It had dropped sharply in the previous quarter from its highest level in the last five years, from \$507 down to \$309 per mbf. The price has doubled since the 1st quarter of FY 2010. Average prices are impacted by the mix of species and products sold. For the Ottawa, sugar maple sawtimber prices and associated volumes are the dominant determinant of its price trend. The overall average price increases when sugar maple accounts for a larger portion of sales and decreases when it accounts for a smaller portion.



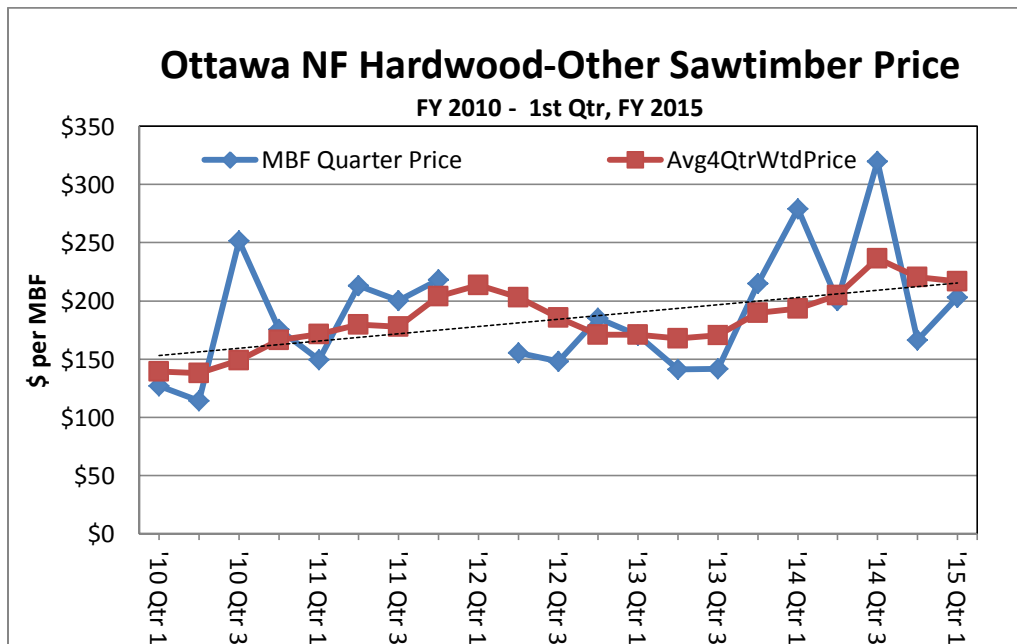
The total pulpwood volume and total sawtimber graphs closely mirror each other. The 1st quarter volume fell off from the 4th quarter level of 23.27mmbf down to 6.16mmbf. While this new level is lower than the average for the five-year period, it is not as low as many 1st quarters have fallen to. The record high level for the past five years was over 30mmbf reached in the 4th quarter of FY 2013. Overall, there has been a slight pulpwood sale volume increase during the past five years. As with sawtimber volumes, pulpwood volumes have been consistently highest in the 4th quarter after which they often fall sharply.



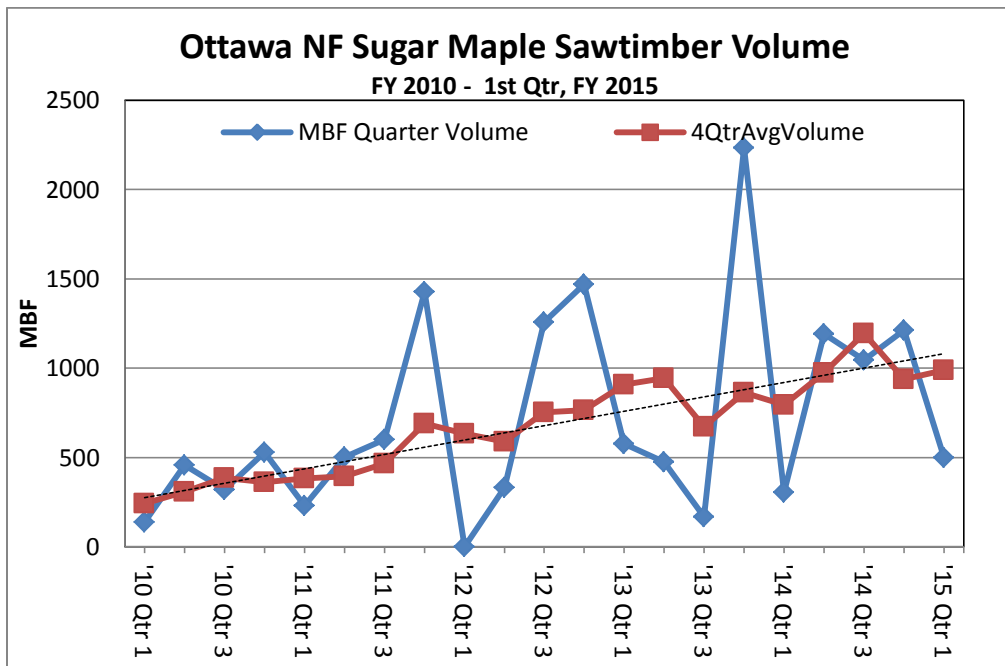
The 1st quarter overall average pulpwood price fell back to \$44.61 per mbf. The 4th quarter price had reversed the declines of the previous two quarters and rose to \$58.63 per mbf, its highest level since FY 2011. There is a very slight declining price trend over the past five years. With the exception of the 4th quarter's price, pulpwood prices have been bouncing back and forth in or close to a \$35 to \$55 range for over two years. They were somewhat higher - between \$53 and \$63 - from the 3rd quarter of FY 2010 through the 4th quarter of FY 2011. Higher sale volumes accompanied the higher prices of the 4th quarter. This indicates the influence of additional factors upon average pulpwood prices, beyond supply. Such factors include the changing nature of pulpwood sales quarter-to-quarter in terms of species and product quality composition, accessibility, changing market conditions, etc.



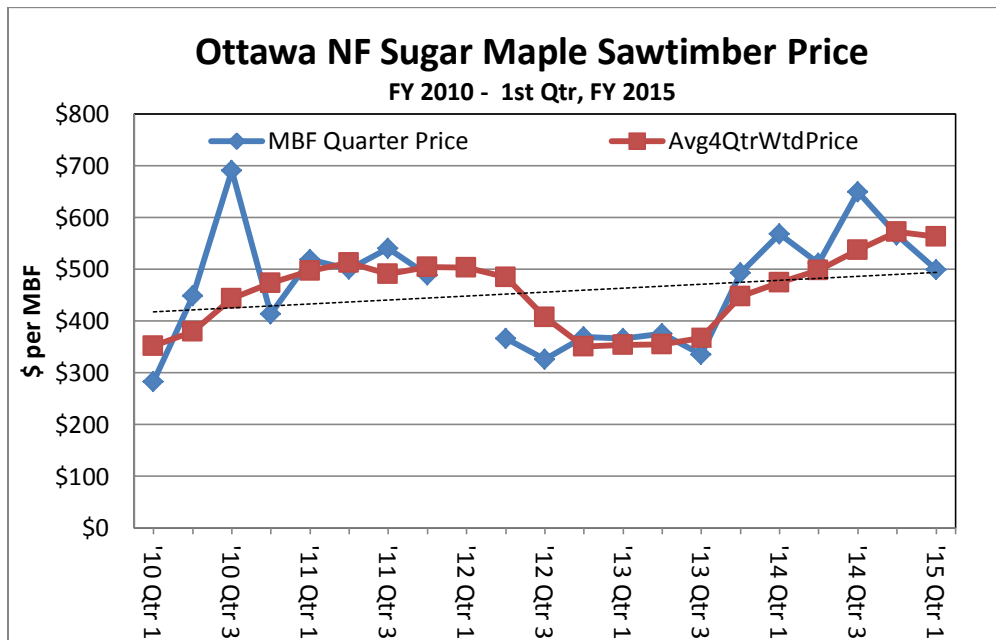
Sawtimber sales volume for “Hardwood-Other” decreased in the 1st quarter of FY 2015, from 988mbf in the previous quarter, down to 457mbf. This is less of a volume decrease than has occurred between the 4th quarters and 1st quarters for the past five years. The volume had plummeted to practically nothing in the 1st quarter of FY 2014 from a high 1.36mmbf level in the 4th quarter of 2013. Sawtimber sales volume for this product has had a fairly consistent seasonal pattern with distinctive, higher-volume peaks in the 4th quarter (July-Sep.) of each year and lower volumes otherwise. The most recent 4th quarter in FY 2014 broke the pattern of each successive 4th quarter having higher volumes than the previous 4th quarter; however, for the year, the higher volumes in the 2nd and 3rd quarters made up for this. The volume trend has been increasing over the past five years.



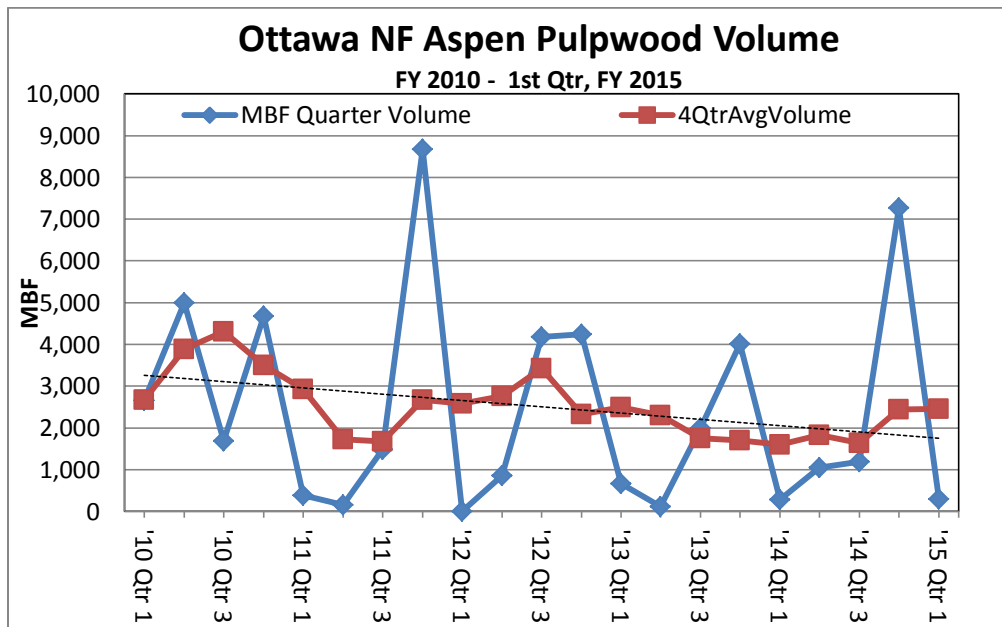
Hardwood-other sawtimber prices rebounded a bit to \$203 per mbf in the 1st quarter of 2015. They hit a record high of almost \$320 mbf in the 3rd quarter of last year but then dropped sharply to \$166 in the 4th quarter. Prices had been close to \$140 per mbf in the 2nd and 3rd quarters of FY 2013; by the 1st quarter of FY 2014 they had almost doubled to \$280. There is an increasing price trend line for the past five years. Also, at least until the 4th quarter sharp decline, it appeared that there has been less price variability with this product than what there is with sugar maple sawtimber prices.



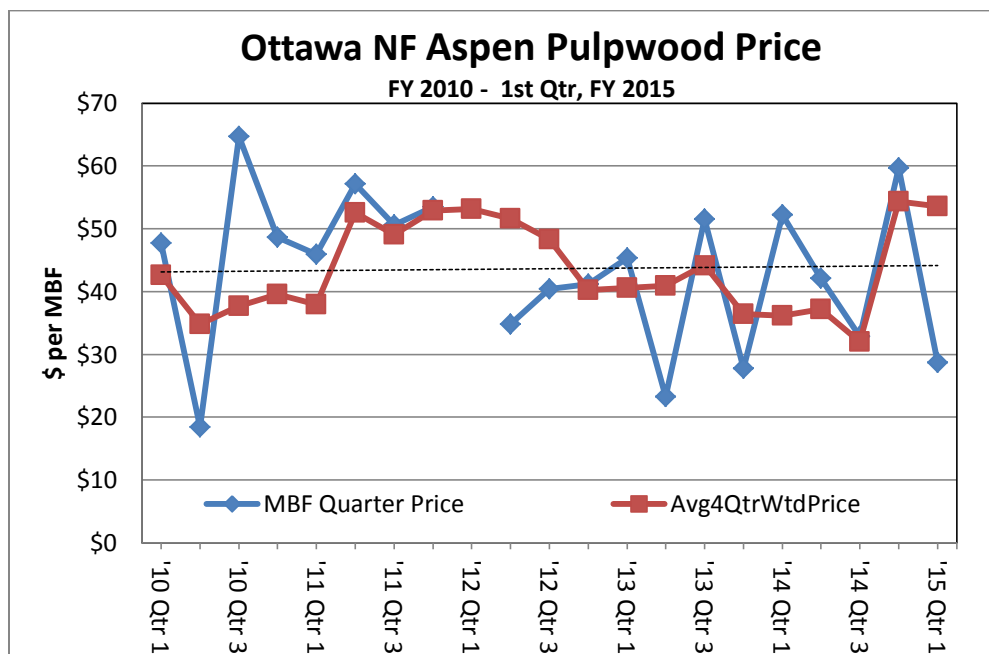
Sugar maple sawtimber sale volumes dropped to .5mmbf in the 1st quarter of FY 2015. The prior three quarters had the most stable and highest volumes of three quarters in a row during the past five-year period; all three quarters exceeded 1mmbf. As with most Ottawa timber products, it is not unusual for the 1st quarter to have the lowest sale volume. Sale volumes peaked in the 4th quarter of FY 2013 at over 2.2mmbf, but they plummeted to 305mbf in the 1st quarter of FY 2014. There is an increasing sales volume trend for the past five years. Given past sale patterns, it is hoped that the second quarter of FY 2015 sees equal or greater sale volume.



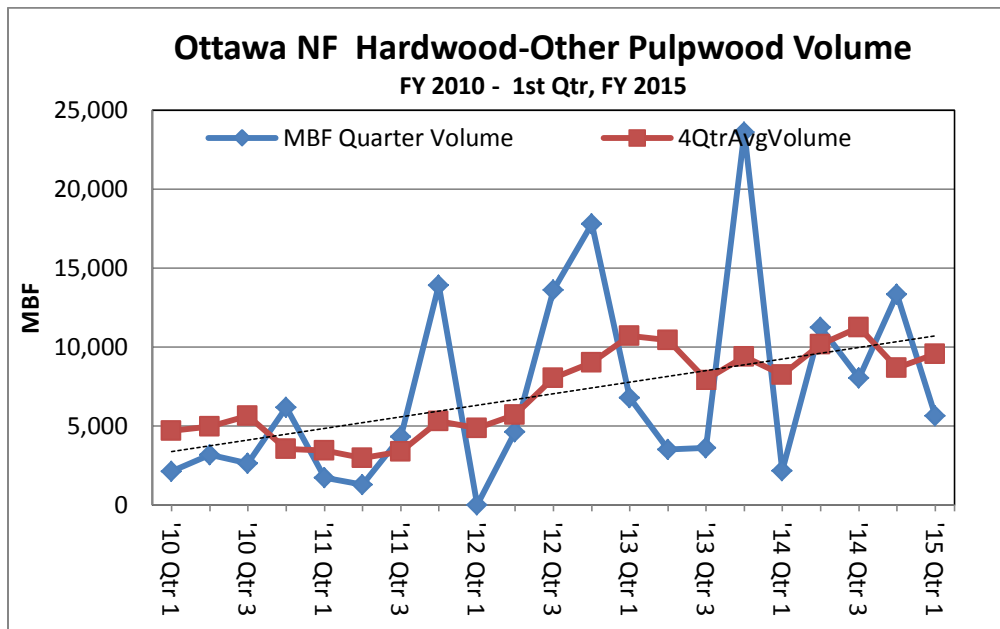
Sugar maple sawtimber prices dropped from \$650 to \$566 per mbf in the 4th quarter of FY 2014 and dropped further in the 1st quarter of 2015 to \$499 per mbf. Prices were relatively stable and averaged \$355 per mbf between the 2nd quarter of FY 2012 and the 3rd quarter of FY 2013. They averaged over \$550 per mbf for the subsequent five quarters. Peak prices for the five-year period were close to \$700 per mbf in the 3rd quarter of FY 2010; that quarter's price is the major exception to the mildly increasing five-year price trend.



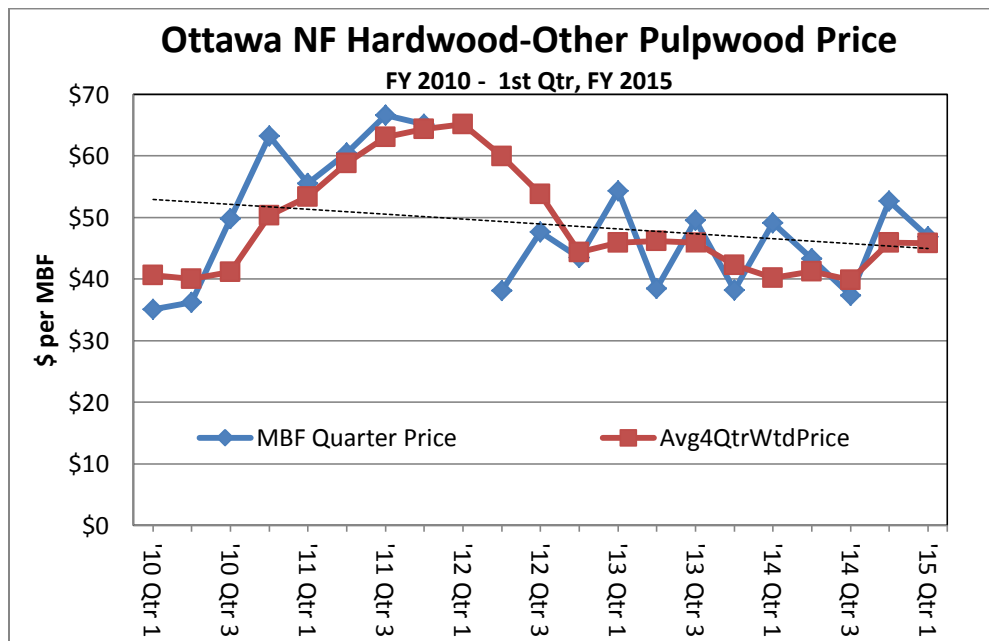
Given the aspen sale volume pattern, it was projected that the 1st quarter's volume would fall off sharply from the 4th quarter's sale volume. It did. Typical of earlier 1st quarter aspen sale volumes, the 1st quarter volume was practically nonexistent at under 300mbf. In contrast, the previous (4th quarter, FY 2014) sale volume was almost 7.3mmbf, more than double the combined sum of the previous three quarters and the most recent quarter. Sale volume has been very erratic over the past four years with sale volumes at the extremes (under 1,000 mbf or over 4,000 mbf) more frequent than sales in the middle range. The low FY 2015 1st quarter sale volume reinforces a significantly downward trend. For the past four years, the second quarter sale volume is generally not much higher than the first quarter sale volume.



The 1st quarter aspen pulpwood price fell back to \$29 per mbf (on very little volume), maintaining the seesaw nature of price swings seen over the past two years with this product. In FY 2014, the price rose sharply from under \$33 in the 3rd quarter to \$60 per mbf. Aspen pulpwood prices in the 1st and 2nd quarters of FY 2014 were \$52 and \$42 per mbf respectively. With sale volumes being erratic and including many quarters with low or no volume, the overall trend for the five-year period has been relatively flat.



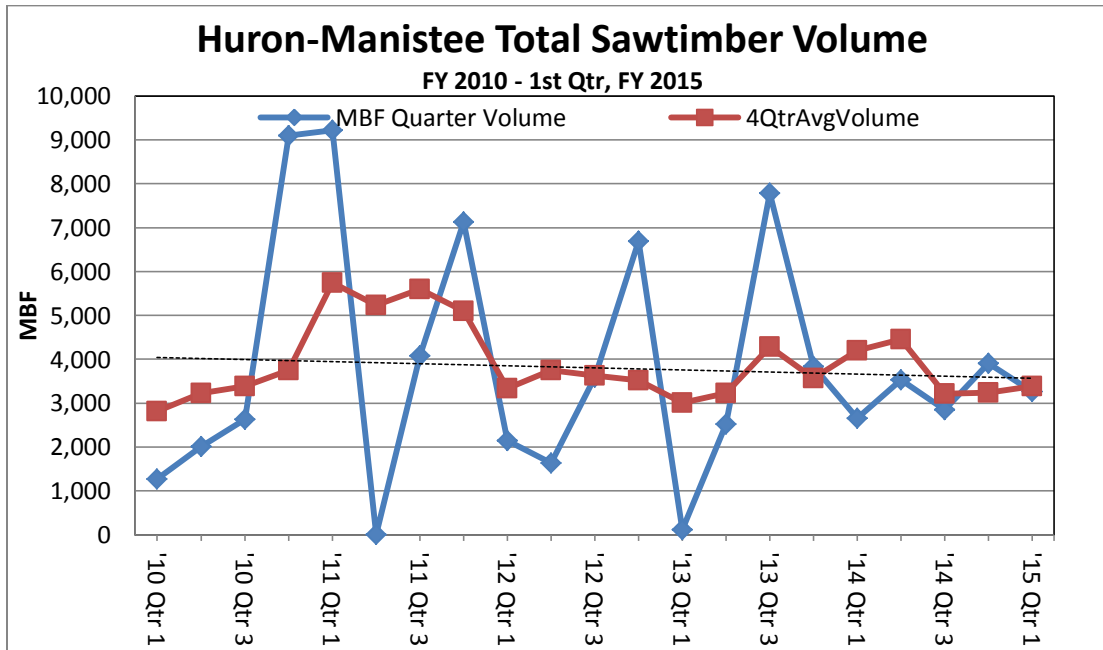
As predicted last quarter, the Hardwood-Other pulpwood sale volume decreased in the 1st quarter of FY 2015 to 5.6mmbf, down from 13.3mmbf in the previous quarter. Sale volume hit a record high 23.6mmbf volume in the 4th quarter of FY 2013. In the past five years, sale volumes have exhibited greater swings with each passing year until FY 2014. Volumes have trended upward and have doubled in the past five years. This is due largely to higher and higher values achieved in each successive fiscal year's 4th quarter. FY 2014 was different however; the 4th quarter did not set a new record, but rather was similar to - though slightly higher than - the 2nd and 3rd quarters. It will be interesting to see if the 2nd quarter's sale volume level remains in the 6 to 12mmbf range, thereby further reinforcing the increasing sale volume trend.



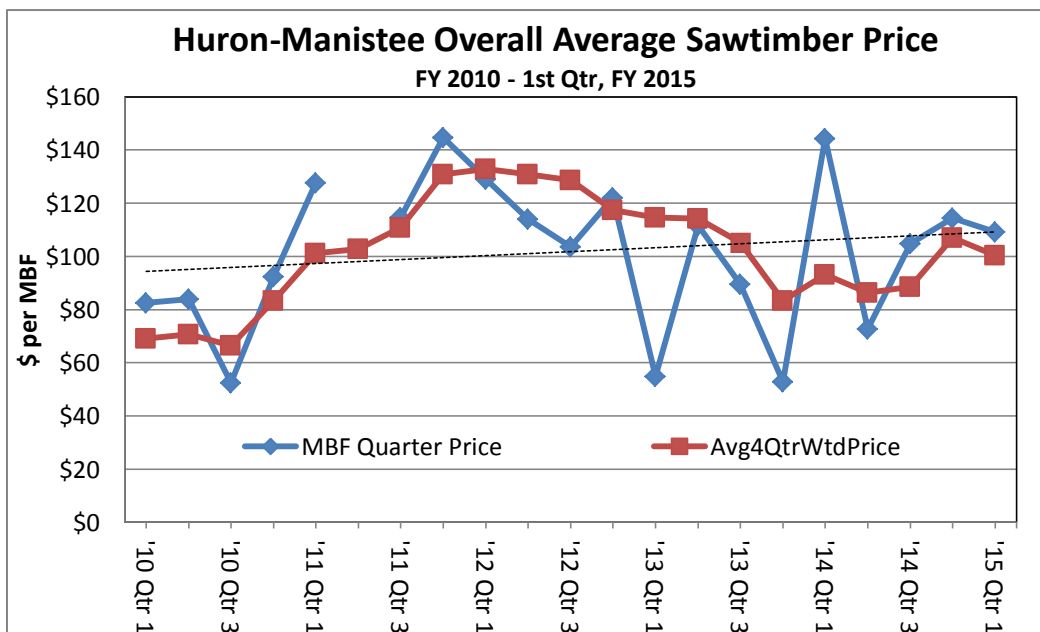
The hardwood-other pulpwood price fell back to \$47 per mbf in the 1st quarter of FY 2015. It had risen in the 4th quarter of FY 2014 to \$53 per mbf after having fallen the previous two quarters. Despite large swings in sale volumes, prices have been quite stable, going up and down from quarter to quarter in a fairly narrow \$38 to \$55 per mbf range for the past three years. The 5-year price trend is slightly declining. Prices peaked in FY 2011 at over \$65 per mbf.

Huron-Manistee National Forest Major Species Product Timber Sales, FY 2010 – 1st Qtr, 2015

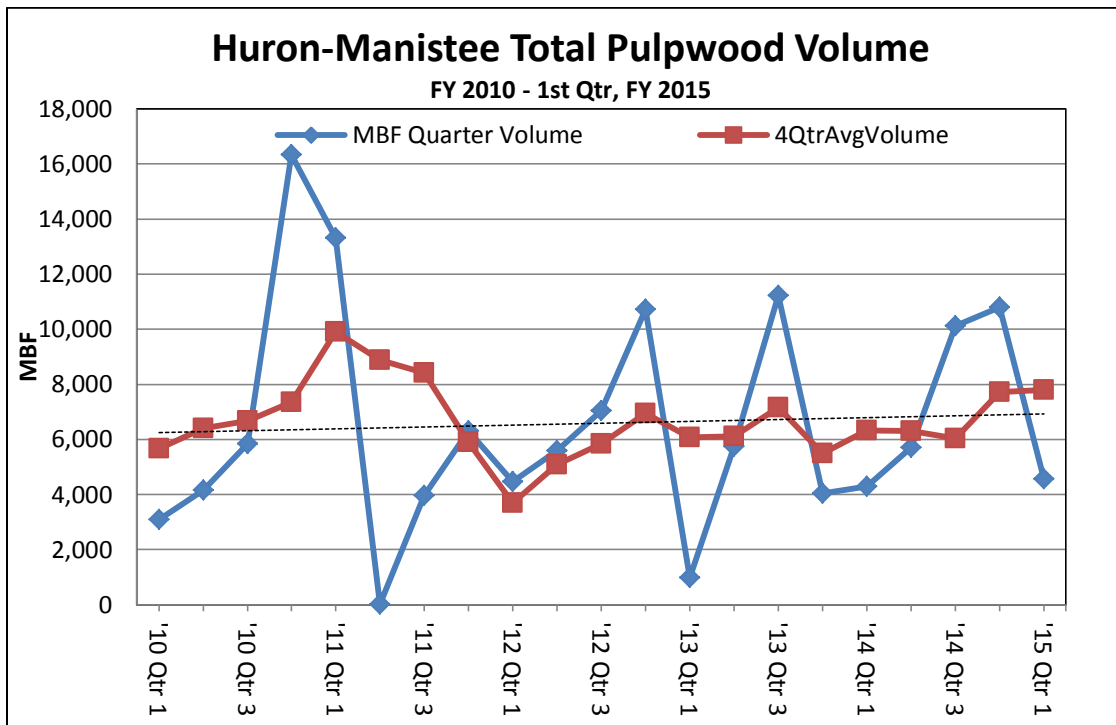
All graphs include a dotted trend line based upon the data set for the average of the last four quarters. Gaps in the blue quarter line indicate no sales in the quarter. The National Forests follow the federal fiscal year from October 1 through September 30. The most recent data included here is for the 1st quarter covering October through December, 2014. Only certain major categories of timber sales are shown; more information is available through the Region 9 pdf reports posted on the Forest Service website: <http://www.fs.fed.us/forestmanagement/products/sold-harvest/cut-sold.shtml>



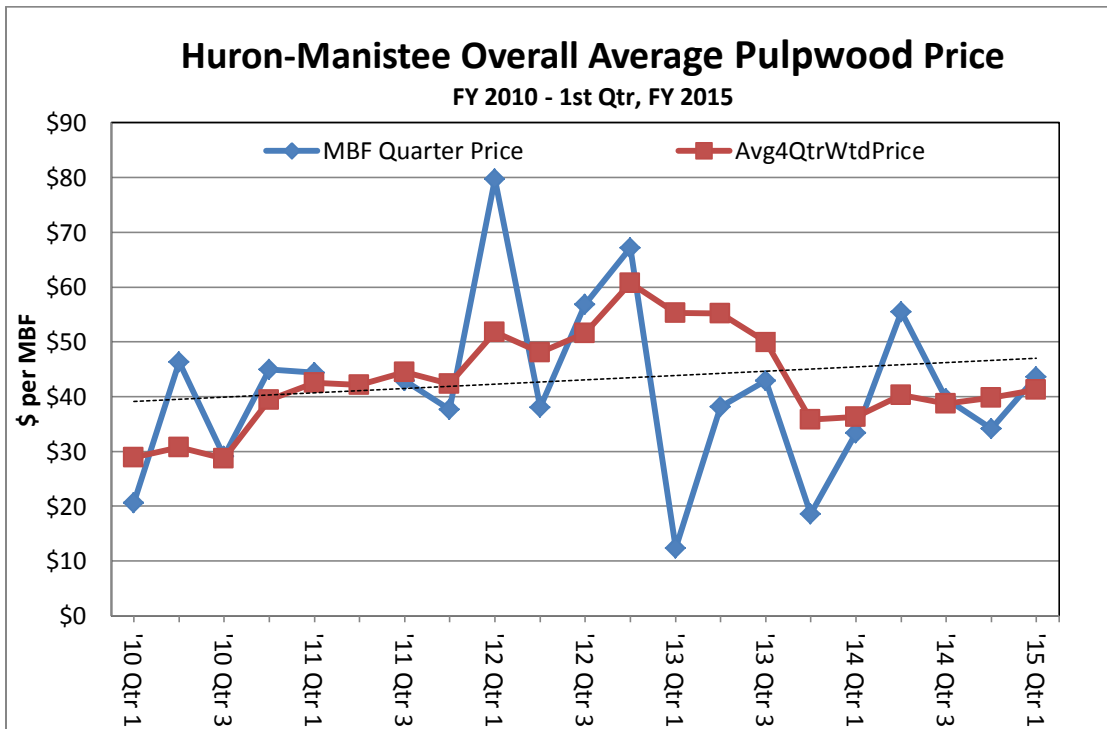
The volume of Huron-Manistee (H-M) sawtimber sales dipped to 3.26mmbf in the 1st quarter of FY 2015. Sale volumes have been fairly steady for the past six quarters, fluctuating between 2.6 and 4mmbf. Prior to these most recent six quarters, H-M sawtimber sale volume had been extremely erratic from quarter to quarter as the above graph illustrates, ranging from 0 to over 9mmbf. Annual sale volume usually peaks in the third or fourth quarters. There is a slight declining trend for the five-year period shown in the above graph.



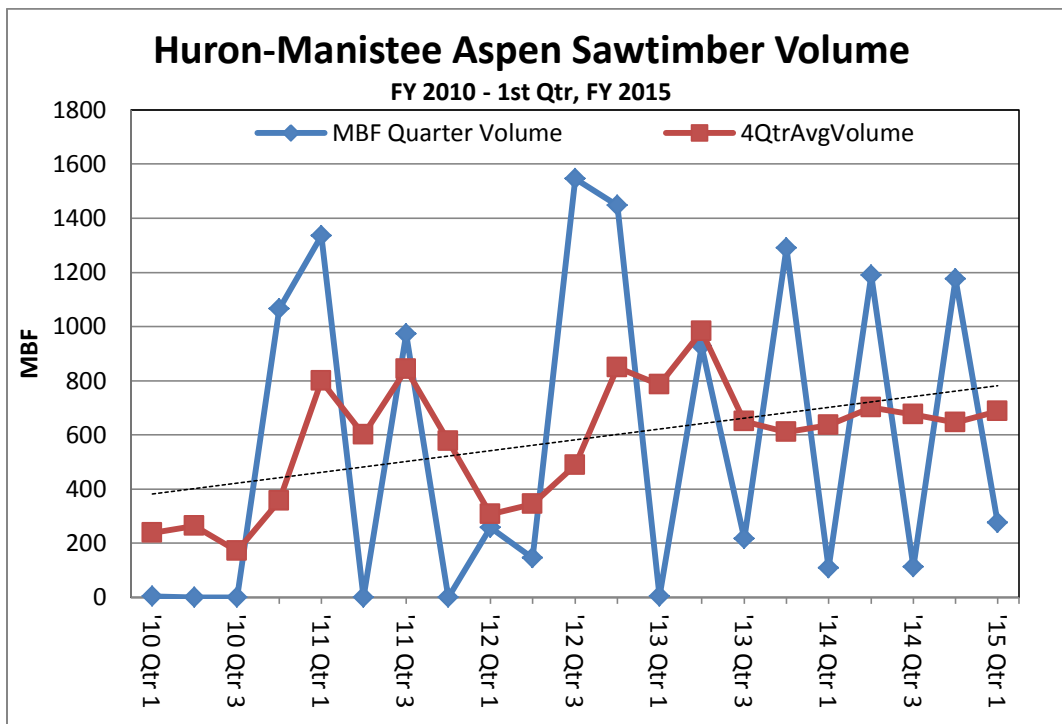
The overall average sawtimber price also dipped slightly in the 1st quarter, from \$114 to \$109. Prices have been relatively steady for three quarters. Before that, it had gone up from \$53 to \$144 per mbf in the 1st quarter of 2014, but then dropped down to \$73 in the 2nd quarter. Sawtimber prices are greatly influenced by the mix of species and quality of products put up for sale. Generally, red pine accounts for over half of the H-M sawtimber sale volume.



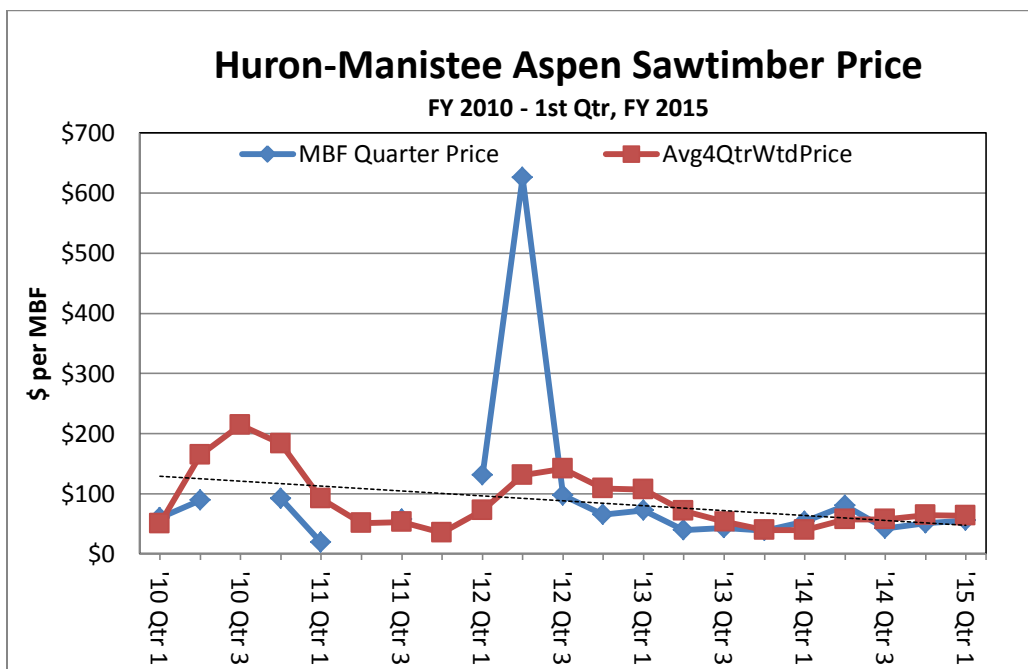
Total pulpwood volume decreased sharply in the 1st quarter of FY 2015 to 4.56mmbf after having been above 10mmbf the prior two quarters. Pulpwood sales exceeded 16mmbf in the 4th quarter of FY 2010 followed by 13.3mmbf in the next quarter; they have not reached such levels since then although the recent back-to-back quarters above 10mmbf are the closest they have come to that. H-M's quarterly pulpwood sale volume does not follow any particular seasonal pattern. In this regard, there is little basis for predicting what next quarter's sale volume will be. In the last quarterly report it was noted that after four quarters of rising volumes, a dip was likely within a quarter or two – and it did. While it could dip further in the 2nd quarter, it would not be surprising if it rose moderately. Overall, there is a very slight increasing trend.



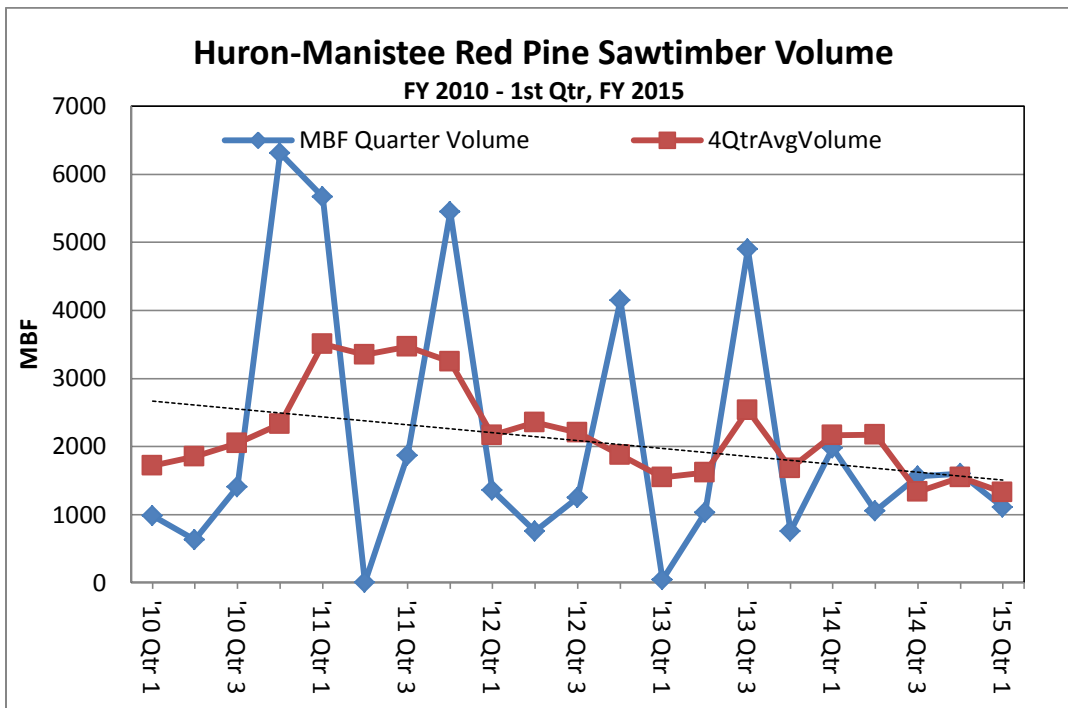
The overall average pulpwood price rose to \$43.61 per mbf after having dropped two quarters in a row. It is now close to what its average has been for the five-year period. Prices have been fairly erratic in recent years, going from a high of \$80 per mbf in the 1st quarter of FY 2012 to a low of \$12 per mbf in the 1st quarter of FY 2013. Behind all the volatility, there is a modest increasing price trend for the past five years.



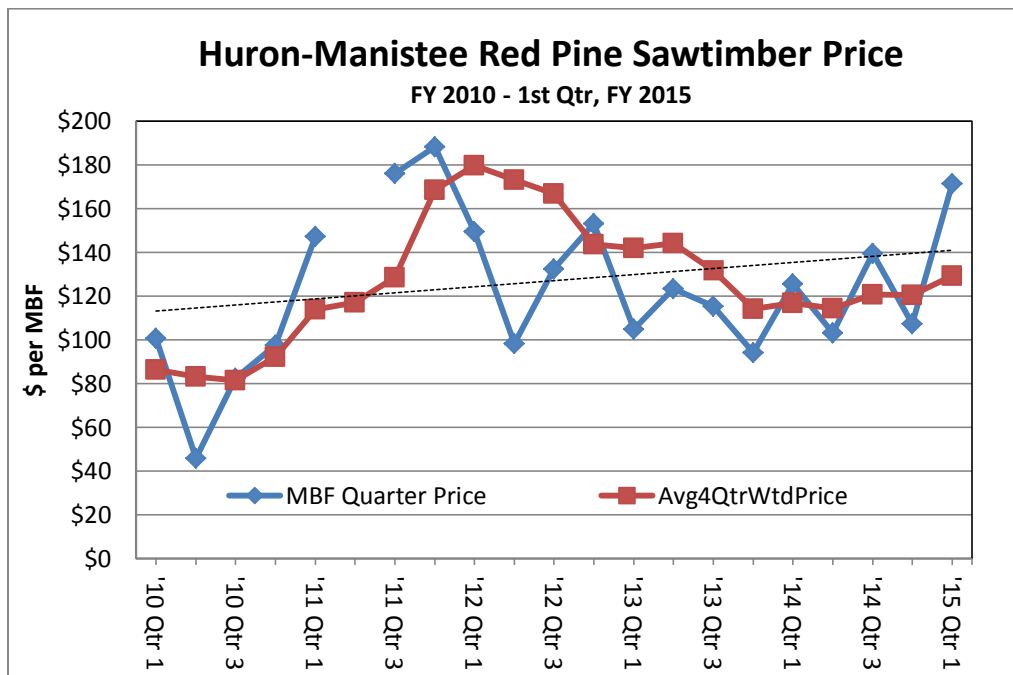
Aspen sawtimber sale volume seesawed again, but this time downward to 275mbf from almost 1.2mmbf in the 4th quarter. H-M aspen sawtimber sale volume has been extremely erratic from quarter to quarter over the past five years (and especially so in the last two years). There were nine quarters during the past five years when there were sales of less than 200mbf, but there were also nine quarters of sales close to or exceeding 1000mbf and no quarters with sales between 300mbf and 900mbf. Because of the large number of quarters with no sales in 2010 and 2011, there is an increasing sale trend over the period.



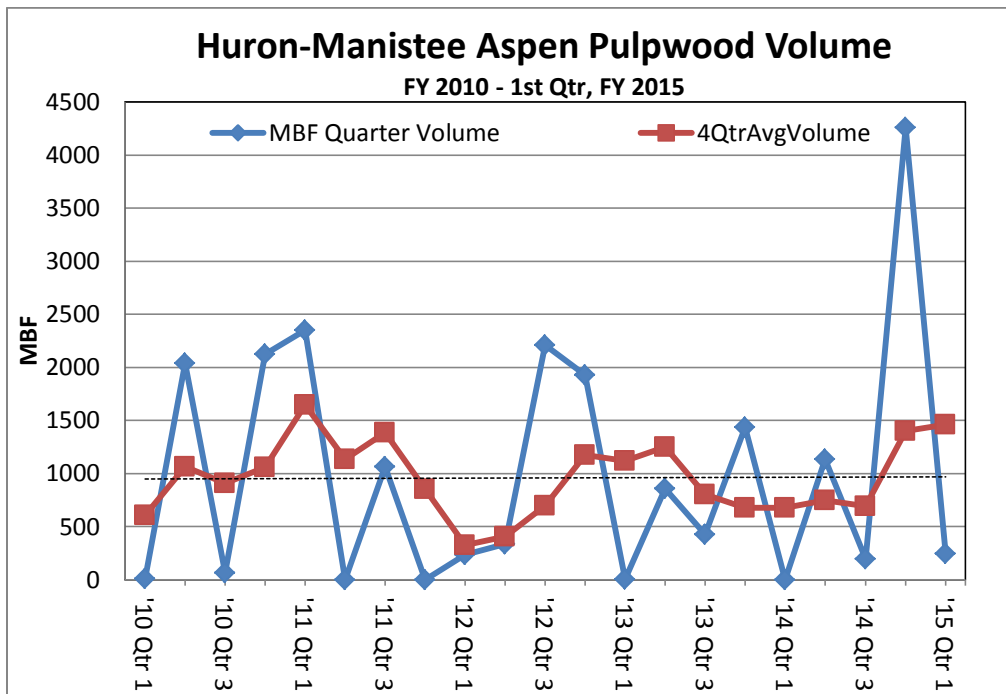
Aspen sawtimber prices increased slightly from \$51 per mbf in the 4th quarter to \$56 in the most recent (1st) quarter. Relative to other types of sawtimber prices and H-M Aspen sale volumes, Aspen sawtimber prices have remained quite steady for over two years in a \$38 to \$80 range.



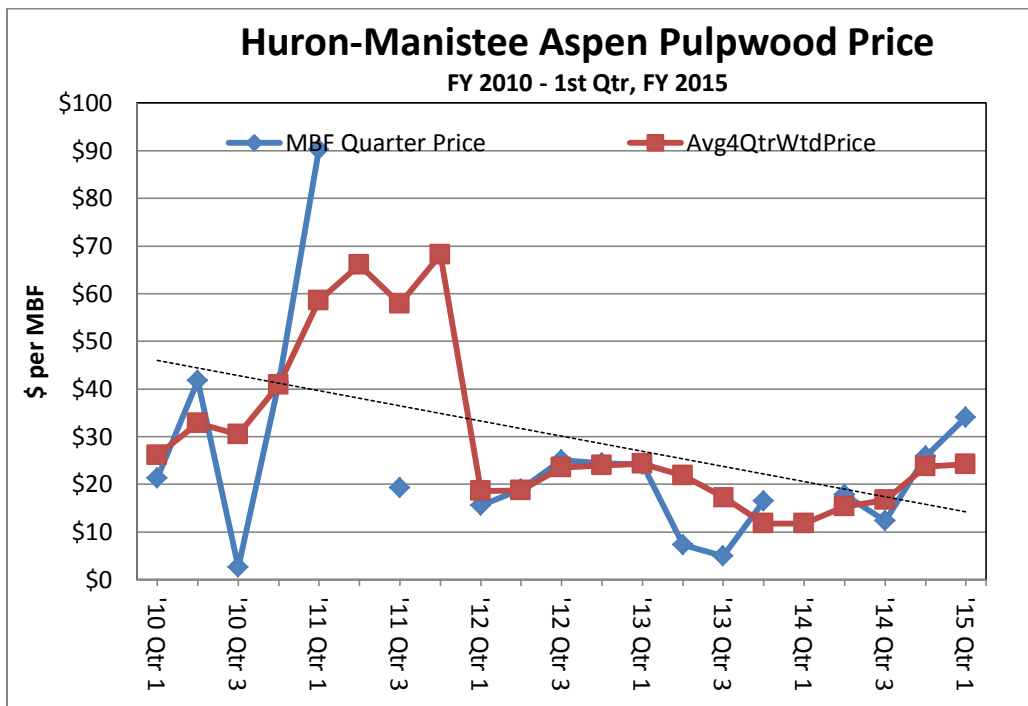
Red pine sawtimber volume dipped to 1.1mmbf in the 1st quarter, down from 1.6mmbf in the 4th quarter of FY 2014. Red pine often accounts for the majority of the sawtimber volume sold on the Huron-Manistee, but there are also many quarters when little or no volume is sold. In those quarters when it is sold, its price can often influence the Forest's overall total sale values. Sales have quite often peaked in the 4th quarter, but in FY 2013 sales plummeted from 4.9mmbf in the third quarter to 750mmbf in the 4th quarter. Sale volume has been relatively stable and below 2mmbf for the past six quarters, in contrast to the previous four years which annually saw peak quarter sale levels above 4mmbf. The sale volume trend line is declining.



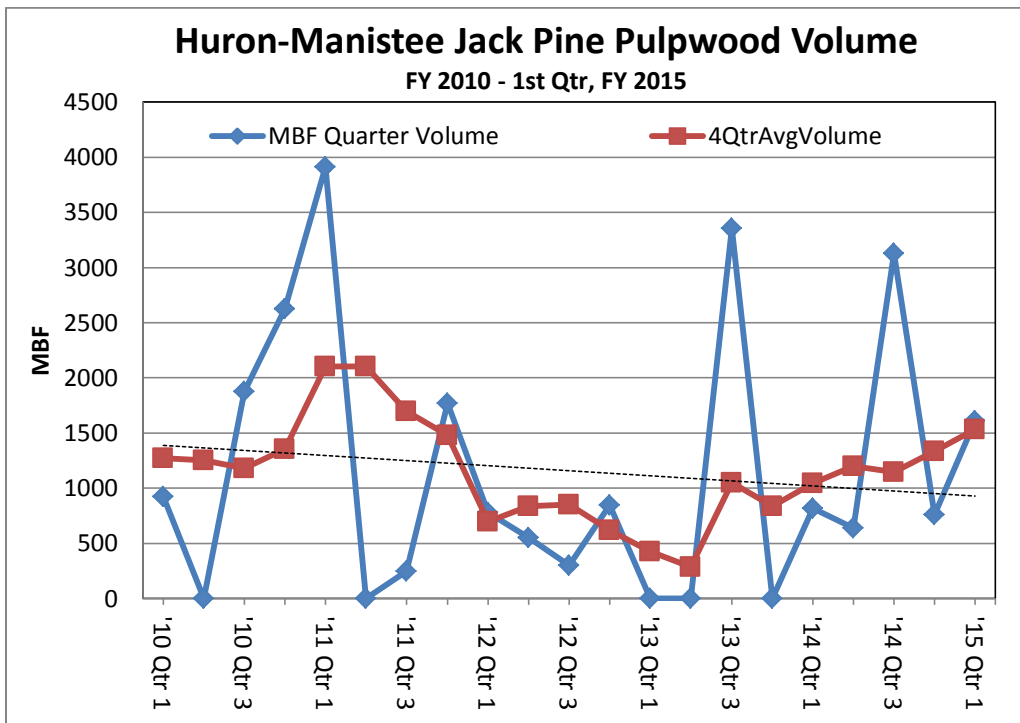
Red pine prices shot up in the 1st quarter to \$171.44 per mbf from \$107 in the 4th quarter. Until the most recent quarter, prices had been relatively stable between \$95 and \$125 per mbf for the past two years. Earlier they had nearly quadrupled from a low close to \$40 per mbf to a peak of over \$180 per mbf between the 2nd quarter of 2010 and the 4th quarter of FY 2011. There is a steadily increasing price trend over the past five years.



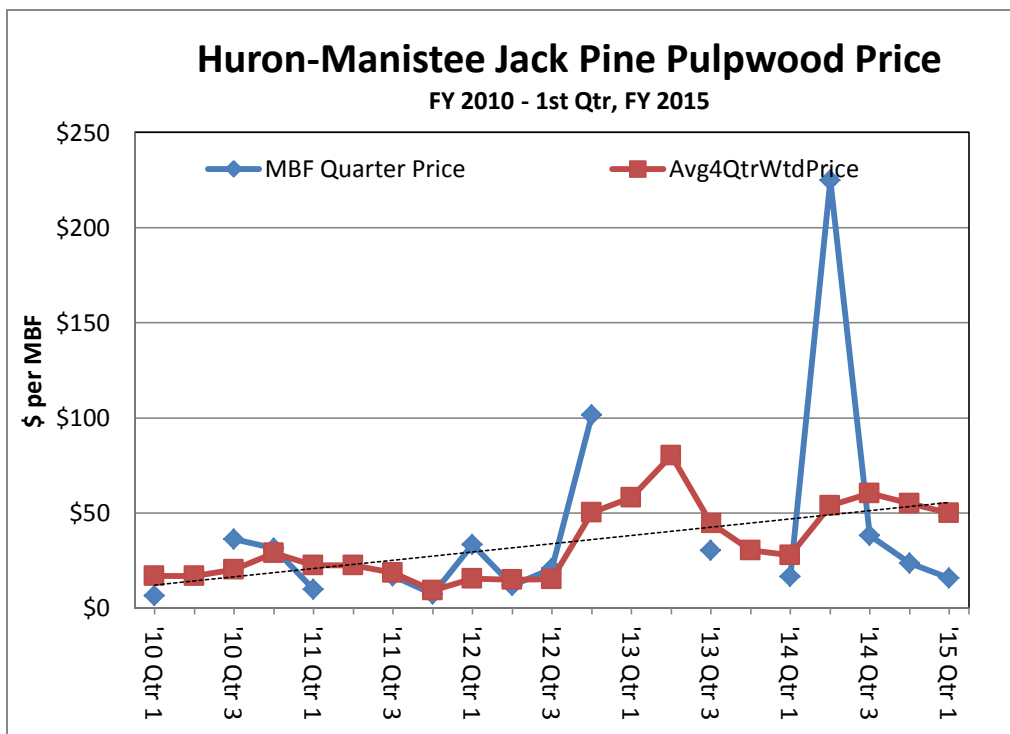
Given how high the 4th quarter volume was, the 1st quarter was expected to be sharply lower and likely be under 1mmbf. In the 1st quarter of FY 2015, aspen sale volumes did decline as sharply as they had risen the previous quarter. From a low volume of 193mmbf in the 3rd quarter, sale volume rocketed to a record 4.26mmbf in the 4th quarter – double the level of any other quarter in the past five years – and then dropped all the way back to 244mmbf in the 1st quarters. Sale volumes of aspen pulpwood have been extremely erratic over the past five years with a flat volume trend line. There are many quarters without sales but other quarters with sale volumes close to or in excess of 2mmbf. There does not appear to be a well-established quarterly pattern to the data.



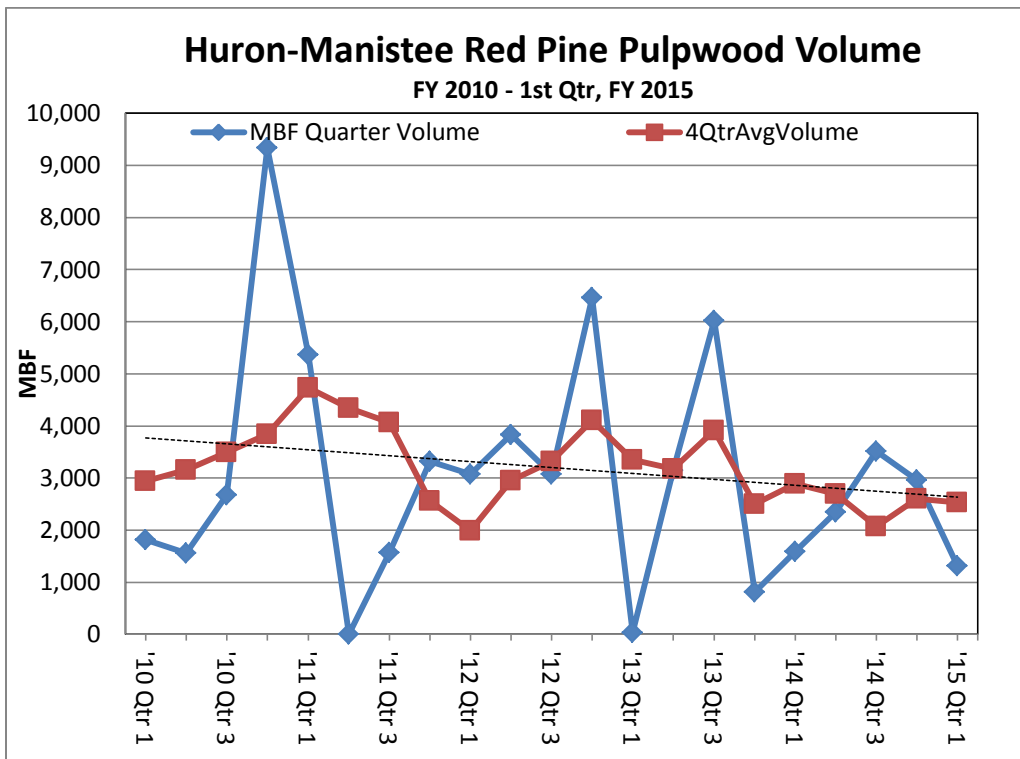
The 1st quarter average aspen pulpwood price continued to rise, reaching \$34 per mbf. It had climbed from \$12 to \$26 in the 4th quarter of FY 2014. Aspen pulpwood prices were extremely low (<\$10) in the 2nd and 3rd quarters of FY 2013. In contrast, the price exceeded \$40 several quarters in FY 2010 and FY2011. Because of these higher prices early in the most recent five-year period and the low FY 2013 prices, there has been a fairly steep five-year price decline trend, but prices for many quarters are based on low or no sale volumes. The decline in the trend line will moderate over coming quarters as prices most quarters are expected to remain close to or above \$20.



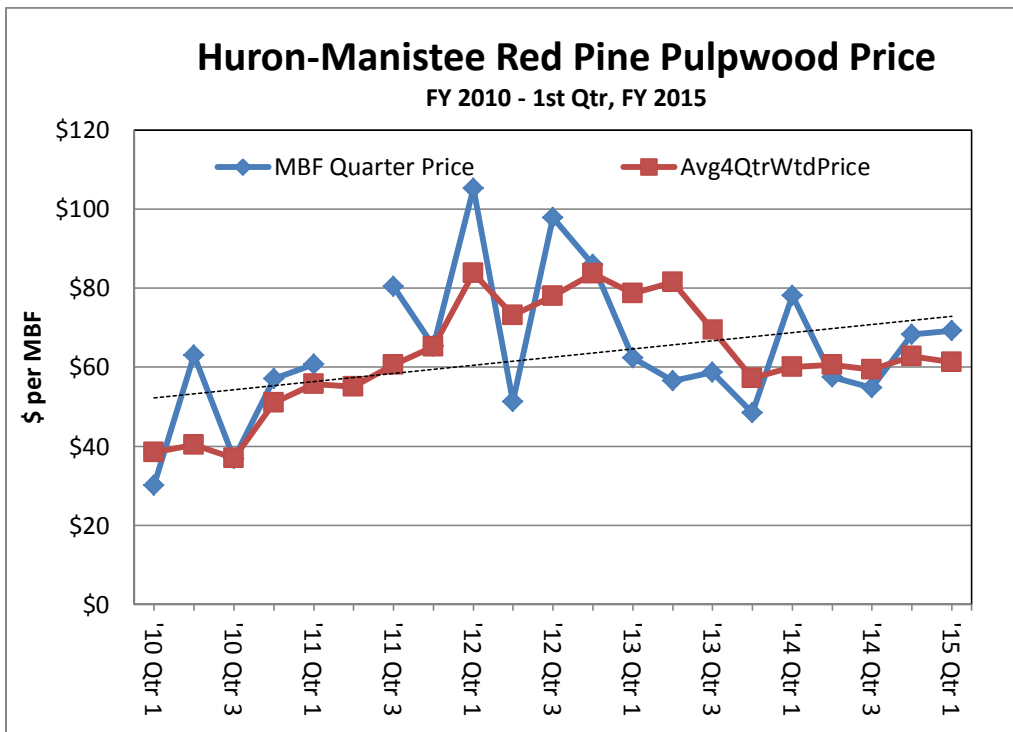
Jack pine pulpwood increased in the 1st quarter, from 758mbf in the 4th quarter to over 1.6mmbf. It had been over 3.1mmbf in the 3rd quarter of FY 2014. Overall, jack pine pulpwood sale volume has been on a downward trend over the past five years and many quarters there are no sales or the sale volume is well below 1mmbf. There have been a few distinct exceptions when volume shoots up to over 3mmbf. Part of the jack pine sale volume decline in recent years may be due to more jack pine being included in a combined sale category with red and white pine.



The 1st quarter jack pine pulpwood price dropped further to \$15.80 per mbf. It had fallen from \$38.13 to \$23.58 per mbf in the previous quarter. The price for the FY 2014 2nd quarter is a mistake or an anomaly and should not to be considered a reliable price for the product. Besides erratic prices, there have been two price outliers (the 4th quarter of FY 2012 being the other one) and too many quarters without sales to establish a credible price trend line for the past five years.



Red pine pulpwood sale volume declined sharply in the 1st quarter, down from 3mmbf in the 4th quarter to 1.3mmbf. Like many other products on the H-M, the 5-year sale volume pattern shows great swings in volumes, from quarters with over 6mmbf to subsequent quarters with no or negligible sale volume. There is a slight declining volume trend, largely influenced by the record 9.2mmbf volume sold in the 4th quarter of 2010.

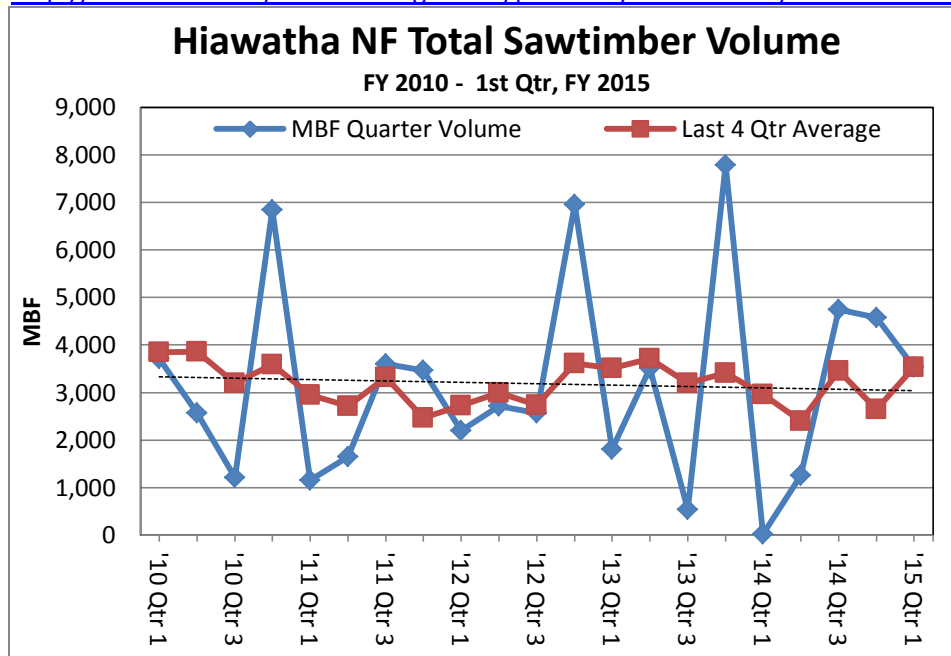


The 1st quarter price increased slightly, from \$68.26 to \$69.28 per mbf. With the exception of the 1st quarter of FY 2014 when prices rose to almost \$80 per mbf, the last two years have had fairly stable prices in a \$50 to \$70 per mbf range. Overall, prices for the past five years have seen a moderately increasing trend, but if FY 2010 was dropped from the trend, the line would be flat. The high price was \$105 in the 1st quarter of FY 2012 and the low price was \$30 in the 1st quarter of FY 2010.

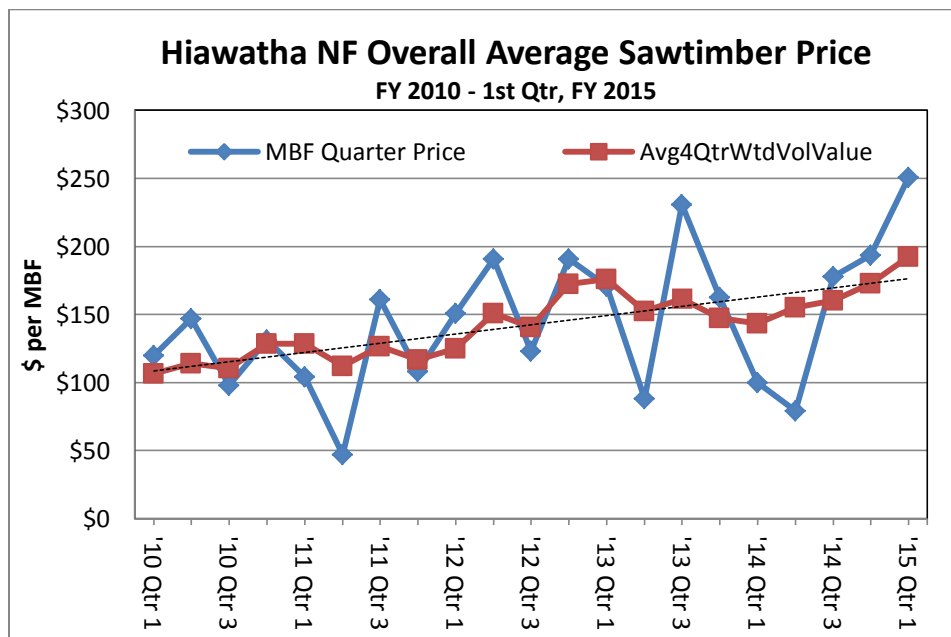
Hiawatha National Forest Major Species Product Timber Sales, FY 2010 – 1st Qtr, 2015

All graphs include a dotted trend line based upon the data set for the average of the most recent four quarters. Gaps in the blue quarter line indicate no sales in the quarter where the gap occurs. The National Forests follow the federal fiscal year (FY) from October 1 through September 30 (as does the MI DNR). The most recent data included here is for the first quarter of FY 2015, covering October through December, 2014 sales. Only certain major categories of timber sales are shown; more information is available through the Region 9 pdf reports posted on the Forest Service website:

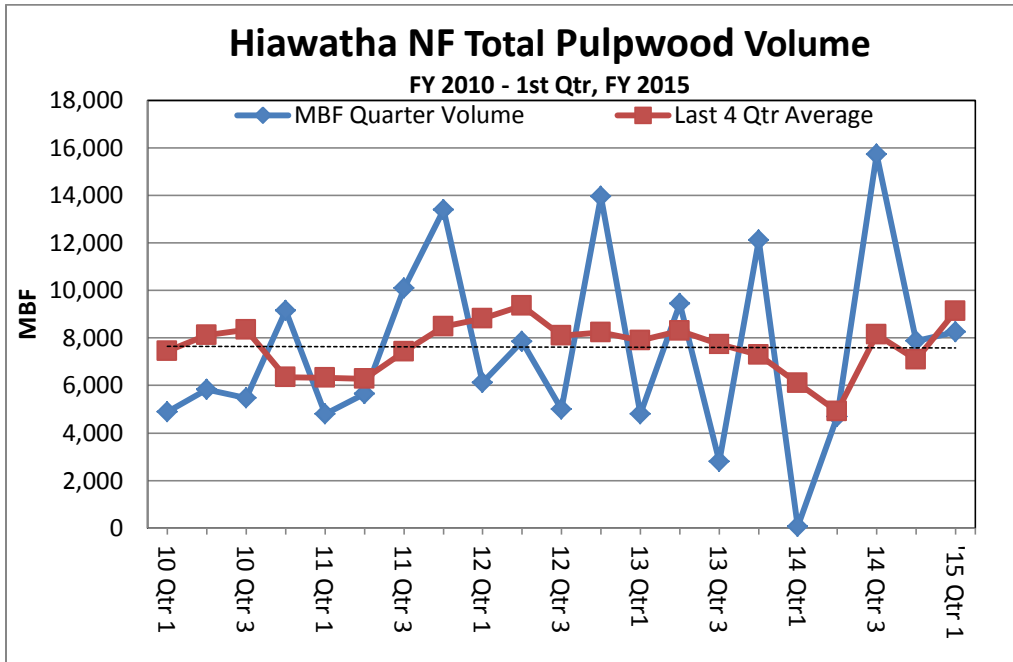
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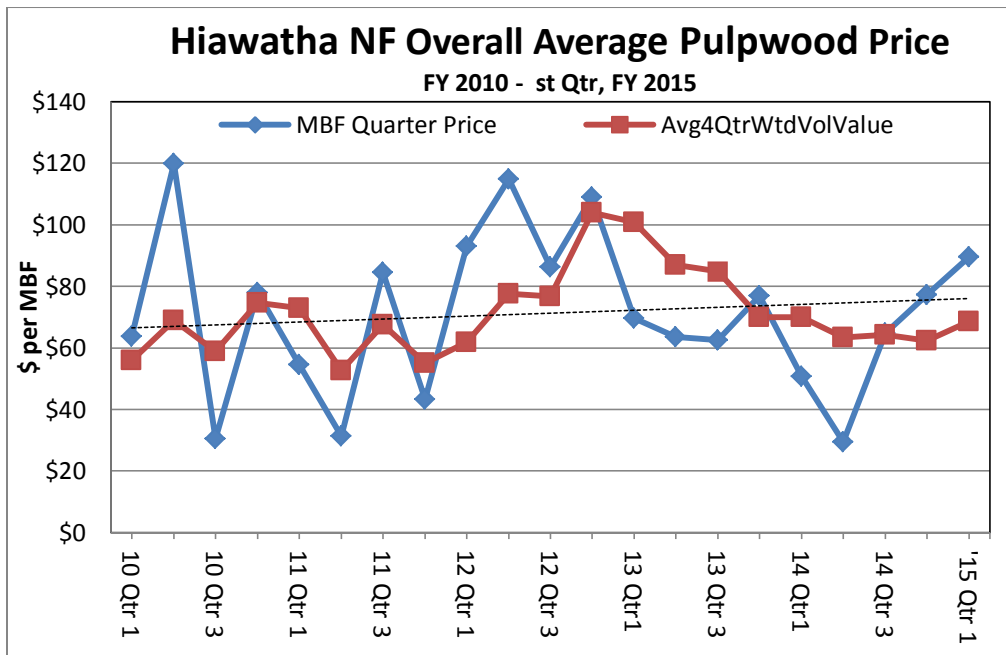
Hiawatha sawtimber sales dropped further in the 1st quarter, from 4.58 million board feet (mmbf) in the 4th quarter down to 3.5mmbf. They had jumped to 4.75mmbf in the 3rd quarter, following two back-to-back quarters with the lowest sale volume in many years. The highest single quarter volume sold (7.8 mmbf) was in the fourth quarter of fiscal year 2013. The Hiawatha has rather erratic sale volumes from quarter to quarter with a tendency for higher sales in the fourth quarter most years, followed by much lower sales in the 1st quarter. (The decline in the most recent 1st quarter declines.) Overall, the five-year trend of sawtimber sale volume has been virtually flat.



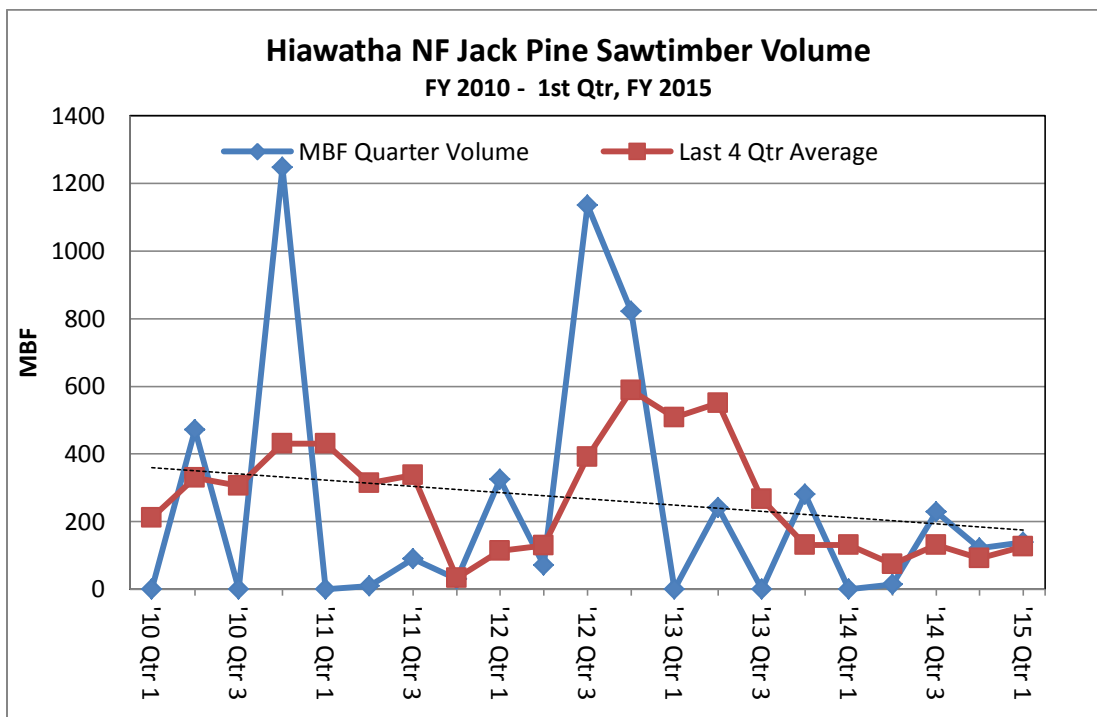
The average sawtimber price more than doubled in the 3rd quarter of FY 2014, from under \$80 to over \$178 per mbf. It continued to increase in the 4th quarter to \$193 and in the most recent 1st quarter to \$251. The average sawtimber price is influenced by the mix of species and products offered; overall, the 5-year price trend has been increasing.



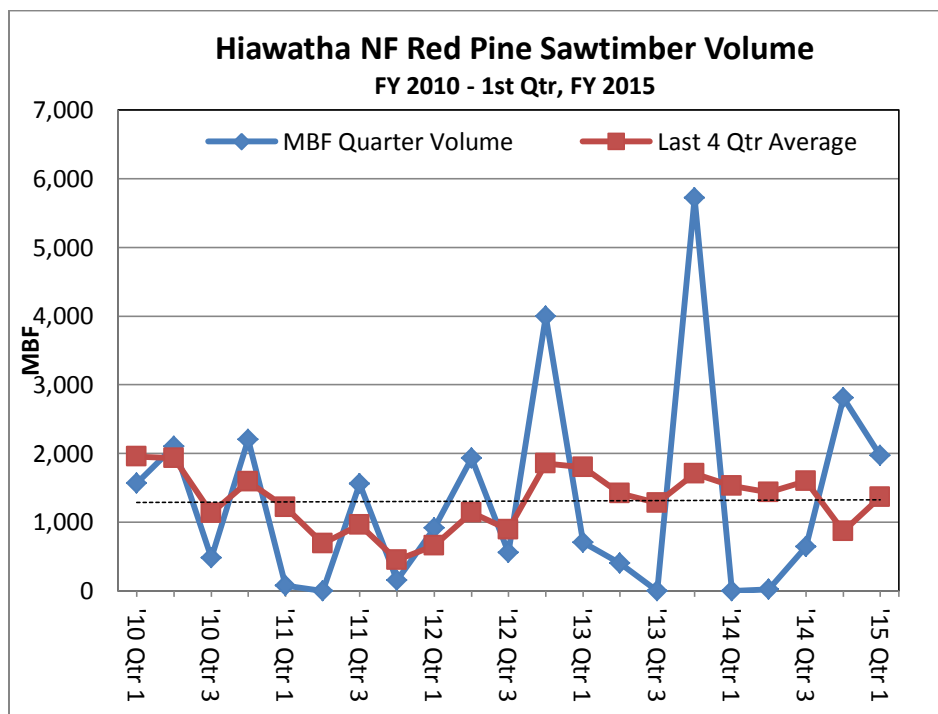
Pulpwood sale volumes increased slightly, from 7.86mmbf in the 4th quarter, up to 8.25mmbf in the 1st quarter. These levels are close to the average level for the past five years. The highest they have been in 5 years was in the 3rd quarter of FY 2014 at 15.73mmbf. The overall 5-year trend is flat. There has tended to be higher sales in the 4th quarter versus other quarters for the past five years, but the 2014 quarterly peak occurred in the 3rd quarter. Also, 1st quarter sales normally drop off sharply from 4th quarter volumes; but this also did not happen this year. Perhaps the large swings in quarterly sale volumes are moderating, but after the past three quarters, it would not be surprising if there was a drop in volume next (2nd) quarter.



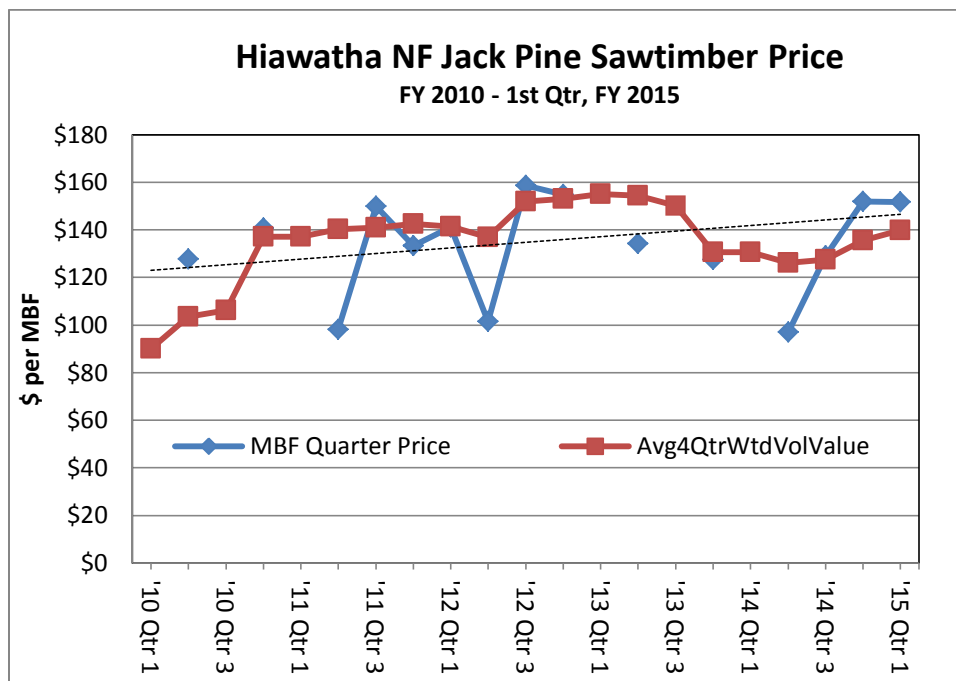
The overall average pulpwood price continued to rise for the third quarter in a row, reaching \$90 per mbf. In the second quarter of FY 2014, the price was just under \$30 which was its lowest level in over five years. The trend line shows a slight increasing price trend since the beginning of FY 2010, but that is largely influenced by the high prices achieved in FY 2012 when the average price exceeded \$100 per mbf in the second and fourth quarters. Given the three quarters of price increases, next quarter may see prices moderate somewhat unless there is a sharp decline in sale volumes.



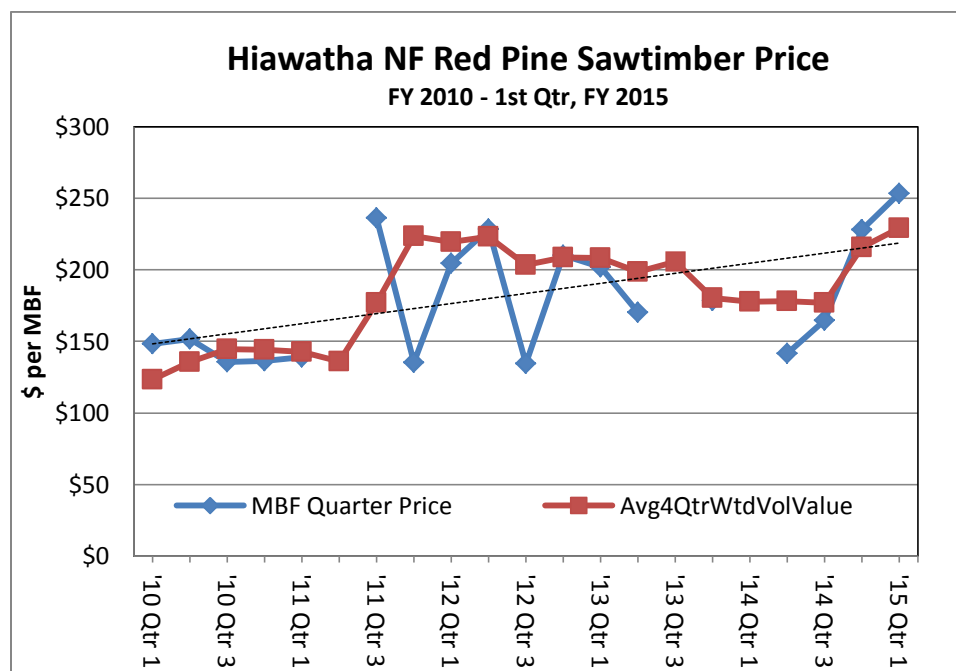
Hiawatha sales of jack pine sawtimber have been relatively negligible; the highest volume sold, 1.25mmbf, was back in the 4th quarter of FY 2010. Jack pine sawtimber sales dropped from 229mbf in the 3rd quarter of FY 2014 to 121mbf in the 4th quarter and only went up slightly in the most recent 1st quarter to 139mbf. There now has been nine quarters in a row of sales below 300mbf; the average for these nine quarters is just over 100mbf. Despite it being a slight increase, the most recent sale volume level perpetuates a five-year downward sale volume trend. As with jack pine pulpwood, there are almost as many quarters without jack pine sawtimber sales as there are quarters with sales.



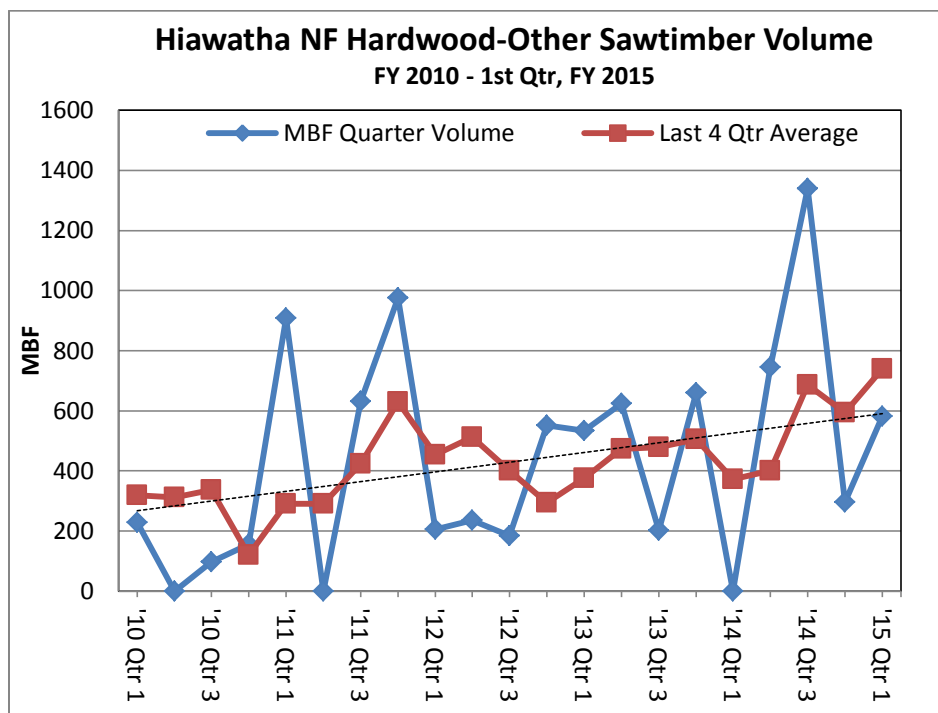
Twice as much red pine sawtimber as jack pine sawtimber has been sold on the Hiawatha during the past five years. Red pine sawtimber sale volume declined to 1.97mmbf in the 1st quarter of FY 2015. It had increased in the 4th quarter to 2.8.mmbf, but this increase was not as much as increases seen in the previous two 4th quarters; 5.7mmbf was sold in the 4th quarter of FY 2013 and 4mmbf was sold in the 4th quarter of 2012. However, the most recent volume decline from the 4th to the 1st quarter (.8mmbf) was much less than what had taken place in the previous two years also (over 3mmbf and 5.8mmbf). Perhaps the coming 2nd quarter will continue to exhibit a moderation in sale volume swings.



The Hiawatha jack pine sawtimber price per mbf was unchanged in the 1st quarter. It had risen from just under \$100 in the 2nd quarter of FY 2014 to almost \$130 in the 3rd quarter and then it reached \$152 in the 4th quarter where it remained this quarter. Overall, based upon the 4-quarter volume-weighted average price, there appears to be an increasing price trend over the past five years, but there are so many quarters without sales that the trend is not well-defined. There will not be a reliable price trend as long as there are so many quarters with negligible or very low sale volumes.

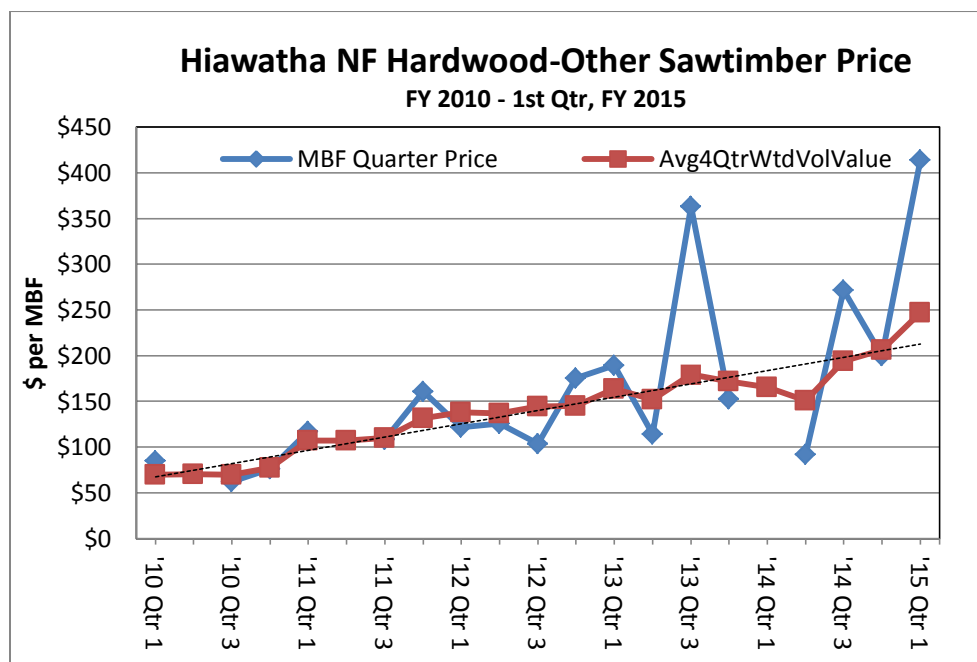


Red pine sawtimber prices per mbf continued to rise in the 1st quarter, reaching \$253 per mbf, its highest level in recent years. This is the third quarter in a row that it has increased. It was \$142 in the 2nd quarter of FY 2014 and \$165 in the 3rd quarter, then \$228 in the 4th quarter. Prices have generally been within a \$140 to \$230 per mbf range over the past five years. The overall five-year price trend has been moderately increasing. It was noted last quarter that it would not be surprising if prices declined in upcoming quarters, given the large increase in the 4th quarter price. But the caveat on this was that they could remain higher-than-average if sale volumes drop sharply or the economy continues to remain relatively strong. Both of these statements still apply, although now with the 1st quarter price increase, there is more of an expectation that prices could decline moderately in the coming 2nd and 3rd quarters.

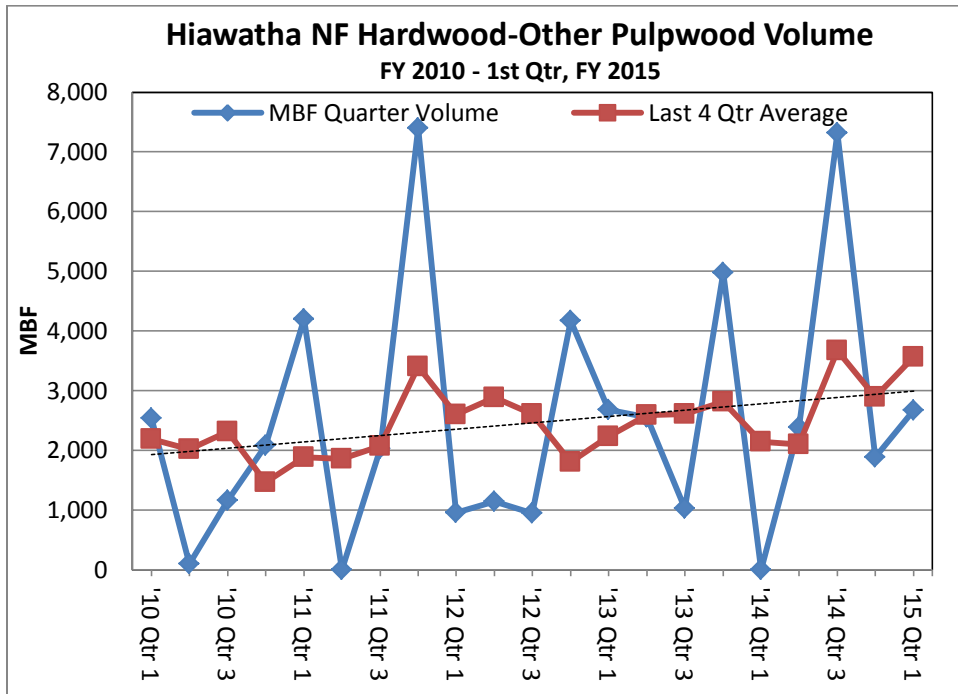


The “hardwood-other” sawtimber sale volume increased modestly from just under 300mbf to 580mbf in the 1st quarter. It had reached a 5-year record level of 1.3mmbf in the 3rd quarter of FY 2014 before falling to the 4th quarter 300mbf level.

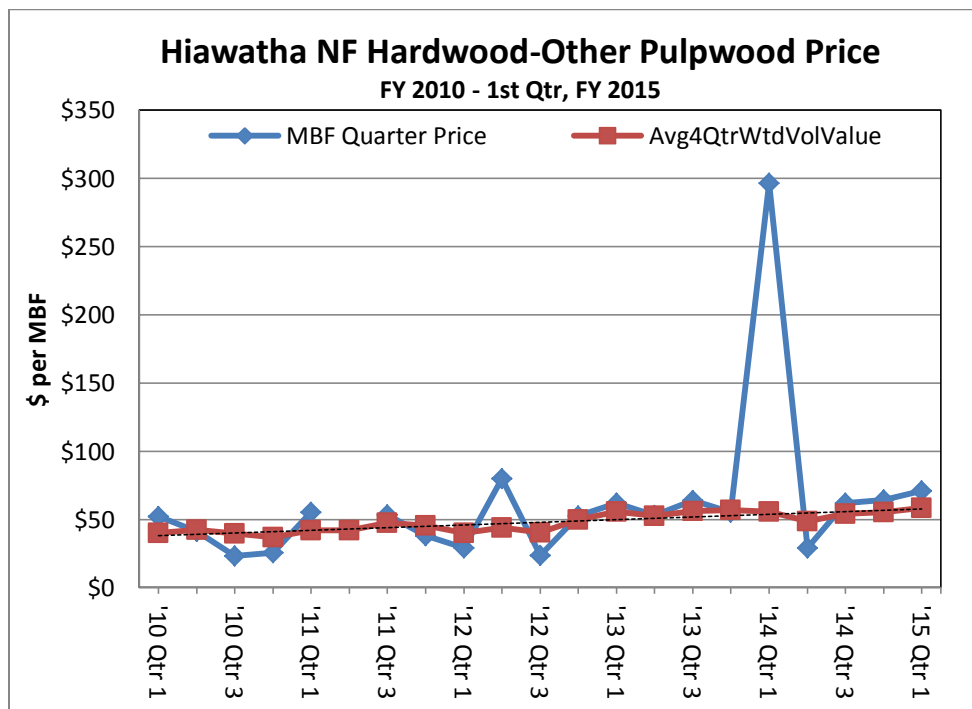
Although somewhat erratic from quarter to quarter, sales of “hardwood other” have trended upward over the past five years; however this trend is strongly influenced by the high 2nd and 3rd quarter sale volumes of FY 2014. The 1st quarter level is close to what the average level has been over the past three years. Based upon the 5-year pattern, it would not be surprising to see the next (2nd) quarter sales remain close to the 1st quarter level or decline.



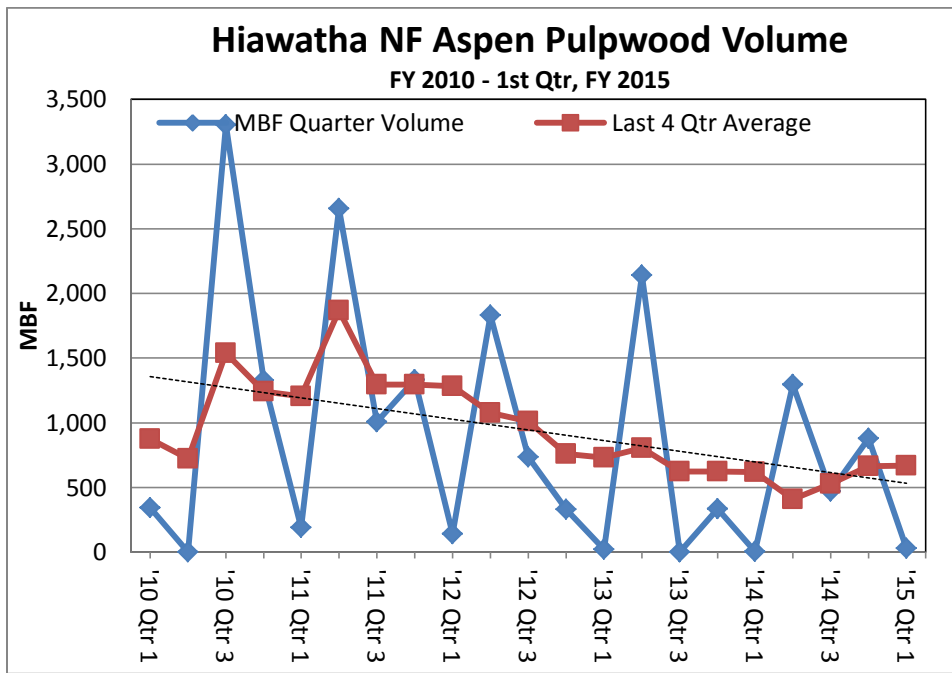
The 1st quarter price of Hiawatha’s “hardwood-other” sawtimber jumped to \$414 per mbf, possibly its highest level ever. Three quarters ago, in the 2nd quarter FY 2014, the price was below \$92 per mbf. The price trend has risen quite steeply over the past five years – more than jack or red pine sawtimber - from well under \$100 to over \$200 per mbf. It is pretty straightforward to project that the run-up in the price should moderate considerably in coming quarters.



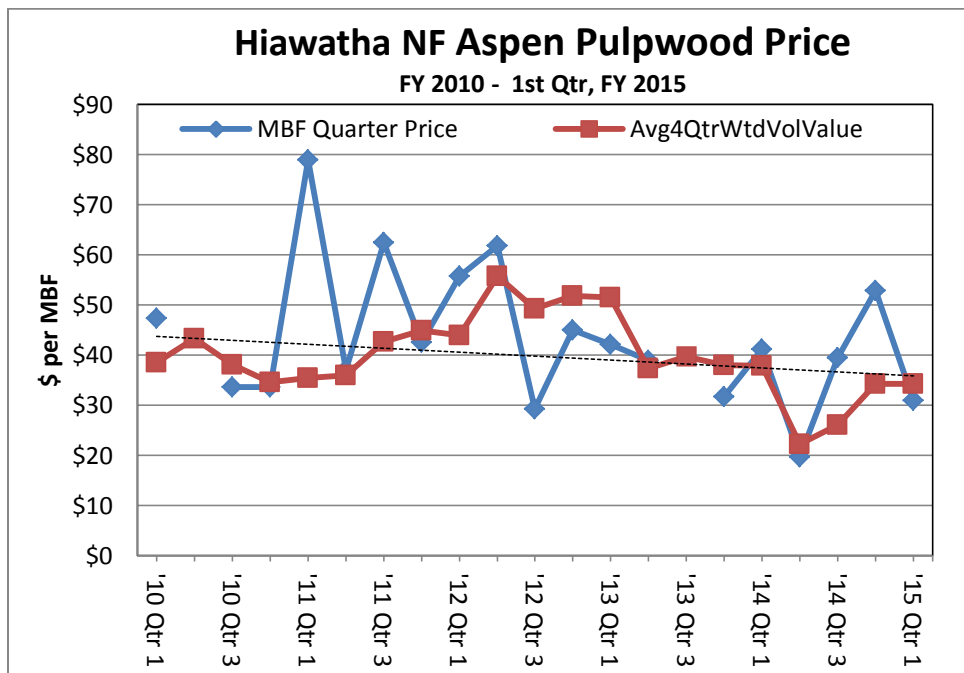
Sales of “hardwood-other” pulpwood volume increased in the 1st quarter of FY 2015 to 2.7mmbf. Their five-year pattern is almost identical to sale pattern of “hardwood-other” sawtimber. After shooting up in the 3rd quarter of FY 2014 to over 7.3 mmbf, the pulpwood sales came down in the 4th quarter as sharply to 1.9mmbf. Sales were under 2.4mmbf in the 2nd quarter and there were no sales of in the 1st quarter of FY 2014. Generally, sales are highest in the 4th quarter, but FY 2014 was an exception with the peak sales in the 3rd quarter. Beyond the erratic nature of sale volumes from quarter-to-quarter, there is a moderate increasing sale volume trend over the past five years. Similar to “hardwood-other” sawtimber, it would not be surprising to see the next quarter’s sales remain close to the 1st quarter level or decline.



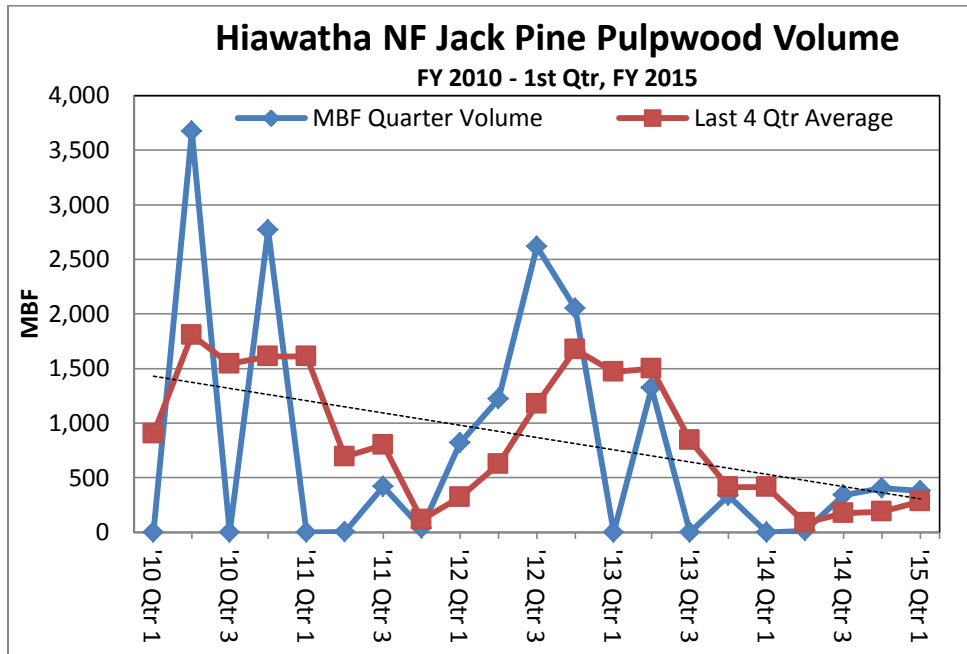
The 1st quarter “hardwood-other” pulpwood price increased slightly to \$71 per mbf. This was the third quarter in a row that it has increased. It was at \$29 in the 2nd quarter of FY 2014 before rising to over \$64 per mbf in the 4th quarter. The 1st quarter FY 2014 is an anomaly or error. For the past five years, the price has tended to range between \$28 and \$70.



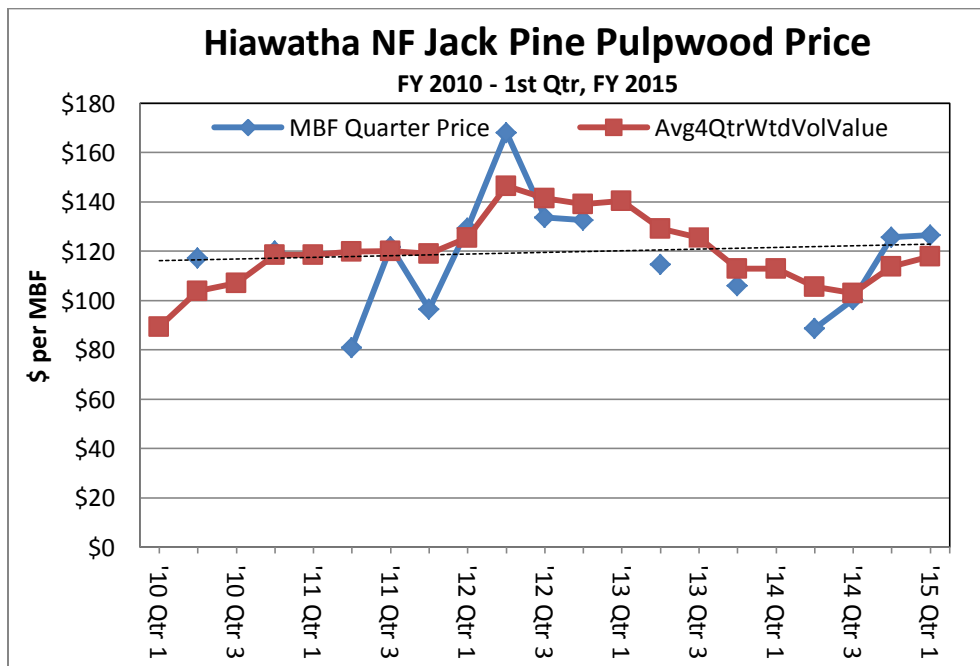
Aspen pulpwood sale volume fell to only 30mbf in the 1st quarter of FY 2015. As the above graph shows, this is somewhat in line with the erratic quarter-to-quarter trend. Sale volume had increased in the 4th quarter of FY 2014 to 880mbf from 471mbf in the previous 3rd quarter. Aspen pulpwood volumes are quite erratic, often going from no or negligible volume in one quarter to over 1.5mmbf the next quarter. However, as the graph illustrates, with each passing year the peak volumes have tended to be lower, resulting in a fairly sharp declining five-year sale volume trend. Unlike for many other products, there is not a pattern of higher 4th quarter sales for aspen. The most recent annual sale peaks have come in the second quarter of the fiscal year; the highest peak for the past five years came in the 3rd quarter of FY 2010. While next quarter's volume may increase sharply, the five-year sale pattern leaves doubt that it will exceed 1.5mmbf.



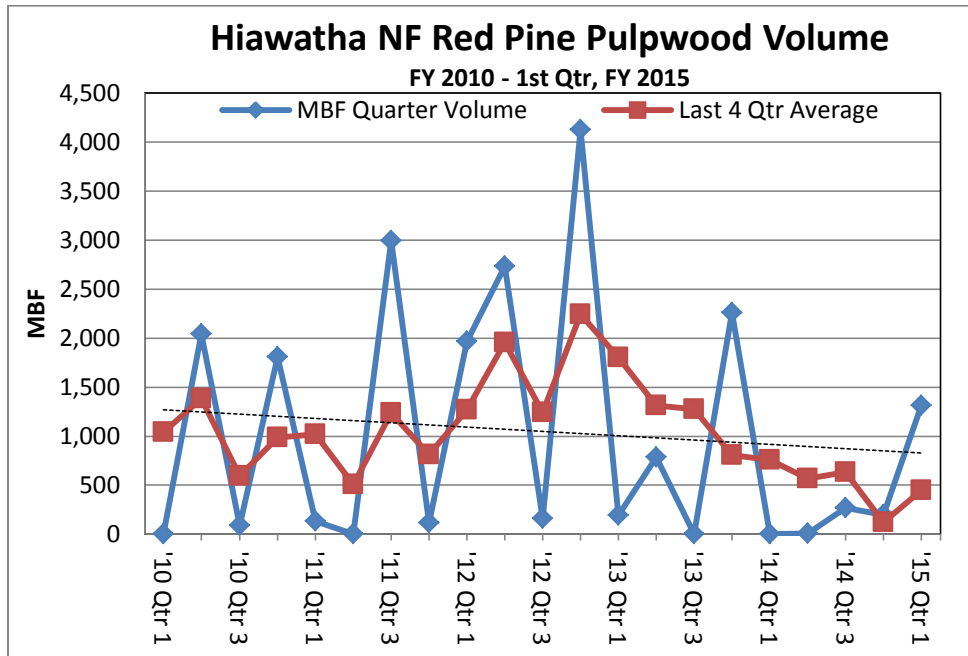
The Aspen pulpwood price dropped back to \$31 per mbf in the 1st quarter. It had doubled in the 3rd quarter of FY 2014, from under \$20 to almost \$40 per mbf, and rose again in the 4th quarter to \$53 per mbf. The 2nd quarter's \$20 price was at a five-year record low and less than half of its average for the period. There is a slight downward trend to prices over the past five-year period. If sale volumes continue on their downward trend, it will not be surprising to see prices rise and a reversal in the downward price trend.



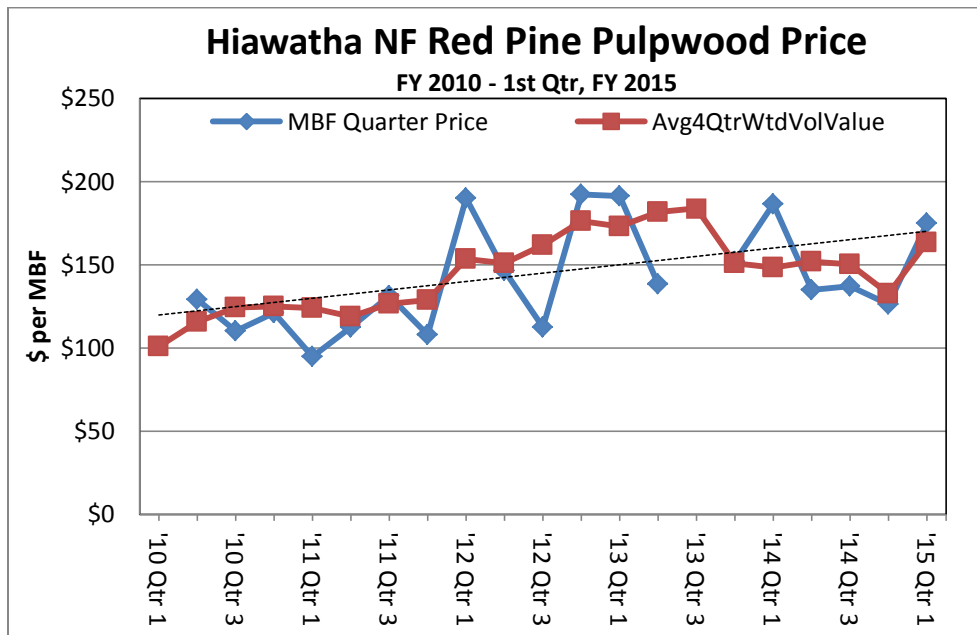
Jack pine pulpwood sales rose from 340 to 402mbf in the 4th quarter of FY 2014 and then declined slightly to 379mbf in the 1st quarter of 2015. There were no jack pine pulpwood sales in the first two quarters of FY 2014. Sales have been on a steep downward trend over the past five years and, like aspen pulpwood, there were no sales in the 1st and 3rd quarters of fiscal year 2013. Besides the recent three no sale quarters, there were two quarters without sales in FY 2010 and three quarters without sales in FY 2011. If the pattern of the last five years continues, sales in some upcoming quarter might exceed 1,000mbf. However, there is a better likelihood that there will be quarters without any sale volume given the downward volume five-year trend and the number of quarters with no sale volume.



The 1st quarter jack pine pulpwood price remained virtually the same at \$126 per mbf. Beyond increases in the recent three quarters, no longer-term price trend for jack pine pulpwood prices can be discerned, given that there have been about as many quarters without sales of jack pine as there have been quarters with sales over the past five years. The jack pine pulpwood price was about \$105 per mbf in the 4th quarter of FY 2013. This was down from a high of over \$160 in the 2nd quarter of FY 2012, but well above the \$80 price in the 1st quarter of 2011.



Red pine pulpwood sale volume increased to 1.3mmbf in the 1st quarter of FY 2015. They had dropped in the 4th quarter of FY 2014, from just over 270mbf down to 197mbf. Like jack pine, there were no sales of Hiawatha red pine pulpwood in the first two quarters of FY 2014. The red pine pulpwood sale volume for the four FY 2014 quarters is by far the lowest annual volume sum for the past five years. The sum for all four quarters of FY 2014 year amounts to less than half of what the average is per quarter for the past five years. In the most recent five-year period, there had not been four quarters in a row without one of the quarters exceeding 1.8mmbf – until FY 2014. Similar to red pine sawtimber, red pine pulpwood sale volume is very erratic from quarter to quarter. There is no volume trend to speak of other than that it is erratic with frequent no volume quarters, which leaves little basis to project future volumes.



The 1st quarter red pine pulpwood price increased from \$126 to \$175per mbf; however, it should be noted that the lower 4th quarter price was based upon a low sale volume. The 4th quarter of FY 2013 had an average price of \$152 per mbf on significant (2.3mmbf) sale volume. Prices have been on an upward trend over the past five years; however, with very little sale volume in the most recent four quarters, the trend is not on as solid of footing and it had been moderating until the most recent quarter.