

MI Public Timber Markets, Fiscal Year 2008 through 3rd Quarter, FY 2013

State forest data – Sale volume rose sharply in the April to June quarter, in large part on the strength of UP pulpwood sales. UP aspen pulpwood sales increased nearly 12,000 cords over the previous quarter. Sales of jack pine and red pine pulpwood also increased significantly in both peninsulas. Total sale volumes for the entire State Forest for the past four quarters are now 30% above their average level for the past five years. The overall average stumpage sale price slightly rose in the most recent quarter. The overall average price has been on a relatively modest, steady rise over the past five years. Aspen prices dipped in both the LP and UP last quarter. Aspen volume sold dropped in the NLP, but the drop was more than made up for by the increase in the UP. The higher UP volumes - overall and especially for aspen - are the reverse of a trend whereby the UP has been accounting for a smaller share of total State Forest timber production. A widening gap between peninsulas has also been seen with jack pine pulpwood prices; however, last quarter was an exception for the trend with the UP price falling slightly while the NLP price slightly increased. Upper peninsula softwood pulpwood prices slightly increased in the most recent quarter while oak pulpwood prices in the NLP continued to fall to levels last seen four to five years ago. Other hardwood pulpwood pricing remained virtually unchanged for the seventh quarter in a row. With lower sale volumes in both peninsula's, red pine sawtimber prices increased this past quarter and may be heading towards their 5-year record level of two quarters ago. UP sugar maple sawtimber sale volumes increased by 57% and prices went up in the UP by \$110 per mbf (to over \$830 per mbf). Sugar maple sawtimber sale volumes dropped by 45% in the NLP while the price also dropped by \$90 (to just under \$435 per mbf), thereby widening the price gap between the two peninsulas. How much UP third quarter sale volumes are just an anomaly will be seen in future quarters.

Federal forest data – For the April to June, 2013 quarter, pulpwood and sawtimber quarterly sale volumes were down steeply from the last quarter for the Hiawatha National Forest while just the reverse was true for the Huron-Manistee - both total sawtimber and pulpwood sale volumes rose. The H-M volume increases were largely due to jack and red pine sale volumes. At the same time, the Hiawatha did not have any sale volumes in these pine types during the quarter. The Ottawa had a modest decline for sawtimber volume and an increase in pulpwood volume. Overall sawtimber prices dropped while pulpwood prices were up on the Huron-Manistee and the Ottawa. Sawtimber and pulpwood prices held steady on the Hiawatha.

Across all three Michigan National Forests, the 4th quarter of the fiscal year (July through September) often has the highest sale volumes for many of the major timber species and products. Higher sales in the 4th quarter of this fiscal year will result in some 6-year highs for sale volumes on the Huron-Manistee and the Ottawa, while helping the Hiawatha to avoid a relatively low sale volume year.

Overall, markets for forest products are expected to continue to improve and competition for these products will likely increase, pushing up prices further. Logging capacity may be an issue as there will very likely be demands for this capacity to expand.