



Forisk News: Q2 2018

Timber Price Forecast

Recently, we posted analysis related to forecasting North American timber prices and forest industry activities:

- [Forisk Forecast: U.S. Housing Starts Outlook, Q2 2018 Update](#)
- [Tracking the Top Timberland Owners and Managers, 2018](#)
- [Timber REIT Returns and More Timberlands Change Hands](#)
- [Southern Timber Supplies: Investment Implications](#)

The Q2 2018 *Forisk Research Quarterly (FRQ)* includes industry analysis and market forecasts through 2027 for timber prices, logging costs, lumber production, structural panels production, paper and paperboard, forest supplies, and wood bioenergy markets. Our feature article summarizes results from Forisk's fourth biennial Southern Silviculture Survey. Our market summary, "Forisk and the Trees" compares sawtimber price trends by region and the divergence between the Northwest and the South. "Forisk Facts & Figures", Forisk's quarterly "story in three slides," offers a snapshot of our research into North America's largest timberland owners and managers. *This issue also includes updated state-level rankings of timber markets based on wood demand, forest supplies, and stumpage prices.* Select FRQ findings include:

- **Macro:** Real GDP grew at a 2.3% annual rate in Q1. Quarterly unemployment remained at 4.1%. Forisk's Score of 3.3 for the U.S. economy reflects continued topline growth though at a slower pace since last quarter.
- **Lumber:** The Forisk Base Case projects U.S. softwood lumber consumption to increase 4.3% to 50.2 BBFT in 2018, while production increases 7.8% to 36.8 BBFT.
- **Wood Bioenergy:** Forisk is tracking 437 operating and announced bioenergy projects across the U.S., of which 289 pass Forisk's basic viability screening. The "viable" projects represent potential wood use of 77.4 million tons per year, down 0.4 million tons from the January 2018 estimate.
 - To download the free *Wood Bioenergy US* Summary, [click here](#).
 - For information on the *Wood Bioenergy US* database, [click here](#).
- **Log & Chip Exports:** U.S. softwood log exports declined in 2017, while U.S hardwood log exports rose 1.7%. China remains the largest importer of U.S. logs and is increasing its market share in both products. Hardwood and softwood chip exports increased in 2017.



11 May 2018



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- **Timberland Investments:** Public timber REITs returned 6.6% YTD through the final Friday of April. Rayonier led the sector over the past twelve months. Rayonier, CatchMark Timber and PotlatchDeltic outpaced the S&P 500 over the past year and past quarter. From Q2 2017 through Q1 2018, approximately 2.1 million acres of industrial timberland transactions closed in the U.S.
 - For information on Forisk's *North American Timberland Owner & Manager* database, [click here](#).
- **Forest Operations:** U.S. logging employment again declined year-over-year in every region tracked by Forisk. Wage growth also paused across much of the country, with growth seen only in the Inland West, Mid-Atlantic and South Central regions. An examination of truck operating costs highlights the sensitivity to major cost centers, like diesel and labor, and the substantial cost savings from hauling additional payload.
- **Timber Markets, U.S. South:** Nearly 1.1 BBFT of new sawmill capacity was announced or captured since last quarter's report. Alabama, Georgia, and Arkansas have the largest increases in projected lumber production. A growth-to-drain analysis reveals that East Texas, Texarkana, southern Georgia and northern Florida have tighter markets.

To learn more about the Forisk Research Quarterly (FRQ), [click here](#) or contact Brooks Mendell at bmendell@forisk.com, 770.725.8447.

Richard P. Vlosky, Ph.D.

Director, Louisiana Forest Products Development Center

Crosby Land & Resources Endowed Professor of Forest Sector Business Development

Room 227, School of Renewable Natural Resources

Louisiana State University, Baton Rouge, LA 70803

Phone (office): (225) 578-4527; Fax: (225) 578-4251; Mobile Phone: (225) 223-1931

Web Site: www.LFPDC.lsu.edu



President, Forest Products Society; President, WoodEMA i.a.

