

TimberMart-South

Quarterly Market Bulletin ~ 1st Quarter 2024

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Executive Director: Jonathan Smith
 Senior Research Editor: Jacek Siry, Ph.D.
 Research Editor: Harrison Hood, Ph.D.
 Senior News Editor: Sara Baldwin
 News Editor: Ashley Brooks
 Staff Editor: Matt Gaw
 Administrative Coordinator: Cathy Law
 Research Assistants: Mason Adams, Robert Mooman, & Jackson O'Steen

For general inquiries and subscription rates:

- Phone: (706) 247-7660
- Fax: (706) 389-9196
- Email: tmart@timbermart-south.com
- Web address: www.TimberMart-South.com
- Mailing address: TimberMart-South
 1860 Barnett Shoals Rd, PMB 103-598
 Athens, GA 30605

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Prices & Market Conditions

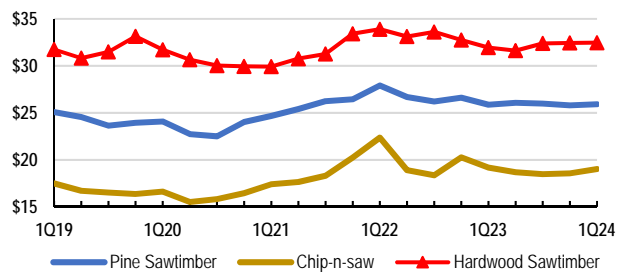
Timber prices generally increased in the 1st Quarter, as seasonally wet conditions led to supply constraints in many regions throughout the South. Wood products and pulp markets both improved this quarter, with Southern pine lumber prices increasing 6-8% and pulp prices increasing 12-23%. Also, Southern OSB prices increased 37% in the 1st Quarter.

South-wide Stumpage Markets

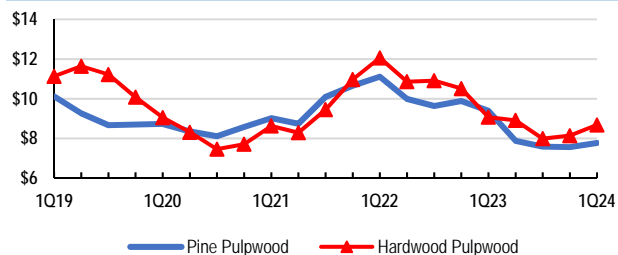
South-wide average stumpage prices increased for all five major timber products in the 1st Quarter. However, despite this increase, sawtimber prices have generally held flat the last two years. Specifically, South-wide average pine sawtimber prices have remained within \pm \$0.55 of its \$26.14 per ton average since 2nd Quarter 2022. On the other hand, the increase in prices this quarter for pine and hardwood pulpwood halted the downward slide both products have been on the last two years. Specifically, since the 1st Quarter of 2022, South-wide average prices are down 30% for pine pulpwood and 28% for hardwood pulpwood.

Δ 4Q23	Δ 1Q23	South-wide Stumpage, 1 st Quarter 2024	Price
▲	▲	Pine Sawtimber: Up \$0.13 Q/Q and up \$0.05 Y/Y	\$25.92/ton
▲	▼	Pine Chip-n-saw: Up \$0.46 Q/Q but down \$0.14 Y/Y	\$19.03/ton
▲	▼	Pine Pulpwood: Up \$0.21 Q/Q but down \$1.62 Y/Y	\$7.77/ton
▲	▲	Hardwood Sawtimber: Up \$0.03 Q/Q and up \$0.52 Y/Y	\$32.47/ton
▲	▼	Hardwood Pulpwood: Up \$0.54 Q/Q but down \$0.39 Y/Y	\$8.68/ton

South-wide Sawtimber Stumpage Prices (\$/Ton)



South-wide Pulpwood Stumpage Prices (\$/Ton)





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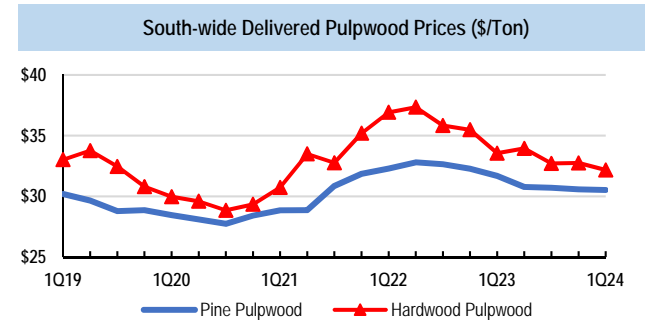
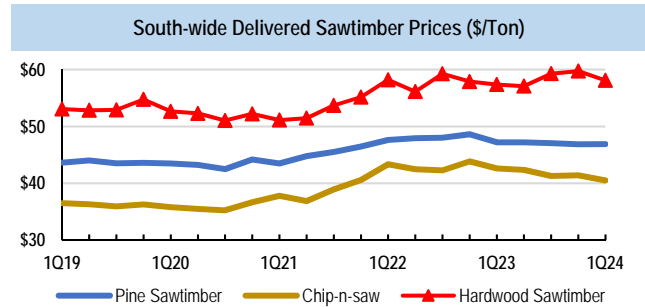
South-wide Delivered Prices

South-wide delivered prices decreased for four of the five major timber products in the 1st Quarter. Only the South-wide delivered pine sawtimber price was up this quarter.

South-wide delivered pine sawtimber price increased marginally this quarter and – while lower than the average of approximately \$47.50 per ton since 1st Quarter 2022 – is up nearly 10% from the approximately \$43 per ton averaged from 2011-2020. However, South-wide average pine chip-n-saw price has declined six of the last eight quarters and is down \$2.85 per ton (-7%) since 1st Quarter 2022. Also, South-wide delivered hardwood sawtimber price declined this quarter but is up 11% from the 2014-2021 average of \$52.40 per ton.

The South-wide delivered pine pulpwood price decreased for the 7th consecutive quarter and is down nearly \$2.30 (-7%) since setting its record high of \$32.80 per ton in the 2nd Quarter of 2022. The South-wide delivered hardwood pulpwood price has decreased five of the last eight quarters and is down nearly \$5.20 (-14%) since setting a record high of \$37.34 per ton in 2nd Quarter 2022.

Δ 4Q23	Δ 1Q23	South-wide Delivered, 1 st Quarter 2024	
▲	▼	Pine Sawtimber: Up \$0.05 Q/Q but down \$0.30 Y/Y	\$46.90/ton
▼	▼	Pine Chip-n-saw: Down \$0.89 Q/Q and down \$2.11 Y/Y	\$40.51/ton
▼	▼	Pine Pulpwood: Down \$0.05 Q/Q and down \$1.15 Y/Y	\$30.53/ton
▼	▲	Hardwood Sawtimber: Down \$1.64 Q/Q but up \$0.73 Y/Y	\$58.09/ton
▼	▼	Hardwood Pulpwood: Down \$0.58 Q/Q and down \$1.38 Y/Y	\$32.17/ton





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News of Note

There were multiple stories of note this quarter, some of which have been highlighted below. Full details and additional information regarding these stories and others are available in the 1st Quarter 2024 *Market News Quarterly*.

Softwood Sawmills:

- ❖ Doman Lumber acquired Southeast Forest Product's lumber treating plants in Birmingham AL and Richmond IN.
- ❖ Interfor made several announcements:
 - The company announced a reduction of their planned capital expenditures for 2024.
 - Interfor experienced a fire in its kiln building at its Meldrim GA sawmill in February.
- ❖ West Fraser made several announcements:
 - The company shut down operations at its Huttig AR and Maxville FL sawmills in January.
 - West Fraser announced the expected startup of its rebuilt Henderson TX sawmill has been pushed back to the first half of 2025.
- ❖ Weyerhaeuser experienced a fire at their Plymouth NC sawmill in January.

Pulp & Paper:

- ❖ Clearwater Paper to acquire Graphic Packaging's paperboard facility in Augusta GA.
- ❖ Domtar indefinitely curtailed paper operations at its mill in Ashdown AR.
- ❖ Georgia-Pacific completed upgrades at its Alabama River pulp mill in Monroe County AL.
- ❖ Hood Container Corporation acquired Sumter Packaging Corporation's corrugated packaging operations in Sumter SC as well as its packaging facility in Statesville NC.
- ❖ Packaging Corporation of America entered the final phase of the containerboard conversion process for one its paper machines at its Jackson AL mill.

OSB, Engineered Wood, & Panels:

- ❖ Boise Cascade announced plans to expand three of its facilities: Thorsby AL, Chapman AL, and Oakdale LA.



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Hugh Lentile Director 901-309-3310 hlentile@metlife.com	Andrew Carey Timberland 901-309-3337 andrew.carey@metlife.com	Brandon Hatchett Forest Products 901-309-3339 walter.b.hatchett@metlife.com
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Van Poindexter

Van.Poindexter@pgim.com
662-207-6630

Jason Denton

Jason.Denton@pgim.com
706-286-5667

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Biofuel & Bioenergy:

- ❖ Enviva Biomass filed for Chapter 11 Bankruptcy in March. Subsequently, the company announced it had paused development of its proposed facility in Bond MS.

Timberland:

- ❖ Aurora Sustainable Lands (formerly Bluesource Sustainable Forests) acquired 27,760 acres in Tennessee and West Virginia from The Conservation Fund.
- ❖ Eastwood Forests acquired 20,580 acres in Virginia and West Virginia from Timberland Investment Resources.
- ❖ Munich Ergo Asset Management (MEAG) acquired 109,000 acres in Texas and Louisiana from an undisclosed seller.
- ❖ Forest Investment Associates agreed to acquire 34,000 acres in Alabama and Arkansas from PotlatchDeltic.
- ❖ PotlatchDeltic acquired 16,000 acres in Arkansas from an undisclosed private seller.



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Market Indicators

Market conditions improved for most wood products manufacturers and pulp producers in the 1st Quarter of 2024.

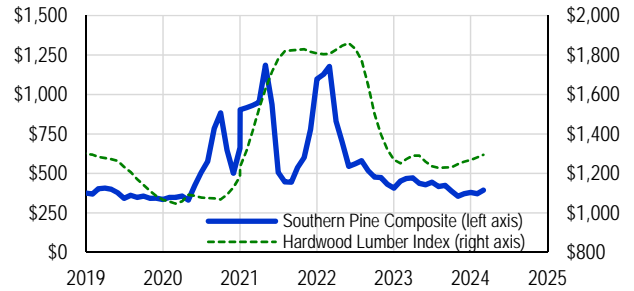
Lumber Indicators: Softwood lumber prices were up in the 1st Quarter. The March Random Lengths Southern Pine Composite¹ at \$394 per thousand board feet (mbf) was up \$22 Q/Q (+6%) but down \$74 Y/Y (-16%).

The March Hardwood Review US Kiln Dried Hardwood Lumber Index at \$1,294 per mbf was up \$35 Q/Q (+3%) and \$22 Y/Y (+2%).

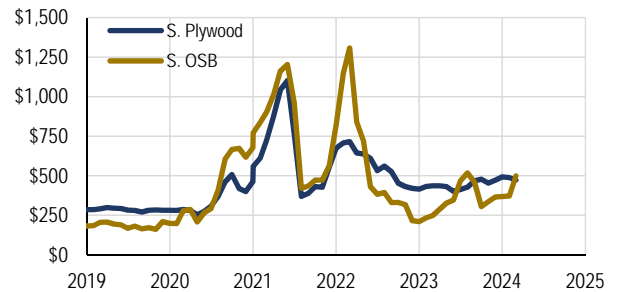
Panel Indicators: Prices were nearly unchanged for Southern Plywood but up for Southern OSB this quarter. The March Random Lengths Southern Pine Plywood price for 3/8-inch exterior sheathing at \$473 per thousand square feet (msf) was up \$1 Q/Q and \$37 Y/Y (+8%).

The March Random Lengths Southern OSB price at \$499 per msf was up \$134 Q/Q (+37%) and \$251 Y/Y (+101%).

Random Lengths Southern Pine Composite & Hardwood Review US Kiln Dried Hardwood Lumber Index Monthly Average Price (\$/mbf)



Random Lengths Southern Pine Plywood & Southern OSB Monthly Average Price (\$/msf)



¹ The Southern Pine Composite averages 35 southern framing lumber prices.

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Market Indicators (cont.)

Pulp & Paper Indicators: The American Forest and Paper Association (AF&PA) reported US paper and paperboard production at a combined 67.5 million tons in 2023, the latest available, which was down 4.5 million tons (-6%) compared to 2022 levels.

The March Northern Bleached Softwood Kraft (NBSK) pulp index price at \$1,385 per ton was up \$152 Q/Q (+12%) and \$9 Y/Y (+1%).

The March Bleached Hardwood Kraft Pulp (BHKP) price at \$1,205 per ton was up \$222 Q/Q (+23%) but down \$80 Y/Y (-6%).

US Building Construction: US residential building construction, a principal driver of the wood products industry, was down slightly in 2023 from 2022 levels. However, housing starts YTD-February, the latest available, were up compared to the same period a year ago.

According to the US Census, US housing starts totaled 205,500 units YTD-February, which was up 2% from 200,900 units for the same period in 2023.

The US Census reported remodeling and improvement expenditures at \$42.7 billion YTD-February, the latest available, which was down \$2.3 billion (-5%) from the same period in 2023.

Fuel & Energy Indicators: Diesel and crude oil prices were up in the 1st Quarter; natural gas prices were down. The March 2024 monthly average Gulf Coast #2 Diesel price at \$3.72 per gallon was up \$0.08 Q/Q (+2%) but down \$0.24 Y/Y (-6%).

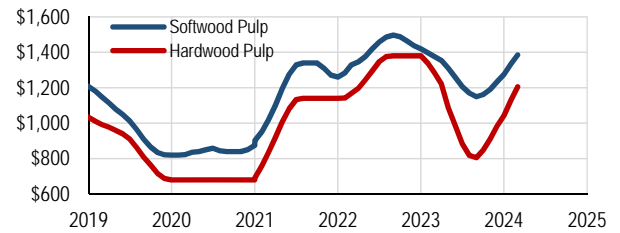
The March West Texas Intermediate (WTI) crude spot price at \$81 per barrel was up \$9 Q/Q (+13%) and \$8 Y/Y (+10%).

The March Henry Hub Natural Gas spot price at \$1.52 per million BTU was down \$1.04 Q/Q (-41%) and \$0.79 Y/Y (-34%).

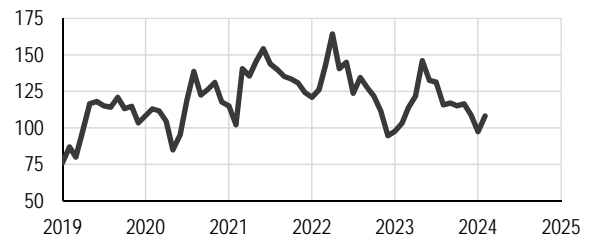
Log & Lumber Exports: The USDA Foreign Agricultural Service (FAS) reported total exports for the four major forest products at 5.6 million cubic meters (m³) in 2023, which was down 17% from 2022 levels. Exports to China, the dominant US trade partner, were down 11% from the previous year.

Compared to 2022 levels, southern yellow pine (SYP) log exports were down 36% while SYP lumber exports were up 9%. Hardwood log and lumber exports were both down 18% from 2022 levels.

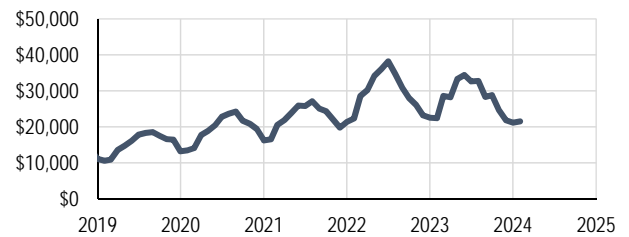
Pulp Index Price
Monthly Average Price (\$/ton)



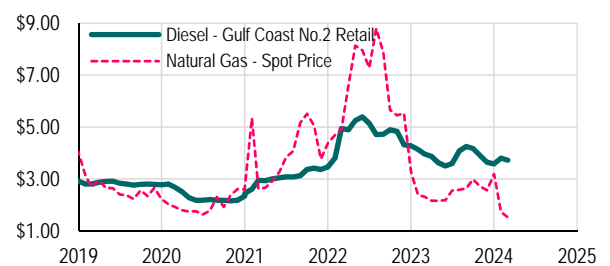
US Census Bureau – US Housing Starts
(Monthly Total – 000 Units)



US Census Bureau – Improvement Expenditures
(Monthly Total – Million USD)



Gulf Coast No. 2 Diesel Retail Price (\$/gallon) & Henry Hub Natural Gas Spot Price Monthly Average (\$/mmBTU)



US Log & Lumber Exports (2023)
Volume in Thousand Cubic Meters

Product	World 2023	World 2022	China 2023
SYP Softwood logs	439	690	11
SYP Softwood lumber	743	679	65
US Hardwood logs	1,665	2,028	841
US Hardwood lumber	2,718	3,334	975
Total	5,564	6,731	1,892

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Market Indicators (cont.)

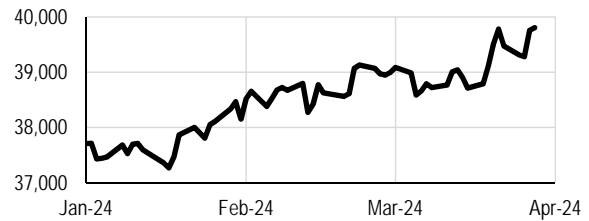
Financial Indicators: Financial markets improved in the 1st Quarter of 2024. Specifically, the Dow Jones Industrial Average (DJIA) was up 5.6% for the quarter and closed out March at 39,807, the quarterly high. The quarterly low was 37,267 on January 17th. Year-over-year, the DJIA was up 19.6%.

The S&P 500 ended March at 5,254 (+10% Q/Q; +28% Y/Y).

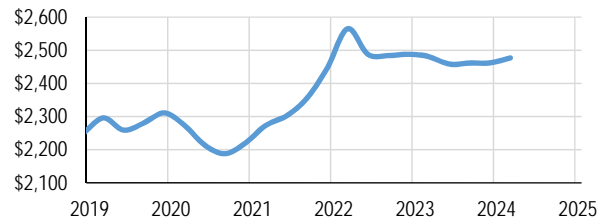
The NASDAQ ended March at 16,379 (+9% Q/Q; +34% Y/Y).

Southern Timberland Index: The Southern Timberland Index (STI) was developed to provide an indication of how the value of an average acre in the South has changed over time. In the 1st Quarter of 2024, the base case STI averaged \$2,477 per acre, which was up 0.6% Q/Q but down marginally Y/Y.

Dow Jones Industrial Average
1st Quarter 2024



Southern Timberland Index
Base Case (\$/acre)



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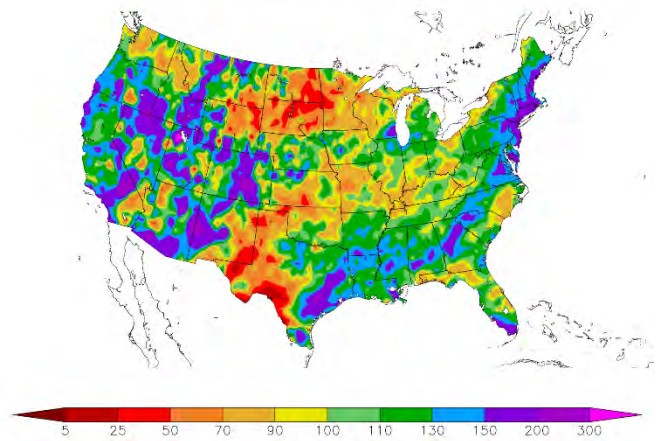
Weather, Etc.

General Weather: While rainfall varied widely across the South this quarter, all regions received at least average precipitation and a swath from East Texas to western Virginia averaged well above normal. Temperatures were generally above normal for the season. Wildfires hit a record high in the Texas Panhandle, included in the statistics but not a forested region.

Drought: Most remaining regions of drought in the South, notably in Texas, Louisiana, and Mississippi, returned to more normal conditions after this quarter's heavier precipitation.

Fire: Wildfire burned 1.66 million acres nationwide in the 1st Quarter of 2024, with roughly 1.29 million acres (78%) burned in the South. Acres burned in the South and in the US were the highest for the period since 2017, well above the 10-year average.

Percent of Normal Precipitation (%)
1/1/2024 - 3/31/2024



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