December 1976

Timber Mart-South

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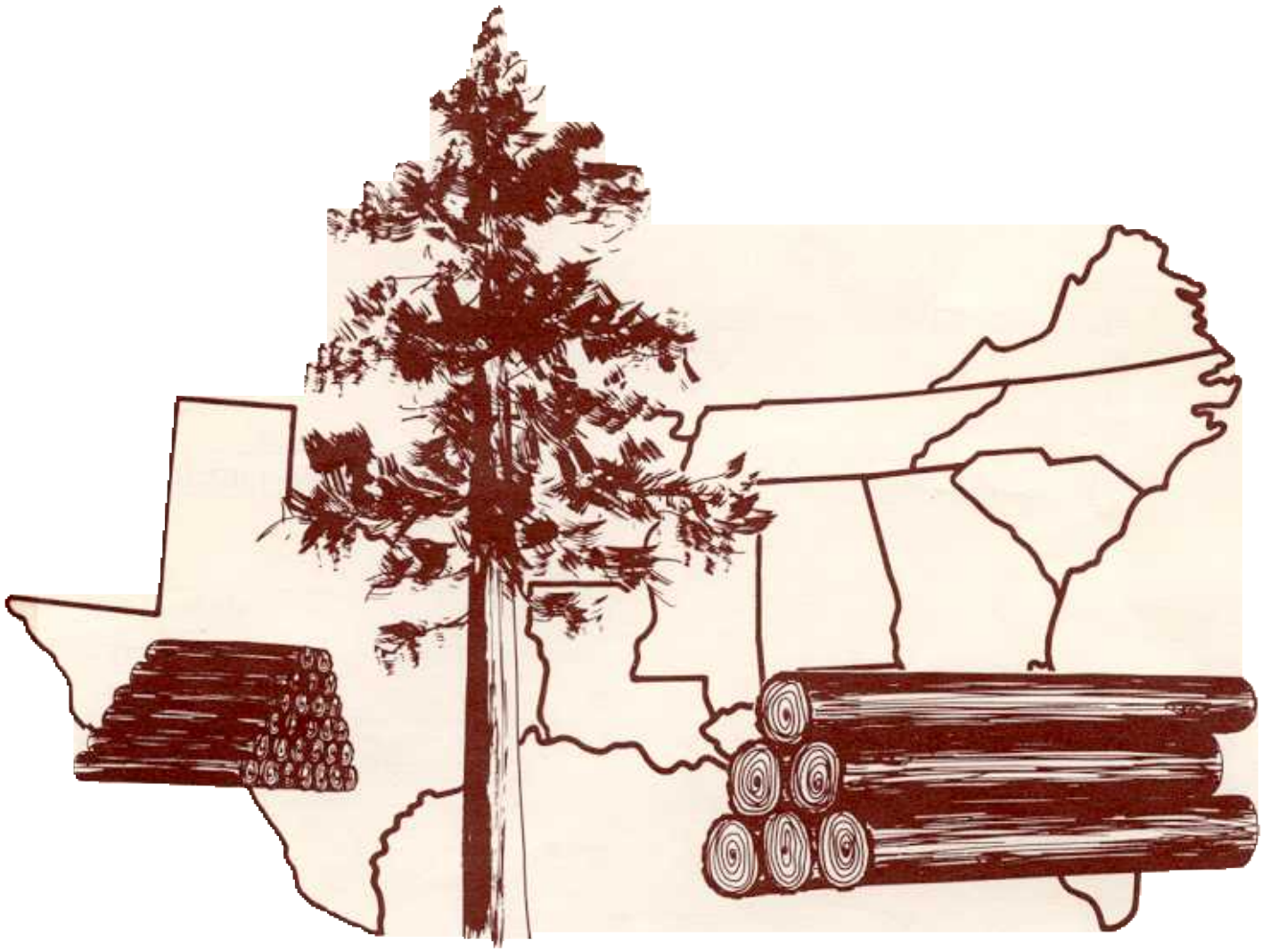

A Brief, Easy-to-Read, Monthly Report of the Market for raw Forest Products of the Southeast

SUMMARY

STUMPAGE PRICE SUMMARY–AVG
SAW TIMBER

State	R/L Logs Per MBF						Saw/chip Per MBF			Peelers Per MBF	Poles Per MBF	Cross ties Per tie
	S.Y. Pine	Wh. Pine	Poplar	Oak	Mix. Hwd.	Rare Hwd.	Pine	Soft Hwd.	Pulp Hwd.	Pine	Pine	Mix. Hwd.
Ala.	83	-	63	52	50	117	-	-	-	118	117	-
Ark.	84	-	-	45	40	-	-	-	-	85	175	-
Fla.	78	-	41	40	39	150	-	-	-	100	122	-
Ga.	79	75	36	34	33	159	-	-	-	102	128	-
La.	110	-	-	42	30	130	-	-	-	98	185	-
Miss.	96	-	65	52	52	150	-	-	-	102	132	-
N.C.	86	83	47	37	40	164	-	-	-	132	170	-
S.C.	85	80	57	54	53	128	-	-	-	101	118	-
Tenn.	47	70	45	66	48	300	-	-	-	-	-	-
Tex.	78	-	-	62	67	-	-	-	-	78	130	-
Va.	48	75	41	38	37	265	-	-	-	120	150	-
Avg. of SE Sta.	79.45	76.60	49.38	47.45	44.45	173.67	-	-	-	103.60	142.70	-

F.O.B. MILL PRICE SUMMARY–AVG

Ala.	123	-	120	112	110	210	107	78	78	140	170	6.03
Ark.	135	-	-	75	75	-	123	-	-	133	215	3.63
Fla.	126	-	105	110	80	225	118	86	86	148	170	6.70
Ga.	115	100	89	87	85	280	115	74	74	151	175	5.83
La.	151	-	-	82	78	-	125	118	118	122	210	3.70
Miss.	128	-	107	85	85	269	118	-	-	138	212	4.00
N.C.	119	138	110	91	90	250	139	-	-	143	189	6.49
S.C.	125	105	93	96	99	224	102	83	83	143	160	6.29
Tenn.	88	135	100	125	118	425	78	75	75	-	-	6.47
Tex.	120	-	-	75	80	-	115	-	-	120	210	3.70
Va.	97	150	79	100	85	380	88	65	65	145	180	4.92
Avg. of SE Sta.	120.66	125.60	100.38	94.36	89.55	282.88	111.64	82.71	82.71	138.30	189.10	5.25

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Date: December, 1976

PULP WOOD

Veneer Per MBF			Round Wood Per Std. Cord			Chipping Logs Per MBF			Chips—Clean Per Ton		Chips—Dirty Per Ton	
Poplar	Mix. Hwd.	Rare Hwd.	Pine	Soft Hwd.	Pulp Hwd.	Pine	Soft Hwd.	Pulp Hwd.	Pine	Hwd.	Pine	Hwd.
92	73	600	8.17	2.83	2.83	-	-	-	-	-	-	-
-	-	225	6.25	2.50	2.30	-	-	-	-	-	-	-
66	54	-	16.15	3.53	3.33	-	-	-	-	-	-	-
82	51	75	10.57	3.25	2.92	-	-	-	-	-	-	-
-	65	-	6.75	3.17	2.42	-	-	-	-	-	-	-
135	55	200	7.50	3.93	3.63	-	-	-	-	-	-	-
90	81	162	6.00	2.92	2.71	-	-	-	-	-	-	-
83	58	100	10.67	3.66	3.42	-	-	-	-	-	-	-
75	106	310	6.32	1.25	1.42	-	-	-	-	-	-	-
-	-	-	7.50	3.00	2.00	-	-	-	-	-	-	-
66	100	408	6.04	3.75	3.08	-	-	-	-	-	-	-
86.13	71.44	260.00	8.36	3.07	2.73	-	-	-	-	-	-	-
	155	350	33.15	27.96	27.96	101	73	73	12.81	10.06	9.69	8.20
	-	292	30.25	26.66	26.66	-	-	-	14.00	13.00	-	-
111	91	-	33.56	26.47	26.47	100	81	81	13.95	13.03	12.00	9.20
155	122	300	32.26	25.75	25.75	92	80	80	14.02	11.66	11.00	9.40
-	135	-	30.34	25.08	25.08	80	70	70	13.85	12.00	9.00	7.75
173	143	323	31.87	28.27	28.27	85	72	72	13.35	11.18	9.25	9.00
168	147	478	32.02	23.78	23.78	85	79	79	12.25	9.95	9.80	8.16
146	128	350	31.77	25.35	25.35	88	80	80	13.88	11.42	10.92	9.58
209	276	650	30.02	24.40	24.40	77	70	70	12.42	8.46	-	-
-	-	-	27.00	24.50	24.50	-	-	-	13.91	12.50	-	-
170	195	600	31.26	22.57	22.57	76	64	64	14.17	9.83	10.08	8.66
161.38	154.67	417.88	31.23	25.53	25.53	87.11	74.33	74.33	13.51	11.19	10.22	8.74

COMMODITY RENDS

PWOOD

Pulpwood production and receipts, after hitting a low point during the first 9 months of 1975, improved in the fourth quarter and continued upward during the first quarter of 1976 approaching the high level of 1974.

Consumption of pulpwood at the mills shows some improvement for the 1976 period; January-March 1976 pulp mill consumption of pulpwood, at 18.9 million cords, exceeding receipts by 240,000 cords. This was a 2.2 million cord or 13.2% improvement over figures of a year earlier.

The greatest improvement (29%) in pulpwood consumption was realized in the South Atlantic region—a 1.5 million cord increase. A drop in consumption of close to 370,000 cords in the West appears to be related to mill strikes and, possibly, a somewhat slower degree of production recovery in the sulfite pulp papermaking and chemical converting grades.

Pulpwood flowed into the woodyards of the South Atlantic and South Central regions to actually increase the first quarter South Atlantic pulpwood inventory by about 133,000 cords. In both regions, inventories were close to 500,000 cords over long-term levels in spite of improved consumption requirements. Part of this inventory level is required as a reserve to support requirements evolving from the greater growth in woodpulp production capacity and actual production in those regions.

Chip exports are reported by the Census Bureau on a monthly basis. The primary market has been Japan, although shipments to Northern Europe have recently originated on the East Coast at Morehead City, North Carolina. Also, there is the possibility of additional export facilities at Mobile, Alabama; Savannah, Georgia; Lake Charles, Louisiana; and Searsport and Portland, Maine.

Chip exports to Japan, responding to the slowed Japanese economy, declined during 1976; the year ended about 700,000 tons behind the record 1974 export volume of close to 4 million tons. Trade sources report that Japanese mills negotiated with U.S. suppliers to reduce the commitment on volume and price until the Japanese economy recovered and wood fiber requirements increased. Reportedly, shipment reduction of close to 25% were requested and prices were renegotiated from $50 bone dry (bd) unit to close to $50 per bd unit. Reports indicate that a major chip supplier, with possibly more than 50% of the contracted chip exports to Japan, agreed to a temporary $52 price. while other shippers' prices fell to $53 per bd unit.

Chip exports during January-March 1976, at 940,000 tons, have rebounded close to the average quarterly exports of 1974 (975,000 tons), suggesting a distinct improvement in the total woodchip market. The time schedule for a return to full contract shipment and price schedules for woodchips to Japan is uncertain. The volumes and income involved, however, are critical components of the economically successful timber production and log processing into limber, plywood, and solid wood products, as well as reducing waste and contributing to better utilization of the trees cut to meet our needs for wood products.

RECENT DEVELOPMENTS

Brazilian oresty and Woodpulp Projec

he Brazilian overn owned firm, Companhia Vale do Rio (CVRD) has outlined an ambitious plan for expansion and diversification in forestry and paper pulp, and also in mining, metals, and fertilizers. During the next 10 years, CVRD will plant 307,000 hectares of forest in Minas Gerais State for future pulp and paper industries. To date, 153,000 hectares have been planted. Cenibra, a joint venture between CVRD and Japanese partners will inaugurate its first cellulose plant in October 1976 at a cost of $200 million; the daily production capacity will be about 750 tons. Also in partnership with the Japanese, CVRD has formed Flonibra, which will plant forests in Espirito Santo-Bahia border area, with the objective of producing three million tons of woodchips and 800,000 tons of cellulose annually; the investment will total about $870 million. CVRD's current performance and future plans are indeed impressive, and there seems little doubt that CVRD will continue to aggressively develop the aforementioned projects.

Source: American Embassy in Brasilia, Brazil.

2. Possible Effects of Proposed Canadian Shipping Code Bill

Canada's proposed shipping code, Bill C-61, is felt by some British Columbia officials to have the potential for increasing both sea and rail shipping costs for British Columbia's forest products and other exports to U.S. and Canadian eastern ports. Bill C-61, which would eliminate third flag carriers from operating from British Columbia to the east, would have the effect of forcing shippers to use U.S. or Canadian flag ships. Industry analysts say the U.S. or Canadian flag ships would double the shipping costs, compared to third flag carriers. As a result of the increased shipping costs, it is felt that British Columbia-eastern rail rates would indiscriminantly increase.

Another criticism of Bill C-61 is the effect on Vancouver's tourist trade, now using six foreign registered vessels on Alaskan cruises. If the bill is passed, only Canadian registered cruise vessels would be allow to operate between Vancouver and Alaska.

Source: American Embassy in Ottawa, Canada.

3. Alpine Lakes Wilderness Area Substitute Bill Proposed

A substitute bill for the proposed Alpine Lakes Wilderness Area will be presented to the House Interior Committee with full support by the Washington State congressional delegation. The substitute bill, if enacted, will increase by 10,000 acres the size of the wilderness area and maintain the size of the surrounding "management unit," as well as appropriate $37 million for acquisition of private land. However, the restrictions on activities, especially timber management, in the 527,000 acre management unit will be removed.

The original bill restricts current forestry management procedures on the management unit.

At the present time, there are proposals for 10 separate wilderness areas, comprising 26 million acres. There are 127 wilderness areas in the U.S. comprising 26 million acres, of which 12 million acres are owned by the U.S. Forest Service.

Source: Bureau of Domestic Commerce, U.S. Department of Commerce, "Pulp, Paper, and Board."