



Forisk News: July 7, 2014

Subject line: Forisk News: Timber Market Analysis – Hardwood Forecasts

Timber Market Analysis

Recently, we featured a series of posts related to the evaluation of timber markets for locating wood-using facilities, assessing wood procurement plans or making timberland investments:

- [Criteria for Analyzing Timber Supplies in Local Wood Baskets](#)
- [Unique Issues Affecting the Analysis of Hardwood Log Markets](#)
- [Localizing Delivered Price Forecasts for Wood and Timber Markets](#)
- [Dr. Seuss, Spatial Analysis, and Wood Procurement Realities](#)

*Early registration ends July 28th for “**Timber Market Analysis**” on August 11th in Atlanta, a one-day course for anyone who wants a step-by-step process to analyze the price, demand, and supply dynamics of timber markets and wood baskets. For more information, click [here](#).*

Hardwood Log Forecasts

Our team has been developing hardwood log forecasts for the U.S. Lake States and Northeast for Black Cherry; Hard Maple; Soft Maple; Red Oak; and White Ash. This research reinforces the distinct issues affecting hardwood markets. The role of “relative”, “available” and “accessible” supplies by specie and product by hardwood differ significantly from softwood products in the South and Northwest. In addition, the relative “flexibility” of hardwood-using mills to enable “batch” processing has implications for prices forecasts, where substitution remains a core and viable procurement strategy.

The hardwood lumber market is bifurcated, with the more standardized rail and pallet markets dominating from a volume standpoint and grade lumber capturing higher margins. Pallets and railway ties comprise approximately 55% of the U.S. hardwood market (*Hardwood Market Report*). When local markets are short low-grade logs, the manufacturers of pallets, rail ties and mats must buy higher grade logs or lumber. In the Northeast, Soft Maple, White Ash and Red Oak are at or near 10-year highs. In addition, Forisk subscribers have identified the roles of White Oak and Red Pine in these regions, and we are evaluating the potential for including these species in this research.

As of August 2014, hardwood log forecasts will be a standard part of the US Forisk Forecast subscription. To learn more, contact Brooks Mendell, bmendell@forisk.com, 770.725.8447.

Forisk Updates and Upcoming Presentations:

- 2014 Forisk Continuing Education Program Calendar:
 - **July 14 in Portland:** [Applied Forest Finance](#) (w/ WFCA)
 - **August 11 in Atlanta:** [Timber Market Analysis](#)
- **July 20, 2014:** “Forest Supplies and Timber Markets” at the [Georgia Forestry Association Annual Conference](#), Hilton Head, South Carolina
- **September 17, 2014:** “Timberland Investment Fee Structures at “[Who Will Own the Forest?](#)” in Portland, Oregon



Forisk provides research and educational services to executives and analysts making decisions related to timber REITs, timberlands, and wood-using energy and manufacturing facilities.