Forest Supplies and Timber Markets: A Post Recession Outlook

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Over time, harvesting alternates between exceeding and lagging net growth of “grade” as markets change.

Note: availability of US Forest Service data affected years depicted in figure;
Data: US Forest Service; analysis: Forisk
Reduced clear cutting during the recession has near-term price implications....
Georgia Pine Grade “Removal Years”

Historic: Inv/Removals = Historic target of 16 "removal years"

Current: Inv/Removals = Currently 27 "removal years"

Sources: U.S. Forest Service FIA, TPO, Forisk Consulting
Forest Supply Characterization

Pine Grade

- **Removal year metric:**
  - “Accessible” inventory divided by removals.

Pine Pulpwood

Sources: U.S. Forest Service FIA, TPO, Forisk Consulting
Growth-to-Drain Example: Georgia

Sources: U.S. Forest Service FIA, SRTS, Forisk Consulting
Reduced clear cutting also has supply (and price) implications in ~10+ years.

Sources: U.S. Forest Service FIA, SRTS, Forisk Consulting
While the South led US softwood lumber production since 2006, it slowed this year.

Source: WWPA through April 2014
# Softwood Sawmill Capacity: Georgia

<table>
<thead>
<tr>
<th>State</th>
<th>Demand, tons</th>
<th>Capacity, MMBF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Open</td>
<td>Open + Closed Operable</td>
</tr>
<tr>
<td>GA</td>
<td>12,192,720</td>
<td>13,545,240</td>
</tr>
<tr>
<td>South</td>
<td>84,222,100</td>
<td>92,696,450</td>
</tr>
<tr>
<td>GA %</td>
<td></td>
<td>15%</td>
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</tbody>
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Wood Bioenergy in Georgia

2013 US Pellet Exports

- GA: 37%
- VA: 25%
- FL: 18%
- AL: 14%
- TX: 4%
- LA: 2%

Source: US Census

Bioenergy Pine Pulpwood Use: Georgia

- 2013: 2,000,000 tons
- 2014: 2,000,000 tons
- 2015: 4,000,000 tons
- 2016: 6,000,000 tons

Source: Forisk Consulting; as of May 2014
Things to Watch

• Regional housing starts
  – All US regions report growth...except the South
• “Big 3” sources of US softwood lumber
  – Northwest and Canada have “run ahead” of South year-to-date
• Sawmill lumber inventories in the South
  – Producers have been patient; no signs of buildup
• Chip-n-saw prices in Georgia
  – Can signal pressure “from below”
About Forisk Consulting

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• Founded in 2004.

• Subscription products:
  – Forisk Forecast: South, West and North
  – Wood Bioenergy US
  – US Timberland Owner List

• Books:
  – Wood for Bioenergy (Forest History Society)
  – Forest Finance Simplified (Forisk Press)