



**Forisk News**, November 2, 2010

Archives available at: <http://www.forisk.com/News-v-38.html>

Subject line: Forisk News: Wood Demand – Timber REITs – Bioenergy

**Wood Demand:** Q3 pine roundwood purchases were mixed in the South. Pine grade volumes decreased 3.3%, while demand for pine pulpwood increased 1.9% (though prices did not). OSB mills, however, followed pine grade mills in reducing wood receipts, consuming 7% fewer tons in Q3 than in Q2. Hardwood grade volumes remained stable, while hardwood in-woods chip receipts fell 7.5%. Looking ahead, pine grade demand typically bottoms during Q4 due to maintenance and holidays, but recent rallies in lumber futures markets signal that sawmills will, at a minimum, maintain current production levels. For details by state and end use market, review the [Wood Demand Report](#).

**Timber REITs:** Q3 earnings results show Rayonier (RYN) – along with soon-to-be-REIT Weyerhaeuser (WY) – beat expectations, while Plum Creek (PCL) and Potlatch (PCH) missed expectations. [Click [here](#) for a detailed breakdown on Forisk’s Blog; select the category “Timber REITs”]. YTD as of November 1, the Forisk Timber REIT (FTR) Index returned 7.90% versus 6.21% for the S&P 500. Once WY completes its REIT conversion, the FTR Index will represent 6% of total public REIT capitalization.

**Wood Bioenergy:** As of October, 434 operating and announced wood bioenergy projects in the US represent 121.9 million tons of incremental wood demand by 2020. However, based on Forisk analysis, projects representing only 55% of this volume – 66.6 million tons – pass basic viability screening. For further details by state, region and project, review [Wood Bioenergy US](#).

### **Forisk Updates**

- The FTR Index for public timber REITs, available since 2008, has moved to final processing with the US Patent & Trademark Office. **To receive the free, weekly FTR Summary and FTR Index Excel spreadsheet**, email Neena Mishra, [nmishra@forisk.com](mailto:nmishra@forisk.com), and put “Forisk Timber REIT Index” in the subject line.
- The Forisk Continuing Education Program has partnered with the Western Forestry & Conservation Association to offer [Applied Forest Finance & Stumpage Forecasting](#) on December 14<sup>th</sup> in Portland, OR. For details and to register, click [here](#).
- Forisk announced its 2011 Continuing Education calendar:
  - Feb 16: [Timber & Wood Bioenergy Market Analysis](#), Atlanta, GA
  - May 11: [Applied Forest Finance](#), Atlanta, GA
  - Aug 23: [Investing in Public Timber REITs](#), Atlanta, GA

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