FORISK CONSULTING

2014 Forisk Forecast

Volume 5, Issue 1

Overview and Product Outline

The 2014 *Forisk Forecast* summarizes industry insights and market forecasts through 2023 for timber prices and wood demand in the United States. Published twice per year, the *Forecast* includes local, regional and national research that addresses economic factors, end product markets, technology shifts, policy actions and trends in imports and exports that affect wood demand and timber pricing in the South, Pacific Northwest, Lakes States and Northeast. The *Forisk Forecast* captures critical timber supply and wood demand issues for firms and investors conducting business in the U.S. or for organizations affected by the U.S. timber and forest product industries.

For the U.S. South, the *Forecast* includes state-specific analysis and projections of pine sawtimber, chip-n-saw and pulpwood for eleven states. For the Pacific Northwest, the *Forecast* includes analysis and projections of #2 delivered Douglas-fir and Hemlock logs for Coastal Oregon and Washington. Research on the North evaluates five species in the Lake States and Northeast: Black Cherry, Hard and Soft Maple, Red Oak and White Ash. All regions include three forecast scenarios to account for different macroeconomic and end market assumptions. **See Appendix 1 for maps depicting the *Forisk Forecast* coverage areas.**

Product Outline

1) Executive Summary
2) Forisk Forecast Scorecard
3) Feature Article: Exchange Rates and Capital Investments in Forestry
4) Forisk Forecast User Guide and Scenarios
5) Macroeconomic Assumptions and Housing Outlook
6) Forest Products Demand, Trade and Production
7) Forest Policy, Technology and Operations
8) Timberland Investment Vehicles and Ownership
9) Regional Analysis and Price Forecasts: South
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11) Preview of Hardwood Log Price Forecast: Lake States and Northeast

Methodology and List of Figures

Forisk's analysis focuses on local markets and mills that have the capacity and competitive position to capture market share for expected regional and national production of lumber, plywood, OSB, pulp-related products and bioenergy. Forisk evaluates – at the state and mill levels – utilization, maximum operable capacity and capital investments associated with increased wood-use in the future. Analysis of historic and current capacity by local market is translated into market-specific elasticities that support future expectations of timber prices.

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About Forisk and Prior Performance

Forisk delivers management consulting and educational services to executives and investors in the forestry, timberland and wood bioenergy industries. Forisk specializes in analyzing the supply and demand characteristics of local wood and timber markets and, from this analysis, developing forecasts and strategic guidance related to capital investment decisions, forest operations and the financial assessment of timberland investment vehicles. Founded in 2004, Forisk has been a three-time "Bulldog 100 Fastest Growing Business."

Forisk actively evaluates and shares the performance of previous *Forecasts*. The excerpt below comes from our March 17, 2014 blog post "*Forisk Forecast Scorecard: 2013 versus Actuals*."

How did Forisk's Forecast perform in 2013? U.S. housing starts trailed Forisk's Composite Housing Forecast by 33 thousand units (3.4%). The actual, associated consumption of softwood lumber for 2013 exceeded Forisk's expectation for 2013 by 0.37 billion board feet (0.9%). For pine stumpage prices in the U.S. South, the mid-year Forisk Forecast was within 0.4% regionally for sawtimber and within 2% for chip-n-saw. The Forecast exceeded pine pulpwood prices by 6.6%.

Forisk Forecast Scorecard: 2013 Projections versus Actuals

Variable	2013 Forecast*	Units	2013 Actuals	Variance
Housing starts	961	thousand	928	-3.4%
Soft lumber consumption	39.44	BBFT	39.81	0.9%
US South, pine sawtimber	$25.04	$/ton	$25.14	0.4%
US South, chip-n-saw	$16.10	$/ton	$16.35	1.6%
US South, pine pulpwood	$10.50	$/ton	$9.81	-6.6%
Oregon, D-fir	$599.23	$/MBF	$647.00	8.0%
Oregon, Hemlock	$493.88	$/MBF	$535.00	8.3%
Washington, D-fir	$596.28	$/MBF	$644.00	8.0%
Washington, Hemlock	$492.57	$/MBF	$512.00	3.9%

*Mid-Year Forisk Forecast (August)

Contact Us

To learn more about the *Forisk Forecast*, please visit our website (www.forisk.com) or contact:

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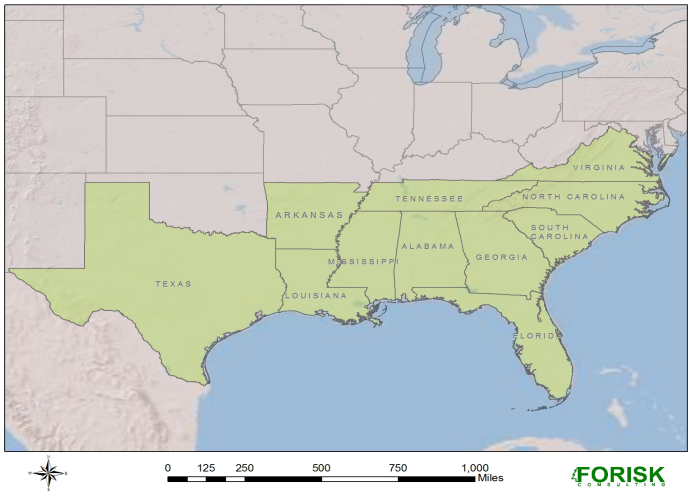
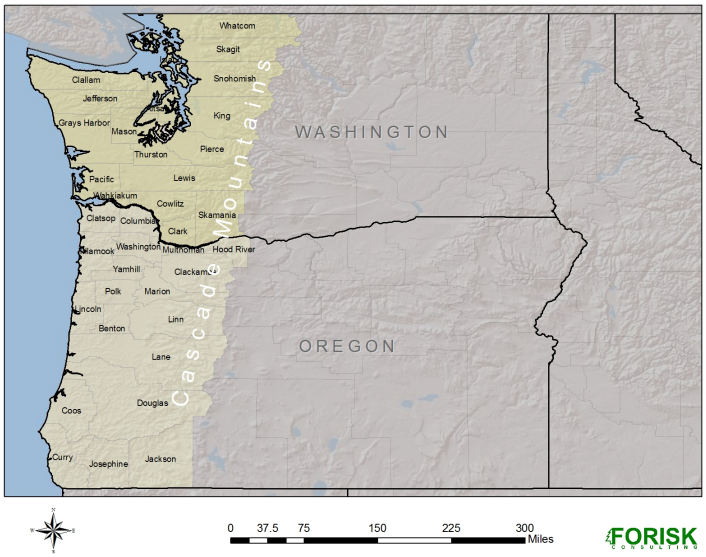
Appendix 1. Forisk Forecast Coverage by Region



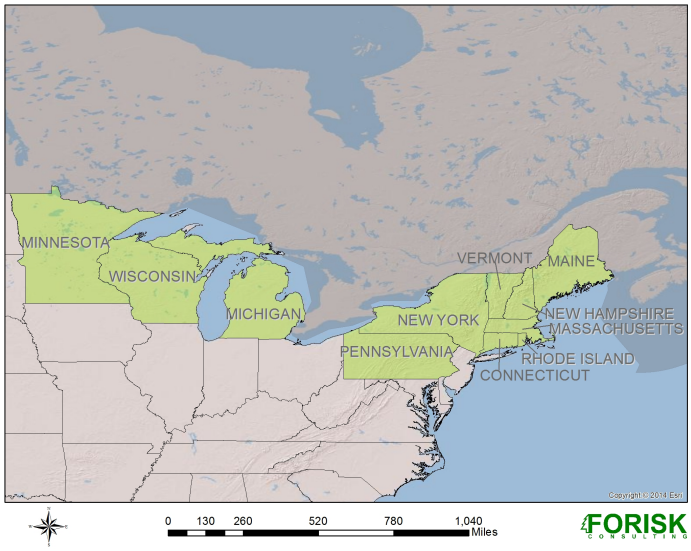
US South

(11 states)



Pacific Northwest

(2 coastal markets)



North

(Lake States & Northeast)