



Stumpage Price 4cast ArkLaTex Forecast Region

January 2010 - December 2011 Volume 6, Issue 1

A P U B L I C A T I O N O F F O R E S T 2 M A R K E T ®

4cast Executive Summary

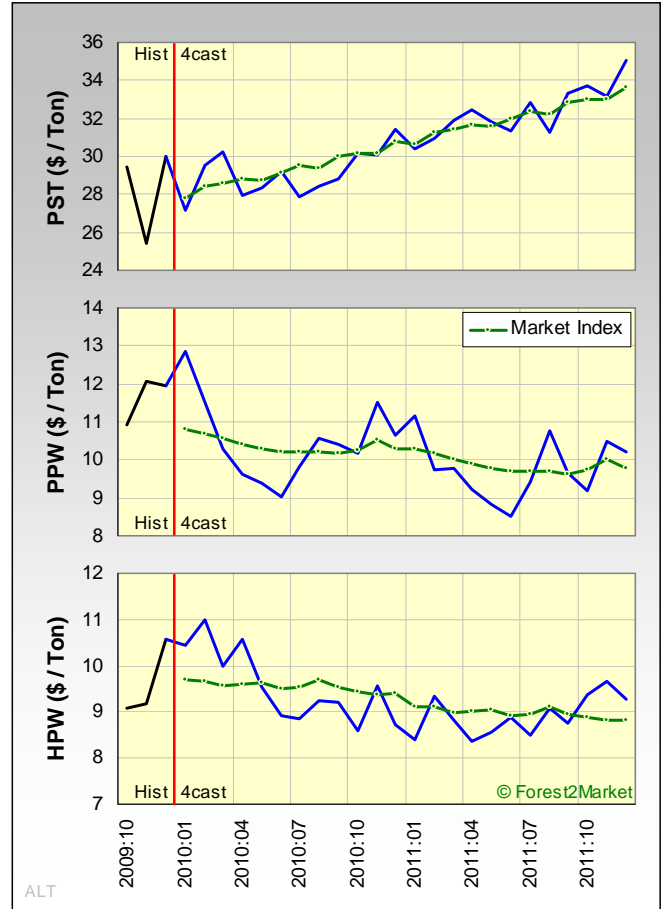
We expect composite log prices to maintain the trading pattern of the past nine months, although trading volatility will gradually subside – pushing mostly sideways from January through July 2010. Beyond July, composite prices will trend higher for the balance of the forecast, averaging nearly \$34 per ton in 4Q2011, 21 percent higher than 4Q2009 levels. Benchmark prices will advance beyond July 2010 as well, retrench briefly during 1H2011, and then press higher again to finish more than \$5 per ton higher than 4Q2009 prices. Following a close encounter with \$13 per ton in January, pine pulpwood prices will thereafter follow seasonally dominated influences while remaining range bound between \$8.50 and \$11.50 per ton. After rising to \$11 per ton in February 2010, hardwood pulpwood prices will cut a ragged arc that bottoms at \$8.37 in April 2011 before swinging back up to \$9.68 the following November. ■



4Cast Market Region - ALT
Arkansas - Louisiana - Texas

ALT		----- Pine Sawtimber -----					
		Composite Market*	Benchmark Prices		Pulpwood		
		DBH Price	10-inch	14-inch	Pine	Hdwd	
		(Inches)	----- (\$ / Green Ton) -----				
Actual	2009:10	15.3	29.41	16.77	27.96	10.93	9.08
	2009:11	13.7	25.38	14.00	25.19	12.05	9.16
	2009:12	15.3	29.98	16.28	27.47	11.94	10.56
Estimated	2010:01	14.1	27.14	14.83	26.03	12.85	10.45
	2010:02	14.5	29.51	16.97	28.16	11.50	11.00
	2010:03	14.2	30.24	18.51	29.70	10.27	9.99
Projected	2010:04	14.6	27.93	16.37	27.56	9.62	10.58
	2010:05	15.2	28.33	16.29	27.48	9.37	9.52
	2010:06	15.4	29.17	16.64	27.83	9.04	8.90
	2010:07	14.6	27.86	15.21	26.40	9.81	8.87
	2010:08	14.3	28.41	15.56	26.75	10.57	9.26
	2010:09	14.0	28.78	16.13	27.32	10.40	9.20
	2010:10	14.5	30.16	17.41	28.60	10.16	8.58
	2010:11	14.2	30.09	18.20	29.39	11.50	9.56
	2010:12	14.5	31.45	20.07	31.26	10.63	8.72
	2011:01	13.7	30.37	18.06	29.25	11.17	8.38
	2011:02	14.6	30.97	19.78	30.97	9.74	9.33
	2011:03	15.3	31.92	19.74	30.94	9.77	8.82
	2011:04	15.9	32.45	21.66	32.85	9.23	8.37
	2011:05	16.0	31.80	21.01	32.20	8.85	8.57
	2011:06	15.6	31.31	18.88	30.07	8.50	8.89
2011:07	15.1	32.82	19.97	31.17	9.40	8.50	
2011:08	14.7	31.26	18.13	29.32	10.77	9.07	
2011:09	15.1	33.30	20.08	31.28	9.66	8.75	
2011:10	15.1	33.67	20.54	31.73	9.18	9.38	
2011:11	15.2	33.13	20.09	31.28	10.48	9.68	
2011:12	15.6	35.08	22.23	33.43	10.21	9.29	

* Composite of chip-n-saw, sawtimber and ply logs
Sources: Actual data from Forest2Market databases
Projections developed by Delphi Advisors



The stumpage price forecasts are developed exclusively for Forest2Market by Delphi Advisors™ LLC (www.delphiadvisors.com). While data are deemed to be from reliable sources, and the quantitative methods utilized conform to industry standards, any projections are subject to risk and uncertainty and are not guaranteed.

A quarterly publication of Forest2Market®, 14045 Ballantyne Corporate Place, Suite 150, Charlotte, NC 28277

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Macroeconomic Summary and 4cast

The estimate of 3Q2009 U.S. GDP growth was reduced a final time – from the initial +3.5 percent to +2.2 percent. Most metrics show manufacturing activity is experiencing a muted recovery from 2009 lows, although specific details for forest products manufacturers are mixed. Exports of both wood and paper products are trending higher, and should continue doing so unless the greenback appreciates more than we presently expect. December job losses show employment remains grim; another two years could pass before the number of available jobs returns to December 2007’s level. Persistently high unemployment and rising inflation are substantial risks to the economy – particularly housing starts, which have held below the 600,000-unit mark (SAAR) since December 2008. Oil prices are expected to track higher during the next 24 months as the world economy recovers and investors seek higher returns. Tepid employment, higher inflation and/or interest rates, and a more burdensome tax and regulatory environment make a second recession almost inevitable. ■

Table M1. Macroeconomic 4cast summary

Category	Actual or	----- Projected Averages -----		
	Estimated 2009:12	2010:01 - 2010:03	2010:04 - 2010:06	2010:07 - 2010:09
Real GDP (% Chng)	2.11	1.97	2.09	1.50
Housing Starts (mill.)	0.528	0.523	0.563	0.722
Indust Prod (% Chng)	0.92	0.48	0.84	-0.17
Prime Rate (%)	3.25	3.25	3.25	3.75
Oil Price (\$ / bbl)	74.30	81.42	88.87	82.58
Canadian\$ / US\$	1.05	1.04	1.05	1.05
Euro / US\$	0.69	0.69	0.70	0.71
Yen / US\$	90.0	90.9	91.3	92.1
PPI, Intermediate Materials (% Chng)	-0.24	0.49	0.14	0.55

Note: For monthly details see Table 1 in the *Economic Outlook* report

Sources: Actuals from Federal Reserve Bank of St Louis database, US Bureau of Labor Statistics, Federal Reserve Report G-17, US Census Bureau, Financial Forecast Center, and US Bureau of Economic Analysis.
Projections developed by Delphi Advisors

Weather 4cast

Figure W1 shows the previous six months’ rainfall in this market region, and our forecast – which is based upon the Climate Prediction Center’s* (CPC) “middle of the road” prediction and normal precipitation patterns). Our 24-month weather forecast (Table W1) attempts to strike a balance between remaining faithful to the CPC’s outlook and introducing a greater degree of monthly volatility – without straying too far from historical norms.

* <http://www.cpc.ncep.noaa.gov/>

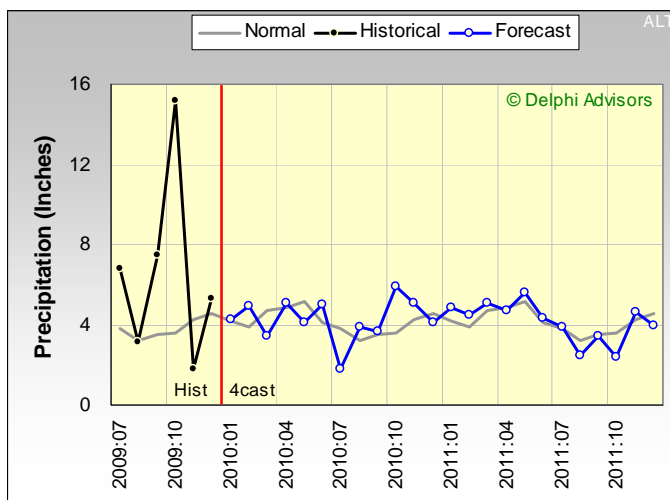


Figure W1. Historical rainfall pattern, and 4cast compared to historical norms

By adopting this approach, we give some indication of the likely effect of weather on prices, while not overwhelming the price forecast with weather-related impacts. ■

Table W1. Monthly precipitation 4cast, with deviations from normal

ALT		Normal	Actual or Projected	Deviation from Normal
		----- (Inches) -----		
Actual	2009:10	3.57	15.18	11.60
	2009:11	4.28	1.81	-2.47
Estimated	2009:12	4.54	5.31	0.77
	2010:01	4.21	4.27	0.05
Projected	2010:02	3.89	4.94	1.05
	2010:03	4.70	3.44	-1.26
	2010:04	4.86	5.06	0.20
	2010:05	5.15	4.09	-1.05
	2010:06	4.08	5.03	0.95
	2010:07	3.80	1.81	-2.00
	2010:08	3.23	3.90	0.67
	2010:09	3.48	3.63	0.15
	2010:10	3.57	5.94	2.37
	2010:11	4.28	5.07	0.79
	2010:12	4.54	4.11	-0.43
	2011:01	4.21	4.88	0.66
2011:02	3.89	4.50	0.61	
2011:03	4.70	5.06	0.36	
2011:04	4.86	4.72	-0.14	
2011:05	5.15	5.61	0.47	
2011:06	4.08	4.37	0.30	
2011:07	3.80	3.89	0.08	
2011:08	3.23	2.49	-0.74	
2011:09	3.48	3.41	-0.07	
2011:10	3.57	2.37	-1.20	
2011:11	4.28	4.67	0.39	
2011:12	4.54	4.00	-0.54	
Forecast Average				0.07

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Pine Sawtimber Price 4cast

We expect composite log prices to maintain the trading pattern of the past nine months, although trading volatility will gradually subside – pushing mostly sideways from January through July 2010. Beyond July, composite prices will trend higher for the balance of the forecast, averaging nearly \$34 per ton in 4Q2011, 21 percent higher than 4Q2009 levels. Benchmark prices will advance beyond July 2010 as well, retrench briefly during 1H2011, and then press higher again to finish more than \$5 per ton higher than 4Q2009 prices.

When the price forecast is compared with the 4Cast Market Index (top graph in figure on p. 1) monthly windows can be delineated to highlight relative advantages between buyers and sellers. The first nine months of 2010 essentially comprise an extended buying window that is periodically interspersed with selling and neutral windows. (Table S1). For all of 2010, buying windows dominate selling windows 6:3, with three months classified as neutral. In 2011, the market turns around as selling months take the lead, outnumbering buying months 7:4. However, windows for buying or selling never extend beyond three months in 2011.

Average monthly price and log size (represented by tree DBH) show a positive correlation in this market, although the relationship is not as pronounced as in other markets across the U.S. South. Over the last 24 months that relationship strengthened and we expect it to maintain that strength over the next 24 months (Figure S2).

We expect both composite and benchmark prices will retrench in January 2010 after composite prices nearly broke \$30 in December and 14-inch benchmark prices nearly broke \$27.50; January’s composite prices will fall back by about \$3 per ton from December’s level and

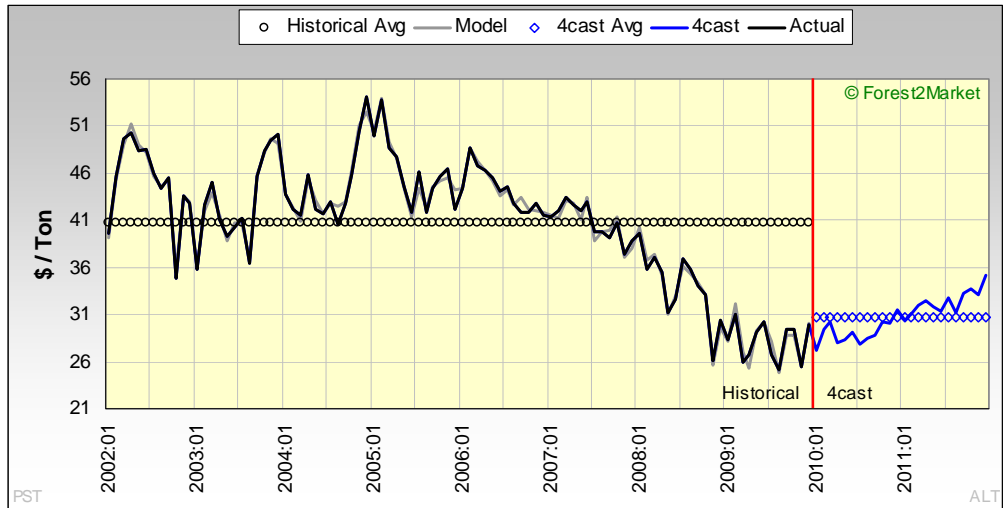


Figure S1. Pine sawtimber composite market stumpage price 4cast.

benchmark prices by about \$1.50 (Table, p. 1; Figure S4, next page). January’s decline is opposed by only one of the four effects we track: the seasonal and momentum effect (Figure S3, next page).¹

Several lagged industry sector factors apply the greatest downward pressure on January’s price, reflecting the general slowdown in industrial sector activity that occurred during 4Q2009. Smaller log size is the chief local market factor applying downward pressure on January’s price. Log size will decline in response to above normal rainfall that has occurred throughout the fall (Table W1, p. 2). As a result ground conditions are saturated, affecting forest access and re-directing logging operations towards stands with better access, which typically have smaller-sized timber.

¹ For additional details on our modeling framework and approach see “Peering into the Black Box” at <http://www.delphiadvisors.com/perspectives/peering-blackbox.pdf>

Table S1. Pine sawtimber Market 4Cast-at-a-Glance.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2010											
Window	B	S	S+	B	B	N	B+	B	B	N	N	S
Year	2011											
Window	B	B	S	S	S	B	S	B	S	S	N	S
ALT	"B+" = Strong Buyers' Window, "B" = Buyers' Window Neutral Window											
PST	"S+" = Strong Sellers' Window, "S" = Sellers' Window											

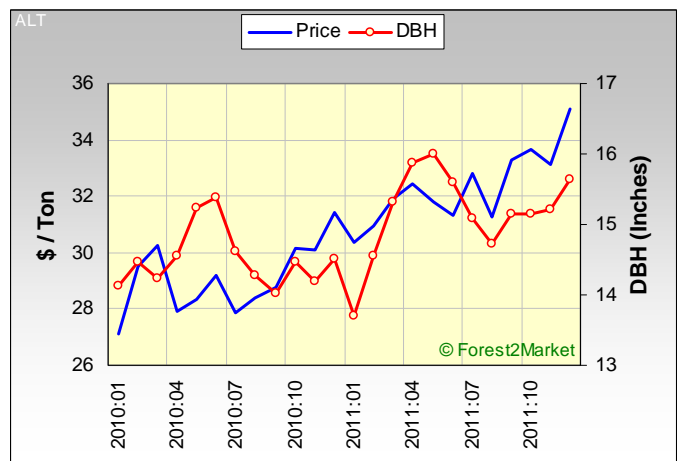


Figure S2. Relationship between pine sawtimber DBH and composite market stumpage price 4casts.

The lagged effects of a momentary strengthening of the U.S. dollar against the loonie and what has proven to be a temporary drop in the price of crude oil² (both general economy factors) round out the influences responsible for January’s price retrenchment.

The fact that both log size and benchmark price are falling deserves some comment. Normally when wet weather conditions prompt log size to fall, which in turn drags composite prices lower, benchmark prices will remain stable or increase.³ This is because wet weather conditions reduce access, causing supply to decline and applying upward pressure on prices. The interplay of opposing market forces on composite prices (e.g., smaller log size lowers prices but reduced supply raises them) often net to falling composite prices in wet weather conditions. Since benchmark prices are adjusted for log size, they reflect only one of these market signals; generally, then, benchmark prices increase during wet conditions because of constricted supply. In January, however, tepid finished product demand will force mills to opt for downtime rather than dealing with “sloppy” logging conditions. This will reduce log demand and drop prices further than would be indicated by the reduction in log size alone. Benchmark prices will also retreat in January.

² Our Perspective “Slippery Stuff” describes the various ways stumpage markets are affected by crude oil prices. It is available at <http://www.delphiadvisors.com/perspectives/slippery-stuff.pdf>.

³ For more information describing rainfall and logging conditions’ effects on southern U.S. stumpage markets see <http://www.delphiadvisors.com/perspectives/2-of-3.pdf>.

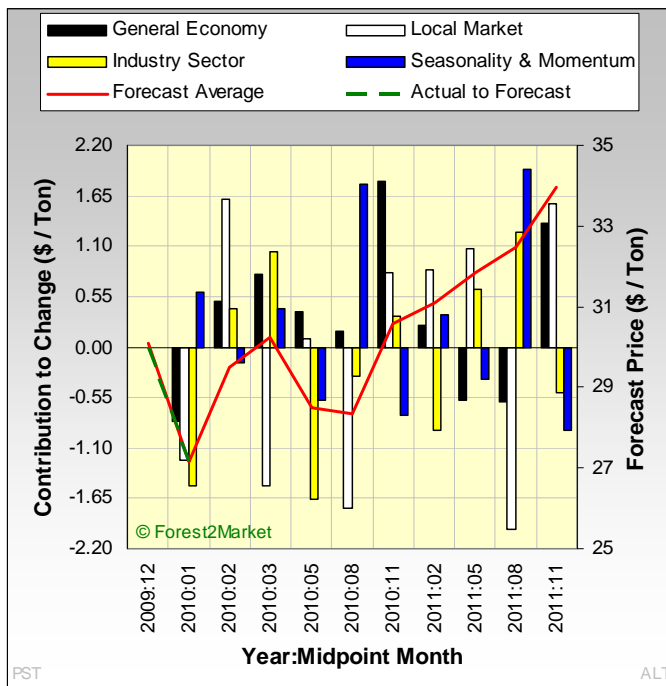


Figure S3. Period-to-period changes in pine sawtimber composite market price 4cast.

In February, the combination of January’s nearer-to-normal rainfall (which marginally improves logging conditions) and inventory rebuilding following holiday curtailments (which stimulates industrial sector activity) will lift both log size and price. Sector activity increases in March but February’s above normal rainfall will prompt log size to decline once again. But unlike in January, demand will be sufficient to essentially maintain composite prices despite the fall in log size and cause the 14-inch benchmark price to climb to nearly \$30 per ton.

Solid wood improvement will catch its breath in April and May. As a result stumpage prices from April through July will surrender most of the increases they had gained since January, dropping to just below \$28 per ton by July 2010 on a composite price basis. The 14-inch benchmark price will return nearly to January’s \$26.03 per ton.

In August 2010, composite prices will embark on an increasing trend that lasts through the balance of the forecast. The climb will be kick-started by a strong seasonal effect. Over Fall 2010, the general economy effect will provide support to push composite price higher. The strongest factor responsible for the price rise will be the lagged effect of changing crude oil prices. The local market effect will supplement the general economy effect during the fall and eventually become the main driver that provides continuing support for composite prices through mid-year 2011.

Initially the major factor within the local market effect supporting higher composite prices will be reduced log supply due to above normal rainfall. Even though this above normal rainfall will result in log sizes 0.7 of an inch less than the average log size from July to November for this market, improving housing starts throughout

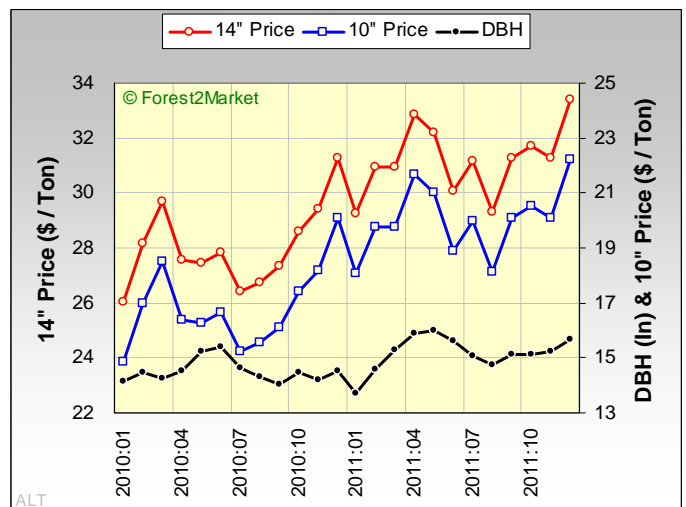


Figure S4. Relationship between pine sawtimber DBH and benchmark price 4casts.

2010 will prompt log demand to climb. Housing starts will apply upward pressure on both composite and benchmark prices despite the log size being smaller than normal. Beyond Fall 2010, the main factor within the local market effect influencing climbing or steady composite prices will be increasing log size.

The pace of housing start improvement will begin to waffle as the U.S. economy stumbles toward another recession beginning in 2Q2011. While 14-inch benchmark prices will push to near \$33 by April 2011, there will be insufficient strength to sustain further recovery in stumpage markets. As a result, 14-inch benchmark prices will ratchet lower beginning in May 2011, dropping back below \$30 by August 2011.

Despite benchmark prices pulling back through mid-year 2011, composite prices will essentially push sideways due to a larger average log size during this period. From April to August 2011, log size will be 0.35 inches larger than the average log size over this period for this market. The transition from a smaller than average size log over Fall 2010 to a larger than average size log throughout mid-year 2011 will be reflected in the com-

posite price. The larger log size from April to August will be the result of two reinforcing impacts. First, the slowdown in the housing recovery will cause timber owners to concentrate their sale offerings on larger-sized material to maximize revenue per ton. Second, the lack of residual chips will apply increased pressure on longwood for pulpwood. This will divert smaller sawtimber to pulp mills, increasing the average log size of logs that are used by solid wood mills.

Housing will regroup over the latter half of 2011 and both benchmark and composite prices will return to their steady upward march in response. However, the modest pace of the housing recovery and weak U.S. economy will keep the stumpage market restrained. The weakening U.S. dollar will provide domestic manufacturers with a competitive advantage over imports, however, and open the door for some growth in export demand. Composite log prices at the end of the forecast will average nearly \$34 per ton in 4Q2011, up about 21 percent from 4Q2009 levels. Benchmark prices will also register gains, with 4Q2011 prices finishing over \$5 per ton above 4Q2009 levels. ■

Pine Pulpwood Price 4cast

Pine pulpwood prices in this forecast region jumped by over \$3 per ton between October and November, but then flattened out in December (Figure P1; table on p. 1). October's rainfall deluge (more than four times the normal amount; see the Weather section on p. 2) was the main driver behind the price rise. Interactions among GDP, housing starts and exchange rates appear to have been among other factors exerting influence.

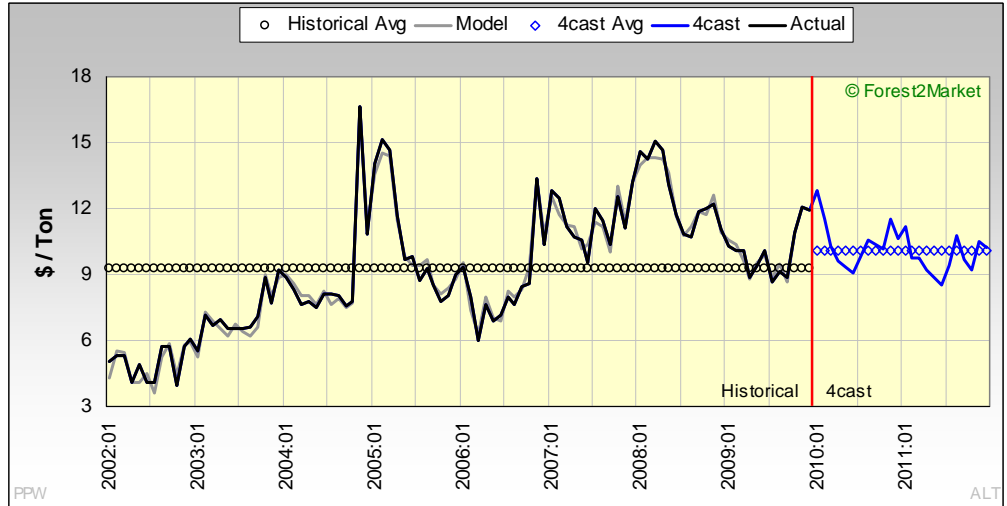


Figure P1. Pine pulpwood stumpage price 4cast.

After a close encounter with \$13 per ton in January, prices will thereafter largely follow dominant seasonal influences while remaining range bound between \$8.50 and \$11.50 per ton. Within these trading boundaries, prices will exhibit a downward trend of approximately \$0.05 per ton per month.

Superimposing the market index line against the forecast (middle graph in the figure on p. 1) shows that protracted buying windows will be punctuated by one- to three-month-long selling windows (Table P1). Strong buying and selling windows are balanced at two each.

September and October's excessive rainfall, and the "sloppy" logging conditions that ensued, roiled the markets by complicating the usual inventory building activities of mills in this region. The remnants of those local market factors (shown in Figure P2), and a shortage of residual chips (industry sector effect) resulting from year-end 2009 curtailments in the solid wood sector will be sufficient to lift longwood prices by nearly \$1 per ton (to \$12.85) in January 2010. Note that the solid wood curtailments are due to a combination of wet logging conditions and a difficult market environment (see saw-timber section for more details).

Weather-induced supply restrictions will dissipate with the return to more normal rainfall patterns, shifting the

local market effect into reverse and driving stumpage prices lower in February. Seasonal patterns will exert a similar amount of downward price pressure. Pine pulpwood prices have declined during six of the nine years during in which F2M has been collecting data in this market. Our models expect the same scenario to play out this time around.

Prices will continue lower through June 2010, thanks in part to an increase in residual chip supplies stemming from a proportionally larger 1H2010 pickup in regional solid wood output than pulp sector activity. On a nationwide basis, we expect solid wood industrial production to rise about 21 percent between December 2009 and

Table P1. Pine pulpwood Market 4Cast-at-a-Glance.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2010											
Window	S+	S	B	B	B	B+	B	S	S	N	S	S
Year	2011											
Window	S	B	B	B	B	B+	B	S+	N	B	S	S
ALT	"B+" = Strong Buyers' Window, "B" = Buyers' Window Neutral Window											
PPW	"S+" = Strong Sellers' Window, "S" = Sellers' Window											

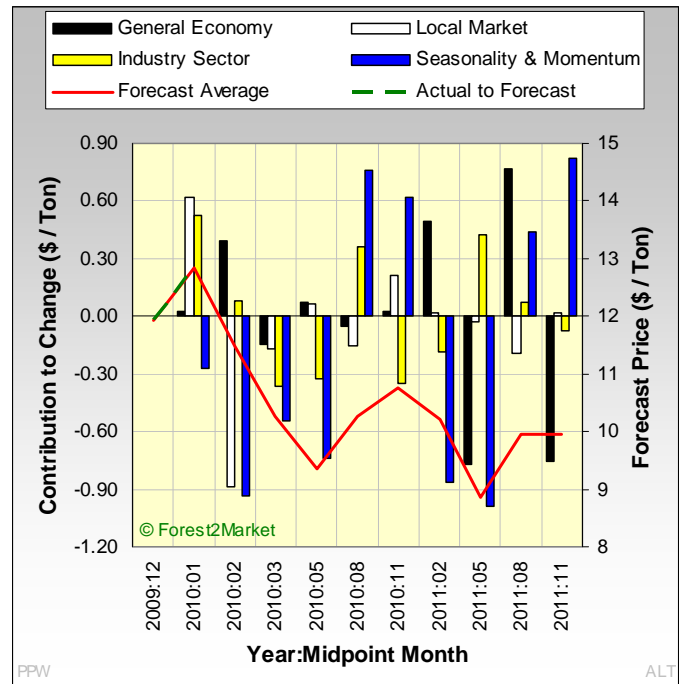


Figure P2. Period-to-period changes in pine pulpwood stumpage price 4cast.

June 2010 versus 6 percent for the pulp sector. We believe an equivalent disparity will be seen at the regional level as well.

Prices are expected to remain consistent with past patterns. The historical data show a strong tendency for prices to decline through June. The combination of local market and seasonal effects will drop longwood prices back to \$9.04 in June 2010.

The first rally occurs between July 2010 and January 2011 (peaking at \$11.50 in November), as residual chip supplies gradually dwindle with the usual latter half-year downturn in solid wood output. Historical patterns again play a large part in the forecast, as *quarterly average* prices have typically risen in both the third and fourth quarters of past years. The rally is a bit ragged, however. Seasonal expectations will stymie the rise in September. The final uptick in solid wood production for 2010 will dampen demand for longwood in October. Year-end reductions in pulp sector activity will pull prices lower in December.

The rally will fizzle after January 2011, with prices dropping sharply in February under the combined weight of industry sector (i.e., declining housing starts) and seasonal factors. Although the retreat will continue through June, the tempo will slow after February. The

price pullback in 2Q2011 will be “helped along” by virtually all of the factors included in the general economy effect – but especially:

- The interactions among GDP (contracting again after 1Q2011), housing starts (falling during much of 1H2011) and the greenback’s value (appreciating or flat against the loonie during 1H2011); and
- Rising oil prices between January and April 2011. All of these factors point to tepid demand for pulp sector’s finished goods and/or pine pulpwood.

The second rally of the forecast will occur in July and August 2011 as housing starts pick up and oil prices tip over in 2Q2011. The housing improvement will boost construction-related demand for paper, and gradually declining oil prices will do the same for pulpwood by enabling marginal production to remain active.

That rally will be short-lived, however, as prices succumb in September to the lagged impacts of rising interest rates, and the previously mentioned seasonal “September effect.” In October, the culprit will be a 3Q bump up in oil prices.

November’s price will get a boost to \$10.48, supported by all but the general economy effect, then fade back to \$10.21 per ton as pulp sector demand tapers off at year’s end. ■

Hardwood Pulpwood Price 4cast

Like its pine counterpart, hardwood pulpwood experienced its own price rise, although the advance occurred a month later – between November and December – and was more muted – less than \$1.50 per ton (Figure H1; table on p. 1).

After rising to \$11 per ton in February 2010, prices will cut a ragged arc that bottoms at \$8.37 in April 2011 before swinging back up to \$9.68 the following November.

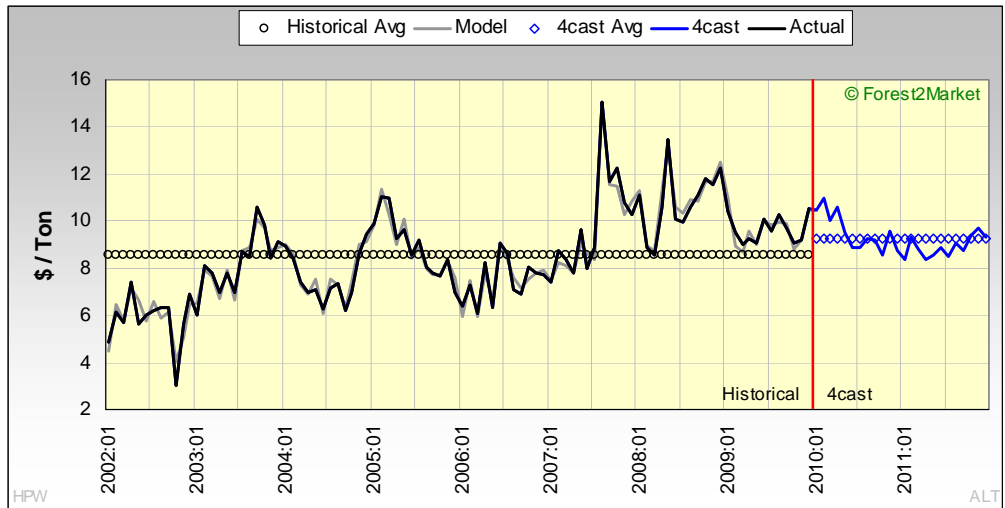


Figure H1. Hardwood pulpwood stumpage price 4cast.

Superimposing the market index line on the forecast (bottom graph in figure on p. 1) reveals that selling windows will dominate both ends of the forecast period, but buying windows will control the other months. Nonetheless, strong selling windows will outnumber strong buying windows three to two.

After remaining essentially flat in January 2010 because of offsetting effects (Figure H2), hardwood prices will gain \$0.55 in February because of the harvest restrictions caused by October’s rainfall. Logging conditions (part of the local market effect) will remain “sloppy” through February since little evapotranspiration occurs during the winter months, and hardwood is often found in low-lying stands more prone to flooding.

Longwood prices will begin a ragged retreat in March when potential supply increases as logging conditions improve. April will break up the price decline, thanks to the lagged impact of a slower rate of change in the dollar’s depreciation against the loonie, and other lagged interactions among GDP, housing starts and the dollar-yen exchange rate. Improving GDPw carry the day in that interaction, boosting demand for hardwood.

The steep retreat will resume in May and carry over into June. The main driver in May will be the three-month lagged price of pine pulpwood. The correlation between

the current-month hardwood pulpwood price and the three-month lagged price of pine pulpwood is fairly strong ($r \cong 0.65$), meaning that pine price movements will generally result in directionally similar hardwood price movements three months later. Pine pulpwood prices are expected to fall beginning in February, and they will take hardwood lower as well. This relationship represents a self-correcting mechanism in stumpage prices. When pine pulpwood prices rise “too much,” mills that are able to do so will eventually incorporate a greater proportion of hardwood into their feed stock; this heightened demand drives the price of hardwood higher, while the lower demand for pine drives its price down. The converse is true as well.

Table H1. Hardwood pulpwood Market 4Cast-at-a-Glance.

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Year	2010											
Window	S	S+	S	S+	N	B	B	B	B	B+	S	B
Year	2011											
Window	B+	S	B	B	B	N	B	N	B	S	S+	S
ALT	"B+" = Strong Buyers' Window, "B" = Buyers' Window Neutral Window											
HPW	"S+" = Strong Sellers' Window, "S" = Sellers' Window											

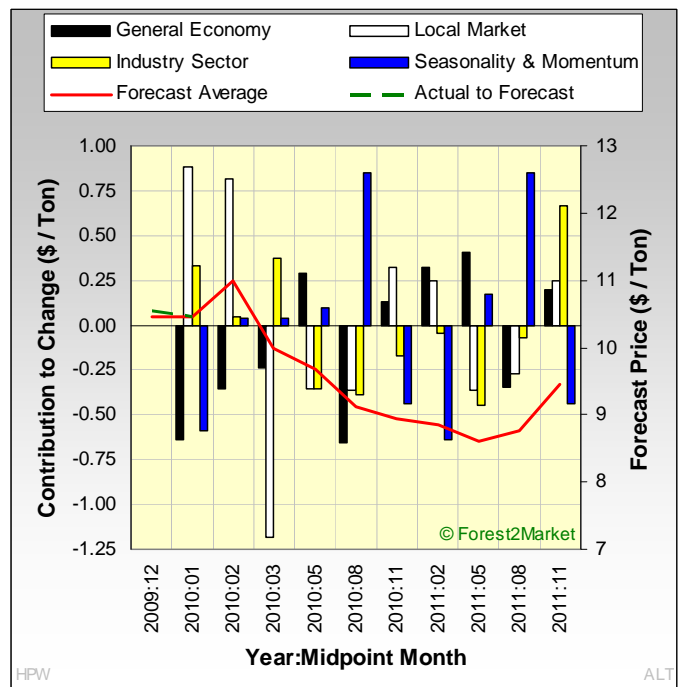


Figure H2. Period-to-period changes in hardwood pulpwood stumpage price 4cast.

In June, the net impact of a variety of current-month and lagged factors related to regional pulp sector activity (some of which behave as demand variables while others behave as supply variables) show that supply will outstrip demand. Of the four effects we track, the industry sector effect have the greatest impact on price changes over the 24-month forecast. Nonetheless, other effects will be important in “fleshing out” details. Supply-related factors generally pertain to the types of stands being logged while demand-related factors generally relate to production activity. The interaction of these collections of factors creates conditions in which demand either momentarily exceeds supply, causing prices to increase, or supply momentarily exceeds demand, causing prices to decrease.

The price slide will continue on a more gradual trendline between July 2010 and April 2011. Despite the gradual trend, there will be a greater degree of month-to-month volatility than that seen in the early months of the forecast. What follows are the primary drivers behind the volatility, by month:

- Jul: Flat; offsetting effects.
- Aug: Up \$0.39; industrial sector factors indicate demand outstrips supply.
- Sep: Flat; offsetting effects.
- Oct: Down \$0.63; interest rate increase.
- Nov: Up \$0.98; lagged dollar depreciation against loonie.
- Dec: Down \$0.84; seasonal price patterns.
- Jan 2011: Down \$0.33; even split between seasonal price patterns and an additional interest rate increase.
- Feb: Up \$0.94; lagged dollar depreciation against loonie and improved current GDP.
- Mar: Down \$0.51; industrial sector factors indicate oversupply of raw material.
- Apr: Down \$0.45; additional interest rate increase.

May 2011 will be the start of an upward trend in longwood prices that extends through the rest of the forecast period. Overall, volatility in the final months of the forecast will be less than during the period between July 2010 and April 2011. The impacts of currency exchange rates – the dollar depreciates against the yen in 1Q2011 and stops appreciating against the loonie in 2Q2011 – will boost demand in May by favoring domestically produced goods over imports. Seasonal factors will extend the rally in June.

Prices will wobble a bit in 3Q2011 as the factors dominating the forecast change by the month. The July fall-off will be in response to the April interest rate increase. In August, currency exchange rates and wetter mid-2Q weather conditions will boost prices. But the weather-related support will then dissipate in September because late-2Q and early-3Q rainfall decreases.

The rally is expected to push to a secondary peak of \$9.68 in November, as demand outstrips supply (recall that hardwood supply is largely a byproduct of pine sawtimber harvest activity, and the latter declines during the waning months of each year), the dollar weakens, and pine pulpwood price increases. But seasonal factors will trim \$0.39 from the December 2011 price, leaving it at \$9.29 per ton. ■