



# Stumpage Price 4cast

## Coastal South Carolina Forecast Sub-region

September 2009 - August 2011

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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 ®

Much like last month, reports continue to surface that support claims of a recovering (or at least stabilizing) U.S. economy. E.g., the first revision of 2Q's change in real GDP was left unchanged at -1.0 percent (after -6.4 percent in 1Q), and August's official rate of job loss was the slowest in a year. However, few positive contributions to 2Q GDP came from the private sector. The slowdown in jobs lost appear to have resulted largely from statistical modeling and seasonal adjustments, as claims for initial unemployment benefits suggest firms may have "cut loose" approximately two million employees in August. Housing starts and sales extended gains again in July, but foreclosures will be a drag on the recovery. The weaker dollar is a "mixed blessing." While providing some support for U.S. exports, especially paper, oil imports have become more expensive.



**4Cast Market Region - SEC**  
Southeast Coastal

Composite log prices will establish a bottom below \$20 per ton in October. A wetter than normal period in late '09 and early '10 will jumpstart benchmark price improvement before the housing market finally turns a corner in February '10. Composite log prices will trade around \$25 during 2Q & 3Q2010 before slumping when housing starts retreat in response to the second down leg of the W-shaped recession. While composite prices lurch higher in early '11, 10-inch benchmark prices will fall below \$20. Pine pulpwood prices will climb above \$10, averaging \$10.12 for 4Q2009. Prices will re-trench during 1H2010, then recover, then begin a declining trend over the rest of the forecast. Lack of residuals will keep the September '10-August '11 average above the long-term market average. After dropping below \$6.50 in September '09, hardwood pulpwood prices will climb in fits and starts to above \$8.50 by September '10, then trade around \$8 through April '11, then trend lower to average \$7.10. ■

Category	Actual or	----- Projected Averages -----		
	Estimated	2009:09 -	2009:12 -	2010:03 -
	2009:08	2009:11	2010:02	2010:05
Real GDP (% Chng)	1.21	0.17	-0.01	0.64
Housing Starts (mill.)	0.565	0.505	0.520	0.667
Indust Prod (% Chng)	2.55	-0.90	0.43	-0.50
Prime Rate (%)	3.25	3.25	3.25	3.52
Oil Price (\$ / bbl)	71.06	67.60	62.52	76.62
Canadian\$ / US\$	1.087	1.069	1.053	1.065
Euro / US\$	0.701	0.694	0.668	0.652
Yen / US\$	94.9	95.8	96.1	98.8
PPI, Intermediate Materials (% Chng)	-0.09	0.39	-0.04	0.76

Note: For monthly details see Table E2, "Key economic 4cast statistics"

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

SCO		----- Pine Sawtimber -----					
		Composite Market* DBH	Price	Benchmark Prices 10-inch	14-inch	Pulpwood Pine	Hdwd
		(Inches)	----- (\$ / Green Ton) -----				
Actual	2009:06	12.1	24.81	21.15	35.77	8.71	6.81
	2009:07	12.0	25.27	22.05	36.67	8.88	8.79
	2009:08	11.4	21.42	20.24	34.86	9.15	8.44
Estimated	2009:09	10.5	20.57	20.34	34.96	9.48	6.42
	2009:10	9.8	19.46	19.58	34.20	9.76	6.61
	2009:11	9.8	20.60	20.72	35.34	10.40	7.18
Projected	2009:12	9.8	21.36	21.48	36.10	10.20	5.68
	2010:01	10.2	23.48	23.38	38.00	10.28	6.63
	2010:02	11.1	25.51	24.90	39.52	9.39	7.71
	2010:03	11.6	24.73	23.00	37.62	8.60	7.28
	2010:04	11.8	26.17	23.76	38.38	8.33	7.41
	2010:05	12.1	26.28	22.62	37.24	8.33	7.53
	2010:06	12.0	25.07	21.86	36.48	8.03	8.14
	2010:07	11.5	24.24	22.80	37.42	9.15	8.46
	2010:08	11.6	23.26	21.53	36.14	9.44	8.05
	2010:09	11.8	25.84	23.43	38.04	8.70	8.57
	2010:10	10.7	22.97	22.67	37.28	8.97	7.78
	2010:11	11.5	24.79	23.35	37.97	8.75	8.42
	2010:12	11.3	22.79	21.83	36.45	8.22	8.21
	2011:01	11.4	21.87	20.69	35.31	8.27	7.39
	2011:02	12.6	27.20	20.96	35.58	8.59	8.62
2011:03	12.9	27.05	19.06	33.68	7.93	7.57	
2011:04	12.3	24.45	19.82	34.44	8.35	8.13	
2011:05	12.0	21.90	18.68	33.30	7.84	6.69	
2011:06	12.9	26.38	18.39	33.00	7.61	6.62	
2011:07	12.1	23.19	19.53	34.14	8.38	7.65	
2011:08	12.0	22.46	19.25	33.86	8.61	7.44	

\* Composite of chip-n-saw, sawtimber and ply logs

Sources: Actual data from Forest2Market databases  
Projections developed by Delphi Advisors

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