



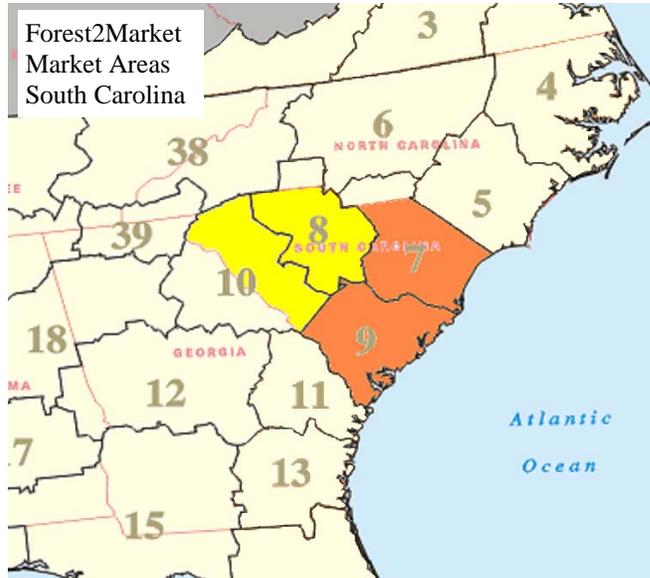
Forest2Market®
Solutions for the Forest and Wood Products Industries

South Carolina Timber Report

A PUBLICATION OF FOREST2MARKET®

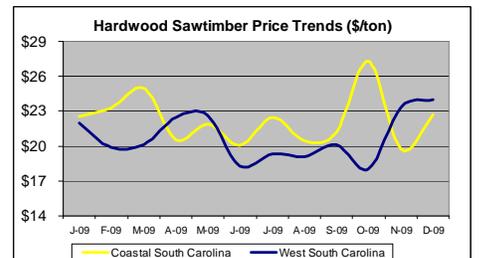
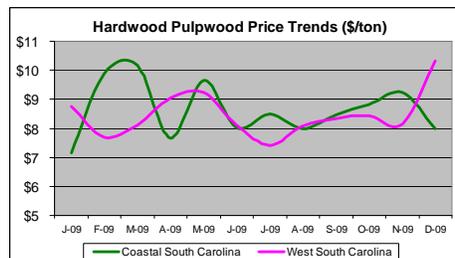
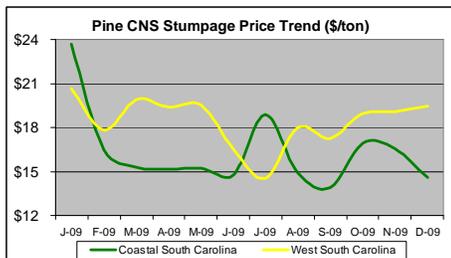
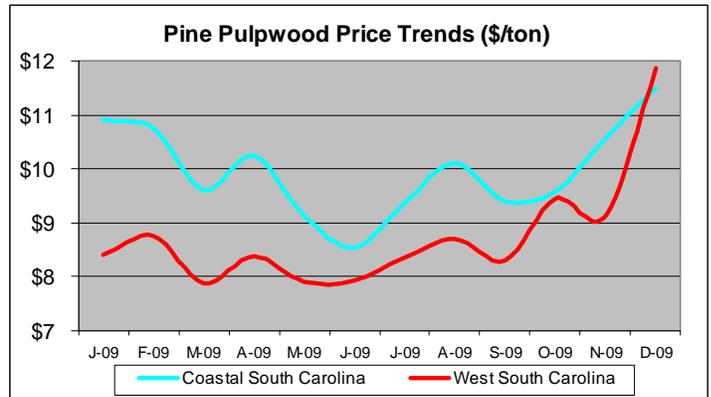
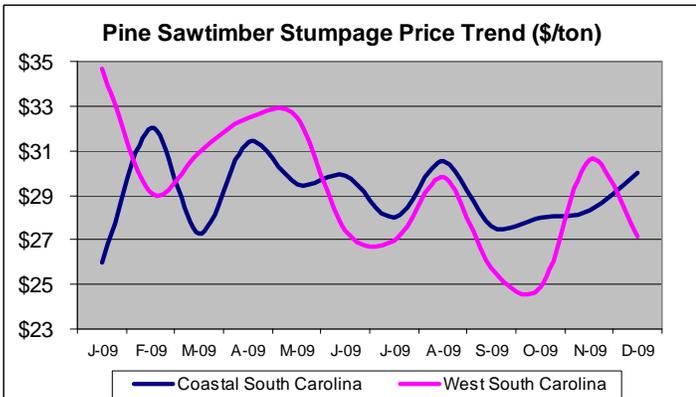
**4th Quarter
2009**

**Volume 5
Number 4**



Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at www.forest2market.com for prices that are specific to your local area.

SOUTH CAROLINA STUMPAGE PRICE TRENDS



SOUTH CAROLINA STUMPAGE PRICES

Coastal South Carolina			
Weighted Average Stumpage Prices (\$/ton) 4th Quarter 2009			
Product	Price	Price Change	Percent Change
Pine Pulpwood	\$ 11.05	\$1.48	15.5%
Pine Chip-n-Saw	\$ 16.10	\$0.17	1.1%
Pine Sawtimber	\$ 28.55	-\$0.65	-2.2%
Hardwood Pulpwood	\$ 8.26	-\$0.18	-2.1%
Hardwood Sawtimber	\$ 22.79	\$0.48	2.2%

West South Carolina			
Weighted Average Stumpage Prices (\$/ton) 4th Quarter 2009			
Product	Price	Price Change	Percent Change
Pine Pulpwood	\$ 10.49	\$2.01	23.6%
Pine Chip-n-Saw	\$ 18.34	\$0.44	2.5%
Pine Sawtimber	\$ 28.55	\$0.73	2.6%
Hardwood Pulpwood	\$ 9.19	\$1.34	17.1%
Hardwood Sawtimber	\$ 23.67	\$4.33	22.4%

U.S. SOUTH TIMBER MARKET OUTLOOK

PINE SAWTIMBER PRICES - U.S. SOUTH

We are beginning to see some signs of strength in the sawtimber market:

- Lumber prices rose in the last two months of 2009, and early January 2010 prices are higher as well.
- We expect steady growth in housing starts in 2010, moving from roughly 550,000 per month to 800,000 by the end of 2010. Homebuyer tax credits have precipitated this improvement.

While normal seasonality will occur, both of the above factors will combine to strengthen sawtimber prices, moving them off the historic lows experienced in 2009. We do not expect gangbuster increases, however, as oil prices will increase throughout 2010, leading to higher diesel costs. This will put downward pressure on stumpage prices, though not enough to push prices back to historic lows. As a result, we expect slow steady growth for sawtimber prices in 2010. If the Biomass Crop Assistance Program (BCAP) plays out as it is currently structured, small log CNS may feel pressure from pulpwood pricing.

PULPWOOD PRICES

Expect a strong year for pulpwood prices. Why?

- GDP growth for 2010 will be positive: 2 percent for the first half of 2010, though it will slow in the second half to 0.5 percent. This increases demand for paper.
- Winter has been exceptionally wet this year across the entire South. As a result, most pulpmills are strapped for inventory and prices are at highs.
- We've already seen evidence that BCAP is driving up stumpage prices.

These factors will combine to create extremely high prices. We expect them to continue to be high through mid-March, as pulp mills continue to struggle for inventories. As spring and summer approach and ground conditions improve, pricing will decelerate, though a strengthening economy and (possibly) BCAP will still support higher prices throughout the year.