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## Midsouth Pulpwood Prices, 1990

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### SUMMARY

In 1990, the average delivered price for a cord of Midsouth roundwood was \$52.95, an increase of 5.7 percent since 1989. The average delivered price for a green ton of chipped residues increased about 3.7 percent to \$22.51. The total pulpwood expenditure for Midsouth pulpmills increased 13 percent to \$1,883 million in 1990. In terms of 1981 dollars, real prices fell between 1981 and 1990. Real prices for both softwood roundwood and chips increased from 1989 to 1990.

**Keywords:** Chipped residues, expenditure, roundwood

The average prices reported are based on an annual survey of prices paid for pulpwood by Midsouth mills. A total of 33 mills, accounting for more than 52 percent of the pulpwood receipts in the Midsouth region, responded to the 1990 survey. All reported prices are for deliveries to the pulpmill, mechanized yard, or rail-siding. Freight, woodyard, overhead, and similar expenses were not included. All average prices are for standard units-cords for roundwood and green tons for wood residues. When necessary, prices from mills reporting prices for nonstandard units were converted to prices for standard units using regional conversions.

The demand for Midsouth pulpwood increased in 1990 due to continuing domestic use of pulp and paper products, greater exports of these products, and stable interest rates. In the region, this increased demand was evidenced by a 13-percent increase in pulpwood expenditures for mills after 1989. Greater pulpwood receipts and higher prices increased expenditure for pulpwood.

The average price for roundwood pulpwood increased 6 percent in 1990 (table 1). Softwood prices increased by 10 percent, while hardwood prices increased less than 1 percent. Over the years, the amount of hardwood used in the pulp furnish has increased. The proportion of hardwood used for this purpose in 1990 decreased compared to the proportion used in recent years. The amount of softwood used for pulp furnish increased slightly.

The average price for chipped residues increased 3.7 percent to \$22.51 from 1989 to 1990 (table 2). The price for softwood residues increased 5 percent, while the price for hardwood residues increased 2 percent during this period. From 1981 to 1990, the average price for a ton of chipped softwood residues decreased 11 percent, while the price for chipped hardwood residues increased about 6 percent.

As evident in tables 1 and 2, pulpwood prices have generally risen since 1981. But, when the effects of inflation are taken into account, real pulpwood prices, in terms of 1981 dollars, have decreased (table 3). Only 1982 softwood chips had a higher real price when one takes 1981 dollars into account. In 1990, real prices for softwood roundwood and chips increased 6 and 1 percent, respectively. Real prices for hardwood roundwood fell 3 percent in 1990, while those for hardwood chips fell about 2 percent.

The price breakdown by delivery method (tables 4 and 5) after 1989 shows average prices increasing except for truck delivery of hardwood chips, which fell by 3 percent (table 4). The average price for softwood roundwood delivered by truck increased a dramatic 12 percent, while the price for hardwood roundwood increased

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by 1 percent. The prices for softwood and hardwood roundwood delivered by rail increased 5 and 2 percent, respectively, while the price for softwood chips increased 9 percent (table 5).

Higher demand increased the **Midsouth** pulpwood expenditure in 1990 to \$1,883 million, 13 percent greater

than in 1989. Expenditures for softwood accounted for 71 percent of the total. Roundwood receipts accounted for 69 percent of the total expenditure, while chipped residues accounted for about 31 percent. The purchase of other residues contributed less than 1 percent to the total expenditure.

Table 1.— Trends in average prices per cord for **Midsouth** roundwood

Year	All species	Softwood	Hardwood
-----Dollars-----			
1981	46.25	50.44	39.48
1982	48.12	52.89	39.79
1983	48.38	53.03	40.09
1984	50.55	55.26	41.10
1985	50.12	54.44	41.68
1986	47.20	50.50	41.31
1987	47.47	51.00	41.71
1988	49.21	51.27	43.62
1989	49.92	51.26	46.40
1990	52.95	56.64	46.76

Table 2.— Trends in average prices per green ton for **Midsouth** chipped residues

Year	All species	Softwood	Hardwood
-----Dollars-----			
1981	24.31	26.12	19.91
1982	25.72	27.95	20.78
1983	23.34	24.47	18.76
1984	25.44	26.61	22.31
1985	21.97	22.88	19.31
1986	21.77	22.98	19.23
1987	21.64	22.29	20.06
1988	20.99	21.84	18.56
1989	21.70	22.05	20.58
1990	22.51	23.25	21.03

Table 3.— Trends in real prices per cord for **Midsouth** roundwood and chipped residues

Year	Softwood		Hardwood	
	Roundwood	Chips	Roundwood	Chips
-----1981 Dollars*-----				
1981	50.44	60.08	39.48	45.79
1982	49.72	60.43	37.40	44.93
1983	47.98	50.92	36.27	39.04
1984	48.23	53.42	35.87	44.78
1985	46.14	44.60	35.33	37.64
1986	41.71	43.66	34.12	36.53
1987	40.83	41.05	33.40	36.94
1988	39.73	38.93	33.80	33.08
1989	38.15	37.74	34.53	35.23
1990	40.49	38.22	33.42	34.57

\*Real prices based on "Implicit Price Deflators for Gross National Product 1929-1990." In: U.S. President. 1991. The Economic Report of the President to the Congress. Washington, DC: U.S. Government Printing Office. 290 p.

Table 4.— Average prices of truck-delivered roundwood and chipped residues

Year	Softwood		Hardwood	
	Roundwood*	Chips†	Roundwood*	Chips†
-----Dollars-----				
1981	52.12	26.21	40.38	20.08
1982	54.33	28.38	40.10	20.77
1983	54.35	25.55	41.02	17.15
1984	57.10	28.01	43.24	20.79
1985	56.64	23.18	44.07	19.54
1986	51.66	26.65	40.30	19.19
1987	52.26	22.63	43.09	19.78
1988	52.52	22.68	43.88	18.49
1989	51.67	22.81	46.43	20.49
1990	57.78	23.67	46.95	19.81

\*Price per cord.

†Price per green ton.

Table 5.— Average prices of rail-delivered roundwood and chipped residues

Year	Softwood		Hardwood	
	Roundwood	Chips <sup>†</sup>	Roundwood <sup>†</sup>	Chips <sup>†</sup>
-----Dollars-----				
1981	48.27	26.05	37.52	19.62
1982	50.19	27.43	38.78	20.80
1983	50.85	23.38	38.20	21.03
1984	52.31	24.12	37.67	25.85
1985	51.57	22.33	38.35	18.74
1986	47.42	20.96	44.39	19.41
1987	48.37	21.38	40.03	20.98
1988	48.06	19.41	39.95	21.00
1989	49.82	19.82	45.74	23.05
1990	52.30	21.66	46.47	23.08

\*Price per cord.

†Price per green ton.