

Research Note

M idsouth Pulpwood Prices, 1992

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SUMMARY

The average price in the **Midsouth** for a cord of roundwood pulpwood increased 5.1 percent from \$56.39 in 1991 to \$59.29 in 1992. The average delivered price for a green ton of chipped residues was \$27.30, an increase of 6.1 percent. In 1992, expenditures for **Midsouth** pulpwood increased 14.0 percent to \$2.2 million. Real prices continued to rise for both softwood and hardwood from 1991 to 1992.

Keywords: Chipped residues, expenditure, pulp mills, roundwood.

Midsouth pulpwood prices for 1992 are based on information supplied by an annual canvass of all woodusing pulp mills. Out of a total of 55 mills, 41 mills, accounting for more than 61.3 percent of the pulpwood receipts in the region, responded to the 1992 survey. All reported prices are for deliveries to the pulpmill, mechanized yard, or rail car. Freight, woodyard, overhead, and similar expenses were not included. Prices are for standard units of measurement—cords for roundwood and green tons for wood residues. When necessary, prices from pulp mills reporting in nonstandard units were converted to prices from standard units using regional conversions.

The average price for roundwood pulpwood increased by 5.1 percent to \$59.29. Softwood and hardwood roundwood prices increased 4.4 and 10.3 percent, respectively, with \$60.82 being paid for softwood and \$55.87 for hardwood (table 1). The increase in the average price for hardwood was the largest since 1979. Hardwood prices will eventually equal or exceed softwood prices if this trend continues. As long as hardwood prices remain lower than those of softwood, there will be greater incentives for pulp mills to

use the hardwood due to the availability of the fiber and lower prices.

The average price for chipped residues in the **Mid-south** was \$27.30, an increase of 6.1 percent since 1991 (table 2). Softwood and hardwood chips increased to \$28.39 and \$23.28 per green ton from 1991 prices of \$28.52 and \$21 .01, respectively. The average price of hardwood residues increased substantially in 1992 by 10.7 percent, while that of softwood residues increased by only 7.0 percent.

As presented in tables 1 and 2, pulpwood prices have generally risen since 1983. But, when the effects of inflation are taken into account, real pulpwood prices, in terms of 1983 dollars, have decreased (table 3). Only hardwood roundwood had a 1992 real price as high as in 1983. Between 1983 and 1992, softwood roundwood real prices decreased 20.5 percent to \$44.01. Softwood and hardwood chip real prices decreased 19.1 and 11.5 percent to \$47.24 and \$38.71, respectively, during the 10-year period.

After 1991, the average prices for truck delivery increased. In 1992, delivery of softwood was less expensive by rail when compared to delivery by truck. The average price for hardwood roundwood delivered by truck climbed by 11.3 percent to \$55.83, and the price for hardwood chips increased by 11.4 percent to \$23.21 (table 4). Prices for softwood and hardwood roundwood delivered by rail fell by 2.9 and 7.3 percent, respectively, while the prices for softwood and hardwood chips increased by 2.8 and 4.6 percent to \$23.85 and \$24.76, respectively (table 5).

Total **Midsouth** pulpwood expenditures rose by 14 percent to \$2.2 million in 1992. This increase can be attributed to an increase in prices and pulpwood production. Expenditures for softwood pulpwood accounted for 89.4 percent of the total. Roundwood accounted for 65.4 percent of the expenditures for pulpwood, whereas chipped residues accounted for

Table 1.—Trends in average price per cord for Midsouth roundwood, 1983 to 1992

Year	All species	Softwood		Hardwood
		Dollars		
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	
1991	56.39	58.24	50.48	
1992	59.29	60.82	55.67	

Table 2.—Trends in average price per green ton for Midsouth chipped residues, 1983 to 1992

Year	All species	Softwood		Hardwood
		Dollars		
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	
1991	25.73	26.52	21.01	
1992	27.30	28.39	23.26	

Table 3.—Trends in real prices per cord for Midsouth roundwood and chipped residues, 1983 to 1992

Year	Softwood		Hardwood	
	Roundwood	Chips	Roundwood	Chips
	1983 Dollars *			
1983	53.03	56.28	40.09	43.15
1984	52.95	58.64	39.38	49.17
1985	50.29	48.61	38.50	41.02
1986	45.44	47.56	37.17	39.80
1987	44.47	44.71	36.37	40.23
1988	43.03	42.16	36.61	35.83
1989	41.23	40.76	37.33	38.04
1990	43.63	41.20	36.02	37.26
1991	43.11	45.15	37.37	35.77
1992†	44.01	47.24	40.29	38.71

*Real prices based on "Implicit Price Deflators for Gross National Product 1959-1992." In: U.S. President. 1992. The Economic Report of the President to the Congress. Washington, DC: U.S. Government Printing Office. 293 p.

†Real prices based on first three quarters of 1992.

Table 4.—Average prices of truck-delivered roundwood and chipped residues, 1983 to 1992

Year	Softwood		Hardwood	
	Roundwood*	Chips [†]	Roundwood*	Chips [†]
	-----Dollars-----			
1983	54.35	25.55	41.02	17.15
1984	56.10	28.01	43.24	20.79
1985	56.56	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
1991	57.90	27.15	50.17	20.83
1992	61.43	29.10	55.83	23.21

*Price per cord.

[†]Price per green ton.

Table 5.—Average prices of nail-delivered roundwood and chipped residues, 1983 to 1992

Year	Softwood		Hardwood	
	Roundwood*	Chips [†]	Roundwood*	Chips [†]
	-----Dollars-----			
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
1991	59.50	23.24	56.07	23.67
1992	57.81	23.85	52.26	24.76

*Price per cord.

[†]Price per green ton.

Table 6.—Average pulpwood price by State for roundwood and chipped residues, during 1992 and change since 1991

State	Roundwood*			Chipped residues'		
	1991	1992	Change	1991	1992	Change
	--- Dollars ---		Percent	--- Dollars ---		Percent
Alabama	60.20	60.80	+ 1.0	24.14	26.87	+ 11.3
Arkansas	55.28	56.49	+ 2.2	24.14	25.32	+ 4.9
Louisiana	54.90	57.95	+ 5.6	27.09	27.44	+ 1.3
Mississippi	52.96	59.70	+ 12.7	24.47	25.66	+ 4.9
Oklahoma [‡]	57.77	55.17	- 4.7	44.81	30.77	- 45.6
Tennessee	59.89	67.58	+ 12.8	22.25	20.74	- 7.3

*Price per cord.

†Price per green ton.

‡Texas included with Oklahoma.

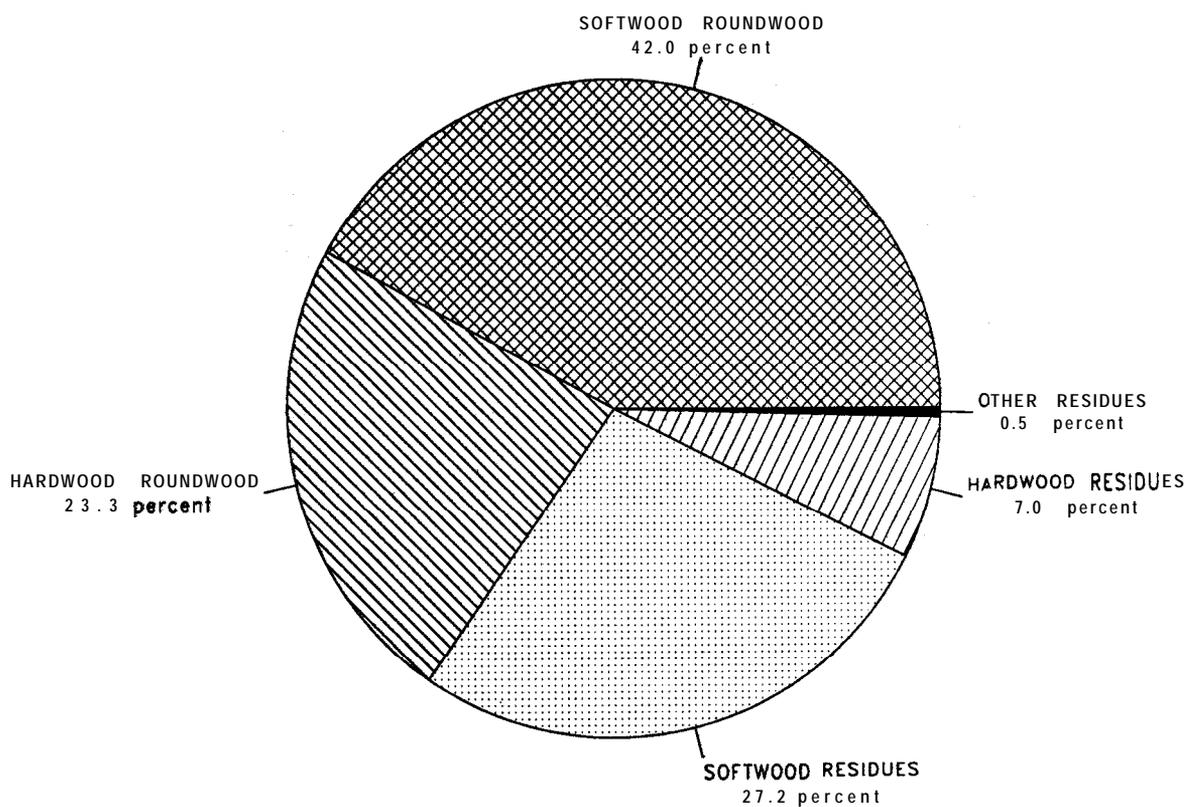


Figure 1.—Expenditure for wood fiber by type (percentage of total expenditure).

34.1 percent. Softwood roundwood receipts contributed 42.0 percent of the total expenditure for pulpwood, and hardwood roundwood contributed 23.3 percent (**fig. 1**).

Average pulpwood prices for roundwood was higher in Tennessee than in any other **Midsouth** State. Oklahoma and Texas combined had the highest average price for chipped residues of \$30.77 (table 6). Chipped residues were least expensive in Tennessee at \$20.74. In 1992, all States had average price increases for roundwood except Oklahoma and Texas. Chips were more expensive than in 1991 in all States except Oklahoma, Tennessee, and Texas.

TRENDS

From 1963 to 1992, the average price for **roundwood** increased by 22.6 percent, with the largest increase of 36.9 percent for hardwood roundwood. Since 1963, the average price for chipped residues increased by 17.0 percent. Hardwood residues increased remarkably by 24.0 percent, while softwood residues increased 16.0 percent. Overall, hardwood prices over the last 10 years have climbed significantly.