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Midsouth Pulpwood Prices, 1989

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SUMMARY

In 1989, the average delivered price for a cord of Midsouth roundwood was $49.92, an increase of less than 2 percent since 1988. The average delivered price for a green ton of chipped residues increased about 3 percent to $21.70. The total pulpwood expenditure for Midsouth pulpmills increased about 6 percent to $1,658.5 million in 1989. In terms of 1980 dollars, real prices for all types of pulpwood fell between 1980 and 1989. Real prices for both hardwood roundwood and hardwood chips increased from 1988 to 1989.

Keywords: chipped residues, expenditure, roundwood.

Increased domestic use of pulp and paper products and greater exports of these products caused increased demand for Midsouth pulpwood in 1989. Increased mill receipts and higher prices combined to increase pulpwood expenditures 6 percent between 1988 and 1989.

The average price for a cord of Midsouth roundwood increased by less than 2 percent from 1988 to 1989 (table 1). The average price for softwood roundwood decreased slightly, while the average price for hardwood increased over 6 percent. The average price of softwood increased over 18 percent from 1980 to 1989, while the average hardwood price increased 26 percent. Softwood prices decreased after peaking in 1984, and hardwood prices continued to rise after 1980.

The average price for a ton of chipped residues increased over 3 percent from 1980 to 1989 (table 2). The price for softwood increased less than 1 percent, while the price for hardwood increased over 9 percent. The average price for a ton of chipped softwood residues increased about 5 percent from 1980 to 1989. The average price for a ton of hardwood residues increased 31 percent during the same period. The average price for softwood chips remained fairly stable from 1985 to 1989, while hardwood chip prices were more volatile.

Pulpwood prices generally increased after 1988 (tables 1 and 2). However, if inflation is taken into account, real average prices for softwood decreased while

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

Year	All species	Softwood	Hardwood
	Dollars		
1980	41.23	43.31	36.69
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

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real average prices for hardwood increased (table 3). Real prices for softwood chips and roundwood decreased 3 and 4 percent, respectively, from 1988 to 1989, while real prices for hardwood chips and roundwood increased nearly 25 and 2 percent, respectively. None of the categories of pulpwood had a real price as high as the corresponding price in 1980.

The average price of truck-delivered softwood roundwood decreased almost 2 percent after 1988, while the average price of truck-delivered softwood chips remained virtually unchanged (table 4). Prices for truck delivery of hardwood roundwood and chips increased 6 and 11 percent, respectively, after 1988. The average price of rail-delivered softwood roundwood increased about 4 percent after 1988, while the average price of softwood chips increased about 2 percent (table 5). The average price of rail-delivered hardwood roundwood increased about 14 percent, and the average price for hardwood chips increased 10 percent.

Greater consumption and higher prices increased the 1989 pulpwood expenditure to $1,658.5 million, about 6 percent higher than in 1988. Softwood receipts accounted for about 68 percent of the expenditure. Expenditures for roundwood accounted for 68 percent of the total. Chipped residues accounted for 32 percent of the expenditure.

Reported prices were based on an annual canvass of prices paid for pulpwood by Midsouth pulpmills. The 34 mills that responded to the 1989 canvass accounted for 53 percent of the expenditure. All reported prices were for delivery to a pulpmill, mechanized yard, or railsiding. Freight, woodyard overhead, and similar expenses were not included. Expenses such as stumpage and shipment from the logging site to the mill or yard were included. All reported prices were for standard units—cords for roundwood and green tons for wood residues. When necessary, prices for nonstandard units were converted to prices for standard units using regional conversion factors.

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

Year	All species	Softwood	Hardwood
	Dollars		
1980	19.75	21.08	15.69
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

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

Year	Softwood		Hardwood	
	Roundwood	Chips	Roundwood	Chips
	*1980 Dollars**			
1980	43.31	48.48	36.69	36.09
1981	45.99	54.76	35.99	41.75
1982	45.33	55.09	34.10	40.96
1983	43.74	46.41	33.07	35.58
1984	43.97	48.69	32.70	40.83
1985	42.07	40.66	32.21	34.32
1986	38.03	39.81	31.11	33.30
1987	37.23	37.42	30.45	33.67
1988	36.22	35.49	30.82	25.78
1989	34.78	34.41	31.48	32.11

*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. 411 p.

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

Year	Softwood		Hardwood	
	Roundwood*	Chips†	Roundwood*	Chips†
	Dollars			
1980	45.36	21.75	38.81	15.80
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

*Price per cord.
†Price per green ton.

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

Year	Softwood		Hardwood	
	Roundwood*	Chips†	Roundwood*	Chips†
	Dollars			
1980	41.95	19.70	35.12	15.06
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

*Price per cord.
†Price per green ton.