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## HOUSING MARKET UNDERCUTS SAWTIMBER DEMAND; OSB PULPWOOD DEMAND FALLS IN THE SOUTH

Wood consumption at mills producing solid wood products—lumber, plywood and OSB—continued to fall during the 1st quarter of 2008. The depressed housing market led the consumption drop. Numerous mills cut production hours, while other firms decided to idle mills until lumber markets improve. Multiple sawmills announced intents to permanently close during the 2nd quarter.

Another factor contributing to falling wood consumption is the cost of fuel. Loggers and haulers are being squeezed with higher fuel prices and maintenance costs, causing several firms we surveyed to idle trucks during the 1st quarter. Wood dealers and truck drivers that deliver wood are working to pass added hauling costs on to the mills, further eroding margins for manufacturers.

Both pine and hardwood grade consumption fell during the 1st quarter. Pine grade products suffered a higher drop percentage-wise, continuing a year-long trend (see figure below). Across the South, demand for pine

grade fell more than 690,000 tons (2.95%). Hardwood mills are adjusting to markets in part through substitution. For example, several mills indicated efforts to shift from red oak to other hardwood species, as red oak demand continues to decline.

Pine pulpwood consumption fell slightly during the 1st quarter. The decrease in consumption can be attributed primarily to diminished consumption at OSB and chipping facilities. South-wide pine pulpwood consumption fell 159,000 tons (4.7%) at OSB mills. The consumption of pine pulpwood at pulp mills was fairly stable, increasing 1.3% across the South. Demand for pulpwood should increase in the near future as bioenergy and wood pellet facilities continue to increase their consumption.

The reduction in consumption at grade mills contributed to large decreases in the production and consumption of pine and hardwood residual chips. Consumption of pine direct (in-woods) chips remained stable during the quarter.

### FORISK TEAM:

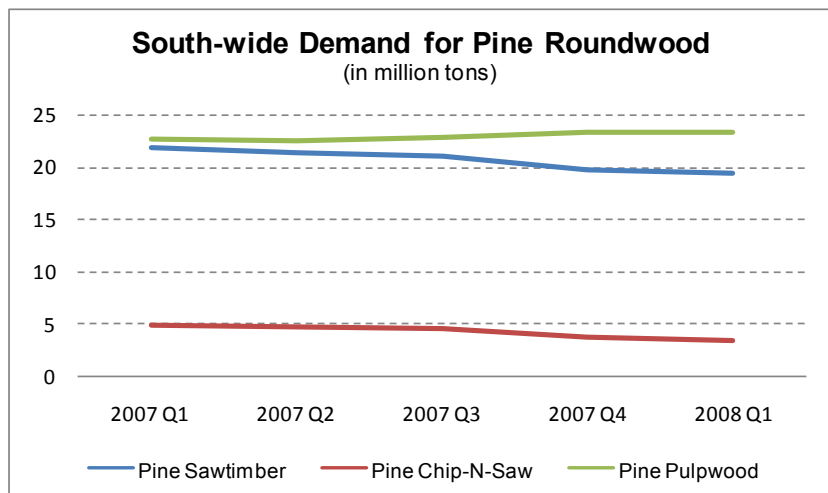
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## US WOOD DEMAND OUTSIDE THE SOUTH

### Northeast

The pulp and paper sector in the Northeast continues to decline. NewPage Corporation announced the permanent close of one paper machine in Rumford, Maine. Fraser Papers announced plans to shutter two of its four paper making machines at its Gorham, New Hampshire facility that would result in 167 layoffs.

Bioenergy may provide new hope for unemployed workers in the region. New England Wood Pellet LLC opened its Schuyler, New York plant late last quarter that will produce 100,000 tons per year. Woodstone Pellets, a German firm, plans to build a \$20 million pellet plant in Moreau, New York. Laidlaw Energy Group plans to acquire the former Fraser Paper pulp mill in Berlin, New Hampshire for a biomass energy plant that would purchase 750,000 tons of wood biomass chips per year.

High fuel prices affected the entire country this quarter, but state officials in Maine attempted to lessen the burden on loggers. This quarter, Maine prepared to temporarily increase the allowable gross vehicle weight for log trucks to a new maximum of 105,000 pounds through March 31.

### Pacific Northwest

The housing market slump hurt lumber producers nationwide this quarter. Falling lumber production reduced the supply of residual wood chips and sawdust shavings. As a result, the price of residual wood chips increased nearly 10% since 3rd quarter 2006. Pulp mills in the Pacific Northwest that purchase wood residues to fuel boilers are suffering from higher wood residuals prices. Another consequence of reduced supply of sawmill residues is that small saw logs that would optimally be used to produce lumber are being chipped to satisfy demand for wood residues in the region.

Two mills in Wyoming announced layoffs of about 65% of their employees due to the poor U.S. housing market: Wyoming Saw Mills Inc. and CNZ Wood Pellets, both located in Sheridan. Eighteen other sawmills in the Pacific Northwest have shut down in recent months.

Although U.S. demand for lumber is down, Asian markets such as Japan and Korea are improving with the weakened US dollar. Exports of the high-quality Douglas fir and hemlock desired by these foreign markets have increased.

## NUMBER OF MILLS BY MARKET AND PRODUCT CONSUMED IN THE SOUTH\*

Market	Total Wood Consuming Mills	Pine Grade (PST, CNS)	Hardwood Grade (HST, Hpallet)				Closed in past 12 mo.**	Opened in past 12 mo.	
			Pine Pulpwood	Pine Chips	Hardwood Pulpwood	Hardwood Chips			
Alabama	115	58	39	16	10	16	12	0	2
Arkansas	76	32	36	11	6	9	7	0	0
North Florida	43	19	9	13	7	1	3	1	1
Georgia	119	64	40	30	14	15	5	0	1
Louisiana	71	26	26	17	10	13	7	2	2
Mississippi	105	45	49	16	3	9	1	0	0
North Carolina***									
East Oklahoma									
South Carolina	69	33	22	18	7	9	5	2	0
Tennessee									
East Texas	90	36	40	17	3	7	3	0	1
<b>South-wide Total</b>	<b>688</b>	<b>313</b>	<b>261</b>	<b>138</b>	<b>60</b>	<b>79</b>	<b>43</b>	<b>5</b>	<b>7</b>

\*Mills can be counted in multiple categories.

\*\*Confirmed permanent closings.

\*\*\*Gray areas indicate developing markets or protect the confidentiality of reporting facilities.

## WOOD DEMAND REPORT



## WOOD DEMAND DATA BY MARKET AND PRODUCT IN THE SOUTH

**NOTE: GRAY AREAS IN THE FOLLOWING TABLES INDICATE DEVELOPING MARKETS OR PROTECT THE CONFIDENTIALITY OF REPORTING FACILITIES.**

## Pine Sawtimber Demand, tons\*

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama	3,187,264	3,331,212	-4.32%	13,448,582	3,523,667	-9.55%
Arkansas	2,926,903	2,697,812	8.49%	12,245,776	3,341,150	-12.40%
North Florida	1,203,663	1,206,133	-0.20%	4,885,910	1,248,279	-3.57%
Georgia	2,354,830	2,443,267	-3.62%	10,067,682	2,705,179	-12.95%
Louisiana	1,953,969	2,022,149	-3.37%	8,316,234	2,218,822	-11.94%
Mississippi	2,415,430	2,492,481	-3.09%	10,264,837	2,906,997	-16.91%
North Carolina						
East Oklahoma						
South Carolina	1,828,484	1,931,394	-5.33%	7,613,958	1,944,566	-5.97%
Tennessee						
East Texas	1,405,437	1,469,221	-4.34%	5,851,629	1,640,120	-14.31%
<b>South-wide</b>	<b>19,363,463</b>	<b>19,701,899</b>	<b>-1.72%</b>	<b>81,351,412</b>	<b>21,796,289</b>	<b>-11.16%</b>

\*Pine sawtimber includes sawtimber, poles, and plylogs.

Pine sawtimber demand was down this quarter compared to last quarter for all markets except Arkansas, which led with an 8.5% increase in pine sawtimber demand. North Florida showed the smallest change with a slight decrease in demand. Overall, PST demand declined slightly for the South with a 1.72% decrease compared to last quarter and an 11.16% decrease since last year.

## Pine Chip-N-Saw Demand, tons

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama	343,398	385,083	-10.82%	1,553,008	405,898	-15.40%
Arkansas	161,377	173,576	-7.03%	1,034,682	297,539	-45.76%
North Florida	339,315	384,155	-11.67%	1,666,835	476,582	-28.80%
Georgia	558,868	652,021	-14.29%	2,829,546	686,873	-18.64%
Louisiana	537,722	500,313	7.48%	2,102,748	944,884	-43.09%
Mississippi	498,161	530,665	-6.13%	2,235,651	746,926	-33.31%
North Carolina						
East Oklahoma						
South Carolina	113,768	128,641	-11.56%	560,968	165,261	-31.16%
Tennessee						
East Texas	538,105	605,449	-11.12%	2,497,892	563,926	-4.58%
<b>South-wide</b>	<b>3,397,689</b>	<b>3,751,061</b>	<b>-9.42%</b>	<b>16,240,589</b>	<b>4,772,364</b>	<b>-28.80%</b>

Pine CNS demand declined for all markets except Louisiana relative to last quarter. When compared to last year, all states exhibited significant declines—nearly 29% South-wide—in PCNS demand. The largest declines were observed in Louisiana and Mississippi.

## Pine Pulpwood Demand, tons

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama	3,396,605	3,247,121	4.60%	13,237,029	3,296,254	3.04%
Arkansas	1,320,406	1,380,471	-4.35%	5,355,655	1,388,656	-4.91%
North Florida	1,952,472	1,945,286	0.37%	7,755,982	1,866,741	4.59%
Georgia	5,678,127	5,609,005	1.23%	21,852,559	5,206,030	9.07%
Louisiana	2,865,170	2,859,645	0.19%	11,297,352	2,689,889	6.52%
Mississippi	2,540,448	2,539,161	0.05%	9,819,228	2,469,325	2.88%
North Carolina						
East Oklahoma						
South Carolina	2,359,803	2,398,938	-1.63%	9,627,103	2,432,822	-3.00%
Tennessee						
East Texas	1,668,694	1,797,099	-7.15%	6,990,416	1,793,084	-6.94%
<b>South-wide</b>	<b>23,237,575</b>	<b>23,252,838</b>	<b>-0.07%</b>	<b>91,708,346</b>	<b>22,560,078</b>	<b>3.00%</b>

Pine pulpwood demand in total decreased slightly relative to last quarter for the South. Pulp prices in the U.S. have been increasing for the past few years, but held constant in the past 2 months. Despite the recent stabilization in pulp end product markets, pulpwood demand increased 3% South-wide since last year.

## WOOD DEMAND DATA BY MARKET AND PRODUCT IN THE SOUTH

### Hardwood Sawtimber Demand, tons\*

Market	2008 Q1	2007 Q4	% Change Last 12 mos.	2007 Q1	% Change	
Alabama	667,626	667,626	0.00%	2,682,208	671,666	-0.60%
Arkansas	480,293	530,523	-9.47%	2,069,088	485,101	-0.99%
North Florida	69,002	74,699	-7.63%	295,383	75,840	-9.02%
Georgia	491,931	491,280	0.13%	2,163,489	582,359	-15.53%
Louisiana	393,333	393,333	0.00%	1,573,332	393,917	-0.15%
Mississippi	820,849	845,020	-2.86%	3,425,712	870,035	-5.65%
North Carolina						
East Oklahoma						
South Carolina	246,048	246,048	0.00%	988,877	248,391	-0.94%
Tennessee						
East Texas	406,747	415,177	-2.03%	1,646,583	407,922	-0.29%
<b>South-wide</b>	<b>4,884,102</b>	<b>4,995,415</b>	<b>-2.23%</b>	<b>20,212,867</b>	<b>5,110,563</b>	<b>-4.43%</b>

\*Hardwood sawtimber includes cypress volumes.

This quarter hardwood sawtimber demand declined 2.23%, accounting for nearly half of the decrease since the first quarter of 2007. Arkansas was the main contributor to the decline this quarter. Since this time last year, demand declined the sharpest in Georgia.

### Hardwood Pallet Demand, tons\*

Market	2008 Q1	2007 Q4	% Change Last 12 mos.	2007 Q1	% Change	
Alabama						
Arkansas	39,267	39,267	0.00%	156,544	39,267	0.00%
North Florida	0	0	0.00%	0	0	0.00%
Georgia	137,845	137,649	0.14%	560,068	137,650	0.14%
Louisiana						
Mississippi						
North Carolina						
East Oklahoma						
South Carolina						
Tennessee						
East Texas	24,051	24,066	-0.06%	95,831	24,874	-3.31%
<b>South-wide</b>	<b>225,285</b>	<b>225,004</b>	<b>0.12%</b>	<b>910,334</b>	<b>234,546</b>	<b>-3.95%</b>

\*Many hardwood grade mills that produce pallets report their raw material as hardwood sawtimber. This table only includes pallet producers that report their raw material as pallet wood.

This quarter hardwood pallet demand increased slightly, but declined nearly 4% compared to one year ago. The gain this quarter was mainly from Georgia, while East Texas' consumption exhibited a small decline.

### Hardwood Pulpwood Demand, tons

Market	2008 Q1	2007 Q4	% Change Last 12 mos.	2007 Q1	% Change	
Alabama	2,071,383	2,119,814	-2.28%	8,398,927	2,104,740	-1.58%
Arkansas	580,975	627,993	-7.49%	2,382,894	502,431	15.63%
North Florida						
Georgia	713,956	698,948	2.15%	2,855,137	726,286	-1.70%
Louisiana	832,280	887,630	-6.24%	3,469,555	841,073	-1.05%
Mississippi	292,481	336,524	-13.09%	1,283,960	287,604	1.70%
North Carolina						
East Oklahoma						
South Carolina	507,534	507,534	0.00%	2,030,136	507,534	0.00%
Tennessee						
East Texas	585,603	604,027	-3.05%	2,362,050	559,728	4.62%
<b>South-wide</b>	<b>6,035,808</b>	<b>6,222,240</b>	<b>-3.00%</b>	<b>24,577,229</b>	<b>5,972,015</b>	<b>1.07%</b>

Quarterly hardwood pulpwood demand decreased 3% relative to last quarter for the South. Despite a 2.15% increase in demand in Georgia this quarter, demand declined more in Alabama, Mississippi and Louisiana. South-wide, demand increased moderately from one year ago. While most states declined slightly, Arkansas and East Texas increased receipts.

## WOOD DEMAND REPORT



## WOOD DEMAND DATA BY MARKET AND PRODUCT IN THE SOUTH

## Pine Residual (from mill) Chips Demand, tons

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama	669,622	683,756	-2.07%	2,713,598	659,283	1.57%
Arkansas	540,802	573,828	-5.76%	2,302,158	612,397	-11.69%
North Florida	983,346	1,044,082	-5.82%	4,019,383	1,019,725	-3.57%
Georgia	1,192,284	1,338,016	-10.89%	5,306,338	1,478,731	-19.37%
Louisiana	1,340,706	1,584,682	-15.40%	6,179,064	1,755,912	-23.65%
Mississippi	639,391	656,658	-2.63%	2,762,737	765,485	-16.47%
North Carolina						
East Oklahoma						
South Carolina	665,715	665,715	0.00%	2,662,886	665,715	0.00%
Tennessee						
East Texas						
<b>South-wide</b>	<b>6,808,581</b>	<b>7,409,934</b>	<b>-8.12%</b>	<b>29,332,484</b>	<b>7,879,807</b>	<b>-13.59%</b>

## Pine Direct (in woods) Chips Demand, tons

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama						
Arkansas	40,135	30,921	29.80%	134,338	41,094	-2.33%
North Florida						
Georgia	272,577	295,904	-7.88%	1,080,533	234,248	16.36%
Louisiana	63,165	65,559	-3.65%	304,561	122,981	-48.64%
Mississippi						
North Carolina						
East Oklahoma						
South Carolina						
Tennessee						
East Texas	168,917	157,602	7.18%	681,927	189,418	-10.82%
<b>South-wide</b>	<b>849,034</b>	<b>846,770</b>	<b>0.27%</b>	<b>3,254,386</b>	<b>786,130</b>	<b>8.00%</b>

## Hardwood Residual (from mill) Chips Demand, tons

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama	433,628	469,973	-7.73%	1,925,553	459,173	-5.56%
Arkansas	521,633	557,877	-6.50%	2,164,332	550,646	-5.27%
North Florida	326,836	294,189	11.10%	1,187,725	319,935	2.16%
Georgia	608,713	608,805	-0.02%	2,462,838	628,421	-3.14%
Louisiana	320,907	332,059	-3.36%	1,407,881	386,342	-16.94%
Mississippi						
North Carolina						
East Oklahoma						
South Carolina	264,549	264,549	0.00%	1,058,196	264,549	0.00%
Tennessee						
East Texas	421,461	421,461	0.00%	1,685,844	433,461	-2.77%
<b>South-wide</b>	<b>3,369,516</b>	<b>3,420,702</b>	<b>-1.50%</b>	<b>13,779,525</b>	<b>3,514,316</b>	<b>-4.12%</b>

## Hardwood Direct (in woods) Chips Demand, tons

Market	2008 Q1	2007 Q4	% Change	Last 12 mos.	2007 Q1	% Change
Alabama	218,371	218,311	0.03%	820,509	196,833	10.94%
Arkansas	186,408	201,188	-7.35%	752,525	178,870	4.21%
North Florida						
Georgia	54,358	61,041	-10.95%	233,557	52,903	2.75%
Louisiana						
Mississippi	0	0	0.00%	0	0	0.00%
North Carolina						
East Oklahoma						
South Carolina						
Tennessee						
East Texas						
<b>South-wide</b>	<b>559,146</b>	<b>594,293</b>	<b>-5.91%</b>	<b>2,262,075</b>	<b>538,597</b>	<b>3.82%</b>

This quarter residual chip demand declined 8.12%, and it declined 13.59% since last year. The decline follows the decrease in lumber production, a result of an anemic U.S. housing market. Demand in all states declined this quarter and over the past year, with Alabama being the exception. Georgia and Louisiana had the largest declines in absolute terms.

Direct chip consumption increased slightly South-wide in response to the decline in residual chips availability. Pulp and panel mills started to substitute direct (in-woods) for residual chips. Georgia, one of the largest producers, decreased its demand, although Arkansas, Mississippi and East Texas increased their demand over the past quarter.

This quarter South-wide hardwood residual chip demand decreased relative to last quarter and last year. Most states reduced demand since last year, North Florida being the exception. Decline in residual chip receipts was driven by declining supplies of chips, resulting from reduced lumber production.

Similar to pine direct chip development, hardwood direct chips increased 3.82% since last year. This quarter demand declined nearly 6%, with East Texas and North Florida featuring the largest declines percentage-wise, and Arkansas the largest in absolute terms. Compared to last year's demand only North Florida and Louisiana declined.

## WOOD DEMAND DATA BY MARKET AND END USE IN THE SOUTH

### Pine Sawtimber/Plylog/Pole Timber Demand by End Use\*

	Current Quarter			Past Quarter		
	Lumber	Plywood / Veneer	Pole	Lumber	Plywood / Veneer	Pole
Alabama	87.31%	9.75%	2.94%	86.04%	11.09%	2.87%
Arkansas	80.65%	18.07%	1.28%	81.25%	18.29%	0.46%
North Florida	79.75%			80.62%		
Georgia	87.38%	9.11%	3.51%	86.02%	10.60%	3.37%
Louisiana	44.32%	53.76%	1.92%	40.10%	58.05%	1.85%
Mississippi	74.61%	21.43%	3.95%	73.87%	22.40%	3.73%
North Carolina						
East Oklahoma						
South Carolina	81.33%			81.80%		
Tennessee						
East Texas	82.10%			83.04%		
<b>South-wide (tons)</b>	<b>15,323,783</b>	<b>3,574,735</b>	<b>445,666</b>	<b>15,436,797</b>	<b>3,832,721</b>	<b>421,053</b>

\*Not all product consuming mills included; as a result percentages may not sum to 100%.

South-wide pine sawtimber demand by lumber mills declined 113,000 tons (0.07%) last quarter, while plywood/veneer mills slashed their consumption by 258,000 tons (7.2%). A mere 24,613 tons was picked up by pole mills but not enough to make a difference in demand compared to last quarter. Lumber mills in Louisiana increased their in-state market share by 4%, the largest increase in the South.

### Pine Pulpwood Demand by End Use\*

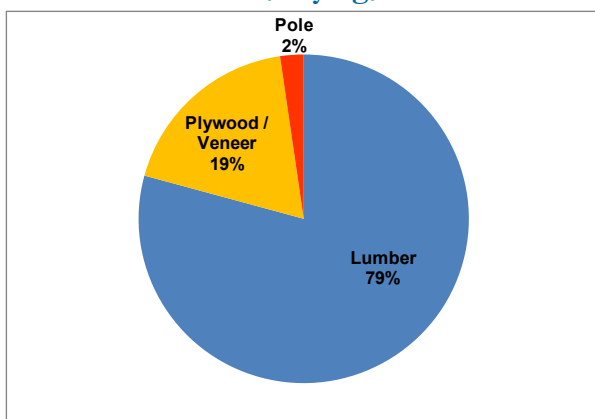
	Current Quarter			Past Quarter		
	Pulp	Chip	OSB / Panel	Pulp	Chip	OSB / Panel
Alabama	91.45%	3.78%		92.26%	3.96%	
Arkansas	57.28%	34.05%		57.54%	31.13%	
North Florida	73.32%	10.88%		74.19%	10.92%	
Georgia	74.60%	12.77%	12.34%	72.74%	13.37%	13.60%
Louisiana	79.88%	7.74%		78.23%	9.71%	
Mississippi	70.92%	15.49%		72.22%	14.60%	
North Carolina						
East Oklahoma						
South Carolina	86.03%	0.00%		84.64%	0.00%	
Tennessee						
East Texas	48.13%	13.74%	38.13%	43.62%	17.21%	39.17%
<b>South-wide (tons)</b>	<b>17,046,997</b>	<b>2,413,720</b>	<b>3,249,170</b>	<b>16,822,423</b>	<b>2,533,486</b>	<b>3,408,443</b>

\*Not all product consuming mills included; as a result percentages may not sum to 100%. Balance consumed by mulch mills, wood-using energy facilities, and animal bedding manufacturers.

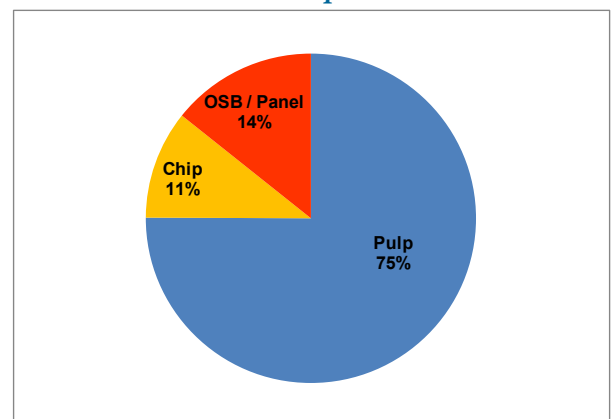
Pine pulpwood demand from pulp mills increased by 1.3% this quarter. Use at both chip and OSB/panel mills declined. For the three largest users of pulpwood, pulp mills contributed to 75% of the demand South-wide this quarter.

### Current Quarter South-wide Product Demand by End Use

#### Pine Sawtimber/Plylog/Pole Timber



#### Pine Pulpwood



## WOOD DEMAND DATA BY MARKET AND END USE IN THE SOUTH

### Hardwood Sawtimber Demand by End Use\*

	Current Quarter		Past Quarter	
	Lumber	Plywood / Veneer	Lumber	Plywood / Veneer
Alabama	75.09%	24.91%	75.09%	24.91%
Arkansas	100.00%	0.00%	100.00%	0.00%
North Florida	88.68%		89.54%	
Georgia	98.35%	1.65%	98.20%	1.80%
Louisiana	100.00%	0.00%	100.00%	0.00%
Mississippi	97.09%	2.91%	97.18%	2.82%
North Carolina				
East Oklahoma				
South Carolina	82.77%		82.77%	
Tennessee				
East Texas	92.54%		92.51%	
<b>South-wide (tons)</b>	<b>4,405,222</b>	<b>437,561</b>	<b>4,506,079</b>	<b>438,267</b>

Similar to trends in pine sawtimber demand, hardwood sawtimber demand in the South declined by 2.3% or 100,857 tons since last quarter. Plywood/veneer facilities did not exhibit a serious decline in hardwood sawtimber demand. Overall, the relative demand for hardwood sawtimber in lumber versus plywood markets remained constant.

\*Not all product consuming mills included; as a result percentages may not sum to 100%.

### Hardwood Pulpwood Demand by End Use\*

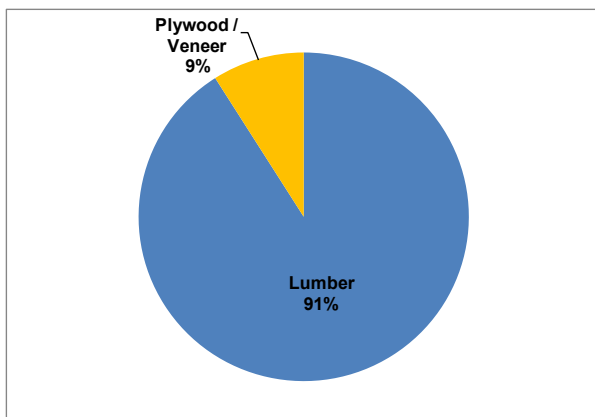
	Current Quarter			Past Quarter		
	Pulp	Chip	OSB / Panel	Pulp	Chip	OSB / Panel
Alabama	80.79%	19.21%	0.00%	81.28%	18.72%	0.00%
Arkansas	83.81%	16.19%	0.00%	84.43%	15.57%	0.00%
North Florida	61.19%	0.00%	0.00%	51.25%	0.00%	0.00%
Georgia	59.91%	33.32%	4.71%	59.60%	34.47%	3.81%
Louisiana	85.84%	14.16%	0.00%	86.40%	13.55%	0.05%
Mississippi	47.14%			38.80%		
North Carolina						
East Oklahoma						
South Carolina	100.00%	0.00%	0.00%	100.00%	0.00%	0.00%
Tennessee						
East Texas	54.93%	45.07%	0.00%	54.27%	45.73%	0.00%
<b>South-wide (tons)</b>	<b>4,370,670</b>	<b>1,360,699</b>	<b>76,850</b>	<b>4,492,871</b>	<b>1,383,855</b>	<b>106,425</b>

In stark contrast to pine chips, last quarter's hardwood chip demand declined in all end-use categories in the South. Demand from pulp mills decreased by 2.8% or 122,201 tons, while consumption by panel/ OSB facilities fell by 38.5% or 29,575 tons.

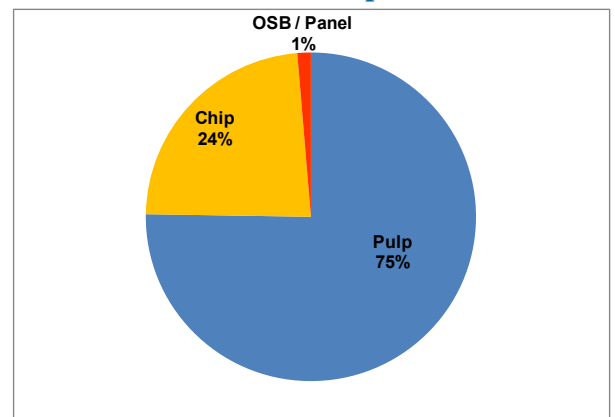
\*Not all product consuming mills included; as a result percentages may not sum to 100%. Balance consumed by mulch mills, wood-using energy facilities, and animal bedding manufacturers.

### Current Quarter South-wide Product Demand by End Use

Hardwood Sawtimber



Hardwood Pulpwood





## FOREST BIOMASS AND BIOENERGY UPDATE FOR THE SOUTH

Biomass and bioenergy firms lead discussions with industry firms and investors, especially with respect to their potential impacts on roundwood demand nation-wide. Most facilities claim they will use primarily wood residues or wood waste instead of purchasing roundwood to keep raw material costs low. However, as we have seen in the Pacific Northwest and across the nation (see page 2), depressed lumber markets have reduced the supply of sawmill waste.

Increased competition for sawdust, wood shavings, and other sawmill residues at a time of reduced supplies could force firms to purchase roundwood and encourage additional in-woods chipping capacity from loggers.

The U.S. South is a targeted region for biomass and bioenergy producers including pellet mills, cogeneration plants, and cellulosic ethanol producers. This quarter three pellet mills opened in the South. Dixie Pellets in Selma, Alabama will produce up to 500,000 tons of wood pellets to export to Europe. In Appling County, Georgia, Fram Renewable Fuels opened another pellet plant to produce fuel for European markets with the capacity to produce up to 130,000 tons of pellets annually. The third pellet plant to open this quarter was Green Circle Bio Energy in Cottondale, Florida. While Dixie Pellets and Fram Renewable Fuels plan to purchase primarily wood waste and sawmill residues for feedstock, Green

Circle purchases pulpwood feedstock in addition to sawmill residues for energy to run the plant. Green Circle plans to produce 560,000 tons per year.

Several pellet, cogeneration, and cellulosic ethanol plants plan to be operational in 2009. Two pellet mills will open: Libra Natural Resources in Louisa City, Virginia and Lignetics in Lunenburg, Virginia. FutureFuel Chemical Company in Batesville, Arkansas started in 2007 for testing but is now closed until its sister cellulosic ethanol plant opens next year. SI Group's cogeneration biomass plant opened in 2007 in Monticello, Florida. Two other cogeneration plants, Biomass Gas & Electric in Forsyth, Georgia

and Nacogdoches Power in Nacogdoches, Texas, plan to open by 2009. Range Fuels is planning to open its cellulosic ethanol plant in Soperton, Georgia by 2009.

Weyerhaeuser and Chevron announced the formation of a joint venture—Catchlight Energy LLC—to produce transportation fuels from cellulosic sources. The joint venture would use feedstocks that can be grown on timberlands, including switchgrass, and recycled paper.

## FORISK UPDATE

### News and Recent Publications

- Published with Timber Mart-South the 2007 update of **Timber Market Profiles & Rankings: US South**, a comprehensive 414-page reference and analysis of wood demand, demographics, timber prices and forest inventories in 17 timber markets. Contact Brooks Mendell for information (bmendell@forisk.com).
- Taught **Risk Management in Forestry**. Short course in Athens, GA.
- Presented **Timber REITs & Timber Markets**. Invited workshop for GLG Council in New York, NY.
- Published "Transaction Evidence Analysis: Timber Prices and Risk in Central Georgia" in the *Canadian Journal of Forest Research*.

### Upcoming Events

- June 23, 2008. **Timber & Biomass Markets** presentation. Forest Products Society Annual Meeting, St. Louis, MO.
- June 23, 2008. **Value Recovery and Product Sorting in Logging** presentation. Council on Forest Engineering Meeting, Charleston, SC.
- June 28, 2008. **Increase Productivity and Market Your Forestry Business** workshop. Southeastern Wood Producers Annual Meeting, Tallahassee, FL.
- August 27, 2008. **Global Issues Affecting Forestry** presentation. Louisiana Forestry Association Annual Meeting, Alexandria, LA.
- September 9, 2008, **Risk Management for Forest Landowners** seminar for Master Tree Farmers, Clemson, SC.