



Hardwood Review express

Of Clearcuts and High-Grading

A Hardwood Forestry Primer for Industry

At the request of several readers—and at the risk of oversimplifying silvicultural science—we bring you this primer on hardwood forest management. It is intended for members of the industry who don't fully understand the origin and management of the hardwood resource, and to correct some commonly held misconceptions about "good" forest management. We are an industry under constant challenge from a largely urbanized population that doesn't understand or appreciate what we do. Industry members should understand and be able to defend our sustainable management of the forests.

Let us begin with a review of basic tree physiology and ecology concepts (how an organism functions, and how it relates to its environment) that drive forest management strategies.

Basic Physiology & Ecology

Shade tolerance

Different species thrive under different growing conditions. One of the

greatest variances between species is in their tolerances to shade. A sugar maple can survive for decades in the shade of a dense overstory canopy, for example. Its growth will be very slow in that shade environment, but it will respond quickly when exposed to full sunlight. By contrast, shade-intolerant species, such as birch, cherry and aspen, cannot survive in low-light environments. Table 1 roughly groups commercial hardwood species by their level of shade tolerance, although the lines are blurred and opinions vary on the exact placement of each species on the spectrum.

Forest succession

Shade tolerance is an important driver in the process of forest succession. Hardwood forests are perpetually in a state of change, from birth to maturity to death to renewal. Following a heavy disturbance (wind storm, fire, insect/disease infestation, clearcut), the forest will typically come back in shade-intolerant species. These species often have windblown seeds and very

aggressive growth rates that allow them to outcompete other species in the race to reforest the tract and close the canopy. These "first-successional" species, however, are generally not long-lived species, and because they cannot reproduce in their own shade, they are not long for

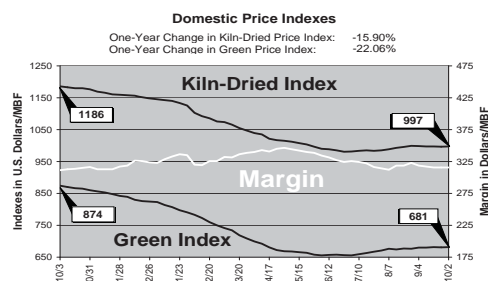
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Hardwood Lumber Price Indexes



Indexes represent the average

published prices of 7 key hardwood

items. The margin is the

difference in dollars between the

kiln-dried and green indexes, as

read from the right-hand axis.

Hardwood Review

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Table 1. Shade tolerance of North American hardwoods (Introduction to Forest Science, Raymond A. Young).

the forest stand. Each time one of these trees dies, an established intermediate or shade-tolerant seedling/sapling responds to the new burst of sunlight and quickly grows up to fill in the canopy. Over time, absent another major disturbance (or management actions to alter the natural process), the forest succeeds from shade-intolerant to shade-tolerant species.

Very Shade Tolerant	Shade Tolerant	Intermediate	Shade Intolerant	Very Shade Intolerant
Beech Sugar Maple	Blackgum Hickory Red Maple	Alder Ash Basswood Yellow Birch Sweetgum Northern Red Oak Southern Red Oak White Oak	Paper Birch Cherry Yellow Poplar Sycamore	Aspen Black Locust

Even-aged vs. uneven-aged forests

The forest that grows back after a complete disturbance is considered an even-aged forest, since all of the trees originate at essentially the same time. Note that this concept relates to the ages of the trees, not their sizes. So, even as bigger trees die and are replaced by smaller understory trees, the forest is still considered even-aged if those smaller shade-tolerant trees were established about the same time as the early successional canopy trees.

After many decades without another complete disturbance, a forest will develop three or more age classes and become what's known as an "uneven-aged" forest. Importantly, much of the eastern hardwood forest of the United States remains even-aged, by definition, having been established following the clearings of the late-1800s and very early 1900s as the expanding nation moved west.

Management Mimics Nature

The forester's role is to manage for a desired species mix and a maximum yield, whether the desired output is timber income, wildlife habitat or aesthetics. You might guess from the above discussion that the chief way to do this is to employ management tools that exploit the best characteristics of a given species for a given site while minimizing competition from other species.

For the sake of this article, we'll omit an in-depth discussion on site selection. Just be aware that site conditions (aspect, slope, soil, moisture, climate, etc.) work hand-in-hand with shade tolerance and natural growth rates to determine which species is/are best suited (most competitive) on a given site.

Hardwood forestry operations seldom employ tree planting, herbicides or fertilizers in regeneration, as are employed in softwood forestry and plantation management. It's simply not cost-effective to make huge financial investments in hardwood stand regeneration and establishment when the returns on those investments might not be realized for 100 years or more. Foresters, then, must devise regeneration and harvesting tools that mimic those natural processes that favor the desired species. It's important to note that the selection of a harvesting system has almost everything to do with what the forester wants for the next forest, and thus, these systems are more precisely termed "regeneration systems" than harvesting systems. Four systems (with multiple variations) are generally utilized:

Clearcutting

Clearcutting is ugly but effective provided there is sufficient understory regeneration present or a sufficient seed source nearby to re-establish the stand.

Forest preservationists argue that clearcutting is only utilized by timber companies because it is easy and cheap (no marking required, less skill needed in harvesting, less expensive than other harvesting methods). The reality is that clearcutting is the most effective way to regenerate shade-intolerant Paper Birch, Cherry, Yellow Poplar and Aspen. It also can work very effectively for Oak in some situations (where sufficient Oak regeneration is present and competition from faster-growing intolerants is minimal).

Clearcutting opponents also decry the erosion they say results from clearcutting. In most hardwood forests, however, clearcutting has a *smaller* probability of causing erosion than other types of harvesting systems. Why? Erosion is the result of soil disturbance, not simply exposure of the forest floor to rain. In fact, undisturbed forest floor is very resistant to erosion. With clearcutting, loggers only need to enter the forest with heavy equipment once, and they are not necessarily constrained to repeatedly re-using the same logging trails, which can result in compacting and deep rutting of soils under the wrong conditions.

Seed-Tree

The seed-tree method is essentially a silvicultural clearcut that leaves behind scattered, good-quality mature trees as a seed source for regeneration. Once regeneration is established, a second harvest is conducted to remove the seed trees. This method is principally used in softwood forest management (such as western larch and southern pines) accompanied by intensive site preparation work to knock back competing vegetation and expose some bare soil on which the seeds can fall and germinate.

Shelterwood

The shelterwood system is designed to benefit the intermediately shade tolerant species that can neither compete in clearcuts nor regenerate in the shady environments of single-tree selection systems (discussed next). The first cut of a shelterwood harvest leaves sufficient numbers of mature trees to provide both a seed source for regeneration and enough shade to discourage the establishment of early successional, shade-intolerant species. Once large seedlings/small saplings



of the desired species are established, the overstory is removed in a second cut and the established regeneration quickly closes in the canopy and shades out competing intolerants.

While still an even-aged regeneration system, shelterwood harvests have the benefit of creating less of a visual impact than the more aggressive seed-tree and clearcut systems. Among the downsides are that the system requires at least two entries with harvesting equipment and the landowner must postpone receipt of a good deal of income by leaving good quality, high-value trees in the stands. This also introduces the risk that some of these residual trees will be lost to windthrow, disease and pests before they can be extracted during the second cut.

Single-Tree Selection

As the name implies, single-tree selection silviculture identifies individual trees or small clusters of trees for removal on rotational intervals of 10 to 25 years. Decisions on which trees to cut are most often focused on maximizing stand growth and tree vigor, and creating a diversified mix of tree species, ages and size classes. Traditionally, foresters have paid considerably less attention to market conditions for logs than most people would guess. Of the four regeneration systems discussed, single-tree selection is the only uneven-aged management system.

For all of its visual appeal, single-tree selection is not an effective tool for regenerating intermediate and shade-intolerant species. While foresters can slow the natural succession process by actively cutting out certain trees, over time, single-tree selection will generally move a forest towards late-successional, shade tolerant species. Single-tree selection also requires considerably more care; trees have to be felled and extracted without damaging the remaining trees. On the upside, however, single-tree selection has minimal visual impacts and thus is the least objectionable method to the public and forest preservationists.

Cutting Out Bad Forestry

With this understanding of tree physiology and regeneration systems as background, it becomes easier to see why two of the practices occasionally employed in single-tree selection hardwood forest management—*diameter-limit cutting* and *high-grading*—fall short of the best practices we should be using.

Diameter-limit cutting is perhaps the most misunderstood management tool we hear discussed in the industry. Practitioners of diameter-limit cutting argue that by taking only trees above a certain diameter (the diameter “limit”), they are leaving the smaller trees to grow larger. The higher the limit, the theory goes, the more environmentally responsible the cut. Intuitively, this seems like a logical, conservative approach that prevents overcutting, but focusing on one metric (tree diameter) is short-sighted and does lasting damage to the forest. “High-grading” is a closely related harvesting concept often described as “take the best and leave the rest.” These

practices capture short-term gains at the expense of long-term forest productivity, especially when applied on even-aged forests.

We’ve already established that many eastern hardwood stands—although they contain a variety of tree sizes and qualities—are even-aged. The observed diversity in tree size and quality in these stands is largely a function of genetics. While micro-environment can play a role, some individuals are simply genetically superior with regards to growth rate and form. Diameter-limit cutting in an even-aged stand, then, tends to remove trees with superior growth genes, while high-grading cuts out trees of genetically superior form *and* growth. Often the poorly formed, suppressed trees left behind are unable to respond well when exposed to light. Repeatedly removing the biggest and best trees from the forest—and removing them as a future seed source—downgrades stand genetics, and, thus, the potential to grow large, high-quality trees in the future.

Proper single-tree selection forestry, by contrast, removes a mix of merchantable and non-merchantable stems to achieve a pre-determined residual stand density that maximizes growth while maintaining sufficient density to keep the residual “crop trees” growing up and not out. Fundamentally, it flips high-grading on its head and says, instead, “*leave the best, take the rest.*” The most poorly formed, stunted trees are typically removed (although in practice this requires sufficient low-grade timber markets to make it economically feasible). Large, good quality trees (and smaller trees with the potential to become large, good quality trees) are left as a seed source, and because they have the greatest potential to grow exponentially in value as they move into larger size classes, such as from sawlogs to veneer logs.

Final Thoughts...

Hardwood industry foresters live and work at the intersection of forest biology, government policy, public opinion, forest products markets and scientific understanding. Every one of these drivers is in constant flux, yet the impacts of policy and management decisions are typically not realized for decades. The removal of fire and clearcutting from our “toolbox,” for example, will ultimately reduce the Oak component of eastern hardwood forests. By the time we reach that point, and the public allows us to reintroduce these tools, it’ll take another 50 years to make noticeable improvements in the Oak component. Thus, basic forest management concepts, like those discussed in this article, are much more easily understood than applied with effectiveness on the landscape.

Still, industry foresters have managed to manage our hardwood forests with the best available science for a century, within the constraints of policies and markets, and their record of sustainability is something about which our industry should be proud.



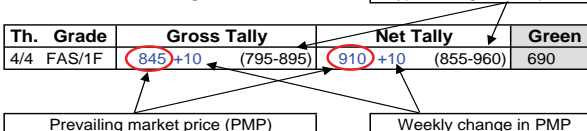


Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
WHITE OAK					
FAS/1F	1290	(1200-1410)	1385	(1290-1515)	865
4/4 #1 Com	755	(690-815)	810	(740-875)	460
#2 Com	560	(525-595)	600	(565-640)	335
#3 Com	475	(435-500)	510	(470-540)	275 +5
FAS/1F	1605	(1495-1730)	1725	(1610-1860)	955 +10
5/4 #1 Com	875	(820-920)	940	(880-990)	490 +5
#2 Com	670	(620-720)	720	(665-775)	350
#3 Com					305
FAS/1F	1975 +5	(1845-2040)	2125 +5	(1985-2195)	1125 +10
6/4 #1 Com	1160	(1105-1220)	1245	(1190-1310)	525
#2 Com	795 +5	(755-835)	855 +5	(810-900)	
FAS/1F	2470 +10	(2345-2570)	2655 +10	(2520-2765)	1430 +10
8/4 #1 Com	1295	(1215-1345)	1390	(1305-1445)	560
#2 Com	920	(885-975)	990	(950-1050)	
POPLAR					
FAS/1F	780	(735-850)	840	(790-915)	595
4/4 #1 Com	550 +5	(510-585)	590 +5	(550-630)	365
#2 Com	405	(385-425)	435	(415-455)	290
FAS/1F	815	(760-860)	875	(815-925)	605
5/4 #1 Com	600 +5	(560-630)	645 +5	(600-675)	375
#2 Com	445	(415-470)	480	(445-505)	300
FAS/1F	855	(805-915)	920	(865-985)	605
6/4 #1 Com	645 +5	(615-690)	695 +5	(660-740)	385
#2 Com	475	(445-490)	510	(480-525)	305
FAS/1F	930	(870-990)	1000	(935-1065)	620
8/4 #1 Com	715 +5	(670-745)	770 +5	(720-800)	400
#2 Com	530 +5	(500-550)	570 +5	(540-590)	315
FAS/1F	1055	(980-1110)	1135	(1055-1195)	825
10/4 #1 Com	930 +10	(850-970)	1000 +10	(915-1045)	550
FAS/1F	1105	(1035-1190)	1190	(1115-1280)	860
12/4 #1 Com	965 +10	(915-1015)	1040 +10	(985-1090)	570

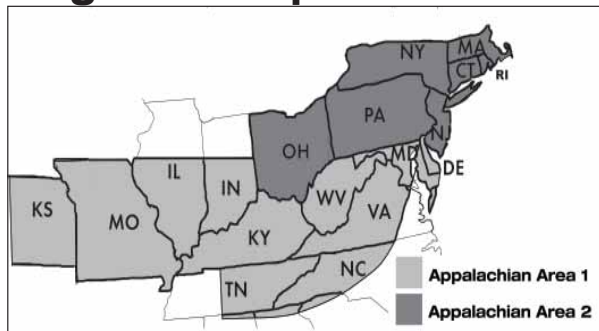
Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
WALNUT¹					
FAS/1F	2585	(2420-2720)	2780	(2600-2925)	1715
4/4 #1 Com	1245 +10	(1125-1320)	1340 +10	(1210-1420)	665
#2 Com	730	(675-765)	785	(725-825)	345 -10
FAS/1F	3120	(2975-3290)	3355	(3200-3540)	1760
5/4 #1 Com	1550	(1435-1650)	1665	(1545-1775)	740
#2 Com	835	(735-915)	900	(790-985)	400
FAS/1F	3325	(3135-3445)	3575	(3370-3705)	1895
6/4 #1 Com	1880	(1810-1990)	2020	(1945-2140)	865
#2 Com	1200	(1125-1255)	1290	(1210-1350)	460
FAS/1F	3730	(3490-3905)	4010	(3755-4200)	2045
8/4 #1 Com	2110	(2015-2195)	2270	(2165-2360)	915
#2 Com	1330	(1215-1405)	1430	(1305-1510)	475

*All prices are in dollars per thousand board feet (\$/MBF).
 *All green FAS prices include a premium for full-load shipments.
¹Kiln-dried Walnut prices include steam treatment; green prices do not.
¹Green F1F Walnut prices are typically \$100 below the FAS prices.

How to Read the Pricing Tables:



Regional Map



The price information presented in this publication reflects the boundaries on these maps. These boundaries are a general interpretation of commercial hardwood sales regions and can vary by species and the quality of the lumber sold. Areas on this map do not necessarily correspond to any political or botanical boundaries.

Published green and kiln-dried lumber prices reflect average estimated FOB mill prices in full truckload or carload quantities. These prices represent prior sales and are not an attempt to predict future prices. Prices are given in U.S. dollars per thousand board feet (\$/MBF).

Kiln-Dried Gross Tally prices represent sales of kiln-dried lumber sold gross tally, graded and inspected after kiln drying. Kiln-Dried Net Tally prices represent sales of kiln-dried lumber sold net tally, also graded and inspected after kiln drying.

Prices that have changed from the preceding week are indicated by bold type, immediately followed by the dollar amount of the increase or decrease.

All hardwood and Cypress lumber prices are representative of lumber sold based on National Hardwood Lumber Association grading rules.

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Northern Pricing



Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
ASH					
Sel/Btr	960	(910-1000)	1030	(980-1075)	610
4/4 #1 Com	720	(680-750)	775	(730-805)	425
#2 Com	620	(595-650)	665	(640-700)	325
ASPEN					
Sel/Btr	890	(855-945)	955	(920-1015)	555
4/4 #1 Com	510	(480-535)	550	(515-575)	280
#2 Com	430	(405-450)	460	(435-485)	240
Sel/Btr	985	(925-1025)	1060	(995-1100)	660
5/4 #1 Com	560	(530-585)	600	(570-630)	305
#2 Com	470	(445-490)	505	(480-525)	260
BASSWOOD					
Sel/Btr	900	(860-950)	970	(925-1020)	605
4/4 #1 Com	520	(485-545)	560	(520-585)	280
#2 Com	365	(335-390)	390	(360-420)	200
Sel/Btr	945	(900-995)	1015	(970-1070)	595
5/4 #1 Com	550	(525-585)	590	(565-630)	295
#2 Com	380	(340-400)	410	(365-430)	190
Sel/Btr	1160 +5	(1100-1215)	1245 +5	(1185-1305)	705
6/4 #1 Com	630	(580-665)	675	(625-715)	300
#2 Com	440	(410-465)	475	(440-500)	215
Sel/Btr	1190	(1130-1250)	1280	(1215-1345)	730
8/4 #1 Com	770	(740-810)	830	(795-870)	325
#2 Com	505	(470-545)	545	(505-585)	220
Sel/Btr	1185	(1120-1255)	1275	(1205-1350)	825
9/4 #1 Com	805	(770-845)	865	(830-910)	495
#2 Com	495	(465-515)	530	(500-555)	230
BEECH					
Sel/Btr	1020	(975-1065)	1095	(1050-1145)	500
4/4 #1 Com	780	(745-815)	840	(800-875)	415
#2 Com	570	(545-595)	615	(585-640)	250
YELLOW BIRCH - NORTH CENTRAL					
Sap/Btr					
Sel/Btr	2025	(1940-2095)	2175	(2085-2255)	1320
4/4 #1 Com	1145	(1085-1195)	1230	(1165-1285)	690
#2 Com	825	(790-870)	885	(850-935)	
Sel/Btr	2075	(1995-2155)	2230	(2145-2315)	
5/4 #1 Com	1275	(1220-1330)	1370	(1310-1430)	
#2 Com	910	(875-940)	980	(940-1010)	
Unselected					
Sel/Btr					1155
4/4 #1 Com					640
#2 Com					400
#3 Com					295
YELLOW BIRCH - NORTHEASTERN					
Sap/Btr					
Sel/Btr	2015	(1900-2095)	2165	(2045-2255)	1370
4/4 #1 Com	1165	(1100-1215)	1255	(1185-1305)	765
#2 Com	770	(735-815)	830	(790-875)	
Sel/Btr	2080	(1980-2180)	2235	(2130-2345)	
5/4 #1 Com	1355	(1285-1425)	1455	(1380-1530)	
#2 Com	915	(875-955)	985	(940-1025)	
Unselected					
Sel/Btr					1175
4/4 #1 Com					665
#2 Com					475
#3 Com					380
CHERRY					
Sel/Btr	2310	(2185-2415)	2485	(2350-2595)	1630
4/4 #1 Com	880	(795-940)	945	(855-1010)	590
#2 Com	515	(465-540)	555	(500-580)	330
Sel/Btr	2650	(2560-2735)	2850	(2755-2940)	1880
5/4 #1 Com	1460	(1385-1535)	1570	(1490-1650)	955
#2 Com	590	(555-615)	635	(595-660)	380

How to Read the Pricing Tables:

Th. Grade	Gross Tally		Net Tally		Green
4/4 FAS/1F	845 +10	(795-895)	910 +10	(855-960)	690

Typical range of KD prices (points to the range in parentheses)

Prevailing market price (PMP) (points to the Gross Tally)

Weekly change in PMP (points to the +/- change)

Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
HARD MAPLE - NORTH CENTRAL					
#1&2 White					
Sel/Btr	1615	(1520-1695)	1735	(1635-1825)	1275
4/4 #1 Com	930	(850-980)	1000	(915-1055)	695
#2 Com	725	(690-760)	780	(740-815)	455
Sel/Btr	2045	(1930-2140)	2200	(2075-2300)	1650
5/4 #1 Com	1275	(1205-1335)	1370	(1295-1435)	935
#2 Com	845	(800-885)	910	(860-950)	605
Sel/Btr	2560	(2460-2645)	2755	(2645-2845)	2000
6/4 #1 Com	1710	(1650-1785)	1840	(1775-1920)	1220
Sel/Btr	2780	(2625-2885)	2990	(2825-3100)	2095
8/4 #1 Com	1900	(1770-1970)	2045	(1905-2120)	1275
Unselected					
4/4 #2 Com					465
#3 Com					295
HARD MAPLE - NORTHEASTERN					
Sap/Btr					
Sel/Btr	1515	(1425-1595)	1630	(1530-1715)	1125
4/4 #1 Com	900 +10	(850-950)	970 +10	(915-1020)	650
#2 Com	680 +10	(625-730)	730 +10	(670-785)	475
Sel/Btr	1790	(1705-1880)	1925	(1835-2020)	1190
5/4 #1 Com	975	(915-1025)	1050	(985-1100)	755
#2 Com	800	(755-835)	860	(810-900)	510
Sel/Btr	2065	(1965-2185)	2220	(2115-2350)	1535
6/4 #1 Com	1200 +20	(1130-1265)	1290 +20	(1215-1360)	965
Sel/Btr	2225 -25	(2075-2365)	2390 -25	(2230-2545)	1655
8/4 #1 Com	1325 +10	(1260-1395)	1425 +10	(1355-1500)	1155
Unselected					
4/4 #2 Com					430
#3 Com					250
SOFT MAPLE (RED LEAF)					
Sap/Btr					
Sel/Btr	1250	(1165-1330)	1345	(1255-1430)	985
4/4 #1 Com	910	(860-945)	980	(925-1015)	545
#2 Com	660	(625-685)	710	(670-735)	355
Sel/Btr	1510	(1420-1580)	1625	(1525-1700)	1135
5/4 #1 Com	1000	(945-1050)	1075	(1015-1130)	615
#2 Com	740	(700-775)	795	(755-835)	380
Unselected					
Sel/Btr	1160	(1020-1245)	1245	(1095-1340)	920
4/4 #1 Com	750 +20	(715-790)	805 +20	(770-850)	430
#2 Com	555	(525-580)	595	(565-625)	315
Sel/Btr	1365 -10	(1265-1425)	1470 -10	(1360-1530)	1120
5/4 #1 Com	915	(875-965)	985	(940-1040)	575
#2 Com	700 +10	(670-735)	755 +10	(720-790)	345
RED OAK - NORTH CENTRAL					
Sel/Btr	1175	(1115-1245)	1265	(1200-1340)	855
4/4 #1 Com	795	(760-845)	855	(815-910)	500
#2 Com	600	(565-635)	645	(610-685)	420
#3 Com					315
Sel/Btr	1500	(1430-1585)	1615	(1540-1705)	990
5/4 #1 Com	975	(925-1030)	1050	(995-1110)	540
#2 Com	710	(665-745)	765	(715-800)	420
#3 Com					295
Sel/Btr	1685	(1585-1760)	1810	(1705-1890)	1040
6/4 #1 Com	1185	(1135-1240)	1275	(1220-1335)	575
Sel/Btr	1795	(1695-1905)	1930	(1825-2050)	1070
8/4 #1 Com	1275	(1215-1345)	1370	(1305-1445)	600
RED OAK - NORTHEAST					
Sel/Btr	1180	(1110-1220)	1270	(1195-1310)	790
4/4 #1 Com	875	(795-915)	940	(855-985)	565
#2 Com	720	(685-765)	775	(735-825)	465
#3 Com					375
Sel/Btr	1350	(1275-1415)	1450	(1370-1520)	785
5/4 #1 Com	965	(910-1005)	1040	(980-1080)	550
#2 Com	790	(750-825)	850	(805-885)	465
#3 Com					370
Sel/Btr	1685	(1585-1760)	1810	(1705-1890)	1040
6/4 #1 Com	1185	(1135-1240)	1275	(1220-1335)	575
Sel/Btr	1795	(1695-1905)	1930	(1825-2050)	1070
8/4 #1 Com	1275	(1215-1345)	1370	(1305-1445)	600



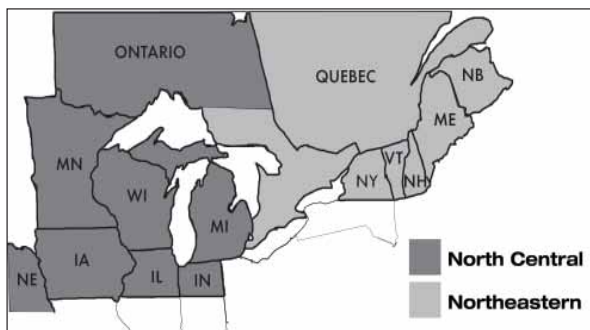
Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
WHITE OAK					
Sel/Btr	1405	(1325-1495)	1510	(1425-1610)	885
4/4 #1 Com	750	(705-800)	805	(760-860)	440
#2 Com	550	(515-575)	590	(555-620)	340
Sel/Btr	1795	(1705-1880)	1930	(1835-2020)	1065
5/4 #1 Com	795	(750-840)	855	(805-905)	450
#2 Com	590	(560-620)	635	(600-665)	365
WALNUT¹					
4/4 Sel/Btr	2470	(2370-2605)	2655	(2550-2800)	
#1 Com	1235	(1145-1305)	1330	(1230-1405)	
#2 Com	730	(660-775)	785	(710-835)	

*All prices are in dollars per thousand board feet (\$/MBF).

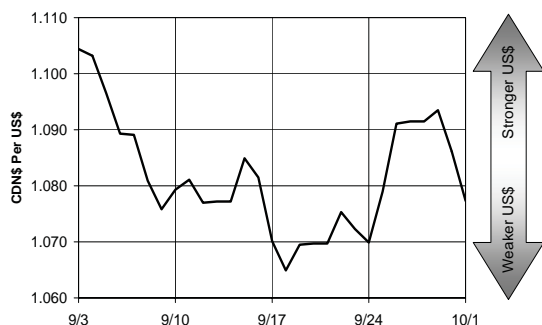
*All green FAS prices include a premium for full-load shipments.

¹Kiln-dried Walnut prices include steam treatment.

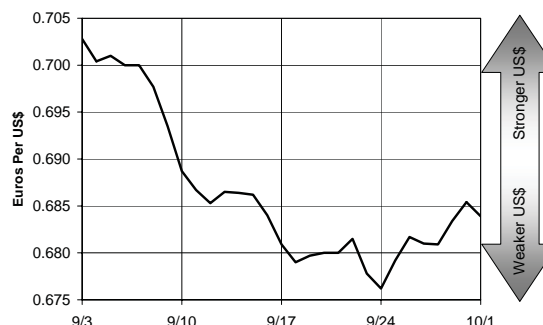
Regional Map



CDN\$ vs. US\$



Euro vs. US\$



Average interbank "Ask" prices for the day (Source: oanda.com).

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Southern Pricing



Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
ASH					
FAS/1F	1000	(930-1060)	1075	(1000-1140)	660
4/4 #1 Com	685	(645-715)	735	(695-770)	400
#2 Com	475	(460-500)	510	(495-540)	270
FAS/1F	1125	(1055-1185)	1210	(1135-1275)	720
5/4 #1 Com	750	(705-785)	805	(760-845)	430
#2 Com	550	(525-575)	590	(565-620)	280
FAS/1F	1220	(1160-1290)	1310	(1245-1385)	750
6/4 #1 Com	920	(870-970)	990	(935-1045)	500
#2 Com	625	(595-655)	670	(640-705)	290
FAS/1F	1310	(1210-1390)	1410	(1300-1495)	830
8/4 #1 Com	970	(910-1020)	1045	(980-1095)	560 -10
#2 Com	660	(620-690)	710	(665-740)	300
COTTONWOOD					
FAS/1F	725	(695-765)	780	(745-825)	630
4/4 #1 Com	450	(420-480)	485	(450-515)	420
#2 Com	295	(275-315)	315	(295-340)	220
FAS/1F	745	(705-785)	800	(760-845)	640
5/4 #1 Com	480	(455-505)	515	(490-545)	425
#2 Com	300	(280-320)	325	(300-345)	235
SAP GUM					
FAS/1F	600	(550-640)	645	(590-690)	355
4/4 #1 Com	450	(420-470)	485	(450-505)	330
#2 Com	325	(305-345)	350	(330-370)	235
FAS/1F	620	(570-660)	665	(615-710)	390
5/4 #1 Com	475	(450-500)	510	(485-540)	365
#2 Com	375	(355-395)	405	(380-425)	260
HACKBERRY					
FAS/1F	775	(730-810)	835	(785-870)	475
4/4 #1 Com	510	(480-530)	550	(515-570)	450
#2 Com					240
SOFT MAPLE - WHAD					
FAS/1F					790
4/4 #1 Com					520
#2 Com					275
FAS/1F					880
5/4 #1 Com					570
#2 Com					305
SOFT MAPLE - WHND					
FAS/1F					420
4/4 #1 Com					380
#2 Com					240
FAS/1F					455
5/4 #1 Com					415
#2 Com					260
FAS/1F					515
6/4 #1 Com					475
8/4 FAS/1F					530
#1 Com					490

Th. Grade	Kiln-Dried Gross Tally		Kiln-Dried Net Tally		Green
RED OAK					
FAS/1F	880	(825-945)	945	(885-1015)	650 +5
4/4 #1 Com	660 +5	(620-700)	710 +5	(665-755)	455
#2 Com	500	(465-535)	540	(500-575)	395
#3 Com					320
FAS/1F	1135	(1060-1200)	1220	(1140-1290)	730 +10
5/4 #1 Com	740 +5	(700-780)	795 +5	(755-840)	465
#2 Com	515	(485-545)	555	(520-585)	370
#3 Com					310
WHITE OAK					
FAS/1F	1100	(1030-1200)	1185	(1110-1290)	730
4/4 #1 Com	680	(640-740)	730	(690-795)	450
#2 Com	520	(480-550)	560	(515-590)	325
#3 Com					265
FAS/1F	1385	(1285-1485)	1490	(1380-1595)	810
5/4 #1 Com	760 +5	(700-800)	815 +5	(755-860)	470
#2 Com	550	(520-580)	590	(560-625)	325
#3 Com					265
PECAN/HICKORY					
FAS/1F	1060 +10	(1000-1120)	1140 +10	(1075-1205)	600
4/4 #1 Com	830 +10	(780-870)	890 +10	(840-935)	460
#2 Com	700 +10	(660-730)	755 +10	(710-785)	305
POPLAR					
FAS/1F	750	(690-790)	805	(740-850)	600
4/4 #1 Com	505 +5	(480-540)	545 +5	(515-580)	375
#2 Com	390 +5	(375-415)	420 +5	(405-445)	295
FAS/1F	770 +10	(720-820)	830 +10	(775-880)	610
5/4 #1 Com	565 +15	(530-590)	610 +15	(570-635)	405
#2 Com	420 +10	(400-440)	450 +10	(430-475)	305
FAS/1F	845 +10	(795-895)	910 +10	(855-960)	620
6/4 #1 Com	615 +15	(585-645)	660 +15	(630-695)	420
#2 Com					315
FAS/1F	930	(880-980)	1000	(945-1055)	630
8/4 #1 Com	645 +15	(605-685)	695 +15	(650-735)	430
#2 Com					330

*All prices are in dollars per thousand board feet (\$/MBF).

*All green FAS prices include a premium for full-load shipments.

How to Read the Pricing Tables:

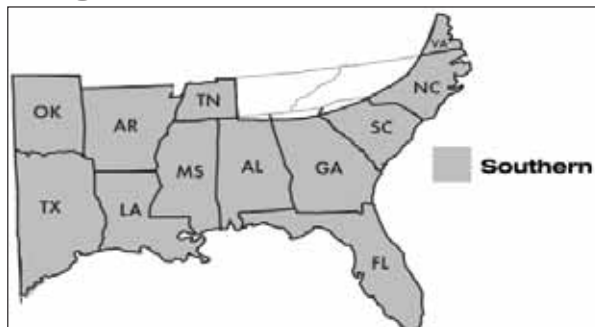
Th. Grade	Gross Tally		Net Tally		Green
4/4 FAS/1F	845 +10	(795-895)	910 +10	(855-960)	690

Typical range of KD prices

Prevailing market price (PMP)

Weekly change in PMP

Regional Map



Energy and
persistence conquer
all things.

- Benjamin Franklin

Miscellaneous Pricing



CYPRESS	Sel/Btr, D/Btr		#2 Com	
	PMP +/-	RANGE	PMP +/-	RANGE
KILN-DRIED				
1 x 4	850	(770-900)	390	(360-420)
1 x 6	1400 -10	(1310-1470)	665 +5	(630-710)
1 x 8	1350	(1260-1430)	700	(660-740)
1 x 10	1400	(1310-1480)	780	(730-840)
1 x 12	1610	(1510-1730)	940	(880-1020)
2 x 4	1280	(1200-1350)	660	(630-700)
2 x 6	1820	(1730-1950)	760	(710-810)
2 x 8	1830	(1730-1950)	770	(720-820)
2 x 10	1840	(1740-1950)	935	(875-975)
2 x 12	1980	(1860-2070)	1100	(1030-1190)
KILN-DRIED - Random Width & Length				
4/4	1170	(1110-1230)		
5/4	1530	(1440-1620)		
6/4	1650	(1550-1730)		
8/4	1730	(1620-1860)		

*All Cypress prices are \$/MBF, net tally.

UNFINISHED STRIP FLOORING		Plain Sawn	
		PMP +/-	RANGE
RED OAK			
3/4" x #1 Common	Sel/Btr	1.59	(1.50-1.68)
2-1/4" x #2 Common	Sel/Btr	1.18	(1.10-1.22)
		0.96	(0.85-1.05)
WHITE OAK			
3/4" x #1 Common	Sel/Btr	1.52	(1.43-1.61)
2-1/4" x #2 Common	Sel/Btr	1.10	(1.00-1.15)
		0.93	(0.85-1.00)

*All flooring prices are \$/square foot, net tally after 5% distributors discount.

IMPORTS	Sel/Btr	
	PMP +/-	RANGE
JATOBA		
4/4	2800	(2590-2960)
5/4	2850	(2650-3020)
AFRICAN MAHOGANY		
4/4	2820	(2670-3050)
5/4	2840	(2690-3070)
6/4	2860	(2710-3090)
8/4	2880	(2730-3110)
Prices are for Cameroon & Ghana stock; Ivory Coast typically \$200 lower.		
GENUINE MAHOGANY		
4/4	5720	(5480-6040)
5/4	5740	(5500-6060)
6/4	5770	(5530-6090)
8/4	5800	(5560-6120)
SAPELE		
4/4	2910 -20	(2680-3080)
5/4	2940 -20	(2730-3130)
6/4	2960 -20	(2750-3150)
8/4	2990 -20	(2780-3180)
SPANISH CEDAR		
4/4	3060 -20	(2860-3280)
5/4	3080 -20	(2880-3300)
6/4	3100 -20	(2900-3320)
8/4	3130 -20	(2930-3350)

*Kiln-dried lumber, in \$/MBF, net tally.

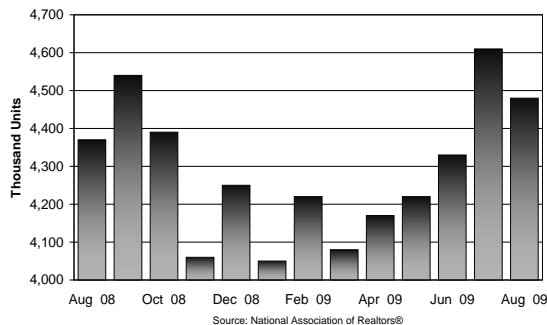
LOW-GRADE LUMBER	Northern		Southern		Appalachian	
	PMP +/-	\$/MBF	PMP +/-	\$/MBF	PMP +/-	\$/MBF
PALLET LUMBER						
4/4 x 4"-6"-8"	280	(245-310)	275	(250-300)	270	(245-305)
5/4 x 4"-6"-8"	310	(285-325)	290	(265-315)	290	(265-315)
PALLET CANTS						
4 x 4 and 4 x 6 cants	320	(290-355)	290	(260-320)	285	(250-320)
RAILROAD TIES						
7 x 9 crossties	490	(465-525)	465 -5	(430-500)	480	(435-510)
7 x 9 switchties	435	(415-465)	440	(410-470)	440	(405-490)
FRAME STOCK						
4/4 Oak/Hickory Frame S2S	395	(365-425)	360 -10	(335-395)	370	(345-405)
4/4 Mixed Frame S2S	370	(350-390)	345	(320-370)	320	(270-345)

*All low-grade lumber prices are \$/MBF, gross tally, FOB origin.

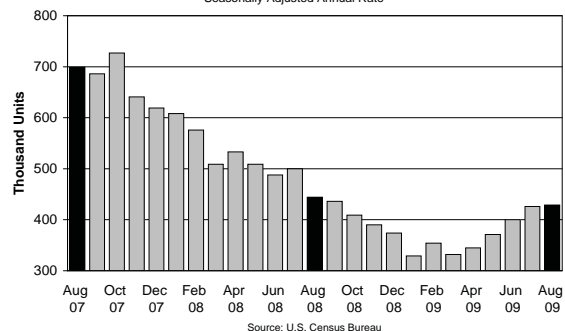
Economic Indicators



Existing, Single-Family Home Sales
Seasonally Adjusted Annual Rate



New, Single-Family Home Sales
Seasonally Adjusted Annual Rate



Market Comments



GENERAL OBSERVATIONS –

The potential for winter lumber shortages was a prevalent theme in industry conversations last week. Many are convinced that overall demand will far outpace supply by the first quarter of 2010, if not sooner. Others, having seen nearby mills reopen or resume full production schedules, worry that the industry could still overreact to what they believe is largely a supply driven upturn in pricing. Demand from domestic flooring factories and Chinese and Vietnamese customers has, in fact, increased, but some aren't sure if that will last through winter. Amid this backdrop of uncertainty, buyers outside of the aforementioned sectors remained cautious, with many trying to stem the recent tide of price increases.

Production and sales of kitchen cabinets remained weak, with some indicating that stock manufacturers have increased their share of what is now a much smaller market. The species mix used by cabinet plants remains the same, one buyer said, just in lower volumes. By offering higher prices and purchasing some KD stock, many flooring plants built lumber inventories in September. Entering October, however, most were still in an aggressive buying posture. A moulding manufacturer reported a year-on-year sales decline of 40%, and said the usual September "bump" in orders didn't show up this year.

Markets for low-grade and industrial lumber products were generally quiet. Tie yards and treating plants

had most suppliers on quotas or cut-off altogether. With lumber production quite low, pallet manufacturers in some areas were scrambling to find enough cants and cut-stock even though their sales were generally poor. Frame stock shipments have slowed to the Northern Mississippi furniture belt. Board road and crane mat sales were slow for all but well-entrenched producers.

NORTHERN REGION –

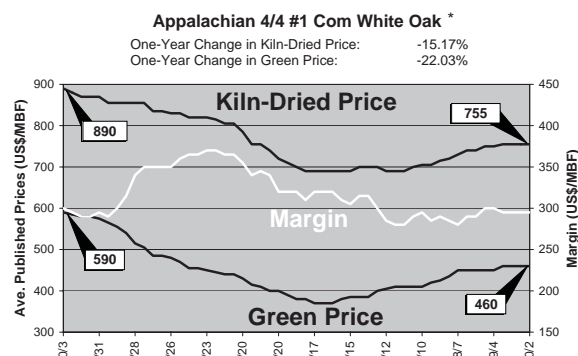
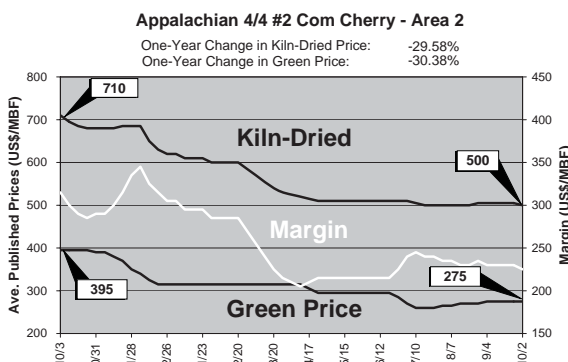
Slow sales for cabinet manufacturers have led to reduced demand for **Alder**, and prices have "become more competitive than they have been in some time," according to one buyer. While most **Alder** items were readily available, the supply of 10-foot and longer stock was tighter. Demand for **Alder** remained stronger on the West Coast than anywhere else. Concentration yards had difficulty finding as much green **Ash** as they would like, but most sawmill owners were not motivated to cut more because of tight margins. Landowners reported little sawmill interest in **Basswood** logs. **Basswood** lumber demand was "hit and miss;" some yards and end-users were actively buying, while others had plenty of inventory. Due to imbalance in supply, **Yellow Birch** demand felt stronger in the North Central sub-region than in the Northeast. "**Yellow Birch** is still our best item, but sales have been a little spotty," said one Northeastern contact. #1 Common **Cherry** prices were in a large range. One North Central end-user said he could now purchase #1

Common **Cherry** from the best quality areas in Pennsylvania for about the same as Northern stock, even with the longer freight haul. Sel/Btr **Hard Maple** sales remained slow, but Western distribution yards reported improved demand. Many manufacturers have become less concerned with finding the whitest **Hard Maple** than with finding the lowest price. However, one buyer stated that, at current prices, he's sticking with high-quality **Hard Maple** stock because, even when using dark stains, it provides a more even finish. KD #1 and #2 Common **Hard Maple** sales were a little stronger, with some of the increased activity coming from dimension work. Demand for #1 Common **Soft Maple** spurred some sawmills to seek out more logs, but Sel/Btr sales remained slow. Sales of green **Red Oak** continued to show improvement, but a few sawmillers noted that landowners were aware of the increase and were asking more for their logs. Several flooring manufacturers were still looking for more #2&3A Common **Red Oak**. There was some upward price pressure on **White Oak**, particularly in the Northeast, but not enough to increase prevailing market prices this week. Mills reported strong sales of sawdust and shavings.

SOUTHERN REGION –

Extremely wet weather further constrained logging activity and lumber production in the Deep South. Many sawmills have yet to build significant wet decks for winter, and some were even breaking into their wet decks early to

Hardwood Statistics



In the charts above, the margin is the difference in dollars between the published kiln-dried and green prices, as read from the right-hand axis. Those items marked with an asterisk (*) are among the items incorporated in the Price Indexes on the front cover.



Flooring plant receipts of flooring Oak increased in September.

keep operating. "Business is better," one company owner stated. "It is not a night and day change, but we are quoting a lot more, overall sales are up and 'bottom feeders' have quit trying to drive down prices." A mixture of slightly higher overseas demand and low supplies made **Ash** markets feel stronger. 4/4 #1 Common was the best moving **Ash** item, although **Sap/Btr** 4/4 FAS/1F was catching up. Domestic shipments of FAS/1F and #1 Common **Cottonwood** were well below historic norms, while exports to Asia and Mexico were steady. **Cypress** producers noted solid sales of most #2 Common items except 2x12. However, inventories of unsold stock-width as well as 6/4 and 8/4 RW Sel/Btr **Cypress** were growing. Demand for 4/4 **Pecan/Hickory** was solid in all grades, and strongest in the #2 Common. Supplies of several **Red Oak** items have tightened up, particularly green 4/4 #2&3A Common and KD 4/4 FAS/1F. A few mills were also running low on 4/4 #1 Common **Red Oak** even though it was hardly a strong seller. Shipments to the Middle East and China comprised a larger share of FAS/1F **Red Oak** sales. Flooring plants bought all the green 4/4 #2&3A Common **Red Oak** and **White Oak** they could find, and supplemented those purchases with extra loads of KD stock. European buyers seeking to replenish depleted FAS/1F **White Oak** inventories were driving hard bargains. A number of KD **Poplar** prices firmed

on increased domestic and Far Eastern demand. Framestock suppliers reported smaller order files and shrinking gaps between **Oak/Hickory** and **Mixed** frame stock prices.

APPALACHIAN REGION –

Ash prices held firm and sales were about as strong as anything else in the region. West Coast distribution yards reported low demand for FAS/1F **Ash**. **Basswood** prices were unchanged but there was more activity in the 4/4 and 5/4. Tighter supplies of top quality FAS/1F **Cherry** were felt in distribution markets. Still, sawmills avoided **Cherry** log receipts where possible. "I'm holding off cutting **Cherry** until better prices come around," reported one mill owner, "and until I can have a little more control of the terms and price." Flooring plants were still hot for #2 Common **Hickory**, and cabinet plants paid prices in line with prevailing #1 Common prices. 4/4 FAS/1F #1&2 **White** and **Sap/Btr Hard Maple** moved better than other **Hard Maple** items. Some contacts predict that severe shortages will place **Hard Maple** among the strongest species this winter. With no anticipated increase in demand for #2 Common, however, and still a large volume of unsold #1 Common **Hard Maple** in warehouses, such a forecast seems most appropriate for the uppers. Despite relatively good KD **Soft Maple** lumber sales, increased

green prices continued to squeeze margins. **Red Oak** markets firmed across the range of grades and thicknesses; only #1 Common was still "weak" for some sellers. #2&3A Common **Red Oak** prices were firm or a bit higher, but flooring plant receipts of flooring **Oak** increased in September thanks to better logging conditions and increases in sawmill production hours. Lower 6/4 and 8/4 **White Oak** production pushed up KD prices. As one contact noted, however, "With the quality of **White Oak** logs being cut, 8/4 lumber prices will have to come up considerably before it'll make sense to cut 8/4 lumber instead of selling the logs." Higher **Poplar** prices were a puzzle to contacts who have been anticipating or already felt a slowdown in export demand. Distribution yards rated FAS/1F **Poplar** demand near the top of the charts, and West Coast yards paid more, although strong sales and pricing are widely attributed to supply issues. Chinese interest in #1 and #2 Common **Poplar** remained strong. Heavier West Coast demand put a strain on **Walnut** supplies.

IMPORTS –

Widening price ranges, fluctuating exchange rates and shrinking architectural millwork demand caused confusion in tropical hardwood markets. West Coast yards reported decent sales of both **African Mahogany** and **European Beech**. Rainy season and poor business conditions had African sawmills running part-time or not at all.

