

Forestry Report

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Timber Markets Face Short-Term Challenges Amid Bright Long-Term Prospects

By Marshall Thomas, President of F&W Forestry Services, Inc.



I've been attending various summer forestry association and trade meetings, and the recurring theme is that while the long-term outlook for our industry is promising, we are in for some rough times in the short term due to high interest rates and their impact

on housing and the broader economy. The Federal Reserve's reluctance to cut interest rates is delaying the positive developments forecast by most economists. If you want to monitor the single most important indicator for future timber markets, watch the Fed's interest rates. The Fed holds our future in its hands.

Stumpage prices across our operating regions are all over the place, mostly depending on local weather conditions and the types of mills procuring within a region. This is not surprising for sawtimber, since the F&W Lumber-Use Adjusted Housing Starts is at 1.17 million (see graph, page 12), below the general "rule of thumb" of 1.2 million starts for good demand and upward price pressure. Until our economy gains momentum, expect this variability to continue, with occasional ups and downs based on weather conditions, mill closures, and cutbacks.

There is a lot of "noise" across the South about manufacturers aiming to produce biofuel from pulpwood-sized trees. We hear of facilities planning to produce a replacement for Jet-A, the fuel used by airlines, and

others that will produce fuels for large cargo ships. Mostly these are rumors without much substance to them. However, these industries need a renewable replacement for their petroleum-based fuels, and the airline and shipping industries seem to be emphasizing it. I am hopeful that these facilities will become significant consumers of small trees, restoring markets across the country for small wood, and enabling landowners to maintain healthy, productive natural and planted forests. We will keep an eye on this and report any developments.

A new law on corporate transparency is likely to affect many landowners by increasing government reporting requirements, with potentially large penalties for non-compliance. See page 2.

In the latest merger news, IP wants to acquire DS Smith, Suzano aims to acquire IP, and Kappa Smurfit is moving ahead with its acquisition of WestRock. See page 3. While these mergers will benefit the companies and their shareholders, they have the potential to reduce competition for the trees we grow.

In the last issue we reported that forestry trade associations had requested a delay in the implementation of the European Union Deforestation Regulation (EUDR), which imposes onerous and perhaps impossible reporting requirements on anyone wanting to sell paper, pulp, or wood products in the EU. Now the U.S. secretaries of agriculture and commerce, and the U.S. trade representative have asked for a delay. This is

(continued on page 9)

INSIDE THIS ISSUE

PAGE 2

The Corporate
Transparency Act

PAGE 3

P&P Consolidation:
IP Acquiring DS Smith

PAGE 5

2024 Farm Bill
Doubtful

PAGE 6

Southern Sawmill
Expansions

PAGE 7

NEW!
Inland Northwest
Timber Prices

Corporate Transparency Act Takes Effect

A new federal law, the Corporate Transparency Act (CTA), went into effect for existing businesses and newly formed business entities on January 1, 2024. This law imposes new information reporting requirements on most corporations, limited liability companies, limited partnerships, and certain other business entities. This new mandate aims to enhance transparency in business ownership and combat illegal financial activities such as money laundering.

MANDATORY REPORTING

On or before an applicable filing deadline, all non-exempt business entities must file a Beneficial Owner Information (BOI) report with the Financial Crimes Enforcement Network (FinCEN), the Treasury Department's financial intelligence unit.

- The filing deadline for reporting companies created or registered to do business in the U.S. before January 1, 2024 is January 1, 2025.

- Reporting companies created or registered to do business in the U.S. in 2024 have 90 calendar days to file after receiving actual or public notice that their company's creation or registration is effective.
- A reporting company created or registered on or after January 1, 2025, will have 30 calendar days to file after receiving actual or public notice that its creation or registration is effective.

WHO HAS TO FILE

These BOI reports must disclose the identities and provide contact information for all the entity's "beneficial owners." Beneficial owners are defined as individuals who either (1) control 25 percent of the ownership interests in the entity or (2) exercise substantial control over the entity (including executive officers such as the president, chief financial officer, general counsel, chief executive officer, chief operating officer, or any other officer who performs a similar function).

The BOI report must contain the following information for each beneficial owner:

- Full legal name
- Date of birth
- Complete current residential street address
- A unique identifying number from either a current U.S. passport, state or local ID document, or driver's license, or, if the individual has none of those, a foreign passport
- An image of the document from which the unique identifying number was obtained

CTA PURPOSE

The primary goal of CTA is to make ownership and control structures of incorporated entities more transparent, aiding law enforcement and regulatory authorities in

identifying and preventing financial crimes. The reported information will be stored in a nonpublic database managed by FinCEN, accessible only for specific purposes such as law enforcement and anti-money laundering activities.

The CTA applies only to business entities such as corporations and limited liability companies that are formed by filing a document with a state secretary of state or similar official but excludes sole proprietorships and general partnerships. It does not apply directly to trusts and estates. However, if a trust or estate meets the definition of a "beneficial owner" of a business entity, then its information will be included. It also applies to foreign business entities that register to do business in the U.S.

EXEMPTIONS

There are 23 categories of businesses which are exempt from the CTA, including:

- Larger businesses with 20 or more employees and \$5 million in receipts, and
- Businesses already regulated by the government, such as publicly traded corporations, banks, insurance companies, non-profits, and others.

A full list of exempt business entities can be found [here](#).

The initial BOI report filing does not expire, and the filer does not need to renew it. But there is an ongoing duty to keep the BOI report up to date by reporting any changes to FinCEN within 30 days of occurrence. Failure to comply can result in hefty monetary penalties and up to two years in prison.

While legal or CPA assistance is not mandatory for filing, businesses are advised to consult with legal professionals to ensure compliance. ♣



Forestry Report

For further information on material in this report or to discuss your forestry needs, contact the nearest F&W office or the Albany headquarters at:

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IP Announces Acquisition Of DS Smith Amid Bid From Suzano

In a strategic move set to reshape the global packaging and paper industry, International Paper (IP) announced its intention in April to acquire DS Smith, a leading British packaging company. This comes amidst an unexpected bid weeks later from Brazilian paper giant Suzano to acquire International Paper itself, setting the stage for significant shifts in the sector.

IP ACQUISITION OF DS SMITH

Memphis-based International Paper, one of the world's largest producers of fiber-based products, revealed its plans to purchase DS Smith in a deal valued at approximately \$10 billion. The acquisition aims to expand IP's footprint in the European market and enhance its capabilities in sustainable packaging solutions.

"Combining with DS Smith is a logical next step in IP's strategy to drive profitable growth by strengthening our global packaging business," said Mark S. Sutton, chairman of IP. "DS Smith is a leader in packaging solutions with an extensive reach across Europe, which complements IP's capabilities and will accelerate growth through innovation and sustainability."

DS Smith, headquartered in London, specializes in the production of corrugated packaging, recycling, and paper products. The company has been at the forefront of sustainable packaging solutions, a key focus for International Paper as it seeks to address growing environmental concerns and regulatory pressures.

The combining of the two companies is expected to deliver at least \$514 million in pre-tax cash synergies. The deal is set to close by the fourth quarter.

SUZANO'S UNSOLICITED BID

But in a surprising turn of events, Suzano, the world's largest producer of eucalyptus pulp, launched an unsolicited bid to acquire International Paper. The Brazilian company made an initial all-cash offer of \$15 billion for IP, aiming to create a global powerhouse in the pulp and paper industry. It would also mark a first step for the company into international markets. The offer would be contingent upon IP dumping its deal with DS Smith.

Thus far, IP has rebuffed Suzano's overtures, rejecting the initial offer as inadequate. But Reuters news service reports that Suzano is considering increasing its bid.

The offer from Suzano has sparked considerable interest and speculation among industry analysts. Should the acquisition proceed, it would mark one of the largest deals in the paper and packaging sector, potentially leading to significant restructuring and realignment of market dynamics.

MARKET REACTIONS

During the COVID-19 pandemic, the packaging industry experienced a surge in demand for deliveries as consumers under lockdown ordered more goods online. However, it has since faced a slowdown as e-commerce activity has returned to more normal levels, impacting profits across the industry.

The announcements have led to a flurry of activity in the stock markets. Shares of International Paper surged by 12 percent following the news of Suzano's bid, while DS Smith's shares rose by 10 percent on the back of the acquisition announcement.

Industry experts are closely watching how these developments

unfold. The potential consolidation of International Paper and DS Smith could significantly enhance their market position in Europe and beyond. However, Suzano's bid introduces an element of uncertainty, with questions about regulatory approvals and the strategic direction of the combined entities.

Analysts suggest that the dual developments could lead to further consolidation in the industry as companies seek to bolster their competitive positions through mergers and acquisitions. The focus on sustainability and innovation is expected to drive future growth, with companies like International Paper and Suzano leading the charge.

KAPPA SMURFIT-WESTROCK

Adding to the wave of consolidation in the industry, another major player in the global packaging market, Ireland-based Kappa Smurfit Group, took a step closer to completing its acquisition of American corrugated packaging company WestRock. Shareholders of the Atlanta-based WestRock voted to approve the pending merger in June.

The \$11 billion deal, announced last September, will create one of the world's largest paper and packaging companies. The two companies combined had adjusted annual revenue of \$34 billion as of June 30, 2023. The acquisition expands Kappa Smurfit's global footprint and significantly bolsters its position in the North American market.

WestRock is known for its diverse packaging solutions and strong customer relationships. The merger is expected to yield significant synergies and cost savings, as well as opportunities for innovation in sustainable packaging to meet growing global demand. 🌱



U.S. Officials Urge Delay In EU Deforestation Regulation

The European Commission (EC) is facing growing pressure to delay implementation of its new deforestation regulation that is scheduled to take effect on Dec. 30.

The European Union Deforestation Regulation (EUDR) aims to halt importation of certain products linked to deforestation, including wood and its derivatives, into EU markets. Operators importing these commodities to the EU are required to prove the products are deforestation-free.

Among the many requirements of the EUDR is a due diligence statement that includes a geolocation traceability mandate that requires sourcing to the individual plot of land for every wood product imported to the EU. The U.S. forestry sector has been seeking clarity on the EUDR's traceability requirements, data reporting, and country benchmarking. The forestry sector is also encouraging the recognition of the U.S.'s robust regulatory standards that protect the long-term health of its forests.

Top U.S. government officials have now weighed in with concerns about the regulation's implementation and its potential impact on U.S. producers who practice sustainable

forestry production.

In a joint letter to the European Commission, U.S. Secretary of Agriculture Tom Vilsack, Secretary of Commerce Gina Raimondo, and U.S. Trade Representative Katherine Tai highlighted the United States' commitment to combating deforestation and maintaining dialogue with the EU on this critical issue. However, they emphasized several unresolved issues that could hinder compliance and have negative economic repercussions. The officials outlined four critical issues facing U.S. producers:

- **INCOMPLETE EUDR INFORMATION SYSTEM:** The EU has yet to finalize the system for producers to submit mandatory due diligence statements.
- **LACK OF CLEAR IMPLEMENTING GUIDANCE:** The absence of clear guidelines has complicated the development of compliance systems across global supply chains.
- **NO DESIGNATED AUTHORITIES:** Many EU member states have not designated an authority to enforce the regulation.
- **RISK CLASSIFICATION:** The EU's interim decision to classify

all countries as standard risk, regardless of forestry practices, raises additional concerns.

The officials warned that the failure to address these issues before the EUDR's enforcement could lead to significant economic disruptions for producers and consumers on both sides of the Atlantic.

"We therefore urge the European Commission to delay the implementation of this regulation and subsequent enforcement of penalties until these substantial challenges have been addressed," the letter concluded.

The EUDR is also facing opposition from within the EU, including Austria and several other countries within the trading bloc. But so far, the EC has resisted calls to delay the law.

Meanwhile, F&W managers report that they are starting to see new language inserted in wood purchase agreements related to deforestation and forest degradation that is likely related to complying with the EUDR's due diligence requirements. 🌲

QUICK LINK

FOR MORE INFORMATION ON THE EUDR, CHECK OUT THE AMERICAN FOREST & PAPER ASSOCIATION EXPLAINER [HERE](#).

Timber Sectors Not Driving Deforestation

A new assessment by the U.S. Department of Agriculture (USDA) reaffirms that the U.S. agricultural and timber sectors are not contributing to deforestation within its borders.

The report, based on authoritative forest and cropland monitoring data, reveals a decade of stability in both forest and agricultural lands, with significant gains in forest cover attributed to the reversion of

agricultural areas back into forests. Furthermore, the report states that U.S. forest area is or nearly is as large as at any other time in almost a century.

Over the past ten years, the U.S. has seen negligible shifts from forest to agricultural land use, primarily occurring on previously cultivated areas participating in programs like the USDA's

Conservation Reserve Program (CRP). This finding challenges the common misconception about the role of agricultural expansion in deforestation, clarifying that the largest threats facing U.S. forests are insects/disease, wildfires, weather events, invasive species, and urban development, with the latter the primary driver of land use change.

(continued on page 5)



Farm Bill Passage Growing More Unlikely In 2024

In the realm of agricultural policy, few legislative measures carry as much weight and significance as the Farm Bill. This comprehensive piece of legislation, typically renewed every five years, touches nearly every aspect of the agricultural sector in the U.S., from crop subsidies to forestry conservation to nutrition programs.

The conservation and forestry programs in the Farm Bill stand as the largest single source of federal funding available to private landowners. These programs provide technical and cost-share assistance for a diverse array of forestry and conservation practices, emphasizing the critical role of sustainable forest management.

The 2018 Farm Bill was slated to expire last year. However, after numerous delays and a failure to release a draft of a new Farm Bill in both chambers, Congress extended the omnibus bill for another year.

Despite recent progress on the 2024 Farm Bill—including passage of a bill by the House Agriculture Committee and a competing framework released by the Senate Agriculture Committee—it's looking more and more likely that Congress won't authorize a new Farm Bill this year, and another extension is expected before the current measure expires on Sept. 30.

The Farm Bill has traditionally received bipartisan support, but evolving agricultural challenges, increased costs, and shifting political landscapes serve as the backdrop as lawmakers endeavor to chart a path forward. While traditional concerns such as crop insurance, commodity subsidies, and conservation programs remain central, newer issues, including climate change mitigation, rural development, and equity in food access, are garnering increased attention.

Facing pressure from the rising costs of farm bill programs, the House Agriculture Committee approved its version of the Farm Bill by 33 to 21, mostly along party lines, in May. Democrats strongly objected to the Republican-backed measure because it made changes to Supplemental Nutrition Assistance Program (SNAP/food stamps) benefits and transferred funding allocated for climate-smart conservation programs in the 2022 Inflation Reduction Act (IRA) to pay for certain farm program priorities.

The IRA funded a range of farm and forestry practices to reduce greenhouse gas emissions and is viewed as Congress' most significant step towards addressing climate change.

Although it was voted out of committee, a floor vote has not been scheduled because of the uncertainty that the House Republican leadership could muster the votes to pass the bill.

In the Senate, Agriculture Committee Chairman Debbie Stabenow (D-Mich.) released her version of the Farm Bill in early May but hasn't scheduled a markup in committee. Following the House Agriculture Committee vote, she expressed disdain for the policy proposals included in the measure.

"Despite areas of common ground, it is now clear that key parts of the House bill split the Farm Bill coalition in a way that makes it impossible to achieve the votes to become law."

A few weeks later, Sen. Stabenow said on Agri-Pulse Newsmakers that with the fate of the House bill in doubt, she didn't want to bring a bill out of her committee in the Senate that would face the same fate.

It's too early to call it, but it's highly possible that ongoing disagreements over funding the government in an increasingly inactive Congress and the November elections will push the new Farm Bill until 2025. The last time Congress completed a Farm Bill on time was 2002. 🌱

Deforestation *(continued)*

Highlighting the nation's commitment to sustainable forest management, the report underscores substantial increases in total forest carbon stocks, demonstrating the U.S.'s capacity for carbon sequestration and resilience against climate change impacts. The integration of satellite data with ground-based surveys ensures accurate assessments of land cover and use, crucial for distinguishing sustainable

forestry practices from potential threats such as illegal logging.

"The United States uses a robust system that includes more than satellite data since these data have difficulty discerning subtleties associated with sustainable forestry management practices, tenure, and legality of land use, and/or socioeconomic or historical contexts," read an official statement on the assessment.

The report details USDA's role in advancing scientific understanding and tools for forest carbon monitoring, supporting biodiversity, and enabling climate-informed decision-making. Collaborative efforts with federal agencies, states, tribes, NGOs, and private landowners aim to restore and conserve forest lands, exemplified by programs like the Forest Legacy Program. 🌱



Mixed News In The Lumber Industry

The lumber industry is experiencing a mix of expansion and contraction, with several major companies announcing new investments and job creation alongside production curtailments.

Two Rivers Lumber Co. and Canfor Corp. are leading the charge in Alabama, investing heavily in new mills and upgrading existing facilities, promising hundreds of new jobs and increased production capacity. Canfor also continues to grow its presence in Arkansas while other companies are boosting local economies in other states with new facilities. However, not all news is positive, as Interfor plans significant production cuts across North America in response to weak market conditions.

NEW MILL IN ALABAMA

Two Rivers Lumber Co., based in Demopolis, Ala., began construction on a new mill in Kellyton, Ala., near Lake Martin, in June. The company is investing \$115 million in the new facility, which will specialize in Southern Yellow Pine dimensional lumber. The new mill is expected to be operational by August 2025 and will have an annual capacity of 220 million board feet. Two Rivers' first sawmill in Demopolis, operational since 2017, has a capacity of 200 million board feet per year and employs 145 full-time workers.

EXPANSION IN ALABAMA

Also in Alabama, Canfor Corp. said it will optimize its footprint in the Southern part of the state by permanently closing its aging Jackson mill and expanding production at its nearby Fulton facility by adding a second shift. Canfor is also nearing completion on a new, state-of-the-art greenfield sawmill in Axis, near Mobile, which will produce 250 million board feet annually. This \$210 million investment is set to

open in the third quarter of this year, replacing Canfor's existing facility in the heart of Mobile. Combined, these changes are expected to grow the company's regional manufacturing by 100 million board feet and consolidate operations at modern facilities that are well positioned to be competitive for the long-term.

ACQUISITION IN ARKANSAS

Canfor has also announced plans to increase production capacity in Arkansas through an acquisition. The company is in the process of purchasing a sawmill in El Dorado, from Resolute Forest Products Inc., an affiliate of Domtar Corporation, for \$73 million. The company plans to invest \$50 million to upgrade the Union County facility, growing annual production capacity from 147 million board feet to 175 million board feet. The deal is expected to close before the end of the year.

"The El Dorado mill is an important part of the regional forest ecosystem. Together with Canfor's adjacent El Dorado Laminating Plant and nearby Urbana Plant, this acquisition aligns with our growth-focused strategy in areas with access to high-quality, globally competitive timber supply," said Lee Goodloe, president of Canfor Southern Pine.

OPEN FOR BUSINESS

Oregon-based Roseburg Forest Products is now producing lumber at its new Roanoke Valley Lumber facility in Weldon, North Carolina. The new mill is part of the family-owned company's plan to increase its presence in the Southeastern U.S. The new \$230 million mill is capable of producing 400 million board feet of dimensional lumber annually. Roseburg is one of the largest private timberland owners in the Roanoke Valley area, owning nearly 200,000 acres of forests in North Carolina and Virginia.

Northwest Louisiana also saw the start-up of a new greenfield mill in Bienville Parish near the town of Taylor. The mill is a joint venture between two family-owned businesses: Louisiana-based Hunt Forest Products and Canada's Tolko Industries. The \$240 million state-of-the-art sawmill will require approximately 1.3 million tons of wood annually to produce 320 million board feet.

In Mississippi, Gloster Forest Products, a capital investment project by CLAW Forestry Services, LLC, is expected to start operating its new greenfield sawmill in Amite County, near the border with Louisiana, later this year. The new \$200 million facility will require more than one million tons of timber annually to produce approximately 250 million board feet of lumber a year.

INTERFOR CUTS BACK

Contrasting with the expansion news, Interfor announced it is curtailing production across all its North American operations between May and September 2024 by 175 million board feet, or about 10 percent of its normal operations. The curtailments will involve reduced operating hours, prolonged holiday breaks, reconfigured schedules, and extended maintenance shutdowns. Interfor's president and CEO Ian Fillingier stated that these measures will help align production with customer needs and keep inventory levels in check amid weak market conditions where supply has outstripped demand. 🌲



Closed WV Sawmills Back In Business

A hardwood floor manufacturer has acquired two West Virginia sawmills that were abruptly shuttered in February to secure a consistent quality lumber supply for its operations.

Internationally known hardwood producer Allegheny Wood Products (AWP) surprised many when the company suddenly shut down all operations on Feb. 23, displacing more than 850 workers. Founded in 1973, Allegheny operated eight sawmills and touted itself as one of the largest producers of Eastern U.S. hardwoods.

The news raised concerns at Armstrong Hardwood Flooring (AHF), the nation's largest hardwood flooring manufacturer, which sourced lumber from Allegheny mills. This led to AHF's purchase of two Allegheny sawmills—

in the Greenbrier County community of Smoot and the Randolph County community of Norton—for \$7.5 million in April.

“The purchase of these two sawmills is a wonderful and smart investment. It helps ensure lumber supply for our Beverly, West Virginia plant and it is essential to our customers and employees who rely on our supply of hardwood flooring,” said AHF President & CEO Brian Carson.

This is the first time the flooring company has owned mills to supply its operations. The two mills, which are located in counties adjacent to AHF's Beverly facility, have a combined supply of 25 million board feet annually.

“These mills assure AHF direct access to a high-quality timber supply,

which will provide more than 20 percent of the required supply at full capacity of flooring production. AWP was 12 percent of total supply at peak, so we have more than replaced the lost supply,” said Jake Loftis, AHF's Chief Operating Officer.

AHF said the purchase will recover 80 jobs at the mills, with expectations to create more jobs regionally for loggers, truckers and suppliers.

According to a statement from AHF, the supply of Eastern hardwood lumber in the U.S. has declined to 65 percent of pre-pandemic levels and 40 percent of levels prior to 2007.

Headquartered in Pennsylvania, AHF manufactures products under brand names Bruce®, Hartco®, Robbins®, and Capella®, among others. 🌲

Now Reporting Timber Prices For The Inland Northwest

F&W is expanding the timber price information it reports in the quarterly newsletter to include the Inland Northwest region.

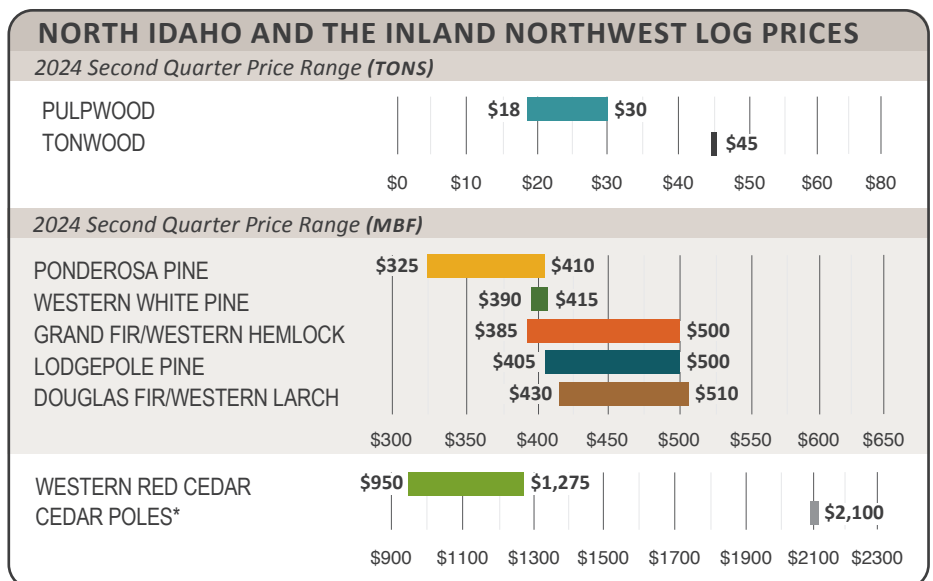
Earlier this year, F&W undertook a major expansion of its U.S. operations into the Inland Northwest with the acquisition of Idaho-based Inland Forest Management (IFM). A highly respected provider of forestry consulting services, IFM serves landowners in Northern Idaho, Eastern Washington, and Western Montana. Mike Wolcott, who owned and co-founded IFM, continues to manage the Sandpoint operations.

The graph (right) shows timber prices in the second quarter for the region and Wolcott also had the following comments about timber markets during the most recent quarter:

“Due to favorable logging conditions over the last few months, many sawmills have high log inventories for this time of year. Combining

that fact with anemic lumber prices has created log markets that are weak and retreating. Cedar remains somewhat of a bright spot, but news of Stimson's Plummer sawmill

closure has significantly impacted the practicality of harvesting tonwood in many locations. Indications are that log markets this summer will be challenging.” 🌲



Note: These figures represent delivered log prices paid by competitive domestic facilities in the Inland Northwest, and are based on average-sized logs and standard log lengths—usually 16'6" and 33'. MBF = Thousand Board Feet. Please note that the higher prices may reflect prices only paid in select locations within the Inland Northwest. *Pole value varies widely depending upon length.

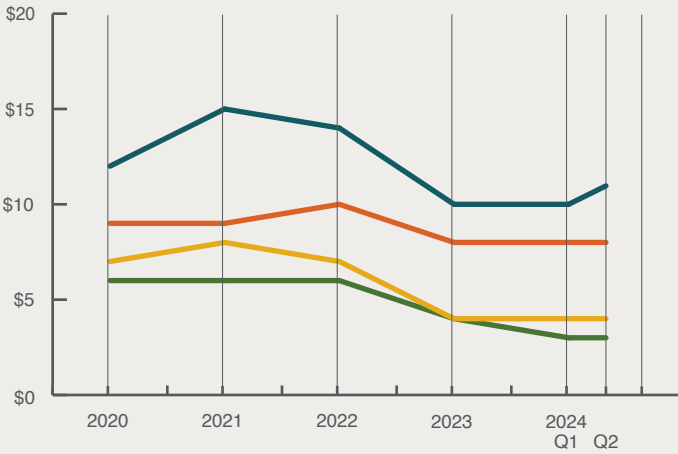


SOUTHERN TIMBER PRICES

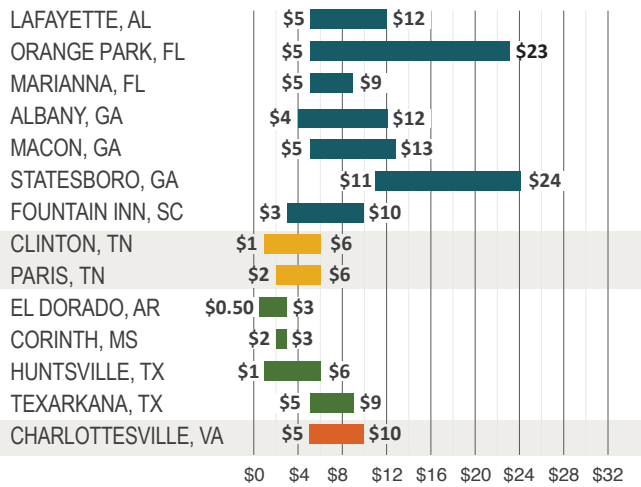
PINE PULPWOOD (\$/TON)

Timber Stumpage Price Averages By Region

🌲 SOUTHEAST 🌲 CENTRAL REGION 🌲 WEST GULF 🌲 MID ATLANTIC



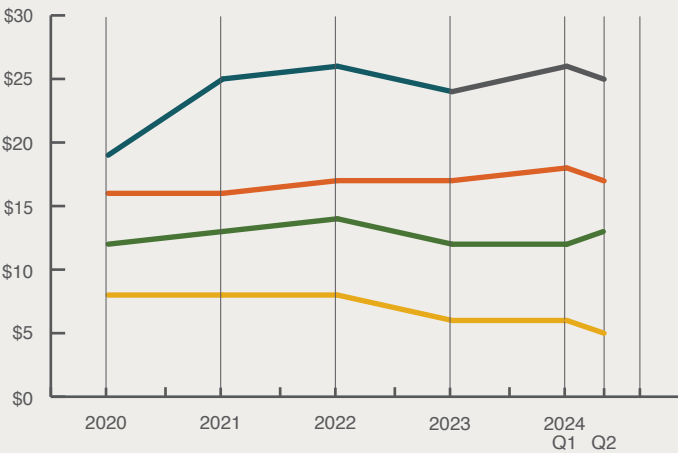
2024 Second Quarter Price Range



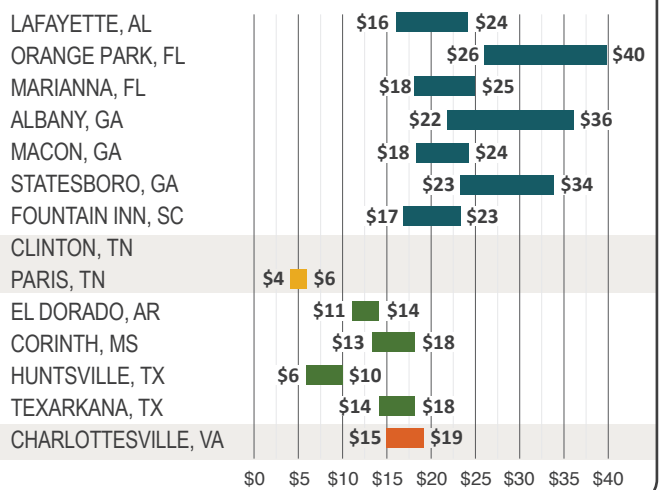
PINE SMALL SAWTIMBER (\$/TON)

Timber Stumpage Price Averages By Region

🌲 SOUTHEAST 🌲 CENTRAL REGION 🌲 WEST GULF 🌲 MID ATLANTIC



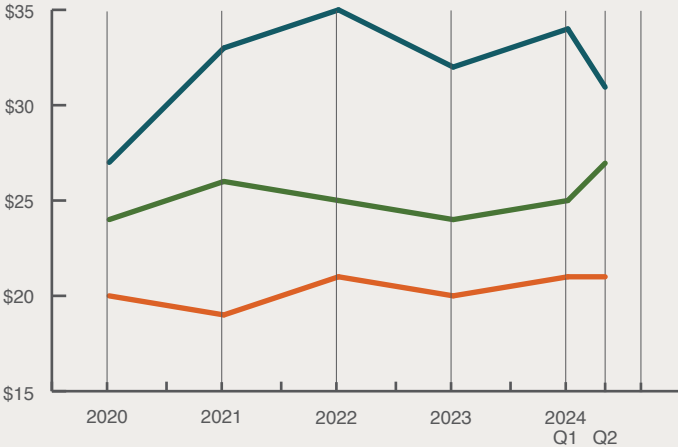
2024 Second Quarter Price Range



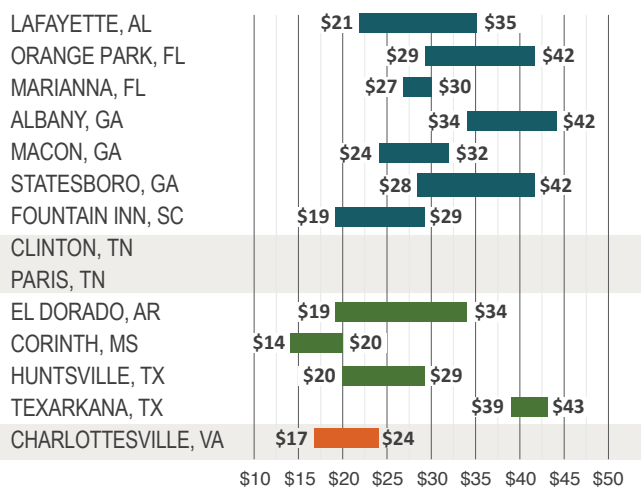
PINE LARGE SAWTIMBER (\$/TON)

Timber Stumpage Price Averages By Region

🌲 SOUTHEAST 🌲 WEST GULF 🌲 MID ATLANTIC



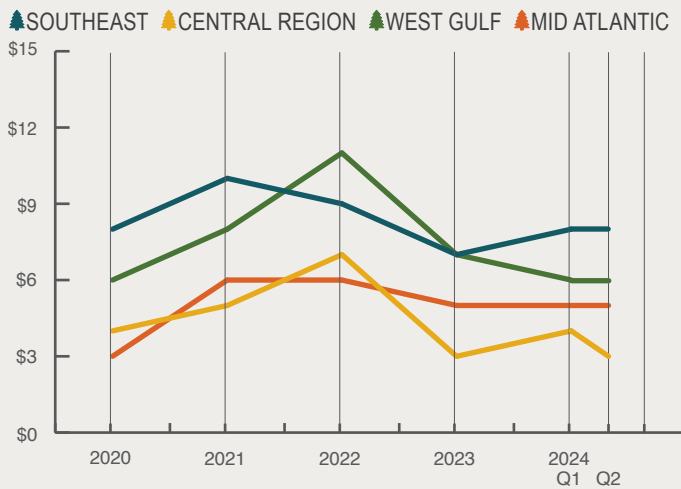
2024 Second Quarter Price Range



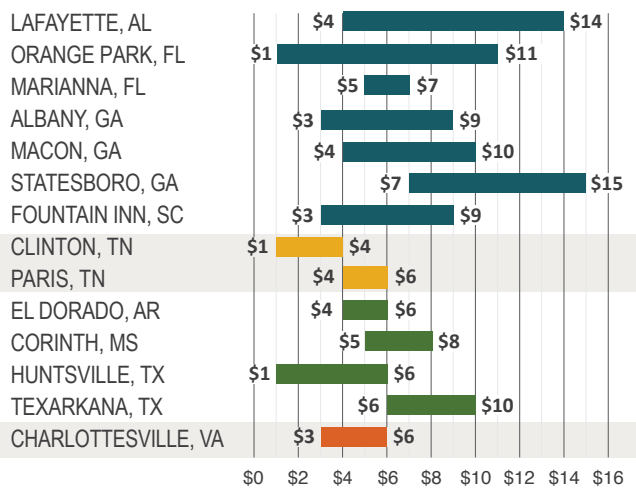
SOUTHERN TIMBER PRICES *(continued)*

HARDWOOD PULPWOOD (\$/TON)

Timber Stumpage Price Averages By Region

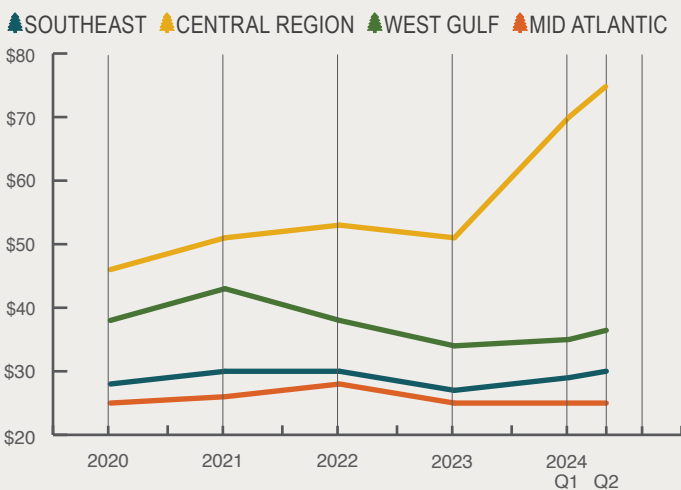


2024 Second Quarter Price Range

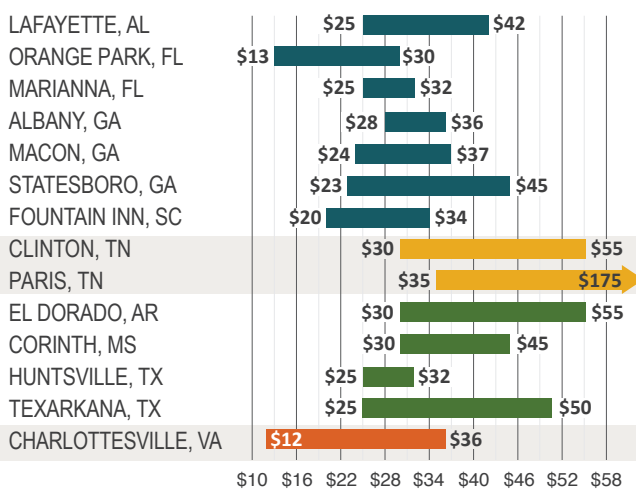


HARDWOOD SAWTIMBER (\$/TON)

Timber Stumpage Price Averages By Region



2024 Second Quarter Price Range



All prices based on sales handled by or reported to F&W offices. If no sales occurred, prior quarter's sales and other data are used to compile price range. Price ranges are due to proximity to mills, timber quality, logging conditions, type of harvest, and other local market conditions (i.e. weather, mill downtime, fuel cost, etc.).

Marshall Thomas *(continued from page 1)*

important because it could limit the ability of the buyers of our trees to sell products to the EU. See page 4.

The area in forest and agricultural land in the U.S. is stable, which is good news for our sustainability and contrary to perceptions that our forests are disappearing. Our harvesting and reforestation activities are not a problem—the biggest loss of forest and agricultural land in the U.S.

is due to urban development. See page 4.

In what seems to be a recurring theme, sawmills are expanding and greenfield mills are being built—a long-term positive—while the same companies are announcing production cutbacks—a short-term negative. See page 6. And two closed West Virginia sawmills will reopen under a new owner. See page 7.

We now have an office in the Inland Northwest, based in Sandpoint, Idaho, and we will start reporting prices for that region. See page 7 for the first report.

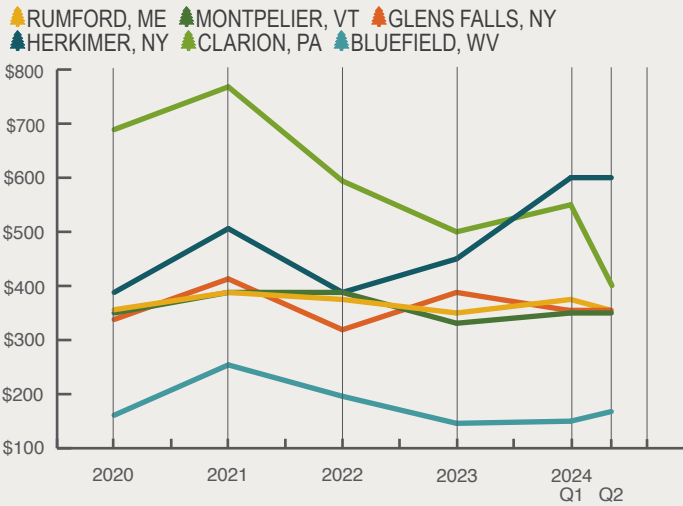
In summary, the long term looks promising, but the short term looks challenging—a familiar message we've heard for years. The next big step towards recovery is lower interest rates—keep your eye on that. 🌲



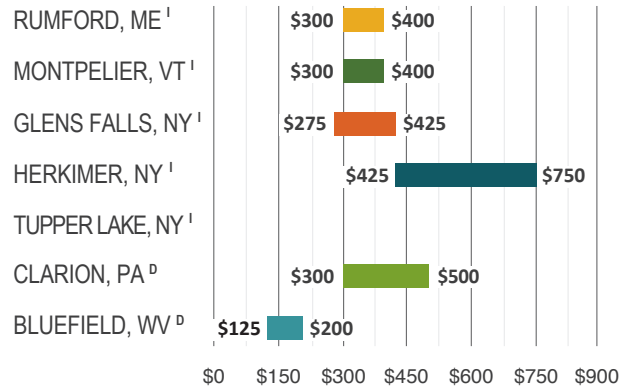
NORTHERN TIMBER PRICES

RED OAK (MBF)

Timber Stumpage Price Averages By Region

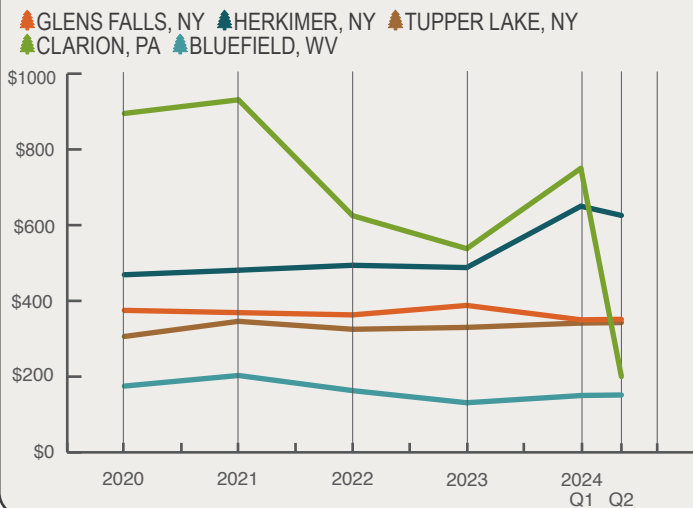


2024 Second Quarter Price Range

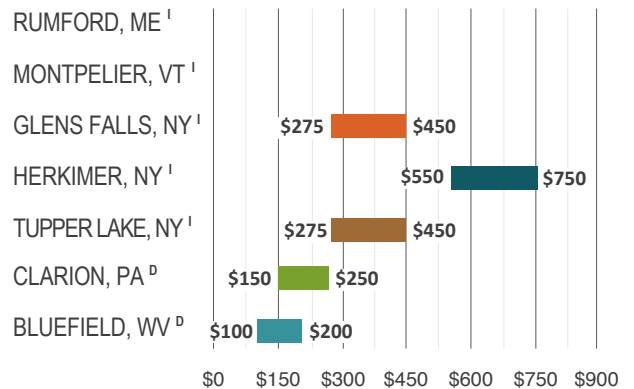


BLACK CHERRY (MBF)

Timber Stumpage Price Averages By Region

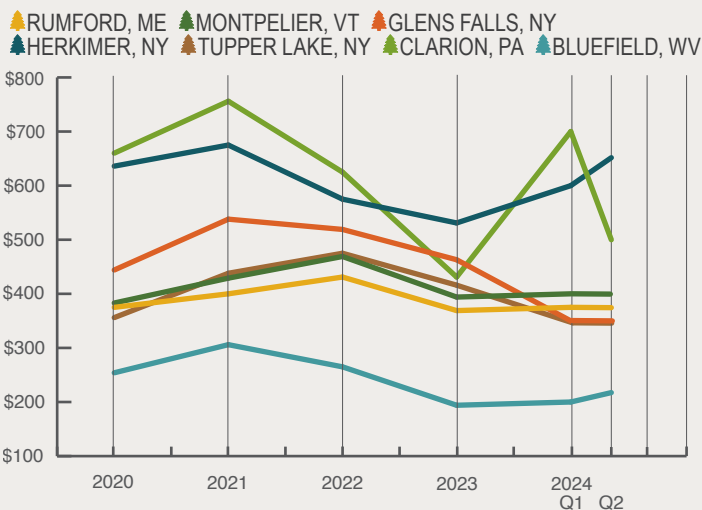


2024 Second Quarter Price Range

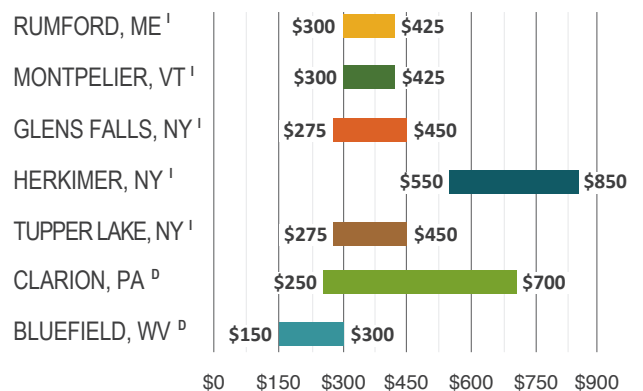


HARD MAPLE (MBF)

Timber Stumpage Price Averages By Region



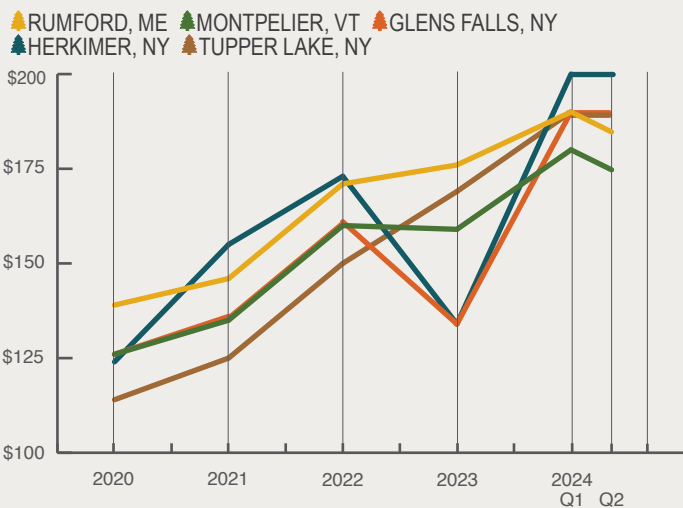
2024 Second Quarter Price Range



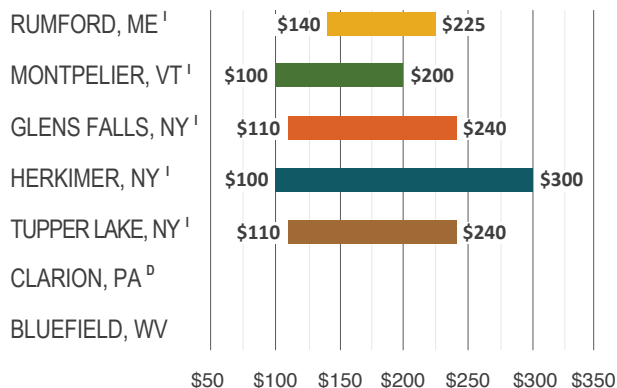
NORTHERN TIMBER PRICES (continued)

SOFTWOOD SAWTIMBER (MBF)

Timber Stumpage Price Averages By Region

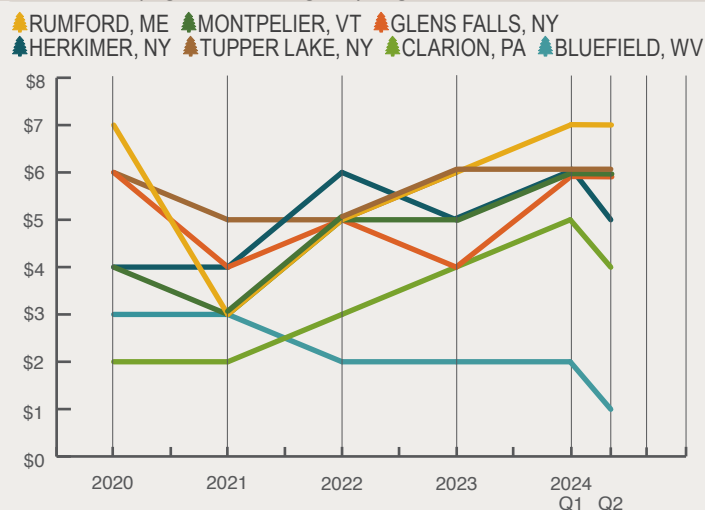


2024 Second Quarter Price Range

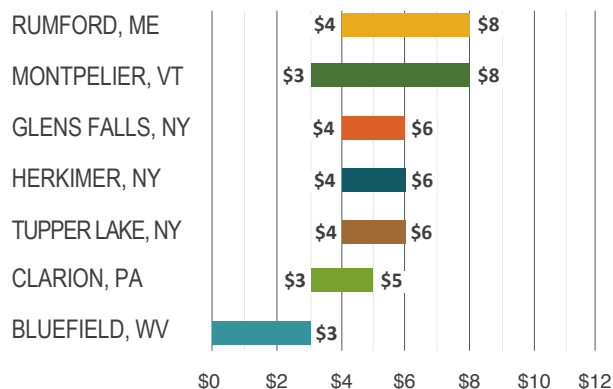


HARDWOOD PULPWOOD (TONS)

Timber Stumpage Price Averages By Region

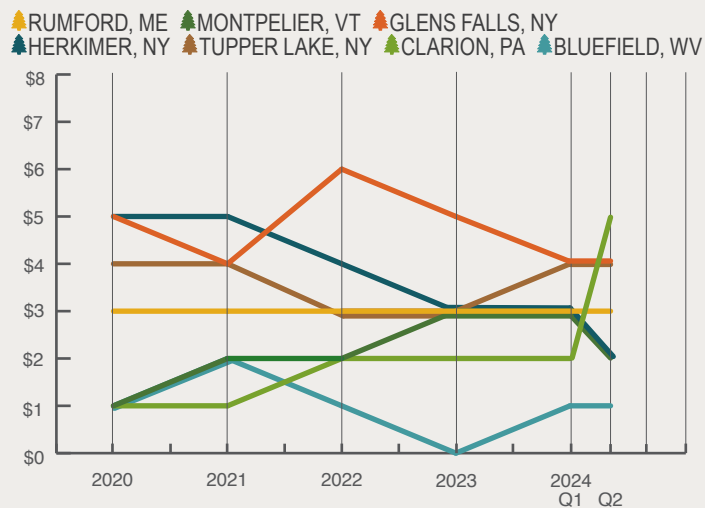


2024 Second Quarter Price Range

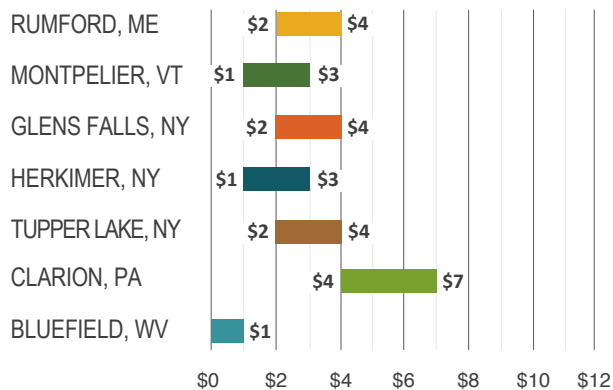


SOFTWOOD PULPWOOD (TONS)

Timber Stumpage Price Averages By Region



2024 Second Quarter Price Range

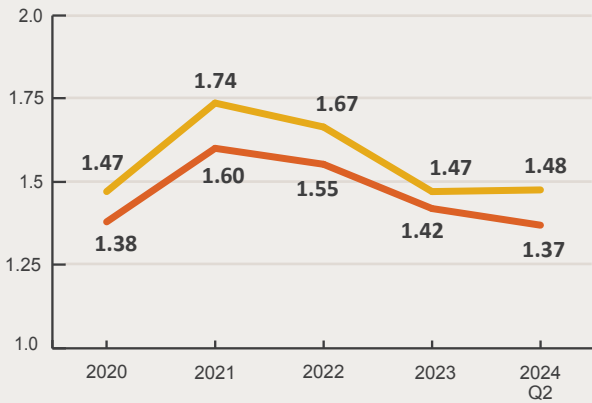


All prices based on sales handled by or reported to F&W offices. If no sales occurred, prior quarter's sales and other data are used to compile price range. Price ranges are due to proximity to mills, timber quality, logging conditions, type of harvest, and other local market conditions (i.e. weather, mill downtime, fuel cost, etc.). (D) = Doyle (I) = International (S) = Scribner



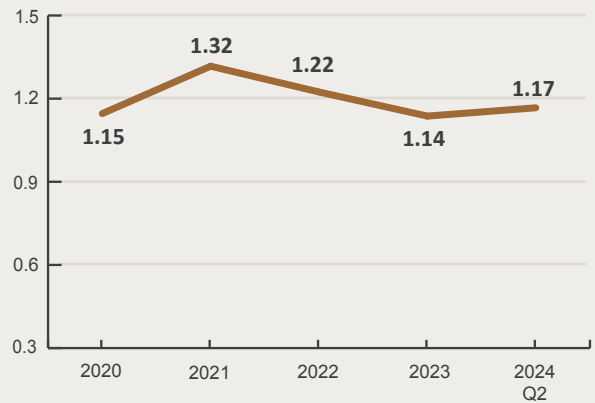
TIMBER MARKET INDICATORS

■ HOUSING PERMITS
■ HOUSING STARTS



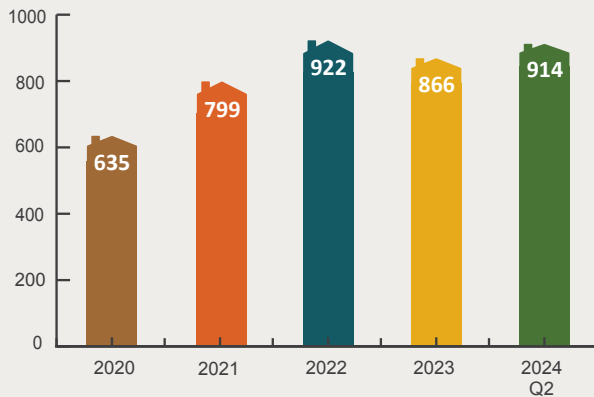
IN MILLIONS OF UNITS (2024 AVERAGE THROUGH MAY)
Source: US Department of Commerce

F&W'S LUMBER-USE ADJUSTED HOUSING STARTS



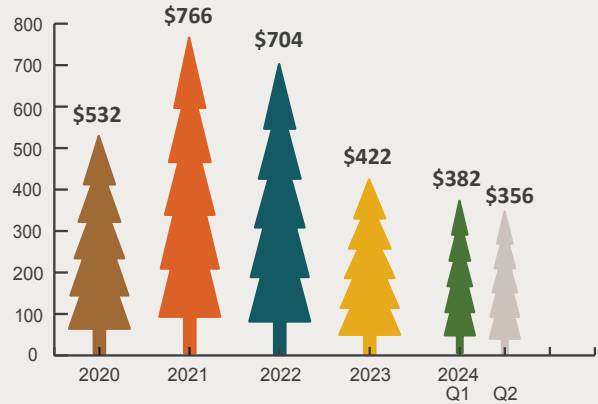
IN MILLIONS OF UNITS; TOTAL HOUSING STARTS WITH MULTI-FAMILY STARTS REDUCED TO 40 PERCENT TO BETTER REFLECT LUMBER USAGE (2024 AVERAGE THROUGH MAY)
Source: US Census and F&W Forestry Services

RESIDENTIAL CONSTRUCTION



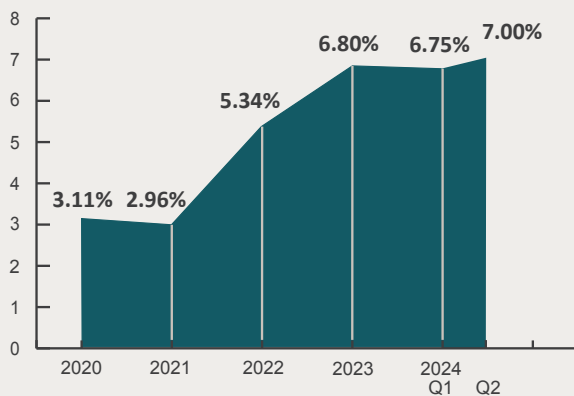
IN BILLIONS OF DOLLARS (2024 AVERAGE THROUGH MAY)
Source: US Department of Commerce

LUMBER PRICES



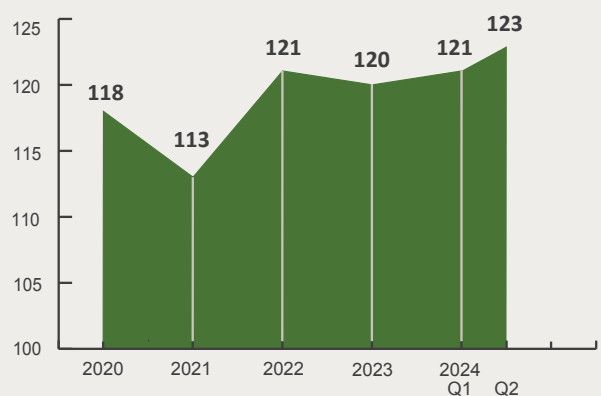
SOUTHERN PINE-\$/MBF
Source: Random Lengths Southern Pine Composite Index

MORTGAGE RATES



30-YEAR FIXED RATE
Source: Freddie Mac

US DOLLAR



US DOLLAR VALUE AGAINST 26 MAJOR TRADING PARTNERS
Source: Federal Reserve





F&W
Forestry

YOUR FOREST
Our Passion

F&W Forestry Services proudly serves a broad client base with comprehensive forest management solutions. Our team takes the time to get to know you, your land, and your goals to create a personalized plan for success.

OUR MISSION

F&W's mission is to help clients maximize the value and enjoyment of their land and forest resources according to their individual objectives, needs, and desires – whether economic, aesthetic, environmental, or recreational.

OUR SERVICES

- ✦ Timber Sales
- ✦ Property Management
- ✦ Field Support Services
- ✦ Forest Inventory & Mapping
- ✦ Forestland Accounting
- ✦ Technical & Analytical
- ✦ Real Estate
- ✦ Natural Capital

