

What's Hot—What's Not

JOHN FOSTER

I was having coffee in a local coffee shop the first week in January when another CFFFA member sat down. He informed me that he had just received a price list from a local sawmill in Southwest, Washington, and they were paying \$750 per thousand board feet (MBF) for Douglas-fir. I found this very interesting because we both agreed that this was the best price we were aware of from the cutting mills in several years. Then when I was preparing to write this article the third week in January, I was reading the "Oregon Log Market Report" by John Lindberg and he indicated that log prices for quality Douglas-fir in Southern Oregon was pushing the \$815 per MBF range.

Are these prices going to hold? I am not sure, but I have read reports from some economists that there is a number of the younger generation that are considering purchasing a first time residence while the mortgage rates are still relatively low. The fourth quarter of 2013 was the strongest for home sales since 2007. However having said this the market report article also reported that applications for building permits fell three percent in December 2013 compared to the prior month.

Some new mortgage rules for buyers to meet in order to qualify had also taken effect in January. A number of lending institutions were already using these new guidelines. They probably will affect first time home buyers the most. It is possible that mortgages will be harder to get for some buyers and for others higher rates. There is a better than average chance that rates may increase for all new mortgages in the near future. Predictions are that rates may be about five and one-half percent by either the end of 2014 or 2015.

Longer term the population growth in the U.S. is expected to be at a lower rate than it has been since the great depression in the 1930s.

Approximately twenty-five ships loaded with export logs on the West Coast—from Eureka, California through Oregon and up to the Puget Sound area—were scheduled to be shipped out during January and the first week of February. Almost two-thirds of those were designated for China.

It has been a trend over the past years that export prices stay above domestic prices as the domestic prices show an increase. With export prices for China close to the \$700 range it forces export prices for Japan to increase for all but the top end sorts. It goes without saying that this, plus increased demand, may bring prices for logs milled in our local mills to above the present range to stay competitive. The prices paid for pulp logs may fluctuate some, as the demand for pulp has been anything but consistent the last few months.

Western redcedar prices are not near their record highs that we saw

several years ago but they have increased about ten percent over the last twelve months, while hemlock prices increased approximately two percent and Douglas-fir prices approximately nine percent. Hardwood prices such as alder may have decreased. I am not sure.

It goes without saying for those landowners that have not harvested timber for a few years to be prepared for increased logging and hauling costs mainly due to the increase in fuel prices.

LOG PRICES

Saw Logs \$/MBF

Douglas-fir export	\$700-750
Douglas-fir domestic690-750
Whitewood export680-750
White wood domestic530-600
Hardwoodsno quotes
Western redcedar	1,100-1,175

Pulpwood/ton

Conifer	\$28-33
Alder & Maple27-33

Editor's Note: Clackamas County tree farmer, John Foster, is a CFFFA member and a partner with Oregon Tree Farms, Ltd.