

Overview

Below are the Table of Contents, List of Tables, selected excerpts and an appendix table from the *North American Timber Forecast*.

The *North American Timber Forecast* provides an analysis and outlook through 2013 for timber markets and timber values in the major US producing regions. This report covers the economic environment (GDP, housing and industrial production) and the demand for solid wood products, paper, paperboard and pulp. The competitive position of lumber, structural panels and pulp producers are assessed, and the wood fiber requirements of these industries are translated into estimates of regional timber demand. Timber supply issues such as inventory, growth, management and the impacts of environmental regulations are addressed at a regional level. The detailed evaluation of timber demand and supply form the basis of a forecast of regional timber prices (sawtimber and pulpwood).

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Executive Summary

North American timber markets remain on the downward slope of an extended downturn. Weakness is widespread through every sector of the North American forest products industry. With housing starts falling below 500,000 units, softwood lumber and structural panel producers continue to face extraordinarily weak demand and pricing. This has reduced production levels and forced further shutdowns, undercutting demand for softwood sawtimber and pricing continues to fall sharply in every major producing region. Conditions for pulp and paper producers have also deteriorated rapidly in the wake of the financial crisis and the contracting economy. Over the past six months, a

wave of shutdowns at wood-consuming pulp and paper mills has undercut demand for pulpwood and chips. The impacts of the weaker demand are now beginning to appear in pulpwood and chips pricing, which previously have been the only bright spots in North American timber markets.

Economic Outlook

The global economy is engulfed in a synchronous downturn that has sapped the life out of global trade, financial markets and investment flows. It began with a housing bust in the US and hit global demand directly as the US consumer retrenched after an extended period of profligacy.

Timber Supply

The outlook for North America timber supply remains similar to our previous forecast. The productivity of the softwood resource on privately owned timberlands will continue to benefit from intensive management and advanced silvicultural techniques. With the downward revision in forest product markets, we now expect removals to be lower and the recovery to be more moderate than what was projected in our December forecast. As a result of the deepening decline and the higher productivity associated with managed pine and Douglas-fir plantations, we see operable softwood inventories climbing higher across all regions throughout the forecast period.

Timber Prices

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Sample Table

Table A3
US Softwood Lumber and Plywood Market Share by Producing Region
 Percent

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
SOFTWOOD LUMBER											
United States	63	62	62	62	64	67	66	67	67	66	66
South	29	29	29	30	31	33	32	32	33	32	33
Coast	17	18	18	17	18	18	19	19	19	19	19
Inland	12	11	10	10	10	11	11	11	11	10	10
North	3	3	3	3	3	3	3	3	3	3	3
Cal. Redwood	2	2	2	2	2	1	1	1	1	1	1
Canada	34	34	33	33	33	31	31	30	30	30	29
British Columbia	18	19	19	19	19	18	18	18	18	18	17
East of Rockies	16	15	14	14	14	13	13	12	12	12	12
Non-Canadian Imports	3	4	5	4	3	2	3	3	3	4	5
SOFTWOOD PLYWOOD											
U.S. South	62	59	57	60	63	61	62	61	60	60	60
U.S. West	30	29	28	27	28	32	30	27	27	27	27
Canadian Imports	3	3	3	3	3	2	2	2	2	2	2
Non-Canadian Imports	5	9	11	10	6	5	7	10	11	11	11