

# FOREST MANAGEMENT SPECIALISTS, INC.



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## FOCUS

Most of the Mid-South has experienced extreme drought conditions over the past three months. Below are three adverse impacts of abnormally low rainfall on forest management activities:

Timber Prices. Dry weather allows for the un-interrupted flow of wood to forest product mills which results in increased inventory. When mills have too much inventory, they are forced to either cut the price or place quotas on the amount of wood they will accept.

Forest Productivity. Obviously, trees grow at a slower rate when water is deficient. This not only affects return on investment but the decreased vigor can also make trees more susceptible to various forest pests.

Reforestation. Drought adversely impacts both the effectiveness of chemical site preparation and the survival of newly planted pines. Severe droughts can cause complete failure of reforestation efforts.

## TIMBER MARKET UPDATE

All pulpwood products: Prices remain low for all pulpwood products in the Mid-South area. Quotas on hardwood pulpwood are historically low in the Tennessee Valley. However, the low quotas on pine pulpwood have eased somewhat since the summer. Only a combination of new local markets and increased worldwide demand for pulp will ease these difficult market conditions. Several of the reports received by FMS indicate that the increase in worldwide supply might soon outpace the demand for most forms of pulp.

Pine chip-n-saw & saw timber: Prices for this product remain low for the Mid-South region. There seems to be conflicting projections as to the future demand for this product based on the reports that we receive. While the immediate demand for southern yellow pine lumber seems strong, there is some concern that China is switching much of its demand to Ponderosa pine. Also, expectations of a future housing boom have been tempered somewhat by the preference of Millennials to stay in multifamily housing rather than single family housing. This results in a lower demand for lumber.

Hardwood blended saw timber: While the dry weather has increased the inventory of most area mills, these products continue to bring good stumpage prices. The prices for tie-logs have dropped significantly in the past quarter but are still high relative to historic their historic levels.

Hardwood high quality/specialty: Demand for high quality and specialty hardwood remains strong throughout our operational area. High quality white oak and poplar products are doing very well. Even grade red oak has seen recent increases in prices.

## FOCUS INDUSTRY

Hankins, Inc. is a privately held, family-owned lumber operation located just east of Ripley, Mississippi. The company manufactures, dries, and dresses Southern Yellow Pine lumber that is sold across the United States. Hankins, Inc. was founded in 1988, when Harold, David, and J.D. Hankins purchased a small, green sawmill. Now, the mill has a production capacity of over 95 million board feet/year - nearly six times our first year's production. In 2009, Hankins, Inc. solidified its commitment to the future of our forests by receiving certification from the [Sustainable Forest Initiative](#). Hankins, Inc. purchases standing timber in Northeast Mississippi, Northwest Alabama, and Southern Tennessee. Source: <http://www.hankinsinc.com>.



## OUR WORK IN PICTURES.....



*FMS worked with a qualified producer to rehabilitate this pine stand in Limestone County, AL.*



*FMS coordinated this understory prescribed burn in Lauderdale County, AL to reduce wildfire hazard and improve forage for white-tail deer.*



*FMS successfully marketed this large tract of upland hardwood in Wayne County, TN. Our competitive marketing techniques resulted in a total price that was 48% higher than the landowner's previous high offer.*

## TIME FOR

**Timber sales:** In anticipation of wet weather, most forest product mills begin building their winter inventory during this time. While the recent dry weather and increased wood flow has already increased the inventory of mills this fall, markets for standing timber (stumpage) should still be stronger than those during the summer months. Hardwood sawtimber will probably still have the best markets.

**Prescribed Burning:** Most understory prescribed burning is conducted in December through March. However, all of the counties that we operate in are currently under some sort of burning restrictions due to the drought. Check with your local permitting agency before conducting any burning.

**Tree Planting:** Adequate rainfall during the establishment period is vital to the growth and survival of newly planted pine seedlings. Most experts predict that the Mid-South will receive close to normal rainfall amounts in December. However, if the current drought persists, we do not recommend planting during this season. Check with our office before you decide to proceed with planting.

**Southern Pine Beetle:** There has been little to no incidence of Southern Pine Beetles in the Mid-South since the last outbreak in 1999-2000. According to most experts, we are long overdue for another occurrence. FMS has recently identified 3 possible Southern Pine Beetle spots in Cullman County, AL during our routine inspections for our Care Program. If you suspect that your pines may be infested, contact our office for the identification and recommended control measures.

**Care Inspections:** Those enrolled in our Care Program receive systematic inspections of their property two times per year. One inspection is conducted during the dormant season and one during the growing season. During these inspections, our staff check for the presence of pests, damage to timber, signs of trespass, signs of poaching, condition of improvements, and the general health of your forest resources. Care Program participants also receive significant discounts on the other services offered by FMS. If you or someone you know is interested in learning more about this program, please contact our office.

