

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 2010 for timber markets and timber values in the major U.S. 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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Excerpt—Executive Summary

In the first quarter of 2006, North American timber markets seemed to pause, held in place by a number of offsetting forces. Demand for softwood sawtimber remained strong, driven by strong housing markets. Mild weather and reconstruction activity in the Gulf Coast combined to push up seasonally adjusted housing starts to an impressive annual rate of 2.28 million units in January. Despite this strong demand, North American softwood sawtimber prices were held in check by lackluster prices for lumber and plywood and favorable timber supply conditions.

Excerpt—Economic Outlook

After hitting a 28-year high of 5.2% in 2004, worldwide real GDP growth slowed to a still-strong

4.3% in 2005 (Figure 1). Slowing growth in the North American and Western European economies accounted for most of the slowing growth as the Japanese and Chinese economies nearly matched the robust growth rates that they posted in 2004.

Excerpt—Housing Markets

Our end-use market outlook has not changed significantly since the December forecast. We did raise our forecast for housing production in the near term, a function of still low (relatively) mortgage interest rates; strong investment and second home demand; and increased mobile home production in an effort to house the victims of hurricanes Katrina and Rita.

Excerpt—Timber Demand

North America's demand for sawtimber remained strong in 2005, bolstered by resilient demand for lumber and panels. Over the past three years, solid wood producers, especially in the U.S. West Coast and South, have been able to take advantage of the remarkably strong end-use markets and boost their demand for sawtimber. Demand for small diameter timber has not fared as well. In 2005, lower consumption of pulpwood by pulp and paper mills more than offset increased demand from OSB producers. Expanding supplies of manufacturing residuals have also suppressed demand for pulpwood roundwood.

Excerpt—Timber Prices

In the first quarter of 2006, a variety of offsetting forces left both sawtimber and pulpwood prices in most regions of North America drifting sideways. In the case of softwood sawtimber, underlying demand remained strong, driven by a still super-charged housing market. Mild weather and reconstruction activity in the Gulf Coast combined to push up seasonally adjusted housing starts to an impressive annual rate of 2.28 million units in January. Despite this strong demand picture, North American softwood sawtimber prices were held in check by lackluster prices for lumber and plywood and favorable timber supply conditions.

Sample Table

Table A3
U.S. Softwood Lumber and Plywood Market Share by Producing Region
 Percent

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
SOFTWOOD LUMBER											
United States	64	63	62	63	62	61	62	61	61	61	61
South	30	30	29	29	28	28	29	28	28	28	28
Coast	15	16	16	17	18	18	18	19	18	18	18
Inland	13	12	12	12	11	10	10	10	10	10	10
North	3	3	3	3	3	3	3	3	3	3	3
Cal. Redwood	2	2	2	2	2	2	1	1	1	1	1
Canada	34	34	35	34	34	34	33	33	33	33	33
British Columbia	16	17	18	18	19	19	20	20	20	20	20
East of Rockies	18	17	17	15	15	15	14	14	13	13	13
Non-Canadian Imports	2	3	3	3	4	5	5	5	5	6	6
SOFTWOOD PLYWOOD											
U.S. South	66	64	64	62	59	58	59	60	58	57	56
U.S. West	32	32	30	30	29	28	28	28	27	24	24
Canadian Imports	2	3	3	3	3	3	3	2	3	3	4
Non-Canadian Imports	1	2	3	5	9	11	11	10	13	16	16