FORISK CONSULTING

Forest Industry Markets Since the Pandemic

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Forisk helps the forest industry make better decisions.

- Analysis and forecasts.
  - ***Forisk Research Quarterly***
- Price and industry data.
  - *Forisk Wood Fiber Review*
  - ***Forisk Market Bulletin***
  - North American Mill Database
  - Timberland Owner Database
- Multi-client studies.
  - Timber market rankings
  - Silviculture benchmarking
- Resource studies and consulting.
- Educational workshops.

Upcoming Events

"Timber Market Analysis"
December 8-9, 2021
(virtual)
www.forisk.com

"Applied Forest Finance"
May 19, 2022

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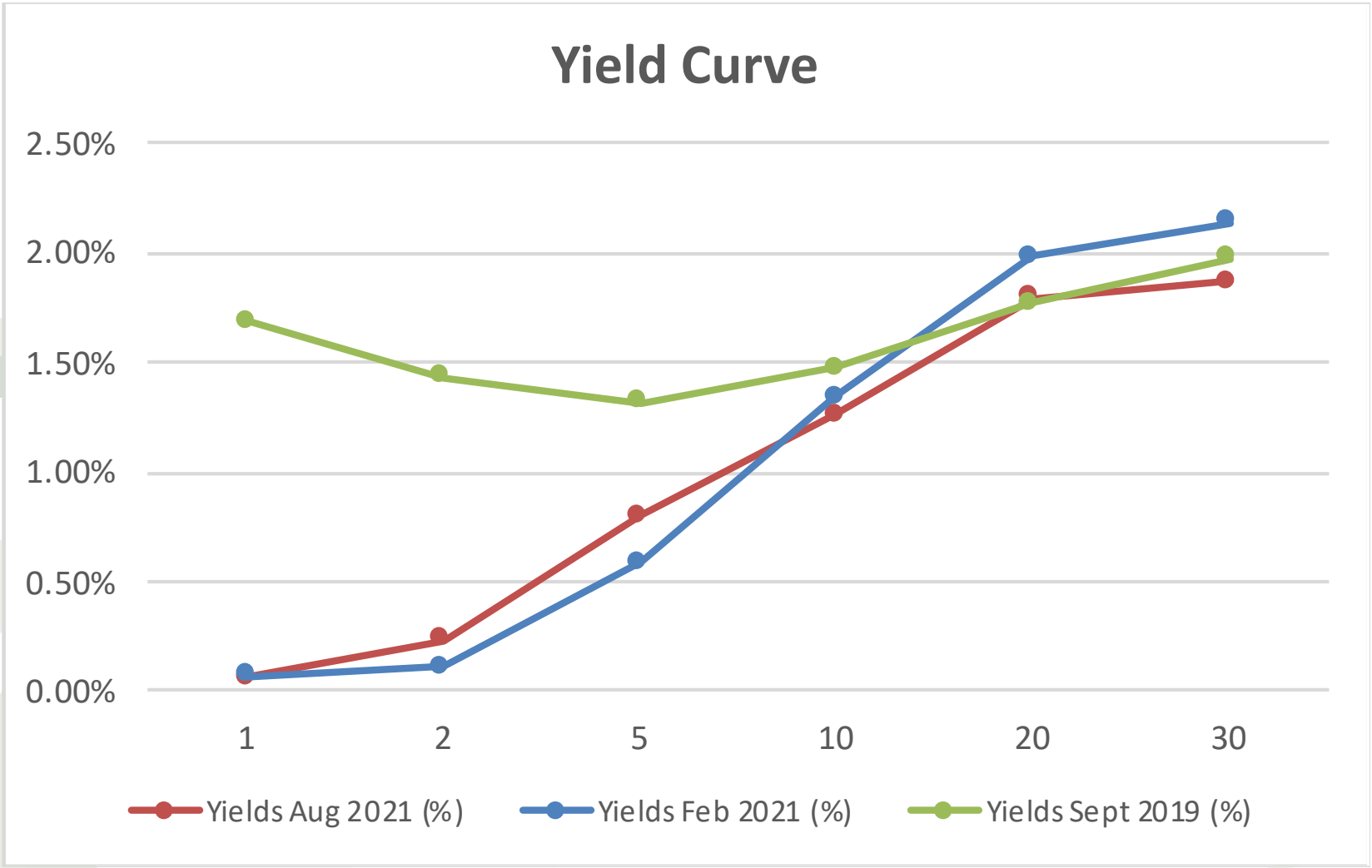
Market for Money: Yield Curve



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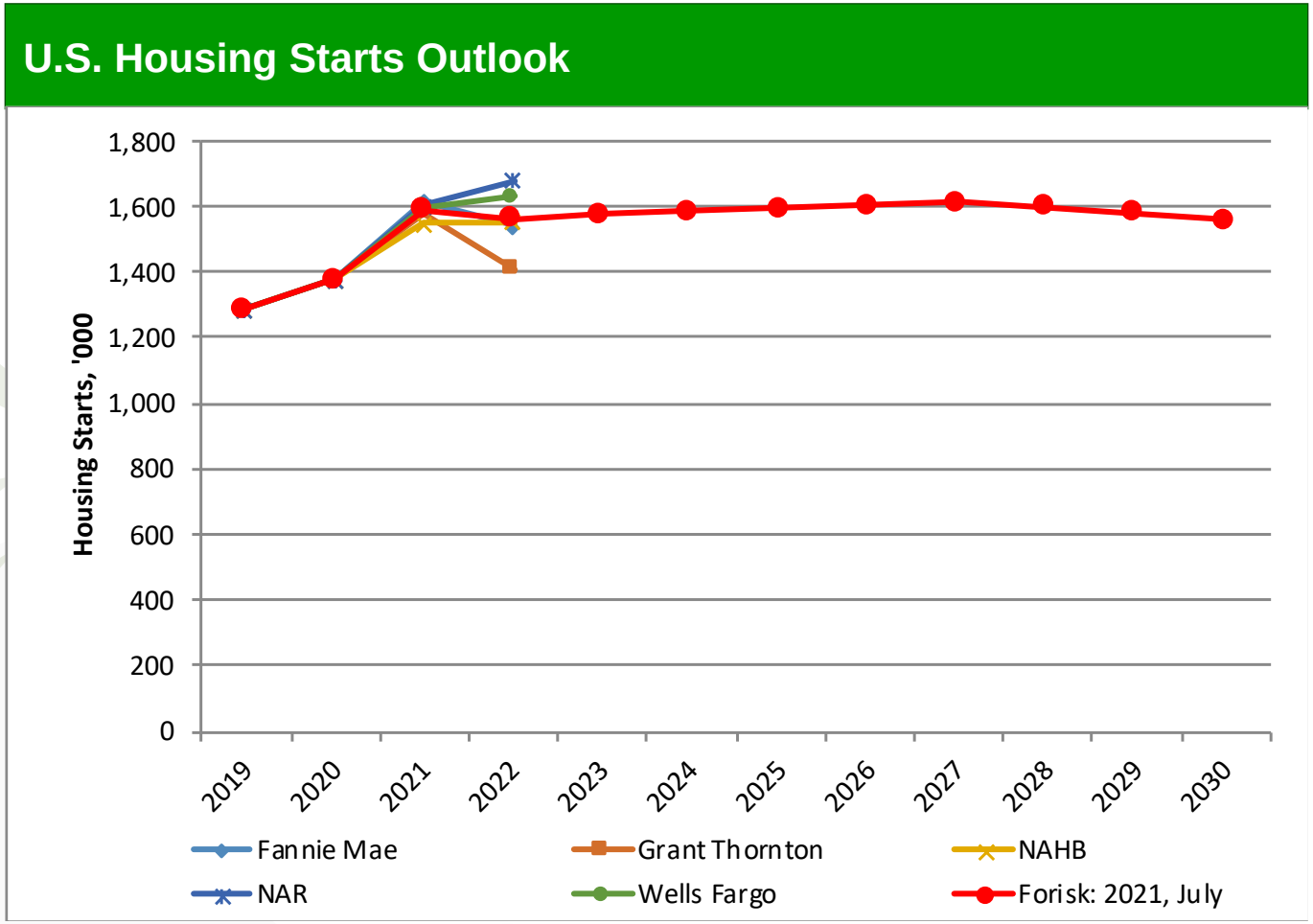
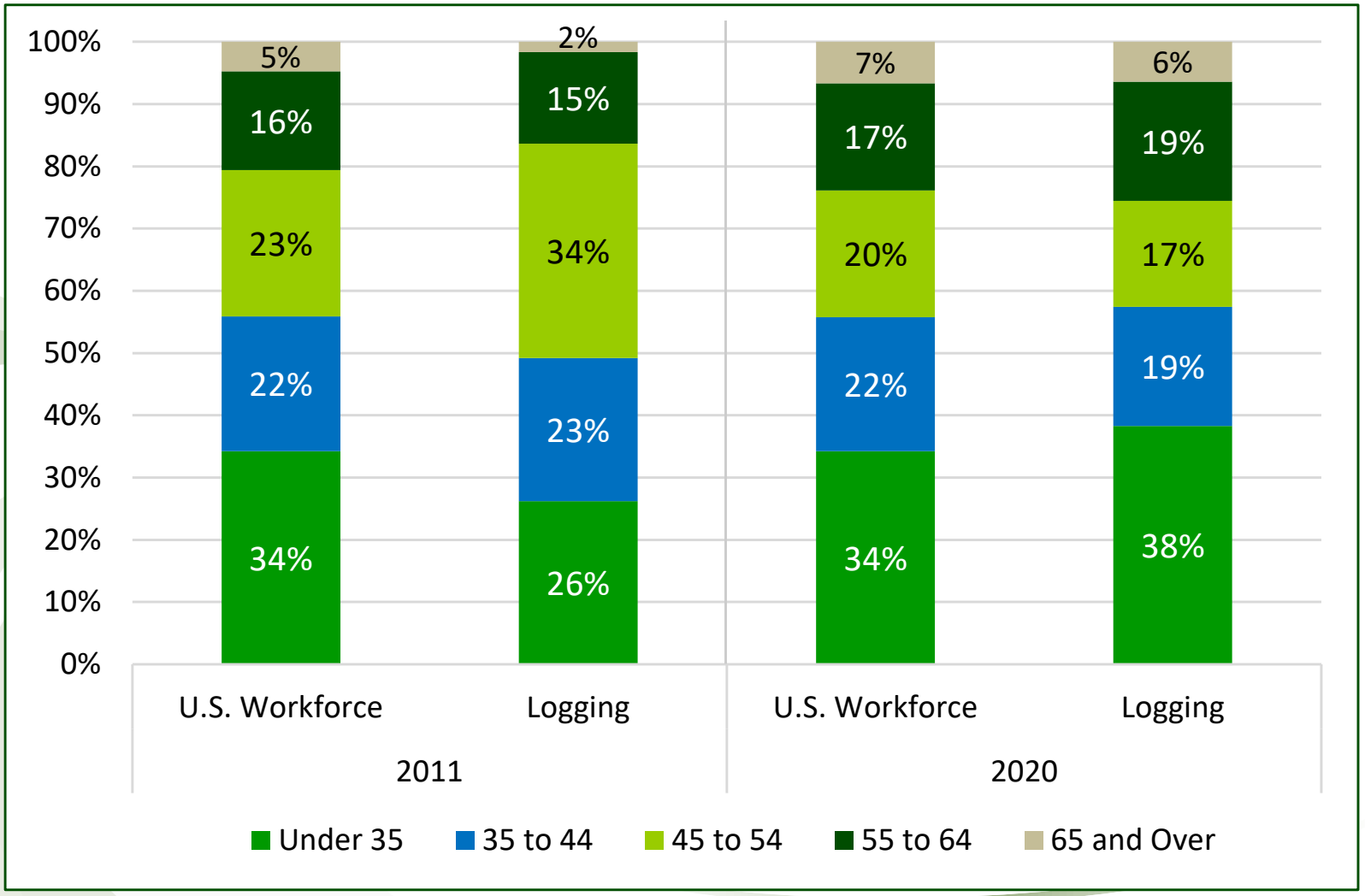
As of July, **Forisk projects U.S. housing starts of 1.590 million for 2021,** up 15% from 2020 actuals. Housing economists have varying views for 2022…



Logging employees grew in younger and older age groups.



Source: Bureau of Labor Statistics

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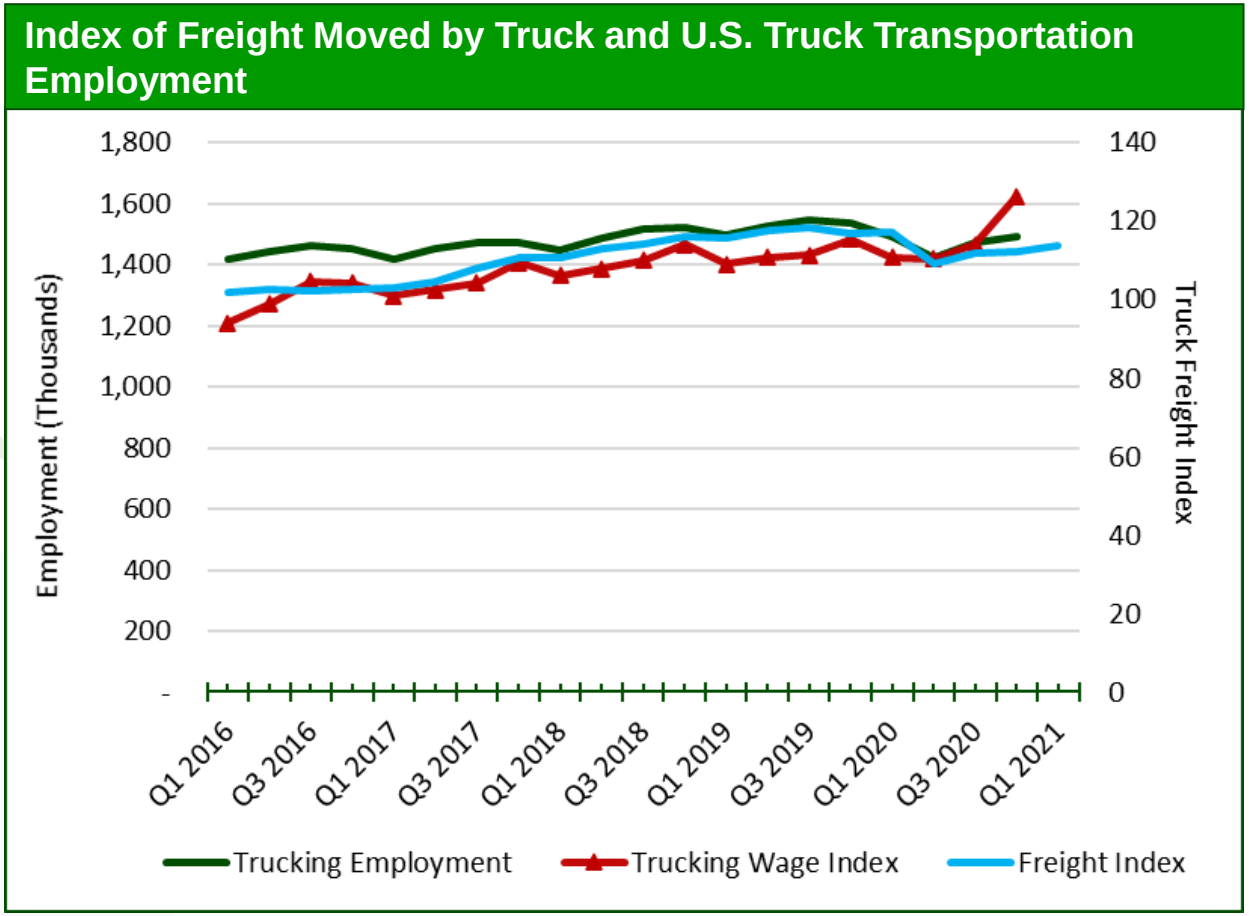
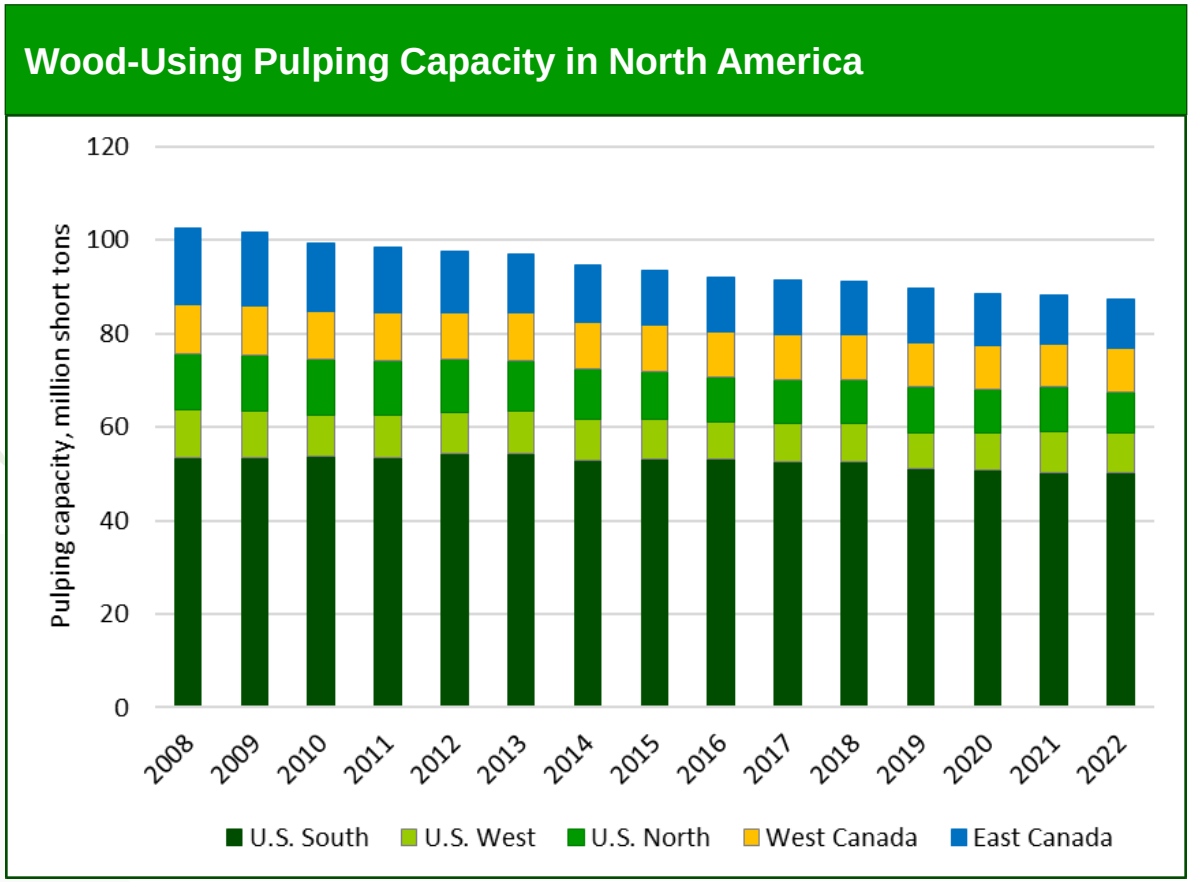
Trucking is a major bottleneck everywhere.



Data Sources: Bureau of Transportation Statistics, Bureau of Labor Statistics

Source: *Forisk Research Quarterly, Q3 2021*

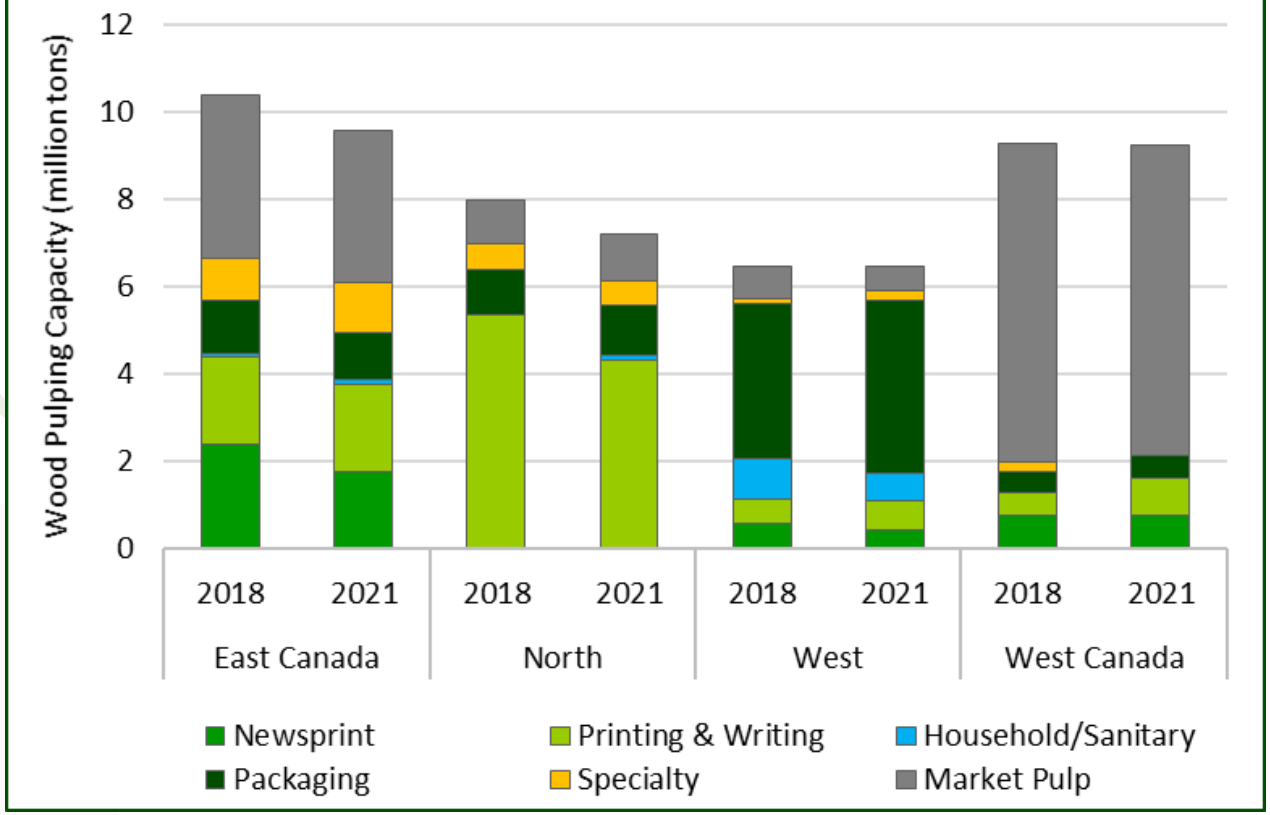
Wood-using pulping capacity in North America is poised to decrease 1% from 2020 to 2022, slowing more than a decade of decline.



Data source: Forisk North American Forest Industry Capacity Database
Note: excludes mills that are 100% recycled

Closures and product shifts at pulp mills affected regional market share.

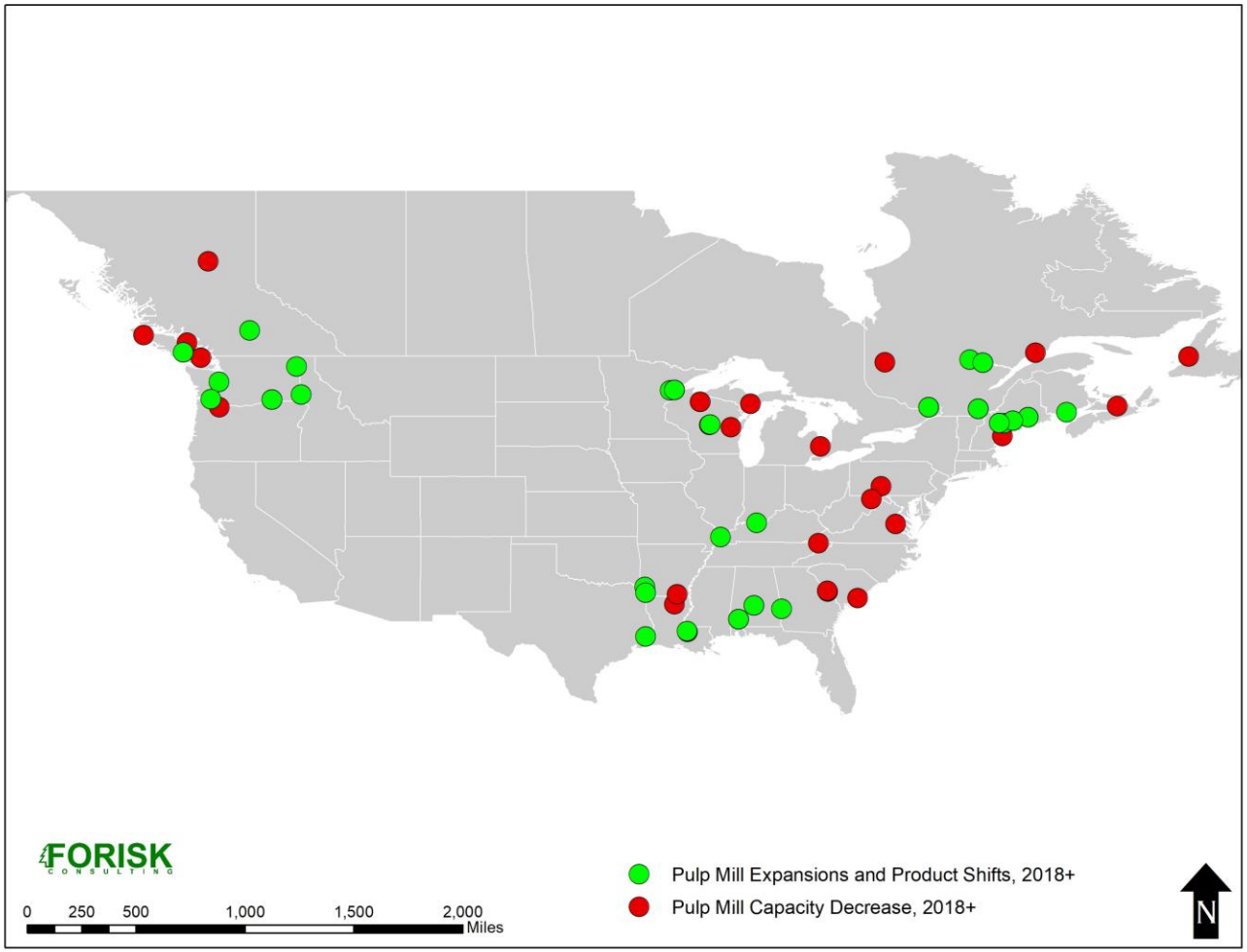
Pulp Mill Virgin Fiber Capacity by End Use, 2018 and 2021 by Region Outside of the U.S. South



Data Source: Forisk North American Forest Industry Capacity Database
Note: U.S. South excluded from chart to show the scale of change in other regions.

Source: 2021 Q3 *Forisk Research Quarterly (FRQ)*

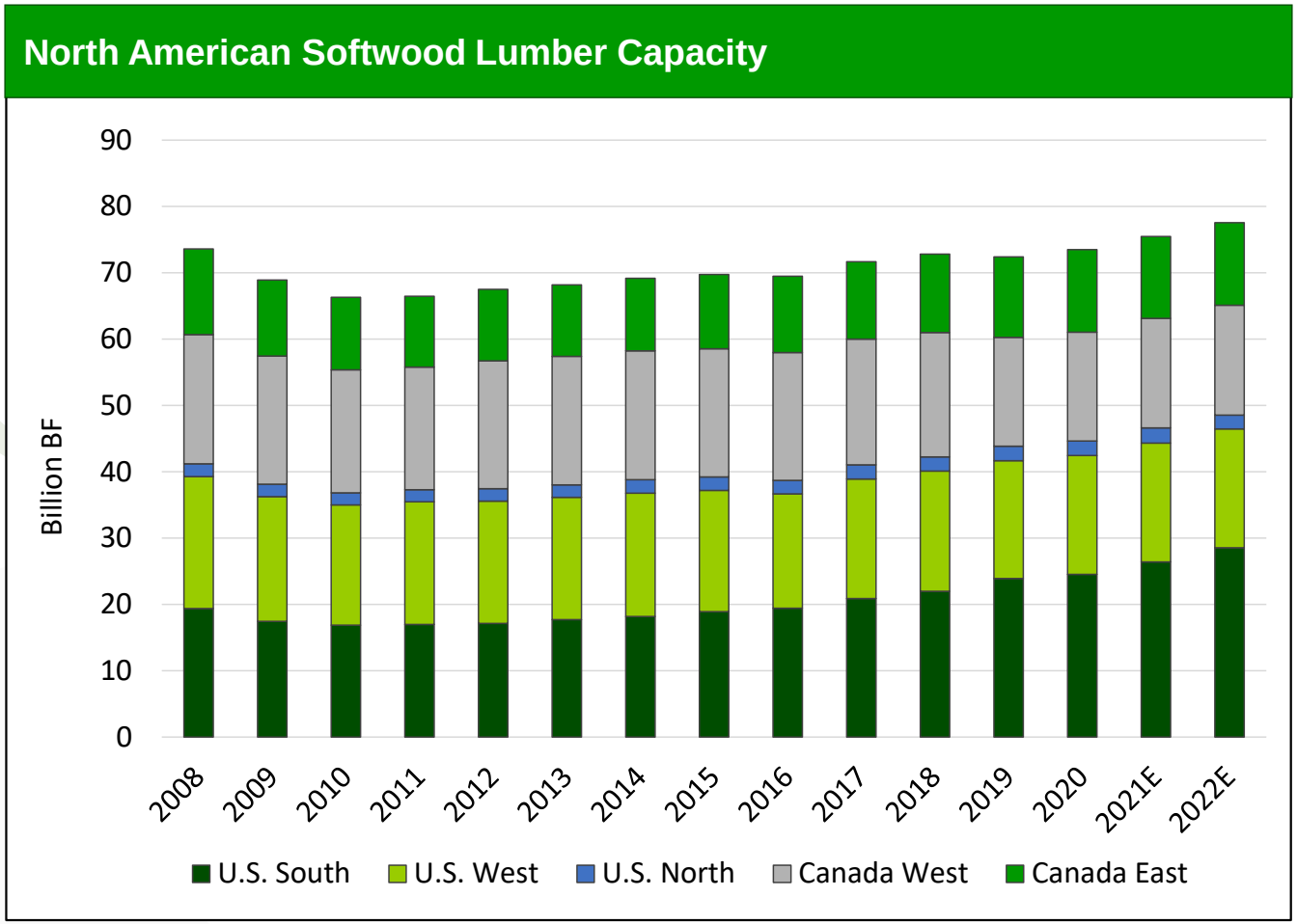
Expansions, Closures, and Product Shifts at Pulp Mills, 2018-2024



Data Source: Forisk
Note: excludes mills that are 100% recycled.

Source: 2021 Q3 *Forisk Research Quarterly (FRQ)*

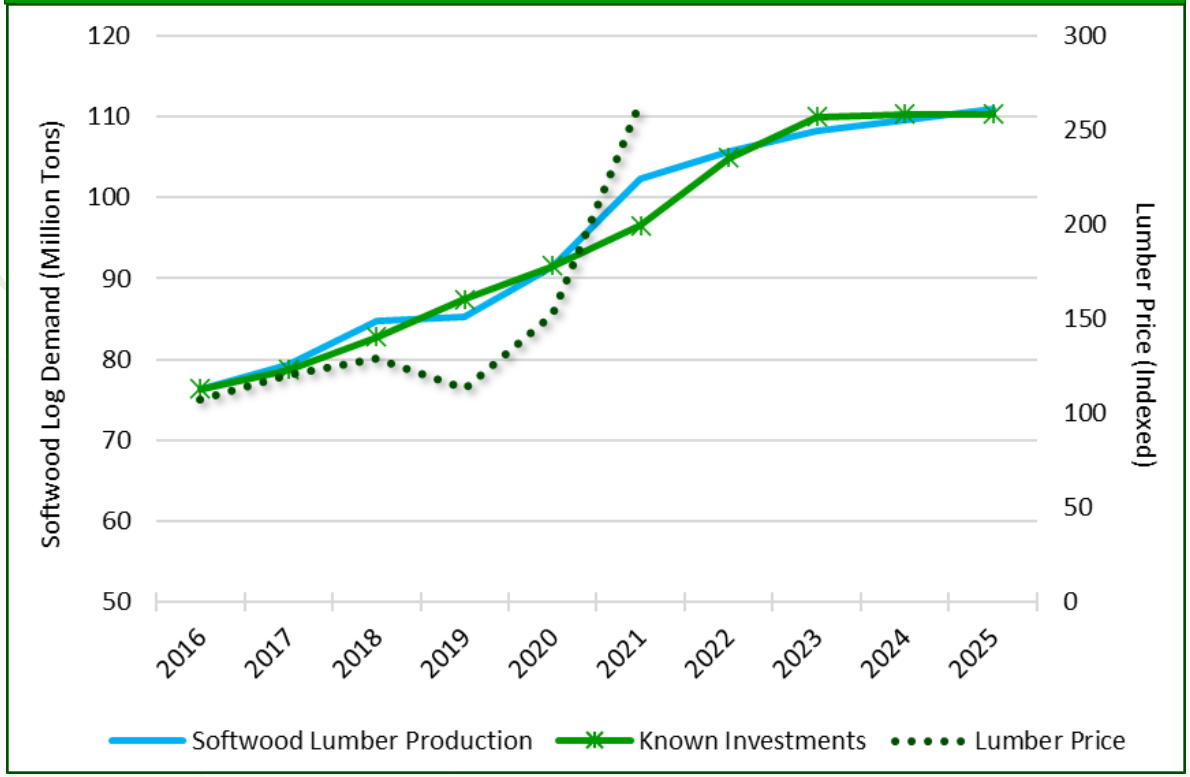
Softwood lumber capacity continues to move south.



Source: Forisk North American Forest Industry Capacity Database

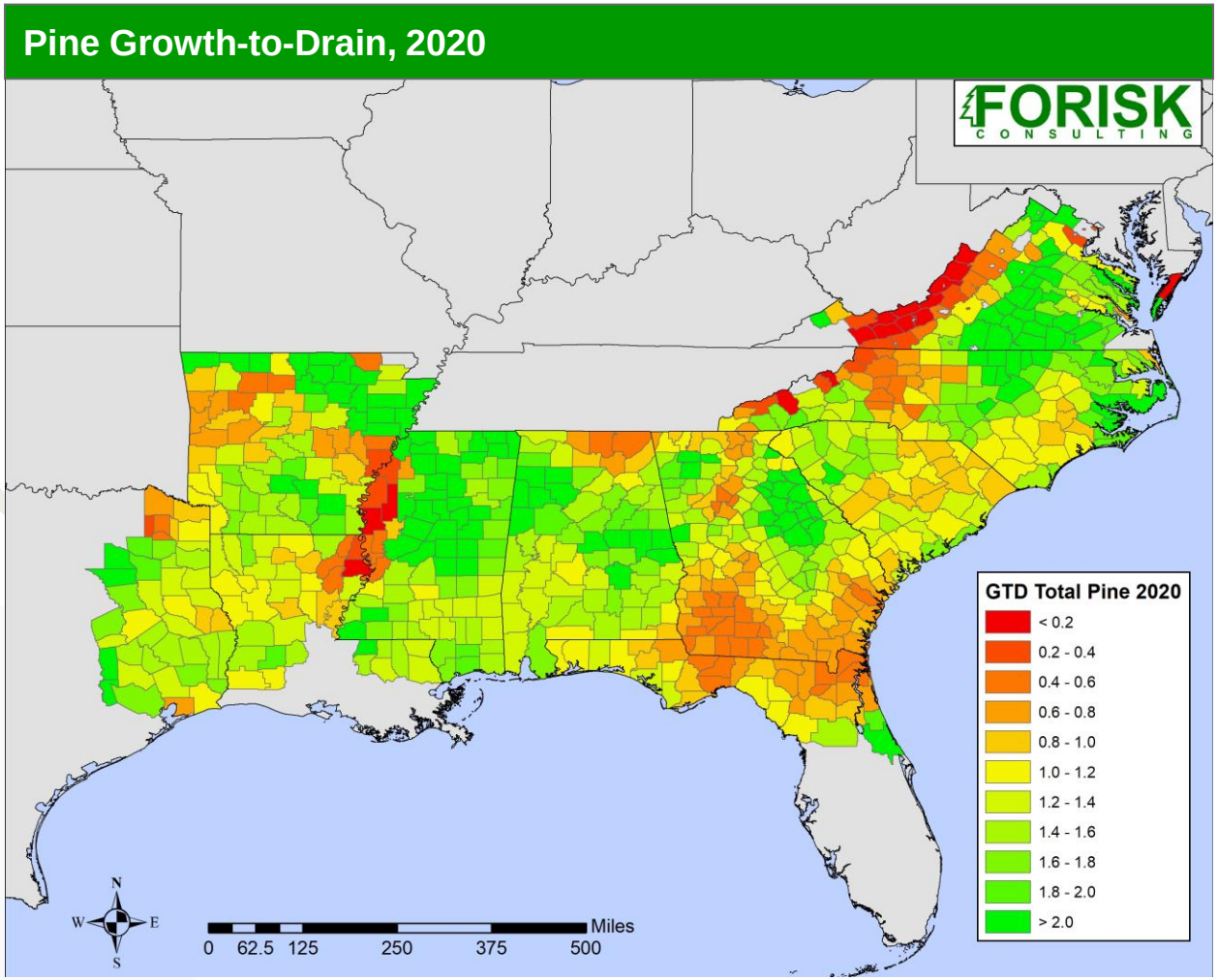
Sawmill capacity is catching up with demand. As demand for lumber surged above capacity in 2021, prices drove higher into June. Now, as capacity catches up and consumers adjusted, lumber prices have eased.

Southern Softwood Lumber Production, Capacity, and Indexed Price



Data Sources: Forisk, WWPA, BLS

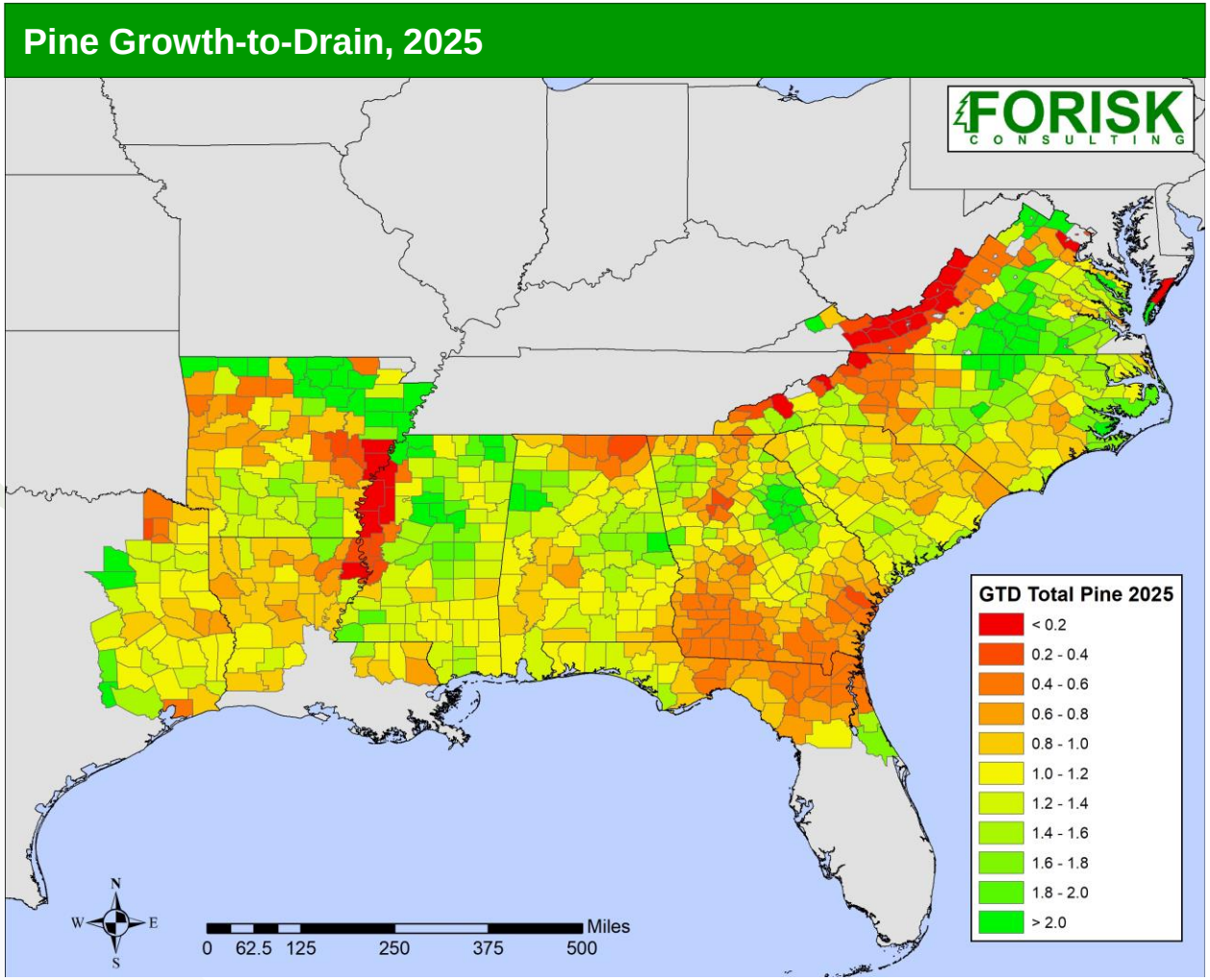
The average pine growth-to-drain for the South in 2020 is 1.31, indicating a general oversupply of timber.



Data Sources: Forisk, SOFAC, U.S. Forest Service

Source: *Forisk Research Quarterly, Q3 2021*

Fast-forward five years to 2025 and the timber supply profile balances with a growth-to-drain of 1.0. During this time, 10 sawmills and 11 pellet mills expand or come online in the region.

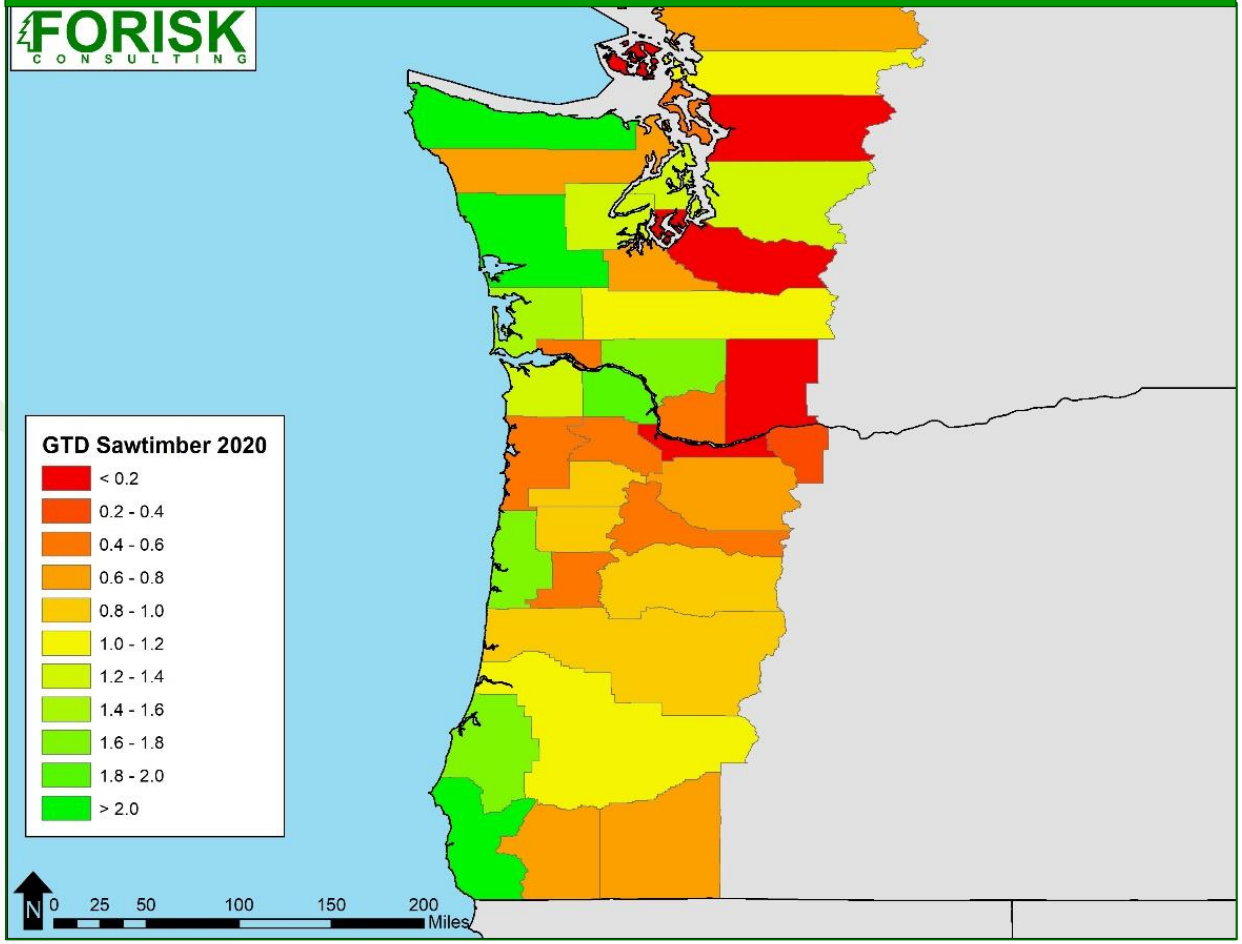


Data Sources: Forisk, SOFAC, U.S. Forest Service

Source: *Forisk Research Quarterly, Q3 2021*

The Pacific Northwest had a growth-to-drain of 1.0 in 2020 for softwood sawtimber on private timberlands. Supplies are in balance with demand, and prices are responsive to changes in demand.

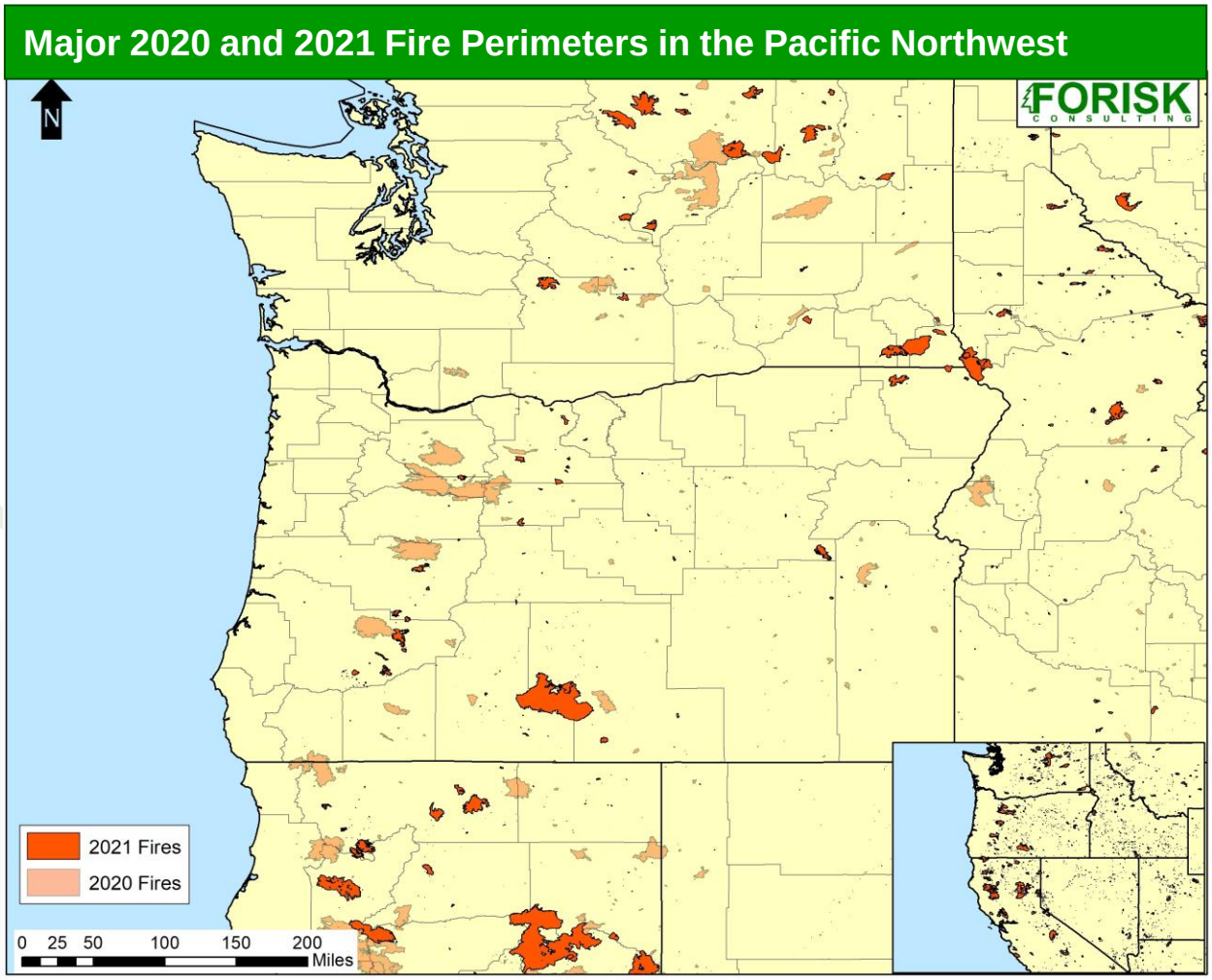
Growth-to-Drain of Softwood Sawtimber on Private Timberlands, 2020



Data Sources: USFS FIA, Forisk

Source: *Forisk Research Quarterly, Q3 2021*

The Oregon 2020 fire season was historically bad for private timberland owners, with over 380 thousand acres of private timberland burned out of 1.3 million acres in total across the state.



Data Source: National Interagency Fire Center

Sources: Forisk, Oregon Department of Forestry, National Interagency Fire Center