

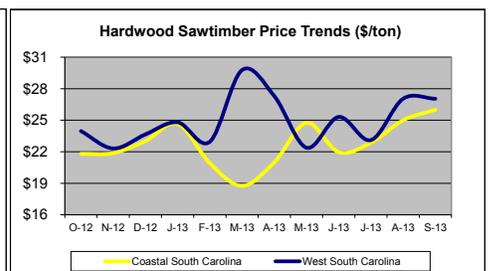
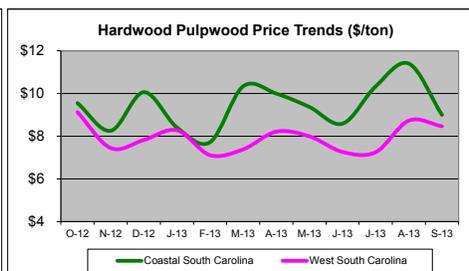
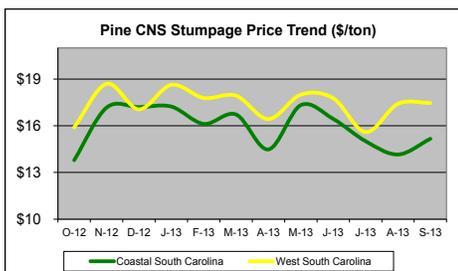
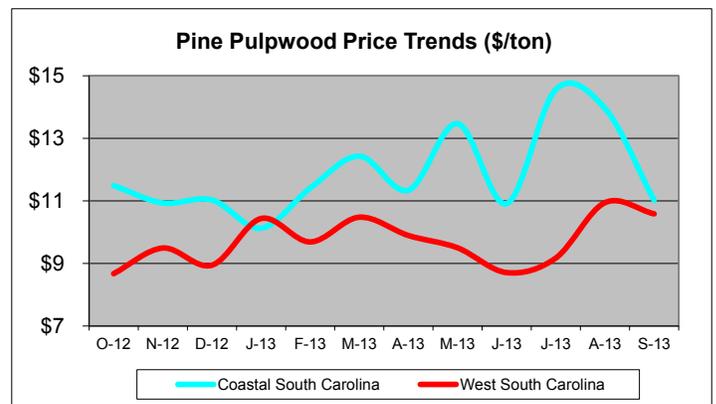
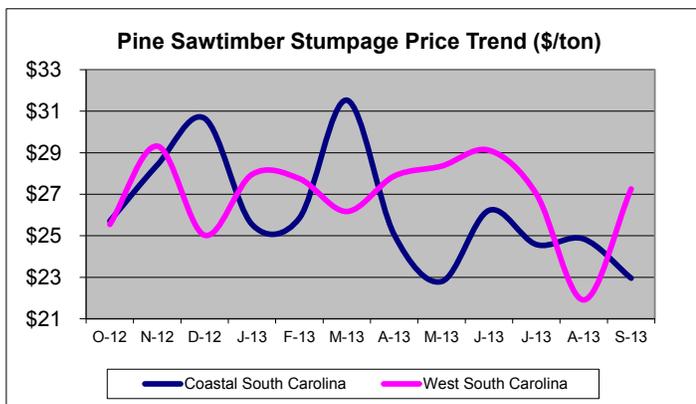


Since many variables, such as raw material demand, mill inventories, buyer competition and weather, play key roles in determining local prices, we encourage you to subscribe to our continuously updated online price service at [www.forest2market.com](http://www.forest2market.com) for prices that are specific to your local area.

### Forest2Market Market Regions

- West South Carolina
- Coastal South Carolina

## SOUTH CAROLINA STUMPAGE PRICE TRENDS





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## SOUTH CAROLINA STUMPAGE PRICES

| <b>Coastal South Carolina</b>                                     |          |              |                |
|---|----------|--------------|----------------|
| <b>Weighted Average Stumpage Prices (\$/ton) 3rd Quarter 2013</b> |          |              |                |
| Product   | Price    | Price Change | Percent Change |
| Pine Pulpwood   | \$ 13.46 | \$0.79       | 6.3%           |
| Pine Chip-n-Saw   | \$ 15.08 | -\$1.28      | -7.8%          |
| Pine Sawtimber  | \$ 24.56 | -\$1.34      | -5.2%          |
| Hardwood Pulpwood   | \$ 10.89 | \$1.54       | 16.4%          |
| Hardwood Sawtimber  | \$ 23.96 | \$0.60       | 2.6%           |

| <b>West South Carolina</b>  |          |              |                |
|---|----------|--------------|----------------|
| <b>Weighted Average Stumpage Prices (\$/ton) 3rd Quarter 2013</b> |          |              |                |
| Product   | Price    | Price Change | Percent Change |
| Pine Pulpwood   | \$ 10.12 | \$0.45       | 4.7%           |
| Pine Chip-n-Saw   | \$ 16.19 | -\$0.71      | -4.2%          |
| Pine Sawtimber  | \$ 25.46 | -\$2.72      | -9.7%          |
| Hardwood Pulpwood   | \$ 7.81  | -\$0.03      | -0.3%          |
| Hardwood Sawtimber  | \$ 25.95 | \$0.14       | 0.5%           |

## U.S. SOUTH TIMBER MARKET OUTLOOK

Forest2Market has nudged our housing starts forecast higher. Signals from the Federal Reserve suggest it will extend its accommodative monetary policies until perhaps late-2014. Meanwhile, new-home sales have remained fairly resilient despite higher mortgage interest rates. Assurance of the Fed's continued presence in the bond and mortgage-backed securities markets has lowered Treasury yields, and could stimulate additional demand for new housing if mortgage rates follow suit.

In light of this more optimistic outlook, we believe benchmark prices will follow a gradual upward trend during the next two years. Landowners will ramp up log supply as demand increases during 2014, but we expect the growth rate of housing starts to slow in 2015 (from an average increment of 11,400 units per month in 2014 to 7,500 units per month in 2015). The excess log supply will tip prices lower.

Pine pulpwood prices will follow a fairly typical seasonal pattern (rising in autumn and falling in spring), but the overall trend will be flat. Downward pressure on longwood prices from increased residual chip inventories will be offset by greater demand for packaging and other pulpwood-based products as the economy continues to gradually expand.

Hardwood pulpwood prices jumped in August as mills attempted to simultaneously normalize wood yard inventory (harvest activity had been slowed by wet weather earlier this year) and start building their winter cushions. Ratios between HPW and PPW prices reached nearly unprecedented levels as a result. HPW prices will retreat, returning price ratios to their more typical range, as winter-prep pressure and earlier weather effects wane.