



ARKANSAS CUT & HAUL -REPORT-

2nd Quarter of 2023



Arkansas Center for Forest Business



Arkansas Cut & Haul -Trends- 2nd Quarter 2023

Delivered Wood Price Trends

	ACFB Average 2Q 2023 (a)	TMS Average 2Q 2023 (b)	+ - %	% Change with respect to 1Q 2023	% Change with respect to 2Q 2022
Pine					
Sawtimber	\$ 50	\$ 47	17%	0%	1%
Chip-n-Saw	\$ 35	\$ 41	27%	4%	1%
Pulpwood	\$ 26	\$ 27	16%	1%	3%
Hardwood					
Oak Sawtimber	\$ 77	\$ 66	30%	-5%	-13%
Mix Sawtimber	\$ 61	\$ 63	21%	-7%	2%
Pulpwood	\$ 42	\$ 35	23%	6%	10%

Source: (a) Arkansas Center for Forest Business; (b) TimberMart South.

Delivered wood prices in Arkansas are from two sources: (a) Arkansas Center for Forest Business (ACFB) survey and (b) TimberMart South (TMS). While some of the wood product prices are consistent between the two sources (e.g., pine sawtimber and pulpwood), disparity between oak sawtimber and hardwood pulpwood can be observed, with the ACFB reporting higher prices

than TMS. Comparison of TMS data from 1Q and 2Q 2023 reveals more pronounced fluctuations among hardwood products. Oak and mixed hardwood sawtimber declined 5% and 7%, respectively, whereas hardwood pulpwood witnessed a 6% increase. In contrast, the prices of pine products remained relatively stable, both in comparison to the previous quarter and the 2Q 2022.

Cut & Haul Trends

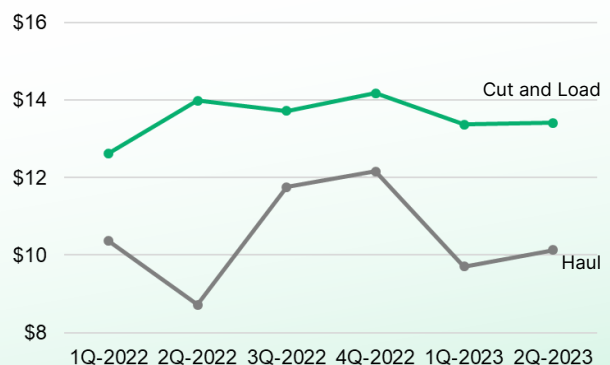
Cut, skid, load rate (\$/ton)	\$18 ^a
Haul rate (\$/ton/loaded mile)	\$0.21 ^b
Average min. haul distance (miles)	41 ^b
Increase in rate when exceeding min. haul distance (\$/ton/loaded mile)	\$0.19 ^b
Average haul distance (miles)	50 ^a
Total Cut & Haul Cost (\$/ton)	\$28

Source: (a) Arkansas Center for Forest Business; (b) TimberMart South 2Q 2023 Report.

Data reported from the 2Q 2023 shows that the majority of respondents (57%) cut, skidded, and loaded primarily pine sawtimber products. Average skid distance was 350 yards. The average tract size cut reported in Arkansas during the quarter was 66 acres. Cut, skid, and load prices reported were weighted averages using total tons cut during the quarter as the weight factor. These prices were higher than expected and slightly higher than those

reported for the Coastal Plain area by TMS 2Q 2023. This could be due to the relatively small average tract size. Weighted average number of loads needed to break even for the month was computed to be 194 loads/month.

Figure 1. Average Rates in the US South (\$/ton)



Source: TimberMart South

Questions?

Reach out to us at forestbusiness@uamont.edu or (870) 460-1748



Arkansas Cut & Haul -Indicators-

2nd Quarter 2023

Diesel Prices Decline



-12%

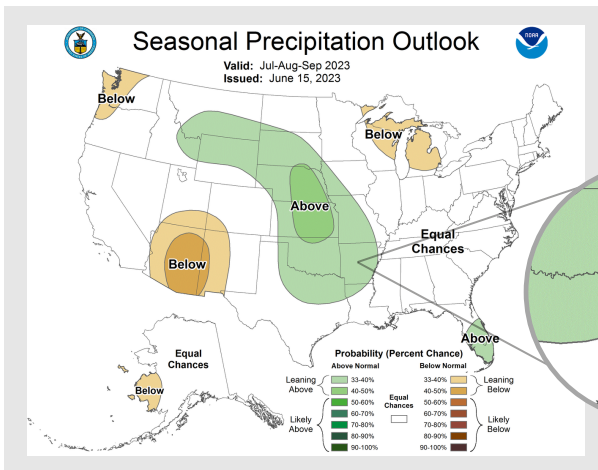
The price per gallon of the Gulf Coast No. 2 diesel decreased 12% from March 2023 to June 2023.

Decreases in diesel prices are following the forecasts by U.S. Energy Information Administration, which show declines in diesel prices during 2023.

\$3.50

Average Price/Gallon

No. 2 Diesel
Gulf Coast Region
June 2023



Source: NWS Climate Prediction Center Seasonal Precipitation Outlook for Jul-Sep 2023.

Weather Forecast

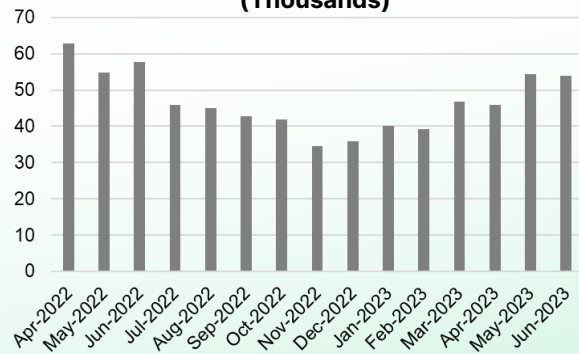
Forecasts are leaning towards slightly above average rainfall for most of Arkansas during the upcoming quarter (July-September) while temperatures are leaning to be above normal for Arkansas.

Housing Starts

Housing starts, among other factors, impact the wood products demands and prices.

Housing units started in the US South in June 2023 were at a rate of 54,000 (Figure 2). This is 1% below the starts during May and is 6% below the June 2022 rate of 57,600 units.

Figure 2. House Units Started in the US South (Thousands)



Source: US Census Bureau

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Arkansas Cut & Haul -Spotlight- 2nd Quarter 2023

Logging Costs: Why Producers Should Know Their Costs

The following information is based on conversations regarding logging costs with local timber producers. This is the first in a series of articles regarding logging costs.



Do you know how much it takes to cut, skid, load, and haul your product to its final destination? Knowing this number can help timber producers make better business decisions. Logging costs include everything spent to harvest wood and get it to a destination and can include items, such as equipment costs, maintenance/repair costs, labor, benefits, insurance, office expenses, taxes, or consumable supplies, such as fuel.



Knowing their costs allows producers more negotiating power with companies, or when negotiating contracts. Though a certain rate per ton sounds good initially on a potential contract, knowing a firm's cost per ton can give a producer room to potentially negotiate a better price. In addition, when working with a bank, firms which have kept track of their costs might have more negotiating power than those that do not keep records. In addition, keeping track of costs can help reduce taxes through regular expenses and non-cash charges such as depreciation on equipment.



Firms that track their costs have a better understanding of where money is spent and how to better control expenses. By looking at the monthly costs of that skidder that is throwing codes left and right, producers have better insight as to when to replace that piece of equipment.



By keeping track of mileage and fuel in trucks, an otherwise undetectable problem might be found. For instance, upon a monthly review of costs you might notice that one truck which normally averages 5.5 miles/gallon is now only getting 3 miles/gallon. Keeping track of costs allows a producer to see where their business can improve.

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