



ARKANSAS CUT & HAUL -REPORT-

3rd Quarter of 2023



Arkansas Center for Forest Business



Arkansas Cut & Haul -Trends- 3rd Quarter 2023

Delivered Wood Price

Delivered oak sawtimber and mixed hardwood prices saw an increase during this quarter compared to the previous quarter, while pulpwood prices continue to struggle for both pine and hardwood.

When data from the [Arkansas Timber Price Report](#), which reports Timber-Mart South stumpage rates, are used in combination with the numbers produced from the Arkansas Center for Forest Business Cut and Haul Survey, pine pulpwood in Arkansas retains the lowest margin. The oversupply of pine pulpwood in the state continues to stagnate pine pulpwood prices.

	Average \$/ton	% Change 2Q to 3Q
Pine		
Sawtimber	\$48	-4%
Chip-n-Saw	\$35	0%
Pulpwood	\$25	-5%
Hardwood		
Oak Sawtimber	\$81	+5%
Mix Sawtimber	\$63	+3%
Pulpwood	\$35	-18%

Source: Arkansas Center for Forest Business

Cut & Haul Rate

Cut and Haul rates decreased during this quarter. Average haul distances remain relatively low with the average haul distance less than 5 miles from the average minimum haul distance. The cut, skid, and load rates decreased this quarter which helped the total rate stay low.

	Min - Max	Average
Cut, skid, load rate (\$/ton)	\$9 - \$18	\$13.5
Haul rate (\$/ton/loaded mile)	\$0.09 - \$0.15	\$0.12
Average min. haul distance (miles)	38 - 52	45
Increase in rate when exceeding min. haul distance (\$/ton/loaded mile)	\$0.15 - \$0.16	\$0.15
Average haul distance (miles)	35 - 49	42
Total Cut & Haul Cost (\$/ton)		\$19

Source: Arkansas Center for Forest Business

This is the first quarter that the ACFB has been able to report numbers for each of the headings in the table. Thank you everyone who participated in the monthly survey. For those of you who did not submit a survey, please help our numbers improve by submitting your information!

Questions?

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



Arkansas Cut & Haul -Indicators-

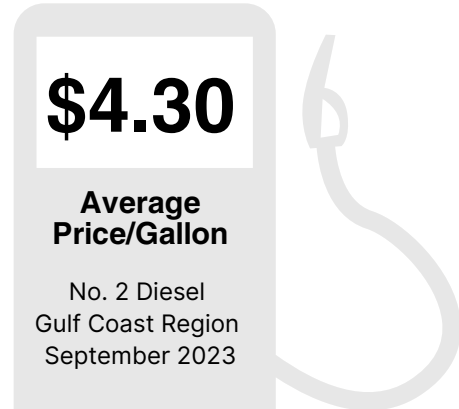
3rd Quarter 2023

Diesel Prices Increase

+18%

The price per gallon of the Gulf Coast No. 2 diesel increased 18% from July 2023 to September 2023.

Diesel price increases followed the U.S. Energy Information Administration forecasts of a decline in the U.S. distillate inventories in the fall 2023. This is due to low global distillate inventory, scheduled maintenance of local refineries, and increased seasonal fuel demand.



Producer Price Index

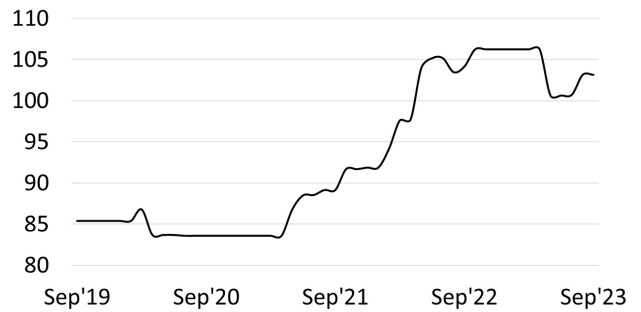
Figure 1. U.S. PPI logging trends



Source: U.S. Bureau of Labor Statistics

The Producers Price Index (PPI) measures the average change in the prices producers receive for their products. This index plays a key role in assessing inflation. When the PPI increases, it can be an indication that the cost of production is increasing.

Figure 2. U.S. PPI local agricultural products trucking trends



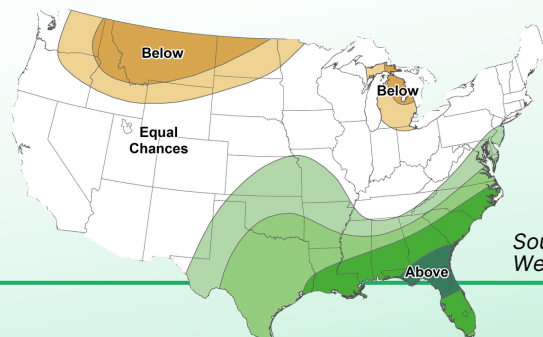
Source: U.S. Bureau of Labor Statistics

National data provided by the U.S. Bureau of Labor Statistics showed that the PPI decreased 3.7 percent for logging and 1 percent for trucking from September 2022 to September 2023.

Weather Forecast

The forecasts are leaning towards slightly above average rainfall for most of Arkansas during the upcoming quarter (November-January).

Figure 3. Seasonal Precipitation Outlook



Source: National Weather Service

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Arkansas Cut & Haul -Spotlight-

3rd Quarter 2023

Economic Indicators and their Relevance to You

The Arkansas Center for Forest Business (ACFB) is here to help forest industry in Arkansas. One way it supports the sector is by providing relevant information that can help timber producers make informed business decisions.

What do all the graphs and charts in the ACFB publications mean to my business?

A variety of information is reported in each publication that can be used to help predict how diesel prices have/will change, show trends in costs associated with logging and hauling, how demand for certain forest products may increase/decrease, predict the amount of precipitation all over a period of several months.

Producer Price Index

The PPI or Producer Price Index is included so timber producers can better understand trends regarding common costs associated with production in the logging and agricultural trucking sectors. Each of these indices looks at a common set of goods/services typically purchased by these sectors and tracks the costs over time. Timber producers can use the graphs to track cost trends associated with their sectors.

Diesel Prices

The Diesel Price Section reports on the US Energy Information Administration's Diesel forecast for the quarter. It shows what current on road Gulf Coast No. 2 diesel prices average for our region and the changes anticipated in prices. Increases in diesel prices will affect trucking costs moving wood to mills. When increases are forecasted, producers can use this information to prepare their firm for this financial hardship in the upcoming months.

Weather

Weather forecasts are provided from the National Oceanic and Atmospheric Administration. They provide glimpses into what weather patterns are expected in the upcoming months. These forecasts are general and the terminology in them is unique. Weather patterns such as "leaning" to slightly above/below average precipitation are reported. The term "leaning" in these forecasts mean that there is a chance (not a guarantee) that above/below average precipitation will be received in the area over the next three months. Timber producers can use these forecasts to get a general idea of what is expected in the upcoming months.



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