

# Changes in Hardwood Lumber Production

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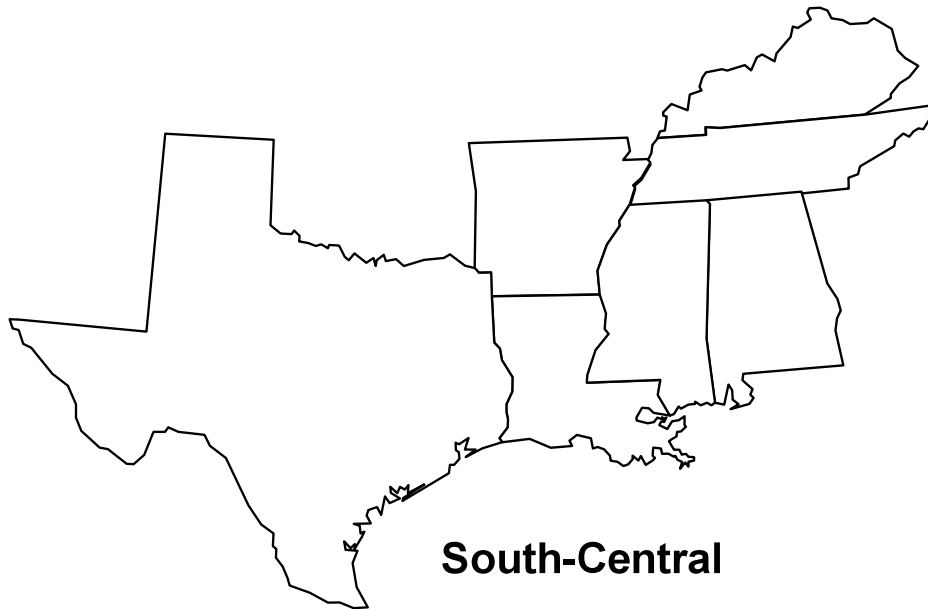
# Organization

- Regions defined by the USDA
- Changes in hardwood lumber production nationally and by region
- The influence of demand and price
- Differences among states

**North-Central**



**Northeastern**

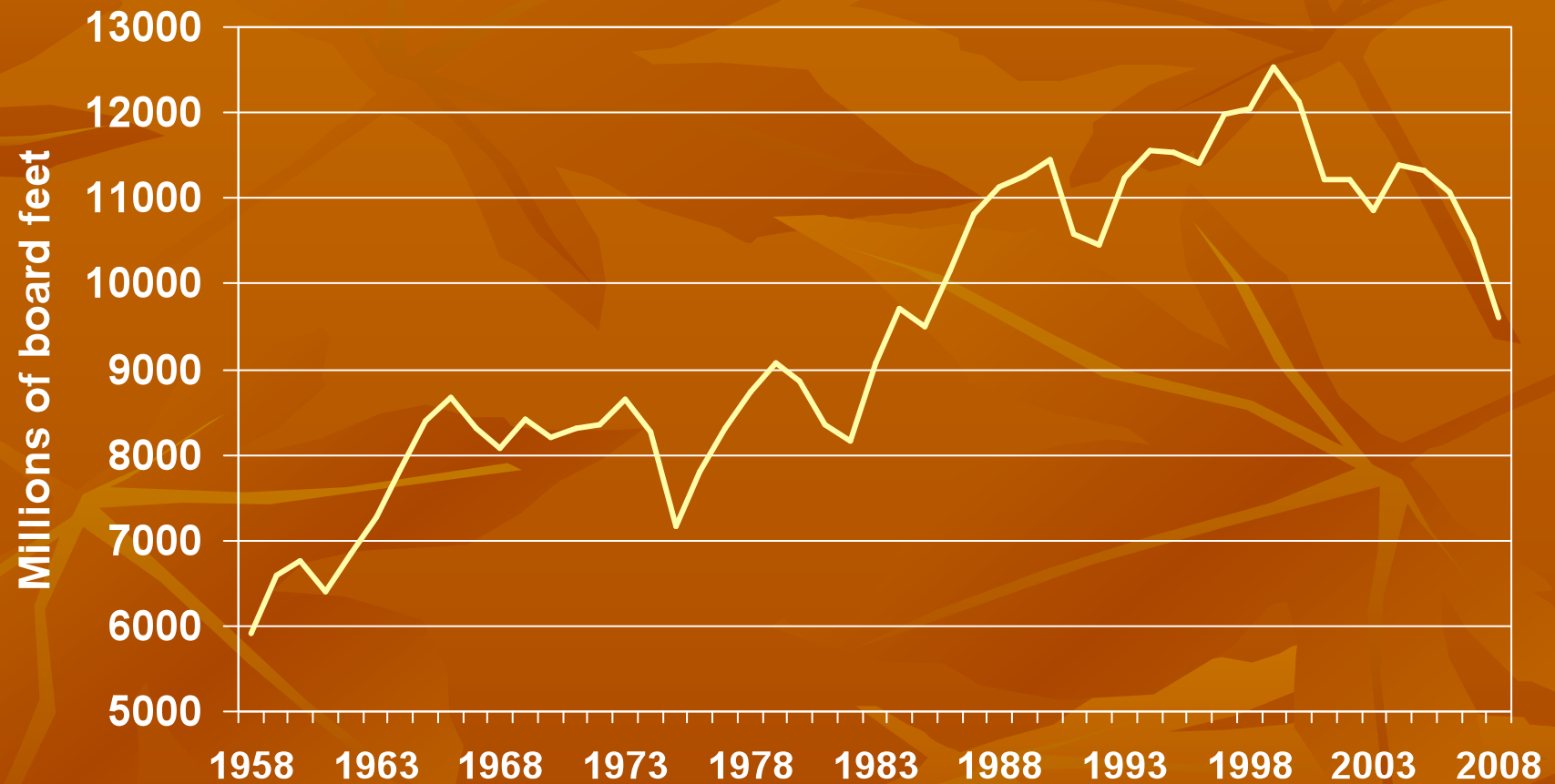


**South-Central**



**Southeastern**

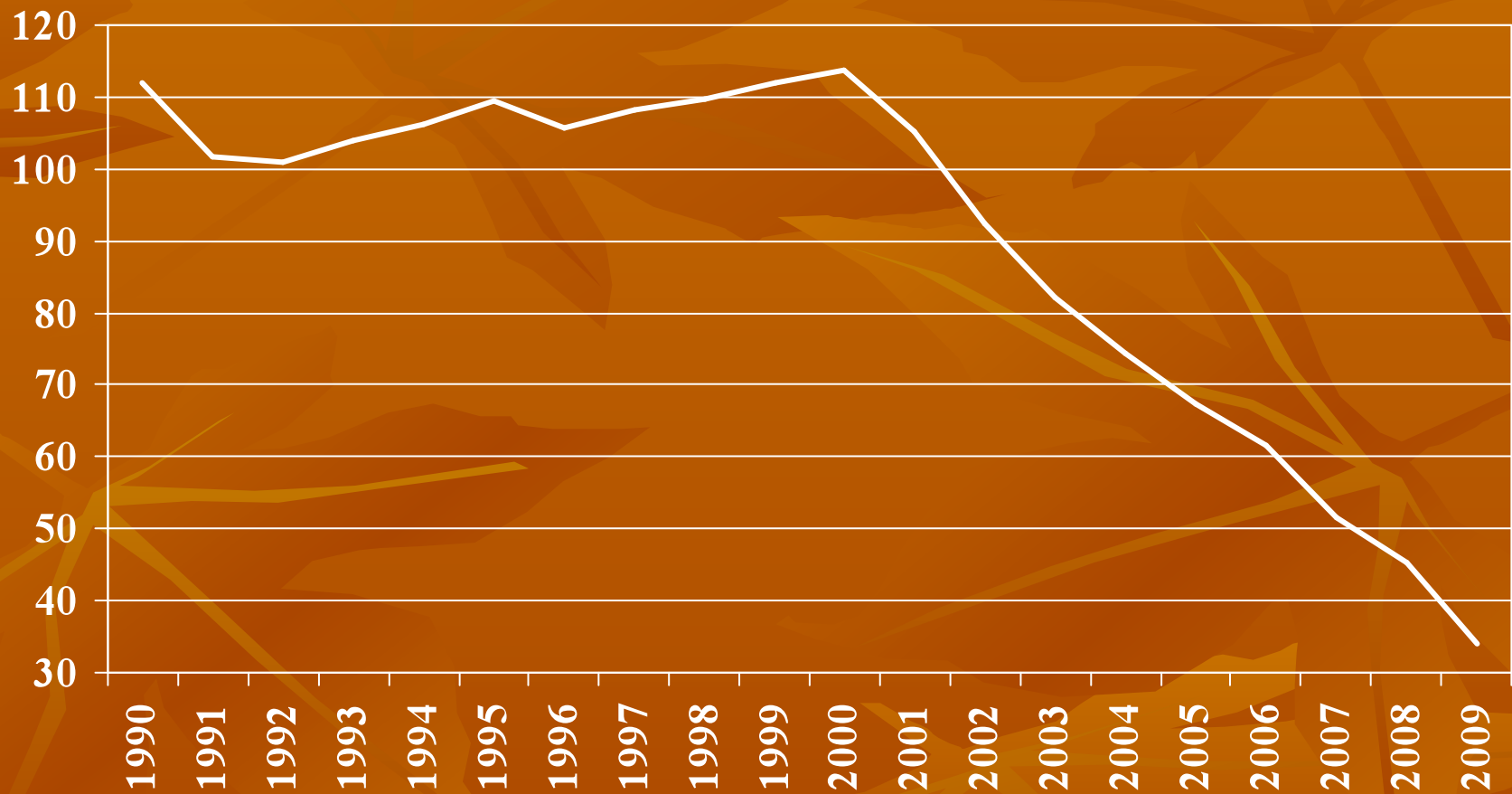
# Eastern Hardwood Lumber Production 1958 to 2008



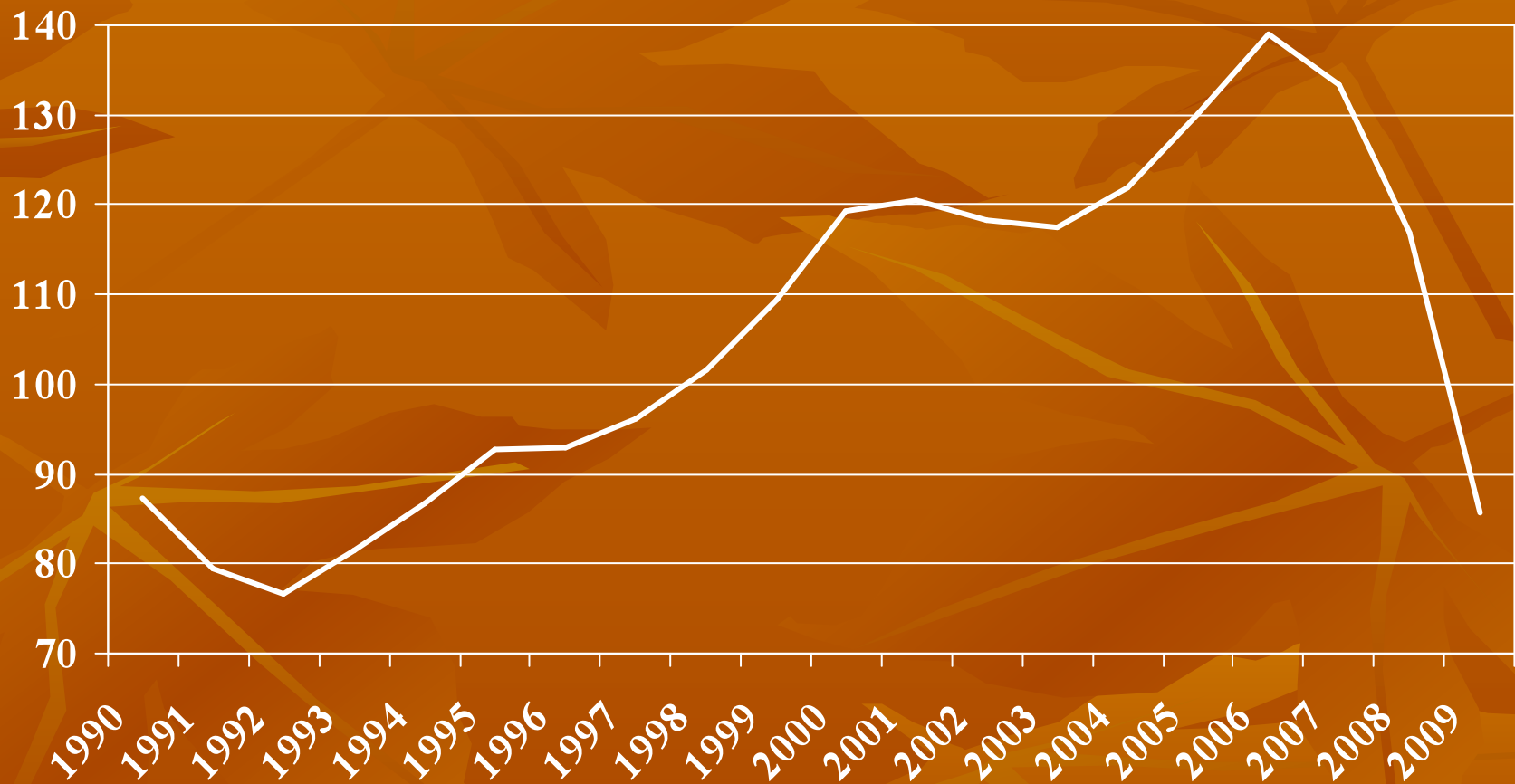
# Regional Changes in Hardwood Lumber Production (MM bf)

Period	Northeast	North Central	Southeast	South Central	Total Change
1966 to 1982	374	139	-1	-1,024	-512
1982 to 1990	909	1030	97	1,313	3,349
1990 to 1999	459	189	235	189	1,072
1999 to 2008	-1,111	-442	-586	-793	-2,932

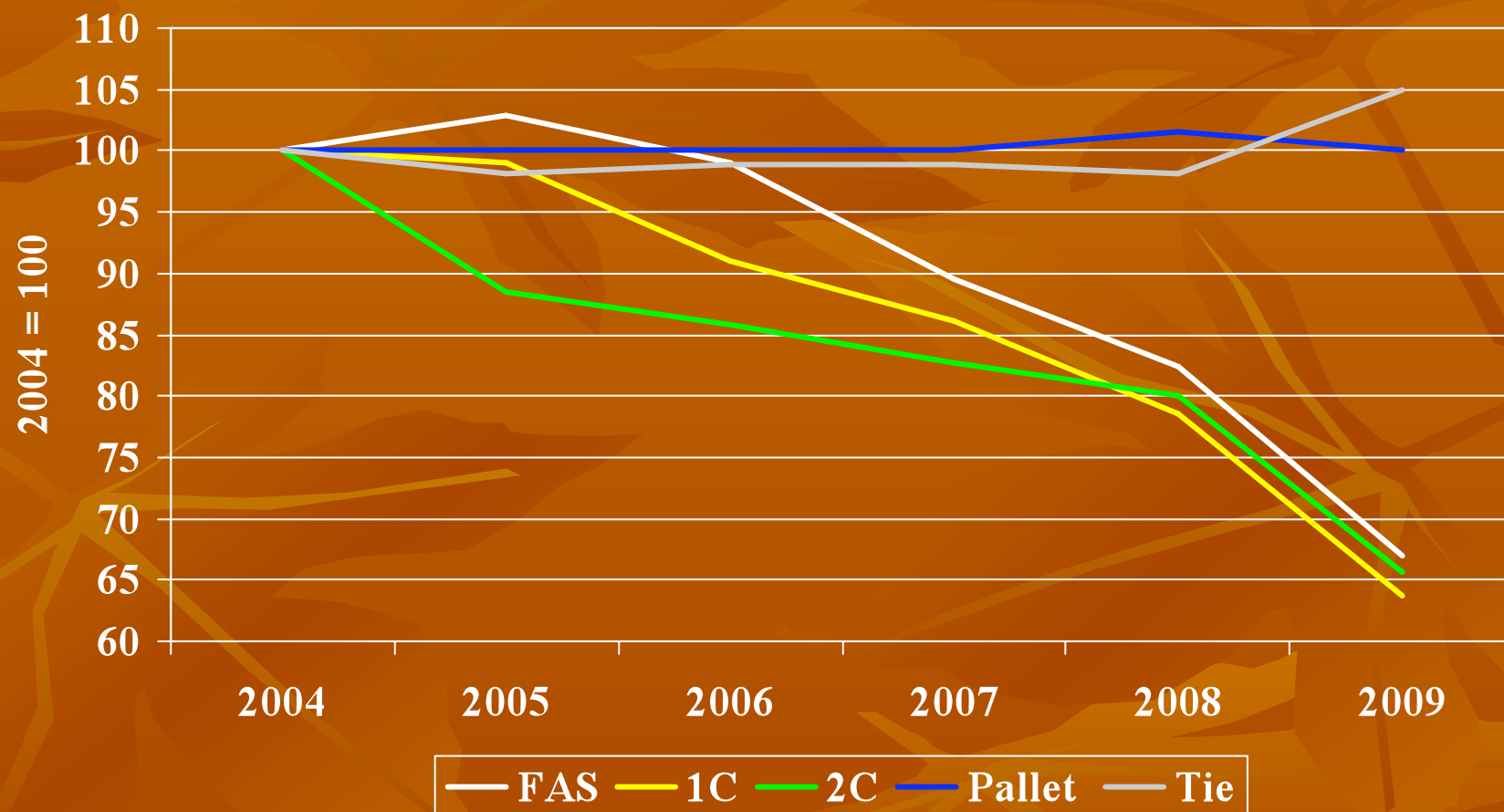
# Production Employment in Wood Household Furniture Industry



# Production Employment in Kitchen Cabinet Industry



# Index of Hardwood Lumber, Cross Ties and Pallet Cant Prices 2004 to 2009





## The Percent of Hardwood Lumber Consumed for Industrial and Appearance Applications

User group	1972	1982	1992	2002	Today
Industrial	32	40	34	37	60
Appearance	68	60	66	63	40

# Decline in Hardwood Lumber Production From Winter of 2008 to Winter of 2009

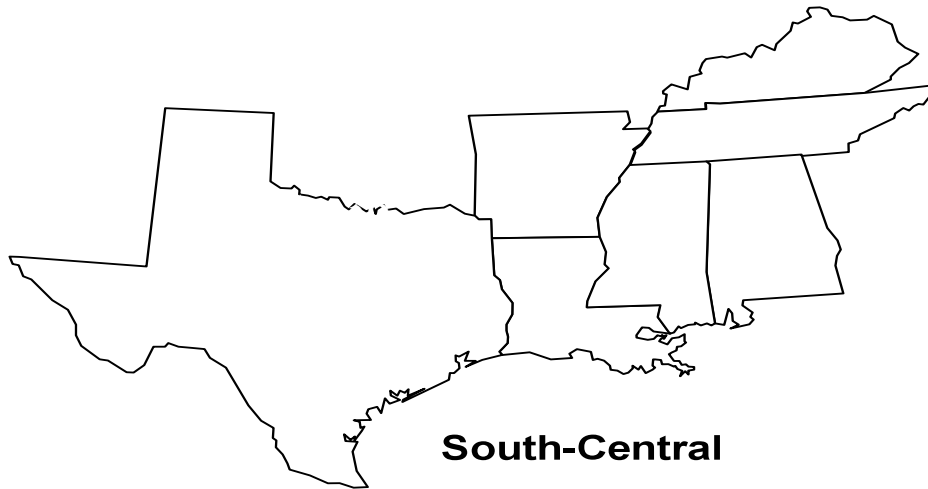
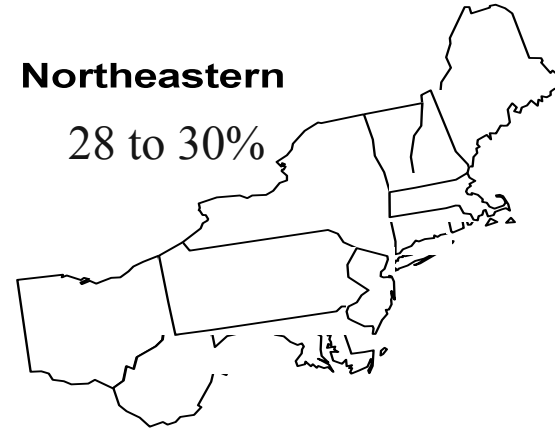
**North-Central**

27 to 29%



**Northeastern**

28 to 30%



**South-Central**

32 to 33%



**Southeastern**

32 to 36%

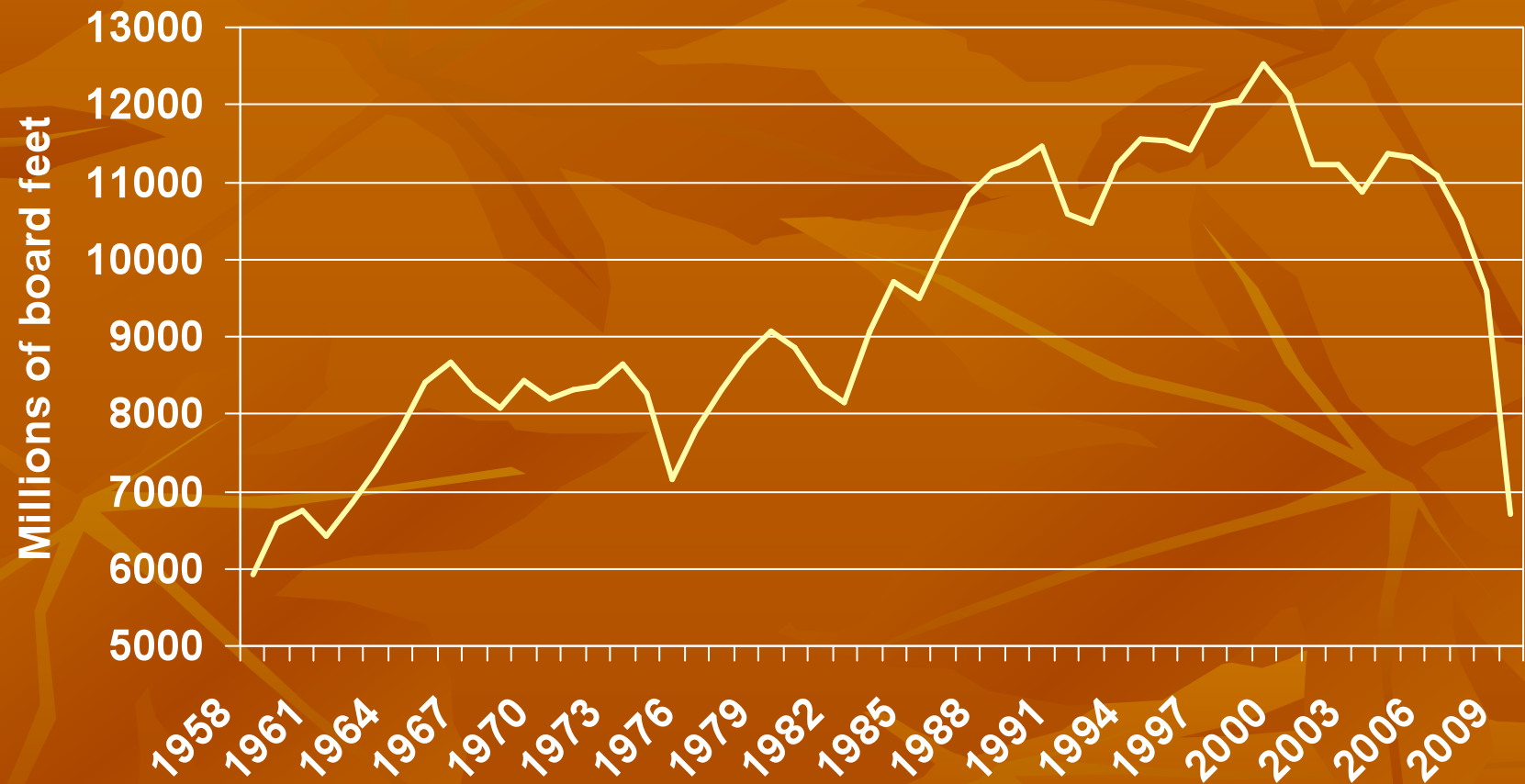
# States that are Stinging – Production Down 10 to 20 Percent

- TX – Cross ties and board roads
- MO – Cross ties and pallets
- MN – Local markets
- NH – Local markets
- VT – Local markets
- IN – Quality
- MD – Don't know

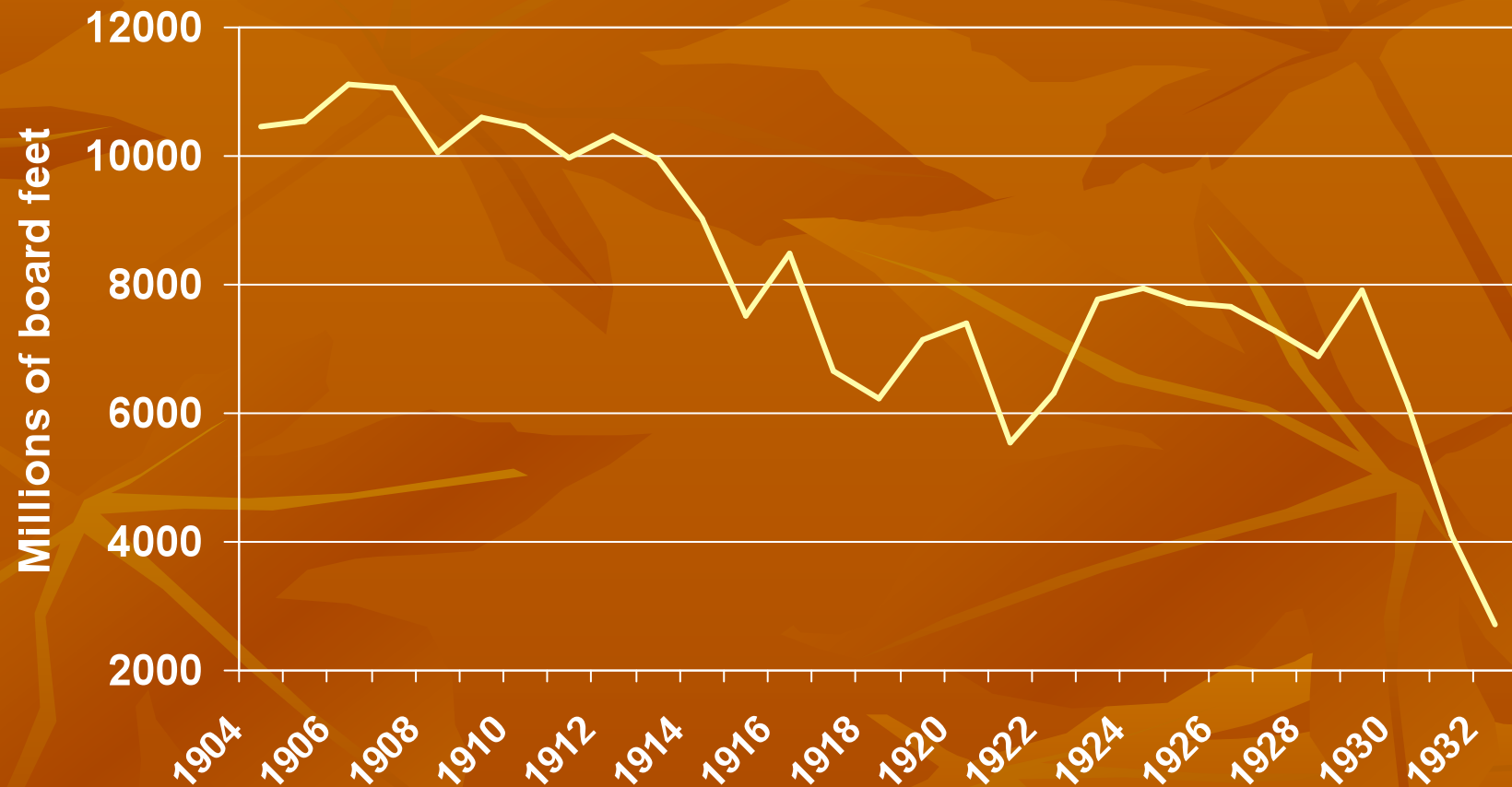
# Other States are Hurting, Really Hurting or in Real Pain

- Hurting – production down 25 to 30 percent
  - – PA, NY, LA, VA, IA, OH
- Really hurting – production down 35 to 40 percent
  - – TN, MS, KY, NC, MI, ME, WV
- Real pain – production down more than 45 percent
  - – AL, GA, WI, CT, MA

# Eastern Hardwood Lumber Production 1958 to 2009



# Eastern Hardwood Lumber Production 1904 to 1932



# What Else are We Seeing

- Tie log prices being paid for higher grade sawlogs
- Very good looking cross ties, some with FAS faces
- Reports of cherry being used to produce cross ties
- Shortages of residuals (chips, dust, bark, etc). Some of the traditional users of residuals are now consuming roundwood



# What's Going to Happen when Demand Picks Up – Short Run

- If demand slowly increases in the near future, the initial impact will be moderate increases in lumber price because of all the inventory currently on hand
- If demand increases in the distant future inventories will be largely liquidated and prices will shoot up quickly



# What's Going to Happen when Demand Picks Up - Long Run

- In the long term, prices could increase substantially with increased demand because we have permanently lost approximately 25 to 35 percent of our production capacity in the last 18 months
- More troubling is the loss of loggers and the remaining loggers may be harvesting more material for bio fuels