

## KFB Commodities Session Synopsis

Kentucky Farm Bureau (KFB) December 2019 Annual Meeting

**Commodities Session Synopsis** of Presentation by: University of Kentucky Forestry and Natural Resources Extension presentation by *Chad F. Niman, CF*, Primary Forest Products Specialist

Currently we have 673 wood using industry facilities located in 104 of our 120 counties, and 2,693 Kentucky Master Loggers.

Overall....

- Weak domestic markets will continue for several important species including red oak
- Export market losses in red oak and other species result in lower red oak prices
  - **Resulting loss in red oak stumpage value is having a slowing effect on harvesting and overall timber markets and sawmills.**
- Softening of overall markets results in less harvests and losses in availability of a number of species
- Barrel demand remains high
- Railway demand remains stable and strong
- **Red oak, poplar and ash are expected to remain soft in 2020 hinging on export issues**
- **White oak lumber log price will remain high as strong demand for white oak staves and cross ties puts pressure on the demand side**
- **Black walnut demand should continue through the first half of 2020**

### Wickliffe paper mill re-started in 2019

- Chinese firm – Phoenix reopened mill
- \$300 - \$400 million in economic contribution
- Approximately 60 or fewer logging firms will supply – compared to 100 in the past.
- Landowners will benefit from \$40 to \$80 dollars per acre

### Railroad cross tie markets

- **Crosstie markets will remain stable, at least in the first half of 2020**
- **CSX crosstie replacement continues, requiring a significant number of ties, and provides price support for tie logs**

### White oak stave

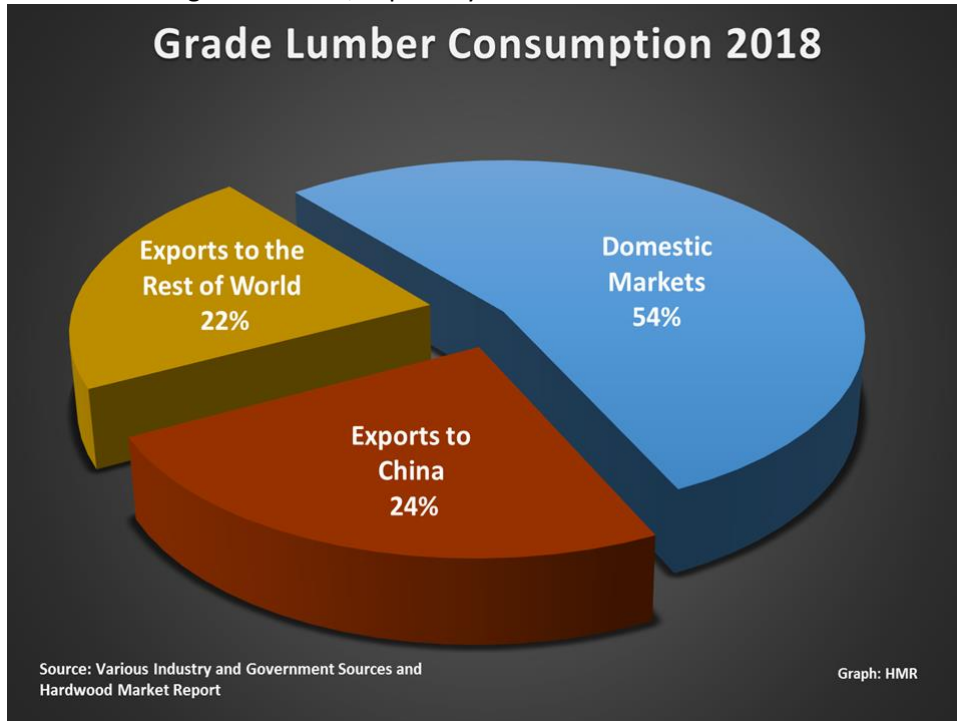
- **Demand continues to increase and a sellers' market will remain throughout 2020**
- **Short-term flattening of prices may occur due to recognized factors such as weather and localized supply and demand**
- **Tariffs creating uncertainty for U.S. bourbon and whisky export pricing**
- **Stave and Cooperage production is increasing with the addition of stave mills and cooperage capacity.**

### Summary

- **Overall timber markets are highly variable**
- **Sawmilling and logging** will continue to struggle in 2020.
- **White oak demand** will continue to trend upward with stave log prices generally increasing.
- **Tie markets** will continue to remain stable into 2020.

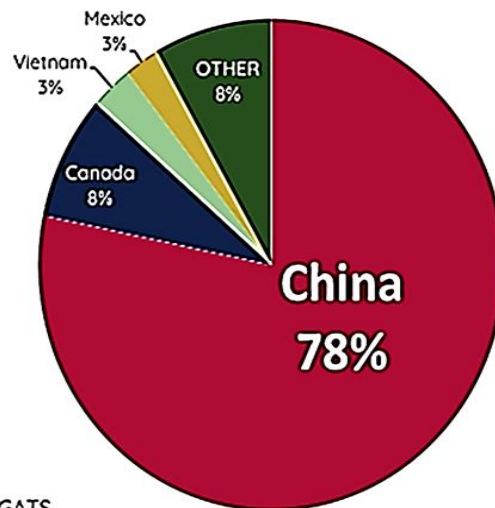
- **Red oak** will remain weak due to tariffs and sluggish Chinese economy, landowners reluctant to sell.
- **Pulpwood** – increased markets will develop in western Kentucky.

2 images included here with their sources listed below- demonstrate the importance of the China market for our grade lumber, especially red oak.



Source: Hardwood Market Report

## Red Oak Lumber Export Markets in 2018



Source: USDA GATS

Source: American Hardwood Export Council



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Check Out the UK Forestry Extension Website  
<http://forestry.ca.uky.edu/extension-home>

The Kentucky Forest Product Industry Directory  
<http://dept.ca.uky.edu/kentuckywoodindustry/>

UK Wood E-News Facebook Page  
<https://www.facebook.com/WoodENews/>