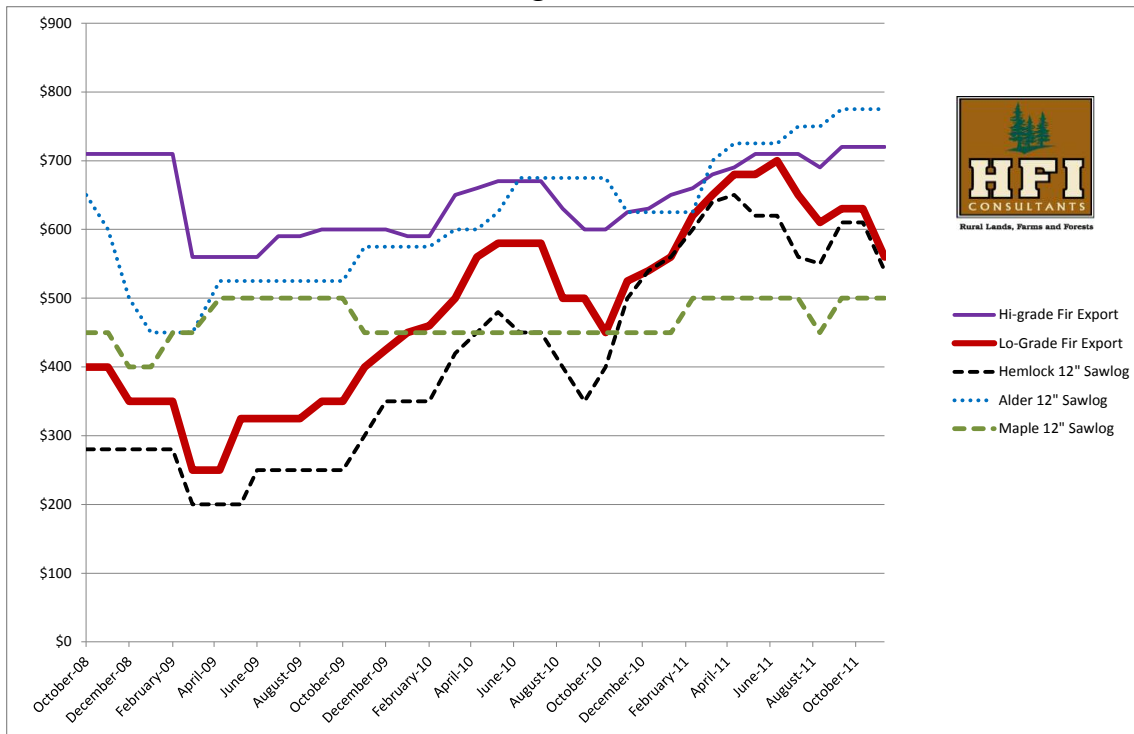


November 2011 Log Price Trends



The Chinese went off the market suddenly causing an unexpected downturn in prices for the China quality export logs. Hopefully - and as the experts tell us - this will be a temporary thing, lasting into 1st Quarter 2012. The Chinese government, in their attempt to control inflation and speculation, has tightened their money supply and severely restricted short term credit to the Chinese log buyers. This has affected all suppliers including New Zealand and Canada. This in turn has driven down domestic conifer prices as the local mills are now getting most of the volume that had been going to China.

This is bad news in the near term for those with China quality logs but could bode very well have some long term opportunities as pent up demand may drive prices higher when things break loose.

Meanwhile, the Japanese are still looking for wood and buyers are a bit nervous that landowners with J-quality logs will go off the market leaving a big hole in their supply. Same holds true with the hardwood folks.

The bottom line....if you have China quality timber, hold on till late winter. Alder and maple are holding up well so now is the time to cut your hardwood stands if you are looking for income.

Cedar demand has fallen and so has prices....about \$100 per MBF. Wait till next year if you have cedar to log. January and February are the times the big box stores are placing their cedar orders with the mills and if they project a good year, expect a jump in prices.