

Kentucky Forestry Agriculture Economic Summary 2013-2014

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Kentucky's forest and wood industry is a major economic engine that compares favorably with other agricultural commodities as well as with other industries in the Commonwealth overall. This executive summary covers the highlights of this important industry; a complete report will be available in the spring of 2014 at www.ukforestry.org

2013 Economic Importance of Kentucky's Forest and Wood Industry

\$12.8 billion total economic impact with \$7.9 billion in direct revenue

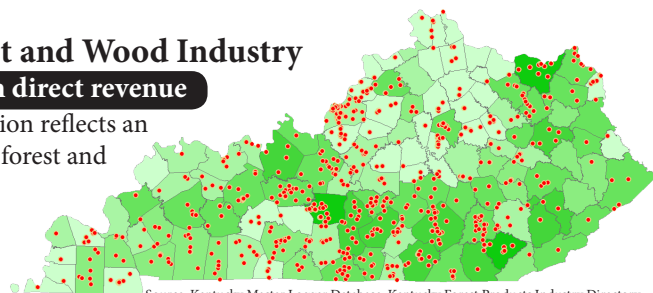
The \$7.9 billion in direct impact is revenue while the \$12.8 billion reflects an additional \$4.9 billion in economic activity directly tied to the forest and wood industry. These values represent increases over 2012.

59,306 total jobs with 27,574 directly employed

This represents 2.5% of all employment in Kentucky.

Leading producer of hardwood sawlogs in the South

729 million board feet of logs and 1.267 million tons of pulpwood harvested in 2013.

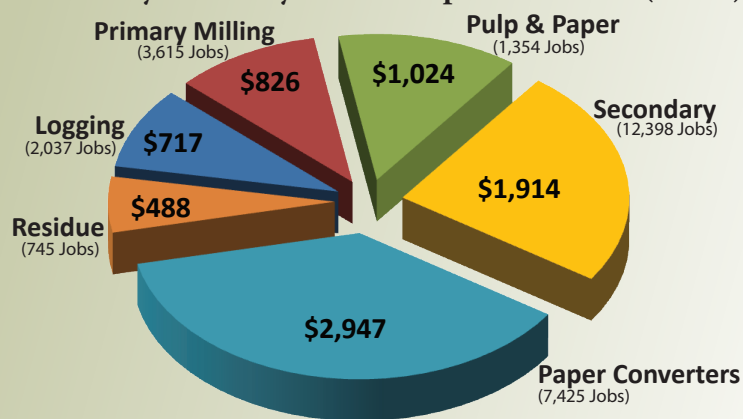


Source: Kentucky Master Logger Database; Kentucky Forest Products Industry Directory

Kentucky Wood Industries and Master Logger Distribution 2013

Dots represent the 703 wood industry facilities in Kentucky. Intensity of county shading indicates the relative density of Kentucky Master Loggers. The darker the county the more Master Loggers.

Kentucky's Forestry Sectors Impact \$Millions (direct)



Source: IMPLAN Analysis of 2011 data adjusted for 2013 using 2013 forestry sector employment

Forestry Sub-Sectors

The forestry sector encompasses a wide range of industries including logging, primary that includes sawmilling, secondary industries that manufacture finished wood products; pulp and paper production; paper converters that manufacture paper products; and residues such as bark mulch. All sub-sectors are improving in 2013 with the exception of paper converters that are losing 1% due to decreases in paper consumption.

Commodity Pricing

Delivered log prices rose as a whole over 11% in the first two quarters of 2013, with many important species such as yellow-poplar and red oak experiencing much needed increases. Other commodities such as railroad tie logs and pulpwood showed small increases in prices in 2013. In 2013, stave logs maintained their relatively high values of \$875 per thousand board feet reached in 2012.

Kentucky Grade 1 Sawlogs			
Species	2012	2013	2013 (2 nd Qtr. \$/MBF) Delivered Price
Black Walnut	-15%	+3.5%	\$1,131
White Oak	-13%	+3%	\$675
Cherry	-28%	+33.5%	\$656
Red Oak	Flat	+5.5%	\$570
Hard Maple	Flat	-15%	\$556
Ash	-1%	+12%	\$456
Yellow-poplar	-5%	+50%	\$337

Source: Kentucky Division of Forestry Growing Good

2014 Outlook

The outlook for 2014 is encouraging. Demand and prices should remain good for sawlogs including important species such as red and white oak. Housing starts indicate that yellow-poplar used for trim and cabinetry construction will also maintain value and demand in 2014. Tie and stave log demand should remain stable or improve in 2014. Pulpwood demand and prices in Kentucky should be stable in 2014 unlike paper converters that are predicted to lose revenues in 2014. The wet weather in 2013 has log inventories low in some regions resulting in a seller's market moving into 2014. The logging sector continues under stress due to the high cost of parts and fuel. However, improvement in markets should help this sector. In general, projections are for improvement in most forestry sectors in 2014, including markets for timber.