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Contact: Charles Keegan, director of Forest Industry Research, 243-5113.

MONTANA'S LUMBER PRODUCTION DOWN

MISSOULA--

A sharp shift in U.S. lumber price trends led to a decline in Montana's lumber production in the third quarter of 1997, according to a researcher with The University of Montana's Bureau of Business and Economic Research.

Director of Forest Industry Research Charles Keegan said Montana's production drop resulted after record-high average U.S. lumber prices in the first six months of 1997 gave way to a record 14-week slide in lumber prices. Keegan said that while North American construction activity has been strong, markets overseas -- Japan's in particular -- have fallen substantially in recent weeks, contributing to the slide in prices.

Third quarter lumber production in Montana was 324 million board feet, Keegan said, down from 334 million board feet in the second quarter. Production employment actually increased slightly from 4,642 workers in the second quarter to 4,675 workers in the third quarter. Reduced production was reflected in wages, which were down from \$42.4 million in the second quarter to \$40 million in the third quarter.

Keegan expects fourth quarter lumber production to be down further since the combined impacts of markets and timber availability recently closed three Montana sawmills. He said timber prices have been high and lumber markets have been volatile in recent years, creating a difficult

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operating environment for mills, especially those without their own timberlands.

These figures refer only to Montana production workers of timber processing facilities and plants processing wood fiber residue from timber processing facilities. Production workers account for 40 percent to 50 percent of the workers in Montana's forest products industry. Estimates do not include the several thousand workers in logging, trucking and other related jobs.

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