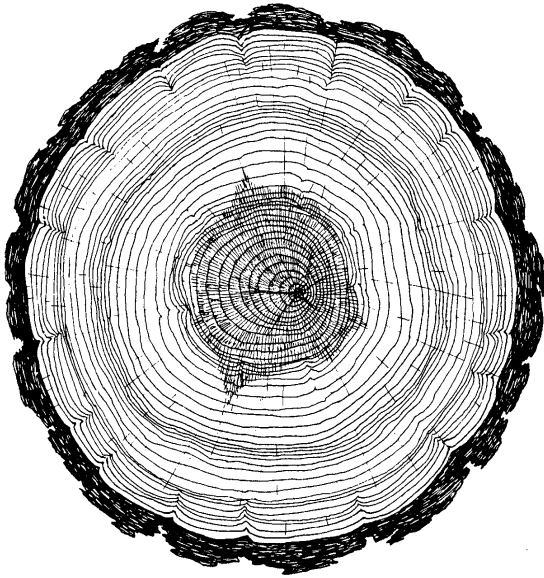


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 25 NO. 4

July/August 2007

T E X A S
FOREST SERVICE



The Texas A&M University System

TEXAS TIMBER PRICE TRENDS

WHAT IS THE PURPOSE OF THIS REPORT?

Texas Timber Price Trends is a bi-monthly publication reporting average prices paid for standing timber, commonly called the “stumpage price,” for the two months listed in the report. Its purpose is to provide timely information concerning timber market conditions in order to improve decision making and foster fair transactions that benefit both buyer and seller and encourage conservation of the timber resource. Market information is particularly important to family forest landowners who are only infrequent participants in this complex market.

WHERE DOES THE DATA COME FROM?

Average stumpage prices published in this report are calculated from actual timber sales as reported by as many as 60 cooperators active in the East Texas timber market. Reporters include forest product companies, logging contractors, consulting foresters, family forest landowners, financial institutions, and federal agencies. Research has shown that a diversity of reporters tends to reduce bias and improve the reliability of the price estimates.

HOW ARE AVERAGE PRICES CALCULATED?

The calculation of average prices weighs each sale by the volume sold which provides a more consistent and meaningful average. The result is that the average price reported is the average price paid per unit of volume, NOT per the average timber sale.

The price per ton for each product category is calculated from the price per ton as reported or using a specific conversion factor for each sale provided by the reporters. When a specific conversion factor for each sale is not available, an average conversion factor listed on page 8 is used instead. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale.

HOW CAN I USE THIS REPORT?

This report is intended to serve only as a guide to general price levels. Individuals interested in selling timber can use this report to monitor market trends and get a general idea of what their timber is worth. However, it should not be used to judge the fair market value of a specific timber sale. The price paid for a specific stand of timber will vary considerably due to such factors as: size, species, and quality of timber; total volume and volume per acre; logging conditions; distance to the mill; end product of manufacture; and current demand and local competition for timber. Additionally, timber markets often change rapidly and therefore past prices are not necessarily a reflection of current market prices. We strongly recommend the use of a competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

COMMENTS

Stumpage prices in East Texas during July and August of 2007 stayed high, due largely to an unusually wet summer. Wet weather and flooding caused by the Tropical Storm Erin and Hurricane Dean reduced loggers' access to timber, causing a supply shortage.

Overall in East Texas, pine sawtimber prices averaged \$41.54/ton (\$322.85/MBF) for this period. This was a slight increase of \$1.84/ton from the May/June period and \$1.25/ton from last year. Pine sawtimber prices averaged \$40.11/ton (\$342.32/MBF) for Northeast Texas, a slight increase (\$0.44/ton or 1.1%) from the last period with a 7.2% (\$2.68/ton) increase from a year ago. The average pine sawtimber price in Southeast Texas was \$2.31/ton higher than in Northeast Texas. Compared to the May/June period, the pine sawtimber price rose by 5% to \$42.42/ton (\$312.55/MBF) in Southeast Texas. "Pine and hardwood pulpwood is in high demand, which is pushing pallet & logs higher..." one reporter commented.

The price of small pine sawtimber (chip-n-saw) decreased by 5.8% to \$17.32/ton (\$46.76/cord) in East Texas. The reported price in Northeast Texas was \$2/ton higher than in Southeast Texas.

Average reported stumpage prices of pine pulpwood climbed to \$12.36/ton (\$33.17/cord) for the July/August 2007 period, a \$2.63/ton (27%) increase from the last period. Pine pulpwood prices nearly doubled from the same period last year (\$6.69/ton). The average pine pulpwood price in Northeast Texas was \$4.27/ton (or 46%) higher than in Southeast Texas.

Hardwood sawtimber prices in East Texas averaged \$24.13/ton (\$202.21/MBF), an increase of \$4.57/ton (23%) from the May/June period. The average price was \$6.24/ton higher in Northeast Texas than in Southeast Texas.

Hardwood pulpwood prices averaged \$10.71/ton (\$30.34/cord) in East Texas, a slight decrease of \$0.49/ton from the last period, but it still doubled the price a year ago. Reported prices for hardwood pulpwood in Northeast more than tripled that in Southeast Texas.

Pulp mills struggled to secure their supply, which was tightened by fewer chips from sawmills due to a depressed housing market and less pulpwood from loggers. "(The) continued shortage of residual chips (is) keeping pulpwood stumpage seasonally high," one reporter noted.

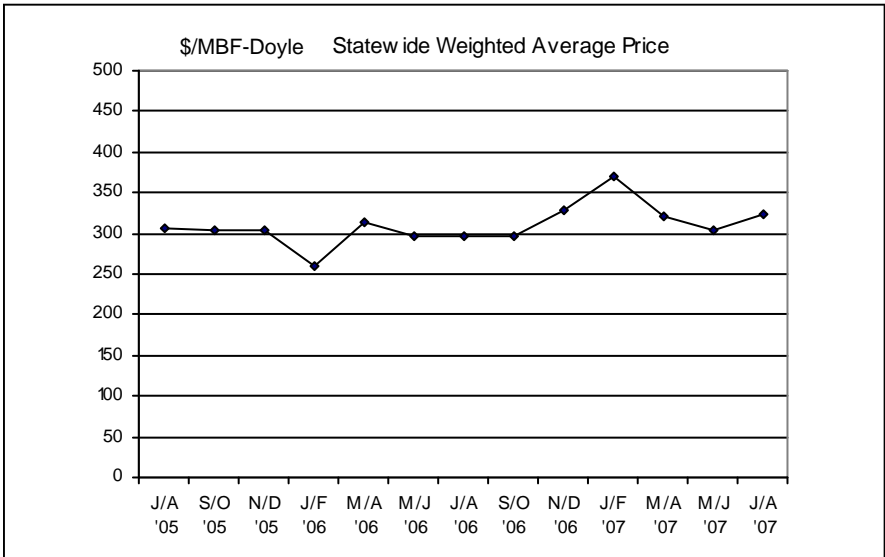
TEXAS TIMBER PRICES FOR 2006 PROPERTY TAX APPRAISAL

	2002	2003	2004	2005	2006
Large Pine Sawtimber	39.23	\$ 36.21	\$ 34.77	\$ 38.93	\$ 39.33
Small Pine Sawtimber	\$ 17.92	\$ 16.81	\$ 18.04	\$ 17.94	\$ 16.25
Pine Pulpwood	\$ 4.65	\$ 5.89	\$ 6.99	\$ 6.47	\$ 6.19
Hardwood Sawtimber	\$ 16.10	\$ 16.49	\$ 19.77	\$ 18.46	\$ 15.52
Hardwood Pulpwood	\$ 4.83	\$ 5.30	\$ 5.87	\$ 7.08	\$ 4.14

Starting from January 1, 2004, the new legislation (Senate Bill 1646 of 2003) requires stumpage prices to be in tons in the tax appraisal formula. Also, statewide average stumpage prices (vs. northeast and southeast) will also be required for the tax appraisal. Another important new change from this law is that small pine sawtimber (chip-n-saw) is recognized as a timber product.

Data Source: Texas Forest Service, March 2007

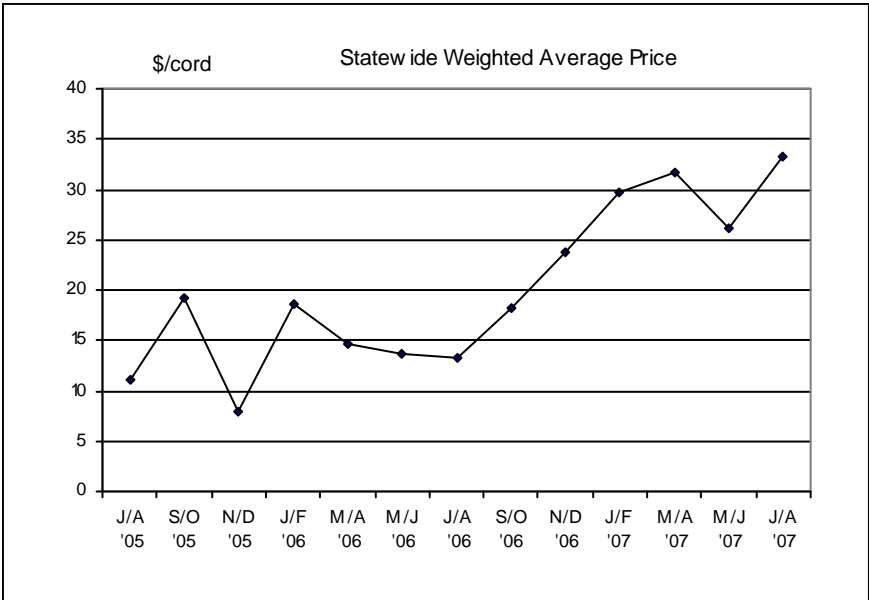
PINE SAWTIMBER



PINE CHIP-N-SAW



PINE PULPWOOD



Prices in this table do not represent market price for a specific tract of timber. Market price for any specific tract of timber may vary considerably due to a variety of factors such as quality of timber, logging conditions, volume of timber, and distance to mills. For timber prices used for timberland property taxation, please refer to page 3.

STUMPAGE PRICE TRENDS IN TEXAS

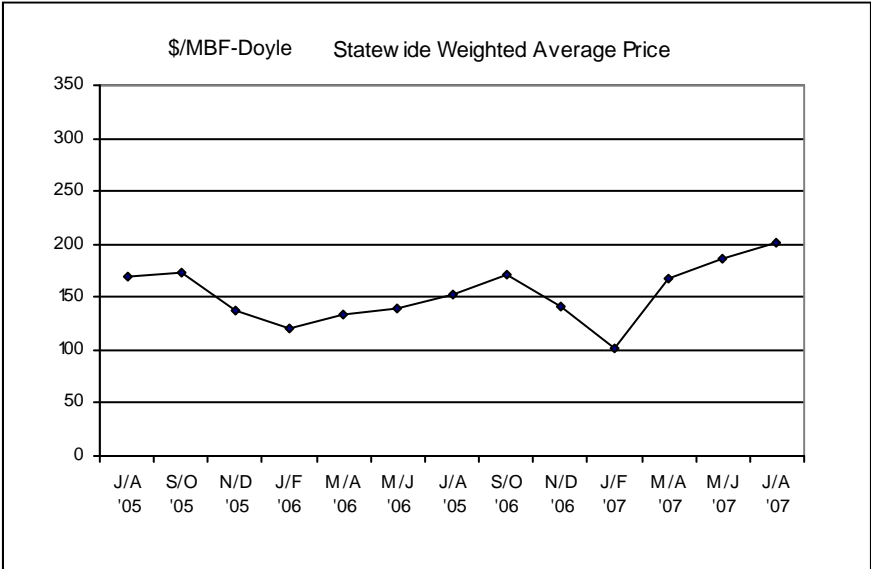
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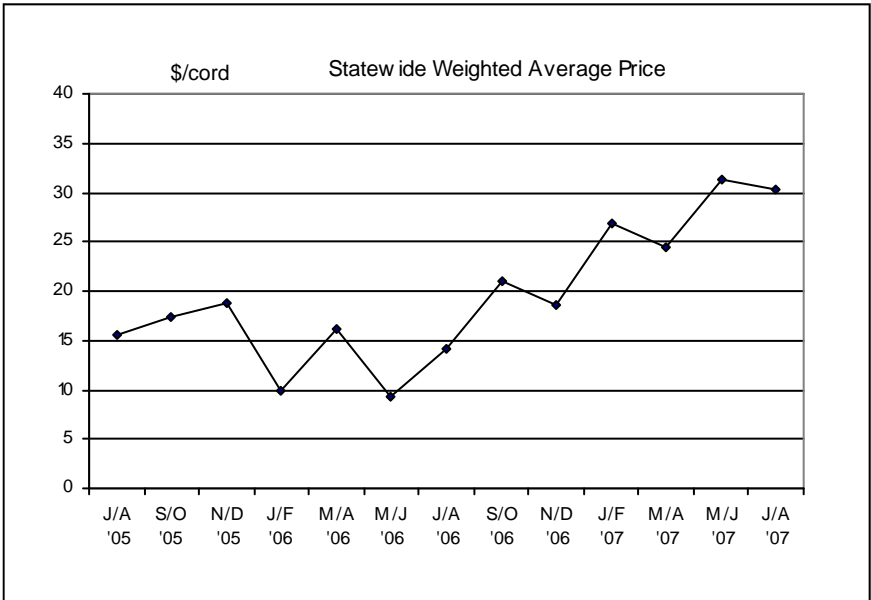
Product/Region	Average Price		Average Price Last Period		Average Price Same Period One Year Ago		Sales Reported		Total Volume		
	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	Number	Tons	Number	MBF	
PINE											
Sawlogs											
Northeast TX	40.11	342.32	39.67	304.52	37.43	299.45	42	33,015	42	3,868	
Southeast TX	42.42	312.55	40.23	277.47	40.96	301.85	10	53,861	10	7,310	
Statewide	41.54	322.85	39.70	303.03	40.29	301.42	52	86,876	52	11,178	
USFS	21.37	170.99	**	**	**	**	3	60,253	3	7,532	
Pulpwood											
Northeast TX	13.57	36.31	10.78	29.01	6.69	18.06	42	159,713	42	59,682	
Southeast TX	9.30	25.11	7.62	20.56	0.00	0.00	21	62,852	21	23,279	
Statewide	12.36	33.17	9.73	26.23	6.69	18.06	63	222,566	63	82,960	
USFS	2.05	5.54	**	**	**	**	3	19,800	3	7,333	
Chip-N-Saw											
Northeast TX	19.05	51.43	19.96	53.89	22.61	61.04	4	1,383	4	512	
Southeast TX	17.02	45.96	16.97	45.81	16.19	42.17	5	8,119	5	3,007	
Statewide	17.32	46.76	18.39	49.66	16.36	42.66	9	9,502	9	3,519	
HARDWOOD											
Mixed Sawlogs											
Northeast TX	26.55	212.52	19.56	186.77	19.24	173.19	18	15,531	18	1,940	
Southeast TX	20.31	183.82	**	**	**	**	7	9,841	7	1,087	
Statewide	24.13	202.21	19.56	186.77	19.24	173.19	25	25,372	25	3,028	
USFS	5.57	50.13	**	**	**	**	3	775	3	86	
Pulpwood											
Northeast TX	13.25	37.91	11.20	31.35	5.92	16.58	14	25,032	14	8,748	
Southeast TX	4.32	11.95	**	**	**	**	6	9,953	6	3,601	
Statewide	10.71	30.34	11.20	31.35	5.92	16.58	20	34,985	20	12,349	
USFS	1.65	4.63	**	**	**	**	3	1,628	3	581	

1. Stumpage price statistics include gateway sales. Stumpage prices for gateway sales are estimated by subtracting cut-and-haul costs, other expenses, and profits provided by reporter.
2. Price is calculated from a specific conversion factor reported for each sale if available; otherwise, the average conversion factors listed on page 8 are used. MBF = Thousand Board Feet. The DOYLE LOG SCALE is used for board foot measurements.
3. Statewide data excludes U.S. Forest Service sales.
4. ** indicates insufficient sales to report price statistics (less than three sales).
5. Prices listed for previous periods may differ from previously published values because additional data have been received.

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD



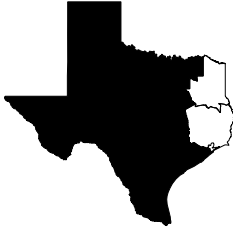
TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

Year	Pine			Hardwood	
	Sawlog	Chip-N-Saw	Pulpwood	Sawlog	Pulpwood
	\$/MBF-Doyle	\$/Cord	\$/Cord	\$/MBF-Doyle	\$/Cord
1984	170.53	30.85	23.48	54.61	4.03
1985	129.87	28.35	18.46	54.79	5.13
1986	127.45	23.68	14.53	46.16	4.18
1987	142.59	22.53	15.28	55.46	6.78
1988	152.31	24.88	16.33	64.93	6.59
1989	156.32	26.25	18.45	69.48	9.27
1990	163.34	30.12	22.17	62.20	6.03
1991	189.33	29.71	22.59	53.83	9.09
1992	252.26	39.39	27.98	67.04	10.10
1993	283.80	39.46	26.89	80.67	12.76
1994	358.03	47.81	22.75	93.77	15.57
1995	438.36	62.96	27.26	105.17	28.65
1996	395.46	59.18	25.25	88.28	10.78
1997	441.75	73.39	28.61	132.20	25.20
1998	414.51	76.40	37.01	138.75	14.41
1999	382.86	68.44	28.95	139.44	12.24
2000	376.57	57.69	19.20	120.88	7.97
2001	325.14	42.06	12.94	120.32	15.11
2002	334.86	41.92	12.33	156.97	15.67
2003	289.30	41.90	14.90	157.81	15.85
2004	392.30	59.55	23.23	189.73	16.90
2005	312.57	46.44	19.25	175.24	20.75
2006	299.07	43.72	17.22	144.98	13.22
2007.1	370.57	--	29.72	101.38	26.96
2007.2	320.52	57.83	31.75	168.62	24.49
2007.3	303.03	49.66	26.23	186.77	31.35
2007.4	322.85	46.76	33.17	202.21	30.34

Beginning with this issue, we are implementing new procedures for data filtering and outlier detection to provide consistent stumpage price trends in Texas. Price data are updated for all periods in 2007 accordingly. Please check the table above for the updated prices.

Texas Timber Price Trends

Market Regions



Northeast TX
Region I



Southeast TX
Region II

VOLUME CONVERSION FACTORS

A specific conversion factor for each sale reported by the reporters is used for price calculations when available; otherwise, the following average conversion factors are used:

Sawlogs	MBF-International-1/4" \times 0.74 = MBF-Doyle
	MBF-Scribner \times 0.78 = MBF-Doyle
	MBF-USFS Scribner \times 0.814 = MBF-Doyle
	Pine—8 Tons = 1 MBF-Doyle
	Hardwood—9 Tons = 1 MBF-Doyle
	Pine Chip-N-Saw—1 Cord = 2.68 tons
Pulpwood	Pine— 2.7 Tons = 1 Cord
	Hardwood—2.8 Tons = 1 Cord
	Pine—81 Cubic Feet = 1 Cord
	Hardwood—80 Cubic Feet = 1 Cord

SUBSCRIPTION INFORMATION

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This publication is also available *free of charge* on the Texas Forest Service website:

<http://texasforests-service.tamu.edu/main/article.aspx?id=145>

WANT TO BE A REPORTER?

If you are active in the East Texas timber market, please consider becoming a cooperating price reporter. You'll receive report forms bi-monthly with a self-return envelope. In addition, you'll receive a complimentary subscription to the report in exchange for your price information. To sign up, contact the Texas Forest Service at the above address.

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