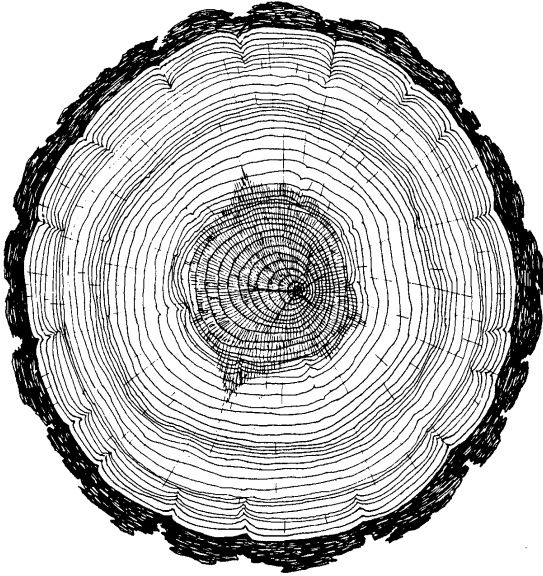


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 24 NO. 4

July/August 2006

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 nonindustrial private 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, non-industrial landowners, financial institutions, and federal agencies. Research has shown that a diversity of reporters tend 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. This is done to filter out the effect that the size of the sale has on the price paid, thus providing 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

East Texas average stumpage prices of both pine and hardwood products went up during the July-August period, except pine chip-n-saw with its price moving slightly lower than the previous two-month period.

The average stumpage price of pine sawtimber increased by \$2.61/ton, or 6.93%, from 37.68/ton (\$295.61/MBF) in the May-June period to \$40.29/ton (\$301.42/MBF) in the July-August period. Pine sawtimber stumpage price in northeast Texas increased slightly to \$37.43/ton, from \$37.20/ton in the May-June period. This was a decrease of \$8.62/ton from the same period last year. In southeast Texas, the average price of pine sawtimber during the July-August period increased \$3.11/ton, to \$40.96/ton (\$301.85/MBF), from the previous two-month period. This was \$3.53/ton, or 9.43% higher than in northeast Texas during this period. Last year, however, the statewide average stumpage price of pine sawtimber for the same period was 2.81% higher, at \$41.17/ton.

Pine pulpwood stumpage prices averaged \$6.69/ton (\$18.06/cord) in East Texas during the July-August period. This was an increase of \$1.57/ton, or 30.66%, from \$5.12/ton (\$13.70/cord) for the previous two-month period. Compared to the same period last year, this was an increase of \$2.50/ton, or 60% from \$4.19/ton (\$11.02/cord) for pine pulpwood.

The pine small sawtimber (chip-n-saw) market price stayed at the \$16-17/ton range during the last eight months in East Texas. The average price for the July-August period was \$16.36/ton (\$42.66/cord). This was a slight decrease of \$.23/ton, or 1.39% from the May-June period. The average price in northeast Texas was \$22.61/ton (\$61.04/cord), which was \$6.42/ton, or 40% higher than in southeast Texas.

Mixed hardwood sawtimber prices averaged \$19.24/ton (\$173.19/MBF) during the July-August period. This was an increase of \$4.06/ton from the May-June period. Last year, it was \$19.12/ton for the same period. Grade hardwood sawtimber prices averaged \$31.46/ton (\$267.39/MBF) from three reports received during this period. Average stumpage price for hardwood pulpwood was \$5.92/ton (\$16.58/cord), which was an increase of \$2.62/ton from \$3.30/ton in the May-June period. It was \$5.57/ton (\$15.59/cord) for the same period last year.

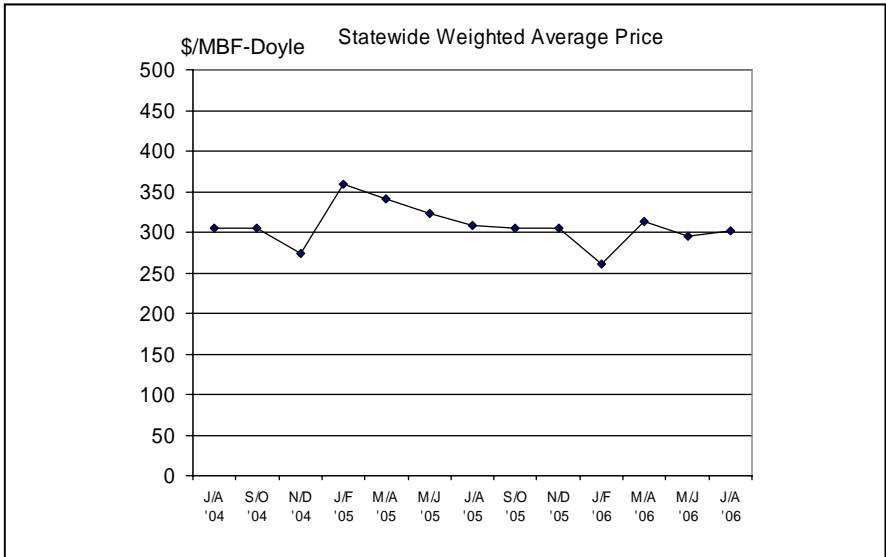
TEXAS TIMBER PRICES FOR 2006 PROPERTY TAX APPRAISAL

	2001	2002	2003	2004	2005
Large Pine Sawtimber	\$ 38.33	\$ 39.23	\$ 36.21	\$ 34.77	\$ 38.93
Small Pine Sawtimber	\$ 15.39	\$ 17.92	\$ 16.81	\$ 18.04	\$ 17.94
Pine Pulpwood	\$ 6.15	\$ 4.65	\$ 5.89	\$ 6.99	\$ 6.47
Hardwood Sawtimber	\$ 13.28	\$ 16.10	\$ 16.49	\$ 19.77	\$ 18.46
Hardwood Pulpwood	\$ 9.70	\$ 4.83	\$ 5.30	\$ 5.87	\$ 7.08

Starting from January 1, 2004, the state 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.

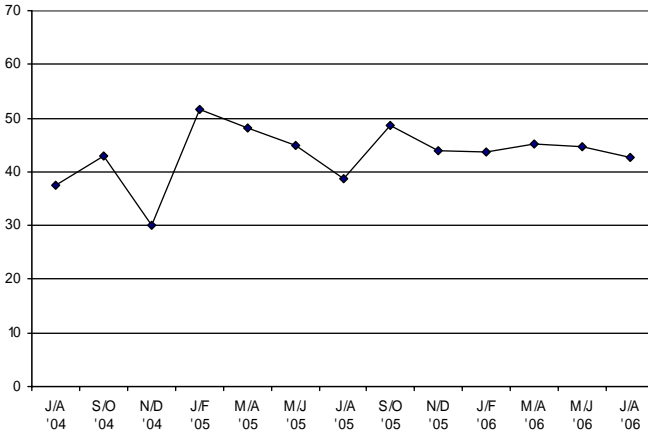
Data Source: Texas Forest Service, February 2006

PINE SAWTIMBER



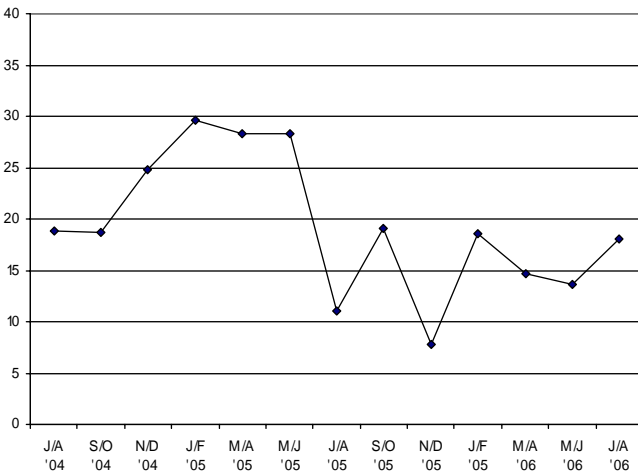
PINE CHIP-N-SAW

\$/cord Statewide Weighted Average Price



PINE PULPWOOD

\$/cord Statewide Weighted Average Price



The 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 timber quality, logging conditions, timber volume and distance to the mills.

For timber prices used for timberland property taxation, please see page 3.

STUMPAGE PRICE TRENDS IN TEXAS

July/August 2006

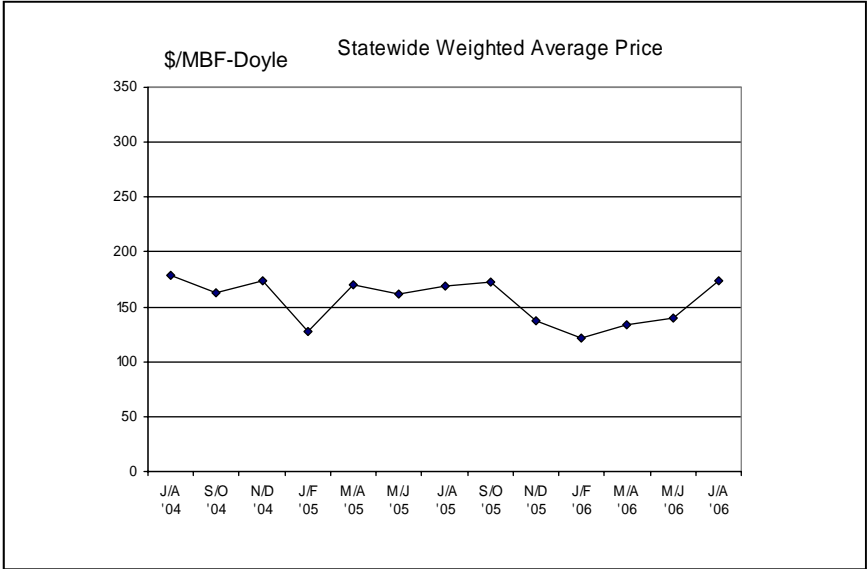
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Volume 24, No. 4

Product/Region	Average Price		Average Price Last Period		Average Price Same Period A Year Ago		# of Sales Reported	Total Volume	
	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF		Ton	MBF
PINE									
Sawlogs									
Northeast TX	37.43	299.45	37.20	299.94	46.05	329.96	23	22,674	2,834
Southeast TX	40.96	301.85	37.85	294.11	40.62	304.82	70	97,497	13,229
Statewide*	40.29	301.42	37.68	295.61	41.17	307.50	93	120,171	16,063
USFS	**	**	**	**	**	**	**	**	**
Pulpwood									
Northeast TX	6.69	18.06	6.68	17.72	8.14	21.90	14	17,534	6,494
Southeast TX	**	**	3.53	9.52	4.01	10.52	**	**	**
Statewide*	6.69	18.06	5.12	13.70	4.19	11.02	14	17,534	6,494
USFS	**	**	**	**	**	**	**	**	**
Chip-N-Saw									
Northeast TX	22.61	61.04	20.03	54.08	24.48	65.48	9	2,989	1,107
Southeast TX	16.19	42.17	16.40	44.27	14.40	38.02	36	107,449	41,247
Statewide*	16.36	42.66	16.59	44.79	14.63	38.63	45	110,438	42,354
HARDWOOD									
Mixed Sawlogs									
Northeast TX	19.24	173.19	15.48	140.02	18.34	161.30	14	5,676	631
Southeast TX	**	**	**	**	**	**	**	**	**
Statewide*	19.24	173.19	15.18	140.02	19.12	168.81	14	5,676	631
USFS	**	**	**	**	**	**	**	**	**
Grade Sawlogs									
Northeast TX	31.46	267.39	**	**	**	**	3	155	18
Southeast TX	**	**	**	**	**	**	**	**	**
Statewide*	31.46	267.39	**	**	**	**	3	155	18
Pulpwood									
Northeast TX	5.92	16.58	3.30	9.27	6.84	19.12	11	7,342	2,622
Southeast TX	**	**	**	**	5.50	15.40	**	**	**
Statewide*	5.92	16.58	3.30	9.27	5.57	15.59	11	7,342	2,622
USFS	**	**	**	**	**	**	**	**	**

1. Stumpage price statistics included gateway sales. Stumpage prices from the gateway sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.
 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.
- * Statewide data excludes U.S. Forest Service sales.
 ** Insufficient sales to report price statistics (less than three reported sales).

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD

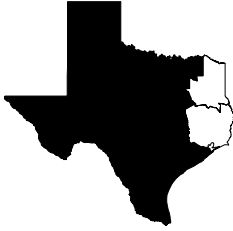


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

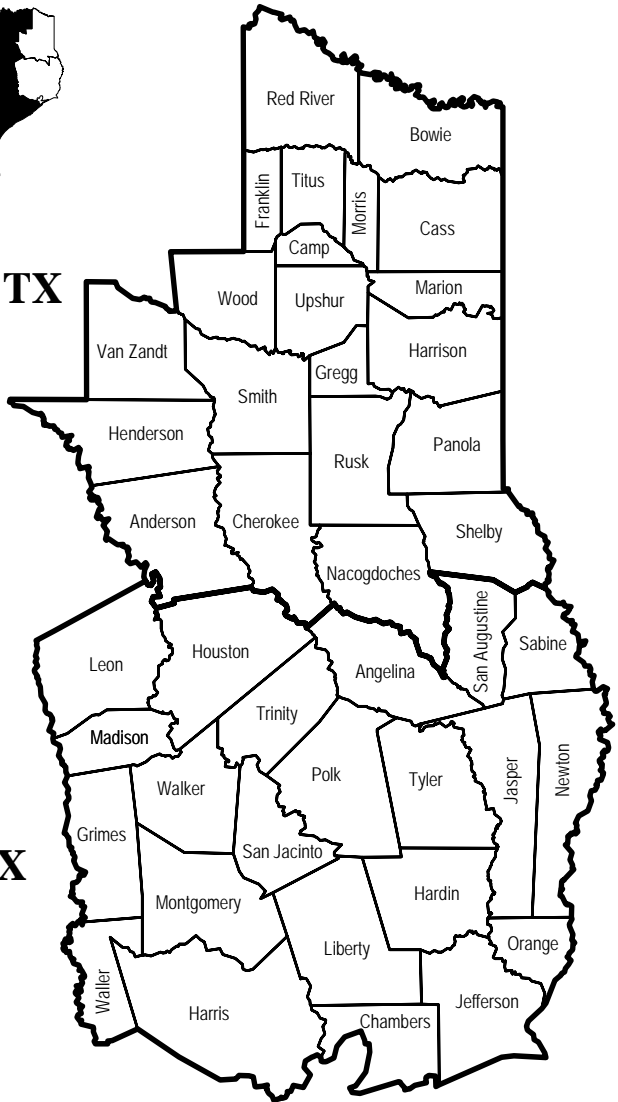
Year	Pine			Hardwood	
	Sawlog	Chip-N-Saw	Pulpwood	Sawlog	Pulpwood
	\$/MBF-Doyle	\$/Cord	\$/Cord	\$/MBF-Doyle	\$/Cord
1984	170.53	30.85	23.48	54.61	4.03
1985	129.87	28.35	18.46	54.79	5.13
1986	127.45	23.68	14.53	46.16	4.18
1987	142.59	22.53	15.28	55.46	6.78
1988	152.31	24.88	16.33	64.93	6.59
1989	156.32	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
2006.1	260.75	43.79	18.52	121.17	9.88
2006.2	313.04	45.23	14.74	133.74	16.15
2006.3	295.61	44.79	13.70	140.02	9.27
2003.4	301.42	42.66	18.06	173.19	16.58

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" X 0.74 = MBF-Doyle
	MBF-Scribner X 0.78 = MBF-Doyle
	MBF-USFS Scribner X 0.814 = MBF-Doyle
	Pine - 7.76 Tons = 1 MBF-Doyle
	Hardwood - 9.00 Tons = 1 MBF-Doyle
	Pine Chip-N-Saw: 1 Cord = 2.68 tons
Pulpwood	Pine - 2.70 Tons = 1 Cord
	Hardwood - 2.8 Tons = 1 Cord
	Pine - 81 Cubic Feet = 1 Cord
	Hardwood - 80 Cubic Feet = 1 Cord

Note; Average conversion factors for 2005 was not finalized as of the date of this publication pending more data submission. The numbers will be revised accordingly once it is finalized.

SUBSCRIPTION INFORMATION

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