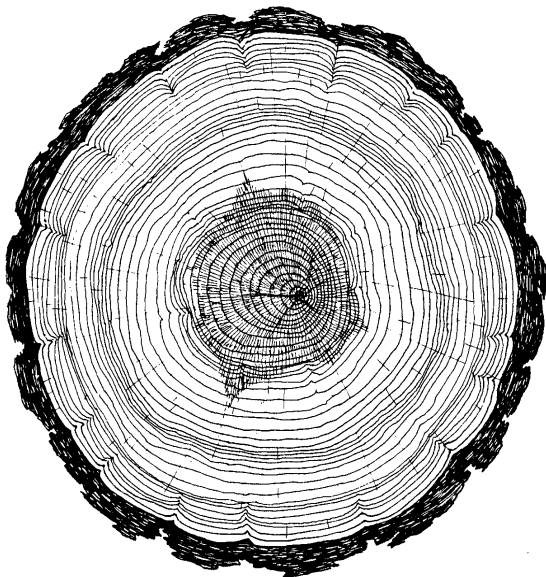


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 21 NO. 5

September/October 2003

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 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. 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

Stumpage Prices Up for Pine, Steady for Hardwood

Pine sawlog stumpage price for the September/October period rose slightly to \$39/ton (\$289/MBF) from the summer (\$38/ton or \$282/MBF). "Pine sawlogs are going up in price. Good ground might bring \$325/MBF," commented by one reporter. Wet weather affected the pine sawlog market and partly caused the price appreciation in this product.

Pine pulpwood stumpage markets have also improved from the soft summer market. The stumpage price averaged \$6.90/ton (\$18.54/cord) for East Texas during the September/October period, compared to \$4.45/ton (\$11.94/cord) in the summer. The price increase for pine pulpwood was again related in part to the wet weather during this period.

However, an exception to the general upward trends for the pine products is the continued weakness in small sawtimber (chip-n-saw) stumpage prices. The average price for small sawtimber remained almost unchanged since the start of this year, averaging \$14/ton (\$36/cord), down 14% from last year.

Stumpage prices for hardwood products remained solid. Mixed hardwood sawtimber stumpage price averaged \$18/ton (\$163/MBF) during this period for East Texas. Sales continued to be robust with prices firmly in line with those of previous months.

Hardwood pulpwood stumpage price increased slightly from the previous two-month period. On average, the stumpage price for hardwood pulpwood was reported to be \$6.89/ton (\$19.33/cord) for East Texas in the September/October period, up 5.3% from the July/August report, and off 5.5% from the same period in 2002.

Overall, the stumpage market was characterized as "good" by our reporters. In the coming months, demand for timber is expected to be strong for the northeast Texas area as several mills expanded their capacity. Pulpwood demand around the Lufkin area, however, will be significantly impacted due to the "indefinitely idling" status of the Abitibi paper mill, effective December 14, 2003.

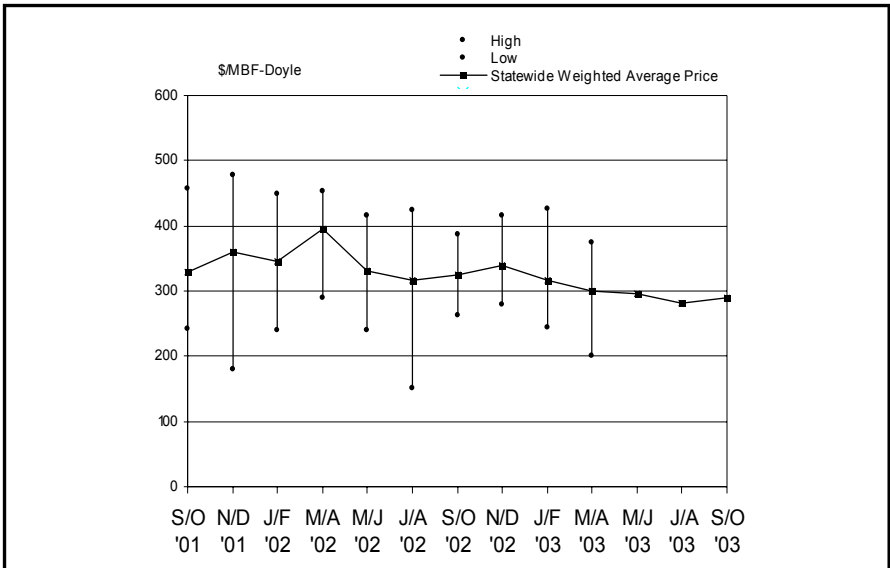
TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL

		1998	1999	2000	2001	2002
Northeast Texas						
Pine Sawlog	\$/MBF	333.69	303.83	291.97	290.58	291.98
Pine Pulpwood	\$/Cord	38.73	29.81	20.36	16.13	15.49
Hardwood Sawlog	\$/MBF	126.29	138.81	127.30	122.63	148.50
Hardwood Pulpwood	\$/Cord	28.17	20.88	25.76	31.24	16.94
Southeast Texas						
Pine Sawlog	\$/MBF	325.15	296.86	278.11	267.91	265.27
Pine Pulpwood	\$/Cord	36.11	28.30	22.01	15.44	11.26
Hardwood Sawlog	\$/MBF	143.45	132.61	115.41	115.13	131.02
Hardwood Pulpwood	\$/Cord	27.23	28.90	24.99	23.10	9.06

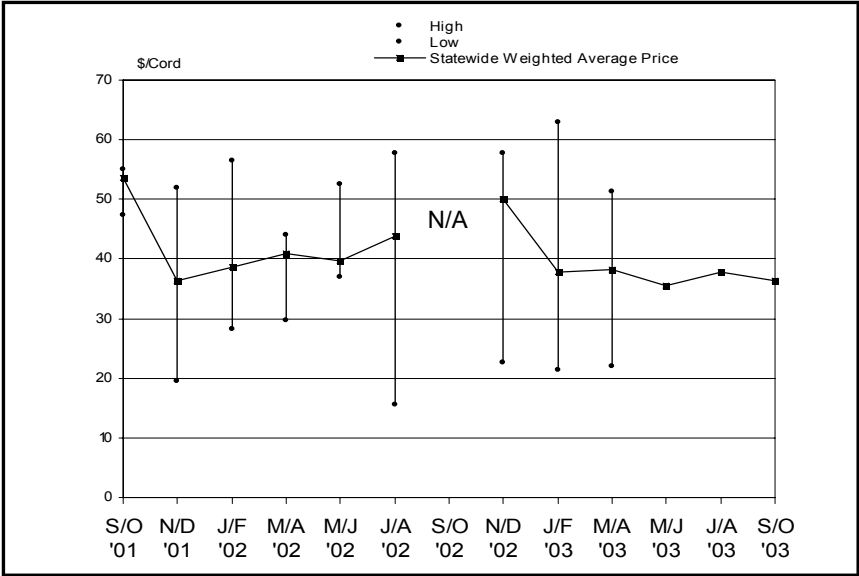
Data Source: Texas Forest Service, February 2003

The Manual for the Appraisal of Timberland (adopted in July 1996) does not use "\$/ton" for stumpage price. Starting from January 1, 2004, the new legislation (SB 1646 of 2003) requires stumpage prices to be in "\$/ton" in the tax appraisal formula.

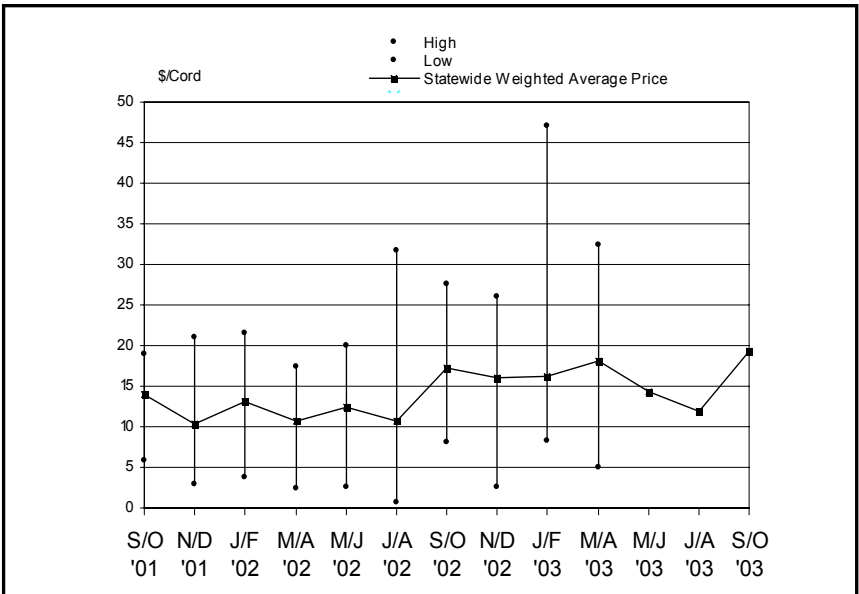
TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL



PINE CHIP-N-SAW



PINE PULPWOOD



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 variation in tract size, timber quality, species, total volume and volume per acre, logging conditions, distance to the mill, utilization, current demand and local competition for timber, and rapidly changing timber market.

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

STUMPAGE PRICE TRENDS IN TEXAS

September/October 2003

11-Dec-03
Volume 21, No. 5

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	39.07	286.71	38.38	281.63	45.32	332.01	42	159,130	21,685
Southeast TX	41.20	300.72	38.58	283.65	53.43	313.68	55	107,082	14,671
Statewide*	39.15	289.21	38.41	281.92	47.93	325.19	97	266,212	36,356
USFS	**	**	**	**	**	**	1	**	**
Pulpwood									
Northeast TX	7.62	20.52	5.31	14.21	6.44	17.11	62	145,123	53,871
Southeast TX	6.11	16.40	3.23	8.72	6.70	18.76	30	65,446	24,376
Statewide*	6.90	18.54	4.45	11.94	6.46	17.20	92	210,569	78,247
USFS	**	**	**	**	**	**	1	**	**
Chip-N-Saw									
Northeast TX	18.53	48.83	18.35	47.32	**	**	21	5,614	2,131
Southeast TX	13.71	35.65	14.29	37.20	**	**	51	97,335	37,434
Statewide*	13.97	36.36	14.57	37.89	**	**	72	102,949	39,565
HARDWOOD									
Sawlogs									
Northeast TX	17.05	150.84	17.04	156.35	26.30	212.38	25	26,092	2,949
Southeast TX	19.77	177.13	20.97	188.73	**	**	4	21,196	2,366
Statewide*	18.27	162.55	19.21	174.34	26.30	212.28	29	47,288	5,315
USFS	**	**	**	**	**	**	0	**	**
Pulpwood									
Northeast TX	6.61	18.58	6.21	17.54	7.79	21.81	21	19,083	6,787
Southeast TX	7.10	19.89	6.65	18.55	**	**	6	42,421	15,149
Statewide*	6.89	19.33	6.57	18.36	7.79	21.81	27	61,504	21,936
USFS	**	**	**	**	**	**	1	**	**

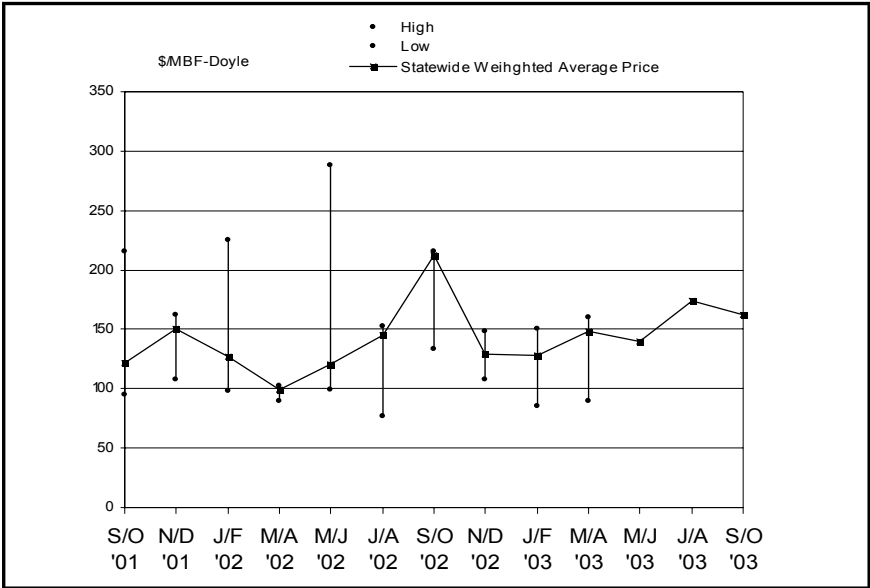
1. Stumpage price statistics included gateway sales. Stumpage prices from the gateway sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

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.

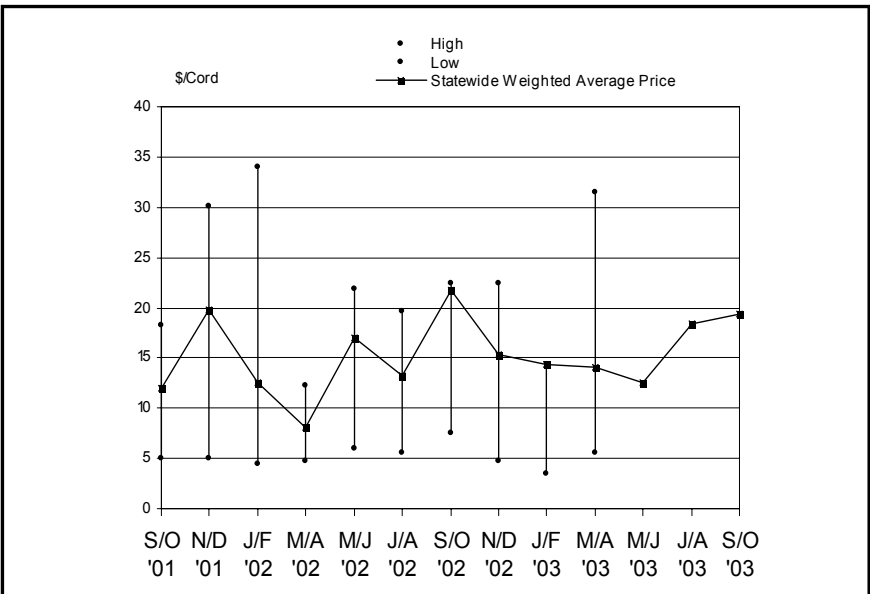
* Statewide data excludes U.S. Forest Service sales.

** Insufficient sales to report price statistics (less than three reported sales).

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD

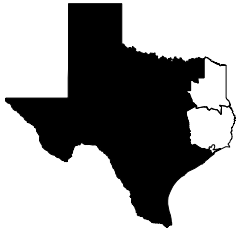


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2003.1	315.52	37.88	16.21	127.77	14.42
2003.2	299.79	38.31	18.15	148.21	14.13
2003.3	296.53	35.46	14.23	140.29	12.60
2003.4	281.92	37.89	11.94	174.34	18.36
2003.5	289.21	36.36	18.54	162.55	19.33

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 - 8 Tons = 1 MBF-Doyle
	Hardwood - 9 Tons = 1 MBF-Doyle
	Pine Chip-N-Saw: 1 Cord = 2.625 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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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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