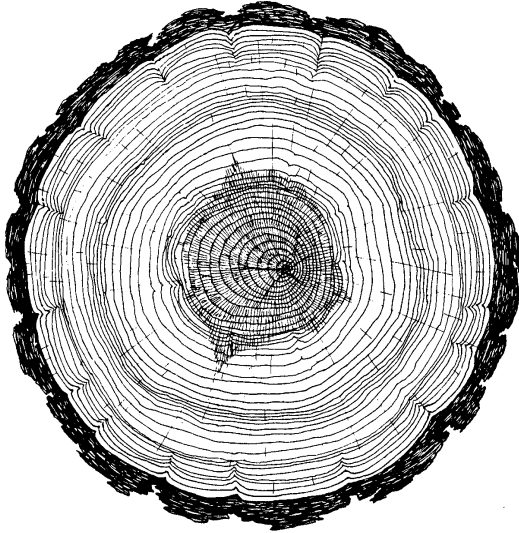


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 19 NO. 4

July/August 2001

T E X A S
FOREST  **SERVICE**
Sustaining the American Dream

TEXAS TIMBER PRICE TRENDS

How to Use This Report

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 over 60 cooperators active in the East Texas timber market. Reporters include consulting foresters, large nonindustrial landowners, financial institutions, forest products companies, and state 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 weights 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 volume unit using the conversion factors listed on page 14 of the report. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale. Because we don't have information on average diameters for each sale reported, the per ton prices presented are based on an average conversion factor and not information from the specific sales reports.

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 competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

COMMENTS

Pine Sawlogs Prices

Our average price was \$320 (or \$40/ton) (volume-weighted) statewide, \$302/mbf (or \$38/ton) for the SE region and \$331/mbf (or \$41/ton) for the NE region. About 51% of the total 41 sales was at or below \$300/mbf (or \$38/ton). There were five sales of high quality pine sawlogs with prices above \$400/mbf (or \$50/ton), all from the NE region.

Pine Chip-N-Saw Prices

Pine chip-n-saw price was \$47/cord (or \$18/ton) from a total of four sales only. There's extremely limited market for now.

Pine Pulpwood Prices

There were not much selling activities in this summer. Pine pulpwood sale price in several cases were exceeded by that for hardwood pulpwood. On average, pine pulpwood price (\$15.6/cord) was at the same level of hardwood pulpwood for this period (\$14.9/cord).

The reason that northeastern region's price was \$16.5/cord is that a sale of about 1200 cords reported by a major corporation was at \$27/cord, which is much above the range from the rest reports. The average price would have been \$12.1/cord without this sale included. Sales reported for the southeastern region were predominately from large corporations.

Pine Pole Prices

Our report indicated that stumpage price for pine pole was at \$72-75/ton for 30 to 55 feet size. "The demand for 35'-50' is strong (10"-14" diameter at breast high (DBH) range", indicated by one of our reporter.

Hardwood Sawlog and Pulpwood Prices

Hardwood market, trending against the general weak timber market, remained good. "Many landowners/producers chose to sell hardwood", as one reporter told us.

Hardwood pulpwood price was \$15/cord (or \$5/ton) for the East Texas region, volume-weighted. However, only \$10/cord (or \$3/ton) was for the SE region where sales were reported from major corporations. The much higher price of \$18/cord (or \$6/ton) for NE region was due to four out of a total of nine sales (or 63% of the total volume) sold at \$20-23/cord. These four sales were reported by non-corporate reporters.

Secrets for Successful Timber Sales

If you are not pleased with your timber sale, you are not alone. The following five tips can help you win the sale if you really stick to them.

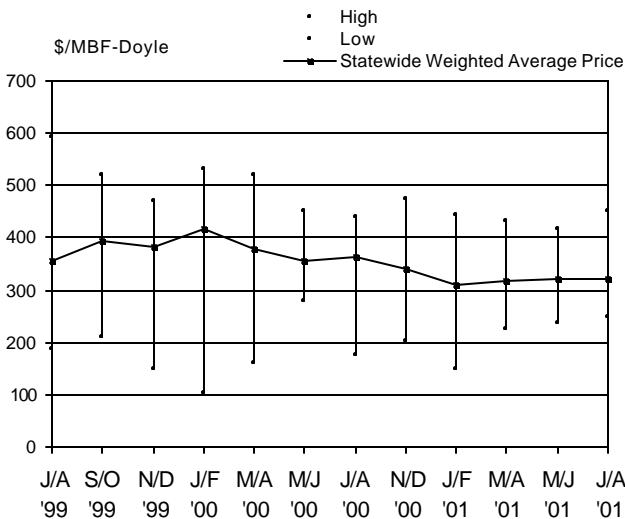
1. Know the volume as accurate as possible. Many sellers failed this important step. Can you imagine not knowing the number of candles in the store for a candle seller? Wherever possible and practical, measure the total number of trees by DBH and estimated volume. Measuring a sample that's not representative of the whole tract or incorrect sample measurement is no doubt a costly mistake. A tally of 100% of the trees requires a lot more work, but it rewards the seller with dramatic sale proceed increase by that 10% or more timber found. It pays to have the timber cruised and appraised by experts. Texas Forest Service has a list of foresters (also on-line).

2. The honesty of the logger is a key element. Check the guy out before making a deal. It sure helps to take a lot of your worries away with a reputable logger.

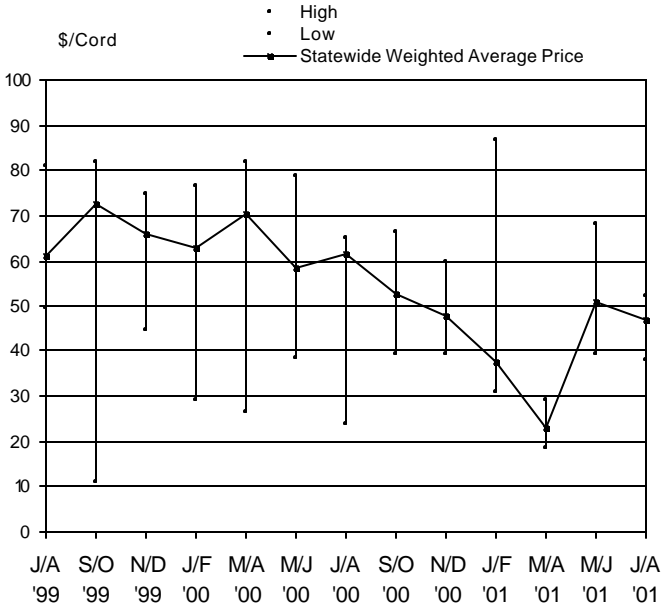
3. Put sale in writing. Start your research with free contract samples available from many sources (foresters and on-line).

4. Bid your timber out to as many bidders as possible. Provide a clearly illustrated location and tract map to reduce the burden of inspection for the bidders. (Cont'd on page 6)

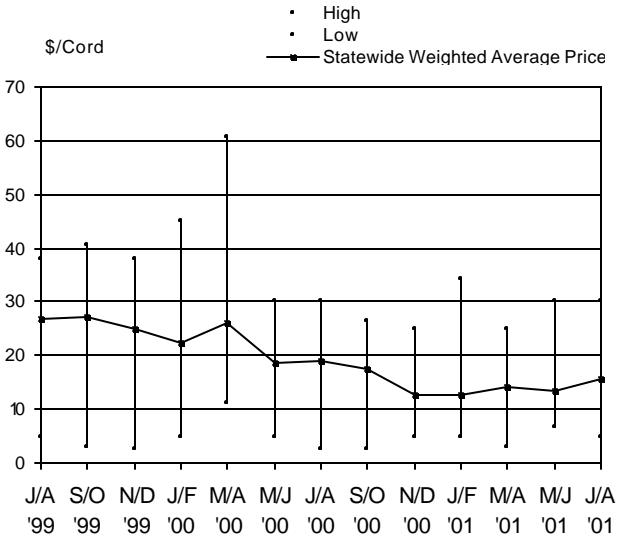
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



Starting from this issue, one of the largest forest product corporations, having completed organizational changes, resumed its reporting to this publication. It's been a year since their last report to us.

TIMBER PRICE TRENDS IN TEXAS July/August 2001

26-Sep-01
Volume 19, No. 4

Product/Region	High	Low	Unweighted Average		Weighted Average(WA)		WA Last Period	WA 1 Year Ago	# of Sale Reported	Total Volume
			\$/MBF	\$/Ton	\$/MBF	\$/Ton				
PINE										
Sawlogs & Veneer										
Northeast TX	\$/MBF 450.47	\$/MBF 264.28	\$/MBF 341.89	\$/Ton 42.74	\$/MBF 331.44	\$/Ton 41.43	\$/MBF 336.86	\$/MBF 370.42	23	MBF 7,729
Southeast TX	387.31	249.74	305.10	38.14	302.10	37.76	311.56	352.40	18	4,601
Statewide*	450.47	249.74	323.49	40.44	320.49	40.06	321.52	361.63	41	12,330
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood										
Northeast TX	\$/Cord 27.00	\$/Cord 5.47	\$/Cord 12.87	\$/Ton 5.15	\$/Cord 16.47	\$/Ton 6.59	\$/Cord 12.30	\$/Cord 19.05	14	Cords 3,990
Southeast TX	30.00	5.00	14.09	5.37	14.58	5.56	14.86	18.37	19	3,185
Statewide*	30.00	5.00	13.48	5.26	15.63	6.12	13.46	18.90	33	7,175
USFS	**	**	**	**	**	**	**	**	**	**
Chip-N-Saw										
Northeast TX	\$/Cord **	\$/Cord **	\$/Cord **	\$/Ton **	\$/Cord **	\$/Ton **	\$/Cord 57.09	\$/Cord **	2	Cords 269
Southeast TX	**	**	**	**	**	**	48.72	61.75	2	113
Statewide*	52.50	37.92	47.60	18.14	46.99	17.90	51.12	61.75	4	382
USFS	**	**	**	**	**	**	**	**	**	**
HARDWOOD										
Sawlogs & Veneer										
Northeast TX	\$/MBF 154.56	\$/MBF 100.00	\$/MBF 133.63	\$/Ton 14.85	\$/MBF 127.84	\$/Ton 14.20	\$/MBF 118.07	\$/MBF 151.90	8	MBF 472
Southeast TX	130.00	75.00	102.33	11.37	103.10	11.46	106.61	150.39	6	253
Statewide*	154.56	75.00	117.98	13.11	119.21	13.25	114.78	151.04	14	724
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood										
Northeast TX	\$/Cord 23.31	\$/Cord 8.00	\$/Cord 15.46	\$/Ton 5.52	\$/Cord 17.84	\$/Ton 6.37	\$/Cord 14.33	\$/Cord 6.36	9	Cords 3,346
Southeast TX	16.80	4.00	10.26	3.66	9.69	3.46	11.68	7.93	10	1,909
Statewide*	23.31	4.00	12.86	4.59	14.88	5.31	13.94	7.38	19	5,256
USFS	**	**	**	**	**	**	**	**	**	**

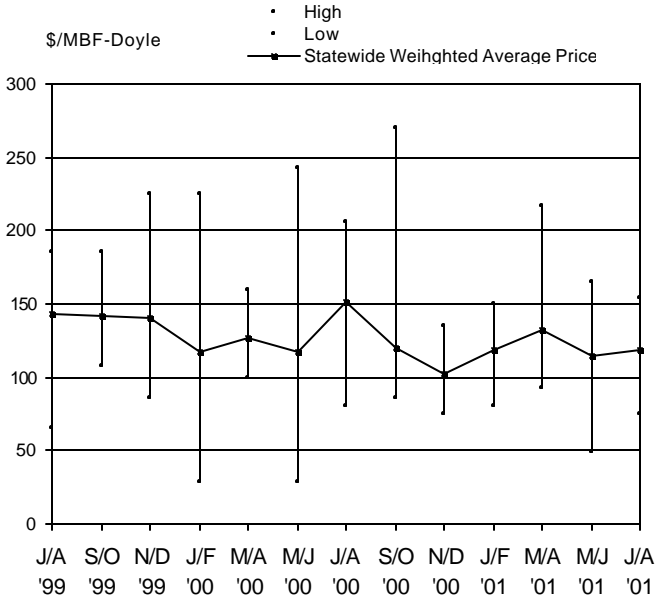
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8
MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements

*Statewide data excludes U.S. Forest Service sales

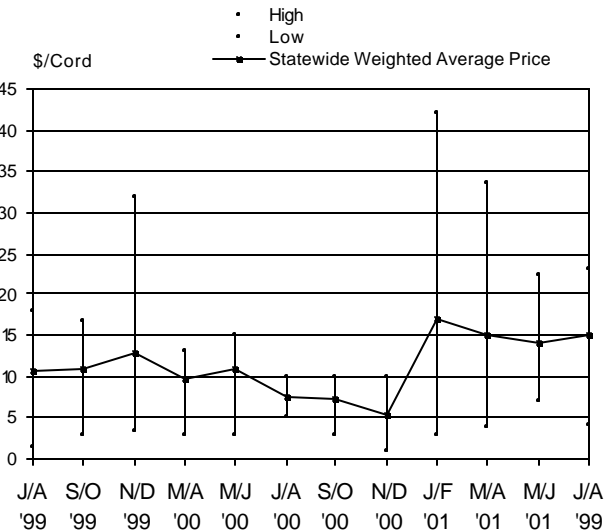
**Insufficient sale activity to report price statistics (less than three reported sales).

We started to receive reports from USFS as timber sale on national forests were resumed. Only one sale was reported in this period, with a much lower than market price on sawtimber and pulpwood due to credits to road building. There's no bidder for another proposed sale due to the large presence of pine pulpwood quality trees.

HARDWOOD SAWTIMBER & VENEER



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
2001.1	310.36	37.45	12.57	119.27	16.86
2001.2	316.52	22.78	14.04	132.83	14.91
2001.3	321.52	51.12	13.46	114.78	13.94
2001.4	320.49	46.99	15.63	119.21	14.88

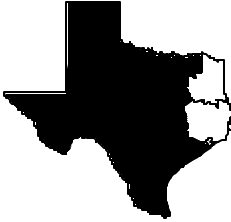
(Cont'd from page 3):

5. A lump sum cash-in-advance payment normally is the best. The seller walks away with money in his/her hand. Being paid periodically for what's actually cut out (unit price being fixed), on the surface, appear to be fair deals. However, unless you are familiar with the timber business, this way of payment is often risky for the seller.

It's critical to write down how you would like to manage your timberland in the form of a management plan. It makes all the difference before and after harvest time. What you would like to do with the land after harvest should be planned long before any timber sale. Have a reforestation plan.

Texas Timber Price Trends

Market Regions



Northeast TX
Region I

Southeast TX
Region II



VOLUME CONVERSION FACTORS

Sawlogs - Veneer Logs

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
2.37 Pine Cunits = 1 MBF-Doyle
1 Cunit = 100 Cu.Ft.

Pulpwood

Pine, Northeast TX - 2.5 Tons = 1 Cord
Pine, Southeast TX - 2.625 Tons = 1 Cord
Hardwood - 2.8 Tons = 1 Cord
Pine - 81 Cu.Ft. = 1 Cord
Hardwood - 80 Cu.Ft. = 1 Cord

SUBSCRIPTION INFORMATION

Texas Timber Price Trends is a publication of the Texas Forest Service and is available at \$2 per copy from your local TFS office, or through an annual mail subscription for \$10 per year. To subscribe, please send your request and check or money order to:

Texas Forest Service
301 Tarrow Suite 364
College Station, TX 77840-7896

This publication is also available free of charge on Texas Forest Service website (http://txforestsERVICE.tamu.edu/forest_management/texas_timber_price_trends/index.html).

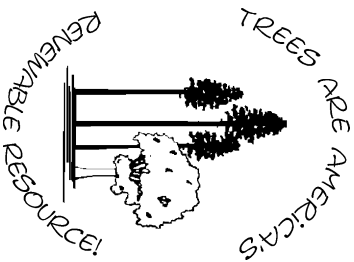
For more information, call (979)458-6650.

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.

The Texas Forest Service is an Equal Opportunity Employer

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