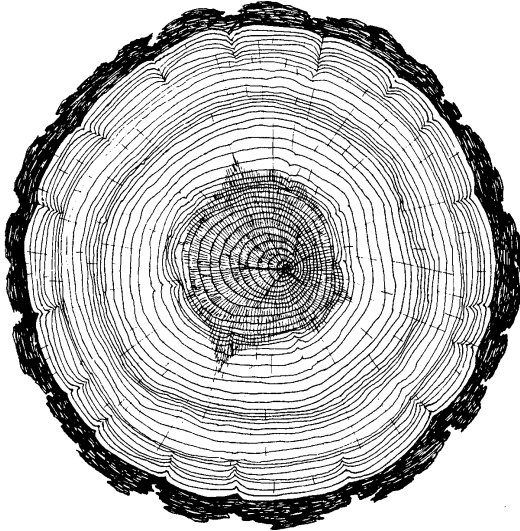


\$2.00

# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 17 NO. 4**

**July/August 1999**

**T E X A S**  
**FOREST SERVICE**  
The Texas A&M University System

# 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

The timber markets in this summer were weak. The stumpage prices of all pine products (sawlog, chip-n-saw, and pulpwood) declined from last reporting period (May/June) and a-year-ago price level. The stumpage prices of all hardwood products showed minor increases from last reporting period.

### **Pine Sawtimber Price**

The statewide weighted average price in July and August continued its downward spiral. It was \$357.62/mbf, or equivalently, \$44.7/ton, for July/August reporting period. This is a 12% fall from the Winter time (a little over \$400/mbf) and a 4% decline from the Spring time (around \$370/mbf). The statewide weighted average price was almost the same as northeastern (\$359.61/mbf) and southeastern region (\$357.02/mbf).

### **Pine Pulpwood Price**

Pine pulpwood price (statewide weighted average) declined in this summer, to \$26.79/cord from \$29.18/cord in May/June reporting period. This is a 8.19% drop from last period after a previous 11.8% drop from March/April. One reporter commented that pulpwood was difficult to sell.

### **Pine Chip-N-Saw Price**

After a 10-month period of stable prices, chip-n-saw price (statewide weighted average) fell to \$61.04/cord, a price among the lowest in the last couple of years. Chip-n-saw was priced at \$67.73/cord in May/June and \$77.66/cord in the same period a year ago. Compared to May/June period, the price in this period decreased almost 10%. However, in the northeastern region, chip-n-saw was sold at \$69.67/cord (weighted average) based on a total of 5 sales reported to us. The majority of reported sales (87%) were from the southeastern region where price was much lower.

### **Hardwood Sawtimber and Pulpwood Price**

Hardwood sawtimber price in July/August increased by \$2.87 per thousand board feet (statewide weighted average) from May/June period, to \$143.54 per thousand board feet. A year ago, hardwood sawtimber price was \$157.12/mbf. In northeastern region, there's less than 3 sales reported to us. Thus the price statistics described here reflects those in the southeastern region.

Hardwood pulpwood market was still not good. Hardwood pulpwood price (statewide weighted average) was \$10.6/cord for July/August period. Statewide unweighted average price was \$8.89/cord.

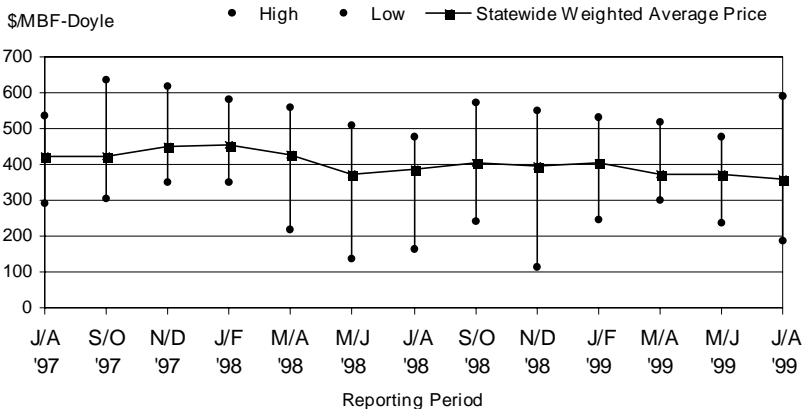
## Lumber Market News

Since the end of last year, strong lumber market demand has continuously pushed lumber price up: by the week ending July 16, a record high level of lumber price was set at \$490/mbf, measured by framing lumber composite price (Random Length weekly report, 7/16/1999). The high price was driven by the "unexpectedly high demand and repeat buying" (Random Length weekly report, 7/9/1999). However, after its peak by the week ending July 16, framing lumber composite price plummeted to \$386/mbf at the end of this summer (by the week ending August 27), or a substantial drop of \$104/mbf in 6 weeks. The price drop of this magnitude has surprised many traders who has anticipated that only minor price corrections would occur in this summer before the price fall. This clearly shows the volatility nature of lumber market. From the demand side, housing starts is held steady inspite of the summer heat and higher mortgage rate, which leads to the expectation that lumber price fall might be small and temporary. However, rising prices and profits attracted more production, which in turn weakened prices.

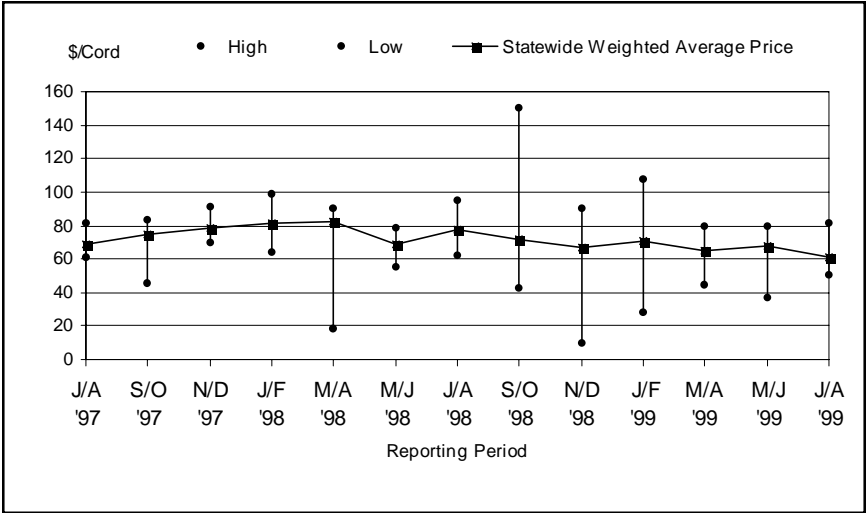
## Y2K Computer Bug and Forest Product Markets

In anticipation of the Y2K computer problems, some forecasts anticipated that firms may bolster their inventories in the 3rd or 4th quarter of this year. An offsetting reduction in demand was projected during the early 2000. Could this mean that the fall or early winter is a good time for selling timbers?

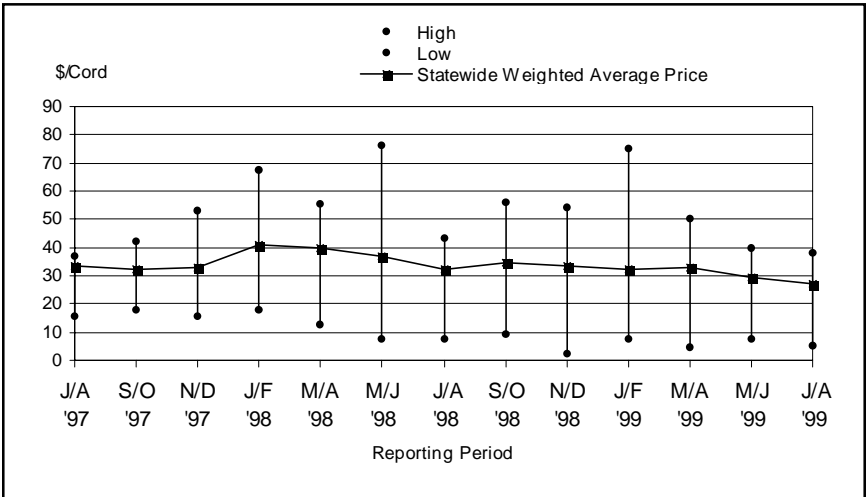
# PINE SAWTIMBER & VENEER



# PINE CHIP-N-SAW



# PINE PULPWOOD



# TIMBER PRICE TRENDS IN TEXAS

## July/August 1999

28-Sep-99  
Volume 17, No. 4

Product/Region	High		Low		Unweighted Average		Weighted Average(WA)		WA Last Period		WA 1 Year Ago		# of Sale Reported		Total Volume
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	\$/MBF	\$/Cord			
<b>PINE</b>															
<b>Sawlogs &amp; Veneer</b>															
Northeast TX	495.28		240.00		355.53	44.44	359.61	44.95	364.81		394.73		22	5,418	
Southeast TX	592.75		187.97		362.48	45.31	357.02	44.63	384.89		356.97		29	17,890	
Statewide*	592.75		187.97		359.01	44.88	357.62	44.70	371.46		385.53		51	23,309	
USFS	**		**		**	**	**	**	**		**		**	**	
<b>Pulpwood</b>															
Northeast TX	37.80	\$/Cord	5.00	\$/Cord	22.78	9.11	27.73	11.09	29.35	\$/Cord	32.86	\$/Cord	13	4,338	
Southeast TX	30.00	\$/Cord	18.72	\$/Cord	26.85	10.23	26.44	10.07	29.04	\$/Cord	29.82	\$/Cord	24	11,347	
Statewide*	37.80	\$/Cord	5.00	\$/Cord	24.82	9.67	26.79	10.34	29.18	\$/Cord	32.12	\$/Cord	37	15,686	
USFS	**	\$/Cord	**	\$/Cord	**	**	**	**	**	\$/Cord	**	\$/Cord	**	**	
<b>Chip-N-Saw</b>															
Northeast TX	81.00	\$/Cord	60.00	\$/Cord	68.67	26.16	69.67	26.54	72.78	\$/Cord	77.66	\$/Cord	5	458	
Southeast TX	65.00	\$/Cord	50.00	\$/Cord	59.44	22.64	59.90	22.82	63.74	\$/Cord	77.66	\$/Cord	11	3,461	
Statewide*	81.00	\$/Cord	50.00	\$/Cord	64.05	24.40	61.04	23.25	67.73	\$/Cord	77.66	\$/Cord	16	3,919	
USFS	**	\$/Cord	**	\$/Cord	**	**	**	**	**	\$/Cord	**	\$/Cord	**	**	
<b>HARDWOOD</b>															
<b>Sawlogs &amp; Veneer</b>															
Northeast TX	185.30	\$/MBF	64.98	\$/MBF	137.87	15.32	143.54	15.95	125.91	\$/MBF	176.43	\$/MBF	8	1,349	
Southeast TX	185.30	\$/MBF	64.98	\$/MBF	137.87	15.32	143.54	15.95	140.67	\$/MBF	157.12	\$/MBF	8	1,349	
Statewide*	**	\$/MBF	**	\$/MBF	**	**	**	**	**	\$/MBF	**	\$/MBF	**	**	
USFS	**	\$/MBF	**	\$/MBF	**	**	**	**	**	\$/MBF	**	\$/MBF	**	**	
<b>Pulpwood</b>															
Northeast TX	13.75	\$/Cord	1.40	\$/Cord	7.10	2.54	7.98	2.85	10.00	\$/Cord	9.92	\$/Cord	6	2,663	
Southeast TX	18.00	\$/Cord	2.92	\$/Cord	10.69	3.82	11.51	4.11	11.19	\$/Cord	8.12	\$/Cord	12	7,690	
Statewide*	18.00	\$/Cord	1.40	\$/Cord	8.89	3.18	10.60	3.79	10.31	\$/Cord	8.75	\$/Cord	18	10,353	
USFS	**	\$/Cord	**	\$/Cord	**	**	**	**	**	\$/Cord	**	\$/Cord	**	**	

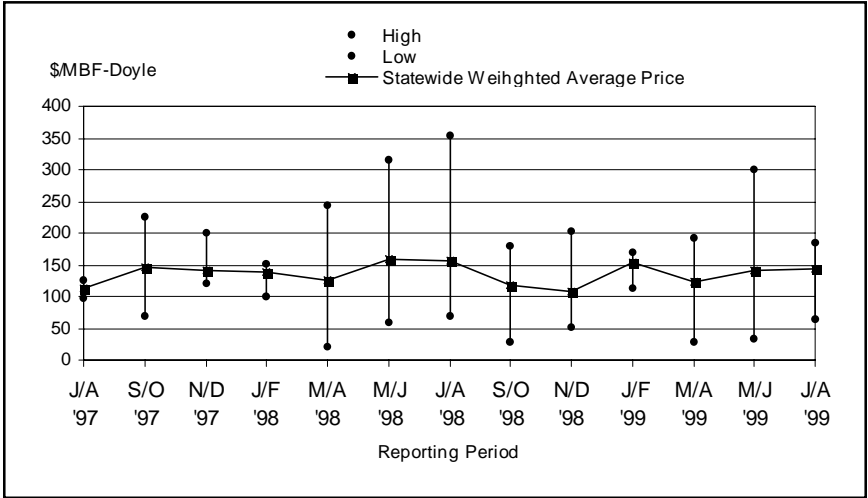
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8.

MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements.

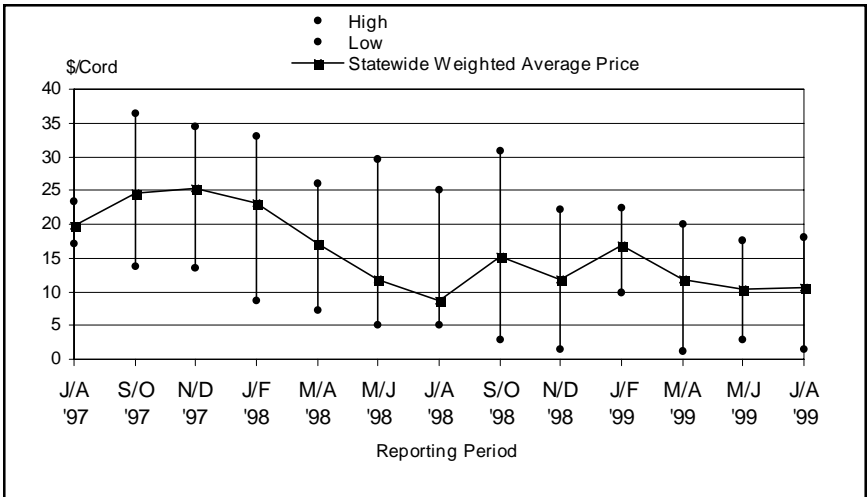
\*Statewide data excludes U.S. Forest Service sales.

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

# HARDWOOD SAWTIMBER & VENEER



# HARDWOOD PULPWOOD



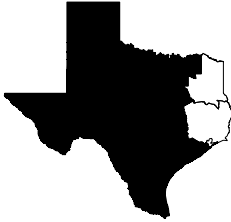
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
1999.1	404.66	70.01	32.23	152.76	16.88
1999.2	371.86	64.86	33.07	122.84	11.85
1999.3	371.46	67.73	29.18	140.67	10.31
1999.4	357.62	61.04	26.79	143.54	10.60



# 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

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

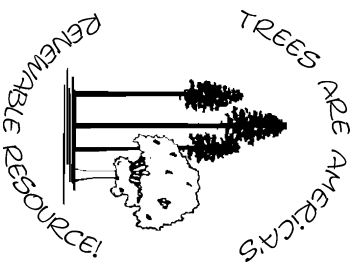
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If you are active in the East Texas timber market, please consider becoming a cooperating price reporter. You'll receive report forms bi-monthly with a self-return envelope. In addition, you'll receive a complimentary subscription to the report in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

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