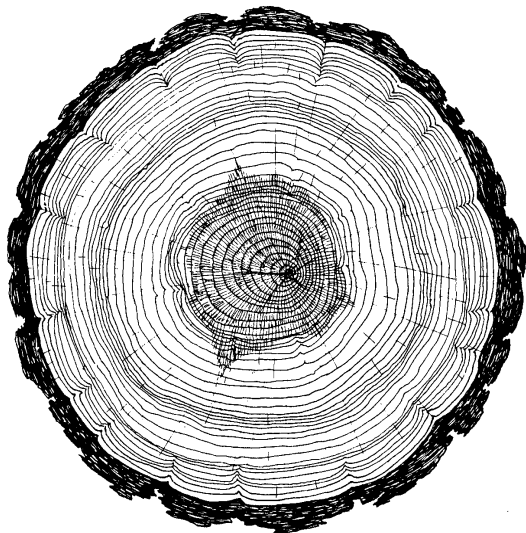


TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 21 NO. 4

July/August 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 was 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

Pine Reversed Course to Higher; Hardwood Sale Robust

Pine timber markets experienced a slow start following the fourth of July holiday, a typical "seasonal trend" of soft market. Industry source reported that with the continued dry weather, falling timber prices were expected throughout the summer. A mill that purchases pine pulpwood in the northeast area reported that quotas were set on wood purchases and "deliveries limited to 4 days per week". However, pine market gained strength and demand became strong toward the end of August in certain areas, which caught suppliers by surprises. "Harvest and delivery (was) inadequate for mill demand," as one reporter said. Market players in the northeast region struggled to make sense of the "roller coaster" policy changes of the mills, which led to shortages of loggers and truckers.

Overall, pine sawlog price for the East Texas area was below \$40/ton mark, averaging \$38/ton (\$282/MBF), which slightly decreased from the last two-month period by less than \$2/ton. Average stumpage price in the same period a year ago was \$4/ton higher at \$42.85/ton (\$316/MBF).

There's little improvement in the pine chip-n-saw market prices during the July/August period. Average stumpage prices slid to \$14.6/ton (\$38/cord) in the two-month period, relatively unchanged from the May/June period but decreased from the \$17/ton (\$44/cord) in the same period a year ago. This is another record-low price for years.

Another market trend during this two-month period is that "increase in hardwood pulpwood price caused decline in pine inventory" in some mills as loggers pursued hardwood pulpwood.

Delivered pole for all regions averaged \$82/ton with steady demand, as reported by our reporter.

Hardwood sawtimber and pulpwood continued their firm market trends. The average stumpage prices paid for hardwood sawtimber and pulpwood remained strong in East Texas. Hardwood pulpwood prices continued to be higher than the pine pulpwood prices.

Lumber market prices was sharply higher in August to a level not seen for many years. The significant wildfire in the Southern Interior British Columbia, Canada in August curbed the region's lumber output, impacting both Canadian and US wood markets.

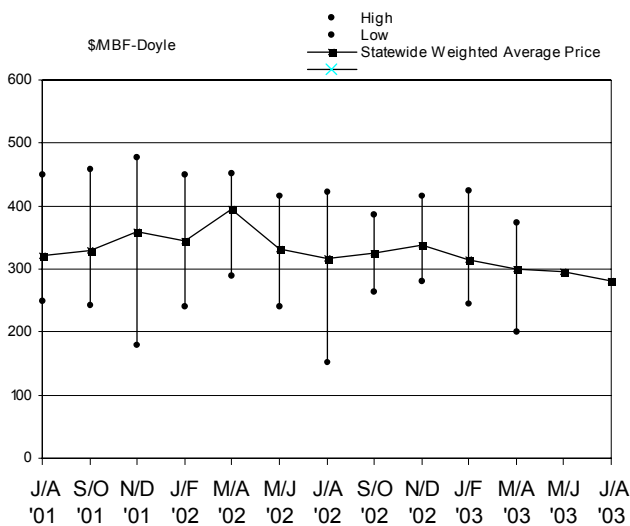
TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL

		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

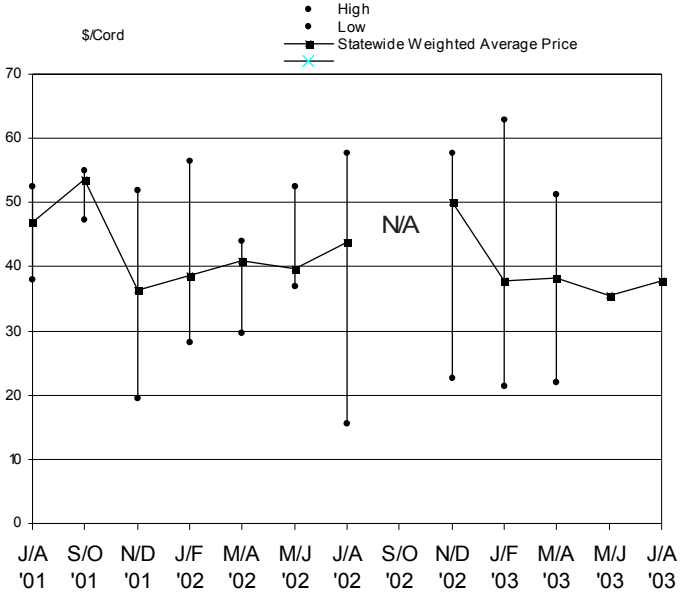
Data Source: Texas Forest Service, February 2003

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.

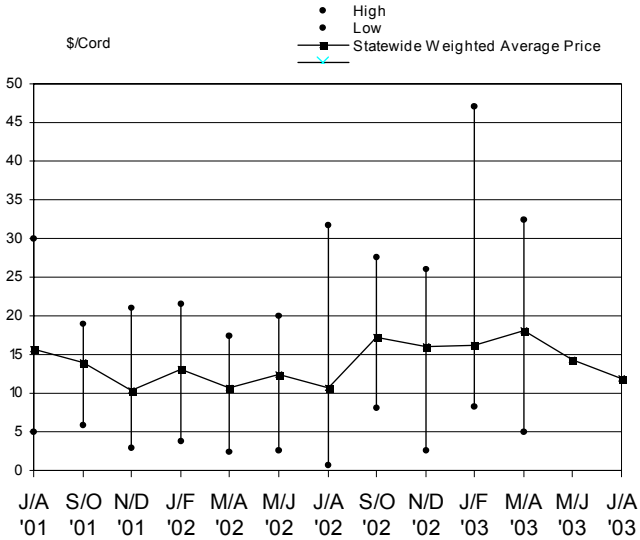
PINE SAWTIMBER



PINE CHIP-N-SAW



PINE PULPWOOD



The prices in this table does 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

July/August 2003

9/30/2003
Volume 21, 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	38.38	281.63	39.05	288.81	41.84	321.57	24	153,618	20,934
Southeast TX	38.58	283.65	41.24	303.20	43.23	313.96	18	26,155	3,557
Statewide*	38.41	281.92	40.22	296.53	42.85	315.94	42	179,773	24,491
USFS	**	**	**	**	**	**	2	**	**
Pulpwood									
Northeast TX	5.31	14.21	7.42	19.76	4.94	12.54	63	277,117	103,635
Southeast TX	3.23	8.72	4.34	11.72	2.79	7.29	23	196,666	72,914
Statewide*	4.45	11.94	5.29	14.23	4.16	10.67	86	473,782	176,548
USFS	**	**	**	**	**	**	2	**	**
Chip-N-Saw									
Northeast TX	18.35	47.32	14.78	36.96	16.71	43.67	22	7,069	2,741
Southeast TX	14.29	37.20	13.57	35.39	16.99	44.19	49	97,457	37,440
Statewide*	14.57	37.89	13.62	35.46	16.83	43.89	71	104,526	40,181
HARDWOOD									
Sawlogs									
Northeast TX	17.04	156.35	15.94	146.68	15.18	147.08	20	23,409	2,551
Southeast TX	20.97	188.73	11.73	112.36	13.60	130.58	3	28,702	3,189
Statewide*	19.21	174.34	15.13	140.29	15.02	145.38	23	52,111	5,741
USFS	**	**	**	**	**	**	0	**	**
Pulpwood									
Northeast TX	6.21	17.54	6.06	16.66	4.86	14.11	20	20,471	7,240
Southeast TX	6.65	18.55	4.26	11.82	2.68	7.70	3	90,641	32,517
Statewide*	6.57	18.36	4.56	12.60	4.58	13.27	23	111,112	39,758
USFS	**	**	**	**	**	**	2	**	**

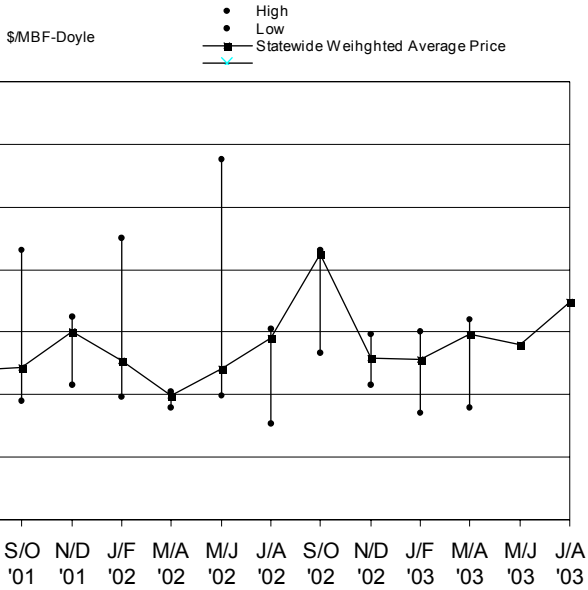
1. Stumpage price statistics included gateway sales. Stumpage prices from the gateway sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

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.

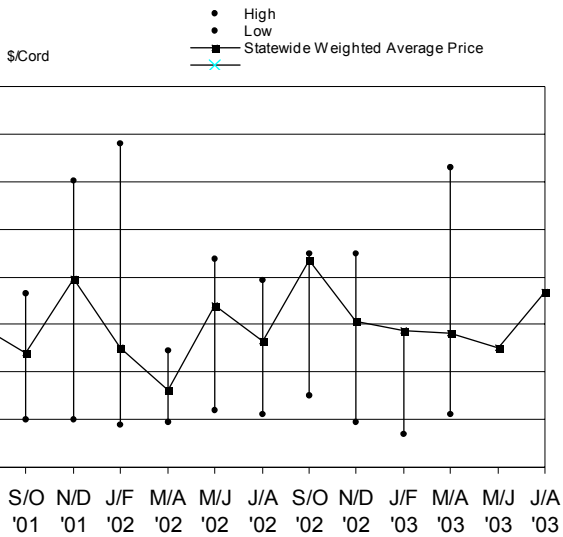
* Statewide data excludes U.S. Forest Service sales.

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

HARDWOOD SAWTIMBER



HARDWOOD PULPWOOD

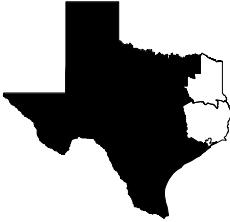


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

Year	Pine			Hardwood	
	Sawlog \$/MBF-Doyle	Chip-N-Saw \$/Cord	Pulpwood \$/Cord	Sawlog \$/MBF-Doyle	Pulpwood \$/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

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

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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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