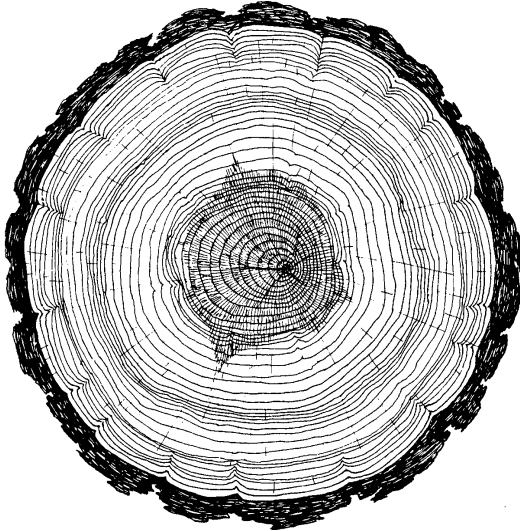


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TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 17 NO. 2

March/April 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

Timber markets were softened considerably in March and April and hardwood timber market experienced a marked price decline. Stumpage price for all stumpage categories decreased from the level reported in January and February except pine pulpwood (up by only 84 cent /cord). Many reporters indicated that demand was weak and mills inventories were high. Also, seasonal cycles may partly explain the falling price: logging in the Winter normally is in greatest demand and decreases as it goes into summer time.

Pine Sawtimber Price

The statewide weighted average price for pine sawtimber fell below \$400 mark, ending at \$371.86 per thousand board feet, Doyle scale. This represents an 8% decline from the previous 2-month reporting period and 13% decline from the same period a year ago. The highest and lowest reported prices were \$517.23 and \$297.98 per thousand board feet, respectively. The weighted average price of pine sawtimber in Northeast(\$380.80/mbf) was \$14.48/mbf higher than that in Southeast region(\$366.32/mbf).

Pine Pulpwood Price

Statewide pine pulpwood price stabilized near the winter price level reported from November to February. The weighted average pine pulpwood was \$33.07 per cord. However, a wide price range was found from the lowest price of only \$4.61 per cord to the highest \$45 per cord, possibly reflecting the difference in the quality, logging condition, distance to the mills among the sales reported.

Although only two pine pulpwood sales were reported from U.S. Forest Service, the volume of these two sales were not small(5362.96 cords, relative to 6,218 cords and 9,035 cords from the Southeast and Northeast region, respectively). The weighted average price for U.S. Forest Service pine pulpwood remained virtually unchanged in the range of \$22-\$24 per cord: \$23.79/cord for March and April, compared to \$23.83/cord in January and February and \$22.75/cord a year ago.

Pine Chip-N-Saw Price

Similar to the pattern of pine sawtimber price, pine chip-n-saw price in March and April decreased by 7.36% over the price reported in January and February, ending at \$64.86 per cord. This price originates from the Southeast region only and there were no sales reported in the Northeast region during March and April.

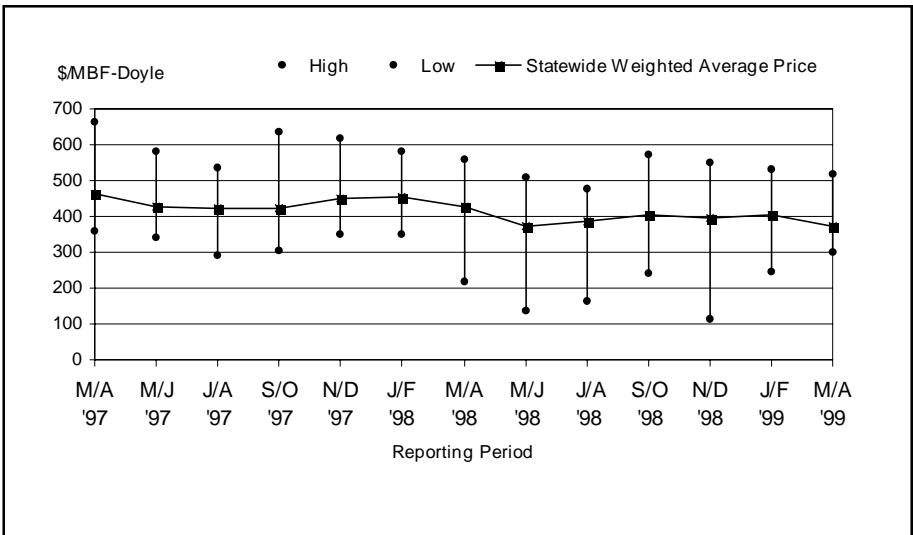
Hardwood Sawtimber and Pulpwood Price

The hardwood sawtimber market was under considerable price downward pressure in March and April, irrespective of increased sale volume. A statewide 20% price decline was recorded in the hardwood sawtimber market, from \$152.76/mbf in January and February to \$122.84/mbf in March and April.

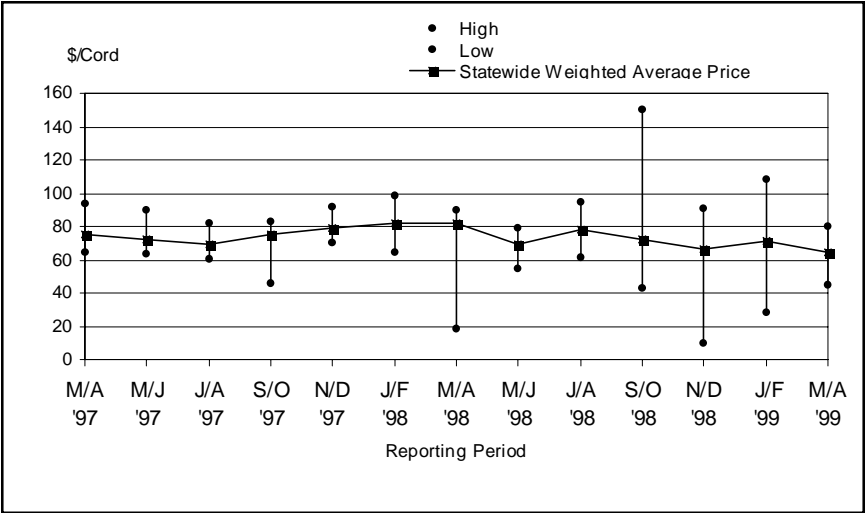
Hardwood pulpwood market experienced a dramatic price decrease in March and April. The weighted price for hardwood pulpwood dipped nearly one-third from the previous 2-month reporting period, to \$11.85 per cord. Some reporters suspected that hardwood pulpwood price may head even lower in the future. Hardwood pulpwood price has not broken the \$20/cord mark since January 1998. One of the important factors contributing to the depressed hardwood pulpwood price was believed to be the significant drop in demand for export chips due to the Asian economic crisis.

Random Length reported that a modest economic recovery started in Japan recently (Uncertainty exists as to whether the growth is sustained or not). Top analysts forecasts (Blue Chip Economic Indicators, 1998) indicated a positive real GDP growth for Japan in the year 2000--1.0%, from a -0.7% in 1999. Represents opportunity for improved market?

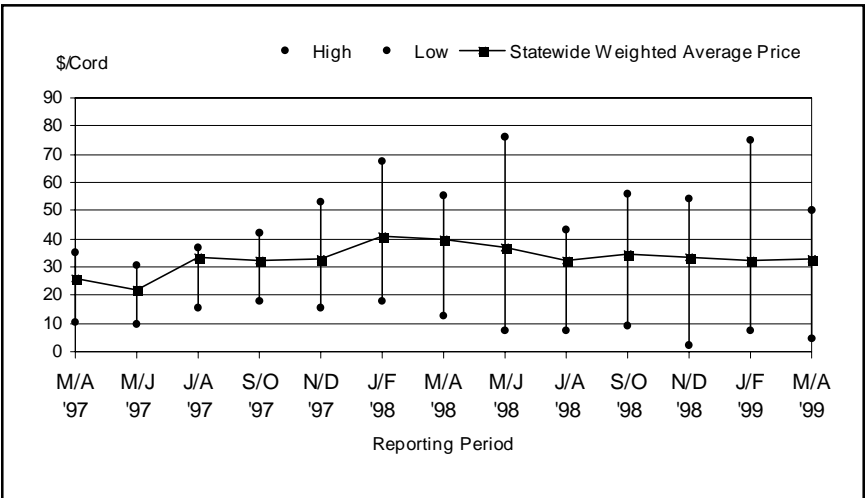
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS March/April 1999

28-May-99
Volume 17, No. 2

Product/Region	Unweighted Average		Weighted Average(WA)		WA Last Period**	WA 1 Year Ago	# of Sale Reported	Total Volume
	High	Low	\$/MBF	\$/Ton				
PINE								
Sawlogs & Veneer								
Northeast TX	\$/MBF 517.23	\$/MBF 297.98	\$/MBF 378.25	\$/Ton 47.28	\$/MBF 417.85	\$/MBF 435.93	31	MBF 8,011
Southeast TX	512.36	320.00	371.34	46.42	392.98	419.93	34	12,945
Statewide*	517.23	297.98	374.79	46.85	404.66	426.92	65	20,956
USFS	**	**	**	**	403.28	**	**	**
Pulpwood								
Northeast TX	\$/Cord 45.00	\$/Cord 4.61	\$/Cord 27.82	\$/Ton 11.13	\$/Cord 33.12	\$/Cord 40.14	27	Cords 9,035
Southeast TX	50.00	7.00	30.83	11.74	31.60	39.72	32	6,218
Statewide*	50.00	4.61	29.33	11.44	32.23	39.98	59	15,253
USFS	**	**	**	**	20.64	**	**	**
Chip-N-Saw								
Northeast TX	\$/Cord 80.00	\$/Cord 47.25	\$/Cord 61.93	\$/Ton 23.59	\$/Cord 63.08	\$/Cord 83.08	**	Cords 2,575
Southeast TX	80.00	47.25	64.86	24.71	70.77	81.73	15	2,575
Statewide	80.00	47.25	64.86	24.71	70.01	82.21	15	2,575
USFS	**	**	**	**	**	**	**	**
HARDWOOD								
Sawlogs & Veneer								
Northeast TX	\$/MBF 150.00	\$/MBF 28.51	\$/MBF 114.54	\$/Ton 12.73	\$/MBF 111.84	\$/MBF 108.33	6	MBF 165
Southeast TX	192.00	85.52	122.82	13.65	153.53	129.85	11	827
Statewide*	192.00	28.51	118.68	13.19	152.76	125.36	17	992
USFS	**	**	**	**	**	**	**	**
Pulpwood								
Northeast TX	\$/Cord 15.00	\$/Cord 2.80	\$/Cord 8.74	\$/Ton 3.12	\$/Cord 15.92	\$/Cord 10.56	9	Cords 2,384
Southeast TX	20.00	1.40	14.18	5.06	16.91	20.78	15	2,892
Statewide*	20.00	1.40	11.46	4.09	16.88	16.99	24	5,276
USFS	**	**	**	**	**	**	**	**

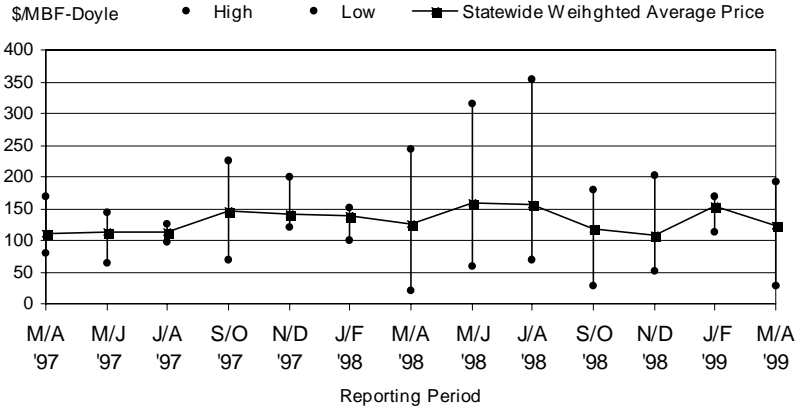
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS

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

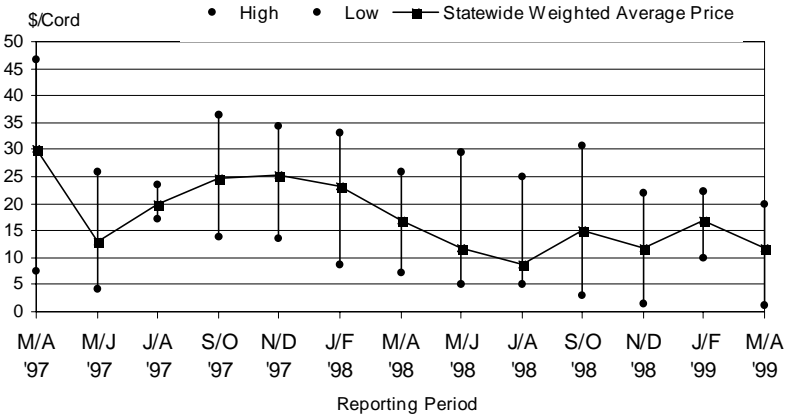
*Statewide data excludes U.S. Forest Service sales.

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

HARDWOOD SAWTIMBER & VENEER



HARDWOOD PULPWOOD

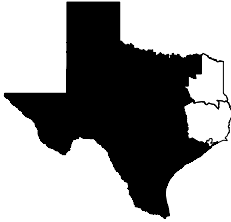


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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

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:

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This publication is also available free of charge on Texas Forest Service website: <http://txforestsERVICE.tamu.edu/tfshome/manage/ttpt.htm>.

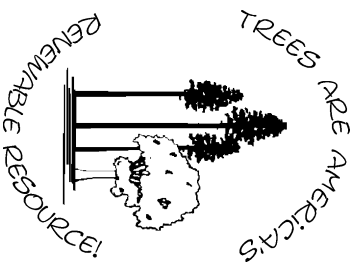
For more information, call (979)458-6650.

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.

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