BIMONTHLY MARKET REPORT

VOL. 19 NO. 3

May/June 2001

TEXAS TIMBER PRICE TRENDS

TEXAS FOREST SERVICE
301 TARROW SUITE 364
COLLEGE STATION TX 77840-7896

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77840
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T E X A S F o r e s t S e r v i c e
Sustaining the American Dream
TEXAS TIMBER PRICE TRENDS

How to Use This Report

WHAT IS THE PURPOSE OF THIS REPORT?

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**Pine Pulpwood Prices**

The price for pine pulpwood has been among the lowest in many years for an extended period. The May/June 2001 period is the 7th consecutive bimonthly period with pine pulpwood price below $20/cord (or $7.8/ton). Average price statewide was $14/cord (or $5.5/ton, unweighted) and $13 (or $5.3/ton, weighted) for May/June. As usual, there are exceptions to the average market price. We received 4 sales with high-priced pine pulpwood of 624 cords in total sold at $25/cord or above price. Sale volume in the NE region was back to a level that's more typically seen in recent period (7,862 cords) from the extremely low level (3,051 cords) in the previous two months.

**Hardwood Sawlog and Pulpwood Prices**

The average price for hardwood sawlog, statewide volume-weighted, was $115/mbf (or $13/ton). High grade red oak timber price was strong due to demand from a local mill in Nacogdoches purchasing wood at $535/mbf (or $59/ton), delivered. A couple of sales were reported to us above $150/mbf (or $17/ton).

Hardwood pulpwood price was $14/cord (or $5/ton) for the East Texas region, volume-weighted.
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If you are in the 15% bracket in 2001 and you sell assets held more than 5 years, you will pay an 8% rate (instead of 10%) on such gain. Pure and simple. Now is a little more complicated rule: if you are in 28% or higher, you will pay 18% (instead of 20%) for assets acquired after December 31, 2000 and held more than 5 years. So, the rate reduction from 20% to 18% will not be available until 2006 at the earliest. Also, as a general rule, the 18% rate does not apply to assets acquired prior to the cut-off date.

However, there’s a way to qualify those assets for the 18% rate. You can elect to treat the asset as sold on January 1, 2001 at its fair market value and pay taxes on such gain in your 2001 tax return (gain is the difference between the fair market value and the basis). Then your asset will be treated as re-acquired on January 1, 2001, which is after the cut-off date (a requirement for claiming the 18% rate). Once the property is held for more than 5 years counting from the re-acquisition date, 18% rate apply. The gain on deemed sale at the start of 2001 is added to your basis in the property, which will reduce the amount of gain realized upon future sale. Essentially, this gives you the benefit of claiming 18% rate for future sales on asset that's otherwise not eligible for the reduced rate. But the expense of that is that you pay part or the whole taxes earlier (on deemed sale).

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<th>Year</th>
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<th>Pine Pulpwood</th>
<th>Hardwood Sawlog</th>
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**May/June 2001**

27-Jul-01

Volume 19, No. 3

**Product/Region** | **High** | **Low** | **Unweighted Average** | **Weighted Average (WA)** | **WA Last Period** | **WA 1 Year Ago** | **# of Sale Reported** | **Total Volume** |
--- | --- | --- | --- | --- | --- | --- | --- | --- |
**PINE**

**Sawlogs & Veneer**

Northeast TX | $386.56 | $238.00 | $324.98 | $40.62 | $336.86 | $42.11 | $316.52 | $356.52 | 18 | 4,163
Southeast TX | 416.00 | 278.28 | 311.35 | 38.92 | 311.56 | 38.94 | 307.33 | 358.42 | 25 | 6,411
Statewide* | 416.00 | 238.00 | 318.16 | 39.77 | 321.52 | 40.19 | 316.52 | 356.52 | 43 | 10,574
USFS | **** | **** | **** | **** | **** | **** | **** | **** | **** | **

**Pulpwood**

Northeast TX | $25.00 | $7.00 | $13.29 | $4.92 | $12.87 | $16.38 | $22.78 | $18.72 | 23 | 7,862
Southeast TX | 30.00 | 6.57 | 14.86 | 5.66 | 14.57 | 20.33 | 14.04 | 18.72 | 18 | 6,577
Statewide* | 30.00 | 6.57 | 14.08 | 5.27 | 14.04 | 18.72 | 14.04 | 18.72 | 41 | 14,439
USFS | **** | **** | **** | **** | **** | **** | **** | **** | **** | **

**Chip-N-Saw**

Northeast TX | 68.25 | 39.38 | 53.29 | 21.75 | 57.09 | 22.78 | 74.97 | 5 | 331
Southeast TX | 50.00 | 45.00 | 48.10 | 18.56 | 48.72 | 27.8 | 56.70 | 7 | 822
Statewide* | 68.25 | 39.38 | 50.69 | 19.48 | 51.12 | 22.78 | 58.53 | 12 | 1,153
USFS | **** | **** | **** | **** | **** | **** | **** | **** | **** | **

**HARDWOOD**

**Sawlogs & Veneer**

Northeast TX | 165.56 | 63.00 | 112.74 | 12.53 | 118.07 | 13.12 | 128.33 | 137.36 | 12 | 757
Southeast TX | 144.00 | 48.46 | 103.71 | 11.25 | 106.61 | 11.86 | 113.45 | 117.87 | 7 | 305
Statewide* | 165.56 | 48.46 | 108.22 | 12.02 | 114.78 | 12.75 | 132.83 | 117.87 | 19 | 1,062
USFS | **** | **** | **** | **** | **** | **** | **** | **** | **** | **

**Pulpwood**

Northeast TX | 22.40 | 7.80 | 15.24 | 5.44 | 14.33 | 5.12 | 19.10 | 12.41 | 13 | 7,294
Southeast TX | 19.60 | 7.00 | 10.88 | 3.89 | 11.68 | 4.17 | 12.56 | 8.89 | 10 | 1,238
Statewide* | 22.40 | 7.00 | 13.06 | 4.66 | 13.94 | 4.98 | 14.91 | 10.98 | 23 | 8,532
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).
HARDWOOD SAWTIMBER & VENEER

$/MBF-Doyle

High

Low

Statewide Weighted Average Price

M/J '99 J/A '99 S/O '99 N/D '99 J/F '99 M/A '00 M/J '00 J/A '00 S/O '00 N/D '00 J/F '00 M/A '01 M/J '01 J/A '01 S/O '01 N/D '01 J/F '01 M/A '01

PINE CHIP-N-SAW

$/Cord

High

Low

Statewide Weighted Average Price

M/J '99 J/A '99 S/O '99 N/D '99 J/F '99 M/A '00 M/J '00 J/A '00 S/O '00 N/D '00 J/F '00 M/A '01 M/J '01 J/A '01 S/O '01 N/D '01 J/F '01 M/A '01

HARDWOOD PULPWOOD

$/Cord

High

Low

Statewide Weighted Average Price

M/J '99 J/A '99 S/O '99 N/D '99 J/F '99 M/A '00 M/J '00 J/A '00 S/O '00 N/D '00 J/F '00 M/A '01 M/J '01 J/A '01 S/O '01 N/D '01 J/F '01 M/A '01

PINE PULPWOOD

$/Cord

High

Low

Statewide Weighted Average Price

M/J '99 J/A '99 S/O '99 N/D '99 J/F '99 M/A '00 M/J '00 J/A '00 S/O '00 N/D '00 J/F '00 M/A '01 M/J '01 J/A '01 S/O '01 N/D '01 J/F '01 M/A '01
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