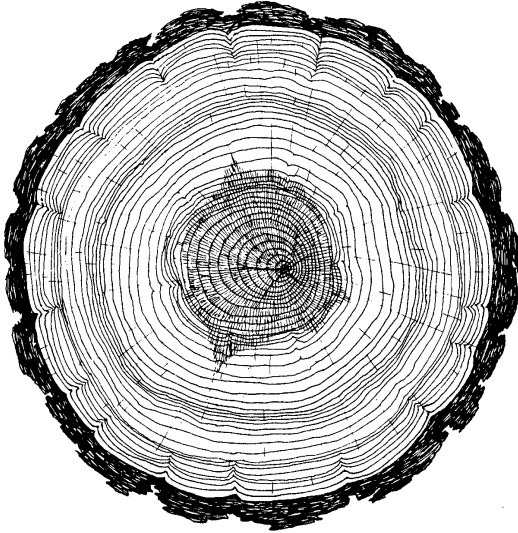


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 19 NO. 5

September/October 2001

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

Pine Sawlogs Prices

Price for pine sawlog was still weak for the Sept/Oct period. The average price statewide was \$330/mbf (or \$41/ton). High quality timber reported from NE region was sold above \$400/mbf (or \$50/ton), causing the volume-weighted average price for NE to be \$375/mbf (or \$47/ton) vs. \$316/mbf (or \$39/ton) for SE region.

Pine Chip-N-Saw Prices

Average price for pine chip-n-saw statewide for this period was \$54/cord (or \$20/ton), a \$7/cord (or \$3/ton) increase from the summer time. Sales were light-a total of 7 sales were reported to us.

Pine Pulpwood Prices

Pine pulpwood price dropped further, from \$16/cord (or \$6/ton) in the July/August period to \$14/cord (or \$5/ton) this period. A year ago pine pulpwood was selling at \$18/cord (or \$7/ton) and two years ago the average price was \$27/cord (\$10/ton).

Pine Pole Prices

Pole stumpage price remained at \$70-72/ton across the East Texas region. One pole-using company commented that the demand for 35'-40' (10"-12.5" diameter at breast high (DBH) range) remained high.

Hardwood Sawlog and Pulpwood Prices

Hardwood market were going well. Statewide volume-weighted average price for hardwood sawlog was \$121/mbf (or 13/ton) for Sept/Oct period. Hardwood pulpwood average price was \$12/cord (or \$4/ton) for the same period.

Timber Theft Laws

A bill of sale is required before purchasing or accepting delivery of timber. It can be part of cutting contract, purchase agreement, weight or scale ticket as long as it has the name of the landowner/seller and purchaser; a description of tract or survey and timber; and a seller's warranty that the seller is the lawful owner of the timber. Non-compliance is subject to a fine of not more than (Cont'd on page 4)

New Sale Tax Break for Timber Production

Sale taxes are partially or fully exempt on a wide range of goods purchased for use in timber production, effective October 1, 2001 due to a 1999 Texas legislation (Senate Bill 977).

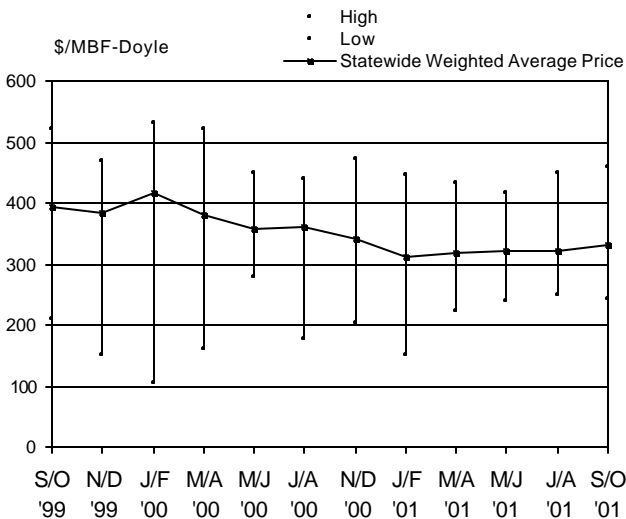
On purchases of **seedlings, fertilizers, herbicides, insecticides, fungicides, defoliant, desiccants, machine or equipment, and irrigation** parts for use in timber production, the purchaser can get a refund of 33% of the sale taxes paid. Refund percentage is scheduled to increase in the future until full exemption in 2008. Be sure to save the receipts from the seller showing sale taxes paid. Then mail a copy of the receipt, along with a statement stating the basis for refund, to the Comptroller's office to get a refund check.

Gas and **electricity** used in timber operations are fully exempt from sale taxes. This incentive can bring substantial savings for timber operations.

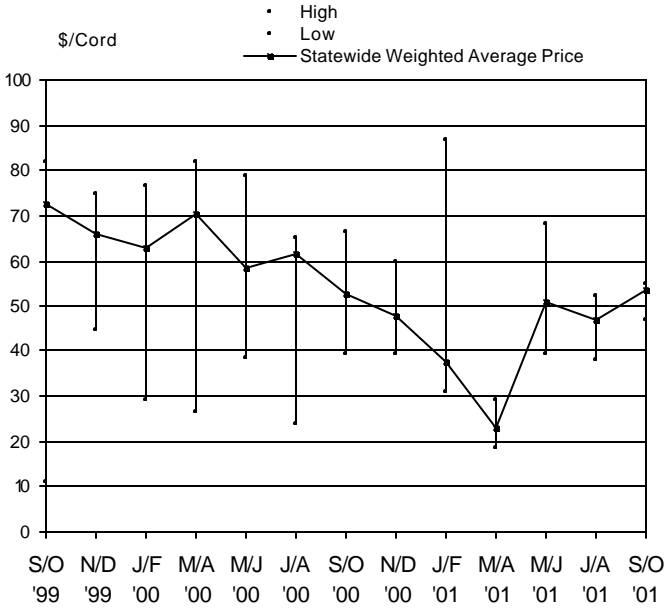
Purchase, lease or rental of **trailers** used in timber production (including modified self-propelled units) are fully exempt from motor vehicle sale taxes (a 6.25% saving on the purchase price).

See details in the Texas Forest Service website under landowner assistance and forest tax.

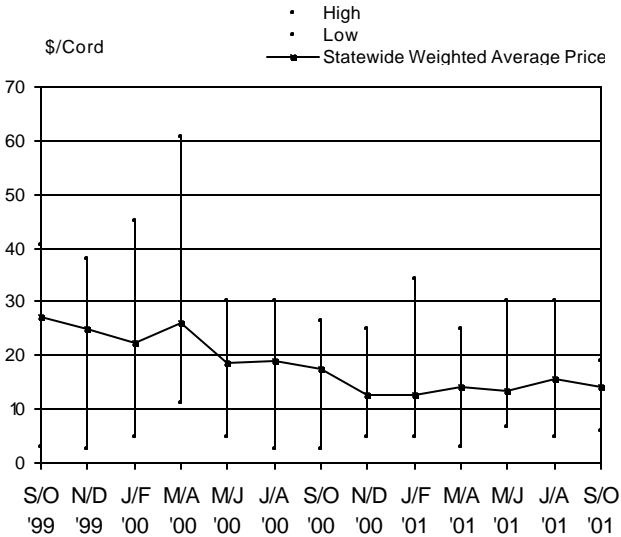
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS September/October 2001

29-Nov-01
Volume 19, No. 5

Product/Region	Low		Unweighted Average		Weighted Average(WA)		WA Last Period		WA 1 Year Ago		# of Sale		
	High	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Ton	Reported	Total Volume
PINE													
Sawlogs & Veneer													
Northeast TX	\$/MBF	256.00	\$/Ton	375.91	\$/Ton	46.99	\$/MBF	331.44	\$/MBF	344.39		10	MBF
Southeast TX		242.68		331.85		41.48		302.10		369.84		19	2,439
Statewide*		242.68		353.88		44.24		320.49		357.23		29	7,883
USFS		284.40		315.74		39.47		**		**		6	10,323
													6,911
Pulpwood													
Northeast TX	\$/Cord	7.50	\$/Ton	15.02	\$/Ton	6.01	\$/Cord	16.47	\$/Cord	16.50		9	Cords
Southeast TX		5.91		11.55		4.40		14.58		18.70		18	5,035
Statewide*		5.91		13.28		5.20		15.63		17.64		27	6,475
USFS		13.27		16.41		6.25		**		**		6	11,509
													**
Chip-N-Saw													
Northeast TX	\$/Cord	**	\$/Ton	**	\$/Ton	**	\$/Cord	**	\$/Cord	48.20		**	Cords
Southeast TX		47.31		51.76		19.72		**		54.15		7	**
Statewide*		47.31		51.76		19.72		46.99		53.07		7	1,855
USFS		**		**		**		**		**		**	1,855
													**
HARDWOOD													
Sawlogs & Veneer													
Northeast TX	\$/MBF	94.59	\$/Ton	134.12	\$/Ton	14.90	\$/MBF	127.84	\$/MBF	131.42		5	MBF
Southeast TX		100.00		117.00		13.00		103.10		105.51		3	151
Statewide*		94.59		125.56		13.95		119.21		120.31		8	326
USFS		70.70		95.84		10.65		**		**		3	476
													**
Pulpwood													
Northeast TX	\$/Cord	16.80	\$/Ton	17.34	\$/Ton	6.19	\$/Cord	17.84	\$/Cord	7.11		5	Cords
Southeast TX		5.00		8.94		3.19		9.69		7.18		9	1,020
Statewide*		5.00		13.14		4.69		14.88		7.15		14	1,609
USFS		**		**		**		**		**		**	2,629
													**

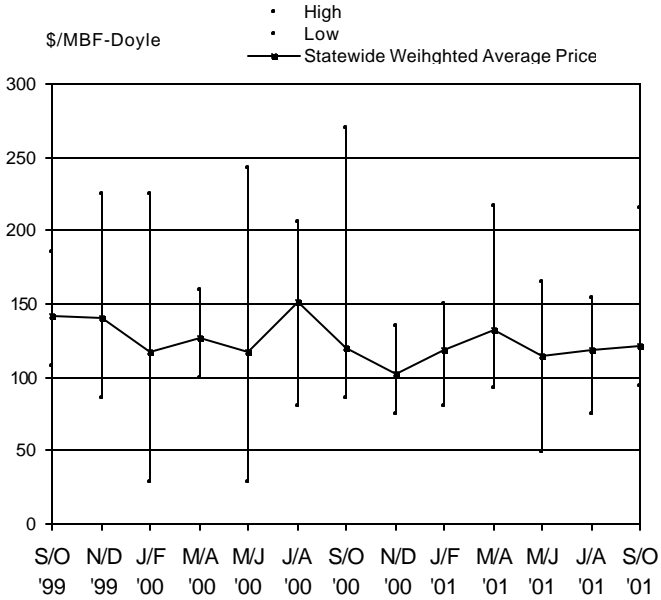
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8

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

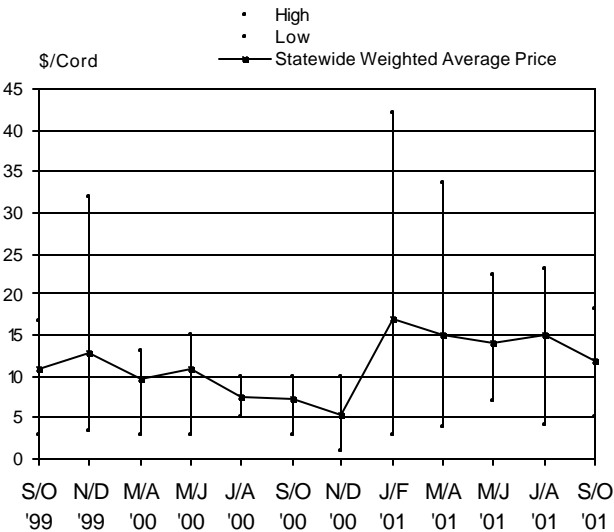
*Statewide data excludes U.S. Forest Service sales

**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	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
2001.5	312.77	53.58	14.04	121.42	11.96

(Cont'd from page 3):

\$500 per occurrence. Fraudulent timber sale or purchase is penalized under the Penal Code.

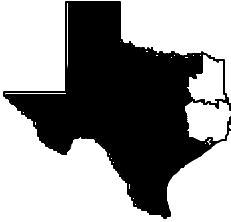
Failure to pay landowner full purchase price of the timber by the buyer within 45 days after money is collected from sale of harvested timber can subject the buyer to a state jail felony.

Unauthorized harvesting entitles the landowner three times the market value of his timber when knowingly or intentionally harvested without the consent of the landowner.

Purple paint marks on trees are considered notice to the public that no trespassing is allowed. An offense is penalized as a Class B misdemeanor.

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://txforestservicetamu.edu/forest_management/texas_timber_price_trends/index.html).

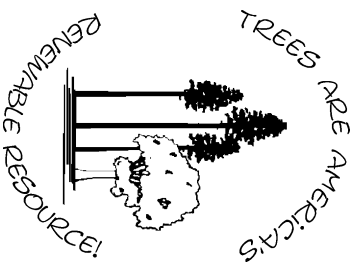
For more information, call (979)458-6650.

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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