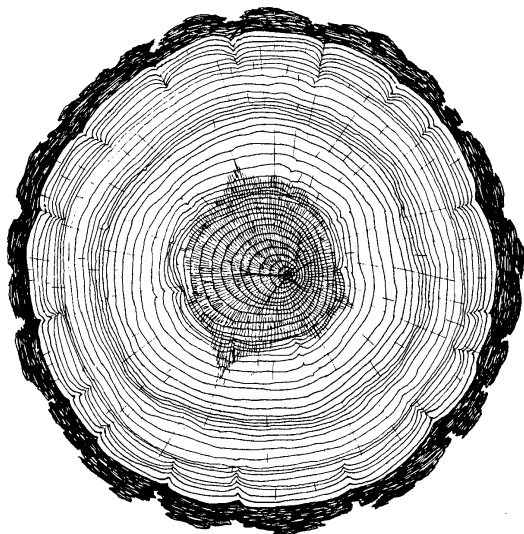


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 20 NO. 4**

**July/August 2002**

**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 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 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 volume unit using the conversion factors listed on page 8 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 Sawlog Prices Plummeted**

Stumpage price is usually low in the summer. During this Jul/Aug period, pine sawlog stumpage price reached at its lowest level since the beginning of the year, averaging at \$310-320/MBF, Doyle (\$42-43/ton). This is \$10-20/MBF lower than the average price of the previous two-month period. Several mills' gatewood (delivered) prices, though, were reported to be still not low enough to cover the current lumber prices, suggesting that these mills were operating at thin margin or a loss.

### **No Improvement for Pine Pulpwood**

Pine pulpwood stumpage market remained very slow for the last two years. Weighted-average stumpage price of pine pulpwood for the Jul/Aug period was \$10.7/cord (\$4/ton) for East Texas. Average price for Southeast Texas region was only \$7/cord (\$2.8/ton) for this period.

### **Market Weak for Pine Chip-N-Saw**

Once again, market price was depressed during the Jul/Aug period. Weighted-average stumpage price for pine chip-n-saw was \$44/cord (\$16-17/ton) for both Southeast and Northeast Texas. Two years ago, pine chip-n-saw stumpage was frequently sold over \$60/cord (\$23/ton). Market has not recovered ever since.

### **Hardwood Sawtimber Price Higher**

Hardwood sawtimber price gained strength during the Jul/Aug period. Average stumpage price for hardwood sawtimber was \$130-147/MBF, Doyle (\$13-15/ton). Statewide average price of \$145/MBF was 20% higher than the previous two-month period (\$121/MBF). The lowest price was \$77/MBF (\$9.5/ton) while the highest one was \$153/MBF (\$17/ton).

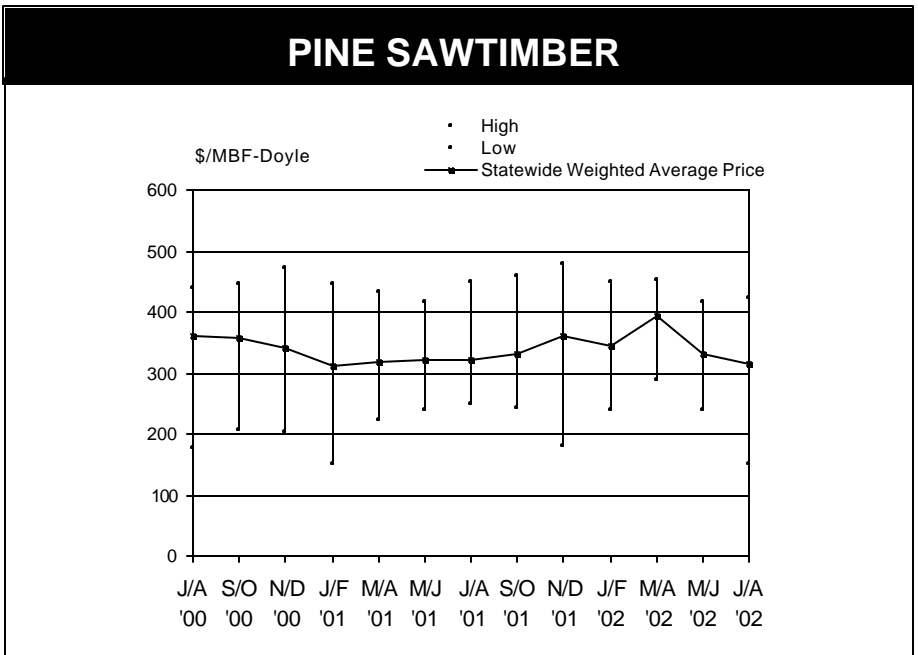
### **Hardwood Pulpwood Price Softened**

Hardwood pulpwood stumpage prices were lower during the Jul/Aug period. The average price for the Southeast region was only \$7.7/cord (\$2.7/ton) while the Northeast region was around \$14/cord (\$4.9/ton). Combining the two regions, the average stumpage price was \$13/cord (\$4.6/ton), which is 24% lower than the previous two-month period (\$17/cord).

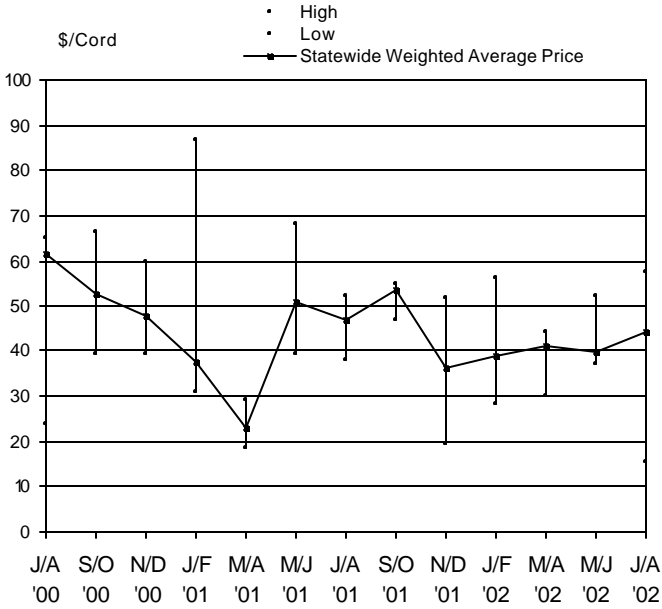
## Forest Industry in East Texas and Lumber Market

East Texas forest industry has undergone *unprecedented* changes as forest product companies continued liquidating their timberland holdings. Massive amount of timberland was divested as companies struggled with the weak financial performance and debt reduction pressure. This structural change in timberland ownership is expected to have tremendous impact on the stumpage market. Under some of the new ownership, timber management and supply might not be of high priority. Lands suitable for development purpose is likely to be sold than managed for long-term timber investment. After these timberland sales, forest product companied-owned timberlands will be significantly less than the previous 32% ownership in Texas.

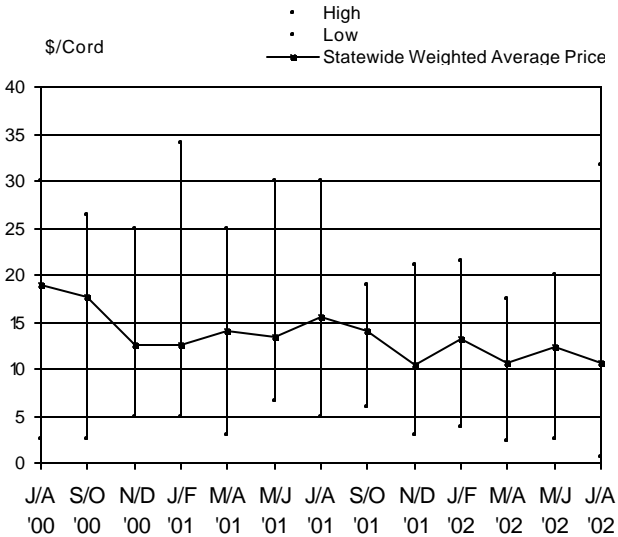
Lumber prices suffered losses during the summer even with less import from Canada (subject to a 27.2% duty) and robust housing market. According to *Random Length*, Canadian lumber shipment was down 28% in June 2002 than the same month in 2001. The duty started on May 22 and was expected to reduce import and thus bring up lumber prices. In spite of these upward pressure, lumber prices have declined steadily. The problem was from the other side of the equation--the supply. The record level of production outweighed the demand, dragging the price down.



# PINE CHIP-N-SAW



# PINE PULPWOOD



# TIMBER PRICE TRENDS IN TEXAS

## July/August 2002

01-Oct-02  
Volume 20, No. 4

Product/Region	High		Low		Unweighted Avg.		Weighted Avg.		Weighted Avg. Last Period		Weighted Avg. One Year Ago		# of Sales Reported		Total Volume		
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Cord			
<b>PINE</b>																	
<b>Sawlogs</b>																	
Northeast TX	373.13		257.93		316.31	40.95	321.57	41.84	330.95		331.44		17		MBF	4,562	
Southeast TX	423.11		151.14		319.74	41.74	313.96	43.23	330.55		302.10		31		MBF	12,954	
Statewide*	423.11	**	151.14	**	318.53	41.46	315.94	42.85	330.67	**	320.49	**	48		MBF	17,516	
USFS													**			**	
<b>Pulpwood</b>																	
Northeast TX	20.00	\$/Cord	2.50	\$/Ton	13.05	5.13	12.54	4.94	15.09	\$/Cord	16.47	\$/Cord	18		Cords	16,143	
Southeast TX	31.66		0.65		7.88	2.99	7.29	2.79	12.07		14.58		19		Cords	8,905	
Statewide*	31.66	**	0.65	**	10.39	4.03	10.67	4.16	12.35	**	15.63	**	37		Cords	25,047	
USFS													**			**	
<b>Chip-N-Saw</b>																	
Northeast TX	57.75	\$/Cord	28.88	\$/Ton	48.06	18.31	43.67	16.71	52.50	\$/Cord		\$/Cord	9		Cords	4,805	
Southeast TX	52.86		15.60		40.71	15.51	44.19	16.99	39.25				11		Cords	3,533	
Statewide*	57.75	**	15.60	**	44.01	16.77	43.89	16.83	39.73	**	46.99	**	20		Cords	8,337	
USFS													**			**	
<b>HARDWOOD</b>																	
<b>Sawlogs</b>																	
Northeast TX	153.00	\$/MBF	95.95	\$/Ton	136.25	14.26	147.08	15.18	122.27	\$/MBF	127.84	\$/MBF	6		MBF	1,042	
Southeast TX	153.07		77.02		122.95	12.99	130.58	13.60	117.79		103.10		8		MBF	120	
Statewide*	153.07	**	77.02	**	129.09	13.57	145.38	15.02	120.93	**	119.21	**	14		MBF	1,161	
USFS													**			**	
<b>Pulpwood</b>																	
Northeast TX	19.66	\$/Cord	5.60	\$/Ton	13.90	4.83	14.11	4.86	18.91	\$/Cord	17.84	\$/Cord	10		Cords	5,335	
Southeast TX	12.00		6.60		8.38	2.90	7.70	2.68	10.63		9.69		8		Cords	802	
Statewide*	19.66	**	5.60	**	11.45	3.97	13.27	4.58	17.02	**	14.88	**	18		Cords	6,137	
USFS													**			**	

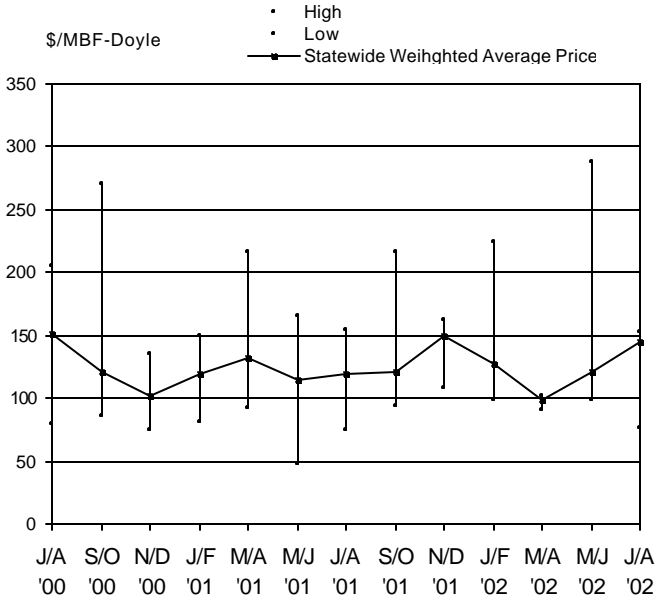
Price is calculated from specific conversion factor reported for each sale if available; otherwise, the average conversion factors listed on page 8 is used.

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

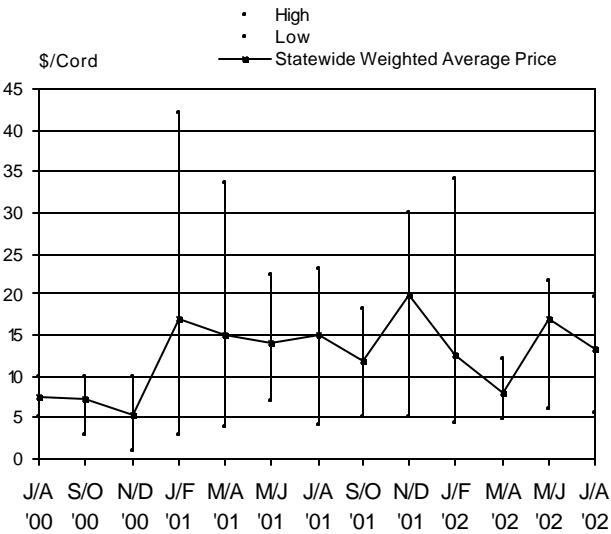
\*Statewide data excludes U.S. Forest Service sales.

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

# HARDWOOD SAWTIMBER



# HARDWOOD PULPWOOD



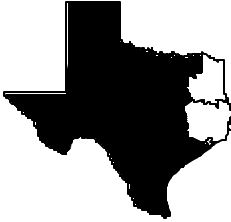
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2002.1	344.97	38.73	13.12	126.65	12.56
2002.2	394.38	40.94	10.62	99.28	8.06
2002.3	330.67	39.73	12.35	120.93	17.02
2002.4	315.94	43.89	10.67	145.38	13.27



# Texas Timber Price Trends

## Market Regions



**Northeast TX**  
Region I



**Southeast TX**  
Region II

## VOLUME CONVERSION FACTORS

Specific conversion factor for each sale reported by the reporters is used for price calculation 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, Northeast TX - 2.5 Tons = 1 Cord  
Pine, Southeast TX - 2.625 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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## 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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