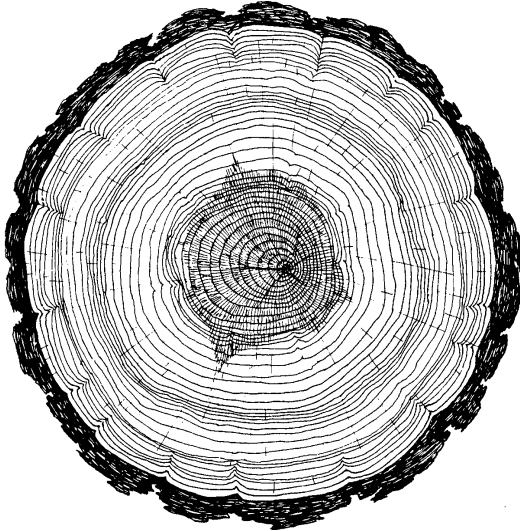


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 18 NO. 2

March/April 2000

T E X A S
FOREST SERVICE
Sustaining the American Dream

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

Why Is Pine Sawtimber Price High?

Weighted-average pine sawtimber for southeast region is \$56/ton (or \$452/mbf) for March/April period. However, it was only \$46/ton (or \$371/mbf) before one of our corporate buyers' numbers (which accounted for half of reported volume in the region with relatively high price) are included in the calculation. That made that much difference in weighted-average price. In fact, two reporters commented that their local pine sawtimber markets were weak and price were falling. The unweighted-average price \$52/ton (or \$416/mbf) is more reflective of the weak market condition, yet may still higher than what some reporters expected it to be. There is a lumber company and a forestry professional reporting a \$400-425 range price. This seems to confirm that timber market varies geographically for the same period. Dominant factors influencing one market may be absent in another. So in a sense, an average price may not be "meaningful" in that each tract and each market is quite distinctive.

Stumpage Market for March/April, 2000

- **Pine sawtimber**

Northeast: \$49/ton (+2.8%)* Southeast: \$56/ton (+16%)

- **Pine pulpwood**

Northeast: \$9/ton (+1.8%) Southeast: \$10 /ton (+1.8%)

- **Pine Chip-N-Saw**

Northeast: \$21.6/ton (-4%) Southeast: \$27.79/ton (+9%)

- **Hardwood sawtimber**

Northeast: \$13/ton (+6%) Southeast: \$14/ton (+2%)

- **Hardwood pulpwood**

Northeast: \$ 3.0/ton (+46%) Southeast: \$3.7/ton (-13.5%)

* Shown are weighted-average price and percentage change from previous period in parenthesis.

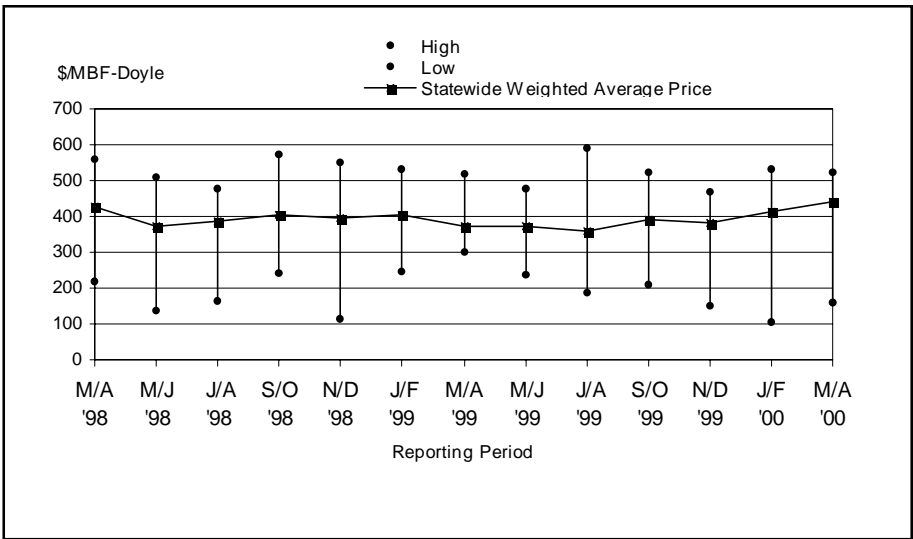
Similarly, pine chip-n-saw weighted-average price for southeast region is only \$23.7/ton (vs. \$27.8/ton) if the relative high price (and high volume) reported by one of the top corporations is excluded. For pulpwood, that difference would be \$9.5/ton vs. \$10.5/ton.

Interactive Web for Timberland Investment Analysis

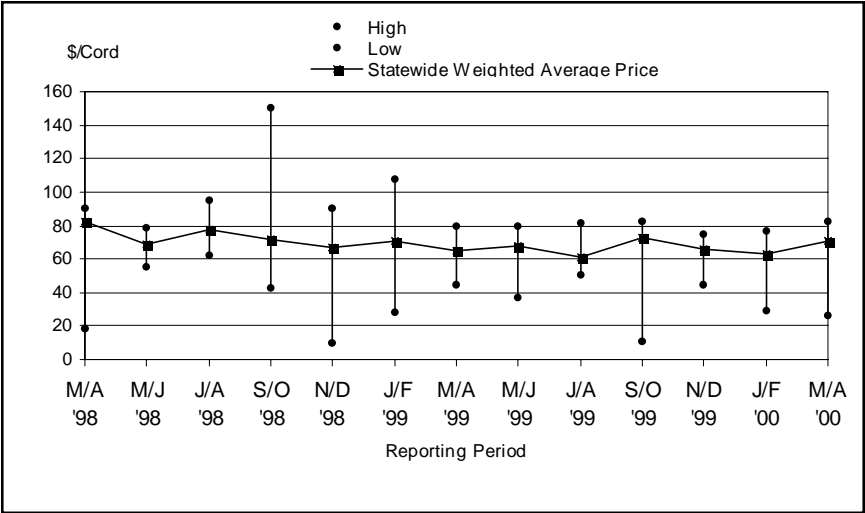
To help with timberland investment analysis and management decisions, the Texas Forest Service developed an interactive web tool at <http://tfsfrd.tamu.edu/>. Using this tool, calculating financial variables such as the rate of return, net present value, optimal rotation age and land values for various management options is just a mouse-click away.

Thanks to one of our reporters who suggested careful interpretation of the reported information.

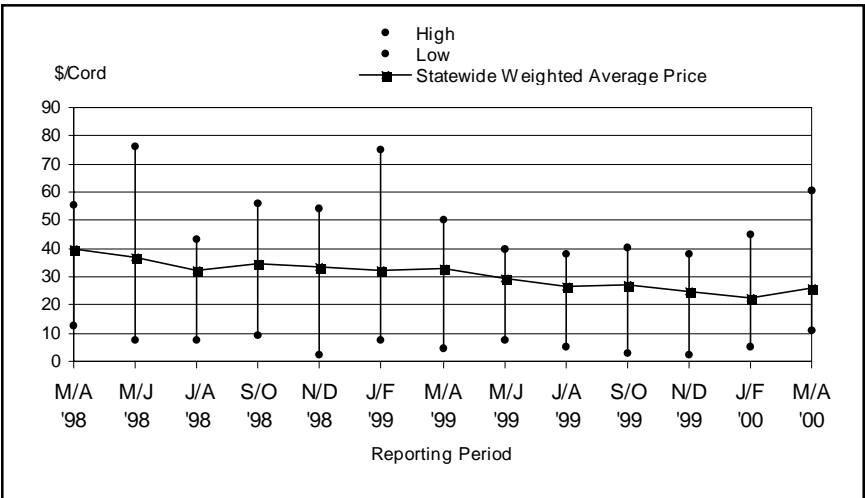
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS

March/April 2000

31-May-00
Volume 18, No. 2

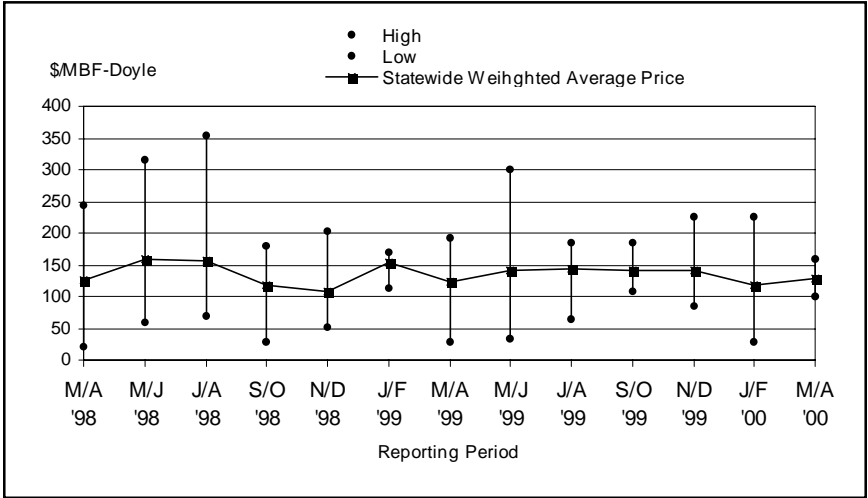
Product/Region	High		Low		Unweighted Average		Weighted Average(WA)		WA Last Period		WA 1 Year Ago		# of Sale Reported		Total Volume
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	\$/MBF	\$/Cord			
PINE															
Sawlogs & Veneer															
Northeast TX	473.28		159.20		374.35	46.79	394.88	49.36	436.97		380.80		22	5,200	
Southeast TX	520.69		284.24		415.95	51.99	452.36	56.54	388.84		366.32		57	21,156	
Statewide*	520.69		159.20		395.15	49.39	441.02	55.13	415.40		371.86		79	26,356	
USFS	**		**		**	**	**	**	**		**		**	**	
Pulpwood															
Northeast TX	29.98		12.00		20.31	8.12	22.55	9.02	22.13		34.23		22	7,880	
Southeast TX	60.61		10.99		26.45	10.07	27.52	10.49	23.33		31.38		49	17,667	
Statewide*	60.61		10.99		23.38	9.10	25.99	10.05	22.47		33.07		71	25,547	
USFS	**		**		**	**	**	**	**		**		**	**	
Chip-N-Saw															
Northeast TX	70.00		26.25		53.92	20.54	56.63	21.57	59.11				7	879	
Southeast TX	82.14		55.00		72.07	27.46	72.95	27.79	66.37		64.86		35	5,479	
Statewide*	82.14		26.25		63.00	24.00	70.69	26.93	62.95		64.86		42	6,358	
USFS	**		**		**	**	**	**	**		**		**	**	
HARDWOOD															
Sawlogs & Veneer															
Northeast TX	160.00		103.00		136.46	15.16	120.84	13.43	114.09		137.45		6	89	
Southeast TX	150.00		100.00		116.48	12.94	128.75	14.31	126.27		119.93		9	388	
Statewide*	160.00		100.00		126.47	14.05	127.27	14.14	117.25		122.84		15	477	
USFS	**		**		**	**	**	**	**		**		**	**	
Pulpwood															
Northeast TX	13.00		2.80		8.33	2.97	8.41	3.00	5.76		7.47		9	1,091	
Southeast TX	13.00		8.00		10.26	3.66	10.28	3.67	11.89		15.47		14	2,078	
Statewide*	13.00		2.80		9.29	3.32	9.64	3.44	8.26		11.85		23	3,168	
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.

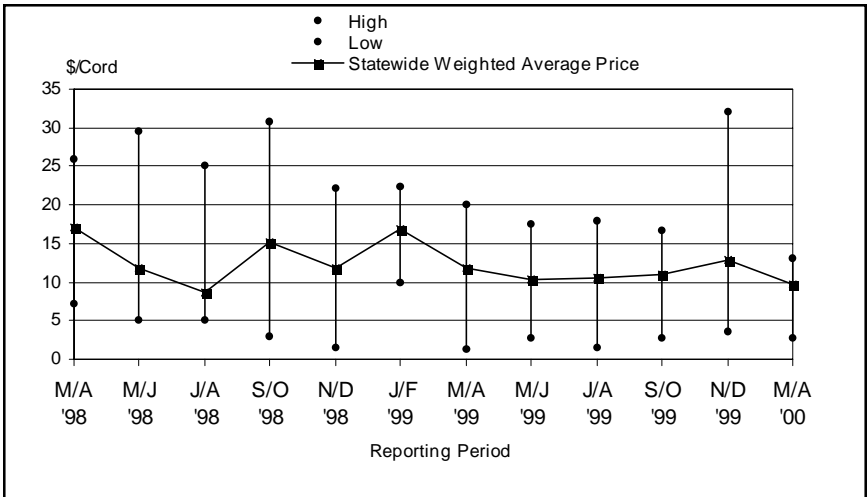
*Statewide data excludes U.S. Forest Service sales.

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

HARDWOOD SAWTIMBER & VENEER



HARDWOOD PULPWOOD

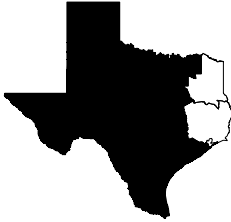


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
2000.1	415.40	62.95	22.47	117.25	8.26
2000.2	441.02	70.69	25.99	127.27	9.64

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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College Station, TX 77840-7896

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

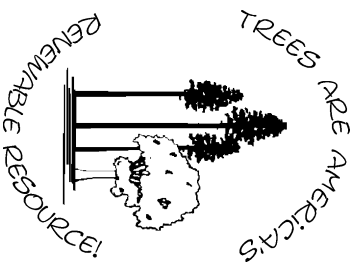
For more information, call (979)458-6650.

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.

The Texas Forest Service is an Equal Opportunity Employer

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