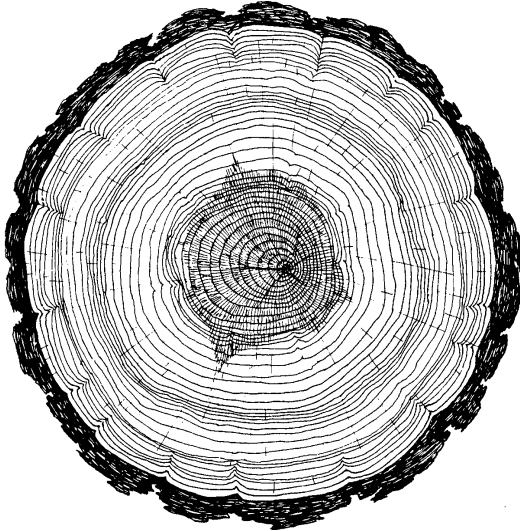


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 18 NO. 3

May/June 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

Stumpage Prices Fell

Stumpage prices for almost all types of products were in full-fledged retreat in May/June 2000 period. The majority of our reporters guesstimated low price ranges: \$350-370/mbf for pine sawtimber, \$15-20/cord for pine pulpwood, \$60-65/cord for pine chip-n-saw (small logs), \$100-125/mbf for hardwood sawlogs and \$5-10/cord for hardwood pulpwood. The results showed a \$360/mbf for pine sawtimber, \$19/cord for pine pulpwood, \$59/cord for pine chip-n-saw, \$118/mbf for hardwood sawtimber, and \$11/cord for hardwood pulpwood. One reporter commented that hardwood pulpwood in his area was the lowest in the last 15 years. Almost all timber prices sagged dramatically during this report period.

Adjusted Pine Sawtimber Price

The March/April report had a high weighted-average price for pine products, especially for pine sawtimber (\$441.02/mbf). This is because a large timber buyer reported much higher price (with large volume) than the rest of the reports received. Since these prices were set a couple of years ago through long term contract, they may not be accurately reflecting the current market situation and therefore were dropped from the average calculation in this period. To be consistent, last period's pine sawtimber weighted-average price was adjusted to be \$379/mbf excluding the same multiple-year contract numbers.

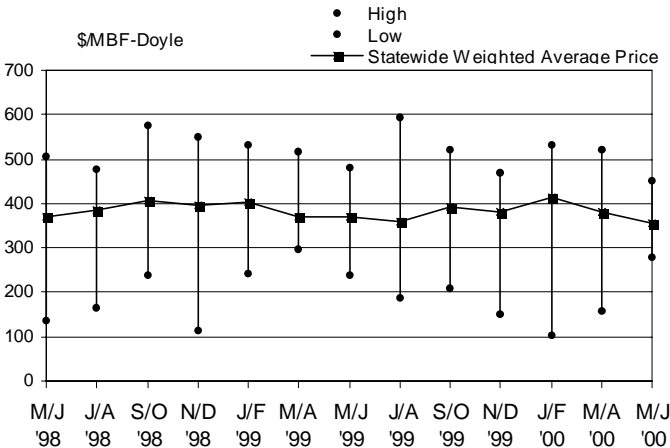
Pine Poles Price

Due to insufficient data available, we have dropped the pine poles from our publication. However, our price reporter stressed that although poles are a small part of the overall timber sales volume-wise, pine poles can offer a significant premium to the landowners who merchandize the pole timber in his stand. One reporter reported \$189-202.5/cord for pine poles early this year.

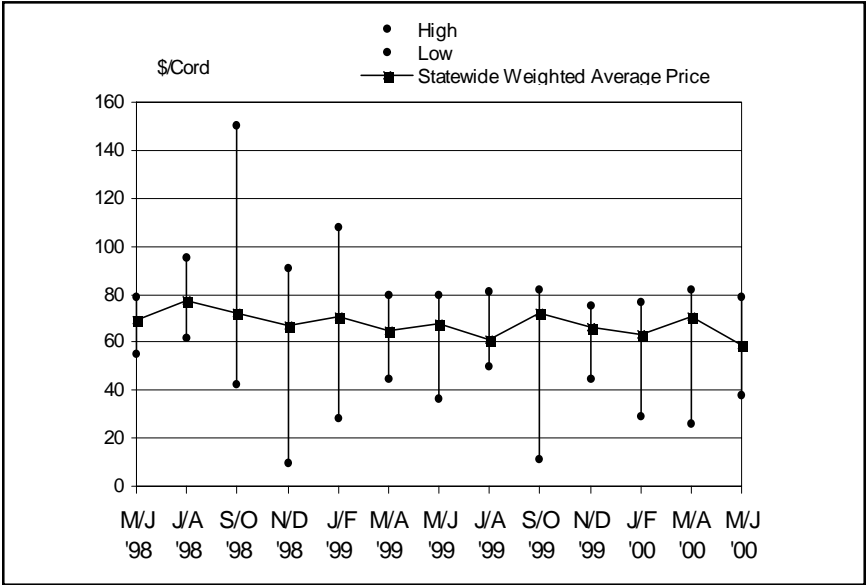
Determining how much your timber worth

Many landowners wanted to know whether their timber received what it worth in a sale and why high bid price may be two or three times that of the lowest. Our reporters helped us put together the following answers to these two questions: 1) volume estimate difference can cause a substantial different estimate of what your timber worth and therefore different bid amount. Inaccurate volume measurement (in many cases underestimate)by the landowner/seller is one of the major reasons for failing to receive what your timber worth. 2) The value of your timber changes with utilization. Timber buyers of mills purchase the type and amount of timbers according to their mill's needs, which is constantly changing. One buyer may come up with a different value than another for the same tract since they may look for different types and amount of timbers to meet their mill's current needs. The same tree worth a lot less if the buyer plans to cut it into pulpwood than chip-n-saw. 3) The value of stumpage is a residual of the final product sale price subtracting out manufacturing cost. If the final product price fall, with an unchanged manufacturing cost, stumpage price offered has to fall in order for the mill to be profitable. 4) The level of competition influences the bid amount offered. In addition, there are many other technicalities involved that may influence what you get from your timber: the distance to the mill (transportation cost is a big part of the total wood cost for the mill); logging conditions(logging restrictions reduces the value of the tract); the quality of the timber; the amount of buyers reached; and the amount of time allowed for appraisal. You can always reject all bids and "store value on the stump" and keep looking for best deal.

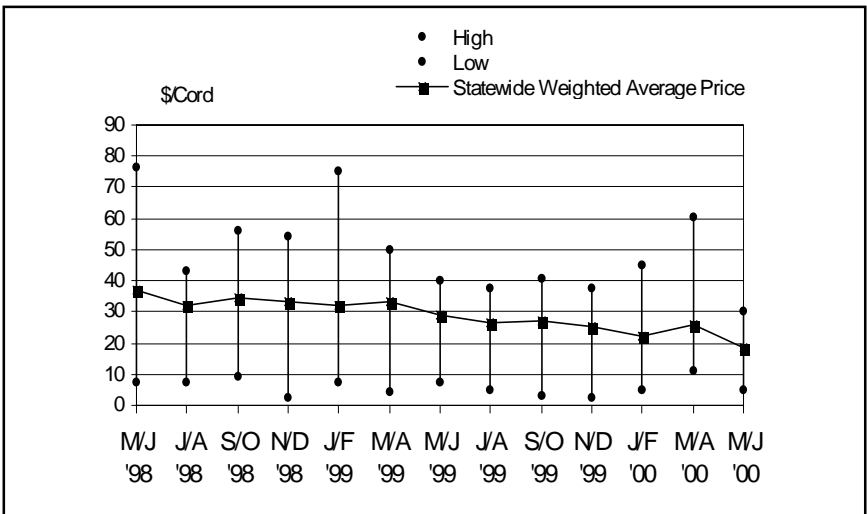
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS May/June 2000

26-Jul-00

Volume 18, 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	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/MBF</u>		<u>MBF</u>
Northeast TX	450.00	280.00	368.67	46.08	352.81	44.10	394.88	364.81	20	6,354
Southeast TX	393.69	291.41	351.94	43.99	358.42	44.80	371.53	384.89	30	12,445
Statewide*	450.00	280.00	360.31	45.04	356.52	44.57	379.98	371.46	50	18,799
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Cord</u>		<u>Cords</u>
Northeast TX	30.00	5.00	18.09	7.24	16.38	6.55	22.55	29.35	18	6,920
Southeast TX	30.00	5.39	19.36	7.37	20.33	7.75	27.52	29.04	26	10,000
Statewide*	30.00	5.00	18.73	7.31	18.72	7.27	25.99	29.18	44	16,920
USFS	**	**	**	**	**	**	**	**	**	**
Chip-N-Saw	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Cord</u>		<u>Cords</u>
Northeast TX	78.75	53.39	69.28	26.39	74.97	28.56	56.63	72.78	5	370
Southeast TX	70.00	38.14	57.11	21.75	56.70	21.60	72.95	63.74	15	3,334
Statewide*	78.75	38.14	63.19	24.07	58.53	22.30	70.69	67.73	20	3,704
USFS	**	**	**	**	**	**	**	**	**	**
HARDWOOD										
Sawlogs & Veneer	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/MBF</u>		<u>MBF</u>
Northeast TX	243.00	28.51	135.12	15.01	137.36	15.26	120.84	143.28	8	167
Southeast TX	137.33	71.17	111.84	12.43	113.45	12.61	128.75	125.91	11	736
Statewide*	243.00	28.51	123.48	13.72	117.87	13.10	127.27	140.67	19	903
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Cord</u>		<u>Cords</u>
Northeast TX	14.00	2.80	9.93	3.55	12.41	4.43	8.41	10.00	11	3,244
Southeast TX	15.00	6.33	8.81	3.15	8.89	3.18	10.28	11.19	13	2,210
Statewide*	15.00	2.80	9.37	3.35	10.98	3.92	9.64	10.31	24	5,454
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.

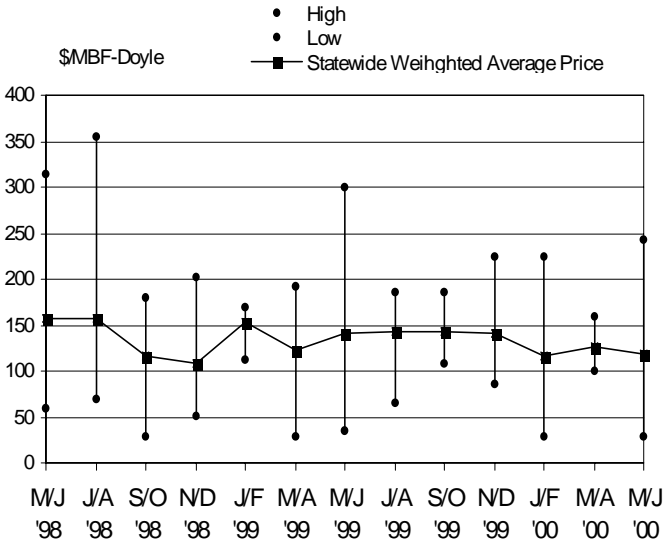
MBF=Thousand Board Feet. The DOYLE LOG SCALE is used for all board foot measurements.

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

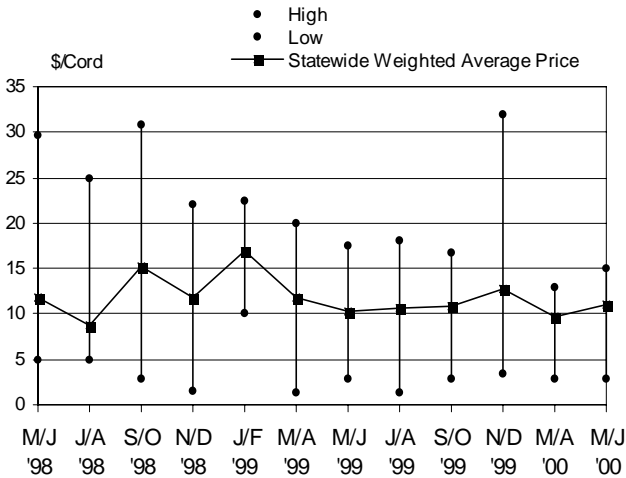
**Insufficient sale activity to report price statistics (less than three reported sales).

The weighted-average price for pine sawlog of last period in this table was calculated excluding one corporate buyer's long-term contract sale, to be consistent.

HARDWOOD SAWTIMBER & VENEER



HARDWOOD PULPWOOD

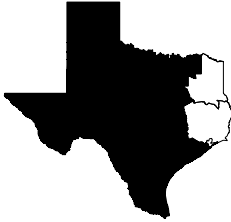


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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	379.98	70.69	25.99	127.27	9.64
2000.3	356.52	58.53	18.72	117.87	10.98

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

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

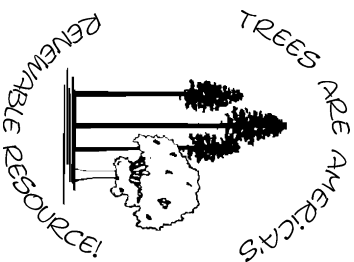
For more information, call (979)458-6650.

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.

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