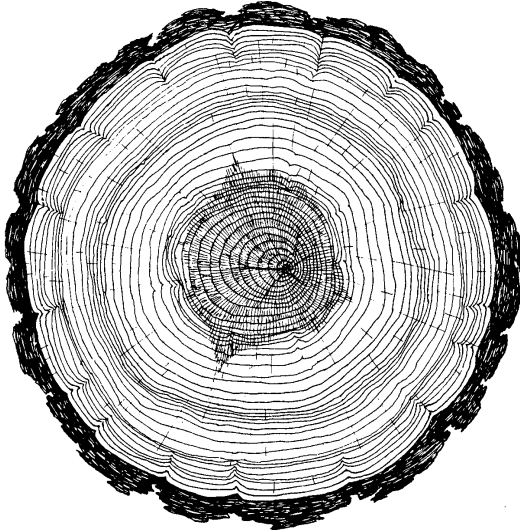


\$2.00

# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 17 NO. 3**

**May/June 1999**

**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 sawtimber market is coming back" (for SE region), "hardwood pulpwood market is gone, and pine pulpwood market is going", these were comments from two price reporters for May/June period, which were also shared by several other reporters. Most timber markets were still soft for the May/June period.

### **Pine Sawtimber Price**

A divergent price trend of pine sawtimber was found between NE and SE region for May/June period: NE region price decreased by 4% from March/April (to \$364.8/mbf) while SE region price gained by 5% (to \$384.9/mbf). Demand in SE region increased, according to several reporters. The statewide weighted average price for May/June (\$371/mbf) was the same as that in March/April (\$372/mbf) and a year ago (\$371/mbf).

### **Pine Pulpwood Price**

Statewide pine pulpwood price went down from winter time, below \$30/cord mark. The average pine pulpwood price (weighted) in the state was \$29.2 per cord, compared to \$33.1 per cord in March/April. This is a 11.8% drop in price from March/April.

### **Pine Chip-N-Saw Price**

Price of Chip-N-Saw has been quite stable for the last 10 months by statewide weighted average measurement, although individual sale price fluctuated as usual. In May/June report period, Chip-N-Saw price increased by \$2.8 per cord from \$64.9 per cords in March/April to \$67.7 per cord in May/June.

### **Hardwood Sawtimber and Pulpwood Price**

Hardwood sawtimber price rebounded to \$140.7 per thousand board feet (statewide weighted average) in May/June period, but still below the price a year ago (\$157.7/mbf).

Hardwood pulpwood markets were reported to be "little or non-existent" by our price reporters. Even the highest sale price statewide reported to us was within \$20/cord mark, being \$17.6/cord. The weighted average price for the NE and SE region was \$10/cord and \$11.2/cord, respectively. Unweighted average price for both regions was slightly lower, being \$9.7/cord and 9.5/cord respectively.

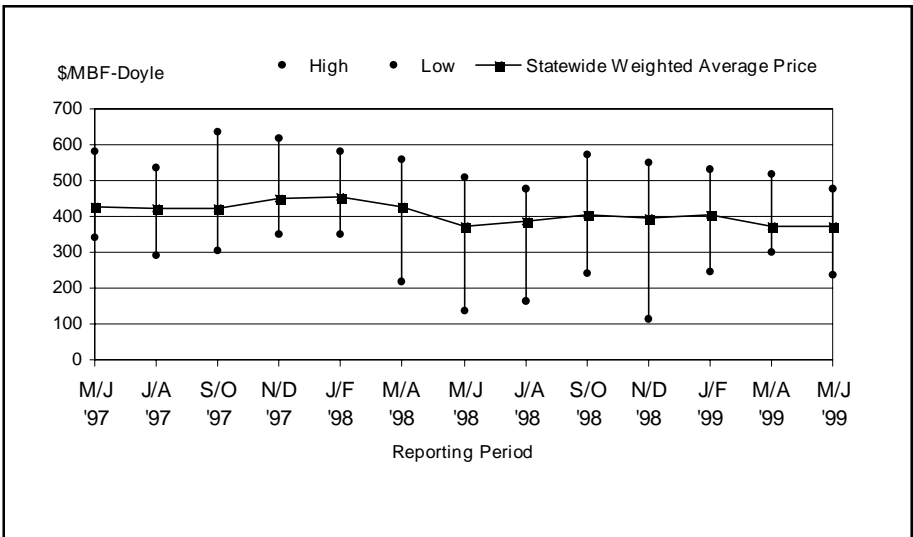
### **Lumber Market News**

Texas was the U.S. homebuilding leader in 1998, with Houston and Dallas being in the top 10 housing markets in the U.S. Atlanta ranked number one

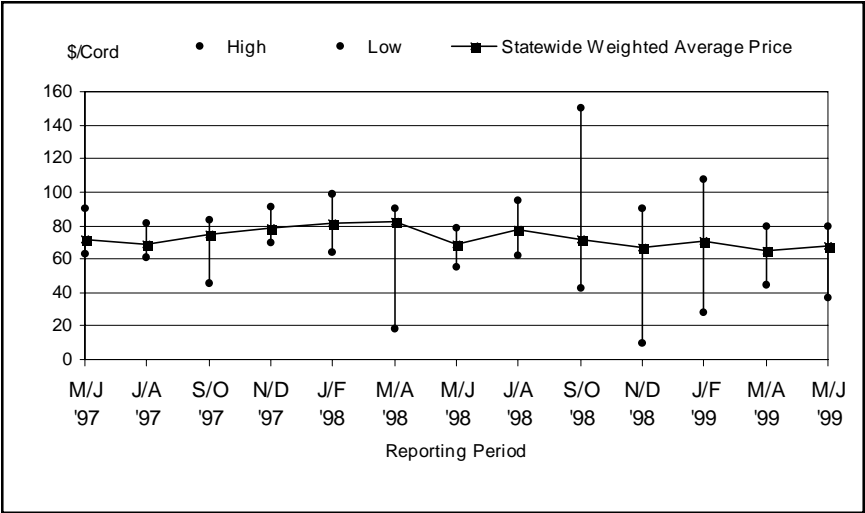
with the biggest residential building permits issued in 1998 (Random Length, 6/4/1999). In the first quarter of 1999, U.S. housing starts jumped 14% from the year-ago level (Random Length, 5/14/1999). However, April's U.S. housing market slowed 10% from March, 1999 (5/21/1999).

Lumber price was steadily increasing for May/June period: framing lumber composite price (a broad measure of price movement in lumber market) started at \$407/mbf for the week ending at May 7, but rose through the week ending at June 18 to \$459/mbf. Lumber price is coming back after a long slide in the last two years. In 1998, Random Length southern pine lumber (sawmill #2 grade) dipped 18% from 1997, from the high of \$495/mbf in January of 1997 to only \$408/mbf by the end of 1998. The surprisingly low lumber price in 1998 was mainly caused by oversupply of lumber, attributable to the diversion of lumber from export to Asian countries into U.S. market by the western U.S. and Canadian producers. As a result, lumber price in U.S. market was depressed. Demand for lumber directly affect the demand for timber, however, the price of timber is determined by both demand and supply of timber.

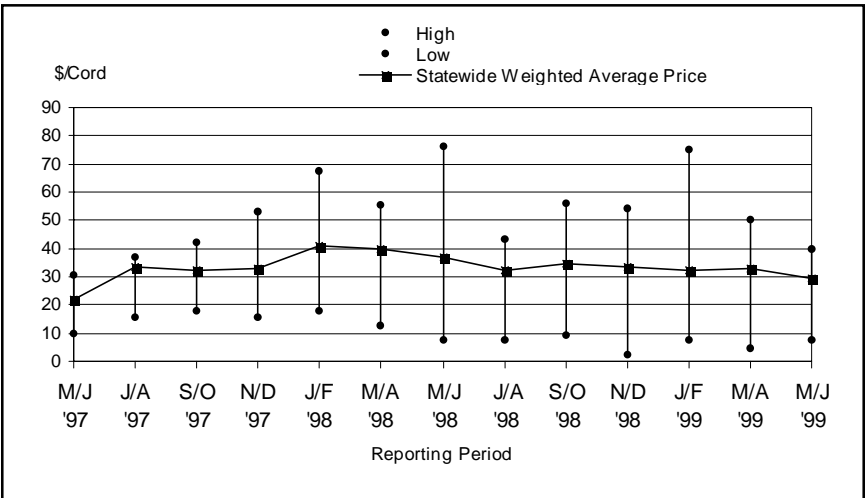
# PINE SAWTIMBER & VENEER



# PINE CHIP-N-SAW



# PINE PULPWOOD



# TIMBER PRICE TRENDS IN TEXAS

## May/June 1999

06-Aug-99  
Volume 17, No. 3

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	\$/MBF	\$/Cord		
<b>PINE</b>																
<b>Sawlogs &amp; Veneer</b>																
Northeast TX	435.19		240.00		354.83	44.35	364.81	45.60	380.80		352.11		33		13,238	MBF
Southeast TX	479.22		237.17		371.80	46.48	384.89	48.11	366.32		375.71		29		6,549	MBF
Statewide*	479.22		237.17		363.32	45.41	371.46	46.43	371.86		371.12		62		19,787	MBF
USFS	**		**		**	**	**	**	**		337.99		**		**	MBF
<b>Pulpwood</b>																
Northeast TX	40.00		7.50		23.23	9.29	29.35	11.74	34.23		30.00		25		9,035	Cords
Southeast TX	37.00		9.59		25.52	9.72	29.04	11.06	31.38		38.97		32		10,289	Cords
Statewide*	40.00		7.50		24.38	9.51	29.18	11.37	33.07		36.72		57		19,324	Cords
USFS	**		**		**	**	**	**	**		**		**		**	Cords
<b>Chip-N-Saw</b>																
Northeast TX	78.75		36.75		66.67	25.40	72.78	27.73			62.50		5		1,676	Cords
Southeast TX	79.27		55.00		63.52	24.20	63.74	24.28	64.86		70.98		16		2,119	Cords
Statewide	79.27		36.75		65.10	24.80	67.73	25.80	64.86		68.94		21		3,795	Cords
USFS	**		**		**	**	**	**	**		**		**		**	Cords
<b>HARDWOOD</b>																
<b>Sawlogs &amp; Veneer</b>																
Northeast TX	300.00		34.21		142.66	15.85	143.28	15.92	137.45		133.99		17		1,360	MBF
Southeast TX	150.00		75.00		112.18	12.46	125.91	13.99	119.93		181.09		5		240	MBF
Statewide*	300.00		34.21		127.42	14.16	140.67	15.63	122.84		157.70		22		1,600	MBF
USFS	**		**		**	**	**	**	**		**		**		**	MBF
<b>Pulpwood</b>																
Northeast TX	15.00		2.80		9.74	3.48	10.00	3.57	7.47		11.71		14		4,642	Cords
Southeast TX	17.55		3.64		9.48	3.39	11.19	4.00	15.47		11.90		6		1,615	Cords
Statewide*	17.55		2.80		9.61	3.43	10.31	3.68	11.85		11.80		20		6,257	Cords
USFS	**		**		**	**	**	**	**		**		**		**	Cords

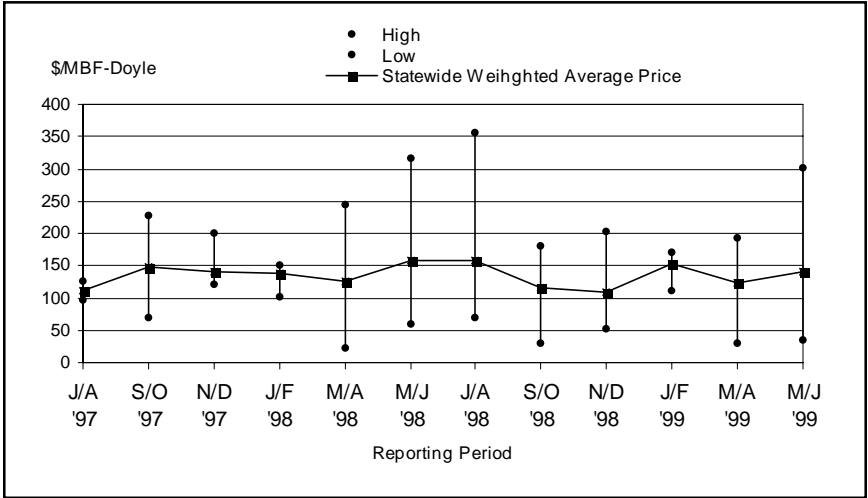
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8.

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

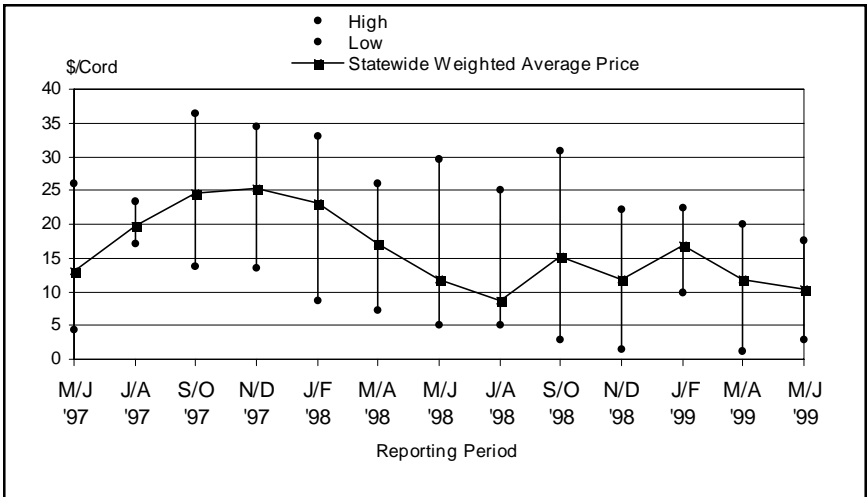
\*Statewide data excludes U.S. Forest Service sales.

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

# HARDWOOD SAWTIMBER & VENEER



# HARDWOOD PULPWOOD



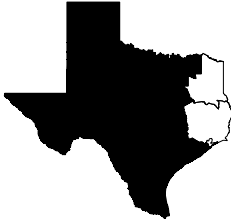
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
1999.1	404.66	70.01	32.23	152.76	16.88
1999.2	371.86	64.86	33.07	122.84	11.85
1999.3	371.46	67.73	29.18	140.67	10.31



# 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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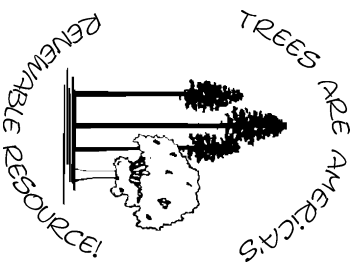
## WANT TO BE A REPORTER?

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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