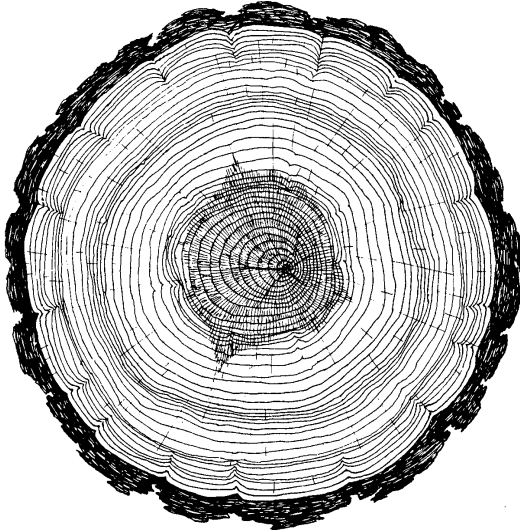


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 17 NO. 6

November/December 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

Timber market price retreated during November/December period except hardwood pulpwood. Two reporters commented that dry weather seems to hurt the prices.

Pine Sawtimber Price

Pine sawtimber price went down from \$392/mbf (or 49/ton) in Sept/Oct. to \$382/mbf (or \$48/ton) in Nov/Dec period (statewide volume-weighted average). Sale volume dropped from 25,334 mbf in Sept/Oct. period to 17,939 mbf. A year ago the price was \$396/mbf.

Pine Pulpwood Price

Sale volume decreased sharply from 38,581 cords in Sept/Oct period to 16,277 cords in Nov/Dec period. Volume-weighted price went down from \$27/cord in the previous two month to \$25/cord in Nov/Dec. A year ago pulpwood was sold at \$33/cord.

Pine Chip-N-Saw Price

During Nov/Dec period, pine chip-n-saw price went down from the peak of \$72/cord (or \$28/ton) in the fall to \$66/cord (or \$25/ton) in Nov/Dec. Sale volume dropped to about half of that in Sept/Oct, to 5,818 cords.

Hardwood Sawtimber and Pulpwood Price

Hardwood sawtimber and pulpwood price still remains flat for the most part of 1999, averaged around \$140/mbf and \$11/cord, respectively.

Hardwood pulpwood price increased by \$1.87, from \$10.89/cord to \$12.76/cord. A year ago in the same period, hardwood pulpwood was sold averaged \$11.71/cord.

Housing market

The Federal Reserve raised interest rate in February believing that the economy's strong growth put an inflationary pressure that needs to be trimmed. The impact of the Fed's view on the housing market was reported by the Random Length to cause analysts to forecast a slowdown of the housing starts in 2000, a 7% gradual decline. But 2000 would still be the third-highest year of housing starts since 1987.

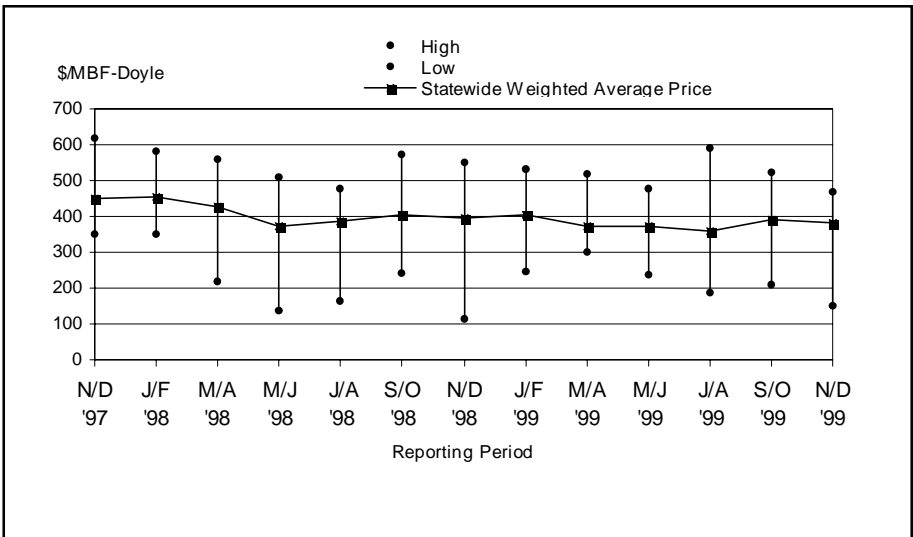
Most forecasters say, according to Random Length market report, that mortgage interest rates would go up in 2000 from last year. Thirty-year fixed rate averaged 7.8% in the fourth quarter of 1999, and is forested to be over 8.0% in most of 2000. Housing starts drives the demand for lumber for the most part and lumber market affects demand for timber.

SB977 New Law to Boost Reforestation and Multi-Value Resource Protection

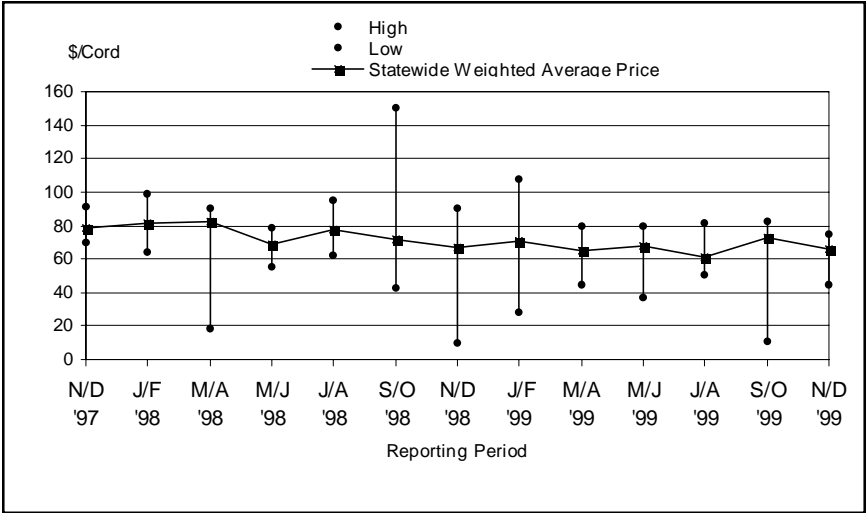
A survey of the top 12 timber states in the nation, according to the Texas Comptroller's Office, showed that all of the states except Texas provided various forms of property tax relief for timber growers and the majority also offered sales tax exemptions. The new law (SB977) will serve to encourage reforestation and protecting non-timber values through providing property tax incentives that are needed in Texas.

The Texas Forest Service (TFS) was given the responsibility by the law to determine whether a timberland qualify for the tax incentive upon request by the chief appraiser or taxing unit before an application may be denied. In order to efficiently and equitably process zone determination request, the TFS officially adopted "Forest Zone Determination Procedures" with the Texas Register to govern the process. For a complete copy of the TFS zone determination rules and forms, please visit TFS website: <http://txforestservice.tamu.edu>.

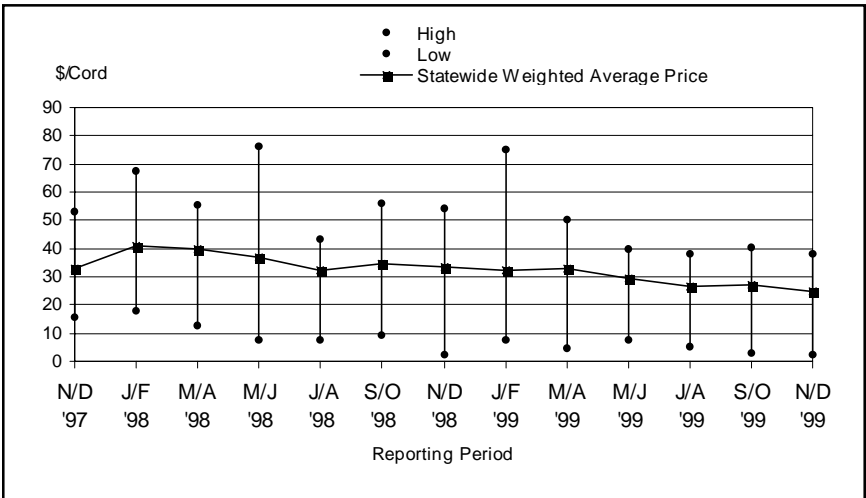
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS

November/December 1999

11-Feb-00
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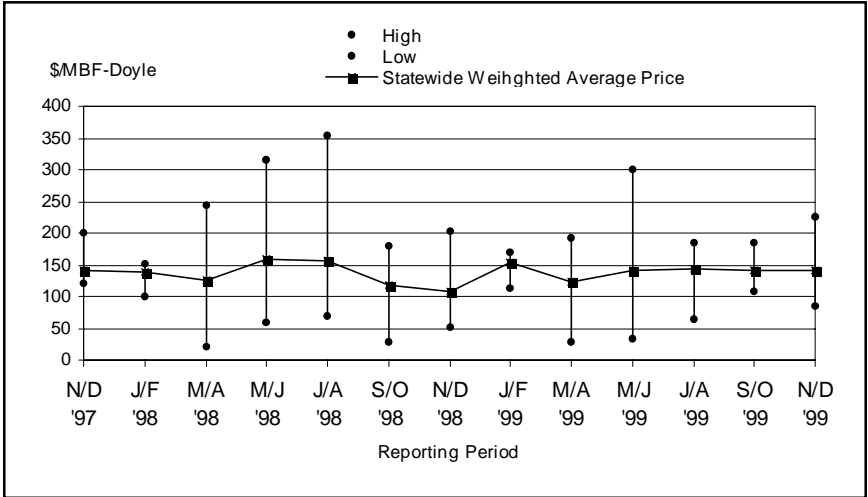
Product/Region	High		Low		Unweighted Average		Weighted Average(WA)		WA Last Period		WA 1 Year Ago		# of Sale Reported	Total Volume
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	\$/MBF	\$/Cord		
PINE														
Sawlogs & Veneer														
Northeast TX	470.07		240.00		389.04	48.63	409.87	51.23	391.31		434.71		18	4,826
Southeast TX	460.83		150.00		361.59	45.20	372.10	46.51	392.77		365.70		50	13,113
Statewide*	470.07		150.00		375.32	46.91	382.26	47.78	392.18		395.97		68	17,939
USFS	**		**		**	**	**	**	**		**		**	**
Pulpwood														
Northeast TX	37.80		10.00		24.42	9.77	25.12	10.05	30.49		34.67		17	5,594
Southeast TX	35.00		2.58		24.57	9.36	24.98	9.52	26.29		31.29		37	10,683
Statewide*	37.80		2.58		24.50	9.56	25.03	9.69	27.12		33.22		54	16,277
USFS	**		**		**	**	**	**	**		**		**	**
Chip-N-Saw														
Northeast TX	75.00		52.50		62.66	23.87	70.77	26.96	63.10		74.39		7	1,038
Southeast TX	75.00		44.63		63.83	24.32	64.99	24.76	72.76		64.53		16	4,780
Statewide*	75.00		44.63		63.25	24.09	66.02	25.15	72.48		66.70		23	5,818
USFS	**		**		**	**	**	**	**		**		**	**
HARDWOOD														
Sawlogs & Veneer														
Northeast TX	225.00		100.00		141.29	15.70	145.24	16.14	143.44		90.59		7	713
Southeast TX	145.00		85.52		116.99	13.00	126.10	14.01	139.15		136.76		10	262
Statewide*	225.00		85.52		129.14	14.35	140.09	15.57	141.87		108.06		17	975
USFS	**		**		**	**	**	**	**		**		**	**
Pulpwood														
Northeast TX	15.00		5.60		11.45	4.09	11.73	4.19	10.41		9.01		10	2,832
Southeast TX	32.00		3.50		13.77	4.92	14.07	5.02	11.45		15.15		16	2,226
Statewide*	32.00		3.50		12.61	4.50	12.76	4.56	10.89		11.71		26	5,058
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.

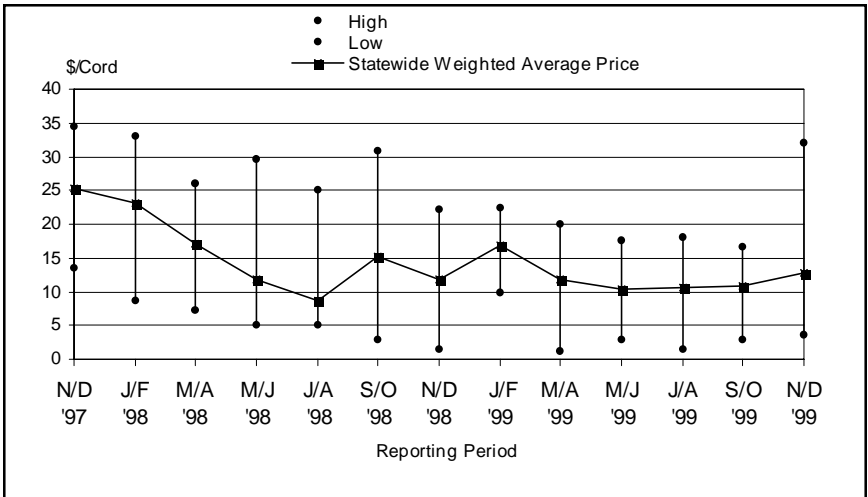
*Statewide data excludes U.S. Forest Service sales.

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

HARDWOOD SAWTIMBER & VENEER



HARDWOOD PULPWOOD

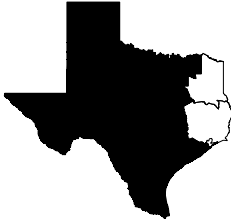


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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
1999.1	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
1999.4	357.62	61.04	26.79	143.54	10.60
1999.5	392.18	72.48	27.12	141.87	10.89
1999.6	382.26	66.02	25.03	140.09	12.76
1999	382.86	38.44	28.95	139.44	12.24

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/tfshome/manage/ttpt.htm>

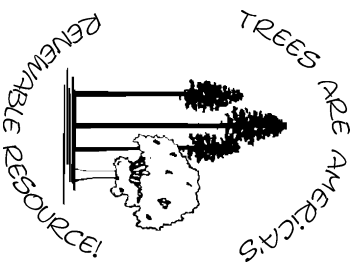
For more information, call (409)458-6650.

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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