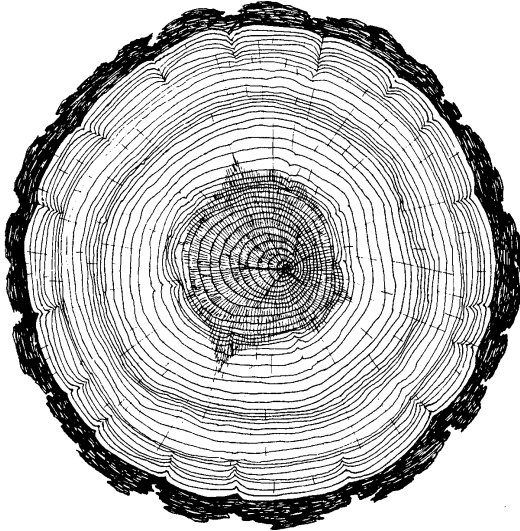


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 18 NO. 5

September/October 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

Continuing the depressed market trend in the summer time, the timber prices declined further in September/October.

Pine Sawlogs & Veneer

Statewide volume-weighted average price for pine sawlogs & veneers dropped further to \$357/mbf (or \$44.7/ton) from \$362/mbf (or \$45.2) in July/August. A year ago the price was \$393/mbf (or \$49.0/ton) for the same period. Sale volume has a great decline--from year-ago 25,334 mbf to 10,971 mbf in this period, with a small part of the decreases explained by the loss of one of our corporate reporters. Statewide unweighted average price for Sept/Oct period is only \$344/mbf (or \$43.0/ton). Southeastern Texas reported a \$370/mbf (or \$46.2/ton) volume-weighted average price with a volume of 5,534 mbf while northeastern region reported \$344/mbf (or \$43.0/ton) with a volume of 5,437 mbf. "Pine sawlog prices are so low that most landowners prefer to wait for something better," as one reporter told us. Sawlog prices are in great decline with some mills bidding in the low \$200 range per thousand board feet, commented by another reporter. There was one report indicating pine sawtimber market is still good in his local area.

Pine Pulpwood

Two reporters indicated that there's little demand for pine pulpwood. Although sale volume has increased, compared to July/August period (from 9,531 cords in July/August to 17,550 cords in this period), pulpwood price drifted lower to \$17.6/cord (or \$6.9/ton) from \$18.9/cord (or \$7.5/ton) in July/August. A year ago the volume-weighted average price was \$27.1/cord (\$10.4/ton) for the same period.

Pine Chip-N-Saw

Demand for pine chip-n-saw is good but price was low, one reporter told us. Statewide sale volume has increased from 1,296 cords in July/August period to 3,533 cords in this period. However, volume-weighted average price decreased to a record low level--\$53/cord (or \$20.2/ton) and unweighted average price was only \$50.8/cord (or \$19.4/ton). For the same period last year the price was \$72/cord (or 27.6/ton) with reported sale volume of 10,918 cords.

Hardwood Sawlog & Veneer

Hardwood sawlog price went down from \$151.0/mbf (or \$16.9/ton) in July/August to \$120.3/mbf (or 13.4/ton) in this period, by measure of statewide average price (volume-weighted).

Hardwood Pulpwood

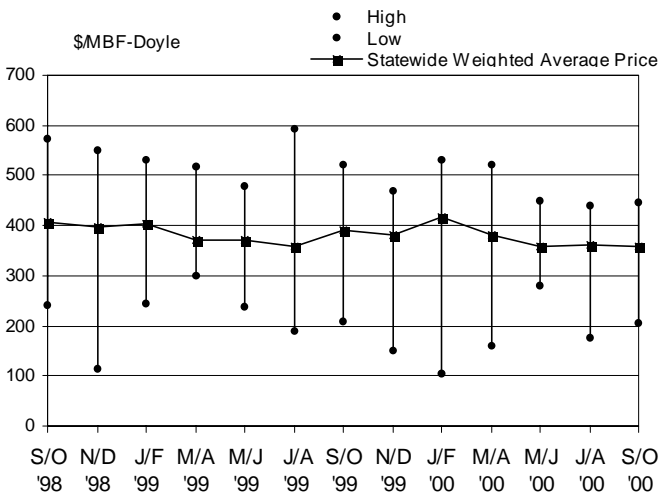
Hardwood pulpwood volume-weighted average price statewide was \$7/cord (or \$2.6/ton), the lowest price for years.

Timber Sale from National Forests

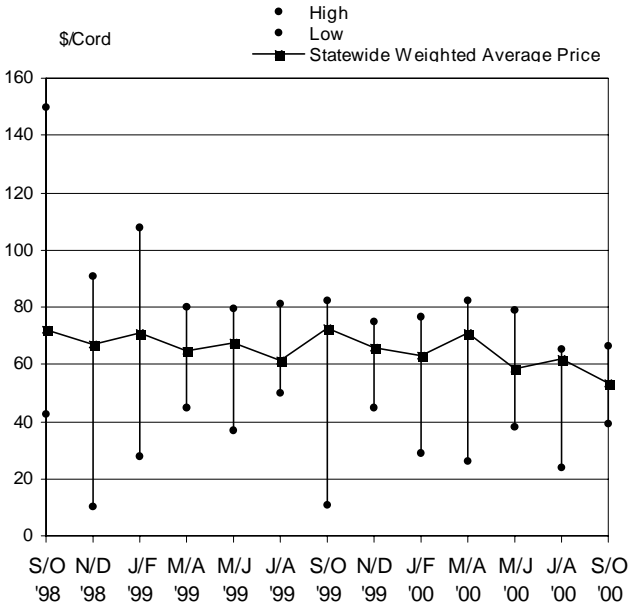
We don't have timber sale reports from the USFS for a while. A 1997 injunction halted timber harvests on the Texas National Forests. Recently, this injunction was lifted, according to the Texas Forest Industries Council. However, the environmental group may appeal the decision to the U.S. Supreme Court. It could take some time before any harvesting take place in the national forests.

This report is available at world wide web: http://txforestservation.tamu.edu/forest_management/texas_timber_price_trends/index.html.

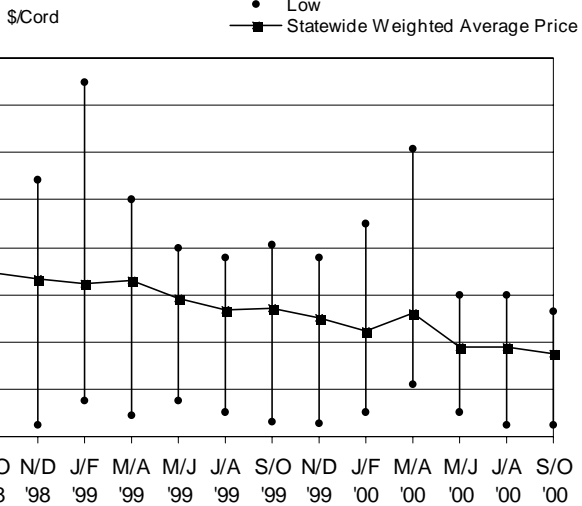
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS September/October 2000

27-Nov-00
Volume 18, No. 5

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	419.80	208.00	339.50	42.44	344.39	43.05	370.42	391.31	27	5,437
Southeast TX	445.00	206.10	348.97	43.62	369.84	46.23	352.40	392.77	24	5,534
Statewide*	445.00	206.10	344.24	43.03	357.23	44.65	361.63	392.18	51	10,971
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	21.27	2.50	14.79	5.91	16.50	6.60	19.05	30.49	15	8,466
Southeast TX	26.46	6.81	16.35	6.23	18.70	7.12	18.37	26.29	20	9,084
Statewide*	26.46	2.50	15.57	6.07	17.64	6.88	18.90	27.12	35	17,550
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	54.00	39.30	47.03	17.91	48.20	18.36	**	63.10	5	643
Southeast TX	66.37	45.00	54.58	20.79	54.15	20.63	61.75	72.76	10	2,891
Statewide*	66.37	39.30	50.80	19.35	53.07	20.22	58.53	72.48	15	3,533
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	269.97	95.41	138.80	15.42	131.42	14.60	151.90	143.44	8	626
Southeast TX	130.00	85.89	105.94	11.77	105.51	11.72	150.39	139.15	6	470
Statewide*	269.97	85.89	122.37	13.60	120.31	13.37	151.04	141.87	14	1,095
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	8.40	2.80	6.42	2.29	7.11	2.54	6.36	10.41	9	2,096
Southeast TX	10.00	3.46	7.40	2.64	7.18	2.56	7.93	11.45	9	2,793
Statewide*	10.00	2.80	6.91	2.47	7.15	2.55	7.38	10.89	18	4,889
USFS	**	**	**	**	**	**	**	**	**	**

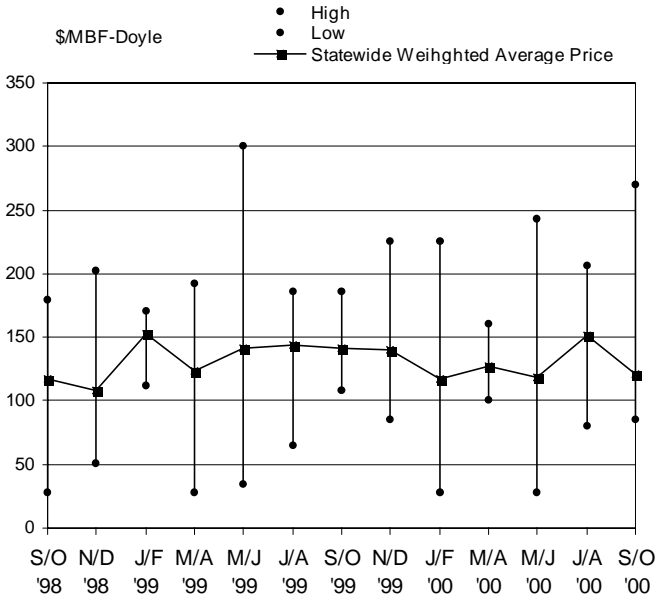
Price per ton is calculated from the average price per MBF or cord based on conversion factors listed under VOLUME CONVERSION FACTORS on page 8.

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

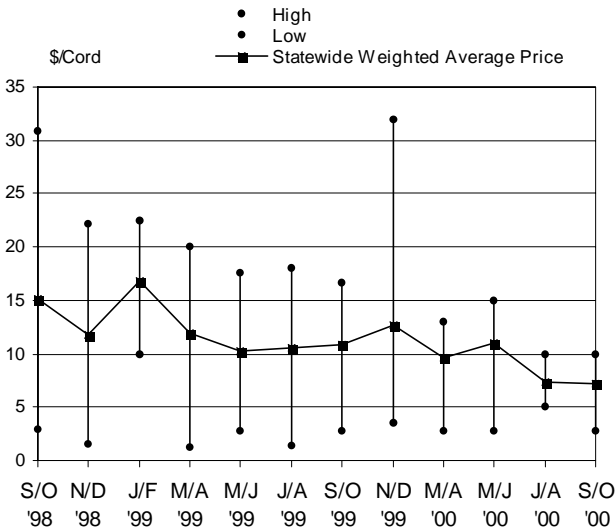
*Statewide data excludes U.S. Forest Service sales.

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

HARDWOOD SAWTIMBER & VENEER



HARDWOOD PULPWOOD

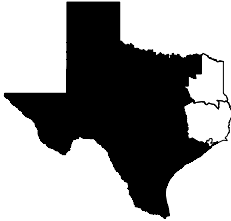


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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	379.98	70.69	25.99	127.27	9.64
2000.3	356.52	58.53	18.72	117.87	10.98
2000.4	361.63	61.75	18.90	151.04	7.38
2000.5	357.23	53.07	17.64	120.31	7.15

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

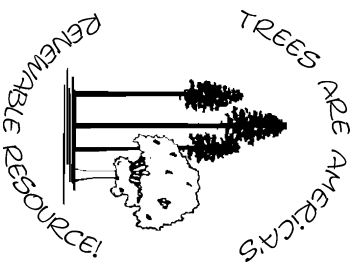
For more information, call (979)458-6650.

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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