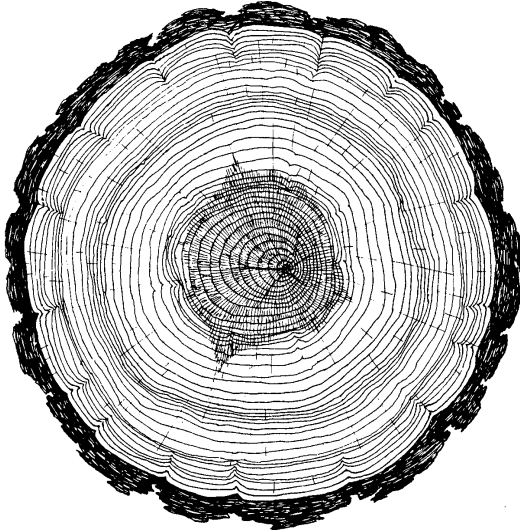


\$2.00

TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 17 NO. 5

September/October 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

Demand for pine sawtimber increased in this fall. Pine sawtimber price has jumped up by 9.7% from the summer time of this year, to \$392/mbf from \$357/mbf. Hardwood sawtimber price was steady at around \$140/mbf. Hardwood pulpwood was also held steady at about \$27/cord. Pine pulpwood sale volume has more than doubled that in this summer, however, sale price has continued at around \$27/cord. Chip-n-saw price has went up to \$72/cord, a 19% increase over July/August period.

Pine Sawtimber Price

For the September/October reporting period, pine sawtimber price surged ahead at the cyclical upturn. Statewide volume-weighted average price was \$392.18/mbf. Over half of the sale volume were sold above \$390/mbf. Sale volume reported has increased by 8.7% over the July/August reporting period. Unweighted average price was \$385/mbf, lower than the weighted average price, which indicated that more volume out of the total were sold higher than \$385/mbf. The highest price reported was \$521/mbf, or 65/ton. Price in southeast Texas is the same as that in northeast region.

Pine Pulpwood Price

In contrast to the summer time when pine pulpwood is difficult to sell, pine pulpwood sale volume for the September/October reporting period had a substantial increase. Most of the sale volume increase was located in southeast region, from 11,347 cords in July/August to 30,949 cords in September/October. Northeast region has also recorded a substantial increase of sale volume, from 4,338 cords to 7,632 cords. High demand did not seem translate into a higher price, as the statewide weighted average price stayed the same as that in this summer, at \$27/cord. This seem imply that sufficient supply exist to meet the increasing demand, leaving price unchanged. The price of pine pulpwood in southeast Texas was on average \$3.5/cord lower than that in northeast region. As usual, price ranged from as low as \$3/cord to as high as \$40/cord; but over 70% of the sales were at a price higher than \$20/cord .

Pine Chip-N-Saw Price

During September/October period, chip-n-saw price (statewide weighted average) showed a strong rise, back to a year ago level, to around \$72/cord. It was \$61.04/cord in July/August period. In southeast Texas, chip-n-saw was sold at \$72/cord (weighted average) where 97% of reported sales took place.

Hardwood Sawtimber and Pulpwood Price

Both hardwood sawtimber and pulpwood price were flat for the last 6 months,

measured by statewide weighted average price. The strongest price of hardwood logs was at the beginning of this year (\$153/cord); the lowest price was \$123/cord in the Spring time.

Hardwood pulpwood price continued to be weak. The statewide weighted average price was still \$10.89/cord, which stayed the same for the last 6 months.

New Timber Tax Legislation--Property Tax and Sales Tax

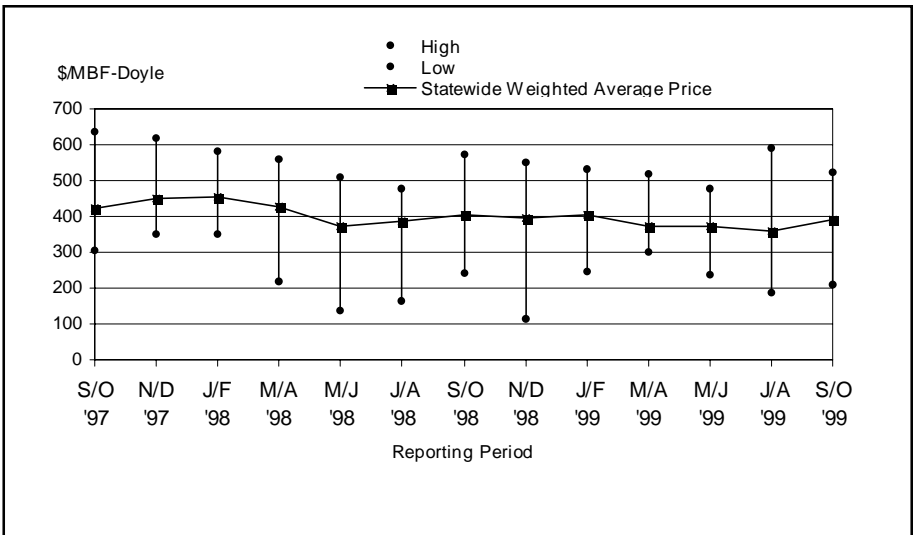
Effective September 1, 1999, a new state tax law will allow a property tax reduction for three kinds of area within a timberland (aesthetic, critical wildlife habitat, and streamside management zones) and qualified regenerated timberland. This law is Texas Reforestation and Conservation Act of 1999 (Senate Bill 977), designed to encourage reforestation and conservation of forests in Texas. In order to qualify, timberland owners are required to apply to the chief appraiser and application be submitted before April 30 of that year.

S.B.977 also allows a partial refund or credit of sales taxes paid after 10/01/2001 on purchase of qualified supplies and equipments used in timber production, until 2008 when a full exemption is allowed.

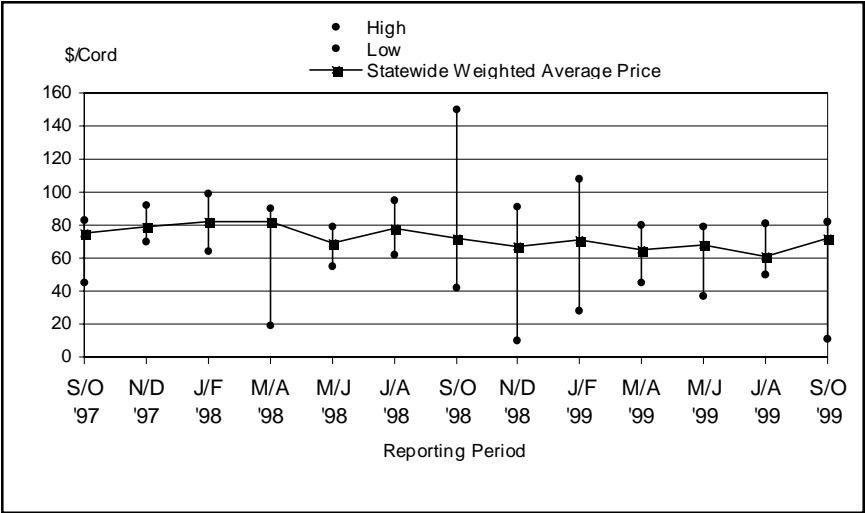
Injunction halted sales of federal timber

About 1.4 billion board feet of timber sale is halted by a federal court injunction in the Pacific Northwest. In Texas, another federal court recently halted sales from federal timberland. These actions brings a upward pressure on log prices.

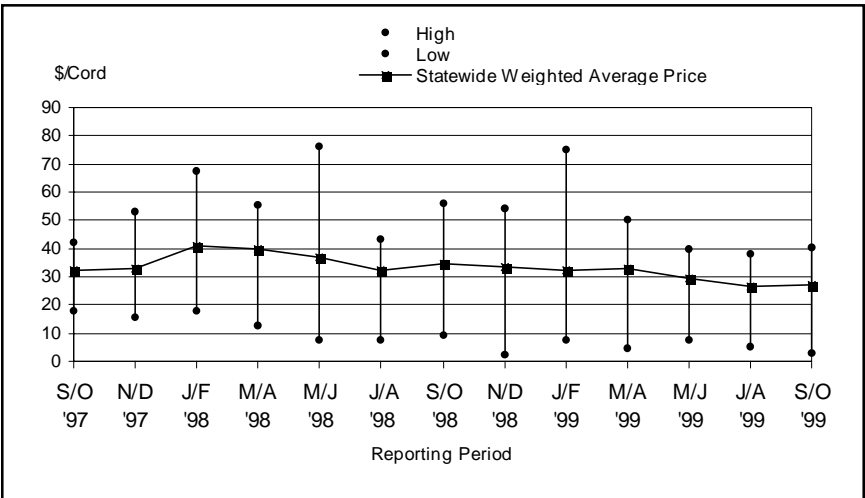
PINE SAWTIMBER & VENEER



PINE CHIP-N-SAW



PINE PULPWOOD



TIMBER PRICE TRENDS IN TEXAS

September/October 1999

30-Nov-99
Volume 17, No. 5

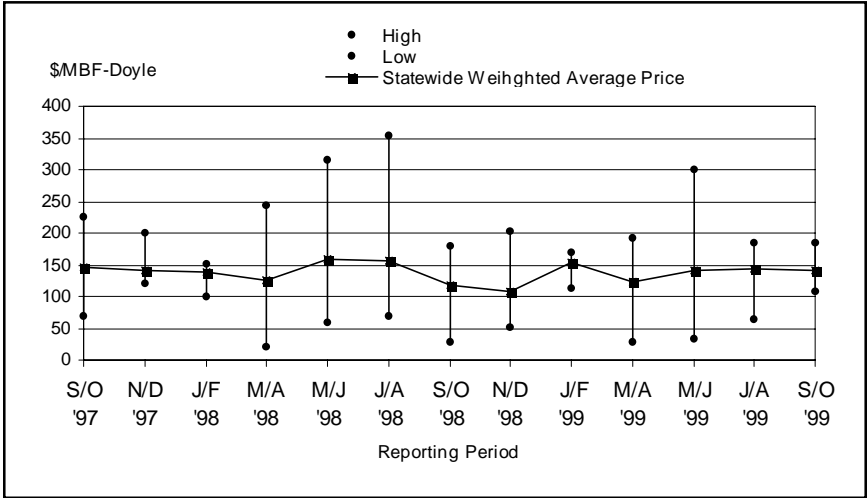
Product/Region	High		Low		Unweighted Average		Weighted Average(WA)		WA Last Period		WA 1 Year Ago		# of Sale Reported	Total Volume
	\$/MBF	\$/Cord	\$/MBF	\$/Cord	\$/MBF	\$/Ton	\$/MBF	\$/Ton	\$/MBF	\$/Cord	\$/MBF	\$/Cord		
PINE														
Sawlogs & Veneer														
Northeast TX	478.15		320.00		379.91	47.49	391.31	48.91	359.61		397.33		29	10,266
Southeast TX	520.69		209.96		390.08	48.76	392.77	49.10	357.02		408.14		41	15,068
Statewide*	520.69		209.96		385.00	48.12	392.18	49.02	357.62		406.48		70	25,334
USFS	**		**		**	**	**	**	**		**		**	**
Pulpwood														
Northeast TX	37.00	\$/Cord	3.00	\$/Cord	26.61	10.64	30.49	12.19	27.73	\$/Cord	40.61	\$/Cord	21	7,632
Southeast TX	40.46		4.50		22.76	8.67	26.29	10.02	26.44		28.49		43	30,949
Statewide*	40.46		3.00		24.68	9.66	27.12	10.43	26.79		34.71		64	38,581
USFS	**		**		**	**	**	**	**		**		**	**
Chip-N-Saw														
Northeast TX	70.00	\$/Cord	39.38	\$/Cord	61.83	23.55	63.10	24.04	69.67	\$/Cord	66.81	\$/Cord	6	307
Southeast TX	82.14		10.96		64.58	24.60	72.76	27.72	59.90		72.72		31	10,611
Statewide*	82.14		10.96		63.20	24.08	72.48	27.61	61.04		72.13		37	10,918
USFS	**		**		**	**	**	**	**		**		**	**
HARDWOOD														
Sawlogs & Veneer														
Northeast TX	160.00	\$/MBF	108.00	\$/MBF	129.50	14.39	143.44	15.94	**	\$/MBF	129.07	\$/MBF	4	608
Southeast TX	185.30		114.03		137.67	15.30	139.15	15.46	143.54		110.98		5	350
Statewide*	185.30		108.00		133.59	14.84	141.87	15.76	143.54		116.98		9	958
USFS	**		**		**	**	**	**	**		**		**	**
Pulpwood														
Northeast TX	15.59	\$/Cord	2.80	\$/Cord	10.28	3.67	10.41	3.72	7.98	\$/Cord	23.01	\$/Cord	8	3,163
Southeast TX	16.69		7.51		11.23	4.01	11.45	4.09	11.51		13.88		14	2,690
Statewide*	16.69		2.80		10.76	3.84	10.89	3.89	10.60		15.19		22	5,853
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.

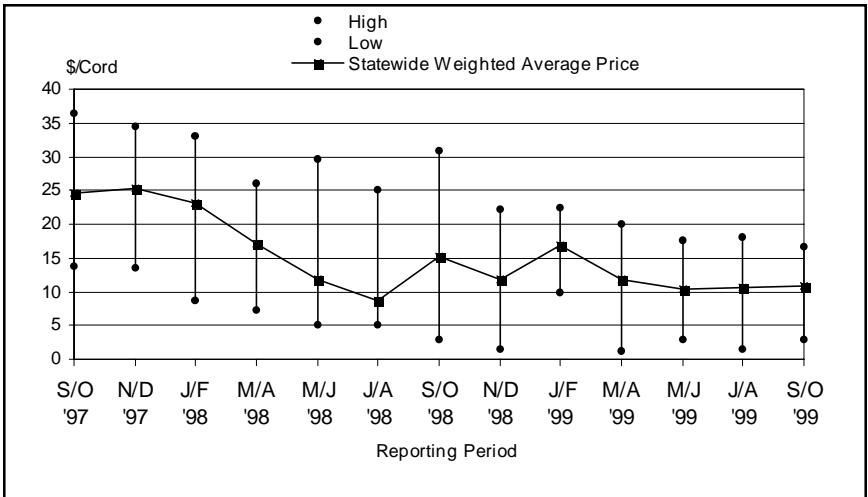
*Statewide data excludes U.S. Forest Service sales.

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

HARDWOOD SAWTIMBER & VENEER



HARDWOOD PULPWOOD

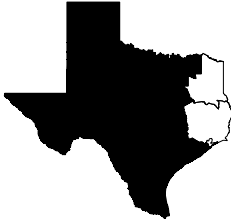


TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

Year	Pine			Hardwood	
	Sawlog \$/MBF-Doyle	Chip-N-Saw \$/Cord	Pulpwood \$/Cord	Sawlog \$/MBF-Doyle	Pulpwood \$/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	63.10	27.12	141.87	10.89

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

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

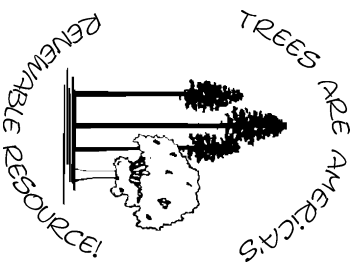
For more information, call (979)458-6650.

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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