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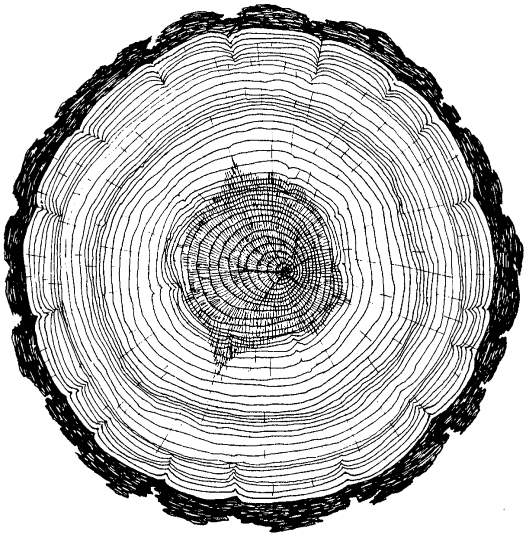
TEXAS TIMBER PRICE TRENDS



BIMONTHLY MARKET REPORT

VOL. 18 NO. 4

July/August 2000

TEXAS 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 Remain Low

Overall the July/August timber market are slow. Prices for most types of stumpages were below year-ago level. Sale volume was light.

One of our contact reported that one of the largest forest corporations in Texas has started to take only company wood for a while.

"A new grade hardwood market has opend in Nacogdoches for the mill in Warner, Arkansas", reported by our contact. The top prices are #1 and #2 grade red oak and #1 white oak.

Another reporter indicated that shortage of loggers should bring price of hardwood pulpwood up.

One of our reporters indicated that demand is still out there for good quality logs. Two high-grade hardwood sawtimber sales averaged $360/mbf (excluded for average price calculation).

Starting from this issue, we will not have the data from one of the top industrial timber buyers. So the sale volume in this issue dropped sharply, not only due to light sales for this reporting period.

Improvement cut averaged (weighted) $365/mbf for pine sawtimber based on 7 sales reported (volume: 569 mbf). Final cut produced $351/mbf (volume: 1520 mbf, 7 sales). Two mixed sales averaged $316/mbf for pine sawtimber (volume: 640 mbf). For chip-n-saw, one improvement cut reported a $23.6/cord (volume: 11 cords) while one final cut averaged $47/cord for 10 cords volume.

US Wood Product Market

Heavy production, along with the declining housing demand from the economic slowdown and higher interest rate, has caused lumber prices tumbled in the first half of the year 2000 (Random Lengths, 7/14/2000). Lumber and structual panel prices are well below year-ago peaks, especially in recent months, reaching five- to eight-year lows. Framing

Wood Product Market (Continued)

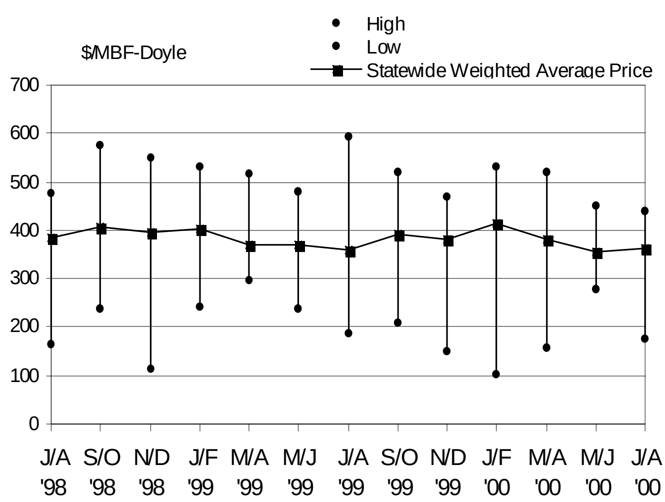
lumber composite price was down from $386/mbf year-ago level to composite price fell to $250/msf in the week of August 25 from $351/msf year-ago level, down 29%. Mills repsonded by taking downtime to reduce production and stabilize prices. The solid wood product price is expected by many to remain soft or move up only moderately in the coming months.

US Pulp and Paper Market

Strong market has driven up prices of pulp and paper products in 2000. *Pulp and Paper Week* reported that market pulp (northern bleached softwood kraft) went up from $540/mton year-ago level to $710/mton in July, up 31%. Newsprint price has increased to $560/mton, well above the previous several years' prices.

However, locally, pulpwood stumpage price continued its weak trend in spite of an overall higher pulp and paper product prices. Pulping facility shutdowns, including Belgravia Paper Co. in Pasadena and Donohue Inc. at Sheldon, Texas, due to the environmental protection measure--the Cluster Rule, has brought down local demand for pulpwood. "Pine pulpwood remained difficult to sell", commented one of our contact.

PINE SAWTIMBER & VENEER



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

Starting from this issue, one of the largest forest product corporations will no longer report to this publication. Sale volume is reduced.

TIMBER PRICE TRENDS IN TEXAS

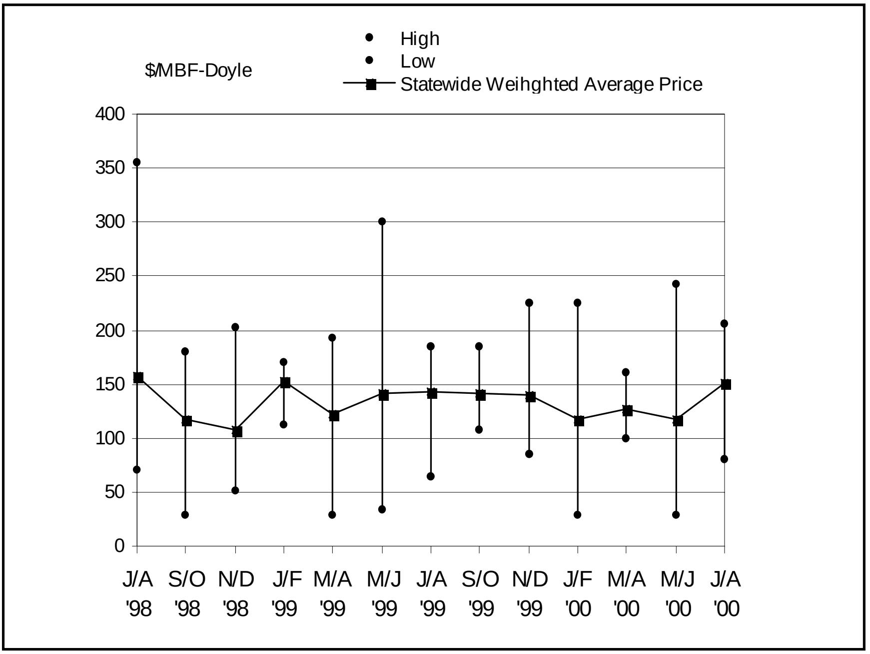
July/August 2000

26-Sep-00
Volume 18, No. 4

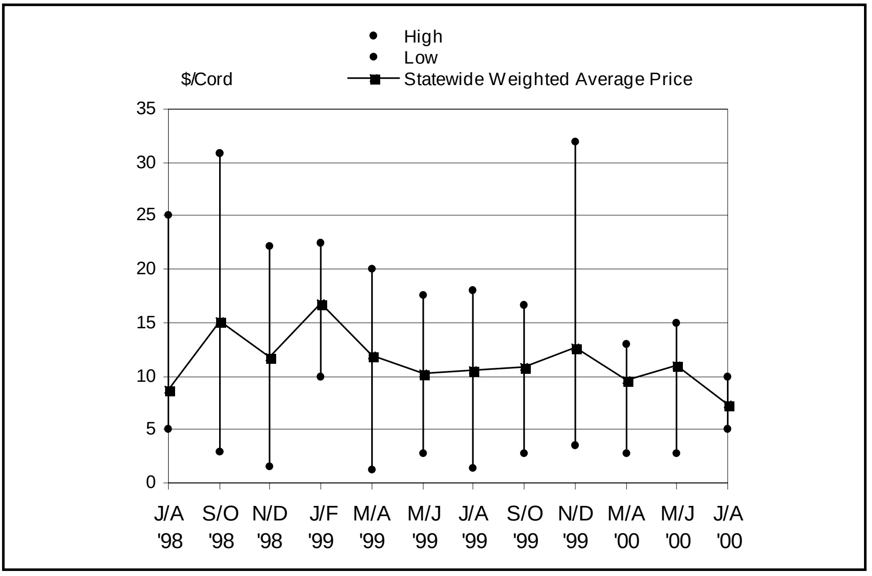
Product/Region	High	Low	Unweighted Average		Weighted Average(WA)		WA Last Period	WA 1 Year Ago	# of Sale Reported	Total Volume
PINE										
Sawlogs & Veneer	$/MBF	$/MBF	$/MBF	$/Ton	$/MBF	$/Ton	$/MBF	$/MBF		MBF
Northeast TX	438.71	176.61	346.53	43.32	370.42	46.30	352.81	359.61	20	5,364
Southeast TX	418.49	240.82	350.25	43.78	352.40	44.05	358.42	357.02	25	5,102
Statewide*	438.71	176.61	348.39	43.55	361.63	45.20	356.52	357.62	45	10,466
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood	$/Cord	$/Cord	$/Cord	$/Ton	$/Cord	$/Ton	$/Cord	$/Cord		Cords
Northeast TX	22.00	2.50	16.20	6.48	19.05	7.62	16.38	27.73	15	7,430
Southeast TX	30.00	8.00	16.92	6.45	18.37	7.00	20.33	26.44	17	2,101
Statewide*	30.00	2.50	16.56	6.46	18.90	7.48	18.72	26.79	32	9,531
USFS	**	**	**	**	**	**	**	**	**	**
Chip-N-Saw	$/Cord	$/Cord	$/Cord	$/Ton	$/Cord	$/Ton	$/Cord	$/Cord		Cords
Northeast TX	**	**	**	**	**	**	74.97	69.67	**	**
Southeast TX	65.00	23.60	52.98	20.18	61.75	23.53	56.70	59.90	7	1,296
Statewide*	65.00	23.60	52.98	20.18	61.75	23.52	58.53	61.04	7	1,296
USFS	**	**	**	**	**	**	**	**	**	**
HARDWOOD										
Sawlogs & Veneer	$/MBF	$/MBF	$/MBF	$/Ton	$/MBF	$/Ton	$/MBF	$/MBF		MBF
Northeast TX	205.77	100.00	134.44	14.94	151.90	16.88	137.36	**	4	249
Southeast TX	180.00	80.00	132.40	14.71	150.39	16.71	113.45	143.54	5	329
Statewide*	205.77	80.00	133.42	14.82	151.04	16.78	117.87	143.54	9	578
USFS	**	**	**	**	**	**	**	**	**	**
Pulpwood	$/Cord	$/Cord	$/Cord	$/Ton	$/Cord	$/Ton	$/Cord	$/Cord		Cords
Northeast TX	10.00	5.60	7.90	2.82	6.36	2.27	12.41	7.98	4	481
Southeast TX	10.00	5.00	8.39	3.00	7.93	2.83	8.89	11.51	5	898
Statewide*	10.00	5.00	8.15	2.91	7.38	2.64	10.98	10.60	9	1,379
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).

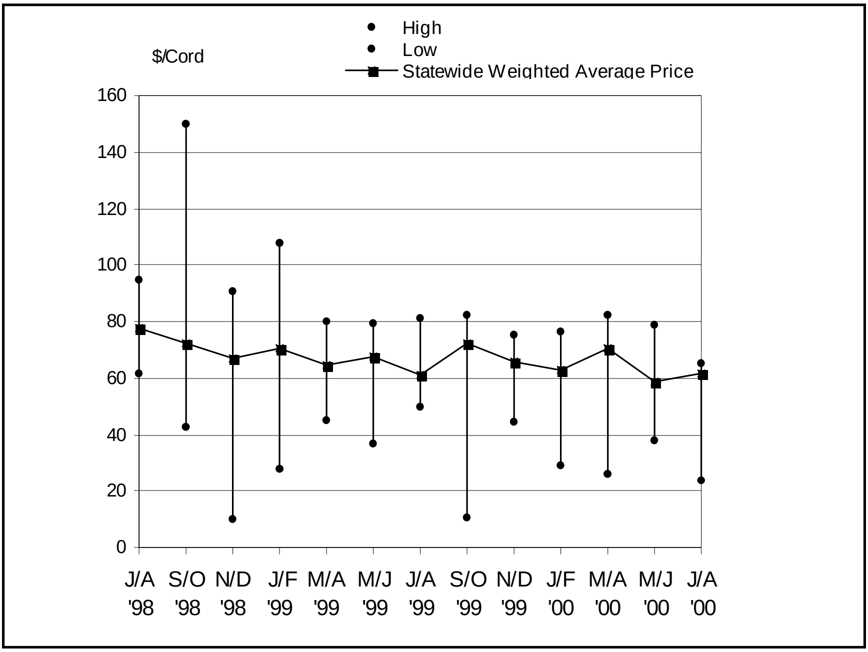
HARDWOOD SAWTIMBER & VENEER



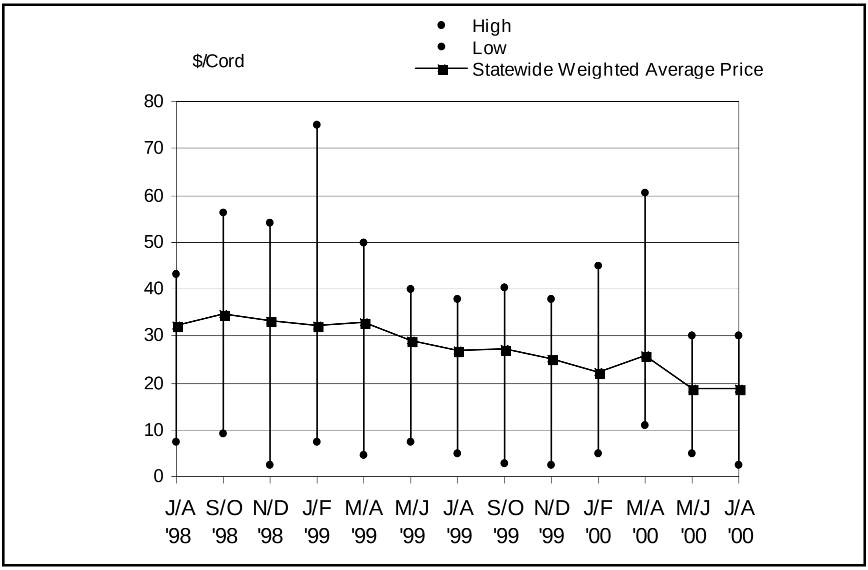
HARDWOOD PULPWOOD



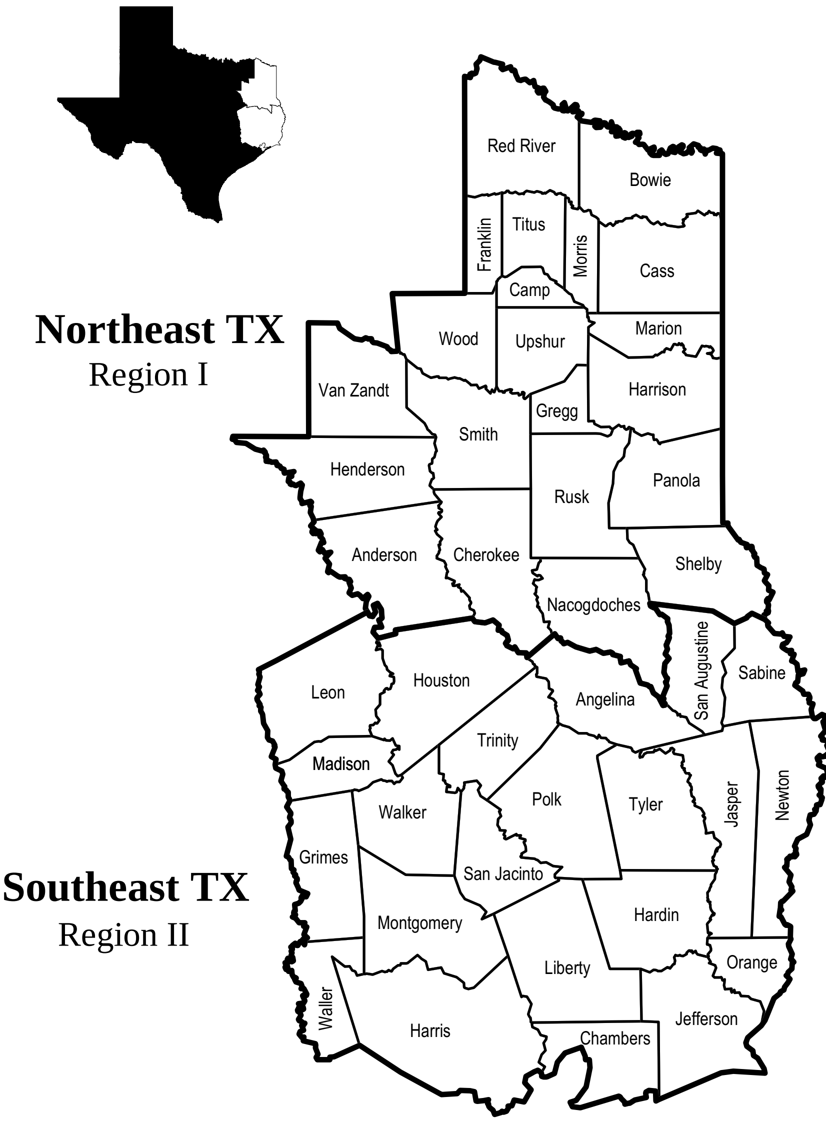
PINE CHIP-N-SAW



PINE PULPWOOD



Texas Timber Price Trends
Market Regions



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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301 Tarrow Suite 364
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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.

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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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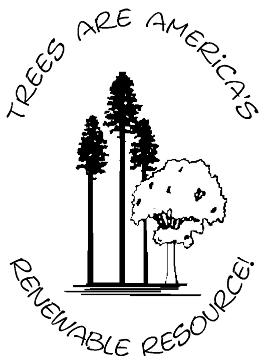

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