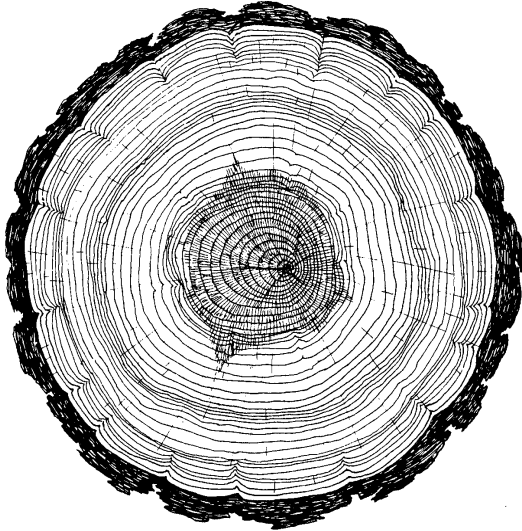


# TEXAS TIMBER PRICE TRENDS



**BIMONTHLY MARKET REPORT**

**VOL. 21 NO. 3**

**May/June 2003**

**T E X A S**  
**FOREST**  **SERVICE**  
The Texas A&M University System

# TEXAS TIMBER PRICE TRENDS

## 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 as many as 60 cooperators active in the East Texas timber market. Reporters include forest product companies, logging contractors, consulting foresters, non-industrial landowners, financial institutions, 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 weighs 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 ton as reported or using a specific conversion factor for each sale provided by the reporters. When a specific conversion factor for each sale was not available, an average conversion factor listed on page 8 is used instead. Readers should note that volume to weight conversions vary depending on the average diameter of the logs in the sale.

## 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 a competitive bidding process as the ultimate determinant of market price for any specific tract of timber.

## COMMENTS

### Seasonal Decline Hit Pine Markets; Hardwood Remained Good

Pine timber markets "are softening going into the summer", commented by our reporter. There were not appreciable rainfall during the May/June 2003 period except the latter part of June. But the June rainfall "had little impact on logging" and "the mill inventories are high". Some mills had quotas on timber purchases. Pine pulpwood and large and small sawtimber prices all "continue to fall" as several reporters indicated.

Hardwood sawtimber and pulpwood prices in contrast were only slightly lower than the previous two-month period. Markets for hardwood pulpwood were "very good" according to our reporter.

### Market Commentary

**US Economy Perking Up?** A Federal Reserve survey indicated that the U.S. economy showed signs of recovery in June 2003 with a broad-based improvement in the long-ailing manufacturing sector in most parts of the country. The **second quarter GDP** (real term) increased at an annual rate of 2.4%, while modest in absolute term, it exceeded the 1.4% growth for the first quarter (Source: Bureau of Economic Analysis). **Unemployment** declined to 6.2% in July from 6.4% in June.

However, one of the major factors for the second quarter GDP advance was attributable to the **federal defense spending**. The economy is still not creating jobs and companies' job cuts are not over. **Retail sales** remained weak with heavy discounting.

**Soft dollar** helped companies with large overseas sales and improved domestic companies' competitiveness against foreign imports. For the timber industry, the decline of the dollar against Canadian and European currencies should put pressure on the Canadian and European mills selling in the US markets. **Stable low oil prices** (US benchmark crude oil was held steady at \$30 a barrel, half of the peak in 1990 in real terms) reduces recessionary risks and accelerates economic growth. **Strong house sales and starts** in June fueled by the low interest rates has been an exception to the rest of the slow economy. Economic stimuli such as **tax cuts** and low interest rates aid economic revival but their impacts take time. A sustained recovery is not expected to start until late this year and won't be a strong one, forecasted by RISI, an economic consulting firm in Bedford, MA.

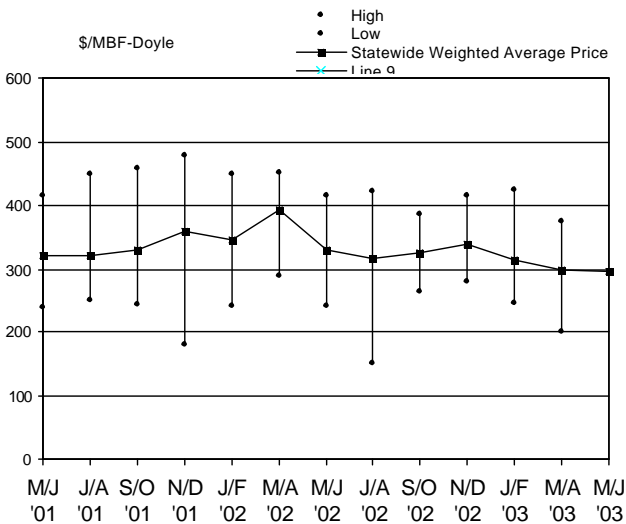
# TEXAS TIMBER PRICES FOR PROPERTY TAX APPRAISAL

		1998	1999	2000	2001	2002
<b>Northeast Texas</b>						
Pine Sawlog	\$/MBF	333.69	303.83	291.97	290.58	291.98
Pine Pulpwood	\$/Cord	38.73	29.81	20.36	16.13	15.49
Hardwood Sawlog	\$/MBF	126.29	138.81	127.30	122.63	148.50
Hardwood Pulpwood	\$/Cord	28.17	20.88	25.76	31.24	16.94
<b>Southeast Texas</b>						
Pine Sawlog	\$/MBF	325.15	296.86	278.11	267.91	265.27
Pine Pulpwood	\$/Cord	36.11	28.30	22.01	15.44	11.26
Hardwood Sawlog	\$/MBF	143.45	132.61	115.41	115.13	131.02
Hardwood Pulpwood	\$/Cord	27.23	28.90	24.99	23.10	9.06

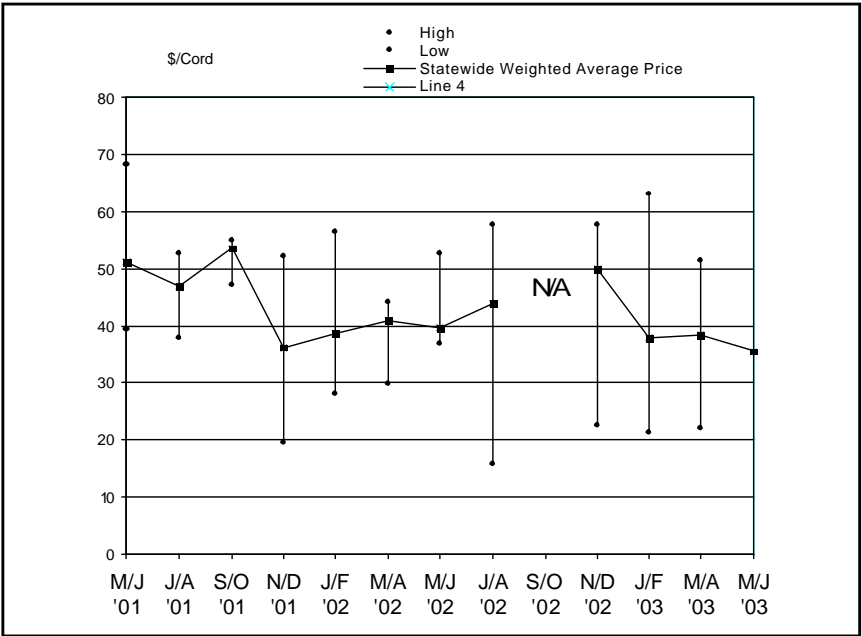
Data Source: Texas Forest Service, February 2003

*The Manual for the Appraisal of Timberland* (adopted in July 1996) does not use "\$/ton" for stumpage price. Starting from January 1, 2004, the new legislation (SB 1646 of 2003) requires stumpage prices to be in "\$/ton" in the tax appraisal formula.

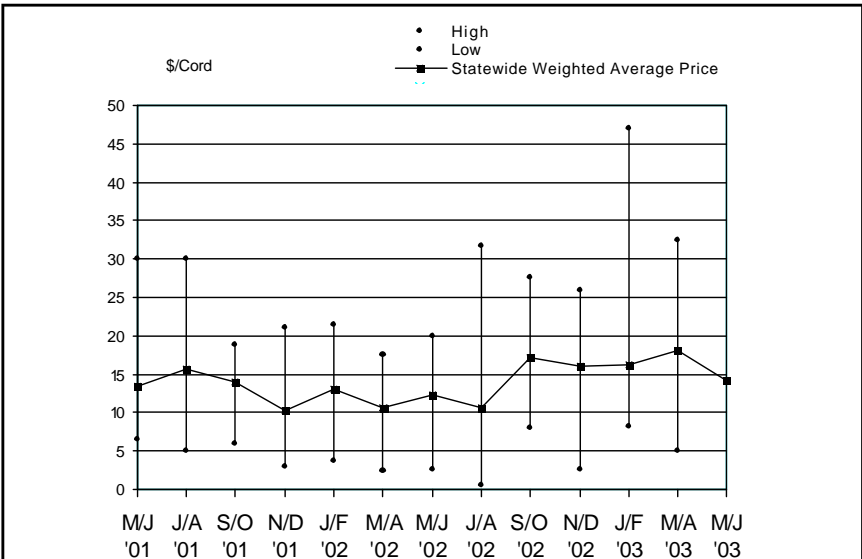
## PINE SAWTIMBER



# PINE CHIP-N-SAW



# PINE PULPWOOD



**The prices in this table does not represent market price for a specific tract of timber.**

Market price for any specific tract of timber may vary considerably due to variation in tract size, timber quality, species, total volume and volume per acre, logging conditions, distance to the mill, utilization, current demand and local competition for timber and rapidly changing timber market.

**For timber prices used for timberland property taxation, please see page 3.**

## STUMPAGE PRICE TRENDS IN TEXAS

May/June 2003

8/6/2003  
Volume 21, No. 3

Product/Region	Average Price		Average Price Last Period		Average Price Same Period A Year Ago		# of Sales Reported	Total Volume	
	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>		<u>Ton</u>	<u>MBF</u>
<b>PINE</b>									
<b>Sawlogs</b>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>		<u>Ton</u>	<u>MBF</u>
Northeast TX	39.05	288.81	33.40	283.95	41.37	330.95	41	143,660	19,425
Southeast TX	41.24	303.20	43.60	309.53	41.32	330.55	77	164,989	22,442
Statewide*	40.22	296.53	39.27	299.79	41.33	330.67	118	308,649	41,867
USFS	**	**	28.06	224.45	**	**	1	**	**
<b>Pulpwood</b>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>		<u>Ton</u>	<u>Cord</u>
Northeast TX	7.42	19.76	6.96	18.66	6.03	15.09	58	127,360	47,810
Southeast TX	4.34	11.72	6.10	16.49	4.60	12.07	32	284,176	105,295
Statewide*	5.29	14.23	6.75	18.15	4.72	12.35	90	411,537	153,106
USFS	**	**	**	**	**	**	1	**	**
<b>Chip-N-Saw</b>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>		<u>Ton</u>	<u>Cord</u>
Northeast TX	14.78	36.96	15.92	41.87	20.00	52.50	16	5,339	2,134
Southeast TX	13.57	35.39	14.58	37.91	14.95	39.25	55	118,866	45,569
Statewide*	13.62	35.46	14.71	38.31	15.14	39.73	71	124,205	47,704
<b>HARDWOOD</b>									
<b>Sawlogs</b>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>	<u>\$/Ton</u>	<u>\$/MBF</u>		<u>Ton</u>	<u>MBF</u>
Northeast TX	15.94	146.68	15.32	150.60	13.59	122.27	8	7,191	781
Southeast TX	11.73	112.36	**	**	13.09	117.79	5	1,710	179
Statewide*	15.13	140.29	15.33	148.21	13.44	120.93	13	8,900	960
USFS	**	**	8.33	74.99	**	**	1	**	**
<b>Pulpwood</b>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>	<u>\$/Ton</u>	<u>\$/Cord</u>		<u>Ton</u>	<u>Cord</u>
Northeast TX	6.06	16.66	6.41	18.18	6.75	18.91	11	19,401	6,922
Southeast TX	4.26	11.82	4.20	11.63	3.80	10.63	8	106,881	38,822
Statewide*	4.56	12.60	5.06	14.13	6.08	17.02	19	126,282	45,711
USFS	**	**	**	**	**	**	1	**	**

1. Stumpage price statistics included gateway sales. Stumpage prices from these sales were estimated by subtracting cut and haul costs, other expenses and profits if any provided by the reporters.

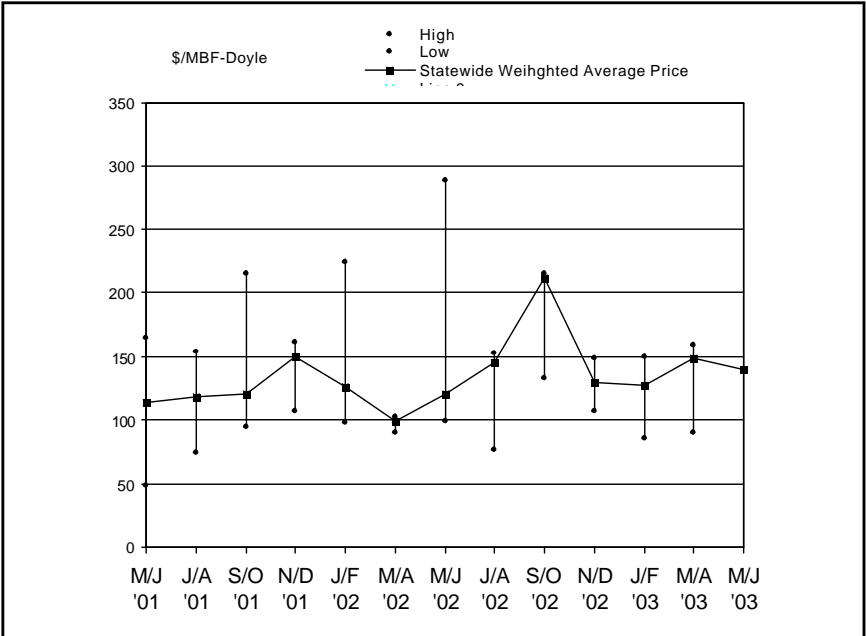
2. Price is calculated from a specific conversion factor reported for each sale if available; otherwise, the average conversion factors listed on page 8 are used. MBF = Thousand Board Feet. The DOYLE LOG SCALE is used for board foot measurements.

3. U.S. Forest Service timber sales for the last reporting period were salvaged timber sales and sales as part of the oil and well fields.

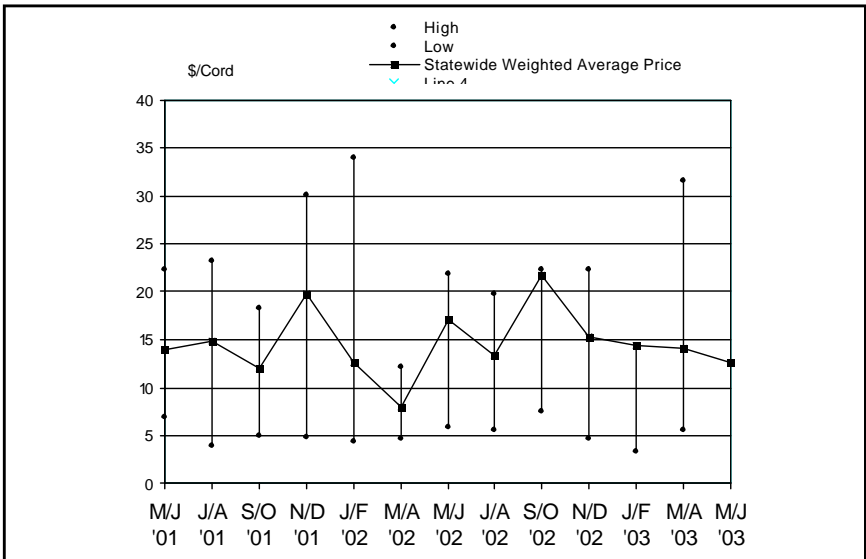
\* Statewide data excludes U.S. Forest Service sales.

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

# HARDWOOD SAWTIMBER



# HARDWOOD PULPWOOD



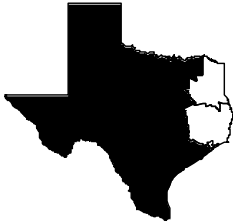
# TEXAS ANNUAL STATEWIDE AVERAGE STUMPAGE PRICES

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	376.57	57.69	19.20	120.88	7.97
2001	325.14	42.06	12.94	120.32	15.11
2002	334.86	41.92	12.33	156.97	15.67
2003.1	315.52	37.88	16.21	127.77	14.42
2003.2	299.79	38.31	18.15	148.21	14.13
2003.3	296.53	35.46	14.23	140.29	12.60

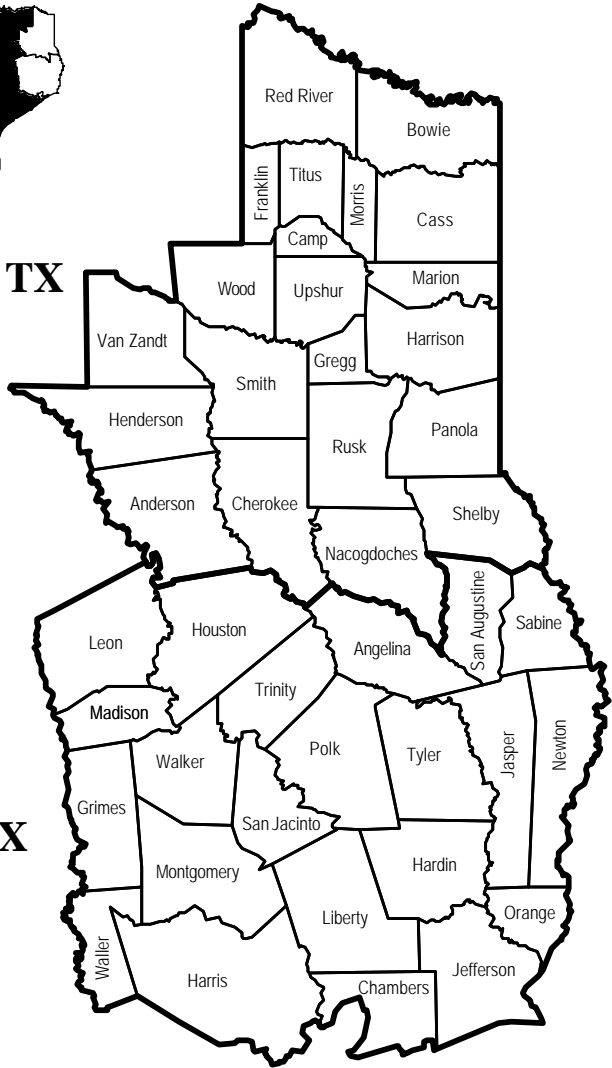


# Texas Timber Price Trends

## Market Regions



**Northeast TX**  
Region I



**Southeast TX**  
Region II

## VOLUME CONVERSION FACTORS

A specific conversion factor for each sale reported by the reporters is used for price calculations when available; otherwise, the following average conversion factors are used:

**Sawlogs** 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  
Pine Chip-N-Saw: 1 Cord = 2.625 tons

**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 Cubic Feet = 1 Cord  
Hardwood - 80 Cubic Feet = 1 Cord

## SUBSCRIPTION INFORMATION

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