A Bimonthly Market Report

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Jul/Aug 2012

Texas Timber Price Trends

Market Overview*

U.S. housing starts continued to rise in July/August, 29% higher than the same period last year. Building permits, the best indicator of future housing starts, increased 25% compared to last year. Lumber and structural panel prices posted another round of solid gains because of improved demand in housing starts and continued residential remodeling activities. Significant mill curtailment in recent years limited mills' ability to increase production accordingly, contributing to the price increase. Texas remained the focal point for lumber producers due to high demand.

However, the price surge in lumber and panel products was not passed down to timber products because of ample supply of timber holdings for sale. Prices of most timber products in Texas held flat or slightly trended down during the period.

The statewide average pine sawlog price increased 5 percent to $25.78 per ton, roughly the same as the price a year ago. The average pine sawlog price was $28.61 per ton in Northeast Texas and $23.49 per ton in Southeast Texas.

Pine pulpwood prices averaged $6.42, roughly the same as last period. Compared to last year, this was 16 percent higher.

Small diameter pine sawlogs (CNS) prices averaged $9.85 per ton statewide. This was 10 percent higher than last year.

The average hardwood sawlog price was $26.82 per ton, 19 percent higher the last period and slightly higher (2%) than last July/August.

Hardwood pulpwood prices eased and averaged $9.36 per ton, 40 percent higher than the same period a year ago.

Encouraging prospects sparked by the rise in the housing market have been dampened by slow growth of the general economy, stagnant high unemployment rate, uncertainties due to the fiscal cliff, weakened growth in China and worries about Europe's debt crisis. There is still a long way to go for a full recovery of timber market.

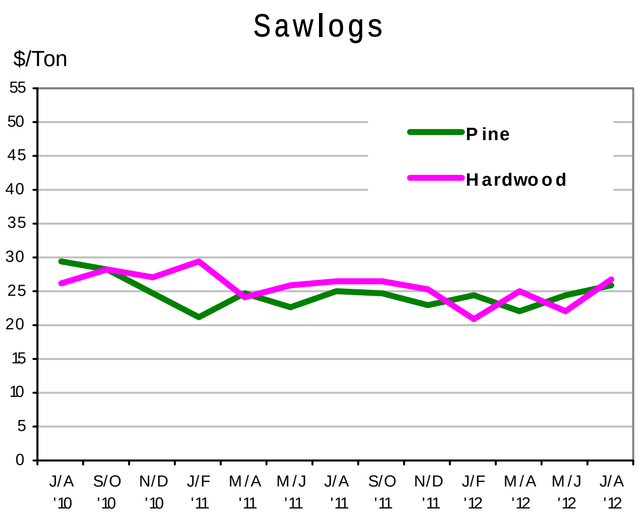
*The average prices reported here represent statewide transactions of 76,542 tons of pine sawlogs, 238,229 tons of pine pulpwood, 49,681 tons of pine CNS, 17,012 tons of mixed hardwood sawlogs, and 27,882 tons of hardwood pulpwood during July/August 2012.

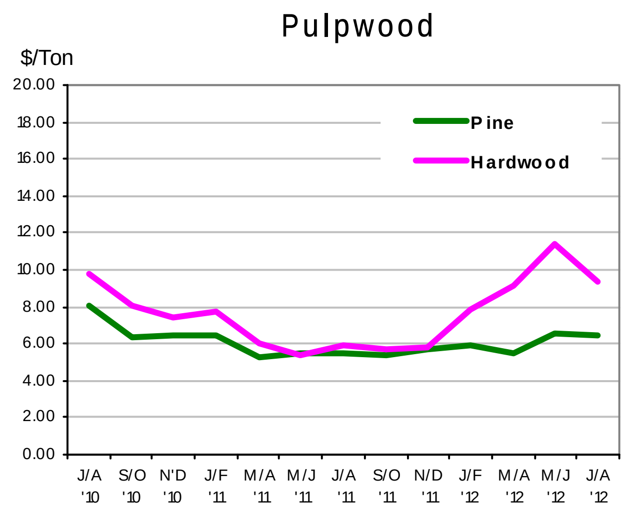
Texas Timber Price Trends
Market Regions

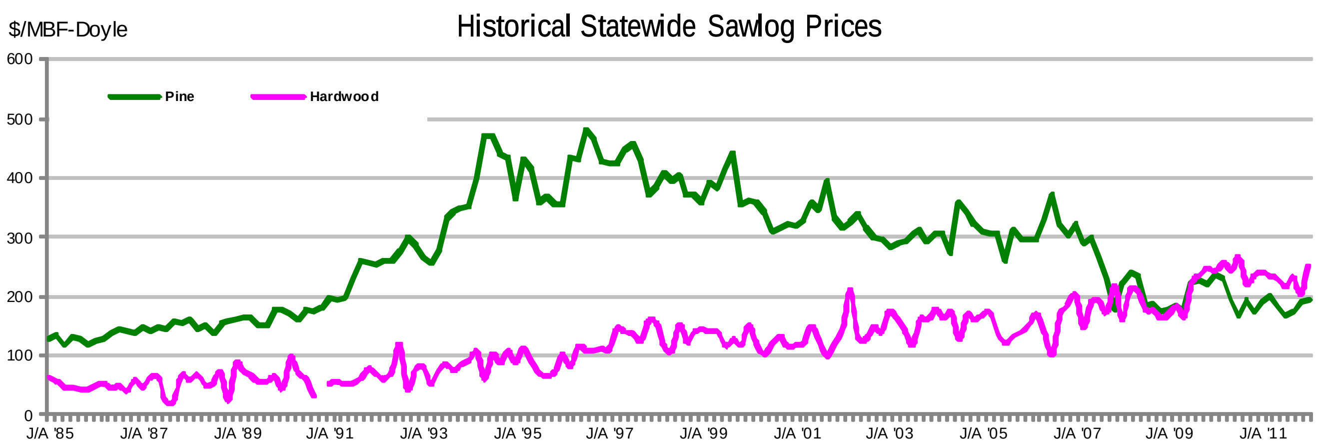
Stumpage Prices in Texas

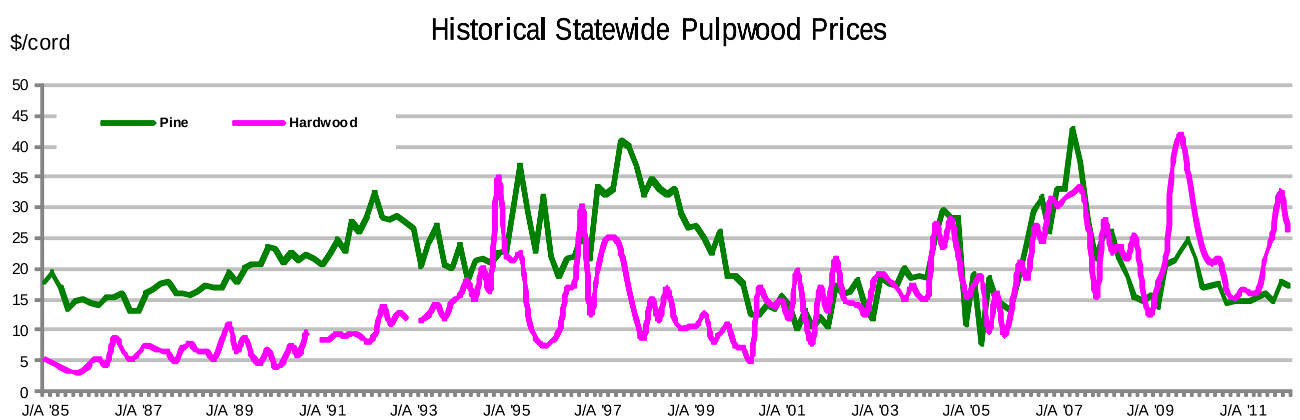
Product /Region	Average Price		Last Period				Year Ago				Report
PINE											
Sawlogs	**$/ton**	**$/MBF**	**$/ton**	**$/MBF**	**Chg**		**$/ton**	**$/MBF**	**Chg**		**Number**
Northeast TX	28.61	213.26	25.89	213.61	11%	↑	28.29	226.31	1%	↑	6
Southeast TX	23.49	179.18	24.43	189.83	-4%	↓	24.15	183.54	-3%	↓	12
Statewide	25.78	194.59	24.61	192.68	5%	↑	24.91	191.05	3%	↑	18
USFS	**	**	9.97	79.76	**		23.63	189.04	**		**
Pulpwood	**$/ton**	**$/cord**	**$/ton**	**$/cord**	**Chg**		**$/ton**	**$/cord**	**Chg**		**Number**
Northeast TX	5.89	15.89	5.80	15.53	2%	↑	5.10	13.72	15%	↑	28
Southeast TX	6.90	18.63	6.83	18.45	1%	↑	5.63	15.21	23%	↑	26
Statewide	6.42	17.32	6.55	17.63	-2%	↓	5.52	14.90	16%	↑	54
USFS	**	**	1.29	3.49	**		3.22	8.69	**		**
Chip-N-Saw	**$/ton**	**$/cord**	**$/ton**	**$/cord**	**Chg**		**$/ton**	**$/cord**	**Chg**		**Number**
Northeast TX	**	**	11.03	29.77	**		**	**	**		**
Southeast TX	9.82	26.50	13.52	36.49	-27%	↓	8.99	24.28	9%	↑	8
Statewide	9.85	26.59	13.49	36.41	-27%	↓	8.99	24.28	10%	↑	10
HARDWOOD											
Mixed Sawlogs	**$/ton**	**$/MBF**	**$/ton**	**$/MBF**	**Chg**		**$/ton**	**$/MBF**	**Chg**		**Number**
Northeast TX	22.53	222.74	21.58	198.93	4%	↑	22.02	204.95	2%	↑	3
Southeast TX	30.40	273.58	32.61	293.46	-7%	↓	30.34	273.03	0%	↑	16
Statewide	26.82	251.63	22.48	206.76	19%	↑	26.34	240.94	2%	↑	19
USFS	**	**	**	**	**		5.12	46.04	**		**
Pulpwood	**$/ton**	**$/cord**	**$/ton**	**$/cord**	**Chg**		**$/ton**	**$/cord**	**Chg**		**Number**
Northeast TX	**	**	11.22	32.47	**		7.43	21.11	**		**
Southeast TX	9.14	25.59	11.50	32.21	-21%	↓	6.50	18.20	41%	↑	17
Statewide	9.36	26.32	11.32	32.38	-17%	↓	6.58	18.46	42%	↑	19
USFS	**	**	**	**	**		2.04	5.71	**		**

1. Stumpage price statistics include gatewood sales. Stumpage prices for gatewood sales are estimated by subtracting cut-and-haul costs, other expenses, and profits provided by reporter.
2. Price is calculated from a specific conversion factor reported for each sale if available; otherwise, the average conversion factors listed on page 4 are used. MBF = Thousand Board Feet. The DOYLE LOG SCALE is used for board foot measurements.
3. Statewide data excludes U.S. Forest Service sales.
4. ** indicates insufficient sales to report price statistics (less than three sales).
5. Prices listed for previous periods may differ from previously published values because additional data have been received.
6. Price change in percentage is calculated based on price in ton.
7. Extreme outliers from reported data are detected and filtered out based on statistical methods.
8. Price changes are calculated based on price in ton.









Note: A gap in the chart means less than 3 sales were reported and no price statistics were compiled.
For chart data, please go to http://txforestservice.tamu.edu/main/article.aspx?id=145.

Texas Timber Price Trends is a bi-monthly publication reporting average prices paid for standing timber in Texas. *This report is intended only as a guide to general price levels.* Individuals interested in buying and selling timber can use this report to monitor market trends and get a general idea of what timber is worth. However, it should not be used to judge the fair market value of a specific timber sale, which may vary considerably due to many factors.

HOW ARE AVERAGE PRICES CALCULATED?

Data published in this report are 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, family forest landowners, financial institutions, and federal agencies.

The prices are volume weighted average prices. The price per ton for each product category is as reported or using a specific conversion factor provided by the reporters. When a specific conversion factor for each sale is not available, an average conversion factor listed here is used instead.

VOLUME CONVERSION FACTORS

Sawlogs & Chip-N-Saw
- Pine— 8 tons=1 MBF-Doyle
- Pine CNS— 2.7 tons= 1 Cord
- Hardwood— 9 tons= 1 MBF-Doyle

Pulpwood
- Pine— 2.7 tons=1 Cord
- Hardwood— 2.8 tons= 1 Cord

This publication is also available on the Texas Forest Service website at:

http://txforestservice.tamu.edu/main/article.aspx?id=145

WANT TO BE A REPORTER?

If you are active in the East Texas timber market, please consider becoming a cooperating price reporter. You will receive report forms bi-monthly with a self-return envelope. In addition, you will receive a hard copy of the report in exchange for your price information.

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