

## STUMPAGE SPEAK

<http://www.lsuagcenter.com/topics/environment/forestry>  
<http://www.lsuagcenter.com/portals/blogs/stumpagespeak>

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1. Upcoming extension events
2. Part III of what goes into prices – Variation between price services

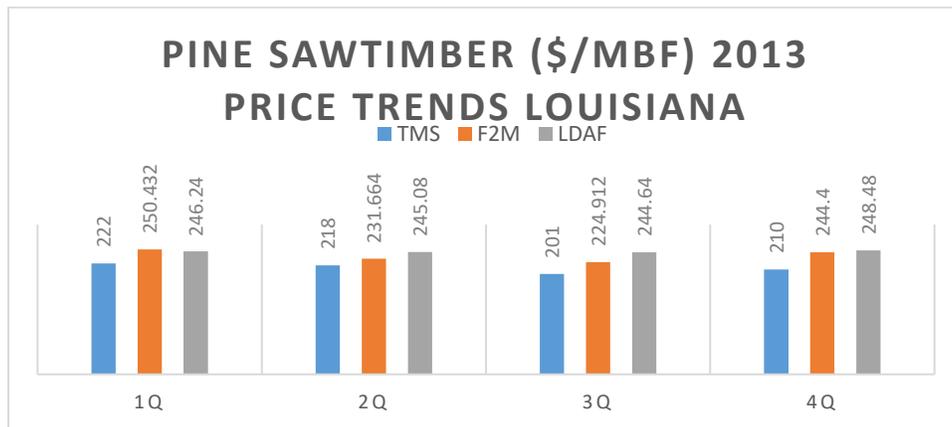
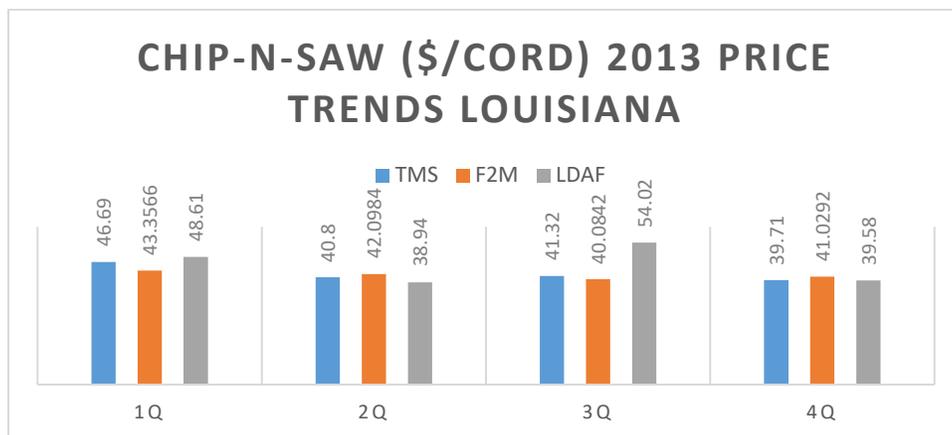
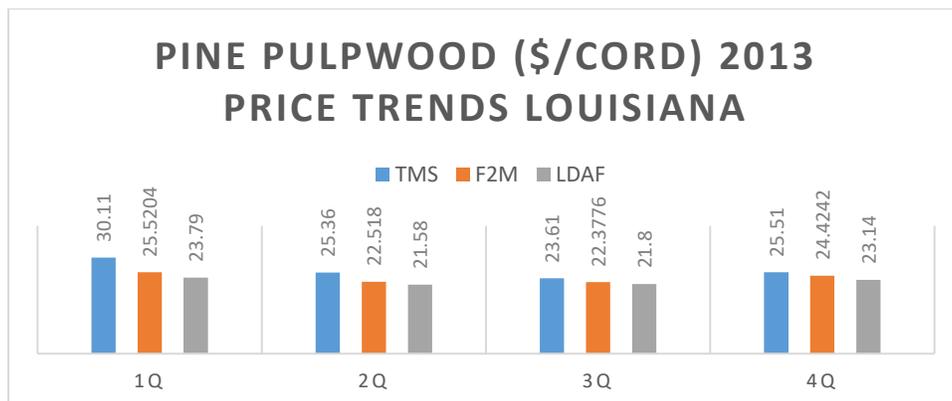
**Louisiana Timber Market Report<sup>1</sup>**  
 4<sup>th</sup> Quarter (Oct.-Dec.) 2016  
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Louisiana Stumpage Prices (\$/ton)	4 <sup>th</sup> Quarter 2016	Change from Prior Quarter
Product Class	Price per ton	% Change
<b>Pine Sawtimber</b>	<b>27.00</b>	<b>-3</b>
<b>Pine Chip-n-Saw</b>	<b>19.00</b>	<b>-1</b>
<b>Pine Pulpwood</b>	<b>10.00</b>	<b>-4</b>
<b>Oak Hardwood</b>	<b>45.00</b>	<b>-1</b>
<b>Hardwood Sawtimber –Mixed Grade</b>	<b>40.00</b>	<b>7</b>
<b>Hardwood Pulpwood</b>	<b>10.00</b>	<b>7</b>

<sup>1</sup> The following document is intended for use by forestland owners in Louisiana. The source of these prices is proprietary in nature and are therefore rounded per agreements to disseminate to the public. The prices I report are also state averages and the LDAF numbers are by specific regions. I recommend using both to aid in decisions about purchases, sales, and determining harvesting schedules. As always, communicate with a **consultant forester** on prices before executing contracted agreements with wood buyers.

\*\*\*\*Price Conversions: Pine Sawtimber/ MBF= Tons \* 8; Hardwood Sawtimber/ MBF = Tons \* 9.5; CNS and Pine Pulpwood Cords = Tons \* 2.7; Hardwood Pulpwood Cords = Tons \* 2.85\*\*\*\*\*

**Figure 1. Comparison of price series for pine sawtimber<sup>1</sup>****Figure 2. Comparison of price series for pine chip-n-saw****Figure 3. Comparison of price series for pine pulpwood**

<sup>1</sup> TMS (Timber Mart South), F2M (Forest 2 Market), LDAF (Louisiana Department of Agriculture and Forestry)

### **What is in a price (part III)?**

In the above figures, you see the three major price report averages for pine stumpage products in Louisiana for the 2013 calendar year. As you will see, regardless of the product chosen, no two series are the same for any product, in any quarter. So when you ask what are the prices for this quarter or for the year, the answer is that ‘it depends’. All of these price series are generated by surveys supplied by those that harvest wood for the particular time in the region under observation (in this case statewide), typical quarterly (three months). As such, as people harvest their wood and receive the prices they receive, that is how we gauge the overall market if those harvests are reported.

If one quarter has many more sales than a prior one, then we would trust that number more. However, those data (number of participants for a particular quarter) are not shared in the price series, so we have no way of knowing how many participants helped to generate the prices. In addition, if one quarter most of the sales are mostly company or small landowners, then they are not as accurate for the other group that is not represented as strongly. In addition, if for a particular region (which will cover next time), the harvesting is dominated by a large land management company; a small landowner in that region will have a biased view of the value of their product. In short, it is best to use these to observe trends and to use as a baseline for what you can expect in the bid or negotiation process taking into account the markets nearby your property and the condition of the stumpage products and land attributes of your property.

Using the Timber Mart South prices (TMS in the figures) as our base price series<sup>2</sup>; you can see the variation between series is quite large for the prices reported. For pine sawtimber, the differences range from

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<sup>2</sup> This is the series I use for the stumpage speak price reports, Louisiana Department of Agriculture and Forestry Timber series can be found at the following link <http://www.ldaf.state.la.us/forestry/reports/>  
Other states nearby also produce price series.  
Texas <http://txforestservation.tamu.edu/timberpricetrends/>  
Arkansas <http://www.uaex.edu/environment-nature/forestry/timber-price-report.aspx>  
Mississippi <http://extension.msstate.edu/forestry/forest-economics/timber-prices>  
Forest 2 market puts out a south wide intermittently <https://blog.forest2market.com/us-south-timber-prices-by-region-november/december-2016> as does Timber Mart South <http://www.timbermart-south.com/prices.html>

6% to 22% depending on the comparison (TMS vs LDAF for instance ranges from 11% to 22%). However, typically the trends all move in the same directions, so they can give you a general idea of conditions.

I've included in Figure 4 what forest to market (F2M) uses in their survey (there is more information collected—STATE, COUNTY, ACRES, DATE, NAME, TYPE OF SALE, QUALITY, among others) but the data that goes into the price report is simply volume and price per unit of the product harvested and the DBH of the product in some cases. If you participate regularly with F2M (forest to market) then often they will provide you these price averages for your area. This series is likely the most accurate for any one point in time due to the number of participants. However, it is extremely pricey if you do not participate in their survey. Louisiana Department of Ag and Forestry (LDAF) produce the series for free but typically come from a small number of survey participants. They are also the longest running price series in the country, dating back to 1955, so they have a lot of value if you are using the prices to determine a long run return on investment (for timber harvesting). Timber Mart South (TMS) is the most popular (strikes a balance between price and accuracy). This is the series I use in these price reports since starting in 2014. However, for me to be able to share with you I have to round to the nearest dollar, so there is a slight loss in accuracy.

**Figure 4. Volume and Price data for Forest 2 Market Data Contribution Program**

Volume Information - Input YOUR volume and price information

Product	Avg DBH*	Total Volume*	Units (circle one)*	\$/unit*
Pine Pulpwood			tons / cords / MBF	
Pine Topwood			tons / cords / MBF	
Pine Saw Pulp			tons / cords / MBF	
Pine Chip n saw			tons / cords / MBF	
Pine Sawtimber			tons / cords / MBF	
Pine Sawtimber (Other)			tons / cords / MBF	
Large Grade Sawtimber			tons / cords / MBF	
Large Pine Poles			tons / cords / MBF	
Small Pine Poles			tons / cords / MBF	
Pine Plylogs			tons / cords / MBF	
Pine Posts			tons / cords / MBF	
Hardwood Pulpwood			tons / cords / MBF	
Hardwood Scragg/Cleatwood			tons / cords / MBF	
Cypress Mulchwood			tons / cords / MBF	
Mixed Hardwood Sawtimber			tons / cords / MBF	
Hard Hardwood Sawtimber			tons / cords / MBF	
Soft Hardwood Sawtimber			tons / cords / MBF	
			<b>Total Sales Price:</b>	

### References

Department of Agriculture & Forestry. Available online: <http://www.ldaf.state.la.us/forestry/reports/>  
Forest2Market Quarterly Price Series. 2016. <https://www.forest2market.com/timber-prices-us-south>  
Timber Mart-South Market News Quarterly. Available online: <http://www.timbermart-south.com/>

**Next Time: We'll discuss price variation (high and low for quarter) and regional (how do we arrive at that state 'average') variation.**