Timber Reports

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1988 Price Report -- 2nd Quarter

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************************** INDUSTRY EDITION ******************************

The Purdue Cooperative Extension Service in cooperation with the U.S.D.A., National Agricultural Statistics Service (NASS) has collected and reported price for Indiana forest products annually since at least 1954. This has provided the longest and most detailed price series available in the nation on hardwood products. I assume the decision to collect delivered log prices instead of stumpage prices was based on the importance of prices differences for species and timber quality. It is almost impossible to segregate out these differentials in a stumpage price survey.

The Department of Forestry and Natural Resources (FNR) maintains the lists of mills, and process and distributes the results of the survey. NASS updates, prints and mails out the survey forms. Until about 1980 U.S.D.A. budgeted funds for this purpose for Indiana. When these funds were cut the state statistician agreed to continue participating in the survey if FNR would cover their costs. Although FNR so agreed NASS has never billed FNR. The Indiana office of NASS has covered this cost out of miscellaneous funds, apparently.

In 1982 the Forestry Committee of the Indiana Hardwood Lumberman's Association asked me if the survey could be made quarterly and the results be made available to the public in the form of "stumpage prices." Of course, true stumpage prices weren't available. I agreed to this procedure based on the assumption that a sufficient number of mills would continue to report logging and transportation costs to provide a reliable cost to subtract from the delivered log costs, providing a "pseudo-stumpage price."

Because of a severe decline in the number of mills responding to this survey over the last several years the reliability of the results has become questionable. Many users of the survey have questioned whether or not the results any longer correctly reflect the direction the market is moving, let-alone whether or not the average prices reported are "reasonable." Because of the decline in the reliability of the survey and continued cuts in the resources available in FNR for this activity, the survey will be conducted only once a year. My hope is that by asking for your help only once a year, more of you will see fit to participate.

The State Forester, John Datena, has graciously provided $1,000 for the last two years to help defray the direct costs of the quarterly survey. This help was most welcome and appreciated. However, professorial and clerical time are the major costs involved, estimated to exceed $25,000 per year.

Because of the small number of of mills reporting logging and transportation costs I will not be reporting "pseudo-stumpage prices" this quarter. This policy will continue in the future unless there is a significant increase in the mills reporting these costs.

It would be nice if we could go back to the days when someone (Roy Brundage in the 1940's and 1950's) had the time to come out and visit with each of you, learn your business, discuss your help with the price survey, and perhaps help with your marketing problems. The resources available and changing priorities of academic institutions like Purdue don't make this possible.

The next survey will be made in May of 1989. I hope I can count on your support then and I ask you to encourage your friends in the business to help, also.

W.L. Hoover

Table 1. Prices paid by Indiana mills for delivered sawlogs, May 1988, \$/MBF Doyle.

Species	Prime Logs: Range	Prime Logs: No. Responses	Prime Logs: Average Jan/May	Prime Logs: Price Change	No. 1 Logs: Range	No. 1 Logs: No. Responses	No. 1 Logs: Average Jan/May	No. 1 Logs: Price Change
White Ash	150- 700	16	463/ 464	0	150- 530	20	351/ 378	8
Basswood	120- 300	11	216/ 210	-3	100- 270	15	187/ 194	4
Beech	90- 160	10	136/ 130	-5	80- 150	10	126/ 123	-3
Cottonwood	100- 150	7	118/ 119	0	80- 150	7	112/ 110	-2
Cherry	350- 700	13	496/ 540	9	250- 600	17	390/ 430	10
White Elm	90- 200	7	153/ 142	-7	80- 220	11	148/ 151	2
S. Hickory	140- 250	12	183/ 177	-3	100- 220	15	156/ 162	4
Hard Maple	200- 400	13	272/ 294	8	100- 280	16	213/ 221	4
Soft Maple	120- 400	14	211/ 217	3	100- 230	17	176/ 174	-1
White Oak	250- 650	15	424/ 435	3	180- 500	20	322/ 350	9
Red Oak	300- 700	18	570/ 543	-5	225- 670	22	432/ 444	3
Black Oak	150- 600	15	472/ 453	-4	150- 500	19	355/ 359	1
Tulip Poplar	180- 325	16	245/ 238	-3	120- 300	19	192/ 199	4
Sycamore	80- 160	10	130/ 135	3	80- 150	10	120/ 125	4
Sweetgum	120- 200	6	200/ 143	-28	100- 140	6	145/ 123	-15
Black Walnut	500-1200	13	707/ 712	1	300-1000	18	580/ 601	4

Species	No. 2 Logs: Range	No. 2 Logs: No. Responses	No. 2 Logs: Average Jan/May	No. 2 Logs: Price Change	No. 3 Logs: Range	No. 3 Logs: No. Responses	No. 3 Logs: Average Jan/May	No. 3 Logs: Price Change
White Ash	120- 400	20	213/ 229	8	100- 150	14	120/ 126	5
Basswood	80- 200	15	139/ 147	6	90- 150	9	111/ 122	10
Beech	50- 150	10	117/ 115	-2	60- 150	10	114/ 112	-2
Cottonwood	50- 150	7	108/ 103	-5	60- 150	6	111/ 108	-2
Cherry	150- 450	16	240/ 286	19	100- 150	10	118/ 127	7
White Elm	50- 170	10	119/ 121	1	80- 145	6	113/ 114	1
S. Hickory	80- 170	14	119/ 124	4	80- 150	10	109/ 114	4
Hard Maple	100- 220	17	139/ 156	12	80- 180	12	111/ 123	11
Soft Maple	100- 190	17	131/ 137	5	80- 150	12	111/ 116	5
White Oak	120- 400	21	212/ 237	12	80- 250	13	122/ 132	8
Red Oak	120- 470	22	271/ 273	1	100- 200	18	136/ 142	4
Black Oak	80- 400	18	214/ 237	11	100- 150	11	121/ 125	3
Tulip Poplar	80- 220	20	144/ 147	2	80- 150	13	110/ 117	6
Sycamore	50- 150	10	110/ 115	4	80- 150	9	112/ 117	5
Sweetgum	50- 140	6	144/ 108	-25	80- 145	6	108/ 121	12
Black Walnut	150- 600	17	405/ 379	-6	100- 300	13	198/ 186	-6

Table 2. Prices paid by Indiana mills for delivered veneer logs, $ per MBF, Doyle log scale.

		Prime				Select		
Species	DIB	Range	No. Re-sponses	Average Jan/May	Price Change	Range	No. Re-sponses	Average Jan/May	Price Change
White Oak	13-14	700-1000	6	900/ 867	-4	400-1000	3	600/ 733	22
	15-17	1000-1800	6	1116/1167	5	500-1000	3	820/ 833	2
	18-20	1000-2200	6	1420/1400	-1	600-1500	4	1133/1075	- 5
	21-23	1500-2500	6	1950/1783	-9	700-1900	4	1300/1250	- 4
	24-28	1600-2500	4	2250/2025	-10	800-2000	2	1150/1400	22
	29-up	2500-2500	2	2750/2500	-9	900- 900	1	900/ 900	0
Red Oak	16-17	700- 900	3	825/ 800	-3	500- 700	2	650/ 600	- 8
	18-20	800-1000	4	900/ 875	-3	600- 800	3	700/ 733	5
	21-23	900-1200	3	1033/1033	0	700- 900	2	850/ 800	- 6
	24-28	1000-1200	2	1075/1100	2	800- 800	1	800/ 800	0
	29-up	1200-1200	1	1200/1200	0	1000-1000	1	1000/1000	0
Hard Maple	16-20	450- 450	1	715/ 450	-37	400- 400	1	675/ 400	-69
	21-up		0	715/			0		
Tulip Poplar	16-20	250- 250	1	325/ 250	-23	200- 200	1	250/ 200	-25
	21-up	300- 300	1	300/ 300	0	300- 300	1	250/ 300	17
Black Walnut	12-13	800-2000	5	1300/1300	0	600-1000	3	1500/ 800	-88
	14-15	1100-2000	5	1708/1590	-7	650-1500	4	1363/1163	-17
	16-17	1500-2500	5	2166/1940	-10	750-1800	4	1687/1325	-27
	18-20	2000-4000	5	2880/2880	0	900-2800	4	2300/1925	-19
	21-23	2250-4500	3	3000/3250	8	1200-3800	3	1850/2267	18
	24-28	3500-3500	1	4250/3500	-18	1500-1500	1	2250/1500	-50
	29-up	4000-4000	1	4500/4000	-11	1800-1800	1	2400/1800	-33

Table 3. Capacity utilization in Indiana's forest products industry, 1st-quarter (January-March) 1988.

	No. Units Reporting	Reported Capacity	Reported Production	Percent Capacity Utilization
Sawmills (MBF)	18	10894	11815	108
Veneer Mills (MSF)	1			
Logging (MBF)	8	4051	4214	104

Table 4. Custom costs, May 1988.

	No. Units Reporting	Low	High	Average
Sawing ($/MBF)	12	100	250	142
Logging ($/MBF)	5	50	80	60
Hauling:				
($/MBF)	6	30	100	55
Distance	6	40	200	88
($/MBF/mile)	6	0.25	1.25	0.79

Table 5. Price of other products, May 1988, f.o.b. mill.

	No. Units Reporting	Low	High	Average
Pallet Logs ($/MBF)	6	120	165	133
Pulp Chips ($/ton)	7	8.45	33.40	15.85
Residue:				
Sawdust ($/ton)	7	2.00	9.75	5.43
Bark ($/ton)	9	3.60	39.00	9.03
Sawdust & Bark ($/ton)	2	5.25	6.50	5.88