1980

# 1980 Price Report

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Prices paid for logs delivered to mills in Indiana apparently held firm during most of 1979. Declining lumber production during the first quarter of 1980 was reflected in a general price deline for sawlogs when this survey was taken in April 1980. This trend did not carryover to veneer quality logs, however. In fact, veneer log prices increased at a record rate for all species and qualities. This is consistent with retail sales patterns observed during the last three quarters. Sales of high quality merchandise have not been impacted by the decline in sales in general. Furniture manufacturers report no slowdown in orders for their high quality lines. These are the lines which use the best grades of veneer and lumber. In addition, export demand has remained strong and increased for white oak. Exporters stepped up activity during the 1979-1980 season in anticipation of European Common Market restrictions on oak log imports.

Saw log prices declined an average of 3% in the Prime and No. 1 grades, not considering black walnut which continued to increase, Table 1. No. 2 sawlogs were down an average of 1%. No. 3 sawlogs increased an average of 3%. The species which did not decline were basswood and maple, both hard and soft. The largest decline occurred for ash. These changes are more or less consistent with changes in lumber prices over the same period, Table 2.

Table 2. Comparison of hardwood lumber prices,* April 1979 and April 1980.**

| | FAS | | | No. 1 C | | |
|---|---|---|---|---|---|---|
| Species | 5/19/79 | 5/17/80 | % Change | 5/19/79 | 5/17/80 | % Change |
| White ash | 535 | 535 | - | 415 | 350 | -16 |
| Basswood | 520 | 540 | +4 | 350 | 350 | - |
| Beech | 280 | 285 | +2 | 240 | 245 | + 2 |
| Cottonwood | 305 | 305 | - | 270 | 270 | - |
| Cherry | 750 | 750 | - | 600 | 590 | - 2 |
| White elm | 330 | 325 | -1 | 310 | 305 | - 2 |
| Hickory | 310 | 320 | +3 | 290 | 300 | + 3 |
| Sugar maple | 440 | 435 | -1 | 350 | 345 | - 1 |
| Soft maple | 400 | 400 | - | 335 | 335 | - |
| White oak | 535 | 535 | - | 415 | 350 | -16 |
| Red oak | 510 | 510 | - | 415 | 355 | -14 |
| Tulip poplar | 340 | 350 | +3 | 275 | 262 | - 5 |
| Sycamore | 250 | 260 | +4 | 230 | 240 | + 4 |
| Black Walnut | 1,390 | 1,440 | +4 | 835 | 885 | + 6 |

*Dollars per thousand board feet
**Source: Lemsky, A., Hardwood Market Report, Memphis, TN

Table 1. Prices* paid for delivered sawlogs, April 1980, Indiana mills.

| | Prime logs** | | | | | No. 1 logs | | | | | No. 2 logs | | | | | No. 3 logs | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Species | Range 1980 | No. Responses | Average 1979 | Average 1980 | % Change 79/80 | Range 1980 | No. Responses | Average 1979 | Average 1980 | % Change 79/80 | Range 1980 | No. Responses | Average 1979 | Average 1980 | % Change 79/80 | Range 1980 | No. Responses | Average 1979 | Average 1980 | % Change 79/80 |
| White Ash | 600-200 | 42 | 361 | 321 | -11 | 400-120 | 38 | 271 | 234 | -14 | 300-90 | 36 | 181 | 154 | -15 | 175-70 | 31 | 117 | 118 | - |
| Basswood | 400-120 | 23 | 227 | 243 | + 7 | 300- 90 | 25 | 181 | 185 | + 2 | 225-80 | 26 | 140 | 141 | - | 175-60 | 23 | 114 | 115 | - |
| Beech | 220-100 | 26 | 157 | 148 | - 6 | 200- 80 | 29 | 136 | 133 | - 2 | 200-70 | 27 | 117 | 120 | + 2 | 150-50 | 26 | 114 | 114 | - |
| Cottonwood | 180-100 | 20 | 144 | 128 | -11 | 175- 70 | 21 | 128 | 118 | - 8 | 200-70 | 19 | 112 | 117 | + 4 | 180-60 | 21 | 109 | 111 | + 2 |
| Cherry | 500-200 | 44 | 345 | 339 | - 2 | 450-130 | 43 | 268 | 268 | - | 400-70 | 41 | 183 | 180 | - 2 | 350-70 | 34 | 118 | 131 | +11 |
| White Elm | 250-100 | 16 | 154 | 149 | - 3 | 250- 70 | 19 | 138 | 131 | - 5 | 200-80 | 18 | 119 | 122 | + 2 | 150-60 | 22 | 112 | 114 | + 2 |
| Shagbark Hickory | 400-100 | 31 | 173 | 174 | - | 200- 80 | 34 | 143 | 140 | - 2 | 200-70 | 31 | 123 | 122 | - | 150-50 | 29 | 113 | 111 | - 2 |
| Sugar Maple | 450-150 | 38 | 249 | 259 | + 4 | 350-120 | 38 | 190 | 196 | + 3 | 250-90 | 34 | 145 | 147 | + 1 | 225-70 | 32 | 119 | 123 | + 3 |
| Soft Maple | 300-120 | 27 | 190 | 199 | + 5 | 250- 90 | 30 | 160 | 163 | + 2 | 200-70 | 29 | 131 | 129 | - 1 | 160-50 | 28 | 116 | 118 | + 2 |
| White Oak | 800-180 | 43 | 338 | 325 | - 4 | 400-100 | 43 | 255 | 235 | - 8 | 300-70 | 39 | 166 | 162 | - 2 | 200-70 | 33 | 120 | 142 | +18 |
| Red Oak | 450-200 | 44 | 319 | 306 | - 4 | 400-120 | 43 | 234 | 230 | - 2 | 400-70 | 42 | 161 | 161 | - | 200-70 | 35 | 120 | 119 | - |
| Black Oak | 450-120 | 35 | 298 | 284 | - 5 | 400- 80 | 36 | 215 | 206 | - 4 | 400-90 | 33 | 154 | 152 | - 1 | 200-70 | 29 | 118 | 117 | - |
| Tulip Poplar | 300-110 | 40 | 222 | 220 | - 1 | 300- 90 | 40 | 176 | 177 | - | 200-70 | 36 | 138 | 135 | - 2 | 200-70 | 33 | 116 | 123 | + 6 |
| Sycamore | 200-100 | 25 | 147 | 140 | - 5 | 180- 80 | 30 | 131 | 123 | - 7 | 200-70 | 28 | 114 | 119 | - 4 | 150-50 | 28 | 112 | 111 | - |
| Sweet Gum | 180-100 | 14 | 147 | 136 | - 7 | 150-100 | 16 | 131 | 123 | - 7 | 200-70 | 16 | 115 | 120 | + 1 | 150-50 | 19 | 111 | 114 | + 3 |
| Black Walnut | 2,000-300 | 24 | 525 | 668 | +27 | 1,000-180 | 27 | 442 | 473 | + 7 | 600-150 | 27 | 335 | 334 | - | 600-100 | 21 | 222 | 226 | + 2 |

*Prices are per thousand board feet, Doyle Log Scale
**Purdue Sawlog Grades

Table 3. Prices* paid for delivered veneer logs, April 1980, Indiana mills.

| | | Prime** logs | | | | | Select logs | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Species | d.i.b. | Range 1980 | No. Responses | Average 1979 | Average 1980 | % Change 79/80 | Range 1980 | No. Responses | Average 1979 | Average 1980 | % Change 79/80 |
| White Oak | 16-17 | 2000-600 | 23 | 1015 | 1257 | +24 | 2000-600 | 10 | 675 | 1062 | +57 |
| | 18-20 | 2500-680 | 18 | 1166 | 1444 | +24 | 2500-800 | 7 | 756 | 1271 | +68 |
| | 21-23 | 3000-900 | 19 | 1323 | 1655 | +25 | 3000-800 | 9 | 892 | 1411 | +58 |
| | 24-28 | 3500-600 | 17 | 1423 | 1823 | +42 | 3500-1000 | 7 | 935 | 1528 | +63 |
| | 29-up | 3500-1000 | 12 | 1520 | 2075 | +36 | 3500-1500 | 3 | 978 | 2333 | +138 |
| Red Oak | 16-17 | 800-400 | 10 | 384 | 525 | +37 | 700-300 | 6 | 250 | 433 | +73 |
| | 18-20 | 1000-400 | 6 | 392 | 650 | +66 | 1000-350 | 3 | 250 | 683 | +173 |
| | 21-23 | 1500-400 | 7 | 414 | 714 | +72 | 1500-350 | 4 | 266 | 737 | +177 |
| | 24-28 | 1500-400 | 8 | 442 | 712 | +61 | 1500-350 | 4 | 300 | 750 | +150 |
| | 29-up | 1500-400 | 5 | 457 | 800 | +75 | 1500-350 | 4 | 300 | 862 | +187 |
| Sugar Maple | 16-17 | 450-300 | 3 | c | 366 | - | 550-200 | 4 | c | 375 | - |
| | 18-20 | 600-300 | 2 | c | 450 | - | 600-250 | 2 | c | 425 | - |
| | 21-23 | 600-300 | 3 | c | 433 | - | 600-250 | 3 | c | 400 | - |
| | 24-28 | 600-300 | 3 | c | 466 | - | 600-250 | 3 | c | 416 | - |
| | 29-up | 600-300 | 2 | c | 450 | - | 600-250 | 2 | c | 425 | - |
| Tulip Poplar | 16-17 | 350-250 | 4 | b | 293 | - | 350-150 | 5 | 212 | 225 | + 6 |
| | 18-20 | 350-275 | 3 | b | 308 | - | 350-175 | 4 | 225 | 243 | + 8 |
| | 21-23 | 400-250 | 4 | b | 312 | - | 400-150 | 5 | 225 | 240 | + 7 |
| | 24-28 | 500-300 | 6 | 350 | 375 | +7 | 450-200 | 5 | 225 | 260 | +15 |
| | 29-up | 500-300 | 2 | b | 400 | - | 500-200 | 3 | 316 | 316 | - |
| Black Walnut | 16-17 | 5000-800 | 18 | 2608 | 2661 | +2 | 4000-1000 | 17 | 1542 | 2024 | +31 |
| | 18-20 | 6000-1000 | 15 | 2941 | 2966 | +1 | 5000-1200 | 11 | 1785 | 2509 | +42 |
| | 21-23 | 8000-1500 | 13 | 3412 | 3634 | +6 | 6000-1200 | 9 | 2150 | 3061 | +42 |
| | 24-28 | 8000-2000 | 12 | 3808 | 4500 | +18 | 6250-1300 | 8 | 2428 | 3606 | +48 |
| | 29-up | 9000-3000 | 7 | 4350 | 6214 | +43 | 8000-1300 | 6 | 2642 | 4800 | +82 |

*Prices are per thousand board feet, Doyle Log Scale

**Purdue log grades

c-No transactions reported

b-Withheld to avoid disclosure of individual firm data

Pallet lumber log prices were estimated by summarizing separately the returns from mills reporting the same price for all grades and species. Twelve mills fit into this category. The average price paid for pallet lumber logs was $125 per thousand board feet. The price ranged from $100 to $150 per thousand. Some mills reported a two price structure, one for small logs and a $20 to $30 dollar higher price for logs over 16-inches dib.

Veneer log prices increased for all grades and species, Table 3. Red oak registered the largest increase. Select grade red oak logs more than doubled in price, most likely as a result of resistence to the large increases in white oak prices and the substitutability of the two species. White oak continued to increase in price. The average increase between 1978 and 1979 was 32%. The average rate of increase was 54% between 1979 and 1980. Black walnut price increased by an average of 32%. The largest increases were for the select grade and the larger diameters. Indiana's veneer mills are slicing a wider variety of species on a more consistent basis. This is reflected in the renewed interest in hard maple, hickory and cherry.

Container veneer log prices were reported by 5 mills for all of the species listed on the questionnaire: beech, soft maple, sycamore, cottonwood, and gum. Prices ranged from $220 to $100 per thousand. Prime grade logs averaged $150 per thousand. No. 3's averaged $110 per thousand.

Handle logs brought $450 to $100 per thousand. Ash brought the best price, $325 for the top grade. Sugar maple prices were about the same as ash, but hickory was about $75 less in the best grade. O. P. Link Handle Company, Inc., Salem, Indiana reported prices on a "handle scale." They have estimated the number of blanks that can be manufactured from a 42-inch block between 8 and 28 inches dib. Their price is quoted on a per handle basis. An 8-inch block is rated at 4 handles, 9-inch is 5 handles, etc.

Custom prices for logging, hauling and sawing were up significantly. The average logging cost increased from $48 per thousand in 1979 to $68 per thousand in 1980. Hauling cost increased from $42 to $52 per thousand. Custom sawing cost increased from $89 to $102 per thousand.

Activity was down at the time most of the questionnaires were filled out. Many of the pallet mills mentioned that they had stopped production in April. Several also reported going out of business, because of health reasons and the state of the economy.

A sincere THANK YOU is extended to the almost 200 individuals who returned the questionnaire. The information is used to conduct economic analyses of the industry and investment analyses for timber growers. It is also used by those dealing with timber sellers to give them an approximate idea of what timber is worth. It hopefully expedites stumpage sales by letting both the seller and buyer know what a reasonable price is.

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