

- Supported by the Joint Venture Agroforestry Program, the Private Forestry Council Victoria, and ABARE
- In association with Australian Forest Growers

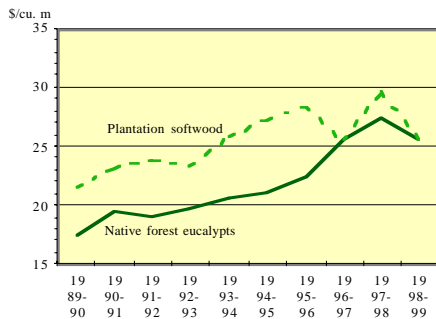
Year 2000 is making many people think of the next ten, twenty or even more years. But thinking so far ahead is common in forestry. For instance, many forest growers routinely assess the market situation over the next decade and beyond. To assist such an assessment, this report presents a set of market trends for the 1990s. Although the 1990s trends are unlikely to repeat themselves, they may provide useful pointers and lessons for future. The report also presents actual stumpage prices received by growers in Australia.

Trends

The trends are reported below for regional, national and international markets, and for a range of products. Selection of the markets and products was determined jointly by their relevance for Australian growers and by the availability of data for and space in this report.

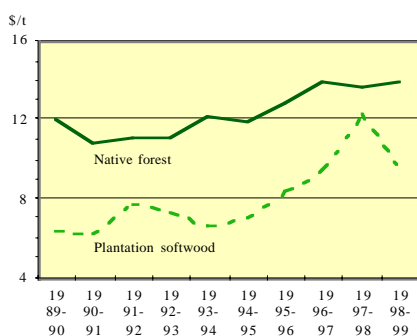
All prices are quoted in nominal terms; that is, they are not adjusted for inflation. However, where appropriate, it is pointed out whether the prices have changed in real terms, using movement in consumer price index as the measure of price inflation.

A: Annual sawlog royalty, public forests: Tasmania



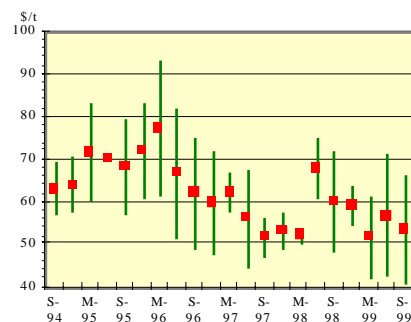
Comment: During the 1990s, the average annual royalties (stumpage) for both softwood and eucalypt logs increased in real terms. The rate of increase was larger for the eucalypts. Gap in stumpage for softwood and eucalypt logs has become smaller. Sawlog group excludes veneer logs. Data source: Annual Reports of Forestry Tasmania.

B: Annual pulpwood royalty, public forests: Tasmania



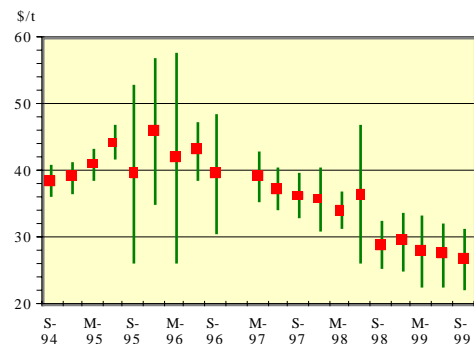
Comment: During the 1990s, the average annual royalty (stumpage) rates increased in nominal terms for both plantation softwood and native forest pulpwood. However, the prices increased in real terms for softwood plantation pulpwood only. But the softwood prices also fluctuated much more widely around the trend. Native forest pulpwood is mainly from eucalypts. Data source: as for figure A.

C: Prices of radiata pine sawlogs: New Zealand



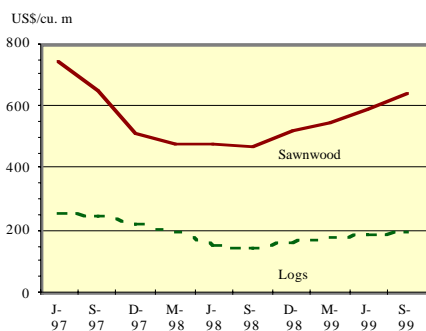
Comment: Australia competes with New Zealand in domestic and exports markets. Hence the trends in New Zealand prices are relevant to Australian growers. The prices are for L1 and L2 grade sawlogs (minimum small end diameter, respectively, 400 mm and 300 mm, unpruned, maximum knot size 140 mm, and in fairly straight lengths of 4 m to 6.1 m); at mill door in New Zealand; by the March, June, September and December quarters. Original prices were in NZ\$/t; they were converted in to Australian dollar values, using quarterly currency exchange rates. Lengths of the vertical lines indicate the price range and the dots the middle of the range. From the beginning of 1996, the log prices show a declining trend in nominal as well as real terms. Data source: NZ MAF website.

D: Prices of radiata pine pulplogs: New Zealand



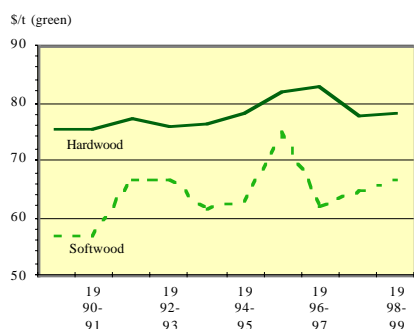
Comment: Figure D refers to quarterly prices of radiata pine pulplogs destined for domestic market within New Zealand. Except for this, other comments and data source are as for figure C.

E: Quarterly sawnwood and log export prices: Malaysia



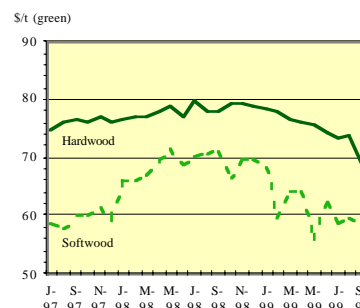
Comment: Malaysia dominates world's tropical log and sawnwood export markets and is the largest supplier of broadleaved sawnwood imports in to Australia. Hence the Malaysian export prices are of interest to Australian growers. The prices fell during the 1997–1998 Asian financial crisis but began to recover in 1999. Sawnwood is from dark red seraya and meranti species, of select and better grades, and kiln dried. Logs are of meranti species. Data source: World Bank's Global Commodity Markets.

F: Annual export woodchip prices, fob: Australia



Comment: Australian export prices of both hardwood and softwood chips reveal rising trends during the 1990s. However, in general the prices did not rise in real terms. In contrast with prices of hardwood chips, prices of softwood chips were significantly lower and fluctuated far more widely around the trend. Data source: ABARE's Australian Forest Product Statistics.

G: Monthly export woodchip prices, fob: Australia



Comment: Figure G shows monthly woodchip export prices from July 1997 to September 1999. The data further confirm that softwood chip prices were lower and more volatile than the hardwood chip prices. The prices of both types of woodchips weakened further towards the end of the period. Data source: as for figure F.

Stumpage prices

ANU Forestry has collected information on actual stumpage recently received by small scale growers. As the collected information was insufficient for deriving averages and trends, it is presented in case study format in table 1. Users should exercise due care in using it for assessing stumpage for a particular situation.

I: Stumpage case studies

State/Region	Period	Log type	Stumpage	Comments
1998-99				
Queensland, Central coast	June to January	Tropical hardwood sawlogs:		300 km to mill:
		Tereticornis species	\$45/cu. m	To fixed sawmill
		Tereticornis species	\$50/cu. m	To portable sawmill
		Molucanna species	\$50/cu. m	To portable sawmill
1999				
Victoria, Central Gippsland	May to June	Pine:		100 km to mill:
		Sawlogs	\$34.33/cu. m	310 cu. m
		Pulplogs	\$10/t	634 t
Tasmania	September to December	Pine:		Pruned clearwood; 400 cu. m; 50 km to mill
		Sawlogs	\$65/cu. m	Unmanaged thinnings; 3,500 t; 126 km to mill
	Pulplogs	\$2/t		
		Native forest eucalypt logs:		70 km to mill:
		Category 1	\$28/cu. m	650 cu. m
	Category 2	\$23/cu. m	480 cu. m	
		Blackwood logs	\$45/cu. m	Small diameter logs from clearfell eucalypt harvest, 25 km to mill