

Timber Price Indices

13 November 2008

This release contains the latest figures for the Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index, for Great Britain.

The Standing Sales Price Index measures the average price received per cubic metre of standing sales timber from Forestry Commission sales. The Index is expressed in real terms (2006 prices), and is adjusted for timber size mix using the Fisher method with 5 yearly chain-linking (see below). This represents a change in the methodology used to calculate the index and an index calculated on the previous basis (using the Laspeyres method) is also shown, for information.

The Softwood Sawlog Price Index measures the average price received per cubic metre of sawlogs from Forestry Commission sales. The Index is expressed in real terms (2006 prices).

Sawlogs and standing timber are distinct markets, and may show different price movements. The data are averages for historic periods, so may be slow to show any turning points.

The main findings are:

- The average price for coniferous standing sales was £10.68 per cubic metre overbark standing in nominal terms in the year to September 2008.
- The Coniferous Standing Sales Price Index for Great Britain was 4.1% lower in real terms in the year to September 2008, compared with the previous year.
- The Softwood Sawlog Price Index was 10.9% lower in real terms in the 6 months to September 2008, compared with the corresponding period of the previous year.

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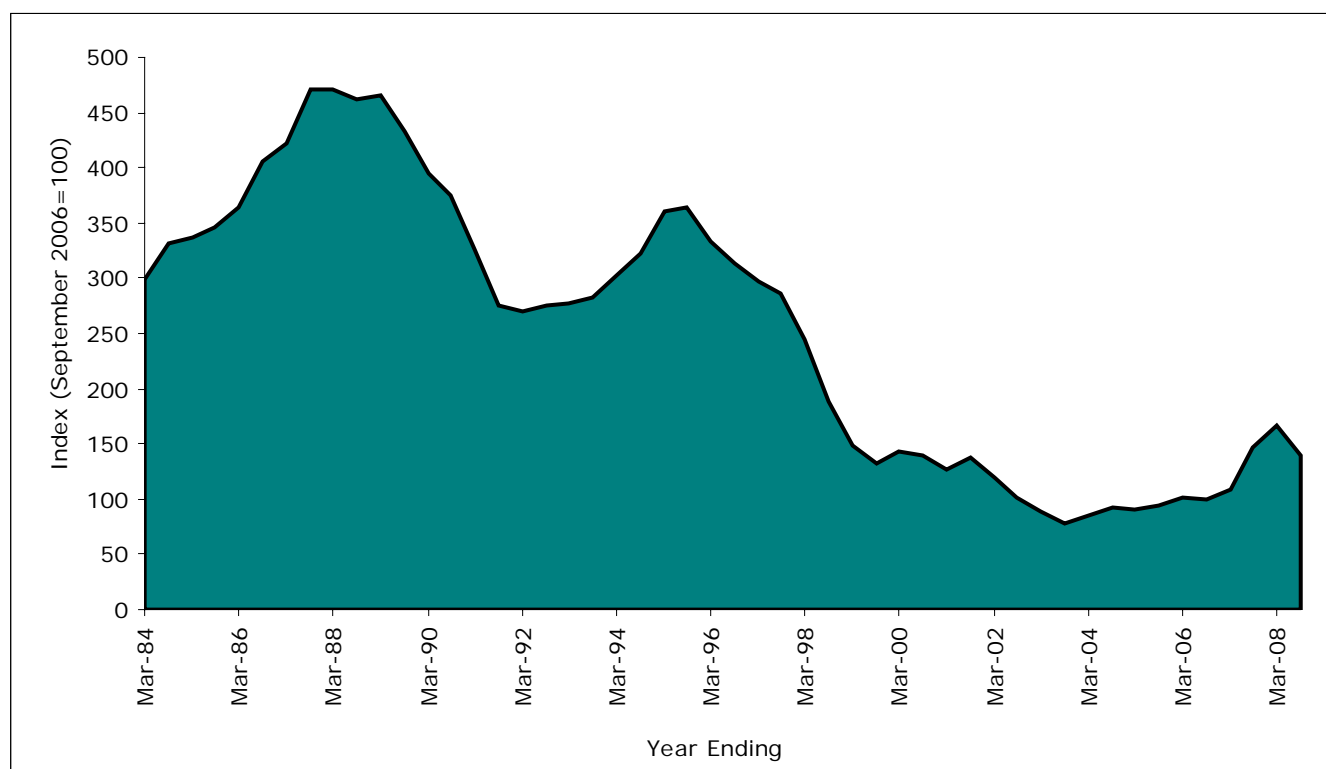
Website: www.forestry.gov.uk/statistics



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Coniferous Standing Sales Price Index

Chart 1: Coniferous Standing Sales Price Index for Great Britain
(year ending September 2006 = 100, real terms)



Note:

Chart 1 illustrates the aggregate trend of prices received for all conifers sold standing on the Forestry Commission estate. Interpretation should be on that basis only. The Index does not show end product price changes nor local trends, conditions or prices and cannot be interpreted on that basis.

Table 1: Percentage change in Coniferous Standing Sales Price Index for Great Britain

	Percentage change compared with previous year			
	Fisher (5 yearly)		Laspeyres (Sept 1996)	
	Nominal Terms	Real Terms	Nominal Terms	Real Terms
Year to September 2007	50.3%	46.1%	36.8%	33.1%
Year to September 2008	-1.5%	-4.1%	1.0%	-1.7%

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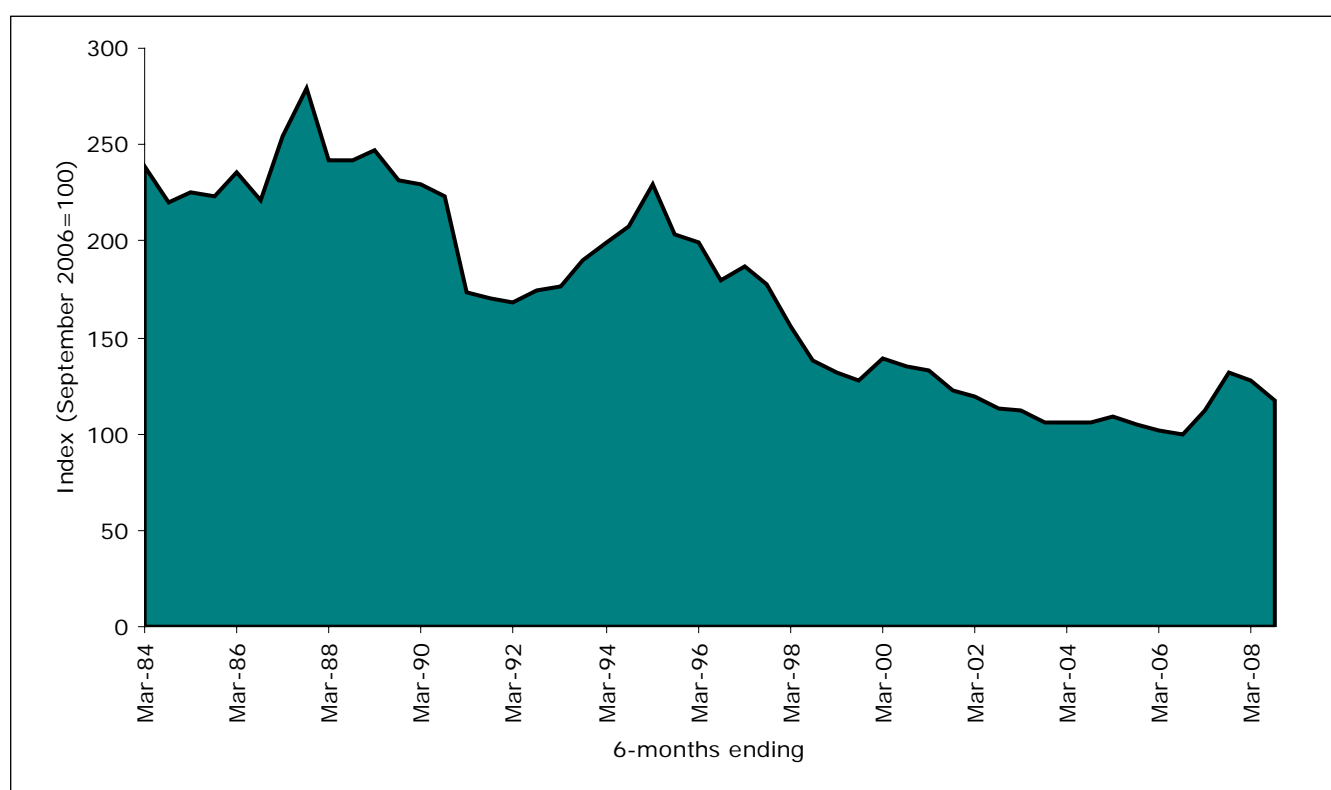
Table 2: Coniferous Standing Sales Price Index for Great Britain

Year to:	Average Price (Per Cubic Metre Overbark)		Fisher (5 yearly)		Laspeyres (Sept 1996)	
	Nominal Terms (£)	Real Terms (£2006)	Nominal Terms September 2006=100	Real Terms (2006 Prices) September 2006=100	Nominal Terms September 1996=100	Real Terms (1996 Prices) September 1996=100
31-Mar-84	8.94	20.54	130.0	298.5	56.3	100.8
30-Sep-84	10.37	23.20	148.1	331.4	65.0	113.4
31-Mar-85	10.26	22.38	154.5	337.0	66.7	113.4
30-Sep-85	10.36	22.01	162.8	345.9	68.1	112.9
31-Mar-86	11.26	23.12	177.5	364.5	75.4	120.7
30-Sep-86	12.19	24.84	199.0	405.6	84.0	133.5
31-Mar-87	12.62	25.28	210.8	422.6	88.7	138.7
30-Sep-87	14.59	28.46	241.9	471.9	101.8	154.8
31-Mar-88	15.36	29.15	248.2	471.0	102.7	152.0
30-Sep-88	15.29	28.18	251.1	462.7	103.1	148.2
31-Mar-89	15.80	28.04	262.7	466.1	109.1	150.9
30-Sep-89	15.57	26.64	253.2	433.4	104.1	139.0
31-Mar-90	15.14	25.04	239.2	395.6	99.4	128.2
30-Sep-90	15.48	24.60	235.5	374.3	98.0	121.4
31-Mar-91	13.75	21.10	212.2	325.6	87.3	104.5
30-Sep-91	11.06	16.47	184.4	274.5	75.3	87.4
31-Mar-92	11.22	16.22	186.3	269.4	76.4	86.2
30-Sep-92	11.99	17.00	194.8	276.1	80.0	88.4
31-Mar-93	12.33	17.27	198.4	277.9	82.2	89.8
30-Sep-93	12.68	17.55	204.4	283.0	84.9	91.6
31-Mar-94	13.87	18.95	221.3	302.3	91.5	97.5
30-Sep-94	15.25	20.70	236.9	321.6	98.2	104.0
31-Mar-95	17.28	23.25	268.1	360.7	110.8	116.3
30-Sep-95	17.74	23.49	275.4	364.7	112.9	116.6
31-Mar-96	16.59	21.66	255.8	333.9	104.6	106.5
30-Sep-96	15.97	20.48	243.7	312.5	100.0	100.0
31-Mar-97	15.92	20.10	235.6	297.5	96.8	95.3
30-Sep-97	15.52	19.35	229.4	286.0	94.5	91.9
31-Mar-98	13.35	16.38	199.4	244.6	82.3	78.8
30-Sep-98	10.32	12.49	155.5	188.2	64.1	60.5
31-Mar-99	8.44	10.10	124.1	148.5	51.1	47.7
30-Sep-99	7.65	9.05	111.5	131.9	46.2	42.6
31-Mar-00	8.13	9.53	121.6	142.6	49.7	45.5
30-Sep-00	8.02	9.35	119.1	138.9	48.8	44.4
31-Mar-01	7.54	8.72	110.2	127.4	45.4	41.0
30-Sep-01	8.32	9.52	120.4	137.8	49.9	44.6
31-Mar-02	7.34	8.29	105.4	119.0	43.2	38.1
30-Sep-02	6.38	7.08	91.5	101.6	36.6	31.7
31-Mar-03	5.69	6.23	81.3	89.1	33.6	28.7
30-Sep-03	5.08	5.48	72.3	78.0	30.3	25.5
31-Mar-04	5.60	5.96	79.6	84.7	32.6	27.1
30-Sep-04	6.19	6.51	88.0	92.6	35.4	29.0
31-Mar-05	6.13	6.35	86.9	90.1	34.5	27.9
30-Sep-05	6.58	6.75	91.4	93.7	36.2	29.0
31-Mar-06	7.25	7.35	100.0	101.4	39.9	31.6
30-Sep-06	7.13	7.13	100.0	100.0	42.5	33.1
31-Mar-07	7.97	7.87	111.0	109.5	45.4	35.0
30-Sep-07	10.79	10.50	150.3	146.1	58.1	44.1
31-Mar-08	12.48	11.97	173.8	166.7	66.4	49.7
30-Sep-08	10.68	10.11	148.1	140.2	58.7	43.3

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Softwood Sawlog Price Index

Chart 2: Softwood Sawlog Price Index for Great Britain
(6 months to September 2006 = 100, real terms)



Note:

The Softwood Sawlog Price Index does not include any private sector data. Chart 2 illustrates the aggregate trend of prices received for all softwood sawlogs sold on the FC estate. Interpretation should be on that basis only. The Index does not reflect local trends, conditions or prices and cannot be interpreted on that basis.

Table 3: Percentage change in Softwood Sawlog Price Index for Great Britain

	Percentage change compared with corresponding 6-month period of previous year	
	Nominal Terms	Real Terms
6 months to September 2007	35.7%	31.7%
6 months to September 2008	-8.6%	-10.9%

Note:

The Softwood Sawlog Price Index is calculated for separate six-month periods. This differs from the Coniferous Standing Sales Price Index, which is for overlapping one-year periods, so the percentage changes in Tables 1 and 3 are calculated over different periods.

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Table 4: Softwood Sawlog Price Index for Great Britain

6 months to:	Price Index (6 months to Sept 2006=100)	Price Index in Real Terms (6 months to Sept 2006=100)
31-Mar-84	104.2	238.4
30-Sep-84	99.3	220.0
31-Mar-85	103.6	225.2
30-Sep-85	106.2	223.4
31-Mar-86	114.5	236.0
30-Sep-86	108.2	221.0
31-Mar-87	127.5	254.0
30-Sep-87	144.3	278.9
31-Mar-88	128.2	241.9
30-Sep-88	132.9	242.4
31-Mar-89	141.4	247.2
30-Sep-89	136.6	231.8
31-Mar-90	140.2	228.9
30-Sep-90	142.4	223.2
31-Mar-91	114.0	173.5
30-Sep-91	115.5	170.3
31-Mar-92	117.3	168.6
30-Sep-92	123.0	174.2
31-Mar-93	125.8	176.6
30-Sep-93	137.4	189.9
31-Mar-94	145.7	199.1
30-Sep-94	151.7	207.1
31-Mar-95	170.7	229.2
30-Sep-95	154.1	203.7
31-Mar-96	153.0	199.7
30-Sep-96	140.9	179.7
31-Mar-97	147.5	186.8
30-Sep-97	142.4	177.1
31-Mar-98	126.9	155.6
30-Sep-98	113.8	137.6
31-Mar-99	110.0	131.9
30-Sep-99	108.3	128.0
31-Mar-00	118.2	139.3
30-Sep-00	115.1	134.5
31-Mar-01	115.0	133.2
30-Sep-01	106.5	122.0
31-Mar-02	106.2	119.7
30-Sep-02	102.1	113.1
31-Mar-03	102.6	112.4
30-Sep-03	98.5	106.0
31-Mar-04	99.0	105.6
30-Sep-04	100.5	105.5
31-Mar-05	105.2	108.9
30-Sep-05	102.0	104.8
31-Mar-06	100.5	101.8
30-Sep-06	100.0	100.0
31-Mar-07	113.6	112.1
30-Sep-07	135.7	131.7
31-Mar-08	133.0	127.6
30-Sep-08	124.1	117.3

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Background

Coniferous Standing Sales Price Index

Publication cycle

The Coniferous Standing Sales Price Index (CSSPI) is produced every six months on an annual basis, i.e. data for the year to March are published in May, while data for the year to September are published in November. As these periods overlap, comparisons of values should be made with the same period a year earlier.

Composition

The Coniferous Standing Sales Price Index (CSSPI) is an index of the average prices per cubic metre overbark standing achieved for Forestry Commission (FC) standing sales of conifers. It covers all conifer standing sales (open market and negotiated) on the FC estate over the twelve month period. All thinning and clearfell data is combined within the index. It includes all species, tree sizes, working practices and conditions on the FC estate. It does not include any private sector data.

Calculation

The methodology used to calculate the Coniferous Standing Sales Price Index has been reviewed, with a new method introduced from this publication. A Fisher index with 5-yearly chain linking has now been adopted as the preferred method for calculating the index. However, for a 5 year transition period, the previous Laspeyres index will be shown alongside the new index.

A Laspeyres index uses the size mix in a base period to compare prices over time, whilst a Paasche index uses the size mix in the current year. A Fisher index, which is the geometric mean of a Laspeyres and Paasche index, is considered to have more desirable properties than either a Laspeyres or Paasche index. Further information on the change in methodology is provided in the paper "Methodology for the Coniferous Standing Sales Price Index", available from the Statistical Reviews page of the Forestry Commission website at www.forestry.gov.uk/statistics.

The Fisher index and the Laspeyres index both measure price changes for a given size mix, to correct distortions in the average price caused by variations in average tree size. This enables prices in different years to be compared on the basis of a constant size mix, but they do not consider possible changes in quality or working conditions.

By using chain-linking, the base for the Fisher index is updated every 5 years. The Laspeyres index has a fixed base of year to September 1996. The small size categories (less than 0.175m³) accounted for more of the volume in 1996 than in recent years. When

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price movements are different for these small sizes, the 1996 base index may not give a good guide to trends for the current size mix.

The average prices and the index are expressed in nominal terms (i.e. the actual prices at the time of sale) and in real terms (i.e. the prices converted to 2006 prices for the Fisher index and 1996 prices for the Laspeyres index, by removing the effects of general inflation).

For the real average price and for the index in real terms, the GDP (Gross Domestic Product at market prices) deflator, which is published by the Office for National Statistics (ONS), is applied to the prices to remove the effects of general inflation.

Annual percentage changes quoted in this release are based on unrounded figures.

Revisions

Figures for earlier years may be revised to reflect late updates to administrative systems. Previous real terms standing sales figures may be subject to minor changes depending on revisions to the GDP deflator by ONS.

Sawlog Price Index

Most background notes on CSSPI also apply to the Softwood Sawlog Price Index. The main differences are identified below.

The index is calculated from data covering separate 6-month periods to September and March. This means that the changes reported are not covering the same periods as the CSSPI.

The index measures the average price per cubic metre of sawlog sales, with no adjustment for any change in size mix.

As for the CSSPI, the softwood sawlog price index has been rebased to show the period to September 2006 = 100.

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