

# Quality Report:

## Timber Price Indices

### Introduction

*Timber Price Indices* is published twice a year and comprises two price indices, the Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index. Both indices are based on sales of softwood (conifers) and cover:

- Sales in England and Scotland by the Forestry Commission; and
- Sales in Wales by the Forestry Commission to 31 March 2013 and by Natural Resources Wales from 1 April 2013.

The data are obtained from administrative records of timber sales by the Forestry Commission and Natural Resources Wales. Further information on this data source is provided in the Statement of Administrative Sources for the Sales Recording Package, available at [http://www.forestry.gov.uk/pdf/FCSOASSRP.pdf/\\$FILE/FCSOASSRP.pdf](http://www.forestry.gov.uk/pdf/FCSOASSRP.pdf/$FILE/FCSOASSRP.pdf).

### Coniferous Standing Sales Price Index

The Coniferous Standing Sales Price Index monitors the changes in the average price received per cubic metre overbark standing for timber that the Forestry Commission/Natural Resources Wales sold standing, where the purchaser is responsible for harvesting. The index is expressed in real terms (2016 prices), and is adjusted for timber size mix using the Fisher method with 5 yearly chain-linking. Data points represent overlapping 12 month periods.

### Softwood Sawlog Price Index

The Softwood Sawlog Price Index monitors the changes in the average price received per cubic metre overbark felled of sawlogs (roundwood with a top diameter of 14 cm or more, destined to be sawn into planks or boards) sold at roadside by the Forestry Commission/Natural Resources Wales. The index is expressed in real terms (2016 prices), with data points representing distinct 6 month periods.

## Relevance

*Timber Price Indices* is used to monitor trends in timber prices and to provide information on the state of the UK timber industry. The indices are also used by the UK timber industry in contract reviews. The underlying prices on coniferous standing sales are used in the estimation of timber values in the *UK Environmental Accounts* (produced by the Office for National Statistics) and in other work on natural capital accounts.

The Forestry Commission's Harvesting and Marketing Officers group and the Expert Group on Timber and Trade Statistics (comprising representatives from the UK timber industry, the Forestry Commission, Natural Resources Wales and the Forest Service in Northern Ireland) are consulted as required to ensure that *Timber Price Indices*:

- remain relevant to users;
- make best use of the available data and
- take account of relevant factors that may influence differences in price.

## Accuracy

A number of checks are performed on the data to ensure accuracy. These include checks against data for previous years, raising queries with operational staff as required.

Both the Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index include sales by long term contract, where the volume of roundwood covered by the contract is sold over a period of more than one year. To take account of changes in price over the term of the contract, price adjustments are made periodically, as part of the contract. At present, price adjustments are not fully accounted for in the indices.

## Timeliness and punctuality

Indices are published around 6 weeks after the end of the reference period:

- Data to end March are published in mid-May and
- Data to end September are published in mid-November.

Summary results for data to end March are also published in *Forestry Statistics* at end September, 6 months after the end of the reference period.

## Accessibility and clarity

*Timber Price Indices* is available on the Forestry Commission website at [www.forestry.gov.uk/statistics](http://www.forestry.gov.uk/statistics) and includes background information on the sources and methodology. The underlying data used to construct the indices, along with longer time series of the indices, are also available to download from the Forestry Commission website in Excel and PDF formats.

Summary results for the period to end March are also published in *Forestry Statistics*, available from the Forestry Commission website.

## Comparability

The methodology used to calculate the Coniferous Standing Sales Price Index was reviewed in 2008, with a new method (Fisher with 5 yearly chain-linking) introduced from the November 2008 publication. For a 5 year transition period, the previous index (Laspeyres with September 1996 base) was published alongside the new index. A paper describing the change in methodology is available from the Statistical Methodology and Outputs page of the Forestry Commission website at: [www.forestry.gov.uk/forestry/ahen-589ddl](http://www.forestry.gov.uk/forestry/ahen-589ddl).

## Coherence

These are the only official statistics published for roundwood timber prices in the UK. So, although these are limited to sales by the Forestry Commission and Natural Resources Wales, they are sometimes used as indicators of price trends for other UK softwood. In recent years, softwood has accounted for more than 90% of all timber harvested in Great Britain, and the Forestry Commission/ Natural Resources Wales has accounted for around 40% to 50% of all softwood sold.

Some private sector data are held by businesses that handle private sector sales, but these are not yet publicly available as an index.

Log and pulpwood prices for a range of other countries are included in the UNECE timber price database at [www.unece.org/forests/output/prices.html](http://www.unece.org/forests/output/prices.html).

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The data for both the Coniferous Standing Sales Price Index and the Softwood Sawlog Price Index are obtained from the Forestry Commission's Sales Recording Package (SRP). SRP was also used by Natural Resources Wales until February 2017, and is being replaced with an alternative system. To date, it has not been possible to obtain estimates of sales from March 2017 on a consistent basis to previous data. As a result, the figures presented in *Timber Price Indices: Data to March 2017* and *Timber Price Indices: Data to September 2017* do not include any sales by Natural Resources Wales from March 2017 (that were not recorded in SRP). It is intended that sales by Natural Resources Wales, obtained from the new NRW system, will be included in future releases.

## Revisions

The Forestry Commission's Revisions Policy outlines our general approach to revisions.

In the release *Timber Price Indices*, nominal timber prices and index values in nominal terms are not normally revised, but may be amended to reflect late changes to the timber sales data held on the live management information systems or to correct errors. All real timber prices and index values in real terms are subject to revision when the GDP deflator is revised by the Office for National Statistics. The coniferous standing sales price index may be subject to revision if the base year is changed or there is another change in methodology; in such cases, the change will be pre-announced and the figures published using both methods for a transition period. No further revisions are normally made before publication in other outputs.

Updates to the base year (for both indices) and 5-year chain linking (for the Coniferous Standing Sales Price Index) were made in November 2011 and November 2016. These will next be updated in November 2021.

Information on significant revisions made to published statistics are available in the Annex.

Sheila Ward  
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Updated November 2017

## Annex: Significant revisions to published statistics

In 2017, checks on the data for the softwood sawlog price index uncovered a number of inconsistencies in the coverage of the underlying data. The previous index has been replaced in the First Release *Timber Price Indices: Data to March 2017* with a revised index of sales since October 2011. The revised index covers open market sales only and all lengths of log. Information on the effect of this change are provided in the Annex of *Timber Price Indices: Data to March 2017*.

A further change was made to the softwood sawlog index to include negotiated sales for the release of *Timber Price Indices: Data to September 2017*. The Annex of this release provides further details on the effect of this additional change.

In 2004 the *Timber Price Indices* publication was extended to include a sawlog index produced by the Forestry Commission's Operational Support unit. The index was initially thought to represent overlapping years, similar to the standing sales index; it was therefore presented, and real terms values calculated, on that basis. In 2006 it was discovered that the index actually covered separate 6-month periods; adjusting to this basis affected the presentation and resulted in small revisions to the values in real terms, but did not affect the values in nominal terms.

A revised version of the First Release on *Timber Price Indices to March 2005* was issued in June 2005, to correct a spreadsheet error in converting to real terms using the GDP deflator.