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This on-line version differs from the printed Proceedings 2004.
Ragnar Jonsson's paper is included in this version, but is missing from the paper copy.

Testing for variation in the log price structure in western Oregon

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Abstract

Timber owners in western Oregon have been concerned about the erosion of price premiums for higher quality grades of Douglas-fir sawlogs over the past decade and the associated impacts on rotation decisions. Time series tests indicate that the ratio of #3 (lower quality) to #2 (higher quality) sawlog prices did rise over the 1990-2000 period indicating a trend towards a convergence between the prices. To identify causes of this shift, reduced form equations for Douglas-fir sawlogs with time-varying coefficients were estimated using flexible least squares. Relative changes in reduced-form coefficients between grades suggest that prices of higher quality lumber grades became more important for #3 than #2 logs during this period while lower quality lumber grades became more important for #2. These shifts may have been the result of changes in the distribution of qualities within log grades (input quality) and log grade-specific technical improvement in sawmilling. Counterfactual simulations of log prices without historical trends in the reduced form variables had no impact on the #2-#3 log price relation though some cases did effect the relations of both #2 and #3 with #4 (the lowest grade).

Keywords: Forest management, log prices, lumber production