



A Selection of Monthly Economic Statistics

Points of interest:

Exports to China

B.C. forest products exports to **China** totalled **\$1.67 billion** in the first 10 months of 2010, a **63% increase** from the 2009 level. China accounted for **29.8%** of the total value of B.C. forest product exports in October and **22.1%** on a YTD basis.

Russian Log Export Tax

Analysts are watching for the **possible reduction of Russian log export tax** to China, a move to gain acceptance in the World Trade Organization and to recapture Russia's market share in China. **Russia and the European Commission** have been finalizing negotiations to substantially reduce or eliminate Russian log export tax.

Softwood Lumber Agreement

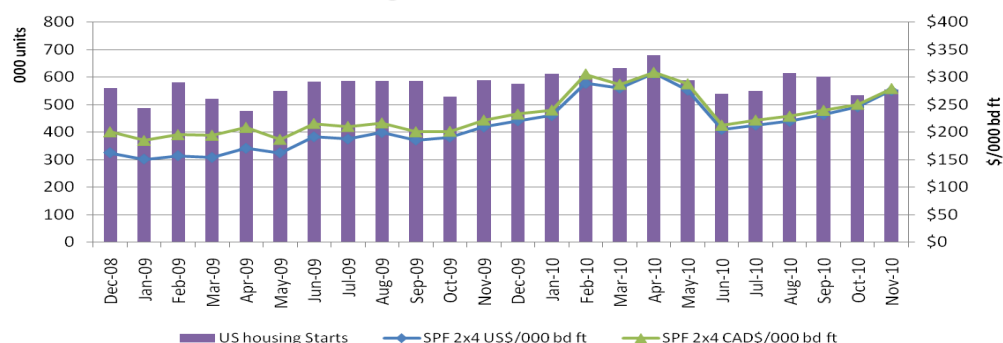
In October 2010, the U.S. Government requested **consultations with Canada** under the 2006 Softwood Lumber Agreement with regard to B.C.'s timber pricing policies, and may initiate an **arbitration** in the near future.

For further information
please contact:

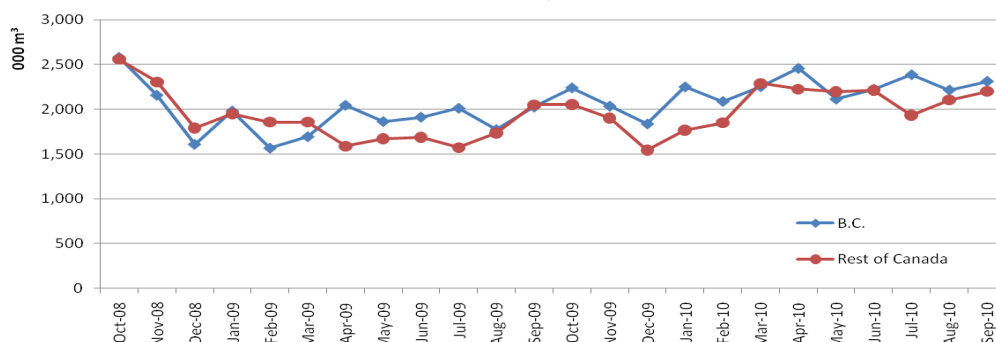
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LUMBER PRICES & U.S. HOUSING

US Housing Starts* and SPF 2x4 Prices



Softwood Lumber Production, B.C. vs. Rest of Canada



Data sources: Madison's, US Census Bureau and Statistics Canada *Seasonal Adjusted Annual Rates (SAAR)

- **U.S. privately-owned housing starts** in **November** were at **555,000 SAAR**. This is **3.9% higher** than the revised October estimate of 534,000, but is 5.8% below the November 2009 rate of 589,000. **Single-family housing** starts in November were at a rate of 465,000, 6.9% higher than the October rate. **U.S. housing starts are expected to rise only marginally in 2011.**
- **Lumber prices** have risen steadily over the past 6 months with the increasing influence of China's demand for North American lumber. **SPF 2x4s** averaged at **US\$276/000 bd ft** in November, gained \$30 from October and averaged \$252 on the YTD basis. **Random Lengths Lumber Composite** averaged at **US\$275/000 bd ft** in November and averaged **\$283** on the YTD basis. **There are no obvious signs that Chinese buyers are resisting the rising lumber prices.**
- **Lumber production in B.C.** rose **20.3% YTD** through the first 3 quarters of 2010, output in the **rest of Canada** gained **17.6%**. Overall **North America** lumber production **increased 10.5%** in the first 3 quarters of 2010, according to industry associations and Statistics Canada.

Common Abbreviations:

YTD- year-to-date

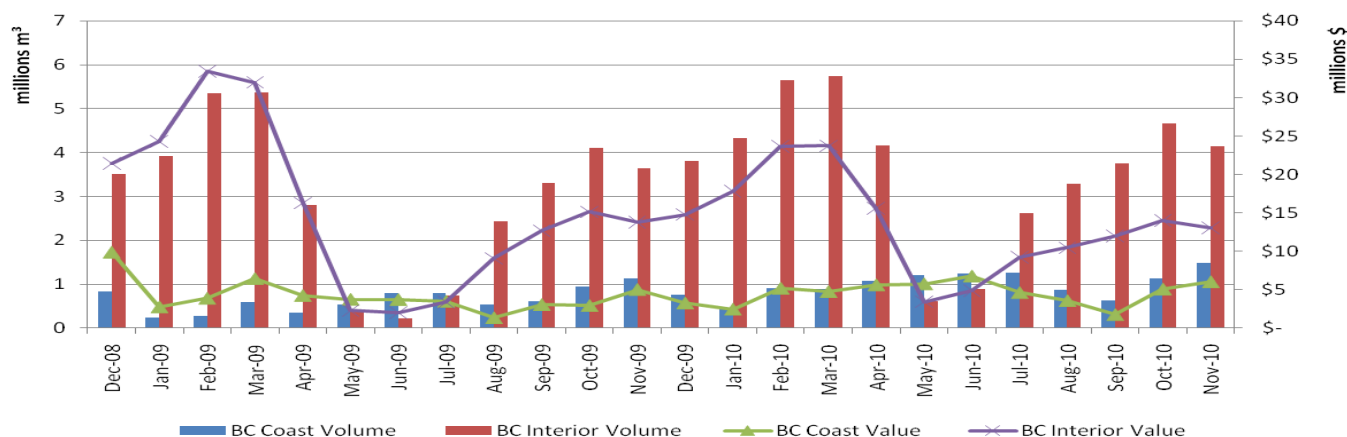
M/M - % change from the previous to current month

Y/Y- % change from the same month in the previous year to the current year

SAAR- Seasonally Adjusted Annual Rates

China- refers to China, including Hong Kong

HARVESTING

BC Crown Land Monthly Harvest Volume (m³)* and Value (CAD\$)

Data source: Harvest Billing System of Ministry of Forests, Mines and Lands.

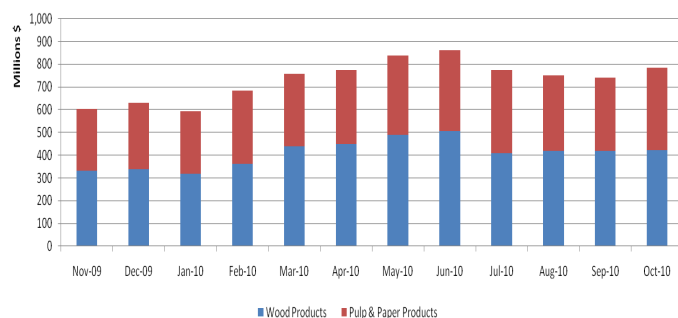
*All logs, special forest products, species and grades billed to crown land excluding waste, reject and Christmas trees.

COAST Crown land harvest volume was **1.48 million m³** in November, **up 41.7% YTD** from the 2009 level. **Harvest value** was **\$6.0 million** in November, **up 12.3% YTD** from the 2009 level.

INTERIOR Crown land harvest volume was **4.13 million m³** in October, **up 10.6% YTD** from the 2009 level. **Harvest value** was **\$13.1 million** in November, **down 18% YTD** from the 2009 level.

EXPORTS

BC Forest Products Export Value by Sector

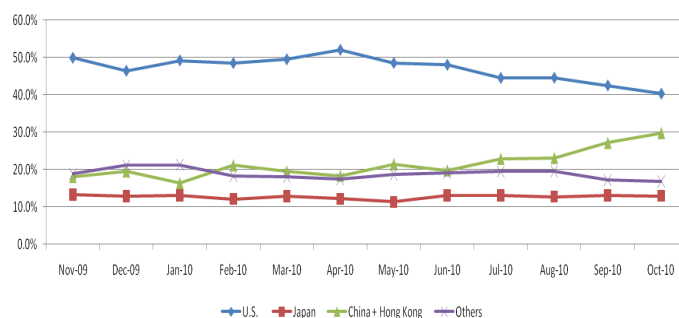


Data source: BC Stats.

B.C. forest products exports totalled **\$785 million** in October, **up 5.8%** from September and **up 18.6% YTD** compared to the 2009 level;

- **Wood products exports** totalled **\$424 million** in October, **up 0.9%** from September and **up 22.5%** from the 2009 level YTD; and,
- **Pulp & paper products** totalled **\$361 million** in October, **up 12.2%** from September and **up 14.0%** from the 2009 level YTD.

Share of BC Forest Products Export Value



The destination with the **largest share of the B.C. forest products export value** in October has been the **U.S.** at **40.4%**, while:

- **China** accounted for **29.8%** and
- **Japan** accounted for **13.0%**.

In the first 10 months of 2010, the **U.S. share** of total value of B.C. forest products exports **dropped to 46.7%** from 53.8% one year ago. Shares in other major markets include **China** at **22.1%**, **up from 16%** one year ago and **Japan** at **12.6%**, **up from 12.1%** one year ago.

DATA SUMMARY

Monthly Economic Statistics - December 2010

		<u>Latest Month</u>	<u>Month Ago</u>	<u>M/M Change</u>	<u>Year Ago</u>	<u>Y/Y Change</u>	<u>2010 YTD</u>	<u>2009 YTD</u>	<u>YTD/YTD* Change</u>
Lumber Prices (US \$/000 bd ft)									
SPF 2x4	Nov 10	\$276	\$246	12.2%	\$210	31.4%	\$252	\$178	41.6%
Random Lengths Lumber Composite	Nov 10	\$275	\$254	8.3%	\$245	12.2%	\$283	\$219	29.2%
SPF 2x10	Nov 10	\$322	\$319	0.9%	\$307	4.9%	\$317	\$241	31.5%
SPF Stud	Nov 10	\$246	\$220	11.8%	\$209	17.7%	\$253	\$188	34.6%
Cedar 2x4	Nov 10	\$650	\$650	0.0%	\$650	0.0%	\$650	\$620	4.8%
Hemlock Squares	Oct 10	\$780	\$780	0.0%	\$767	1.7%	\$782	\$767	2.0%
Panel Prices (CDN\$/000 sq ft)									
Plywood	Nov 10	\$299	\$328	-8.8%	\$304	-1.6%	\$336	\$311	8.0%
OSB	Nov 10	\$204	\$209	-2.4%	\$191	6.8%	\$255	\$202	26.2%
Pulp & Paper Prices (US\$/tonne)									
NBSK Pulp	Nov 10	\$957	\$968	-1.1%	\$772	24.0%	\$928	\$643	44.3%
Newsprint (US Eastcoast)	Nov 10	\$623	\$621	0.3%	\$488	27.7%	\$578	\$584	-1.0%
US\$/CDN\$ Exchange Rate									
	Nov 10	0.9900	0.9823	0.8%	0.9438	4.9%	0.9692	0.8736	10.9%
Housing Starts (000 units)									
US (Seasonally Adjusted Annual Rates)	Nov 10	555	519	6.9%	589	-5.8%	592	553	7.1%
Canada	Nov 10	187	168	11.5%	168	11.4%	193	147	30.9%
Japan Wood-based	Oct 10	41	41	0.0%	41	0.9%	38	36	5.5%
BC Lumber Production (000 m ³)									
Coast	Sep 10	2,311	2,215	4.4%	2,025	14.1%	20,290	16,866	20.3%
Interior	Sep 10	249	230	8.3%	226	10.4%	2,138	1,795	19.1%
	Sep 10	2,062	1,985	3.9%	1,799	14.6%	18,152	15,071	20.4%
BC Market Pulp Shipments (000 tonne)									
	Sep 10	361	332	8.7%	280	28.9%	3,113	2,484	25.3%
BC Origin Forest Products Exports by Products (million \$)									
Wood Products	Oct 10	\$785	\$742	5.8%	\$621	26.4%	\$7,556	\$6,370	18.6%
	Oct 10	\$424	\$420	0.9%	\$344	23.1%	\$4,236	\$3,457	22.5%
Pulp & Paper products	Oct 10	\$361	\$322	12.2%	\$277	30.6%	\$3,320	\$2,913	14.0%
Shares of BC Forest Products Exports Value (%)									
US	Oct 10	40.4%	42.5%	-4.9%	49.9%	-19.0%	46.7%	53.8%	-13.2%
China & Hong Kong	Oct 10	29.8%	27.2%	9.6%	18.1%	64.6%	22.1%	16.0%	38.1%
Japan	Oct 10	13.0%	13.1%	-0.8%	12.9%	0.8%	12.6%	12.1%	4.1%
Other	Oct 10	16.8%	17.2%	-2.3%	19.1%	-12.0%	18.6%	18.1%	2.8%
Market Shares of US Lumber Consumption (%)									
BC	Sep 10	13.9%	14.3%	-3.2%	18.8%	-26.0%	16.6%	17.2%	-3.4%
Rest of Canada	Sep 10	12.4%	10.5%	17.6%	9.9%	24.6%	11.1%	10.4%	6.8%
US Domestic Supply	Sep 10	72.4%	73.7%	-1.9%	70.0%	3.3%	70.9%	70.5%	0.6%
3rd Country	Sep 10	1.4%	1.4%	0.0%	1.3%	9.5%	1.4%	1.9%	-29.0%
BC Crown Land Harvesting Volume (000 m ³)									
	Nov 10	5,612	5,797	-3.2%	4,785	17.3%	45,389	39,122	16.0%
Coast	Nov 10	1,478	1,138	29.9%	1,139	29.8%	9,663	6,819	41.7%
Interior	Nov 10	4,134	4,659	-11.3%	3,647	13.4%	35,726	32,304	10.6%
BC Crown Land Harvesting Value (million \$)									
	Nov 10	\$19.1	\$19.1	0.2%	\$18.78	1.7%	\$180.24	\$204.94	-12.1%
Coast	Nov 10	\$6.0	\$5.1	18.9%	\$5.01	20.1%	\$45.48	\$40.52	12.3%
Interior	Nov 10	\$13.1	\$14.0	-6.5%	\$13.76	-5.0%	\$134.76	\$164.42	-18.0%
BC Forestry Employment (LFS) (000 jobs)									
	Nov 10	55.7	50.3	10.7%	51.2	8.8%	55.6	51.6	7.8%
Forestry & Logging	Nov 10	13.9	12.9	7.8%	13.7	1.5%	17.0	13.5	25.9%
Wood Products	Nov 10	31.5	29.8	5.7%	28.1	12.1%	28.7	27.1	5.9%
Paper Products	Nov 10	10.3	7.6	35.5%	9.4	9.6%	9.9	11.0	-10.0%
BC Log Exports									
Volume (000 m ³)	Oct 10	224	276	-19.1%	271	-17.6%	3,062	2,278	34.4%
Value (million \$)	Oct 10	\$23	\$25	-6.3%	\$22	4.5%	\$303	\$213	42.3%

* based on calendar year, change % from the same year-to-date period of the previous year to the year-to-date of current year.