THE FOREST INDUSTRY SNAPSHOT:

Ministry of Forests, Lands and Natural Resource Operations

August 2011

A Selection of Monthly Economic Statistics

BRITISH COLUMBIA

Points of interest:

Japan Wood Products Imports

In the first five months of 2011, Japan imported 2.97 million m³ of lumber, up 20.6% from 2010 (Jan.-May). Europe was the largest supplier with a share of 36.7%, followed by Canada (30.9%) and Russia (14.0%). Japan's imports of softwood plywood increased 200.9% in the first 5 months of 2011 from the 2010 level. Imports totalled 81,992 m³, of which 25.9% were from Canada, 25.3% were from New Zealand and 14.9% were from China. Japan imported 1.84 million m³ logs in 2011 YTD (Jan. - May), down 4.7% from 2010 YTD. U.S. supplied 34.1% of the total, followed by Canada (29.5%), New Zealand (17.6%) and Russia (10.5%). Japan's imports of wood products are expected to further increase in the rest of 2011 for reconstruction after the earthquake and Tsunami disaster. (*source: Japan Wood-products Information and Research Center*).

Pulp Prices and Outlook

NBSK prices in North America declined to $990/tonne in August from $1,020/tonne in July mainly because of the short-term oversupply due to inventory build-up especially in China. China has been the key driver in global pulp demand for the past several years. Further price declines are expected in September, but the prices could strengthen again in November as Canadian producers take downtime for work related to their Green Transformation Program projects and as Chinese buyers return to the market. NBSK is projected to average $990/tonne in 2011 (*source: RBC Capital Markets® Paper & Forest Products).*

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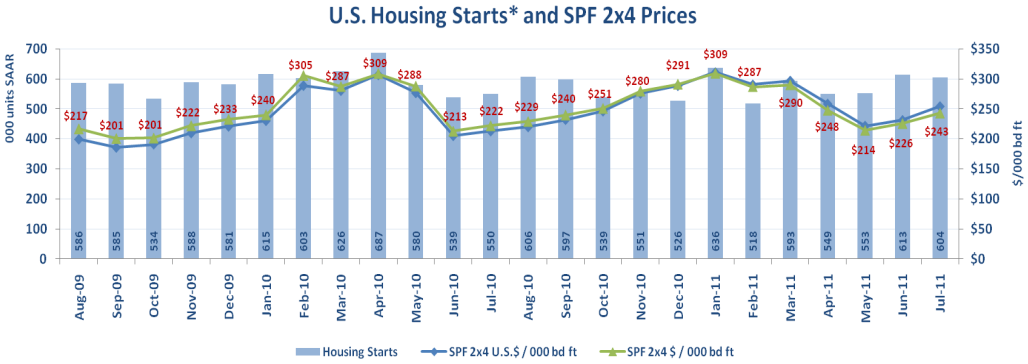
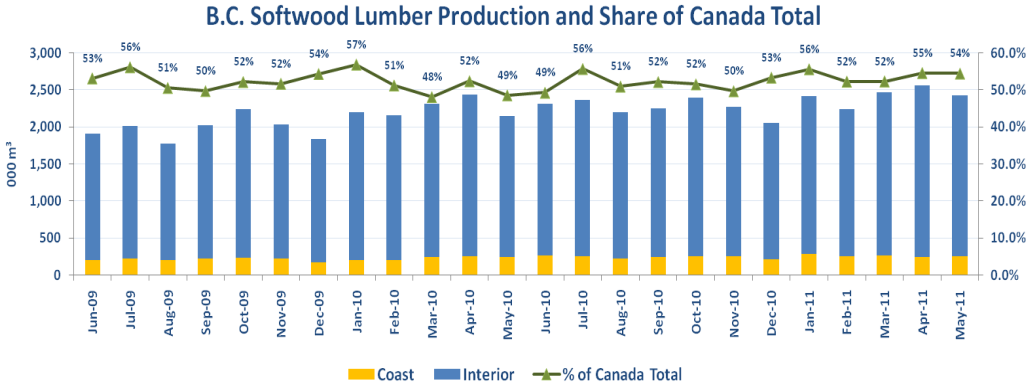
SOFTWOOD LUMBER MARKET





Data sources: Madison's, US Census Bureau and Statistics Canada. * privately-owned housing starts, seasonally adjusted annual rate (SAAR).

- **U.S. privately-owned housing starts** in July were at a seasonally adjusted annual rate of 604,000. This is 1.5% below the revised June rate, and is 9.8% above the July 2010 rate. **Sales of new homes** including new and existing homes in the U.S. were at a seasonally adjusted annual rate of 312,000 in June 2011, down 1.0% M/M and up 1.6% Y/Y. U.S. seasonally adjusted unemployment rate was 9.1% in July 2010. It was 9.5% one year ago. (*from U.S. Census Bureau and U.S. Bureau of Labour Statistics*).
- **SPF 2x4 price climbed to $243** (US$254) in July 2011, up 10.0% M/M and up 19.5%Y/Y. The Canadian dollar was stronger at $0.9533 per US$ in July 2011.
- In May 2011, **B.C. softwood lumber production** totalled 2.43 million m³, down 5.2% M/M and up 14.8% Y/Y. 89.5% of the production was from the Interior.
- In June 2011, **B.C. softwood lumber exports** totalled $363 million, down 0.1% Y/Y. **B.C. softwood lumber export volume** totalled 2.16 million m³, up 7.7% Y/Y. The top three destinations for softwood lumber exports in June 2011 were: China (value: 35.9%; volume: 39.0%), U.S. (value: 34.5%; volume: 41.4%), and Japan (value: 18.0%; volume: 11.4%).

Common Abbreviations:
**$** - Canadian dollars unless noted as US$
M/M - % change from the previous to current month
Y/Y- % change from the same month in the previous year to the current year
YTD- year-to-date
China- refers to China, including Hong Kong

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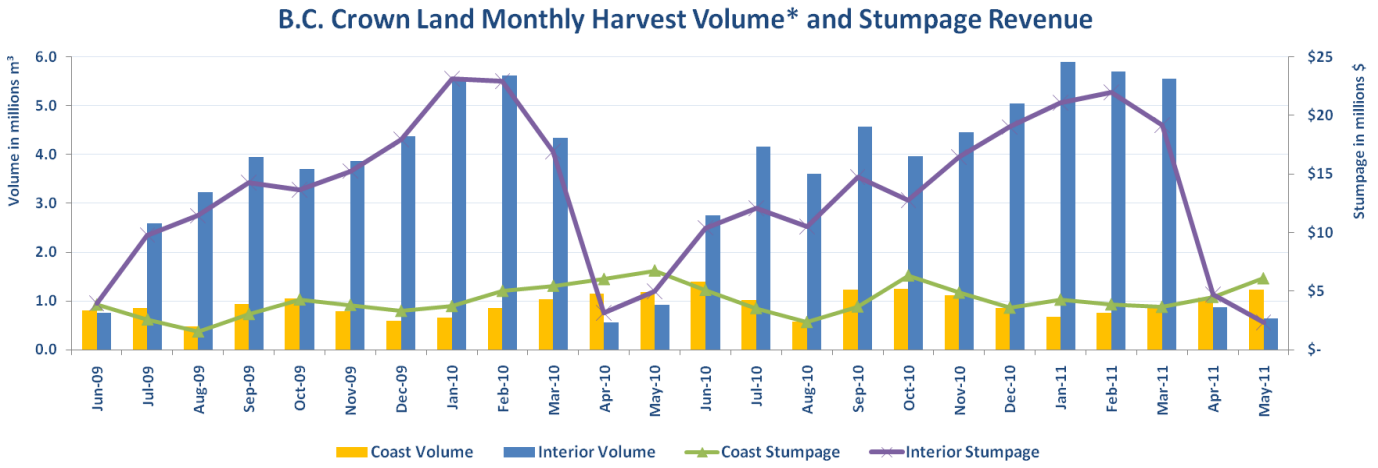
HARVESTING



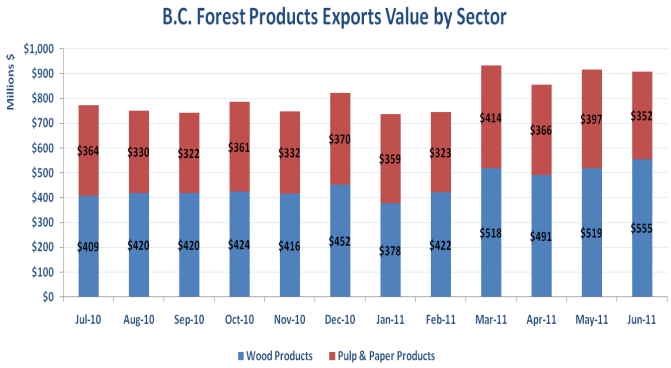
Data source: Harvest Billing System of Ministry of Forests, Lands and Natural Resource Operations.

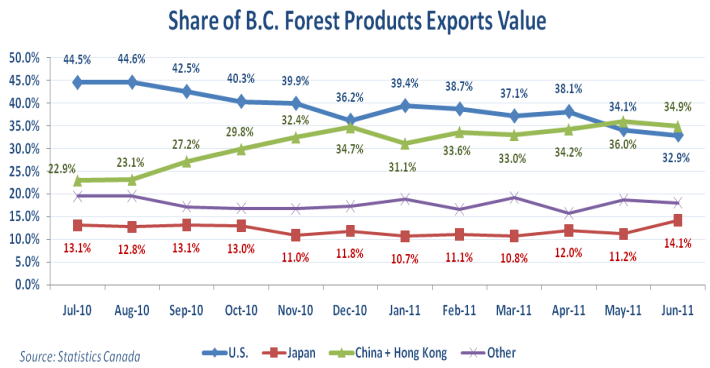
**Based on scale dates, all logs (BCTS & Major), special forest products, species and grades billed to Crown land excluding waste, reject and Christmas trees. Data in recent months is subject to change.*

COAST harvest volume for all land (including Crown, private and federal) totalled 1.78 million m³ in May 2011, up 12.2% Y/Y. Crown land harvest volume totalled 1.23 million m³, up 3.5% Y/Y. **Stumpage revenue** collected was $6.09 million in May 2011, down 9.9% Y/Y.

INTERIOR harvest volume for all land (including Crown, private and federal) totalled 0.66 million m³ in May 2011, down 33.0% Y/Y. Crown land harvest volume totalled 0.63 million m³, down 30.6% Y/Y. **Stumpage revenue** collected was $2.34 million in May 2011, down 52.9% Y/Y.

EXPORTS





B.C. forest product exports totalled $907 million in June 2011, down 1.0% M/M, up 5.4% Y/Y, and up 12.7% YTD from 2010:

- **Wood products exports** totalled $555 million in June, up 6.9% M/M, up 9.9% Y/Y, and up 12.5% YTD from 2010; and
- **Pulp & paper products exports** totalled $352 million in June, down 11.3% M/M, down 1.0% Y/Y, and up 12.9% YTD from 2010.
- **Exports value shares by product** in June 2011: Softwood Lumber (40.1%), Logs (7.7%), Other Wood Products (13.5%), Pulp (30.3%), and Other Pulp & Paper Products (8.5%).

In June 2011, **China was again the largest destination market** for B.C. forest product exports value with a share of 34.9%, while U.S. accounted for 32.9%, Japan accounted for 14.1% and other destinations accounted for 18.1%.

- **Exports to China** totalled $316 million, down 4.0% M/M, up 85.7% Y/Y and up 93.8% YTD from 2010.
- **Exports to U.S.** totalled $299 million, down 4.4% M/M, down 27.7% Y/Y and down 16.1% YTD from 2010.
- **Exports to Japan** totalled $128 million, up 25.2% M/M, up 14.3% Y/Y and up 6.3% YTD from 2010.

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DATA SUMMARY

Monthly Economic Statistics - August 2011

	Latest Month		Month Ago	M/M Change	Year Ago	Y/Y Change	Current YTD	Previous YTD	YTD/YTD* Change
Lumber Prices *(US$/000 bd ft)*									
SPF 2x4	*Jul 11*	**$254**	$231	10.0%	$213	19.5%	$266	$257	3.5%
Random Lengths Lumber Composite	*Jul 11*	**$269**	$262	2.6%	$251	6.8%	$280	$298	-6.2%
SPF 2x10	*Jul 11*	**$278**	$257	8.1%	$274	1.5%	$300	$316	-5.2%
SPF Stud	*Jul 11*	**$260**	$259	0.5%	$214	21.5%	$263	$270	-2.5%
Cedar 2x4	*Jul 11*	**$630**	$630	0.0%	$650	-3.1%	$640	$650	-1.6%
Hemlock Squares	*Jul 11*	**$825**	$825	0.0%	$783	5.4%	$805	$783	2.9%
Panel Prices *(US$/000 sq ft)*									
Plywood	*Jul 11*	**$298**	$295	1.0%	$352	-15.3%	$304	$344	-11.7%
OSB	*Jul 11*	**$204**	$199	2.6%	$230	-11.3%	$202	$279	-27.8%
Pulp & Paper Prices *(US$/tonne)*									
NBSK Pulp	*Jul 11*	**$1,016**	$1,016	0.0%	$978	3.8%	$985	$905	8.9%
Newsprint (U.S. Eastcoast)	*Jul 11*	**$624**	$624	0.0%	$594	5.1%	$626	$557	12.3%
$/US$ Exchange Rate	*Jul 11*	**0.9553**	0.9768	-2.2%	1.0427	-8.4%	0.9737	1.0355	-6.0%
Housing Starts *(000 units)*									
U.S. (Seasonally Adjusted Annual Rates)	*Jul 11*	**604**	613	-1.5%	550	9.8%	581	600	-3.2%
Canada	*Jul 11*	**205**	197	4.3%	199	3.1%	185	198	-6.4%
Japan (Wood-based)	*Jun 11*	**40**	34	17.9%	41	-1.2%	214	211	1.7%
B.C. Lumber Production *(000 m³)*	*May 11*	**2,425**	2,558	-5.2%	2,113	14.8%	12,101	11,156	8.5%
Coast	*May 11*	**255**	244	4.3%	244	4.6%	1,305	1,143	14.2%
Interior	*May 11*	**2,171**	2,314	-6.2%	1,906	13.9%	10,796	10,108	6.8%
B.C. Market Pulp Shipments *(000 tonne)*	*Jun 11*	**375**	406	-7.6%	352	6.5%	2,310	2,103	9.8%
B.C. Forest Products Exports *(million $)*	*Jun 11*	**$907**	$916	-1.0%	$861	5.4%	$5,093	$4,521	12.7%
Wood Products	*Jun 11*	**$555**	$519	6.9%	$505	9.9%	$2,883	$2,563	12.5%
Pulp & Paper products	*Jun 11*	**$352**	$397	-11.3%	$355	-1.0%	$2,210	$1,958	12.9%
Shares of B.C. Forest Products Exports Value *(%)*									
U.S.	*Jun 11*	**32.9%**	34.1%	-3.5%	48.0%	-31.4%	36.5%	49.1%	-25.5%
China + Hong Kong	*Jun 11*	**34.9%**	36.0%	-3.1%	19.8%	76.2%	33.9%	19.7%	72.0%
Japan	*Jun 11*	**14.1%**	11.2%	26.4%	13.0%	8.5%	11.7%	12.4%	-5.6%
Other	*Jun 11*	**18.1%**	18.7%	-3.5%	19.2%	-5.8%	17.9%	18.9%	-5.1%
Market Shares of U.S. Lumber Consumption *(%)*									
B.C.	*May 11*	**12.8%**	14.1%	-9.2%	17.5%	-26.8%	13.6%	16.8%	-18.8%
Rest of Canada	*May 11*	**11.6%**	12.4%	-6.9%	11.7%	-0.7%	11.7%	10.9%	7.2%
U.S.	*May 11*	**75.6%**	73.5%	2.9%	70.9%	6.7%	74.7%	72.3%	3.3%
3rd Country	*May 11*	**2.1%**	1.3%	63.4%	1.4%	51.3%	1.4%	1.3%	8.1%
B.C. Crown Land Scaled Volume** *(000 m³)*	*May 11*	**1,862**	1,930	-3.6%	2,099	-11.3%	23,292	21,888	6.4%
Coast	*May 11*	**1,228**	1,065	15.3%	1,186	3.5%	4,644	4,882	-4.9%
Interior	*May 11*	**634**	866	-26.8%	913	-30.6%	18,647	17,006	9.7%
B.C. Stumpage *(million $)*	*May 11*	**$8.4**	$9.2	-8.4%	$11.7	-28.2%	$91.7	$98.1	-6.5%
Coast	*May 11*	**$6.1**	$4.5	35.2%	$6.8	-9.9%	$22.4	$27.0	-17.0%
Interior	*May 11*	**$2.3**	$4.7	-50.2%	$5.0	-52.9%	$69.3	$71.1	-2.6%
B.C. Forestry Employment (LFS) *(000 jobs)*	*Jul 11*	**52.6**	53.7	-2.0%	64.0	-17.8%	53.5	56.8	-5.9%
Forestry & Logging	*Jul 11*	**15.2**	17.0	-10.6%	22.2	-31.5%	13.0	18.1	-28.1%
Wood Products	*Jul 11*	**27.3**	27.2	0.4%	30.8	-11.4%	30.6	28.4	7.5%
Paper Products	*Jul 11*	**10.1**	9.5	6.3%	11.0	-8.2%	9.9	10.3	-3.9%
B.C. Log Exports									
Volume (*000 m³*)	*Jun 11*	**589**	427	37.7%	418	40.9%	2,928	1,889	55.0%
Value (*million $*)	*Jun 11*	**$69.8**	$48.9	42.7%	$44.4	57.4%	$303.8	$194.1	56.5%

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

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