



A Selection of Monthly Economic Statistics



Points of interest:

Canada Became No.1 Supplier of Lumber to China

In the first eight months of 2011, Canada (over 95% from B.C.) surpassed Russia and became the largest supplier of lumber to China. China's total lumber imports increased dramatically from 6.1 million m³ in 2006 to 14.7 million m³ in 2010. It further increased 56.2% to 14.1 million m³ in the first eight months of 2011 from 2010 YTD. Canada's share of China's lumber imports increased from 6.6% in 2006 to 27.3% in 2010, and further to 31.6% in 2011 YTD.

China's total log imports totalled 32.2 million m³ in 2006, with only 0.3% from Canada; In 2010, China's total log imports increased to 34.3 million m³ with 3.4% from Canada. In the first eight months of 2011, China's log imports totalled 28.3 million m³, up 24.7% from 2010 YTD, and Canada (over 95% from B.C.) accounted for 5.4% of China's total log imports in 2011 YTD (*sources: Wood Markets*).

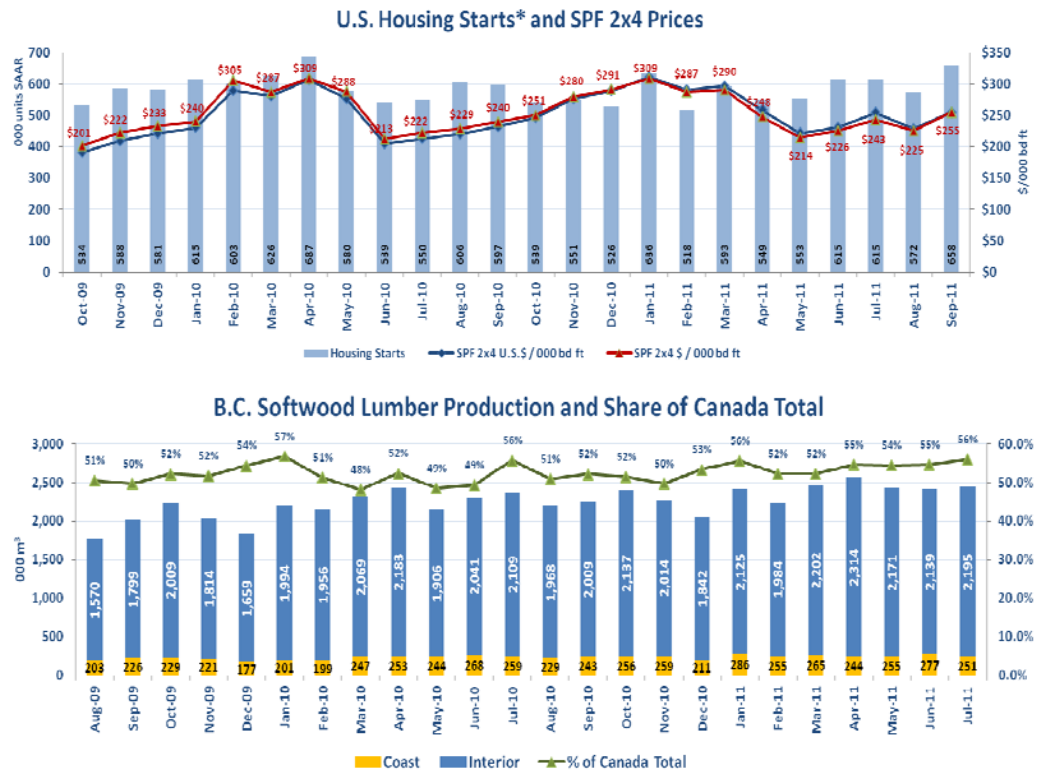
Pulp Market Updates

The latest World-20 statistics released by the *Pulp & Paper Products Council* show softwood pulp inventories tightening to 32 days' supply in September, following strong shipment volumes led by heavily discounted spot shipments to China. NBSK prices have been declining since their peak in June, with North American prices now at US\$920 per tonne, Europe at US\$870 and China at US\$685 (*as of Nov. 25, 2011*). Analysts expect to see additional downward pressure on pricing through the 4th quarter, and then for pricing to firm again near the end of the year/early 2012 (*source: Salman Partners & FOEX Indexes Ltd*).

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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 September were at a seasonally adjusted annual rate of 658,000. This is 15.0% above the revised August rate, and is 10.2% above the September 2010 rate. **Sales of new homes** including new and existing homes in the U.S. were at a seasonally adjusted annual rate of 295,000 in August 2011, down 2.3% M/M and up 6.1% Y/Y. U.S. seasonally adjusted unemployment rate was 9.1% in September 2010, down from 9.6% one year ago. (*from U.S. Census Bureau and U.S. Bureau of Labour Statistics*).
- **SPF 2x4 price increased to US\$254 (\$255)** in September 2011, up 11.1% M/M and up 9.7% Y/Y. The Canadian dollar averaged \$1.0012 per US\$ in September 2011.
- In July 2011, **B.C. softwood lumber production** totalled 2.45 million m³, up 1.3% M/M and up 7.6% Y/Y. 89.7% of the production was from the Interior.
- In August 2011, **B.C. softwood lumber exports value** totalled \$282 million, up 0.7% Y/Y. **B.C. softwood lumber exports volume** totalled 1.81 million m³, up 8.5% Y/Y. The top three destinations for softwood lumber exports in August 2011 were: U.S. (value: 41.9%; volume: 48.8%), China (value: 29.6%; volume: 32.5%), and Japan (value: 16.1%; volume: 10.6%).

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

HARVESTING

B.C. Crown Land Monthly Harvest Volume* and Stumpage Revenue



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

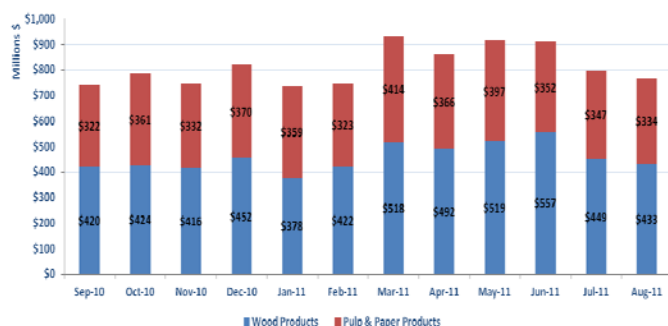
*Based on scale dates, all logs (BCTS & Major), special forest products, species and grades billed to Crown land excluding waste, reject and Christmas trees. Data in recent months is subject to change.

COAST harvest volume for all land (including Crown, private and federal) totalled 1.88 million m³ in July 2011, up 38.5% Y/Y. Crown land harvest volume totalled 1.44 million m³, up 41.6% Y/Y. **Stumpage revenue** collected was \$5.40 million in July 2011, up 52.1% Y/Y.

INTERIOR harvest volume for all land (including Crown, private and federal) totalled 3.69 million m³ in July 2011, down 15.0% Y/Y. Crown land harvest volume totalled 3.60 million m³, down 13.6% Y/Y. **Stumpage revenue** collected was \$12.33 million in July 2011, up 2.1% Y/Y.

EXPORTS

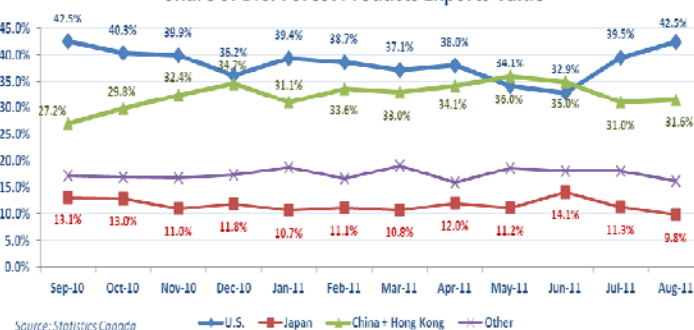
B.C. Forest Products Exports Value by Sector



B.C. forest product exports totalled \$767 million in August 2011, down 3.8% M/M, up 2.1% Y/Y, and up 10.2% YTD from 2010:

- **Wood products exports** totalled \$433 million in August, down 3.6% M/M, up 3.1% Y/Y, and up 11.1% YTD from 2010; and
- **Pulp & paper products exports** totalled \$334 million in August, down 4.0% M/M, up 0.9% Y/Y, and up 9.0% YTD from 2010.
- **Exports value shares by product** in August 2011: Softwood Lumber (36.7%), Logs (5.2%), Other Wood Products (14.6%), Pulp (31.9%), and Other Pulp & Paper Products (11.6%).

Share of B.C. Forest Products Exports Value



Source: Statistics Canada

In August 2011, **U.S. was the largest destination market** for B.C. forest product exports value with a share of 42.5%, while China accounted for 31.6%, Japan accounted for 9.8% and other destinations accounted for 16.1%.

- **Exports to U.S.** totalled \$326 million, up 3.5% M/M, down 2.6% Y/Y and down 13.6% YTD from 2010.
- **Exports to China** totalled \$242 million, down 2.1% M/M, up 39.5% Y/Y and up 78.6% YTD from 2010.
- **Exports to Japan** totalled \$75 million, down 16.4% M/M, down 21.4% Y/Y and up 0.5% YTD from 2010.

DATA SUMMARY

Monthly Economic Statistics - October 2011

		Latest Month	Month Ago	M/M Change	Year Ago	Y/Y Change	Current YTD	Previous YTD	YTD/YTD* Change
Lumber Prices (US\$/1000 bd ft)									
SPF 2x4	Sep 11	\$254	\$229	11.1%	\$232	9.7%	\$261	\$250	4.2%
Random Lengths Lumber Composite	Sep 11	\$262	\$265	-0.8%	\$250	5.2%	\$276	\$287	-3.8%
SPF 2x10	Sep 11	\$281	\$282	-0.2%	\$315	-10.6%	\$296	\$316	-6.3%
SPF Stud	Sep 11	\$251	\$228	10.1%	\$209	20.2%	\$258	\$257	0.3%
Cedar 2x4	Sep 11	\$630	\$630	0.0%	\$650	-3.1%	\$638	\$650	-1.9%
Hemlock Squares	Sep 11	\$825	\$825	0.0%	\$780	5.8%	\$809	\$782	3.5%
Panel Prices (US\$/1000 sq ft)									
Plywood	Sep 11	\$326	\$302	7.9%	\$331	-1.5%	\$306	\$341	-10.1%
OSB	Sep 11	\$210	\$205	2.4%	\$213	-1.4%	\$203	\$266	-23.6%
Pulp & Paper Prices (US\$/tonne)									
NBSK Pulp	Sep 11	\$969	\$993	-2.3%	\$972	-0.3%	\$984	\$920	7.0%
Newsprint (U.S. Eastcoast)	Sep 11	\$623	\$623	0.0%	\$612	1.8%	\$625	\$568	10.0%
\$/US\$ Exchange Rate									
	Sep 11	1.0012	0.9828	1.9%	1.0331	-3.1%	0.9778	1.0359	-5.6%
Housing Starts (000 units)									
U.S. (Seasonally Adjusted Annual Rates)	Sep 11	658	572	15.0%	597	10.2%	590	600	-1.7%
Canada	Sep 11	208	192	7.9%	185	12.0%	192	196	-2.1%
Japan (Wood-based)	Aug 11	47	48	-2.6%	42	11.5%	309	293	5.6%
B.C. Lumber Production (000 m³)									
Coast	Jul 11	2,446	2,416	1.3%	2,385	2.5%	16,962	15,764	7.6%
Interior	Jul 11	251	277	-9.2%	259	-3.1%	1,833	1,670	9.8%
	Jul 11	2,195	2,139	2.6%	2,109	4.1%	15,129	14,258	6.1%
B.C. Market Pulp Shipments (000 tonne)									
	Aug 11	343	348	-1.4%	332	3.3%	3,001	2,752	9.0%
B.C. Forest Products Exports (million \$)									
	Aug 11	\$767	\$797	-3.8%	\$751	2.1%	\$6,659	\$6,044	10.2%
Wood Products	Aug 11	\$433	\$449	-3.6%	\$420	3.1%	\$3,768	\$3,392	11.1%
Pulp & Paper products	Aug 11	\$334	\$347	-4.0%	\$330	0.9%	\$2,891	\$2,652	9.0%
Shares of B.C. Forest Products Exports Value (%)									
U.S.	Aug 11	42.5%	39.5%	7.6%	44.6%	-4.7%	37.6%	47.9%	-21.6%
China + Hong Kong	Aug 11	31.6%	31.0%	1.8%	23.1%	36.6%	33.3%	20.5%	62.1%
Japan	Aug 11	9.8%	11.3%	-13.2%	12.8%	-23.1%	11.4%	12.5%	-8.8%
Other	Aug 11	16.1%	18.2%	-11.2%	19.5%	-17.5%	17.7%	19.0%	-6.8%
Market Shares of U.S. Lumber Consumption (%)									
B.C.	Jul 11	14.7%	12.8%	15.2%	17.0%	-13.5%	13.7%	17.3%	-20.9%
Rest of Canada	Jul 11	12.4%	11.1%	11.6%	10.3%	20.6%	11.7%	10.9%	7.2%
U.S.	Jul 11	72.8%	76.1%	-4.3%	72.6%	0.3%	74.6%	71.8%	3.9%
3rd Country	Jul 11	0.9%	1.4%	-32.4%	1.4%	-35.8%	1.3%	1.4%	-1.0%
B.C. Crown Land Scaled Volume** (000 m³)									
	Jul 11	5,045	4,160	21.3%	5,188	-2.8%	32,774	31,220	5.0%
Coast	Jul 11	1,444	1,450	-0.5%	1,019	41.6%	7,817	7,289	7.2%
Interior	Jul 11	3,601	2,709	32.9%	4,168	-13.6%	24,957	23,931	4.3%
B.C. Stumpage (million \$)									
	Jul 11	\$17.7	\$15.9	11.3%	\$15.6	13.5%	\$125.9	\$129.3	-2.6%
Coast	Jul 11	\$5.4	\$6.3	-14.7%	\$3.5	52.1%	\$34.7	\$35.6	-2.8%
Interior	Jul 11	\$12.3	\$9.6	28.4%	\$12.1	2.1%	\$91.2	\$93.6	-2.6%
B.C. Forestry Employment (LFS) (000 jobs)									
	Sep 11	55.2	52.7	4.7%	53.6	3.0%	53.6	56.1	-4.6%
Forestry & Logging	Sep 11	16.1	15.6	3.2%	13.6	18.4%	13.6	17.8	-23.5%
Wood Products	Sep 11	30.8	29.0	6.2%	30.8	0.0%	30.4	28.2	7.7%
Paper Products	Sep 11	8.3	8.1	2.5%	9.2	-9.8%	9.5	10.1	-5.4%
B.C. Log Exports									
Volume (000 m³)	Aug 11	358	364	-1.5%	376	-4.6%	3,667	2,559	43.3%
Value (million \$)	Aug 11	\$39.7	\$41.1	-3.5%	\$35.0	13.2%	\$387.0	\$255.2	51.7%

* 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.