



*A Selection of Monthly Economic Statistics*



**Points of interest:**

Trade Mission to Asia

In November, Premier Christy Clark led B.C.'s largest-ever trade mission to Asia, to expand on B.C.'s recent success developing the lumber market in China. Forests, Lands and Natural Resource Operations Minister **Steve Thomson** led a forestry trade mission of 40 delegates to China and 20 delegates to Japan. In China, delegates noted the marked increase in wood frame construction, and sold 1.46 million m<sup>3</sup> of lumber to Chinese companies. In Japan, the province, federal government and forest industry announced \$4.5 million towards building a community facility with B.C. lumber in the area hardest hit by the tsunami in March.

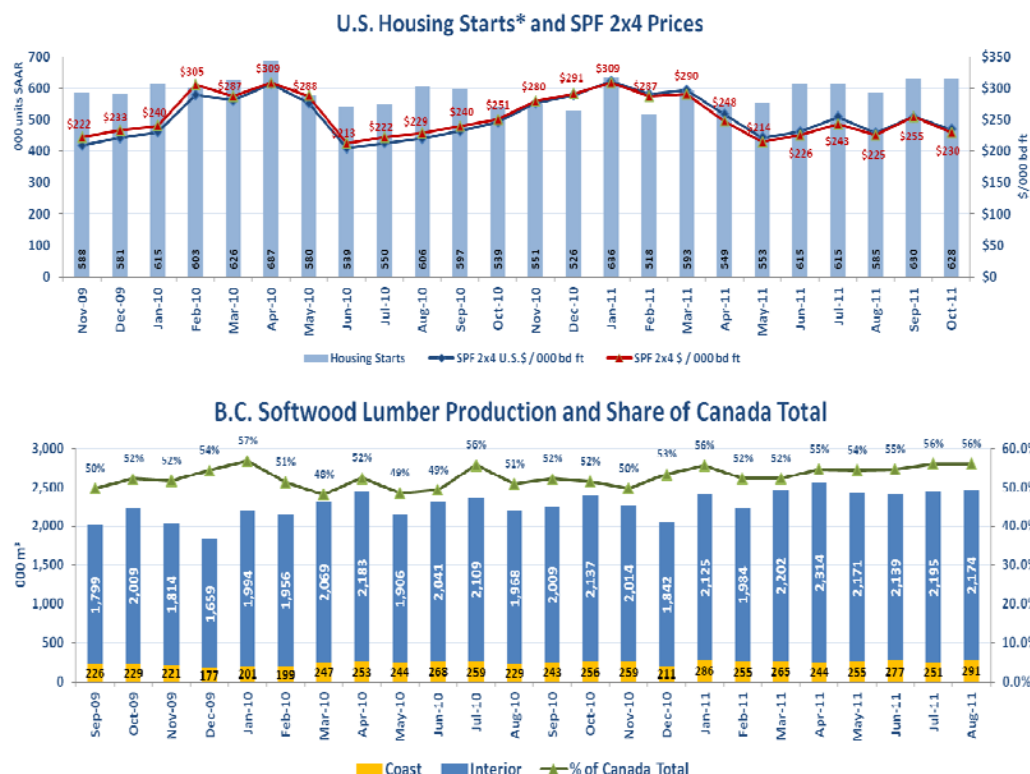
Tembec to Sell Mills to Canfor

**Tembec** announced the sale of its Elko and Canal Flats sawmills in B.C. (with capacity of 420 million bd ft), along with 1.1 million m<sup>3</sup> of allowable annual cut for **\$60 million** to **Canfor**. The transaction, subject to regulatory approvals, is expected to close in late Q1 2012. As part of the transaction, Tembec's NBSK mill in B.C. will source its fibre from Canfor under a long-term supply agreement. Analysts believe the sale is good for both companies: It means a stronger fibre position for Canfor in B.C. with its North America lumber capacity increasing by 9% to 5.3 billion bd ft; it also gives Tembec greater flexibility to fund improvement projects – Tembec is in the early days of a large capital expansion plan to improve margins at its Temiscaming Dissolving Pulp mill (source: *RBC Capital Markets*).

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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 October were at a seasonally adjusted annual rate of 628,000. This is 0.3% below the revised September rate, and is 16.5% above the October 2010 rate. **Sales of new homes** including new and existing homes in the U.S. were at a seasonally adjusted annual rate of 313,000 in September 2011, up 5.7% M/M and down 0.9% Y/Y. U.S. seasonally adjusted unemployment rate was 9.0% in October 2010, down from 9.7% one year ago. (from U.S. Census Bureau and U.S. Bureau of Labour Statistics).
- **SPF 2x4 price declined to US\$235** (\$230) in October 2011, down 7.8% M/M and down 4.8% Y/Y. The Canadian dollar averaged \$0.9795 per US\$ in October 2011.
- In August 2011, **B.C. softwood lumber production** totalled 2.45 million m<sup>3</sup>, up 0.8% M/M and up 11.3% Y/Y. 88.2% of the production was from the Interior.
- In September 2011, **B.C. softwood lumber exports value** totalled \$337 million, up 13.6% Y/Y. **B.C. softwood lumber exports volume** totalled 2.05 million m<sup>3</sup>, up 22.4% Y/Y. The top three destinations for softwood lumber exports in September 2011 were: U.S. (value: 41.8%; volume: 48.6%), China (value: 29.8%; volume: 32.9%), and Japan (value: 16.2%; volume: 10.6%).

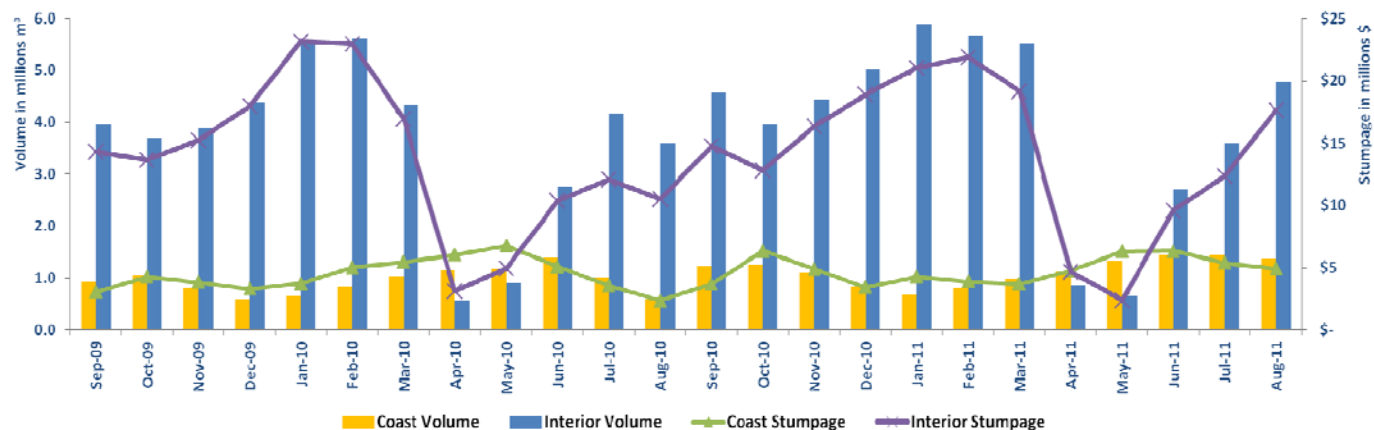
**Common Abbreviations:**

**\$** - 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



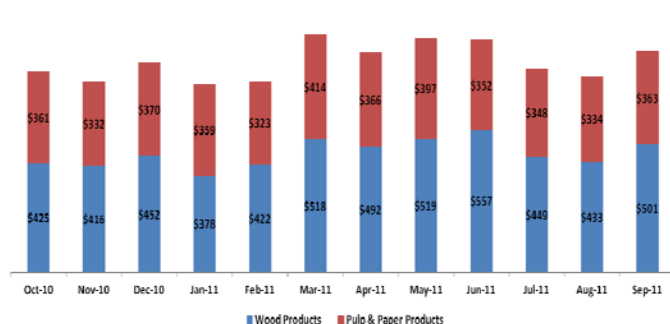
Data source: Harvest Billing System of Ministry of Forests, Lands and Natural Resource Operations.

**COAST harvest volume** for all land (including Crown, private and federal) totalled 1.72 million m<sup>3</sup> in August 2011, up 143.4% Y/Y. Crown land harvest volume totalled 1.38 million m<sup>3</sup>, up 133.7% Y/Y. **Stumpage revenue** collected was \$4.94 million in August 2011, up 108.9% Y/Y.

**INTERIOR harvest volume** for all land (including Crown, private and federal) totalled 4.90 million m<sup>3</sup> in August 2011, up 32.1% Y/Y. Crown land harvest volume totalled 4.79 million m<sup>3</sup>, up 33.0% Y/Y. **Stumpage revenue** collected was \$17.63 million in August 2011, up 67.4% Y/Y.

## EXPORTS

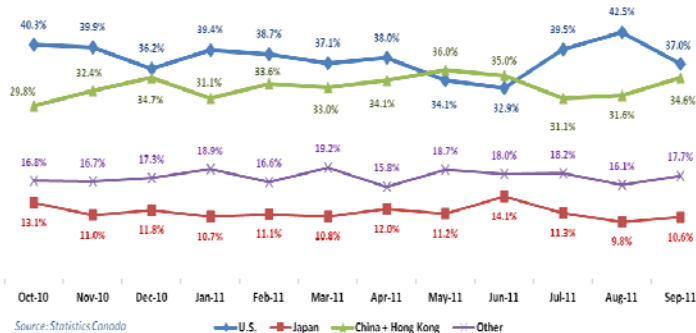
B.C. Forest Products Exports Value (\$million) by Sector



**B.C. forest product exports** totalled \$864 million in September 2011, up 12.6% M/M, up 16.4% Y/Y, and up 10.9% YTD from 2010:

- **Wood products exports** totalled \$501 million in September, up 15.5% M/M, up 19.1% Y/Y, and up 12.0% YTD from 2010; and
- **Pulp & paper products exports** totalled \$363 million in September, up 8.9% M/M, up 12.7% Y/Y, and up 9.5% YTD from 2010.
- **Exports value shares by product** in September 2011: Softwood Lumber (39.0%), Logs (6.4%), Other Wood Products (12.6%), Pulp (30.7%), and Other Pulp & Paper Products (11.3%).

Share of B.C. Forest Products Exports Value



In September 2011, **U.S. was the largest destination market** for B.C. forest product exports value with a share of 37.0%, while China accounted for 34.6%, Japan accounted for 10.6% and other destinations accounted for 17.7%.

- **Exports to U.S.** totalled \$320 million, down 1.8% M/M, up 1.3% Y/Y and down 12.2% YTD from 2010.
- **Exports to China** totalled \$299 million, up 23.5% M/M, up 48.4% Y/Y and up 74.4% YTD from 2010.
- **Exports to Japan** totalled \$92 million, up 21.7% M/M, down 6.0% Y/Y and down 0.2% YTD from 2010.

## DATA SUMMARY

## Monthly Economic Statistics - November 2011

|                                                         |        | Latest Month | Month Ago | M/M Change | Year Ago | Y/Y Change | Current YTD | Previous YTD | YTD/YTD* Change |
|---------------------------------------------------------|--------|--------------|-----------|------------|----------|------------|-------------|--------------|-----------------|
| <b>Lumber Prices</b> (US\$/000 bd ft)                   |        |              |           |            |          |            |             |              |                 |
| SPF 2x4                                                 | Oct 11 | \$235        | \$254     | -7.8%      | \$246    | -4.8%      | \$258       | \$250        | 3.3%            |
| Random Lengths Lumber Composite                         | Oct 11 | \$260        | \$262     | -0.9%      | \$254    | 2.4%       | \$274       | \$284        | -3.2%           |
| SPF 2x10                                                | Oct 11 | \$263        | \$281     | -6.6%      | \$319    | -17.5%     | \$293       | \$316        | -7.4%           |
| SPF Stud                                                | Oct 11 | \$233        | \$251     | -7.4%      | \$220    | 5.7%       | \$255       | \$253        | 0.8%            |
| Cedar 2x4                                               | Oct 11 | \$630        | \$630     | 0.0%       | \$650    | -3.1%      | \$637       | \$650        | -2.0%           |
| Hemlock Squares                                         | Oct 11 | \$825        | \$825     | 0.0%       | \$780    | 5.8%       | \$811       | \$782        | 3.7%            |
| <b>Panel Prices</b> (US\$/000 sq ft)                    |        |              |           |            |          |            |             |              |                 |
| Plywood                                                 | Oct 11 | \$328        | \$326     | 0.6%       | \$328    | -0.1%      | \$308       | \$340        | -9.2%           |
| OSB                                                     | Oct 11 | \$199        | \$210     | -5.4%      | \$209    | -4.9%      | \$203       | \$260        | -22.1%          |
| <b>Pulp &amp; Paper Prices</b> (US\$/tonne)             |        |              |           |            |          |            |             |              |                 |
| NBSK Pulp                                               | Oct 11 | \$930        | \$969     | -4.1%      | \$968    | -3.9%      | \$979       | \$925        | 5.8%            |
| Newsprint (U.S. Eastcoast)                              | Oct 11 | \$624        | \$623     | 0.2%       | \$621    | 0.5%       | \$625       | \$574        | 9.0%            |
| <b>\$/US\$ Exchange Rate</b>                            |        |              |           |            |          |            |             |              |                 |
|                                                         | Oct 11 | 0.9795       | 1.0012    | -2.2%      | 1.0180   | -3.8%      | 0.9780      | 1.0341       | -5.4%           |
| <b>Housing Starts</b> (000 units)                       |        |              |           |            |          |            |             |              |                 |
| U.S. (Seasonally Adjusted Annual Rates)                 | Oct 11 | 628          | 630       | -0.3%      | 539      | 16.5%      | 592         | 594          | -0.3%           |
| Canada                                                  | Oct 11 | 208          | 209       | -0.6%      | 172      | 20.6%      | 193         | 193          | -0.1%           |
| Japan (Wood-based)                                      | Sep 11 | 37           | 47        | -21.8%     | 41       | -10.8%     | 346         | 334          | 3.6%            |
| <b>B.C. Lumber Production</b> (000 m³)                  |        |              |           |            |          |            |             |              |                 |
| Coast                                                   | Aug 11 | 2,465        | 2,446     | 0.8%       | 2,215    | 11.3%      | 19,427      | 17,979       | 8.1%            |
| Interior                                                | Aug 11 | 291          | 251       | 15.7%      | 229      | 27.0%      | 2,124       | 1,899        | 11.9%           |
|                                                         | Aug 11 | 2,174        | 2,195     | -0.9%      | 1,968    | 10.4%      | 17,303      | 16,226       | 6.6%            |
| <b>B.C. Market Pulp Shipments</b> (000 tonne)           |        |              |           |            |          |            |             |              |                 |
|                                                         | Sep 11 | 433          | 343       | 26.2%      | 361      | 19.9%      | 3,434       | 3,113        | 10.3%           |
| <b>B.C. Forest Products Exports</b> (million \$)        |        |              |           |            |          |            |             |              |                 |
| Wood Products                                           | Sep 11 | \$864        | \$767     | 12.6%      | \$742    | 16.4%      | \$7,524     | \$6,787      | 10.9%           |
| Pulp & Paper products                                   | Sep 11 | \$501        | \$433     | 15.5%      | \$420    | 19.1%      | \$4,269     | \$3,813      | 12.0%           |
|                                                         | Sep 11 | \$363        | \$334     | 8.9%       | \$322    | 12.7%      | \$3,255     | \$2,974      | 9.5%            |
| <b>Shares of B.C. Forest Products Exports Value</b> (%) |        |              |           |            |          |            |             |              |                 |
| U.S.                                                    | Sep 11 | 37.0%        | 42.5%     | -12.8%     | 42.5%    | -12.9%     | 37.5%       | 47.3%        | -20.8%          |
| China + Hong Kong                                       | Sep 11 | 34.6%        | 31.6%     | 9.7%       | 27.2%    | 27.6%      | 33.4%       | 21.3%        | 57.3%           |
| Japan                                                   | Sep 11 | 10.6%        | 9.8%      | 8.0%       | 13.1%    | -19.2%     | 11.3%       | 12.6%        | -10.0%          |
| Other                                                   | Sep 11 | 17.7%        | 16.1%     | 10.0%      | 17.2%    | 3.1%       | 17.7%       | 18.8%        | -5.8%           |
| <b>Market Shares of U.S. Lumber Consumption</b> (%)     |        |              |           |            |          |            |             |              |                 |
| B.C.                                                    | Aug 11 | 13.8%        | 14.4%     | -4.2%      | 14.6%    | -5.5%      | 13.6%       | 16.9%        | -19.4%          |
| Rest of Canada                                          | Aug 11 | 11.3%        | 12.2%     | -7.3%      | 10.8%    | 5.2%       | 11.6%       | 10.9%        | 6.7%            |
| U.S.                                                    | Aug 11 | 74.8%        | 73.3%     | 2.0%       | 74.6%    | 0.3%       | 74.7%       | 72.2%        | 3.6%            |
| 3rd Country                                             | Aug 11 | 1.3%         | 0.9%      | 40.3%      | 1.4%     | -9.9%      | 1.3%        | 1.4%         | -2.4%           |
| <b>B.C. Crown Land Scaled Volume**</b> (000 m³)         |        |              |           |            |          |            |             |              |                 |
| Coast                                                   | Aug 11 | 6,176        | 5,065     | 21.9%      | 4,195    | 47.2%      | 38,908      | 35,415       | 9.9%            |
| Interior                                                | Aug 11 | 1,383        | 1,455     | -4.9%      | 592      | 133.7%     | 9,214       | 7,881        | 16.9%           |
|                                                         | Aug 11 | 4,792        | 3,610     | 32.7%      | 3,603    | 33.0%      | 29,694      | 27,534       | 7.8%            |
| <b>B.C. Stumpage</b> (million \$)                       |        |              |           |            |          |            |             |              |                 |
| Coast                                                   | Aug 11 | \$22.6       | \$17.8    | 26.9%      | \$12.9   | 75.0%      | \$148.4     | \$142.2      | 4.4%            |
| Interior                                                | Aug 11 | \$4.9        | \$5.4     | -8.7%      | \$2.4    | 108.9%     | \$39.6      | \$38.0       | 4.3%            |
|                                                         | Aug 11 | \$17.6       | \$12.4    | 42.5%      | \$10.5   | 67.4%      | \$108.8     | \$104.2      | 4.4%            |
| <b>B.C. Forestry Employment (LFS)</b> (000 jobs)        |        |              |           |            |          |            |             |              |                 |
| Forestry & Logging                                      | Oct 11 | 55.1         | 55.2      | -0.2%      | 50.3     | 9.5%       | 53.7        | 55.5         | -3.3%           |
| Wood Products                                           | Oct 11 | 15.2         | 16.1      | -5.6%      | 12.9     | 17.8%      | 13.8        | 17.3         | -20.4%          |
| Paper Products                                          | Oct 11 | 30.5         | 30.8      | -1.0%      | 29.8     | 2.3%       | 30.4        | 28.4         | 7.1%            |
|                                                         | Oct 11 | 9.4          | 8.3       | 13.3%      | 7.6      | 23.7%      | 9.5         | 9.8          | -3.2%           |
| <b>B.C. Log Exports</b>                                 |        |              |           |            |          |            |             |              |                 |
| Volume ( 000 m³ )                                       | Sep 11 | 488          | 358       | 36.1%      | 279      | 75.1%      | 4,155       | 2,838        | 46.4%           |
| Value ( million \$ )                                    | Sep 11 | \$54.8       | \$39.7    | 38.3%      | \$25.1   | 118.8%     | \$441.8     | \$280.2      | 57.7%           |

\* 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.