THE FOREST INDUSTRY SNAPSHOT:

Ministry of Forests, Lands and Natural Resource Operations

January 2012

A Selection of Monthly Economic Statistics

BRITISH COLUMBIA

Points of interest:

Annual Stats for 2011 (part I)

U.S. Housing Starts were 607,000 (preliminary) units in 2011, up 3.7% from 585,000 units in 2010.

Canada Housing Starts were 193,200 units in 2011, up 1.0% from 2010.

B.C. Housing Starts were 26,360 units in 2011, down 1.3% from 2010.

U.S. Unemployment Rate was 9.0% in 2011, down slightly from 9.6% in 2010.

Lumber prices: SPF 2x4 averaged US$254/000 bd ft in 2011, down 0.4% from 2010; Random Length Framing Lumber Composite averaged US$272/000 bd ft, down 3.6% from 2010; Cedar 2x4 averaged US$636/000 bd ft in 2011, down 2.2% from 2010.

Panel Prices: Plywood averaged US$308/000 sq ft in 2011, down 7.3% from 2010; OSB averaged US$201/000 sq ft in 2011, down 19.6% from 2010.

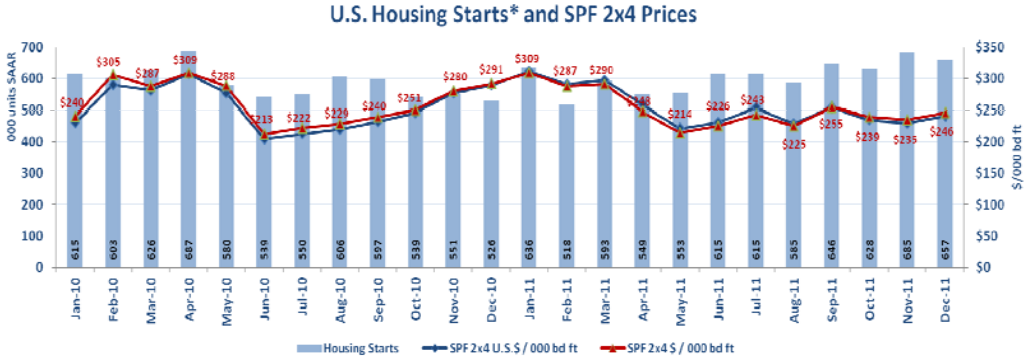
NBSK Pulp (del. Europe) averaged at US$960/tonne in 2011, up 3.3% from 2010.

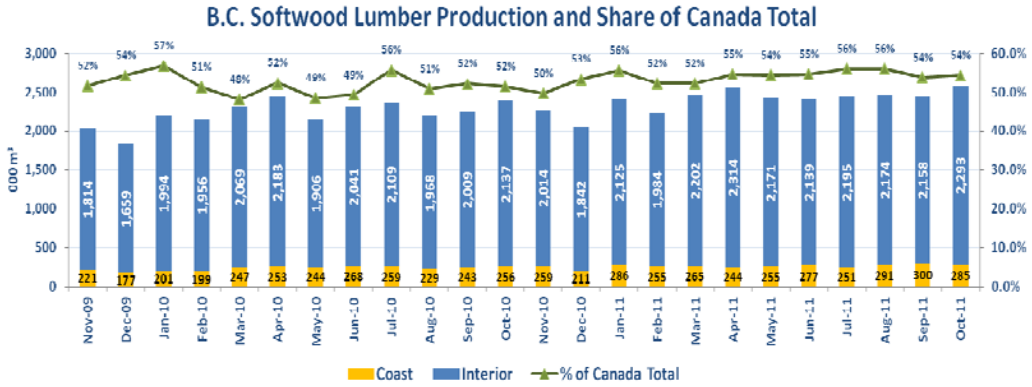
Newsprint averaged at U$625/tonne in 2011, up 7.3% from 2010.

Exchange Rates ($/U$) averaged at 0.9893 in 2011, down 4.0% from 2010.

(from various sources).

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 December were at a seasonally adjusted annual rate of 657,000. This is 4.1% below the revised November rate, and is 24.9% above the December 2010 rate. **Sales of new homes** including new and existing homes in the U.S. were at a seasonally adjusted annual rate of 315,000 in November 2011, up 1.6% M/M and down 9.8% Y/Y. U.S. seasonally adjusted unemployment rate was 8.5% in December 2010, down from 9.4% one year ago. (*from U.S. Census Bureau and U.S. Bureau of Labour Statistics*).
- **SPF 2x4 price increased slightly to US$240** ($246) in December 2011, up 4.7% M/M and down 16.8% Y/Y. The Canadian dollar averaged $1.0238 per US$ in December 2011.
- In October 2011, **B.C. softwood lumber production** totalled 2.58 million m³, up 4.9% M/M and up 7.4% Y/Y. 88.9% of the production was from the Interior.
- In November 2011, **B.C. softwood lumber exports value** totalled $310 million, up 7.1% Y/Y. **B.C. softwood lumber exports volume** totalled 1.91 million m³, up 11.0% Y/Y. The top three destinations for softwood lumber exports in November 2011 were: U.S. (value: 41.7%; volume: 48.7%), China (value: 29.4%; volume: 32.8%), and Japan (value: 16.8%; volume: 10.7%).

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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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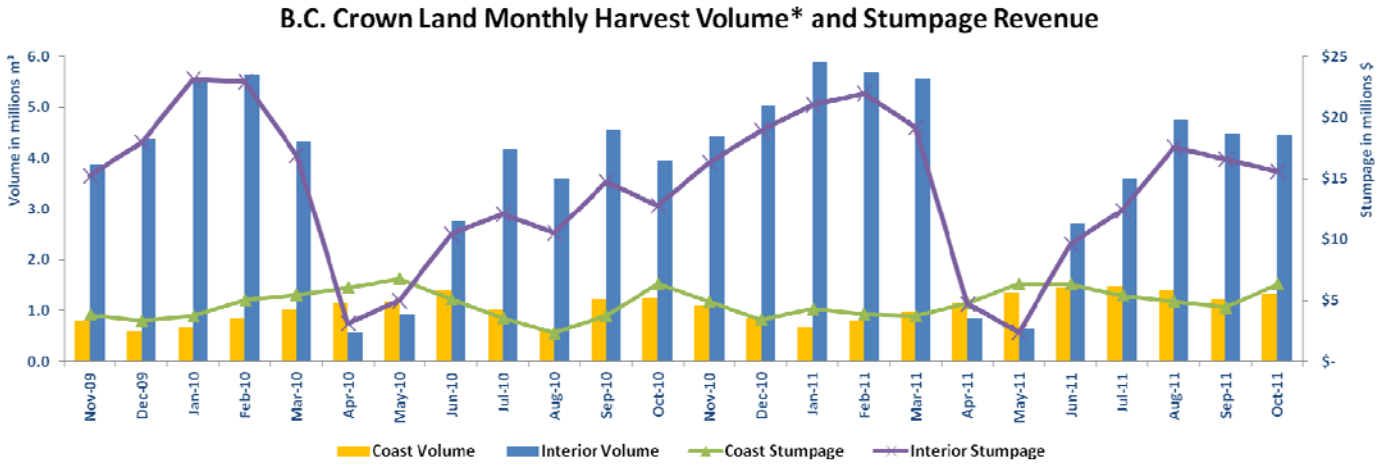
HARVESTING

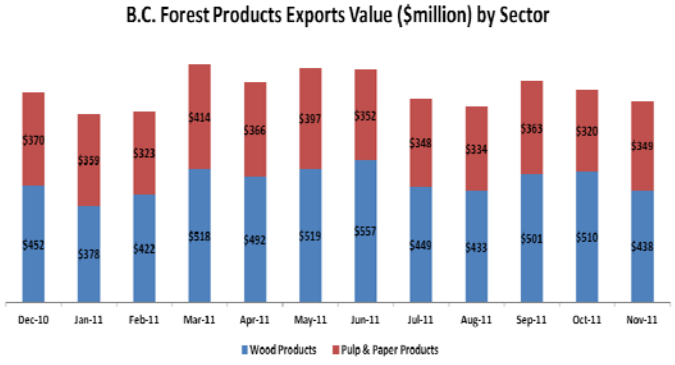


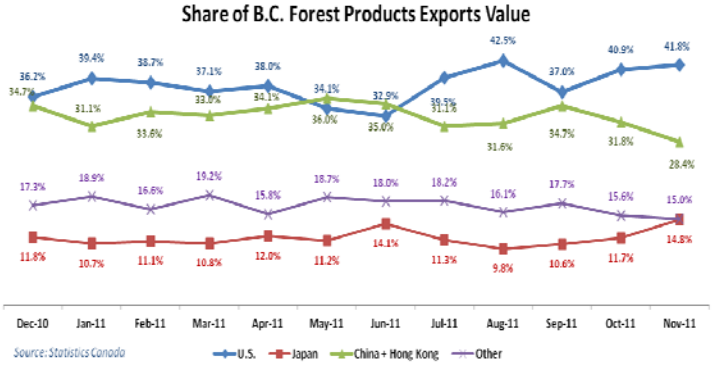
Data source: Harvest Billing System of Ministry of Forests, Lands and Natural Resource Operations.
**Based on scale dates, all logs (BCTS & Major), special forest products, species and grades billed to Crown land excluding waste, reject and Christmas trees. Data in recent months is subject to change.*

COAST harvest volume for all land (including Crown, private and federal) totalled 1.76 million m³ in October 2011, up 6.0% Y/Y. Crown land harvest volume totalled 1.32 million m³, up 5.8% Y/Y. **Stumpage revenue** collected was $6.30 million in October 2011, down 0.8% Y/Y.

INTERIOR harvest volume for all land (including Crown, private and federal) totalled 4.57 million m³ in October 2011, up 12.4% Y/Y. Crown land harvest volume totalled 4.45 million m³, up 12.3% Y/Y. **Stumpage revenue** collected was $15.61 million in October 2011, up 22.1% Y/Y.

EXPORTS





B.C. forest product exports totalled $788 million in November 2011, down 5.1% M/M, up 5.4% Y/Y, and up 9.9% YTD from 2010:

- **Wood products exports** totalled $438 million in November, down 14.1% M/M, up 5.5% Y/Y, and up 12.1% YTD from 2010; and
- **Pulp & paper products exports** totalled $349 million in November, up 9.3% M/M, up 5.2% Y/Y, and up 7.0% YTD from 2010.
- **Exports value shares by product** in November 2011: Softwood Lumber (39.3%), Logs (2.9%), Other Wood Products (13.8%), Pulp (32.1%), and Other Pulp & Paper Products (13.3%).

In November 2011, **U.S. was the largest destination market** for B.C. forest product exports value with a share of 41.8%, while China accounted for 28.4%, Japan accounted for 14.8% and other destinations accounted for 15.0%.

- **Exports to U.S.** totalled $329 million, down 3.0% M/M, up 10.3% Y/Y and down 8.8% YTD from 2010.
- **Exports to China** totalled $224 million, down 15.4% M/M, down 7.8% Y/Y and up 56.5% YTD from 2010.
- **Exports to Japan** totalled $117 million, up 20.4% M/M, up 42.6% Y/Y and up 2.6% YTD from 2010.

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DATA SUMMARY

Selected Monthly Economic Statistics - January 2012

	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	*Dec 11*	**$240**	$230	4.7%	$289	-16.8%	$254	$255	-0.4%
Random Lengths Lumber Composite	*Dec 11*	**$267**	$257	3.9%	$282	-5.2%	$272	$283	-3.6%
SPF 2x10	*Dec 11*	**$257**	$248	3.9%	$333	-22.8%	$286	$318	-10.1%
SPF Stud	*Dec 11*	**$242**	$226	7.0%	$253	-4.3%	$252	$253	-0.4%
Cedar 2x4	*Dec 11*	**$630**	$630	0.0%	$650	-3.1%	$636	$650	-2.2%
Hemlock Squares	*Nov 11*	**$825**	$825	0.0%	$753	9.6%	$812	$779	4.2%
Panel Prices *(US$/000 sq ft)*									
Plywood	*Dec 11*	**$304**	$311	-2.0%	$298	2.1%	$308	$333	-7.3%
OSB	*Dec 11*	**$195**	$195	0.0%	$198	-1.5%	$201	$250	-19.6%
Pulp & Paper Prices *(US$/tonne)*									
NBSK Pulp	*Dec 11*	**$846**	$890	-4.9%	$950	-10.9%	$960	$930	3.3%
Newsprint (U.S. Eastcoast)	*Dec 11*	**$624**	$624	0.0%	$625	-0.2%	$625	$582	7.3%
$/US$ Exchange Rate	*Dec 11*	**1.0238**	1.0258	-0.2%	1.0077	1.6%	0.9893	1.0301	-4.0%
Housing Starts *(000 units)*									
U.S. (Seasonally Adjusted Annual Rates)	*Dec 11*	**657**	685	-4.1%	526	24.9%	607	585	3.7%
Canada	*Dec 11*	**200**	186	7.9%	170	18.0%	193	192	0.9%
Japan (Wood-based)	*Nov 11*	**40**	38	5.4%	41	-3.2%	424	417	1.9%
B.C. Lumber Production *(000 m³)*	*Oct 11*	**2,578**	2,458	4.9%	2,400	7.4%	24,463	22,690	7.8%
Coast	*Oct 11*	**285**	300	-4.9%	256	11.2%	2,708	2,398	12.9%
Interior	*Oct 11*	**2,293**	2,158	6.3%	2,137	7.3%	21,755	20,372	6.8%
B.C. Market Pulp Shipments *(000 tonne)*	*Nov 11*	**360**	293	22.9%	345	4.3%	4,087	3,180	28.5%
B.C. Forest Products Exports *(million $)*	*Nov 11*	**$788**	$830	-5.1%	$748	5.4%	$9,141	$8,320	9.9%
Wood Products	*Nov 11*	**$438**	$510	-14.1%	$416	5.5%	$5,217	$4,653	12.1%
Pulp & Paper products	*Nov 11*	**$349**	$320	9.3%	$332	5.2%	$3,924	$3,667	7.0%
Shares of B.C. Forest Products Exports Value *(%)*									
U.S.	*Nov 11*	**41.8%**	40.9%	2.2%	39.9%	4.7%	38.2%	46.0%	-17.0%
China + Hong Kong	*Nov 11*	**28.4%**	31.8%	-10.8%	32.4%	-12.4%	32.9%	23.1%	42.4%
Japan	*Nov 11*	**14.8%**	11.7%	26.9%	11.0%	35.3%	11.7%	12.5%	-6.6%
Other	*Nov 11*	**15.0%**	15.6%	-3.9%	16.7%	-10.3%	17.3%	18.4%	-6.2%
Market Shares of U.S. Lumber Consumption *(%)*									
B.C.	*Oct 11*	**14.2%**	13.8%	3.2%	13.7%	3.8%	13.7%	16.3%	-16.0%
Rest of Canada	*Oct 11*	**13.4%**	12.2%	10.0%	12.6%	5.8%	11.8%	11.2%	5.7%
U.S.	*Oct 11*	**72.4%**	74.1%	-2.2%	73.7%	-1.7%	74.5%	72.5%	2.7%
3rd Country	*Oct 11*	**1.5%**	1.0%	46.1%	1.0%	44.6%	1.3%	1.3%	-1.3%
B.C. Crown Land Scaled Volume** *(000 m³)*	*Oct 11*	**5,773**	5,696	1.4%	5,211	10.8%	50,487	46,423	8.8%
Coast	*Oct 11*	**1,321**	1,210	9.2%	1,248	5.8%	11,807	10,359	14.0%
Interior	*Oct 11*	**4,452**	4,486	-0.8%	3,963	12.3%	38,680	36,064	7.3%
B.C. Stumpage *(million $)*	*Oct 11*	**$21.9**	$21.0	4.3%	$19.1	14.5%	$191.3	$179.7	6.5%
Coast	*Oct 11*	**$6.3**	$4.4	42.2%	$6.4	-0.8%	$50.3	$48.1	4.7%
Interior	*Oct 11*	**$15.6**	$16.6	-5.9%	$12.8	22.1%	$141.0	$131.6	7.1%
B.C. Forestry Employment (LFS) *(000 jobs)*	*Dec 11*	**51.1**	51.8	-1.4%	53.2	-3.9%	53.3	54.6	-2.2%
Forestry & Logging	*Dec 11*	**14.4**	16.3	-11.7%	11.2	28.6%	14.1	16.1	-12.6%
Wood Products	*Dec 11*	**28.8**	28.7	0.3%	32.7	-11.9%	30.2	28.7	5.0%
Paper Products	*Dec 11*	**7.9**	6.8	16.2%	9.3	-15.1%	9.1	9.8	-6.6%
B.C. Log Exports									
Volume (*000 m³*)	*Oct 11*	**201**	713	-71.8%	300	-33.0%	5,070	3,364	50.7%
Value (*million $*)	*Oct 11*	**$23.0**	$80.4	-71.4%	$30.2	-23.8%	$545.4	$333.8	63.4%

** 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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