



Market update

International softwood conference
Copenhagen, October 2011
Philippe Boisclair
President Canadian wood products



Canada Wood
Produits de bois canadien



Quebec Wood
Export Bureau



Agenda

- Canadian economic situation
- North American demand
- North American production
- Canada production
- Pricing evolution
- Currency evolution
- Softwood lumber agreement update
- Market comments

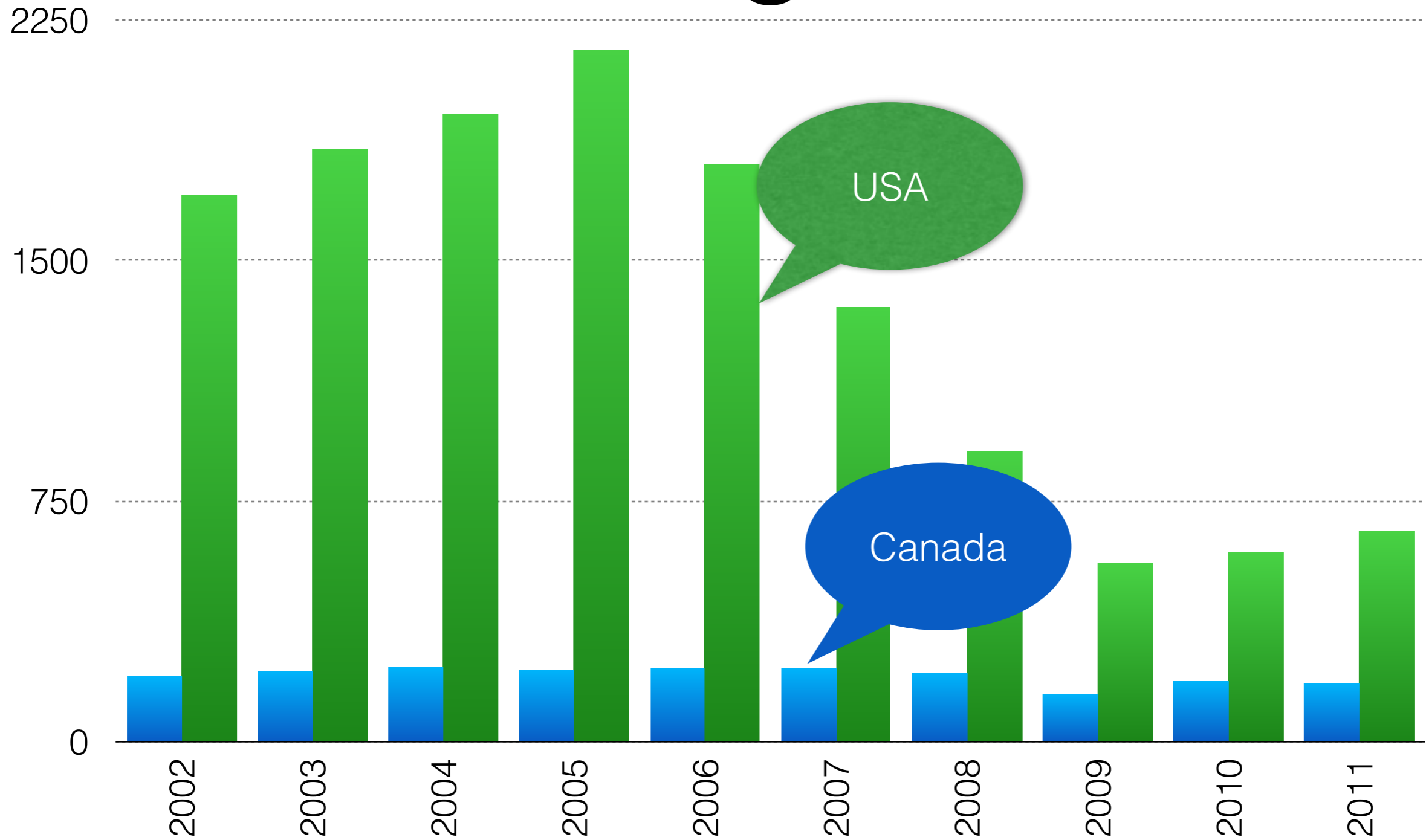


Canadian economy

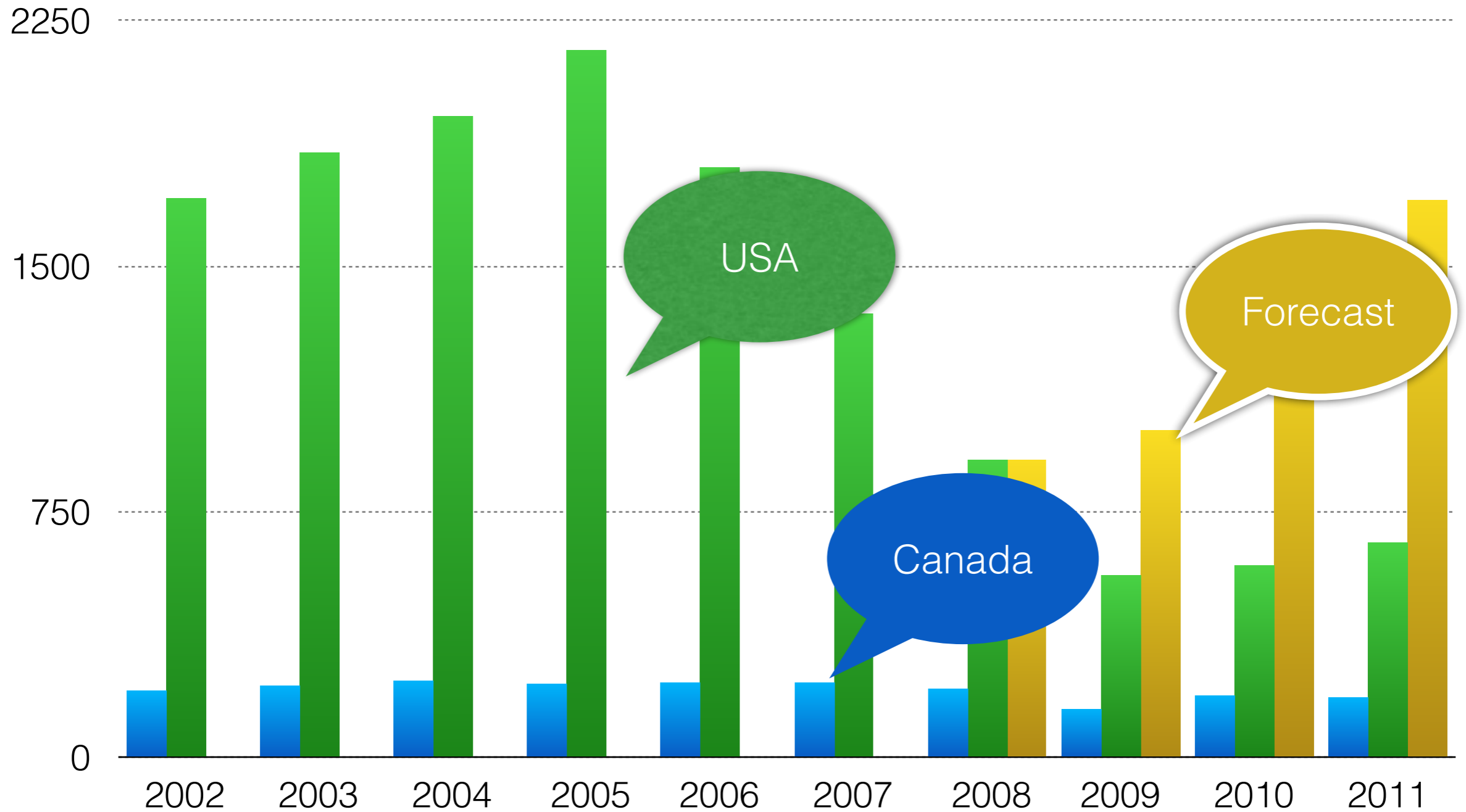
- Has resisted the downturn in the south
- Strong banking system
- Lots of resources: oil and gas- agriculture - metals
- Low deficit (high personal taxes :()
- Unemployment 7.10%
- GDP growth 3%



Housing starts



Housing starts



North American demand

billion board feet		2010	2011
USA		31.5	30.9
CANADA		10.9	11.3
EXPORTS		4.5	5.5
IMPORTS		-2.4	-2.9
TOTAL		44.9	44.8



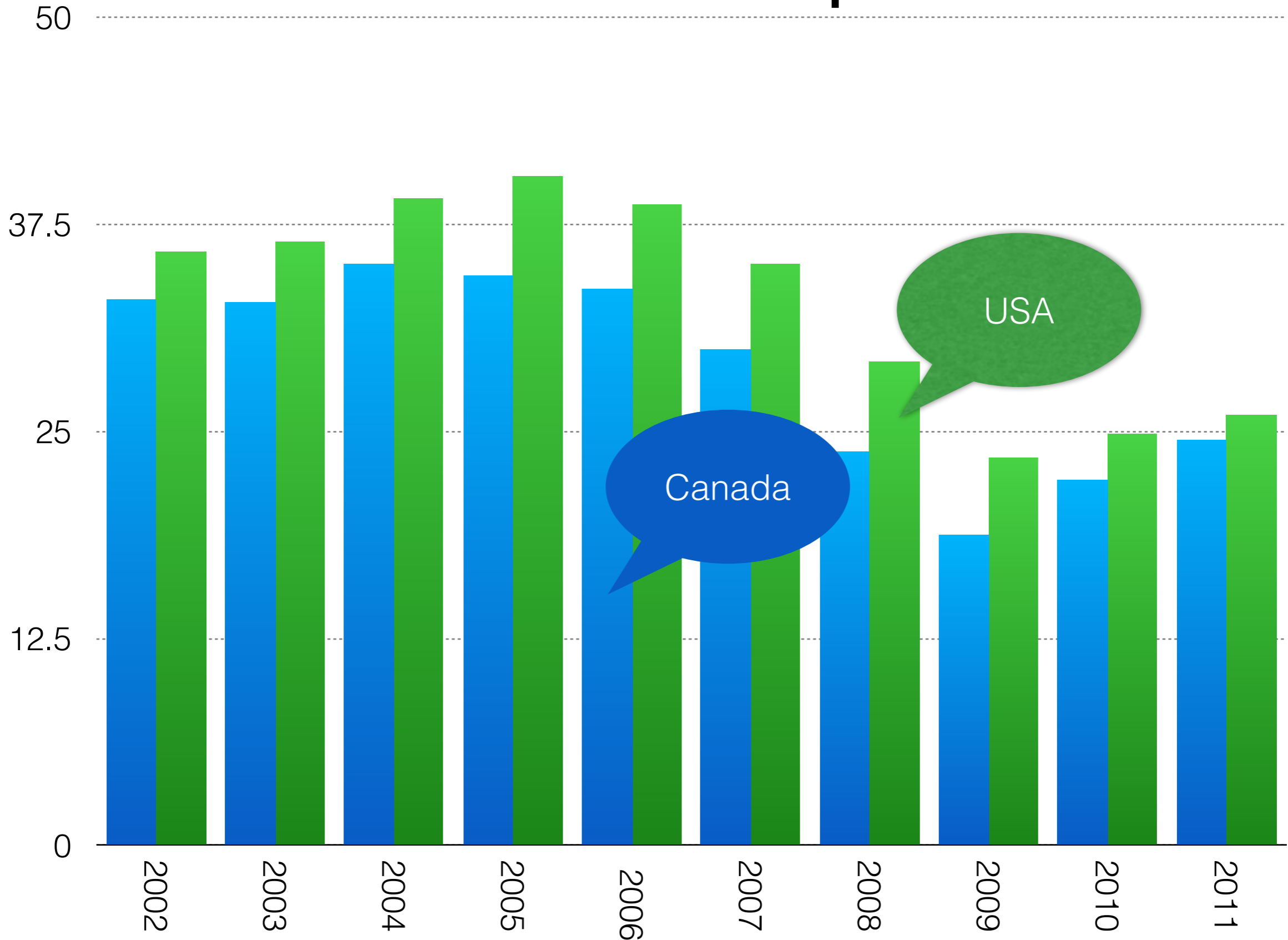
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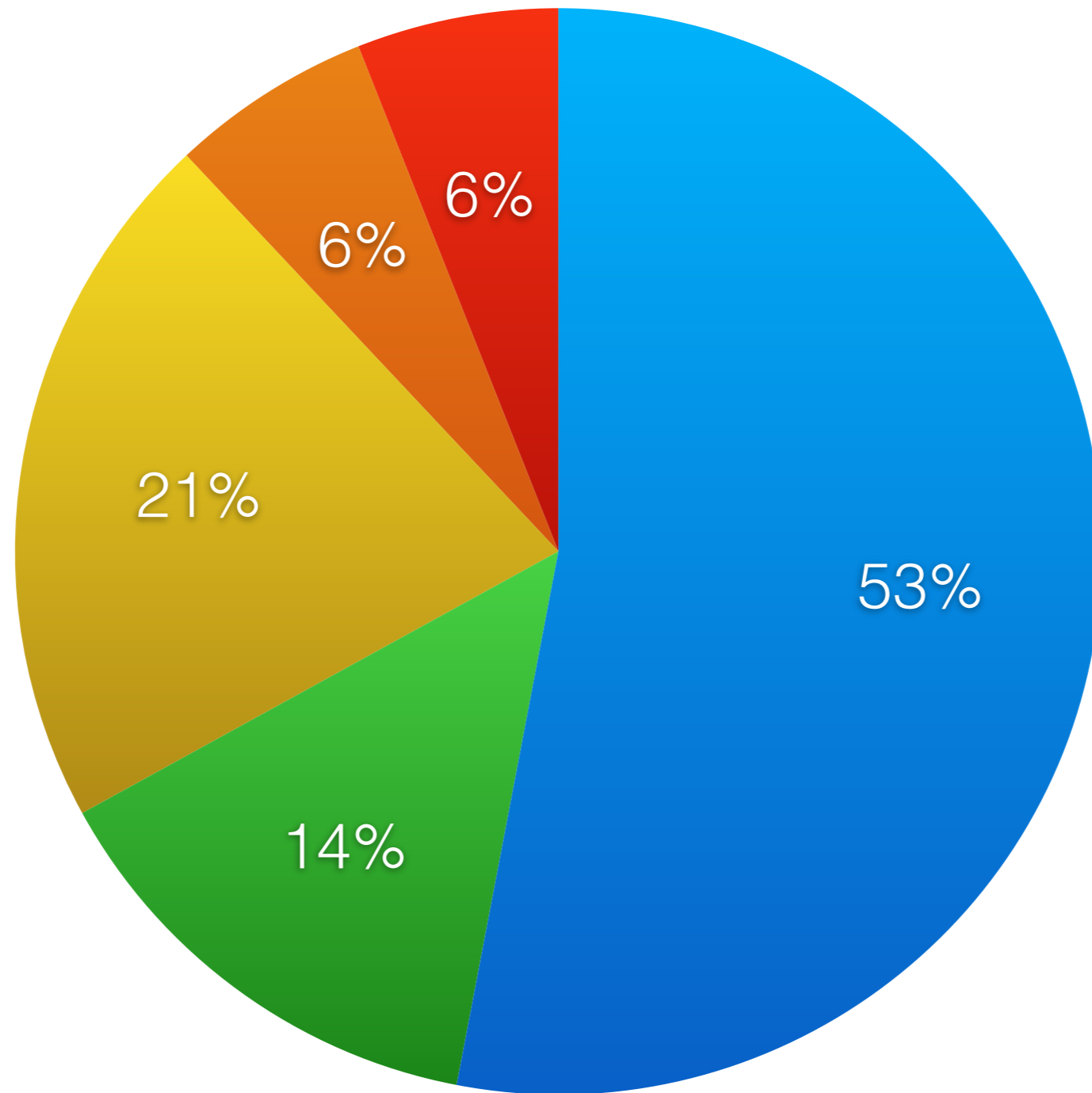
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North American production



Canadian production



● BC ● Alberta ● Quebec ● Ontario ● Other

Demand vs production

BBF		2010	2011
USA		31.5	30.9
CANADA		10.9	11.3
EXPORTS		4.5	5.5
IMPORTS		-2.4	-2.9
TOTAL		44.9	44.8
USA production		24.8	26
Can production		22	24.5
TOTAL		46.8	50.5



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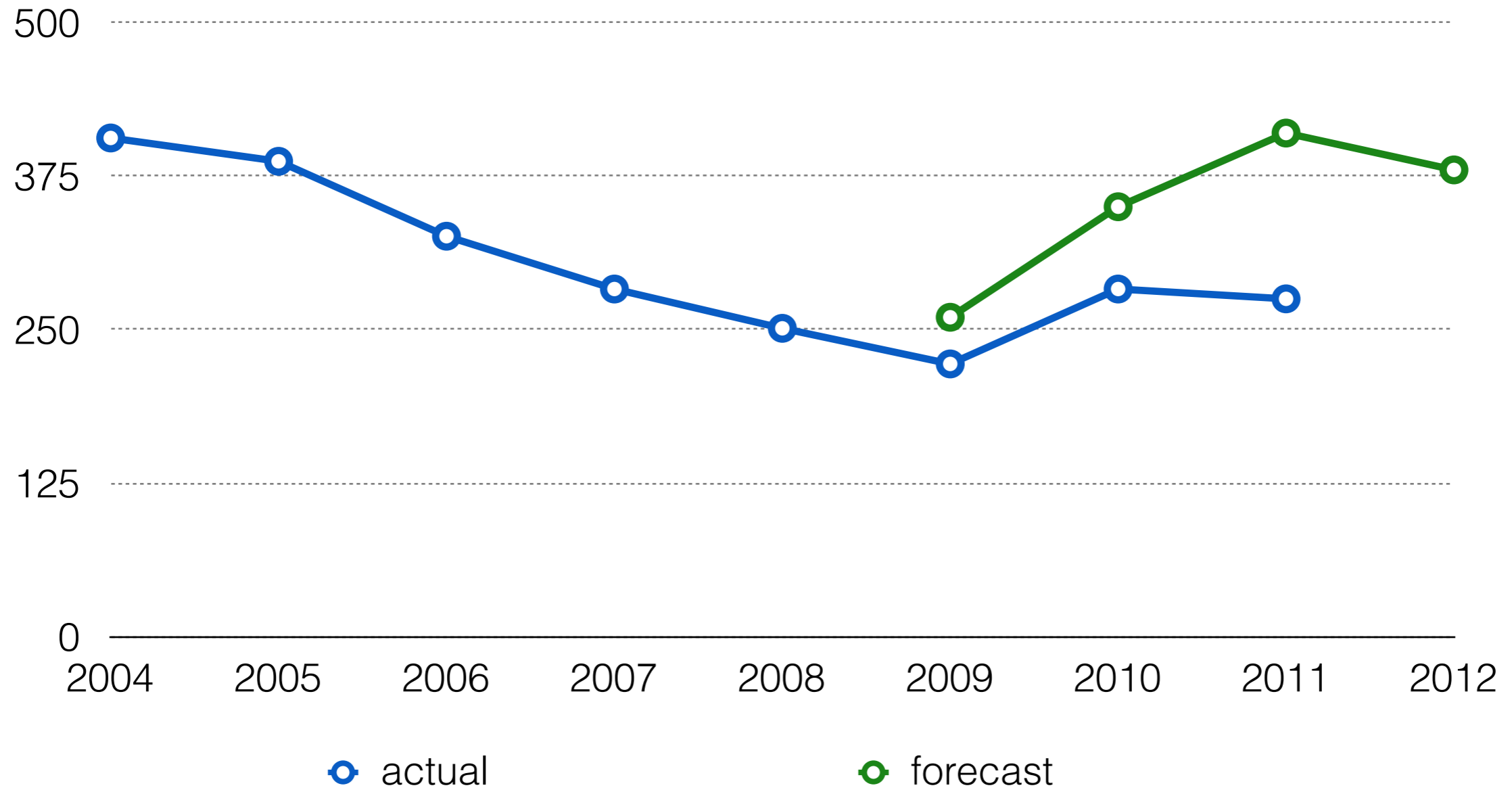


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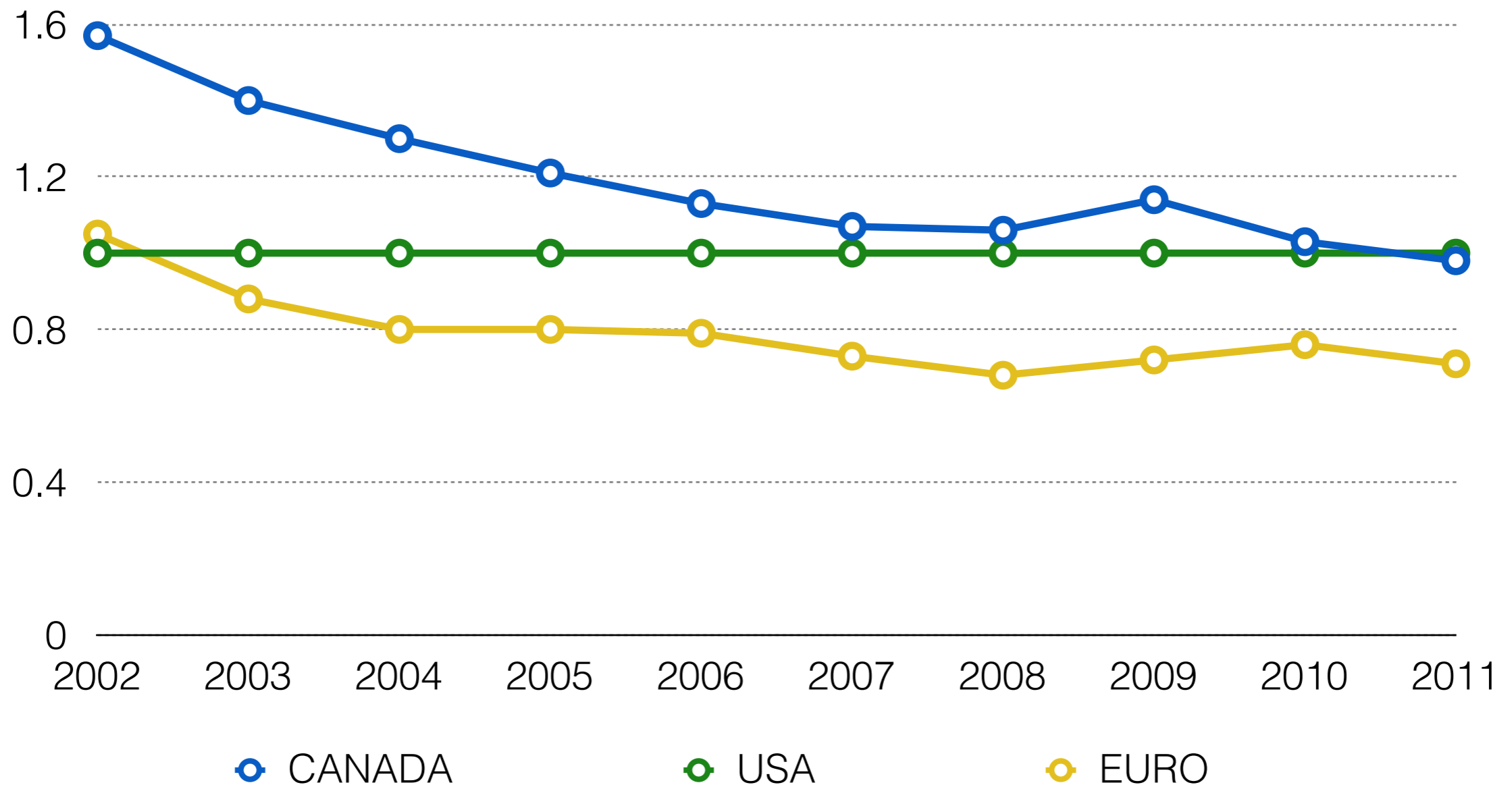


Pricing evolution

Random lengths index



Currency evolution



Softwood lumber agreement

- Expires Sept 2012 with 2 year option to renew
- Western Canada (option A - 15% tax)
- Ontario - Quebec (option B - 5% tax + limit on volume)
- Atlantic Canada and certain Quebec mills tax free
- Quebec recently finished paying 60m\$ tax - other penalties in effect
- US coalition filed a claim in London court concerning log costs in BC - expected result spring 2012



Market update

- USA : can only improve from here !
- Canada: stable with signs of weakness
- China : slower growth - increased quality
- Middle east : increased volume - subject to currency fluctuation
- India : at the early stages - changes to legislation
- Flexible - service oriented - out of comfort zone will succeed





Thank you

Philippe Boisclair
President Canadian wood products

Info sources
RISI lumber forecast August 2011
QFIC - Wikipedia - google

