



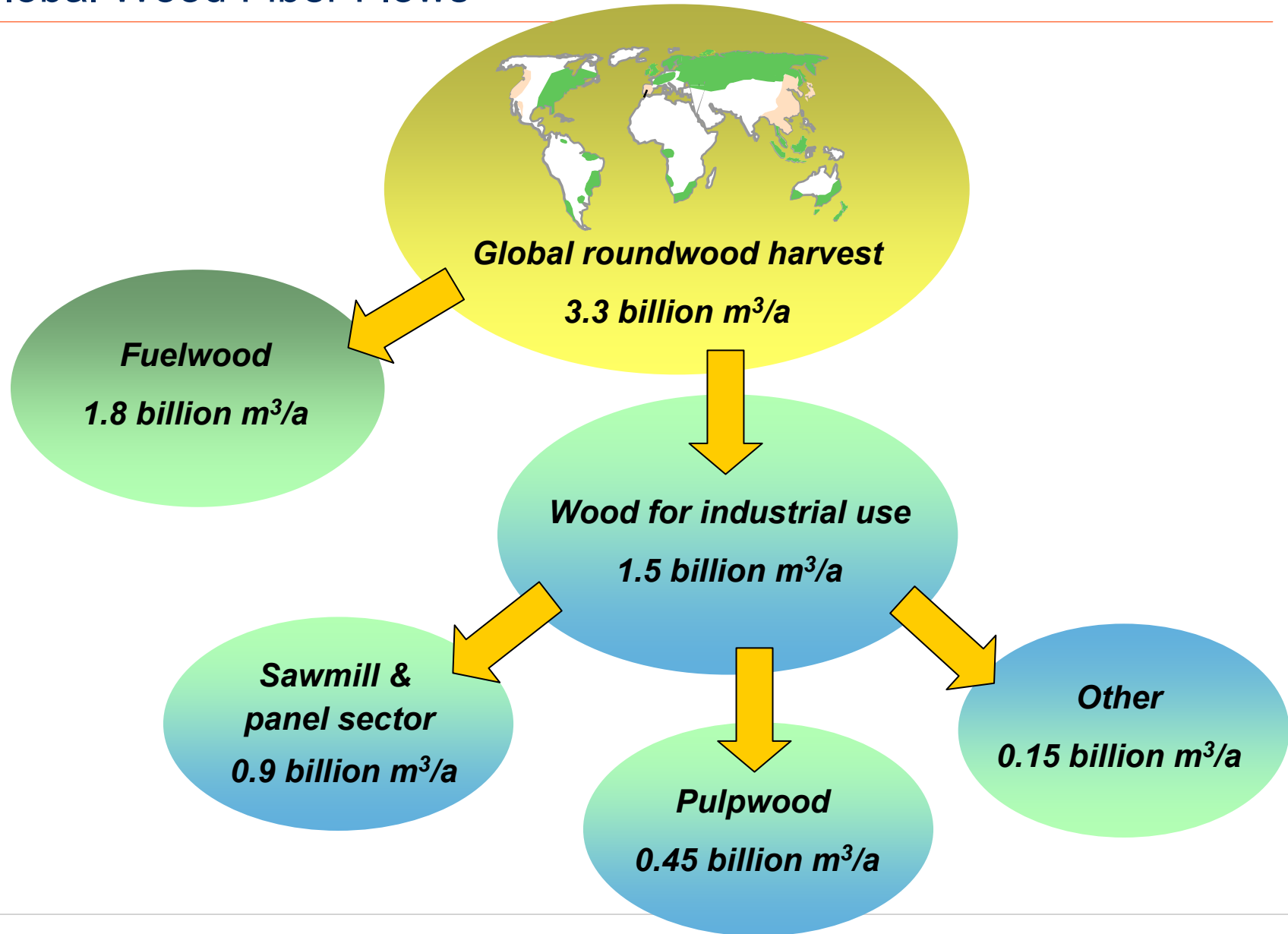
State of International EWP Markets

2008 EWPA Conference

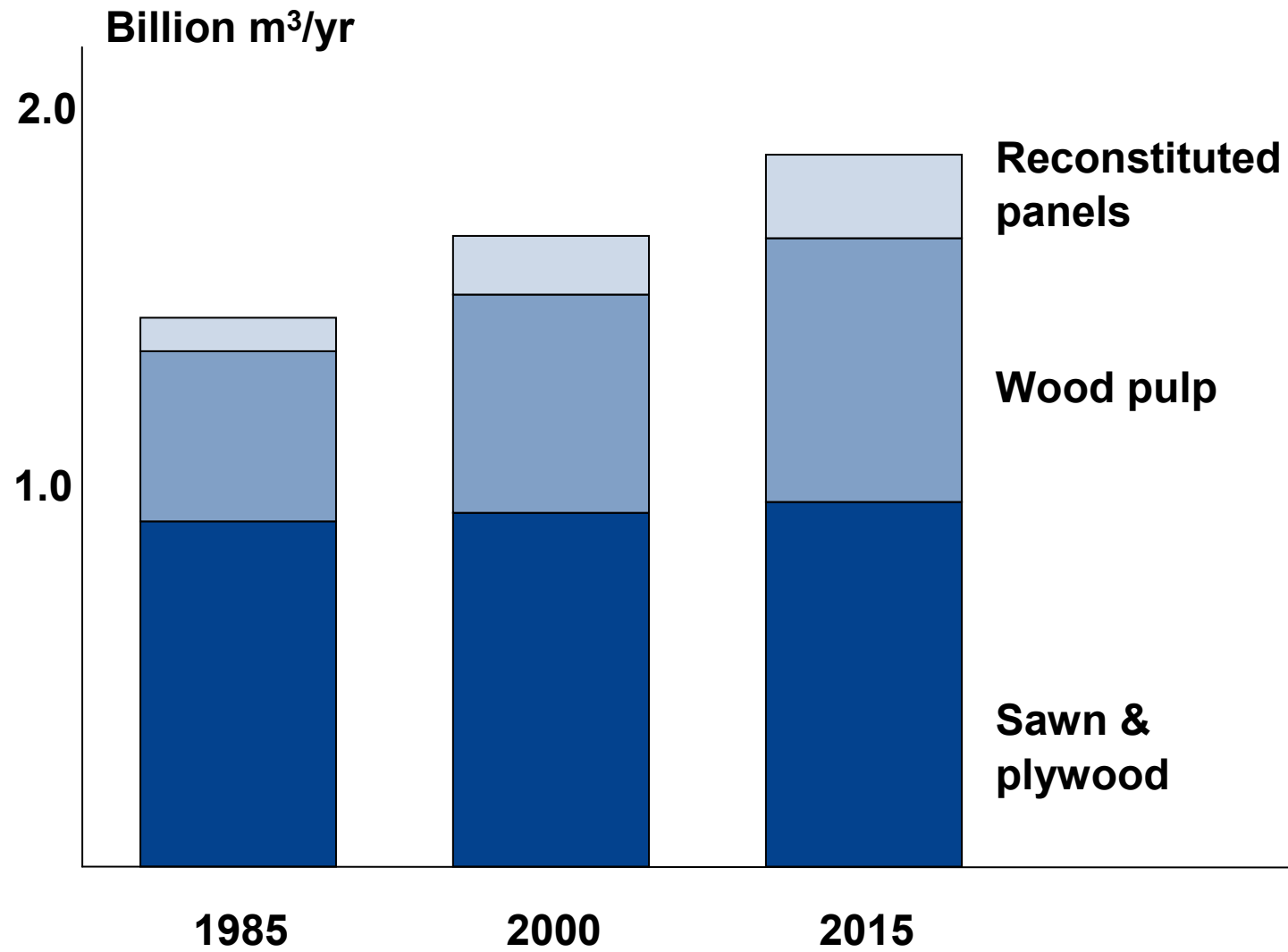
Agenda

- Fibre Supply outlook
- Economic outlook
- North America
- Europe
- Conclusions

Global Wood Fiber Flows

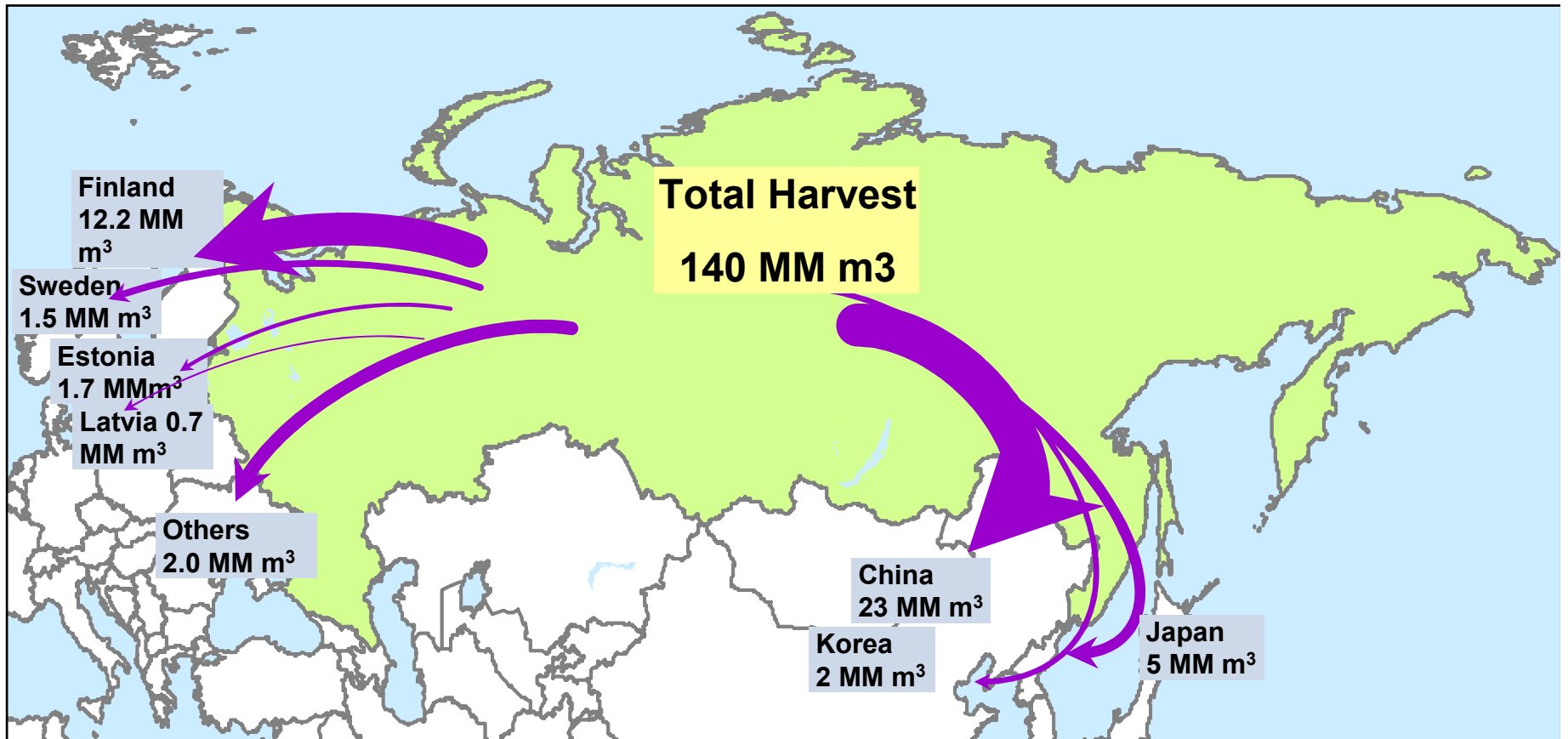


Limited Growth in Sawnwood and Ply

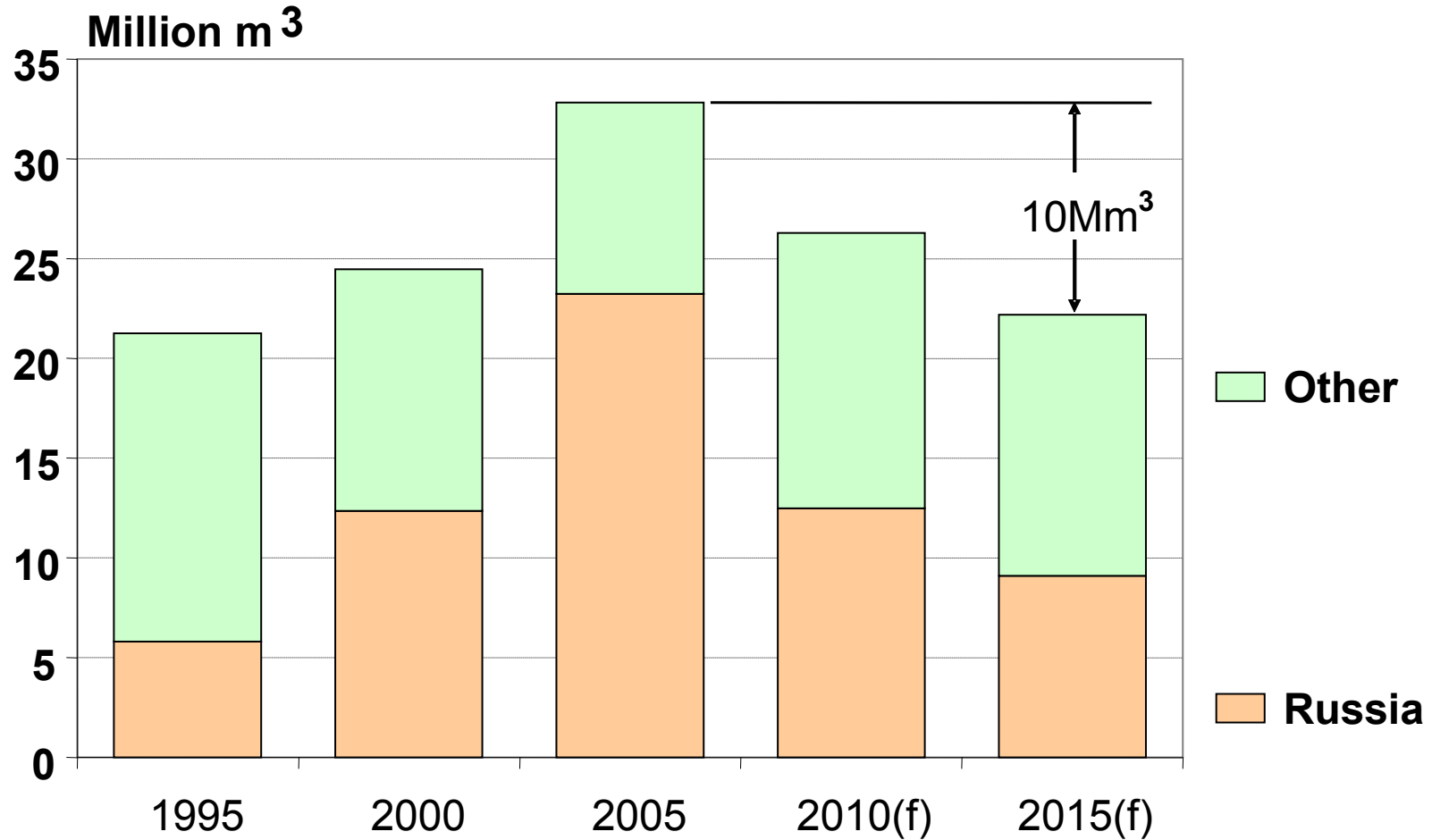


Russian Roundwood Export Duties

- Exports over 50 million m³

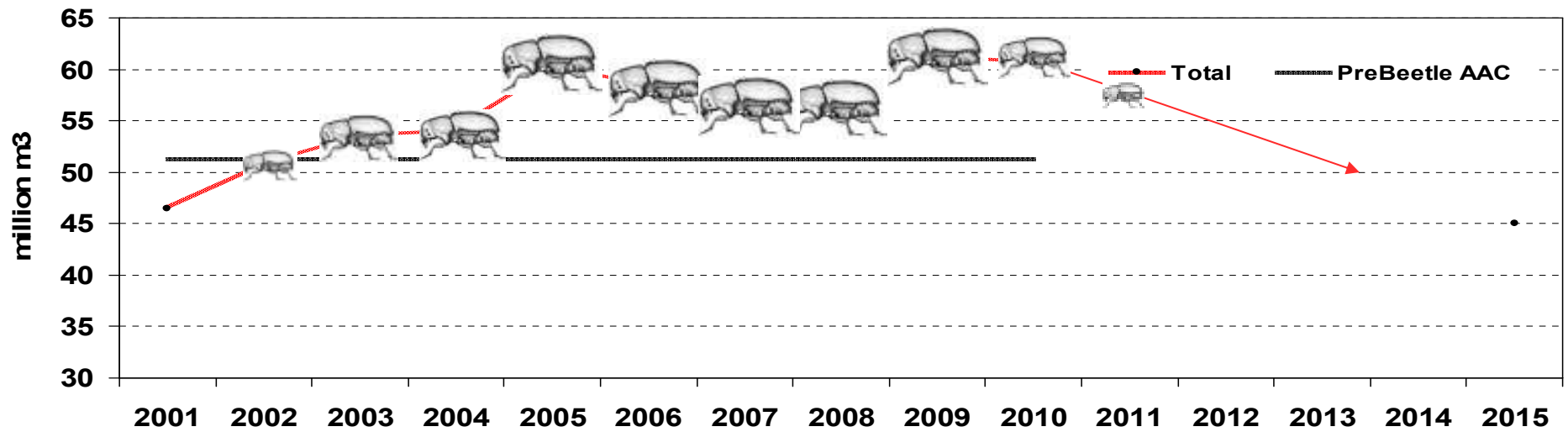


Implications for North Asian Softwood Sawlog Imports

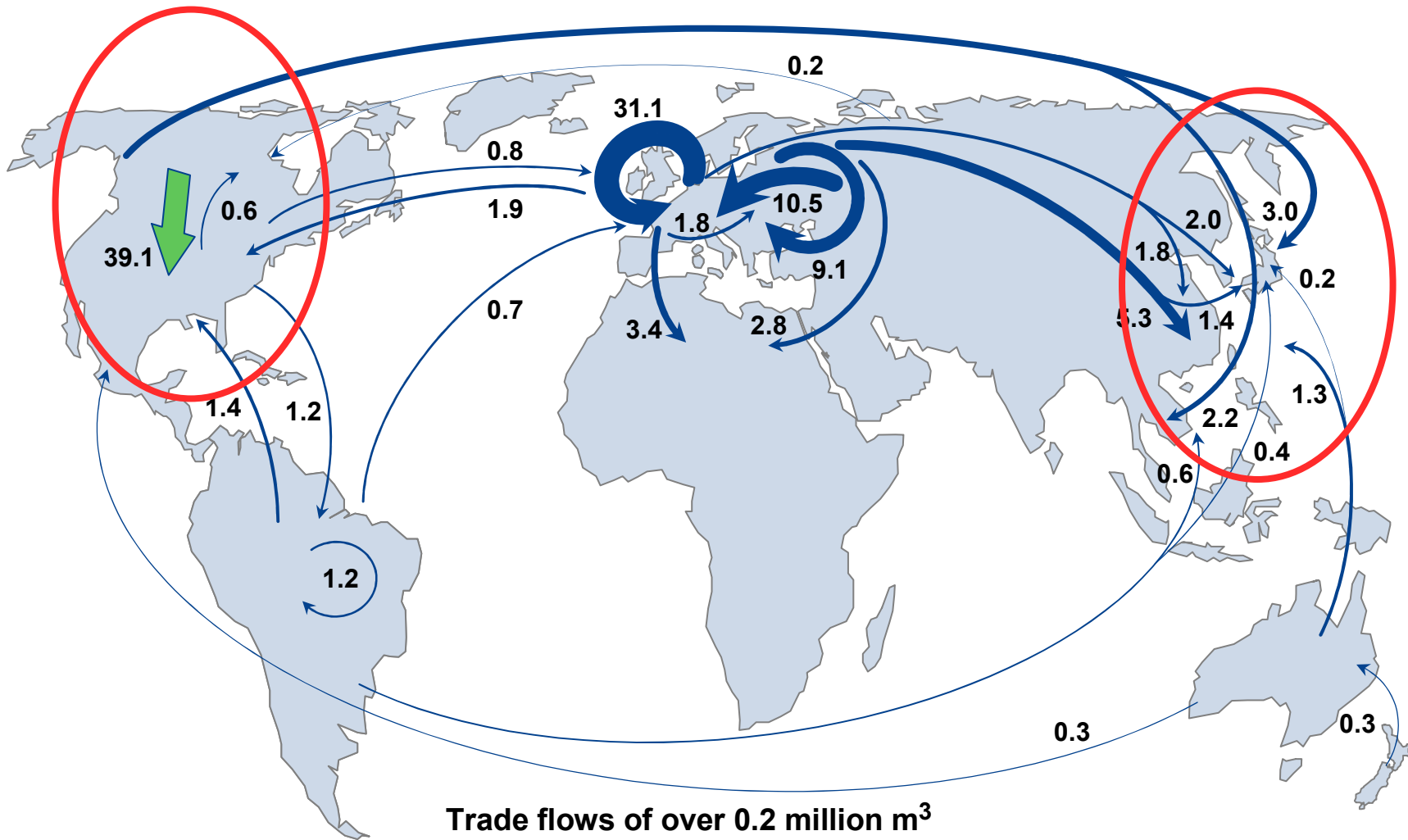


BC Fibre Supply

Projected Interior BC SW Harvest



Sawn Softwood Trade in 2007

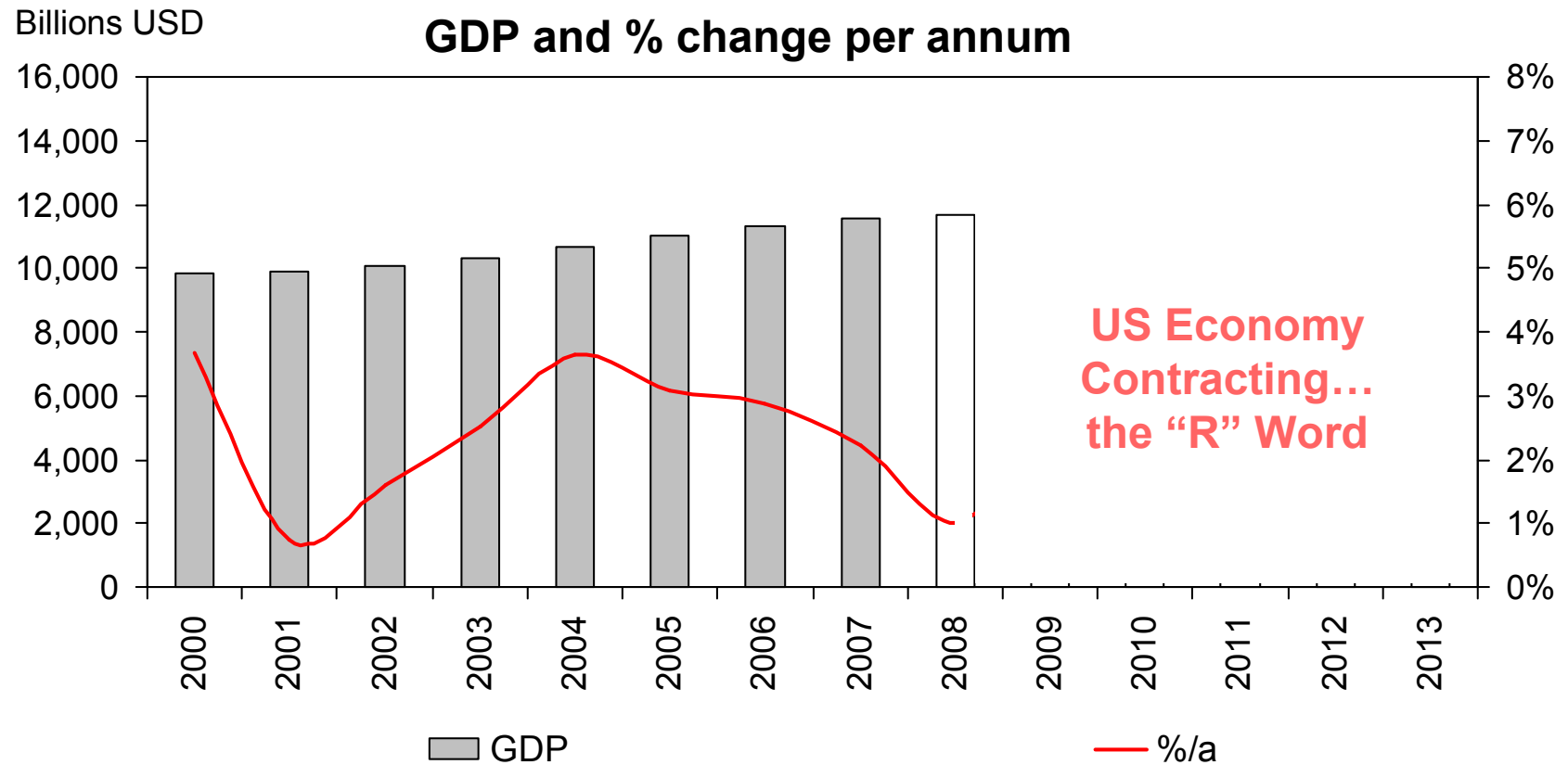


Note. Partly based on estimates

Economic crisis....IMF's latest view of global Output

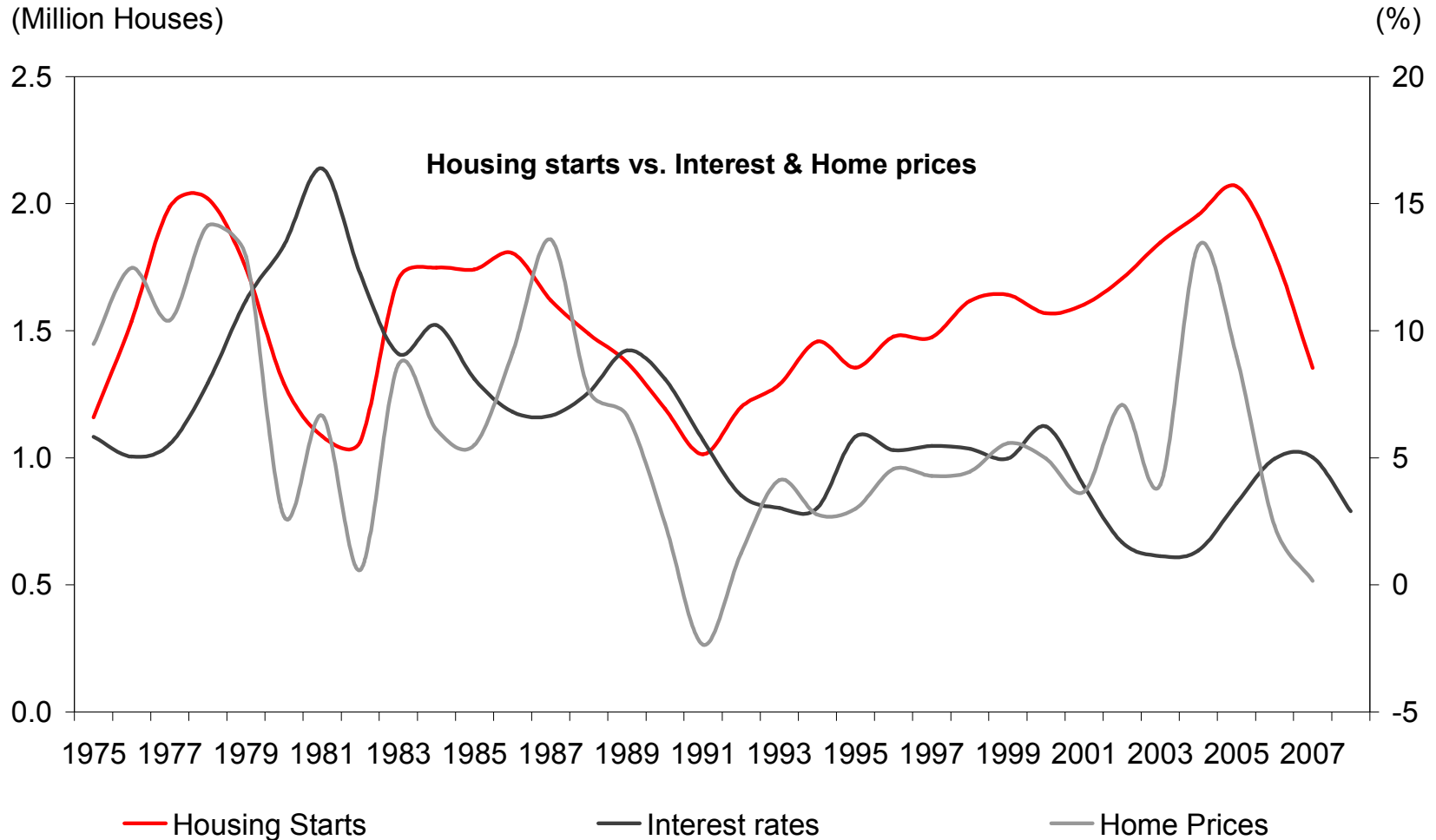
Region	2007	2009f
World	5.0	2.2
US	2.0	-0.7
Euro Zone	2.6	-0.5
Japan	2.1	-0.2
China	11.9	8.5
India	9.3	6.3
“Other Advanced”	4.7	1.5

U.S. housing starts – drivers



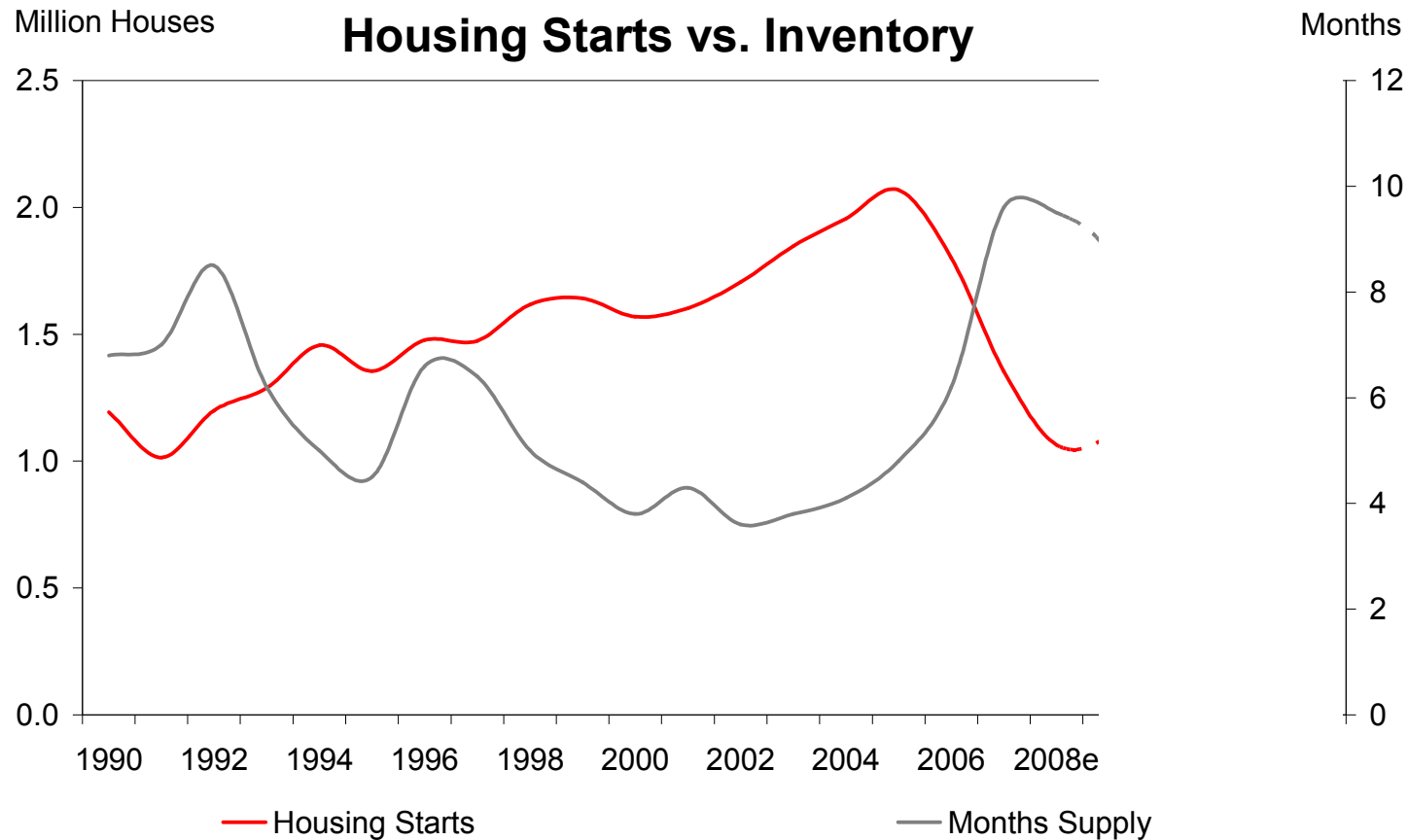
Construction drivers – Interest rates, housing starts, (values)

CONFIDENCE

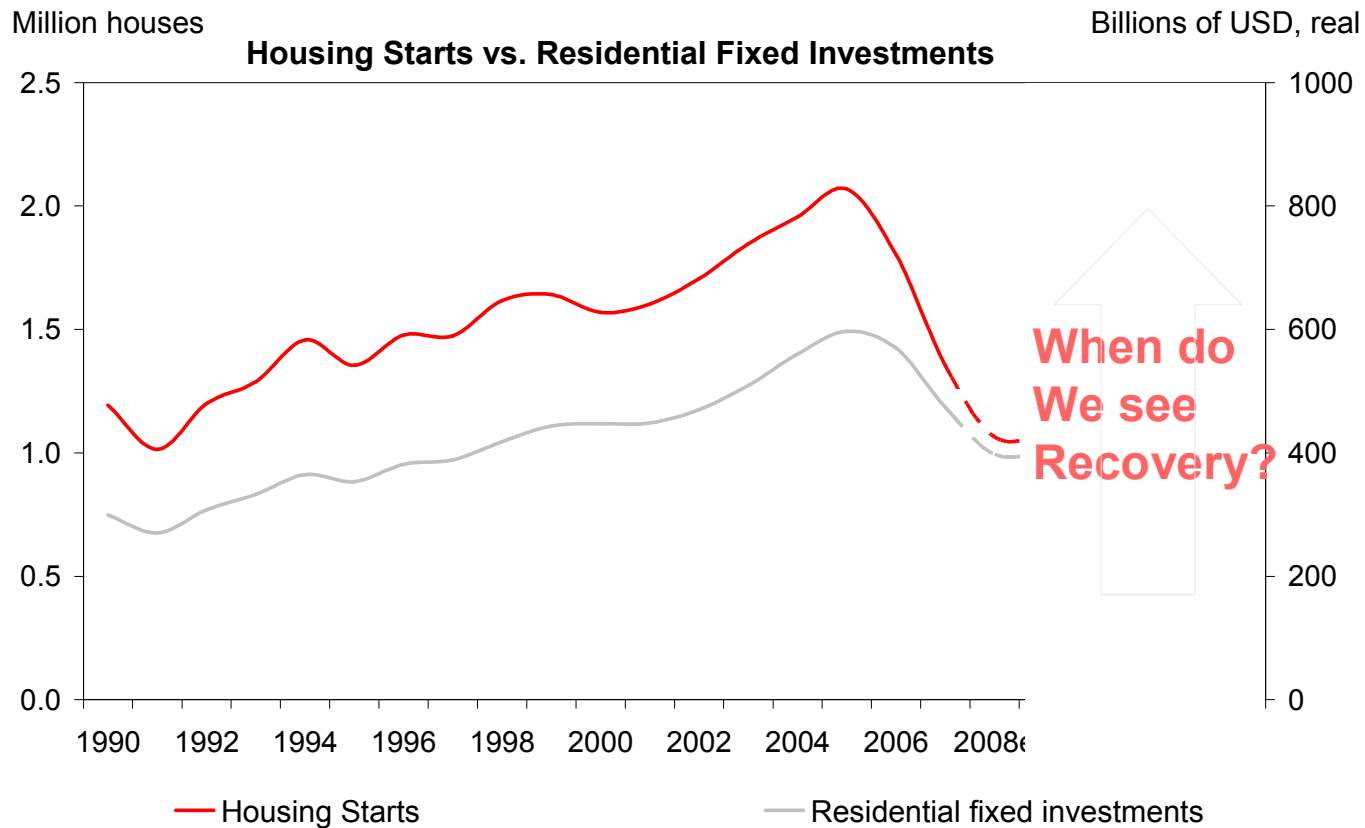


U.S. housing starts & inventory

- **The backlog has to be cleared**

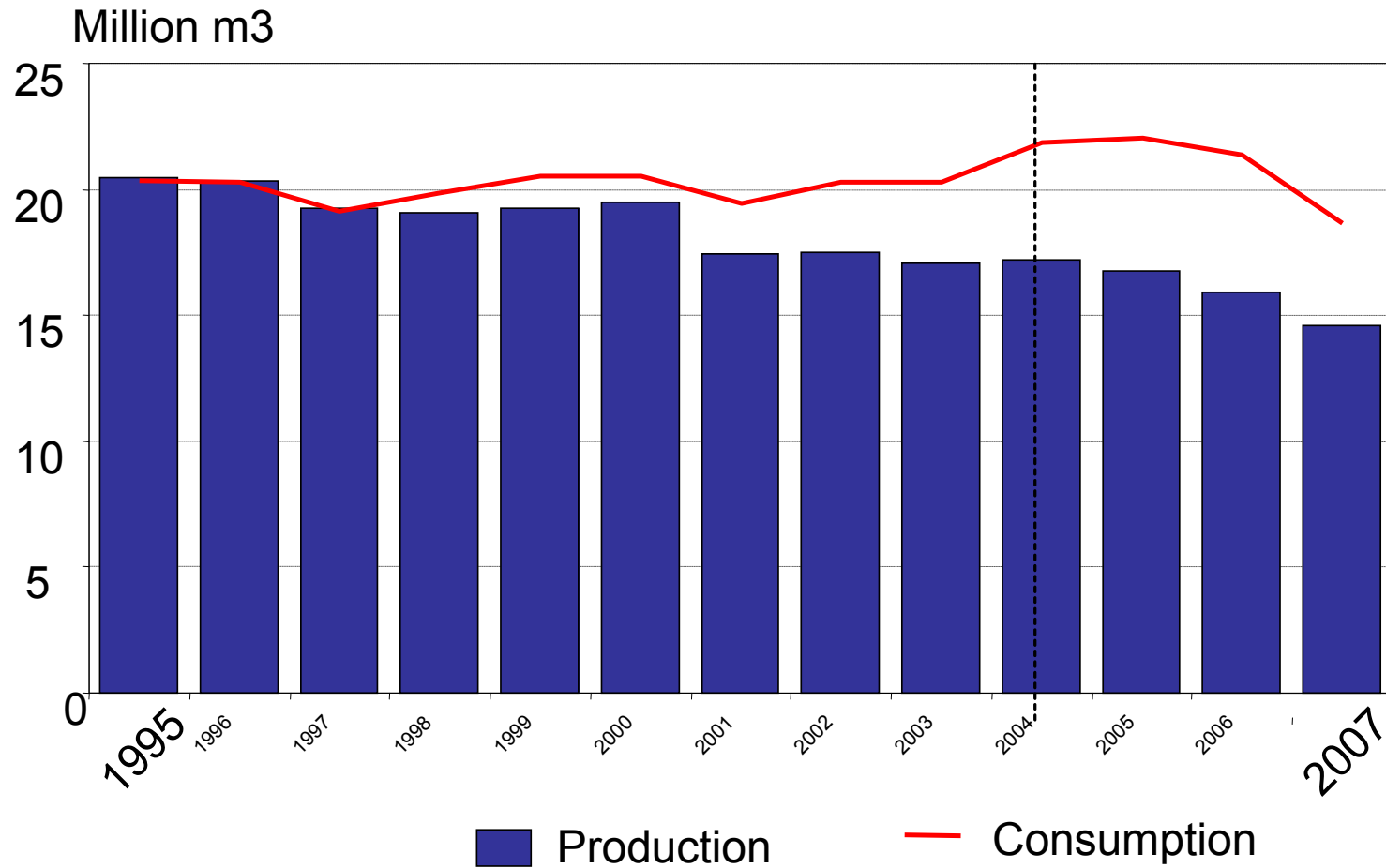


U.S. housing starts and investments...

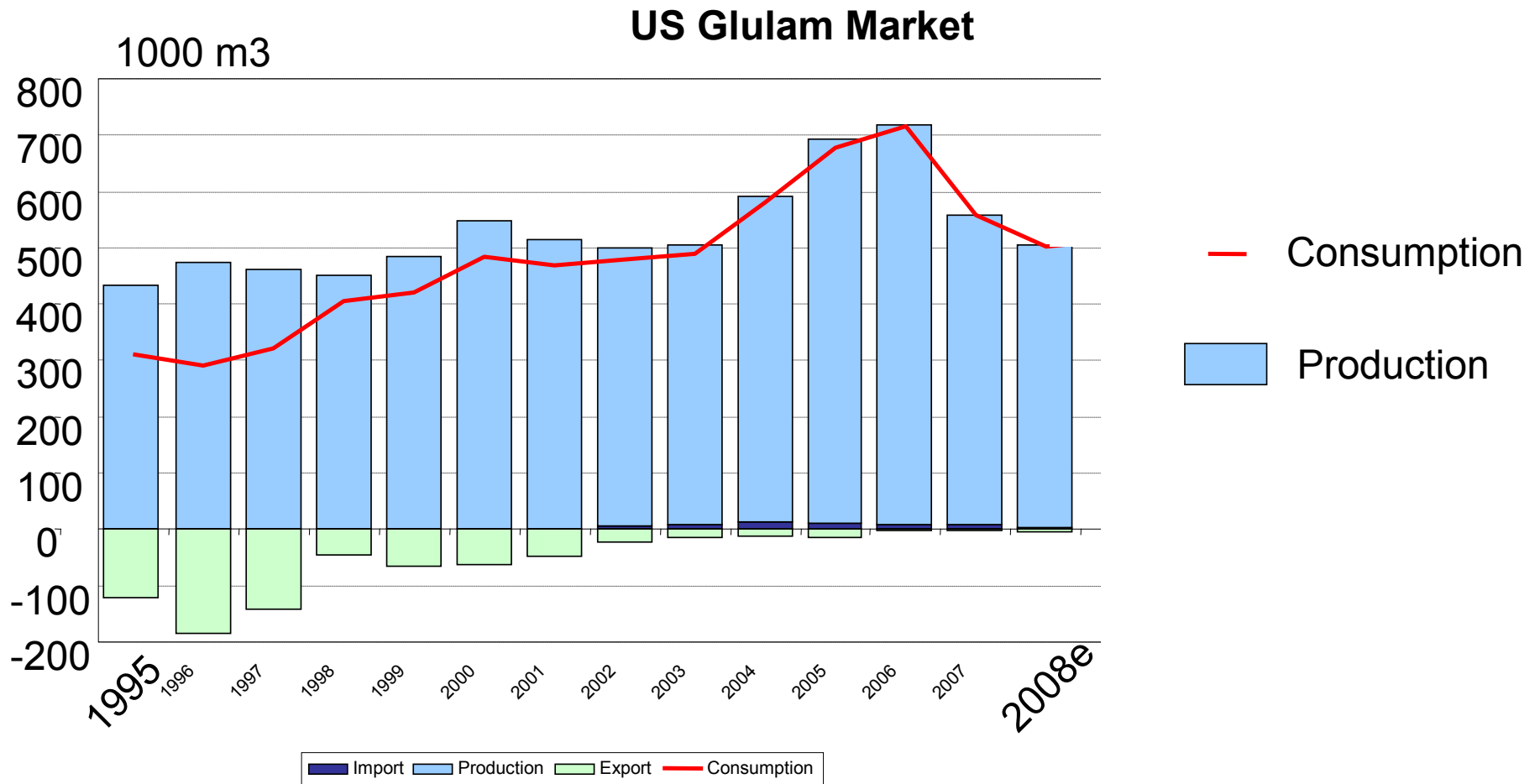


Note: Residential Fixed Investments represent the monetary value of all construction activities, e.g. new houses, renovation, repairs or improvements.

North American Production and Consumption of Plywood

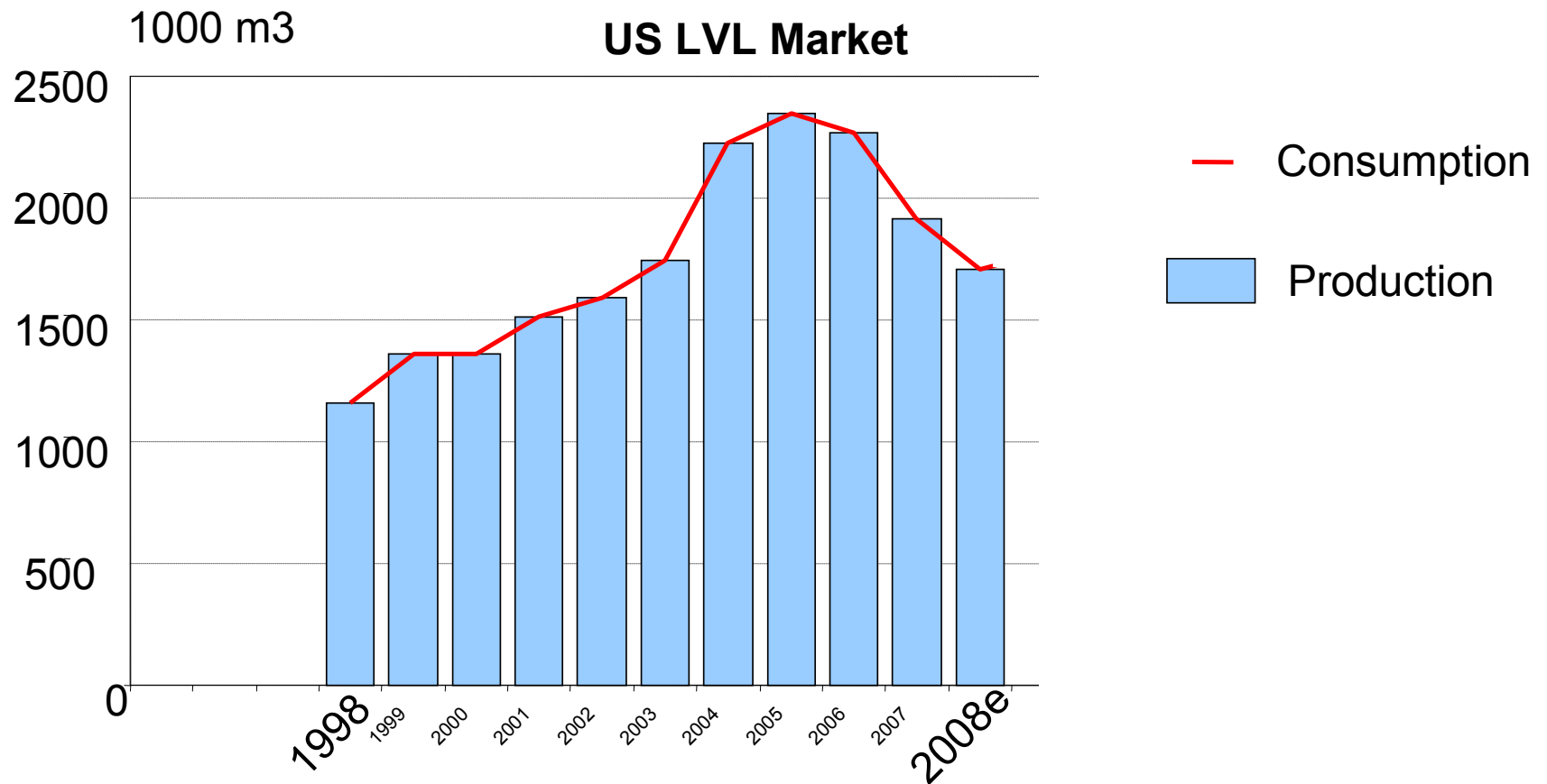


Supply-Demand Balance – US Glulam

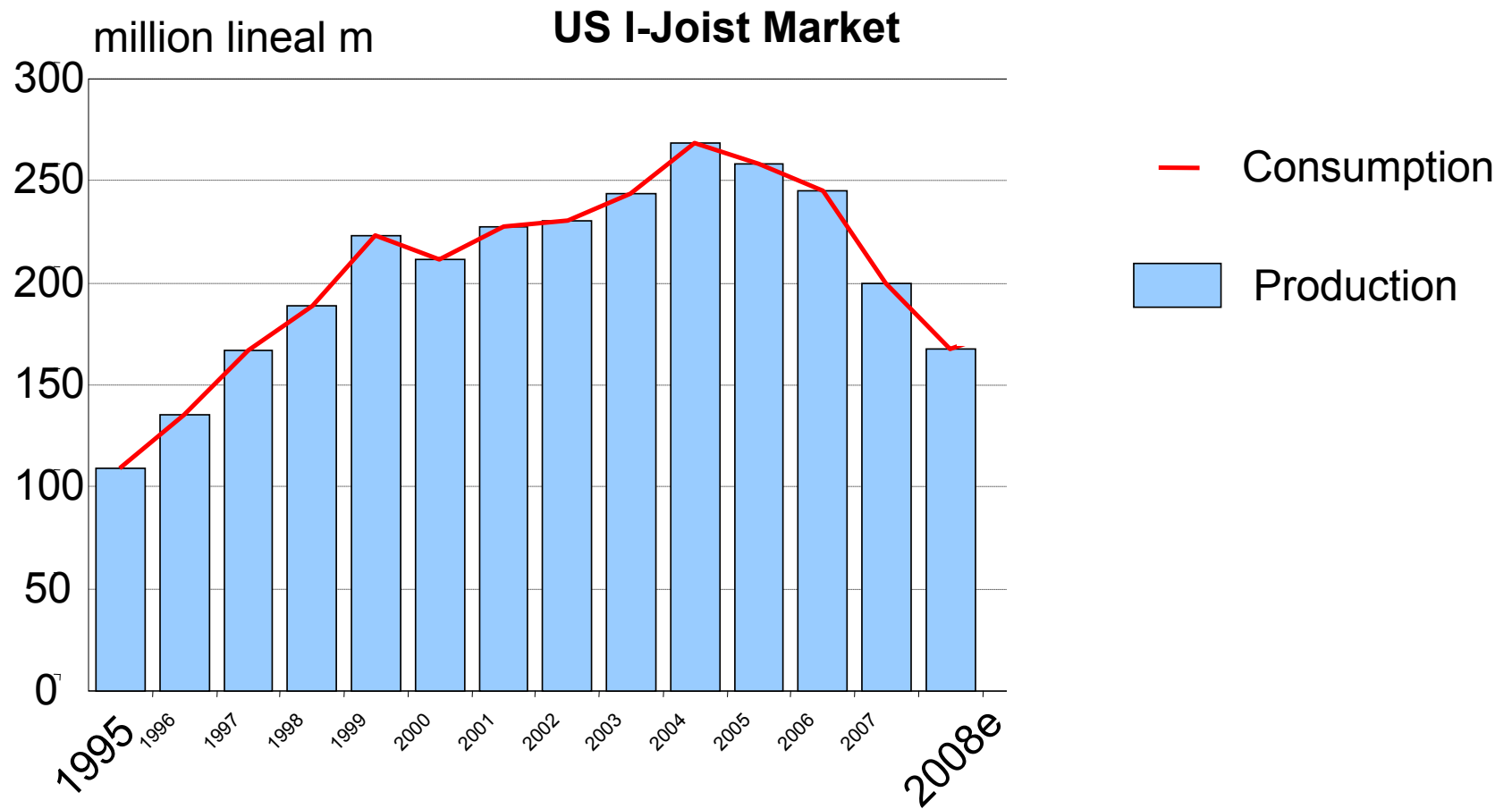


Supply-Demand Balance – US LVL

- **Capacity utilization – down to 66%**

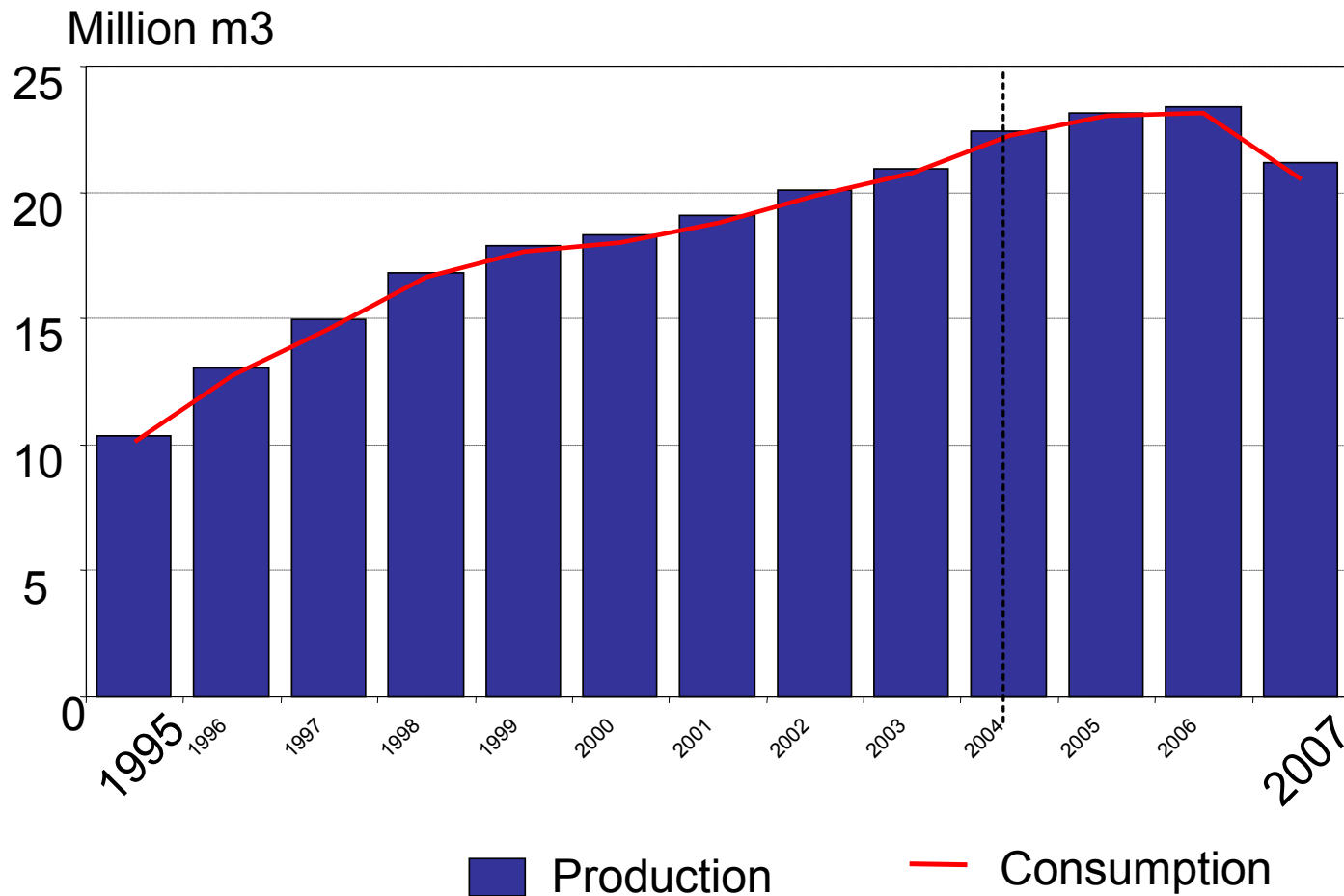


Supply-Demand Balance – US I-Joists



North American Production and Consumption of OSB

- **2008 Capacity utilization 66% and declining rapidly.**

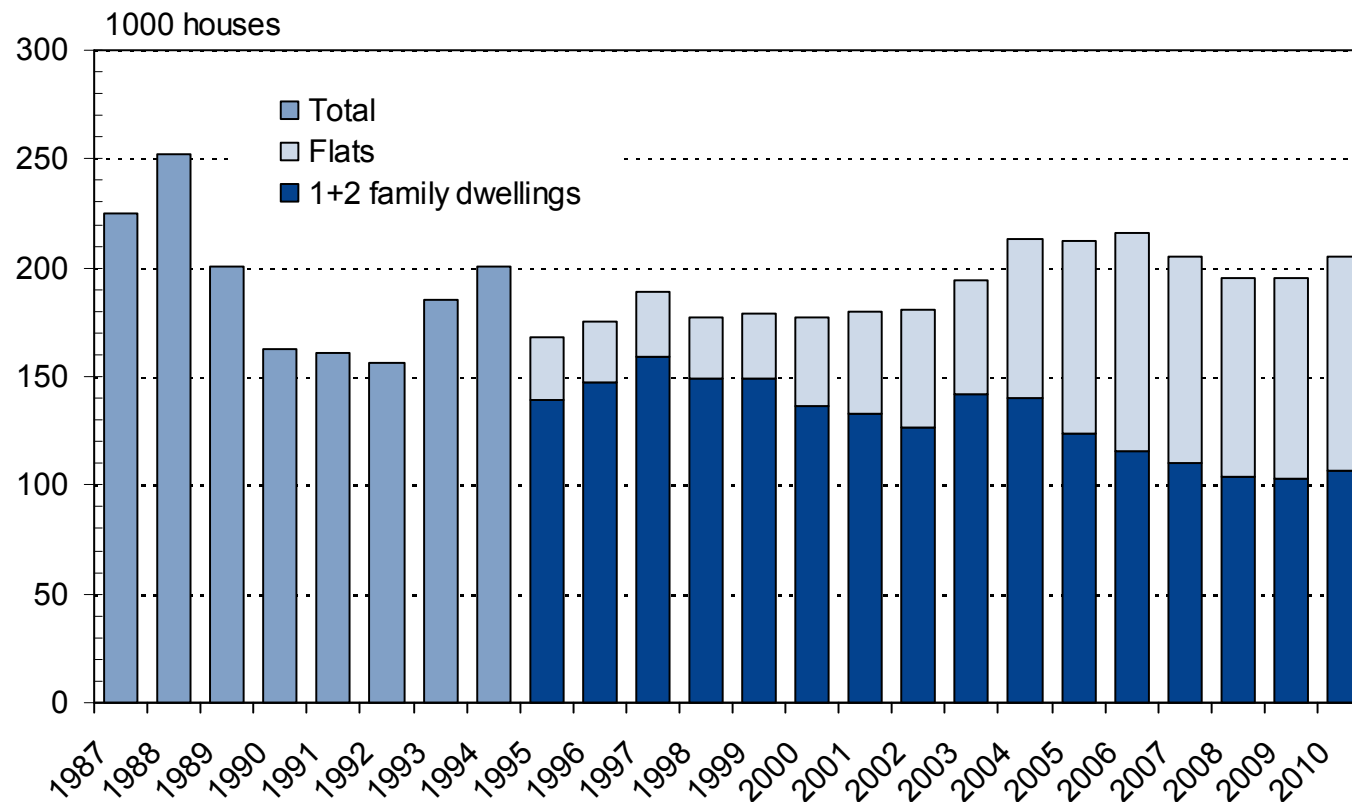


Just how bad..... Louisiana Pacific

- Q3 earnings per share (USD 0.38) from continuing operations net of special items.
- Management comments:....."Business fell off even harder in September and remains basically paralyzed" and during 4Q, "most of our mills will be curtailed as much as they will operate."
- Earnings were USD 2.7 Billion now USD 1.3 Billion

Construction Activity – UK

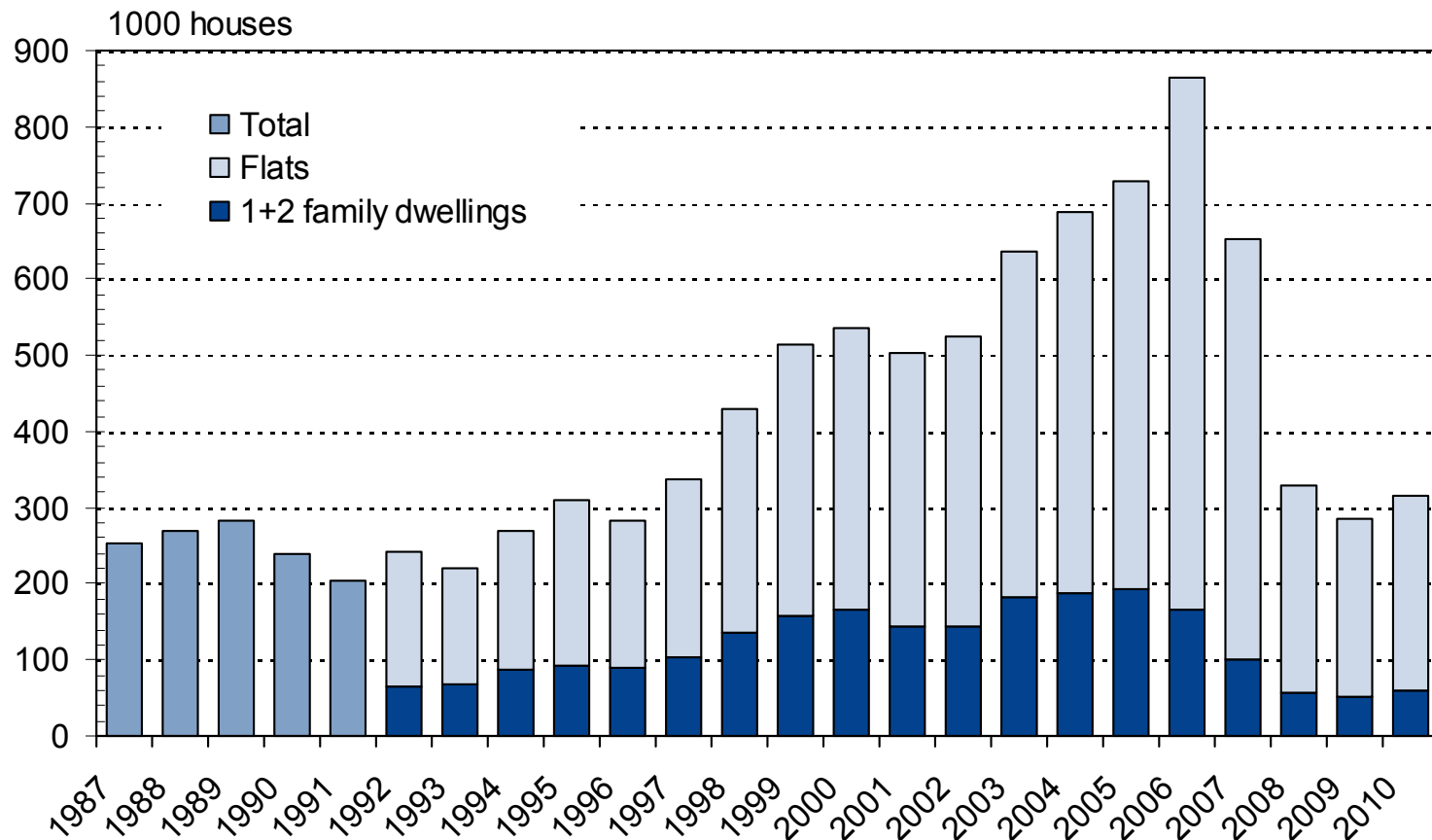
- **1& 2 Family dwellings down >25% versus 2004 peak**
- **Values down 15% last 12 months....**



*Housing completions

Construction Activity – Spain

- **1& 2 Family dwellings down half versus 2005 peak**
- **Flats down to around 1/3rd of 2007 peak**



Summary

- Fiber supply changes will impact wood product trade patterns – especially to Asia
- North American markets are in turmoil – no end in sight
- European markets – less impacted than US but depressed

