



The Daily

Statistics Canada

Tuesday, March 2, 1999

For release at 8:30 a.m.

MAJOR RELEASES

- **Lumber shipments, 1998 and December 1998** 2
Lumber shipments from Canadian sawmills and planing mills declined in 1998 for the first time in seven years, the result of factors in both domestic and international markets.

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Rural and urban household expenditure patterns 1996

In collaboration with the Rural Secretariat, Agriculture and Agri-food Canada, Statistics Canada releases the fourth in its series of analysis bulletins profiling trends in rural Canada.

The bulletin, *Rural and urban household expenditure patterns for 1996*, shows that rural and urban households spend the same share of their budget on food, clothing and shelter but rural households spend more on food and less on shelter. Distance influences rural household expenditure patterns. Rural households spend a higher share on transportation and a lower share on some services such as cablevision or the Internet which are more difficult to access.

Rural and urban household expenditure patterns for 1996 (21-006-XIE) is now available free on the Internet at www.statcan.ca. See *How to order publications*.

For more information, contact Ray D. Bollman (613-951-3747; fax: 613-951-2848; bollman@statcan.ca; or call 1 800 465-1991).



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MAJOR RELEASES

Lumber shipments

1998 and December 1998

Lumber shipments from Canadian sawmills and planing mills declined in 1998 for the first time in seven years, the result of factors in both domestic and international markets.

Sawmills and planing mills shipped 64.5 million cubic metres of lumber last year, down 2.0% from 1997. Three factors contributed to the decline: a drop in construction starts in Canada, export restrictions resulting from the Canada-U.S. Softwood Lumber Agreement, and a deteriorating demand for Canadian lumber products in Asia.

During 1998, lumber prices remained weaker than the reference price stipulated in the Softwood Lumber Agreement, triggering the allocation of additional lumber exports from Canada onto the U.S. market. However, this failed to offset the impact of the Asian economic crisis for Canadian lumber producers. According to international trade data, Canadian sawmills shipped 12.1% of their exports to Japan in 1998, down from 17.5% the year before.

The term 'lumber' includes all first-stage wood products sawn from logs by sawmills, such as 2x4s and wood chips. Those products are then transformed into second-stage wood products such as particleboard, plywood, and trusses used in construction

Lumber shipments

	1997	1998	1997 to 1998
	thousands of cubic metres		% change
Atlantic	4,023.3	4,866.5	21.0
Quebec	16,358.5	16,342.6	0.0
Ontario	6,979.8	6,819.7	-2.3
Prairies	6,782.6	6,414.6	-5.4
British Columbia	31,658.6	30,026.6	-5.2
Canada	65,802.8	64,470.0	-2.0

Decline hits B.C. hardest

Hardest hit by the decline was British Columbia, which accounts for just under half (45%) of lumber shipments in the country. Shipments fell 5.2% in the province as a whole, and dropped 17.5% in B.C.'s Pacific coastal region, which is responsible for about one-fifth of the province's shipments. By contrast, Quebec, which shipped the second largest volume of

Note to readers

This release replaces regular monthly releases on sawmills and planing mills, construction type plywood and particleboard, oriented strandboard and fibreboard.

lumber in 1998 (25% of total shipments), shipped the same volume as in 1997.

With conditions less favourable to an increase in lumber prices, several B.C. mills shut down during 1998. At the same time, increases in stumpage dues in previous years began to weigh heavily on the cost structure of some firms. Consequently, in the spring of 1998, the B.C. government announced a 16% reduction in stumpage dues to lessen the burden on forest companies.

Shipments

	1997	1998	1997 to 1998
	thousands of cubic metres		% change
Lumber	65,803	64,470	-2.0
Plywood	1,815	1,763	-2.9
Waferboard, oriented strandboard	5,691	6,274	10.2

Plywood shipments also declined

Shipments were also down among some other wood products in 1998. The volume of construction-type plywood declined 2.9% to 1.8 million cubic metres as exports fell 14.2%. Again, British Columbia was responsible for about 80% of all construction-type plywood shipments in 1998.

Waferboard and oriented strandboard shipments up

Shipments of waferboard and oriented strandboard increased 10.2% to 6.3 million cubic metres on the heels of a 14.4% increase in exports, mainly to the United States.

Most waferboard and oriented strandboard is manufactured in Eastern Canada, so shipments have been less affected by the economic crisis in Asia. The shipments were stimulated by the strength of the construction sector in the United States because they are not subject to limits imposed by the Softwood Lumber Agreement.

Owing to strong demand, the prices of waferboard and oriented strandboard strengthened throughout 1998 after bottoming out in 1997. As the demand for these products increases, surplus production capacity, which caused prices to collapse in 1997, is easing. The increase in shipments also served to reduce the wood chip inventories of sawmills in Eastern Canada.

Increasingly, waferboard and oriented strandboard are replacing plywood in construction. During the early 1990s, companies produced about the same amount of waferboard and oriented strandboard as they did plywood. By 1998, however, production of waferboard and oriented strandboard was more than three times that of plywood, a result both of their properties as well as their lower price.

December results

Sawmills in Canada produced 4 867.5 thousand cubic metres of lumber and ties in December 1998, a 10.9% increase from 4 387.3 thousand cubic metres (after revisions) produced in December 1997.

Canadian plywood manufacturers produced 144 689 cubic metres of construction-type plywood in December 1998, a 1.8% decrease from the 147 334 cubic metres produced during December 1997.

Oriented strandboard production in December reached 553 438 cubic metres, a 10.2% increase from 502 254 (after revisions) cubic metres in December 1997. Particleboard production totalled 181 297 cubic metres, a 24.1% decrease from 203 318 (after revisions) cubic metres in December 1997. Fibreboard production in December was 73 997 cubic metres, up 58.0% from 46 819 cubic metres in December 1997.

Available on CANSIM: matrices 31 (series 2, 3, and 5), 53 and 122 (label 1, series 2 and 8).

The December 1998 issue of *Construction type plywood* (35-001-XIB, \$5/\$47) is now available on the Internet. The December 1998 issues of *Sawmills and planing mills* (35-003-XPB, \$12/\$114), and *Particleboard, oriented strandboard and fibreboard* (36-003-XPB, \$7/\$62) will be published at a later date. See *How to order publications*.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Gilles Simard (613-951-3516; simales@statcan.ca), Manufacturing, Construction and Energy Division. ■

OTHER RELEASES

Crude oil and natural gas

1998 and December 1998 (preliminary)

In 1998, crude oil production advanced 3.3% compared with 1997. Hibernia, which has completed its first year of operation in 1998, accounted for 3.0% of overall crude oil production. Exports of crude oil rose sharply, up 9.5% in 1998 compared with an increase of 8.4% in 1997.

Over 60% of the annual oil production has been exported to the United States. This is mainly attributable to pipeline expansion in the last couple of years and less reliance on shipments from the Persian Gulf, which has increased demand for Canadian and South American crude oil in recent years.

In 1998, production of natural gas increased 2.5% to a record 160.1 billion cubic metres. Exports of natural gas rose a strong 7.1% and were boosted substantially by growing demand from electricity co-generation facilities in the United States. Over 54% of Canada's annual natural gas production is exported to the United States. Canadian domestic sales of natural gas dropped 5.6% in 1998. This is attributable to a decrease in sales to the residential and commercial sectors as a result of unseasonably mild temperatures during 1998.

In December, crude oil production was 6.2% lower than in December 1997, the second consecutive monthly year-over-year decrease. The drop is attributable to declines in production of crude oil in Alberta and Saskatchewan. Exports dropped by 12.5% from the year-earlier level.

Natural gas production increased 1.6% in December from December 1997. Canadian domestic sales are up 6.2% while exports dropped marginally (-0.5%).

Crude oil and natural gas

	Dec. 1997	Dec. 1998	Dec. 1997 to Dec. 1998 %
	thousands of cubic metres		change
Crude oil and equivalent hydrocarbons¹			
Production	11 286.9	10 591.6	-6.2
Exports	7 077.8	6 190.9	-12.5
Imports ²	4 411.2	3 658.2	-17.1
Refinery receipts	8 819.6	7 943.3	-9.9
	millions of cubic metres		change
Natural gas³			
Marketable production	14 106.5	14 335.8	1.6
Exports	7 495.5	7 455.2	-0.5
Canadian domestic sales ⁴	7 095.0	7 536.5	6.2

	1997	1998	1997 to 1998 %
	thousands of cubic metres		change
Crude oil and equivalent hydrocarbons¹			
Production	123 821.2	127 898.0	3.3
Exports	70 711.3	77 441.5	9.5
Imports ²	44 190.1	44 687.9	1.1
Refinery receipts	96 431.1	95 514.2	-1.0
	millions of cubic metres		change
Natural gas³			
Marketable production	156 170.4	160 070.3	2.5
Exports	81 795.1	87 640.9	7.1
Canadian domestic sales ⁴	67 472.5	63 679.9	-5.6

¹ Disposition may differ from production due to inventory change, industry own-use, etc.

² Crude oil received by Canadian refineries from foreign countries for processing. Data may differ from International Trade Division (ITD) estimates due to timing differences and the inclusion in the ITD data of crude oil landed in Canada for future re-export.

³ Disposition may differ from production due to inventory change, usage as pipeline fuel, pipeline losses, line-pack fluctuations, etc.

⁴ Includes direct sales.

Available on CANSIM: matrices 530 and 539.

The December 1998 issue of *Crude petroleum and natural gas production* (26-006-XPB, \$19/\$186) will be available shortly. See *How to order publications*.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Gérard Desjardins (613-951-4368;

desjger@statcan.ca) or Michel Palardy (613-951-7174; *palamic@statcan.ca*), Energy Section, Manufacturing, Construction and Energy Division. ■

Production and disposition of tobacco products

January 1999

Tobacco product manufacturers started the year boosting cigarette production and increasing inventories. After a December that had been weaker than average, sales decreased but were nonetheless comparatively strong in January.

January production of 4.3 billion cigarettes was 28% more than that of December and was 11% ahead of the January 1998 level.

Shipments in January were a solid 4.0 billion cigarettes. Although this was 8% less than the previous month, it was 25% more than in January 1998.

Holiday sales in December had drawn inventories down from 4.8 billion to 3.6 billion cigarettes. At the end of January, inventories had regained 9%, reaching 3.9 billion cigarettes. This was also 9% more than closing inventories in January 1998.

Available on CANSIM: matrix 46.

The January 1999 issue of *Production and disposition of tobacco products* (32-022-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Peter Zylstra (613-951-3511; *zylspet@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Shipments of office furniture products

December 1998

For the six-month period ended December 31, 1998, shipments of office furniture products totalled \$843.5

million, up 27.1% from \$663.6 million during the same period of 1997.

Data on manufacturers' shipments of office furniture products for the second six-month period of 1998 are now available. Data are also available for province of destination as well as exports.

The December 1998 issue of *Shipments of office furniture products* (35-006SXPB, \$14/\$28) will be available at a later date. See *How to order publications*.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Étienne Saint-Pierre (613-951-9837; *saineti@statcan.ca*), Manufacturing, Construction and Energy Division. ■

Railway carloadings

Seven-day period ending February 7, 1999

Carloadings of freight (excluding intermodal traffic) during the seven-day period ending February 7, 1999, decreased 5.9% to 4.6 million tonnes from the same period of last year. The number of cars loaded decreased 3.4%.

Intermodal traffic (piggyback) tonnage totalled 361 000 tonnes, a 14.2% increase from the same period of 1998. The year-to-date figures show an increase of 11.6%.

Total traffic (carloadings of freight and intermodal traffic) decreased 4.7% during the period. This brought the year-to-date total to 23.7 million tonnes, a 6.5% decrease from 1998.

All year-to-date figures have been revised.

For more information, or to enquire about the concepts, methods, and data quality of this release, contact Robert Larocque (613-951-2486; fax: 613-951-0009; *laroque@statcan.ca*), Transportation Division. ■

PUBLICATIONS RELEASED

Farm cash receipts, 1998
Catalogue number 21-001-XIB
(Canada: \$15/\$48; outside Canada: US\$15/US\$48).

Rural and urban household expenditure patterns , 1996
Catalogue number 21-006-XIE
(Free).

Construction type plywood, December 1998
Catalogue number 35-001-XIB
(Canada: \$5/\$47; outside Canada: US\$5/US\$47).

All prices exclude sales tax.

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; and -XPB or -XPE denote a paper version.

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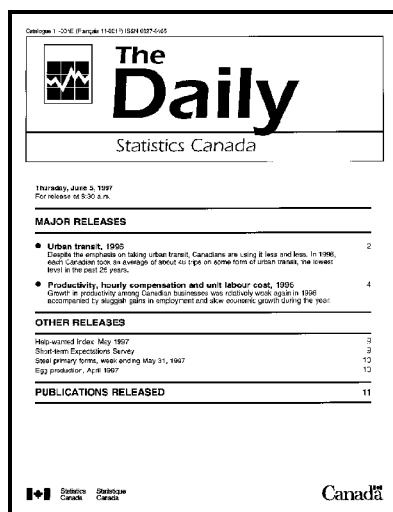
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