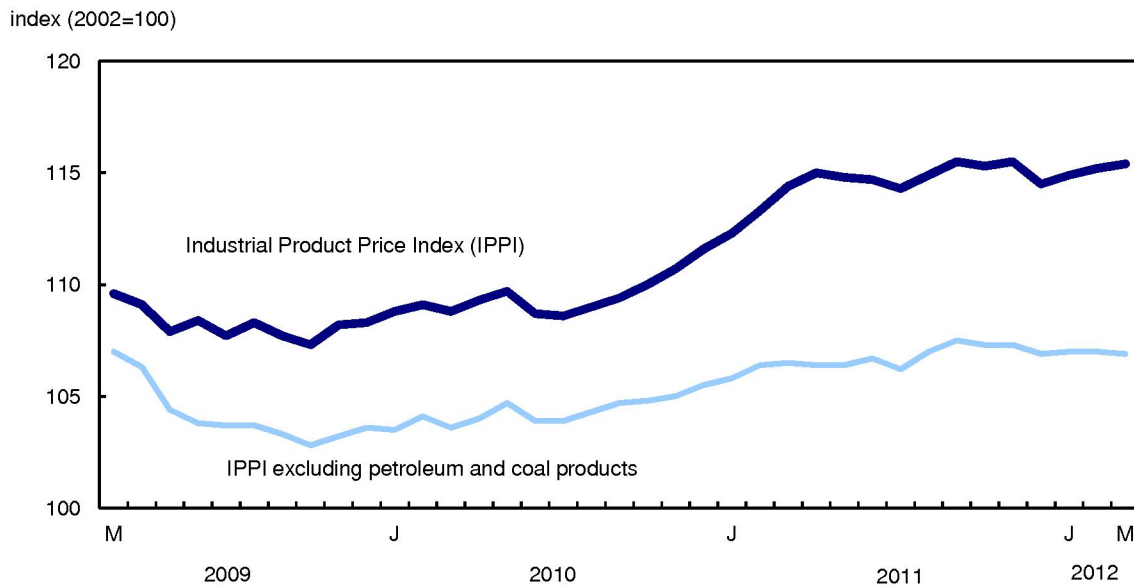


# Industrial product and raw materials price indexes, March 2012

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, April 30, 2012

The Industrial Product Price Index (IPPI) edged up 0.2% in March, led by higher prices for petroleum and coal products. However, the advance of IPPI was moderated by primary metal products (-1.0%). The Raw Materials Price Index (RMPI) declined 1.6%, largely because of mineral fuels.

**Chart 1**  
**Prices for industrial goods increase slightly**



## Industrial Product Price Index, monthly change

The IPPI was up 0.2% in March compared with February. Despite a third consecutive gain, the IPPI remained below its recent 2011 peak. The number of product groups that have risen since the beginning of the year declined from 10 in January to 6 in March.

The increase in the IPPI in March was primarily the result of higher prices for petroleum and coal products (+1.8%), particularly gasoline (+4.7%), which was up for a third straight month.

Fruit, vegetables and feeds (+0.8%) and lumber and other wood products (+0.7%) also contributed to the increase of the index.

Prices for fruit, vegetables and feeds were pushed upward mainly by feeds (+2.2%).

Softwood lumber (+1.3%) was the leading factor in the increase in lumber and other wood product prices. The strength of building permits in the United States played a role in sustaining prices, although the demand for wood was modest.



The advance in the IPPI was moderated mainly by primary metal products (-1.0%), particularly nickel products (-8.8%), aluminum products (-1.2%), silver and platinum (-4.0%) and gold and gold alloys in primary forms (-4.4%). The decline in nickel and aluminum prices was partly a result of weaker economic activity in Asia, a large importer of metals.

Prices for motor vehicles and other transportation equipment edged down 0.1%.

Some Canadian producers who export their products are generally paid on the basis of prices set in US dollars. Consequently, the 0.3% increase in the value the Canadian dollar relative to the US dollar in March had the effect of reducing the corresponding prices in Canadian dollars. However, the exchange rate had a negligible impact on the index as a whole.

The IPPI excluding petroleum and coal products declined 0.1% in March.

## **12-month change in the Industrial Product Price Index**

Compared with the same month a year earlier, the IPPI rose 0.9% in March. The index continued to rise on a 12-month basis, though its growth has been slowing since September 2011.

Relative to March 2011, the index was pushed upward mainly by higher prices for petroleum and coal products (+4.2%), notably gasoline (+7.9%).

More modest contributions to the year-over-year increase in the index were made by motor vehicles and other transportation equipment (+1.6%) and fruit, vegetables and feeds (+2.6%).

On a 12-month basis, the advance of the IPPI was moderated primarily by a decrease in primary metal products (-5.7%), which posted its fifth consecutive decline. The biggest contributors to the decrease in this group of products were nickel (-28.9%), aluminum (-7.6%) and copper and copper alloys (-5.6%).

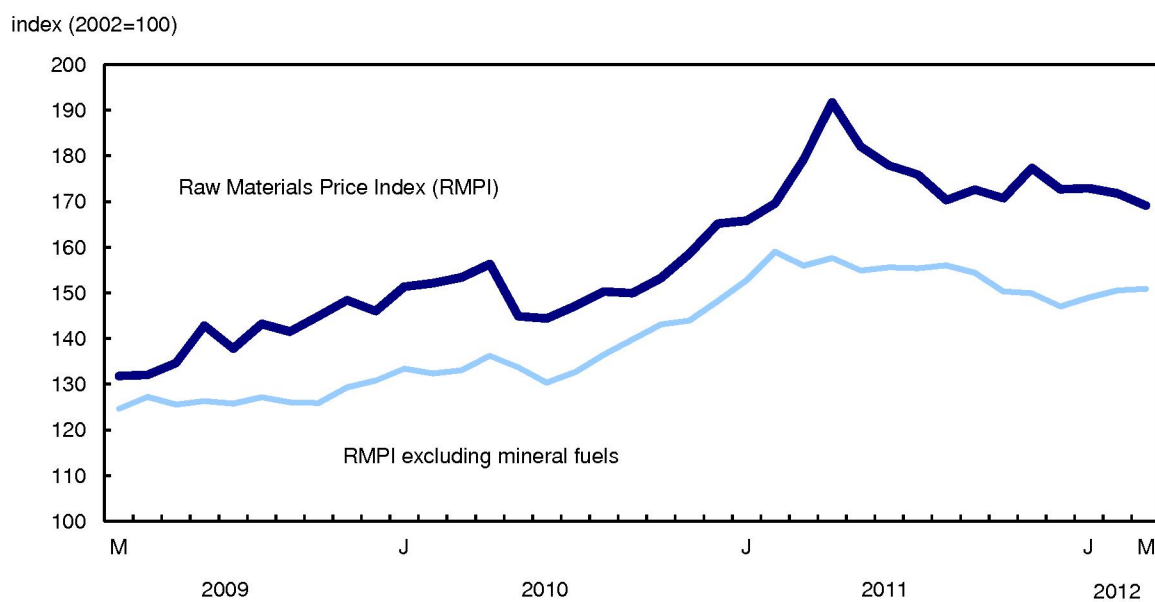
The 1.7% decline in the value of the Canadian dollar against the US dollar contributed to the growth of the index. Without the impact of the exchange rate, the IPPI would have risen 0.5% instead of 0.9%.

Compared with March 2011, the IPPI excluding petroleum and coal products increased 0.4%, a slightly slower pace than in recent months.

## **Raw Materials Price Index, monthly change**

The RMPI was down 1.6% in March, its second consecutive monthly decrease. The decline was mostly the result of mineral fuels (-3.6%), particularly crude petroleum (-3.8%), which decreased for a fourth straight month.

**Chart 2**  
**Prices for raw materials decrease**



The decline of the RMPI was moderated primarily by vegetable products (+1.6%), especially oilseeds (+5.7%) and grains (+1.5%).

Within the oilseeds product group, prices rose for canola (+7.8%) and soybeans (+5.8%). The increase in soybean prices was partly the result of a decline in global supply, especially in South America, where dry weather conditions disrupted normal production.

The main contributors to the increase in grain prices were corn (+2.0%), barley (+2.8%) and wheat (+1.0%).

The RMPI excluding mineral fuels posted a 0.3% increase in March, its third consecutive monthly advance.

### 12-month change in the Raw Materials Price Index

Compared with the same month a year earlier, the RMPI was down 5.6%, its first decrease since October 2009.

The index was pushed downward largely by lower prices for mineral fuels (-8.3%) and, to a lesser extent, by non-ferrous metals (-10.1%).

Crude petroleum (-8.4%) was primarily responsible for the decline in mineral fuels, posting its first decrease since October 2010.

Except for precious metals, all commodities in the non-ferrous metals group were down on a 12-month basis. Among the main contributors to the decline were radioactive concentrates (-23.9%), non-ferrous scrap metals (-10.9%) and other non-ferrous base metals (-14.4%).

Year over year, the RMPI excluding mineral fuels fell 3.2% in March, its fourth consecutive decline.

---

### **Note to readers**

All data in this release are seasonally unadjusted and usually subject to revision for a period of six months (for example, when the July index is released, the index for the previous January becomes final).

The **Industrial Product Price Index (IPPI)** reflects the prices that producers in Canada receive as the goods leave the plant gate. It does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all the costs that occur between the time a good leaves the plant and the time the final user takes possession of it, including transportation, wholesale and retail costs.

Canadian producers export many goods. They often indicate their prices in foreign currencies, especially in US dollars, which are then converted into Canadian dollars. In particular, this is the case for motor vehicles, pulp, paper and wood products. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI. But the conversion into Canadian dollars only reflects how respondents provide their prices. Moreover, this is not a measure that takes into account the full effect of exchange rates, since that is a more difficult analytical task.

The conversion of prices received in US dollars is based on the average monthly exchange rate (noon spot rate) established by the Bank of Canada and is available on CANSIM in table 176-0064 (series v37426). Monthly and annual variations in the exchange rate, as described in the text, are calculated according to the indirect quotation of the exchange rate (for example, CAN\$1 = US\$X).

The **Raw Materials Price Index (RMPI)** reflects the prices paid by Canadian manufacturers for key raw materials. Many of those prices are set on the world market. However, as few prices are denominated in foreign currencies, their conversion into Canadian dollars has only a minor effect on the calculation of the RMPI.

**Table 1**  
**Industrial product price index – Not seasonally adjusted**

	Relative importance <sup>1</sup>	March 2011	February 2012 <sup>r</sup>	March 2012 <sup>p</sup>	February to March 2012	March 2011 to March 2012
	%	(2002=100)			% change	
<b>Industrial Product Price Index (IPPI)</b>	<b>100.00</b>	<b>114.4</b>	<b>115.2</b>	<b>115.4</b>	<b>0.2</b>	<b>0.9</b>
<b>IPPI excluding petroleum and coal products</b>	<b>93.70</b>	<b>106.5</b>	<b>107.0</b>	<b>106.9</b>	<b>-0.1</b>	<b>0.4</b>
<b>Aggregation by commodities</b>						
Meat, fish and dairy products	6.08	108.8	109.1	109.6	0.5	0.7
Fruit, vegetable, feeds and other food products	5.52	123.8	126.0	127.0	0.8	2.6
Beverages	1.52	120.2	123.3	123.0	-0.2	2.3
Tobacco and tobacco products	0.56	171.0	173.0	173.0	0.0	1.2
Rubber, leather and plastic fabricated products	3.51	116.5	119.6	119.7	0.1	2.7
Textile products	1.37	101.7	103.4	103.4	0.0	1.7
Knitted products and clothing	1.33	100.8	102.8	102.7	-0.1	1.9
Lumber and other wood products	6.04	89.2	88.9	89.5	0.7	0.3
Furniture and fixtures	2.19	116.5	117.5	117.4	-0.1	0.8
Pulp and paper products	6.40	99.7	99.0	98.9	-0.1	-0.8
Printing and publishing	1.84	103.4	104.4	104.4	0.0	1.0
Primary metal products	6.99	158.3	150.7	149.2	-1.0	-5.7
Fabricated metal products	4.45	124.1	125.0	125.0	0.0	0.7
Machinery and equipment	4.41	102.7	105.0	105.3	0.3	2.5
Motor vehicles and other transport equipment	24.34	76.3	77.6	77.5	-0.1	1.6
Electrical and communications products	5.02	92.6	93.2	93.0	-0.2	0.4
Non-metallic mineral products	2.07	117.4	118.5	118.5	0.0	0.9
Petroleum and coal products	6.30	233.6	239.0	243.4	1.8	4.2
Chemicals and chemical products	7.19	135.1	137.4	137.0	-0.3	1.4
Miscellaneous manufactured products	2.60	118.9	124.2	123.3	-0.7	3.7
Miscellaneous non-manufactured products	0.30	334.6	275.9	271.9	-1.4	-18.7
<b>Intermediate goods<sup>2</sup></b>	<b>62.15</b>	<b>123.7</b>	<b>123.6</b>	<b>123.7</b>	<b>0.1</b>	<b>0.0</b>
First-stage intermediate goods <sup>3</sup>	7.56	150.3	142.2	140.7	-1.1	-6.4
Second-stage intermediate goods <sup>4</sup>	54.60	120.0	121.1	121.4	0.2	1.2
<b>Finished goods<sup>5</sup></b>	<b>37.85</b>	<b>99.2</b>	<b>101.3</b>	<b>101.7</b>	<b>0.4</b>	<b>2.5</b>
Finished foods and feeds	7.12	116.7	119.3	119.4	0.1	2.3
Capital equipment	12.19	85.9	87.1	87.1	0.0	1.4
All other finished goods	18.54	101.3	103.8	104.5	0.7	3.2

<sup>r</sup> revised

<sup>p</sup> preliminary

1. The relative importance is based on the annual 2002 values of production.

2. Intermediate goods are goods used principally to produce other goods.

3. First-stage intermediate goods are items used most frequently to produce other intermediate goods.

4. Second-stage intermediate goods are items most commonly used to produce final goods.

5. Finished goods are goods most commonly used for immediate consumption or for capital investment.

**Table 2**  
**Raw materials price index – Not seasonally adjusted**

	Relative importance <sup>1</sup>	March 2011	February 2012 <sup>r</sup>	March 2012 <sup>P</sup>	February to March 2012	March 2011 to March 2012
	%	(2002=100)			% change	
<b>Raw Materials Price Index (RMPI)</b>	<b>100.00</b>	<b>179.2</b>	<b>171.8</b>	<b>169.1</b>	<b>-1.6</b>	<b>-5.6</b>
<b>RMPI excluding mineral fuels</b>	<b>58.56</b>	<b>155.9</b>	<b>150.5</b>	<b>150.9</b>	<b>0.3</b>	<b>-3.2</b>
Mineral fuels	41.44	212.7	202.4	195.1	-3.6	-8.3
Vegetable products	9.89	153.5	144.3	146.6	1.6	-4.5
Animal and animal products	19.81	118.3	123.8	123.9	0.1	4.7
Wood	11.82	91.2	91.6	91.5	-0.1	0.3
Ferrous materials	2.88	168.4	158.8	159.1	0.2	-5.5
Non-ferrous metals	11.32	287.4	258.7	258.4	-0.1	-10.1
Non-metallic minerals	2.82	159.1	163.2	163.2	0.0	2.6

<sup>r</sup> revised

<sup>P</sup> preliminary

1. The relative importance is based on the annual 2002 values of intermediate inputs.

**Available without charge in CANSIM: tables 329-0056 to 329-0068 and 330-0007.**

Table 329-0056: Industrial Product Price Index by major commodity aggregations.

Table 329-0057: Industrial Product Price Index by industry.

Table 329-0058: Industrial Product Price Index by stage of processing.

Tables 329-0059 to 329-0068: Industrial Product Price Index by commodity.

Table 330-0007: Raw Materials Price Index by commodity.

**Definitions, data sources and methods: survey numbers 2306 and 2318.**

The March 2012 issue of *Industry Price Indexes* (62-011-X, free) will soon be available.

The industrial product and raw materials price indexes for April will be released on May 30.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Statistics Canada's National Contact Centre (toll-free 1-800-263-1136; 613-951-8116; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or the Media Hotline (613-951-4636; [mediahotline@statcan.gc.ca](mailto:mediahotline@statcan.gc.ca)).