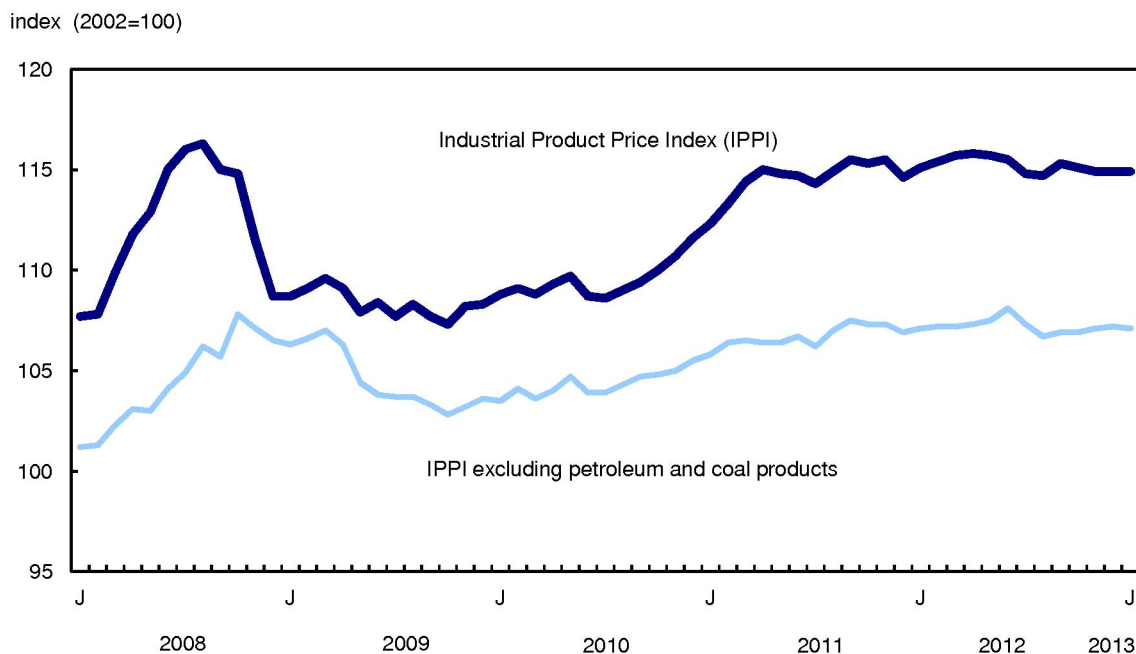


Industrial product and raw materials price indexes, January 2013

Released at 8:30 a.m. Eastern time in *The Daily*, Thursday, February 28, 2013

In January, the Industrial Product Price Index (IPPI) remained at the same level as in December. Lower prices for chemical products largely offset gains elsewhere, including an advance in petroleum and coal products. The Raw Materials Price Index (RMPI) rebounded with a 3.8% gain, mostly because of higher prices for crude oil.

Chart 1
Prices for industrial goods remain unchanged



Industrial Product Price Index, monthly change

The IPPI remained at the same level for a second consecutive month in January. Of the 21 major commodity groups, 10 were up, 8 were down, and 3 were unchanged.

Chemical products (-1.4%) posted the largest decline, mainly attributable to lower prices for organic industrial chemicals (-4.7%). It was the first decrease since September 2012 for chemical products.

Primary metal products (-0.6%) also declined, as a result of lower prices for aluminum products (-2.7%) and other non-ferrous metal products (-0.8%).

Among the other commodity groups that posted decreases was fruit, vegetables, feeds and other food products (-0.5%), pushed downward primarily by feeds (-1.9%).

Conversely, petroleum and coal products (+0.7%) posted the largest gain. The advance was mainly the result of higher prices for fuel oil and other fuels (+1.9%) and gasoline (+0.9%).



Higher prices were also observed for lumber and other wood products (+1.2%), largely because of lumber and ties (+3.0%), which posted a third consecutive increase.

Among the other commodities that registered gains was meat, fish and dairy products (+0.9%), which increased as a result of higher prices for meat products (+1.8%).

Industrial Product Price Index, 12-month change

Compared with January 2012, the IPPI was down 0.2%.

The decrease of the index was led by primary metal products (-3.1%), which fell mainly because of lower prices for aluminum products (-6.9%), iron and steel products (-2.7%) and nickel products (-13.7%).

Motor vehicles and other transportation equipment (-1.0%) also contributed to the year-over-year decline of the IPPI. The decrease was primarily a result of the appreciation of the Canadian dollar against the US dollar compared with January 2012.

Some Canadian producers who export their products report their prices in US dollars. Consequently, the 2.1% year-over-year increase in the value of the Canadian dollar relative to the US dollar may have the effect of lowering the IPPI. Without the measurable effect of the exchange rate, the index would have risen 0.3% instead of falling 0.2%.

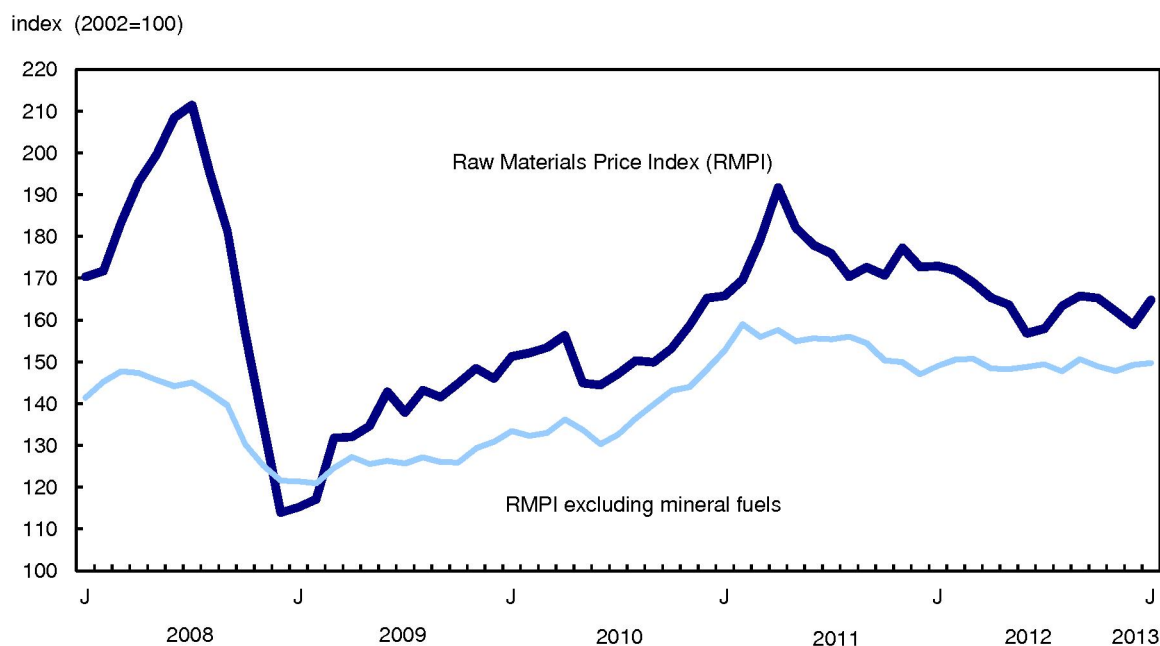
Among the other commodities that contributed to the downward movement of the IPPI were chemical products (-1.7%) and petroleum and coal products (-1.0%).

The decline of the IPPI was moderated primarily by an increase in lumber and other wood products (+9.0%), largely a result of higher prices for lumber and ties (+15.0%).

Raw Materials Price Index, monthly change

The RMPI rose 3.8% in January, the first advance since September 2012 and the largest gain of the index since November 2011. All major product groups except one were up.

Chart 2
Prices for raw materials increased



The increase of the RMPI was mainly led by higher prices for mineral fuels (+8.1%), specifically crude oil (+8.5%). The RMPI excluding mineral fuels edged up 0.3% in January.

Among the other commodity groups that exerted upward pressure on the RMPI was ferrous materials (+4.0%). The increase was mostly attributable to iron ore (+8.7%).

The growth of the RMPI in January was moderated slightly by non-ferrous metals (-0.6%), which declined mainly because of lower prices for other non-ferrous base metals (-1.9%), zinc concentrates (-1.6%) and precious metals (-1.2%).

Raw Materials Price Index, 12-month change

Compared with the same month one year earlier, the RMPI was down 4.7%, continuing the downward trend observed since March 2012.

The decline of the RMPI was largely attributable to mineral fuels (-9.9%), specifically crude oil (-10.3%), which was down for an 11th consecutive month on a year-over-year basis. The RMPI excluding mineral fuels rose 0.5%, the second consecutive increase on a year-over-year basis.

Other commodity groups that contributed to the decrease of the RMPI included non-ferrous metals (-1.1%) and ferrous materials (-6.3%).

Compared with January 2012, the decline of the RMPI was moderated slightly by vegetable products (+5.8%) and wood products (+2.6%).

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 the 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. This is not a measure that takes the full effect of exchange rates into account.

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 it is available on CANSIM in table 176-0064 (series v37426). Monthly and annual variations in the exchange rate, as described in the release, 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 ¹	January 2012	December 2012 ^r	January 2013 ^p	December 2012 to January 2013	January 2012 to January 2013
	%	(2002=100)			% change	
Industrial Product Price Index (IPPI)	100.00	115.1	114.9	114.9	0.0	-0.2
IPPI excluding petroleum and coal products	93.70	107.1	107.2	107.1	-0.1	0.0
Aggregation by commodities						
Meat, fish and dairy products	6.08	108.3	109.9	110.9	0.9	2.4
Fruit, vegetable, feeds and other food products	5.52	126.3	129.9	129.2	-0.5	2.3
Beverages	1.52	122.8	123.4	123.4	0.0	0.5
Tobacco and tobacco products	0.56	175.1	177.9	177.8	-0.1	1.5
Rubber, leather and plastic fabricated products	3.51	119.7	121.4	121.1	-0.2	1.2
Textile products	1.37	103.4	103.1	103.0	-0.1	-0.4
Knitted products and clothing	1.33	102.5	103.3	103.8	0.5	1.3
Lumber and other wood products	6.04	89.6	96.5	97.7	1.2	9.0
Furniture and fixtures	2.19	117.5	118.6	118.6	0.0	0.9
Pulp and paper products	6.40	100.1	99.5	99.7	0.2	-0.4
Printing and publishing	1.84	105.0	105.1	105.1	0.0	0.1
Primary metal products	6.99	147.8	144.0	143.2	-0.6	-3.1
Fabricated metal products	4.45	125.4	122.9	123.0	0.1	-1.9
Machinery and equipment	4.41	105.9	106.2	106.4	0.2	0.5
Motor vehicles and other transport equipment	24.34	78.4	77.5	77.6	0.1	-1.0
Electrical and communications products	5.02	93.3	93.4	93.6	0.2	0.3
Non-metallic mineral products	2.07	118.5	118.7	119.0	0.3	0.4
Petroleum and coal products	6.30	234.8	230.7	232.4	0.7	-1.0
Chemicals and chemical products	7.19	137.2	136.8	134.9	-1.4	-1.7
Miscellaneous manufactured products	2.60	123.2	123.6	123.5	-0.1	0.2
Miscellaneous non-manufactured products	0.30	279.0	238.3	237.3	-0.4	-14.9
Intermediate goods²	62.15	123.4	123.3	123.3	0.0	-0.1
First-stage intermediate goods ³	7.56	141.6	138.4	136.4	-1.4	-3.7
Second-stage intermediate goods ⁴	54.60	120.9	121.3	121.5	0.2	0.5
Finished goods⁵	37.85	101.4	101.0	101.2	0.2	-0.2
Finished foods and feeds	7.12	119.0	120.0	120.2	0.2	1.0
Capital equipment	12.19	88.0	87.4	87.5	0.1	-0.6
All other finished goods	18.54	103.5	102.6	102.9	0.3	-0.6

^r revised

^p 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 ¹	January 2012	December 2012 ^r	January 2013 ^p	December 2012 to January 2013	January 2012 to January 2013
	%	(2002=100)			% change	
Raw Materials Price Index (RMPI)	100.00	172.9	158.8	164.8	3.8	-4.7
RMPI excluding mineral fuels	58.56	149.0	149.2	149.7	0.3	0.5
Mineral fuels	41.44	207.2	172.6	186.6	8.1	-9.9
Vegetable products	9.89	140.7	148.1	148.9	0.5	5.8
Animal and animal products	19.81	124.3	124.0	124.3	0.2	0.0
Wood	11.82	91.7	92.7	94.1	1.5	2.6
Ferrous materials	2.88	162.7	146.6	152.4	4.0	-6.3
Non-ferrous metals	11.32	252.1	250.8	249.3	-0.6	-1.1
Non-metallic minerals	2.82	163.1	160.3	160.4	0.1	-1.7

^r revised

^p preliminary

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

Available 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 January 2013 issue of *Industry Price Indexes* (62-011-X) will be available soon.

The industrial product and raw materials price indexes for February will be released on March 28.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).