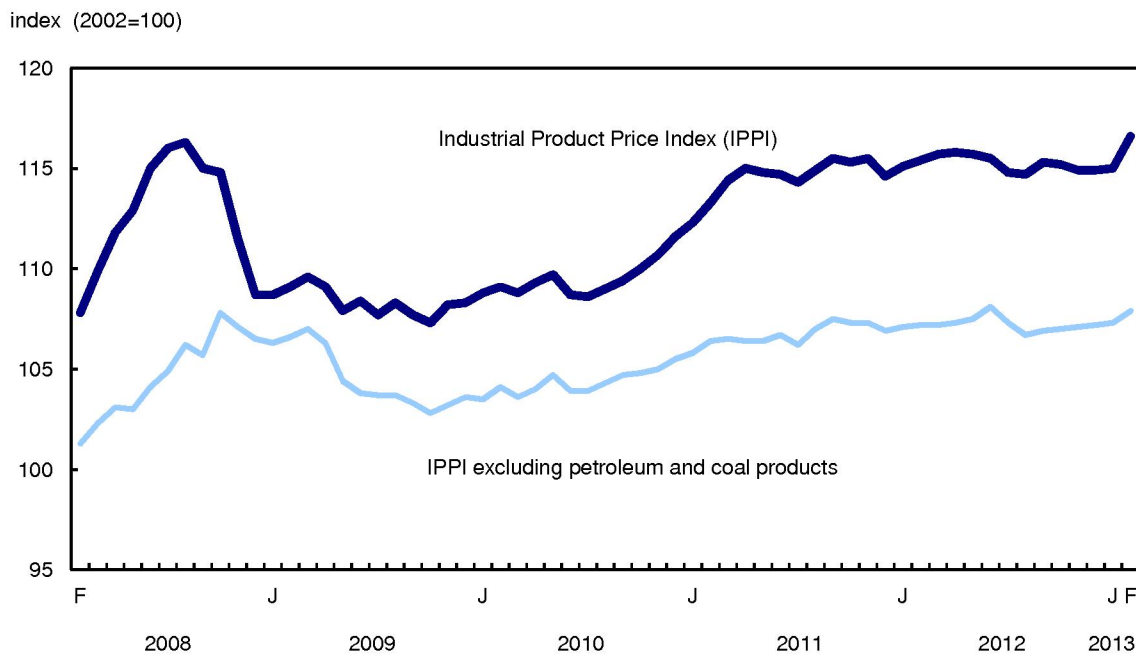


Industrial product and raw materials price indexes, February 2013

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

The Industrial Product Price Index (IPPI) rose 1.4% in February, led by higher prices for petroleum and coal products. The Raw Materials Price Index (RMPI) increased 2.2% as a result of higher prices for crude oil.

Chart 1
Prices for industrial goods increase



Industrial Product Price Index, monthly change

After remaining nearly unchanged in the last few months, the IPPI grew 1.4% in February, its largest advance since June 2008. Although petroleum and coal products were mainly responsible for the increase, all major commodity groups except meat, fish and dairy products were up.

The petroleum and coal products group (+6.6%) posted its largest gain since March 2011. Price increases were observed for most products, including gasoline (+8.3%) and diesel fuel (+5.6%). The increase in gasoline prices was partly attributable to reduced supply and higher world prices for crude oil. The IPPI excluding petroleum and coal products rose 0.6% in February.

Motor vehicles and other transportation equipment (+1.0%) also contributed to the advance of the IPPI in February, primarily as a result of higher prices for motor vehicles. The depreciation of the Canadian dollar against the US dollar was largely responsible for this increase.

Some Canadian producers who export their products report their prices in US dollars. Consequently, the 1.8% decrease in the value of the Canadian dollar relative to the US dollar may have the effect of increasing the IPPI. Without the measurable effect of the exchange rate, the index would have risen 1.0% instead of 1.4%.



Among the other commodity groups that contributed to the upward movement was primary metal products (+1.3%), specifically aluminum products (+2.5%), copper and copper alloy products (+2.7%) and other non-ferrous metal products (+1.0%). Prices for primary metal products have been fluctuating on a monthly basis since November 2012.

In contrast, meat, fish and dairy products (-0.3%) declined because of lower prices for meat products. It was the only major commodity group that decreased in February.

Industrial Product Price Index, 12-month change

Compared with February 2012, the IPPI increased 1.0%, after edging down 0.1% in January.

Compared with the same month a year earlier, the advance of the IPPI was largely a result of petroleum and coal products (+3.6%), specifically diesel fuel (+5.0%) and gasoline (+3.4%). The IPPI excluding petroleum and coal products was up 0.7% on a year-over-year basis.

With a 9.7% increase, lumber and other wood products also made a substantial contribution to the year-over-year increase of the IPPI. Higher prices for lumber and ties (+18.1%) were largely responsible for the increase. Prices for lumber and other wood products continued the upward trend observed since February 2012.

Motor vehicles and other transportation equipment posted a 1.0% year-over-year gain, mostly a result of the 1.3% depreciation in the Canadian dollar relative to the US dollar. Without the measurable effect of the exchange rate, the IPPI would have risen 0.7% instead of 1.0% on a year-over-year basis.

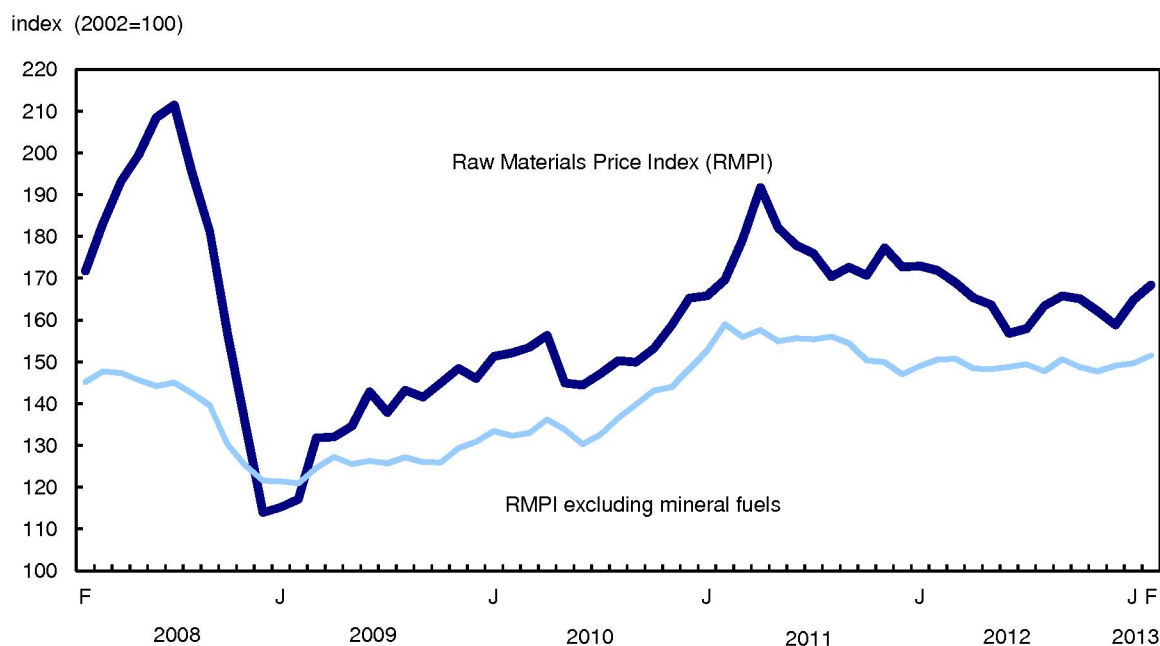
Among the other commodity groups that posted increases was fruit, vegetables and feeds (+2.3%), specifically feeds (+10.9%).

In contrast, the increase of the IPPI was moderated mainly by primary metal products (-3.8%). The largest year-over-year declines were in iron and steel products (-2.8%), aluminum products (-5.4%) and nickel products (-12.2%).

Raw Materials Price Index, monthly change

The RMPI rose 2.2% in February, the second consecutive monthly advance. All major product groups were up, except for non-metallic minerals.

Chart 2
Prices for raw materials increase



The increase of the index was mostly a result of mineral fuels (+3.3%), particularly crude petroleum (+3.5%). The RMPI excluding mineral fuels was up 1.3% in February.

Upward pressure was also exerted on the RMPI by non-ferrous metals (+2.7%), which increased mainly because of higher prices for copper concentrates (+3.8%) and zinc concentrates (+6.2%).

Raw Materials Price Index, 12-month change

Compared with the same month one year earlier, the RMPI decreased 2.0%, continuing the downward trend that began in March 2012.

The decline of the RMPI was largely because of mineral fuels (-4.8%), specifically crude petroleum (-4.8%). The RMPI excluding mineral fuels increased 0.7% on a year-over-year basis.

Compared with February 2012, non-ferrous metals (-1.0%) were also down, primarily as a result of lower prices for radioactive concentrates (-15.8%) and precious metals (-6.3%).

The year-over-year decline of the RMPI was moderated slightly by vegetable products (+4.5%), wood products (+2.7%) and animals and animal products (+1.0%).

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	February 2012	January 2013 ^r	February 2013 ^p	January to February 2013	February 2012 to February 2013
	%	(2002=100)		% change		
Industrial Product Price Index (IPPI)	100.00	115.4	115.0	116.6	1.4	1.0
IPPI excluding petroleum and coal products	93.70	107.2	107.3	107.9	0.6	0.7
Aggregation by commodities						
Meat, fish and dairy products	6.08	109.5	111.0	110.7	-0.3	1.1
Fruit, vegetable, feeds and other food products	5.52	126.5	129.1	129.4	0.2	2.3
Beverages	1.52	123.4	124.0	124.4	0.3	0.8
Tobacco and tobacco products	0.56	177.2	177.7	177.7	0.0	0.3
Rubber, leather and plastic fabricated products	3.51	119.9	121.2	121.3	0.1	1.2
Textile products	1.37	103.1	103.2	103.3	0.1	0.2
Knitted products and clothing	1.33	103.4	103.6	103.7	0.1	0.3
Lumber and other wood products	6.04	90.0	98.2	98.7	0.5	9.7
Furniture and fixtures	2.19	118.0	118.6	118.6	0.0	0.5
Pulp and paper products	6.40	99.1	99.7	100.1	0.4	1.0
Printing and publishing	1.84	104.9	105.4	105.6	0.2	0.7
Primary metal products	6.99	150.7	143.1	145.0	1.3	-3.8
Fabricated metal products	4.45	125.1	123.0	123.3	0.2	-1.4
Machinery and equipment	4.41	105.4	106.5	106.9	0.4	1.4
Motor vehicles and other transport equipment	24.34	77.6	77.6	78.4	1.0	1.0
Electrical and communications products	5.02	92.9	93.9	94.3	0.4	1.5
Non-metallic mineral products	2.07	118.7	119.3	119.3	0.0	0.5
Petroleum and coal products	6.30	239.0	232.3	247.7	6.6	3.6
Chemicals and chemical products	7.19	137.8	135.4	136.9	1.1	-0.7
Miscellaneous manufactured products	2.60	124.4	123.6	123.9	0.2	-0.4
Miscellaneous non-manufactured products	0.30	275.8	237.3	243.5	2.6	-11.7
Intermediate goods²	62.15	123.9	123.5	125.2	1.4	1.0
First-stage intermediate goods ³	7.56	142.5	136.6	139.8	2.3	-1.9
Second-stage intermediate goods ⁴	54.60	121.3	121.7	123.1	1.2	1.5
Finished goods⁵	37.85	101.5	101.2	102.5	1.3	1.0
Finished foods and feeds	7.12	119.6	120.4	120.3	-0.1	0.6
Capital equipment	12.19	87.3	87.6	88.3	0.8	1.1
All other finished goods	18.54	104.0	102.8	105.0	2.1	1.0

^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	February 2012	January 2013 ^r	February 2013 ^p	January to February 2013	February 2012 to February 2013
	%	(2002=100)			% change	
Raw Materials Price Index (RMPI)	100.00	171.8	164.8	168.4	2.2	-2.0
RMPI excluding mineral fuels	58.56	150.5	149.6	151.5	1.3	0.7
Mineral fuels	41.44	202.4	186.6	192.7	3.3	-4.8
Vegetable products	9.89	144.2	149.1	150.7	1.1	4.5
Animal and animal products	19.81	123.8	124.3	125.0	0.6	1.0
Wood	11.82	91.6	94.1	94.1	0.0	2.7
Ferrous materials	2.88	158.8	151.3	152.6	0.9	-3.9
Non-ferrous metals	11.32	258.7	249.3	256.0	2.7	-1.0
Non-metallic minerals	2.82	162.5	160.1	159.9	-0.1	-1.6

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

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

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).