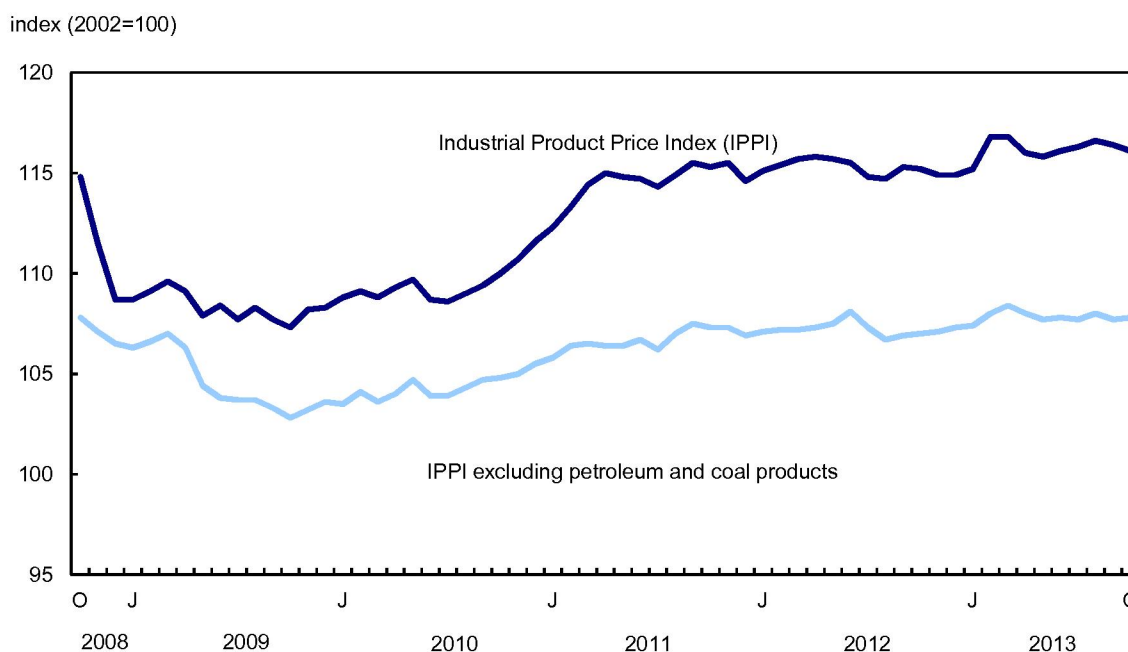


Industrial product and raw materials price indexes, October 2013

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

The Industrial Product Price Index (IPPI) declined 0.3% in October, mainly because of lower prices for petroleum and coal products. The Raw Materials Price Index (RMPI) fell 2.3%, led by mineral fuels.

Chart 1
Prices for industrial goods decrease



Industrial Product Price Index, monthly change

The IPPI posted a second consecutive decrease in October, following a 0.2% decline in September. Of the 21 major product groups, 8 were up, 5 were down, and 8 were unchanged.

Petroleum and coal products (-2.4%) was the main contributor to the downward movement of the index, mostly because of lower prices for gasoline (-4.5%), which registered its largest decrease since November 2012. In general, the decline in gasoline prices partly reflects the weakening of demand during autumn. The IPPI excluding petroleum and coal products edged up 0.1% in October.

To a lesser extent, fruit, vegetables and feeds (-0.4%) also contributed to the decrease in the IPPI, mainly because of lower prices for feeds (-2.0%).

Conversely, the decline of the IPPI was moderated in part by lumber and other wood products (+0.6%), largely as a result of higher prices for lumber and ties. Primary metal products (+0.3%) also increased, specifically copper and copper alloy products, aluminum products as well as nickel products.



Industrial Product Price Index, 12-month change

The IPPI rose 0.8% in the 12-month period ending in October, after posting a 1.0% advance in September.

Compared with October 2012, the growth of the IPPI was mainly attributable to motor vehicles and other transportation equipment (+3.2%). The increase in this commodity group was largely because of a 4.7% year-over-year depreciation of the Canadian dollar relative to the US dollar.

Some Canadian producers who export their products report their prices in US dollars. Consequently, the 4.7% decrease in the value of the Canadian dollar relative to the US dollar may have had the effect of increasing the IPPI. Without the measurable effect of the exchange rate, the index would have declined 0.4% instead of rising 0.8%.

Compared with October 2012, lumber and other wood products (+4.8%) also contributed to the increase of the IPPI, primarily as a result of higher prices for lumber and ties (+14.9%). On a year-over-year basis, lumber and ties has not declined since February 2012.

To a more modest extent, pulp and paper products (+3.1%) and electrical and communications products (+2.9%) also contributed to the year-over-year advance of the IPPI.

Compared with October 2012, the advance of the IPPI was moderated by primary metal products (-4.8%), specifically other non-ferrous metal products, nickel products as well as copper and copper alloy products. The decline in other non-ferrous metal products was mainly a result of lower prices for silver and platinum and gold and gold alloys in primary form.

Raw Materials Price Index, monthly change

The RMPI fell 2.3% in October, representing the second consecutive decline. It was also the largest decrease since June 2012. Of the seven major product groups, two were up, four were down, and one was unchanged.

The decline of the index was mainly attributable to lower prices for mineral fuels (-4.1%), specifically crude oil (-4.2%). The decrease in crude oil prices resulted in part from high inventories in North America and lower demand for petroleum products. The RMPI excluding mineral fuels was down 0.5% in October.

To a lesser extent, vegetable products (-3.0%) and animals and animal products (-1.0%) also exerted downward pressure on the RMPI.

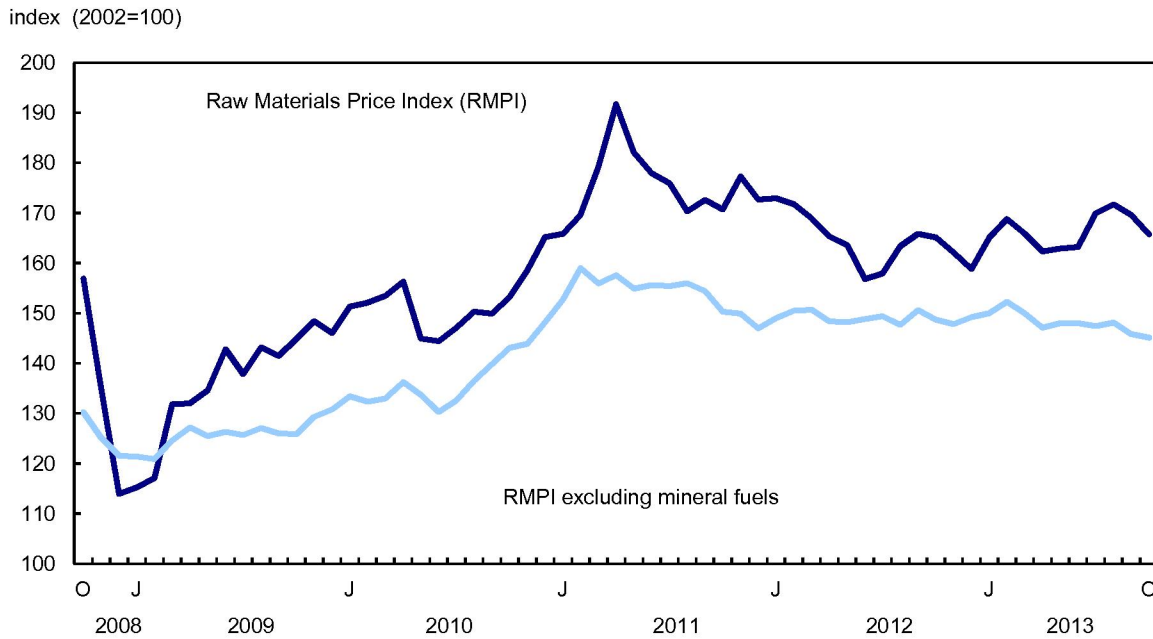
Lower prices for grain (-5.9%), particularly corn (-12.9%), was the main factor in the decline of the vegetable products group, while hogs-swine for slaughter (-2.9%) was largely responsible for the decrease in animals and animal products.

Conversely, the downward movement of the RMPI was moderated slightly by non-ferrous metals (+1.1%), led by higher prices for copper concentrates (+2.3%).

Raw Materials Price Index, 12-month change

The RMPI rose 0.4% in the 12-month period ending in October, after posting a 2.3% gain in September.

Chart 2
Prices for raw materials decrease



Compared with October 2012, the advance of the RMPI was primarily a result of higher prices for mineral fuels (+3.6%), specifically crude oil (+3.6%). The RMPI excluding mineral fuels was down 2.4% on a year-over-year basis.

Animals and animal products (+5.5%) was also a significant factor in the year-over-year advance of the RMPI, mostly because of higher prices for hogs-swine for slaughter (+19.7%) as well as for cattle and calves for slaughter (+8.2%).

Among other commodity groups that contributed to the year-over-year increase in the RMPI were wood products (+8.7%) and ferrous materials (+9.9%).

Compared with the same month one year earlier, the advance of the RMPI was moderated by non-ferrous metals (-8.5%) and vegetable products (-16.2%).

Upcoming changes: Basket update and new classification

Statistics Canada has undertaken two important initiatives for the Industrial Product Price Index (IPPI) and the Raw Materials Price Index (RMPI) program and changes will soon be reflected in both the IPPI and RMPI.

With the January 6, 2014, release of IPPI and RMPI data for November 2013, the IPPI and RMPI series will be converted from 2002=100 to 2010=100, with 2010 as the base year. These indexes will be updated using a weighting pattern based on the 2010 production values of Canadian manufacturers.

At the same time, the classification system will be converted to the North American Product Classification System (NAPCS) developed by Canada, the United States and Mexico. For more information, see [Upcoming changes](#).

To enable users to prepare for the upcoming changes, historical data from January 2010 to April 2013 will be made available on CANSIM on December 10, 2013.

Concordance information between the old CANSIM vectors and the new CANSIM vectors is available at the following link: [Concordance Table between PCG and NAPCS vectors](#). For more information, call us (514-283-8300; toll-free at 1-800-263-1136; infostats@statcan.gc.ca).

Note to readers

As a result of the US government shutdown in October, October IPPI data normally collected from the US Bureau of Labor Statistics, representing 6.7% of the total IPPI, have been imputed. The release of IPPI data for the month of November 2013 on January 6, 2014, will use the most recent Bureau of Labor Statistics data.

With each release, data for the previous six months may have been revised. The indexes are not seasonally adjusted.

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	October 2012	September 2013 ^r	October 2013 ^p	September to October 2013	October 2012 to October 2013
	%	(2002=100)			% change	
Industrial Product Price Index (IPPI)	100.00	115.2	116.4	116.1	-0.3	0.8
IPPI excluding petroleum and coal products	93.70	107.0	107.7	107.8	0.1	0.7
Aggregation by commodities						
Meat, fish and dairy products	6.08	110.7	111.5	111.3	-0.2	0.5
Fruit, vegetable, feeds and other food products	5.52	130.2	129.2	128.7	-0.4	-1.2
Beverages	1.52	124.1	124.2	124.2	0.0	0.1
Tobacco and tobacco products	0.56	177.9	182.6	182.6	0.0	2.6
Rubber, leather and plastic fabricated products	3.51	121.8	123.3	123.4	0.1	1.3
Textile products	1.37	103.5	103.8	103.8	0.0	0.3
Knitted products and clothing	1.33	103.2	103.2	103.2	0.0	0.0
Lumber and other wood products	6.04	93.9	97.8	98.4	0.6	4.8
Furniture and fixtures	2.19	118.5	119.2	119.2	0.0	0.6
Pulp and paper products	6.40	99.2	102.1	102.3	0.2	3.1
Printing and publishing	1.84	105.0	106.2	106.2	0.0	1.1
Primary metal products	6.99	143.8	136.5	136.9	0.3	-4.8
Fabricated metal products	4.45	122.8	124.4	124.4	0.0	1.3
Machinery and equipment	4.41	106.2	108.1	108.2	0.1	1.9
Motor vehicles and other transport equipment	24.34	77.3	79.7	79.8	0.1	3.2
Electrical and communications products	5.02	93.4	96.0	96.1	0.1	2.9
Non-metallic mineral products	2.07	118.9	120.1	120.1	0.0	1.0
Petroleum and coal products	6.30	238.6	246.1	240.1	-2.4	0.6
Chemicals and chemical products	7.19	135.5	134.9	134.8	-0.1	-0.5
Miscellaneous manufactured products	2.60	123.9	121.8	121.6	-0.2	-1.9
Miscellaneous non-manufactured products	0.30	244.5	211.2	216.2	2.4	-11.6
Intermediate goods²	62.15	123.4	124.3	124.0	-0.2	0.5
First-stage intermediate goods ³	7.56	136.9	135.9	136.2	0.2	-0.5
Second-stage intermediate goods ⁴	54.60	121.5	122.7	122.4	-0.2	0.7
Finished goods⁵	37.85	101.6	103.4	103.0	-0.4	1.4
Finished foods and feeds	7.12	120.3	120.7	120.7	0.0	0.3
Capital equipment	12.19	87.3	89.6	89.7	0.1	2.7
All other finished goods	18.54	103.9	105.8	104.9	-0.9	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	October 2012	September 2013 ^r	October 2013 ^p	September to October 2013	October 2012 to October 2013
	%	(2002=100)			% change	
Raw Materials Price Index (RMPI)	100.00	165.1	169.6	165.7	-2.3	0.4
RMPI excluding mineral fuels	58.56	148.7	145.8	145.1	-0.5	-2.4
Mineral fuels	41.44	188.5	203.6	195.3	-4.1	3.6
Vegetable products	9.89	151.6	130.9	127.0	-3.0	-16.2
Animal and animal products	19.81	121.1	129.0	127.7	-1.0	5.5
Wood	11.82	93.8	101.9	102.0	0.1	8.7
Ferrous materials	2.88	140.7	155.6	154.6	-0.6	9.9
Non-ferrous metals	11.32	251.1	227.3	229.7	1.1	-8.5
Non-metallic minerals	2.82	160.3	162.2	162.2	0.0	1.2

^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.

The tables above, based on 2002=100, will be terminated with the data for the reference month of October 2013. New tables, based on 2010=100, with new vectors will appear in CANSIM with the release of data for the reference month of November 2013.

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

The October 2013 issue of *Industry Price Indexes* (62-011-X) will be available soon. This will be the last issue as all the information currently in the publication can also be found on CANSIM at no charge.

The industrial product and raw materials price indexes for November will be released on January 6, 2014.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).