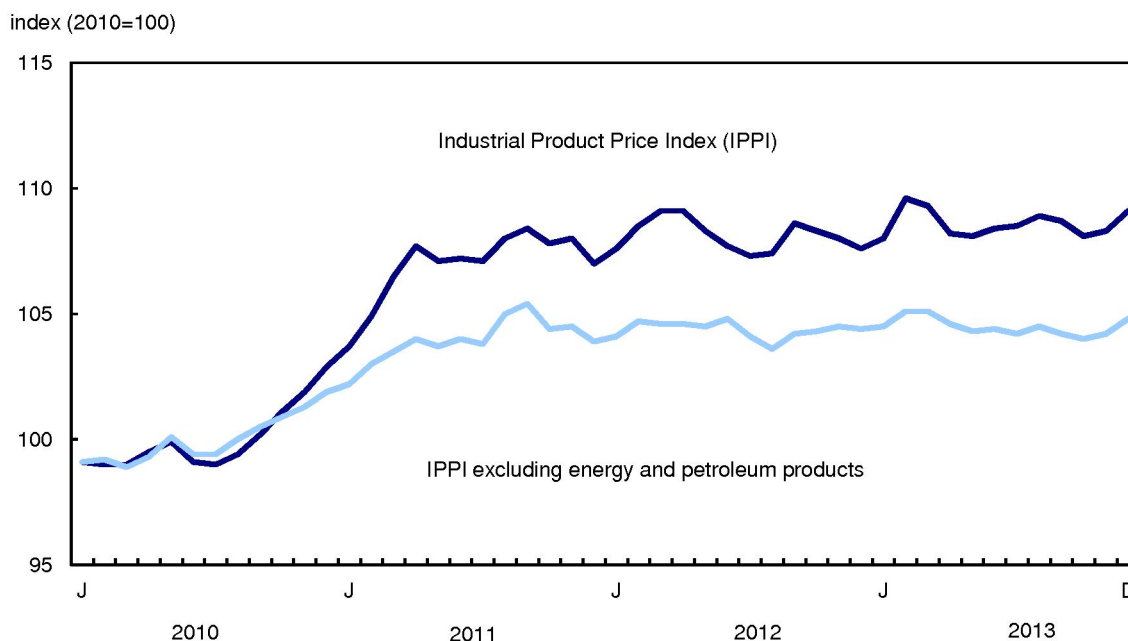


Industrial product and raw materials price indexes, December 2013

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, February 3, 2014

The Industrial Product Price Index (IPPI) rose 0.7% in December, mainly because of higher prices for energy and petroleum products. The Raw Materials Price Index (RMPI) rose 1.9%, led by crude energy products.

Chart 1
Prices for industrial goods increase



Industrial Product Price Index, monthly change

The IPPI rose 0.7% in December, after advancing 0.2% in November. The rise of the index in December was the fourth in six months and the strongest since February 2013. Of the 21 major commodity groups, 13 were up, 6 were down and 2 were unchanged.

The rise in the IPPI was mainly a result of higher prices for energy and petroleum products (+2.0%), which posted the first increase since August 2013. This advance was mainly attributable to a 5.0% gain in diesel fuel compared with November. To a lesser extent, light fuel oil (+2.6%) and jet fuel (+6.8%) also contributed to the advance. The IPPI excluding energy and petroleum products rose 0.6% in December.

To a lesser degree, the advance of the IPPI was also attributable to higher prices for motorized and recreational vehicles as well as chemicals and chemical products.

Motorized and recreational vehicles (+1.2%) posted a third consecutive monthly increase and the strongest advance since September 2011. The gain in this commodity group was mainly attributable to higher prices for passenger cars and light trucks (+1.7%). The rise in the motorized and recreational vehicles index was closely linked to the depreciation of the Canadian dollar relative to the US dollar in December.



Some Canadian producers who export their products report their prices in US dollars. Consequently, the 1.4% 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 risen 0.4% instead of 0.7%.

Prices for chemicals and chemical products advanced 2.0% in December, a second consecutive monthly increase and the largest since May 2011. The gain in this commodity group was mainly attributable to higher prices for petrochemicals (+6.6%) and basic chemicals (+3.6%).

Among the other commodity groups posting gains were pulp and paper products (+0.5%), meat, fish and dairy products (+0.2%) as well as fruit, vegetables, feed and other food products (+0.2%).

On the other hand, the rise in the IPPI was slightly moderated by primary non-ferrous metal products (-0.1%), which registered a fourth consecutive monthly decline. The decrease was mainly attributable to lower prices for unwrought precious metals and precious metal alloys (-3.0%).

Industrial Product Price Index, 12-month change

The IPPI rose 1.4% in the 12-month period ending in December, after increasing 0.3% in November.

Compared with December 2012, the rise in the IPPI was mainly attributable to energy and petroleum products (+6.8%), which registered a seventh consecutive year-over-year increase. The gain in this commodity group largely reflected higher prices for motor gasoline (+8.2%), light fuel oils (+9.5%) and diesel fuel (+8.4%). The IPPI excluding energy and petroleum products advanced 0.4% on a year-over-year basis.

The year-over-year rise in the IPPI was also attributable to motorized and recreational vehicles (+4.0%), which continued their upward trend that began in July 2013. Higher prices for passenger cars and light trucks (+4.4%) as well as aircraft (+9.3%) were mainly responsible for the increase in this commodity group.

To a lesser extent, meat, fish and dairy products (+3.0%) and chemicals and chemical products (+1.8%) also contributed to the year-over-year rise in the IPPI.

Compared with December 2012, higher prices for fresh and frozen pork (+13.8%) led the increase in the meat, fish and dairy products group, while chemicals and chemical products were led by higher prices for dyes and pigments, and petrochemicals (+4.7%). Meat, fish and dairy products have posted year-over-year increases since January 2011.

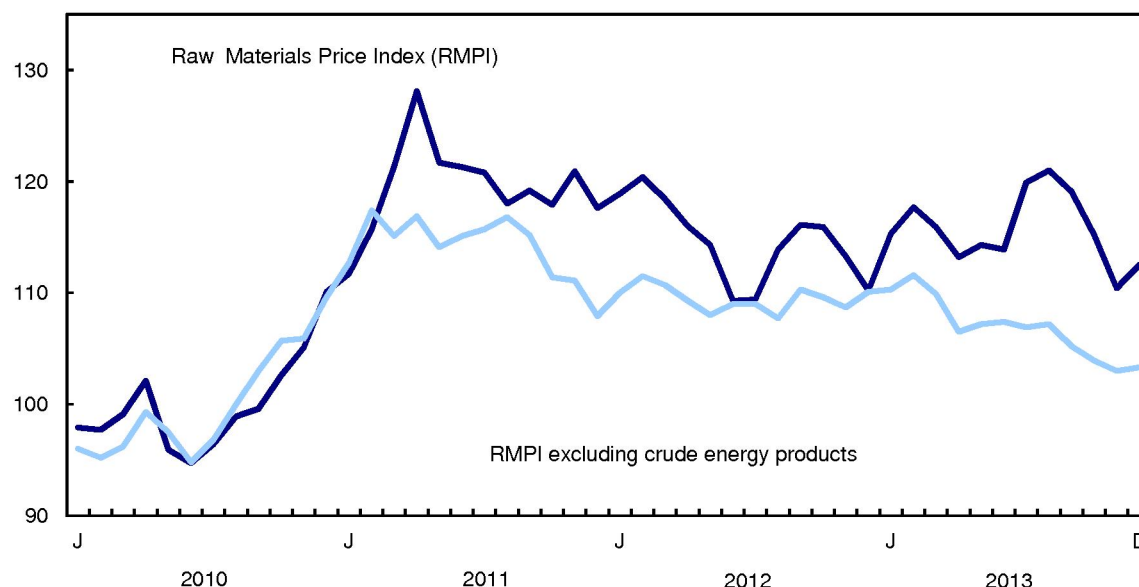
On the other hand, the 12-month advance of the IPPI was mainly moderated by lower prices for primary non-ferrous metal products (-11.0%), more specifically unwrought precious metals and precious metal alloys. On a year-over-year basis, primary non-ferrous metal products have been on a downward trend since December 2011.

Raw Materials Price Index, monthly change

The RMPI rose 1.9% in December, after three consecutive monthly declines. Of the six major commodity groups, three were up, two were down and one was unchanged.

Chart 2
Prices for raw materials rise

index (2010=100)



The rise in the RMPI was mainly attributable to crude energy products (+3.3%), which posted its first increase since August 2013. The growth in this commodity group was led by conventional crude oil, up 3.6% from November. The RMPI excluding crude energy products rose 0.3% in December.

To a lesser extent, metal ores, concentrates and scrap (+1.7%) also contributed to the rise in the RMPI, posting the first increase since August 2013.

The logs, pulpwood, natural rubber and other forestry products group (+2.4%) was also up, largely because of higher prices for logs, pulpwood and other forestry products (+2.4%).

Conversely, the rise in the RMPI was moderated by animals and animal products (-1.1%) and crop products (-1.1%).

Lower prices for live animals (-1.8%), especially for hogs (-4.1%), contributed the most to the decline in prices for animals and animal products, while canola (-7.3%) and wheat (-5.2%) were mainly responsible for the decrease in crop products.

Raw Materials Price Index, 12-month change

The RMPI rose 2.1% during the 12-month period ending in December, after falling 2.6% in November.

Compared with December 2012, the increase in the RMPI mainly reflected higher prices for crude energy products (+10.9%), primarily those for conventional crude oil (+11.1%). The RMPI excluding crude energy products declined 6.2%, year over year.

To a lesser extent, logs, pulpwood, natural rubber and other forestry products (+7.9%) also contributed to the rise in the RMPI, because of higher prices for logs, pulpwood and other forestry products (+11.7%).

The rise in the RMPI over a 12-month period was mainly moderated by metal ores, concentrates and scrap (-10.8%), which have been declining since January 2013.

Compared with the same month a year earlier, the increase in the RMPI was also moderated by crop products (-11.3%), which posted a sixth consecutive year-over-year decline. Lower prices for other crop products and for wheat were largely responsible for the decrease in crop products.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	December 2012	November 2013 ^r	December 2013 ^p	November to December 2013	December 2012 to December 2013
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	107.6	108.3	109.1	0.7	1.4
IPPI excluding energy and petroleum products	86.40	104.4	104.2	104.8	0.6	0.4
Aggregation by commodities						
Meat, fish, and dairy products	7.21	105.0	107.9	108.1	0.2	3.0
Fruit, vegetables, feed and other food products	7.53	113.6	110.9	111.1	0.2	-2.2
Beverages (except juices)	1.92	104.6	104.5	104.3	-0.2	-0.3
Tobacco products	0.25	110.2	114.9	115.0	0.1	4.4
Textile and leather products	0.57	102.2	104.9	105.4	0.5	3.1
Clothing, footwear and accessories	0.51	101.0	101.6	101.7	0.1	0.7
Chemicals and chemical products	8.46	108.8	108.6	110.8	2.0	1.8
Plastic and rubber products	2.79	103.9	105.4	105.3	-0.1	1.3
Lumber and other wood products	2.27	106.4	103.8	103.6	-0.2	-2.6
Pulp and paper products	4.09	98.5	101.5	102.0	0.5	3.6
Energy and petroleum products	13.60	128.1	134.1	136.8	2.0	6.8
Primary ferrous metal products	3.32	99.4	99.8	99.8	0.0	0.4
Primary non-ferrous metal products	8.03	112.3	100.1	100.0	-0.1	-11.0
Fabricated metal products and construction materials	3.17	100.0	101.1	101.5	0.4	1.5
Motorized and recreational vehicles	17.23	99.1	101.9	103.1	1.2	4.0
Machinery and equipment	5.73	103.1	103.9	104.1	0.2	1.0
Electrical, electronic, audiovisual and telecommunication products	4.69	100.1	101.5	101.6	0.1	1.5
Furniture and fixtures	1.49	101.4	101.7	101.7	0.0	0.3
Cement, glass, and other non-metallic mineral products	2.34	102.5	105.7	105.5	-0.2	2.9
Packaging materials and containers	2.38	102.2	105.5	105.6	0.1	3.3
Miscellaneous products	2.41	109.6	105.9	105.7	-0.2	-3.6

^r revised

^p preliminary

1. The relative importance is based on the annual 2010 values of production.

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	December 2012	November 2013 ^r	December 2013 ^p	November to December 2013	December 2012 to December 2013
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	110.2	110.4	112.5	1.9	2.1
RMPI excluding crude energy products	51.83	110.1	103.0	103.3	0.3	-6.2
Crude energy products	48.17	110.3	118.4	122.3	3.3	10.9
Crop products	8.68	130.5	117.1	115.8	-1.1	-11.3
Animals and animal products	15.51	113.8	115.4	114.1	-1.1	0.3
Non-metallic minerals	1.85	104.8	103.9	103.9	0.0	-0.9
Logs, pulpwood, natural rubber and other forestry products	2.84	99.2	104.5	107.0	2.4	7.9
Metal ores, concentrates and scrap	22.96	101.7	89.2	90.7	1.7	-10.8

^r revised

^p preliminary

1. The relative importance is based on the annual 2010 values of raw material inputs into production.

Note to readers

For vectors that have a concordance, Industrial Product Price Index (IPPI) historical data (prior to January 2010) based on the new basket (2010=100) and the new North American Product Classification System (NAPCS) are now available on CANSIM.

The concordance between the old CANSIM vectors and the new CANSIM vectors is available at the following link: [Concordance Table between PCG and NAPCS vectors](#).

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

The **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. However, 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.

Available in CANSIM: tables 329-0074 to 329-0077 and 330-0008.

Table 329-0074: Industrial Product Price Index, by major commodity aggregations.

Table 329-0075: Industrial Product Price Index, by commodity.

Table 329-0076: Industrial Product Price Index, for selected groups, by region.

Table 329-0077: Industrial Product Price Index, by North American Industry Classification System.

Table 330-0008: Raw Materials Price Index, by commodity.

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

The industrial product and raw materials price indexes for January will be released on March 3.

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).