

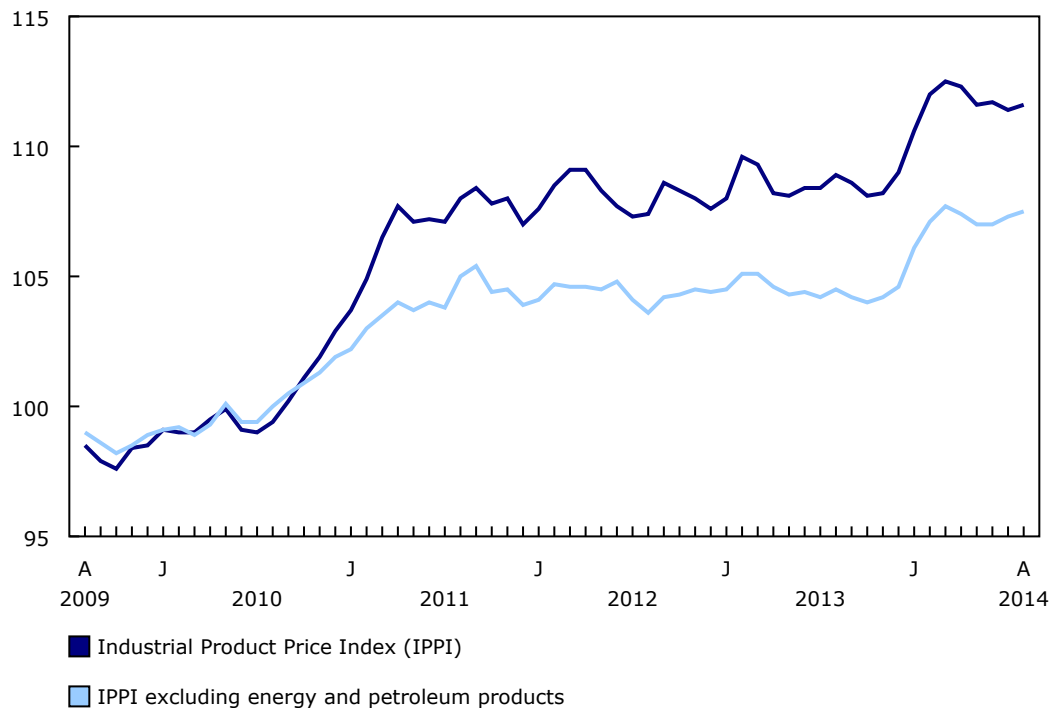
Industrial product and raw materials price indexes, August 2014

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, September 30, 2014

The Industrial Product Price Index (IPPI) increased 0.2% in August, mainly because of higher prices for motorized and recreational vehicles. The Raw Materials Price Index (RMPI) declined 2.2%, largely as a result of lower prices for crude energy products.

Chart 1
Prices for industrial goods increase

index (2010=100)



Industrial Product Price Index, monthly change

The IPPI increased 0.2% in August, after declining 0.3% in July. The increase in the IPPI was broad based, as 15 of the 21 major commodity groups were up.

The increase in the IPPI was led by higher prices for motorized and recreational vehicles (+1.0%). The main reasons for the increase in this commodity group were higher prices for passenger cars and light trucks (+0.8%), motor vehicle engines and motor vehicle parts (+0.8%), as well as aircraft (+1.9%). The increase in the prices of motorized and recreational vehicles was closely linked to the depreciation of the Canadian dollar relative to the US dollar.

Some IPPI prices are reported in US dollars and are converted to Canadian dollars using the average monthly exchange rate. Consequently, any change in the value of the Canadian dollar relative to the US dollar will affect the calculation of the index. From July to August, the Canadian dollar decreased 1.7% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have declined 0.2% instead of increasing 0.2%.



To a lesser extent, prices for primary non-ferrous metal products (+0.7%) also contributed to the increase in the IPPI, primarily because of higher prices for unwrought aluminum and aluminum alloys (+4.5%). This was the largest increase for unwrought aluminum and aluminum alloys since June 2013.

Meat, fish and dairy products (-0.9%) moderated the increase in the IPPI, declining for the first time since May 2014. Meat products declined 1.6% in August, led by lower prices for fresh and frozen pork (-6.4%), while higher prices for fresh and frozen beef and veal (+1.1%) helped moderate that decline.

Energy and petroleum products declined for the second consecutive month, edging down 0.2%. While lower prices for motor gasoline (-2.4%) were brought on by higher than normal crude oil inventories, lubricants and other petroleum refinery products (+3.3%) as well as asphalt and asphalt products (+3.0%) moderated that decline. The IPPI excluding energy and petroleum products edged up 0.2% in August.

Also moderating the increase in the IPPI were lower prices for chemical and chemical products (-0.6%), mainly because of petrochemicals (-2.7%).

Industrial Product Price Index, 12-month change

The IPPI rose 2.5% during the 12-month period ending in August, after posting a 2.8% gain in July.

Compared with August 2013, the advance of the IPPI was mainly attributable to meat, fish, and dairy products (+9.1%), specifically fresh and frozen beef and veal (+25.6%) and fresh and frozen pork (+18.1%).

Year-over-year prices for motorized and recreational vehicles were up 3.1%, mainly resulting from higher prices for passenger cars and light trucks (+2.7%), motor vehicle engines and motor vehicle parts (+2.6%) as well as aircraft (+6.8%). On a year-over-year basis, prices for motorized and recreational vehicles have been on an upward trend since July 2013.

Chemicals and chemical products (+4.0%) also contributed to the year-over-year increase of the IPPI, primarily because of higher prices for petrochemicals (+10.3%), ammonia and chemical fertilizers (+5.9%) as well as plastic resins (+8.3%).

On a year-over-year basis, primary ferrous metal products increased 7.6%, reflecting higher prices for iron and steel basic shapes (+10.1%) as well as wire and other rolled and drawn steel products (+9.8%).

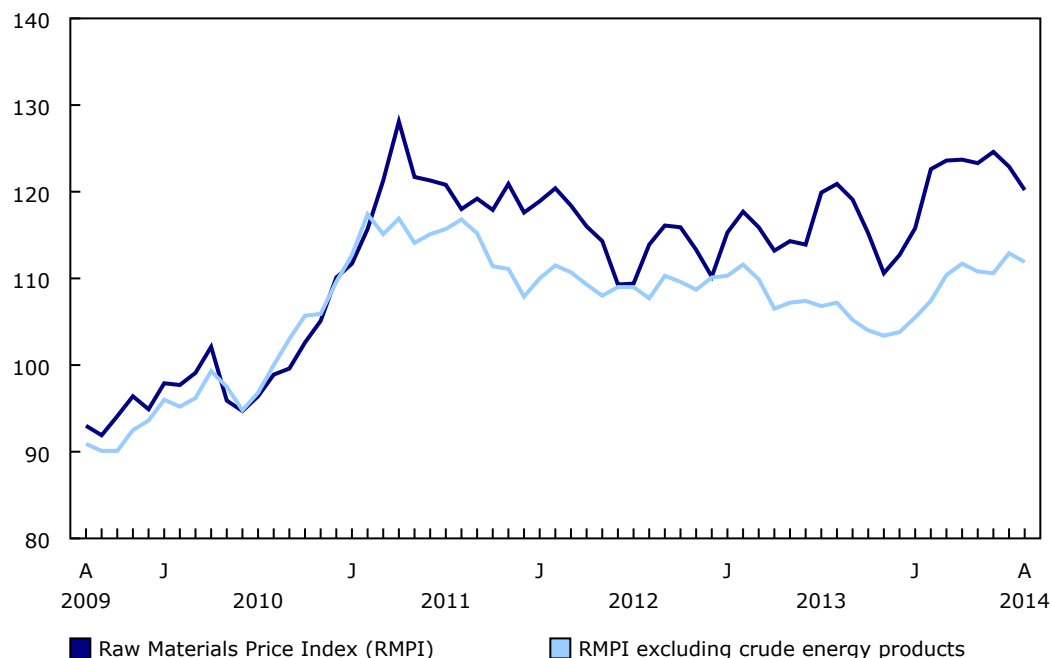
Primary non-ferrous metal products increased 3.0%, primarily as a result of higher prices for unwrought aluminum and aluminum alloys (+7.8%), other unwrought non-ferrous metals and non-ferrous metal alloys (+11.4%) as well as basic and semi-finished products of aluminum and aluminum alloys (+8.3%).

Raw Materials Price Index, monthly change

The RMPI declined 2.2% in August, following a 1.4% decrease in July. The August decline in the index was the third in nine months and the largest since November 2013. Of the six major commodity groups, four were down and two were up.

Chart 2
Prices for raw materials decrease

index (2010=100)



The decrease in the RMPI was largely attributable to lower prices for crude energy products (-3.3%), which were down for a second consecutive month. Lower prices for conventional crude oil (-3.3%) were mainly responsible for the decline in this commodity group. The RMPI excluding crude energy products fell 0.9%.

Animals and animal products also put downward pressure on the RMPI, as prices declined 2.2%, after rising 4.8% the previous month. Live animals (-3.3%), particularly hogs (-9.9%), were responsible for the decrease in the animals and animal products group. The downward movement of this commodity group was moderated primarily by prices for cattle and calves, which increased 2.2%.

Crop products (-1.0%) were also down compared with July, mostly as a result of lower prices for other crop products (-1.6%), particularly oilseeds (except canola) and grains (except wheat).

The decrease in the RMPI was moderated slightly by prices for metal ores, concentrates and scrap, which rose 0.3% in August, following a 2.3% advance the previous month.

Raw Materials Price Index, 12-month change

The RMPI declined 0.6% during the 12-month period ending in August, after increasing 2.5% in July. On a year-over-year basis, it was the first decrease in the index since November 2013.

Compared with the same period in 2013, the decline in the RMPI was mainly due to lower prices for crude energy products (-4.9%), which posted the largest decrease since January 2013. Conventional crude oil (-5.1%) was the primary source of this decline. On a year-over-year basis, the RMPI excluding crude energy products was up 4.4%.

Crop products (-4.1%) also contributed to the year-over-year decrease in the RMPI, as a result of lower prices for other crop products (-6.5%), wheat (-9.2%) and canola (-10.2%). On a year-over-year basis, crop product prices have been on a downward trend since July 2013.

The decline of the RMPI over the 12-month period was moderated mainly by higher prices for animals and animal products (+13.8%), which have been rising since April 2013. The main contributors to the increase in this commodity group were live animals (+22.9%), particularly cattle and calves (+39.7%) and hogs (+20.4%).

Compared with the same month a year earlier, the decrease in the RMPI was also moderated by metal ores, concentrates and scrap (+1.2%), which posted a fourth consecutive year-over-year increase.

Note to readers

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. 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.*

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	August 2013	July 2014 ^r	August 2014 ^p	July to August 2014	August 2013 to August 2014
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	108.9	111.4	111.6	0.2	2.5
IPPI excluding energy and petroleum products	86.40	104.5	107.3	107.5	0.2	2.9
Aggregation by commodities						
Meat, fish and dairy products	7.21	110.4	121.5	120.4	-0.9	9.1
Fruit, vegetables, feed and other food products	7.53	112.0	110.6	110.1	-0.5	-1.7
Beverages (except juices)	1.92	104.3	104.8	104.8	0.0	0.5
Tobacco products	0.25	114.6	122.0	122.1	0.1	6.5
Textile and leather products	0.57	104.7	105.7	105.9	0.2	1.1
Clothing, footwear and accessories	0.51	101.6	102.4	102.6	0.2	1.0
Chemicals and chemical products	8.46	108.5	113.5	112.8	-0.6	4.0
Plastic and rubber products	2.79	104.7	107.5	107.8	0.3	3.0
Lumber and other wood products	2.27	102.9	105.1	105.8	0.7	2.8
Pulp and paper products	4.09	101.5	101.1	101.9	0.8	0.4
Energy and petroleum products	13.60	136.7	137.9	137.6	-0.2	0.7
Primary ferrous metal products	3.32	98.9	105.8	106.4	0.6	7.6
Primary non-ferrous metal products	8.03	102.3	104.7	105.4	0.7	3.0
Fabricated metal products and construction materials	3.17	100.6	102.3	102.5	0.2	1.9
Motorized and recreational vehicles	17.23	101.5	103.6	104.6	1.0	3.1
Machinery and equipment	5.73	103.6	104.6	104.8	0.2	1.2
Electrical, electronic, audiovisual and telecommunication products	4.69	101.6	102.1	102.9	0.8	1.3
Furniture and fixtures	1.49	101.4	102.7	102.7	0.0	1.3
Cement, glass, and other non-metallic mineral products	2.34	104.9	106.9	107.0	0.1	2.0
Packaging materials and containers	2.38	104.9	108.3	108.5	0.2	3.4
Miscellaneous products	2.41	106.5	108.4	108.6	0.2	2.0

^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	August 2013	July 2014 ^r	August 2014 ^p	July to August 2014	August 2013 to August 2014
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	120.9	122.9	120.2	-2.2	-0.6
RMPI excluding crude energy products	51.83	107.2	112.9	111.9	-0.9	4.4
Crude energy products	48.17	135.8	133.6	129.2	-3.3	-4.9
Crop products	8.68	125.7	121.7	120.5	-1.0	-4.1
Animals and animal products	15.51	119.9	139.5	136.4	-2.2	13.8
Non-metallic minerals	1.85	105.8	106.8	107.2	0.4	1.3
Logs, pulpwood, natural rubber and other forestry products	2.84	104.9	108.0	106.9	-1.0	1.9
Metal ores, concentrates and scrap	22.96	92.0	92.8	93.1	0.3	1.2

^r revised

^p preliminary

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

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 September will be released on October 29.

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).