

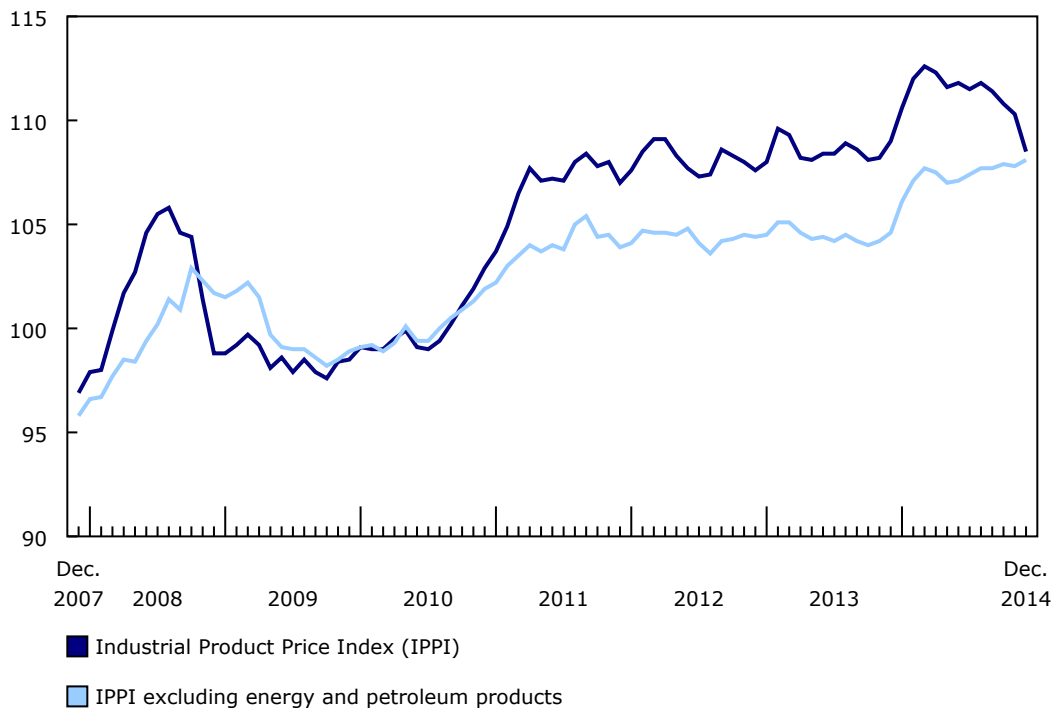
Industrial product and raw materials price indexes, December 2014

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The Industrial Product Price Index (IPPI) decreased 1.6% in December, largely as a result of lower prices for energy and petroleum products. The Raw Materials Price Index (RMPI) declined 7.6% in December, mainly because of lower prices for crude energy products.

Chart 1
Prices for industrial goods decrease

index (2010=100)



Source(s): CANSIM table [329-0074](#).

Industrial Product Price Index, monthly change

The IPPI (-1.6%) declined for the fourth straight month in December, after decreasing 0.5% in November. Of the 21 major commodity groups, 5 groups were down, 14 were up and 2 were unchanged.

Energy and petroleum products fell 11.5% in December, a sixth consecutive decrease. This was the largest decline since December 2008 when the commodity group fell 19.6%. The drop was mainly led by lower prices for motor gasoline (-14.7%) and, to a lesser extent, diesel fuel (-9.5%), light fuel oils (-9.7%) and heavy fuel oils (-16.9%). The IPPI excluding energy and petroleum products increased 0.3% in December.

Between June and December 2014, the price of motor gasoline declined 31.5%, while diesel fuel decreased 13.5%. In comparison, between June and December 2008, prices for motor gasoline and diesel fuel declined 56.5% and 42.6% respectively. Increased global production and decreased demand has had the effect of putting



downward pressure on prices for petroleum products. When supply is high, motor gasoline tends to decline to a larger extent than other petroleum products such as diesel fuel. The average output from a barrel of crude oil produces roughly 44% gasoline and 31% diesel.

Also contributing to the decrease in the IPPI were lower prices for chemicals and chemical products (-1.4%). The main reason for the decline in this commodity group was aromatic hydrocarbon gases (-13.8%) as well as liquefied refinery gases, and acyclic hydrocarbons not elsewhere classified (-10.5%). Slightly moderating the decline in this commodity group were higher prices for ammonia and chemical fertilizers (+3.0%).

Moderating the decline in the IPPI for December were higher prices for motorized and recreational vehicles (+1.1%). The main reason for the increase in this commodity group was higher prices for passenger cars and light trucks (+1.2%), motor vehicle engines and motor vehicle parts (+0.9%) as well as aircraft (+2.0%). Higher prices for motorized and recreational vehicles were closely linked to the depreciation of the Canadian dollar relative to the US dollar.

To a lesser extent, fruit, vegetables, feed and other food products (+0.8%) also moderated the decrease in the IPPI, primarily because of higher prices for other animal feed (+4.2%).

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 level of the index. From November to December, the Canadian dollar depreciated 1.8% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have declined 2.1% instead of decreasing 1.6%.

Industrial Product Price Index, 12-month change

The IPPI decreased 0.5% over the 12-month period ending in December, after increasing 1.9% in November.

Compared with the same month in 2013, the decrease of the IPPI was mainly attributable to lower prices for energy and petroleum products (-18.4%), which posted its largest year-over-year decline since October 2009. Motor gasoline (-22.3%) and, to a lesser extent, diesel fuel (-17.4%), light fuel oils (-17.3%) and heavy fuel oils (-27.8%) were largely responsible for the decline in this commodity group. Year over year, the IPPI excluding energy and petroleum products rose 3.3%.

To a lesser extent, chemicals and chemical products (-1.4%) also contributed to the year-over-year decrease of the IPPI. The decline was primarily attributable to lower prices for petrochemicals (-16.2%), specifically aromatic hydrocarbon gases (-28.3%).

Conversely, the 12-month decrease of the IPPI was moderated mainly by motorized and recreational vehicles (+5.4%), as well as meat, fish and dairy products (+10.8%).

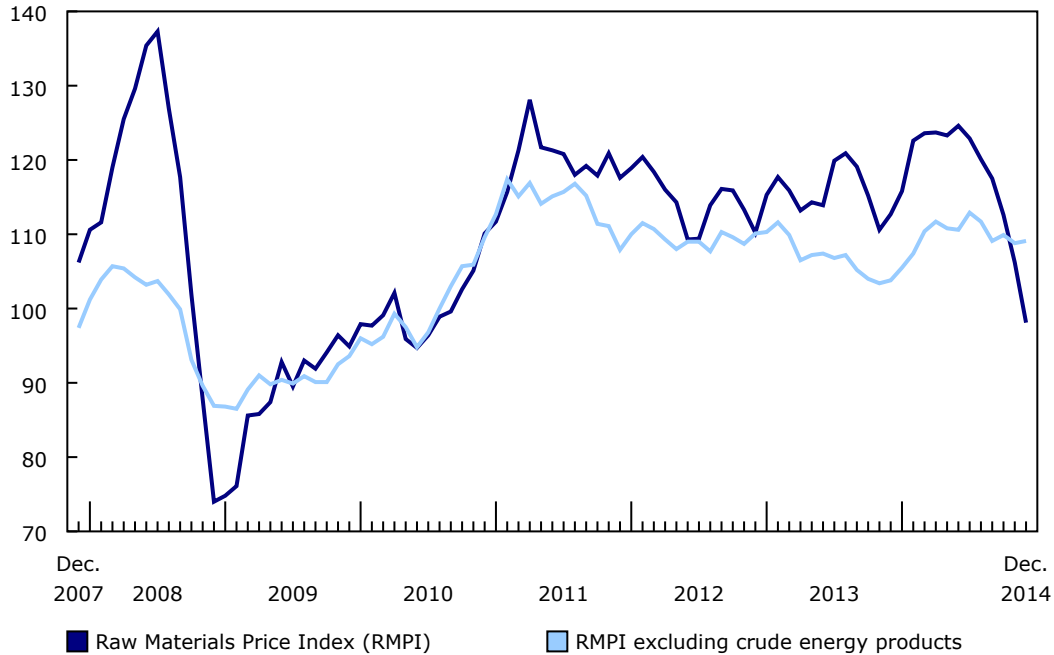
The prices of passenger cars and light trucks (+5.2%), motor vehicle engines and motor vehicle parts (+4.6%) and aircraft (+10.2%) were the main reason for the growth in motorized and recreational vehicles. The increase in meat, fish and dairy products group was led mainly by prices for fresh and frozen beef and veal (+28.5%) and fresh and frozen pork (+17.0%).

Raw Materials Price Index, monthly change

The RMPI (-7.6%) fell for the sixth consecutive month in December, after declining 5.7% in November. Of the six major commodity groups, three were up, two were down and one was unchanged.

Chart 2
Prices for raw materials decrease

index (2010=100)



Source(s): CANSIM table [330-0008](#).

The decline in the RMPI was primarily due to lower prices for crude energy products (-16.5%), specifically conventional crude oil (-17.0%), which fell for the sixth consecutive month. The decrease in the price of crude oil reflected a global surplus in the supply of crude oil. The RMPI excluding crude energy products increased 0.3%.

Slightly moderating the decline in the RMPI were higher prices for crop products (+1.8%). The increase in this commodity group was mainly due to other crop products (+1.9%) as well as wheat (+5.5%).

Raw Materials Price Index, 12-month change

The RMPI declined 13.0% over the 12-month period ending in December, after falling 4.0% in November.

Compared with the same period in 2013, the decrease in the RMPI was almost entirely attributable to lower prices for crude energy products (-29.4%), which posted their largest decline since September 2009. Conventional crude oil (-30.3%) was the main reason for the decline in this commodity group. The RMPI excluding crude energy products rose 5.1% year over year.

The 12-month decrease in the RMPI was primarily moderated by a 14.5% gain in prices for animals and animal products, which have been rising year over year since April 2013. Live animals (+24.6%), specifically cattle and calves (+45.2%) and, to a lesser extent, hogs (+13.1%), were the biggest contributors to the increase in this commodity group.

Compared with December 2013, the decrease in the RMPI was also moderated by crop products (+4.3%), mainly as a result of higher prices for wheat (+15.6%), fresh fruit, nuts and vegetables (+5.6%) as well as other crop products (+1.4%).

Note to readers

The Industrial Product Price Index (IPPI) and Raw Materials Price Index (RMPI) are available at the Canada level only. Selected commodity groups within the IPPI are also available by region.

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

The **Industrial Product Price Index** 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** 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	December 2013	November 2014 ^r	December 2014 ^p	November to December 2014	December 2013 to December 2014
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	109.0	110.3	108.5	-1.6	-0.5
IPPI excluding energy and petroleum products	86.40	104.6	107.8	108.1	0.3	3.3
Aggregation by commodities						
Meat, fish, and dairy products	7.21	108.0	120.3	119.7	-0.5	10.8
Fruit, vegetables, feed and other food products	7.53	110.5	109.9	110.8	0.8	0.3
Beverages (except juices)	1.92	104.3	105.1	105.1	0.0	0.8
Tobacco products	0.25	115.0	126.5	126.6	0.1	10.1
Textile and leather products	0.57	105.4	106.2	106.5	0.3	1.0
Clothing, footwear and accessories	0.51	101.6	103.0	103.0	0.0	1.4
Chemicals and chemical products	8.46	110.7	110.7	109.1	-1.4	-1.4
Plastic and rubber products	2.79	105.4	108.5	108.7	0.2	3.1
Lumber and other wood products	2.27	102.7	106.7	107.0	0.3	4.2
Pulp and paper products	4.09	101.7	101.6	102.0	0.4	0.3
Energy and petroleum products	13.60	136.7	126.0	111.5	-11.5	-18.4
Primary ferrous metal products	3.32	100.5	107.5	107.2	-0.3	6.7
Primary non-ferrous metal products	8.03	100.2	102.6	103.0	0.4	2.8
Fabricated metal products and construction materials	3.17	101.2	103.9	104.1	0.2	2.9
Motorized and recreational vehicles	17.23	102.9	107.3	108.5	1.1	5.4
Machinery and equipment	5.73	103.9	105.5	105.7	0.2	1.7
Electrical, electronic, audiovisual and telecommunication products	4.69	101.7	104.3	105.0	0.7	3.2
Furniture and fixtures	1.49	101.7	103.1	103.2	0.1	1.5
Cement, glass, and other non-metallic mineral products	2.34	105.2	107.6	107.0	-0.6	1.7
Packaging materials and containers	2.38	105.6	110.1	110.2	0.1	4.4
Miscellaneous products	2.41	105.7	106.9	107.6	0.7	1.8

^r revised

^p preliminary

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

Source(s): CANSIM table [329-0074](#).

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	December 2013	November 2014 ^r	December 2014 ^p	November to December 2014	December 2013 to December 2014
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	112.7	106.2	98.1	-7.6	-13.0
RMPI excluding crude energy products	51.83	103.8	108.8	109.1	0.3	5.1
Crude energy products	48.17	122.3	103.4	86.3	-16.5	-29.4
Crop products	8.68	116.9	119.7	121.9	1.8	4.3
Animals and animal products	15.51	114.4	130.5	131.0	0.4	14.5
Non-metallic minerals	1.85	103.9	108.5	108.6	0.1	4.5
Logs, pulpwood, natural rubber and other forestry products	2.84	110.1	105.4	105.4	0.0	-4.3
Metal ores, concentrates and scrap	22.96	90.8	90.4	90.1	-0.3	-0.8

^r revised

^p preliminary

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

Source(s): CANSIM table [330-0008](#).

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).