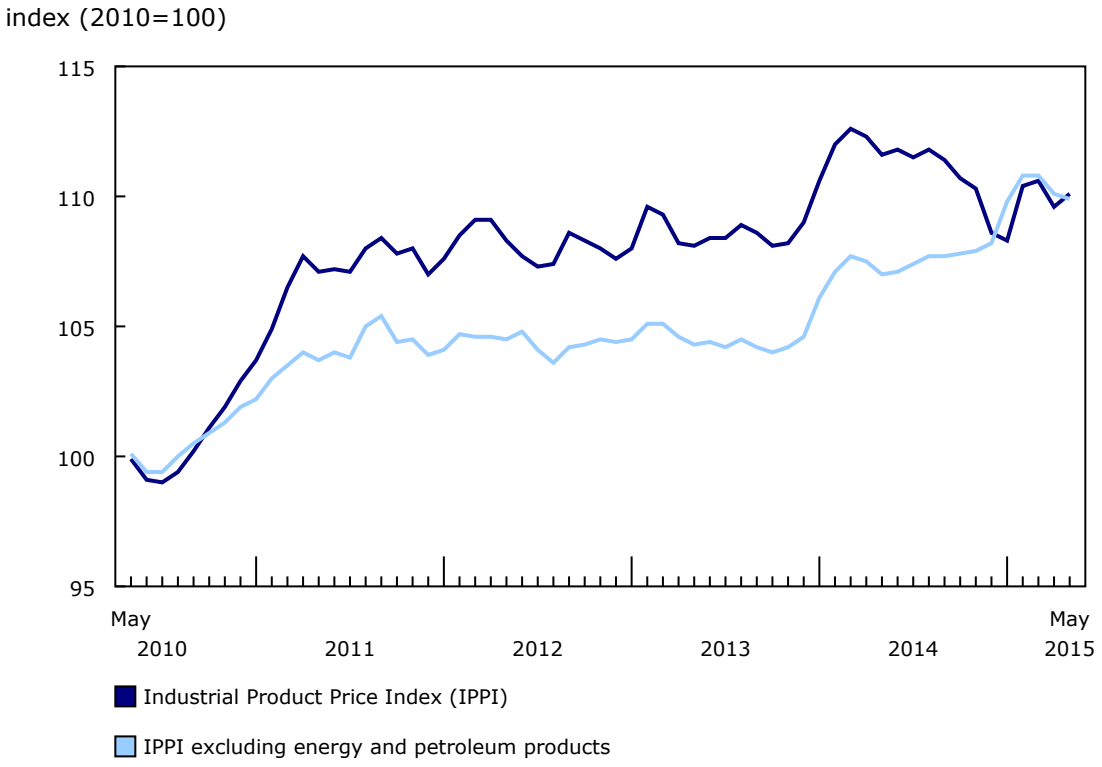
Industrial product and raw materials price indexes, May 2015

Released at 8:30 a.m. Eastern time in The Daily, Monday, June 29, 2015

The Industrial Product Price Index (IPPI) increased 0.5% in May, mainly because of higher prices for energy and petroleum products. The Raw Materials Price Index (RMPI) increased 4.4%, largely as a result of higher prices for crude energy products.

Chart 1
Prices for industrial goods increase



Source(s): CANSIM table 329-0074.

Industrial Product Price Index, monthly change

The IPPI rose 0.5% in May, following a 0.9% decline in April. Of the 21 commodity groups, 3 were up, 15 were down and 3 were unchanged.

The increase in May was led by higher prices for energy and petroleum products (+5.0%). The rise was mainly due to prices for motor gasoline (+7.1%), and, to a lesser extent, diesel fuel (+3.6%) and heavy fuel oils (+9.0%). Prices for motor gasoline have rebounded so far in 2015, increasing 27.1% since January, largely as a result of rising crude oil prices. The IPPI excluding energy and petroleum products declined 0.2%.

Also contributing to the increase in the IPPI were higher prices for meat, fish and dairy products (+1.5%), mainly attributable to prices for fresh and frozen pork (+7.5%). To a lesser extent, fresh and frozen poultry of all types (+1.4%), as well as fresh and frozen beef and veal (+0.5%) also contributed to the increase. Prices for fresh and frozen beef and veal have risen for 19 consecutive months, increasing 47.1% over that time. Higher prices for cattle and calves have put upward pressure on prices for beef and veal.

Moderating the increase in the IPPI were lower prices for motorized and recreational vehicles (-0.8%). The decline was mainly due to passenger cars and light trucks (-0.8%), motor vehicle engines and motor vehicle parts (-0.6%), as well as aircraft (-1.1%). Lower prices for motorized and recreational vehicles were closely linked to the appreciation of the Canadian dollar relative to the US dollar.

Also tempering the increase in the IPPI were lower prices for primary non-ferrous metal products (-0.8%), in large part due to lower prices for unwrought precious metals and precious metal alloys (-1.0%). However, higher prices for unwrought copper and copper alloys (+2.9%) moderated the decrease.

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 April to May 2015, the Canadian dollar appreciated 1.2% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have risen 0.7% instead of increasing 0.5%.

Industrial Product Price Index, 12-month change

The IPPI declined 1.3% over the 12-month period ending in May, after falling 2.4% in April.

In May, the year-over-year decline in the IPPI was primarily due to lower prices for energy and petroleum products (-21.2%). The main reasons for the decline in this commodity group were lower prices for motor gasoline (-21.4%), diesel fuel (-23.7%), as well as light fuel oils (-18.8%). The IPPI excluding energy and petroleum products increased 2.7% year over year.

Also contributing to the decline were lower prices for chemicals and chemical products (-4.3%), led by petrochemicals (-24.2%) and, to a lesser extent, plastic resins (-6.4%). Moderating the decline were higher prices for ammonia and chemical fertilizers (+8.7%), as well as chemical products, not elsewhere classified (+5.8%).

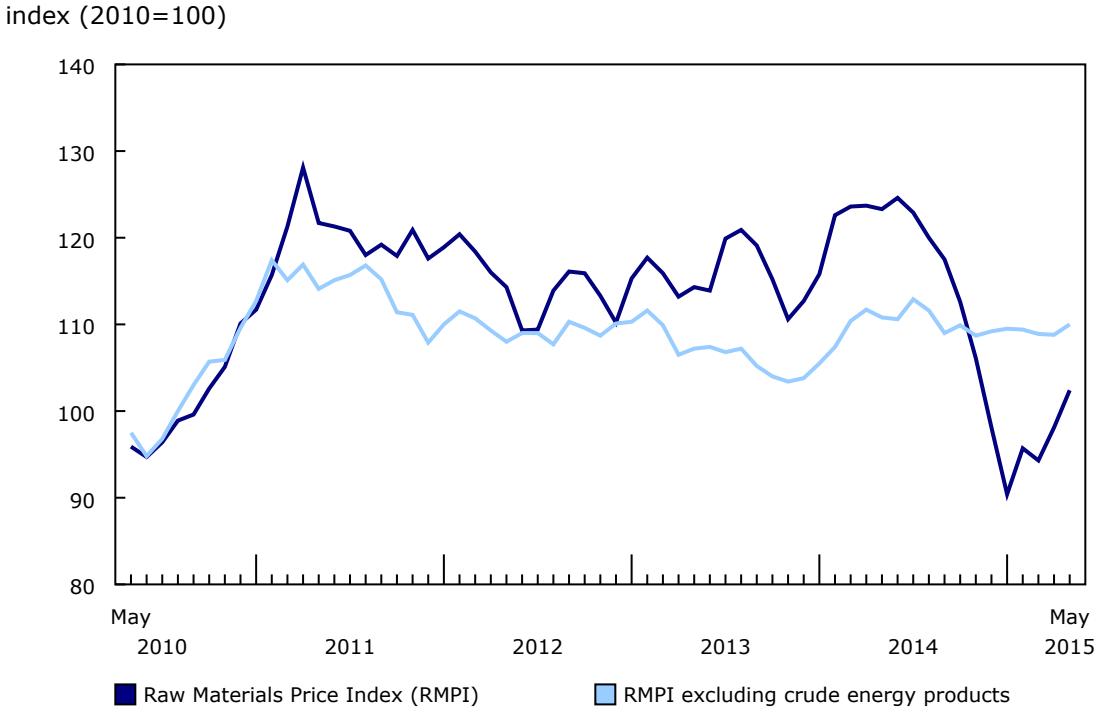
The year-over-year decline in the IPPI was moderated by an increase in prices for motorized and recreational vehicles (+8.4%). The rise was mainly due to passenger cars and light trucks (+9.0%), motor vehicle engines and motor vehicle parts (+6.0%), as well as aircraft (+13.3%).

Also moderating the year-over-year decline in the IPPI were higher prices for meat, fish and dairy products (+5.5%), specifically fresh and frozen beef and veal (+30.3%).

Raw Materials Price Index, monthly change

The RMPI rose 4.4% in May, following a 4.0% increase in April. Of the six commodity groups, three were up and three were down.

Chart 2
Prices for raw materials increase



Source(s): CANSIM table 330-0008.

The gain was mainly attributable to higher prices for crude energy products (+8.8%), specifically conventional crude oil (+9.4%). Following the decline in oil prices in the latter half of 2014, the price of conventional crude oil has increased 37.2% since January 2015. The RMPI excluding crude energy products increased 1.1%.

Also contributing to the rise in the RMPI were higher prices for animals and animal products (+3.7%). The increase was largely the result of higher prices for hogs (+19.7%), which posted their largest increase since March 2014, when prices rose 24.3%.

Raw Materials Price Index, 12-month change

The RMPI fell 17.0% in the 12-month period ending in May, following a 20.7% decline in April.

Lower prices for crude energy products were largely responsible for the decline (-31.2%), specifically conventional crude oil (-31.6%). The RMPI excluding crude energy products fell 0.7% from the same month last year.

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.*

Next release

The industrial product and raw materials price indexes for June will be released on July 28.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance[1]	May 2014	April 2015[r]	May 2015[p]	April to May 2015	May 2014 to May 2015
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	**100.00**	**111.6**	**109.6**	**110.1**	**0.5**	**-1.3**
IPPI excluding energy and petroleum products	**86.40**	**107.0**	**110.1**	**109.9**	**-0.2**	**2.7**
Aggregation by commodities						
Meat, fish, and dairy products	7.21	117.2	121.9	123.7	1.5	5.5
Fruit, vegetables, feed and other food products	7.53	112.7	111.7	111.4	-0.3	-1.2
Beverages (except juices)	1.92	104.9	105.4	105.4	0.0	0.5
Tobacco products	0.25	122.1	131.4	131.3	-0.1	7.5
Textile and leather products	0.57	106.0	108.0	107.8	-0.2	1.7
Clothing, footwear and accessories	0.51	102.1	103.6	103.5	-0.1	1.4
Chemicals and chemical products	8.46	112.0	106.8	107.2	0.4	-4.3
Plastic and rubber products	2.79	107.5	110.3	110.1	-0.2	2.4
Lumber and other wood products	2.27	104.8	107.1	107.0	-0.1	2.1
Pulp and paper products	4.09	100.9	104.0	103.5	-0.5	2.6
Energy and petroleum products	13.60	141.3	106.1	111.4	5.0	-21.2
Primary ferrous metal products	3.32	106.1	104.6	103.9	-0.7	-2.1
Primary non-ferrous metal products	8.03	103.2	106.9	106.0	-0.8	2.7
Fabricated metal products and construction materials	3.17	102.3	106.2	105.9	-0.3	3.5
Motorized and recreational vehicles	17.23	104.3	114.0	113.1	-0.8	8.4
Machinery and equipment	5.73	104.7	107.6	107.4	-0.2	2.6
Electrical, electronic, audiovisual and telecommunication products	4.69	102.7	107.3	107.0	-0.3	4.2
Furniture and fixtures	1.49	102.9	103.6	103.6	0.0	0.7
Cement, glass, and other non-metallic mineral products	2.34	105.9	107.7	107.7	0.0	1.7
Packaging materials and containers	2.38	108.5	111.5	111.2	-0.3	2.5
Miscellaneous products	2.41	108.3	110.4	110.1	-0.3	1.7

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]	May 2014	April 2015[r]	May 2015[p]	April to May 2015	May 2014 to May 2015
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	**100.00**	**123.3**	**98.1**	**102.4**	**4.4**	**-17.0**
RMPI excluding crude energy products	**51.83**	**110.8**	**108.8**	**110.0**	**1.1**	**-0.7**
Crude energy products	48.17	136.7	86.5	94.1	8.8	-31.2
Crop products	8.68	127.3	124.1	122.8	-1.0	-3.5
Animals and animal products	15.51	130.9	129.6	134.4	3.7	2.7
Non-metallic minerals	1.85	106.8	111.1	110.8	-0.3	3.7
Logs, pulpwood, natural rubber and other forestry products	2.84	109.8	112.1	112.9	0.7	2.8
Metal ores, concentrates and scrap	22.96	91.5	88.4	88.3	-0.1	-3.5

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.

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

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**).