

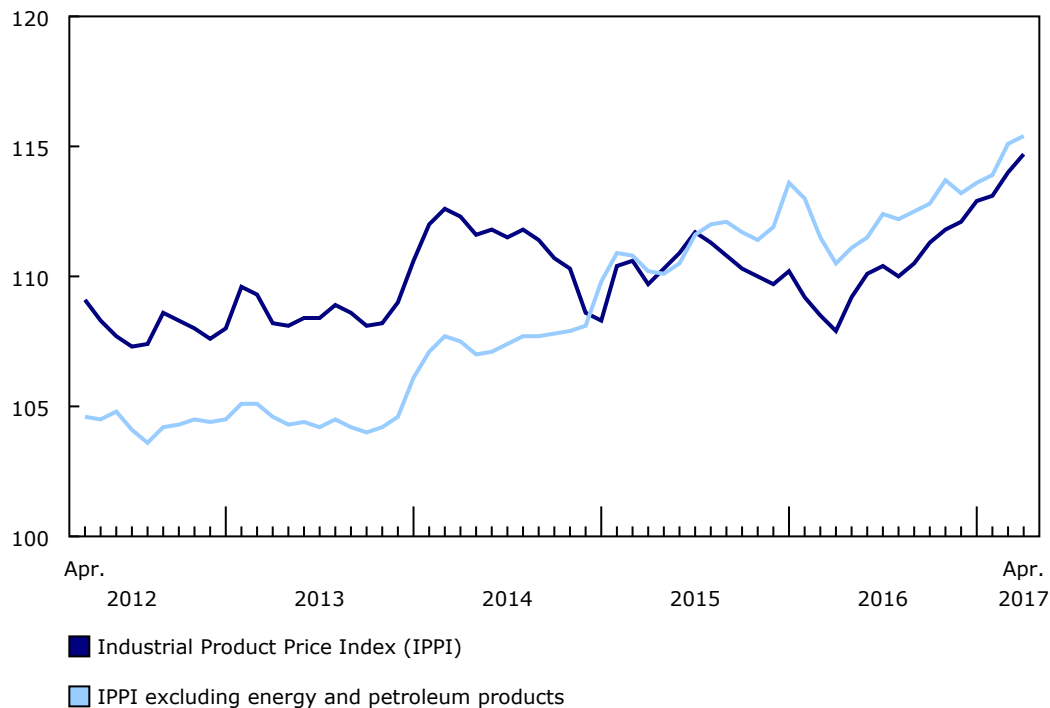
Industrial product and raw materials price indexes, April 2017

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The Industrial Product Price Index (IPPI) rose 0.6% in April, mainly due to higher prices for energy and petroleum products. The Raw Materials Price Index (RMPI) increased 1.6%, mainly as a result of higher prices for crude energy products.

Chart 1 Prices for industrial goods increase

index (2010=100)



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

Industrial Product Price Index, monthly change

The IPPI rose for the eighth consecutive month, up 0.6% in April following a 0.8% increase in March. Of the 21 major commodity groups, 14 were up, 3 were down and 4 were unchanged.

The growth in the IPPI was mostly attributable to higher prices for energy and petroleum products (+2.9%). The gain in this commodity group was mainly due to higher prices for motor gasoline (+5.8%), which posted its largest increase since December 2016. Higher prices for light fuel oil (+2.4%), lubricants and other petroleum refinery products (+1.9%), and asphalt (except natural) and asphalt products (+2.3%) also contributed to the increase, but to a lesser extent. The IPPI excluding energy and petroleum products rose 0.3%.

Primary non-ferrous metal products (+1.6%) also contributed to the increase in the IPPI. Higher prices for unwrought precious metals and precious metal alloys (+2.9%), specifically unwrought gold and gold alloys (+3.8%) and unwrought silver and silver alloys (+4.1%), drove the increase in this commodity group. Higher prices for other



unwrought non-ferrous metals and non-ferrous metal alloys (+1.4%), basic and semi-finished products of aluminum and aluminum alloys (+2.5%), and unwrought aluminum and aluminum alloys (+0.9%) also contributed to the increase in primary non-ferrous metal products.

Prices for motorized and recreational vehicles (+0.2%) rose for a second consecutive month, mainly due to higher prices for passenger cars and light trucks (+0.3%), motor vehicle engines and motor vehicle parts (+0.3%) and aircraft (+0.4%). Higher prices for motorized and recreational vehicles were closely linked to the depreciation of the Canadian dollar relative to the US dollar.

Pulp and paper products rose for a fourth consecutive month, up 0.9% in April mainly due to higher prices for wood pulp (+1.8%).

The increase in the IPPI was primarily moderated by lower prices for chemicals and chemical products (-0.3%), which posted their first monthly decrease since August 2016. Lower prices for petrochemicals (-1.5%) and other basic inorganic chemicals (-1.0%) were the main contributors to the decline.

Some IPPI prices are reported in US dollars and 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 March to April, the Canadian dollar fell 0.4% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have increased 0.5% rather than rising 0.6%.

Industrial Product Price Index, 12-month change

The IPPI rose 6.3% over the 12-month period ending in April, after increasing 5.1% in March. This was the largest year-over-year increase since October 2011.

Compared with April 2016, the increase in the IPPI was largely due to higher prices for energy and petroleum products (+20.8%), which posted a fifth consecutive year-over-year increase. The increase in this commodity group was mainly attributable to higher prices for motor gasoline (+15.5%), light fuel oil (+31.6%), diesel fuel (+24.5%) and, to a lesser extent, heavy fuel oil (+45.5%).

Primary non-ferrous metal products (+15.9%) also contributed significantly to the year-over-year increase in the IPPI. Prices for other unwrought non-ferrous metal and non-ferrous metal alloys (+39.3%), unwrought precious metals and precious metal alloys (+9.3%), unwrought aluminum and aluminum alloys (+24.0%) and unwrought copper and copper alloys (+23.9%) were the main contributors to the year-over-year increase in the primary non-ferrous metal products group.

Higher prices for motorized and recreational vehicles (+3.3%) and chemicals and chemical products (+7.5%) also contributed to the year-over-year increase in the IPPI. The increase in motorized and recreational vehicles was mainly due to higher prices for passenger cars and light trucks (+3.4%), motor vehicle engines and motor vehicle parts (+3.2%) and aircraft (+5.8%).

Prices for petrochemicals (+30.8%) and, to a lesser extent, plastic resins (+5.8%), ammonia and chemical fertilizers (+7.9%) and chemical products, not elsewhere classified (+6.0%) were largely responsible for the gain in the chemicals and chemical products group.



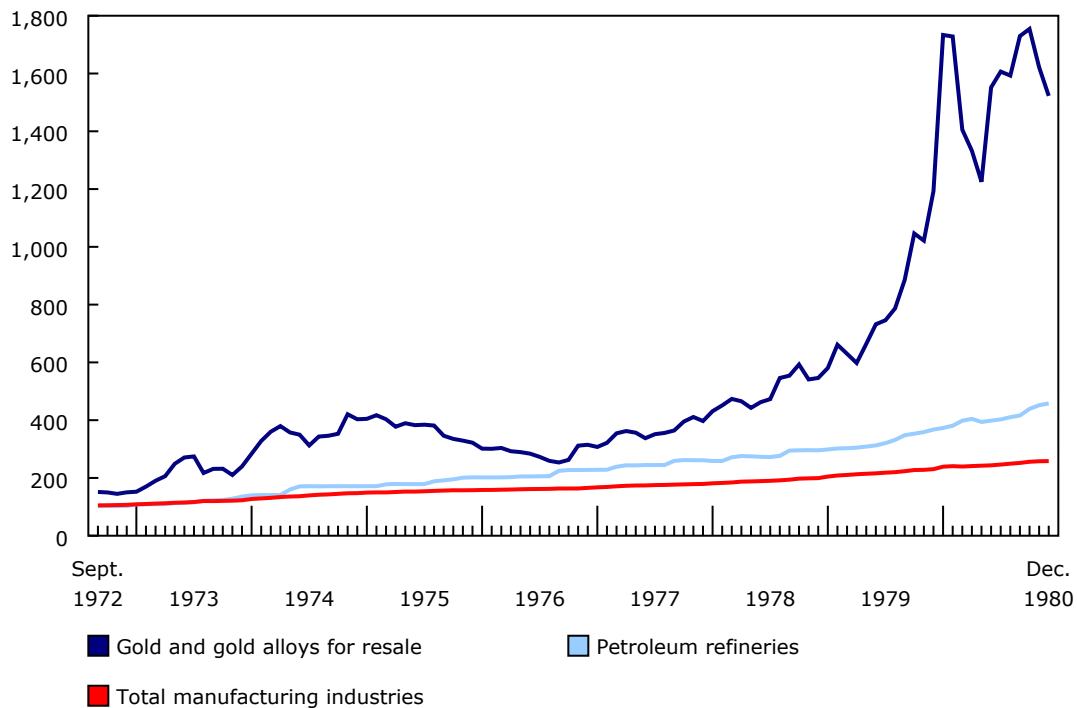
In celebration of the country's 150th birthday, we take a look at the rich history of industrial product and raw materials prices in Canada.

After the Second World War, the need to create a set of national accounts to track the economy led to the creation of the Industry Selling Price Indexes (ISPI) (which were replaced by the Industrial Product Price Index in 1981). The ISPI provided a measure of price change for the outputs of Canadian manufacturing industries.

After the introduction of the ISPI in 1956, prices received by Canadian manufacturers remained relatively stable for more than a decade. However, the growth rate of prices increased in 1972, led by gold and gold alloys for resale. From January 1972 to October 1980, while prices received by Canadian manufacturers increased 150%, the price of gold increased 1,486% to reach a record high. After the United States broke the link between the US dollar and gold in 1971, investors drove up the price of gold to a historic high of \$850/ounce in 1980 during a period of high inflation, high oil prices and geopolitical instability.

Chart 2 Industry selling price indexes

(1971=100)



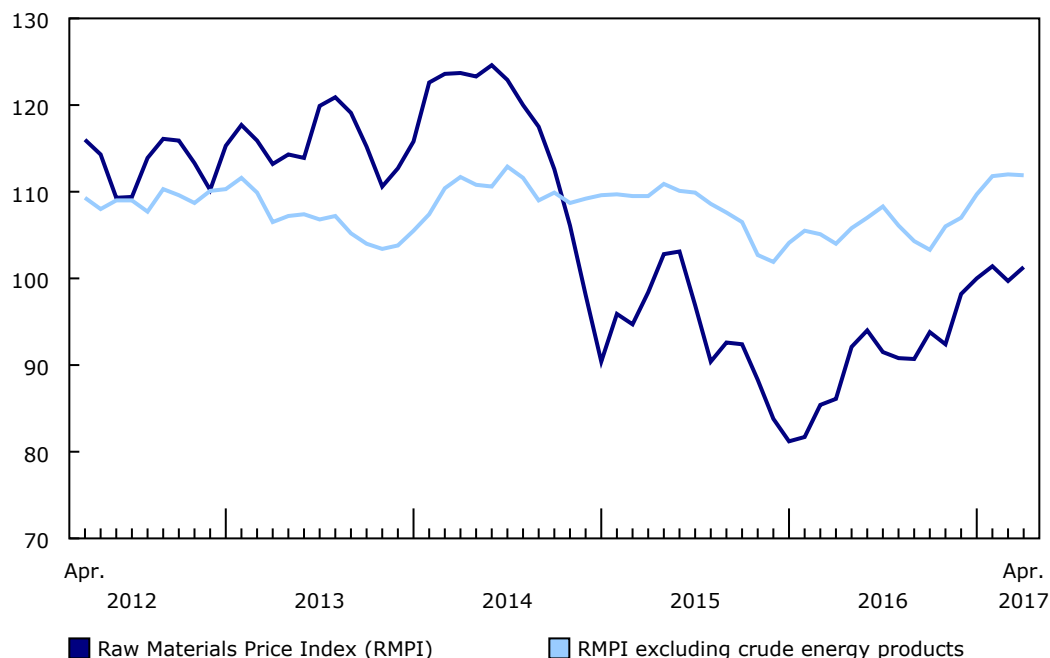
Source(s): CANSIM tables [329-0036](#) and [329-0037](#).

Raw Materials Price Index, monthly change

The RMPI rose 1.6% in April following a 1.7% decline the previous month. Of the six major commodity groups, three were up and three were down.

Chart 3
Prices for raw materials increase

index (2010=100)



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

The increase in the RMPI was primarily due to higher prices for crude energy products (+3.9%), particularly conventional crude oil (+4.2%). The RMPI excluding crude energy products edged down 0.1%.

To a lesser extent, prices for metal ores, concentrates and scrap (+1.3%), up for a fourth consecutive month, also contributed to the increase in the RMPI in April.

The growth in the RMPI was primarily moderated by lower prices for animals and animal products (-1.5%), specifically hogs (-11.3%).

Prices for the logs, pulpwood, natural rubber and other forestry products group (-2.0%), particularly natural rubber (-10.4%), also decreased compared with March.

Raw Materials Price Index, 12-month change

The RMPI rose 17.7% in the 12-month period ending in April, following a 16.7% increase in March.

Compared with April 2016, the increase in the RMPI was largely due to higher prices for crude energy products (+34.2%), mainly conventional crude oil (+36.0%). The RMPI excluding crude energy products rose 7.6%.

Prices for metal ores, concentrates and scrap (+17.8%) were also up compared with April 2016, following a 15.0% increase in March. This was the largest year-over-year increase for this group since July 2011.

To a lesser extent, animals and animal products (+3.0%) also contributed to the gain in the RMPI, mainly due to higher prices for fish, crustaceans, shellfish and other fishery products (+19.3%), cattle and calves (+3.5%) and unprocessed fluid milk (+2.8%).

Note to readers

Starting with the collection of February 2017 data, the Industrial Product Price Index (IPPI) and Raw Materials Price Index (RMPI) program changed its data collection mode from a paper questionnaire to an electronic questionnaire. The redesigned questionnaire collects additional information on product classification or NAPCS (North American Product Classification System), geography, product characteristics, selling or purchase price, reasons for price change as well as revenue and expenditure data.

The IPPI and 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 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 available in CANSIM 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.

Infographic: Producer Price Indexes at a Glance

The infographic "[Producer Price Indexes at a Glance](#)," which is part of Statistics Canada — Infographics ([11-627-M](#)), demonstrates how producer price indexes for goods and services are calculated and why they are important for the Canadian economy.

Real-time CANSIM tables

Real-time CANSIM table 329-8074 will be updated on June 5. For more information, consult the document [Real-time CANSIM tables](#).

Next release

The industrial product and raw materials price indexes for May will be released on June 30.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	April 2016	March 2017 ^r	April 2017 ^p	March to April 2017	April 2016 to April 2017
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	107.9	114.0	114.7	0.6	6.3
IPPI excluding energy and petroleum products	86.40	110.5	115.1	115.4	0.3	4.4
Aggregation by commodities						
Meat, fish, and dairy products	7.21	123.4	124.7	125.0	0.2	1.3
Fruit, vegetables, feed and other food products	7.53	112.7	113.9	114.0	0.1	1.2
Beverages (except juices)	1.92	107.3	108.3	108.3	0.0	0.9
Tobacco products	0.25	138.4	147.4	147.4	0.0	6.5
Textile and leather products	0.57	110.8	110.4	110.2	-0.2	-0.5
Clothing, footwear and accessories	0.51	105.3	106.7	106.6	-0.1	1.2
Chemicals and chemical products	8.46	104.4	112.5	112.2	-0.3	7.5
Plastic and rubber products	2.79	111.0	113.7	114.2	0.4	2.9
Lumber and other wood products	2.27	109.8	114.0	114.7	0.6	4.5
Pulp and paper products	4.09	104.4	109.6	110.6	0.9	5.9
Energy and petroleum products	13.60	91.3	107.2	110.3	2.9	20.8
Primary ferrous metal products	3.32	94.1	103.6	104.1	0.5	10.6
Primary non-ferrous metal products	8.03	102.2	116.6	118.5	1.6	15.9
Fabricated metal products and construction materials	3.17	107.4	112.7	112.8	0.1	5.0
Motorized and recreational vehicles	17.23	116.7	120.3	120.6	0.2	3.3
Machinery and equipment	5.73	109.4	110.8	110.9	0.1	1.4
Electrical, electronic, audiovisual and telecommunication products	4.69	109.5	111.7	111.8	0.1	2.1
Furniture and fixtures	1.49	106.6	106.5	106.5	0.0	-0.1
Cement, glass, and other non-metallic mineral products	2.34	108.7	111.0	111.0	0.0	2.1
Packaging materials and containers	2.38	116.2	117.9	118.4	0.4	1.9
Miscellaneous products	2.41	111.9	114.8	115.5	0.6	3.2

^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	April 2016	March 2017 ^r	April 2017 ^p	March to April 2017	April 2016 to April 2017
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	86.1	99.7	101.3	1.6	17.7
RMPI excluding crude energy products	51.83	104.0	112.0	111.9	-0.1	7.6
Crude energy products	48.17	66.9	86.4	89.8	3.9	34.2
Crop products	8.68	122.4	121.4	121.1	-0.2	-1.1
Animals and animal products	15.51	120.9	126.4	124.5	-1.5	3.0
Non-metallic minerals	1.85	109.7	107.2	107.3	0.1	-2.2
Logs, pulpwood, natural rubber and other forestry products	2.84	110.5	122.0	119.5	-2.0	8.1
Metal ores, concentrates and scrap	22.96	84.3	98.0	99.3	1.3	17.8

^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](#).

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; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).