

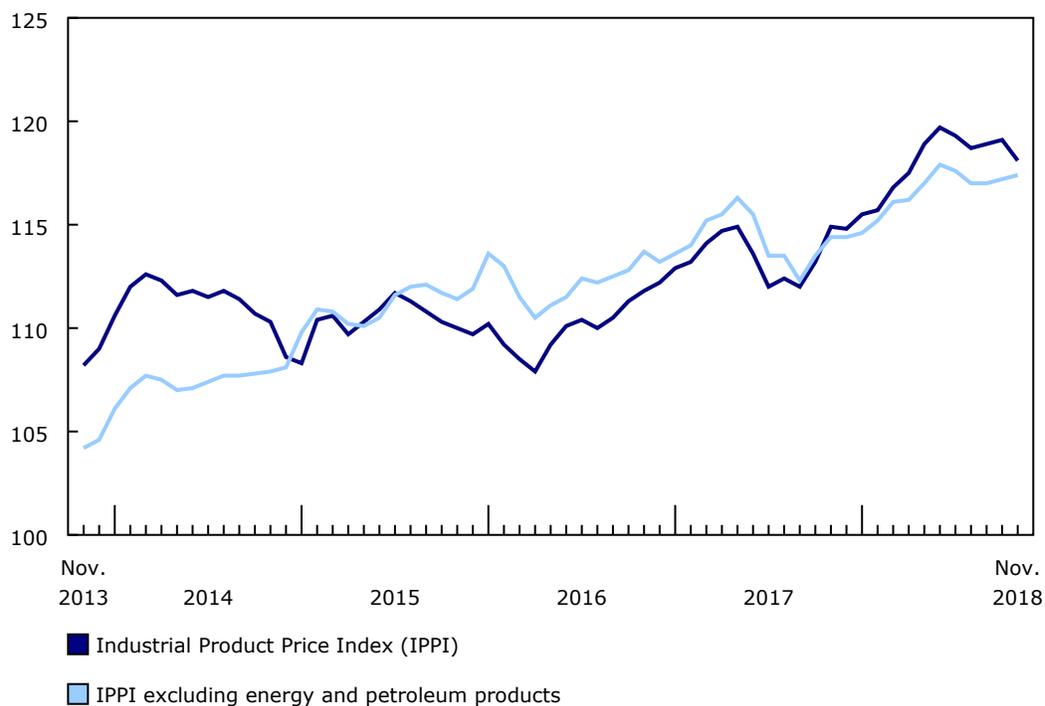
Industrial product and raw materials price indexes, November 2018

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, January 4, 2019

Prices for products sold by Canadian manufacturers, as measured by the Industrial Product Price Index (IPPI), decreased 0.8% in November, mainly due to lower prices for energy and petroleum products. Prices for raw materials purchased by Canadian manufacturers, as measured by the Raw Materials Price Index (RMPI), fell 11.7%, largely reflecting lower prices for crude energy products.

Chart 1
Prices for industrial goods decrease

index (2010=100)



Source(s): Table 18-10-0029-01.

Industrial Product Price Index, monthly change

The IPPI was down 0.8% in November, following a 0.2% increase in October. Of the 21 major commodity groups, 3 were down, 17 were up and 1 was unchanged.

Although prices for most of the major commodity groups rose compared with October, the IPPI fell in November. The decline in the index was mainly due to lower prices for energy and petroleum products (-6.6%) and, to a lesser degree, chemicals and chemical products (-1.6%).

The decline in energy and petroleum products was mainly attributable to lower prices for motor gasoline (-10.7%), which posted its largest decrease since January 2015 (-12.0%). Light fuel oils (-6.4%) and diesel fuel (-4.8%) also pulled this commodity group down. The IPPI excluding energy and petroleum products rose 0.2%.



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Following three consecutive monthly increases, chemicals and chemical products were down in November, mainly driven by lower prices for petrochemicals (-8.8%).

Of the 17 commodity groups that were up in November, higher prices for motorized and recreational vehicles (+0.6%) had the greatest moderating effect on the decrease in the IPPI. This increase was mostly attributable to higher prices for motor vehicle engines and motor vehicle parts (+0.8%), aircraft (+1.6%) and aircraft engines, aircraft parts and other aerospace equipment (+1.4%). Higher prices for motorized and recreational vehicles were closely linked to the depreciation of the Canadian dollar relative to the US dollar.

Primary non-ferrous metal products (+0.6%) also moderated the downturn in the IPPI, mainly due to the increase in unwrought precious metals and precious metal alloys (+1.5%). Conversely, unwrought aluminum and aluminum alloys (-2.0%) continued to decline in November.

Pulp and paper products (+1.0%) also rose compared with October, mostly due to higher prices for wood pulp (+1.5%).

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 October to November, the Canadian dollar depreciated 1.5% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have decreased 1.2% instead of 0.8%.

Industrial Product Price Index, 12-month change

The IPPI rose 2.8% in November compared with the same month a year earlier, after increasing 5.2% in October.

Energy and petroleum products (+3.6%) contributed the most to the year-over-year growth in the IPPI in November. Diesel fuel (+9.5%), asphalt (except natural) and asphalt products (+19.9%) and light fuel oils (+5.3%) were largely responsible for the gain in this commodity group. This growth was moderated by lower prices for motor gasoline (-5.7%). The IPPI excluding energy and petroleum products rose 2.6% compared with November 2017.

Prices for pulp and paper products (+11.3%), particularly wood pulp (+16.5%) and newsprint (+17.1%), also contributed significantly to the rise in the IPPI compared with November 2017.

Year over year, primary ferrous metal products rose 14.0%, mainly driven upward by prices for iron and steel basic shapes (+19.1%) and wire and other rolled and drawn steel products (+17.4%).

Motorized and recreational vehicles were up 2.1% compared with November 2017. The growth in this commodity group was primarily driven by higher prices for motor vehicle engines and motor vehicle parts (+2.9%), aircraft (+5.2%) and passenger cars and light trucks (+0.7%).

The year-over-year increase in the IPPI was moderated by primary non-ferrous metal products (-5.6%). Lower prices for unwrought precious metals and precious metal alloys (-5.7%), unwrought aluminum and aluminum alloys (-14.1%), and other unwrought non-ferrous metals and non-ferrous metal alloys (-10.9%) were mainly responsible for the decline in this commodity group.

Raw Materials Price Index, monthly change

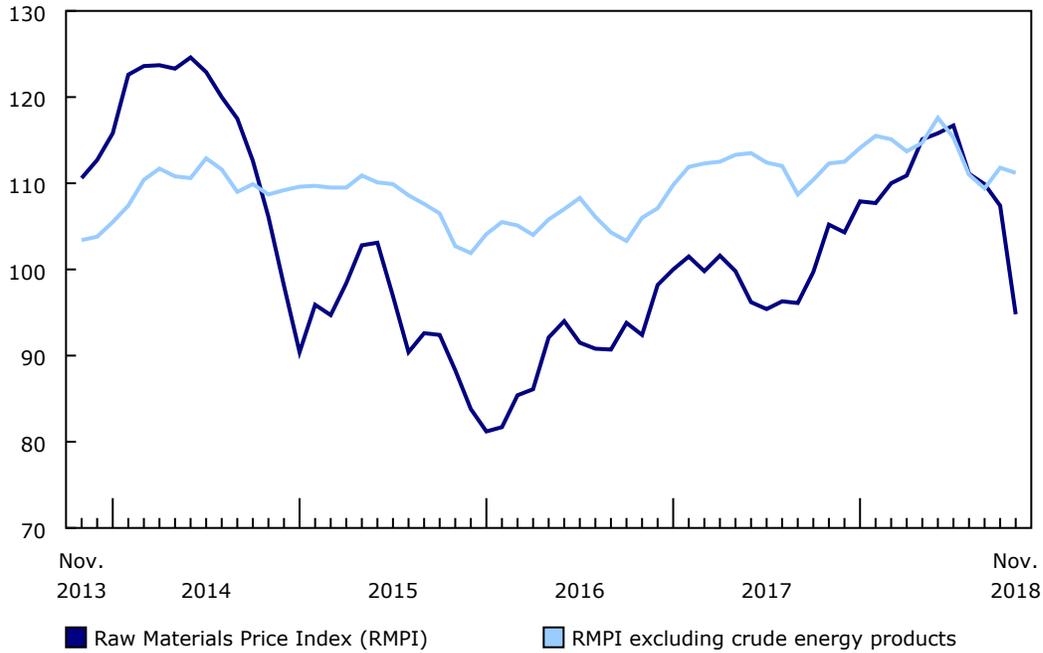
The RMPI was down 11.7% in November, after falling 2.3% in October. Of the six major commodity groups, four were down and two were up.

Crude energy products (-24.9%) were largely responsible for the decline in the RMPI, specifically conventional crude oil (-25.7%). This was the fourth consecutive month that the commodity group was down, and the most significant decrease for this group since December 2008 (-31.0%). Lower prices for crude energy products reflected a global surplus in the supply of crude oil. The RMPI excluding crude energy products declined 0.5%.

To a lesser extent, lower prices for animals and animal products (-1.4%) also contributed to the decline in the RMPI. The decrease in this commodity group was mainly attributable to the price of hogs, which fell 7.5% after rising 22.1% in October.

Chart 2
Prices for raw materials decrease

index (2010=100)



Source(s): Table 18-10-0034-01.

Raw Materials Price Index, 12-month change

The RMPI fell 9.9% during the 12-month period ending in November, following a 7.7% increase in October. This was the first year-over-year decline in the RMPI since September 2016.

The decrease in the RMPI compared with November 2017 was largely attributable to lower prices for crude energy products (-20.9%). Conventional crude oil (-21.8%) was mainly responsible for this decline. The RMPI excluding crude energy products fell 1.0%.

Prices for metal ores, concentrates and scrap (-2.6%) were also down compared with November 2017.

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 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 established by the Bank of Canada and available in table 33-10-0163-01 (series v111666275). 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.

A Historical Timeline of Canadian Producer Price Statistics

The publication "[A Historical Timeline of Canadian Producer Price Statistics](#)," which is part of the Prices Analytical Series ([62F0014M](#)), was created to showcase the key milestones in the history of Canadian producer price statistics. This historical timeline contains answers to questions such as: Who collected Canada's first statistics? What do Canadian producer price indexes measure?

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 table

Real-time table 18-10-0248-01 will be updated on January 14, 2019.

Next release

The industrial product and raw materials price indexes for December 2018 will be released on January 31, 2019.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	November 2017	October 2018 ^r	November 2018 ^p	October to November 2018	November 2017 to November 2018
	%	(2010=100)		% change		
Industrial Product Price Index (IPPI)	100.00	114.9	119.1	118.1	-0.8	2.8
IPPI excluding energy and petroleum products	86.40	114.4	117.2	117.4	0.2	2.6
Aggregation by commodities						
Meat, fish, and dairy products	7.21	123.8	124.2	124.6	0.3	0.6
Fruit, vegetables, feed and other food products	7.53	114.4	116.0	115.8	-0.2	1.2
Beverages (except juices)	1.92	108.5	109.6	109.7	0.1	1.1
Tobacco products	0.25	158.1	173.6	173.7	0.1	9.9
Textile and leather products	0.57	110.1	111.5	112.2	0.6	1.9
Clothing, footwear and accessories	0.51	106.8	108.7	108.8	0.1	1.9
Chemicals and chemical products	8.46	109.8	114.4	112.6	-1.6	2.6
Plastic and rubber products	2.79	111.7	115.0	115.1	0.1	3.0
Lumber and other wood products	2.27	117.5	125.5	126.1	0.5	7.3
Pulp and paper products	4.09	115.8	127.6	128.9	1.0	11.3
Energy and petroleum products	13.60	118.2	131.2	122.5	-6.6	3.6
Primary ferrous metal products	3.32	102.2	116.4	116.5	0.1	14.0
Primary non-ferrous metal products	8.03	118.3	111.0	111.7	0.6	-5.6
Fabricated metal products and construction materials	3.17	114.9	124.9	125.2	0.2	9.0
Motorized and recreational vehicles	17.23	115.7	117.4	118.1	0.6	2.1
Machinery and equipment	5.73	110.2	113.6	113.8	0.2	3.3
Electrical, electronic, audiovisual and telecommunication products	4.69	109.7	110.7	111.4	0.6	1.5
Furniture and fixtures	1.49	110.4	112.1	112.3	0.2	1.7
Cement, glass, and other non-metallic mineral products	2.34	112.6	115.6	115.6	0.0	2.7
Packaging materials and containers	2.38	122.0	127.5	127.9	0.3	4.8
Miscellaneous products	2.41	113.0	114.9	115.1	0.2	1.9

^r revised

^p preliminary

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

Source(s): Table 18-10-0029-01.

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	November 2017	October 2018 ^r	November 2018 ^p	October to November 2018	November 2017 to November 2018
	%	(2010=100)		% change		
Raw Materials Price Index (RMPI)	100.00	105.2	107.4	94.8	-11.7	-9.9
RMPI excluding crude energy products	51.83	112.3	111.8	111.2	-0.5	-1.0
Crude energy products	48.17	97.5	102.7	77.1	-24.9	-20.9
Crop products	8.68	122.5	122.8	123.1	0.2	0.5
Animals and animal products	15.51	121.1	120.8	119.1	-1.4	-1.7
Non-metallic minerals	1.85	110.8	114.7	114.9	0.2	3.7
Logs, pulpwood, natural rubber and other forestry products	2.84	120.9	129.3	128.4	-0.7	6.2
Metal ores, concentrates and scrap	22.96	101.6	99.1	99.0	-0.1	-2.6

^r revised

^p preliminary

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

Source(s): Table 18-10-0034-01.

Available tables: [18-10-0029-01](#) to [18-10-0032-01](#) and [18-10-0034-01](#).

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).