

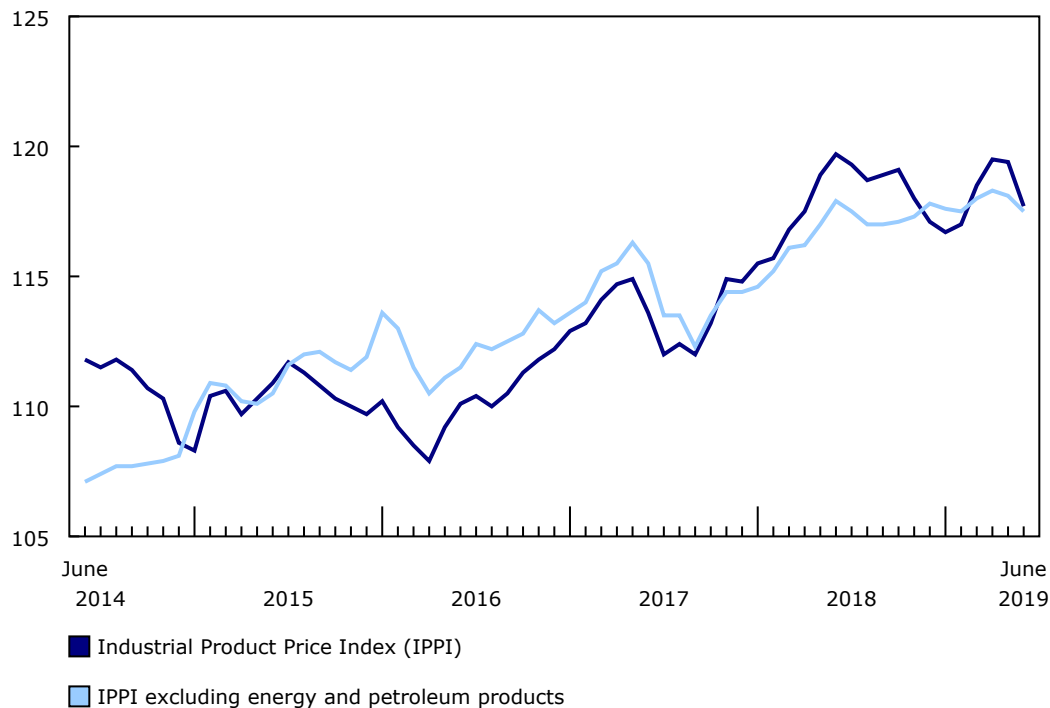
Industrial product and raw materials price indexes, June 2019

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, July 31, 2019

Prices for products manufactured in Canada were down 1.4% in June, driven primarily by lower prices for energy and petroleum products. Prices for raw materials purchased by manufacturers operating in Canada decreased 5.9%, mainly due to lower prices for crude energy products.

Chart 1
Prices for industrial products decrease

index (2010=100)



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

Industrial Product Price Index

The Industrial Product Price Index (IPPI) declined 1.4% in June, the largest decrease since July 2017. The Canadian dollar appreciated 1.3% relative to the US dollar from May to June. If the exchange rate had remained constant, the IPPI would have decreased 1.1%.

Of the 21 major commodity groups, 16 were down and 5 were up.

Energy and petroleum products (-6.9%) were the main source of the decline in the IPPI. The decrease for this group was principally driven by lower prices for motor gasoline (-8.8%), diesel fuel (-9.3%) and light fuel oils (except kerosene and diesel) (-7.4%). The IPPI excluding energy and petroleum products was down 0.5%.

Motorized and recreational vehicles (-0.6%) were also down in June. Lower prices for this group were closely linked to the appreciation of the Canadian dollar relative to the US dollar.



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Price decreases for primary non-ferrous metal products (-1.2%) were widespread in June, with 23 of the 27 most detailed product subclasses showing downward price movements. Unwrought copper and copper alloys (-3.9%), unwrought zinc and zinc alloys (-6.8%) and unwrought aluminum and aluminum alloys (-5.1%) were the largest contributors to the overall decline.

Year over year, the IPPI declined 1.7%, largely reflecting lower prices for energy and petroleum products (-8.9%) and primary non-ferrous metal products (-9.9%). Meat, fish, and dairy products (+5.1%) and motorized and recreational vehicles (+1.8%) moderated the decline.

Raw Materials Price Index

On a monthly basis, the Raw Materials Price Index (RMPI) was down 5.9% in June, a second consecutive month of decline. Of the six major commodity groups, five were down and one was up.

The decline in the RMPI was mainly due to lower prices for crude energy products (-11.6%), particularly conventional crude oil (-11.9%). Market uncertainty regarding future global demand for fuel contributed to the price decline for crude oil. The RMPI excluding crude energy products declined 1.0%.

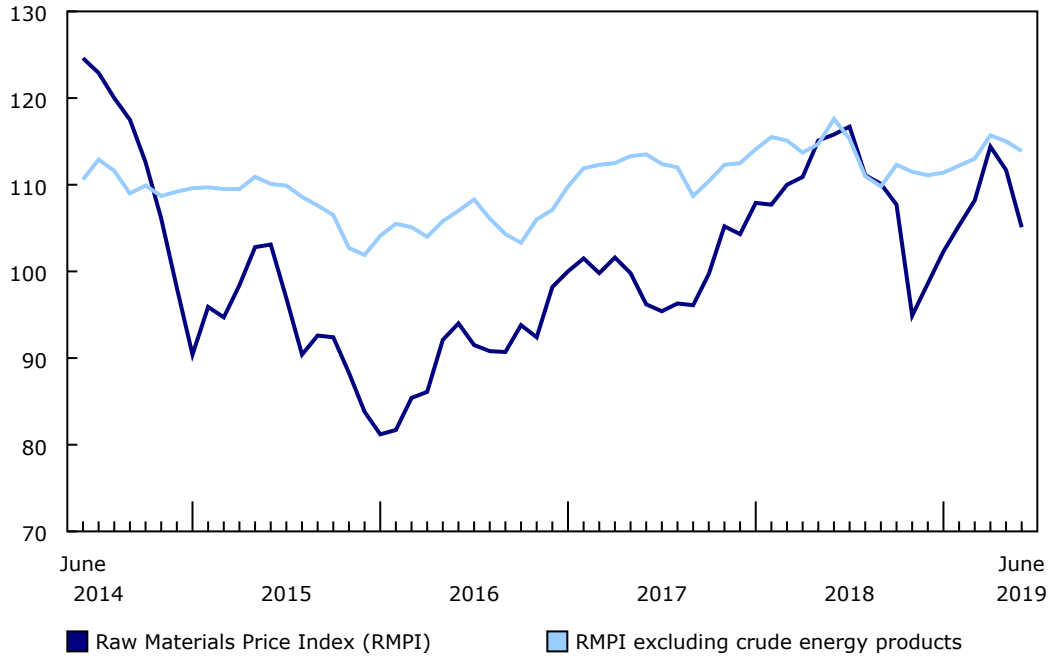
Lower prices for animals and animal products (-1.8%) also contributed to the decline. Following three monthly increases, prices for hogs fell 5.6% in June. Trade restrictions limiting North America's access to China's market for pork products contributed to the decline. From February to May 2019, prices for hogs had risen 52.9%, reflecting a decrease in global supply caused by the presence of African swine fever in China. Prices for cattle and calves (-1.3%) also declined in June.

Prices for metal ores, concentrates and scrap (-1.2%) were also down in June. Copper ores and concentrates (-3.6%) were the primary contributor to this decline.

Compared with June 2018, the RMPI fell 9.2%, primarily due to lower prices for crude energy products (-16.1%) and metal ores, concentrates and scrap (-10.2%).

Chart 2
Prices for raw materials decrease

index (2010=100)



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

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.

Products

A video entitled "[Producer Price Indexes](#)" is available on the Statistics Canada Training Institute webpage. It provides an introduction to Statistics Canada's Producer Price Indexes—what they are, how they are made and what they are used for.

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 August 12.

Next release

The industrial product and raw materials price indexes for July will be released on August 30.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	June 2018	May 2019 ^r	June 2019 ^p	May to June 2019	June 2018 to June 2019
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	119.7	119.4	117.7	-1.4	-1.7
IPPI excluding energy and petroleum products	86.40	117.9	118.1	117.5	-0.5	-0.3
Aggregation by commodities						
Meat, fish, and dairy products	7.21	124.9	131.8	131.3	-0.4	5.1
Fruit, vegetables, feed and other food products	7.53	116.3	115.2	115.4	0.2	-0.8
Beverages (except juices)	1.92	109.1	109.9	110.0	0.1	0.8
Tobacco products	0.25	172.4	179.8	179.7	-0.1	4.2
Textile and leather products	0.57	111.1	113.7	113.2	-0.4	1.9
Clothing, footwear and accessories	0.51	108.1	109.6	109.5	-0.1	1.3
Chemicals and chemical products	8.46	111.5	110.5	109.8	-0.6	-1.5
Plastic and rubber products	2.79	114.7	117.4	117.6	0.2	2.5
Lumber and other wood products	2.27	130.3	122.4	122.7	0.2	-5.8
Pulp and paper products	4.09	129.4	126.5	125.0	-1.2	-3.4
Energy and petroleum products	13.60	130.6	127.8	119.0	-6.9	-8.9
Primary ferrous metal products	3.32	115.6	115.7	113.9	-1.6	-1.5
Primary non-ferrous metal products	8.03	123.4	112.6	111.2	-1.2	-9.9
Fabricated metal products and construction materials	3.17	121.7	124.2	124.0	-0.2	1.9
Motorized and recreational vehicles	17.23	116.9	119.7	119.0	-0.6	1.8
Machinery and equipment	5.73	112.7	114.5	114.2	-0.3	1.3
Electrical, electronic, audiovisual and telecommunication products	4.69	111.4	112.6	112.0	-0.5	0.5
Furniture and fixtures	1.49	111.1	115.0	115.4	0.3	3.9
Cement, glass, and other non-metallic mineral products	2.34	114.4	116.5	116.3	-0.2	1.7
Packaging materials and containers	2.38	125.3	125.0	124.8	-0.2	-0.4
Miscellaneous products	2.41	115.9	116.8	116.4	-0.3	0.4

^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	June 2018	May 2019 ^r	June 2019 ^p	May to June 2019	June 2018 to June 2019
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	115.8	111.7	105.1	-5.9	-9.2
RMPI excluding crude energy products	51.83	117.6	115.0	113.9	-1.0	-3.1
Crude energy products	48.17	113.9	108.2	95.6	-11.6	-16.1
Crop products	8.68	123.7	124.8	127.0	1.8	2.7
Animals and animal products	15.51	126.3	131.3	128.9	-1.8	2.1
Non-metallic minerals	1.85	114.6	113.9	112.8	-1.0	-1.6
Logs, pulpwood, natural rubber and other forestry products	2.84	129.0	130.7	128.9	-1.4	-0.1
Metal ores, concentrates and scrap	22.96	108.3	98.4	97.2	-1.2	-10.2

^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).