

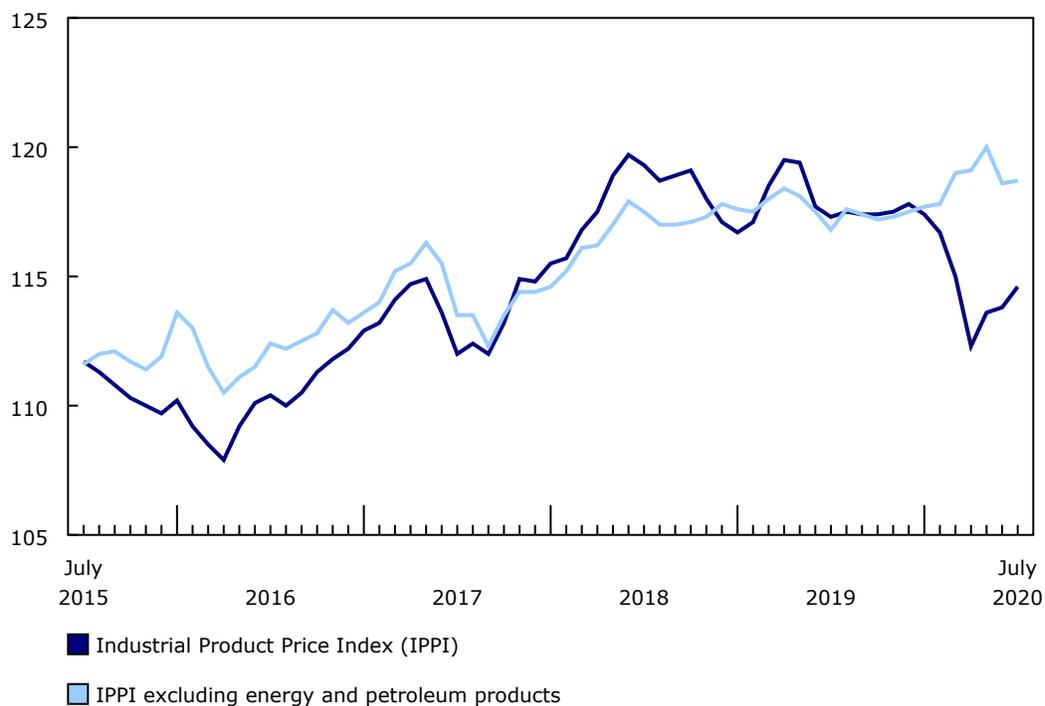
# Industrial product and raw materials price indexes, July 2020

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, August 31, 2020

Prices for products manufactured in Canada, as measured by the Industrial Product Price Index (IPPI), rose 0.7% in July, driven primarily by higher prices for energy and petroleum products and primary non-ferrous metals. Prices for raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index (RMPI), increased 3.0%, mainly as a result of higher prices for crude energy products.

**Chart 1**  
**Prices for industrial products increase**

index (2010=100)



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

## Industrial Product Price Index

The IPPI increased 0.7% in July. Excluding energy and petroleum products, the IPPI edged up 0.1%. Out of 21 major product groups, 8 were up, 12 were down, and 1 was unchanged.

Prices for energy and petroleum products increased 6.8%, mostly due to higher prices for refined petroleum products, including motor gasoline (+5.8%), light fuel oils (+13.7%), diesel fuel (+8.2%) and jet fuel (+11.2%). Continued limitation of supply by oil producers, combined with recovering demand, led to these price increases. According to the Short-Term Energy Outlook published on August 11 by the U.S. Energy Information Administration, global consumption of petroleum was 93.4 million barrels per day (mbpd) in July, up from a low of 80.5 mbpd in April.



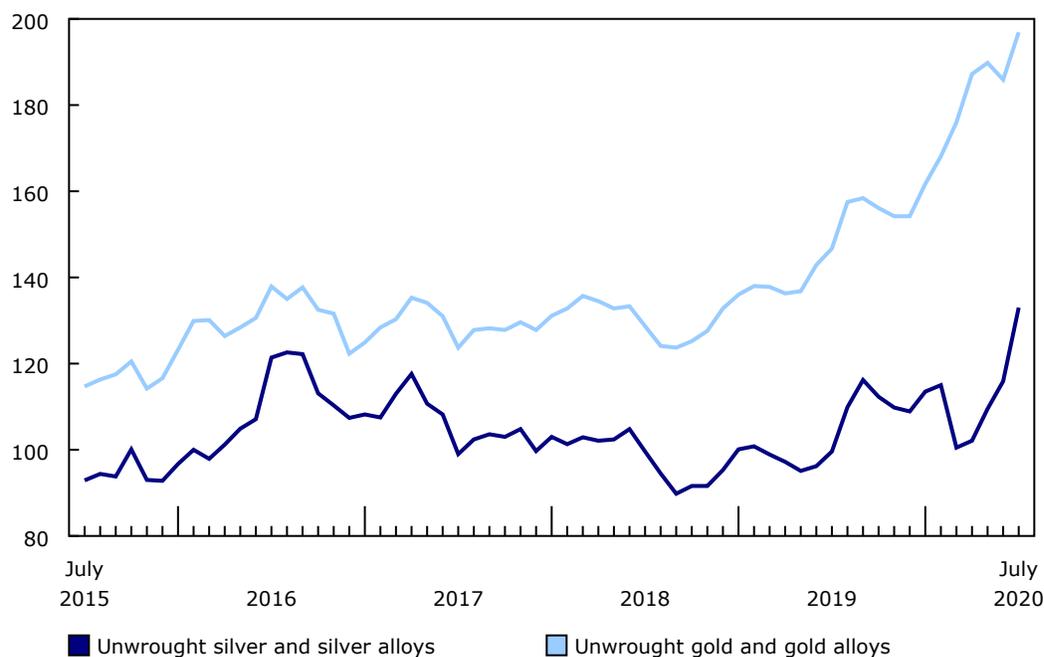
The primary non-ferrous metals commodity group increased 5.1%, driven mostly by higher prices for unwrought silver and silver alloys (+14.8%), unwrought gold and gold alloys (+5.9%) and unwrought copper and copper alloys (+10.3%).

Amid the ongoing uncertainty of the pandemic, investors have continued to purchase silver and gold as safe havens. Increases in the prices of these precious metals also coincided with the depreciation of the US dollar in July.

Prices for copper also increased, for the fourth consecutive month. This was caused by several factors. Strong demand in July came from Chinese imports of unwrought copper and copper products, which increased 16.1% from June to July according to Chinese customs data. Supply has also been affected, as Chile and Peru, the world's top two copper producing countries, struggle with a surge of COVID-19 cases. Escondida, the world's largest copper mine, had 209 cases and had been operating at 60% to 70% of its workforce as of June 22, according to its operator BHP. El Teniente, Chile's largest state-operated mine, had 1,044 COVID-19 cases as of July 5, and was operating on a 14-day-on/14-day-off shift schedule to help mitigate risk.

## Chart 2 Silver and gold prices increase

index (2010=100)



Source(s): Table 18-10-0030-01.

Prices for meat, fish, and dairy products decreased by 4.2%, mostly due to lower prices for fresh and frozen pork (-10.3%) and fresh and frozen beef and veal (-10.6%). It should be noted that both increased on a year-over-year basis in July, pork by 1.7% and beef by 5.7%.

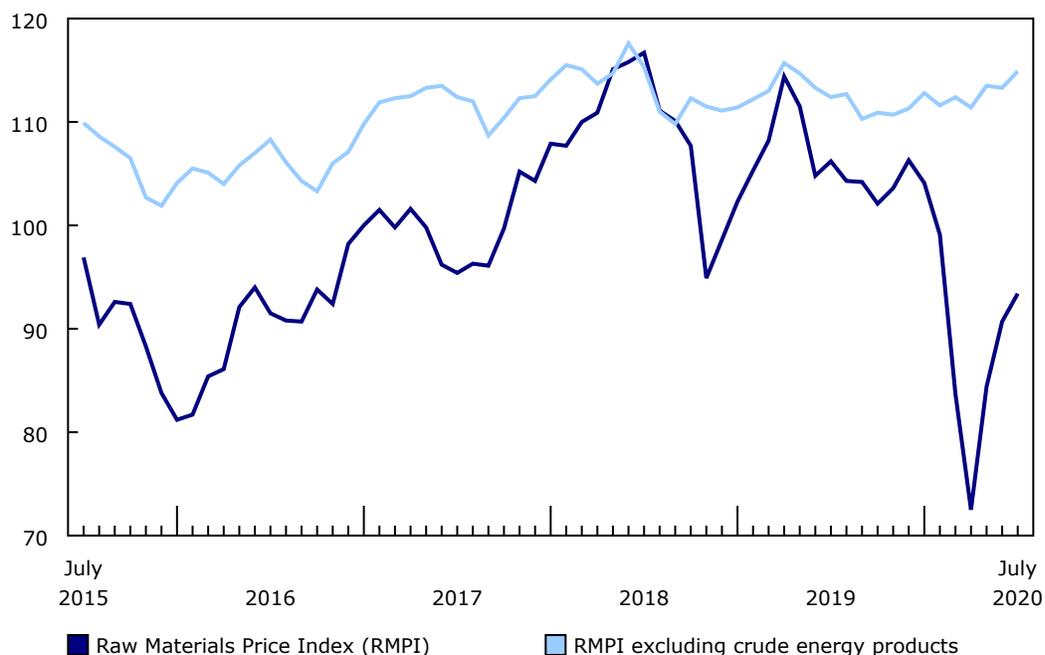
Prices for lumber and wood products increased 1.8%, mostly due to a 21.3% gain in the price of softwood lumber. This is the largest monthly increase in softwood lumber since the series began in 1956. This surge was caused by substantial demand from residential construction and home improvement spending. According to the Canadian

Mortgage and Housing Corporation, the seasonally adjusted annual rate (SAAR) of housing starts in Canada increased 15.8% in July compared with June. In the United States, the SAAR of housing starts increased 22.6% in July. The United States is a key importer of Canadian softwood lumber.

Year over year, the IPPI was down 2.3% in July, mostly due to a 26.0% decrease in prices for energy and petroleum products. Excluding energy, the IPPI was up 1.6%, mostly due to an 11.3% increase in prices for primary non-ferrous metal products.

**Chart 3**  
**Prices for raw materials increase**

index (2010=100)



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

**Raw Materials Price Index**

The RMPI increased 3.0% in July. Excluding crude energy products, the RMPI was up 1.4%. Out of the six product groups, four were up and two were down.

Upward movement in the RMPI came primarily from gains in prices for conventional crude oil (+6.4%) and metal ores, concentrates, and scrap (+5.2%). The latter group included increases in copper ores and concentrates (+10.8%), gold ores, concentrates, and mill bullion (+4.3%) and silver ores, concentrates, and mill bullion (+6.4%).

Prices for live animals fell 4.0%, mostly due to decreases in prices for hogs (-9.1%) and cattle and calves (-2.5%).

Year over year, the RMPI was down 12.1%, mostly due to a 29.2% decrease in crude energy products. Excluding energy, the RMPI was up by 2.2% year over year, mostly due to a 9.6% increase in prices for metal ores, concentrates, and scrap.

### **An analysis of recent issues faced by the Canadian pork industry**

A new paper, "[An analysis of recent issues faced by the Canadian pork industry](#)," is now available. This paper follows work published in 2014 by Statistics Canada, which examined the trends in Canadian hog and pork prices from 2012 to 2014, and provides a discussion of the issues affecting the Canadian pork industry from 2018 to present.

## Note to readers

The Industrial Product Price Index (IPPI) and the 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 goods leave the plant gate. The IPPI does not reflect what the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all costs that occur between the time a good leaves the plant and the time the final user takes possession of the good. This includes transportation, wholesale, and retail costs.

Canadian producers export many goods. They often indicate their prices in foreign currencies, especially in US dollars, and these prices are then converted into Canadian dollars. In particular, this is the case for motor vehicles, pulp and paper products, and wood products. Therefore, fluctuations in the value of the Canadian dollar against its US counterpart affect the IPPI. However, the conversion to Canadian dollars reflects only how respondents provide their prices. This is not a measure that takes into account the full effect of exchange rates.

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.

### Upcoming changes: Basket update and methodology changes

Changes will be coming to the IPPI and RMPI in the fall of 2020. The indexes will be converted from 2010 = 100 to January 2020 = 100 and also updated to use a weighting pattern based on the 2016 production values of Canadian manufacturers.

At the same time, the IPPI and RMPI will be modernized with the adoption of a weighted geometric (Jevons) formula and incorporation of parental imputation as the default imputation methodology for missing price quotes.

Commencing with the release of the new basket in the fall, the IPPI and RMPI will be released using the North American Product Classification System (NAPCS) Canada 2017 version 2.0 and the North American Industry Classification System (NAICS) Canada 2017 version 3.0. Product indexes will be published at the class (five-digit) level. The current vectors will be terminated, and new tables based on the updated classification systems will appear in the Statistics Canada tables.

### Products

Statistics Canada has launched the [Producer price indexes portal](#) as part of a suite of portals for prices and price indexes. This webpage provides Canadians with a single point of access to a variety of statistics and measures related to producer prices.

The video "[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.

### Real-time table

Real-time table 18-10-0248-01 will be updated on September 14.

### Next release

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

**Table 1**  
**Industrial Product Price Index – Not seasonally adjusted**

	Relative importance <sup>1</sup>	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>p</sup>	June to July 2020	July 2019 to July 2020
	%	(2010=100)			% change	
<b>Industrial Product Price Index (IPPI)</b>	<b>100.00</b>	<b>117.3</b>	<b>113.8</b>	<b>114.6</b>	<b>0.7</b>	<b>-2.3</b>
<b>IPPI excluding energy and petroleum products</b>	<b>86.40</b>	<b>116.8</b>	<b>118.6</b>	<b>118.7</b>	<b>0.1</b>	<b>1.6</b>
<b>Aggregation by commodities</b>						
Meat, fish, and dairy products	7.21	128.5	137.6	131.8	-4.2	2.6
Fruit, vegetables, feed and other food products	7.53	115.4	116.7	116.8	0.1	1.2
Beverages (except juices)	1.92	110.2	110.3	110.4	0.1	0.2
Tobacco products	0.25	179.6	189.3	189.2	-0.1	5.3
Textile and leather products	0.57	111.4	113.6	113.2	-0.4	1.6
Clothing, footwear and accessories	0.51	109.4	110.3	110.3	0.0	0.8
Chemicals and chemical products	8.46	107.2	104.9	104.6	-0.3	-2.4
Plastic and rubber products	2.79	116.7	115.6	115.5	-0.1	-1.0
Lumber and other wood products	2.27	123.9	125.0	127.3	1.8	2.7
Pulp and paper products	4.09	123.0	120.9	120.0	-0.7	-2.4
Energy and petroleum products	13.60	120.4	83.4	89.1	6.8	-26.0
Primary ferrous metal products	3.32	112.3	112.1	111.8	-0.3	-0.4
Primary non-ferrous metal products	8.03	111.9	118.5	124.6	5.1	11.3
Fabricated metal products and construction materials	3.17	124.5	123.7	123.5	-0.2	-0.8
Motorized and recreational vehicles	17.23	118.4	120.2	120.0	-0.2	1.4
Machinery and equipment	5.73	113.6	115.2	115.1	-0.1	1.3
Electrical, electronic, audiovisual and telecommunication products	4.69	111.0	112.4	112.2	-0.2	1.1
Furniture and fixtures	1.49	115.4	115.9	116.8	0.8	1.2
Cement, glass, and other non-metallic mineral products	2.34	116.3	116.0	116.2	0.2	-0.1
Packaging materials and containers	2.38	124.6	123.6	123.0	-0.5	-1.3
Miscellaneous products	2.41	117.1	122.2	123.9	1.4	5.8

<sup>r</sup> revised

<sup>p</sup> 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 <sup>1</sup>	July 2019	June 2020 <sup>r</sup>	July 2020 <sup>p</sup>	June to July 2020	July 2019 to July 2020
	%	(2010=100)			% change	
<b>Raw Materials Price Index (RMPI)</b>	<b>100.00</b>	<b>106.2</b>	<b>90.7</b>	<b>93.4</b>	<b>3.0</b>	<b>-12.1</b>
<b>RMPI excluding crude energy products</b>	<b>51.83</b>	<b>112.4</b>	<b>113.3</b>	<b>114.9</b>	<b>1.4</b>	<b>2.2</b>
Crude energy products	48.17	99.4	66.4	70.4	6.0	-29.2
Crop products	8.68	126.7	127.7	127.8	0.1	0.9
Animals and animal products	15.51	123.9	121.8	119.1	-2.2	-3.9
Non-metallic minerals	1.85	113.2	115.4	115.3	-0.1	1.9
Logs, pulpwood, natural rubber and other forestry products	2.84	125.6	116.2	116.5	0.3	-7.2
Metal ores, concentrates and scrap	22.96	97.5	101.6	106.9	5.2	9.6

<sup>r</sup> revised

<sup>p</sup> 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](mailto:STATCAN.infostats-infostats.STATCAN@canada.ca)) or Media Relations (613-951-4636; [STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca](mailto:STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca)).