

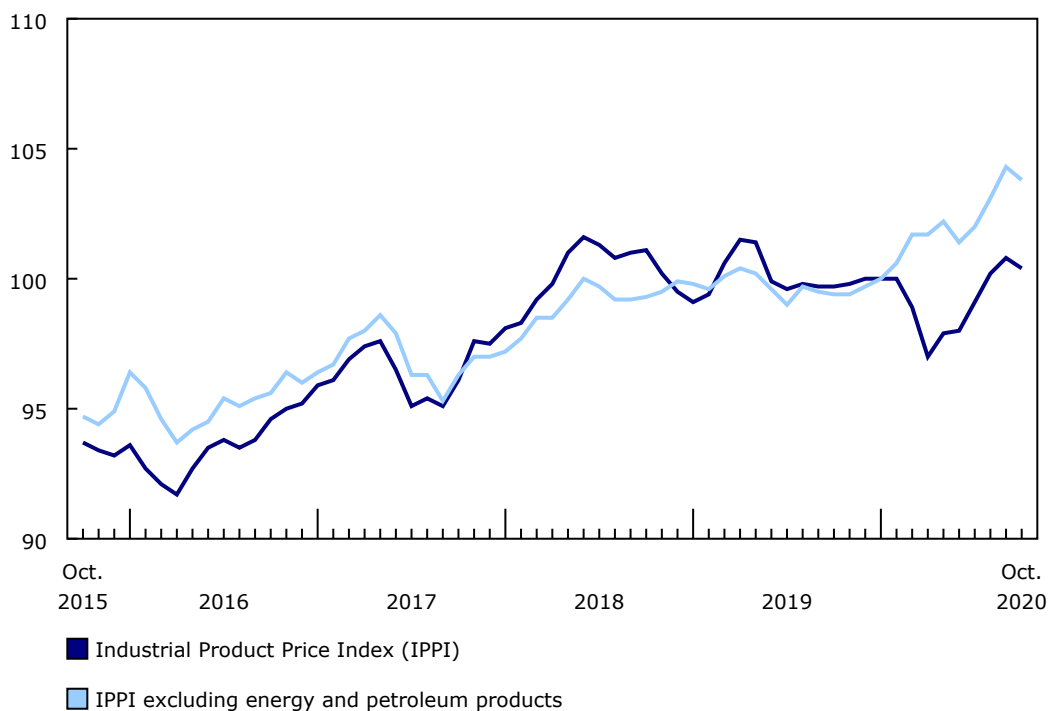
Industrial product and raw materials price indexes, October 2020

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Prices for products manufactured in Canada, as measured by the Industrial Product Price Index (IPPI), fell 0.4% in October, driven mainly by lower prices for lumber and other wood products. Prices of raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index (RMPI), increased 0.5%, mostly due to higher prices for animals and animal products and crop products.

Chart 1 Prices for industrial products decrease

index (January 2020=100)



Source(s): Table 18-10-0265-01.

Industrial Product Price Index

In October, the IPPI declined 0.4%. Of the 21 major product groups, 6 were down, 12 were up, and 3 were unchanged.

Lumber and other wood products fell 7.0%, mainly driven by lower prices for softwood lumber (-12.7%). This marked the first decrease observed in the softwood lumber category since April of this year. In spite of this market correction, the price of softwood lumber was 73.7% higher in October 2020 than October 2019.



Primary non-ferrous metals decreased 2.1%, mostly due to lower prices for silver. Silver prices are influenced by industrial demand, as well as demand from investors. Economic uncertainty this year due to COVID-19 has contributed to volatility in the price of this precious metal. Although the price of silver fell in October, it remained at a high level; the London Bullion Market Association silver price closed for the month of October at \$23.62 USD per ounce, compared with \$18.05 at the end of October 2019.

Prices for meat, fish, and dairy products fell 1.1% in October. Within this group, lower prices were observed for fresh and frozen poultry (-6.3%), as well as fresh and frozen beef and veal (-2.4%). Conversely, prices for fresh and frozen pork (+2.3%), as well as processed meat products, other meats, and animal-by-products (+1.1%) increased. Strong global demand for pork, as well as strong exports, supported its price. September 2020 data showed that the year-to-date value of exports was up 24.2% compared with the same period the previous year.

The decline in the IPPI was tempered by some key product groups that showed increases. The fruits, vegetables, feed and other food products category rose 1.4%, mostly due to a sharp upturn in prices for grain and oilseed products, not elsewhere classified (+4.8%).

Prices for primary ferrous metal products increased 1.7%, mostly due to higher prices for basic and semi-finished iron or steel products (+1.7%). This price movement was partially due to the effects of infrastructure stimulus in China, which increased demand for steel as well as iron ore. In October, the Caixin/Markit Purchasing Managers' Index (PMI) for Chinese manufacturing came in at 53.6, its highest level since January 2011. PMI levels above 50 signal an expansion.

Prices for pulp and paper products (+1.8%) and energy and petroleum products (+0.6%) also increased in October. The former group rose mostly due to a 3.7% increase in the price of wood pulp. The increase observed in energy prices was primarily due to higher prices for diesel and biodiesel fuels (+7.3%). Diesel prices tend to increase in October due to increased seasonal demand for heating oil. Lower prices for motor gasoline (-2.6%) and asphalt (except natural) and asphalt products (-6.0%) moderated the increase. Demand remained weak for finished petroleum products in October. US Energy Information Administration data show that during the month, the weekly average of finished motor gasoline supplied was 10.7% lower year over year in the United States.

Year over year, the IPPI increased 0.7%, mostly due to higher prices for lumber and other wood products (+37.6%) and a 20.7% increase in prices for primary non-ferrous metals. The year-over-year gain was moderated by a 31.2% decrease in prices for energy and petroleum products.

Raw Materials Price Index

In October, the RMPI increased 0.5%. Of the six major product groups, five were up and one was down.

Prices for animals and animal products increased 2.6%, mostly due to higher prices for hogs (+16.9%); strong global demand for pork is responsible for supporting these higher hog prices.

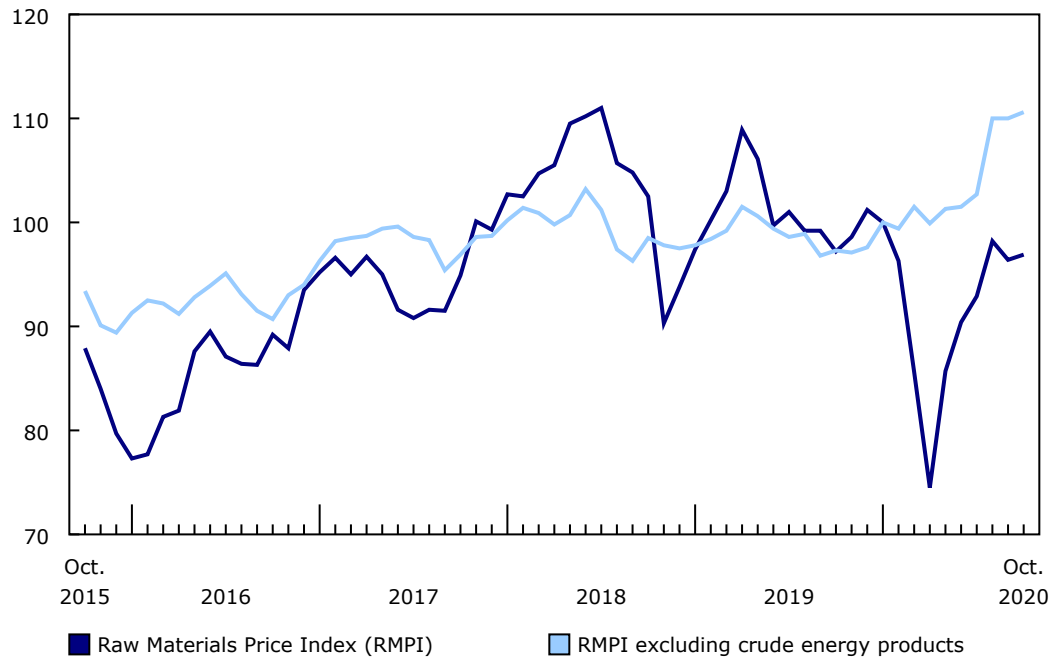
Crop product prices were up 3.1%, led by increases in prices for other crop products (+3.2%), canola (+3.4%) and wheat (+7.5%). Strong demand from China, as well as concerns about production and cold winter weather played a part in these price increases.

Downward influence on the RMPI came from metal ores, concentrates and scraps (-2.3%), which includes the price of silver. As mentioned above with reference to the IPPI, the price of silver has been volatile, but remained at a high level in October.

Year over year, the RMPI fell 0.3%. This decline was mostly driven by a 25.9% decrease in prices for crude energy products, which was moderated by a 28.4% increase in prices for metal ores, concentrates and scrap.

Chart 2
Prices for raw materials increase

index (January 2020=100)



Source(s): Table 18-10-0268-01.

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.

Basket update and methodology changes

Starting with the October 2020 reference period, the IPPI and RMPI are using an updated basket and methodology. The indexes have been 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 have been modernized with the adoption of a weighted geometric (Jevons) formula and incorporation of parental imputation as the default imputation methodology for missing price quotes.

The IPPI and RMPI are now 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.

Products

Statistics Canada launched the [Producer price indexes portal](#) as part of a suite of portals for prices and price indexes. This web page 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.

Next release

The industrial product and raw materials price indexes for November 2020 will be released on January 5, 2021.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	October 2019	September 2020	October 2020 ^p	September to October 2020	October 2019 to October 2020
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	99.7	100.8	100.4	-0.4	0.7
IPPI excluding energy and petroleum products	91.19	99.4	104.3	103.8	-0.5	4.4
Aggregation by commodities						
Meat, fish, and dairy products	7.08	96.3	102.8	101.7	-1.1	5.6
Fruit, vegetables, feed and other food products	7.96	99.2	102.2	103.6	1.4	4.4
Beverages (except juices)	1.95	100.6	100.4	100.6	0.2	0.0
Tobacco products	0.31	96.2	102.4	102.4	0.0	6.4
Textile and leather products	0.52	98.8	99.4	99.3	-0.1	0.5
Clothing, footwear and accessories	0.42	99.6	100.1	100.3	0.2	0.7
Chemicals and chemical products	8.79	99.9	97.7	98.2	0.5	-1.7
Plastic and rubber products	2.80	101.1	99.6	100.0	0.4	-1.1
Lumber and other wood products	4.58	100.7	149.0	138.6	-7.0	37.6
Pulp and paper products	3.61	100.9	95.6	97.3	1.8	-3.6
Energy and petroleum products	8.81	102.7	70.3	70.7	0.6	-31.2
Primary ferrous metal products	2.83	97.7	96.1	97.7	1.7	0.0
Primary non-ferrous metal products	7.07	97.1	119.7	117.2	-2.1	20.7
Fabricated metal products and construction materials	3.28	100.0	99.3	99.9	0.6	-0.1
Motorized and recreational vehicles	22.19	100.3	100.3	100.3	0.0	0.0
Machinery and equipment	6.18	99.8	101.3	101.8	0.5	2.0
Electrical, electronic, audiovisual and telecommunication products	3.69	100.1	101.2	101.8	0.6	1.7
Furniture and fixtures	1.52	100.8	102.4	101.9	-0.5	1.1
Cement, glass, and other non-metallic mineral products	2.18	100.7	99.0	98.6	-0.4	-2.1
Packaging materials and containers	2.17	100.5	99.9	100.1	0.2	-0.4
Miscellaneous products	2.04	100.0	101.0	101.0	0.0	1.0

^p preliminary

1. The relative importance is based on the annual 2016 values of production.

Source(s): Table 18-10-0265-01.

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	October 2019	September 2020	October 2020 ^p	September to October 2020	October 2019 to October 2020
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	97.2	96.4	96.9	0.5	-0.3
RMPI excluding crude energy products	66.68	97.3	110.0	110.6	0.5	13.7
Crude energy products	33.32	98.5	72.8	73.0	0.3	-25.9
Crop products	12.30	98.6	102.8	106.0	3.1	7.5
Animals and animal products	20.09	98.3	98.0	100.5	2.6	2.2
Non-metallic minerals	3.11	98.4	102.5	102.6	0.1	4.3
Logs, pulpwood, natural rubber and other forestry products	5.81	98.1	96.8	100.9	4.2	2.9
Metal ores, concentrates and scrap	25.37	95.9	126.0	123.1	-2.3	28.4

^p preliminary

1. The relative importance is based on the annual 2016 values of raw material inputs into production.

Source(s): Table 18-10-0268-01.

Available tables: [18-10-0265-01](#) to [18-10-0268-01](#) .

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).