

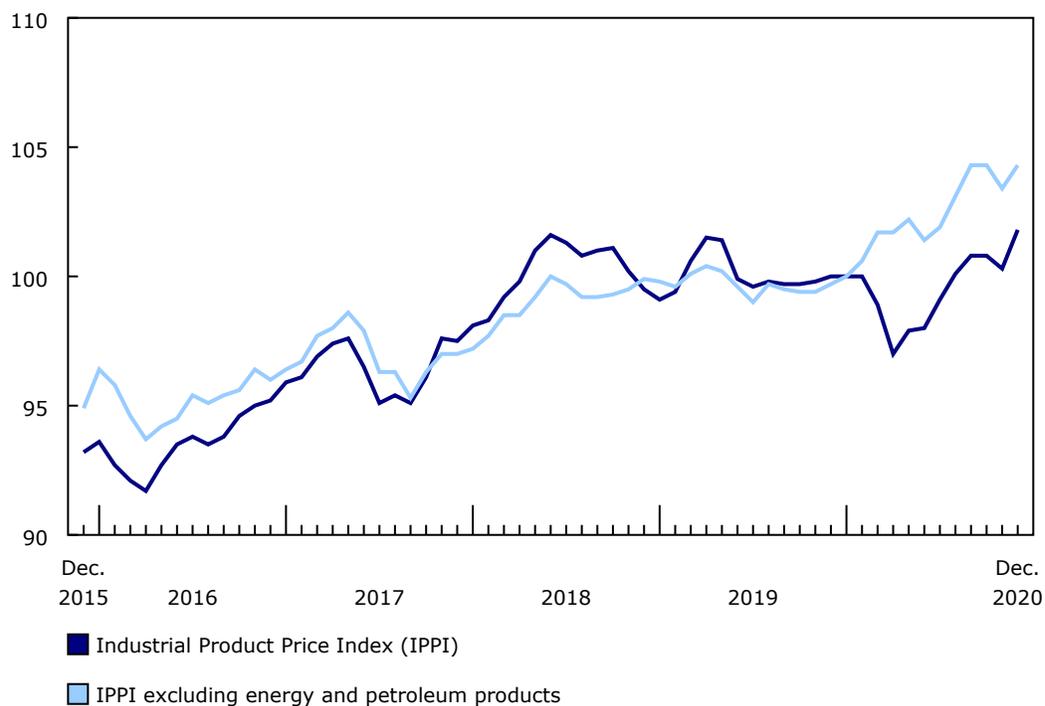
Industrial product and raw materials price indexes, December 2020

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Prices for products manufactured in Canada, as measured by the Industrial Product Price Index (IPPI), were up 1.5% in December, led by higher prices for energy and petroleum products, and lumber and other wood products. Prices of raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index (RMPI), rose 3.5%, driven upward by higher prices for crude energy products.

Chart 1
Prices for industrial products increase

index (January 2020=100)



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

Industrial Product Price Index

The IPPI rose 1.5% in December, following a 0.5% decrease in November. This was the strongest monthly gain since November 2017 (+1.6%). Of the 21 major commodity groups, 11 were up and 10 were down.

The IPPI's growth in December was largely driven by higher prices for energy and petroleum products (+9.0%) and lumber and other wood products (+10.2%).

Energy and petroleum products were driven upward by widespread price increases in refined petroleum energy products (+10.9%), particularly diesel and biodiesel fuels (+12.3%) and motor gasoline (+9.1%). Higher crude oil prices were largely behind the gain in refined petroleum products.



In the lumber and other wood products group, softwood lumber prices (+20.1%) rebounded after falling 15.9% in November and 9.0% in October. Unusually high demand for softwood lumber at this time of year for construction and renovation, coupled with low production capacity over the course of the year, are mostly behind the rise in prices. Compared with December 2019, housing starts in Canada and the United States rose 16.1% and 5.2%, respectively.

Primary non-ferrous metal products also put upward pressure on the IPPI in December, increasing 3.1% following a 0.6% gain the previous month. Prices for unwrought aluminum and aluminum alloys (+8.1%) as well as unwrought copper and copper alloys (+7.6%) were the main contributors to the increase in this product group.

Meat, fish and dairy product prices (-3.3%) were the largest factor in moderating the growth in the IPPI in December, primarily because of a drop in prices for fresh and frozen beef and veal (-11.3%), as well as fresh and frozen pork (-8.4%).

Year over year, the IPPI was up 1.8%, mainly led by higher prices for softwood lumber (+78.8%) and unwrought gold, silver, and platinum group metals, and their alloys (+33.1%). This gain was mainly dampened by lower prices for refined petroleum energy products (-23.2%).

Raw Materials Price Index

The RMPI (+3.5%) rose for a third straight month in December, after increasing 0.6% in November. Of the six major commodity groups, five were up and one was down.

Most of the growth in the RMPI in December was driven by higher prices for crude energy products (+10.0%), especially conventional crude oil (+11.9%) and synthetic crude oil (+12.4%). Investor optimism stemming from a recovery in oil demand, following the approval and production of a number of COVID-19 vaccines, combined with ongoing efforts by the Organization of the Petroleum Exporting Countries and its partner countries to limit oil production, contributed to the increase in energy product prices in December.

Prices for metal ores, concentrates and scraps (+1.0%) and crop products (+1.6%) also contributed to the increase in the RMPI, but to a lesser extent.

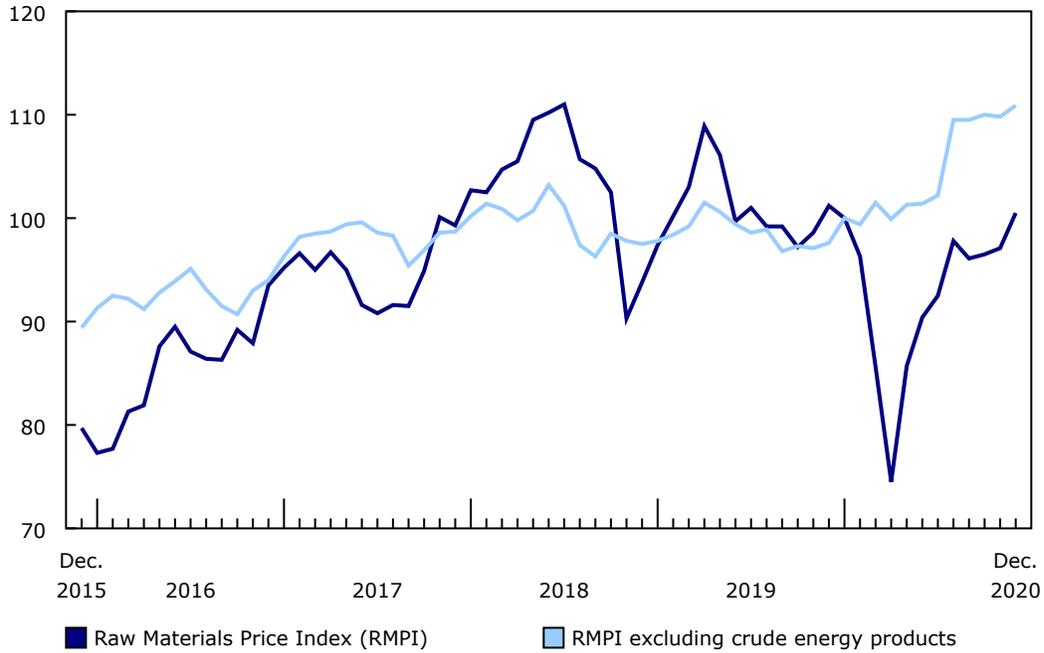
A sharp increase in iron ore and concentrate prices (+22.4%) was the driving factor behind the gain in metal ores, concentrates and scrap. Prices for waste and scrap of metal (+3.6%) and copper ores and concentrates (+9.2%) were also higher than in November.

The gain in crop products was driven mainly by higher prices for canola (+4.5%), which continued the upswing that began in March 2020. From 2019 to 2020, total canola production fell 4.5% to 18.7 million metric tonnes. On the demand side, the total export value of canola and its derived products rose 26.1% to \$10.8 billion from January to November 2020, compared with the same period in 2019.

Year over year, the RMPI fell 0.7%, mainly as a result of lower prices for conventional crude oil (-24.7%). However, this drop was mostly tempered by higher prices for gold, silver, and platinum group metal ores and concentrates (+26.3%).

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 January will be released on February 26.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	December 2019	November 2020 ^r	December 2020 ^p	November to December 2020	December 2019 to December 2020
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	100.0	100.3	101.8	1.5	1.8
IPPI excluding energy and petroleum products	91.19	99.7	103.4	104.3	0.9	4.6
Aggregation by commodities						
Meat, fish, and dairy products	7.08	99.5	100.3	97.0	-3.3	-2.5
Fruit, vegetables, feed and other food products	7.96	99.4	104.4	105.6	1.1	6.2
Beverages (except juices)	1.95	100.1	101.0	101.5	0.5	1.4
Tobacco products	0.31	96.7	102.4	102.3	-0.1	5.8
Textile and leather products	0.52	99.3	99.7	98.9	-0.8	-0.4
Clothing, footwear and accessories	0.42	99.6	100.2	100.7	0.5	1.1
Chemicals and chemical products	8.79	100.5	98.1	98.9	0.8	-1.6
Plastic and rubber products	2.80	101.2	98.5	99.6	1.1	-1.6
Lumber and other wood products	4.58	100.8	131.8	145.2	10.2	44.0
Pulp and paper products	3.61	100.7	96.6	95.6	-1.0	-5.1
Energy and petroleum products	8.81	103.2	73.4	80.0	9.0	-22.5
Primary ferrous metal products	2.83	96.5	101.0	101.4	0.4	5.1
Primary non-ferrous metal products	7.07	97.2	118.0	121.6	3.1	25.1
Fabricated metal products and construction materials	3.28	99.2	99.7	100.8	1.1	1.6
Motorized and recreational vehicles	22.19	100.3	99.8	99.4	-0.4	-0.9
Machinery and equipment	6.18	99.4	101.4	101.3	-0.1	1.9
Electrical, electronic, audiovisual and telecommunication products	3.69	100.1	100.1	100.3	0.2	0.2
Furniture and fixtures	1.52	100.9	101.3	100.9	-0.4	0.0
Cement, glass, and other non-metallic mineral products	2.18	100.5	99.4	99.2	-0.2	-1.3
Packaging materials and containers	2.17	100.5	101.5	101.4	-0.1	0.9
Miscellaneous products	2.04	100.0	101.6	101.4	-0.2	1.4

^r revised

^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	December 2019	November 2020 ^r	December 2020 ^p	November to December 2020	December 2019 to December 2020
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	101.2	97.1	100.5	3.5	-0.7
RMPI excluding crude energy products	66.68	97.6	109.8	110.9	1.0	13.6
Crude energy products	33.32	107.3	74.9	82.4	10.0	-23.2
Crop products	12.30	99.1	109.5	111.3	1.6	12.3
Animals and animal products	20.09	98.9	97.3	96.6	-0.7	-2.3
Non-metallic minerals	3.11	98.8	100.5	102.9	2.4	4.1
Logs, pulpwood, natural rubber and other forestry products	5.81	95.6	102.5	105.9	3.3	10.8
Metal ores, concentrates and scrap	25.37	96.4	122.0	123.2	1.0	27.8

^r revised

^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).