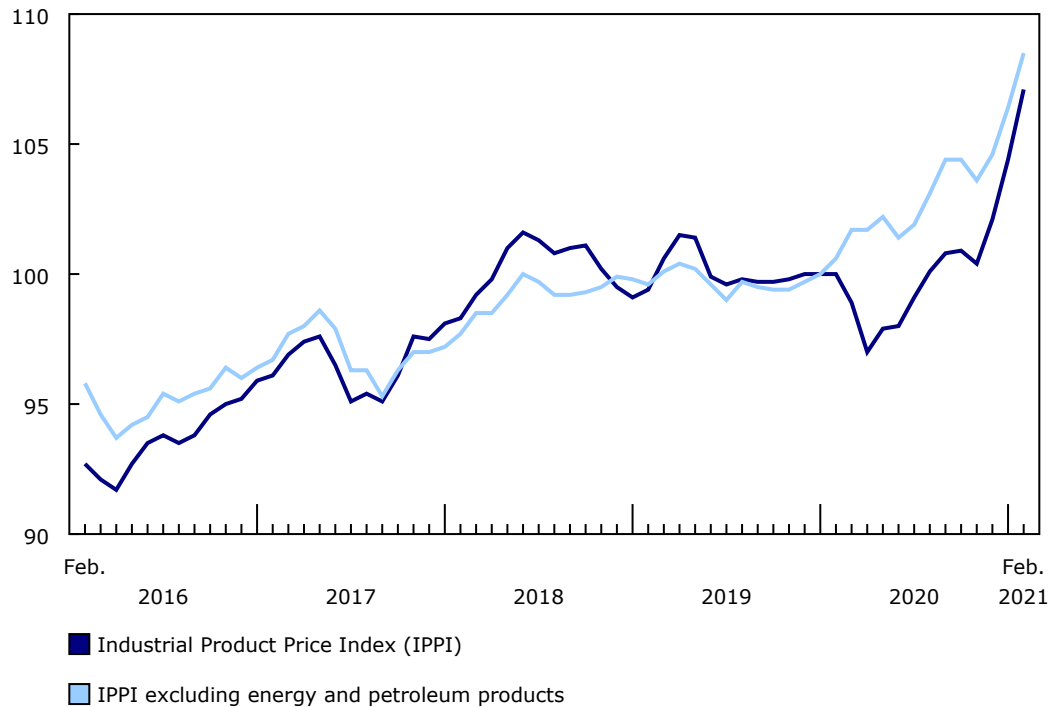


Industrial product and raw materials price indexes, February 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, March 31, 2021

Chart 1
Prices for industrial products increase

index (January 2020=100)



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

Industrial Product Price Index

In February, the IPPI increased 2.6%, the largest monthly advance in the index in over 40 years, since January 1980 (+3.8%).

Excluding energy and petroleum products, the IPPI rose 2.0%. Gains were widespread among the major commodity groups, with 17 up, 2 down, and 2 unchanged.

Prices for energy and petroleum products advanced 9.8%, led mainly by motor gasoline (+10.8%) and diesel and biodiesel fuels (+10.0%). Higher prices for crude oil played a significant role in this increase. Production cuts by OPEC+, lower production in the United States, as well as increased global demand all contributed to the increase in the price of crude. Additionally, extreme cold in the southern US in mid-February caused refineries to shut down, temporarily limiting the supply of refined energy products. Refinery capacity utilization in the US was at 56% for the week ending February 26, according to the US Energy Information Administration. Prices for refined petroleum energy products increased 10.8% in February.

Lumber and other wood products increased 5.2%, driven upward mostly by higher prices for softwood lumber (+6.4%), which posted their third consecutive monthly increase and a year-over-year increase of 103.3%.



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Prices for chemicals and chemical products increased 3.9%, driven mostly by higher prices for ammonia and chemical fertilizers (+16.1%), petrochemicals (+9.1%), and plastic resins (+5.2%). Fertilizer prices are affected by the supply of feedstock such as natural gas and crude oil, for which prices have risen. Demand is also a factor in the price of fertilizers: increasing food prices are driving demand for more crop products, which need fertilizer. Petrochemicals and plastic resins are also subject to similar pressures on the supply side, where upstream commodity prices have been increasing. Plastic resin supply in particular was already tight prior to February; this was massively exacerbated by the extreme cold weather in the US, which disrupted production capacity.

Prices for primary non-ferrous metals increased 3.3%, with widespread rises among its subcomponents, led by unwrought gold, silver, and platinum group metals, and their alloys (+2.0%). Unwrought aluminum and aluminum alloys (+4.9%), unwrought copper and copper alloys (+5.9%), and unwrought nickel and nickel alloys (+3.8%) were also up. The rally in base metals is largely attributable to optimism about global economic recovery.

Prices for meat, fish and dairy products increased 3.7%. The gain in this category was led by higher prices for fresh and frozen beef and veal (+11.8%), fresh and frozen pork (+4.9%), and fresh and frozen poultry (+4.3%).

Primary ferrous metal product prices were up 3.0%, as steel prices continued to rise, led upward in part by positive economic signals from China.

Prices for fruit, vegetables, feed and other food products rose 1.3%, driven mostly by grain and oilseed products, n.e.c. (+5.3%), a category that includes canola oil.

Year over year, the IPPI increased 7.1%. Excluding energy and petroleum products, the index was up 7.9%.

Raw Materials Price Index

The RMPI increased 6.6% month over month, the largest increase since May 2020 (+15.0%). Excluding crude energy products, the RMPI rose 2.4%. Prices for all six major commodity groups were up in February.

February's increase was led by a sharp rise in prices for crude energy products (+15.7%). Conventional crude oil rose 15.7%, synthetic crude oil increased 17.9%, and natural gas was up 12.4%. Crude oil prices were affected by the aforementioned supply-limiting actions of OPEC+, while natural gas prices spiked mid-February amid extreme cold weather in the United States that both increased demand for heating and reduced production capacity.

Prices for metal ores, concentrates and scrap rose 2.0%. This gain was led by higher prices for gold, silver, and platinum group metal ores and concentrates (+2.1%), copper ores and concentrates (+6.7%), as well as nickel ores and concentrates (+2.0%).

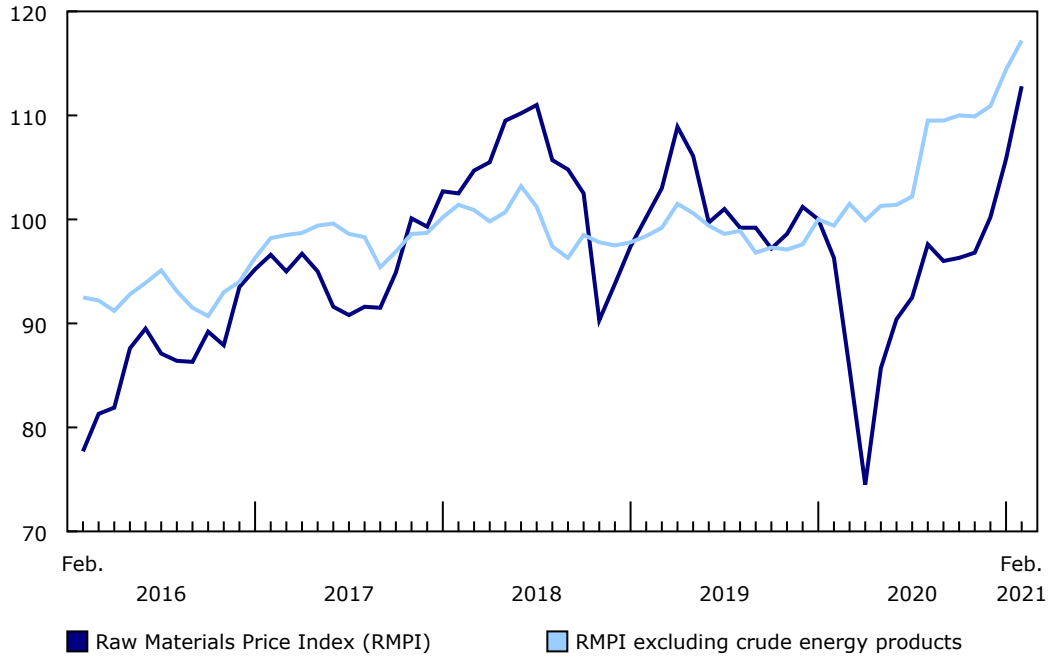
Crop products also posted higher prices in February (+4.1%), mostly on higher prices for canola (+7.3%) and grains (except wheat) (+4.5%).

Prices for live animals were up 3.4%, mostly due to higher prices for hogs (+8.0%), as well as cattle and calves (+1.6%).

Year over year, the RMPI rose 17.1%. Excluding crude energy products, the index was up 17.9%.

Chart 2
Prices for raw materials rise

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 have been 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 web page. 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 March will be released on April 30, 2021.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	February 2020	January 2021 ^r	February 2021 ^p	January to February 2021	February 2020 to February 2021
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	100.0	104.4	107.1	2.6	7.1
IPPI excluding energy and petroleum products	91.19	100.6	106.4	108.5	2.0	7.9
Aggregation by commodities						
Meat, fish and dairy products	7.08	99.9	99.2	102.9	3.7	3.0
Fruit, vegetables, feed and other food products	7.96	100.0	106.7	108.1	1.3	8.1
Beverages (except juices)	1.95	99.2	101.1	101.6	0.5	2.4
Tobacco products	0.31	100.1	103.0	103.0	0.0	2.9
Textile and leather products	0.52	100.1	100.4	100.4	0.0	0.3
Clothing, footwear and accessories	0.42	99.2	100.7	101.1	0.4	1.9
Chemicals and chemical products	8.79	99.7	102.7	106.7	3.9	7.0
Plastic and rubber products	2.80	99.9	100.5	100.6	0.1	0.7
Lumber and other wood products	4.58	105.0	161.0	169.3	5.2	61.2
Pulp and paper products	3.61	100.6	97.3	99.7	2.5	-0.9
Energy and petroleum products	8.81	94.1	86.3	94.8	9.8	0.7
Primary ferrous metal products	2.83	102.9	108.2	111.5	3.0	8.4
Primary non-ferrous metal products	7.07	100.2	124.5	128.6	3.3	28.3
Fabricated metal products and construction materials	3.28	99.3	102.3	104.6	2.2	5.3
Motorized and recreational vehicles	22.19	100.4	99.6	99.5	-0.1	-0.9
Machinery and equipment	6.18	100.9	100.7	101.3	0.6	0.4
Electrical, electronic, audiovisual and telecommunications products	3.69	101.0	99.4	99.2	-0.2	-1.8
Furniture and fixtures	1.52	102.3	100.3	101.8	1.5	-0.5
Cement, glass and other non-metallic mineral products	2.18	100.2	99.8	100.5	0.7	0.3
Packaging materials and containers	2.17	99.9	102.2	103.7	1.5	3.8
Miscellaneous products	2.04	102.0	101.3	102.0	0.7	0.0

^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	February 2020	January 2021 ^r	February 2021 ^p	January to February 2021	February 2020 to February 2021
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	96.3	105.8	112.8	6.6	17.1
RMPI excluding crude energy products	66.68	99.4	114.4	117.2	2.4	17.9
Crude energy products	33.32	90.8	90.9	105.2	15.7	15.9
Crop products	12.30	98.9	120.9	125.9	4.1	27.3
Animals and animal products	20.09	98.7	98.3	100.2	1.9	1.5
Non-metallic minerals	3.11	99.9	106.6	111.7	4.8	11.8
Logs, pulpwood, natural rubber and other forestry products	5.81	99.5	107.2	109.2	1.9	9.7
Metal ores, concentrates and scrap	25.37	100.1	125.8	128.3	2.0	28.2

^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).