

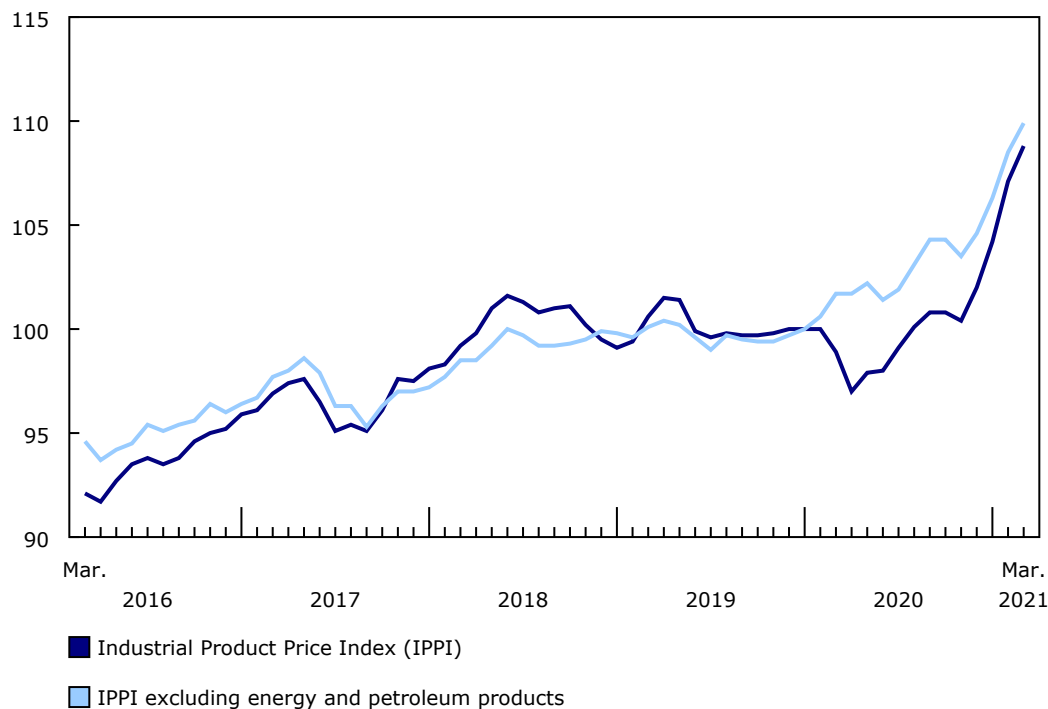
Industrial product and raw materials price indexes, March 2021

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In March, the Industrial Product Price Index (IPPI) increased 1.6% month over month and 10.0% year over year. The Raw Materials Price Index (RMPI) was up 2.3% month over month and up 34.7% year over year.

Chart 1
Prices for industrial products increase

index (January 2020=100)



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

Industrial Product Price Index

In March, the IPPI rose 1.6%, its fourth consecutive monthly increase. The IPPI excluding energy and petroleum products was up 1.3%. Among the 21 major commodity groups, 14 were up, 6 were down, and 1 was unchanged.

Among the major commodity groups, the lumber and other wood products category contributed the most to the gain in the IPPI, up 10.2% from February and up 68.2% from March 2020. Softwood lumber (+11.9%), veneer and plywood (+20.1%), and reconstituted wood products (which include medium-density fibreboard [MDF]) (+11.6%) all increased. The price of Canadian lumber is influenced significantly by housing demand in the United States, where, seasonally adjusted residential housing starts rose 19.4% in March compared with February. In Canada, seasonally adjusted housing starts were up 21.6% in March.



The energy and petroleum products group (+4.6%) was the second largest contributor to the upward movement in the IPPI. The increase was mostly due to higher prices for motor gasoline (including blending components and ethanol) (+6.8%) and diesel and biodiesel fuels (+3.5%). These price increases were mainly attributable to higher prices for crude oil.

Chemicals and chemical products were up 4.1%, mostly because of increases for petrochemicals (+14.1%), plastic resins (+9.9%) and ammonia and chemical fertilizers (+6.6%). Extreme weather in the southern US petrochemical region in February continued to affect the supply chain, reducing supply and driving up downstream product prices. The price of fertilizers is also being affected by high crop prices, which incentivize increased production and consequently necessitate more fertilizer.

Fruit, vegetables, feed and other food products rose 1.7%, mostly as a result of increases in prices for grain and oilseed products not elsewhere classified (which include canola oil) (+5.9%), and margarine and cooking oils (+4.8%).

Primary non-ferrous metal products declined 1.3%, mostly because of a decrease in the price of unwrought gold, silver, and platinum group metals, and their alloys (-6.0%). Rising bond yields in the United States may have influenced the decline in gold and silver prices.

Year over year, the IPPI was up 10.0%, the largest increase since January 1995 (+10.4%). Excluding energy and petroleum products, the IPPI rose 8.1%. The year-over-year change in the IPPI was driven mostly by higher prices for lumber and other wood products (+68.2%), energy and petroleum products (+32.4%), and primary non-ferrous metal products (+29.3%).

Raw Materials Price Index

The RMPI was up 2.3% in March, its sixth consecutive increase. Excluding crude energy products, the RMPI was up 0.5%. Among the six major commodity groups, five were up and one was down.

Crude oil and bitumen rose 7.0%, while natural gas fell 11.1%, following a 12.4% spike in February. Crude oil prices were driven up by continued restriction of production by OPEC+ countries (countries from the Organization of the Petroleum Exporting Countries Plus). Concerns about COVID-19 and vaccine rollouts, as well as the blockage of the Suez Canal, also contributed to the volatility of oil prices in March.

Metal ores, concentrates and scrap declined 2.3% in March. This was driven by a marked drop in prices for precious metals, including gold and silver.

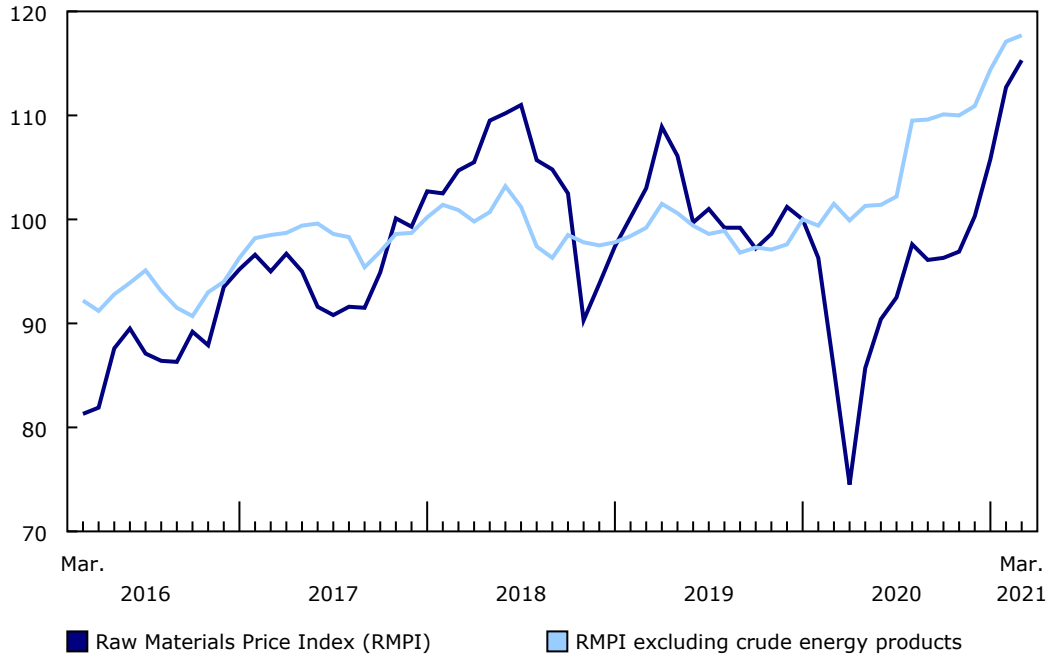
Crop products rose 4.0%, mostly as a result of a 9.7% gain in canola prices, which recorded their thirteenth consecutive monthly increase. Notably, canola was up 74.4% on a year-over-year basis. Factors influencing the price include supply, which has been limited by a lower-than-expected yield in 2020, as well as strong global demand.

Prices for animals and animal products were up 2.3%, mostly because of higher prices for hogs (+10.6%)

Year over year, the RMPI rose 34.7%, the largest gain on record since the start of the series in January 1981. Excluding crude energy products, the RMPI was up 16.0%. The year-over-year change was mostly due to higher prices for crude energy products (+91.7%). Metal ores, concentrates and scrap (+19.7%), and crop products (+31.5%) also contributed to the change.

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 April will be released on May 31.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	March 2020	February 2021 ^r	March 2021 ^p	February to March 2021	March 2020 to March 2021
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	98.9	107.1	108.8	1.6	10.0
IPPI excluding energy and petroleum products	91.19	101.7	108.5	109.9	1.3	8.1
Aggregation by commodities						
Meat, fish and dairy products	7.08	101.7	102.7	103.9	1.2	2.2
Fruit, vegetables, feed and other food products	7.96	100.4	108.6	110.4	1.7	10.0
Beverages (except juices)	1.95	100.4	101.9	102.2	0.3	1.8
Tobacco products	0.31	100.5	103.0	103.0	0.0	2.5
Textile and leather products	0.52	102.0	98.4	99.2	0.8	-2.7
Clothing, footwear and accessories	0.42	100.1	100.9	101.3	0.4	1.2
Chemicals and chemical products	8.79	99.8	106.8	111.2	4.1	11.4
Plastic and rubber products	2.80	101.0	100.4	99.2	-1.2	-1.8
Lumber and other wood products	4.58	107.5	164.0	180.8	10.2	68.2
Pulp and paper products	3.61	104.7	100.1	100.0	-0.1	-4.5
Energy and petroleum products	8.81	75.0	94.9	99.3	4.6	32.4
Primary ferrous metal products	2.83	106.1	113.6	115.0	1.2	8.4
Primary non-ferrous metal products	7.07	98.3	128.8	127.1	-1.3	29.3
Fabricated metal products and construction materials	3.28	99.9	107.7	108.8	1.0	8.9
Motorized and recreational vehicles	22.19	101.9	99.1	98.8	-0.3	-3.0
Machinery and equipment	6.18	102.4	101.2	101.1	-0.1	-1.3
Electrical, electronic, audiovisual and telecommunications products	3.69	101.7	101.0	101.4	0.4	-0.3
Furniture and fixtures	1.52	101.9	101.5	103.7	2.2	1.8
Cement, glass and other non-metallic mineral products	2.18	100.7	100.0	99.6	-0.4	-1.1
Packaging materials and containers	2.17	100.2	103.8	106.5	2.6	6.3
Miscellaneous products	2.04	101.8	102.3	102.9	0.6	1.1

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	March 2020	February 2021 ^r	March 2021 ^p	February to March 2021	March 2020 to March 2021
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	85.6	112.7	115.3	2.3	34.7
RMPI excluding crude energy products	66.68	101.5	117.1	117.7	0.5	16.0
Crude energy products	33.32	57.9	105.2	111.0	5.5	91.7
Crop products	12.30	99.8	126.1	131.2	4.0	31.5
Animals and animal products	20.09	99.0	100.4	102.7	2.3	3.7
Non-metallic minerals	3.11	102.6	107.5	107.8	0.3	5.1
Logs, pulpwood, natural rubber and other forestry products	5.81	98.8	109.2	111.5	2.1	12.9
Metal ores, concentrates and scrap	25.37	104.6	128.2	125.2	-2.3	19.7

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).