

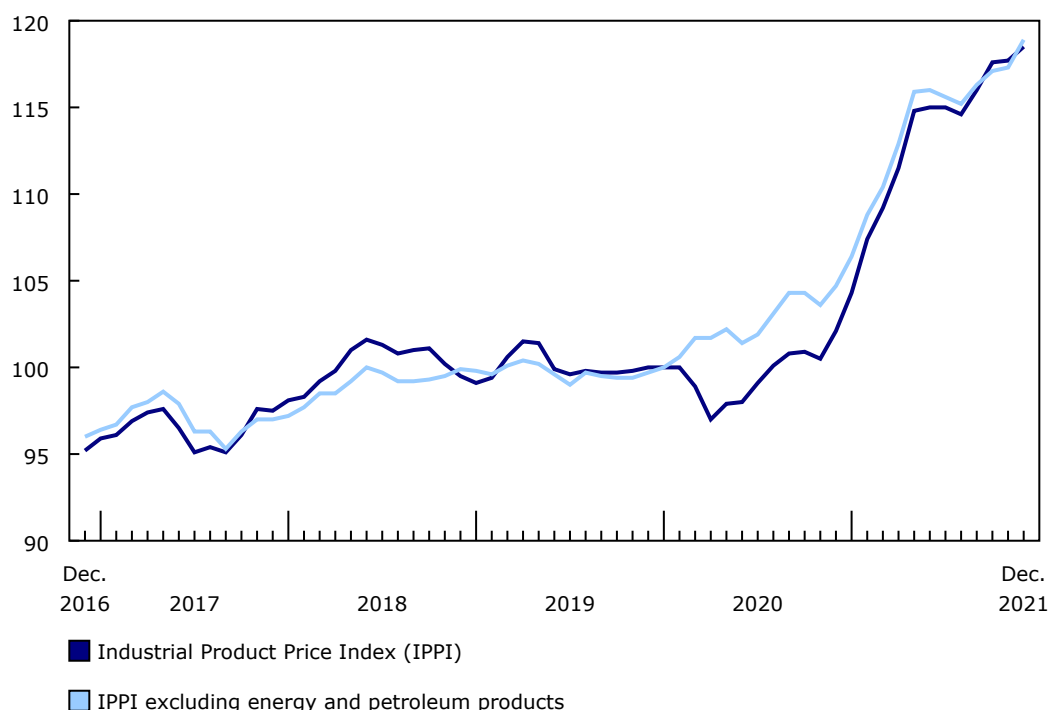
Industrial product and raw materials price indexes, December 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Monday, January 31, 2022

Prices of products manufactured in Canada, as measured by the Industrial Product Price Index (IPPI), rose 0.7% on a monthly basis in December and were 16.1% higher than in December 2020. Prices of raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index (RMPI), fell 2.9% month over month in December, but increased 29.0% 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

On a monthly basis, the IPPI (+0.7%) increased for a fourth consecutive month in December. Compared with the same month in 2020, it rose 16.1%.

Prices for lumber and other wood products rose 19.2% in December, driven up mainly by a 32.8% increase in prices for softwood lumber. This was the third consecutive month-over-month gain and the strongest monthly increase ever for softwood lumber. On a year-over-year basis, prices were up 25.1%. Disruptions in wood supply, due to record precipitation in Canada in November and labour shortages in the United States, created an imbalance in wood supply and demand.



Prices for energy and petroleum products fell 4.9% month over month in December, but rose 43.9% from the same month a year earlier. The monthly decrease was mainly due to a decline in prices for motor gasoline (-5.4%) and diesel and biodiesel fuels (-3.8%). Lower prices for crude oil—the raw material used to manufacture refined petroleum products—fuelled the drop in prices in this product group. Fear caused by the spread of the Omicron variant and its adverse effects on the consumption of refined petroleum products played a key role in the decrease in crude oil prices.

Prices for unwrought gold, silver, and platinum group metals as well as their alloys were down 3.2% in December, following a 3.9% increase in November. Prices for these precious metals were pulled downward on market expectations that measures to control inflation in the United States, such as increased interest rates, would be implemented in the coming months.

Prices for motorized and recreational vehicles rose 0.8%, mostly on higher prices for motor vehicle engines and parts (+1.6%), as well as aircraft engines, aircraft parts and other aerospace equipment (+1.8%). From November to December 2021, the Canadian dollar depreciated by 1.8% on average against the US dollar. This drove down prices for motorized and recreational vehicles, as many prices for products in this group are reported in American dollars.

Prices for chemicals and chemical products fell 1.3%, mainly driven by lower prices for plastic resins (-7.0%) and petrochemicals (-6.1%). These decreases were partly attributable to lower prices for crude oil. In contrast, prices for ammonia and chemical fertilizers (+1.9%) continued to rise in December. Compared with December 2020, prices were up 127.6%, the largest year-over-year increase ever for this category. The high cost of producing fertilizer and export quotas imposed by China and Russia, the world's two leading fertilizer exporters, drove down fertilizer supply around the world.

Raw Materials Price Index

The RMPI fell 2.9% on a monthly basis in December. Compared with December 2020, it rose 29.0%, continuing its upward year-over-year trend that began in January 2021. Excluding crude energy products, the RMPI rose 0.4%.

Crude energy product prices fell 8.4% month over month in December, but were 54.0% higher than the same month in 2020. The main contributors to this monthly decline were lower prices for conventional crude oil (-8.8%) and synthetic crude oil (-10.6%), mostly due to market uncertainty about demand amid the spread of the Omicron variant.

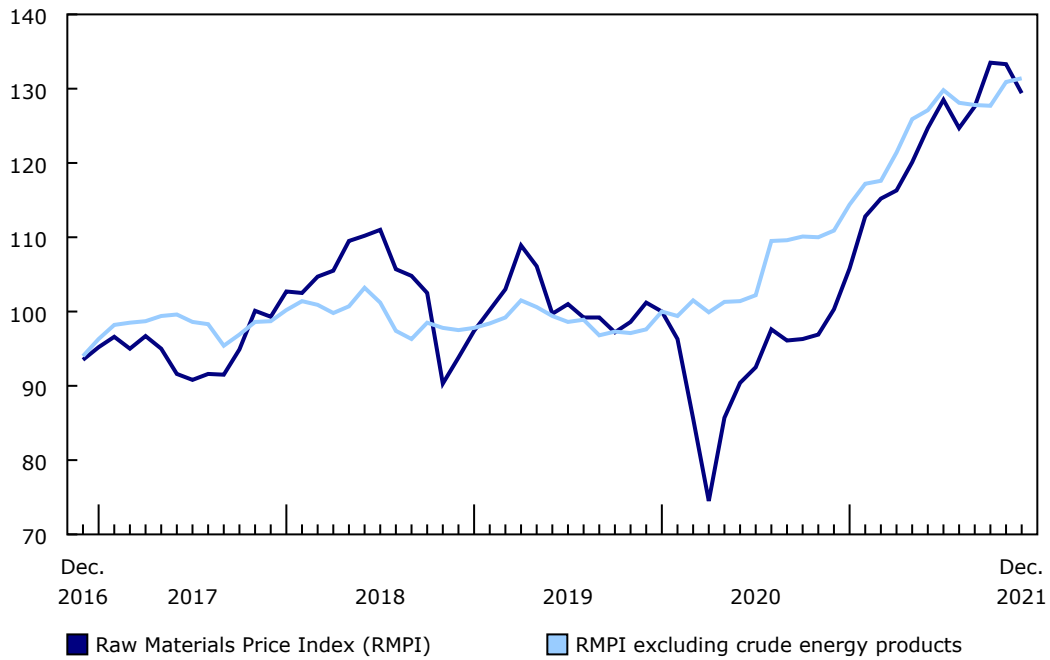
Prices for gold, silver, and platinum group metal ores and concentrates fell 4.7%, after rising 8.1% in November. The announcement that the US Federal Reserve would soon tighten monetary policy due to rising inflation contributed to the decrease observed in December.

Following four consecutive months of decline, prices for iron ores and concentrates rebounded, rising 23.7% in December. However, they were 24.8% lower than in December 2020. This gain was driven by market optimism about increased demand.

Prices for logs and bolts (+4.9%), other crop products (+1.9%) and wheat (+2.5%) also rose from November.

Chart 2
Prices for raw materials fall

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. This is particularly 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.

Discontinuation of IPPI flash estimates

The IPPI flash estimates, which have been published since March 2020, will no longer be released as of January 2022. The last release was on December 14, 2021, with the publication of the November 2021 flash estimates.

The monthly release of the industrial product and raw materials price indexes will soon be published earlier each month, effective with the release of February 2022 data on March 22, 2022.

Products

Statistics Canada 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.

Next release

The industrial product and raw materials price indexes for January 2022 will be released on February 28, 2022.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	December 2020	November 2021 ^r	December 2021 ^p	November to December 2021	December 2020 to December 2021
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	102.1	117.7	118.5	0.7	16.1
IPPI excluding energy and petroleum products	91.19	104.7	117.3	118.9	1.4	13.6
Aggregation by commodities						
Meat, fish and dairy products	7.08	97.6	108.0	107.2	-0.7	9.8
Fruit, vegetables, feed and other food products	7.96	105.7	116.9	117.3	0.3	11.0
Beverages (except juices)	1.95	100.4	101.5	101.6	0.1	1.2
Tobacco products	0.31	102.3	107.0	107.3	0.3	4.9
Textile and leather products	0.52	96.7	107.0	109.4	2.2	13.1
Clothing, footwear and accessories	0.42	100.7	103.5	103.8	0.3	3.1
Chemicals and chemical products	8.79	99.6	127.1	125.4	-1.3	25.9
Plastic and rubber products	2.80	99.7	111.2	114.7	3.1	15.0
Lumber and other wood products	4.58	146.2	139.8	166.7	19.2	14.0
Pulp and paper products	3.61	95.6	105.8	106.2	0.4	11.1
Energy and petroleum products	8.81	80.0	121.0	115.1	-4.9	43.9
Primary ferrous metal products	2.83	103.1	168.0	170.1	1.2	65.0
Primary non-ferrous metal products	7.07	122.2	139.0	136.3	-1.9	11.5
Fabricated metal products and construction materials	3.28	100.7	132.4	133.2	0.6	32.3
Motorized and recreational vehicles	22.19	99.6	101.3	102.1	0.8	2.5
Machinery and equipment	6.18	101.5	104.5	105.8	1.2	4.2
Electrical, electronic, audiovisual and telecommunications products	3.69	101.5	112.3	113.9	1.4	12.2
Furniture and fixtures	1.52	101.1	111.8	109.3	-2.2	8.1
Cement, glass and other non-metallic mineral products	2.18	98.6	105.1	105.7	0.6	7.2
Packaging materials and containers	2.17	101.6	118.3	117.8	-0.4	15.9
Miscellaneous products	2.04	101.4	109.0	109.6	0.6	8.1

^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	December 2020	November 2021 ^r	December 2021 ^p	November to December 2021	December 2020 to December 2021
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	100.3	133.3	129.4	-2.9	29.0
RMPI excluding crude energy products	66.68	110.9	130.9	131.4	0.4	18.5
Crude energy products	33.32	81.8	137.5	126.0	-8.4	54.0
Crop products	12.30	111.2	167.1	168.8	1.0	51.8
Animals and animal products	20.09	96.6	112.0	112.7	0.6	16.7
Non-metallic minerals	3.11	104.3	114.8	116.7	1.7	11.9
Logs, pulpwood, natural rubber and other forestry products	5.81	106.3	130.4	135.7	4.1	27.7
Metal ores, concentrates and scrap	25.37	123.2	130.5	129.0	-1.1	4.7

^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; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).