

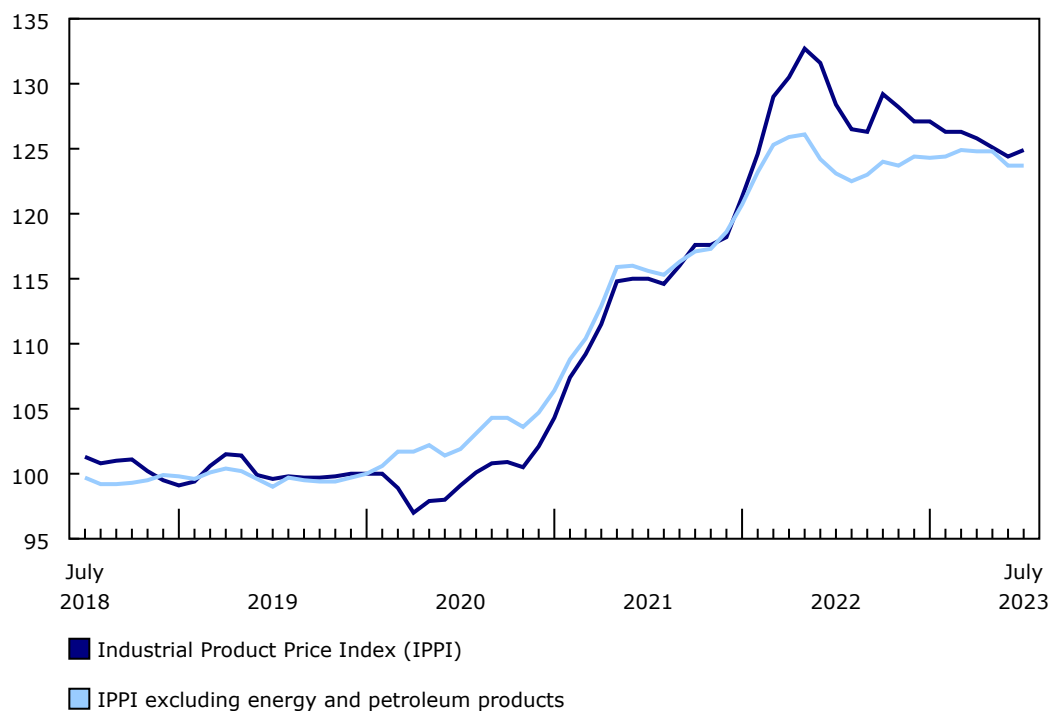
Industrial product and raw materials price indexes, July 2023

Released at 8:30 a.m. Eastern time in *The Daily*, Friday, August 18, 2023

In July, prices of products manufactured in Canada, as measured by the Industrial Product Price Index (IPPI), increased 0.4% month over month and fell 2.7% year over year. Prices of raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index (RMPI), increased 3.5% on a monthly basis in July and were 11.1% lower compared with July 2022.

Chart 1 Prices for industrial products increase

index (January 2020=100)



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

Industrial Product Price Index

The IPPI increased 0.4% month over month in July 2023, following three months of consecutive declines, and fell 2.7% year over year.

Prices for energy and petroleum products rose 4.1% month over month, a second consecutive monthly increase. Year over year, prices were 22.2% lower compared with July 2022. The prices of diesel fuel (+7.0%) and finished motor gasoline (+1.5%) rose month over month in July 2023. The rise in prices for these energy products coincided with an increase in the price of crude oil, due in part to restricted supply from the Organization of the Petroleum Exporting Countries and its partners (OPEC+).



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Prices for softwood lumber rose 16.4% in July, the largest monthly increase since December 2021 (+26.8%). Prices were down 25.2% in July compared with the same month in 2022; however, they remained 34.1% higher compared with the January 2020 level, pre-COVID-19 pandemic. Prices rose due to a confluence of factors in July 2023. Ongoing wildfires in the Pacific Northwest and the strike by port workers in British Columbia caused concern about future supply and added uncertainty to the market.

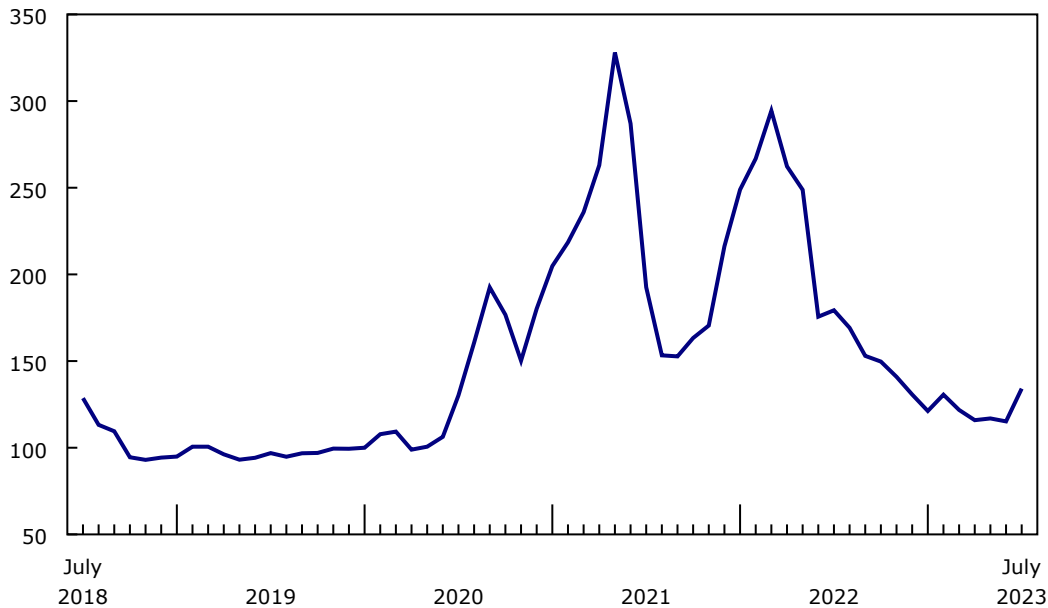
Prices for chemicals and chemical products fell 2.6% month over month in July. The decrease was mainly driven by lower prices for fertilizers, pesticides and other chemical products (-12.0%), a record monthly decline for the category. Year over year, prices for fertilizers dropped 27.0%; high levels of inventory and lower prices for inputs such as natural gas both played a part in the price decline.

Prices for meat, fish and dairy products fell 2.2% in July, mainly on lower prices for fresh and frozen beef and veal (-10.0%). This was the first monthly decrease for beef since October 2022 (-0.6%). Year over year, beef prices were up 12.6% in July 2023 and were 40.1% higher than in January 2020. Despite the price drop, supply remained tight for live cattle.

Prices for intermediate food products rose 4.3% in July 2023, mainly on higher prices for canola oil (+9.0%). Oilseed cake and meal (+9.2%) also rose in July. These price increases were partially attributed to hot and dry weather in Canada and the United States in late June and early July. Higher global prices in July for related products, including soybean oil and palm oil, was also a factor.

Chart 2 Softwood lumber (except tongue and groove and other edge worked lumber)

index (January 2020=100)



Source(s): Table 18-10-0266-01.

Raw Materials Price Index

In July 2023, the RMPI rose 3.5% month over month, following two months of consecutive declines, and was 11.1% lower compared with July 2022.

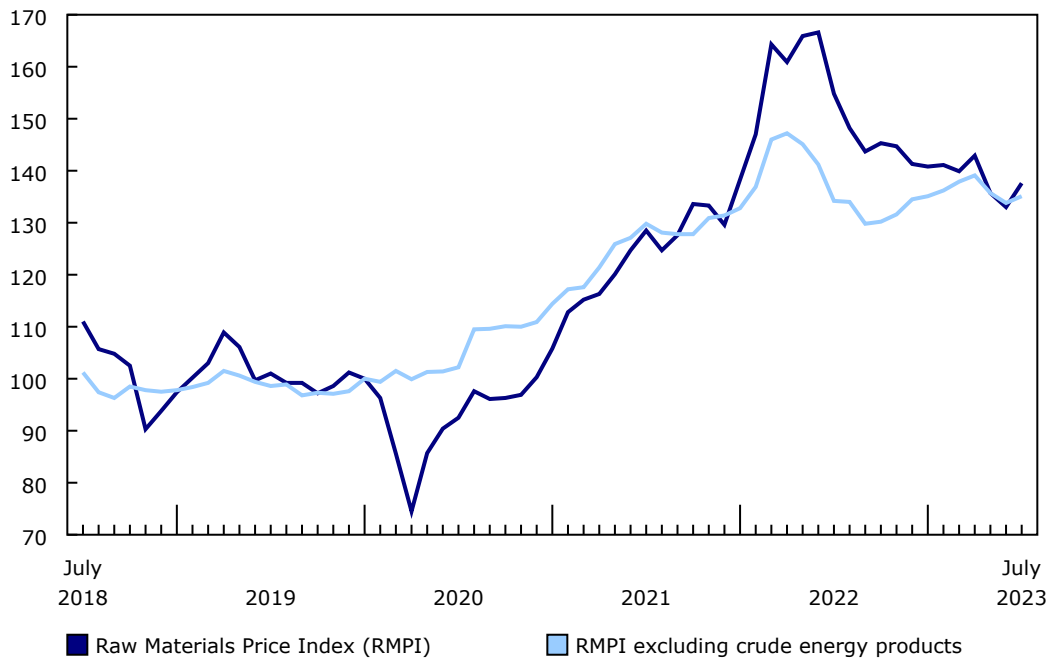
Prices for crude energy products in July 2023 increased 7.7% on a monthly basis after posting two months of consecutive declines. Higher prices for conventional crude oil (+8.6%) led the increase in this group. The price of synthetic crude oil (+8.3%) also rose in July. July crude oil prices were pushed up by restricted output from the OPEC+. According to the International Energy Agency, oil output from the OPEC+ fell by 1.2 million barrels per day in July. [The agency also noted that the Organisation for Economic Co-operation and Development's oil inventories fell in June.](#)

Prices for live animals rose 2.4% month over month in July, mainly due to higher prices for hogs (+15.1%), the largest monthly increase since October 2020 (+16.9%). Year over year, prices for hogs were down 3.1% in July 2023. Seasonal and export demand both played a part in the monthly price increase. Canadian exports for both hogs and pork meat were trending up from April to June. Canadian pork exports to the United States, the primary export destination for the meat, increased 16.4% in June. US pork cold storage fell for the second month in a row in June.

Prices for crop products rose 4.0% in July, mainly on higher prices for canola (+10.6%) and wheat (+8.0%). Crop prices rose mainly as a result of the drought that hit the United States and Canada in late June and early July. The uncertainty surrounding Ukraine's grain exports following Russia's cancellation of the Black Sea grain initiative, as well as attacks on the Ukrainian port cities Odesa and Mykolaiv, also contributed to the price increase.

Chart 3
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 Canadian 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 IPPI 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. Canadian producers often indicate goods' prices in foreign currencies, especially in US dollars, which 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 RMPI 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.

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 introduces Statistics Canada's producer price indexes: what they are, how they are made and what they are used for.

Increased sample size for certain series

Effective with the release of April 2023 data, the sample size for certain IPPI and RMPI indexes has been increased to improve their quality. The complete list of these indexes can be obtained upon request.

Next release

The industrial product and raw materials price indexes for August will be released on September 18.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	July 2022	June 2023 ^r	July 2023 ^p	June to July 2023	July 2022 to July 2023
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	128.4	124.4	124.9	0.4	-2.7
IPPI excluding energy and petroleum products	91.19	123.1	123.7	123.7	0.0	0.5
Aggregation by commodities						
Meat, fish and dairy products	7.08	114.2	120.6	117.9	-2.2	3.2
Fruit, vegetables, feed and other food products	7.96	131.5	133.1	134.3	0.9	2.1
Beverages (except juices)	1.95	108.2	119.4	120.3	0.8	11.2
Tobacco products	0.31	110.0	121.6	123.7	1.7	12.5
Textile and leather products	0.52	120.8	119.3	119.3	0.0	-1.2
Clothing, footwear and accessories	0.42	107.5	112.1	114.0	1.7	6.0
Chemicals and chemical products	8.79	135.7	121.7	118.5	-2.6	-12.7
Plastic and rubber products	2.80	120.9	125.8	126.4	0.5	4.5
Lumber and other wood products	4.58	154.4	122.4	131.6	7.5	-14.8
Pulp and paper products	3.61	121.5	115.5	113.0	-2.2	-7.0
Energy and petroleum products	8.81	174.1	130.1	135.4	4.1	-22.2
Primary ferrous metal products	2.83	159.4	154.9	151.1	-2.5	-5.2
Primary non-ferrous metal products	7.07	127.8	138.8	137.8	-0.7	7.8
Fabricated metal products and construction materials	3.28	144.5	138.8	141.5	1.9	-2.1
Motorized and recreational vehicles	22.19	105.7	110.7	111.1	0.4	5.1
Machinery and equipment	6.18	111.0	117.3	117.7	0.3	6.0
Electrical, electronic, audiovisual and telecommunications products	3.69	122.6	127.7	127.0	-0.5	3.6
Furniture and fixtures	1.52	115.0	115.9	115.9	0.0	0.8
Cement, glass and other non-metallic mineral products	2.18	113.0	126.2	126.0	-0.2	11.5
Packaging materials and containers	2.17	127.0	130.5	131.0	0.4	3.1
Miscellaneous products	2.04	112.5	114.2	114.8	0.5	2.0

^r revised

^p preliminary

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

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

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	July 2022	June 2023 ^r	July 2023 ^p	June to July 2023	July 2022 to July 2023
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	154.8	133.0	137.6	3.5	-11.1
RMPI excluding crude energy products	66.68	134.2	133.8	135.1	1.0	0.7
Crude energy products	33.32	190.8	131.7	141.9	7.7	-25.6
Crop products	12.30	162.2	145.7	151.6	4.0	-6.5
Animals and animal products	20.09	124.6	133.6	137.4	2.8	10.3
Non-metallic minerals	3.11	128.3	129.9	130.3	0.3	1.6
Logs, pulpwood, natural rubber and other forestry products	5.81	156.0	117.4	117.2	-0.2	-24.9
Metal ores, concentrates and scrap	25.37	124.4	132.6	130.5	-1.6	4.9

^r revised

^p preliminary

1. The relative importance is based on the 2016 annual 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](#) and [18-10-0272-01](#).

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).