

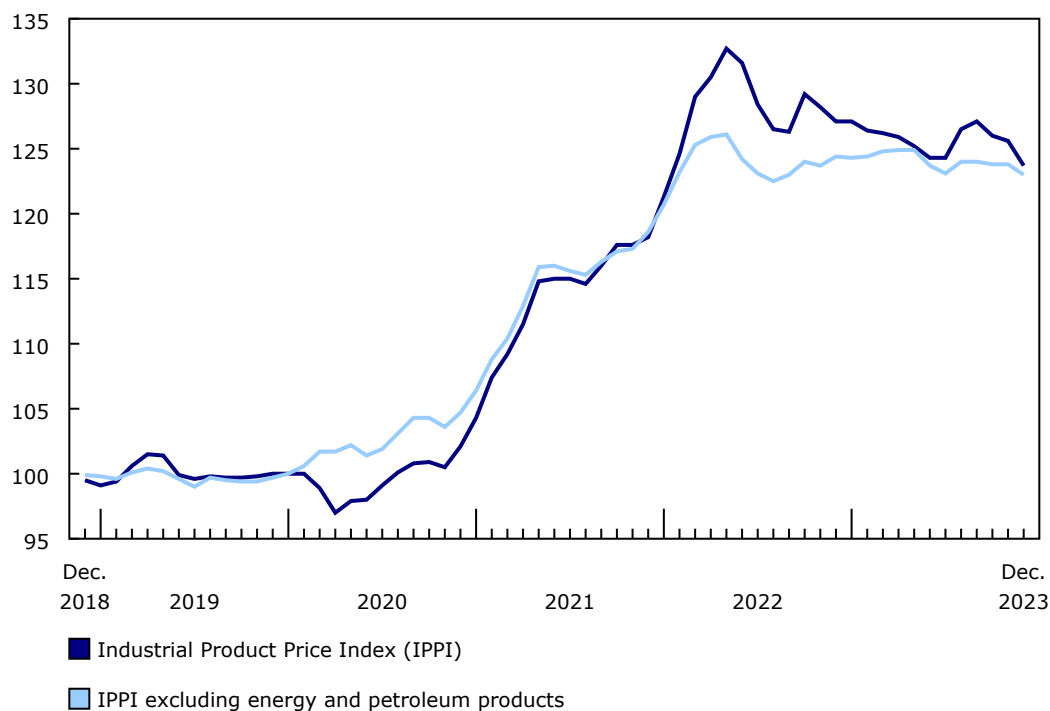
Industrial product and raw materials price indexes, December 2023

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Prices of products manufactured in Canada, as measured by the Industrial Product Price Index (IPPI), fell 1.5% month over month in December and were 2.7% lower than December 2022. Prices of raw materials purchased by manufacturers operating in Canada, as measured by the Raw Materials Price Index (RMPI), declined 4.9% on a monthly basis in December 2023 and decreased 7.9% year over year.

Chart 1
Prices for industrial products decrease in December

index (January 2020=100)



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

Industrial Product Price Index

The IPPI fell 1.5% month over month in December. This was the third consecutive monthly decrease and the largest decline since August 2022 (-1.5%). Excluding energy and petroleum products, the IPPI declined 0.6% in December 2023.

Prices for energy and petroleum products fell 8.5% month over month in December, the largest monthly decrease since December 2022 (-10.1%). Lower prices for diesel fuel (-12.3%) and finished motor gasoline (-7.9%) were mainly responsible for the decline in this group. Concerns about future oil demand and elevated global petroleum supply both played a role in these price decreases. Prices for conventional crude oil (-9.2%), the primary input for refined petroleum products, played a part in the decrease for petroleum products.



The price of chemicals and chemical products fell 1.3% in December 2023, mainly on lower prices for petrochemicals (-5.5%). Lower prices for crude oil partly contributed to the monthly decline.

Prices for intermediate food products fell 4.2% month over month in December. Lower prices were spread among several types of grain and oilseed products, including oilseed cake and meal (-9.6%), canola or rapeseed oil (-5.2%), and soybean oil (-10.4%). Canola prices fell partly due to higher-than-expected domestic supply. In addition, ample supply in Argentina, coupled with favourable weather conditions in Brazil in late November, put downward pressure on soybean prices. Both countries are major global soybean producers.

Prices for fresh and frozen chicken (-6.4%) and fresh and frozen pork (-2.7%) both fell month over month in December. Chicken prices have been falling for three consecutive months, mainly due to excess domestic supply. Agriculture and Agri-Food Canada data indicated that Canadian chicken storage stocks have been rising month over month since September 2023. Meanwhile, the high level of US pork production, as well as weak demand from China, mainly due to oversupply and a slowing economy, both put downward pressure on pork prices. China is one of the top export destinations for US pork, and US pork prices influence Canadian pork prices.

Several industrial metals fell month over month in December, including unwrought nickel and nickel alloys (-5.4%) and other unwrought non-ferrous metals (-3.8%). The nickel market continues to be oversupplied. According to estimates by the International Nickel Study Group, the supply surplus was 214.4% higher in 2023 than it was in 2022.

Year over year

The IPPI decreased 2.7% year over year in December 2023.

Prices for energy and petroleum products declined 14.2% on a year-over-year basis, led mainly by lower prices for diesel fuel (-25.8%).

Excluding energy and petroleum products, the IPPI declined 1.1% year over year. Key downward contributors to the movement were lower prices for unwrought nickel and nickel alloys (-43.9%), wood pulp (-22.1%), ammonia and chemical fertilizers (-23.7%), and petrochemicals (-14.6%).

The decline was partially moderated by year-over-year price increases for light-duty trucks, vans and sport utility vehicles (+3.1%), fresh and frozen beef and veal (+14.7%), and unwrought gold, silver and platinum group metals, and their alloys (+3.5%).

Raw Materials Price Index

On a monthly basis, the RMPI decreased 4.9% in December.

Crude energy products (-10.3%) led the monthly decrease in the RMPI, following a 13.0% decline in November. Conventional crude oil (-9.2%) and synthetic crude oil (-13.7%) both experienced monthly price decreases. Lower crude prices were partly influenced by growing concerns about global oil demand and the high level of production. According to the US Energy Information Administration, US crude oil production reached its highest level of the year in the fourth quarter of 2023, up 1.1% from the third quarter.

Crop products (-3.3%) fell for the fifth straight month in December, largely on lower prices for canola (-5.2%). Wheat prices (-5.4%) also fell in December, partially due to ample domestic supply.

Year over year

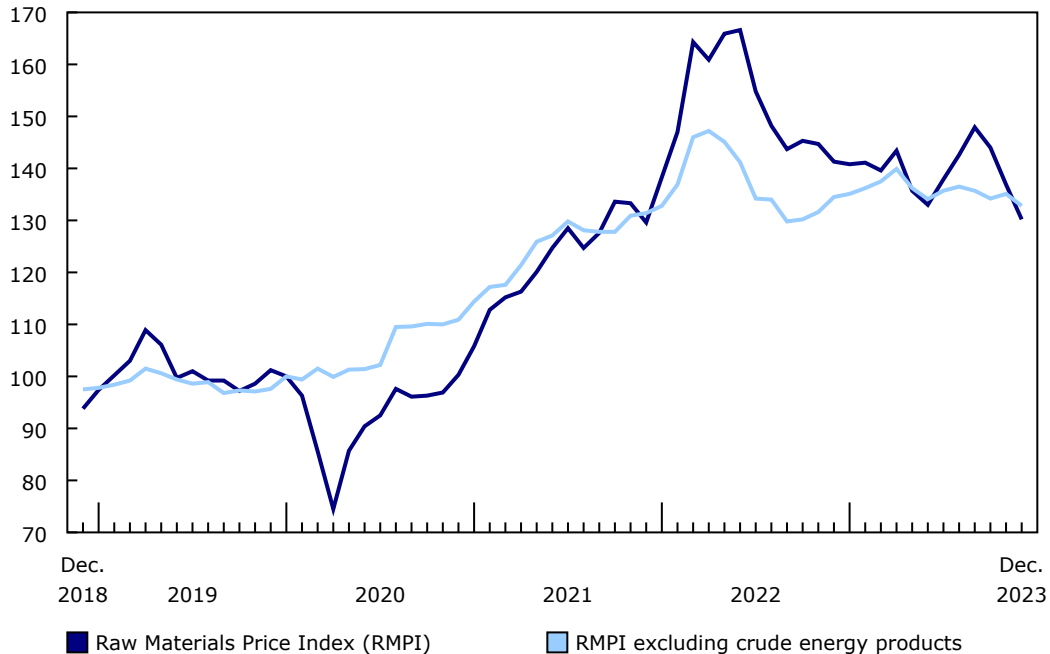
The RMPI declined 7.9% year over year in December.

Conventional crude oil (-10.5%), natural gas (-43.0%), and nickel ores and concentrates (-41.7%) were the major contributors to the yearly decrease.

Groups moderating the year-over-year decrease include gold, silver, and platinum group metal ores and concentrates (+6.2%) and cattle and calves (+27.3%).

Chart 2
Prices for raw materials decrease in December

index (January 2020=100)



Source(s): Table 18-10-0268-01.

Industrial Product Price Index: Annual Review, 2023

In 2023, the Industrial Product Price Index (IPPI) declined 1.8%, following consecutive gains in 2021 (+13.9%) and 2022 (+12.8%). The 2023 decrease is the second-largest decline in the IPPI's history (since 1956), after a 3.5% decline in 2009. Lower prices for energy and petroleum products were mainly behind the decline in 2023. Despite the overall decrease of the IPPI, 14 of the 21 major product groups saw price increases in 2023. Compared with the pre-COVID-19 pandemic year of 2019, prices were 25.6% higher in 2023.

Energy and petroleum products fell 14.5% in 2023, mainly due to lower prices for refined petroleum energy products (-15.6%), including diesel fuel (-20.5%) and finished motor gasoline (-11.6%). The prices of refined petroleum products are generally impacted by the price of crude oil, as it serves as the main input in production. According to the Raw Materials Price Index (RMPI), conventional crude oil prices declined 15.7% in 2023.

The decline in energy and petroleum product prices in 2023 follows significant price fluctuations in recent years. Due to reduced demand driven by the pandemic, prices fell 27.5% in 2020. In response to low prices, producers reduced supply of crude oil, including production cuts by the Organization of the Petroleum Exporting Countries and its partners (OPEC+). When the global economy reopened with economic stimulus measures in 2021, growth in demand outpaced growth in supply. Supply uncertainty was further exacerbated in 2022 by Russia's invasion of Ukraine. As a result, energy and petroleum product prices rose 42.7% in 2021 and 53.3% in 2022.

The price decline in 2023 was largely driven by concerns about global economic conditions and uncertainty around global oil demand, as well as increased non-OPEC+ production. As a result, global production exceeded global oil consumption by 0.6% in 2023. Despite OPEC+ persisting with production limits, overall global production remained high. Moreover, unexpectedly warm weather in early 2023 in the United States and Europe contributed to a decrease in energy prices.

The IPPI excluding energy products rose 0.2% in 2023. Key contributors to the increase include motorized and recreational vehicles, and meat, fish and dairy products.

Prices for motorized and recreational vehicles increased 5.4% in 2023, mostly due to higher prices for passenger cars and light trucks (+4.8%), motor vehicle engines and motor vehicle parts (+3.5%), as well as aircraft (+14.7%). Prices received by manufacturers for motorized and recreational vehicles tend to follow the movement in the USD-CAD exchange rate. In 2023, the Canadian dollar depreciated by 3.7% relative to the US dollar.

Prices for meat, fish and dairy products (+4.2%) rose for a fifth consecutive year in 2023. Fresh and frozen beef and veal led the increase in this group, up by 15.5%. Significant droughts in North America in recent years have contributed to shrinking cattle herds, with 2023 seeing the smallest Canadian cattle herd in the month of July since 1988. The agricultural effects of the droughts and the conflict in Ukraine tightened the supply of animal feed. Along with the energy price increases in 2021 and 2022, this meant that farmers faced much higher costs compared with before the pandemic. As profits dwindled, some began liquidating cattle to ease the financial pressure. Further down the supply chain, there was 24.7% less beef in Canadian cold storage during the fourth quarter of 2023 relative to the fourth quarter of 2022. The undersupply of beef will take time to change due to the nature of breeding and raising cattle.

The prices of unwrought gold, silver and platinum group metals, and their alloys (+9.5%) also rose in 2023. Economic and geopolitical uncertainty contributed to price increases for safe-haven investment metals such as gold despite rising interest rates increasing the opportunity cost of holding them. Early in 2023, international bank failures and concerns about a recession stimulated precious metal prices. In the fall, the presumed end of the United States Federal Reserve's interest rate tightening and conflict in the Middle East also supported higher prices.

Lower prices for lumber and other wood products (-24.0%) largely offset the increase of the IPPI excluding energy products in 2023, particularly softwood lumber prices (-39.8%). This was the largest annual price decrease on record for softwood lumber. High interest rates in 2023 negatively impacted the real estate market, the primary consumer of lumber products. Housing starts decreased by 10.0% in the United States (the main market for Canadian lumber) and 8.0% in Canada over the first 11 months of 2023, compared with the same period in 2022. Through November 2023, Canadian exports of lumber and other sawmill products were lower in each month compared with the corresponding month in 2022. The slow year comes after accelerating demand and low rates rallied the real estate market in late 2020 and 2021. Prices for lumber and other wood products rose in turn, increasing 19.6% in 2020 and 40.4% in 2021. They fell in 2022 (-3.0%) before market conditions made a stronger impact in 2023.

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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 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.

Next release

The industrial product and raw materials price indexes for January will be released on February 19.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	December 2022	November 2023 ^r	December 2023 ^p	November to December 2023	December 2022 to December 2023
	%	(January 2020=100)			% change	
Industrial Product Price Index (IPPI)	100.00	127.1	125.6	123.7	-1.5	-2.7
IPPI excluding energy and petroleum products	91.19	124.4	123.8	123.0	-0.6	-1.1
Aggregation by commodities						
Meat, fish and dairy products	7.08	113.1	118.3	117.2	-0.9	3.6
Fruit, vegetables, feed and other food products	7.96	135.1	135.1	133.4	-1.3	-1.3
Beverages (except juices)	1.95	114.2	119.3	119.6	0.3	4.7
Tobacco products	0.31	113.2	123.7	123.7	0.0	9.3
Textile and leather products	0.52	126.4	120.2	118.5	-1.4	-6.2
Clothing, footwear and accessories	0.42	106.9	114.4	114.9	0.4	7.5
Chemicals and chemical products	8.79	129.5	122.6	121.0	-1.3	-6.6
Plastic and rubber products	2.80	127.4	126.6	128.5	1.5	0.9
Lumber and other wood products	4.58	132.5	124.1	123.1	-0.8	-7.1
Pulp and paper products	3.61	127.1	117.0	115.4	-1.4	-9.2
Energy and petroleum products	8.81	150.9	141.5	129.5	-8.5	-14.2
Primary ferrous metal products	2.83	140.7	135.7	135.7	0.0	-3.6
Primary non-ferrous metal products	7.07	147.7	137.5	136.4	-0.8	-7.7
Fabricated metal products and construction materials	3.28	143.9	139.4	139.4	0.0	-3.1
Motorized and recreational vehicles	22.19	109.9	113.0	112.4	-0.5	2.3
Machinery and equipment	6.18	115.2	118.3	117.9	-0.3	2.3
Electrical, electronic, audiovisual and telecommunications products	3.69	124.0	130.3	128.9	-1.1	4.0
Furniture and fixtures	1.52	117.3	115.8	115.3	-0.4	-1.7
Cement, glass and other non-metallic mineral products	2.18	115.9	128.5	129.1	0.5	11.4
Packaging materials and containers	2.17	124.6	132.1	132.0	-0.1	5.9
Miscellaneous products	2.04	113.4	116.5	116.5	0.0	2.7

^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	December 2022	November 2023 ^r	December 2023 ^p	November to December 2023	December 2022 to December 2023
	%	(January 2020=100)			% change	
Raw Materials Price Index (RMPI)	100.00	141.3	136.9	130.2	-4.9	-7.9
RMPI excluding crude energy products	66.68	134.5	135.1	132.8	-1.7	-1.3
Crude energy products	33.32	153.1	140.1	125.7	-10.3	-17.9
Crop products	12.30	157.3	141.8	137.1	-3.3	-12.8
Animals and animal products	20.09	123.5	133.5	132.2	-1.0	7.0
Non-metallic minerals	3.11	122.5	131.6	131.4	-0.2	7.3
Logs, pulpwood, natural rubber and other forestry products	5.81	125.4	125.7	123.5	-1.8	-1.5
Metal ores, concentrates and scrap	25.37	135.7	135.8	133.5	-1.7	-1.6

^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).