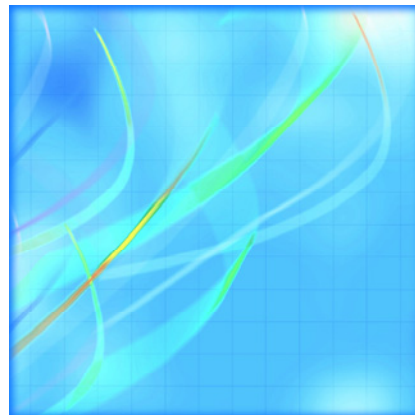




Catalogue no. 21-007-XIE

# Farm product price index

March 2005



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Statistics Canada  
Agriculture Division

# Farm product price index

March 2005

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# Symbols

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The following standard symbols are used in Statistics Canada publications:

- . not available for any reference period
- .. not available for a specific reference period
- ... not applicable
- 0 true zero or a value rounded to zero
- 0<sup>s</sup> value rounded to 0 (zero) where there is a meaningful distinction between true zero and the value that was rounded
- p preliminary
- r revised
- x suppressed to meet the confidentiality requirements of the *Statistics Act*
- E use with caution
- F too unreliable to be published

## Acknowledgement

This publication was prepared under the direction of:

- **Paul Murray**, Chief, Farm Income and Prices Section
- **Gail-Ann Breese**, Head, Farm Prices Unit
- **Robert Waugh**, Subject matter officer, Farm Prices Unit

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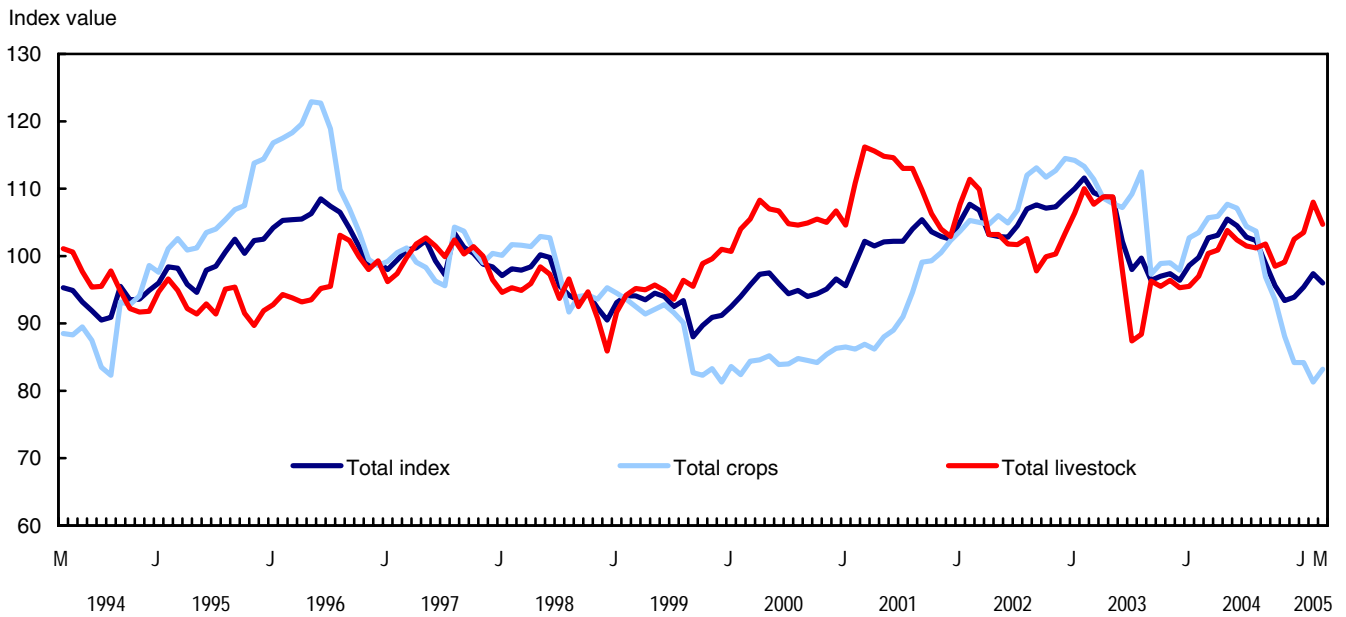
# Highlights

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- Prices farmers received for their commodities in March 2005 fell 6.5% from the same month a year earlier in the wake of a sharp decline in crop prices, which offset a gain in prices for livestock.

Chart 1

Farm product price index (FPPI) (1997=100)



## Analysis – March 2005

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Prices farmers received for their commodities in March 2005 fell 6.5% from the same month a year earlier in the wake of a sharp decline in crop prices, which offset a gain in prices for livestock.

Overall, producers received prices for crops that were 21.3% below levels in March 2004, continuing a downward trend in year-over-year price changes that began in September 2003, according to the Farm Product Price Index. Farmers received lower prices for grains, oilseeds and specialty crops.

On the other hand, prices for livestock and animal products were 4.3% higher in March 2005 than they were a year earlier. This was the tenth consecutive year-over-year increase in the overall livestock and animal products index.

Prices rose in March for cattle and calves, poultry and dairy. Gains ranged from 3.8% for cattle and calves to 9.9% for dairy over year earlier levels.

On a monthly basis, prices farmers received for their commodities dropped 1.4% in March over February, as the decline in prices for livestock and animal products more than offset the increase in crop prices.

The FPPI (1997=100) stood at 96.0 in March, down from a revised February index of 97.4. This marks the first decline this year as the index was climbing from the recent low of 93.4 in November 2004.

Prices for livestock and animal products were down 3.1% in March from the revised February index, as prices for all livestock and animal products fell except for eggs. Cattle and calf prices fell after making four consecutive monthly gains. On March 2, just days before the anticipated re-opening of the US border to live Canadian cattle and an expanded list of beef products, a preliminary injunction was granted by a Montana District Court Judge to temporarily delay the reopening of the border.

Hog prices were down slightly in March, the first monthly decline this year. Hog prices made significant gains through the first half of 2004, then started to drop in the last half of the year, pressured by large North American supplies and a strong Canadian dollar.

Prices farmers received for crops rose in March as all of the crop commodities recorded increases except for vegetables.

The grains index was up 0.8% in March, marking the second increase in the last ten months. Prices for oilseeds also rose in March. This was the first increase in the index since May of 2004. Grain and oilseed prices have been plagued by bumper crops in other exporting countries. As the new crop year approaches however, crop prices start to react to weather conditions and their impact on production.

## Related products

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### Selected publications from Statistics Canada

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21-010-X	Net farm income - Agriculture economic statistics
21-011-X	Farm cash receipts - Agriculture economic statistics
21-012-X	Farm operating expenses and depreciation charges - Agriculture economic statistics
21-013-X	Value of farm capital - Agriculture economic statistics
21-014-X	Farm debt outstanding - Agriculture economic statistics
21-015-X	Direct payments to agriculture producers - Agriculture economic statistics
21-016-X	Balance sheet of the agricultural sector - Agriculture economic statistics
21-017-X	Agriculture value added account - Agriculture economic statistics
21-018-X	Farm business cash flows - Agriculture economic statistics
21-206-X	Statistics on income of farm operators
62-010-X	Consumer prices and price indexes

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### Selected CANSIM tables from Statistics Canada

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002-0005	Farm operating expenses and depreciation charges
002-0021	Farm product price index (FPPI)
002-0022	Farm product price index (FPPI)

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### Selected surveys from Statistics Canada

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3436	Farm Product Prices Survey
5040	Farm Product Price Index

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# Statistical tables

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Table 1

## Farm product price index, by province

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Canada
(1997 = 100)											
<b>Annual</b>											
1994	89.5	116.0	94.4	103.7	93.9	93.4	85.5	92.5	93.3	94.7	93.2
1995	90.1	114.4	92.5	104.0	93.8	94.0	97.7	110.0	102.6	94.2	99.4
1996	100.2	104.0	101.7	102.8	101.3	100.9	104.7	111.0	103.9	97.6	103.7
1997	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1998	101.1	103.2	98.8	102.3	92.3	93.0	94.3	98.4	97.0	98.0	95.5
1999	101.3	118.3	98.1	107.0	92.7	90.7	87.5	89.2	93.7	98.1	92.1
2000	99.6	112.0	101.8	108.3	99.6	95.7	87.9	87.8	96.6	101.9	95.0
2001	101.2	116.0	103.3	116.2	103.0	101.4	96.7	99.0	104.8	102.0	101.8
2002	101.2	147.1	97.2	124.3	102.2	101.5	101.1	110.7	109.2	106.5	105.8
<b>2003</b>											
January	105.1	124.6	101.0	115.9	101.2	104.1	105.3	117.5	118.9	110.7	110.0
February	105.8	127.8	100.2	113.1	105.4	107.5	105.8	116.5	119.5	111.2	111.6
March	102.0	125.7	102.2	113.4	103.6	104.6	103.1	112.3	118.9	110.0	109.4
April	101.8	119.1	106.9	113.7	103.2	106.2	102.4	110.0	117.0	109.9	108.8
May	97.4	114.1	107.5	110.4	104.8	105.6	102.7	109.2	116.4	111.0	108.7
June	102.1	116.5	105.0	108.1	105.1	100.9	100.5	105.2	97.7	110.6	102.2
July	102.3	132.0	104.6	102.4	98.5	101.2	98.3	104.0	84.4	108.7	98.0
August	100.5	148.0	106.0	115.9	97.3	108.7	93.0	98.3	83.5	109.0	99.7
September	100.9	128.7	101.3	115.2	99.2	99.1	90.8	94.4	92.6	106.3	96.4
October	102.4	106.9	100.6	107.2	98.3	99.7	91.7	96.9	91.9	105.7	97.0
November	101.3	103.4	96.2	102.3	96.0	99.1	92.4	99.9	90.9	114.6	97.4
December	101.6	100.8	95.8	106.4	95.5	99.3	92.1	99.1	91.4	105.3	96.4
Annual	101.9	119.9	102.3	110.9	100.4	102.7	96.9	104.0	100.5	109.4	102.1
<b>2004</b> <sup>1</sup>											
January	101.8	94.3	103.8	108.7	95.2	101.6	90.8	97.7	98.5	109.8	98.6
February	102.5	94.6	105.8	95.5	100.5	104.2	92.7	96.6	98.7	107.2	99.8
March	99.6	97.7	101.3	104.7	102.5	106.1	96.8	101.3	102.1	107.3	102.7
April	101.2	96.0	100.6	98.7	103.5	106.5	97.5	100.7	102.0	109.9	103.1
May	100.8	101.9	104.6	106.3	106.8	109.0	100.9	104.7	101.8	111.3	105.5
June	98.0	115.3	103.2	106.5	111.4	107.9	99.8	102.6	98.1	110.6	104.5
July	104.3	125.7	119.0	116.7	106.4	102.8	101.4	101.3	97.2	112.2	102.8
August	106.3	136.6	112.5	122.1	108.5	101.7	100.4	97.4	93.6	114.0	102.3
September	102.3	145.3	108.2	120.7	105.9	103.9	94.7	87.1	95.2	110.1	98.9
October	102.9	119.8	107.0	111.1	104.5	102.5	90.8	80.7	92.8	104.8	95.6
November	102.2	103.3	104.8	108.5	103.8	99.8	86.4	77.8	90.7	105.7	93.4
December	102.5	109.7	104.8	113.1	103.9	98.9	86.8	76.2	93.0	108.3	93.9
Annual	102.2	108.0	107.0	110.6	104.5	103.1	93.9	91.5	96.9	109.1	99.6
<b>2005</b> <sup>1</sup>											
January	101.1	103.3	104.6	111.9	102.6	98.9	88.3	76.4	95.2	107.1	95.4
February	102.1	107.0	107.7	111.4	107.1	102.8	88.2	78.0	95.6	110.1	97.4
March	105.7	114.2	109.2	117.4	105.7	100.5	86.5	77.5	92.7	110.6	96.0

1. Since August 2004, current initial prices are used for wheat and barley in Western Canada and for wheat in Ontario.

Table 2

## Indexes of total crop prices, by province

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Canada
(1997 = 100)											
<b>Annual</b>											
1994	x	137.6	87.2	114.9	97.1	88.4	80.4	89.2	85.6	88.3	88.9
1995	x	133.5	87.1	114.3	100.6	94.7	102.5	114.0	111.6	98.5	105.7
1996	x	109.4	100.5	105.9	111.5	103.2	110.1	116.5	115.6	100.6	110.9
1997	x	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1998	x	112.5	104.8	110.2	97.3	91.2	98.9	98.6	97.9	95.8	96.9
1999	x	138.2	106.1	120.3	93.3	85.2	85.1	85.5	85.9	95.5	87.8
2000	x	118.9	103.5	117.5	93.7	85.8	76.4	80.4	81.6	95.1	84.3
2001	x	121.5	95.8	133.0	96.0	91.1	87.6	94.2	92.3	91.9	92.9
2002	x	180.5	91.0	156.3	107.2	98.8	105.0	113.6	112.0	107.3	108.6
<b>2003</b>											
January	x	144.7	95.8	134.3	108.6	104.3	112.7	121.5	119.6	113.3	114.2
February	x	146.8	99.2	125.6	107.3	104.2	111.8	119.5	119.7	109.7	113.3
March	x	143.5	104.7	120.5	106.7	101.6	109.8	116.4	119.6	107.1	111.4
April	x	132.4	114.1	121.7	105.5	102.6	106.3	110.2	116.9	110.2	108.6
May	x	122.4	126.1	107.4	106.2	101.8	104.4	110.6	115.1	111.5	107.8
June	x	122.2	107.8	106.4	108.8	99.2	103.0	109.6	115.1	111.4	107.2
July	x	173.0	108.8	108.9	110.1	107.4	100.2	109.8	113.4	110.8	109.2
August	x	205.3	108.4	143.0	103.4	116.9	92.3	111.0	108.0	111.3	112.5
September	x	154.9	105.2	140.3	100.9	99.3	90.9	96.4	92.1	108.3	97.3
October	x	119.8	99.8	119.9	101.2	99.1	94.8	99.5	89.4	111.0	98.9
November	x	117.0	91.8	111.7	99.4	98.1	94.7	101.2	88.5	123.2	99.0
December	x	110.8	89.8	113.4	97.2	99.5	95.6	103.0	89.6	109.2	97.9
Annual	x	137.2	102.6	123.0	103.2	102.7	99.1	106.2	101.0	111.4	104.0
<b>2004<sup>1</sup></b>											
January	x	97.6	98.3	118.2	97.5	104.1	95.1	101.5	104.6	119.3	102.7
February	x	93.6	97.3	87.5	98.0	106.3	96.1	103.8	105.9	116.5	103.5
March	x	98.7	99.1	104.9	98.3	110.4	98.2	105.5	107.3	112.8	105.7
April	x	94.7	98.7	92.0	103.7	111.5	98.5	102.8	107.7	117.7	105.9
May	x	100.7	97.8	107.4	104.9	112.3	99.2	107.1	107.7	118.8	107.7
June	x	120.4	97.5	106.1	108.6	109.2	99.8	104.4	110.1	115.8	107.1
July	x	145.5	137.5	136.0	108.1	98.8	98.5	102.6	110.1	117.0	104.4
August	x	171.1	114.5	142.4	106.0	98.4	98.8	99.5	102.9	119.9	103.7
September	x	178.8	108.2	140.5	102.0	102.4	92.5	86.5	94.0	117.9	96.9
October	x	134.3	107.6	120.2	99.0	102.2	89.6	78.4	89.6	111.7	93.5
November	x	109.3	106.7	117.7	99.0	97.1	79.6	72.6	86.1	109.1	88.1
December	x	117.2	106.7	121.0	95.0	93.5	77.4	70.0	83.9	112.6	84.2
Annual	x	113.7	110.3	120.3	101.7	101.9	91.7	91.4	99.1	115.4	98.6
<b>2005<sup>1</sup></b>											
January	x	106.8	112.5	119.1	91.8	88.1	76.8	68.1	81.6	107.8	84.2
February	x	108.9	112.5	119.6	89.1	87.6	74.0	65.9	76.0	113.2	81.3
March	x	122.0	113.4	125.1	92.1	90.2	75.1	68.3	74.8	113.7	83.2

1. Since August 2004, current initial prices are used for wheat and barley in Western Canada and for wheat in Ontario.

Table 3

## Indexes of total livestock and animal product prices, by province

	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskat- chewan	Alberta	British Columbia	Canada
	(1997 = 100)										
<b>Annual</b>											
1994	85.0	91.9	97.8	96.0	92.7	97.1	92.4	101.4	99.1	99.6	96.5
1995	86.9	92.9	95.0	96.9	91.5	93.4	90.5	95.4	95.5	90.9	93.2
1996	100.6	97.8	102.3	100.6	97.9	99.0	96.7	91.1	94.7	95.2	96.8
1997	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1998	101.2	91.9	95.6	96.7	90.6	94.5	87.8	97.6	96.4	99.8	94.2
1999	100.8	93.4	94.0	97.3	92.5	95.1	90.6	102.3	99.6	100.2	96.2
2000	97.9	104.4	100.8	101.7	101.7	103.8	103.2	113.9	107.7	107.5	105.2
2001	99.6	110.4	106.9	103.8	105.6	109.9	109.0	116.8	114.2	110.4	110.3
2002	98.6	102.5	100.3	100.5	100.3	103.3	97.8	104.8	108.1	105.1	103.4
<b>2003</b>											
January	103.2	100.8	103.9	99.7	98.7	103.6	98.4	108.6	119.2	108.1	106.4
February	103.7	104.2	102.7	104.0	104.1	109.7	100.2	110.4	120.2	110.9	110.0
March	99.5	104.4	103.6	104.9	102.1	106.6	96.8	103.4	119.2	111.1	107.7
April	99.2	103.6	106.1	108.1	102.7	108.7	99.1	110.4	117.7	108.8	108.8
May	94.9	103.6	106.1	106.4	104.2	108.2	101.0	107.0	117.0	109.8	108.8
June	99.7	99.2	105.7	105.2	103.5	101.8	98.6	93.0	88.2	109.1	97.9
July	99.7	84.1	101.2	100.4	94.4	94.5	97.0	82.3	69.0	105.7	87.4
August	97.4	90.7	98.9	96.7	94.6	97.4	94.3	72.7	72.6	105.0	88.4
September	97.5	93.2	97.1	97.0	98.9	97.5	93.9	91.2	94.2	103.7	96.3
October	99.6	93.2	98.2	100.0	97.3	98.5	89.2	91.5	94.5	100.7	95.5
November	98.2	91.2	97.3	99.3	94.7	99.4	90.7	98.0	93.9	104.3	96.4
December	98.2	93.7	98.7	99.7	94.7	99.0	89.2	88.4	93.4	102.0	95.3
Annual	99.1	96.9	102.0	102.1	99.4	102.0	95.6	99.9	100.8	107.0	100.6
<b>2004</b>											
January	98.8	92.3	104.5	101.4	94.2	99.0	87.2	89.5	95.4	102.9	95.5
February	99.7	97.0	106.3	100.5	100.5	102.2	90.2	82.5	95.2	101.4	97.0
March	96.7	97.9	101.4	102.6	102.9	102.8	96.2	92.9	99.5	102.6	100.4
April	98.2	98.8	100.9	102.7	103.8	102.4	97.3	96.9	99.4	102.5	100.9
May	98.0	102.6	105.6	103.1	107.5	106.2	102.3	100.3	100.1	104.2	103.8
June	95.3	103.5	104.4	104.9	111.5	106.1	100.6	99.7	92.9	105.4	102.4
July	97.4	100.2	106.8	102.4	105.7	106.4	104.9	101.4	91.7	106.4	101.5
August	98.6	101.8	110.1	103.6	110.4	105.6	102.5	93.6	90.1	105.2	101.2
September	98.2	102.1	108.1	104.3	108.3	105.0	100.7	92.7	96.9	102.2	101.8
October	98.8	101.3	106.3	105.5	107.5	102.5	93.7	86.3	95.5	98.3	98.5
November	98.3	99.6	103.1	102.5	106.0	101.8	95.0	91.3	94.7	101.6	99.1
December	98.6	102.2	103.5	107.1	106.8	102.1	99.7	101.6	99.6	104.5	102.5
Annual	98.0	100.0	105.2	103.8	105.5	103.6	97.3	93.5	96.3	102.9	100.5
<b>2005</b>											
January	96.4	98.7	102.4	106.5	105.4	107.0	100.3	97.3	103.2	105.1	103.5
February	97.8	104.3	106.2	105.3	111.3	112.6	102.9	103.1	106.4	106.5	108.0
March	101.4	103.4	107.6	111.6	109.2	107.2	99.0	98.3	103.1	107.0	104.7

Table 4

## Sub-indexes of crops and livestock and animal product prices, Canada

	Grains	Oilseeds	Specialty crops	Fruit	Vegetables	Potatoes	Total crops	Cattle and calves	Hogs	Poultry	Eggs	Dairy	Total livestock	Total index
(1997 = 100)														
<b>Annual</b>														
1994	85.4	86.4	97.0	84.1	101.0	118.0	88.9	111.8	78.2	88.3	92.6	95.4	96.5	93.2
1995	114.7	93.8	103.0	90.0	103.1	114.6	105.7	99.9	80.2	87.8	96.6	96.3	93.2	99.4
1996	122.1	101.2	122.0	92.9	98.5	105.2	110.9	91.4	100.6	99.8	104.9	98.0	96.8	103.7
1997	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1998	94.0	96.7	95.3	99.7	102.7	111.0	96.9	103.6	64.9	97.9	96.7	102.3	94.2	95.5
1999	85.2	75.0	90.2	97.4	102.6	123.5	87.8	110.0	66.1	91.6	94.5	103.4	96.2	92.1
2000	83.1	65.0	82.5	97.6	105.0	119.6	84.3	118.8	87.7	91.2	95.4	107.5	105.2	95.0
2001	95.2	74.5	101.6	96.6	106.1	124.2	92.9	126.0	93.7	95.5	98.9	109.7	110.3	101.8
2002	111.0	94.1	124.4	104.3	112.0	166.5	108.6	117.3	76.1	91.8	102.8	112.2	103.4	105.8
<b>2003</b>														
January	117.5	101.2	145.9	113.4	114.4	143.5	114.2	127.8	72.4	91.8	100.8	113.1	106.4	110.0
February	117.2	101.5	143.8	112.0	114.1	142.1	113.3	126.9	78.1	92.6	101.9	122.1	110.0	111.6
March	115.7	99.3	135.4	109.1	113.7	148.6	111.4	122.8	75.6	94.4	101.4	120.4	107.7	109.4
April	113.8	96.9	129.4	112.8	113.5	144.9	108.6	125.3	75.0	94.8	101.5	121.0	108.8	108.8
May	112.2	94.3	121.8	113.2	113.8	130.5	107.8	121.6	82.1	96.7	101.5	119.4	108.8	108.7
June	111.5	91.0	108.2	107.9	112.5	128.5	107.2	90.4	86.0	97.2	101.5	117.0	97.9	102.2
July	116.3	87.6	105.9	102.6	111.1	145.1	109.2	63.0	82.3	97.1	102.0	115.4	87.4	98.0
August	125.6	85.1	106.2	108.1	112.0	179.4	112.5	67.6	78.0	96.6	102.3	117.8	88.4	99.7
September	93.2	86.7	102.0	97.7	112.0	141.1	97.3	93.9	74.5	96.1	102.3	120.8	96.3	96.4
October	92.1	94.0	109.0	96.8	112.3	117.8	98.9	96.6	70.9	96.2	102.1	121.4	95.5	97.0
November	90.3	93.7	107.6	122.3	111.6	117.9	99.0	100.3	64.6	97.3	102.0	121.1	96.4	97.4
December	91.8	94.0	111.2	103.4	111.4	111.8	97.9	95.5	64.2	96.4	102.0	120.5	95.3	96.4
Annual	104.9	92.7	113.1	105.0	112.3	136.2	104.0	104.7	74.9	95.6	101.9	119.1	100.6	102.1
<b>2004</b>														
January	101.2	97.2	104.7	108.7	112.8	114.8	102.7	96.8	66.1	97.0	103.0	116.8	95.5	98.6
February	102.9	100.1	104.9	105.2	113.3	105.4	103.5	90.5	80.3	97.2	103.2	119.3	97.0	99.8
March	104.6	105.0	106.3	102.7	114.3	109.9	105.7	97.9	87.0	96.8	103.2	116.3	100.4	102.7
April	105.2	108.7	113.1	107.5	115.3	108.6	105.9	99.3	87.2	96.0	104.5	116.5	100.9	103.1
May	105.9	111.0	120.3	110.2	114.9	110.2	107.7	97.5	103.6	96.1	106.8	116.0	103.8	105.5
June	105.2	109.8	111.9	107.6	113.9	123.0	107.1	90.1	102.7	96.6	108.6	119.0	102.4	104.5
July	99.5	107.3	107.2	110.2	115.6	147.0	104.4	89.5	101.6	97.5	108.8	116.6	101.5	102.8
August	94.0	99.5	102.8	104.5	112.7	215.2	103.7	86.5	99.4	97.8	109.4	122.5	101.2	102.3
September	77.0	93.2	104.4	106.2	113.6	166.8	96.9	92.8	93.1	97.9	109.1	122.8	101.8	98.9
October	72.9	88.5	110.8	103.2	114.8	136.4	93.5	90.9	88.9	97.7	106.0	123.0	98.5	95.6
November	70.3	81.7	94.2	99.5	116.0	123.1	88.1	91.4	84.7	99.3	106.1	125.0	99.1	93.4
December	65.1	78.7	93.0	99.7	116.2	127.9	84.2	97.5	82.5	101.8	106.0	124.8	102.5	93.9
Annual	89.9	94.7	102.8	105.3	114.4	130.1	98.6	93.6	89.7	97.8	106.1	119.8	100.5	99.6
<b>2005</b>														
January	66.8	77.1	97.0	102.9	117.8	127.3	84.2	102.4	88.0	102.4	96.7	121.6	103.5	95.4
February	64.9	72.8	88.8	105.3	118.4	127.9	81.3	106.0	89.5	102.2	95.2	133.1	108.0	97.4
March	65.4	76.5	97.9	108.3	117.4	128.1	83.2	101.6	86.8	100.7	95.3	127.8	104.7	96.0
<b>Importance of group in current month <sup>1</sup></b>														
March	13.7	10.3	1.6	0.7	2.7	3.2	39.5	19.8	13.8	6.1	2.0	16.3	60.5	100.0

1. Weights for sub-indexes do not add up to total index due to other crops and other livestock not shown in this table.

# Concepts, methodology and data quality

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The following information should be used to ensure a clear understanding of the basic concepts that define the data provided in this product, of the underlying methodology of the index, and of key aspects of the data quality. This information will provide you with a better understanding of the strengths and limitations of the data, and of how they can be effectively used and analyzed. The information may be of particular importance to you when making comparisons with data from other sources of information, and in drawing conclusions regarding the significance of changes between different years, or of the differences in index movements between different regions.

## Data sources and methodology

The **Farm Product Price Index (FPPI)** measures the change through time in prices received for agricultural commodities at the first transaction point.

## General methodology

The FPPI is an annually linked chain index with different index baskets for each calendar month of the year. The index expresses current farm prices as a percentage of prices prevailing in the base period.

## Reference period

The FPPI compares, in percentage terms, prices producers received in any given time period to prices in the official base year, which is 1997=100. The reference period for the data collection and compilation is the calendar month. The monthly index is released approximately eight weeks after the end of the reference month. The annual index, which is a weighted average of the monthly indexes, is released with the December index.

## Weights and linking

The FPPI is based on a five-year basket that is updated every year. This captures the continual shifts in agricultural commodities produced and sold. The annual weight base is derived from the farm cash receipts series, Catalogue no. 21-011-X. There is a two-year lag in the years used to construct the basket because of the availability of farm cash receipts data and to reduce the number of revisions made to the index. Therefore, the years used to construct the basket for year  $y$  are  $y-6$  to  $y-2$ .

The seasonal weighting pattern was derived using the monthly marketings from 1994 to 1998. This weighting pattern remains constant and will only be updated periodically, for instance during intercensal revisions or when the time base is revised.

The annual basket is linked into the index every year at the year and not at the month of December.

The current index will be linked back to 1935.

The FPPI has undergone numerous rebasings and reweighting phases during its fifty-year history.

**Text table 1****FPPI numerous rebasings and reweighting phases during its fifty-year history**

Date of introduction	Basket reference period	Scope of basket	Time base
August 1946	1935-1939	1935-1956	1935-1939=100
September 1969	1960-1962	1957-1970	1961=100
August 1978	1971	1971-1980	1971=100
December 1986	1981-1984	1981-1991	1981=100
March 1990	1981-1984	1991-1996	1986=100
April 2001	Annually updated 5 year average	1992-Present	1997=100

**Revisions**

Data are subject to revision in the event of late receipt of initial or revised data.

During the current calendar year, all months within that calendar year may be subject to revisions. Twice a year, in May and November, revisions to previous years may be incorporated; the previous two years in May and the previous three years in November. Every five years, the index can undergo an historical revision, based on the results of the Census of Agriculture, which affects both prices and quantities. The monthly distribution of commodities is reviewed during the incorporation of Census revisions.

For grains delivered to the Canadian Wheat Board or the Ontario Wheat Producers Marketing Board, the retroactive inclusion of adjustment, interim or final payments may cause substantial changes to the index. In comparing current index numbers with those prior to the final payments being accrued, the following points should be considered. Any subsequent adjustment payments are added to the prices used and the index revised upward accordingly. An increase of \$10.00 per tonne in the price of CWB wheat or barley or Ontario wheat would result in substantial upward revisions in the total indexes for Ontario and each of the Prairie provinces, in points, as illustrated below.

**Text table 2****Upward revisions in the total indexes for Ontario and the Prairie Provinces**

Grains	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia	Canada
Wheat	0.0	1.2	2.2	1.0	0.1	0.7
Barley	..	0.2	0.5	0.4	0.0	0.2

**Seasonal adjustment**

The FPPI is not adjusted for seasonality, but the seasonal basket is used since the marketing of virtually all farm products is seasonal. The index reflects the mix of agriculture commodities sold in a given month.

# Concepts and variables measured

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## Price coverage

The FPPI includes all farm products sold off the farm, which are estimated in the farm cash receipts series published in **Farm Cash Receipts - Agriculture Economic Statistics**, catalogue no. 21-011-X.

Prices are based on either administrative data sources, or monthly surveys of agricultural producers or commodity purchasers. Where possible, administrative data sources are used to reduce response burden. The commodity price is collected at point of first transaction, where the fees deducted before a producer is paid are excluded (e.g., storage, transportation and administrative costs), but any bonuses and premiums that can be attributed to specific commodities are included. Commodity-specific program payments are not included in the price.

Administrative price data come from a wide variety of sources. Many are collected directly from marketing boards, for example, the Ontario Wheat Producers Marketing Board and the Nova Scotia Grain Marketing Board; market associations such as CANFAX. Some are collected and processed by provincial agricultural or statistical departments. Some data are generated from the regulatory activities of Agriculture and Agri-Food Canada and the Canadian Wheat Board.

Where administrative data are not available, prices are collected using the monthly Farm Product Prices Survey, which consists of a series of surveys. There are two farm surveys: the monthly farm Potato Prices Survey and the quarterly farm Ontario Tame Hay and Straw Prices Survey. The reference date for the farm surveys is the 15th of each month and prices are collected by telephone during the five working days following the 15th.

There are two monthly company surveys: the Non- Board Grains and Speciality Crops Survey in the Prairies and the Grain Survey in the Maritimes. Administrative data, the Non-Board Grains and Specialty Crops Survey and the Maritime Grain Survey cover activity for the whole reference month, producing average weighted prices that reflect grades marketed.

There are some commodities within the farm cash receipts series that do not have prices; there are only values. These are generally smaller commodities such as maple, forest, floriculture and nursery products, and the other fruit and vegetable categories. The farm cash receipts for these unpriced items are used to establish the basket shares of these items, while their price movement comes from the aggregate index under which the item falls. For instance, the total vegetable index would be used to proxy the “other vegetable” category.

## Data accuracy

The methodology of the index and the price series which construct the index have been designed to control error and to reduce the potential effects of these. However, both administrative and survey data are subject to various kinds of errors. Survey data are mainly subject to response and data capture errors. In reporting prices each month, farm survey respondents are asked to report the average prices prevailing in their neighborhood, taking into account the various grades of each commodity marketed. Thus, average prices reported by these respondents may differ from month to month due to changes in price, quality or both.

Every effort is made to ensure that administrative data are conceptually correct for the use to which they are put. Users should be aware that administrative data are generally compiled for an organization’s own needs, and not for survey purposes. Any anomalies or inconsistencies detected are verified with the source, and where necessary, adjustments are made to reconcile data with the conceptual framework of our series. The administrative agencies used are considered to be the best sources available, and data received from them is judged to be of very good quality, even in those circumstances where adjustments have been made. Much price data come from the accounting



departments of various marketing agencies, and are originally used to issue cheques to producers, are audited, and so quality is deemed to be excellent.

### **Comparability of data and related sources**

The current methodology (a chained index with monthly baskets) was applied to the index starting with 1992; there was no change in methodology for the indexes before 1992. Although the index levels of the 1997=100 series will be different from those of the 1986=100 series, they will continue to show the same percent changes for the period ending in December 1991. The index prior to 1992 was constructed as a chain fixed-basket index.

Since the index is chained annually, measures of twelve-month price change are not measures of pure price change, as they would be in a direct seasonalbasket index, but are distorted by basket shifts.

However, since we calculate unlinked indexes for year  $y-1$  and  $y$  based on the basket for years  $y-6$  to  $y-2$ , we use this unlinked index to derive a measure of pure price change between any month  $m$  of year  $y-1$  and the same month of year  $y$ .

The current index includes all farm cash receipts in the basket, whereas the previous index, prior to 1992, had been based upon products that account for about 95% of total farm cash receipts from farming operations. Commodities included in the index vary by province, reflecting the regional agricultural production. For instance there are no special crop sub-indexes in the Maritime provinces.

### **Other quality indicators and assessments**

Statistics Canada had been using the 1980 Standard Industrial Classification system (SIC) for collecting, compiling and disseminating economic statistics on Canada's businesses. Beginning with the 1997 reference year, the North American Industry Classification System (NAICS) was introduced. It adds hatcheries and farms with only Christmas trees to the agricultural sector. The index base weights used for the commodities affected by NAICS were adjusted to reflect the new classification in 1997.