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The Daily

Statistics Canada

Wednesday, October 27, 1999
For release at 8:30 a.m.

MAJOR RELEASES

- **Industrial Product Price Index,** September 1999 2
  Industrial product prices rose at their fastest annual pace in nearly four years in September, fuelled by soaring gasoline prices. Prices of manufactured goods last month were 3.1% higher than they were in September 1998, the largest year-over-year increase since December 1995.

- **Raw Materials Price Index,** September 1999 5
  Manufacturers paid 3.5% more for their raw materials in September compared with August. The major reason was significantly higher prices for crude oil, assisted by slightly higher prices for non-ferrous metals.

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MAJOR RELEASES

Industrial Product Price Index

September 1999

Industrial product prices rose at their fastest annual pace in nearly four years in September, fuelled by soaring gasoline prices.

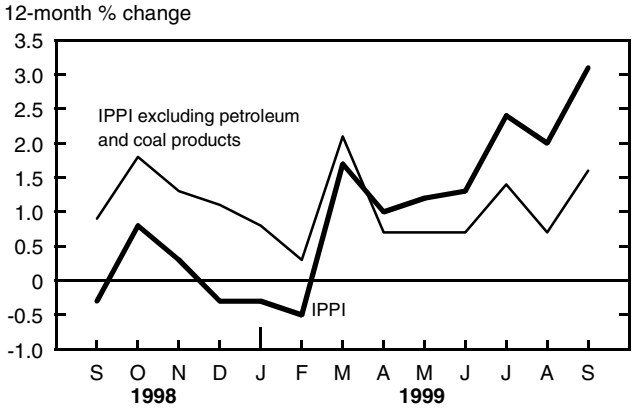
The prices of manufactured goods last month were 3.1% higher than they were in September 1998, the largest year-over-year price increase since December 1995. At the same time, both the Consumer Price Index and the Raw Materials Price Index for September recorded their largest 12-month increases in over four years.

The Industrial Product Price Index stood at 123.1 (1992=100) in September, up from 122.5 in August.

On a monthly basis, industrial prices rose 0.5% from August, their seventh consecutive monthly increase, boosted by ongoing strength in gasoline and fuel oil prices. These increases were partly offset by lower meat and lumber product prices.

The upward pressure of petroleum product prices has had a substantial impact on overall industrial product prices. If petroleum and coal products were excluded, overall prices would have remained virtually unchanged in September compared with August. The year-over-year increase would have been reduced by almost half, to 1.6%.

Petroleum product prices push up IPPI



Note to readers

The Industrial Product Price Index (IPPI) reflects the prices that producers in Canada receive as the goods leave the plant gate. It does not reflect what consumers pay. Unlike the Consumer Price Index (CPI), the IPPI excludes indirect taxes and all the costs that occur between the time when a good leaves the plant and the time when the final user takes possession of it, including the transportation, wholesale and retail costs.

Canadian producers export many goods. They often quote their prices in foreign currencies, particularly for motor vehicles, pulp, paper, and wood products. A rise or fall in the value of the Canadian dollar against the U.S. dollar therefore affects the IPPI. A 1.0% change in the value of the Canadian dollar against the U.S. dollar has been estimated to change the IPPI by approximately 0.3%.

Gasoline, fuel oil prices continue strong upward trend

Prices for gasoline and fuel oil products continued their upward trend in September, increasing 5.3% from the previous month. Prices in this group stood 42.9% above their most recent low in February and 31.7% higher than in September 1998, the largest yearly gain in almost two decades. This gain was largely the result of a year-over-year increase of 59.7% in crude oil prices as measured by the Raw Materials Price Index.

Crude oil prices have rebounded following the March 1999 decision by the Organization of Petroleum Exporting Countries (OPEC) to reduce production to boost prices. Since then, prices have been supported by ongoing compliance from its members and recent commitments to maintain production restrictions through March 2000.

The impact of crude oil prices was also felt at the retail level, where consumers paid 2.1% more at gas pumps in September compared with August, according to the Consumer Price Index.

Strong increase in pulp prices

Paper and paper product prices, which have remained relatively stable throughout most of the year, rose 1.8% in September from August. This advance was primarily due to pulp prices, which increased 5.7%. Low inventories and prospects of a stronger Asian economy helped push up prices for pulp in September. Prices for newsprint and paper products edged up slightly.

Pulp prices were also quite robust on a year-over-year basis, climbing 10.1%. These gains,

however, were overshadowed by newsprint prices, which dropped 21.8% compared with September last year.

Second monthly decline in lumber prices

Lumber prices fell 2.9% in September on the heels of a 9.5% decline in August. As the building season begins to wind down in North America, lumber sales generally taper off, pulling prices down accordingly.

Hardwood prices (+2.0%) fared better than softwood prices (-3.1%). In both cases, export prices were stronger than their domestic counterparts.

In general, lumber prices had been on an upswing throughout most of 1999. This was primarily due to a solid North American housing market. Builders are the biggest lumber users and demand from this source has been growing. According to the Canada Mortgage and Housing Corporation, September housing starts (seasonally adjusted) rose to their highest level since March 1998. Reflecting this trend, lumber prices stood 16.9% above levels a year earlier.

Meat product prices weaken

Unable to sustain their increase in August, meat product prices dropped 2.7% in September. A 5.1% decrease in hamburger prices and an 8.7% decline in pork prices were the driving force behind the decline. American meat packers stepped up pork output just as retail demand was beginning to wane.

In contrast to the monthly picture, meat product prices fared well on a year-over-year basis, advancing 2.3%. Again, pork and hamburger prices figured prominently, rising 11.0% and 7.4%, respectively.

Nickel prices lead gain among primary metal products

Primary metal product prices advanced again in September (+1.2%), the result of widespread increases.

The largest gain was in nickel prices (+7.3%), in part reflecting a strike at an important Canadian nickel operation. After hitting a five-year low in 1998, nickel product prices have been rebounding throughout most of 1999. September's price of nickel stood 67.1% above its level of a year earlier.

Prices for both aluminum products and copper and copper alloy products were buoyed by a strong American economy and prospects of an Asian economic recovery.

Primary metal product prices were also up on a yearly basis (+3.5%), with only iron and steel products showing a decline.

Internationally, the change in manufacturers' prices tended to be stronger in North America than in Europe and Japan.

International 12-month price changes

	Month	Change
		%
Manufacturer's prices		
Canada	September	3.1
United States	September	3.0
Japan (domestic wholesale prices)	September	-1.3
United Kingdom (domestic manufacturing output prices)	September	1.7
Italy	August	0.0
Germany	September	-0.5
France	August	-1.2

Available on CANSIM: matrices 1870-1878.

The September 1999 issue of *Industry price indexes* (62-011-XPB, $22/$217) will be available at the end of November. See *How to order publications.*

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Client Services Unit (613-951-3350; fax: 613-951-1539; *infounit@statcan.ca*), Prices Division. □

Industrial product price indexes
(1992=100)

	Relative importance	Sept. 1998	Aug. 1999[r]	Sept. 1999[p]	Sept. 1998 to Sept. 1999	Aug. to Sept. 1999
					% change	
Industrial product price index (IPPI)	**100.00**	**119.4**	**122.5**	**123.1**	**3.1**	**0.5**
Intermediate goods[1]	**59.28**	**119.2**	**122.7**	**123.5**	**3.6**	**0.7**
First-stage intermediate goods[2]	7.91	116.8	124.6	129.2	10.6	3.7
Second-stage intermediate goods[3]	51.37	119.5	122.5	122.7	2.7	0.2
Finished goods[4]	**40.72**	**119.8**	**122.2**	**122.3**	**2.1**	**0.1**
Finished foods and feeds	10.38	112.9	114.9	114.5	1.4	-0.3
Capital equipment	10.21	124.3	125.1	125.1	0.6	0.0
All other finished goods	20.13	121.1	124.5	125.0	3.2	0.4
Aggregation by commodities						
Meat, fish and dairy products	7.27	118.4	122.7	121.0	2.2	-1.4
Fruit, vegetable, feed, miscellaneous food products	6.72	111.2	110.6	110.4	-0.7	-0.2
Beverages	2.12	113.5	116.0	116.0	2.2	0.0
Tobacco and tobacco products	0.72	131.3	139.4	139.4	6.2	0.0
Rubber, leather, plastic fabric products	3.01	113.5	114.4	114.6	1.0	0.2
Textile products	1.82	110.0	108.5	108.6	-1.3	0.1
Knitted products and clothing	1.93	109.9	110.0	110.1	0.2	0.1
Lumber, sawmill, other wood products	5.20	138.0	155.3	152.6	10.6	-1.7
Furniture and fixtures	1.46	115.3	116.4	116.4	1.0	0.0
Pulp and paper products	7.65	129.1	125.6	127.9	-0.9	1.8
Printing and publishing	3.05	131.6	134.3	134.4	2.1	0.1
Primary metal products	7.58	119.7	122.4	123.9	3.5	1.2
Metal fabricated products	4.11	123.5	123.2	123.6	0.1	0.3
Machinery and equipment	4.08	113.8	114.8	115.0	1.1	0.2
Autos, trucks, other transportation equipment	18.76	131.1	131.3	131.2	0.1	-0.1
Electrical and communications products	6.03	106.8	106.4	106.5	-0.3	0.1
Non-metallic mineral products	2.12	112.9	115.2	115.3	2.1	0.1
Petroleum and coal products[5]	6.01	93.6	116.3	122.1	30.4	5.0
Chemicals and chemical products	7.60	113.6	117.4	119.3	5.0	1.6
Miscellaneous manufactured products	2.45	117.5	118.5	118.4	0.8	-0.1
Miscellaneous non-manufactured commodities	0.31	117.5	120.2	121.5	3.4	1.1

[1] *Intermediate goods are used principally to produce other goods.*
[2] *First-stage intermediate goods are used most frequently to produce other intermediate goods.*
[3] *Second-stage intermediate goods are most commonly used to produce final goods.*
[4] *Finished goods are most commonly used for immediate consumption or for capital investment.*
[5] *This index is estimated for the current month.*
[r] *Revised figures.*
[p] *Preliminary figures.*

■

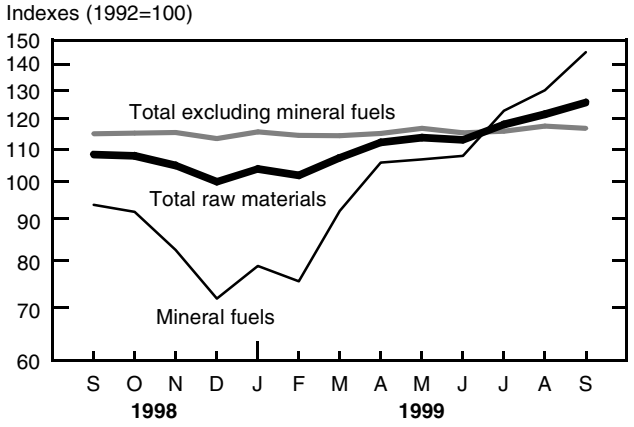
Raw Materials Price Index

September 1999 (preliminary)

Manufacturers paid 3.5% more for their raw materials in September compared with August. The major reason was significantly higher prices for crude oil, assisted by slightly higher prices for non-ferrous metals. These increases were partly offset by lower prices for animal and vegetable products and wood.

The Raw Materials Price Index stood at 125.5 in September (1992=100), up from the revised August figure of 121.3.

Crude oil prices up again



September's raw material prices were 16.1% higher than their level a year earlier. This 12-month rise in prices tops the 12-month increase in August (+13.9%), which was the highest in almost three years.

The major contributor by far to the September increase was crude oil, up 59.7% since September 1998. Higher prices for logs, hogs, cattle and non-ferrous metals also contributed to the advance. Lower prices for oilseeds, coffee, cocoa beans and ferrous materials somewhat offset the overall 12-month increase.

Crude oil prices up for seventh straight month

Crude oil prices were up in September (+12.4%), marking the seventh consecutive monthly increase. Since February, these prices have more than doubled (+105.6%). Crude oil prices this September were almost the same as in the most recent peak in December 1996.

The agreement by oil producers to continue to restrict output until at least March 2000 in combination with low crude oil and gasoline inventories in the United States have maintained the recent upward pressure on crude oil prices. As well the new demand for crude oil to satisfy heating oil requirements this winter added further pressure to prices.

By virtue of its weight in the Raw Materials Price Index, mineral fuels (90% of which is crude oil) exerts considerable influence over the total RMPI. If mineral fuels were excluded, raw material prices for September would have gone in a different direction (-0.6%). The impact of mineral fuels was even more pronounced on a 12-month basis. If mineral fuels were excluded, the RMPI would have increased only 1.6%.

Note to readers

The Raw Materials Price Index (RMPI) reflects the prices paid by Canadian manufacturers for key raw materials. Many of these prices are set in a world market. Also, unlike the Industrial Product Price Index, the RMPI includes goods that are not produced in Canada.

Non-ferrous metal prices strengthen

Non-ferrous metal prices strengthened somewhat in September, up 1.9% over the month. Higher prices for copper concentrates (+5.2%), nickel concentrates (+4.5%) and aluminum materials (+1.4%) were the major contributors. Lower prices for lead concentrates (-5.4%) partly offset the higher metal prices.

Compared with the same period last year, non-ferrous metal prices were up 4.4%. Higher prices for nickel concentrates (+64.3%), aluminum materials (+8.1%) and zinc concentrates (+12.5%) were partly offset by lower prices for lead concentrates (-11.7%) and other non-ferrous refined metals. The price index for nickel, which was only 70.3 (1992=100) in September 1998, rose to 115.5 in September 1999.

Copper prices have recently strengthened due to positive expectations for the performance of Asian economies, as well as increased demand for copper in Europe. Also, housing construction in the United States, which is the largest consumer of copper in the world, rose unexpectedly in August to its highest level in five months. Housing is a great consumer of copper for wiring and pipes. On the downside, inventory levels of copper remain close to a record high.

Nickel concentrate prices have been on the rise since the beginning of the year. The stainless steel industry, which consumes two-thirds of all nickel sold, is expected to recover near the end of this year. However, there are also expectations that in the next few years low cost nickel production from western Australia will influence world prices.

At mid-September, gold prices dropped marginally. Shortly afterwards gold prices increased. This increase was probably assisted by the recent agreement of European banks, including the new European Central Bank, to limit sales and lending of their gold reserves. Canada's central bank was previously a leader in significantly depleting its own gold reserves between 1987 and 1993.

Animal product prices down

Animals and animal product prices fell 2.3% in September over the previous month. Lower prices for hogs (-12.8%) and cattle (-0.9%) were marginally offset by higher prices for furs, hides and skins (+1.4%). Compared with 12 months earlier, animals and animal product prices were up 3.0%. Higher prices for hogs (+12.2%) and cattle (+7.5%) were somewhat offset by lower prices for poultry.

Hogs for slaughter are typically in abundance at this time of the year. The breeding cycle of the hog herd usually results in an escalation in animals during the autumn months, when piglets born during the peak period of spring reach slaughter weight. This often results in a surplus at this time of year for hogs and leads to lower prices.

Oilseed prices following downward trend since mid-1998

On a month-to-month basis, vegetable product prices edged down 0.5% in September. Lower prices for coffee (-13.6%) and soybeans (-3.5%) were the major contributors to this decline. It was partly offset by higher prices for unrefined sugar (+8.8%). Compared with 12 months earlier, vegetable product prices were down 7.7%. Lower prices for oilseeds (-19.1%), coffee (-21.9%) and cocoa beans (-38.1%) were mainly responsible for the decline.

Oilseed prices have been following a downward trend since mid-1998. Canola prices have tumbled almost 34% and soybean prices have fallen almost 24% over this period. Grain prices edged up 0.7% in September; however, most grain prices are now only about half the price registered back in the second quarter of 1996.

Log prices up over the year

Wood prices showed little change (-0.4%) in September as the small decrease in log prices was almost offset by slightly higher pulpwood prices. Compared with September 1998, log prices have increased 8.0% whereas pulpwood prices declined 4.5% over the same period.

Ferrous material prices fall

On a month-to-month basis, ferrous material prices showed no change in September. Marginally lower prices for iron ore were completely offset by marginally higher prices for iron and steel scrap. However, over the preceding 12 months, prices decreased for ferrous materials (-8.6%), iron ore (-9.9%) and iron and steel scrap (-7.6%).

Available on CANSIM: matrix 1879.

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Raw Materials Price Index
(1992=100)

	Relative importance	Sept. 1998	Aug. 1999[r]	Sept. 1999[p]	Sept. 1998 to Sept. 1999	Aug. to Sept. 1999
					% change	
Raw Materials Price Index (RMPI)	**100.00**	**108.1**	**121.3**	**125.5**	**16.1**	**3.5**
Mineral fuels	31.47	93.7	129.9	144.9	54.6	11.5
Vegetable products	9.41	120.1	111.4	110.8	-7.7	-0.5
Animals and animal products	24.41	104.7	110.3	107.8	3.0	-2.3
Wood	14.88	129.6	136.7	136.2	5.1	-0.4
Ferrous materials	3.17	128.7	117.6	117.6	-8.6	0.0
Non-ferrous metals	13.81	109.6	112.3	114.4	4.4	1.9
Non-metallic minerals	2.85	115.9	119.3	119.2	2.8	-0.1
RMPI excluding mineral fuels	**68.53**	**114.8**	**117.3**	**116.6**	**1.6**	**-0.6**

[r] *Revised figures.*
[p] *Preliminary figures.*

■

OTHER RELEASES

Employment Insurance
August 1999 (preliminary)

The estimated number of Canadians who received regular Employment Insurance (EI) benefits in August advanced 2.5% from July to 509,520. Increases were observed in most provinces and territories with only New Brunswick, Saskatchewan and Alberta recording monthly declines. The number of beneficiaries receiving regular benefits in August was 8.4% lower than a year earlier.

Regular benefit payments advanced 2.7% in August to $646.4 million while claims received fell 4.4% to 215,048.

Number of beneficiaries receiving regular benefits
August 1999

	Aug. 1999[p]	July to Aug. 1999	Aug. 1998 to Aug. 1999
	seasonally adjusted		
		% change	
Canada	**509,520**	**2.5**	**-8.4**
Newfoundland	37,650	6.9	4.0
Prince Edward Island	8,780	3.3	-4.5
Nova Scotia	28,400	4.5	-7.6
New Brunswick	34,410	-2.0	-7.6
Quebec	179,250	6.2	-6.4
Ontario	101,270	5.3	-18.0
Manitoba	12,990	5.6	-3.0
Saskatchewan	12,200	-3.8	6.0
Alberta	33,040	-5.6	2.9
British Columbia	60,790	0.0	-12.4
Yukon	1,070	2.6	-16.5
Northwest Territories and Nunavut	1,240	0.9	2.6

[p] *Preliminary figures.*

Note: The number of beneficiaries is a measure of all persons who received EI benefits for the week containing the 15th of the month. The regular benefit payments series measures the total of all monies received by individuals for the entire month. These different reference periods must be taken into consideration when comparisons are done between the series. The *Employment Insurance Act* allows each province or administrative region of Human Resource Development Canada to have certain autonomy in the application of administrative procedures regarding renewal claims. Data users must consider that movements in levels from month to month may be affected by different administrative procedures regarding renewal claims from one province or region to another.

Employment insurance statistics

	Aug. 1998	July 1999	Aug. 1999	July to Aug. 1999	Aug. 1998 to Aug. 1999
	seasonally adjusted				
				% change	
Regular beneficiaries	556,220	496,920[p]	509,520[p]	2.5	-8.4
Regular benefits paid ($ millions)	716.5	629.3	646.4	2.7	-9.8
Claims received ('000)	252.9	224.9	215.0	-4.4	-15.0
	seasonally unadjusted				
All beneficiaries ('000)	662.9	592.2[p]	618.5[p]	4.4	-6.7
Regular beneficiaries ('000)	502.2	435.4[p]	460.2[p]	5.7	-8.4
Claims received ('000)	184.6	256.6	166.6	-35.1	-9.8
Payments ($ millions)	916.9	683.1	896.4	31.2	-2.2

	Year-to-date (January to August)		
	1998	1999	1998 to 1999
			% change
Claims received ('000)	1,744.9	1,634.7	-6.3
Payments ($ millions)	8,285.3	8,099.6	-2.2

[p] *Preliminary figures.*

Note: *All beneficiaries includes all claimants receiving regular benefits (e.g., due to layoff) or special benefits (e.g., due to illness).*

Available on CANSIM: matrices 26 (series 1.6), 5700-5717, 5735 and 5736.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Gilles Groleau or Robert Keay (613-951-4090; fax: 613-951-4087; *labour@statcan.ca*), Labour Statistics Division. ■

Production and disposition of tobacco products
September 1999

Cigarette production increased considerably in September while sales declined. Closing inventories saw a small increase and remained high compared with September 1998.

Cigarette production hit 3.8 billion in September, up 32% from August but 6% lower than

in September 1998. Year-to-date production reached 35 billion cigarettes, marginally below last year's level.

Manufacturers' shipped 3.9 billion cigarettes in September, down 4% from August and 9% lower compared with last September. Year-to-date shipments slipped to 35 billion cigarettes, down 2% compared with the same period in 1998.

With production increasing and sales declining, inventories expanded slightly. Closing inventories increased 1% to 4.2 billion cigarettes. The level remained relatively high with 20% more cigarettes in inventory than the 3.5 billion at the end of September a year ago.

Available on CANSIM: matrix 46.

The September 1999 issue of *Production and disposition of tobacco products* (32-022-XIB, $5/$47) is now available. See *How to order publications*.

For more information, or to enquire about the concepts, methods and data quality of this release, contact Peter Zylstra (613-951-3511; *zylspet@statcan.ca*), Manufacturing, Construction and Energy Division. ■

PUBLICATIONS RELEASED

Production and disposition of tobacco products, September 1999
Catalogue number 32-022-XIB
(Canada: $5/$47).

Imports by commodity, August 1999
Catalogue number 65-007-XMB
(Canada: $37/$361; outside Canada: US$37/US$361).

Imports by commodity, August 1999
Catalogue number 65-007-XPB
(Canada: $78/$773; outside Canada: US$78/US$773).

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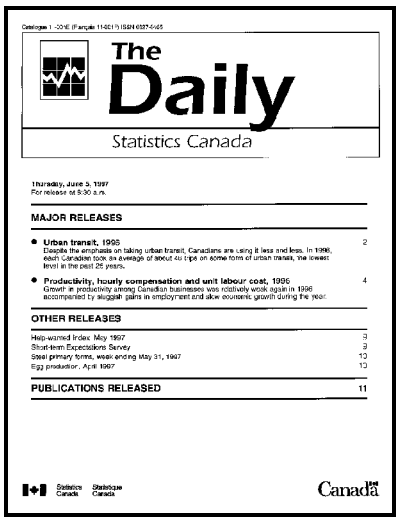
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The Daily

Statistics Canada

Thursday, June 5, 1997
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MAJOR RELEASES

- **Urban transit, 1995** 2
  Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, each Canadian took an average of about 4[illegible] trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4
  Growth in productivity among Canadian businesses was relatively weak again in 1996 accompanied by sluggish gains in employment and slow economic growth during the year.

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