

The Daily

Statistics Canada

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MAJOR RELEASES

- **Industrial Product Price Index, September 1997**

In September, the Industrial Product Price Index fell 0.2% as the 12-month change in industrial prices declined to 0.5%. Most of September's decline was due to a drop in the price of petroleum products.

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- **Raw Materials Price Index, September 1997**

In September, manufacturers' raw material prices fell 2.2% compared with August. The decline came from all major groups, except for vegetable products, which edged up marginally, and non-metallic minerals, which showed no change.

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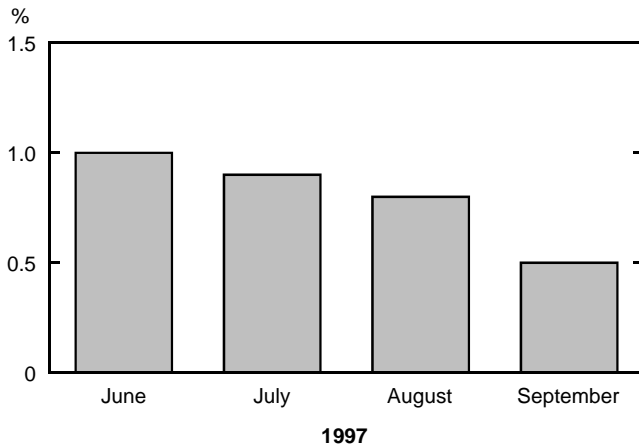
MAJOR RELEASES

Industrial Product Price Index

September 1997 (preliminary)

In September, the Industrial Product Price Index (1992=100) fell 0.2% as the 12-month change in industrial prices declined to 0.5%. Most of September's decline was due to a drop in the price of petroleum products. The Industrial Product Price Index declined to 119.8 in September from 120.0 (revised) in August (1992=100). In the United States, manufacturers saw their overall price level remain unchanged in September, leaving prices 0.2% lower than a year earlier.

12-month change in industrial prices down again



Manufacturers prices down for gasoline

In September, the most significant industrial price change was the drop in the overall price for gasoline and fuel oil. Other changes of note were the decreases in the product prices of certain non-ferrous metals and the increases in the prices of products made from pulp.

The overall level of manufacturers' prices for gasoline and fuel oil fell 2.5% in September following a 3.8% increase in August. After peaking in early 1997, prices had tended to decline until July. In the United States, manufacturers' prices for gasoline were up 2.3% in September.

In Canada, September also saw a decline in crude oil prices. Prices fell 1.9% following two months of increases. At the fuel pumps, Canadian consumers saw gasoline prices increase for a second consecutive

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 the consumer pays. Unlike the Consumer Price Index, the IPPI excludes indirect taxes and all the costs that occur between the time when a good leaves the plant and the time the final user takes possession of it, including the transportation, wholesale, and retail costs.

This is the first month that the IPPI is published with 1992=100 as the base year, which replaces 1986=100. In addition, the underlying weights now reflect the 1992 manufacturing production structure. Indexes have been recalculated from January 1992 to the present.

month. Prices edged up 0.9% from their August level, as noted in the Consumer Price Index.

Product prices down for copper, nickel and zinc

Prices for products of three major non-ferrous metals were down in September. Prices fell 4.4% for copper and copper alloy products, 8.5% for nickel products and 7.9% for refined zinc.

The September price of copper and copper alloy products was down 17.9% compared with June. The prices of products made from copper and copper alloy have declined as the price of copper itself has fallen. Global copper production has risen faster than the needs of manufacturers.

The price of nickel products resumed its slide in September after a pause in August. Prices have been tending to decline from their March peak and were down 17.0% since that month.

In September, refined zinc prices fell for the first time since April. September's drop in zinc prices may be due to certain actions of the London Metal Exchange. These actions may have persuaded some big owners of zinc into releasing metal to ease shortages faced by Chinese producers and traders in zinc.

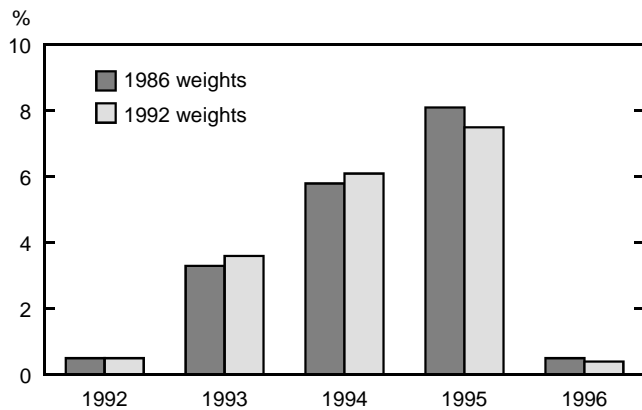
Prices up for pulp products

In September, an increase in the prices for products made from pulp more than offset the slight decline in pulp prices (-0.2%). The price of newsprint and other paper for printing was up 0.5% while prices of boxes, bags and other paper containers advanced 3.4%.

In the United States, pulp prices were up 0.2%. Paper prices advanced 0.6% and the prices of paper boxes and containers increased 2.1%.

In North America, the current period of prosperity has resulted in increased print media advertising. This has boosted the size of newspapers, magazines, and catalogues and thus the demand for paper. Worldwide, the inventories of paper for printing have also declined.

Annual changes in industrial product prices



The conversion from 1986 weights to the 1992 weights resulted in similar annual changes in industrial prices.

Overview

Canadian industrial prices continued to show relatively little change as economic conditions remained basically quite good.

In September, employment in Canada edged up by 16,000 as full-time employment increased and part-time employment declined. Employment in manufacturing retained most of the sharp increase in August.

The most recent figures show that exports were up slightly in August and retail sales remained close to their all-time high.

In the residential housing market, however, Canada Mortgage and Housing Corporation reported

a slight decline in housing starts in September. This followed a noticeable decline in the value of residential building permits in August. The most recent figure for wholesale sales reported a small decline in August with the decrease being most pronounced for wholesalers whose products were linked to the housing sector.

In the manufacturing sector, the most recent figures show that while shipments declined somewhat in August, unfilled orders reached a new high.

In the United States, Canada's major trading partner, industrial production in September rose 0.7%, with manufacturing increasing 0.4%. September also saw a sharp increase in housing starts and an advance in applications for building permits. The U.S. unemployment rate remained at 4.9% as both the work force and employment rose.

In Japan, the 12-month change in industrial prices edged down to 2.0% in September after increasing to 2.1% in the previous month. In August, Japanese industrial production had declined sharply after edging up in July.

In Europe, the most recent figures for the 12-month changes in industrial prices remained at 1.7% in Italy (August) and at 1.4% in the United Kingdom (September). The 12-month change rose in Germany to 1.5% (August) and in France to -0.2% (June).

Recent figures for industrial production in Europe indicated an increase in France for the July-August period and a slight increase in Italy in August. However, industrial production in August dropped sharply in Germany and declined slightly in the United Kingdom.

Available on CANSIM: matrices 1870-1878.

The September 1997 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available at the end of November. See *How to order publications*.

For further information on this release, contact Elvira Marinelli (613-951-3350; fax: 613-951-2848); Client Services Unit, Prices Division. □

Industrial product price indexes
(1992=100)

	Relative importance	Sept. 1996	Aug. 1997 ^r	Sept. 1997 ^p	Sept. 1996 to Sept. 1997	Aug. 1997 to Sept. 1997
% change						
Industrial Product Price Index (IPPI)	100.00	119.2	120.0	119.8	0.5	-0.2
Intermediate goods¹	59.28	122.6	122.5	122.3	-0.2	-0.2
First-stage intermediate goods ²	7.91	125.3	128.4	127.9	2.1	-0.4
Second-stage intermediate goods ³	51.37	122.2	121.6	121.4	-0.7	-0.2
Finished goods⁴	40.72	114.2	116.4	116.2	1.8	-0.2
Finished foods and feeds	10.38	110.3	112.0	111.9	1.5	-0.1
Capital equipment	10.21	115.5	118.1	118.1	2.3	0.0
All other finished goods	20.13	115.5	117.8	117.4	1.6	-0.3
Aggregation by commodities						
Meat, fish and dairy products	7.27	118.0	121.4	120.7	2.3	-0.6
Fruit, vegetable, feed, miscellaneous food products	6.72	115.2	114.9	115.4	0.2	0.4
Beverages	2.12	107.7	110.1	110.1	2.2	0.0
Tobacco and tobacco products	0.72	120.3	127.3	127.3	5.8	0.0
Rubber, leather, plastic fabric products	3.01	113.3	113.7	113.8	0.4	0.1
Textile products	1.82	109.2	109.5	109.5	0.3	0.0
Knitted products and clothing	1.93	107.4	107.9	107.8	0.4	-0.1
Lumber, sawmill, other wood products	5.20	153.1	144.7	144.0	-5.9	-0.5
Furniture and fixtures	1.46	112.9	113.9	113.9	0.9	0.0
Paper and paper products	7.65	127.5	126.2	126.9	-0.5	0.6
Printing and publishing	3.05	125.3	126.7	127.2	1.5	0.4
Primary metal products	7.58	121.5	129.1	128.2	5.5	-0.7
Metal fabricated products	4.11	118.2	119.7	120.1	1.6	0.3
Machinery and equipment	4.08	110.0	111.1	111.0	0.9	-0.1
Autos, trucks, other transportation equipment	18.76	118.7	121.7	121.8	2.6	0.1
Electrical and communications products	6.03	106.7	106.8	106.8	0.1	0.0
Non-metallic mineral products	2.12	111.1	111.3	111.4	0.3	0.1
Petroleum and coal products ⁵	6.01	118.2	116.4	113.8	-3.7	-2.2
Chemicals and chemical products	7.60	120.3	117.4	117.0	-2.7	-0.3
Miscellaneous manufactured products	2.45	114.8	115.2	115.1	0.3	-0.1
Miscellaneous non-manufactured commodities	0.31	130.0	126.7	122.6	-5.7	-3.2

^r Revised figures.

^p Preliminary figures.

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.



Raw Materials Price Index

September 1997 (preliminary)

In September, manufacturers raw material prices fell 2.2% compared with August. The decline came from all major groups, except for vegetable products, which edged up marginally, and non-metallic minerals, which showed no change. The Raw Materials Price Index (RMPI) stood at 123.7 in September (1992=100), down from 126.5 in August.

Compared with 12 months earlier, raw material prices in September were down 5.9%. Lower prices for crude oil, wood, grains and oilseeds were partly offset by higher prices for zinc, aluminum materials and coffee.

In September, raw material prices excluding mineral fuels (mostly crude oil) were down 2.4%, as was the 12-month change (-1.8% from -1.2% in August).

Non-ferrous metal prices down in September

On a month-to-month basis, non-ferrous metal prices dropped 4.4%. Lower prices for aluminum materials (-5.5%), copper (-4.9%) and zinc (-7.7%) were somewhat offset by higher prices for lead, silver and platinum. However, non-ferrous metal prices remained 3.9% higher compared with September 1996. Higher prices for zinc (+51.0%), aluminum materials (+19.7%) and copper (+8.9%) were partly moderated by lower prices for radioactive concentrates and other non-ferrous refined metals.

Copper prices fell to a 10-month low as any new demand has been overshadowed by continued rising supply. The London Metal Exchange copper warehouses were at a 15-month high in the middle of September.

Zinc prices fell for the first time since April. Recent rule changes at the London Metal Exchange for zinc may have eased the recent supply problem facing Chinese exporters in meeting its zinc commitments. At the same time, the strong demand for automobiles has increased the demand for galvanized steel and hence zinc.

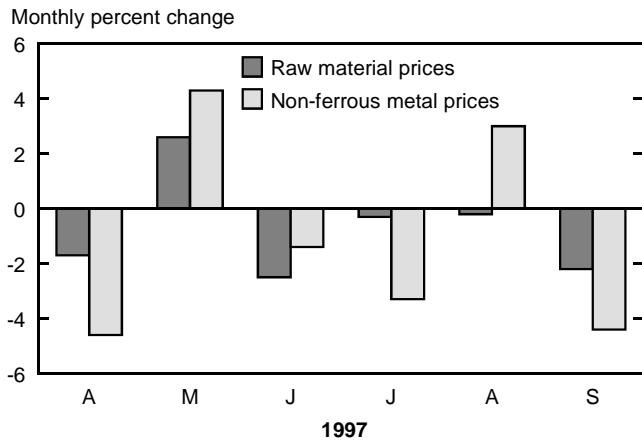
Lead concentrate prices have been relatively stable since the beginning of the year. However, secondary sources (recovered or recycled material) are starting to become the dominant element (almost 55%) in the supply equation for the production of lead. The growth of this secondary sector has led to a decline in the demand for lead concentrates.

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. Unlike the Industrial Product Price Index, the RMPI includes goods that are not produced in Canada.

This is the first month that the RMPI is published with 1992=100 as the base year, which replaces 1986=100. In addition, the underlying weights now reflect the structure of the Canadian economy in 1992. Indexes have been recalculated from January 1992 to the present.

Non-ferrous metals contribute to decline in raw material prices



Crude oil prices edge down

Crude oil prices edged down in September (-1.9%) and remained 15.7% lower than 12 months earlier. Crude prices were under pressure this month as several refineries, which had experienced shutdowns since mid-August, announced that they were returning to full production. As well, Iraq's recent oil sales have not unsettled the market as strong demand and temporary supply disruptions have helped to offset this new supply source.

Wood prices weaken

Wood prices fell in September (-2.7%) as lower prices for logs (-3.7%) were marginally offset by higher pulpwood prices (+1.5%). Compared with 12 months earlier, wood prices were down 4.0%. This was shown by the lower prices for logs (-6.3%), which was somewhat offset by higher pulpwood prices (+5.7%).

Log prices may continue to fall as lumber prices remain weak. Many British Columbia sawmills have shut temporarily due to disappointing market conditions in the United States and Japan. The weakening Japanese market for lumber has caused a diversion of both Canadian and U.S. lumber onto the U.S. market. Hence the increased supply in the United States has driven lumber prices down further.

On the other hand, pulpwood prices have been subject to a more positive situation. Prices have increased 8.1% since January 1997. The greater demand for newsprint due to increased advertising and the subsequent decline in world-wide newsprint inventories have strengthened pulpwood prices.

Soybeans down and corn up

On a month-to-month basis, vegetable product prices showed hardly any overall change in September. Higher prices for corn (+9.0%) and wheat (+5.1%) were almost entirely offset by lower prices for soybeans (-14.5%) and coffee (-5.6%). Compared with 12 months earlier, vegetable product prices were down 5.9%. Lower prices for corn (-30.1%), canola (-15.4%) and wheat (-7.7%) were partly offset by higher prices for coffee (+56.4%) and raw tobacco (+25.9%).

Corn prices were up due to strong early export demand, which was bolstered by worries about an early frost. Soybean prices fell as expectations rose for a large U.S. harvest.

Coffee prices, which had more than doubled this past June, compared with 12 months earlier, have fallen almost 25% over the last 3 months. Brazil's crop should be their largest in the last 6 years.

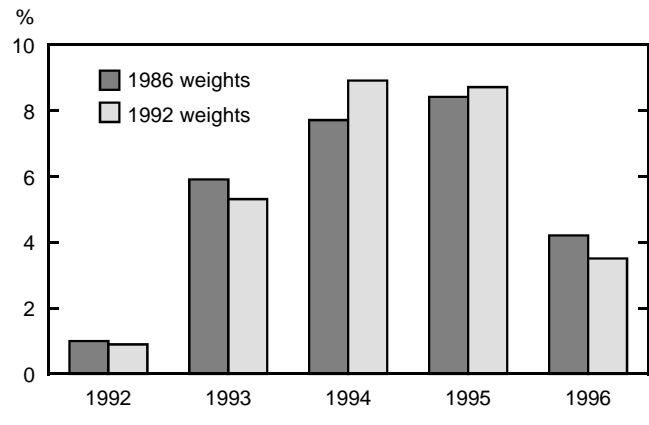
Hog prices down

The animals and animal product group saw prices drop 2.6% in September compared with August. Lower prices for hogs (-10.2%) and cattle and calves for slaughter (-1.5%) were the major contributors to the decline. Compared with September 1996, the animals

and animal products group showed prices down 1.3%. Lower prices for hogs (-4.3%) and chickens (-4.9%) were somewhat offset by higher prices for milk (+1.1%).

Other notable monthly price changes in September for raw materials were iron and steel scrap (-1.7%), natural gas (+1.5%) and unrefined sugar (+1.6%).

Annual changes in raw material prices



Comparing the recent annual changes in raw material prices using 1986 and 1992 weights, resulted in similar annual changes.

Available on CANSIM: matrices 1879.

The September 1997 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available at the end of November. See *How to order publications*.

For further information on this release, contact Elvira Marinelli (613-951-3350; fax: 613-951-2848; Internet: danipau@statcan.ca) Client Services Unit, Prices Division. □

Raw Materials Price Index
(1992=100)

	Relative importance	Sept. 1996	Aug. 1997 ^r	Sept. 1997 ^p	Sept. 1996 to Sept. 1997	Aug. 1997 to Sept. 1997
					% change	
Raw Materials Price Index (RMPI)	100.00	131.4	126.5	123.7	-5.9	-2.2
Mineral fuels	31.47	131.9	114.6	112.6	-14.6	-1.7
Vegetable products	9.41	154.4	145.0	145.3	-5.9	0.2
Animals and animal products	24.41	115.9	117.5	114.4	-1.3	-2.6
Wood	14.88	154.4	152.3	148.2	-4.0	-2.7
Ferrous materials	3.17	136.5	134.5	132.7	-2.8	-1.3
Non-ferrous metals	13.81	120.4	130.9	125.1	3.9	-4.4
Non-metallic minerals	2.85	110.0	111.4	111.4	1.3	0.0
RMPI excluding mineral fuels	68.53	131.1	132.0	128.8	-1.8	-2.4

^r Revised figures.

^p Preliminary figures.



OTHER RELEASES

Crude oil and natural gas

August 1997

In August, natural gas production rose 3.0% over August 1996 as a result of advances in exports and steady domestic sales. This was the 16th consecutive monthly year-over-year advance in natural gas production. Stronger demand from the United States resulted in a 2.2% increase in exports of natural gas in August compared with the same month a year earlier. Year-to-date exports of natural gas were up 2.5% over the same period in 1996.

Crude oil production increased by 3.2% over August 1996 levels, following several months of relatively stagnant production. Strong growth (+22.8% in August compared with August 1996) was experienced by synthetic crude and crude bitumen (which account for approximately 30% of total crude oil production). Strong demand in the United States for Canadian crude oil led to a 15.0% increase in exports. Year-to-date exports of crude oil increased 7.0% over the same period in 1996.

Imports of crude oil rose 13.0% from August 1996. For the first eight months of 1997, imports were up strongly (+8.2% compared with the same period in 1996), partly to meet the needs of Ontario refineries. Increased demand for crude oil imports (primarily light crude oil) is largely attributable to the declining domestic production of the higher quality light crude oil over the past several months.

Crude oil and natural gas

	Aug. 1996	Aug. 1997	Aug. 1996 to Aug. 1997
	thousands of cubic metres		%
			change
Crude oil and equivalent hydrocarbons¹			
Production	10 100.0	10 425.0	3.2
Exports	5 445.0	6 261.6	15.0
Imports ²	3 326.7	3 759.4	13.0
Refinery receipts	7 998.8	8 416.4	5.2
	millions of cubic metres		%
			change
Natural gas³			
Marketable production	12 236.2	12 599.0	3.0
Exports	6 629.5	6 775.0	2.2
Canadian sales ⁴	3 484.6	3 691.3	5.9
	Jan. 1996	Jan. 1997	Jan.- Aug. 1996
	to	to	to
	Aug. 1996	Aug. 1997	Jan.- 1997- Aug. 1997
	thousands of cubic metres		%
			change
Crude oil and equivalent hydrocarbons¹			
Production	77 247.4	78 957.1	2.2
Exports	42 553.2	45 544.0	7.0
Imports ²	26 737.2	28 921.4	8.2
Refinery receipts	61 838.9	63 280.8	2.3
	millions of cubic metres		%
			change
Natural gas³			
Marketable production	100 955.5	103 203.5	2.2
Exports	52 508.5	53 816.9	2.5
Canadian sales ⁴	43 866.2	45 186.6	3.0

¹ Disposition may differ from production due to inventory change, for example, industry own-use.

² Crude oil received by Canadian refineries from foreign countries for processing. Data may differ from International Trade Division (ITD) estimates due to timing differences and the inclusion of crude oil landed in Canada for future re-export in the ITD data.

³ Disposition may differ from production due to inventory change, usage as pipeline fuel, pipeline losses and line-pack fluctuations.

⁴ Includes direct sales.

Available on CANSIM: matrices 530 and 539.

The August 1997 issue of *Crude petroleum and natural gas production* (26-006-XPB, \$19/\$186) will be available in November. See *How to order publications*.

For further information on this release, contact Gérard O'Connor (613-951-3562; Internet: oconger@statcan.ca), Energy Section, Manufacturing, Construction and Energy Division. ■

Crushing statistics

September 1997

Oilseed processors crushed 305 311 metric tonnes of canola in September. Oil production totalled 125 473 tonnes while meal production amounted to 189 418 tonnes.

In the first two months of the 1997/98 crop year, the canola crush volume was up slightly (+0.6%) from the August-September 1996 crush of 509 756 metric tonnes.

Available on CANSIM: matrix 5687.

The September 1997 issue of *Cereals and oilseeds review* (22-007-XPB, \$15/\$149) will be available in November. See *How to order publications*.

For further information on this release contact Ron Wonneck (204-983-3445) or Les Macartney (613-951-8714), Grain Marketing Unit, Agriculture Division. ■

Asphalt roofing

September 1997

Production of asphalt shingles totalled 3 276 438 metric bundles in September, down 19.0% from 4 045 590 metric bundles produced a year earlier.

January-to-September production amounted to 33 864 264 (revised) metric bundles, up 14.6% from 29 560 159 metric bundles produced during the same period in 1996.

Available on CANSIM: matrices 32 and 122 (series 27).

The September 1997 issue of *Asphalt roofing* (45-001-XPB, \$7/\$62) will be available shortly. See *How to order publications*.

For further information on this release, contact Liisa Pent (613-951-3531; Internet: pentlii@statcan.ca), Manufacturing, Construction and Energy Division. ■

Electric power selling price indexes

January 1992 - August 1997

Electric power selling price indexes (1992=100) are now available for the period of January 1992 to August 1997.

Available on CANSIM: matrix 1880.

The September 1997 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available at the end of November. See *How to order publications*.

For further information, contact Paul-Roméo Danis (613 951-3350; fax: 613-951-2848), Client Service Unit, Prices Division. ■

PUBLICATIONS RELEASED

The sugar situation, Quarterly period ended September 1997, Vol. 76, no. 3
Catalogue number 32-013QXPB
 (Canada: \$13/\$41; outside Canada: US\$13/US\$41).

Quarterly demographic statistics, April-June 1997
Catalogue number 91-002-XPB
 (Canada: \$10/\$33; outside Canada: US\$10/US\$33).

All prices exclude sales tax.

Telephone statistics, August 1997
Catalogue number 56-002-XPB
 (Canada: \$10/\$93; outside Canada: US\$10/US\$93).

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<ul style="list-style-type: none"> • Urban transit, 1995 2 Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1995, 68% of Canadians took an average of about six 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 notably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year. 	
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