



The Daily

Statistics Canada

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For release at 8:30 a.m.

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

In January, industrial product prices showed little change for an eighth consecutive month. Prices edged down 0.2% to stand 0.5% lower than a year earlier.

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

In January, manufacturers' raw material prices edged up 0.1% compared with the previous month. Slightly higher prices for wood and non-ferrous metals offset a marginal decrease in crude oil prices.

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- Railway carloadings, seven-day period ending February 14, 1997

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- Sawmills and planing mills, December 1996

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MAJOR RELEASES

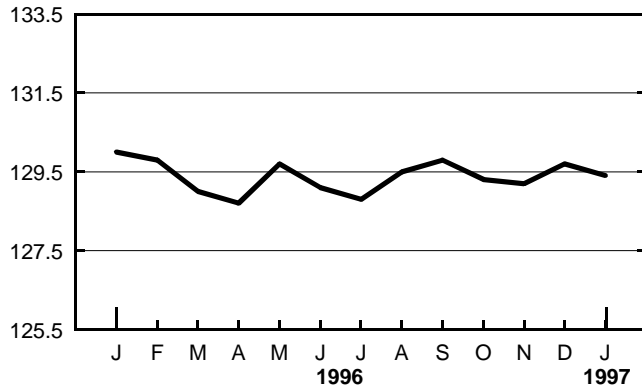
Industrial Product Price Index

January 1997 (preliminary)

In January, industrial product prices showed little change for an eighth consecutive month. Prices edged down 0.2% to stand 0.5% lower than a year earlier. January's change in the value of the Canadian dollar against the U.S. dollar was primarily responsible for the month-to-month decline in the overall level of industrial prices.

Industrial product prices continue to show little change

Industrial Product Price Index (1986=100)



The January decline in the value of the U.S. dollar against the Canadian dollar lowered the value in Canadian dollars of all export prices quoted in U.S. currency. This reduced the month-to-month change in industrial prices from an increase of 0.1% to a decline of 0.2%.

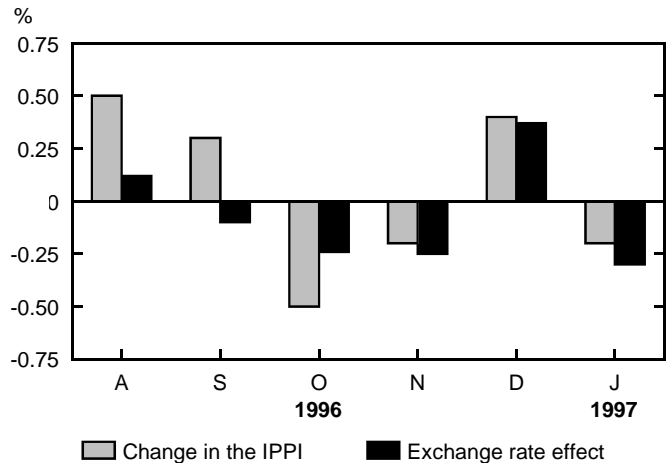
The impact of the change in the value of the Canadian dollar was most noticeable for motor vehicles, pulp, paper and wood products. Producers frequently quote export prices for these items in U.S. dollars.

Note to readers

The Industrial Product Price Index (IPPI) reflects the prices that producers 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 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 0.2%.

Canada-U.S. exchange rate effect important in month-to-month industrial price changes



In January, the most important monthly price declines were for motor vehicles and parts, newsprint and pulp. Higher prices for aluminum and copper and copper alloy products partly offset these price declines.

Dollar pushes down motor vehicle export prices

Virtually all the decline in motor vehicle prices was due to the change in the value of the Canadian dollar.

Domestic prices for both automobiles and trucks showed little change. However, the export prices of both fell 1.5%.

Pulp and newsprint prices down

Newsprint prices were down in both Canada and the United States. In Canada, manufacturers' prices for newsprint continued their decline, dropping 2.1% to stand 27.5% lower than a year earlier. In the United States, prices were down 2.4% to stand 35.2% lower than in January 1996.

Pulp prices in Canada declined 1.2% in January, following a 0.9% increase the previous month. In the United States, manufacturers' prices for pulp were up 1.2% in January after a 0.6% decline in December. Compared with January 1996, Canadian pulp prices were down 35.5%, while U.S. pulp prices were down 27.1%.

During 1996, both the newsprint and pulp industries were faced with sizeable inventories. The problem was more severe for newsprint. Inventory levels, however, have been gradually decreasing for both products.

Aluminum and copper product prices up

In January, prices were up for both aluminum products and copper and copper alloy products. Aluminum product prices were up for a second month, increasing 1.7% in January. It has been suggested that the recent world price increases for aluminum have been fuelled by the rapidly growing Chinese economy.

January's prices for copper and copper alloy products rose 4.2%. This was a fourth consecutive increase. Since September, prices for copper and copper alloy products have recovered 15.7%. Housing construction in the United States was considered a noticeable contributor to the recovery in world copper prices.

Other notable monthly price changes in January were for liquefied petroleum gases (+3.3%), softwood lumber prices (-0.6%) and pork prices (-2.5%).

Overview

Canadian industrial product prices have shown little change. Comparing the third and fourth quarters of

1996, finished goods prices were up slightly (+0.8%), while intermediate (input) goods were down marginally (-0.5%).

In the same way, manufacturing shipments and total exports have shown relatively little overall change. Comparing the third and fourth quarters of 1996, both manufacturing shipments and manufacturing employment edged down 0.5%. For the same period, exports were down 3.7%. Retail sales, though, rose 2.5% from the third to the fourth quarter. The January Quarterly Business Conditions Survey showed some optimism by manufacturers about production in the coming quarter.

In the United States, Canada's major trading partner, January saw producer prices down marginally for finished goods and up slightly for intermediate goods. Industrial production was unchanged in the United States in January after slowing in December. Unemployment in the United States, though, remained low.

In Japan, the 12-month change in industrial prices edged up to 0.9% in December. In the last quarter of 1996, Japanese industrial production increased 3.1% from the third quarter.

Among the European members of the G-7, the United Kingdom had the highest 12-month change in industrial prices (+1.7% for December) and the lowest unemployment rate (6.5% in January). In the last two months of 1996, industrial production increased in Germany and the United Kingdom but declined in Italy.

Available on CANSIM: matrices 2000-2008.

The January 1997 issue of *Industry price indexes* (62-011-XPB, \$21/\$210) will be available in March. See *How to order publications*.

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

Industrial product price indexes
(1986=100)

	Relative importance	Jan. 1996	Jan. 1997 ^P	Jan. 1996 to Jan. 1997	Dec. 1996 to Jan. 1997
				% change	
Industrial Product Price Index (IPPI)	100.0	130.0	129.4	-0.5	-0.2
Total IPPI excluding petroleum and coal products	93.6	132.2	130.2	-1.5	-0.2
Intermediate goods¹	60.4	133.3	130.5	-2.1	-0.1
First-stage intermediate goods ²	13.4	142.9	129.3	-9.5	0.5
Second-stage intermediate goods ³	47.0	130.6	130.9	0.2	-0.2
Finished goods⁴	39.6	124.9	127.7	2.2	-0.3
Finished foods and feeds	9.9	124.5	127.8	2.7	-0.1
Capital equipment	10.4	127.6	129.7	1.6	-0.5
All other finished goods	19.3	123.7	126.5	2.3	-0.5
Aggregation by commodities					
Meat, fish and dairy products	7.4	121.3	126.8	4.5	-0.2
Fruit, vegetable, feed, miscellaneous food products	6.3	129.1	128.9	-0.2	-0.2
Beverages	2.0	129.1	132.3	2.5	0.0
Tobacco and tobacco products	0.7	173.5	179.9	3.7	0.0
Rubber, leather, plastic fabric products	3.1	127.0	127.6	0.5	0.0
Textile products	2.2	118.7	119.3	0.5	-0.2
Knitted products and clothing	2.3	119.6	122.6	2.5	0.2
Lumber, sawmill, other wood products	4.9	151.5	163.2	7.7	-0.5
Furniture and fixtures	1.7	125.7	125.9	0.2	0.1
Paper and paper products	8.1	166.0	130.0	-21.7	-1.0
Printing and publishing	2.7	175.5	167.9	-4.3	-0.7
Primary metal products	7.7	129.5	125.0	-3.5	0.9
Metal fabricated products	4.9	129.3	131.0	1.3	0.2
Machinery and equipment	4.2	129.2	131.5	1.8	0.0
Autos, trucks, other transportation equipment	17.6	123.5	124.1	0.5	-1.0
Electrical and communications products	5.1	118.9	120.2	1.1	0.2
Non-metallic mineral products	2.6	124.0	124.0	0.0	0.3
Petroleum and coal products ⁵	6.4	98.4	117.7	19.6	0.5
Chemicals and chemical products	7.2	132.6	133.8	0.9	0.1
Miscellaneous manufactured products	2.5	124.0	124.4	0.3	-0.1
Miscellaneous non-manufactured commodities	0.4	97.1	92.9	-4.3	1.2

^P Preliminary figures.

¹ Intermediate goods are goods used principally to produce other goods.

² First-stage intermediate goods are items used most frequently to produce other intermediate goods.

³ Second-stage intermediate goods are items most commonly used to produce final goods.

⁴ Finished goods are goods most commonly used for immediate consumption or for capital investment.

⁵ This index is estimated for the current month.

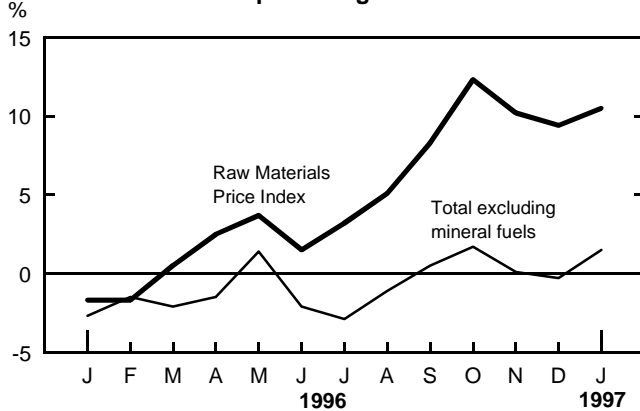


Raw Materials Price Index

January 1997 (preliminary)

In January, manufacturers' raw material prices edged up 0.1% compared with the previous month. Slightly higher prices for wood and non-ferrous metals offset a marginal decrease in crude oil prices.

Crude oil keeping 12-month change in raw material prices high



If the mineral fuels category (90% of which is crude oil) were excluded, raw material prices for January would actually have increased 0.6% from December.

On a 12-month basis, manufacturers paid 10.5% more for raw materials than in January 1996. Similarly, if mineral fuels were excluded, the 12-month increase in January would have been 1.5%.

Increased supply lowers crude oil costs

Crude oil prices, previously driven up by cold weather in Europe and low U.S. inventories, edged down 0.7% in January compared with December. This drop could be attributed to moderate increases in supply and warmer weather in January. However, crude oil prices remained 37.9% higher than in January 1996.

Log prices up again

Wood prices increased 1.1% in January compared with December. Log prices increased 1.4%, while pulpwood prices remained virtually unchanged. Compared with January 1996, log prices were up 12.2%, whereas, pulpwood prices diminished 15.2%. Higher logging costs and the recently imposed U.S. softwood lumber quota have affected log prices. Material supply shortages have kept log prices consistently on the increase. Pulpwood prices have

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.

been softer due to the slow growth in demand among the industrialized countries for pulp and newsprint. Higher prices for pulpwood in 1997 may occur if the present run-down of newsprint inventories continues and the world-wide demand for paper also continues to grow.

Non-ferrous metal prices up for third straight month

Non-ferrous metal prices rose for the third month (+1.9% in January), for a total increase of 6.7% since October. In January, higher prices for copper concentrates (+5.0%), aluminum materials (+4.1%) and zinc (+4.2%) were somewhat offset by lower gold prices (-3.0%). Inventory corrections in fabricated metal products, stainless steel (nickel) and aluminum should prompt the strengthening of prices in 1997. The demand for zinc currently exceeds available supply, reducing the London Metal Exchange inventories, hence putting further pressure on prices.

Copper prices, up 22.6% over the last six months, are now subject to further demand from the U.S. housing industry. At the same time, increased demand from Asia, particularly China, may boost prices further in the coming months.

On the downside, gold and lead prices weakened in January. Gold prices fell as surging stock markets, steady economic growth and low inflation were assisted by the selling of bullion by European central banks to get their books in order for the common European currency in 1999.

Cattle prices down

On a month-to-month basis, prices for animals and animal products fell 0.9% in January. Lower cattle prices for slaughter (-5.1%) were somewhat offset by higher hog prices (+1.8%). Compared with 12-months earlier, animals and animal product prices were up 6.5%. The major contributors were hogs (+23.5%) and milk (+2.2%).

Grain prices stable

Vegetable product prices edged up 0.9% in January. Higher monthly prices for oilseeds (+2.9%), coffee and raw tobacco were greatly offset by stable grain prices. On a 12-month basis vegetable product prices were down 4.8% compared with January 1996. Lower prices for grains (-19.0%), natural rubber and sugar were somewhat offset by higher prices for raw tobacco (+19.3%) and coffee.

Available on CANSIM: matrix 2009.

The January 1997 issue of *Industry price indexes* (62-011-XPB, \$21/\$210) will be available in March. See *How to order publications*.

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

Metal scrap prices up in January

Metal scrap prices were up in January. Higher monthly prices were noted for iron and steel scrap (+4.7%), along with non-ferrous scrap (+3.3%).

Raw materials price indexes (1986=100)

	Relative importance	Jan. 1996	Jan. 1997 ^P	Jan. 1996 to Jan. 1997	Dec. 1996 to Jan. 1997
				% change	
Raw Materials Price Index (RMPI)	100.0	128.3	141.8	10.5	0.1
Mineral fuels	31.7	108.8	147.3	35.4	-0.6
Vegetable products	10.3	135.4	128.9	-4.8	0.9
Animals and animal products	25.5	111.4	118.6	6.5	-0.9
Wood	13.1	205.8	217.0	5.4	1.1
Ferrous materials	3.6	120.5	114.3	-5.1	1.0
Non-ferrous metals	13.2	131.7	123.4	-6.3	1.9
Non-metallic minerals	2.6	106.1	107.1	0.9	0.2
RMPI excluding mineral fuels	68.3	137.3	139.3	1.5	0.6

^P Preliminary figures.



OTHER RELEASES

Railway carloadings

Seven-day period ending February 14, 1997

Carloadings of freight (excluding intermodal traffic) during the seven-day period ending February 14 increased 8.9% to 4.8 million tonnes from the same period of 1996. The number of cars loaded increased 7.6%.

Intermodal traffic (piggyback) tonnage totalled 296 000 tonnes, a 7.1% increase from the same period of last year. The year-to-date figures show an increase of 12.4%.

Total traffic (carloadings of freight and intermodal traffic) increased 8.8% during the period. This brought the year-to-date total to 27.8 million tonnes, a 2.0% decrease from the previous year.

All year-to-date figures have been revised.

For further information on this release, contact Angus MacLean (613-951-2528; fax: 613-951-0579), Surface Transport Unit, Transportation Division. ■

Sawmills and planing mills

December 1996

Sawmills produced 4 570.3 thousand cubic metres of lumber and ties in December, a 0.8% increase from 4 535.3 thousand cubic metres (revised) produced in December 1995.

From January to December 1996, production was 62 828.4 thousand cubic metres, up 2.4% from 61 377.7 thousand cubic metres (revised) produced over the same period in 1995.

Available on CANSIM: matrices 53 and 122 (series 2).

The December 1996 issue of *Sawmills and planing mills* (35-003-XPB, \$11/\$110) will be available shortly. See *How to order publications*.

For further information on this release, contact Bruno Pépin (613-951-3516; Internet: pepibru@statcan.ca), Industry Division. ■

PUBLICATIONS RELEASED

Wholesale trade, December 1996
Catalogue number 63-008-XPB
 (Canada: \$18/\$180; United States: US\$22/US\$216;
 other countries: US\$26/US\$252).

Labour force annual averages, 1996
Catalogue number 71-220-XPB
 (Canada: \$59; United States: US\$71; other countries:
 US\$83).

Canadian international merchandise trade,
 December 1996
Catalogue number 65-001-XPB
 (Canada: \$19/\$182; United States: US\$22/US\$219;
 other countries: US\$26/US\$255).

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MAJOR RELEASES

- **Economic dependency profiles, 1992** 2
Canadians who file tax returns for the 1992 tax year received an average \$25.80 in transfer payments for every \$100 of employment income. This was an increase of almost 10% from 1991 in the rise of transfer payments to employment income.
- **Monthly survey of manufacturing, April 1994** 5
Over the course of increasing performance, the value of manufacturers' shipments grew to \$27.7 billion, up 7% from \$25.8 billion in March. The backlog of unfilled orders has increased by \$2.5 billion in the latest five months.
- **Industrial product price index, May 1994** 8
Driven by higher prices for processed raw materials, the year-over-year change in prices for manufactured goods jumped to +4.2% in May, the highest rate among members of the G7.
- **Raw materials price index, May 1994** 12
The index rose 3.2% in May. Crude oil prices climbed up 10.2% and were the major contributor to the change.

DATA AVAILABILITY ANNOUNCEMENTS

- Sales of refined petroleum products, May 1994 13
- Coal and coke statistics, April 1994 13
- Electric power statistics, April 1994 13
- Cigarette production, May 1994 14
- Process cheese and instant skim milk powder, May 1994 14
- Business services, 1990-1991 14

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Editor: Duncan Currie (613-951-1103)
 Head of Official Release: Andrée Hébert (613-951-1088)

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