



The Daily

Statistics Canada

Wednesday, March 26, 1997


For release at 8:30 a.m.

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- **Industrial Product Price Index, February 1997** 3
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- **Raw Materials Price Index, February 1997** 6
 In February, manufacturers raw material prices declined 3.2% compared with January. This drop was almost entirely due to significantly lower crude oil prices.

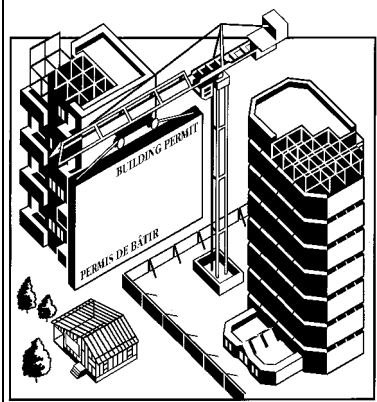
(continued on following page)






Building permits
Annual Summary
1996



Permis de bâtir
Sommaire annuel
1996



Building permits, annual summary 1996

The monthly Building and Demolitions Permits Survey collects data on building construction by municipalities in Canada. It covers 2,400 municipalities representing 93% of the population. The other 7% of the population live in very small communities whose levels of building activity have little impact on the total. The value of planned construction activities shown in this publication excludes engineering projects (e.g., waterworks, sewers, culverts) and land.

Since the issuance of a building permit is one of the first steps in the construction process, these statistics are widely used as a leading indicator of building activity by investors, planners and various levels of government (Ministry of Finance or the Bank of Canada, for example). It is also essential for calculating capital expenditures.

The publication contains a summary analysis and statistic data tables related to the number and value of building permits issued by sector (residential and non-residential), building category, type of building and type of dwelling, value range or category, and different geographic levels of aggregation (census metropolitan area and its municipalities).

The 1996 issue of *Building permits, annual summary* (64-203-XPB, \$60) is now available. See *How to order publications*. For further information on this release, contact Joanne Bureau (613-951-9689; Internet: Burejoa@statcan.ca), Investment and Capital Stock Division.



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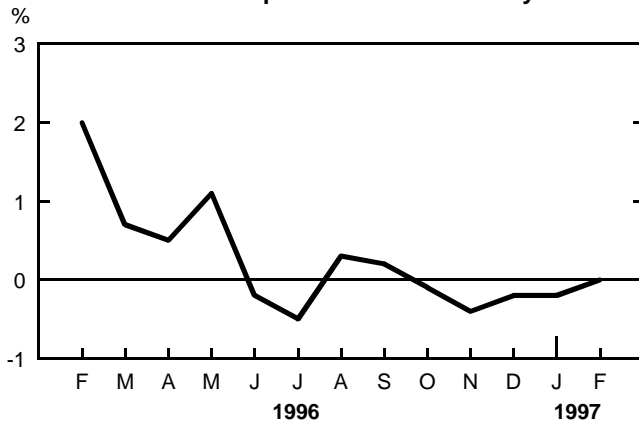
MAJOR RELEASES

Industrial Product Price Index

February 1997 (preliminary)

In February, industrial product prices were unchanged from a year ago. This followed 4 months when the 12-month change had been negative. Compared with January, industrial prices were up 0.1%. This was primarily due to the slight rise in the value of the U.S. dollar against the Canadian dollar.

**Negative 12-month changes
for industrial prices ends in February**



The February increase in the value of the U.S. dollar against the Canadian dollar raised the value in Canadian dollars of all export prices quoted in U.S. currency. This increased the month-to-month change in industrial prices from slightly under zero to an increase of 0.1%. The impact was most noticeable for motor vehicles, pulp, paper and wood products. Producers frequently quote export prices for these items in U.S. dollars.

In February, the most important monthly price increases were for non-ferrous metal products, motor vehicles and parts, and softwood lumber. Declines in petroleum products, newsprint and pulp prices partly offset the increases.

Exchange rate contributes to motor vehicle price increase

Much of February's increase in motor vehicle prices was due to the change in the value of the Canadian dollar. While automobile domestic prices rose 0.1% and truck domestic prices rose 0.3%, export prices were

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%

up 0.5% for automobiles and 0.6% for trucks. As 1997 opened, domestic sales of new motor vehicles were noticeably higher than in the two previous years.

Prices up for non-ferrous metal products

Price increases for non-ferrous metal products were quite widespread in February. They included increases for aluminum and nickel products, copper and copper alloy products and refined zinc.

Aluminum product prices were up 3.2% in February. They have recovered 11.7% since November 1996 but are still 21.7% below their peak of February 1995. As prices recover, some idle Canadian aluminum capacity may be brought back on line.

There were also monthly price increases in February for nickel products (+3.4%), copper and copper alloy products (+0.6%) and refined zinc (+5.1%). Compared with their peaks in January 1995, however, prices were down 24.6% for nickel products, 21.8% for copper and copper alloy products, and 6.0% for refined zinc.

During 1994, a bull market existed for metals. This was the result of a combination of strong world demand for non-ferrous metals, together with agreements to cut production of certain metals, along with the actions of speculators. Prices for aluminum, copper and nickel products then headed generally downward during 1995 and much of 1996.

Gasoline and fuel oil prices partly offset increases

In February, the overall manufacturers' price level for gasoline and fuel oil was down 1.7%. This ended

six months of increases during which time prices rose 13.8%. Crude oil prices began declining in January and continued to fall in February, dropping 11.9%. Consumer prices for gasoline at the fuel pumps continued to rise in February, increasing 1.5%.

Forestry sector prices down for pulp and newsprint but up for softwood lumber

In February, newsprint prices were down in both Canada and the United States. In Canada, manufacturers' prices for newsprint continued to decline (-0.4%) to stand 29.3% lower than a year earlier. The United States experienced similar monthly and 12-month price movements.

Pulp prices in Canada also edged down in February (-0.5%) and stood 23.7% lower than in February 1996. In the United States, price movements were roughly similar to those in Canada.

During 1996, both the newsprint and pulp industries were troubled by sizeable inventories relative to their level of demand. The industry has been striving to bring down inventory for both products but progress has been slow.

In Canada, softwood lumber prices rose slightly in February, increasing by 0.7%. In the United States, softwood lumber prices were up 1.6% from the previous month. In Canada, softwood prices were up 20.1% from a year earlier. In the United States, they were 21.6% higher. Housing starts were up sharply in both Canada and the United States.

Overview

The Canadian economy was showing signs of strengthening as 1997 opened. According to the latest figures, shipments were up 2.2% in January after being relatively flat in the second half of 1996. Both unfilled and new orders were also up noticeably in January. Despite the increase in output, employment in manufacturing showed little change in either January or February.

Exports jumped 3.1% in January. Retail sales were also up, rising 1.4%.

Planned capital expenditure by private and public organizations for 1997 is reported to be 5.2% higher than estimated expenditures for 1996, and 8.2% more than actual expenditures in 1995.

In the United States, Canada's major trading partner, producer prices were down marginally for both finished and intermediate (input) goods in February. Industrial production in the United States, however, increased 0.5% overall with output up in the manufacturing sector (+0.8%).

In Japan, the 12-month change in industrial prices edged up to 1.0% in January. This occurred as a result of jumps in industrial production (+5.6%) and manufacturing shipments (+6.4%).

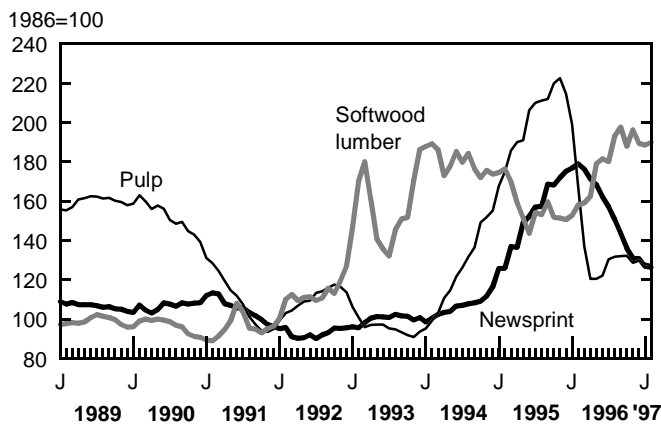
Among European members of the G7, the United Kingdom continued to have the highest 12-month change in industrial prices (+1.3% for February), followed by Germany (+0.6%). The United Kingdom also continued to have the lowest unemployment rate — just over half that of the other three European members of the G7. In January, industrial production was unchanged in the United Kingdom but down in Germany. Figures for industrial production in France and Italy indicate that, in the last quarter of 1996, production was down somewhat from the third quarter.

Available on CANSIM: matrices 2000-2008.

The February 1997 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available at the end of April. 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. □

Forestry sector prices weakening for pulp and newsprint



Industrial product price indexes
(1986 = 100)

	Relative importance	Feb. 1996	Feb. 1997 ^P	Feb. 1996 to Feb. 1997	Jan. 1997 to Feb. 1997
				% change	
Industrial product price index (IPPI)	100.0	129.8	129.8	0.0	0.1
Total IPPI excluding petroleum and coal products	93.6	132.0	130.6	-1.1	0.2
Intermediate goods¹	60.4	132.7	131.0	-1.3	0.2
First-stage intermediate goods ²	13.4	138.9	130.6	-6.0	0.4
Second-stage intermediate goods ³	47.0	131.0	131.1	0.1	0.1
Finished goods⁴	39.6	125.4	128.0	2.1	0.1
Finished foods and feeds	9.9	124.7	128.0	2.6	0.2
Capital equipment	10.4	128.5	130.2	1.3	0.3
All other finished goods	19.3	124.1	126.9	2.3	0.1
Aggregation by commodities					
Meat, fish and dairy products	7.4	121.7	127.0	4.4	0.1
Fruit, vegetable, feed, miscellaneous food products	6.3	129.3	129.3	0.0	0.2
Beverages	2.0	129.0	132.5	2.7	0.0
Tobacco and tobacco products	0.7	173.8	184.8	6.3	0.1
Rubber, leather, plastic fabricated products	3.1	126.7	127.6	0.7	-0.1
Textile products	2.2	118.9	119.4	0.4	0.0
Knitted products and clothing	2.3	120.0	122.6	2.2	0.0
Lumber, sawmill, other wood products	4.9	154.0	163.3	6.0	0.4
Furniture and fixtures	1.7	125.6	125.8	0.2	0.0
Pulp and paper products	8.1	158.1	129.2	-18.3	-0.4
Printing and publishing	2.7	174.6	167.6	-4.0	0.1
Primary metal products	7.7	130.0	126.1	-3.0	1.1
Metal fabricated products	4.9	129.9	131.3	1.1	0.2
Machinery and equipment	4.2	130.1	131.6	1.2	0.1
Autos, trucks, other transportation equipment	17.6	124.3	124.6	0.2	0.3
Electrical and communications products	5.1	118.9	120.6	1.4	0.2
Non-metallic mineral products	2.6	124.2	124.7	0.4	-0.2
Petroleum and coal products ⁵	6.4	98.6	119.0	20.7	-1.4
Chemicals and chemical products	7.2	132.9	134.9	1.5	0.2
Miscellaneous manufactured products	2.5	124.5	124.5	0.0	0.2
Miscellaneous non-manufactured commodities	0.4	96.1	92.0	-4.3	-1.1

^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

February 1997 (preliminary)

In February, manufacturers raw material prices declined 3.2% compared with January. This drop was almost entirely due to significantly lower crude oil prices. Excluding mineral fuels (this category is more than 90% crude oil) raw material prices would have edged up 0.6%.

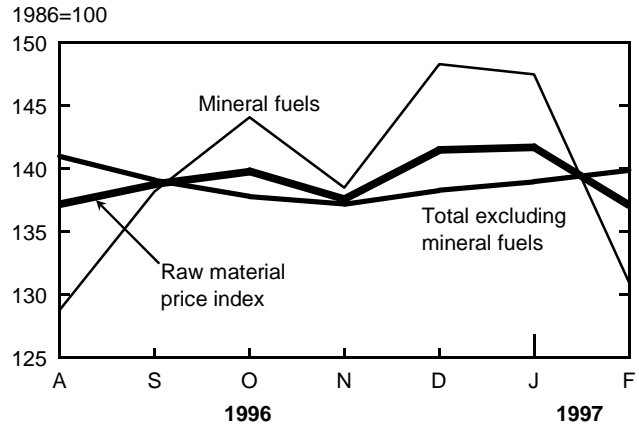
Compared with 12-months earlier, raw material prices were up 5.5%. Again, if mineral fuels were excluded, raw material prices would be up marginally (+0.2%) compared with February 1996.

In February, lower monthly prices for crude oil (-11.9%) and logs (-0.8%) were somewhat offset by higher vegetable product (+2.8%) and cattle prices (+4.3%). As well, slightly lower prices for hogs, wheat, canola and gold further reduced the overall movement of raw material prices.

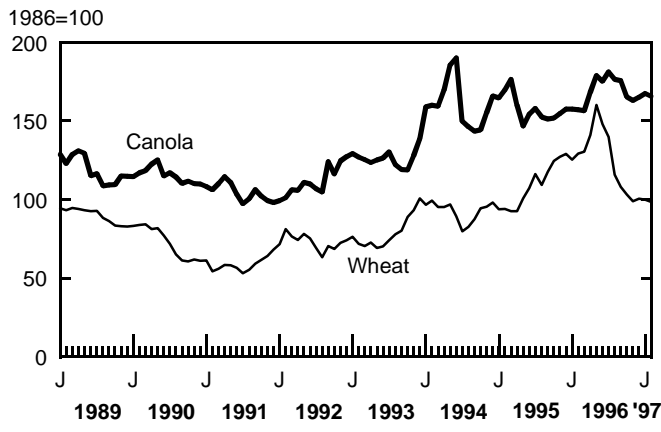
Note to readers

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.

Crude oil pulls down raw material prices



Recent wheat prices down sharply compared with canola



Coffee prices jolt upwards

On a month-to-month basis, vegetable product prices were up 2.8% in February. Higher prices for coffee, raw tobacco and soybeans were partly offset by lower prices for grains and canola. Compared with a year earlier, vegetable product prices were down 5.0%. Lower prices for grains, rubber and unrefined sugar were somewhat offset by higher prices for raw tobacco, coffee and oilseeds. Coffee prices were recently subject to intense upward pressure. Rain in South America, labour problems in Colombia and the reliance of just-in-time inventory practices by coffee roasters (similar practices are already in place for crude oil refiners) have pushed prices up.

The recent sharp decline in wheat prices, down 23.8% over the last year, contrasts with the increase in canola prices (+5.5%) over the same period. If wheat prices remain weak, farmers may shift some acreage from wheat to canola this spring.

Soybean prices (+8.9%) in February may be subject to further increases as world supply remains tight. Brazil, the world's second largest grower of soybeans, was recently hit with heavy rains, slowing their harvest.

Animals and animal product prices edged up 0.8% in February over the previous month. Higher prices for

Crude oil prices fall

Crude oil prices fell 11.9% in February, however, they were still 21.0% higher than a year earlier. Marginally warmer weather and moderate increases in supply contributed to the lower crude oil prices. However, crude oil inventories still show little relative change from 1996. As the heating oil season is nearing an end, the gasoline season will soon kick in, potentially adding upward pressure to crude oil prices. Between March and July, refiners boost crude oil requirements to meet peak summer gasoline needs.

cattle (+4.3%) were marginally offset by lower prices for hogs (-0.9%). Compared with a year earlier, animals and animal product prices were up 5%. Higher prices for cattle (+9.2%), hogs (+7.5%) and milk (+2.7%) were partly diminished by lower fish prices (-3.5%).

Copper prices uncertain

On a month-to-month basis, prices for non-ferrous metals increased slightly in February (+0.3%). Higher prices for aluminum materials (+3.0%), zinc (+5.5%) and nickel concentrates (+5.8%) were greatly offset by lower prices for radioactive concentrates (-5.1%), lead concentrates (-2.4%) and gold (-1.1%). On a yearly basis, non-ferrous metal prices were down 8.2%. The major contributors to the drop were gold (-15.8%) and

copper (-7.2%). There is great uncertainty as to whether copper supplies will meet expected demand in the coming months. The improving economic outlook in Japan and Europe, as well as manufacturers preparing for what is usually the busiest season for homebuilding may exert upward pressure on copper prices.

Available on CANSIM: matrix 2009.

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Raw Materials Price Index (1986 = 100)

	Relative importance	Feb. 1996	Feb. 1997 ^P	Feb. 1996 to Feb. 1997	Jan. 1997 to Feb. 1997
				% change	
Raw Materials Price Index (RMPI)	100.0	130.0	137.1	5.5	-3.2
Mineral fuels	31.7	109.3	131.0	19.9	-11.2
Vegetable products	10.3	136.9	130.0	-5.0	2.8
Animals and animal products	25.5	114.3	120.0	5.0	0.8
Wood	13.1	207.8	215.8	3.8	-0.6
Ferrous materials	3.6	120.9	117.6	-2.7	2.8
Non-ferrous metals	13.2	134.4	123.4	-8.2	0.3
Non-metallic minerals	2.6	106.7	107.0	0.3	-0.2
RMPI excluding mineral fuels	68.3	139.6	139.9	0.2	0.6

^P Preliminary figures.



OTHER RELEASES

Software development and computer service industry

1995

Data for the software development and computer services industry (1995) are now available for the Atlantic provinces. Information on total revenues, revenue by type of service, expenses by category and revenue by class of customer are included.

For further information on this release, contact Moreno Da Pont (613-951-0342), Services Division. ■

Canadian Travel Survey

1994 (revised) and 1996 (preliminary)

Data from the Canadian Travel Survey are now available for 1994 and the first quarter of 1996.

For further information, contact Sylvie Bonhomme (613-951-1672; Internet: bonhsyl@statcan.ca), Tourism Statistics Program. ■

PUBLICATIONS RELEASED

Production and disposition of tobacco products,
February 1997
Catalogue number 32-022-XPB
(Canada: \$6/\$60; United States: US\$8/US\$72; other
countries: US\$9/US\$84).

Canadian international merchandise trade,
January 1997
Catalogue number 65-001-XPB
(Canada: \$19/\$182; United States: US\$22/US\$219;
other countries: US\$26/US\$255).

New motor vehicle sales, January 1997
Catalogue number 63-007-XPB
(Canada: \$16/\$160; United States: US\$20/US\$192;
other countries: US\$23/US\$224).

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MAJOR RELEASES

- Economic dependency profiles, 1992 2
Canadians who had 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 face of transfer payments to employment income.
- Monthly survey of manufacturing, April 1994 5
After two years of increasing performance, the bulk 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 12.2% 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 products, May 1994 14
- Process cheese and instant skim milk powder, May 1994 14
- Business services, 1990-1991 14

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