

The Daily

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MAJOR RELEASES

- **Industrial product and raw materials price indexes, June 2002** 2
Manufacturers' prices fell 1.2% in June from June 2001, the ninth consecutive period of decline.
Prices of raw materials continued to fall on an annual basis for an eleventh straight time.

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NEW PRODUCTS



MAJOR RELEASES

Industrial product and raw materials price indexes

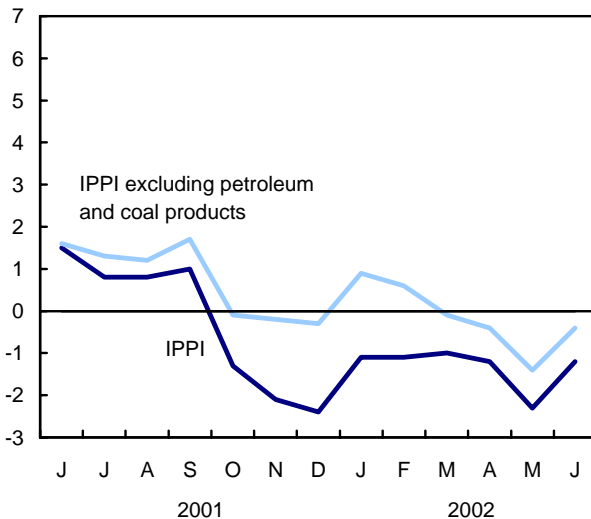
June 2002

Manufacturers' prices, as measured by the Industrial Product Price Index (IPPI), fell 1.2% in June from June 2001, the ninth consecutive period of decline. This was lower than the year-to-year drop of 2.3% in May.

On an annual basis, petroleum and coal product prices fell 12.5%, the twelfth straight month to show a negative year-to-year change. If petroleum and coal product prices had been excluded, the IPPI would have decreased 0.4% instead of 1.2%.

Petroleum product prices continue to influence the IPPI

12-month % change



Also contributing to the annual drop in manufacturers' prices were pulp and paper products, lumber products, and meat, fish and dairy products. The declines were partly offset by higher prices for motor vehicles, primary metal products, and electrical and communication products.

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 a good leaves the plant and the time 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. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI.

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 IPPI, the RMPI includes goods not produced in Canada.

On a month-to-month basis, industrial prices were down 0.2% from May, following a decrease of 0.7% from April to May. Falling prices for lumber products, motor vehicles and petroleum products were the major contributors to this decrease. Higher prices for primary metal products and pulp partly offset this monthly decline.

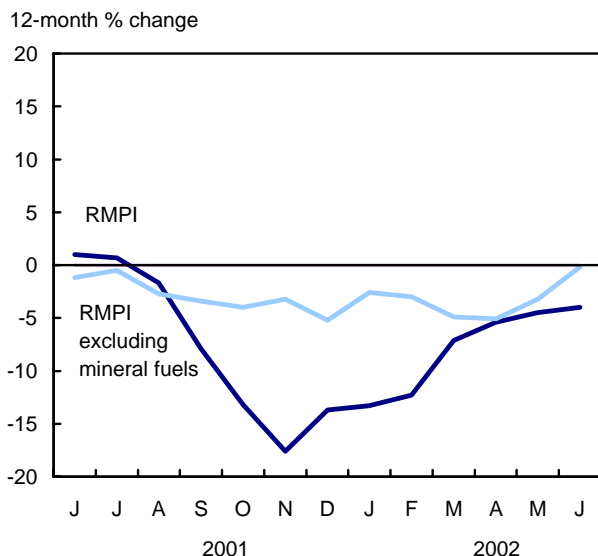
Manufacturers paid 4.0% less for their raw materials than they did in June 2001, the eleventh consecutive period of annual decline. A drop of 8.7% in prices of mineral fuels was responsible for most of the decline in the Raw Materials Price Index (RMPI), along with decreases for animal products and non-ferrous metals.

If mineral fuels had been excluded, the RMPI would have declined 0.2%. These decreases were partially offset by higher prices for vegetable products, wood products and ferrous materials.

On a monthly basis, prices of raw materials were down 1.8% from May. Lower prices for mineral fuels and animal products were the major contributors to this decrease. Price increases for wood products and vegetable products slightly offset this monthly drop.

The IPPI (1997=100) stood at 106.7 in June, down from its revised level of 106.9 in May. The RMPI (1997=100) fell to 111.6 in June from its revised level of 113.6 in May.

Crude oil prices influence RMPI growth



Prices of crude oil and lumber decrease

In the RMPI, crude oil prices were 5.2% lower in June than in May, partly because of abundant supply and anticipation of decreased demand. This decline was also reflected in the IPPI, as petroleum and coal product prices were down 1.1% from May.

In the IPPI, lumber and other wood product prices decreased 3.5% in June from May, a third consecutive decline. Lower prices for softwood lumber were the major factor behind this monthly decrease, in part because of higher inventories of lumber and lower demand.

Impact of exchange rate pushes prices down

From May to June, the value of the US dollar against the Canadian dollar weakened slightly, pushing down prices of commodities quoted in US dollars. As a result, the total IPPI excluding the effect of the exchange rate would have decreased 0.1% instead of 0.2%.

However, on a 12-month basis, the influence of the dollar had a greater impact. The IPPI was down 1.2% between June 2001 and June 2002, but without the exchange rate effect the IPPI would have decreased 1.7%.

Motor vehicle prices still influence finished goods

On a monthly basis, prices for finished goods were down 0.2% from May. Lower prices for motor vehicles, petroleum products and electrical and communication products were the major contributors to this decrease.

Rising prices for electrical and communication products, motor vehicles, and fruit, vegetables and feed products pushed year-to-year prices up 0.4% from June 2001 for finished goods. These increases were partly offset by lower prices for petroleum products and pulp and paper products.

"Finished goods" are those generally purchased for the purpose of either consumption or investment. Most of the foods and feeds category ends up in the hands of consumers. Most capital goods are equipment and machinery generally bought by companies, government agencies, or governments. Much of the remainder is bought by consumers.

Prices for input goods continue to decline

Producers of intermediate goods received 2.4% less for their goods in June compared with June 2001. Lower prices for petroleum products, pulp and paper products, lumber products and chemical products were partially offset by higher prices for motor vehicles and primary metal products.

Prices for input goods were down 0.2% from May. Lower prices for lumber products, petroleum products, pulp and paper products and motor vehicles were the major contributors to this monthly decrease.

"Intermediate goods" or "input goods" are goods that are generally bought by manufacturers to be further used in the production process, that is, to make other goods.

Available on CANSIM: tables 329-0038 to 329-0049 and 330-0006.

The June 2002 issue of *Industry price indexes* (62-011-XPB, \$22/\$217) will be available in August. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (613-951-9606; fax: 613-951-1539; infounit@statcan.ca) or Danielle Gouin (613-951-3375; danielle.gouin@statcan.ca), Prices Division. □

Industrial product price indexes (1997=100)

	Relative importance	June 2001	May 2002 ^r	June 2002 ^p	June 2001	May 2002
					to June 2002	to June 2002
% change						
Industrial Product Price Index	100.00	108.0	106.9	106.7	-1.2	-0.2
Intermediate goods¹	60.14	106.0	103.7	103.5	-2.4	-0.2
First-stage intermediate goods ²	7.71	103.7	99.7	101.2	-2.4	1.5
Second-stage intermediate goods ³	52.43	106.3	104.3	103.8	-2.4	-0.5
Finished goods⁴	39.86	111.1	111.7	111.5	0.4	-0.2
Finished foods and feeds	8.50	106.4	107.2	107.2	0.8	0.0
Capital equipment	11.73	109.9	111.8	111.4	1.4	-0.4
All other finished goods	19.63	113.8	113.6	113.3	-0.4	-0.3
Aggregation by commodities						
Meat, fish and dairy products	5.78	108.2	106.4	106.3	-1.8	-0.1
Fruit, vegetable, feed, miscellaneous food products	5.99	98.4	99.8	100.0	1.6	0.2
Beverages	1.57	111.2	113.4	113.3	1.9	-0.1
Tobacco and tobacco products	0.63	126.3	132.8	132.8	5.1	0.0
Rubber, leather, plastic fabric products	3.30	106.4	105.4	105.2	-1.1	-0.2
Textile products	1.58	100.8	99.7	99.7	-1.1	0.0
Knitted products and clothing	1.51	103.1	103.6	103.8	0.7	0.2
Lumber, sawmill, other wood products	6.30	101.6	97.6	94.2	-7.3	-3.5
Furniture and fixtures	1.59	106.6	107.3	107.3	0.7	0.0
Pulp and paper products	7.23	114.6	104.2	104.5	-8.8	0.3
Printing and publishing	1.70	111.5	114.2	114.1	2.3	-0.1
Primary metal products	7.80	95.0	94.9	96.5	1.6	1.7
Metal fabricated products	4.11	104.9	105.8	105.9	1.0	0.1
Machinery and equipment	5.48	105.7	106.4	106.4	0.7	0.0
Autos, trucks, other transportation equipment	22.16	112.1	114.0	113.5	1.2	-0.4
Electrical and communications products	5.77	98.8	100.9	100.7	1.9	-0.2
Non-metallic mineral products	1.98	107.5	107.9	107.9	0.4	0.0
Petroleum and coal products ⁵	5.68	140.6	124.4	123.0	-12.5	-1.1
Chemicals and chemical products	7.07	106.7	106.3	106.5	-0.2	0.2
Miscellaneous manufactured products	2.40	105.3	106.9	107.1	1.7	0.2
Miscellaneous non-manufactured commodities	0.38	87.2	90.4	90.7	4.0	0.3

^r Revised figures.

^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 indexes (1997=100)

	Relative importance	June 2001	May 2002 ^r	June 2002 ^p	June 2001	May 2002
					to June 2002	to June 2002
% change						
Raw Materials Price Index (RMPI)	100.00	116.3	113.6	111.6	-4.0	-1.8
Mineral fuels	35.16	168.5	160.1	153.8	-8.7	-3.9
Vegetable products	10.28	82.9	92.9	93.9	13.3	1.1
Animals and animal products	20.30	109.9	102.2	100.9	-8.2	-1.3
Wood	15.60	82.8	84.8	85.8	3.6	1.2
Ferrous materials	3.36	87.4	94.3	93.7	7.2	-0.6
Non-ferrous metals	12.93	82.0	80.6	80.9	-1.3	0.4
Non-metallic minerals	2.38	108.6	108.9	109.0	0.4	0.1
RMPI excluding mineral fuels	64.84	92.2	92.0	92.0	-0.2	0.0

^r Revised figures.

^p Preliminary figures.

OTHER RELEASES

Farm Product Price Index

May 2002

Prices received by farmers for their agricultural commodities fell 0.9% in May from May 2001, according to data from the Farm Product Price Index (FPPI). This was the first month to show a year-to-year decrease after 27 consecutive months of increases.

Crop prices climbed 11.6% from May 2001, more than offsetting a 7.8% drop in prices received by farmers for all livestock and animal products. The crop index has seen increases in the 12-month change starting in September 2000. The livestock index has fallen year-to-year in five out of the last seven months, after 26 months of continuous year-to-year increases.

Farm Product Price Index

(1997=100)

	May 2001	April 2002 ^r	May 2002 ^p	May 2001 to May 2002	April to May 2002
	% change				
Farm Product Price Index	102.5	102.7	101.6	-0.9	-1.1
Crops	88.6	98.8	98.9	11.6	0.1
Grains	89.7	90.7	89.7	0.0	-1.1
Oilseeds	72.0	83.3	82.5	14.6	-1.0
Specialty crops	86.3	118.1	110.6	28.2	-6.4
Fruit	96.2	96.1	96.2	0.0	0.1
Vegetables	104.6	111.6	109.7	4.9	-1.7
Potatoes	111.2	189.3	211.5	90.2	11.7
Livestock and animal products	115.2	107.2	106.2	-7.8	-0.9
Cattle and calves	134.4	127.7	124.7	-7.2	-2.3
Hogs	106.6	78.0	78.2	-26.6	0.3
Poultry	94.9	92.5	93.0	-2.0	0.5
Eggs	103.3	104.4	104.4	1.1	0.0
Dairy	106.7	109.3	108.8	2.0	-0.5

^r Revised figures.

^p Preliminary figures.

The FPPI (1997=100) stood at 101.6 in May, down 1.1% from April. This was the second monthly decrease after three consecutive increases.

The livestock index fell 0.9% in May from April, the second monthly drop after rising for three consecutive months. Although the hogs and poultry indexes showed a monthly increase, they were more than offset by decreases in the cattle and calves and the dairy indexes.

The cattle and calves index decreased 2.3% in May to 124.7, the lowest level since December 2001. The

cattle and calves index decreased on a month-to-month basis from April to December 2001, then increased the first three months of 2002 and dropped in April and May. On a year-to-year basis, the cattle and calves index was down 7.2%, continuing the downward trend that started in October 2001. Before October 2001, the index had been above year-earlier levels every month since January 1997.

The hog index stood at 78.2 in May, up 0.3% from April. After month-to-month decreases from July to December 2001, the index has not shown any definite trend from January to May 2002. On a year-to-year basis, the hog index was down 26.6% in May, the third consecutive month to show a decrease. Hog prices were lower than year-earlier levels for only the fifth time since they began to rise in August 1999 as a result of strong demand for pork both in Canada and abroad.

On a month-to-month basis, the crop index was up 0.1% from April. The index has risen every month since May 2001 with the exception of two months. All crop indexes dropped except the potato and fruit indexes.

The potato index increased 11.7% on a month-to-month basis in May and was up 90.2% from May 2001. Tightened supplies resulted in year-to-year price rises for the tenth consecutive month.

The specialty crop index was down 6.4% in May, influenced mainly by lower prices for peas, mustard seed and canary seed. Despite the recent decreases, specialty crop prices were 28.2% higher than a year ago. This index has been above year-earlier levels since June 2001.

May's oilseed index was down 1.0% from April, the fifth monthly decrease in the last 12-month period. On a year-to-year basis, the oilseed index rose 14.6%, continuing the upward trend that started in February 2001.

Available on CANSIM: table 002-0021.

The May 2002 issue of *Farm Product Price Index*, Vol. 2, no. 5 (21-007-XIB, free) is available on Statistics Canada's Web site (www.statcan.ca). From the *Our products and services* page, choose *Free publications*, then *Agriculture*.

For general information or to order data, call 1-800-465-1991. To enquire about the concepts, methods or data quality of this release, contact Bernie Rosien (613-951-2441; fax: 613-951-3868; bernie.rosien@statcan.ca), Agriculture Division. ■

Sawmills and planing mills

May 2002

Following four consecutive months of sustained growth, sawmills reduced their production in May. Lumber production reached 6 420.5 thousand cubic metres, down 5.2% from the 6 775.6 thousand cubic metres produced in April.

Production increases reported over the last few months were in response to the strong demand from the construction industry and the opportunity to ship lumber to the US market without duties.

However, countervailing duties were re-imposed by the United States on May 21, contributing to the drop in production in May. Lumber shipments by Canadian sawmills reached 6 131.1 thousand cubic metres, down 8.1% from April.

As a result of shipments diminishing in a larger proportion than production, closing stocks increased 4.5% over April, reaching 9 103.1 thousand cubic metres in May. This third increase in the last four months has pushed closing stock level back to those seen in most of 2001.

Despite the drop in lumber shipments, lumber exports, as measured by the International Trade Division, increased 11.5% (unadjusted data) from April, reaching 5 372.7 thousand cubic metres in May. This increase is partly attributable to the fact that, until May 21, it was possible to export to the United-States market duty free and many producers took advantage of this possibility. In addition, housing starts in the United-States increased 11.6% over April, the strongest increase since 1995. However, recent indicators suggest that housing starts in both the United-States and Canada are slowing.

Lumber prices, according to the Industrial Product Price Index, diminished 3.1% from April, the second

consecutive monthly decline and 7.2% from May 2001. Weakening prices and increases of closing stocks reflect a slowdown in demand and some lumber oversupply.

Available on CANSIM: table 303-0009.

The May 2002 issue of *Sawmills and planing mills*, Vol. 56, no. 5 (35-003-XIB, \$9/\$86) is now available. See *How to order products*.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; manufact@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Gilles Simard (613-951-3516; simales@statcan.ca), Manufacturing, Construction and Energy Division. ■

Cereals and oilseeds review

May 2002

Data from the May issue of *Cereals and Oilseeds Review* are now available. The information includes data on production, stocks, cash and futures prices, domestic processing, exports, farmers' deliveries and supply-disposition analyses.

The June situation report, an overview of current market conditions, both domestic and international, is also included in the May 2002 issue of *Cereals and Oilseeds Review* (22-007-XPB, \$15/\$149; 22-007-XIB, \$11/\$112), which will be available in August. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Karen Gray (204-983-2856; karen.gray@statcan.ca), Agriculture Division. ■

NEW PRODUCTS

Farm product price index, May 2002, Vol. 2, no. 5
Catalogue number 21-007-XIB
 (free).

Sawmills and planing mills, May 2002, Vol. 56, no. 5
Catalogue number 35-003-XIB (\$9/\$86).

Industry price indexes, May 2002, Vol. 28, no. 5
Catalogue number 62-011-XPB (\$22/\$217).

The control and sale of alcoholic beverages in Canada, 2001
Catalogue number 63-202-XIB (\$29).

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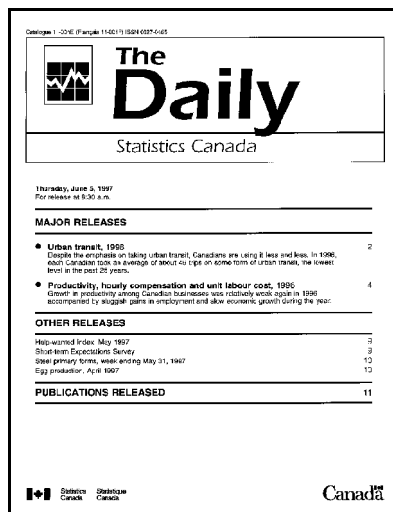
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