



# The Daily

Statistics Canada

**Tuesday, March 2, 2004**

Released at 8:30 a.m. Eastern time

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## MAJOR RELEASES

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- **Industrial product and raw materials price indexes, January 2004** 2  
 Manufacturers' prices were up 0.4% in January, following an increase of 0.3% in December. Compared with January 2003, prices fell 3.6%, largely as a result of the continuing effect of a strong Canadian dollar against the US dollar. Meanwhile, prices of raw materials increased 2.4% from December but were 7.4% lower than January 2003.
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## MAJOR RELEASES

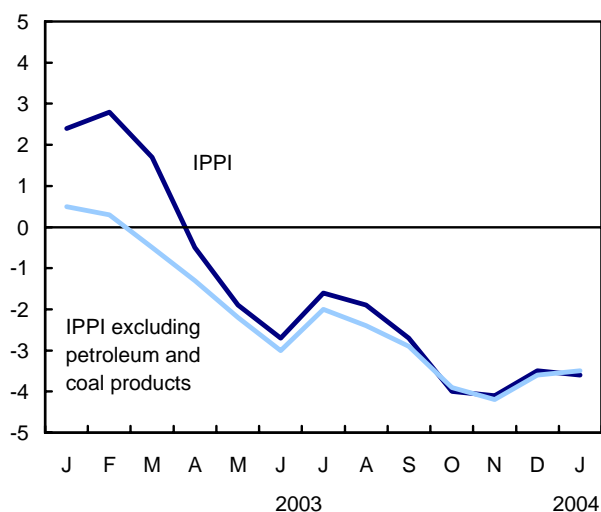
### Industrial product and raw materials price indexes

January 2004

Manufacturers' prices were up 0.4% in January, following an increase of 0.3% in December. Compared with January 2003, prices fell 3.6%, largely as a result of the continuing effect of a strong Canadian dollar against the US dollar.

#### Declining influence of petroleum products on the IPPI continues

12-month % change



Without the dollar's influence, the Industrial Product Price Index (IPPI) would have risen 0.8% rather than falling 3.6% from a year ago.

On a monthly basis, prices for petroleum and coal products were up 5.4% from December. Primary metal products rose 2.3%, as prices continue to increase for nickel, silver, copper and lead. Lumber and other wood products were up 2.2%. Higher prices for softwood lumber and particleboard, resulting from strong demand and tight inventories, were responsible for this increase. Higher prices were also observed for chemical products (+1.6%).

Motor vehicles and other transport equipment decreased 0.9%, mainly as a result of the effect of the exchange rate. Lower prices were also observed for

#### Note to readers

Effective with the January 2004 release, the monthly average exchange rate as determined by the Bank of Canada will now be used to convert prices received in currencies other than the Canadian dollar. Previously, the exchange rate conversion of such prices was carried out using the rate for the 15th of the month. The decision to switch to the monthly rate reflects the fact that the IPPI and RMPI are intended to measure the change in the average monthly price for these goods. The monthly average exchange rate is a better estimator of the actual exchange rates used in transactions than a point in time exchange rate. The estimated impact of this change is small at the total level. The month-to-month movement remains unchanged while the 12-month change is 0.1% less than it would have been had the monthly average exchange rate been used to calculate the January 2003 index.

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.

pulp and paper products (-1.0%), meat, fish and dairy products (-1.1%) and electrical and communication products (-0.5%).

On a 12-month basis, January represents the tenth consecutive month of decline in the IPPI. Lower prices continued for motor vehicles and other transport equipment (-11.2%), electrical and communication products (-8.0%) and pulp and paper products (-5.3%). These products remain the major contributors to the 12-month decline in the IPPI.

The petroleum and coal products group continued to have a much smaller influence on the 12-month change in the IPPI with a decrease of 5.0%. If petroleum and coal product prices had been excluded, the IPPI would have declined 3.5% on a 12-month basis.

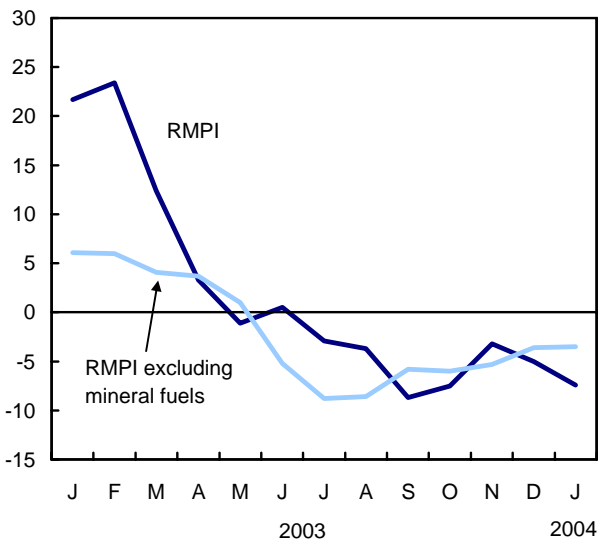
Higher prices for primary metal products (+2.4%), lumber products (+2.4%), tobacco products (+14.2%), beverages (+2.3%) and furniture and fixtures (+1.8%) partly offset the 12-month decline.

## Higher crude oil prices continue to push up prices of raw materials

On a monthly basis, raw materials prices were up 2.4% from December. Mineral fuels were responsible for more than half of the monthly increase in the Raw Materials Price Index (RMPI), with prices rising 3.9%.

### Crude oil prices still influence the RMPI

12-month % change



Crude oil prices rose 5.1% from December as a result of low inventories and colder temperatures. Higher prices for non-ferrous metals (+4.2%), animals and animal products (+0.5%) and ferrous materials (+2.1%) also contributed to this increase.

Manufacturers paid 7.4% less for their raw materials than they did in January 2003, compared with a decrease of 5.0% in December. Mineral fuels were down 11.8% from a year ago, with crude oil prices declining 13.7%. If mineral fuels had been excluded, the RMPI would have decreased 3.5%.

Lower prices for animals and animal products (-9.5%), vegetable products (-13.1%) and wood products (-5.1%) also contributed to the 12-month drop in the RMPI.

These decreases were partly offset by higher prices for non-ferrous metals (+16.2%), non-metallic minerals (+3.4%) and ferrous materials (+1.6%).

The IPPI (1997=100) stood at 104.9 in January, up from its revised level of 104.5 in December. The RMPI (1997=100) was 115.9 in January up from its revised level of 113.2 in December.

## Impact of exchange rate

From December to January, the value of the US dollar weakened against the Canadian dollar, pushing down prices of commodities that are quoted in US dollars, notably motor vehicles, lumber products, and pulp and paper products. As a result, the total IPPI excluding the effect of the exchange rate would have risen 0.8% instead of 0.4%.

However, on a 12-month basis, the influence of the dollar is much stronger. Consequently, the IPPI excluding the effect of the exchange rate would have increased 0.8% rather than declining 3.6% from January 2003 to January 2004.

## Prices for intermediate goods continue to decrease on an annual basis

Prices for intermediate goods were up 0.9% from December. Higher prices for petroleum and coal products, lumber products, primary metal products and chemical products were the major contributors to the increase.

Lower prices for motor vehicles, meat, fish and dairy products, pulp and paper products, as well as electrical and communication products partly offset this increase.

Producers of intermediate goods received 2.2% less for their goods in January 2004 than in January 2003. Lower prices for motor vehicles, pulp and paper products, petroleum products, electrical and communication products, as well as meat, fish and dairy products were mainly responsible for the annual decline.

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

## Finished goods decrease again from a year ago

On a monthly basis, prices for finished goods were down 0.2% from December. Lower prices for motor vehicles, electrical and communication products, as well as meat, fish and dairy products were partly offset by higher prices for petroleum products.

Declining prices for motor vehicles, petroleum products, electrical and communication products, machinery and equipment, as well as pulp and paper products pushed 12-month prices down 5.6% from January 2003.

These decreases were partly offset by higher prices for tobacco products, chemical products as well as furniture and fixtures.

"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.

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

**Definitions, data sources and methods: survey numbers, including related surveys, 2306 and 2318.**

### Industrial product price indexes (1997=100)

	Relative importance	January 2003	December 2003 <sup>r</sup>	January 2004 <sup>p</sup>	January 2003 to January 2004 % change	December 2003 to January 2004
<b>Industrial product price index</b>	<b>100.00</b>	<b>108.8</b>	<b>104.5</b>	<b>104.9</b>	<b>-3.6</b>	<b>0.4</b>
<b>IPPI excluding petroleum and coal products</b>	<b>94.32</b>	<b>106.8</b>	<b>103.0</b>	<b>103.1</b>	<b>-3.5</b>	<b>0.1</b>
<b>Aggregation by commodities</b>						
Meat, fish and dairy products	5.78	109.5	107.6	106.4	-2.8	-1.1
Fruit, vegetables, feeds and other food products	5.99	104.3	104.3	104.5	0.2	0.2
Beverages	1.57	116.4	119.3	119.1	2.3	-0.2
Tobacco and tobacco products	0.63	146.3	167.1	167.1	14.2	0.0
Rubber, leather and plastic fabricated products	3.30	105.3	105.5	105.4	0.1	-0.1
Textile products	1.58	100.7	98.7	98.6	-2.1	-0.1
Knitted products and clothing	1.51	103.9	104.4	104.4	0.5	0.0
Lumber and other wood products	6.30	89.9	90.1	92.1	2.4	2.2
Furniture and fixtures	1.59	108.5	110.0	110.4	1.8	0.4
Pulp and paper products	7.23	104.8	100.2	99.2	-5.3	-1.0
Printing and publishing	1.70	114.5	112.3	112.1	-2.1	-0.2
Primary metal products	7.80	99.2	99.3	101.6	2.4	2.3
Metal fabricated products	4.11	107.4	107.0	107.2	-0.2	0.2
Machinery and equipment	5.48	107.0	105.2	105.1	-1.8	-0.1
Motor vehicles and other transport equipment	22.16	113.4	101.6	100.7	-11.2	-0.9
Electrical and communications products	5.77	100.0	92.5	92.0	-8.0	-0.5
Non-metallic mineral products	1.98	109.4	109.5	109.8	0.4	0.3
Petroleum and coal products <sup>1</sup>	5.68	145.8	131.4	138.5	-5.0	5.4
Chemicals and chemical products	7.07	110.1	108.2	109.9	-0.2	1.6
Miscellaneous manufactured products	2.40	108.8	107.1	106.8	-1.8	-0.3
Miscellaneous non-manufactured products	0.38	93.1	107.9	110.8	19.0	2.7
<b>Intermediate goods<sup>2</sup></b>	<b>60.14</b>	<b>105.9</b>	<b>102.7</b>	<b>103.6</b>	<b>-2.2</b>	<b>0.9</b>
First-stage intermediate goods <sup>3</sup>	7.71	105.8	107.1	109.3	3.3	2.1
Second-stage intermediate goods <sup>4</sup>	52.43	105.9	102.1	102.7	-3.0	0.6
<b>Finished goods<sup>5</sup></b>	<b>39.86</b>	<b>113.2</b>	<b>107.1</b>	<b>106.9</b>	<b>-5.6</b>	<b>-0.2</b>
Finished foods and feeds	8.50	109.9	110.6	110.1	0.2	-0.5
Capital equipment	11.73	111.7	103.9	103.2	-7.6	-0.7
All other finished goods	19.63	115.4	107.5	107.8	-6.6	0.3

<sup>r</sup> Revised figures.

<sup>p</sup> Preliminary figures.

<sup>1</sup> This index is estimated for the current month.

<sup>2</sup> Intermediate goods are goods used principally to produce other goods.

<sup>3</sup> First-stage intermediate goods are items used most frequently to produce other intermediate goods.

<sup>4</sup> Second-stage intermediate goods are items most commonly used to produce final goods.

<sup>5</sup> Finished goods are goods most commonly used for immediate consumption or for capital investment.

The January 2004 issue of *Industry Price Indexes* (62-011-XIE, \$19/\$175; 62-011-XPE, \$24/\$233) will be available soon. See *How to order products*.

The Industrial product and raw material price indexes for February will be released on March 31.

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](mailto:infounit@statcan.ca)) or Danielle Gouin (613-951-3375; [danielle.gouin@statcan.ca](mailto:danielle.gouin@statcan.ca)), Prices Division.

# Raw Materials price indexes (1997=100)

	Relative importance	January 2003	December 2003 <sup>r</sup>	January 2004 <sup>p</sup>	January 2003 to January 2004 % change	December 2003 to January 2004
<b>Raw materials price index (RMPI)</b>	<b>100.00</b>	<b>125.1</b>	<b>113.2</b>	<b>115.9</b>	<b>-7.4</b>	<b>2.4</b>
Mineral fuels	35.16	186.5	158.3	164.5	-11.8	3.9
Vegetable products	10.28	102.6	89.5	89.2	-13.1	-0.3
Animals and animal products	20.30	108.2	97.4	97.9	-9.5	0.5
Wood	15.60	86.8	82.2	82.4	-5.1	0.2
Ferrous materials	3.36	97.5	97.1	99.1	1.6	2.1
Non-ferrous metals	12.93	82.7	92.2	96.1	16.2	4.2
Non-metallic minerals	2.38	114.6	118.0	118.5	3.4	0.4
<b>RMPI excluding mineral fuels</b>	<b>64.84</b>	<b>96.8</b>	<b>92.3</b>	<b>93.4</b>	<b>-3.5</b>	<b>1.2</b>

<sup>r</sup> Revised figures.

<sup>p</sup> Preliminary figures.

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## OTHER RELEASES

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### For-hire motor carriers of freight, all carriers

Third quarter 2003

There were an estimated 2,799 for-hire trucking companies based in Canada with annual revenues of \$1 million or more in the third quarter, down from 2,941 carriers in the third quarter of 2002. Their operating revenues totalled \$5.2 billion in the third quarter, and their operating expenses reached almost \$4.8 billion, both up 2% from the third quarter of 2002.

Average operating revenues and expenses per carrier both increase around 7% from the third quarter of 2002. Average operating revenues were at \$1.86 million, up from \$1.73 million in the third quarter of 2002. Average expenses were at \$1.72 million, up from \$1.61 million in the third quarter of 2002. The result was especially driven by increases in average costs of fuel (+13%) and payments to owner-operators (+13%). However, average expenses in purchased transportation decreased 2%, despite the decline in the number of estimated carriers. The operating ratio (operating expenses divided by operating revenues) remained at 0.93. A ratio greater than 1.00 represents an operating loss.

For-hire trucking transportation revenues from international movements decreased 4% to \$1.80 billion from \$1.87 billion in the third quarter of 2002. Revenues from outbound movements were up 2%, and revenues from inbound movements decreased by 9%.

**Available on CANSIM: table 403-0002.**

**Definitions, data sources and methods: survey number 2748.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Jean-Robert Larocque (613-951-2486; fax: 613-951-0579; [laroque@statcan.ca](mailto:laroque@statcan.ca)) or Denis Pilon (613-951-2707; [denis.pilon@statcan.ca](mailto:denis.pilon@statcan.ca)), Transportation Division. ■

### Construction type plywood

December 2003

Data on construction type plywood are now available for December.

**Available on CANSIM: table 303-0005.**

**Definitions, data sources and methods: survey number 2138.**

The December 2003 issue of *Construction Type Plywood*, Vol. 51, no. 12 (35-001-XIB, \$6/\$51) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; [manufact@statcan.ca](mailto:manufact@statcan.ca)), Manufacturing, Construction and Energy Division. ■

### Civil aviation operating statistics

November and December 2003

Monthly operational data on civil aviation are now available for November and December 2003.

**Available on CANSIM: table 401-0001.**

**Definitions, data sources and methods: survey number 5026.**

November and December 2003 operational data on civil aviation for Air Canada will appear in the next issue of *Aviation: Service Bulletin*, Vol. 36, no. 2 (51-004-XIB, \$9). See *How to order products*. A print-on-demand service is also available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Robert Lund (613-951-0125; [bob.lund@statcan.ca](mailto:bob.lund@statcan.ca)) or Lisa Di Piéto (613-951-0146; [lisa.dipietro@statcan.ca](mailto:lisa.dipietro@statcan.ca)), Transportation Division. ■

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## **Refined petroleum products**

December 2003 (preliminary)

Data on the production, inventories and domestic sales of refined petroleum products are now available for December 2003. Other selected data about these products are also available.

## **Definitions, data sources and methods: survey number 2150.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (1-866-873-8789; 613-951-9497; [energ@statcan.ca](mailto:energ@statcan.ca)), Energy, Manufacturing, Construction and Energy Division. ■

## NEW PRODUCTS

**Infomat: A Weekly Review**, March 2, 2004  
Catalogue number **11-002-XIE** (\$100).

**Construction Type Plywood**, December 2003, Vol. 51,  
no. 12  
Catalogue number **35-001-XIB** (\$6/\$51).

**Canada's Balance of International Payments**, Third  
quarter 2003, Vol. 51, no. 3  
Catalogue number **67-001-XIB** (\$32/\$100).

**Canada's Balance of International Payments**, Third  
quarter 2003, Vol. 51, no. 3  
Catalogue number **67-001-XPB** (\$41/\$133).

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#### MAJOR RELEASES



- **Urban transit, 1996** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian 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 relatively weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

#### OTHER RELEASES

- **High-wired Index, May 1997** 3
- **Short-term Expectations Survey** 3
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 12

#### PUBLICATIONS RELEASED

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