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The Daily

Statistics Canada

Friday, October 28, 2005
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Releases

Releases

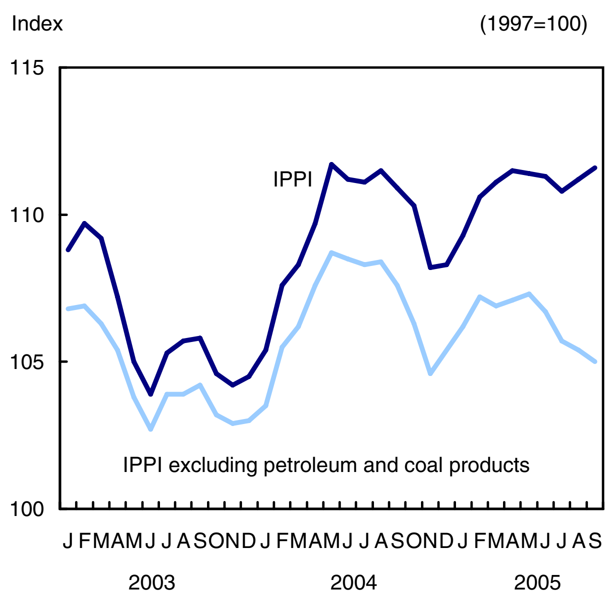
Industrial product and raw materials price indexes

September 2005

Monthly prices for manufactured goods at the factory gate were up in September, as gasoline and fuel oil prices continued to rise. Raw materials prices were down in September, following three monthly increases.

Prices charged by manufacturers, as measured by the Industrial Product Price Index (IPPI), were up 0.4% from August to September. Higher prices for petroleum products, lumber products and chemical products were the contributors to this monthly increase.

Prices for manufactured goods increase again



The 12-month change in the IPPI was 0.6%, up from August's year-over-year decrease of 0.3% and largely due to the continuing rise of prices for petroleum products.

The Raw Materials Price Index (RMPI) was down 0.3% from August to September, following a 4.5% increase registered the previous month. There were price decreases in wood products, vegetable products and non-ferrous metals.

Compared to September of last year, raw materials cost factories 14.3% more, down slightly from the 12-month change of 14.6% in August.

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 U.S. 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.*

In September, the IPPI (1997=100) stood at 111.6, up from August's level of 111.2. The RMPI (1997=100) reached 152.7, down from a revised level of 153.2 in August.

IPPI: Prices for petroleum products continue to rise

On a month-over-month basis, manufacturers' prices were up 0.4% as gasoline and fuel oil prices continued to rise.

Petroleum and coal products prices increased 8.3% compared to August, the eighth increase in the past nine months. If petroleum and coal product prices had been excluded, the IPPI would have decreased 0.4%, rather than increasing 0.4%.

Lumber and other wood products were up 2.8% as demand increased for softwood lumber and particleboard following hurricanes Katrina and Rita. Price increases were also registered for chemical products as prices for organic industrial chemical and synthetic resins were up 5.0% and 3.6% respectively.

However, prices for motor vehicles and other transport equipment and electrical and communication products decreased 1.5% and 0.9% respectively, due to the continuing strength of the Canadian dollar.

Primary metal products fell 2.5% as inventories were strong for nickel, copper and aluminum products. Prices for pulp and paper products were down 1.1% due to lower prices for pulp and newsprint paper. Meat, fish and dairy products also registered a decrease of 0.7% from the previous month.

IPPI: Petroleum and chemical products are the major factors in the 12-month change

On a 12-month basis, the IPPI was up 0.6% in September, following decreases of 0.3% in July and August.

Prices for petroleum and coal products rose 36.1% from September 2004, up from August's increase of 27.9%. If petroleum and coal product prices had been excluded, the IPPI would have decreased 2.4%, rather than increasing 0.6% from a year ago.

Chemical products increased 5.5%, due to higher prices for organic industrial chemicals and synthetic resins. Prices were also higher than one year ago for rubber, leather and plastic fabricated products, tobacco products, non-metallic mineral products, as well as furniture and fixtures.

On the other hand, motor vehicles and other transport equipment prices were down 5.9% from a year ago, the consequence of a stronger Canadian dollar.

Lumber and other wood products declined 14.9% from September 2004 to September 2005, as year-over-year price decreases were recorded for softwood lumber, particleboard and softwood type plywood.

There were also 12-month price declines for primary metals, pulp and paper products, electrical and communication products, meat, fish and dairy products as well as fruit, vegetable and feed products.

RMPI: Crude oil prices remain unchanged

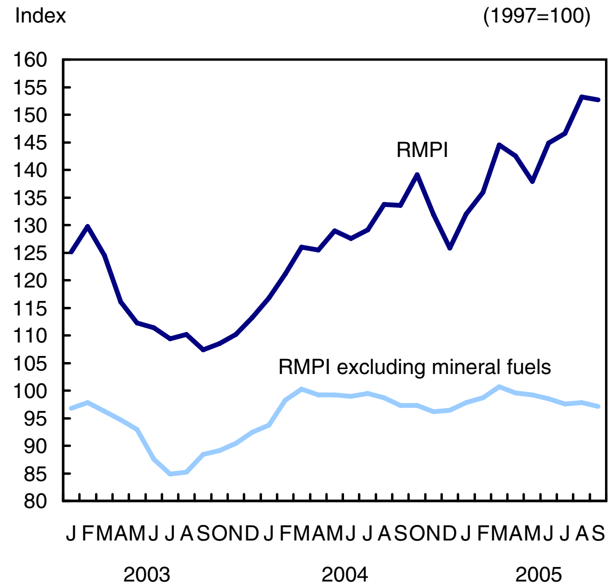
On a monthly basis, raw materials prices fell 0.3% in September, following three monthly increases. Mineral fuels were unchanged compared to August. Crude oil prices had increased following hurricane Katrina, but as concerns about supply diminished, prices fell to remain unchanged from August.

Prices for wood products decreased 2.2% with lower prices for softwood logs and bolts being reported. Vegetable products were down 2.1% due to strong supply for canola and soybeans and lower demand for coffee. Prices for non-ferrous metals fell 1.7% mainly due to lower prices for copper, nickel and lead concentrates. Ferrous materials decreased 0.7% from the previous month as iron ore prices were down 2.2%.

However, prices for animal and animal products rose 1.3% compared to the previous month as increases were registered for whole fluid unprocessed milk and fish.

On a 12-month basis, the price of raw materials rose 14.3% in September, slightly lower than the 14.6% year-over-year increase observed in August. Mineral fuels were up 28.7% with crude oil prices rising 34.6%. If mineral fuels had been excluded, the RMPI would have decreased 0.2% instead of rising 14.3%.

Raw materials prices decline



Prices for non-ferrous metals rose 12.5%, mainly because of higher prices for radio-active concentrates, zinc concentrates and copper concentrates. Higher prices were also observed for animal and animal products and non-metallic mineral products.

Wood products were down 14.4% from a year ago with softwood logs and bolts prices declining 17.8%. Vegetable products decreased 6.3% from September 2004 as prices were down for canola, corn, barley, and wheat. Prices for ferrous materials also declined 3.5% compared to the previous year.

Impact of the exchange rate

Between August and September, the value of the Canadian dollar rose against the US dollar with an increase of 2.2%. As a result, if the impact of the exchange rate had been excluded, the IPPI would have risen 1.0% instead of its actual increase of 0.4%.

On a 12-month basis, the value of the Canadian dollar rose 9.4% against the US dollar. If the impact of the exchange rate had been excluded, producer prices would have risen 3.0% between September 2004 and September 2005, rather than their actual increase of 0.6%.

Prices for intermediate goods increase

Prices for intermediate goods increased 0.6% from August. Higher prices for petroleum products, chemical products and lumber products were the major contributors to the increase.

Lower prices for primary metals, pulp and paper products, motor vehicles, meat, fish and dairy products, fruit, vegetable and feed products as well as electrical and communication products partially offset the monthly increase.

Producers of intermediate goods received 0.6% more for their goods in September 2005 than in September 2004. Higher prices were registered for petroleum products, chemical products, rubber, leather and plastic fabricated products, non-metallic mineral products, machinery and equipment, and beverages.

These increases were partly offset by lower prices for lumber products, primary metals, pulp and paper products, motor vehicles, fruit, vegetable and feed products, meat, fish and dairy products and electrical and communication products.

Finished goods prices increase

On a monthly basis, prices for finished goods were up 0.2% from August. Higher prices for petroleum and lumber products were partially offset by lower prices for motor vehicles, electrical and communication products, and non-metallic mineral products.

Compared with September 2004, prices for finished goods were up by 0.6%. Higher prices for petroleum products, tobacco products, chemical products, rubber, leather and plastic fabricated products, fruit, vegetable and feed products, and furniture and fixtures were the major contributors to the annual increase.

Lower prices for motor vehicles, electrical and communication products, and lumber products partly offset the annual increase.

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.

The September 2005 issue of *Industry Price Indexes* (62-011-XIE, $19/$175, 62-011-XPE, $24/$233) will be available in November.

The industrial product and raw material price indexes for October will be released on November 29.

For more information, or to enquire about the concepts, methods or data quality of this release, contact the Client Services Unit (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	September 2004	August 2005r	September 2005p	September 2004 to September 2005	August to September 2005
					% change	
Industrial Product Price Index	**100.00**	**110.9**	**111.2**	**111.6**	**0.6**	**0.4**
IPPI excluding petroleum and coal products	**94.32**	**107.6**	**105.4**	**105.0**	**-2.4**	**-0.4**
Aggregation by commodities						
Meat, fish and dairy products	5.78	108.0	107.3	106.6	-1.3	-0.7
Fruit, vegetables, feeds and other food products	5.99	103.9	103.0	102.6	-1.3	-0.4
Beverages	1.57	121.1	121.5	121.3	0.2	-0.2
Tobacco and tobacco products	0.63	170.2	178.2	178.2	4.7	0.0
Rubber, leather and plastic fabricated products	3.30	109.2	113.0	112.9	3.4	-0.1
Textile products	1.58	98.8	100.1	99.7	0.9	-0.4
Knitted products and clothing	1.51	104.6	104.3	104.3	-0.3	0.0
Lumber and other wood products	6.30	106.7	88.3	90.8	-14.9	2.8
Furniture and fixtures	1.59	112.6	114.9	114.9	2.0	0.0
Pulp and paper products	7.23	105.8	102.9	101.8	-3.8	-1.1
Printing and publishing	1.70	114.9	115.3	114.9	0.0	-0.3
Primary metal products	7.80	116.3	113.7	110.9	-4.6	-2.5
Metal fabricated products	4.11	121.0	120.6	120.4	-0.5	-0.2
Machinery and equipment	5.48	106.5	107.4	107.1	0.6	-0.3
Motor vehicles and other transport equipment	22.16	100.6	96.1	94.7	-5.9	-1.5
Electrical and communications products	5.77	94.6	93.3	92.5	-2.2	-0.9
Non-metallic mineral products	1.98	112.4	114.9	114.7	2.0	-0.2
Petroleum and coal products[1]	5.68	172.8	217.1	235.1	36.1	8.3
Chemicals and chemical products	7.07	115.1	118.5	121.4	5.5	2.4
Miscellaneous manufactured products	2.40	110.7	109.9	109.5	-1.1	-0.4
Miscellaneous non-manufactured products	0.38	130.5	169.2	171.3	31.3	1.2
Intermediate goods[2]	**60.14**	**112.2**	**112.2**	**112.9**	**0.6**	**0.6**
First-stage intermediate goods[3]	7.71	119.8	121.3	120.4	0.5	-0.7
Second-stage intermediate goods[4]	52.43	111.0	110.9	111.7	0.6	0.7
Finished goods[5]	**39.86**	**109.1**	**109.6**	**109.8**	**0.6**	**0.2**
Finished foods and feeds	8.50	111.8	112.1	111.9	0.1	-0.2
Capital equipment	11.73	104.4	102.3	101.3	-3.0	-1.0
All other finished goods	19.63	110.7	112.8	114.0	3.0	1.1

r *Revised.*
p *Preliminary.*
1. *This index is estimated for the current month.*
2. *Intermediate goods are goods used principally to produce other goods.*
3. *First-stage intermediate goods are items used most frequently to produce other intermediate goods.*
4. *Second-stage intermediate goods are items most commonly used to produce final goods.*
5. *Finished goods are goods most commonly used for immediate consumption or for capital investment.*

Raw materials price indexes
(1997=100)

	Relative importance	September 2004	August 2005r	September 2005p	September 2004 to September 2005	August to September 2005
					% change	
Raw Materials Price Index	**100.00**	**133.6**	**153.2**	**152.7**	**14.3**	**-0.3**
Mineral fuels	35.16	212.0	272.8	272.9	28.7	0.0
Vegetable products	10.28	83.2	79.7	78.0	-6.3	-2.1
Animals and animal products	20.30	101.7	102.2	103.5	1.8	1.3
Wood	15.60	83.9	73.4	71.8	-14.4	-2.2
Ferrous materials	3.36	126.0	122.4	121.6	-3.5	-0.7
Non-ferrous metals	12.93	104.0	119.0	117.0	12.5	-1.7
Non-metallic minerals	2.38	124.6	134.7	134.8	8.2	0.1
RMPI excluding mineral fuels	**64.84**	**97.3**	**97.8**	**97.1**	**-0.2**	**-0.7**

r *Revised.*
p *Preliminary.*

■

Study: Demand for Skills in Canada: The Role of Foreign Outsourcing and Information Communication Technology

1981 to 1996

Foreign outsourcing and high technology both significantly increase the demand for higher skilled, non-production workers in the manufacturing sector, according to a new study.

The study found that both factors played an important role in increasing the demand for skills, whether the demand was measured as the share of the wage bill for non-production workers, or their share of employment.

One of the defining features of the Canadian economy in the last two decades has been an increasing wage gap between more-skilled and less-skilled workers.

During this period, there have been dramatic increases in spending on information and communications technologies, and in purchases of intermediate inputs from foreign sources.

With the reduction of trade barriers and increasing integration of world markets, firms may switch from low-skill intensive producers in Canada to foreign suppliers. Or they may move their low skill intensive production process to low-wage countries, and import back the processed products. Foreign outsourcing may, therefore, lead to a decline in the demand for unskilled labour at home, and increase the relative demand for skilled labour.

Note: Data for this study came from three sources developed at Statistics Canada: the KLEMS productivity database, the Annual Survey of Manufactures and input-output tables.

The research paper *Demand for Skills in Canada: The Role of Foreign Outsourcing and Information Communication Technology*, no. 35 (11F0027MIE2005035, free) is now available online. From *Our products and services page*, under *Browse* our *Internet publications* choose *Free*, then *National accounts*.

More studies on international trade or technology use are available free of charge in the analytical series *Update on Economic Analysis* (11-623-XIE) on our Web site.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Beiling Yan (613-951-1234), Micro-economic Analysis Division. ■

Placement of hatchery chicks and turkey poults

September 2005 (preliminary)

Placements of hatchery chicks onto farms were estimated at 52.7 million birds in September, down 6.3% from September 2004. Placements of turkey poults on farms decreased 6.9% to 1.6 million birds.

Available on CANSIM: table 003-0021.

Definitions, data sources and methods: survey number 5039.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Sandra Gielfeldt (613-951-2505; *sandy.gielfeldt@statcan.ca*), Agriculture Division. ■

Steel primary forms, weekly data

Week ending October 22, 2005 (preliminary)

Steel primary forms production for the week ending October 22 totalled 248 278 metric tonnes, down 16.4% from 296 845 tonnes a week earlier and down 14.9% from 291 769 tonnes in the same week of 2004.

The year-to-date total as of October 22 was 12 421 564 tonnes, down 5.5% from 13 141 222 tonnes in the same period of 2004.

Definitions, data sources and methods: survey number 2131.

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*), Manufacturing, Construction and Energy Division. ■

Mineral wool including fibrous glass insulation

September 2005

Data on mineral wool including fibrous glass insulation are now available for September.

Available on CANSIM: table 303-0059.

Definitions, data sources and methods: survey number 2110.

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*), Manufacturing, Construction and Energy Division. ■

Asphalt roofing

September 2005

Data on asphalt roofing are now available for September.

Available on CANSIM: table 303-0052.

Definitions, data sources and methods: survey number 2123.

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*), Manufacturing, Construction and Energy Division ■

New products

Economic Analysis Research Paper Series: Demand for Skills in Canada: The Role of Foreign Outsourcing and Information-Communication Technology, no. 35
Catalogue number 11F0027MIE2005035
(free).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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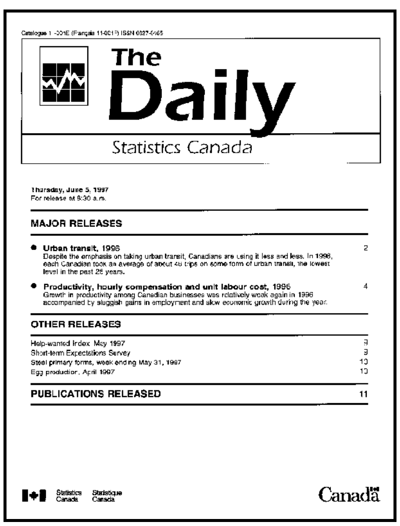
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The Daily

Statistics Canada

Thursday, June 5, 1997
For release at 8:30 a.m.

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 46 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

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PUBLICATIONS RELEASED — 11

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Release dates: October 31 to November 4, 2005

(Release dates are subject to change.)

Release date	Title	Reference period
31	**Gross domestic product by industry**	August 2005
31	**Government expenditures on culture**	2003/04
2	**The instability of family earnings and family income in Canada**	1986 to 1991 to 1996 to 2001
4	**Labour Force Survey**	October 2005