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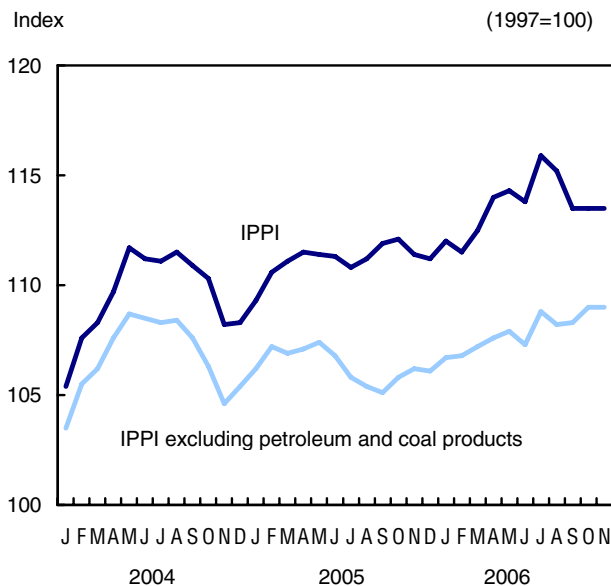
Releases

Industrial product and raw materials price indexes

November 2006

Prices for manufactured goods remained unchanged for a second consecutive month in November, while prices for raw materials increased after three months of significant declines.

Prices for manufactured goods unchanged



Prices charged by manufacturers, as measured by the Industrial Product Price Index (IPPI), were unchanged from October to November, as downward pressure from declining petroleum prices eased. Lower prices for primary metal products and petroleum products were offset by higher prices for chemical products, fruit, vegetables and feed products and pulp and paper products.

The 12-month change in the IPPI was up 1.9%, a higher rate of growth compared to the year-over-year increase of 1.2% in October. Upward pressure came mainly from higher prices for primary metal products, pulp and paper products as well as fruit, vegetable and feed products.

The Raw Materials Price Index (RMPI) was up 0.9% from October to November, following three months of declines. The increase was due to higher costs for

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.

mineral fuels, non-ferrous metals as well as vegetable products.

Compared to November of last year, raw materials cost factories 4.6% more, a significant change from the year-over-year increase of 2.2% in October.

The IPPI stood at 113.5 (1997=100) in November, unchanged from a revised level of 113.5 in October. The RMPI reached 157.1 (1997=100), up from a revised level of 155.7 in October.

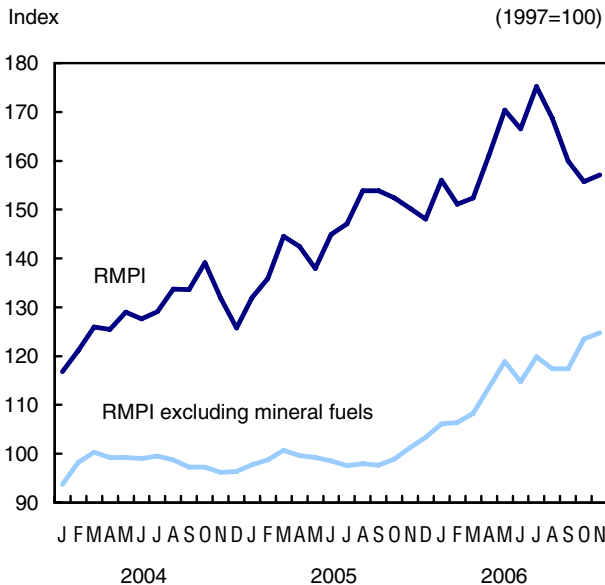
IPPI: Prices remain unchanged

On a month-over-month basis, manufacturers' prices were unchanged, as downward pressure from declining petroleum prices eased. The decrease in prices for primary metal and petroleum products was offset by higher prices for chemical products, fruit, vegetable and feed products as well as pulp and paper products.

Prices for primary metal products fell 1.4% in November, following an increase of 3.8% in October. Prices for copper and copper alloy products were down by 10.3% while prices for nickel products declined by 9.6%, due to a slowdown in construction activity, lower demand and higher inventories. On the other hand, prices for aluminum products (+3.1%) rose for a second month in a row, due to lower supply.

Petroleum and coal products prices fell 0.3%, the lowest monthly decrease in the past four months. If petroleum and coal product prices had been excluded, the IPPI would still have remained unchanged from October.

Raw materials prices increase



However, there were some monthly increases. Prices for chemical products rose 0.9% as a result of higher prices for organic industrial chemicals. Higher prices were also observed for fruit, vegetables and feed products (+1.0%) as well as pulp and paper products (+0.5%).

IPPI: Primary metal products continue to be the major contributors to the 12-month change

The IPPI was up 1.9% in November compared with the same month a year earlier, an increase in the rate of growth compared to the previous two months. The higher rate of growth is mainly the result of the slowdown in the year-over-year decrease of petroleum products. If petroleum and coal product prices had been excluded, the IPPI would have increased 2.6%.

Prices for primary metal products were up 26.4% compared to November 2005. Prices for nickel products (+125.7%), copper products (+46.0%), refined zinc products (+143.6%) and aluminum products (+16.3%) were all higher compared with one year earlier.

Higher prices for pulp and paper products, fruit, vegetable and feed products, non-metallic mineral products, metal fabricated products, and tobacco products also contributed to the annual increase.

The annual rate of growth in the IPPI was dampened by lower prices for petroleum and coal products (-5.4%), as well as lower prices for motor vehicles and other transport equipment (-2.6%), lumber and other wood products (-5.5%) and chemicals and chemical products (-2.9%).

RMPI: Crude oil prices are up

Raw materials prices rose 0.9% in November, following three months of significant decreases.

Mineral fuels were the major contributor to this monthly increase with prices rising 0.8% compared to October. Prices for crude oil were up 0.8%, mainly as a result of the decision by oil producing countries to cut production. Crude oil prices remained 26.4% lower compared to the peak in prices registered in July 2006. If mineral fuels had been excluded, the RMPI would have risen 1.1% from October instead of 0.9%.

Non-ferrous metals prices were up 1.8% as prices for zinc, radio-active concentrates, gold and silver increased due to strong demand.

Prices for vegetable products rose 5.6% from the previous month, as prices for barley, corn, wheat, canola and soybeans increased. This was mainly the result of tight supply as well as strong demand.

Prices for animal and animal products decreased 1.1% as a result of lower prices for fish as well as cattle and hogs for slaughter.

On a 12-month basis, the price of raw materials rose 4.6% in November, a higher rate of growth compared to the 2.2% year-over-year increase in October. This rate of growth remains moderate compared to the annual change registered in the first three quarters of the year. If mineral fuels had been excluded, the RMPI would have increased 23.2% instead of rising 4.6%.

Non-ferrous metals were the major contributors to the 12-month increase with prices rising 73.6%, mainly the result of year-over-year price increases for zinc, radio-active concentrates, copper, nickel and lead.

Prices were also higher than one year ago for wood, vegetable products as well as non-metallic minerals.

Mineral fuels were down 11.2% with crude oil prices falling 11.0%. This was the third negative year-over-year change in a row. Prices for animals and animal products and ferrous materials were also down from a year ago.

Impact of the exchange rate

The value of the Canadian dollar against the US dollar was down 0.7% between October and November. As a result, the total IPPI excluding the effect of the exchange would have fallen 0.2% instead of remaining unchanged.

On a 12-month basis, the value of the Canadian dollar rose 3.9% against the US dollar. If the impact of the exchange rate had been excluded, producer prices would have risen 3.0% between November 2005 and November 2006, rather than their actual increase of 1.9%.

Prices for intermediate goods are unchanged

Prices for intermediate goods remained unchanged from October. Higher prices for chemical products, fruit, vegetable and feed products, pulp and paper products and motor vehicles were offset by lower prices for primary metal products as well as petroleum products.

Producers of intermediate goods received 3.5% more for their goods in November 2006 than in November 2005. Higher prices were registered for primary metal products, pulp and paper products, fruit, vegetables and feed products, metal fabricated products, non-metallic mineral products, electrical and communication products as well as meat, fish and dairy products.

These increases were partly offset by lower prices for petroleum products, lumber products, chemical products, motor vehicles and tobacco products.

Finished goods are up slightly

Prices for finished goods were up 0.1% from October. Higher prices for petroleum products, chemical products, electrical and communication products and fruit, vegetable and feed products were almost offset by lower prices for metal fabricated products and meat, fish and dairy products.

Compared with November 2005, prices for finished goods declined by 0.6%. Lower prices were registered for motor vehicles, petroleum products as well as machinery and equipment.

These decreases were partly offset by higher prices for tobacco products, fruit, vegetables and feed products, meat, fish and dairy products, chemical products, furniture and fixtures as well as beverages.

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 November 2006 issue of *Industry Price Indexes* (62-011-XWE, free) will soon be available.

The Industrial product and raw material price indexes for December 2006 will be released on January 30.

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, prices-prix@statcan.ca) or Danielle Gouin (613-951-3375, danielle.gouin@statcan.ca), Prices Division.

□

Industrial product price indexes
(1997=100)

	Relative importance	November 2005	October 2006 ^r	November 2006 ^p	November 2005 to November 2006 2006 % change	October to November 2006
Industrial Product Price Index (IPPI)	100.00	111.4	113.5	113.5	1.9	0.0
IPPI excluding petroleum and coal products	94.32	106.2	109.0	109.0	2.6	0.0
Aggregation by commodities						
Meat, fish and dairy products	5.78	106.1	107.4	107.3	1.1	-0.1
Fruit, vegetables, feeds and other food products	5.99	103.0	104.6	105.6	2.5	1.0
Beverages	1.57	121.4	122.6	122.6	1.0	0.0
Tobacco and tobacco products	0.63	178.5	191.8	191.8	7.5	0.0
Rubber, leather and plastic fabricated products	3.30	118.7	118.3	118.5	-0.2	0.2
Textile products	1.58	99.9	100.5	100.5	0.6	0.0
Knitted products and clothing	1.51	104.3	104.3	104.5	0.2	0.2
Lumber and other wood products	6.30	88.8	84.0	83.9	-5.5	-0.1
Furniture and fixtures	1.59	116.5	118.1	118.1	1.4	0.0
Pulp and paper products	7.23	102.2	106.8	107.3	5.0	0.5
Printing and publishing	1.70	115.2	115.8	115.9	0.6	0.1
Primary metal products	7.80	114.9	147.3	145.2	26.4	-1.4
Metal fabricated products	4.11	121.2	123.8	123.5	1.9	-0.2
Machinery and equipment	5.48	107.2	107.0	107.2	0.0	0.2
Motor vehicles and other transport equipment	22.16	94.8	92.2	92.3	-2.6	0.1
Electrical and communications products	5.77	93.6	94.0	94.1	0.5	0.1
Non-metallic mineral products	1.98	115.3	120.0	120.0	4.1	0.0
Petroleum and coal products ¹	5.68	207.5	196.9	196.3	-5.4	-0.3
Chemicals and chemical products	7.07	128.0	123.2	124.3	-2.9	0.9
Miscellaneous manufactured products	2.40	110.7	112.4	112.7	1.8	0.3
Miscellaneous non-manufactured products	0.38	185.9	279.8	295.6	59.0	5.6
Intermediate goods²	60.14	113.8	117.8	117.8	3.5	0.0
First-stage intermediate goods ³	7.71	124.5	150.1	150.7	21.0	0.4
Second-stage intermediate goods ⁴	52.43	112.1	112.9	112.9	0.7	0.0
Finished goods⁵	39.86	107.8	107.0	107.1	-0.6	0.1
Finished foods and feeds	8.50	112.2	113.6	113.6	1.2	0.0
Capital equipment	11.73	101.6	100.1	100.2	-1.4	0.1
All other finished goods	19.63	109.7	108.2	108.4	-1.2	0.2

^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	November 2005	October 2006 ^r	November 2006 ^p	November 2005 to November 2006 2006 % change	October to November 2006
Raw Materials Price Index (RMPI)	100.00	150.2	155.7	157.1	4.6	0.9
Mineral fuels	35.16	255.9	225.3	227.2	-11.2	0.8
Vegetable products	10.28	79.0	86.0	90.8	14.9	5.6
Animals and animal products	20.30	105.4	104.2	103.1	-2.2	-1.1
Wood	15.60	73.0	81.3	81.4	11.5	0.1
Ferrous materials	3.36	125.3	122.0	121.8	-2.8	-0.2
Non-ferrous metals	12.93	131.3	223.9	227.9	73.6	1.8
Non-metallic minerals	2.38	134.4	141.2	141.1	5.0	-0.1
RMPI excluding mineral fuels	64.84	101.3	123.5	124.8	23.2	1.1

^r revised

^p preliminary

Foreign and domestic investment in Canada

2006

Foreign-controlled firms in Canada recorded double-digit investment growth in 2006, propelled by investment in mining and oil and gas extraction, retail trade and manufacturing.

Investment by foreign-controlled establishments increased 10.7% to an estimated \$53.8 billion in 2006. At the same time, investment by domestic firms rose 7.4% to \$153.2 billion.

These figures refer to investment in physical properties, specifically machinery, equipment and non-residential structures. They do not pertain to investment in equities, bonds or money markets.

American-controlled establishments accounted for the majority of foreign investment with a share of 69.6%. Those from Germany were a distant second at 6.6% of the total, followed by Japanese firms at 5.6%.

American-controlled investment amounted to nearly \$37.5 billion in 2006, up 7.9% from 2005.

Foreign firms accounted for 43.4% of total investment in the Northwest Territories, the highest proportion in the nation. It was followed by Newfoundland and Labrador with 39.1% and Nova Scotia at 31.6%. In Ontario, the proportion was 28.2%.

Two provinces alone, Ontario and Alberta, accounted for 63.2% of total foreign capital investment.

Investment by foreign-controlled establishments was concentrated in a handful of industries.

Three industries, mining and oil and gas extraction; finance and insurance; and manufacturing, accounted for just over two-thirds (68.5%) of the total.

In the manufacturing sector, the robust investment growth among foreign-controlled firms continued, in sharp contrast with the lacklustre performance of domestic firms, among which investment growth has been flat.

In the retail trade sector, foreign firms boosted capital spending by 36.4%, while the increase among domestic firms was only 4.0%.

In the mining and oil and gas extraction industry, investment by domestic firms slowed, while investment by foreign firms accelerated. Foreign firms invested \$1.7 billion more than they did in 2005, equivalent to a 12.3% increase.

Capital investment in machinery, equipment and non-residential construction in Canada by country of control, 2006

	\$ millions
Canada	153,204.7
Foreign	53,828.1
United States	37,471.8
Germany	3,534.2
Japan	3,033.7
Netherlands	2,711.6
United Kingdom	2,434.7
France	1,438.9
Hong Kong	363.6
Switzerland	285.6
Italy	164.8
Sweden	144.5
Other countries	1,777.3
Total	207,032.8

Foreign and domestic investment in machinery, equipment and non-residential construction by province, 2006

	Domestic	Foreign	Total
	\$ millions		
Canada	153,204.7	53,828.1	207,032.8
Newfoundland and Labrador	1,846.9	1,187.7	3,034.6
Prince Edward Island	480.6	50.3	530.9
Nova Scotia	3,213.1	1,484.7	4,697.9
New Brunswick	2,888.6	485.9	3,374.5
Quebec	26,167.0	7,876.1	34,043.1
Ontario	48,330.8	18,961.9	67,292.6
Manitoba	5,024.2	1,256.5	6,280.7
Saskatchewan	5,381.7	1,664.8	7,046.5
Alberta	40,777.0	15,076.8	55,853.8
British Columbia	17,476.4	5,072.2	22,548.6
Yukon	362.8	8.2	371.0
Northwest Territories	912.7	699.7	1,612.4
Nunavut	343.0	3.5	346.5

Note: This study was conducted in partnership with the Department of Foreign Affairs and International Trade.

Definitions, data sources and methods: survey number 2803.

The 2006 issue of *Foreign and Domestic Investment in Canada* (61-232-XIB, free) will soon be available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Irfan Hashmi (1-877-338-2368, 613-951-3363; irfan.hashmi@statcan.ca), Investment and Capital Stock Division. ■

Employer pension plans (trusteed pension funds)

Second quarter 2006

The value of retirement savings of 4.6 million Canadian workers with trusteed pension plans declined during the second quarter of 2006, halting seven consecutive quarters of gains.

Market value of assets amounted to \$819 billion, down 2% from the first quarter. The losses reflect the performance of Canadian stocks in the Toronto Stock Exchange for the same period.

Despite the second-quarter decline, fund values have been increasing steadily over the last three years. They have gained \$287 billion since bottoming out at \$532 billion in the first quarter of 2003 (a 54% increase).

Stocks and equity funds accounted for 39% of pension fund assets at the end of the second quarter; bonds and bond funds, 33%; real estate, 6%; short-term investments, 4%; mortgages, 1%; and other assets 17%.

Domestic holdings accounted for 72% of total fund assets. The share of investments in foreign holdings has increased to 28%, up from 24% one year ago.

Pension fund revenues declined 2.8% to \$27.6 billion, the result principally of a 9.1% drop in employer contributions following large special payments for unfunded liabilities in the first quarter of 2006.

Expenditures increased 8.5% to \$10.3 billion with funds reporting losses on the sale of securities and

increases in purchases of annuities. Net cash flow of \$17.2 billion was down 8.5% compared to the first quarter.

Pension benefits paid to retirees amounted to \$7.4 billion, the third quarter in a row that benefit payments have surpassed \$7 billion.

Annual payments peaked in 2004 at \$28.3 billion. However, payments for the first six months of 2006 are up 5.8% over those in the same period of 2004.

About 5.7 million Canadian workers belong to employer pension plans. Of these, about 4.6 million are members of trusteed plans. (Data in this release refer only to the trusteed plans, and all values are in current dollars).

The remaining 1.1 million workers with employer pension plans are covered by the consolidated revenue funds of the federal and provincial governments, or by insurance company contracts or Government of Canada annuities.

Available on CANSIM: tables 280-0002 to 280-0004.

Definitions, data sources and methods: survey number 2607.

For more information about the current survey results and related products and services, or to enquire about the concepts, methods, or data quality of this release, contact Client Services (613-951-7355 or toll-free 1-888-297-7355; fax: 613-951-3012; income@statcan.ca), Income Statistics Division. ■

New products

Canadian Foreign Post Indexes, January 2007
Catalogue number 62-013-XIE
 (free).

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

Canada's Balance of International Payments, Third quarter 2006, Vol. 54, no. 3
Catalogue number 67-001-XWE
 (free).

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International Adult Literacy Skills Survey (Canada): Public Use Microdata File and User Guide, 2003
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MAJOR RELEASES

- **Urban transit, 1997** 2
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, 65% of Canadian cities, an average of about 40 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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