

The Daily

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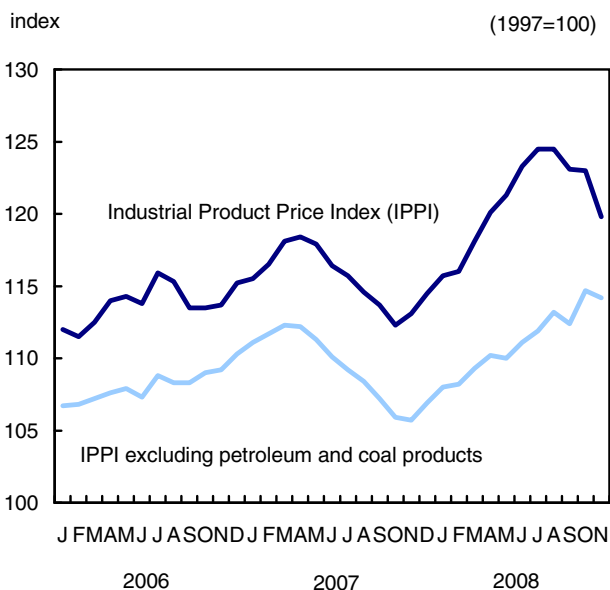
Releases

Industrial product and raw materials price indexes

November 2008

In November, the steep drop in oil prices caused record monthly declines in the industrial product and raw materials price indexes. The Industrial Product Price Index (IPPI) decreased by 2.6%, while the Raw Materials Price Index by 13.4%.

Prices for industrial goods decline



The IPPI's record 2.6% drop in November was the largest of three consecutive monthly declines, as well as the steepest decrease registered since the series was created in 1956. The contraction of prices for petroleum and coal products accelerated for a second straight month, decreasing 18.9% compared with a drop of 13.8% in October.

In November, the exchange rate for the Canadian dollar in relation to its US counterpart had less of an impact on the movement of the IPPI than in October. The Canadian dollar lost 2.7% of its value against the US dollar in November. Some Canadian producers who export their products to the United States are paid in US dollars. Consequently, the relative strength of the US dollar in relation to the Canadian dollar had the effect of inflating their prices. If the exchange rate used to convert

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 and paper products, and wood products. Determining the full effect of fluctuating exchange rates on the IPPI is a difficult analytical task. However, it should be noted that many prices collected to calculate the IPPI are quoted in US dollars and then converted into Canadian dollars. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI. The conversion of prices received in US dollars is based on the average monthly exchange rate (noon spot rate) established by the Bank of Canada and is available in CANSIM table 176-0064 (series v37426). Monthly and annual variations in the exchange rate, as described in the release, are calculated according to the indirect quotation of the exchange rate (for example, CAN\$1 = US\$X).

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.

these prices had remained unchanged, the IPPI would have declined 3.3% from October instead of falling 2.6%.

If petroleum and coal products were excluded, the IPPI would have declined 0.4%. Since the low reached in November 2007, the index has not registered a significant change in direction, unlike the total IPPI, which has fallen sharply since August 2008.

The 0.4% decline in the IPPI excluding petroleum and coal products was limited to 4 major groups out of 20, more specifically the primary metal products group. On the other hand, the decline was tempered by a 1.9% increase for motor vehicles and other transport equipment.

12-month change: Industrial prices post slower growth and an eighth straight increase

Year over year, the IPPI rose 5.9% in November, a substantial slowing of the growth of the index compared with the 9.5% rate posted in October.

This change in the growth of the IPPI was caused by a 10.4% drop in the prices for petroleum and coal products, the strongest decline since October 2006.

In November, prices for petroleum and coal products turned sharply down after 14 consecutive increases.

The prices for products excluding petroleum and coal rose 8.0%, compared with an increase of 8.3% in October. Motor vehicles and other transport equipment, chemical products, as well as pulp and paper products contributed the most to the increase in the IPPI, pushed up in part by the depreciation of the Canadian dollar in relation to its US counterpart.

The depreciation of the Canadian dollar in relation to the US currency had the effect of sustaining the growth of the IPPI. The Canadian dollar lost 20.6% of its value, and if the direct effect of the exchange rate had been excluded, the IPPI would have declined 1.5% instead of increasing 5.9%.

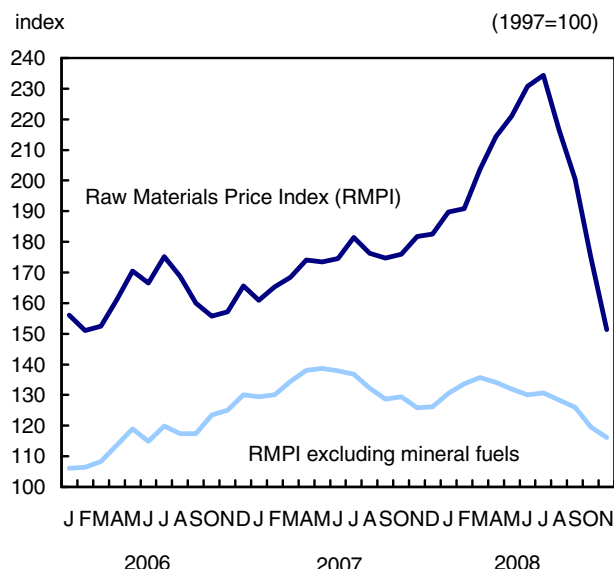
Decline in raw material prices continues for a fourth consecutive month

The Raw Materials Price Index (RMPI) registered its fourth negative month in a row in November, falling a substantial 13.4%, about the same rate of decline as in October. Over the past two months, the RMPI has posted the two largest monthly declines on record since 1977.

The prices for mineral fuels continued to contract, falling 22.8% in November after three strong month-over-month decreases. If mineral fuels were excluded, the RMPI would have declined 2.8%, a lesser decrease than that of 5.1% in October. Excluding mineral fuels, the decline in non-ferrous metals contributed the most to the drop in the RMPI.

From November 2007 to November 2008, raw materials dropped sharply by 16.8%, compared with October's decline of 0.6%. This sharp drop followed a gradual reduction of the year-over-year change since the peak attained in June 2008, when the index had increased 32.2%. The decline in prices for raw materials was caused by the strong drop of 25.0% for mineral fuels and, to a lesser extent, by the 34.2% decrease for non-ferrous metals, the result of a contraction in the global demand for base metals.

Raw materials prices continue to decline



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 2008 issue of *Industry Price Indexes* (62-011-XWE, free) will soon be available.

The industrial product and raw material price indexes for December 2008 will be released on January 29, 2009.

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; prices-prix@statcan.gc.ca), Prices Division.

□

Industrial product price indexes (1997=100)

	Relative importance	November 2007	October 2008 ^r	November 2008 ^p	November 2007 to November 2008	October to November 2008
					% change	
Industrial product price index (IPPI)	100.00	113.1	123.0	119.8	5.9	-2.6
IPPI excluding petroleum and coal products	94.32	105.7	114.7	114.2	8.0	-0.4
Aggregation by commodities						
Meat, fish and dairy products	5.78	106.9	112.6	112.6	5.3	0.0
Fruit, vegetables, feeds and other food products	5.99	111.6	116.9	116.0	3.9	-0.8
Beverages	1.57	125.5	127.1	127.2	1.4	0.1
Tobacco and tobacco products	0.63	218.2	220.6	220.6	1.1	0.0
Rubber, leather and plastic fabricated products	3.30	115.7	121.8	121.8	5.3	0.0
Textile products	1.58	98.6	101.8	102.0	3.4	0.2
Knitted products and clothing	1.51	104.7	104.7	104.8	0.1	0.1
Lumber and other wood products	6.30	80.5	85.4	85.5	6.2	0.1
Furniture and fixtures	1.59	120.6	123.3	123.3	2.2	0.0
Pulp and paper products	7.23	99.6	116.0	116.4	16.9	0.3
Printing and publishing	1.70	115.5	124.2	124.3	7.6	0.1
Primary metal products	7.80	132.9	136.6	127.5	-4.1	-6.7
Metal fabricated products	4.11	123.3	137.9	137.9	11.8	0.0
Machinery and equipment	5.48	102.5	110.6	111.4	8.7	0.7
Motor vehicles and other transport equipment	22.16	83.9	96.6	98.4	17.3	1.9
Electrical and communications products	5.77	88.4	95.5	96.5	9.2	1.0
Non-metallic mineral products	1.98	123.2	126.2	126.4	2.6	0.2
Petroleum and coal products ¹	5.68	249.4	275.6	223.4	-10.4	-18.9
Chemicals and chemical products	7.07	126.7	147.4	144.1	13.7	-2.2
Miscellaneous manufactured products	2.40	112.9	123.2	122.3	8.3	-0.7
Miscellaneous non-manufactured products	0.38	407.5	274.8	275.0	-32.5	0.1
Intermediate goods²	60.14	118.1	128.8	124.4	5.3	-3.4
First-stage intermediate goods ³	7.71	146.4	145.3	133.8	-8.6	-7.9
Second-stage intermediate goods ⁴	52.43	113.8	126.3	123.0	8.1	-2.6
Finished goods⁵	39.86	105.6	114.3	113.0	7.0	-1.1
Finished foods and feeds	8.50	115.3	118.8	118.9	3.1	0.1
Capital equipment	11.73	93.9	104.3	105.7	12.6	1.3
All other finished goods	19.63	108.5	118.4	114.8	5.8	-3.0

^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 2007	October 2008 ^r	November 2008 ^p	November 2007 to November 2008	October to November 2008
					% change	
Raw materials price index (RMPI)	100.00	181.8	174.8	151.3	-16.8	-13.4
Mineral fuels	35.16	302.9	294.3	227.1	-25.0	-22.8
Vegetable products	10.28	110.1	112.2	113.1	2.7	0.8
Animals and animal products	20.30	100.9	113.7	112.6	11.6	-1.0
Wood	15.60	82.4	81.6	81.8	-0.7	0.2
Ferrous materials	3.36	123.4	154.2	145.8	18.2	-5.4
Non-ferrous metals	12.93	218.1	157.0	143.6	-34.2	-8.5
Non-metallic minerals	2.38	149.4	171.7	171.8	15.0	0.1
RMPI excluding mineral fuels	64.84	125.8	119.6	116.2	-7.6	-2.8

^r revised^p preliminary

Mineral wool including fibrous glass insulation

November 2008

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

Definitions, data sources and methods: survey number 2110.

Data are available upon request only. For more information, or to enquire about the concepts, methods or data quality of this release, contact the dissemination officer (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.gc.ca), Manufacturing and Energy Division. ■

Pipeline transportation of crude oil and refined petroleum products

September 2008

Data on the net receipts of crude oil and equivalent hydrocarbons, liquefied petroleum gases and refined petroleum products, pipeline exports of crude oil and deliveries of crude oil by pipeline to Canadian refineries are now available for September.

Available on CANSIM: tables 133-0001 to 133-0005.

Definitions, data sources and methods: survey numbers, including related surveys, 2148 and 2191.

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

Canadian Foreign Post Indexes

January 2009

Data on Canadian foreign post indexes are now available for January.

Definitions, data sources and methods: survey number 2322.

The January 2009 issue of *Canadian Foreign Post Indexes* (62-013-XIE, free) is now available from the *Publications* module of our website.

For more information, contact Client Services (toll-free 1-866-230-2248; 613-951-9606; prices-prix@statcan.gc.ca). To enquire about the concepts, methods or data quality of this release, contact Claudio Perez (613-951-1733; claudio.perez@statcan.gc.ca), Prices Division. ■

New products

Canadian Foreign Post Indexes, January 2009
Catalogue number 62-013-XIE
(free).

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

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