

The Daily

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Releases

Industrial product and raw materials price indexes

November 2009

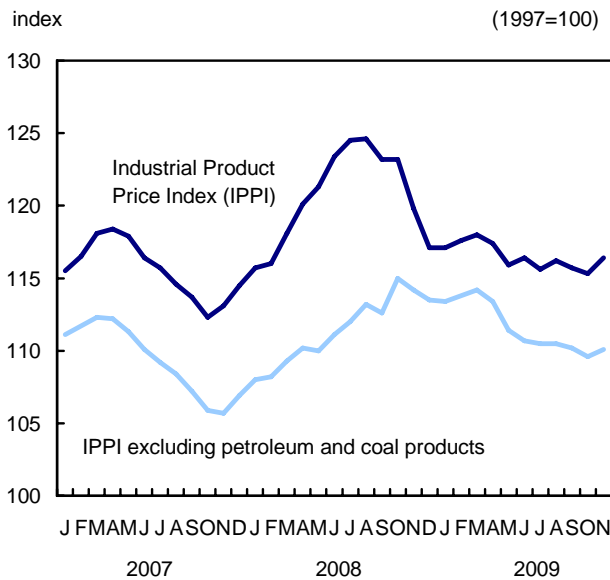
The Industrial Product Price Index (IPPI) increased 1.0% and the Raw Materials Price Index (RMPI) rose 2.2% in November, mainly as a result of higher prices for petroleum and metals.

The IPPI rebounded with an increase of 1.0% in November, following two consecutive months of decline. The advance in industrial prices was the strongest since June 2008.

The IPPI was mainly pushed up by higher prices for petroleum and coal products (+4.9%) and primary metal products (+1.6%). Of the 21 major product groups, only 1 registered a price decline.

Excluding petroleum and coal prices, the IPPI advanced 0.5% in November, which was the first rise in this index since March 2009. Part of the increase in these products was due to the 0.4% depreciation of the Canadian dollar in relation to its US counterpart.

Prices for industrial goods increase



Some Canadian producers who export their products to the United States are generally paid in prices set in US dollars. Consequently, the relative strength of the US dollar in relation to the Canadian

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 indicate their prices in foreign currencies, especially in US dollars, which are then converted into Canadian dollars. In particular, this is the case for motor vehicles, wood pulp, paper and wood products. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI. But the conversion into Canadian dollars only reflects how respondents provide their prices. Moreover, this is not a measure that takes into account the full effect of exchange rates, since that is a more difficult analytical task.

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 it is available on CANSIM in table 176-0064 (series v37426). Monthly and annual variations in the exchange rate, as described in the text, 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 those prices are set on the world market; however, most prices are denominated in Canadian dollars. For this reason, conversion into Canadian dollars has only a minor effect on the calculation of the RMPI. Moreover, the full effect of exchange rates on the RMPI is not measured, since that is a more difficult analytical task.

dollar had the effect of increasing the corresponding prices in Canadian dollars. If the exchange rate used to convert these prices had remained unchanged, the IPPI would have risen 0.8% instead of 1.0%.

The change in the exchange rate had the effect of raising the prices of motor vehicles and other transport equipment (+0.4%).

Smaller contributions were also noted in all other products, especially fruit, vegetables and feed as well as chemical products.

12-month change: The appreciation of the Canadian dollar contributes to the decline of the Industrial Product Price Index

The IPPI fell 2.8% in November compared with the same month a year earlier, a ninth consecutive year-over-year decrease. The decline was much smaller than the 6.4% drop in October.

The IPPI was pulled down primarily by lower prices for motor vehicles and other transport equipment (-8.1%), pulp and paper products (-10.6%) and chemical products (-6.7%). On the other hand, rising prices for petroleum and coal products (+3.5%) and primary metal products (+4.6%) moderated the decline of the IPPI.

Year over year, prices for products excluding petroleum and coal declined 3.6% in November, compared with a 4.7% drop in October.

Since November 2008, the Canadian dollar has appreciated 15.0% in relation to its US counterpart, and if the direct effect of the exchange rate had been excluded, the IPPI would have risen 0.5% instead of declining 2.8%.

Raw Materials Price Index: Upward trend continues

The RMPI continued to rise, up 2.2% in November, after increasing 2.5% in October. Raw material prices continued their upward movement that began in January 2009, sustained by rising prices for mineral fuels and non-ferrous metals.

Mineral fuels prices rose 2.1% in November but the increase was less robust than in October, when they advanced 5.0%.

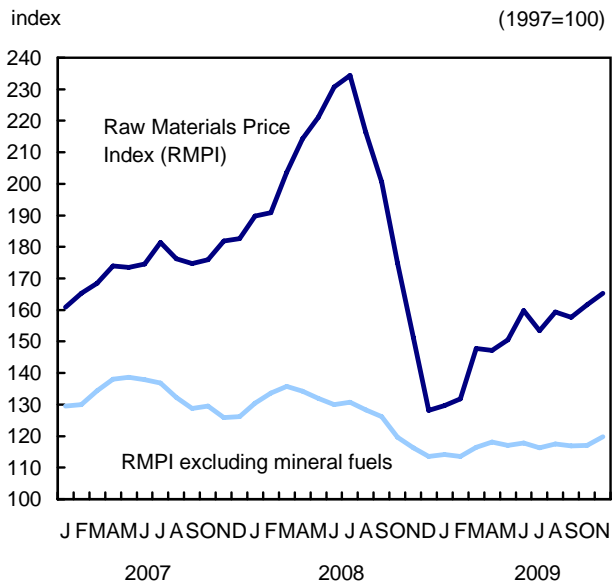
The 4.8% increase in prices for non-ferrous metals also contributed to the rise of the Raw Materials Price Index. Non-ferrous metals registered a fourth consecutive increase. Most categories of non-ferrous metals were up, except for nickel and radioactive concentrates. The demand for metals was bolstered by stronger economic activity.

Excluding mineral fuels, the RMPI showed an acceleration of growth with a 2.4% increase in November after edging up 0.1% in October. In November, five of the six major groups in this index showed an increase in prices.

From November 2008 to November 2009, raw material prices rebounded with a substantial 9.3% advance, the first increase after 13 consecutive declines. The increase in raw material prices was mainly attributable to mineral fuels (+16.1%) and non-ferrous metals (+28.8%). However, the year-over-year increase in raw material prices was tempered by declines in all

the other major groups, especially animals and animal products.

Raw materials prices increase again



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 2009 issue of *Industry Price Indexes* (62-011-X, free) will soon be available.

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

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-866-230-2248; 613-951-3902; fax: 613-951-3117; prices-prix@statcan.gc.ca), Producer Prices Division.

□

Industrial product price indexes

	Relative importance ¹	November 2008	October 2009 ^r	November 2009 ^p	November 2008 to November 2009	October to November 2009
	(1997=100)			% change		
Industrial Product Price Index (IPPI)	100.00	119.8	115.3	116.4	-2.8	1.0
IPPI excluding petroleum and coal products	94.32	114.2	109.6	110.1	-3.6	0.5
Aggregation by commodities						
Meat, fish and dairy products	5.78	113.1	111.9	112.4	-0.6	0.4
Fruit, vegetables, feeds and other food products	5.99	115.9	117.0	117.8	1.6	0.7
Beverages	1.57	128.7	130.6	130.7	1.6	0.1
Tobacco and tobacco products	0.63	223.4	223.6	223.6	0.1	0.0
Rubber, leather and plastic fabricated products	3.30	122.9	120.4	120.7	-1.8	0.2
Textile products	1.58	103.2	101.5	101.5	-1.6	0.0
Knitted products and clothing	1.51	104.6	105.0	105.0	0.4	0.0
Lumber and other wood products	6.30	84.8	81.1	81.3	-4.1	0.2
Furniture and fixtures	1.59	124.1	124.4	124.4	0.2	0.0
Pulp and paper products	7.23	116.9	104.0	104.5	-10.6	0.5
Printing and publishing	1.70	124.8	123.3	124.1	-0.6	0.6
Primary metal products	7.80	127.3	131.0	133.1	4.6	1.6
Metal fabricated products	4.11	137.6	130.5	130.6	-5.1	0.1
Machinery and equipment	5.48	112.5	108.9	108.9	-3.2	0.0
Motor vehicles and other transport equipment	22.16	98.6	90.2	90.6	-8.1	0.4
Electrical and communications products	5.77	96.9	92.3	92.6	-4.4	0.3
Non-metallic mineral products	1.98	126.7	128.6	128.6	1.5	0.0
Petroleum and coal products ²	5.68	223.3	220.4	231.2	3.5	4.9
Chemicals and chemical products	7.07	141.3	131.1	131.8	-6.7	0.5
Miscellaneous manufactured products	2.40	122.6	123.8	124.9	1.9	0.9
Miscellaneous non-manufactured products	0.38	275.0	237.0	233.3	-15.2	-1.6
Intermediate goods³	60.14	124.1	118.9	120.2	-3.1	1.1
First-stage intermediate goods ⁴	7.71	131.9	130.1	132.4	0.4	1.8
Second-stage intermediate goods ⁵	52.43	122.9	117.2	118.3	-3.7	0.9
Finished goods⁶	39.86	113.4	110.0	110.7	-2.4	0.6
Finished foods and feeds	8.50	119.6	120.6	120.9	1.1	0.2
Capital equipment	11.73	106.4	100.0	100.2	-5.8	0.2
All other finished goods	19.63	115.0	111.4	112.6	-2.1	1.1

^r revised

^p preliminary

1. The relative importance is based on the 1997 values of production at December 1996 prices.
2. This index is estimated for the current month.
3. Intermediate goods are goods used principally to produce other goods.
4. First-stage intermediate goods are items used most frequently to produce other intermediate goods.
5. Second-stage intermediate goods are items most commonly used to produce final goods.
6. Finished goods are goods most commonly used for immediate consumption or for capital investment.

Raw materials price indexes

	Relative importance ¹	November 2008	October 2009 ^r	November 2009 ^p	November 2008 to November 2009	October to November 2009
	(1997=100)			% change		
Raw Materials Price Index (RMPI)	100.00	151.3	161.7	165.3	9.3	2.2
Mineral fuels	35.16	227.1	258.2	263.7	16.1	2.1
Vegetable products	10.28	112.8	102.0	105.9	-6.1	3.8
Animals and animal products	20.30	112.7	105.9	106.9	-5.1	0.9
Wood	15.60	81.7	76.0	76.1	-6.9	0.1
Ferrous materials	3.36	147.6	128.8	129.6	-12.2	0.6
Non-ferrous metals	12.93	143.6	176.5	184.9	28.8	4.8
Non-metallic minerals	2.38	174.0	173.9	173.4	-0.3	-0.3
RMPI excluding mineral fuels	64.84	116.3	117.0	119.8	3.0	2.4

^r revised

^p preliminary

1. The relative importance is based on the 1997 values of intermediate inputs at December 1996 prices.

Mineral wool including fibrous glass insulation

November 2009

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. ■

Asphalt roofing

November 2009

Data on asphalt roofing are now available for November.

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 (toll-free 1-866-873-8789; 613-951-9497; manufact@statcan.gc.ca), Manufacturing and Energy Division. ■

Electric power statistics

October 2009

Data on electric power are now available for October.

Available on CANSIM: tables 127-0002 and 127-0003.

Definitions, data sources and methods: survey number 2151.

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. ■

Industry productivity database

2006

The industry productivity database through the year 2006 is now available. This database provides time series data for multifactor productivity, output and inputs that include capital, labour, energy, materials and purchased services in the new North American Industry Classification System back to 1961.

These data reflect the latest input-output tables for 2005 (revised) and 2006 (preliminary), published in *The Daily* on November 5, 2009; revisions of fixed assets, published in *The Daily* on November 24, 2009, and revisions of hours worked for 2005 to 2008, published in *The Daily* on December 11, 2009.

Available on CANSIM: table 383-0022.

A description of the method used to derive productivity measures is offered online in the publication *The Canadian Productivity Review*. "User Guide for Statistics Canada's Annual Multifactor Productivity Program" (15-206-X2007014, free), available from the *Publications* module of our website.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Wulong Gu (613-951-0754), Micro-economic Analysis Division. ■

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Vol. 87, no. 10
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