

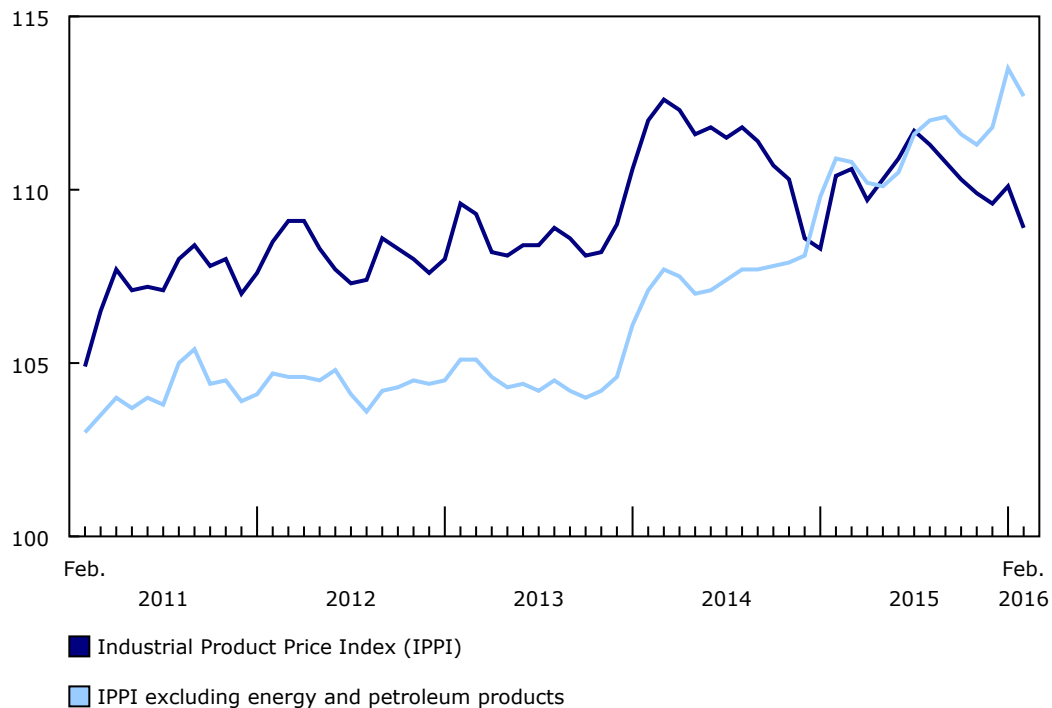
Industrial product and raw materials price indexes, February 2016

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, March 29, 2016

The Industrial Product Price Index (IPPI) declined 1.1% in February, led by lower prices for energy and petroleum products. The Raw Materials Price Index (RMPI) fell 2.6%, mainly as a result of lower prices for crude energy products.

Chart 1
Prices for industrial goods decline

index (2010=100)



Source(s): CANSIM table [329-0074](#).

Industrial Product Price Index, monthly change

The IPPI declined 1.1% in February, after increasing 0.5% in January. This was the largest decline in the IPPI since December 2014, when prices fell 1.5%. Of the 21 major commodity groups, 4 were up, 15 were down and 2 were unchanged.

Lower prices for energy and petroleum products (-4.1%) were the main reason for the decline in the IPPI in February. Lower prices for motor gasoline (-8.3%) and, to a lesser extent, jet fuel (-2.2%) and heavy fuel oils (-2.9%) contributed to the decline. Diesel fuel (+0.6%) and light fuel oils (+0.2%) both edged up in February. The IPPI excluding energy and petroleum products was down 0.7%.



Also contributing to the decline in the IPPI were lower prices for motorized and recreational vehicles (-1.8%). Lower prices for passenger cars and light trucks (-1.9%), motor vehicle engines and motor vehicle parts (-1.6%), and aircraft (-2.9%) were the main reasons for the decrease in this commodity group. Lower prices in February for motorized and recreational vehicles were closely linked to the appreciation of the Canadian dollar relative to the US dollar.

Chemicals and chemical products (-2.5%) also fell, posting the largest decline since June 2010. The decrease was led by lower prices for petrochemicals (-10.6%) and other basic inorganic chemicals (-4.3%).

Moderating the decline in the IPPI in February was meat, fish, and dairy products (+1.2%), led by higher prices for fresh and frozen pork (+7.0%).

Higher prices for primary non-ferrous metal products (+0.8%), specifically prices for unwrought gold and gold alloys (+5.4%) and unwrought silver and silver alloys (+3.4%), also moderated the decrease in the IPPI. Within the primary non-ferrous metal products group, lower prices for unwrought aluminum and aluminum alloys (-1.5%) and unwrought copper and copper alloys (-1.1%) tempered advances in February.

Some IPPI prices are reported in US dollars and are converted to Canadian dollars using the average monthly exchange rate. Consequently, any change in the value of the Canadian dollar relative to the US dollar will affect the level of the index. From January to February, the Canadian dollar appreciated 3.0% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have decreased 0.4% instead of falling 1.1%.

Industrial Product Price Index, 12-month change

The IPPI declined 1.4% over the 12-month period ending in February, after increasing 1.7% in January.

Lower prices for energy and petroleum products (-21.4%) were the main reason for the year-over-year decline in the IPPI. Motor gasoline (-19.4%), diesel fuel (-26.9%), light fuel oils (-26.2%) and heavy fuel oils (-36.9%) contributed to the decrease in prices for energy and petroleum products.

Lower prices for primary ferrous metal products (-10.5%), specifically iron and steel basic shapes (-12.8%) as well as wire and other rolled and drawn steel products (-10.4%), also contributed to the decline. Year over year, prices for primary non-ferrous metal products (-3.5%) also fell in February.

Moderating the year-over-year decrease in the IPPI were higher prices for motorized and recreational vehicles (+6.8%), specifically higher prices for passenger cars and light trucks (+7.8%), aircraft (+10.3%), as well as motor vehicle engines and motor vehicle parts (+3.2%).

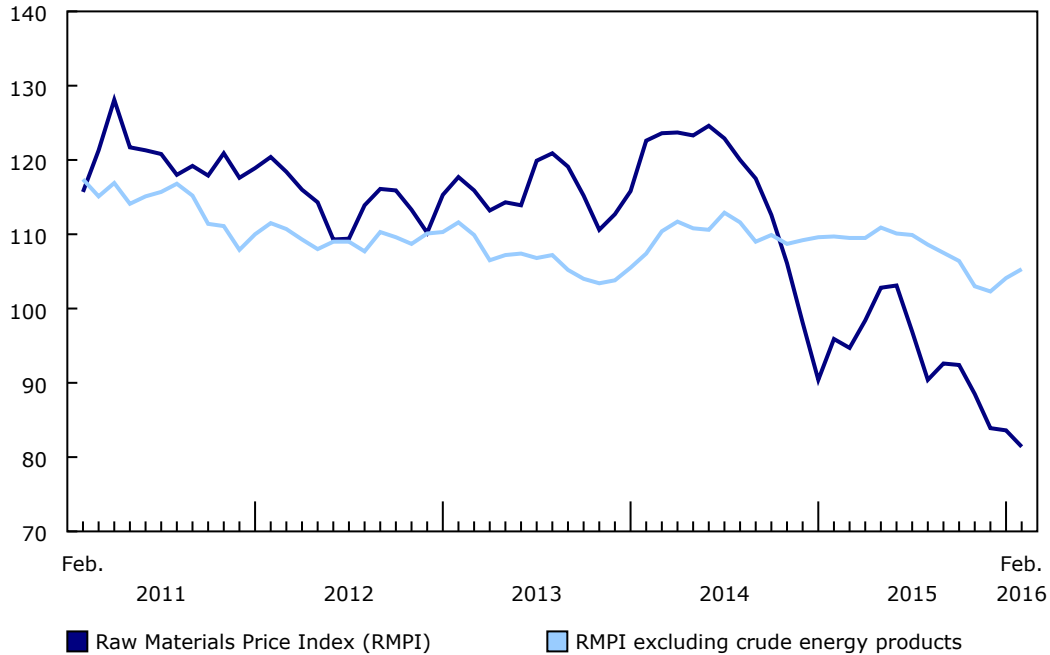
Also moderating the decline were higher prices for meat, fish, and dairy products (+3.2%), led by fresh and frozen pork (+14.6%). Year over year, lower prices for fresh and frozen beef and veal (-1.5%) moderated the increase in this commodity group.

Raw Materials Price Index, monthly change

The RMPI fell 2.6% in February, following a 0.4% decline in January. Of the six major commodity groups, two were up and four were down.

Chart 2
Prices for raw materials decrease

index (2010=100)



Source(s): CANSIM table [330-0008](#).

The decline in the RMPI was mainly attributable to lower prices for crude energy products (-9.4%), specifically conventional crude oil (-10.0%). The RMPI excluding crude energy products increased 1.2% in February.

To a lesser extent, crop products (-1.3%) also contributed to the decline in the RMPI. Lower prices for other crop products (-1.1%), canola (including rapeseed) (-3.0%) and wheat (-1.6%) were the main reasons for the fall in crop products.

Moderating the decline in the RMPI were higher prices for metal ores, concentrates and scrap (+3.0%), as well as animals and animal products (+1.2%). Higher prices for hogs (+11.8%) were the main reason for the increase in animals and animal products, while lower prices for cattle and calves (-2.4%) moderated the gain.

Raw Materials Price Index, 12-month change

The RMPI declined 15.1% over the 12-month period ending in February.

Lower prices for crude energy products (-31.3%) were largely responsible for the decrease, specifically conventional crude oil (-32.3%). The RMPI excluding crude energy products declined 4.0% from the same month last year.

To a lesser extent, lower prices for metal ores, concentrates and scrap (-6.8%), and animals and animal products (-3.7%) also contributed to the year-over-year decline in the RMPI.

Note to readers

The Industrial Product Price Index (IPPI) and Raw Materials Price Index (RMPI) are available at the national level only. Selected commodity groups within the IPPI are also available by region.

With each release, data for the previous six months may have been revised. The indexes are not seasonally adjusted.

The **Industrial Product Price Index** 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, pulp, paper and wood products. Therefore, a rise or fall in the value of the Canadian dollar against its US counterpart affects the IPPI. However, the conversion into Canadian dollars only reflects how respondents provide their prices. This is not a measure that takes the full effect of exchange rates into account.

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 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** reflects the prices paid by Canadian manufacturers for key raw materials. Many of those prices are set on the world market. However, as few prices are denominated in foreign currencies, their conversion into Canadian dollars has only a minor effect on the calculation of the RMPI.

Real-time CANSIM tables

Real-time CANSIM table 329-8074 will be updated on April 5. For more information, consult the document [Real-time CANSIM tables](#).

Next release

The industrial product and raw materials price indexes for March will be released on April 29.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	February 2015	January 2016 ^r	February 2016 ^p	January to February 2016	February 2015 to February 2016
	%	(2010=100)		% change		
Industrial Product Price Index (IPPI)	100.00	110.4	110.1	108.9	-1.1	-1.4
IPPI excluding energy and petroleum products	86.40	110.9	113.5	112.7	-0.7	1.6
Aggregation by commodities						
Meat, fish, and dairy products	7.21	121.6	124.0	125.5	1.2	3.2
Fruit, vegetables, feed and other food products	7.53	112.2	113.3	112.9	-0.4	0.6
Beverages (except juices)	1.92	105.4	106.0	106.0	0.0	0.6
Tobacco products	0.25	131.4	134.7	134.5	-0.1	2.4
Textile and leather products	0.57	107.8	112.0	111.5	-0.4	3.4
Clothing, footwear and accessories	0.51	103.9	105.1	104.9	-0.2	1.0
Chemicals and chemical products	8.46	106.7	107.7	105.0	-2.5	-1.6
Plastic and rubber products	2.79	110.7	112.7	112.2	-0.4	1.4
Lumber and other wood products	2.27	108.2	110.3	109.9	-0.4	1.6
Pulp and paper products	4.09	104.4	107.8	106.7	-1.0	2.2
Energy and petroleum products	13.60	107.8	88.3	84.7	-4.1	-21.4
Primary ferrous metal products	3.32	108.3	98.1	96.9	-1.2	-10.5
Primary non-ferrous metal products	8.03	108.8	104.2	105.0	0.8	-3.5
Fabricated metal products and construction materials	3.17	106.6	109.0	108.0	-0.9	1.3
Motorized and recreational vehicles	17.23	115.1	125.2	122.9	-1.8	6.8
Machinery and equipment	5.73	107.7	110.5	110.0	-0.5	2.1
Electrical, electronic, audiovisual and telecommunication products	4.69	107.9	113.2	112.0	-1.1	3.8
Furniture and fixtures	1.49	103.2	105.5	105.5	0.0	2.2
Cement, glass, and other non-metallic mineral products	2.34	109.1	108.0	108.2	0.2	-0.8
Packaging materials and containers	2.38	112.2	115.0	115.2	0.2	2.7
Miscellaneous products	2.41	111.0	113.7	113.3	-0.4	2.1

^r revised

^p preliminary

1. The relative importance is based on the annual 2010 values of production.

Source(s): CANSIM table [329-0074](#).

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	February 2015	January 2016 ^r	February 2016 ^p	January to February 2016	February 2015 to February 2016
	%	(2010=100)		% change		
Raw Materials Price Index (RMPI)	100.00	95.9	83.6	81.4	-2.6	-15.1
RMPI excluding crude energy products	51.83	109.7	104.1	105.3	1.2	-4.0
Crude energy products	48.17	81.1	61.5	55.7	-9.4	-31.3
Crop products	8.68	126.6	126.0	124.4	-1.3	-1.7
Animals and animal products	15.51	129.6	123.3	124.8	1.2	-3.7
Non-metallic minerals	1.85	111.9	115.9	114.6	-1.1	2.4
Logs, pulpwood, natural rubber and other forestry products	2.84	108.8	109.0	108.8	-0.2	0.0
Metal ores, concentrates and scrap	22.96	89.8	81.3	83.7	3.0	-6.8

^r revised

^p preliminary

1. The relative importance is based on the annual 2010 values of raw material inputs into production.

Source(s): CANSIM table [330-0008](#).

Available in CANSIM: tables [329-0074 to 329-0077](#) and [330-0008](#).

Definitions, data sources and methods: survey numbers [2306](#) and [2318](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).