

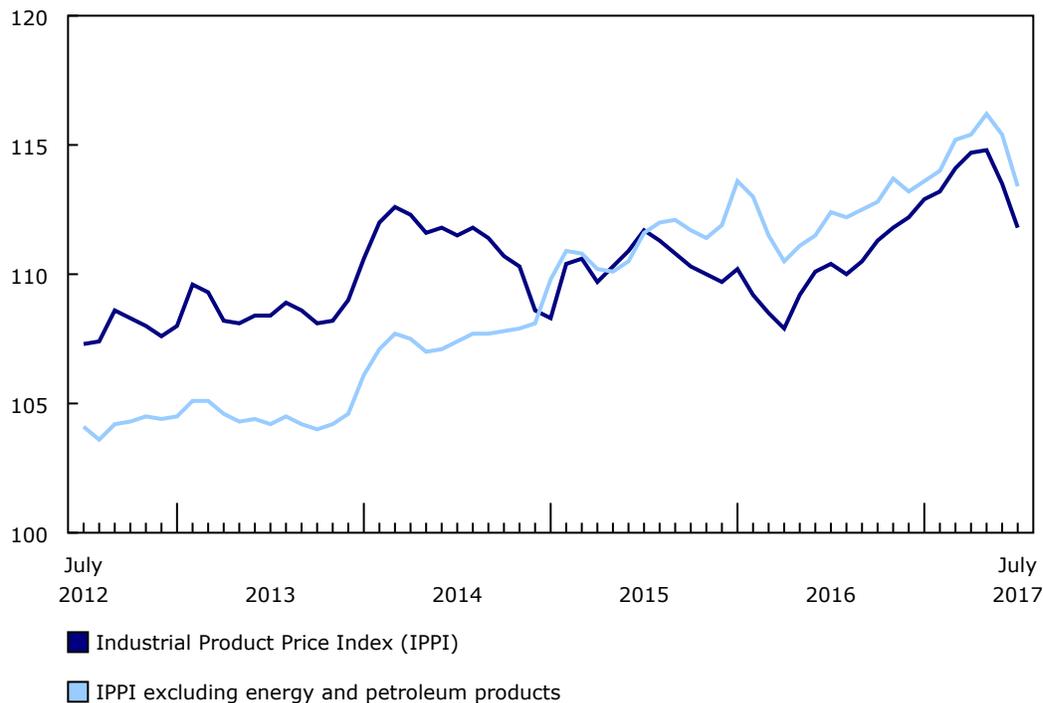
Industrial product and raw materials price indexes, July 2017

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, August 29, 2017

The Industrial Product Price Index (IPPI) declined 1.5% in July, mainly due to lower prices for motorized and recreational vehicles. The Raw Materials Price Index decreased 0.6%, mostly attributable to lower prices for metal ores, concentrates and scrap.

Chart 1
Prices for industrial goods decrease

index (2010=100)



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

Industrial Product Price Index, monthly change

The IPPI posted its largest decline since December 2014, down 1.5% in July following a 1.1% decrease in June. The decline in the IPPI was widespread. Of the 21 major commodity groups, 18 were down, 1 was up and 2 were unchanged.

Prices for motorized and recreational vehicles (-3.3%), which posted their largest decline since May 2009 (-3.9%), were primarily responsible for the decline in the IPPI in July. Lower prices for passenger cars and light trucks (-3.5%), motor vehicle engines and motor vehicle parts (-2.7%) and aircraft (-4.4%) led the decline in this commodity group. Lower prices for motorized and recreational vehicles were closely linked to the appreciation of the Canadian dollar relative to the US dollar.



Prices for primary non-ferrous metal products (-4.2%) were down for a third consecutive month. Lower prices for unwrought precious metals and precious metal alloys (-6.5%) were the largest contributors to the decline in this commodity group. Other unwrought non-ferrous metals and non-ferrous metal alloys (-4.1%) and unwrought aluminum and aluminum alloys (-3.6%) also contributed to the decrease, but to a lesser extent.

Chemicals and chemical products (-2.9%) also contributed to the decline in the IPPI, mainly due to lower prices for petrochemicals (-8.9%) and ammonia and chemical fertilizers (-13.3%).

To a lesser extent, electrical, electronic, audiovisual and telecommunication products (-1.9%) and pulp and paper products (-1.6%) also contributed to the decline in the IPPI.

Lower prices for electronic and electrical parts (-3.4%) and communication and audio and video equipment (-2.4%) were mainly responsible for the decrease in electrical, electronic, audiovisual and telecommunication products.

The decline in the pulp and paper product group was mainly due to lower prices for wood pulp (-1.7%), paper (except newsprint) (-1.5%) and disposable diapers and feminine hygiene products (-6.3%).

Some IPPI prices are reported in US dollars and 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 June to July, the Canadian dollar appreciated 4.6% relative to the US dollar. If the exchange rate had remained constant, the IPPI would have decreased 0.4% instead of 1.5%.

Industrial Product Price Index, 12-month change

The IPPI rose 1.3% in the 12-month period ending in July, following a 3.1% increase in June.

The year-over-year gain in the IPPI from July 2016 was largely due to higher prices for energy and petroleum products (+3.8%), which have been up year over year since December 2016. Motor gasoline (+5.7%) and, to a lesser extent, light fuel oil (+3.5%), heavy fuel oil (+7.4%) and diesel fuel (+2.1%) were the main contributors to the increase in this commodity group. The IPPI excluding energy and petroleum products rose 0.9% year over year.

The meat, fish, and dairy products group (+3.2%) also contributed significantly to the year-over-year growth of the IPPI. The increase in this commodity group was mainly due to higher prices for fresh and frozen pork (+8.0%), fresh and frozen poultry of all types (+4.8%) and fresh and frozen beef and veal (+2.1%).

Primary ferrous metal products increased 7.4% from July 2016, mainly due to higher prices for iron and steel basic shapes (+8.9%) as well as wire and other rolled and drawn steel products (+11.3%).

Among other commodity groups that contributed to the year-over-year increase in the IPPI were pulp and paper products (+4.7%) and chemicals and chemical products (+2.3%).

The price increase in the pulp and paper group was mainly due to higher wood pulp prices (+15.2%). Petrochemicals (+5.0%), chemical products, not elsewhere classified (+4.4%), and basic organic chemical products, not elsewhere classified (+14.4%) were the main contributors to the rise in chemical products.

The year-over-year increase in the IPPI was primarily moderated by motorized and recreational vehicle prices (-2.0%). Lower prices for passenger cars and light trucks (-2.8%) were mainly responsible for the decline in this commodity group.



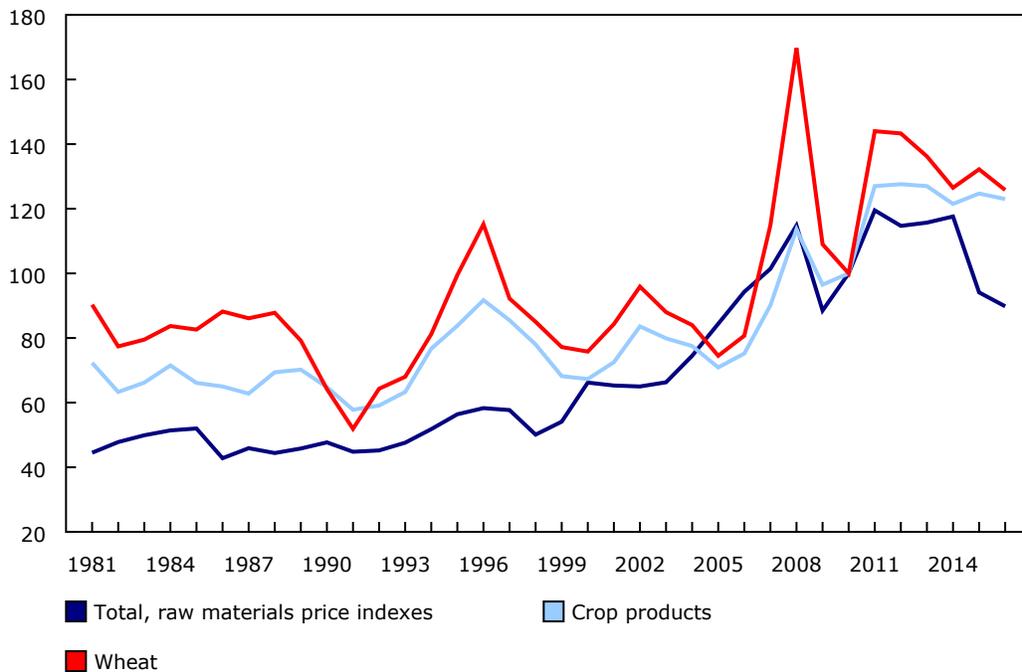
In celebration of the country's 150th birthday, Statistics Canada is presenting snapshots from our rich statistical history.

The Raw Materials Price Index (RMPI) measures price changes for raw materials purchased by industries in Canada for further processing. As a purchasers' price index, prices include all charges purchasers incur to bring a commodity to the establishment gate (for example, transportation charges, net taxes paid, custom duties and subsidies).

Since its first publication in January 1981, the highest point ever reached by the total RMPI was in July 2008. This peak was driven by notable increases in crop products and energy prices, and more specifically, a sharp increase in the price of wheat. Due to a combination of factors such as increases in aggregate global demand, low international stockpiles, higher energy and fertilizer prices, and export bans and tactical reductions in import duties used by many countries, the price of wheat hit a record high of over three decades in February 2008. From February 2007 to February 2008, the price of wheat increased 163%. In comparison, the price of crop products increased 46% and the total RMPI increased 16% during the same period.

Chart 2 Raw Materials Price Index, by North American Product Classification System

index (2010=100)



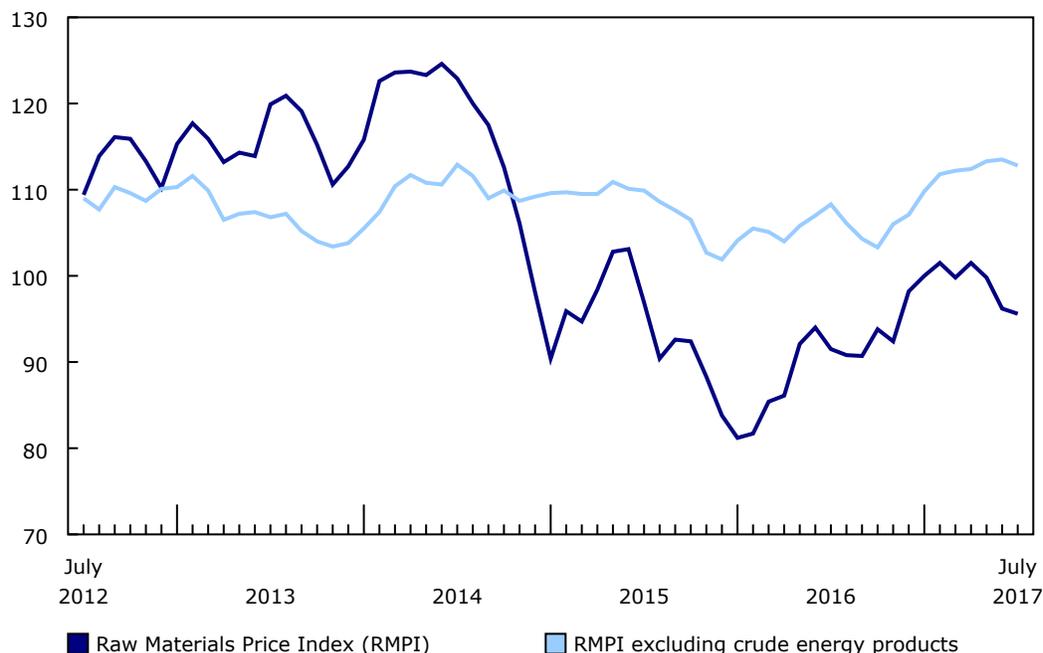
Source(s): CANSIM table [330-0008](#).

Raw Materials Price Index, monthly change

The RMPI (-0.6%) was down for a third consecutive month in July, following a 3.6% decrease in June. Of the six major commodity groups, three were down and three were up.

Chart 3
Prices for raw materials decrease

index (2010=100)



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

Lower prices for metal ores, concentrates and scrap (-2.4%) were the main reason for the decrease in the RMPI. The decline in this group was the third in a row and the most significant since November 2015 (-5.8%).

Crude energy products (-0.6%) also contributed to the decline in the RMPI. The decline in this group was due to lower prices for conventional crude oil (-0.8%). The RMPI excluding crude energy products was down 0.6% in July.

The decline in the RMPI was primarily moderated by higher prices for crop products (+1.1%) and animals and animal products (+0.3%).

Wheat (+9.2%), which posted its strongest growth since March 2014, was responsible for the increase in crop products. Rising prices for animals and animal products was due to higher prices for live animals (+0.5%), particularly hogs (+4.1%), while lower prices for cattle and calves (-2.2%) moderated the increase in this group.

Raw Materials Price Index, 12-month change

The RMPI rose 4.5% in the 12 months to July, following a 2.3% gain in June.

Crude energy products (+5.0%) contributed the most to the year-over-year increase in the RMPI, mainly due to higher prices for conventional crude oil (+4.8%).

Animals and animal products (+6.9%) also contributed significantly to the year-over-year increase in the RMPI, mainly attributable to higher prices for hogs (+12.0%) and cattle and calves (+8.9%).

Metal ores, concentrates and scrap (+5.1%) also increased in July as prices rose year over year for the 13th consecutive month.

On a year-over-year basis, the increase in the RMPI was slightly moderated by lower prices for crop products (-1.1%). The decline in this group was mainly due to lower prices for oilseeds (except canola) (-13.6%) and other miscellaneous crop products (-13.3%).

Note to readers

The Industrial Product Price Index (IPPI) and Raw Materials Price Index (RMPI) are available at the Canada 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 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 established by the Bank of Canada and available in CANSIM table 176-0081 (series v111666275). 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.*

A Historical Timeline of Canadian Producer Price Statistics

To celebrate Canada 150, [A Historical Timeline of Canadian Producer Price Statistics](#), which is part of Statistics Canada — Infographics (11-627-M), was created to showcase the key milestones in the history of Canadian producer price statistics. This historical timeline contains answers to questions such as: Who collected Canada's first statistics? What do Canadian producer price indexes measure?

Infographic: Producer Price Indexes at a Glance

The infographic "[Producer Price Indexes at a Glance](#)," which is part of Statistics Canada — Infographics (11-627-M), demonstrates how producer price indexes for goods and services are calculated and why they are important for the Canadian economy.

Real-time CANSIM tables

Real-time CANSIM table 329-8074 will be updated on September 11. For more information, consult the document [Real-time CANSIM tables](#).

Next release

The industrial product and raw materials price indexes for August will be released on September 29.

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	July 2016	June 2017 ^r	July 2017 ^p	June to July 2017	July 2016 to July 2017
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	110.4	113.5	111.8	-1.5	1.3
IPPI excluding energy and petroleum products	86.40	112.4	115.4	113.4	-1.7	0.9
Aggregation by commodities						
Meat, fish, and dairy products	7.21	123.9	128.4	127.9	-0.4	3.2
Fruit, vegetables, feed and other food products	7.53	115.0	114.5	114.3	-0.2	-0.6
Beverages (except juices)	1.92	107.4	108.6	108.5	-0.1	1.0
Tobacco products	0.25	143.2	158.4	157.9	-0.3	10.3
Textile and leather products	0.57	111.2	111.0	110.3	-0.6	-0.8
Clothing, footwear and accessories	0.51	105.5	106.5	106.1	-0.4	0.6
Chemicals and chemical products	8.46	104.9	110.5	107.3	-2.9	2.3
Plastic and rubber products	2.79	111.4	113.8	113.2	-0.5	1.6
Lumber and other wood products	2.27	111.1	115.9	116.5	0.5	4.9
Pulp and paper products	4.09	105.8	112.6	110.8	-1.6	4.7
Energy and petroleum products	13.60	97.7	101.7	101.4	-0.3	3.8
Primary ferrous metal products	3.32	99.8	108.5	107.2	-1.2	7.4
Primary non-ferrous metal products	8.03	110.6	114.7	109.9	-4.2	-0.6
Fabricated metal products and construction materials	3.17	110.1	114.1	113.0	-1.0	2.6
Motorized and recreational vehicles	17.23	118.0	119.5	115.6	-3.3	-2.0
Machinery and equipment	5.73	109.4	110.8	109.9	-0.8	0.5
Electrical, electronic, audiovisual and telecommunication products	4.69	110.3	111.3	109.2	-1.9	-1.0
Furniture and fixtures	1.49	106.8	108.4	108.4	0.0	1.5
Cement, glass, and other non-metallic mineral products	2.34	108.2	111.0	111.0	0.0	2.6
Packaging materials and containers	2.38	116.2	120.4	119.8	-0.5	3.1
Miscellaneous products	2.41	115.4	114.0	112.1	-1.7	-2.9

^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	July 2016	June 2017 ^r	July 2017 ^p	June to July 2017	July 2016 to July 2017
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	91.5	96.2	95.6	-0.6	4.5
RMPI excluding crude energy products	51.83	108.3	113.5	112.8	-0.6	4.2
Crude energy products	48.17	73.4	77.6	77.1	-0.6	5.0
Crop products	8.68	124.6	121.9	123.2	1.1	-1.1
Animals and animal products	15.51	124.9	133.1	133.5	0.3	6.9
Non-metallic minerals	1.85	110.0	112.2	110.7	-1.3	0.6
Logs, pulpwood, natural rubber and other forestry products	2.84	118.0	117.6	118.2	0.5	0.2
Metal ores, concentrates and scrap	22.96	89.7	96.6	94.3	-2.4	5.1

^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).