

Changes to the Industrial Product Price Index and Raw Material Price Index beginning with the August 2010 reference month data

Starting with the release of August 2010 reference month data, the basket of goods used to calculate the IPPI and RMPI was updated to reflect the sales and expenditures in 2002. This update is to better reflect important changes in production patterns of manufacturers in Canada. The basket must be changed from time to time to ensure that too much importance is not given to some products and too little to others.

The update, which occurs periodically, generally every 5 years, is designed to ensure the IPPI and RMPI reliability for three key purposes: a measure of inflation for manufactured goods and raw materials; a statistical series deflator for indicators such as real Gross Domestic Product by industry; and a tool for analysis of price formation and behaviour as well as for contract escalation.

The update includes two major changes: the weights of various items in the basket of goods used to calculate the index, which was based on 1997 data, will now be based on 2002 data; and the IPPI and RMPI base year (the period for which the value 100 is assigned to the index) has changed from 1997 to 2002. As a result of rebasing, CANSIM tables 329-0038 to 329-0049 and 330-0006 have been replaced by new tables 329-0057 to 329-0068 and 330-0007. Furthermore, a new table, 329-0056, was created to have the major IPPI commodity aggregations together in a single table. These new CANSIM tables contain historical and current data. A vector number [concordance table](#) between the new and old tables is available on CANSIM.

Although the IPPI and RMPI base year has changed to 2002=100 in the new CANSIM tables, the rates of change measured for periods prior to 2002 remain unchanged for both of the 1997=100 and the 2002=100 tables, barring rounding. From 2002 onwards, there were slight changes to a few imputation rules.

In addition, from 2002 onwards, the same lower-level or elemental price movements are used, but updated 2002 weights will be used to aggregate these movements. Therefore, at the lower level, the movements will be the same, but the aggregate movements will change due to the updated weights. This means that with the implementation of the new 2002 weights, the index movements from January 2002 to July 2010 were revised.

Also, the content of the publication will be reviewed and updated in the near future. An update of the Industrial Product Price Indexes, 2002=100, Concepts and Methods is planned for publication at a later date.

Updates in the IPPI basket were as follows:

1. One public series was discontinued because it had 0 production in 2002:
 - 1) v1575802 Pipe and fittings, concrete
2. No new series were added to IPPI

Updates in the RMPI basket were as follows:

1. One public series was discontinued because it had 0 production in 2002:
 - 1) v1576502 Molybdenum concentrates
2. 3 new commodities added:
 - 1) Fresh berries
 - 2) Hops
 - 3) Horses, mules and asses for slaughter

This resulted in 5 new series in CANSIM as well as a title change of one series:

- 1) v53434751 Domestic fruits (sub-aggregate)
- 2) v53434752 Fresh berries
- 3) v53434760 Hops*
- 4) v53434784 Cattle, calves, horses, mules and asses for slaughter (sub-aggregate)
- 5) v53434785 Horses, mules and asses for slaughter*
- 6) v53434753 (previously v1576435) now titled Other domestic fruits

* Series is secured

IPPI and RMPI information and data are available in the monthly publication ([62-011-X](#)) and on CANSIM, Statistics Canada's information database. Conversion factors are published in the appendix of the monthly publication with the data for the reference month of August 2010 to link the new index series to the old. They will be based on comparisons of July 2010 indexes for monthly series and 2009 annual averages for annual series.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Client Services (toll-free 1-888-951-4550; 613-951-4550; fax: 613-951-3117; ppd-info-dpp@statcan.gc.ca), Producer Prices Division.