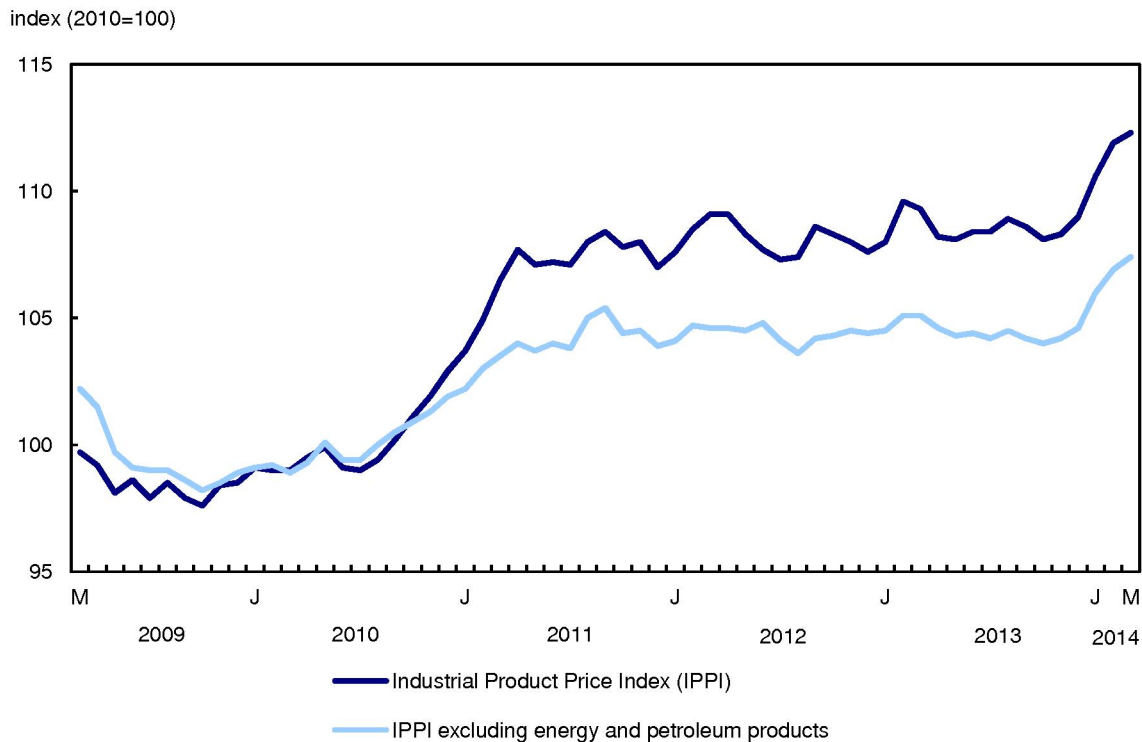


Industrial product and raw materials price indexes, March 2014

Released at 8:30 a.m. Eastern time in *The Daily*, Wednesday, April 30, 2014

The Industrial Product Price Index (IPPI) rose 0.4% in March, mainly because of higher prices for meat, fish and dairy products. The Raw Materials Price Index (RMPI) increased 0.6%, led by animals and animal products.

Chart 1
Prices for industrial goods increase



Industrial Product Price Index, monthly change

The IPPI grew 0.4% in March, after rising 1.2% in February. It was the fifth consecutive monthly increase. Of the 21 major commodity groups, 17 were up, 2 were down, and 2 were unchanged.

The growth of the IPPI was mainly attributable to higher prices for meat, fish and dairy products (+3.0%). Fresh and frozen pork (+14.6%) was the main reason for the increase in this commodity group. This was the largest gain for fresh and frozen pork since May 2008, primarily because of higher prices for hogs.

Chemicals and chemical products (-1.1%) declined for the first time since October 2013, led by lower prices for petrochemicals (-8.6%). Prices for ammonia and chemical fertilizers (+6.7%) rose, moderating the decline for chemicals and chemical products.



Fruit, vegetables, feed and other food products (+0.9%) also contributed to the increase in the IPPI, pushed upward by higher prices for intermediate food products (+3.2%) and other animal feed (+0.6%). This was the largest increase for the fruit, vegetables, feed and other food products group since August 2012.

To a lesser extent, primary non-ferrous metal products (+0.9%) and motorized and recreational vehicles (+0.4%) also exerted upward pressure on the IPPI.

Higher prices for unwrought precious metals and precious metal alloys (+2.6%) and lower prices for unwrought copper and copper alloys (-6.2%) offset the increase in primary non-ferrous metal products.

The gain in motorized and recreational vehicles product group (+0.4%) was led by higher prices for passenger cars and light trucks (+0.4%) as well as aircraft (+0.9%). The advance of the motorized and recreational vehicles index was closely linked to the depreciation of the Canadian dollar relative to the US dollar.

Some Canadian producers who export their products report their prices in US dollars. Consequently, the 0.5% decrease in the value of the Canadian dollar relative to the US dollar may have had the effect of increasing the IPPI. Without the measurable effect of the exchange rate, the index would have risen 0.2% instead of 0.4%.

Industrial Product Price Index, 12-month change

The IPPI increased 2.7% during the 12-month period ending in March, after rising 2.1% in February.

Compared with March 2013, the growth of the IPPI was mainly attributable to energy and petroleum products (+5.1%), specifically diesel fuel (+9.6%), light fuel oils (+9.6%) and motor gasoline (+3.0%). The IPPI excluding energy and petroleum products rose 2.2% on a year-over-year basis.

Motorized and recreational vehicles (+4.9%) also contributed to the year-over-year increase in the IPPI, as a result of higher prices for passenger cars and light trucks (+5.8%) and aircraft (+10.1%). On a year-over-year basis, prices for motorized and recreational vehicles have been on an upward trend since July 2013.

Compared with March 2013, meat, fish and dairy products rose 7.3%, mainly because of higher prices for fresh and frozen pork (+42.5%).

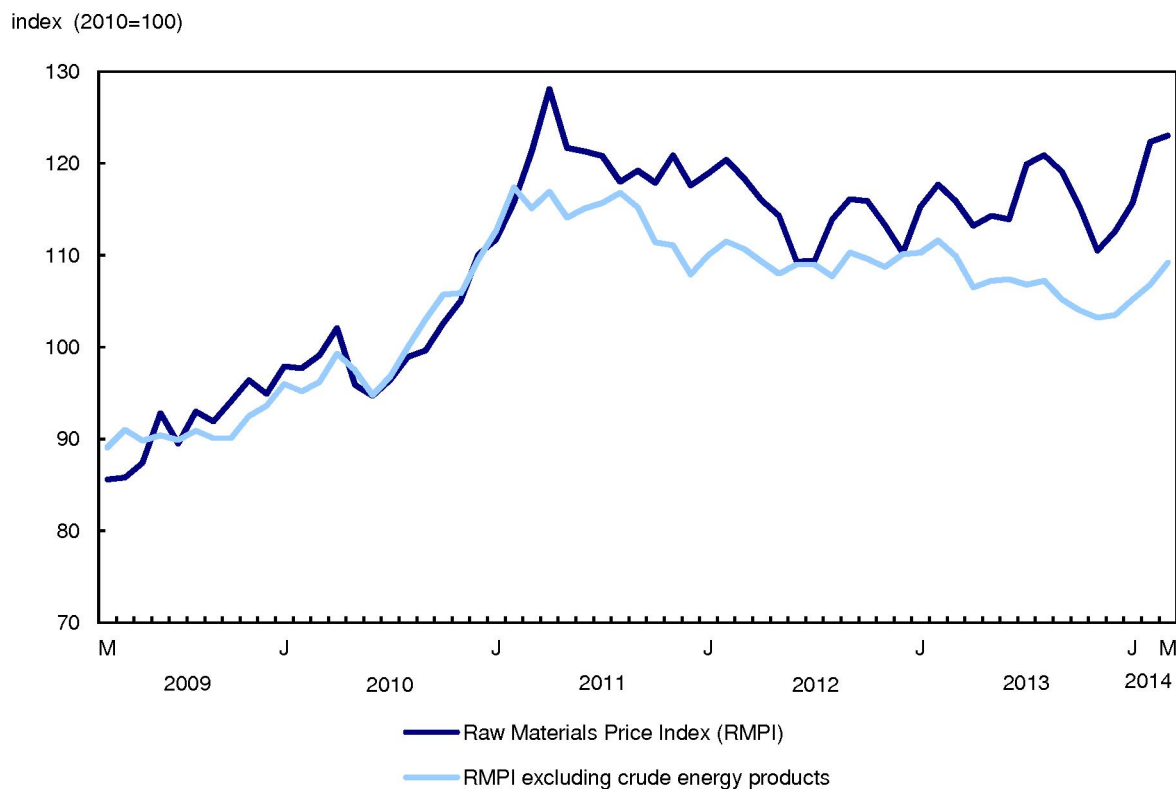
To a lesser extent, chemical and chemical products (+5.6%) also contributed to the year-over-year increase in the IPPI, mostly as a result of higher prices for petrochemicals (+7.5%), ammonia and chemical fertilizers (+13.6%) as well as plastic resins (+9.1%).

The growth of the IPPI over the 12-month period was moderated mainly by lower prices for primary non-ferrous metal products (-5.0%), specifically unwrought precious metals and precious metal alloys (-12.2%). On a year-over-year basis, primary non-ferrous metal products have been declining since December 2011.

Raw Materials Price Index, monthly change

The RMPI rose 0.6% in March, after advancing 5.7% in February. It was the fourth consecutive monthly increase. Of the six major commodity groups, three were up, two were down and one was unchanged.

Chart 2
Prices for raw materials rise



The advance of the RMPI was largely attributable to animals and animal products (+5.8%), which have been rising since January 2014. Live animals (+10.1%), particularly hogs (+24.3%), were responsible for the increase in the animals and animal products group. The rise of hog prices in March was partly due to the porcine epidemic diarrhea virus.

To a lesser extent, crop products (+4.5%) also contributed to the advance of the RMPI, posting the largest gain since July 2012. The increase in this commodity group was led by other crop products (+3.8%), wheat (+10.2%) and canola (+11.7%).

Conversely, the growth of the RMPI was moderated primarily by crude energy products (-0.9%), which were down for the first time since November 2013. Lower prices for conventional crude oil (-1.1%) were largely responsible for the decline in this commodity group. The RMPI excluding crude energy products rose 2.2% in March.

The increase in the RMPI was also moderated by metal ores, concentrates and scrap (-1.4%), which posted the largest decline since July 2013.

Raw Materials Price Index, 12-month change

The RMPI increased 6.1% in the 12-month period ending in March, after rising 3.9% in February.

Compared with March 2013, the advance of the RMPI was mainly a result of higher prices for crude energy products (+12.5%), primarily conventional crude oil (+12.3%). On a year-over-year basis, the RMPI excluding crude energy products was down 0.6%.

To a more modest extent, animals and animal products (+13.4%) also exerted upward pressure on the RMPI, as a result of higher prices for live animals (+24.5%), particularly hogs (+49.8%).

Compared with the same month a year earlier, the increase in the RMPI was moderated largely by prices for metal ores, concentrates and scrap (-9.6%), which have been declining since January 2013.

The growth of the RMPI over the 12-month period was also moderated by crop products (-6.5%), which posted a ninth consecutive year-over-year decline. Other crop products, particularly grains (except wheat), as well as canola were largely responsible for the decrease in this commodity group.

Note to readers

For vectors that have a concordance, Industrial Product Price Index historical data (prior to January 2010) based on the new basket (2010=100) and the North American Product Classification System (NAPCS) are now available on CANSIM.

The concordance between the old CANSIM vectors and the new CANSIM vectors is available at the following link: [Concordance table between PCG and NAPCS vectors](#).

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

*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, 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 on CANSIM in 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 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.*

Table 1
Industrial Product Price Index – Not seasonally adjusted

	Relative importance ¹	March 2013	February 2014 ^r	March 2014 ^p	February to March 2014	March 2013 to March 2014
	%	(2010=100)			% change	
Industrial Product Price Index (IPPI)	100.00	109.3	111.9	112.3	0.4	2.7
IPPI excluding energy and petroleum products	86.40	105.1	106.9	107.4	0.5	2.2
Aggregation by commodities						
Meat, fish and dairy products	7.21	106.1	110.5	113.8	3.0	7.3
Fruit, vegetables, feed and other food products	7.53	113.0	111.4	112.4	0.9	-0.5
Beverages (except juices)	1.92	105.0	104.5	104.7	0.2	-0.3
Tobacco products	0.25	113.8	118.0	118.1	0.1	3.8
Textile and leather products	0.57	103.6	106.2	106.4	0.2	2.7
Clothing, footwear and accessories	0.51	101.3	102.4	102.4	0.0	1.1
Chemicals and chemical products	8.46	109.8	117.3	116.0	-1.1	5.6
Plastic and rubber products	2.79	103.9	106.2	106.6	0.4	2.6
Lumber and other wood products	2.27	111.2	104.1	104.2	0.1	-6.3
Pulp and paper products	4.09	100.5	102.7	103.0	0.3	2.5
Energy and petroleum products	13.60	136.5	143.3	143.5	0.1	5.1
Primary ferrous metal products	3.32	97.8	104.2	104.6	0.4	7.0
Primary non-ferrous metal products	8.03	110.3	103.9	104.8	0.9	-5.0
Fabricated metal products and construction materials	3.17	99.8	102.3	102.9	0.6	3.1
Motorized and recreational vehicles	17.23	100.8	105.3	105.7	0.4	4.9
Machinery and equipment	5.73	103.6	104.7	104.7	0.0	1.1
Electrical, electronic, audiovisual and telecommunication products	4.69	101.8	102.9	103.0	0.1	1.2
Furniture and fixtures	1.49	101.7	102.0	102.2	0.2	0.5
Cement, glass, and other non-metallic mineral products	2.34	103.7	105.4	104.9	-0.5	1.2
Packaging materials and containers	2.38	103.4	106.4	106.8	0.4	3.3
Miscellaneous products	2.41	109.6	108.1	108.6	0.5	-0.9

^r revised

^p preliminary

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

Table 2
Raw Materials Price Index – Not seasonally adjusted

	Relative importance ¹	March 2013	February 2014 ^r	March 2014 ^p	February to March 2014	March 2013 to March 2014
	%	(2010=100)			% change	
Raw Materials Price Index (RMPI)	100.00	115.9	122.3	123.0	0.6	6.1
RMPI excluding crude energy products	51.83	109.9	106.8	109.2	2.2	-0.6
Crude energy products	48.17	122.4	139.0	137.7	-0.9	12.5
Crop products	8.68	133.0	119.0	124.4	4.5	-6.5
Animals and animal products	15.51	112.1	120.1	127.1	5.8	13.4
Non-metallic minerals	1.85	106.8	106.4	106.6	0.2	-0.2
Logs, pulpwood, natural rubber and other forestry products	2.84	100.6	110.8	110.8	0.0	10.1
Metal ores, concentrates and scrap	22.96	101.1	92.7	91.4	-1.4	-9.6

^r revised

^p preliminary

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

Available in CANSIM: tables 329-0074 to 329-0077 and 330-0008.

Table 329-0074: Industrial Product Price Index, by major commodity aggregations.

Table 329-0075: Industrial Product Price Index, by commodity.

Table 329-0076: Industrial Product Price Index, for selected groups, by region.

Table 329-0077: Industrial Product Price Index, by North American Industry Classification System.

Table 330-0008: Raw Materials Price Index, by commodity.

Definitions, data sources and methods: survey numbers 2306 and 2318.

The industrial product and raw materials price indexes for April will be released on May 30.

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; infostats@statcan.gc.ca) or Media Relations (613-951-4636; mediahotline@statcan.gc.ca).