







# RAW MATERIAL INFLATION IN CANADA

Amid high demand and supply constraints, raw material prices have climbed **37%** year over year.

Source: Statistics Canada (Jun 2022)

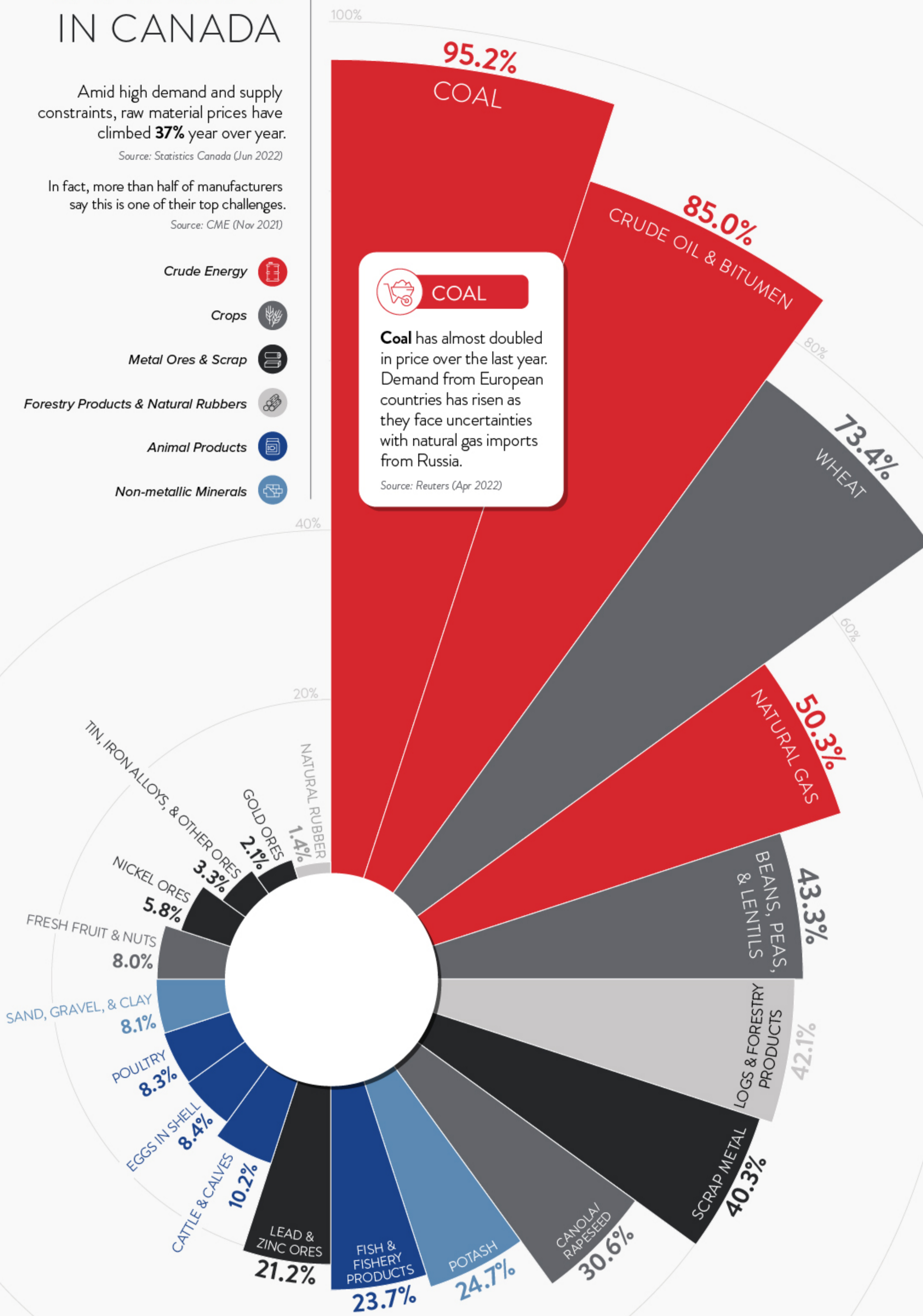
In fact, more than half of manufacturers say this is one of their top challenges.

Source: CME (Nov 2021)

-  Crude Energy
-  Crops
-  Metal Ores & Scrap
-  Forestry Products & Natural Rubbers
-  Animal Products
-  Non-metallic Minerals

## Which materials have seen high volatility over the last year?

12-MONTH PRICE CHANGE (MAY 2021-MAY 2022)



**COAL**

Coal has almost doubled in price over the last year. Demand from European countries has risen as they face uncertainties with natural gas imports from Russia.

Source: Reuters (Apr 2022)

**CATTLE & CALVES**

Farmers culled a larger proportion of their **cattle** herds than usual last year in response to high feed costs, which has limited this year's supply.

Source: Globe and Mail (Mar 2022)

**LEAD & ZINC ORES**

Lead and zinc ore prices rose due to solid demand for car batteries and rising energy prices that reduced smelters' zinc production, respectively.

Source: Financial Post (Apr 2022), Global Newswire (Feb 2022)

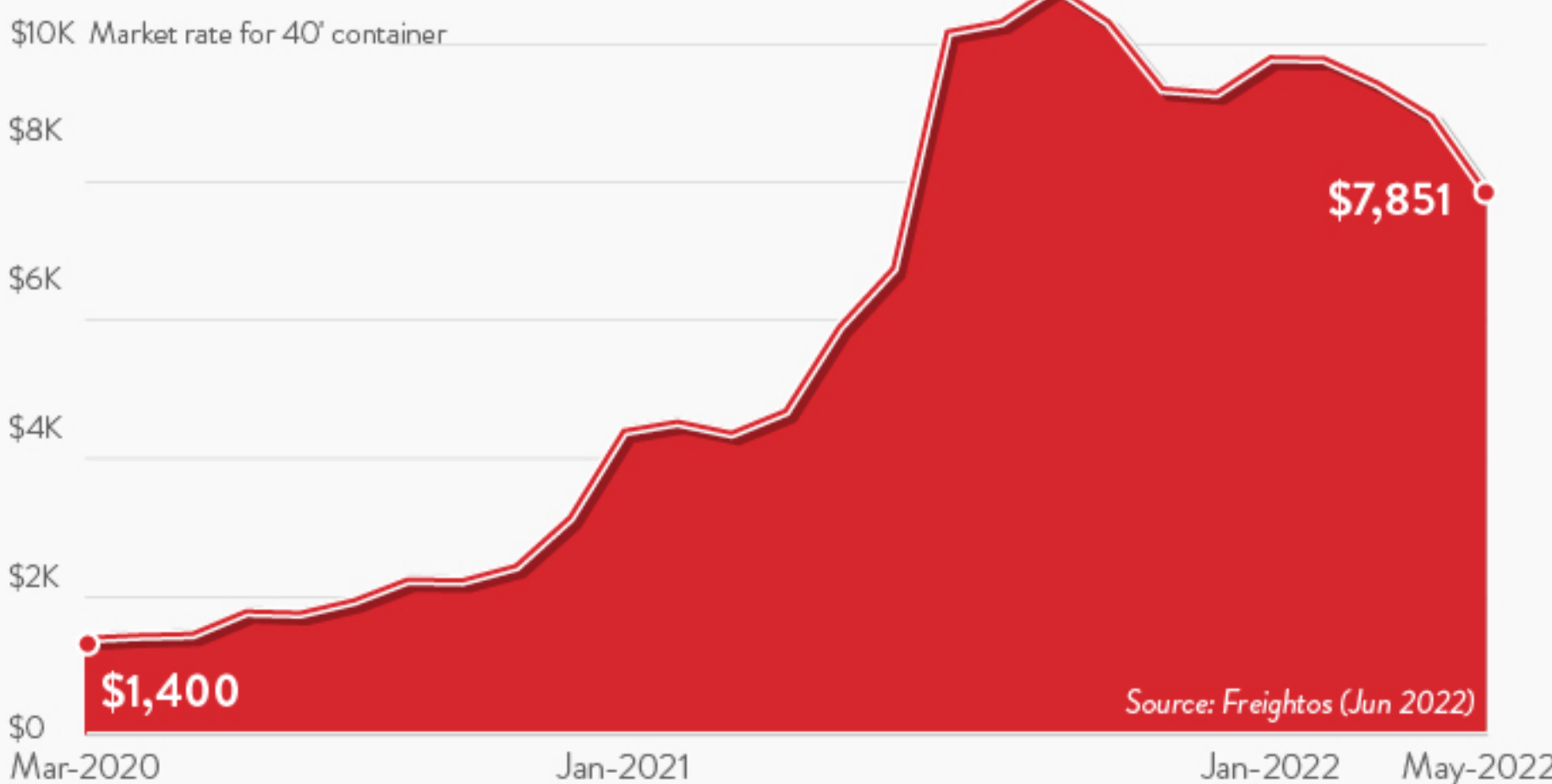
**CANOLA**

Canada is the largest producer of **canola**, but the Canadian crop saw a 14-year production low due to drought.

Source: Washington Post (May 2022)

Price pressures in manufacturing go beyond raw materials. For instance, ocean shipping costs are more than **5x higher** compared to when the pandemic began.

### GLOBAL CONTAINER FREIGHT INDEX



These cost increases are squeezing the profitability of many manufacturers, and high price volatility is making it harder to predict what prices will be like in the coming months.

Along with escalating costs, manufacturers are also grappling with supply chain disruptions, heightened global uncertainty, and labour shortages.

**Ultimately, it has become difficult for manufacturers to plan for the future.**