



September 2010 PHCP Wholesalers' Sales Report – Up 8.4%

YEAR-TO-DATE BY PRODUCT GROUP	SEPTEMBER 2010 versus SEPTEMBER 2009	YEAR-TO-DATE BY REGION	SEPTEMBER 2010 versus SEPTEMBER 2009
HVAC/R is up 8.7%	HVAC/R is down 1.4%	BC is up .04%	BC is up 3%
Hydronics is down .03%	Hydronics is up 4.5%	Alberta is up 4.4%	Alberta is up 10.9%
Plumbing is up 10.5%	Plumbing is up 10%	West (SK, MB, Thunder Bay) is up 12.9%	West (SK, MB, Thunder Bay) is up 13.8%
PVF is down 1%	PVF is up 16.4%	Ontario is up 10.7%	Ontario is up 5.4%
Waterworks is up 15%	Waterworks is up 10.2%	Quebec is up 12%	Quebec is up 12.7%
		Atlantic is up 15.8%	Atlantic is up 5.8%

- Plumbing had the 2nd best month of the year so far with strongest growth in West, Ontario, and Quebec.
- Hydronics had the best month of the year so far.
- IPVF had the best month with strongest growth in Alberta, West, and Quebec.
- Waterworks had the second best month of the year with strongest growth in BC, Alberta, Quebec, and Atlantic.

The percentage change numbers for small regions can be heavily impacted by individual transactions. For example, a single sale of \$50,000 made in one month would cause a large percentage change from the previous month in the Atlantic region, however, the same sale in Ontario would have no major impact on the percentage change figure. To better understand the percentage change figures, it is essential to also look at the change in dollar volume in the region.

Reminder — The following will clarify what is included in each product category:

PVF Industrial

Applies to product sold to Industrial accounts only. All valves, steel pipe, fire protection, welding products, iron fittings and hangers, engineered and fluid products.

Waterworks

sdr sewer pipe and fittings, all plastics sold for underground water works from the city lines to the property line and all other water works products.

HVAC/R

Forced air, sheet metal, chimneys, ventilation, air conditioning & refrigeration, environmental products, controls, parts and refrigerants.

Plumbing

Everything sold in commercial, residential and industrial plumbing from the street in. All fixtures, trim, copper pipe & fittings, tools, water quality products, specialties, plastic pipe and fittings.

Hydronics

All product used in connection with water-based heating, boiler controls, oxybarrier pex, storage tanks, controls, etc.

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SPECIAL TO WSS: Inflation (as measured by the All-items Consumer Price Index—CPI) rose 1.9% year-over-year in September, from 1.7% in August. Prices increased in seven of the eight major components tracked by Statistics Canada. The only exception was clothing and footwear.

Transportation costs rose 3.1%, shelter costs 2.5%, food prices 2.1% and tuition for post-secondary education 3.8%.

On a regional basis, Ontario has the highest inflation rate in the country (+2.9% year-over-year), followed by Newfoundland and Labrador (2.3%). Inflationary pressures remain relatively subdued in Western Canada.

Total inflation averaged 1.8% in the third quarter. In its latest *Monetary Policy Report* (released October 20th), the Bank of Canada predicts the headline rate will average 2.1% in the final quarter of 2010.

The Bank of Canada's closely-watched core measure of inflation (which excludes the eight most volatile components of the CPI, as well as the effect of changes in indirect taxes, like the HST) advanced 1.5% in the 12 months to September, following a 1.6% rise in August. That brings the average for the third quarter to 1.6%. The recent moderation in core inflation is consistent with the persistence of significant excess supply in Canada's economy. The Bank of Canada predicts core inflation will remain at 1.6% in the fourth quarter as a whole.

With core inflation remaining relatively benign, the Bank of Canada is expected to stay on the sidelines for the balance of 2010, keeping the overnight rate at 1%.

Source: Canadian Chamber of Commerce

Here are some important links:

1. An Overview of Financial Performance in Distribution; Profit Planning Group
[http://ciph.com/emailLinks/ppgoverview_financialperformancedist\(1\).pdf](http://ciph.com/emailLinks/ppgoverview_financialperformancedist(1).pdf)
2. Four Inventory Turns Per Year Doesn't Cut It Anymore!; Industrial Supply
<http://www.industrialsupplymagazine.com/pages/Management---Four-Inventory-Turns-Per-Year-Doesnt-Cut-It-Anymore!.php>
3. CIPH Training Opportunities in Fall/Winter 2010/2011
http://ciph.com/emailLinks/summary_of_fall_2010_winter_2011.pdf
4. CIPHEX West Trade Show in Calgary - November 3 & 4, 2010
<http://www.ciphexwest.ca/west2010/public/enter.aspx>

The Canadian Institute of Plumbing & Heating is a not-for-profit trade association. Founded in 1933, the Institute is a vibrant organization committed to providing members with the tools for success in today's competitive environment. More than 250 companies are members of this influential Canadian industry association. They are the manufacturers, wholesaler distributors, master distributors, manufacturers' agents and allied companies who manufacture and distribute plumbing, hydronic heating, industrial, waterworks and other mechanical products. CIPH wholesalers operate more than 700 warehouses and showrooms across Canada. Total industry sales exceed \$5 billion annually.

