

SECTION VI.—WHOLESALE PRICES.

1. **General.**—The results of an investigation into wholesale prices in Melbourne from 1861 to 1919 were given in some detail in Reports Nos. 1, 2, 5, 6, 7, 8, 9 and 10. In this Section results are now included for the year 1920.

The data upon which the investigation is based were obtained mainly from reports of Melbourne market prices, published in the ordinary press, and in special trade reviews. In any case of doubt as to the reliability of the figures, the records thus obtained were verified by reference to well-known and important business firms dealing in the articles in question. Every care was taken to ensure that the prices quoted for each article refer to a uniform quality, and, in cases where more than one source of information was utilised for obtaining prices of single commodities, special precautions were taken to ensure substantial continuity of quality or grade. In most cases, monthly prices were obtained (but where daily or weekly quotations were available, these were adopted), and arithmetic averages for the several years were computed. In regard, however, to a few commodities, such as coal, tea, cotton and wool, since monthly prices were not available for back years, yearly averages, based in each case on reliable data, were secured.

It was at first intended to obtain records, on the lines indicated, for a uniform list of commodities for the capital town of each State. Owing, however, to the large amount of work involved, and to the difficulty experienced in obtaining regularly the prices of anything like a uniform representative list of commodities from the papers and journals published in some of these towns, this idea has for the present been abandoned.

2. **Commodities Included and Methods Adopted.**—Retail prices have the advantage that a comparatively small list of commodities suffices to represent a large proportion of the average expenditure. They are, however, subject to the difficulty that their variations depend largely upon local conditions, and it is, therefore, ordinarily necessary to collect the data over a wide area. Wholesale prices, on the other hand, are fixed usually at one or two centres, but a much larger list of commodities must be covered.

The index-numbers up to the year 1911 are based on the prices of eighty commodities, but since that year the number has been increased to ninety-two.* The methods followed for the computation of the wholesale price index-numbers are the same as those adopted in regard to retail prices. The commodities included, the units of measurement for which the prices are taken, and the mass-units, indicating the relative extent to which each commodity, in the units of measurement specified, is used or consumed, are shewn in the following statement.

* In the computation of the index-numbers for years prior to 1911, the aggregate expenditure on 80 commodities in 1911 is taken as base (=1000), while for later years the aggregate expenditure on 92 commodities in 1911 is taken.

Melbourne Wholesale Prices, Commodities included, Units of Measurement, and "Mass-Units."

Commodity.	Brand.	Unit.	Mass Unit.	Commodity.	Brand	Unit.	Mass Unit
GROUP I.				GROUP V.			
Iron—				Currants		lb.	1,400
Pig	M'r'dNos.	ton	64	Raisins	Sultanas	"	1,400
Rod and Bar	Stafford	"	34	Herrings	1-lb. fresh	doz. 1 lb.	50
Angle and T	"	"	34	Salmon	1 lb. tall	"	50
Plate	"	"	3	Sardines	Alaska	"	
Hoop	"	"	1	Halves	Plantation	doz. halves	100
Galvanized	26 gauge	"	5	Coffee	Taylor's	lb.	200
Tinned Plates	I.C. Coke	cwt.	60	Cocoa	No. 1A	"	100
Fencing Wire	No. 8	ton	6	Sugar		ton	22
Zinc Sheet		"	1	Macaroni		lb.	200
Lead, Sheet		"	1	Sago		cwt.	7
" Pipes		"	1	Rice		ton	2
Copper Sheet		lb.	2,000	Salt	Australian	"	7
Quicksilver	Newcastle	ton	12	Salt	fine	"	1
Coal	on Wharf		600	Mustard	Rock	"	6
		Total	2,702½	Starch	Coleman's	doz. 1 lb.	
				White	Keen's	lbs	100
GROUP II.				Blue' Matches	Keen's Aust'n.	gross	50
Branbags		doz.	110	Safety	Rangoon	lb.	1,600
Cornsacks		each	250	Tobacco	Two Seas in Po'ket Pes.	"	1,300
Woolpacks			200	Tea			3,000
Leather—				Kerosene		gallon	1,700
Waxed Kip		lb.	600			Total	11,385
Waxed Split		"	600				
Medlum Crop		"	600				
Cotton	Raw	"	24,000	GROUP VI.			
Wool	Greasy	"	12,200	Beef	Average quality.	100 lbs.	390
Twine	Reaper and Binder	"	150	Mutton	"	lb.	33,000
Tallow	Mutton Prime	ton	1½	Vest	"	"	2,000
		Total	38,711½	Lamb	"	"	5,800
				Pork	"	"	3,700
						Total	44,690
GROUP III.				GROUP VII.			
Wheat		bushel	500	Timber:—	Flooring		
Flour		ton	48	" 6 x 1½	100 ft. lin.		30
Bran		"	14	" 6 x 2	"		30
Pollard		"	14	" 6 x 3	"		30
Oats	Mill'nz	bushel	1,200	" 6 x 4	"		30
Oatmeal.	Colonial	ton	1½	Weatherboards	1000 ft. sup		20
Barley	Malting	bushel	150	Shelving	Portland	cask	30
" "	Feed	"	100	White Lead	Welsh	ton	1
Maize		"	1,000	Slates	20 x 10	"	1
Hay	Best M'ng'r	ton	135			Total	331½
Chaff	Good oaten	"	135				
Straw	Victorian	"	25				
Pens		bushel.	55				
Potatoes		ton	40				
Malt	Victorian	bushel	140				
Onions		ton	3				
		Total	3,560½				
GROUP IV.				GROUP VIII.			
Ham		lb.	800	Cream of Tartar	In Kegs	lb.	400
Bacon		"	3,200	Carbonate of Soda	Refined	ton	1
Cheese	Best Fresh	"	1,500	Saltpetre	"	"	2½
Butter	Bulk.	"	9,500	Sulphur	"	"	1
Lard	Ordinary	doz.	200	Caustic Soda	Lump	cwt.	7
Eggs		lb.	1,800	Alum		ton	1
Honey		"	600	Cyanide		lb.	570
Beeswax	Bacchus	doz. lb.	40	Potassium			
Condensed Milk	Marsh		160			Total	978½
		Total	17,800				

3. **Index Numbers.**—Index-numbers have been computed for each group of commodities, as well as for all groups. These index-numbers are shewn in the following table :—

Melbourne Wholesale Prices, Index-Numbers, 1861 to 1920, Computed to Year 1911 as Base (= 1000).

YEAR.	I. Metals and Coal.	II. Jute, Leather, &c.	III. Agricul- tural Pro- duce, &c.	IV. Dairy Produce.	V. Grocer- ies.	VI. Meat.	VII. Building Materials.	VIII. Chem- icals.	All Com- modities together.
1861 ..	1,438	1,381	1,583	1,008	1,963	..	1,070	2,030	1,638
1871 ..	1,096	1,257	1,236	864	1,586	..	1,044	1,400	1,229
1881 ..	1,178	1,116	1,012	935	1,421	..	1,091	1,587	1,121
1891 ..	895	847	1,024	995	1,032	898	780	1,194	945
1901 ..	1,061	774	928	1,029	1,046	1,345	841	917	974
1911 ..	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
1912 ..	1,021	991	1,370	1,206	1,052	1,357	1,057	978	1,170
1913 ..	1,046	1,070	1,097	1,054	1,024	1,252	1,128	995	1,088
1914 ..	1,099	1,032	1,207	1,137	1,021	1,507	1,081	1,253	1,149
1915 ..	1,224	1,017	2,162	1,530	1,133	2,435	1,275	1,528	1,604
1916 ..	1,895	1,423	1,208	1,485	1,322	2,515	1,491	1,760	1,504
1917 ..	2,129	2,008	1,157	1,423	1,343	2,403	1,884	2,171	1,663
1918 ..	2,416	2,360	1,444	1,454	1,422	2,385	2,686	3,225	1,924
1919 ..	2,125	2,343	1,985	1,651	1,516	2,348	2,851	2,898	2,065
1920 ..	2,298	2,424	2,439	2,209	1,918	3,279	3,226	2,325	2,480

NOTE.—The figures given in this table are comparable in the vertical columns, but are not directly comparable horizontally. The index-numbers are reversible.

The index-numbers have in each case been computed with the prices in the year 1911 as base; that is to say, they shew the amount which would have had to be expended in each of the years specified in order to purchase what would have cost £1000 in 1911 distributed in purchasing the relative quantities (indicated by the mass-units) of the several commodities included in such group, and in all groups respectively. Thus, in the last column it may be seen that the cost of the relative quantities of the various commodities was 1229 in 1871, and 974 in 1901, as compared with 1000 in 1911 and 2480 in 1920. In other words, prices were lower in 1911 than in either 1871 or 1920, and the purchasing-power in money in 1911 was accordingly greater. Again, prices were higher in 1911 than in 1901, and the purchasing-power of money in the former year was therefore less.

The general index-number for the year 1920 shows an increase of 20.6 per cent. compared with that for 1919. With the exception of Group VIII. (Chemicals), which shows a decrease of 2.5 per cent., all groups shew increases, ranging from 8.3 per cent. in the case of Group I. (Metals and Coal) to 39.5 per cent. in the case of Group VI. (Meat).

The index-numbers for the full period since 1871 (and for 1861 and 1866) are given in Report No. 1, page 48. On page 74 hereinafter a graph is given shewing the index-numbers since 1901 for all groups taken together.

4. **Variations in Price Levels of Commodity Groups for each Quarter of 1920.**—In the following table are shewn the index-numbers for the four quarters of 1920 and the first quarter of 1921 :—

Melbourne Wholesale Prices, Quarterly Index-Numbers for 1920, and First Quarter, 1921 (Base 1911 = 1000).

GROUP.	No. of Commodities	INDEX NUMBERS.				
		Jan. to March, 1920.	April to June, 1920.	July to Sept., 1920.	Oct. to Dec., 1920.	Jan. to March, 1921.
I. Metals and Coal	14	2,150	2,300	2,318	2,418	2,316
II. Textiles, Leather, etc. .. .	10	3,040	2,897	2,627	1,933	1,395
III. Agricultural Produce .. .	16	2,415	2,662	2,515	2,161	2,011
IV. Dairy Produce	9	1,819	2,139	2,331	2,548	2,488
V. Groceries	21	1,639	2,009	2,000	2,024	2,032
VI. Meat	5	2,387	2,901	4,417	3,406	2,987
VII. Building Materials .. .	10	3,164	3,332	3,387	3,072	3,237
VIII. Chemicals	7	2,800	2,934	2,850	2,664	2,463
ALL GROUPS*	92	2,351	2,567	2,650	2,352	2,164

* Weighted average.

5. Variations in Price Levels since the Outbreak of the War.—The variations in the index-numbers of the separate commodity groups for the years 1915 to 1920, and for each month from January, 1921 to July, 1921, are shown in the following table, taking July, 1914, the last month before the outbreak of war, as base (= 1000) for each group :—

Melbourne Wholesale Prices, Index-Numbers, July 1914, Years 1915 to 1920, and Monthly January, 1921 to July, 1921 (Base July 1914 = 1000).

Particulars.	I. Metals and Coal.	II. Textiles, Leather, etc.	III. Agricultural Produce.	IV. Dairy Produce.	V. Groceries	VI. Meat.	VII. Building Materials.	VIII. Chemicals.	All Groups.
July 1914 ..	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Year 1915 ..	1,166	934	2,024	1,272	1,093	1,502	1,184	1,490	1,406
" 1916 ..	1,539	1,807	1,130	1,235	1,266	1,551	1,361	1,716	1,318
" 1917 ..	1,919	1,841	1,064	1,181	1,302	1,480	1,722	2,141	1,454
" 1918 ..	2,197	2,324	1,351	1,210	1,378	1,469	2,448	3,085	1,895
" 1919 ..	1,930	2,169	1,858	1,373	1,469	1,448	2,602	2,827	1,801
" 1920 ..	2,091	2,480	2,288	1,340	1,860	2,022	2,941	2,764	2,178
January 1920	1,839	2,739	2,285	1,432	1,555	1,468	2,820	2,678	2,026
February ..	1,919	2,832	2,260	1,400	1,608	1,486	2,867	2,717	2,063
March ..	2,051	2,805	2,256	1,315	1,602	1,456	2,977	2,797	2,089
April ..	2,051	2,733	2,339	1,690	1,724	1,600	2,977	2,797	2,179
May ..	2,135	2,648	2,519	1,765	1,965	1,695	3,074	2,972	2,250
June ..	2,135	2,597	2,418	1,570	1,951	2,079	3,074	2,972	2,350
July ..	2,109	2,518	2,438	1,834	1,923	2,609	3,069	2,834	2,341
August ..	2,094	2,609	2,384	1,839	1,933	2,839	3,116	2,817	2,360
September ..	2,113	2,223	2,806	2,094	1,962	2,729	2,953	2,755	2,295
October ..	2,216	2,002	2,084	2,140	1,963	2,258	2,885	2,765	2,147
November ..	2,216	1,801	2,069	2,115	1,951	2,113	2,808	2,561	2,078
December ..	2,163	1,560	1,928	2,096	1,980	1,934	2,711	2,519	1,968
January, 1921	2,151	1,452	1,972	2,088	1,967	1,809	2,802	2,444	1,958
February ..	2,135	1,324	1,913	2,055	1,967	1,837	3,033	2,422	1,920
March ..	2,025	1,066	1,765	2,066	1,975	1,781	3,029	2,340	1,813
April ..	2,016	1,144	1,638	1,800	1,963	1,438	2,839	2,314	1,706
May ..	1,944	1,076	1,613	1,754	1,945	1,402	2,793	2,243	1,664
June ..	1,947	1,052	1,595	1,709	1,890	1,338	2,496	2,226	1,617
July ..	1,945	1,107	1,579	1,655	1,881	1,191	2,377	2,198	1,589

6. Seasonal Fluctuations in Wholesale Prices, 1920.—In order to show the seasonal fluctuations in wholesale prices, index-numbers have been computed for each quarter of the year 1920. These are shown in the following table, firstly, computed with the year 1911 as base, and

secondly, with the average prices for the year 1920 as base. Corresponding figures for purchasing-power of money (retail prices of food, groceries and of house rent) have been included for comparative purposes.

Melbourne Wholesale and Retail Prices—Quarterly Index-Numbers, 1920.

Particulars.	Jan. to March.	April to June.	July to Sept.	Oct. to Dec.	Whole Year.
Wholesale Price Index-Numbers with 1911 as base (= 1,000)	2,351	2,567	2,650	2,352	2,480
Wholesale Price Index-Numbers with average for 1920 as base (= 1,000)	948	1,035	1,069	948	1,000
Retail Price (Food, Groceries, and House Rent) Index-Numbers, with average for 1920 as base (= 1,000)	917	989	1,059	1,035	1,000

The first two lines shew that in 1920 wholesale prices increased during the first three quarters, and fell during the fourth. The last line shews that retail prices also rose during the first three quarters, and fell during the fourth.

7. **Table of Prices, 1919 and 1920.**—In Appendix III. particulars are given as to the average prices of the particular brands of commodities used in computing the index-numbers in the years 1919 and 1920. Corresponding information for previous years, as far back as 1871, was given in the Appendixes to previous Reports.