

CHAPTER II.—WHOLESALE PRICES AND PRICE INDEXES.

§ 1. General.

Two indexes of wholesale prices are compiled by the Bureau. These are: (i) The Melbourne Wholesale Price Index; and (ii) The Wholesale Price (Basic Materials and Foodstuffs) Index. Particulars of the Melbourne Wholesale Price Index, which is now obsolete, are given in § 3 commencing on page 41.

After reviewing the list of items and weighting of the Melbourne Wholesale Price Index, the 1930 Conference of Statisticians resolved that a new index of wholesale prices of basic materials and foodstuffs should be compiled. This index—the Wholesale Price (Basic Materials and Foodstuffs) Index—which extends back to the year 1928 and is compiled monthly, is a special purpose index and one of a series of wholesale price indexes designed for special purposes.

§ 2. Wholesale Price (Basic Materials and Foodstuffs) Index.

1. **Price Quotations.**—The prices used in the index have in the main been obtained directly from manufacturers and merchants, and, with a few important exceptions, from Melbourne sources. Apart from locally produced building materials and one or two minor commodities, however, the price movements may be taken as representative of variations in wholesale prices of basic materials in most Australian markets.

Commodities in the index are priced in their primary or basic form wherever possible and in respect of imported materials as nearly as may be at the point where they first make effective impact on the local price structure. Thus the price of imported goods is not taken at the time of import, but rather on an ex-bond (or into factory) basis.

Broadly, where home-consumption prices exist for local products, they have been used in this index. During the year 1950–51 wool for local manufacture was subsidized and the home-consumption price for wool was used to calculate the index numbers shown in the table on page 41.

2. **Commodities and Grouping.**—For purposes of this index “basic” materials (as opposed to certain of the foodstuffs) are commodities in the primary or basic forms in which they first enter into productive processes carried out in Australia. The list of items is divided into seven main groups, each of which is sub-divided into goods which are mainly imported and goods which are mainly home-produced. A full list of these commodities is set out below, showing the quantity-multipliers (weights) for each commodity. The percentage of the total aggregate value in 1960 contributed by each item and group is also shown.

3. **Method of Construction.**—The index is constructed on the simple aggregative fixed-weights formula. The weights (quantity-multipliers) are based on estimates of the average annual consumption of the commodities in Australia during the period 1928–29 to 1934–35 inclusive. Changes in usage, changes of category as between “imported” and “home-produced” for some commodities, and changes in the industrial structure have affected the validity of some of the weights in the index.

During 1956, supplies and prices of potatoes and onions fluctuated violently upwards and downwards between abnormally wide limits. These fluctuations were so great as to dominate the movement of the sections of the index in which these items were included, namely, “Foodstuffs and Tobacco”, “Goods Principally Home Produced” and “Total All Groups”. In the circumstances neither seasonal adjustment nor conversion of the index to a “changing

weights" formula could be applied to eliminate these transient fluctuations. Accordingly, in order to provide a representative measure of the general trend in wholesale prices, the index was reconstructed as from July, 1936 by omitting potatoes and onions.

Consideration is being given to the enlargement of the index to cover additional groups and to revision of the weighting pattern of the index.

WHOLESALE PRICE (BASIC MATERIALS AND FOODSTUFFS) INDEX.

LIST OF COMMODITIES, UNITS OF MEASUREMENT, QUANTITY-MULTIPLIERS, AND PERCENTAGE OF TOTAL AGGREGATE IN 1960.

Commodity.	Unit.	Quantity-multiplier. (Weight.)	Per-centage of Total Aggregate 1960.	Commodity.	Unit.	Quantity-multiplier. (Weight.)	Per-centage of Total Aggregate 1960.
Metals and Coal—				Rubber and Hides—			
Principally Imported—				Principally Imported—			
Aluminium	ton	985	0.04	Rubber, crude	lb.	24,214,400	0.76
Principally Home-produced—				Principally Home-produced—			
Iron and steel	ton	637,000	4.82	Calf skins	lb.	4,455,000	0.12
Briquettes	ton	243,000	0.21	Cattle hides	lb.	57,246,000	1.09
Copper, wire bars ..	ton	7,000	0.40	Tanning bark	ton	23,000	0.09
Coal	ton	9,300,000	10.90	Total .. ..	..	..	2.06
Lead, soft pig	ton	10,400	0.19	Building Materials—			
Tin, ingots	ton	1,250	0.23	Principally Imported—			
Zinc, ingots	ton	14,800	0.31	Timber, softwoods ..	1,000 sup. ft.	346,500	4.19
Total .. ..	..	..	17.10	Turpentine	gallon	458,000	0.06
Oils, Fats and Waxes—				Principally Home-produced—			
Principally Imported—				Bricks	1,000	372,000	1.21
Coconut oil	ton	6,500	0.26	Concrete	ton	479,000	0.87
Fuel oil	ton	170,000	0.66	Drain-pipes	foot	7,270,000	0.31
Linseed oil	gallon	2,250,000	0.45	Glass, window	100	82,370	0.07
Lubricating oil	gallon	3,960,000	0.26	Lime	sq. ft.	51,144	0.08
Kerosene, power ..	gallon	21,000,000	0.41	Plaster	ton	53,000	0.21
Petrol	gallon	218,000,000	5.79	Timber, hardwoods ..	100	2,575,000	3.20
Principally Home-produced—				White lead	sup. ft.	60,000	0.12
Beeswax	lb.	169,112	0.01	Whiting	cwt.	274,000	0.07
Tallow	ton	26,000	0.32	Total .. ..	..	..	10.39
Total .. ..	..	..	8.16	Foodstuffs and Tobacco(e)—			
Textiles—				Principally Imported—			
Principally Imported—				Tapioca	cwt.	754,860	0.54
Hemp	ton	5,575	0.16	Cocoa, raw	cwt.	104,460	0.26
Kapok	lb.	6,160,000	0.14	Coffee	lb.	3,642,000	0.23
Jute fibre	ton	874	0.02	Tea	lb.	48,954,520	2.13
Phormium tenax ..	ton	2,275	0.04	Mustard	doz. lb.	49,340	0.02
Silk, raw	lb.	455,900	0.15	Herrings	doz. lb.	289,760	0.09
Principally Home-produced—				Sild	doz.	847,560	0.13
Cotton, raw	lb.	15,900,000	0.40	Tobacco, leaf	4-oz. tins	18,321,340	5.36
Wool, greasy	lb.	50,200,000	1.90	Principally Home-produced—			
Total .. ..	..	..	2.81	Barley	bushel	5,185,260	0.67
Chemicals—				Maize	bushel	330,640	0.05
Principally Imported—				Oats	bushel	15,713,240	1.04
Ammonium sulphate ..	ton	23,830	0.12	Rice	cwt.	339,246	0.26
Potash, muriate	ton	4,055	0.02	Wheat	bushel	41,880,980	5.44
Potash, sulphate ..	ton	2,025	0.01	Peas	bushel	675,980	0.16
Soda ash	ton	21,400	0.13	Sugar	ton	352,682	5.29
Soda, nitrate	ton	1,100	0.01	Beef	100 lb.	7,352,520	14.63
Soda, nitrate—				Lamb	lb.	87,245,740	1.48
Chilean	ton	3,600	0.02	Mutton	lb.	458,081,320	3.78
Sulphur	ton	95,500	0.62	Pork	lb.	49,923,380	1.38
Principally Home-produced—				Butterfat	lb.	204,156,640	6.57
Arsenic	ton	1,531	0.02	Lard	lb.	1,497,840	0.03
Blood and bone	ton	34,431	0.18	Milk	gallon	167,838,800	5.22
Methylated spirits ..	gallon	2,374,000	0.09	Currants	lb.	10,391,520	0.17
Soda crystals	ton	4,986	0.03	Sultanas	lb.	18,893,700	0.33
Superphosphate	ton	704,144	1.44	Grapes	ton	98,668	0.43
Sulphuric acid	ton	226,450	1.05	Total .. ..	..	..	55.74
Total .. ..	..	..	3.74	All Groups—			
				Principally Imported ..	..	..	23.11
				Principally Home-produced ..	..	..	76.89
				Total .. ..	..	..	100.00

(a) Includes weights transferred from deleted articles.

4. **Index Numbers.**—Index numbers for each group of commodities and for all groups combined for the index of wholesale prices of basic materials and foodstuffs are given in the following table. Current index numbers, on the base: Average of three years ended June, 1939 = 100, are published monthly in the mimeographed statistical bulletin *Wholesale Price (Basic Materials and Foodstuffs) Index* and in the *Monthly Review of Business Statistics*.

WHOLESALE PRICE (BASIC MATERIALS AND FOODSTUFFS) INDEX NUMBERS.
(Base of each Group: Year 1928 = 100.)

Period.	Basic Materials.					Foodstuffs and Tobacco. (a)	Basic Materials and Foodstuffs.		
	Metals and Coal.	Oils, Fats and Waxes.	Textiles.	Chemicals.	Rubber and Hides.	Building Materials.	Total.	Goods principally imported. (b)	Goods principally home-produced. (c)
1928 ..	100	100	100	100	100	100	100	100	100
1929 ..	100	102	83	98	77	98	98	101	103
1930 ..	95	108	61	95	55	93	93	105	92
1931 ..	89	109	57	98	58	101	92	111	79
1932 ..	83	107	54	98	53	98	88	108	76
1933 ..	82	88	62	95	56	100	83	101	75
1934 ..	79	82	66	89	60	98	80	99	75
1935 ..	74	88	62	82	59	97	79	85	81
1936 ..	72	91	76	82	72	99	82	103	76
1937 ..	79	95	87	82	82	91	82	105	81
1938 ..	80	95	61	83	82	104	88	113	86
1939 ..	81	97	65	84	76	105	90	109	85
1940 ..	84	123	78	97	93	127	104	111	90
1941 ..	87	134	82	106	98	137	112	136	91
1942 ..	97	151	93	116	104	154	125	180	99
1943 ..	103	160	110	118	106	181	135	199	102
1944 ..	103	160	108	118	106	183	135	200	104
1945 ..	103	153	108	117	106	184	133	227	106
1946 ..	102	142	119	116	104	187	131	194	108
1947 ..	107	142	165	116	94	194	137	202	114
1948 ..	129	159	234	127	100	204	157	217	135
1949 ..	160	166	244	138	96	213	175	225	154
1950 ..	179	179	362	179	155	258	208	263	182
1951 ..	235	196	475	229	248	327	261	242	209
1952 ..	299	217	409	277	193	332	284	272	232
1953 ..	307	216	409	279	144	382	304	286	283
1954 ..	305	204	387	260	154	386	290	296	286
1955 ..	314	203	341	259	228	411	298	304	288
1956 ..	322	219	346	272	240	466	316	309	302
1957 ..	317	227	363	286	221	486	322	308	302
1958 ..	311	220	272	278	197	457	304	318	300
1959 ..	306	216	279	271	273	445	303	319	308
1960 ..	316	211	278	272	278	459	308	349	308
1961 ..	310	204	286	274	238	460	303	301	319
1961—									
January ..	314	207	273	274	244	460	304	341	325
February ..	312	207	279	273	243	460	304	343	327
March ..	312	208	283	273	245	460	305	348	331
April ..	311	209	297	273	246	460	306	352	334
May ..	311	209	296	273	241	460	306	346	330
June ..	311	203	293	273	229	460	303	343	327
July ..	309	205	293	274	232	460	303	332	320
August ..	309	204	293	274	243	460	303	324	315
September ..	309	201	289	274	249	460	302	318	310
October ..	309	200	281	275	238	460	301	307	303
November ..	309	199	276	275	224	460	300	305	298
December ..	309	199	276	275	216	460	299	309	303

(a) Excluding potatoes and onions. See para. 3 on page 39.

(b) Represents only such imported commodities as are included in the Wholesale Price Index and does not measure changes in prices of all imports.

§ 3. Melbourne: Wholesale Price Index.

1. **General.**—An index of Melbourne wholesale prices was first computed in 1912. It relates chiefly to basic materials and foods weighted in accordance with consumption in the years immediately preceding that date. Neither the list of items nor the weighting has been varied. Consequently, the index is outmoded for current use and is a measure of variations in wholesale prices.

based on the weighting originally determined. It has some historical significance as a measure of changes in the prices of its component items combined in the proportions in which they were in common use about the year 1910. It is now published on an annual basis for "All Groups" only and is used mainly as an approximate indication of long-term trends since the year 1861, for which it was first compiled. A description of the index and a list of the commodities included in it were published in Labour Report No. 38, 1949, pages 43-45.

2. **Index Numbers.**—Index numbers for each group of commodities, as well as for all groups combined, are shown in the following table:—

MELBOURNE WHOLESALE PRICE INDEX NUMBERS.

(Base of each Group: Year 1911 = 1,000.)

Year.	Metals and Coal.	Wool, Cotton, Leather, etc.	Agricultural Produce, etc.	Dairy Produce.	Groceries.	Meat.	Building Materials.	Chemicals.	All Groups.
1861	1,438	1,381	1,583	1,008	1,963	..	1,070	2,030	1,538
1871	1,096	1,257	1,236	864	1,586	..	1,044	1,409	1,229
1881	1,178	1,115	1,012	935	1,421	..	1,091	1,587	1,121
1891	895	847	1,024	995	1,032	888	780	1,194	945
1901	1,061	774	928	1,029	1,048	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	1,188
1914	1,099	1,032	1,207	1,137	1,021	1,507	1,081	1,253	1,149
1915	1,284	1,017	2,162	1,530	1,133	2,435	1,275	1,528	1,604
1916	1,695	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	1,662
1918	2,416	2,360	1,444	1,454	1,422	2,585	2,636	3,225	1,934
1919	2,121	2,363	1,987	1,651	1,514	2,342	2,852	2,896	2,055
1920	2,302	2,625	2,460	2,213	1,920	3,279	3,226	2,834	2,483
1921	2,173	1,361	1,767	2,000	1,977	2,159	2,733	2,303	1,903
1922	1,941	1,681	1,628	1,648	1,869	1,787	2,005	1,965	1,758
1923	1,826	2,148	1,778	1,840	1,746	2,579	2,024	1,933	1,944
1924	1,835	2,418	1,647	1,655	1,721	2,223	1,814	1,806	1,885
1925	1,851	1,966	1,796	1,636	1,723	2,212	1,711	1,790	1,844
1926	1,938	1,582	2,001	1,784	1,730	1,931	1,664	1,816	1,832
1927	1,962	1,650	1,826	1,823	1,724	2,111	1,623	1,866	1,817
1928	1,912	1,781	1,726	1,751	1,707	2,015	1,744	1,923	1,792
1929	1,912	1,555	1,793	1,854	1,689	2,245	1,755	1,943	1,803
1930	1,867	1,127	1,484	1,627	1,666	2,024	1,875	1,982	1,596
1931	1,826	1,040	1,121	1,398	1,794	1,512	2,025	2,166	1,429
1932	1,736	998	1,230	1,304	1,766	1,351	2,043	2,127	1,411
1933	1,713	1,118	1,175	1,194	1,714	1,485	2,061	2,105	1,409
1934	1,660	1,261	1,288	1,274	1,735	1,540	2,015	2,017	1,471
1935	1,602	1,217	1,344	1,325	1,729	1,508	1,964	1,996	1,469
1936	1,566	1,330	1,480	1,351	1,731	1,684	1,969	1,997	1,543
1937	1,772	1,406	1,604	1,451	1,750	1,678	2,430	2,006	1,656
1938	1,746	1,051	1,789	1,549	1,747	1,871	2,238	2,059	1,662
1939	1,758	1,101	1,820	1,557	1,752	1,710	2,220	2,075	1,665
1940	1,854	1,361	1,567	1,567	1,784	1,882	2,890	2,298	1,713
1941	1,960	1,402	1,721	1,554	1,883	1,776	3,138	2,527	1,796
1942	2,146	1,507	1,900	1,665	1,938	2,312	3,409	2,437	1,977
1943	2,272	1,945	1,964	1,716	1,939	2,366	3,764	2,442	2,117
1944	2,278	1,967	2,052	1,721	1,949	2,470	3,768	2,442	2,159
1945	2,270	1,960	2,259	1,726	1,967	2,560	3,770	2,527	2,228
1946	2,262	2,062	1,951	1,722	1,977	2,589	3,772	2,614	2,162
1947	2,390	2,690	2,019	1,763	2,174	2,748	3,800	2,843	2,360
1948	2,829	3,619	2,383	2,104	2,435	2,976	4,631	3,180	2,824
1949	3,502	3,966	2,876	2,309	2,558	3,356	4,611	3,221	3,191
1950	3,902	5,464	3,155	2,459	2,829	4,616	(a) 5,567	3,263	3,816
1951	5,080	7,943	4,512	2,930	2,850	6,438	(a) 7,074	3,298	5,098
1952	6,481	7,365	5,038	4,024	3,455	6,289	(a) 9,338	3,723	5,647
1953	6,615	6,950	4,958	4,533	3,767	6,303	(a) 8,519	4,691	(b) 5,631

(a) The list of items and weighting of the original Building Materials group of this index are outmoded in respect of recent years. The movement shown here for this group between 1949 and 1953 has been calculated in accordance with the movement occurring in the Building Materials group of the Basic Materials and Foodstuffs Index. (b) The "All Groups" index numbers for the years 1954, 1955, 1956, 1957, 1958, 1959, 1960 and 1961 were 5,384, 5,548, 5,916, 5,814, 5,575, 5,394, 5,857, and 5,909 respectively.

§ 4. International Comparisons: Wholesale Price Index Numbers.

The following table gives index numbers of wholesale prices during the period 1953 to December, 1961 for Australia and other countries. Except where otherwise noted, the average prices in each country for the year 1953 are taken as base (= 100). The figures, which have been taken from the *Monthly Bulletin of Statistics* published by the Statistical Office of the United Nations, show fluctuations in prices in each country, and do not measure relative price levels as between the various countries included.

INDEX NUMBERS OF WHOLESALE PRICES IN VARIOUS COUNTRIES.

(Source: *Monthly Bulletin of Statistics* of the Statistical Office of the United Nations.)

(Base: 1953 = 100.)

Period.	AUSTRALIA.	BELGIUM.	BRAZIL.	CANADA.	DENMARK.	FRANCE.	GERMANY (Western).	INDIA.	INDONESIA (Jakarta)(a)	IRELAND(b)
1953	100	100	100	100	100	100	100	-100-	100	100
1954	99	99	130	98	100	98	98	96	110	98
1955	103	101	177	99	-103-	98	101	98	144	101
1956	106	104	176	102	106	102	103	99	136	101
1957	107	106	197	103	106	108	103	104	158	108
1958	103	102	222	103	105	121	102	107	247	113
1959	106	101	305	104	105	125	105	111	(c)	113
1960	112	102	399	104	105	130	107	118	(c)	113
1961	108	102	549	106	107	132	108	121	(c)	114
1961—										
March Qtr. ..	111	103	467	105	105	134	108	122	(c)	113
June	111	102	508	105	107	130	108	121	(c)	114
Sept.	107	102	553	106	107	132	108	122	(c)	114
Dec.	104	102	655	107	108	136	109	119	(c)	115

Period.	ITALY.	JAPAN (Tokyo).	NETHERLANDS.	NEW ZEALAND.	NORWAY.	PHILIPPINES (Manila).	SWEDEN.	SOUTH AFRICA.	UNITED KINGDOM(d)	UNITED STATES OF AMERICA.
1953	100	100	100	100	100	100	100	100	..	100
1954	99	99	101	99	102	95	99	101	100	100
1955	100	98	102	100	104	92	103	104	103	101
1956	102	102	104	104	109	95	108	105	107	104
1957	103	105	107	105	113	99	110	107	107	107
1958	101	98	105	108	111	103	107	107	101	108
1959	98	99	106	110	111	104	108	107	102	108
1960	99	101	103	110	112	108	111	109	102	109
1961	99	105	102	110	113	114	113	e 100	101	108
1961—										
March Qtr. ..	99	103	103	109	111	113	113	100	101	109
June	99	105	102	110	112	113	113	100	101	108
Sept.	99	106	103	110	113	114	113	101	101	108
Dec.	100	106	103	109	114	114	113	101	100	108

(a) Imported goods. (b) Home-produced goods only. (c) Not available. (d) Basic materials and fuel—Base: 1954 = 100. (e) Base: Nov., 1960 = 100.

NOTE.—The symbol — on each side of an index number (e.g. -95-) indicates that two series have been linked at that period. The symbol — between two index numbers indicates that it is not possible to link two series (because of change in scope, etc.) and therefore the index numbers are not comparable with each other even where they are shown on the same base period.