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PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

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- For further information about these and related statistics, contact Bob Pearce on Perth 08 9360 5147, or the National Information Service on 1300 135 070.

NOTES

FORTHCOMING ISSUES

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ABOUT THIS PUBLICATION

This publication, prepared by the Australian Bureau of Statistics on behalf of the Western Australian Department of Conservation and Land Management and the Forest Industries Federation (WA) Inc, presents index numbers measuring changes in prices of Western Australian sawn hardwood timber.

The Price Index of Western Australian Produced Hardwoods (WAPHI) measures the change in prices of Western Australian sawn hardwoods. Individual price indexes are also published for each of the major hardwood timbers produced and sold by the Western Australian timber industry, namely:

- Green jarrah
- Green karri
- Dry jarrah

.....

SYMBOLS AND OTHER USAGES

r	figure or series revised since previous issue
..	not applicable
n.a.	not available
—	nil or rounded to zero

Colin Nagle
Regional Director, Western Australia

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SUMMARY OF FINDINGS

KEY FIGURES

PRICE INDEX NUMBERS

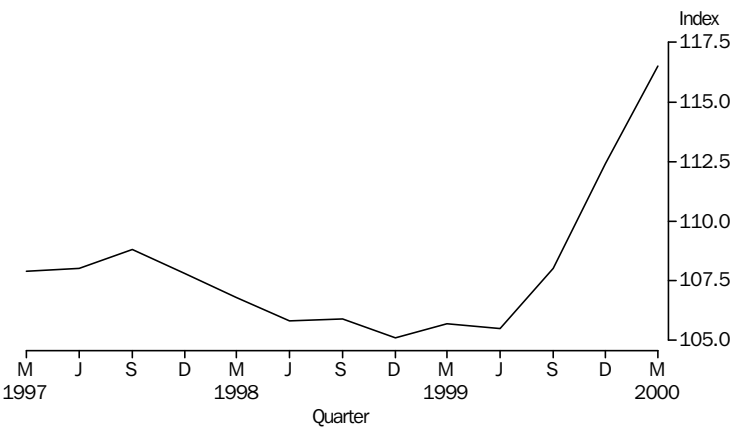
	Dec qtr 99	Mar qtr 00	Dec qtr 99 to Mar qtr 00
	Index number	Index number	% change
WA Produced Hardwoods	112.4	116.5	3.6
Green Jarrah Produced	108.7	112.4	3.4
Green Karri Produced	102.6	107.9	5.2
Dry Jarrah Produced	120.9	124.6	3.1

PRICE INDEXES

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwoods Index (WAPHI) increased by 3.6% between the December quarter 1999 and March quarter 2000 and follows an increase of 4.1% over the previous quarter. For the year ending March quarter 2000, the index increased 10.2%.

Price index of WAPHI

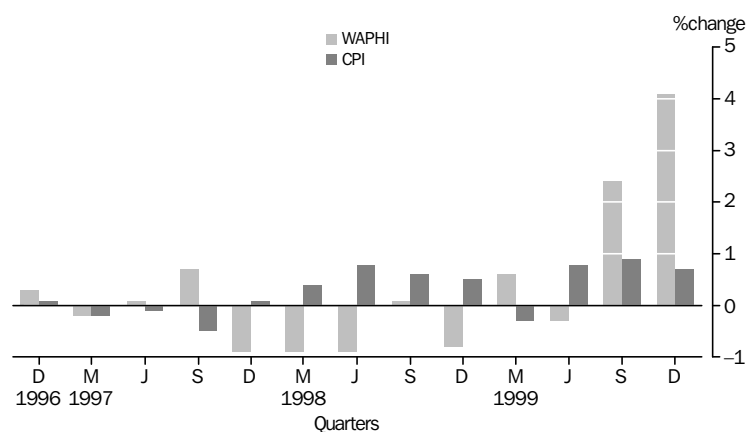


SUMMARY OF FINDINGS *continued*

The Consumer Price Index (CPI) is commonly used as an general indicator of inflation/deflation. The WAPHI, covering prices of selected timber items only, does not always display the same trends as the CPI. By way of example, the CPI for Perth, All Groups increased 0.7% for the December quarter 1999 while the WAPHI increased 4.1%.

The graph below shows a comparison between the quarterly percentage changes for the CPI All Groups for Perth and the WAPHI since December quarter 1996.

Comparison of WAPHI with CPI



PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED

From the December quarter 1999 to the March quarter 2000, the index for green jarrah increased 3.4% and the index for green karri increased by 5.2%. Both represent lower increases than in the previous quarter. Over the twelve months ended March quarter 2000 the indexes for green jarrah and green karri have increased by 11.8% and 13.8% respectively. The increase in prices this quarter may be attributable to significant increases in activity in the residential building industry in recent quarters. A major market for jarrah and karri timbers remains the roofing of residential buildings.

An indicator of the increased activity in the building industry is the index of new residential approvals for the Perth Statistical Division. This index increased 6.2% between the September quarter and December quarter 1999 and followed increases of 19.7% for the March quarter and 6.3% for the September quarter 1999. The number of approvals in the first two months of 2000 were significantly higher than in the corresponding months of 1999.

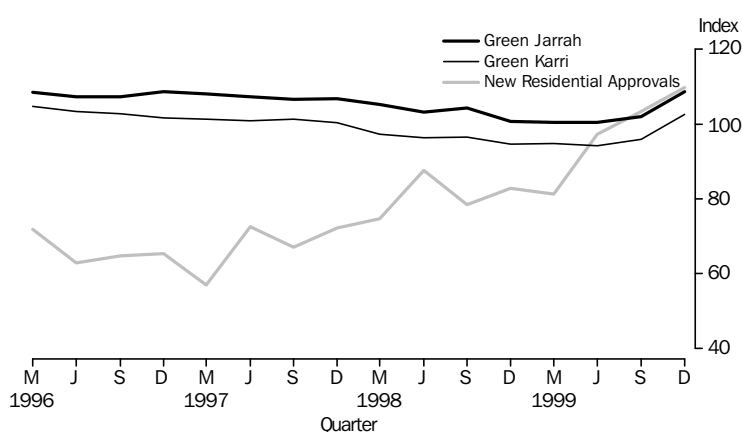
SUMMARY OF FINDINGS *continued*

Below is a graph comparing the movement in new residential building approvals with green jarrah and karri price movements. It should be recognised, however, that building approvals data may not reflect the timing or level of actual building activity.

Another use of green hardwoods is for railway sleepers and crossing timber.

Generally, suppliers revise the prices of jarrah and karri to the local market at the same time, usually applying a uniform percentage price change to the same size, length and stress grade of hardwood timber, irrespective of variety. Prices for interstate sales and exports of green jarrah and green karri, however, are sometimes independently determined and this can affect the price movements of the two species in the index.

Comparison of timber indexes with new residential approvals



PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah increased by 3.1% between December quarter 1999 and March quarter 2000 following an increase of 0.3% the previous quarter. In the twelve months to March quarter 2000, prices have increased 6.7%.

PRICE INDEX OF DRY KARRI PRODUCED

Although an index of dry karri is compiled by the ABS and the price movements are included in the compilation of the Price Index of Western Australian Produced Hardwoods, because of the limited number of producers and the small volumes sold, the ABS does not release the index numbers.

<i>Period</i>	<i>Index number(a)</i>	<i>% change from corresponding quarter of previous year</i>	<i>% change from previous period</i>
ALL HARDWOODS			
1996-97	108.0	...	-1.5
1997-98	107.3	...	-0.6
1998-99	105.6	...	-1.6
1998			
December	105.1	-2.5	-0.8
1999			
March	105.7	-1.0	0.6
June	105.5	-0.2	-0.3
September	108.0	2.0	2.4
December	112.4	6.9	4.1
2000			
March	116.5	10.2	3.6
GREEN JARRAH			
1996-97	107.8	...	-0.6
1997-98	105.4	...	-2.2
1998-99	101.4	...	-3.8
1998			
December	100.6	-5.8	-3.5
1999			
March	100.5	-4.5	-0.1
June	100.5	-2.6	0.0
September	101.9	-2.2	1.4
December	108.7	8.1	6.7
2000			
March	112.4	11.8	3.4
GREEN KARRI			
1996-97	101.6	...	-3.9
1997-98	98.7	...	-2.9
1998-99	95.0	...	-3.7
1998			
December	94.5	-5.7	-2.1
1999			
March	94.8	-2.5	0.3
June	94.3	-2.1	-0.5
September	96.0	-0.5	1.8
December	102.6	8.6	6.9
2000			
March	107.9	13.8	5.2
DRY JARRAH			
1996-97	113.0	...	-0.4
1997-98	114.7	...	1.5
1998-99	115.8	...	1.0
1998			
December	115.6	1.3	1.4
1999			
March	116.8	1.8	1.0
June	116.6	2.0	-0.2
September	120.5	5.7	3.3
December	120.9	4.6	0.3
2000			
March	124.6	6.7	3.1

(a) Base Index 1992-93 = 100.0

EXPLANATORY NOTES

INTRODUCTION

1 This publication presents index numbers measuring changes in prices for sawn timber produced from Western Australian produced hardwoods. They are calculated on the reference base 1992–93 = 100.0

SCOPE

2 The scope of the index is Western Australian produced sawn hardwood timber sold by Western Australian mills and merchants within Western Australia, interstate and overseas. Timber used for veneer, woodchips, particle board and posts and poles is not included.

ITEMS AND WEIGHTS

3 The indexes are fixed weight indexes. For the period prior to March quarter 1997, the items included in the index were selected and allocated value weights on the basis of sawn timber sold during 1992–93 to final users in Western Australia and merchants interstate and overseas. From March quarter 1997, the items included in the index and their value weights were based on sawn timber sold during 1995–96 valued at December 1996 prices.

4 Many of the selected items carry not only the weight of directly priced timbers, but also the weight of other timbers whose prices are considered to move similarly to those of the directly priced timbers.

COMPOSITION AND WEIGHTING IN REFERENCE YEAR 1995–96

Contribution	
Item	%
Green jarrah	27
Green karri	27
Dry jarrah	44
Dry karri	2
Total	100

PRICE MEASUREMENT

5 Most prices used in these indexes related to the mid-point of each month of the quarter up until the June quarter 1997. From the September quarter 1997 prices relate to the mid-point of the quarter. Prices are obtained from a representative sample of sawmills and timber merchants (including exporters). The point of pricing is the last sale before final use; handling and delivery costs are included for local sales, if incorporated in the merchant's or sawmill's price. For example, the price of timber sold to builders is the delivered on site price. Interstate sales are normally priced ex-mill and for exports, the price is generally free on board (fob).

6 As far as possible, actual transaction prices are used in the indexes. These are the prices *actually* paid by builders, joinery workshops, furniture manufacturers and other purchasers of the timber. The actual price paid can be described in various ways. For example, a price for a sawmill's or merchant's product may be described in terms of the components that make up the price, such as 'list price less (particular types of) discount'. It is these *net* prices that buyers pay to sellers that the ABS aims to use in compiling these price indexes.

7 Price series relate to goods of fixed specifications with the aim of incorporating in the index, price changes for representative articles of constant

quality (eg. size, dimensions, stress grade). Consistent with this approach, prices in general relate to a standard representative set of transactions (in terms of quantity, delivery arrangements, destination, etc.) in order to avoid variations in price that are attributable solely to a changing mix of transactions over time.

INDEX NUMBERS

8 The index numbers for financial years are simple averages of the relevant quarterly index numbers.

REVISIONS

9 Index numbers for the current quarter and the previous quarter are preliminary and subject to revision. From time to time, index numbers for earlier periods may also be revised. This will occur whenever the ABS obtains more complete information or discovers that incorrect prices have been used.

ANALYSIS OF INDEX CHANGE

10 Care should be exercised when interpreting quarter-to-quarter movements in the indexes as short term movements do not necessarily indicate changes in trend.

11 Movements in indexes from one period to another can be expressed either as changes in 'index points' or as percentage changes. The following example illustrates the method of calculating index points changes and percentage changes between any two periods.

DRY
JARRAH

	December quarter 1999	120.9
<i>minus</i>	September quarter 1999	<u>120.5</u>
<i>equals</i>	Change in index points	0.4
	Change in index points x 100	<u>0.4 x 100</u>
<i>divided by</i>	September quarter 1999	120.5
<i>equals</i>	Percentage change	0.3

RELATED PUBLICATIONS

12 Users may also wish to refer to the following publications which are available from ABS Bookshops.

- Consumer Price Index, Eight Capital Cities (6401.0)
- House Price Index (6416.0)
- Building Approvals, Western Australia (8731.5)
- Building Activity, Western Australia (8752.5)

13 Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (1101.0). The ABS also issues, twice weekly, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The catalogue and release advice are available from ABS offices.

UNPUBLISHED STATISTICS

14 As well as the statistics included in this and related publications, the ABS may have other relevant unpublished data available. Inquiries should be made to (08) 9360 5147 or to any ABS office.

FOR MORE INFORMATION...

- INTERNET** www.abs.gov.au the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
- LIBRARY** A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
- CPI INFOLINE** For current and historical Consumer Price Index data, call 1902 981 074 (call cost 75c per minute).
- DIAL-A-STATISTIC** For the latest figures for National Accounts, Balance of Payments, Labour Force, Average Weekly Earnings, Estimated Resident Population and the Consumer Price Index call 1900 986 400 (call cost 75c per minute).

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