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Reference  
NOT FOR LOAN

23 APR 1998

**March quarter 1998  
Consumer Price Index:  
Effect of Change in  
Prices of Imported Items**

## EFFECT OF CHANGES IN PRICE OF IMPORTED ITEMS

1. This statement provides information on the price movements of wholly or predominantly imported items included in the Consumer Price Index (CPI) together with information about their effect on the CPI as a whole. The information is presented in index number and time series format.

2. In calculating these estimates, the approach has been to identify those items which, when priced for inclusion in the CPI, were ascertained as being wholly or predominantly imported and then to calculate the price changes for these items regardless of the causes of the price changes. The contribution of these items to the All Groups index (and to the total movement in the All Groups index) in each quarter was then calculated.

3. For the purpose of these estimates, items produced partly from imported materials, such as cigarettes, clothing and drapery (excluding sheets) and petrol, have NOT been included in the category "predominantly imported" because:

a) there is a substantial amount of value added in Australia

b) the finished goods are produced from a mixture of imported and home produced materials and the ABS is unable to assess the relative contribution of the components to any retail price changes.

4. These estimates are NOT estimates of the effects on the CPI of changes in exchange rates. It is not possible to estimate the effect of changes in exchange rates for most of the items in the CPI because:

a) the ABS does not in general obtain information which permits any dissection of price movements into those attributable to change in exchange rates and those attributable to other factors such as changes in retailers' (or other) margins, increases in overseas prices of imported goods, changes in indirect taxes etc.

b) the ABS has no means of identifying other possible effects of exchange rate variations, eg higher prices for locally manufactured goods arising from higher prices for raw materials; or increases in domestic prices reflecting higher export prices; or changes in prices of home produced goods which are competitive with imported goods.

**TABLE 1. INDEX NUMBERS: WEIGHTED AVERAGE OF EIGHT CAPITAL CITIES**  
(Base of each index: 1989-90 = 100.0)

	Imported items				Total	Non-imported items			All Groups
	Goods			Holiday travel & accommodation overseas		Goods	Services	Total	
	Motor vehicles	Other goods	Total goods						
1993									
September	117.9	104.9	107.6	96.6	106.4	113.2	106.1	110.3	109.8
December	119.4	105.5	108.4	103.7	107.7	113.6	105.8	110.5	110.0
1994									
March	121.2	105.5	108.6	97.8	107.4	114.1	106.3	110.9	110.4
June	120.2	106.4	109.2	101.9	108.4	114.9	106.9	111.7	111.2
September	128.8	105.3	109.4	101.9	108.6	115.5	107.9	112.4	111.9
December	130.3	106.7	110.8	103.4	110.1	115.7	109.7	113.3	112.8
1995									
March	129.4	107.3	110.8	99.9	109.7	116.8	112.9	115.2	114.7
June	132.1	107.1	111.1	104.9	110.4	118.1	114.5	116.6	116.2
September	135.2	107.2	111.2	105.0	110.6	120.0	115.6	118.0	117.6
December	134.2	107.6	111.4	105.3	110.8	120.7	116.9	118.9	118.5
1996									
March	132.8	107.6	111.3	105.6	110.7	121.1	117.6	119.5	119.0
June	131.7	108.3	111.7	105.3	111.0	122.5	117.8	120.3	119.8
September	128.8	107.9	110.9	105.1	110.3	122.8	118.3	120.8	120.1
December	126.3	108.2	110.8	103.7	110.1	123.7	117.9	121.1	120.3
1997									
March	122.1	108.0	110.1	99.1	108.8	125.1	118.0	121.7	120.5
June	119.8	108.1	109.8	102.9	108.9	125.2	116.9	121.3	120.2
September	118.5	107.7	109.2	105.0	108.6	125.0	116.1	120.8	119.7
December	112.0	107.5	107.9	104.2	107.4	125.8	116.2	121.3	120.0
1998									
March	115.5	107.6	108.5	101.0	107.6	125.8	116.9	121.7	120.3

**TABLE 2. PERCENTAGE CHANGE FROM PREVIOUS QUARTER**

	Imported items					Non-imported items			All Groups
	Goods			Holiday travel & accommodation overseas	Total	Goods	Services	Total	
	Motor vehicles	Other goods	Total goods						
1993									
September	2.5	-0.1	0.5	0.5	0.5	0.6	0.0	0.4	0.5
December	1.3	0.6	0.7	7.3	1.2	0.4	-0.3	0.2	0.2
1994									
March	1.5	0.0	0.2	-5.7	-0.3	0.4	0.5	0.4	0.4
June	-0.8	0.9	0.6	4.2	0.9	0.7	0.6	0.7	0.7
September	7.2	-1.0	0.2	0.0	0.2	0.5	0.9	0.6	0.6
December	1.2	1.3	1.3	1.5	1.4	0.2	1.7	0.8	0.8
1995									
March	-0.7	0.6	0.0	-3.4	-0.4	1.0	2.9	1.7	1.7
June	2.1	-0.2	0.3	5.0	0.6	1.2	1.4	1.3	1.3
September	2.3	0.1	0.1	0.1	0.2	1.6	1.0	1.2	1.2
December	-0.7	0.4	0.2	0.3	0.2	0.6	1.1	0.8	0.8
1996									
March	-1.0	0.0	-0.1	0.3	-0.1	0.3	0.6	0.5	0.4
June	-0.8	0.7	0.4	-0.3	0.3	1.2	0.2	0.7	0.7
September	-2.2	-0.4	-0.7	-0.2	-0.6	0.2	0.4	0.4	0.3
December	-1.9	0.3	-0.1	-1.3	-0.2	0.7	-0.3	0.2	0.2
1997									
March	-3.3	-0.2	-0.6	-4.4	-1.2	1.1	0.1	0.5	0.2
June	-1.9	0.1	-0.3	3.8	0.1	0.1	-0.9	-0.3	-0.2
September	-1.1	-0.4	-0.5	2.0	-0.3	-0.2	-0.7	-0.4	-0.4
December	-5.5	-0.2	-1.2	-0.8	-1.1	0.6	0.1	0.4	0.3
1998									
March	3.1	0.1	0.6	-3.1	0.2	0.0	0.6	0.3	0.3

TABLE 3. PERCENTAGE CONTRIBUTION TO ALL GROUPS INDEX(a)

	Imported items					Non-imported items			All Groups
	Goods			Holiday travel & accommodation overseas	Total	Goods	Services	Total	
	Motor vehicles	Other goods	Total goods						
1993									
September	1.5	6.2	7.7	0.7	8.4	54.5	37.1	91.6	100.0
December	1.5	6.3	7.7	0.7	8.5	54.5	36.9	91.5	100.0
1994									
March	1.5	6.3	7.7	0.7	8.4	54.6	37.0	91.6	100.0
June	1.5	6.2	7.7	0.7	8.5	54.6	36.9	91.5	100.0
September	1.6	6.2	7.8	0.7	8.5	54.5	37.1	91.6	100.0
December	1.6	6.6	8.2	0.5	8.8	53.8	37.5	91.2	100.0
1995									
March	1.6	6.9	8.5	0.6	9.1	52.7	38.3	90.9	100.0
June	1.6	6.8	8.4	0.6	9.0	52.6	38.4	91.0	100.0
September	1.6	7.5	9.1	0.6	9.7	52.0	38.3	90.4	100.0
December	1.6	7.4	9.0	0.6	9.6	51.9	38.5	90.4	100.0
1996									
March	1.5	7.4	8.9	0.6	9.5	52.0	38.5	90.5	100.0
June	1.5	7.4	8.9	0.6	9.4	52.2	38.3	90.6	100.0
September	1.5	7.3	8.8	0.6	9.4	52.2	38.4	90.6	100.0
December	1.5	7.5	8.9	1.1	10.0	52.3	37.6	90.0	100.0
1997									
March	1.9	7.5	9.4	1.0	10.4	52.0	37.6	89.6	100.0
June	1.9	7.5	9.4	1.1	10.4	52.2	37.4	89.6	100.0
September	1.9	7.5	9.3	1.1	10.4	52.3	37.3	89.6	100.0
December	1.7	7.3	9.1	1.0	10.1	52.8	37.1	89.9	100.0
1998									
March	1.8	8.2	10.0	1.0	11.0	51.7	37.3	89.0	100.0

(a) Because the underlying weights associated with imported items are not fixed, the relative contributions of these items may change for reasons other than disparate price movements.

TABLE 4. DEBT PROFILE METHOD - PERCENTAGE CONTRIBUTION TO CHANGE (FROM PREVIOUS QUARTER) IN ALL GROUPS CPI

	Imported items					Non-imported items			All Groups
	Goods			Holiday travel & accommodation overseas	Total	Goods	Services	Total	
	Motor vehicles	Other goods	Total goods						
1993									
September	9.3	-0.1	9.3	0.9	10.2	93.7	-3.4	90.6	100.0
December	9.3	16.1	25.2	24.6	49.8	94.1	-43.5	50.0	100.0
1994									
March	5.8	-0.6	5.2	-11.4	-6.1	57.8	47.9	105.8	100.0
June	-1.8	8.1	6.4	4.3	10.6	59.8	29.6	89.7	100.0
September	12.0	1.8	13.8	0.0	13.8	36.2	49.7	85.9	100.0
December (a)	n.p	n.p	n.p	n.p	n.p	n.p	n.p	n.p	100.0
1995									
March	-0.6	26.6	26.0	4.1	30.2	-23.1	92.9	69.4	100.0
June	2.6	-0.8	1.8	2.7	4.5	51.6	44.5	96.2	100.0
September	3.2	67.0	70.2	0.0	70.3	-3.7	32.7	29.4	100.0
December	-1.5	3.6	2.0	0.3	2.3	39.6	58.0	97.2	100.0
1996									
March	-3.8	-13.6	-17.3	0.3	-16.9	63.8	55.5	119.7	100.0
June	-1.9	6.9	4.9	-0.2	4.5	86.8	7.7	94.2	100.0
September	-12.5	-10.1	-22.5	-0.4	-22.8	59.1	67.2	125.7	100.0
December	-13.6	9.1	-4.5	-4.5	-9.1	190.9	-77.3	113.6	100.0
1997									
March (a)	n.p	n.p	n.p	n.p	n.p	n.p	n.p	n.p	100.0
June	13.3	-3.3	10.0	-16.7	-3.3	-16.7	136.7	123.3	100.0
September	4.0	8.0	12.0	-4.0	6.0	22.0	62.0	82.0	100.0
December (a)	n.p	n.p	n.p	n.p	n.p	n.p	n.p	n.p	100.0
1998									
March	20.0	0.0	23.3	-10.0	10.0	10.0	83.3	93.3	100.0

(a) As a result of the relatively small or zero denominator underlying the values for these quarters, contributions to change are not published as they are not meaningful.

## **EFFECT OF CHANGES IN PETROL PRICES**

1. The All groups CPI, weighted average of eight capital cities, increased 0.3 per cent between December quarter 1997 and March quarter 1998. A fall in the price of petrol (-4.3%) contributed -0.20 percentage points to the total change in the All groups index.
2. The contribution of petrol to the total CPI was 5.36 All groups index points (+4.5%) in the March quarter 1998.
3. The figures shown in paragraphs 1 and 2 represent only the direct effects of petrol prices on the CPI, that is the effects of changes in retail prices of petrol purchased by households. They do not take into account possible effects on prices of other consumer goods resulting from changes in the cost of petrol used as fuel in manufacturing, transport, etc.
4. The 4.3 per cent fall in the price of petrol was the result of a small rise in October (+0.2%) and in November (+1.0%), a fall in December (-0.4%), then larger falls in January (-1.9%), in February (-2.6%) and again in March (-2.6%). Over the 12 months to March quarter 1998, the price of petrol has fallen 5.6 per cent.