SECTION VII.—WHOLESALE PRICES.

1. **General.**—The results of an investigation into wholesale prices in Melbourne were given in some detail in Report No. 1, from 1871 to the end of September, 1912. In this section summarised results are now included for the whole of the latter year.

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 nearly every case monthly prices were obtained, and arithmetic averages for the several years were computed. In regard, however, to a few commodities, such as coal, tea, cotton and wool, monthly prices were not available; yearly averages, based in each case upon expert opinion, 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.

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* 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 is taken

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

Commodity.	Brand.	Unit.	Mass Unit
GROUP I.			
Iron—			
Pig	M'x'd Nos	ton	6½
Rod & Bar	Stafford	,,	3½
Angle & T	,,	,,	3¼
Plate	,,	,,	3
Hoop	,,	,,	¼
Galvanized	26 gauge	,,	5
Tinn'd Plates	I C Coke	cwt.	60
Fencing Wire	No. 8	ton	6
Zinc, Sheet		,,	1
Lead, Sheet		,,	½
,, Pipes		,,	½
Copper Sheet		lb	2,000
Quicksilver		lb.	12
Coal	Newc'stle on Wharf	ton	600
		Total	2,702¼
GROUP II			
Branbags		doz.	110
Cornsacks		,,	250
Woolpacks		each	200
Leather, Kip		lb	1,070
,, Calf		,,	700
,, Basils		doz	25
Cotton	Raw	lb	24,000
Wool	Greasy	,,	12,200
Twine	Reaper & Binder	,,	150
Tallow	Mutton Prime	ton	1¾
		Total	38,706¾
GROUP III			
Wheat		bushel	500
Flour		ton	48
Bran		bushel	1,400
Pollard		,,	1,400
Oats	Feed	,,	1,200
Oatmeal	Colonial	ton	1½
Barley	Malting	bushel	150
,,	Feed	,,	100
Maize		,,	1,000
Hay	Best M'ng'r	ton	135
Chaff	Good oaten	,,	135
Straw	Victorian	,,	25
Peas		bushel	55
Potatoes		ton	40
Malt	Victorian	bushel	140
Onions		ton	3
		Total	6,332½
GROUP IV.			
Ham		lb.	800
Bacon		,,	3,200
Cheese		,,	1,500
Butter	Best Fresh	,,	9,500
Lard	In Bladders	,,	200
Eggs	Ordinary	doz	1,800
Honey		lb.	600
Beeswax		lb.	40
Condensed Milk	Bacchus Marsh	doz. lb.	160
		Total	17,800

Commodity	Brand	Unit	Mass Unit
GROUP V			
Currants		lb.	1,400
Raisins	Sultanas	,,	1,400
Herrings	1lb tins	doz 1 lb tins	50
Salmon	,,	,,	50
Sardines	Halves	doz halves	100
Coffee	Plantation	lb	200
Cocoa	Taylor's	,,	100
Sugar	No 1A	ton	22
Macaroni		lb	200
Sago		,,	800
Rice	Patna	ton	2
Salt	Liverpool fine	,,	7
Salt	Rock	,,	1
Mustard	Coleman's	doz 1 lb tins	6
Starch	Coleman's White	lb	100
Blue	Keen's	lb	50
Matches	Wooden Safety	gross	90
Candles	Gouda	lb	1,600
Tobacco	Two Seas in Po'ket Pcs	lb.	1,300
Tea		lb	3,000
Kerosene		gallon	1,700
		Total	12,178
GROUP VI.			
Beef	Average quality	100 lbs	390
Mutton	,,	lb.	33,000
Veal	,,	lb	2,000
Lamb	,,	each	200
Pork	,,	lb	3,700
		Total	39,290
GROUP VII.			
Timber :—	Flooring 6 x 1½	100 ft lin.	30
	,, 6 x ¾	,,	30
	,, 6 x ½	,,	30
	,, 6 x ¼	,,	30
	Weather-boards	,,	200
	Oregon	1,000 ft.sup	20
	Shelving	,,	10
Cement	Portland	cask	30
White Lead		ton	½
Slates	Welsh 20 x 10	1000	¼
		Total	381¼
GROUP VIII.			
Cream of Tartar	In Kegs	lb.	400
Carbonate of Soda		ton	¼
Saltpetre	Refined	,,	1/20
Sulphur		,,	¼
Caustic Soda		cwt	7
Alum	Lump	cwt	¼
Cyanide Potassium		lb	570
		Total	978 1/20

2. **Index-Numbers and Graphs.**—Index-numbers have been computed for each group of commodities, as well as for all groups together. The index-numbers for the several groups, and for all groups together, are shewn in the following table In regard to Group VI., it should be observed that reliable and uniform records as to prices of meat could not be obtained further back than 1890 (except for the years 1884 and 1885). Index-numbers were accordingly worked out for the full period since 1871 for the seven groups, *excluding* meat, and also for the period since 1890, for the eight groups, *including* meat. The figures shewn in the last column of the subjoined table for years prior to 1890 (except for 1884 and 1885) have, accordingly, been adjusted (on the basis of the results for succeeding years), so as to include meat.

(i.) *Table of Index-numbers.*—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 each 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 1170 in 1912. In other words, prices were lower in 1911 than in either 1871 or 1912, and the purchasing power of 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.

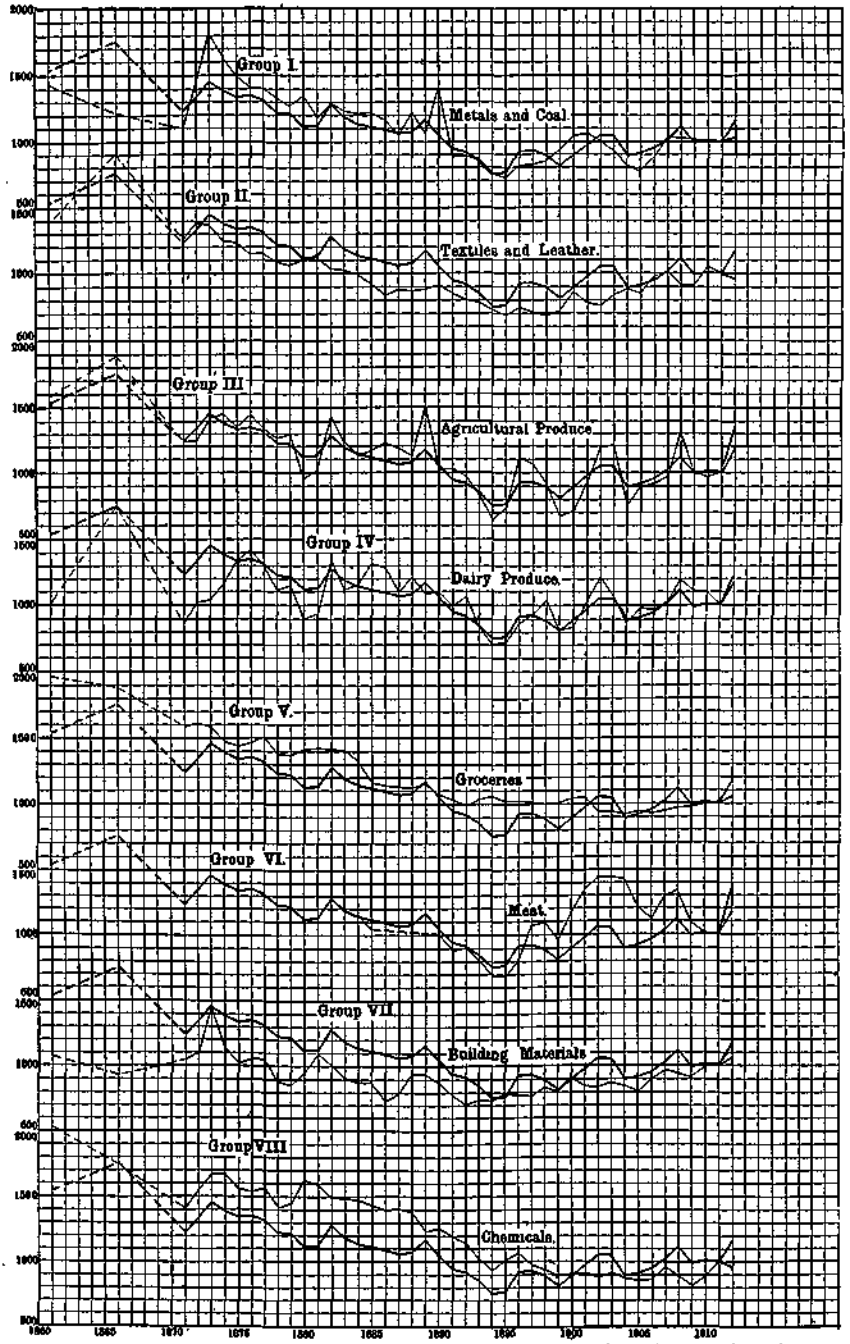
Melbourne Wholesale Prices, Index Numbers, 1861 to 1912, Computed to Year 1911 as Base.

YEAR.	I. Metals and Coal	II. Jute, Leather, &c.	III. Agricultural Produce, &c	IV. Dairy Produce.	V. Groceries.	VI. Meat.	VII. Building Materials.	VIII. Chemicals.	All commodities together.
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	**1,131**
1891 ..	895	847	1,024	995	1,032	838	780	1,194	**945**
1901 ..	1,061	774	928	1,029	1,048	1,345	841	917	**974**
1902 ..	1,007	756	1,102	1,215	945	1,447	837	881	**1,051**
1903 ..	923	834	1,209	1,059	936	1,443	875	921	**1,049**
1904 ..	821	885	754	876	916	1,427	845	875	**890**
1905 ..	772	850	894	980	942	1,209	801	859	**910**
1906 ..	882	978	916	972	933	1,110	896	804	**948**
1907 ..	1,037	1,017	973	1,020	948	1,294	963	961	**1,021**
1908 ..	1,033	901	1,312	1,198	968	1,335	935	891	**1,115**
1909 ..	1,014	907	1,000	1,119	978	1,088	911	815	**993**
1910 ..	1,004	1,052	969	1,100	999	1,008	996	808	**1,003**
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**

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

(ii.) *Graphs.*—The index-numbers are shewn for each group and for all groups combined in the graphs on page 63. The heavy line, repeated on each graph, represents the index-numbers for the weighted average for all groups, and is shewn so that comparison may be made between the price levels for all commodities and those for the com-

MELBOURNE WHOLESALE PRICE INDEX-NUMBERS, 1861 TO 1912.*



* Numbers for 1912 are based on the average prices for the first nine months only.

EXPLANATORY NOTE.—The scale for each graph is shewn by the figures on the left of the diagram, the line marked 1000 shewing the base line (for the year 1911) in each case. The heavy line in each graph represents the index-numbers for all groups combined, the light line indicating in each case the index-numbers for the separate group.

modities comprised in each group separately. The index-numbers for the individual groups are represented by the light lines. The broken lines at the commencement of each graph shew the index-numbers for the separate years, 1861 and 1866, the continuous records commencing with the year 1871. The actual index-numbers for the whole period were given in Report No. 1.

(iii.) *Seasonal Fluctuations in Wholesale Prices,* 1912.—In order to shew the seasonal fluctuations in wholesale prices, index-numbers have been computed for each quarter of the year 1912. These are shewn in the following table, the first line giving the index-numbers computed with the year 1911 as base, the second line with the average prices for the year 1912 as base. In the last line corresponding figures for cost of living (retail prices and house rents) have been included for comparative purposes.

Melbourne Wholesale Prices—Quarterly Index-Numbers, 1912.

Particulars	Jan to March	April to June	Feb. to Sept.	Oct. to Dec.	Whole Year.
Index-Numbers with 1911 as base (= 1,000) ..	1,065	1,165	1,227	1,202	1,170
Index-Numbers with average for 1912 as base (= 1,000)	910	996	1,049	1,027	1,000
Cost of Living Index-Numbers, with average for 1912 as base (= 1,000)	948	989	1,036	1,027	1,000

The first line of this table shows that, whereas prices in the first three months of the year were 6.5 per cent. higher than the average for 1911, by the third quarter they had risen to over 22 per cent. The last two lines shew that the seasonal fluctuations in wholesale price and cost of living index-numbers are similar in character, prices being lowest in the first quarter, and highest in the third. It may be seen, however, that the fluctuations are more marked in the case of wholesale prices, and this phenomenon is observed not only in regard to seasonal fluctuations, but also in movements from year to year, both in Australia and other countries.

4. **Table of Prices, 1912.**— In Appendix IV., particulars are given as to the average price of each commodity in the year 1912. Corresponding information for previous years, as far back as 1871, was given in Appendix VI. to Report No. 1.