

6410.5

Australian
Bureau of
Statistics

March 1996

Price Index of Western Australian Produced Hardwoods

ABS Catalogue No. 6410.5

EMBARGOED UNTIL 11.30 AM FRIDAY 3 MAY 1996

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

P.C. KELLY
Deputy Commonwealth Statistician
and Government Statistician

AUSTRALIAN BUREAU OF STATISTICS

CATALOGUE NO. 6410.5

INQUIRIES

- *for further information about these statistics, contact Penny Tap or Mike Carter on Perth 09 360 5142.*
 - *for information about other statistics and services, please refer to the back page of this publication.*
-

INTRODUCTION

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

SUMMARY OF FINDINGS

KEY FIGURES

	Index Number	Index Number	Percentage change.....
	Dec qtr 95	Mar qtr 96	Dec qtr 95 to Mar qtr 96
WA Produced Hardwoods	110.3	109.3	-0.9
Green Jarrah Produced	108.8	108.5	-0.2
Green Karri Produced	107.2	104.6	-2.4
Dry Jarrah Produced	113.8	113.7	-0.1

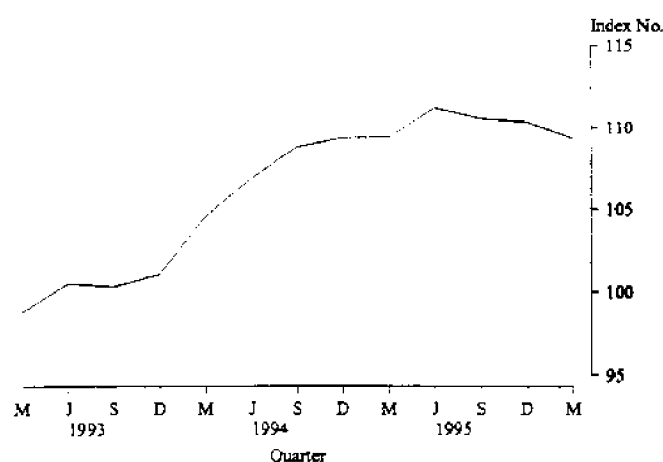
For the year ended March quarter 1996 the WAPHI decreased 0.1%.

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS (WAPHI)

In September and December quarters 1995, prices for Western Australian hardwoods either remained stable or fell. The March quarter 1996 is the first quarter where prices for all timber contributing to the current index series have decreased. A major influence is the decline in the number of housing commencements in 1995, resulting in a more competitive market.

The graph below depicts the quarterly index numbers for the WAPHI

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

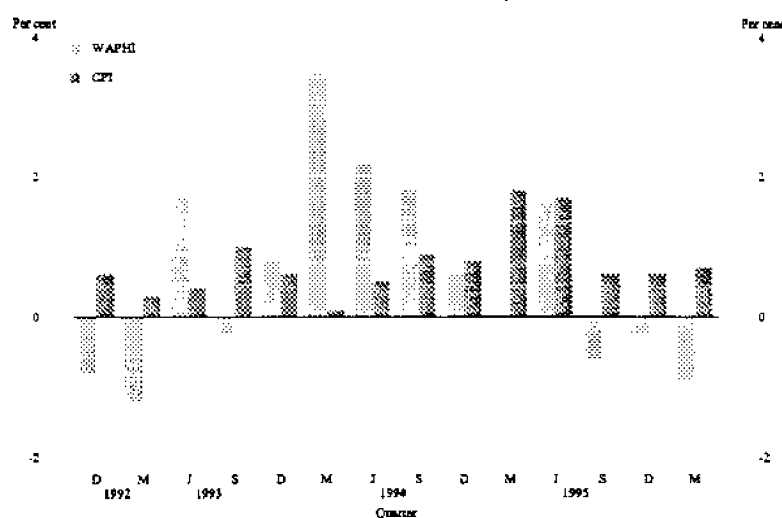


For the 12 months ending March quarter 1996, the index has decreased by 0.1%. Price increases were introduced for all timbers, especially dry jarrah, which were reflected in the relevant indexes in June quarter 1995 but these increases have since been negated by decreases in price across the board.

By comparison, the increase in the Consumer Price Index (CPI), Perth, All Groups from the March quarter 1995 to the March quarter 1996 was 3.6%.

The graph below shows a comparison between the percentage changes for WAPHI and the CPI. WAPHI and CPI movements are not similar because of the different market forces affecting them.

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS AND CONSUMER PRICE INDEX, PERTH



PRICE INDEXES OF GREEN JARRAH PRODUCED AND GREEN KARRI PRODUCED

The indexes for green jarrah and green karri have both fallen during the period December quarter 1995 to March quarter 1996; green jarrah by 0.2% and green karri by 2.4%.

The major demand for green jarrah and green karri is for structural timber for roofing in house construction in Perth. The graph on page 3 shows the changes in the number of house commencements in Perth and movements in the prices of green jarrah and green karri.

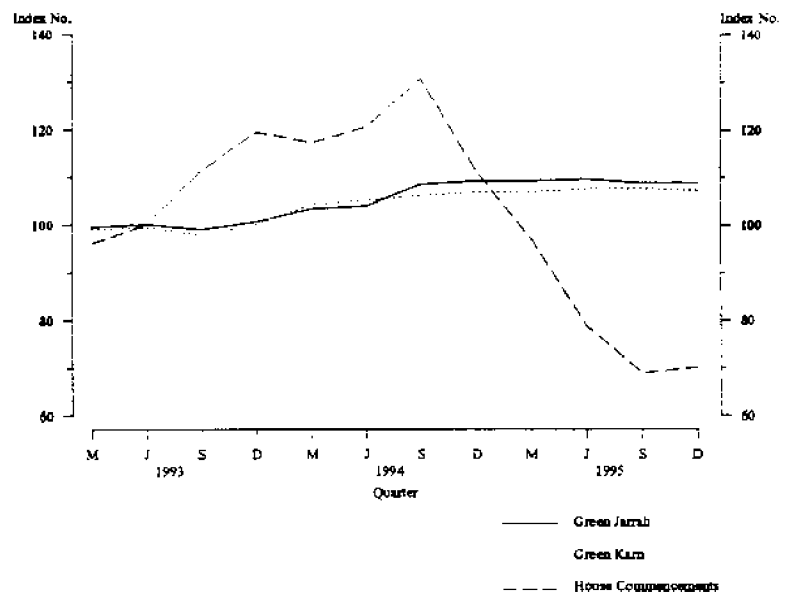
A peak in house commencements occurred in September quarter 1994 followed by a significant decline until December quarter 1995 when the number of house commencements rose 1.9%. In the 12 months between December quarter 1994 and December quarter 1995 the index of house commencements has decreased by 37%.

Another significant use of green hardwoods in Western Australia is for railway sleepers and crossing timber.

Exports of green hardwoods are mainly to Europe and include structural timber as well as sleepers and crossing timbers.

The graph below also illustrates the normally close price relationship between green jarrah and green karri. 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. However, prices for interstate sales and exports of green jarrah and green karri are sometimes independently determined and this can affect the normally close correlation of price movements for green jarrah and green karri.

**PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI, WESTERN AUSTRALIA AND INDEX OF HOUSE COMMENCEMENTS
PERTH STATISTICAL DIVISION.
BASE OF EACH INDEX : 1992-93 = 100.0**



PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah fell 0.1% between December quarter 1995 and March quarter 1996. For the year ended March quarter 1996 the index has shown an increase of 2.6%. This was caused by a price increase of 4% between March quarter 1995 and June quarter 1995 which was followed by a price decrease of 1.2% in September quarter 1995 and no movement in December quarter 1995.

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 sales, the ABS does not release the index numbers.

1

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

Period	Index number	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	103.3	3.3	..
1994-95	109.7	6.2	..
Quarters			
1994-95			
September	108.8	1.8	8.5
December	109.4	0.8	8.2
March	109.4	0.0	4.6
June	111.2	1.6	4.0
1995-96			
September	110.5	-0.6	1.6
December	110.3	-0.2	0.8
March	109.3	-0.9	-0.1

2

PRICE INDEX OF GREEN JARRAH PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	101.8	1.8	..
1994-95	109.2	7.3	..
Quarters			
1994-95			
September	108.5	4.2	9.6
December	109.3	0.7	8.5
March	109.3	0.0	5.6
June	109.6	0.3	5.3
1995-96			
September	108.8	-0.7	0.3
December	108.8	0.0	-0.5
March	108.5	-0.2	-0.7

¹Base of index 1992-93 = 100.0

3

PRICE INDEX OF GREEN KARRI PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	101.9	1.9	..
1994-95	107.0	5.0	..
Quarters			
1994-95			
September	106.2	0.9	8.6
December	107.0	0.8	5.9
March	107.0	0.0	2.5
June	107.6	0.6	2.2
1995-96			
September	107.6	0.0	1.3
December	107.2	-0.4	0.2
March	104.6	-2.4	-2.2
¹ Base of index 1992-93 = 100.0			

4

PRICE INDEX OF DRY JARRAH PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year			
1992-93	100.0
1993-94	105.8	5.8	..
1994-95	112.0	5.9	..
Quarters			
1994-95			
September	111.0	0.0	6.8
December	111.0	0.0	8.4
March	110.8	-0.2	4.8
June	115.2	4.0	3.8
1995-96			
September	113.8	-1.2	2.5
December	113.8	0.0	2.5
March	113.7	-0.1	2.6
¹ Base of 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 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 weights indexes. 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 or overseas.

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.

**PRICE INDEX OF WEST AUSTRALIAN PRODUCED HARDWOODS
COMPOSITION AND WEIGHTING IN REFERENCE YEAR 1992-93**

Item	Percentage contribution
Green jarrah	33.0
Green kam	33.0
Dry jarrah	30.0
Dry kam	4.0
Total	100.0

PRICE MEASUREMENT

5 Most prices used in these indexes relate to the mid-point of each month for the quarter. Prices are obtained from a representative sample of sawmillers 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 sawmiller'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 sawmiller'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 CHANGES

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:

Price Index Of West Australian Produced Hardwoods

December quarter 1995	110.3
March quarter 1996	109.3
Change in index points	-1.0
Percentage change	$\frac{-1.0}{110.3} \times 100 = -0.9\%$

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)
- Dwelling Unit Commencements (8741.5)
- 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 Penny Tap or Mike Carter on (09) 360 5112 or to any ABS office.

SYMBOLS AND OTHER USAGES

.. not applicable
r revised

For more information...

The ABS publishes a wide range of information on Australia's economic and social conditions. Details of what is available in various publications and other products can be found in the *ABS Catalogue of Publications and Products* which is available from any of our Offices (see below for contact details).

ABS Products and Services

Many standard products are available from ABS Bookshops located in each State and Territory. In addition to these products, information tailored to special needs of clients or in-depth data investigations can be obtained on a wide range of media by contacting the ABS Information Consultancy Services in your nearest ABS office.

National Dial-a-Statistic Line

0055 86 400

(Steadycom P/L premium rate 25c/21.4 secs.)

This number gives 24 hours access, 365 days a year for a range of important economic statistics, including the CPI.

Internet

<http://www.statistics.gov.au>

A wide range of ABS information is available via the Internet, with basic statistics available for each State, Territory and Australia. We also have Key National Indicators, ABS product release details and other information of general interest.

Bookshops and Subscriptions

There are now over 500 titles available from the ABS Bookshops in each of our Offices. The ABS also provides a subscription mailing service through which nominated publications are provided by mail at no additional cost. (Telephone Publications Subscription Service toll free on 008 02 0608 Australia wide).

Sales and Inquiries

Regional Offices

SYDNEY
MELBOURNE
BRISBANE
PERTH
ADELAIDE
HOBART
CANBERRA
DARWIN
National Office
ACT

Information Enquiries

(02) 268 4611
(03) 9615 7000
(07) 3222 6531
(09) 360 5140
(08) 237 7100
(002) 20 5800
(06) 207 0326
(089) 43 2111

Bookshop Sales

268 4620
9615 7829
3222 6350
360 5140
237 7582
20 5800
207 0326
43 2111

(06) 252 6007

008 020 608



Information Services, Exchange Plaza,
2 The Esplanade, Perth WA 6000.
or any ABS Office

