

December 1995



Price Index of Western Australian Produced Hardwoods



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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 all Western Australian 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

	Percentage change.....	
	Sep qtr 95 to Dec qtr 95	Dec qtr 94 to Dec qtr 95
Price index of WA Produced Hardwoods	-0.2	0.8
Price index of Green Jarrah Produced	0.0	-0.5
Price index of Green Karri Produced	-0.4	0.2
Price index of Dry Jarrah Produced	0.0	2.5

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS (WAPHI)

From the September quarter 1995 to the December quarter 1995, the index of Western Australian Produced Hardwoods decreased by 0.2%. The price of green and dry jarrah remained stable over this period while green karri prices decreased.

This is the second consecutive quarter where prices for Western Australian hardwoods have either remained the same or fallen. A major influence is the decline in the number of housing commencements in 1995, resulting in a more competitive market.

For the 12 months ending December quarter 1995, the index increased by 0.8% mainly reflecting the increase in the price of dry jarrah earlier in the year. Green karri also showed an increase in price while green jarrah prices have fallen slightly over the 12 month period.

By comparison, the increase in the Consumer Price Index (CPI), Perth, All Groups from the December quarter 1994 to the December quarter 1995 was 4.8%.

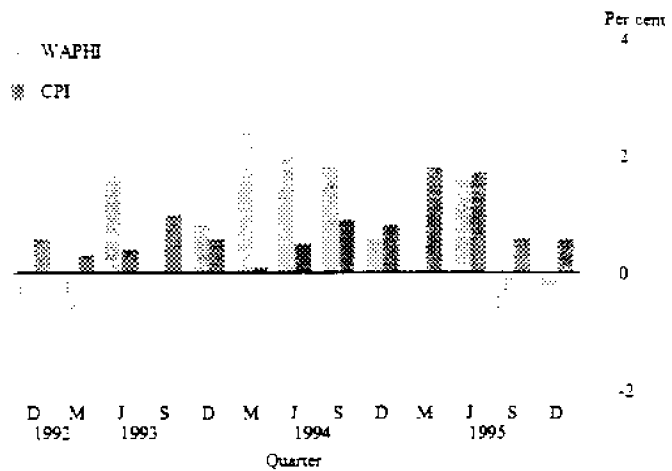
WAPHI and CPI movements are not similar because of the different market forces affecting them.

INQUIRIES

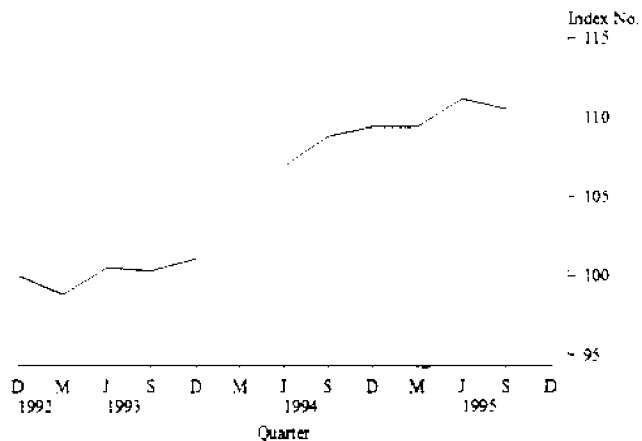
- for further information about these statistics, contact Penny Tap on Perth 09 360 5112.
- for information about other statistics and services, please refer to the back page of this publication.

The graphs below and Table 1 depict the quarterly index numbers and percentage changes for WAPHI including comparisons with the CPI and new house commencements in Perth. A resume of the factors affecting prices, and therefore the index numbers for individual timbers, is contained in the commentary on each of the timbers.

**PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS
AND CONSUMER PRICE INDEX, PERTH
Quarterly Percentage Change**



**PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS
Base: 1992-93 = 100.0**



PRICE INDEXES OF GREEN JARRAH PRODUCED AND GREEN KARRI PRODUCED

The price of green jarrah has remained stable during the period September quarter 1995 to December quarter 1995 while green karri has decreased in price over this period (-0.4%).

The major demand for green jarrah and green karri is for structural timber for roofing in house construction in Perth. Consequently, movements in the prices for green jarrah and green karri timbers can be influenced by changes in the level of demand for new houses in the Perth Statistical Division.

The graph below shows the changes in the number of house commencements in Perth and movements in the prices of green jarrah and green karri.

The number of house commencements increased from March quarter 1993 to a peak in September quarter 1994. A significant drop occurred in December quarter 1994 and the decline has continued through to September quarter 1995. For the 12 months ending September quarter 1995 house commencements have decreased by 47.3%.

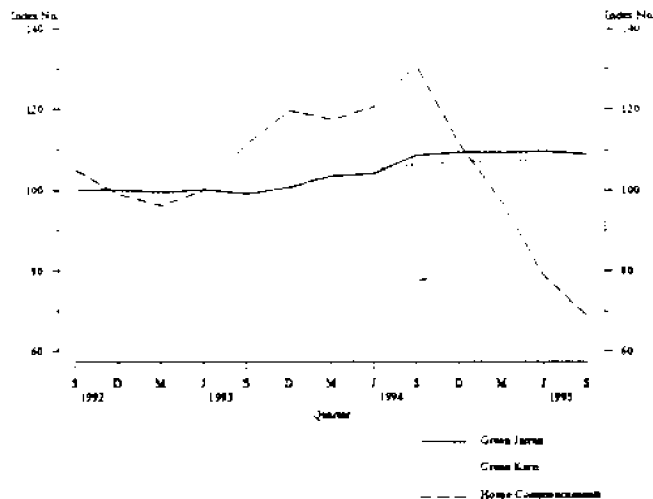
Another significant use of green hardwoods in Western Australia is for railway sleepers and crossing timber.

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 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 price of dry jarrah in the December quarter 1995 has remained unchanged from the previous quarter. For the year ended December quarter 1995 the price of dry jarrah has increased 2.5%.

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 ¹	% 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	0.6	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

¹Base of index 1992-93 = 100.0

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

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	8.5
December	107.0	0.8	6.9
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

¹Base 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

¹Base 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 1994	109.4
December quarter 1995	110.3
Change in index points	0.9
Percentage change	$\frac{0.9}{109.4} \times 100 = 0.8\%$

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 on (09) 360 5112 or to any ABS office.

SYMBOLS AND OTHER USAGES

.. not applicable
r revised

