

**PRICE INDEXES OF MATERIALS USED
IN MANUFACTURING INDUSTRIES AUSTRALIA**

EMBARGOED UNTIL 11:30AM THURS 15 AUGUST 1996

JUNE KEY FIGURES

	<i>% change May 96 to Jun 96</i>	<i>% change Jun 95 to Jun 96</i>
Manufacturing Division	-0.5	-5.3
Imported materials	-1.7	-7.8
Home produced materials	0.3	-3.8

JUNE KEY POINTS

MANUFACTURING DIVISION INDEX

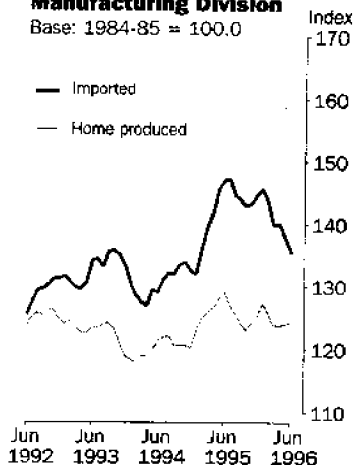
- Price falls for imported materials and locally sourced metal concentrates were mainly responsible for the decrease in the Manufacturing division index.
- A further strengthening in the value of the Australian dollar against the Japanese yen was the main contributor to price decreases for imported materials.
- Price increases for sheep and other agricultural products partly offset the overall decrease in the index.

MAJOR MOVEMENTS

- Prices of imported motor vehicle parts and equipment fell mainly due to exchange rate movements.
- Imported woodpulp prices decreased due to lower world market prices.
- Crude petroleum prices fell.
- Lower world prices resulted in prices falls for copper, silver, lead and zinc concentrates.
- Sheep prices rose due to reduced supply.

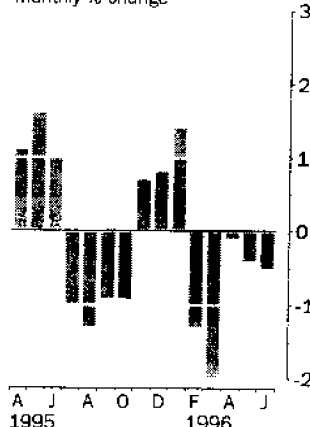
Manufacturing Division

Base: 1984-85 = 100.0



Manufacturing Division

Monthly % change



INQUIRIES

- For further information about these and related statistics, contact Mark Dickson on 06 252 5541, or any ABS Office.

PRICE INDEX NOTES

FORTHCOMING ISSUES

<i>ISSUE</i>	<i>RELEASE DATE</i>
July 1996	17 September 1996
August 1996	17 October 1996
September 1996	15 November 1996

.....

FORTHCOMING CHANGES

The ABS has completed a review of the Price Indexes of Materials Used in Manufacturing. As a result of the review and the adoption of a new industrial classification the index structure and weighting pattern used to compile the index will change.

From the July 1996 issue, the content and format of this publication will alter to reflect the outcomes of the review. The reference base will also be updated from 1984-85 = 100.0 to 1989-90 = 100.0.

A note outlining the changes which will occur to the publication has been prepared and sent to subscribers. Should you wish to obtain a copy of this note please contact Mark Dickson on 06 252 5541.

.....

W. McLennan
Australian Statistician

MANUFACTURING DIVISION INDEX¹

SOURCE OF MATERIALS.....

<i>Period</i>	<i>Manufacturing Division</i>	<i>Imported materials</i>	<i>Home produced materials</i>
1993-94	124.6	131.7	120.9
1994-95	128.1	136.5	123.7
1995-96	131.0	142.5	124.9
1995			
April	131.9	141.9	126.6
May	134.0	145.5	128.0
June	135.4	147.1	129.2
July	134.0	147.1	127.1
August	132.3	144.7	125.7
September	131.1	143.9	124.3
October	129.9	142.8	123.1
November	130.8	143.4	124.2
December	131.9	144.8	125.2
1996			
January	133.8	145.6	127.5
February	132.0	143.6	125.9
March	129.4	139.9	123.9
April	129.3	140.0	123.7
May	128.8	138.0	123.9
June	128.2	135.6	124.3

¹ Base of each index: 1984-85 = 100.0

MANUFACTURING DIVISION INDEX, Percentage changes

SOURCE OF MATERIALS.....

Period *Manufacturing Division* *Imported materials* *Home produced materials*

PERCENTAGE CHANGE (from previous year)

1993-94	-1.6	0.8	-3.0
1994-95	2.8	3.6	2.3
1995-96	2.3	4.4	1.0

PERCENTAGE CHANGE (from corresponding month of previous year)

1995			
April	8.4	11.7	6.5
May	8.8	12.4	6.8
June	9.2	13.9	6.5
July	7.1	12.2	4.3
August	5.3	9.5	2.9
September	5.2	8.9	3.0
October	3.8	6.9	2.1
November	4.4	7.0	3.0
December	5.9	9.2	4.1
1996			
January	6.1	10.2	3.7
February	2.4	5.6	0.6
March	-0.8	0.4	-1.5
April	-2.0	-1.3	-2.3
May	-3.9	-5.2	-3.2
June	-5.3	-7.8	-3.8

PERCENTAGE CHANGE (from previous month)

1995			
April	1.1	1.8	0.6
May	1.6	2.5	1.1
June	1.0	1.1	0.9
July	-1.0	0.0	-1.6
August	-1.3	-1.6	-1.1
September	-0.9	-0.6	-1.1
October	-0.9	-0.8	-1.0
November	0.7	0.4	0.9
December	0.8	1.0	0.8
1996			
January	1.4	0.6	1.8
February	-1.3	-1.4	-1.3
March	-2.0	-2.6	-1.6
April	-0.1	0.1	-0.2
May	-0.4	-1.4	0.2
June	-0.5	-1.7	0.3

MANUFACTURING DIVISION INDEX, Contribution of Categories of Materials¹

Category	May 1996	June 1996	Change
Manufacturing Division	128.8	128.2	-0.6
IMPORTED MATERIALS: Contribution to Manufacturing Division Index (index points)			
All imported materials	47.67	46.84	-0.83
Crude petroleum and condensates	4.07	3.94	-0.13
Textile fibres, yarns and fabrics	6.07	6.05	-0.02
Pulp, paper and materials made of paper	3.71	3.47	-0.24
Chemicals and chemical based materials	10.55	10.39	-0.16
Basic iron and steel	2.87	2.84	-0.03
Components for machinery and equipment	10.05	9.82	-0.23
Other imported materials	10.35	10.33	-0.02
HOME PRODUCED MATERIALS: Contribution to Manufacturing Division Index (index points)			
All home produced materials	81.10	81.37	0.27
Live animals	15.69	15.88	0.19
Other agricultural materials	19.80	20.11	0.31
Hardwood and softwood logs	1.96	1.95	-0.01
Fish, prawns and lobsters	1.68	1.86	0.18
Metal ores and concentrates	10.45	10.08	-0.37
Coal, crude petroleum and gas	20.30	20.23	-0.07
Electricity	5.81	5.79	-0.02
Other home produced materials	5.41	5.47	0.06

¹ For an explanation of this table see paragraph 16 of the Explanatory Notes

MANUFACTURING DIVISION INDEX, Selected Categories of Imported Materials¹

Period	Agricultural materials	Crude petroleum and condensates	Mining materials	Textile fibres, yarns and fabrics	Pulp, paper and materials made of paper	Chemicals and chemical based materials	Basic iron and steel	Components for machinery and equipment	Manufactured materials	All imported materials
1993-94	92.7	57.2	63.1	152.6	121.8	162.9	123.3	178.4	154.4	131.7
1994-95	128.1	59.6	65.4	159.6	124.5	174.9	125.0	177.6	158.5	136.5
1995-96	121.7	60.0	66.7	163.9	151.8	193.0	132.2	174.5	166.4	142.5
1995										
April	144.5	61.3	67.3	162.6	128.6	187.9	126.7	182.5	164.4	141.9
May	143.5	65.4	71.1	166.8	130.8	192.4	127.4	187.3	168.2	145.5
June	146.3	65.1	70.6	188.0	136.9	196.4	128.0	188.2	170.4	147.1
July	137.8	60.5	66.7	166.9	144.9	200.2	128.3	188.7	171.9	147.1
August	131.6	57.1	63.5	165.0	151.3	198.0	127.5	184.6	169.9	144.7
September	125.2	57.6	64.8	165.3	156.4	199.1	126.6	178.9	168.8	143.9
October	120.4	56.6	63.9	164.2	156.8	194.5	133.6	176.8	167.8	142.8
November	123.4	56.8	64.2	164.2	158.8	195.7	134.3	175.8	168.4	143.4
December	124.2	60.3	67.1	166.1	158.9	197.3	135.4	176.0	169.4	144.8
1996										
January	121.4	65.2	71.4	165.2	158.1	198.7	135.4	174.7	169.3	145.6
February	121.6	61.4	67.9	164.1	159.6	193.6	135.3	173.6	167.7	143.6
March	117.5	61.3	67.6	163.6	150.2	181.8	134.4	170.3	162.9	139.9
April	114.6	62.9	69.4	161.4	148.8	188.2	132.9	167.6	162.6	140.0
May	113.9	61.3	67.9	160.7	143.3	186.1	132.3	165.1	160.4	138.0
June	109.0	59.3	66.3	160.1	134.0	183.3	130.9	161.3	157.9	135.6

¹ Base of each index: 1984-85 = 100.0

MANUFACTURING DIVISION INDEX, Selected Categories of Home Produced Materials¹

Period	Live animals	Other agricultural materials	Hardwood and softwood logs	Fish, prawns and lobsters	Agricultural, forestry and fishing materials	Metal ores and concentrates	Coal, crude petroleum and gas	Mining materials	Electricity	All home produced materials
1993-94	139.9	136.0	154.4	250.6	141.9	130.5	85.2	100.4	132.8	120.9
1994-95	130.2	157.0	155.3	259.4	146.8	141.8	83.3	102.2	130.7	123.7
1995-96	127.8	158.5	159.4	230.2	145.6	147.0	86.6	105.3	133.4	124.9
1995										
April	128.7	165.9	157.0	239.4	149.5	145.5	87.2	105.8	131.4	126.6
May	130.9	168.2	155.9	248.6	151.8	144.6	88.7	106.6	131.3	128.0
June	138.5	167.3	155.8	264.2	155.5	148.1	86.7	106.0	130.9	129.2
July	137.7	160.9	158.4	267.9	152.5	151.2	83.5	104.0	133.5	127.1
August	135.0	159.6	158.9	267.3	150.7	149.8	82.4	102.9	132.2	125.7
September	130.4	160.5	157.8	263.1	148.7	149.0	80.9	101.7	133.1	124.3
October	128.7	157.0	157.9	261.1	146.2	148.8	80.2	101.1	133.5	123.1
November	132.0	158.4	159.4	218.1	147.3	148.3	82.2	102.4	133.3	124.2
December	133.7	154.8	159.3	197.4	146.0	149.2	86.1	105.3	134.9	125.2
1996										
January	132.8	155.9	160.2	199.9	146.1	147.4	93.1	109.8	135.3	127.5
February	127.1	156.7	160.5	202.8	143.8	147.3	91.2	108.6	134.5	125.9
March	119.6	152.8	159.7	214.8	138.7	146.1	92.2	109.0	133.0	123.9
April	119.0	157.3	160.1	210.1	140.4	144.4	90.4	107.5	132.0	123.7
May	117.8	162.8	160.4	218.6	142.4	143.9	88.6	106.1	132.6	123.9
June	119.2	165.4	160.1	241.2	144.9	138.8	88.3	104.8	132.3	124.3

¹ Base of each index: 1984-85 = 100.0

MANUFACTURING SUBDIVISION INDEXES¹

<i>Period</i>	<i>Food, beverages and tobacco (21)</i>	<i>Textiles (23)</i>	<i>Clothing (244-245)</i>	<i>Footwear (246)</i>	<i>Wood, wood products and furniture (25)</i>	<i>Paper, paper products, printing and publishing (26)</i>	<i>Basic chemicals and other chemical products (275-276)</i>
1993-94	138.7	130.7	150.8	147.2	161.5	135.4	134.1
1994-95	143.0	149.8	153.0	157.4	158.5	139.6	139.8
1995-96	143.9	146.7	156.0	160.7	163.3	157.1	147.5
1995							
April	146.1	155.8	155.0	159.4	160.6	144.6	146.3
May	148.2	157.5	157.1	161.7	161.3	145.7	147.4
June	151.2	157.4	159.1	161.6	162.1	149.2	148.9
July	148.5	156.5	158.6	161.7	163.2	154.2	150.6
August	147.4	152.3	157.6	161.6	163.6	157.2	148.9
September	146.0	152.7	156.8	159.6	163.9	160.2	149.1
October	144.4	148.3	156.3	160.1	163.4	160.0	148.5
November	145.2	146.3	156.0	160.0	164.0	161.1	148.7
December	143.8	147.5	157.0	159.9	164.3	161.3	149.1
1996							
January	143.7	146.1	156.6	160.8	164.7	160.8	149.2
February	142.4	145.9	155.5	160.0	163.8	161.4	147.5
March	138.8	143.8	155.2	160.6	163.2	156.0	143.8
April	140.3	141.4	154.3	161.7	162.5	154.8	145.4
May	142.2	139.4	153.9	161.7	161.5	151.8	144.8
June	144.0	140.0	153.7	160.5	161.2	146.2	144.8

¹ Base of each index: 1984-85 = 100.0

MANUFACTURING SUBDIVISION INDEXES¹ *continued*

<i>Period</i>	<i>Petroleum and coal products (277-278)</i>	<i>Non-metallic mineral products (28)</i>	<i>Basic metal products (29)</i>	<i>Fabricated metal products (31)</i>	<i>Transport equipment (32)</i>	<i>Other machinery and equipment (33)</i>	<i>Miscellaneous manufacturing (34)</i>
1993-94	73.8	140.3	125.4	146.0	164.0	144.3	133.2
1994-95	72.6	146.1	134.6	151.3	165.6	149.6	144.0
1995-96	75.0	145.2	142.3	157.6	164.1	151.4	145.7
1995							
April	76.3	148.0	140.9	154.1	169.5	153.1	150.7
May	78.5	147.9	140.5	155.1	172.1	153.7	151.5
June	76.5	148.2	142.8	154.8	172.5	154.1	150.3
July	72.6	144.6	145.4	155.5	172.6	155.0	150.6
August	70.8	144.4	143.9	155.1	170.4	153.9	147.5
September	69.7	144.3	143.6	155.5	166.8	153.3	146.2
October	68.8	144.3	143.6	158.1	165.0	153.0	143.6
November	70.6	144.5	143.2	159.0	164.1	153.0	147.9
December	74.7	144.7	144.5	159.5	164.8	153.5	145.4
1996							
January	81.7	144.6	144.1	159.0	163.5	152.0	145.0
February	79.1	146.0	142.8	158.6	163.3	150.7	145.2
March	80.0	146.1	141.3	158.3	161.6	150.1	144.2
April	78.8	146.5	139.9	157.6	160.3	148.8	144.3
May	76.9	146.6	138.8	157.6	159.5	147.6	144.8
June	76.4	146.3	136.1	157.0	157.3	146.0	143.2

¹ Base of each index: 1984-85 = 100.0

MANUFACTURING SUBDIVISION INDEX, Selected Metallic Materials¹

USED IN THE FABRICATED METAL PRODUCTS INDUSTRY.....

<i>Period</i>	<i>Iron and Steel</i>	<i>Aluminium</i>	<i>Copper and brass</i>	<i>Zinc</i>
1993-94	147.1	130.8	168.6	138.7
1994-95	148.7	144.3	205.0	137.9
1995-96	155.3	154.0	211.8	138.6
1995				
April	149.3	155.7	217.1	136.3
May	149.8	161.3	213.1	140.1
June	149.9	156.4	218.1	139.6
July	150.0	158.3	223.8	138.5
August	150.2	155.8	219.2	139.1
September	150.7	158.4	216.2	142.0
October	155.1	156.8	214.3	135.6
November	156.7	155.2	214.7	135.6
December	157.4	155.5	218.4	140.5
1996				
January	157.4	154.2	213.1	140.4
February	157.4	153.9	207.6	140.2
March	157.3	152.9	205.7	139.7
April	157.1	150.7	202.9	139.1
May	157.0	149.2	204.9	136.7
June	156.8	146.7	200.5	135.2

¹ Base of each index: 1984-85 = 100.0

EXPLANATORY NOTES

.....

INTRODUCTION

1 This publication presents index numbers that are based on materials (including fuels) used by establishments classified to designated 'sectors' of Australian manufacturing industry — the Price Indexes of Materials Used in Manufacturing Industries. They are calculated on the reference base 1984–85 = 100.0.

2 Index numbers for the current month and the previous month are preliminary and subject to revision.

SCOPE

3 The indexes are on a 'net sector' basis; that is, each relates only to those materials which are used in the defined 'sector' of Australian manufacturing industry and which have been produced by establishments outside that 'sector'. These establishments are either Australian manufacturing establishments classified to other manufacturing 'sectors' or to other divisions of Australian industry (eg 'Agriculture, forestry, fishing and hunting' or 'Mining') or are overseas producers (including overseas manufacturing establishments).

CLASSIFICATION

4 The Manufacturing Division index measures changes in prices of materials (including fuels) used by establishments classified to Australian Standard Industrial Classification (ASIC) Division C, Manufacturing, which have been purchased or transferred in from establishments outside the Manufacturing Division. It excludes semi-processed materials which have been produced by establishments within the Manufacturing Division and sold or transferred to other establishments within the Manufacturing Division. The index reflects purchases of materials at the point of entry to the Manufacturing Division.

5 The indexes for ASIC Subdivisions and the indexes for ASIC Groups and measure changes in prices of materials (including fuels) used by establishments classified to each defined ASIC manufacturing 'sector' which have been purchased or transferred in from establishments outside that 'sector'. These exclude semi-processed materials which have been produced by establishments within the specific 'sector' and sold or transferred to establishments in the same 'sector'. The pricing and weights for these net 'sector' indexes therefore reflect purchases and transfers in at the point of entry to the respective ASIC Subdivision, or ASIC Group or Group combination.

ITEMS AND WEIGHTS

6 The indexes are fixed weights indexes. The items included in the indexes were selected on the basis of values of materials used in 1977–78. The selected items were allocated weights in accordance with the estimated value of manufacturing usage in 1977–78 except for the following:

- Fuels (e.g. crude petroleum, natural gas and electricity), which were allocated weights on the basis of estimated usage in 1982–83;
- Cereal grains, which were allocated weights based on estimated manufacturing usage in 1977–78 and 1978–79; and
- Live animals, which were allocated weights based on the average value of slaughterings in 1981–82, 1982–83 and 1983–84.

7 Many of the selected items carry not only the weight of directly priced materials but also the weight of unpriced materials whose prices are considered to move similarly to those of directly priced materials.

ITEMS AND WEIGHTS (continued)

8 For the Manufacturing Division index, individual materials have been grouped into two broad categories: Imported materials and Home produced materials. Within each of these categories materials have been grouped on the basis of ASIC industry of origin (i.e. the industry in which, in accordance with the classification rules of ASIC, the materials are primarily produced in Australia or the industry in which the materials would be classified had the material been produced in Australia). Percentage contributions, in 1984-85, of individual materials to the relevant commodity groups and to the Manufacturing Division as a whole were shown in Table A1 in the Appendix to the December 1985 issue of this publication.

9 Percentage contributions, in 1984-85, of each material to each 'sector' index were shown in Table A2 in the Appendix to the December 1985 issue of this publication.

PRICE MEASUREMENT

10 For those materials subject to significant price variation throughout the month (e.g. agricultural materials, and metal ores and concentrates) average monthly prices are used in compiling these indexes. Other materials are priced at the mid point in the month. Prices of home produced materials are generally obtained from manufacturers who use the material but in some cases prices are obtained from suppliers (producers or wholesalers). Prices of imported materials are generally obtained from importers.

11 In concept, pricing for these indexes is at the point at which the material physically enters the defined manufacturing 'sector'. Therefore, as far as possible prices are on a 'delivered into store' basis.

Transferred Goods

Transfers which do not take place on the open market present problems for the measurement of price change. An example is where a vertically integrated enterprise extracts a mineral (mining activity) and also processes it (manufacturing activity). Since the material is transferred from one part of the enterprise to another there is usually no transaction price. In such instances various methods of imputing changes in market prices have been adopted. Depending on circumstances and the availability of data, these methods include using changes in opportunity cost (based, for example, on the price of the material in an established market) or changes in the cost (based on expenses actually incurred in obtaining the material). Imputations of this kind enter partly into price series for materials such as nickel concentrates, silver-lead concentrates and zinc concentrates.

Seasonal Materials

In the case of some seasonal materials such as fruit and vegetables, where deliveries do not occur over the whole year, the previous season's prices are repeated for the months outside the selling season until the subsequent season's prices become operative.

Estimated Prices

For items such as sugar cane, where prices are only determined annually, the final prices are sometimes not known until the relevant season or contract period has been at least partly completed. Estimates of the current season or contract period price are used in index calculations until the final price becomes available. Incorporation of such final prices may involve lengthy revisions to index numbers.

PRICE MEASUREMENT (continued)

Electricity The index numbers for electricity published in Table 4 are based on prices paid for electricity used by a representative sample of manufacturing establishments. Both 'tariff' prices and special contract prices are included in the calculations.

INDEX NUMBERS

12 Index numbers for financial years are simple averages of monthly index numbers.

REVISIONS

13 Index numbers for the current month and the previous month are preliminary and subject to revision. From time to time index numbers for earlier months 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

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

15 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:

Manufacturing Division index numbers —

June 1996	128.2	(see Table 1)
less June 1995	135.4	(see Table 1)
Change in index points	-7.2	
Percentage change	$\frac{-7.2}{135.4} \times 100 = -5.3$	

16 Table 3 provides an analysis of the contributions which selected categories of materials make to the total Manufacturing Division index. For example, Live animals contributed 15.88 index points to the total Manufacturing Division index number of 128.2 for June 1996 and 0.19 index points to the net change of -0.6 index points. A further explanation is provided in the Appendix to the February 1988 issue of this publication.

FURTHER INFORMATION

17 The December 1985 issue of this publication contains a more detailed description of the indexes and their relationship with previous indexes.

18 Further information on the indexes is presented in the publication *Producer and Foreign Trade Price Indexes: Concepts, Sources and Methods* (6419.0).

RELATED PUBLICATIONS

19 Users may also wish to refer to the following publications which are available from ABS Bookshops:

- *Price Index of Materials Used in Coal Mining, Australia* (6415.0)
- *Price Index of Copper Materials, Australia* (6410.0)
- *Price Indexes of Articles Produced by Manufacturing Industry, Australia* (6412.0)
- *Price Index of Materials Used in Building Other than House Building, Six State Capital Cities* (6407.0)
- *Price Index of Materials Used in House Building, Six State Capital Cities* (6408.0)
- *Import Price Index, Australia* (6414.0)
- *Export Price Index, Australia* (6405.0)



RELATED PUBLICATIONS (continued) **20** Current publications produced by the ABS are listed in the *Catalogue of Publications and Products, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Release Advice are available from any ABS office.

UNPUBLISHED STATISTICS **21** 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 Mark Dickson on 06 252 5541 or to any ABS office.

SYMBOLS AND OTHER USAGES ASIC Australian Standard Industrial Classification
r figure or series revised since previous issue

FOR MORE INFORMATION

The ABS publishes a wide range of information on Australia's economic and social conditions. A catalogue of publications and products is available from any of our offices (see below).

INFORMATION CONSULTANCY SERVICES

Information tailored to special needs of clients can be obtained from the Information Consultancy Service available at ABS Offices (see below).

ABS PRODUCTS

A large number of ABS products is available from the ABS Bookshops (see below). The ABS also provides a subscription service - you can telephone the ABS Subscription Service Australia wide toll free on 1800 0206 08.

ELECTRONIC SERVICES

A large range of data is available via on-line services, diskette, magnetic tape, tape cartridge and CD ROM. For more details about our electronic data services, contact any ABS office (see below) or e-mail us at:

X.400 (C:Australia,PUB:Telememo,O:ABS,FN:STAT,SN:INFO)
Internet Stat.info@abs.telememo.au
Keylink STAT.INFO/ABS

You can visit us on the Internet at: <http://www.statistics.gov.au>

GENERAL SALES AND INQUIRIES

- Sydney 02 9268 4611
 - Melbourne 03 9615 7755
 - Brisbane 07 3222 6351
 - Perth 09 360 5140
 - Adelaide 08 8237 7100
 - Hobart 002 20 5800
 - Darwin 08 8943 2111
 - Canberra 06 252 6627
- Information Services, ABS
PO Box 10, Belconnen ACT 2616



2641100006967

ISSN 1031-0649

RRP \$13.50