



FINAL ISSUE

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**June quarter 1999
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.

5. This is the final issue of Consumer Price Index: Effect of Change in Prices of Imported Items (Cat. No. 6444.0). It will be replaced in the September quarter with new indexes for "Tradeables" and "Non-tradeables". These indexes will decompose the CPI, at the expenditure class level, into items which are, or could be, internationally traded or not. The decision to produce these indexes to replace the price index of imported items was announced in the Information Paper, Outcome of the 13th Series Australian Consumer Price Index Review, 1997 (Cat. No. 6453.0), paragraph 69. The compilation of the "tradeables" and "non-tradeables" indexes will be described in an appendix to the September quarter 1999 issue of Consumer Price Index, Australia (Cat. NO. 6401.0).

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

	<i>Imported items</i>					<i>Non-imported items</i>			<i>All Groups</i>
	<i>Goods</i>			<i>Holiday travel & accommodation overseas</i>	<i>Total</i>	<i>Goods</i>	<i>Services</i>	<i>Total</i>	
	<i>Motor vehicles</i>	<i>Other goods</i>	<i>Total goods</i>						
1994									
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
June	111.9	107.6	108.0	105.3	107.5	126.5	117.8	122.4	121.0
September	109.1	107.4	107.3	103.9	106.7	126.8	118.7	123.0	121.3
December	105.4	107.1	106.5	102.7	105.9	127.5	119.5	123.7	121.9
1999									
March	105.3	106.8	106.1	102.0	105.5	128.2	118.2	123.7	121.8
June	104.7	106.7	106.0	109.4	106.4	129.0	118.1	124.1	122.3

TABLE 2. PERCENTAGE CHANGE FROM PREVIOUS QUARTER

	<i>Imported items</i>					<i>Non-imported items</i>			<i>All Groups</i>
	<i>Goods</i>			<i>Holiday travel & accommodation overseas</i>	<i>Total</i>	<i>Goods</i>	<i>Services</i>	<i>Total</i>	
	<i>Motor vehicles</i>	<i>Other goods</i>	<i>Total goods</i>						
1994									
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
June	-3.1	0.0	-0.5	4.3	-0.1	0.6	0.8	0.6	0.6
September	-2.5	-0.2	-0.6	-1.3	-0.7	0.2	0.8	0.5	0.2
December	-3.4	-0.3	-0.7	-1.2	-0.7	0.6	0.7	0.6	0.5
1999									
March	-0.1	-0.3	-0.4	-0.7	-0.4	0.5	-1.1	0.0	-0.1
June	-0.6	-0.1	-0.1	7.3	0.9	0.6	-0.1	0.3	0.4

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

	<i>Imported items</i>					<i>Non-imported items</i>			<i>All Groups</i>
	<i>Goods</i>			<i>Holiday travel & accommodation overseas</i>	<i>Total</i>	<i>Goods</i>	<i>Services</i>	<i>Total</i>	
	<i>Motor vehicles</i>	<i>Other goods</i>	<i>Total goods</i>						
1994									
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
June	1.7	8.2	9.9	1.0	10.9	51.8	37.3	89.1	100.0
September	1.8	8.6	10.4	1.7	12.0	58.6	29.4	88.0	100.0
December	1.7	8.6	10.3	1.6	11.9	58.6	29.5	88.1	100.0
1999									
March	1.7	8.5	10.2	1.6	11.9	59.0	29.2	88.1	100.0
June	1.7	8.2	9.9	1.7	11.7	59.3	29.0	88.3	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

	<i>Imported items</i>					<i>Non-imported items</i>			<i>All Groups</i>
	<i>Goods</i>			<i>Holiday travel & accommodation overseas</i>	<i>Total</i>	<i>Goods</i>	<i>Services</i>	<i>Total</i>	
	<i>Motor vehicles</i>	<i>Other goods</i>	<i>Total goods</i>						
1994									
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
June	-10.0	0.0	-8.6	7.1	-2.9	51.4	47.1	98.6	100.0
September	-16.7	-6.7	-26.7	-10.0	-36.7	56.7	93.3	150.0	100.0
December	-11.7	-5.0	-16.7	-3.3	-20.0	65.0	41.7	106.7	100.0
1999									
March (a)	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	n.p.	100.0
June	-4.0	0.0	-4.0	28.0	26.0	90.0	-6.0	84.0	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 0.4 per cent between March quarter 1999 and June quarter 1999. A rise in the price of petrol (+5.2%) contributed +0.20 percentage points to the total change in the All groups index.
2. The contribution of petrol to the total CPI was 4.82 All groups index points (3.9%) in the June quarter 1999.
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 5.2 per cent rise in the price of petrol was the result of a rise in January (+0.1%), a fall in February (-0.8%), a rise in March (+0.8%), a rise in April (+6.8%) followed by falls in May (-1.1%) and June (-3.2%). Over the the 12 months to June quarter 1999, the price of petrol has fallen 1.3%.