

CHAPTER II.—WHOLESALE PRICES AND PRICE INDEXES.

§ 1. General.

Two indexes of wholesale prices are compiled by the Bureau. These are—

- (i) The Melbourne Wholesale Price Index ;
- (ii) The Wholesale Price (Basic Materials and Foodstuffs) Index.

Particulars of the Melbourne Wholesale Price Index, which is now obsolescent, are given in § 3 commencing on page 48 below.

After reviewing the regimen and weighting of this index the 1930 Conference of Statisticians resolved that a new index of Wholesale Prices of Basic Materials and Foodstuffs should be compiled. This index extends back to the year 1928 and is compiled monthly. Thus Wholesale Price (Basic Materials and Foodstuffs) Index is a special purpose index and one of a series of Wholesale Price Indexes designed for special purposes.

§ 2. Wholesale Price (Basic Materials and Foodstuffs) Index.

1. Price Quotations.—The prices used in the index have in the main been obtained directly from manufacturers and merchants, and, with a few important exceptions, from Melbourne sources. Apart from locally produced building materials and one or two minor commodities, however, the price movements may be taken as representative of variations in wholesale prices of basic materials in most Australian markets.

Commodities in the index are priced in their primary or basic form wherever possible and in respect of imported materials as nearly as may be at the point where they first make effective impact on the local price structure. Thus the price of imported goods is not taken at the time of import, but rather on an ex-bond (or into factory) basis.

Broadly, where home-consumption prices exist for local products, they have been used in this index. During the year 1950–51 wool for local manufacture was subsidized. The home-consumption price for wool was used to calculate the index-numbers shown in the table in paragraph 4, page 47, and the index calculated on the basis of open market prices for wool is shown in paragraph 5.

2. Commodities and Grouping.—For purposes of this index "basic" materials (as opposed to certain of the Foodstuffs) are commodities in the primary or basic forms in which they first enter into productive processes carried out in Australia. The regimen comprises 80 commodities, divided into seven main groups. Each group is sub-divided into goods which are mainly imported, and goods which are mainly home-produced. A full list of these commodities is set out below, showing the quantity-multipliers (weights) for each commodity, and the percentage of the total aggregate value in 1950 contributed by each commodity and group.

3. Method of Construction.—The index is constructed on the simple aggregative fixed-weights formula. The weights (quantity-multipliers) are based on estimates of the average annual consumption of the commodities in Australia during the period 1928–29 to 1934–35 inclusive. Changes in usage, changes of category as between "imported" and "home-produced" as affecting some commodities, and changes in the industrial structure have affected the validity of some of the weights in the index. These and other problems (e.g., dual prices for some commodities) are being examined with a view to revision of the regimen, its grouping and weighting, when conditions are more stable.

Wholesale Price (Basic Materials and Foodstuffs) Index.

Commodities in Regimen, Units of Measurement, Quantity-Multipliers, and Percentage Value-Weight in 1950.

Commodity.	Unit.	Quantity-multiplier. (Weight.)	Per-centage Value-weight 1950.	Commodity.	Unit.	Quantity-multiplier. (Weight.)	Per-centage Value-weight 1950.
Metals and Coal—				Rubber and Hides—			
Principally Im-ported—				Principally Im-ported—			
Aluminium ..	ton	985	0.05	Rubber, crude	lb.	24,214,400	1.17
Principally Home-produced—				Calf skins ..	lb.	1,455,000	0.06
Iron and steel ..	ton	637,000	3.19	Cattle hides ..	lb.	57,246,000	0.48
Briquettes ..	ton	243,000	0.14	Tanning bark ..	ton	23,000	0.14
Copper wire bars ..	ton	7,000	0.38	Total ..			1.85
Coal ..	ton	9,300,000	11.21	Building Materials—			
Lead, soft pig ..	ton	10,400	0.13	Principally Im-ported—			
Tin, ingots ..	ton	1,250	0.26	Timber, soft-woods ..	1,000 sup. ft.	346,500	5.00
Zinc, ingots ..	ton	14,500	0.20	Turpentine ..	gallon	458,000	0.07
Total ..			15.56	Principally Home-produced—			
Oils, Fats and Waxes—				Bricks ..	1,000	372,000	0.82
Principally Im-ported—				Cement ..	ton	479,000	0.80
Coconut oil ..	ton	6,500	0.22	Drain-pipes ..	foot	7,270,000	0.28
Fuel oil ..	ton	170,000	0.70	Glass, window ..	100	82,370	0.06
Lined oil ..	gallon	2,250,000	0.68				
Lubricating oil ..	gallon	3,960,000	0.35	Lime ..	ton	51,144	0.07
Kerosene, power ..	gallon	21,000,000	0.50	Plaster ..	ton	53,000	0.18
Petrol, 1st grade ..	gallon	78,000,000	3.02	Timber, hard-woods ..	100 sup. ft.	2,575,000	1.93
Petrol, 2nd grade ..	gallon	140,000,000	5.43	White lead ..	cwt.	60,000	0.09
Principally Home-produced—				Whiting ..	cwt.	274,000	0.08
Beeswax ..	lb.	169,112	0.01	Total ..			9.38
Tallow ..	ton	28,000	0.23	Foodstuffs and Tobacco—			
Total ..			11.14	Principally Im-ported—			
Textiles—				Tapioea ..	cwt.	719,000	0.59
Principally Im-ported—				Cocoa, raw ..	cwt.	99,500	0.47
Hemp ..	ton	5,575	0.45	Coffee ..	lb.	3,409,000	0.23
Kapok ..	lb.	6,160,000	0.39	Tea ..	lb.	46,629,000	2.84
Jute fibre ..	ton	874	0.04	Mustard ..	doz. lb.	47,000	0.02
Phormium tenax ..	ton	2,275	0.02	Herrings ..	doz. lb.	276,000	0.08
Shk, raw ..	lb.	455,900	0.20	Salmon ..	doz. lb.	1,048,000	0.71
Principally Home-produced—				Stid ..	doz.	807,300	0.16
Cotton, raw ..	lb.	15,900,000	0.61	Tobacco, leaf ..	4-oz. tins	17,451,000	7.21
Wool, greasy ..	lb.	50,200,000	4.50	Principally Home-produced—			
Total ..			6.21	Barley ..	bushel	4,940,000	0.50
Chemicals—				Maize ..	bushel	315,000	0.05
Principally Im-ported—				Oats ..	bushel	14,970,000	1.43
Ammonium sulphate ..	ton	23,830	0.16	Rice ..	cwt.	323,200	0.19
Potash, muriate ..	ton	4,055	0.04	Wheat ..	bushel	39,900,000	3.75
Potash, sulphate ..	ton	2,025	0.02	Onions ..	ton	41,000	0.18
Soda ash ..	ton	21,400	0.13	Peas ..	bushel	644,000	2.28
Soda, nitrate ..	ton	1,100	0.01	Potatoes ..	ton	348,000	3.87
Soda, nitrate-Chilean ..	ton	3,600	0.03	Sugar ..	ton	336,000	8.88
Sulphur ..	ton	95,500	0.79	Beef ..	100 lb.	7,004,750	1.54
Principally Home-produced—				Lamb ..	lb.	83,119,000	4.95
Arsenic ..	ton	1,531	0.03	Mutton ..	lb.	436,414,000	1.24
Blood and bone ..	ton	34,431	0.11	Pork ..	lb.	47,562,000	5.28
Methylated spirits ..	gallon	2,374,000	0.09	Butter fat ..	lb.	194,500,000	0.02
Soda crystals ..	ton	4,986	0.02	Lard ..	lb.	1,427,000	4.70
Superphosphate ..	ton	704,144	1.65	Milk ..	gallon	159,000,000	0.14
Sulphuric acid ..	ton	226,450	0.87	Currants ..	lb.	9,900,000	0.28
Total ..			3.95	Sultanas ..	lb.	18,000,000	0.28
				Grapes ..	ton	94,000	0.37
				Total ..			51.91
				All Groups—			
				Principally Imported ..			31.78
				Principally Home-produced ..			68.22
				Total ..			100.00

4. **Index-Numbers.**—Index-numbers for each group of commodities and for all groups combined for the index of wholesale prices of basic materials and foodstuffs are given in the following table. Current index-numbers, on the base: Average of three years ended June, 1939 = 100, are published in the *Monthly Review of Business Statistics*.

Wholesale Price (Basic Materials and Foodstuffs) Index-Numbers, 1928 to December, 1951.

(Base of each Group : Year 1928 = 100.)

Period.	Basic Materials.							Food-stuffs and Tobacco	Basic Materials and Foodstuffs		
	Metals and Coal	Oils, Fats and Waxes	Textiles.	Chemicals	Rubber and Hides	Building Materials	Total.		Goods primarily Imported	Goods primarily Home Produced	All Groups
1928	100	100	100	100	100	100	100	100	100	100	100
1929	100	102	83	68	77	98	98	107	101	103	103
1930	95	108	61	95	55	100	93	95	105	92	95
1931	89	100	57	98	58	101	92	81	111	79	87
1932	83	107	51	96	53	98	88	79	108	76	84
1933	82	88	62	95	56	100	83	78	101	75	81
1934	79	82	66	80	60	98	80	81	99	75	81
1935	71	83	62	82	59	97	79	85	103	76	83
1936	72	91	76	82	72	99	82	91	105	81	87
1937	79	95	87	82	80	110	91	93	113	81	91
1938	80	95	61	83	66	101	88	96	109	85	91
1939	81	97	65	81	76	105	90	95	111	86	92
1940	81	123	78	97	91	127	104	100	134	90	101
1941	88	134	82	106	98	137	112	101	156	91	107
1942	97	151	93	116	104	154	125	119	180	101	120
1943	103	166	110	118	106	181	135	121	199	103	126
1944	103	160	108	118	106	183	135	122	200	104	127
1945	103	153	108	117	106	184	133	126	198	106	128
1946	102	112	119	116	104	187	131	128	191	107	128
1947	107	112	165	116	94	194	137	137	202	114	135
1948	129	159	234	127	100	204	157	156	217	135	155
1949	160	166	254	138	96	213	175	175	225	156	173
1950	179	179	(a)382	179	153	258	(a)208	202	263	(a)183	(a)203
1951	335	106	(a)175	220	218	327	(a)261	146	299	(a)235	(a)251
1951—											
January	203	179	(a)354	197	255	275	(a)239	290	280	(a)202	(a)221
February	200	181	(a)360	207	263	292	(a)250	217	289	(a)211	(a)230
March	221	100	(a)352	208	274	293	(a)260	233	295	(a)227	(a)244
April	221	196	(a)355	208	240	310	(a)253	238	293	(a)219	(a)237
May	227	106	(a)355	208	243	311	(a)252	238	294	(a)225	(a)247
June	228	196	(a)344	209	230	327	(a)246	262	298	(a)237	(a)252
July	227	107	352	218	227	330	250	260	297	245	258
August	243	197	433	248	265	332	264	276	301	258	268
September	247	200	406	252	263	336	266	268	302	252	264
October	252	201	501	252	262	361	279	252	300	247	262
November	260	210	455	253	244	379	286	248	317	246	263
December	271	210	442	257	205	382	285	256	313	252	267

(a) These Index-numbers are computed using the price of raw wool for local manufacture. For computation using the auction room price of wool see paragraph 5.

5. **Effect of Wool Bounty.**—Legislation which became effective on 14th December, 1950, had the effect of reducing (by bounty) the price paid for raw wool for local manufacture in Australia below the open market (auction room) price. Such reductions were virtually retrospective to August, 1950, and continued until 30th June, 1951. The effective prices paid for raw wool for local manufacture (i.e., auction room price less bounty) have been used in calculating the index-numbers shown in the table above. The following table shows these same indexes calculated on the auction room prices for wool. Only the index-numbers marked (a) in the table above are affected, and these are shown in the following table calculated on the auction room price for wool.

Period.	Textiles.	Total Basic Materials.	Goods Principally Home-Produced.	Total All Groups.
1950—Year	443	272	186	205
1951— „	554	266	239	253
1950—				
August	520	218	194	211
September	540	221	195	212
October	541	227	198	216
November	572	234	203	221
December	578	230	202	221
1951—				
January	715	250	209	226
February	761	261	218	236
March	812	272	234	249
April	665	264	226	243
May	609	262	232	247
June	494	256	243	257

§ 3. Melbourne Wholesale Price Index.

1. **General.**—An index of Melbourne wholesale prices was first computed in 1912. It relates chiefly to basic materials and foods weighted in accordance with consumption in the years immediately preceding that date. Neither the component items of the regimen nor the weighting have been varied. Consequently, the index is outmoded for current use and is a measure of variations in wholesale prices based on the weighting originally determined. It has some historic significance as a measure of changes in the prices of its component items combined in the proportions in which they were in common use about the year 1910. It is now published only on an annual basis and is mainly used as an approximate indication of long term trends since the year 1861, for which it was first compiled. A description of the index and a list of the commodities included in it were published on pages 43 to 45 of Labour Report No. 38 for 1949.

2. Index-Numbers.—1861 to 1951 (1911 base)—Index-numbers for each group of commodities, as well as for all groups combined, are shown in the following table:—

Melbourne Wholesale Price Index-Numbers, 1861 to 1951.

(Base of each Group: Year 1911 = 1,000.)

Year.	I. Metals and Coal.	II. Wool, Cotton, Leather, &c.	III. Agricul- tural Pro- duce, &c.	IV. Dairy Produce.	V. Grocer- ies.	VI. Meat.	VII. Building Materials.	VIII. Chemical- s.	All Groups
1861	1,438	1,381	1,583	1,008	1,963	..	1,079	2,030	1,538
1871	1,096	1,257	1,230	864	1,588	..	1,044	1,400	1,229
1881	1,178	1,111	1,011	955	1,411	..	1,001	1,587	1,121
1891	895	847	1,024	995	1,052	888	780	1,194	945
1901	1,061	774	918	1,079	1,048	1,345	841	917	974
1902	1,007	786	1,192	1,215	945	1,447	837	881	1,051
1903	913	814	1,209	1,059	930	1,443	875	921	1,049
1904	821	885	754	876	916	1,427	815	875	890
1905	772	880	894	980	947	1,209	809	859	910
1906	882	978	916	971	923	1,110	896	861	948
1907	1,037	1,017	973	1,020	948	1,294	968	961	1,021
1908	1,038	901	1,312	1,198	968	1,335	935	601	1,115
1909	1,014	907	1,000	1,119	978	1,088	911	815	993
1910	1,004	1,052	969	1,100	960	1,008	896	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	901	1,270	1,206	1,052	1,357	1,057	978	1,170
1913	1,046	1,070	1,097	1,054	1,044	1,252	1,128	905	1,188
1914	1,009	1,033	1,207	1,137	1,021	1,507	1,081	1,212	1,149
1915	1,284	1,017	1,162	1,530	1,133	2,435	1,275	1,528	1,604
1916	1,603	1,423	1,208	1,485	1,322	2,513	1,492	1,760	1,504
1917	2,129	2,008	1,157	1,423	1,343	2,403	1,884	1,171	1,662
1918	2,416	2,360	1,444	1,454	1,432	2,385	2,686	3,225	1,934
1919	2,121	2,363	1,987	1,651	1,514	2,342	2,842	2,896	2,055
1920	2,302	2,635	2,460	2,413	1,920	3,779	3,276	2,831	2,483
1921	2,173	2,361	1,767	2,000	1,977	2,158	2,733	2,393	1,903
1922	1,941	1,681	1,628	1,648	1,869	1,787	2,005	1,965	1,758
1923	1,826	2,148	1,778	1,840	1,746	2,579	2,024	1,913	1,944
1924	1,833	2,418	1,647	1,655	1,721	2,223	1,814	1,808	1,885
1925	1,851	1,966	1,790	1,686	1,728	2,212	1,711	1,790	1,844
1926	1,938	1,582	2,001	1,784	1,730	1,931	1,664	1,616	1,832
1927	1,962	1,650	1,816	1,823	1,724	2,111	1,623	1,866	1,817
1928	1,912	1,781	1,726	1,751	1,707	2,015	1,744	1,913	1,792
1929	1,913	1,535	1,793	1,854	1,680	2,245	1,755	1,943	1,803
1930	1,867	1,137	1,484	1,627	1,666	2,024	1,875	1,982	1,596
1931	1,826	1,040	1,121	1,398	1,794	1,512	2,041	2,166	1,429
1932	1,736	998	1,230	1,304	1,766	1,351	2,043	2,127	1,411
1933	1,713	1,118	1,175	1,194	1,714	1,485	2,061	2,105	1,409
1934	1,660	1,261	1,288	1,274	1,735	1,549	2,013	2,017	1,471
1935	1,602	1,217	1,344	1,325	1,729	1,568	1,964	1,994	1,469
1936	1,566	1,330	1,480	1,351	1,731	1,684	1,909	1,907	1,543
1937	1,772	1,406	1,604	1,451	1,750	1,678	2,430	2,006	1,856
1938	1,746	1,051	1,789	1,349	1,747	1,871	2,438	2,059	1,862
1939	1,718	1,101	1,820	1,557	1,745	1,710	2,200	2,025	1,665
1940	1,854	1,361	1,467	1,567	1,784	1,882	2,800	2,268	1,719
1941	1,960	1,402	1,721	1,554	1,883	1,776	3,158	2,527	1,786
1942	2,146	1,507	1,900	1,665	1,938	2,312	3,409	2,437	1,977
1943	2,172	1,945	1,964	1,716	1,939	2,366	3,791	2,444	2,117
1944	2,278	1,967	2,052	1,721	1,949	2,470	3,768	2,442	2,159
1945	2,270	1,960	1,254	1,726	1,967	2,560	3,770	2,527	2,228
1946	2,262	2,062	1,951	1,722	1,977	2,589	3,772	2,614	2,162
1947	2,390	2,600	1,019	1,763	2,174	2,748	3,800	2,843	2,360
1948	2,829	3,619	2,383	2,104	2,433	2,970	4,631	3,180	2,824
1949	3,502	3,066	2,879	2,300	2,533	3,356	4,611	3,221	3,191
1950	3,902	3,494	3,155	2,459	2,829	4,616	(a) 5,567	3,263	3,916
1951	5,080	7,943	4,512	2,939	2,850	6,438	(a) 7,074	3,294	5,098

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

(a) The regimen and weighting of the original Building Materials group of this index have become unreal. The movement shown here for this group between 1949 and 1951 has been calculated in accordance with the movement occurring in the Building Materials group of the Basic Materials and Foodstuffs Index.

§ 4. International Comparisons : Wholesale Price Index-Numbers.

The following table gives index-numbers of wholesale prices for the period 1939 to December, 1951, for Australia and other countries. Except where otherwise noted, the average prices in each country for the year 1948 are taken as base (= 100). The figures, which have been taken from the *Monthly Bulletin of Statistics* published by the Statistical Office of the United Nations, show fluctuations in prices in each country, and do not measure relative price levels as between the various countries included.

Index-Numbers of Wholesale Prices in Various Countries.

(Source : *Monthly Bulletin of Statistics* of the Statistical Office of the United Nations.)

(Base : 1948 = 100.)

Period	AUSTRALIA.	BRAZIL.	CANADA.	CHILE.	DENMARK.	EGYPT.	FINLAND.	FRANCE.	INDIA.	IRELAND.
1939	50	28	51	28	46	32	11	6	29	45
1940	65	29	56	30	68	39	13	8	33	57
1941	69	36	66	35	86	40	18	10	36	64
1942	73	43	64	48	84	63	22	12	44	73
1943	81	49	66	53	84	86	25	14	66	82
1944	82	53	68	55	85	95	28	15	67	85
1945	83	61	68	58	84	101	40	22	68	85
1946	83	(a) 71	72	68	83	95	63	38	74	85
1947	87	86	84	(a) 87	91	92	76	58	(a) 81	95
1948	100	100	100	100	100	100	100	100	100	100
1949	112	116	103	111	102	91	101	(b) 100	104	100
1950	132	127	109	134	115	104	116	108	109	105
1951	163	154	124	175	147	116	166	138	170	122
1951—										
March Qtr	153	153	123	158	138	117	150	145	116	117
June	161	158	125	170	150	116	163	146	124	122
Sept.	170	148	125	181	150	116	174	136	120	122
Dec.	171	155	124	192	149	116	177	150	119	127

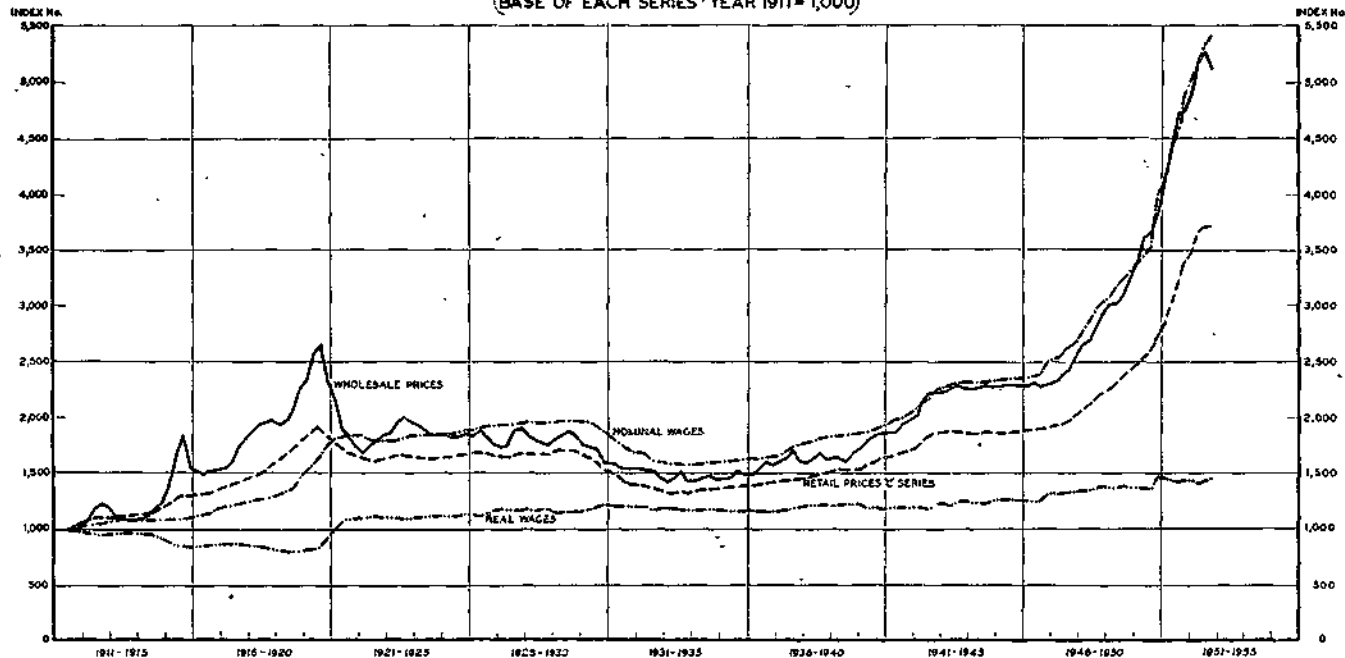
Period.	MEXICO (MEXICO CITY).	NETHER- LANDS.	NEW ZEALAND.	NORWAY.	PERU (LIMA).	SWEDEN.	SWITZER- LAND.	UNION OF SOUTH AFRICA.	UNITED KINGDOM.		UNITED STATES OF AMERICA
									Board of Trade.	Econo- mist.	
1939	38	37	58	56	27	54	48	56	47	16	48
1940	39	46	65	73	30	68	62	62	62	59	49
1941	43	53	72	90	35	86	79	58	70	65	55
1942	46	56	77	95	44	86	90	76	73	69	62
1943	56	57	82	96	51	92	94	83	74	70	64
1944	65	63	85	97	53	92	96	86	76	72	65
1945	76	64	86	98	55	91	95	87	77	74	66
1946	87	83	86	93	59	87	92	89	80	78	76
1947	93	96	96	97	66	93	96	94	88	91	93
1948	100	100	100	100	100	100	100	100	100	100	100
1949	110	104	99	102	140	101	95	106	105	104	95
1950	120	117	108	115	163	106	91	113	120	116	99
1951	148	143	126	143	192	140	105	129	146	138	116
1951—											
March Qtr.	138	140	120	133	186	129	106	121	140	137	111
June	151	145	124	143	190	141	106	127	146	140	111
Sept.	151	142	129	147	194	142	103	131	147	138	109
Dec.	154	144	134	148	199	147	105	136	150	138	109

(a) New index linked to former index.

(b) New index ; base, 1949 = 100.

WHOLESALE AND RETAIL PRICES, NOMINAL, AND EFFECTIVE OR REAL WAGES - INDEX NUMBERS AUSTRALIA, 1911 to 1952

(BASE OF EACH SERIES - YEAR 1911 = 1,000)



EXPLANATION.—The index-numbers in the graph above are for the Six Capital Cities as a whole, with the exception of those for Wholesale Prices up to the fourth quarter of 1927, which are for Melbourne. The wholesale prices graph shows the trend of prices according to the "old" Melbourne Index up to the fourth quarter of 1927, but thereafter, this index having been "spliced" with the Basic Materials and Foodstuffs Index, the curve line moves in accordance with the variations of the latter. For the period 1911-1914 the "C" Series index-numbers are taken back from the true base (November, 1914 = 1,000) by means of the "A" Series Index (Food and Rent of All Houses). Real wages are computed on the basis of the "C" Series Retail Price Index.