

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 47 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. This 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.

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.)	Percentage Value-weight 1950.	Commodity.	Unit.	Quantity-multiplier. (Weight.)	Percentage Value-weight 1950.
Metals and Coal—				Rubber and Hides—			
Principally Imported—				Principally Imported—			
Aluminium .. ton	985	0.05		Rubber, crude .. lb.	24,214,400	1.17	
Principally Home-produced—				Principally Home-produced—			
Iron and steel .. ton	637,000	3.19		Calf skins .. lb.	4,455,000	0.06	
Briquettes .. ton	243,000	0.14		Cattle hides .. lb.	57,246,000	0.48	
Copper, wire bars .. ton	7,000	0.38		Tanning bark .. ton	23,000	0.14	
Coal .. ton	9,300,000	11.21		Total ..			1.85
Lead, soft pig .. ton	10,400	0.13					
Tin, ingots .. ton	1,250	0.25		Building Materials—			
Zinc, ingots .. ton	14,800	0.20		Principally Imported—			
Total ..			15.56	Timber, soft-woods .. 1,000 sup. ft.	346,500	5.00	
				Turpentine .. gallon	458,000	0.07	
Oils, Fats and Waxes—				Principally Home-produced—			
Principally Imported—				Bricks .. 1,000	372,000	0.82	
Coconut oil .. ton	6,500	0.22		Cement .. ton	479,000	0.80	
Fuel oil .. ton	170,000	0.70		Drain-pipes .. foot	7,270,000	0.28	
Lined oil .. gallon	2,250,000	0.68		Glass, window .. 100	82,370	0.06	
Lubricating oil .. gallon	3,960,000	0.35		80. ft.			
Kerosene, power .. gallon	21,000,000	0.50		Lime .. ton	51,144	0.07	
Petrol, 1st grade .. gallon	78,000,000	3.02		Plaster .. ton	53,000	0.18	
Petrol, 2nd grade .. gallon	140,000,000	5.43		Timber, hard-woods .. 100	2,575,000	1.93	
Principally Home-produced—				White lead .. sup. ft.	60,000	0.09	
Beeswax .. lb.	169,112	0.01		Whiting .. cwt.	274,000	0.06	
Tallow .. ton	26,000	0.23		Total ..			9.38
Total ..			11.14				
				Foodstuffs and Tobacco—			
Textiles—				Principally Imported—			
Principally Imported—				ported—			
Hemp .. ton	5,575	0.45		Tapioca .. cwt.	719,000	0.59	
Kapok .. lb.	6,160,000	0.39		Cocoa, raw .. cwt.	99,500	0.47	
Jute fibre .. ton	874	0.04		Coffee .. lb.	3,469,000	0.23	
Phormium tenax .. ton	2,275	0.02		Tea .. lb.	46,029,000	2.84	
Silk, raw .. lb.	455,900	0.20		Mustard .. doz. lb.	47,000	0.02	
Principally Home-produced—				Herrings .. doz. lb.	276,000	0.08	
Cotton, raw .. lb.	15,900,000	0.61		Salmon .. doz. lb.	1,048,000	0.71	
Wool, greasy .. lb.	50,200,000	4.50		Sild .. doz	807,300	0.16	
Total ..			6.21	4-oz. tins			
				Tobacco, leaf .. lb.	17,451,000	7.21	
				Principally Home-produced—			
Chemicals—				Barley .. bushel	4,940,000	0.50	
Principally Imported—				Maize .. bushel	315,000	0.05	
Ammonium sulphate .. ton	23,830	0.16		Oats .. bushel	14,970,000	1.43	
Potash, muriate .. ton	4,055	0.04		Rice .. cwt.	323,200	0.19	
Potash, sulphate .. ton	2,025	0.02		Wheat .. bushel	39,900,000	3.75	
Soda ash .. ton	21,400	0.13		Onions .. ton	41,000	0.25	
Soda, nitrate .. ton	1,100	0.01		Peas .. bushel	644,000	0.18	
Soda, nitrate .. ton	3,600	0.03		Potatoes .. ton	348,000	2.28	
Chilean .. ton	95,500	0.79		Sugar .. ton	336,000	3.87	
Sulphur .. ton	1,531	0.03		Beef .. 100 lb.	7,004,750	8.88	
Principally Home-produced—				Lamb .. lb.	83,119,000	1.54	
Arsenic .. ton	34,431	0.11		Mutton .. lb.	436,414,000	4.65	
Blood and bone .. ton	34,431	0.11		Pork .. lb.	47,562,000	1.24	
Methylated .. ton	3,600	0.03		Butter fat .. lb.	194,500,000	5.28	
spirits .. gallon	2,374,000	0.09		Lard .. lb.	1,427,000	0.02	
Soda crystals .. ton	4,986	0.02		Milk .. gallon	159,900,000	4.70	
Superphosphate .. ton	704,144	1.65		Currants .. lb.	9,000,000	0.14	
Sulphuric acid .. ton	226,450	0.87		Sultanas .. lb.	18,000,000	0.28	
Total ..			3.95	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, 1952.

(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 principally Imported.	Goods principally Home Produced.	All Groups.
1928	100	100	100	100	100	100	100	100	100	100	100
1929	100	102	83	98	77	98	98	107	101	103	103
1930	95	108	61	95	55	100	93	95	105	92	95
1931	89	109	57	98	58	101	92	81	111	79	87
1932	83	107	54	98	53	98	88	79	108	76	84
1933	82	88	62	95	56	100	83	78	101	75	81
1934	79	82	66	89	60	98	80	81	99	75	81
1935	74	88	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	89	110	91	93	113	84	91
1938	80	95	61	83	66	104	88	96	109	85	91
1939	81	97	65	84	76	105	90	95	111	86	92
1940	84	123	78	97	93	127	104	100	134	99	101
1941	88	134	82	106	98	137	112	104	156	91	107
1942	97	151	93	116	104	154	125	119	180	101	120
1943	103	160	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	142	119	116	104	187	131	128	194	107	128
1947	107	142	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	382	179	155	258	208	202	263	183	203
1951	235	196	475	229	248	327	261	246	299	235	251
1952	299	216	408	277	193	432	304	275	324	273	286
1952—											
January ..	272	210	434	258	204	382	285	252	313	249	265
February ..	286	210	402	261	199	413	293	266	323	261	276
March	287	210	362	269	198	474	291	274	323	265	280
April	291	210	371	269	198	414	294	279	325	270	283
May	208	216	401	260	210	454	307	278	330	276	289
June	298	217	409	272	221	454	308	282	330	280	292
July	308	217	409	283	211	456	313	288	330	286	297
August	310	217	415	288	182	438	310	287	322	287	295
September ..	314	217	404	287	179	439	311	280	322	282	292
October	307	221	423	288	176	439	311	268	323	273	285
November ..	307	223	423	288	168	441	311	265	322	272	284
December ..	307	223	437	288	171	441	312	276	324	279	290

§ 3. Melbourne Wholesale Price Index.

I. **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 1952 (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 1952.

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

Year.	Metals and Coal.	Wool, Cotton, Leather, &c.	Agricultural Produce, &c.	Dairy Produce.	Groceries.	Meat.	Building Materials.	Chemicals.	All Groups.
1861 ..	1,438	1,381	1,581	1,008	1,963	..	1,070	2,030	1,538
1871 ..	1,096	1,237	1,236	864	1,586	..	1,044	1,409	1,229
1881 ..	1,178	1,115	1,012	935	1,421	..	1,091	1,587	1,121
1891 ..	895	847	1,024	995	1,032	886	780	1,194	945
1901 ..	1,061	774	928	1,039	1,048	1,345	841	917	974
1902 ..	1,007	756	1,192	1,215	945	1,447	837	881	1,051
1903 ..	923	834	1,209	1,059	936	1,443	873	921	1,049
1904 ..	821	885	754	876	916	1,427	845	875	890
1904 ..	772	850	894	980	942	1,209	809	849	910
1906 ..	882	978	916	972	923	1,110	896	864	948
1907 ..	1,037	1,017	973	1,020	948	1,294	968	961	1,021
1908 ..	1,033	901	1,312	1,198	968	1,335	935	891	1,115
1909 ..	1,014	907	1,000	1,119	978	1,088	911	815	993
1910 ..	1,004	1,052	969	1,100	990	1,008	996	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	991	1,270	1,206	1,052	1,357	1,057	978	1,170
1913 ..	1,046	1,070	1,097	1,054	1,024	1,252	1,128	995	1,186
1914 ..	1,099	1,032	1,207	1,137	1,021	1,507	1,081	1,253	1,149
1915 ..	1,284	1,017	1,262	1,530	1,133	2,435	1,273	1,328	1,604
1916 ..	1,495	1,423	1,308	1,483	1,322	2,515	1,491	1,760	1,504
1917 ..	2,129	2,008	1,157	1,423	1,345	2,403	1,894	2,171	1,662
1918 ..	2,416	2,360	1,444	1,454	1,422	2,385	2,686	3,225	1,934
1919 ..	2,121	2,363	1,987	1,651	2,514	2,342	2,852	2,890	2,058
1920 ..	2,302	2,625	2,450	2,213	1,920	3,279	3,226	2,834	2,483
1921 ..	2,173	1,561	1,767	2,000	1,977	2,158	2,733	2,593	1,903
1922 ..	1,941	1,681	1,628	1,648	1,869	1,787	2,005	1,963	1,758
1923 ..	1,826	2,148	1,778	1,840	1,746	2,579	2,024	1,933	1,944
1924 ..	1,835	2,418	1,647	1,655	1,721	2,223	1,814	1,806	1,885
1925 ..	1,851	1,966	1,796	1,636	1,723	2,212	1,711	1,790	1,844
1926 ..	1,958	1,582	2,001	1,784	1,730	1,931	1,664	1,816	1,832
1927 ..	1,962	1,690	1,826	1,823	1,724	2,111	1,623	1,666	1,817
1928 ..	1,932	1,781	1,726	1,751	1,707	2,015	1,744	1,923	1,792
1929 ..	1,912	1,535	1,783	1,824	1,689	2,245	1,735	1,923	1,803
1930 ..	1,867	1,727	1,484	1,627	1,666	2,024	1,875	1,923	1,596
1931 ..	1,826	1,040	1,121	1,398	1,794	1,512	2,023	2,166	1,429
1932 ..	1,736	998	1,230	1,304	1,766	1,851	2,043	2,127	1,411
1933 ..	1,715	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	1,540	2,015	2,017	1,471
1935 ..	1,602	1,217	1,344	1,325	1,729	1,308	1,964	1,996	1,469
1936 ..	1,366	1,330	1,480	1,351	1,731	1,684	1,969	1,997	1,543
1937 ..	1,772	1,406	1,604	1,451	1,750	1,678	2,430	2,006	1,656
1938 ..	1,746	1,051	1,789	1,549	1,747	1,871	2,238	2,059	1,662
1939 ..	1,758	1,101	1,820	1,557	1,752	1,710	2,220	2,075	1,665
1940 ..	1,854	1,361	1,567	1,567	1,784	1,882	2,890	2,208	1,718
1941 ..	1,960	1,402	1,721	1,554	1,883	1,776	3,138	2,527	1,790
1942 ..	2,146	1,507	1,900	1,665	1,938	2,312	3,409	2,437	1,977
1943 ..	2,272	1,945	1,964	1,716	1,930	2,366	3,764	2,442	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	2,259	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 ..	2,300	2,690	2,019	1,763	2,174	2,748	3,800	2,843	2,360
1948 ..	2,829	3,619	2,383	2,104	2,435	2,976	4,631	3,180	2,824
1949 ..	3,502	3,266	2,876	2,300	2,558	3,356	4,611	3,221	3,191
1950 ..	3,002	5,464	3,155	2,459	2,829	4,616	(n) 5,567	3,263	3,616
1951 ..	5,080	7,943	4,512	2,930	2,850	6,438	(n) 7,074	3,201	5,098
1952 ..	6,481	7,365	5,038	4,024	3,455	6,289	(n) 9,338	3,723	5,647

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

(n) 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 1952 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, 1952, 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	15	8	33	57
1941	69	36	60	35	80	49	18	10	36	64
1942	78	43	64	48	84	53	22	12	44	73
1943	81	49	66	53	84	80	25	14	60	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	98	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	110	103	114	102	94	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	120	122
1952	184	172	117	217	143	113	164	145	105	129
1952—										
March Qtr.	176	168	120	195	150	121	172	151	111	127
June	185	167	117	211	144	114	166	145	102	128
Sept. .. .	190	174	116	230	140	111	160	144	106	128
Dec. .. .	185	177	114	232	139	105	161	140	104	130

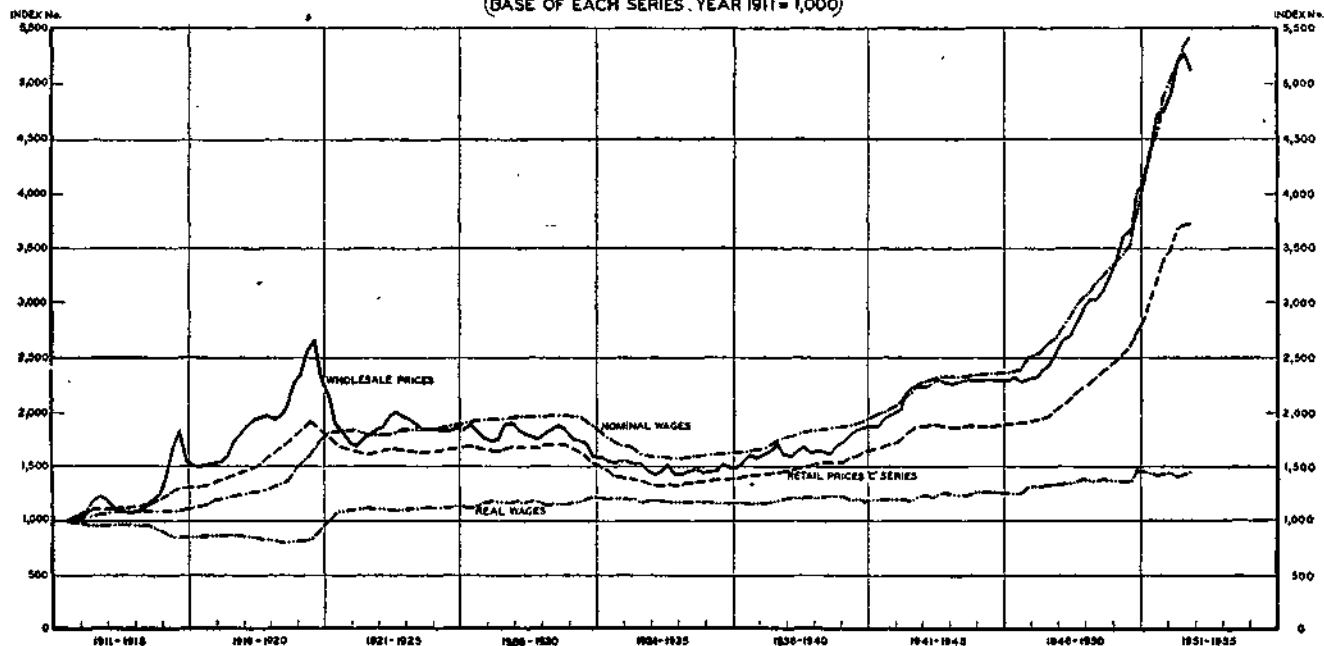
Period.	MEXICO (MEXICO CITY).	NETHER- LANDS.	NEW ZEALAND.	NORWAY.	PERU (LIMA).	SWEDEN.	SWITZER- LAND.	UNION OF SOUTH AFRICA.	UNITED KINGDOM.		UNITED STATES OF AMERICA.
									Board of Trade.	Econo- mit.	
1939	38	37	58	56	27	54	48	56	47	46	48
1940	39	46	65	73	30	68	62	62	62	50	49
1941	42	53	71	90	35	80	79	68	70	65	55
1942	46	56	77	95	44	88	90	76	73	69	62
1943	56	57	82	96	51	92	94	83	74	70	64
1944	69	58	85	97	53	92	96	86	76	72	65
1945	76	64	86	98	55	91	95	87	77	74	66
1946	88	89	86	93	59	87	92	89	80	78	76
1947	93	96	90	97	80	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	94	113	120	119	99
1951	148	143	126	143.	192	140	105	129	146	138	110
1952	154	146	140	152	201	148	102	148	149	138	107
1952—											
March Qtr	155	144	139	150	199	150	104	144	152	140	108
June .. .	156	140	139	150	204	150	102	147	149	138	107
Sept .. .	153	137	140	155	203	149	101	150	148	137	107
Dec .. .	152	138	142	156	197	144	101	151	149	136	106

(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. The price quotations for this index are, in the main, obtained from Melbourne sources, but their movements may be taken as representative of fluctuations in most Australian markets. 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.