

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; and (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 27 below.

After reviewing the list of items and weighting of the Melbourne Wholesale Price Index, the 1930 Conference of Statisticians resolved that a new index of wholesale prices of basic materials and foodstuffs should be compiled. This index—the Wholesale Price (Basic Materials and Foodstuffs) Index—which extends back to the year 1928 and is compiled monthly, 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 on page 27.

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 list of items is divided into seven main groups, each group being 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. The percentage of the total aggregate value in 1957 contributed by each group is also shown.

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" for some commodities, and changes in the industrial structure have affected the validity of some of the weights in the index.

During 1956, supplies and prices of potatoes and onions fluctuated violently upwards and downwards between abnormally wide limits. These fluctuations were so great as to dominate the movement of the sections of the index in which these items were included, namely, "Foodstuffs and Tobacco", "Goods Principally Home Produced" and "Total All Groups". In the circumstances of the case, neither seasonal adjustment nor conversion of the index to a "changing weights" formula could be applied to eliminate these transient

fluctuations. Accordingly, in order to provide a representative measure of general trend in wholesale prices, the index was reconstructed as from July, 1936 by omitting potatoes and onions.

Consideration is being given to the enlargement of the index to cover additional groups and to revision of the weighting pattern of the index.

WHOLESALE PRICE (BASIC MATERIALS AND FOODSTUFFS) INDEX.
LIST OF COMMODITIES, UNITS OF MEASUREMENT AND QUANTITY-MULTIPLIERS.

Commodity.	Unit.	Quantity-multiplicr. (Weight.)	Commodity.	Unit.	Quantity-multiplicr. (Weight.)
Metals and Coal—			Rubber and Hides—		
Principally Imported—			Principally Imported—		
Aluminium	ton	985	Rubber, crude	lb.	24,214,400
Principally Home-produced—			Principally Home-produced—		
Iron and steel	ton	637,000	Call skins	lb.	4,455,000
Briquettes	ton	243,000	Cattle hides	lb.	57,246,000
Copper, wire bars	ton	7,000	Tanning bark	ton	23,000
Coal	ton	9,300,000			
Lead, soft pig	ton	10,400	Building Materials—		
Tin, ingots	ton	1,250	Principally Imported—		
Zinc, ingots	ton	14,800	Timber, softwoods	1,000 sup. ft.	346,500
			Turpentine	gallon	458,000
Oils, Fats and Waxes—			Principally Home-produced—		
Principally Imported—			Bricks	1,000	372,000
Coconut oil	ton	6,500	Cement	ton	479,000
Fuel oil	ton	170,000	Drain-pipes	foot	7,270,000
Linseed oil	gallon	2,250,000	Glass, window	100	82,370
Lubricating oil	gallon	3,960,000			
Kerosene, power	gallon	21,000,000	Lime	sq. ft.	51,144
Petrol	gallon	218,000,000	Plaster	ton	53,000
Principally Home-produced—			Timber, hardwoods	100	2,575,000
Beeswax	lb.	169,112			
Tallow	ton	26,000	White lead	sup. ft.	60,000
			Whiting	cwt.	274,000
Textiles—			Foodstuffs and Tobacco(a)—		
Principally Imported—			Principally Imported—		
Hemp	ton	5,575	Tapioca	cwt.	754,860
Kapok	lb.	6,160,000	Cocoa, raw	cwt.	104,460
Jute fibre	ton	874	Coffee	lb.	3,642,000
Phormium tenax	ton	2,275	Tea	lb.	48,954,520
Silk, raw	lb.	455,900	Mustard	doz. lb.	49,340
Principally Home-produced—			Herrings	doz. lb.	289,760
Cotton, raw	lb.	15,900,000	Sid	doz.	847,560
Wool, greasy	lb.	50,200,000			
			Tobacco, leaf	4-oz. tins	18,321,340
Chemicals—			Principally Home-produced—		
Principally Imported—			Barley	bushel	5,185,260
Ammonium sulphate	ton	23,830	Maize	bushel	330,640
Potash, muriate	ton	4,055	Oats	bushel	15,713,240
Potash, sulphate	ton	2,025	Rice	cwt.	339,246
Soda ash	ton	21,400	Wheat	bushel	41,880,980
Soda, nitrate	ton	1,100	Peas	bushel	675,980
Soda, nitrate—			Sugar	ton	352,682
Chilean	ton	3,600	Beef	100 lb.	7,352,520
Sulphur	ton	95,500	Lamb	lb.	87,245,740
Principally Home-produced—			Mutton	lb.	458,081,320
Arsenic	ton	1,531	Pork	lb.	49,923,380
Blood and bone	ton	34,431	Butter fat	lb.	204,156,640
Methylated spirits	gallon	2,374,000	Lard	lb.	1,497,840
Soda crystals	ton	4,986	Milk	gallon	167,838,800
Superphosphate	ton	704,144	Currants	lb.	10,391,520
Sulphuric acid	ton	226,450	Sultanas	lb.	18,893,700
			Grapes	ton	98,668

(a) Includes weights transferred from deleted articles.

The percentage of the total aggregate value in 1957 contributed by each group was as follows:—Metals and coal, 17.99 per cent.; oils, fats and waxes, 9.22; textiles, 3.84; chemicals, 4.12; rubber and hides, 1.72; building materials, 11.55; foodstuffs and tobacco, 51.56. Goods principally imported comprised 26.66 per cent. of the total aggregate in 1957 and goods principally home-produced, 73.34 per cent.

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 monthly in the mimeographed statistical bulletin *Wholesale Price (Basic Materials and Foodstuffs) Index* and in the *Monthly Review of Business Statistics*.

WHOLESALE PRICE (BASIC MATERIALS AND FOODSTUFFS) INDEX NUMBERS.
(Base of each Group: Year 1928 = 100.)

Period.	Basic Materials.						Food-stuffs and Tobacco. (a)	Basic Materials and Foodstuffs.		All Groups. (a)
	Metals and Coal.	Oils, Fats and Waxes.	Textiles.	Chemicals.	Rubber and Hides.	Building Materials.		Total.	Goods principally Imported. (b)	
1928	100	100	100	100	100	100	100	100	100	100
1929	100	102	83	98	77	98	98	107	101	103
1930	95	108	61	95	55	100	93	95	105	92
1931	89	109	57	98	58	101	92	81	111	79
1932	83	107	54	98	53	98	88	79	108	76
1933	82	88	62	95	56	100	83	78	101	75
1934	79	82	66	89	60	98	80	81	99	75
1935	74	88	62	82	59	97	79	85	103	76
1936	72	91	76	82	72	99	82	90	105	81
1937	79	95	87	82	89	110	91	95	113	86
1938	80	95	81	83	66	104	88	96	109	85
1939	81	97	65	84	76	105	90	92	111	83
1940	84	123	78	97	93	127	104	99	134	90
1941	88	134	82	106	98	137	112	105	156	91
1942	97	151	93	116	104	154	125	116	180	99
1943	103	160	110	118	106	181	135	121	199	102
1944	103	160	108	118	106	183	135	123	200	104
1945	103	153	108	117	106	184	133	127	198	106
1946	102	142	119	116	104	187	131	129	194	108
1947	107	142	165	116	94	194	137	137	202	114
1948	129	159	234	127	100	204	157	156	217	135
1949	160	166	254	138	96	213	175	172	225	154
1950	179	179	382	179	155	258	208	200	263	182
1951	235	196	475	229	248	327	261	242	299	232
1952	299	216	408	277	193	432	304	272	325	272
1953	307	217	467	279	154	394	301	286	307	285
1954	305	204	387	260	154	380	290	293	296	286
1955	314	203	341	259	228	411	298	304	312	294
1956	322	219	346	272	240	466	316	309	332	302
1957	317	227	363	286	221	486	321	308	339	311
1957—										
January ..	324	227	383	283	232	490	326	304	347	311
February ..	322	230	390	283	225	490	327	307	349	313
March	320	230	382	283	224	490	325	307	345	312
April	320	230	393	283	219	490	326	307	343	313
May	317	230	394	283	219	490	325	301	341	299
June	316	226	379	284	218	490	322	311	337	305
July	314	226	377	291	214	490	322	315	334	309
August ..	316	226	355	291	214	490	321	321	335	312
September ..	316	226	352	291	215	479	319	317	332	309
October ..	313	226	326	291	223	480	317	305	334	299
November ..	313	226	319	285	224	479	315	298	337	292
December ..	314	223	301	285	222	479	314	302	334	295

(a) During 1956 these indexes were reconstructed from July, 1936 by excluding potatoes and onions. See para. 3 on page 25. (b) Represents only such imported commodities as are included in the Wholesale Price Index and does not measure changes in price of all imports.

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

§ 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 list of items nor the weighting has 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 used mainly 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 in Labour Report No. 38, 1949, pages 43-45.

2. Index Numbers.—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.

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

Year.	Metals and Coal.	Wool, Cotton, Leather, etc.	Agricultural Produce, etc.	Dairy Produce.	Groceries.	Meat.	Building Materials.	Chemicals.	All Groups.
1861	1,438	1,381	1,583	1,008	1,963	..	1,070	2,030	1,538
1871	1,096	1,257	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	888	780	1,194	945
1901	1,061	774	928	1,029	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	875	921	1,049
1904	821	885	754	876	916	1,427	845	875	890
1905	772	850	894	980	942	1,209	809	859	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	999	1,008	996	898	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	1,370	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	1,188
1914	1,099	1,032	1,207	1,137	1,021	1,507	1,081	1,253	1,149
1915	1,284	1,017	2,162	1,530	1,133	2,435	1,275	1,528	1,604
1916	1,695	1,423	1,208	1,485	1,322	2,515	1,491	1,760	1,504
1917	2,129	2,008	1,157	1,423	1,343	2,403	1,884	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	1,514	2,342	2,852	2,896	2,055
1920	2,302	2,625	2,460	2,213	1,920	3,279	3,226	2,834	2,483
1921	2,173	1,361	1,767	2,000	1,977	2,158	2,733	2,303	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	1,933	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	1,938	1,582	2,001	1,784	1,730	1,931	1,664	1,816	1,832
1927	1,962	1,650	1,826	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	1,923	1,792
1929	1,912	1,555	1,793	1,854	1,689	2,245	1,755	1,943	1,803
1930	1,867	1,127	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	2,025	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	1,540	2,015	2,017	1,471
1935	1,602	1,217	1,344	1,325	1,729	1,508	1,964	1,996	1,469
1936	1,566	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	2,298	1,713
1941	1,960	1,402	1,721	1,554	1,883	1,776	3,138	2,527	1,796
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	1,939	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	2,390	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	3,966	2,876	2,309	2,558	3,356	4,611	3,221	3,191
1950	3,902	5,464	3,155	2,459	2,829	4,616	(a) 5,567	3,263	3,816
1951	5,080	7,943	4,512	2,930	2,850	6,438	(a) 7,074	3,294	5,098
1952	6,481	7,365	5,038	4,024	3,455	6,289	(a) 9,338	3,723	5,647
1953	6,615	6,950	4,958	4,533	3,767	6,303	(a) 8,519	4,691	(b) 5,631

(a) The list of items and weighting of the original Building Materials group of this index are outmoded in respect of recent years. The movement shown here for this group between 1949 and 1953 has been calculated in accordance with the movement occurring in the Building Materials group of the Basic Materials and Foodstuffs Index. (b) The "All Groups" index numbers for the years 1954, 1955, 1956 and 1957 were 5,384, 5,548, 5,916 and 5,814, respectively.

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

§ 4. International Comparisons: Wholesale Price Index Numbers.

The following table gives index numbers of wholesale prices during the period 1950 to December, 1957 for Australia and other countries. Except where otherwise noted, the average prices in each country for the year 1953 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: 1953 = 100.)

Period.	AUSTRALIA.	BELGIUM.	BRAZIL.	CANADA.	DENMARK.	FRANCE.	GERMANY (Western)	INDIA.(g)	INDONESIA (Jakarta).(b)	IRELAND.
1950	69	93	66	96	86	78	85	101	72	82
1951	85	113	79	109	109	100	100	110	99	95
1952	98	107	87	102	107	105	103	97	94	100
1953	100	100	100	100	100	100	100	-100-	100	(c)100
1954	99	99	130	98	100	98	98	94	109	98
1955	102	101	147	99	-103-	98	101	87	145	101
1956	106	104	176	102	106	102	103	97	135	101
1957	107	106	(e)	103	106	108	105	103	(e)	108
1957—										
March Qtr.	108	106	201	103	108	104	105	101	142	104
June	107	107	195	103	107	105	105	103	148	107
Sept.	108	106	196	103	106	108	105	105	163	110
Dec.	105	106	(e)	102	105	116	105	103	(e)	110

Period.	ITALY.	JAPAN (Tokyo).	NETHERLANDS.	NEW ZEALAND.	NORWAY.	PHILIPPINES (Manila).	SWEDEN.	UNION OF SOUTH AFRICA.	UNITED KINGDOM (d)	UNITED STATES OF AMERICA.
1950	93	70	87	78	76	98	76	76	95	94
1951	106	97	107	91	94	110	100	86	133	104
1952	100	100	104	101	-101-	101	106	99	111	101
1953	-100-	100	100	100	100	100	100	100	100	100
1954	99	99	101	99	102	95	99	101	98	100
1955	100	98	102	100	104	92	103	104	105	101
1956	102	102	104	104	109	95	108	105	107	104
1957	103	105	107	106	113	99	110	107	106	107
1957—										
March Qtr.	103	106	107	103	113	97	110	107	110	106
June	102	106	107	106	113	97	110	106	109	106
Sept.	102	104	107	107	112	101	109	108	105	107
Dec.	103	104	107	106	112	102	109	108	100	107

(a) Base: April-December, 1953 = 100. (b) Imported goods. (c) Home-produced goods only. (d) Non-food industries only. (e) Not available.

NOTE.—The symbol - on each side of an index number (e.g., -95-) indicates that two series have been linked at that period. The symbol — between two index numbers indicates that it is not possible to link two series (change in scope, etc.) and therefore the index numbers are not comparable with each other even though they are shown on the same base period.