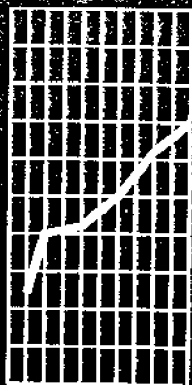




March 1997

EMBARGO: 11.30 AM (CANBERRA TIME) TUES 24 JUN 1997

# Price Index of Western Australian Produced Hardwoods



Statistics



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# SUMMARY OF FINDINGS

## KEY FIGURES

### PRICE INDEX NUMBERS

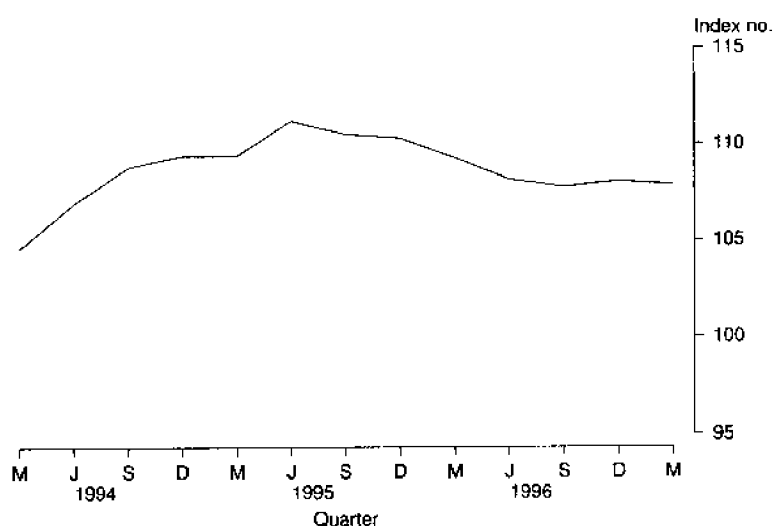
	Dec qtr 96	March qtr 97	Dec qtr 96 to March Dec qtr 97
	Index number	Index number	% change
WA Produced Hardwoods	108.1	107.9	- 0.2
Green Jarrah Produced	108.6	108.1	- 0.5
Green Karri Produced	101.6	101.3	- 0.3
Dry Jarrah Produced	112.9	113.0	0.1

## PRICE INDEXES

### PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwoods index (WAPHI) decreased by 1.3% for the year ended March quarter 1997. Between December quarter and March quarter 1997, the index decreased 0.2% after showing a slight increase the previous quarter. A continued high level of competition between suppliers and a lack of significant domestic building activity has helped determine the level of prices.

Price index of WAPHI

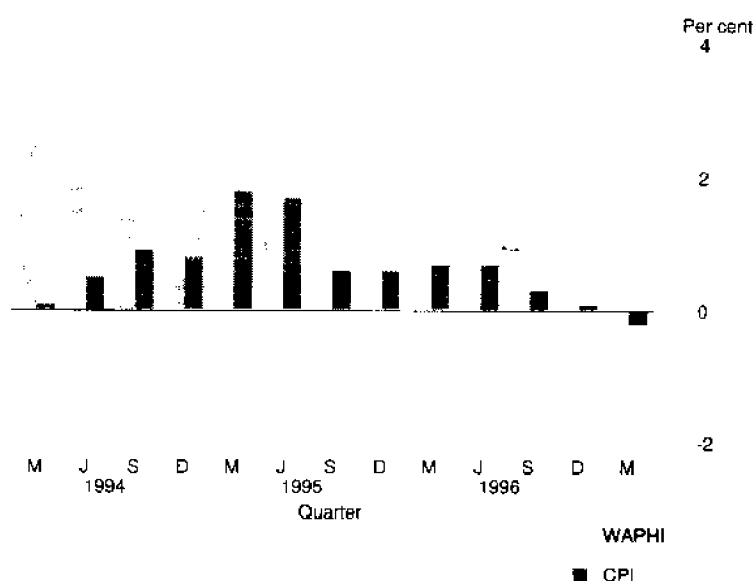


## SUMMARY OF FINDINGS *continued*

Over recent previous quarters, the WAPHI has not displayed the same trend as the Consumer Price Index (CPI). For example, the CPI for Perth, All Groups increased by 0.9% from the March quarter 1996 to the March quarter 1997. However, for the most recent quarter (March) the CPI for Perth and the WAPHI have both decreased by 0.2%.

The graph below shows a comparison between the percentage changes for the CPI for Perth and the WAPHI since March quarter 1994.

Comparison of WAPHI with CPI



### PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED

The index for green jarrah has decreased this quarter by 0.5%. This follows an increase of 1.2% in December quarter 1996. The index for green karri decreased in the March quarter 1997 by 0.3% and decreased by 3.2% in the twelve months ended March quarter 1997.

The decline in the residential building industry has had a significant impact on prices for green jarrah and green karri over the last 18 months, as the greatest market for these timbers is for roofing.

The index of new residential approvals for the Perth Statistical Division decreased 12.6% between the December quarter 1996 and the March quarter 1997. In the 12 months from March quarter 1996 to March quarter 1997 the approvals index decreased 20.7%.

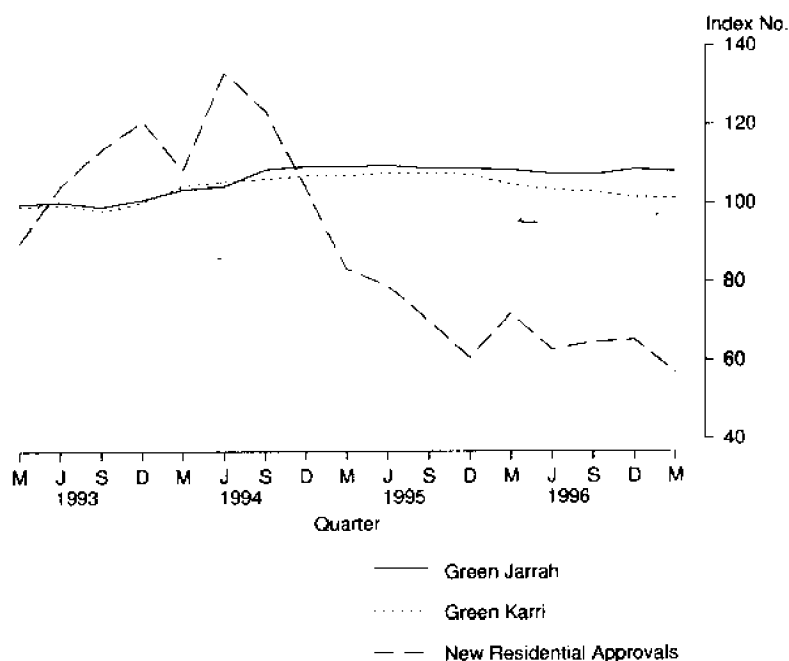
Another significant use of green hardwoods is for railway sleepers and crossing timber.

## SUMMARY OF FINDINGS *continued*

Below is a graph comparing the movement in new residential building approvals with green jarrah and karri price movements. However, it should be recognised that building approvals data may not reflect the timing or level of actual building activity.

Generally, suppliers revise the prices of jarrah and karri to the local market at the same time, usually applying a uniform percentage price change to the same size, length and stress grade of hardwood timber, irrespective of variety. However, prices for interstate sales and exports of green jarrah and green karri are sometimes independently determined and this can affect the price movements of the two species in the index.

### COMPARISON OF TIMBER INDEXES WITH NEW RESIDENTIAL APPROVALS



### PRICE INDEX OF DRY JARRAH PRODUCED

The index for dry jarrah increased by 0.1% between December quarter 1996 and March quarter 1997 but fell by 0.6% for the year ended March quarter 1997.

### PRICE INDEX OF DRY KARRI PRODUCED

Although an index of dry karri is compiled by the ABS and the price movements are included in the compilation of the Price Index of Western Australian Produced Hardwoods, because of the limited number of producers and the small volumes sold, the ABS does not release the index numbers.

## PRICE INDEXES OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

Period	Index number(a)	% change from corresponding quarter of previous year	% change from previous period
ALL HARDWOODS			
<b>1992-93</b>	100.0	..	..
<b>1993-94</b>	103.3	..	3.3
<b>1994-95</b>	109.7	..	6.2
<b>1995-96</b>	109.6	..	-0.1
<b>1996</b>			
March	109.3	-0.1	-0.9
June	108.2	-2.7	-1.0
September	107.8	-2.4	-0.4
December	108.1	-2.0	0.3
<b>1997</b>			
March	107.9	-1.3	-0.2
GREEN JARRAH			
<b>1992-93</b>	100.0	..	..
<b>1993-94</b>	101.8	..	1.8
<b>1994-95</b>	109.2	..	7.3
<b>1995-96</b>	108.4	..	-0.7
<b>1996</b>			
March	108.5	-0.7	-0.3
June	107.4	-2.0	-1.0
September	107.3	-1.4	-0.1
December	108.6	-0.2	1.2
<b>1997</b>			
March	108.1	-0.4	-0.5
GREEN KARRI			
<b>1992-93</b>	100.0	..	..
<b>1993-94</b>	101.9	..	1.9
<b>1994-95</b>	107.0	..	5.0
<b>1995-96</b>	105.7	..	-1.2
<b>1996</b>			
March	104.6	-2.2	-2.4
June	103.4	-3.9	-1.2
September	102.8	-4.5	-0.6
December	101.6	-5.2	-1.2
<b>1997</b>			
March	101.3	-3.2	-0.3
DRY JARRAH			
<b>1992-93</b>	100.0	..	..
<b>1993-94</b>	105.8	..	5.8
<b>1994-95</b>	112.0	..	5.9
<b>1995-96</b>	113.5	..	1.3
<b>1996</b>			
March	113.7	2.6	-0.1
June	112.6	-2.3	-1.1
September	112.1	-1.5	-0.4
December	112.9	-0.8	0.7
<b>1997</b>			
March	113.0	-0.6	0.1

(a) Base Index 1992-93 = 100.0

## EXPLANATORY NOTES

.....

### INTRODUCTION

**1** This publication presents index numbers measuring changes in prices for sawn timber produced from Western Australian produced hardwoods. They are calculated on the reference base 1992-93=100.0

### SCOPE

**2** The scope of the index is Western Australian produced sawn hardwood timber sold by Western Australian mills and merchants within Western Australia, interstate and overseas. Timber used for veneer, woodchips, particle board and posts and poles is not included.

### ITEMS AND WEIGHTS

**3** The indexes are fixed weight indexes. For the period prior to March quarter 1997 the items included in the index were selected and allocated value weights on the basis of sawn timber sold during 1992-93 to final users in Western Australia and merchants interstate and overseas. From March quarter 1997 the items included in the index and their value weights were based on sawn timber sold during 1995-96 valued at December 1996 prices.

**4** Many of the selected items carry not only the weight of directly priced timbers, but also the weight of other timbers whose prices are considered to move similarly to those of the directly priced timbers.

### COMPOSITION AND WEIGHTING IN REFERENCE YEAR 1995-96

.....

Contribution	
Item	%
.....	
Green jarrah	27
Green karri	27
Dry jarrah	44
Dry karri	2
<b>Total</b>	<b>100</b>
.....	

### PRICE MEASUREMENT

**5** Most prices used in these indexes relate to the mid-point of each month for the quarter. Prices are obtained from a representative sample of sawmillers and timber merchants (including exporters). The point of pricing is the last sale before final use; handling and delivery costs are included for local sales, if incorporated in the merchant's or sawmiller's price. For example, the price of timber sold to builders is the delivered on site price. Interstate sales are normally priced ex-mill and for exports, the price is generally free on board (fob).

**6** As far as possible, actual transaction prices are used in the indexes. These are the prices *actually* paid by builders, joinery workshops, furniture manufacturers and other purchasers of the timber. The actual price paid can be described in various ways. For example, a price for a sawmiller's or merchant's product may be described in terms of the components that make up the price, such as 'list price less (particular types of) discount'. It is these *net* prices that buyers pay to sellers that the ABS aims to use in compiling these price indexes.

**7** Price series relate to goods of fixed specifications with the aim of incorporating in the index, price changes for representative articles of constant quality (eg. size, dimensions, stress grade). Consistent with this approach,



## EXPLANATORY NOTES *continued*

prices in general relate to a standard representative set of transactions (in terms of quantity, delivery arrangements, destination, etc.) in order to avoid variations in price that are attributable solely to a changing mix of transactions over time.

### INDEX NUMBERS

**8** The index numbers for financial years are simple averages of the relevant quarterly index numbers.

### REVISIONS

**9** Index numbers for the current quarter and the previous quarter are preliminary and subject to revision. From time to time, index numbers for earlier periods 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 CHANGE

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

**11** 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.

WAPI		
	March quarter 1997	107.9
minus	March quarter 1996	109.3
equals	<b>Change in index points</b>	-1.4
	Change in index points x 100	-1.4 * 100
divided by	December quarter 1996	109.3
equals	<b>Percentage change</b>	-1.3

### RELATED PUBLICATIONS

**12** Users may also wish to refer to the following publications which are available from ABS Bookshops.

- Consumer Price Index, Eight Capital Cities (6401.0)
- Dwelling Unit Commencements (8741.5)
- House Price Index (6416.0)
- Building Approvals, Western Australia (8731.5)
- Building Activity, Western Australia (8752.5)

**13** Current publications produced by the ABS are listed in the *Catalogue of Publications and Products* (1101.0). The ABS also issues, twice weekly, a *Release Advice* (1105.0) which lists publications to be released in the next few days. The catalogue and release advice are available from ABS offices.

### UNPUBLISHED STATISTICS

**14** 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 Bob Pearse on (08) 9360 5147 or to any ABS office.





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