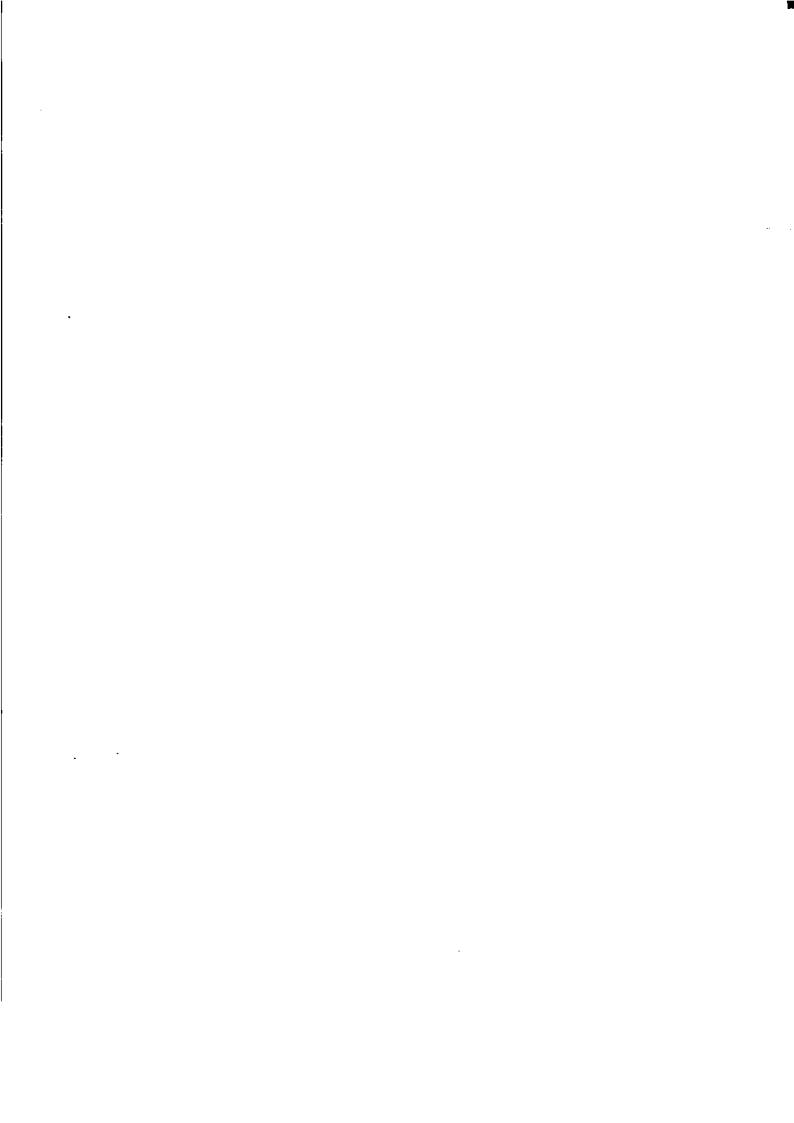


Price Index of Western Australian Produced Hardwoods

September Quarter 1995



INTRODUCTION

This publication, prepared by the Australian Bureau of Statistics on behalf of the Western Australian Department of Conservation and Land Management and the Forest Industries Federation (WA) Inc., presents index numbers measuring changes in prices of Western Australian sawn hardwood timber.

The Price Index of Western Australian Produced Hardwoods measures the change in prices of all Western Australian hardwoods. Individual price indexes have also been compiled for each of the major hardwood timbers produced and sold by the Western Australian timber industry. The major timbers are:

Green jarrah Green karri Dry jarrah Dry karri

SUMMARY OF FINDINGS

KEY FIGURES

Percentage change		
Jun qtr 95 to Sep qtr 95	Sep qtr 94 to Sep qtr 95	
-0.6	1.6	
-0.7	0.3	
0.0	1.3	
-1.2	2.5	
	Jun qtr 95 to Sep qtr 95 -0.6 -0.7 0.0	

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS (WAPHI) The index of Western Australian Produced Hardwoods decreased by 0.6% from the June quarter 1995 to the September quarter 1995, due mainly to decreases in the prices for green and dry jarrah timber.

From the September quarter 1994 to the September quarter 1995, the index increased by 1.6%. Increases in the prices of green and dry jarrah during this period were partially offset by slight decreases in the September quarter 1995. While there were significant increases in the prices of dry karri over the 12 months, there were only slight increases for green karri over the same period

By comparison, the increase in the Consumer Price Index (CPI), Perth, All Groups from the September quarter 1994 to the September quarter 1995 was 5.0%.

WAPHI and CPI movements are not similar because of the different market forces affecting them.

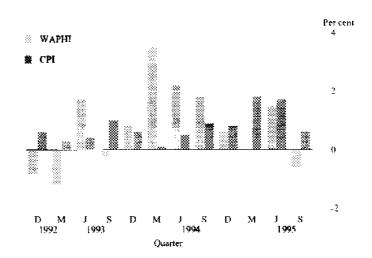
INQUIRIES

- for further information about these statistics, contact Mike Carter on Perth 09 360 5128.
- for information about other statistics and services, please refer to the back page of this publication.

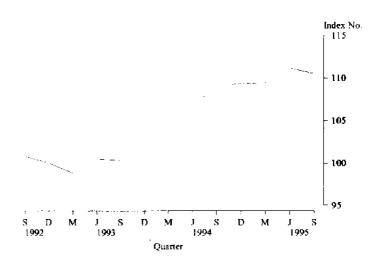
The graphs below and Table 1 depict the quarterly index numbers and percentage changes for WAPHI. A resume of the factors affecting prices, and therefore the index numbers for individual timbers, is contained in the commentary on each of the timbers.

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

Base: 1992- 93 = 100.0



PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS AND CONSUMER PRICE INDEX , PERTH Quarterly Percentage Change



PRICE INDEXES OF GREEN JARRAH PRODUCED AND GREEN KARRI PRODUCED Prices of green jarrah decreased from the June quarter 1995 to the September quarter 1995 by 0.7%. There was no change in the index for green karri.

The major domestic demand for green jarrah and green karri is for structural timber for roofing in house construction in Perth. Consequently, movements in the prices for jarrah and karri timbers can be influenced by changes in the level of demand for new houses in the Perth Statistical Division.

The graph below shows the changes in the number of house commencements in Perth and movements in the prices of green jarrah and karri.

A resurgence in house commencements became evident in the December quarter 1993 and continued through to the September quarter 1994. During the December quarter 1994 house commencements showed a significant drop from the levels of the preceding four quarters and the decline has continued through to the June quarter 1995.

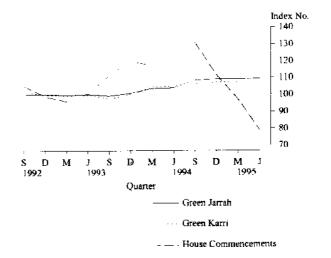
Another significant domestic use of green timber is for railway sleepers and crossing timber.

Exports of green timber are mainly to Europe and include structural timber as well as sleepers and crossing timbers.

The graph below also illustrates the normally close price relationship between green jarrah and green karri. 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 karri are independently determined and can affect the normally close correlation of price movements for jarrah and karri.

PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI, WESTERN AUSTRALIA. INDEX OF HOUSE COMMENCEMENTS, PERTH STATISTICAL DIVISION.

Base Of Each Index: 1992-93 = 100.0



PRICE INDEX OF DRY JARRAH PRODUCED

The price index for dry jarrah decreased by 1.2% in the September quarter 1995, partially offsetting the June quarter 1995 increase of 4.0%. Changes in exchange rates and the cost of freight had a major impact on prices in the September quarter 1995.

There is a good domestic market for dry jarrah timber and significant quantities are also sold interstate or exported. The majority of sales of locally purchased timber are to the building industry as structural timber and to joiners and to the furniture industry for high quality furniture. Currently, sales of decking and flooring timber dominate the interstate market and the relatively small, but developing, international market.

PRICE INDEX OF DRY KARRI PRODUCED

By comparison with other timbers, the production of dry karri is quite small, and to date most of the output has been sold interstate. Suppliers are increasing their output and are seeking to develop interstate and overseas markets.

An index for dry karri has been compiled, but because of the limited sales to date, the ABS does not release the quarterly index.

Price movements for dry karri are, however, included in the compilation of the Price Index of Western Australian Produced Hardwoods.

1 PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

Period	Index number ¹	% change from previous period	
Financial year			
1992-93	100.0	-	-
1993-94	103.3	3.3	-
1994-95	109.7	6.2	-
Quarters 1993-94			
June	106.9	2.2	6.4
1994-95			
September	108.8	1.8	8.5
December	109.4	0.6	8.2
March	109.4	0.0	4.6
June	111.2	1.6	4.0
1995-96			
September	110.5	-0.6	1.6
¹ Base of index 1992-93 = 100.0			

PRICE INDEX OF GREEN JARRAH PRODUCED

Period	Index number ¹	% change from previous penod	% change from corresponding quarte of previous year
Financial year	<u> </u>		
1992-93	100.0	-	•
1993-94	101.8	1.8	-
1994-95	109.2	7.3	_
Quarters			
1993-94		_	
June	10 4 . 1	0.6	4.0
1994 -95			
September	108.5	4.2	9.6
December	109.3	0.7	8.5
March	109.3	0.0	5.6
June	109.6	0.3	5.3
1995-96			
September	108.8	-0.7	0.3
¹ Base of index 1992-93 = 100.0			

PRICE INDEX OF GREEN KARRI PRODUCED

Period	index number ⁱ	% change from previous period	% change from corresponding quarter of previous year
Financial year		, , ,	
1992-93	100.0	•	-
1993-94	101.9	1.9	•
1994-95	107.0	5.0	-
Quarters 1993-94			
June	105.3	0.9	5 .8
1994-95	27-71-	010	0.0
September	106.2	0.9	8.6
December	107.0	0.8	6.9
March	107.0	0.0	2.5
June	107.6	0.6	2.2
1995-96			
September	107.6	0.0	1.3
¹ Base of index 1992-93 = 100.0			

4 PRICE INDEX OF DRY JARRAH PRODUCED

Period	Index number ¹	% change from previous period	% change from corresponding quarter of previous year
Financial year 1992-93	100.0	,	
1993-94	105.8	5.8	-
1994-95	112.0	5.9	-
Quarters 1993-94			
June	111.0	5.0	8,9
1994-95			
September	111.0	0.0	6.8
December	111.0	0.0	8.4
March	110.8	-0.2	4.8
June	115.2	4.0	3.8
1995-96			
September	113.8	-1.2	2.5
¹ Base of 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 hardwoods. They are calculated on the reference base 1992-93 = 100.0.

SCOPE

2 The scope of the index is Western Australian produced hardwood timber sawn and sold by 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 weights indexes. 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, interstate, or overseas.
- 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.

PRICE INDEX OF WEST AUSTRALIAN PRODUCED HARDWOODS COMPOSITION AND WEIGHTING IN REFERENCE YEAR 1992-93

'tem	Percentage contribution
Green jarrah	33.0
Green karri	33.0
Dry jarrah	30.0
Dry karri	4.0
Total	100.0

PRICE MEASUREMENT

- 5 Most prices used in these indexes relate to the mid-point of the month. Prices are obtained from a representative sample of sawmillers and timber merchants. 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, 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 CHANGES

- 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:

Price Index Of West Australian Produced Hardwoods

September quarter 1994	108.8
September quarter 1995	110.5
Change in index points	1.7
Percentage change	$\frac{1.7}{108.8} \times 100 = 1.6\%$

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)
- Price Index of Materials Used In House Building, Six State Capital Cities and Canberra (6408.0)
- 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.

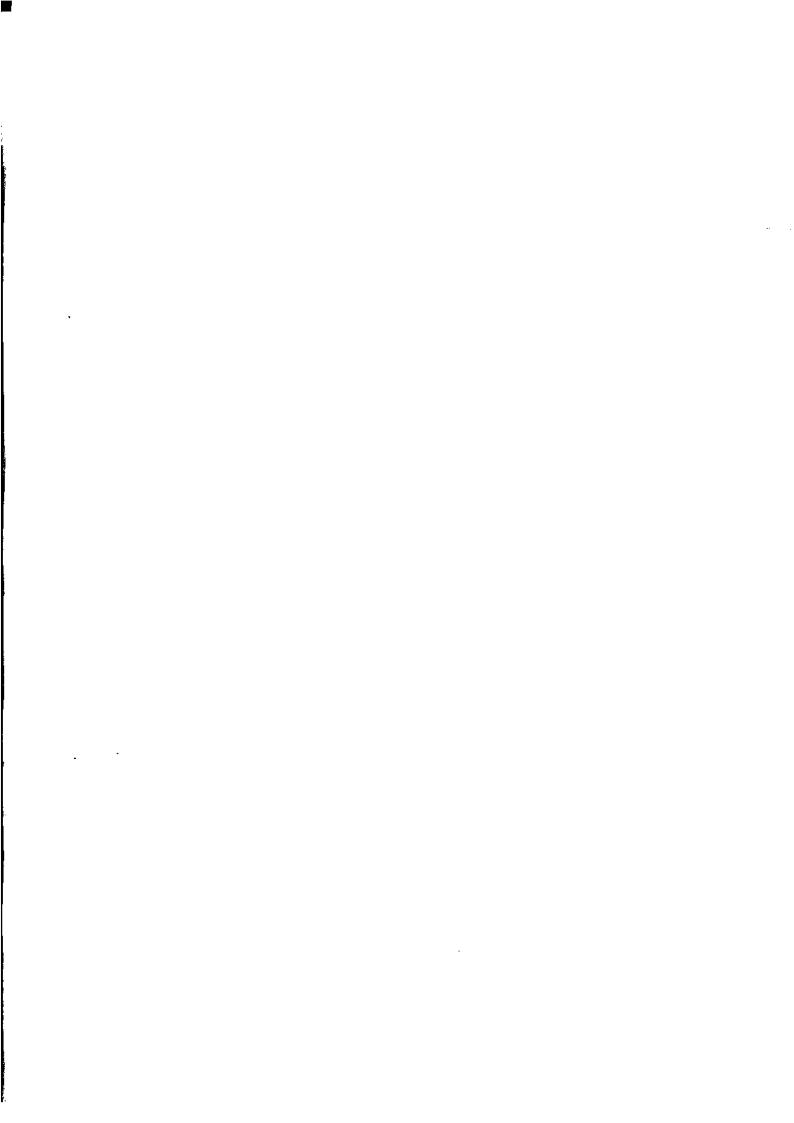
UNPUBLISHED STATISTICS

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 Mike Carter on (09) 360 5128 or to any ABS office.

SYMBOLS AND OTHER USAGES

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