

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

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INQUIRIES

- For more information about these and related statistics, contact Bob Pearse on Perth (08) 9360 5147 or refer to the back cover of this publication.

NOTES

FORTHCOMING ISSUES

ISSUE

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June 1998

10 July 1998

ABOUT THIS PUBLICATION

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 (WAPHI) measures the change in prices of Western Australian sawn hardwoods. Individual price indexes are also published for each of the major hardwood timbers produced and sold by the Western Australian timber industry, namely:

- Green jarrah
- Green karri
- Dry jarrah

SYMBOLS AND OTHER USAGES

- r figure or series revised since previous issue
- .. not applicable
- n.a. not available
- nil or rounded to zero

Dave Roarty
Acting Regional Director, Western Australia

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SUMMARY OF FINDINGS

KEY FIGURES

PRICE INDEX NUMBERS

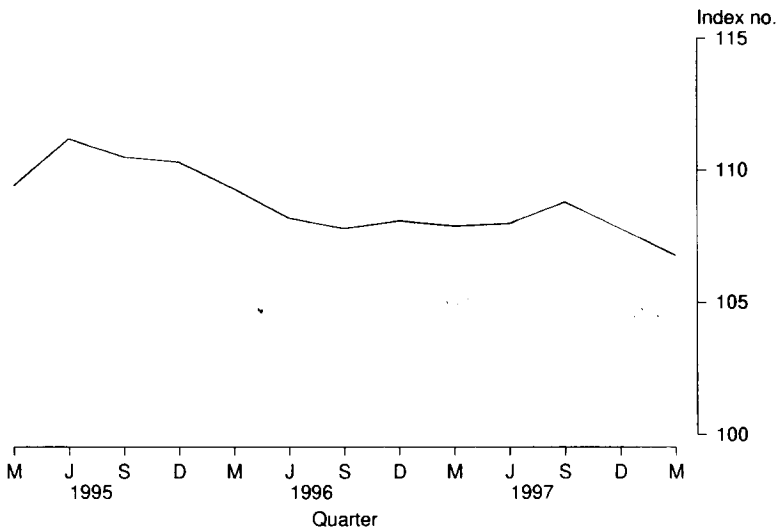
	Dec qtr 97	Mar qtr 98	Dec qtr 97 to Mar qtr 98
	Index number	Index number	% change
WA Produced Hardwoods	107.8	106.8	-0.9
Green Jarrah Produced	106.8	105.2	-1.5
Green Karri Produced	100.2	97.2	-3.0
Dry Jarrah Produced	114.1	114.7	0.5

PRICE INDEXES

PRICE INDEX OF WESTERN AUSTRALIAN PRODUCED HARDWOODS

The Western Australian Produced Hardwoods Index (WAPHI) decreased by 0.9% for the March quarter 1998, the same decrease as in the previous quarter. For the year ending March quarter 1998, the index decreased 1.0%. Price decreases in the current quarter reflected changes which occurred in the local and export markets for hardwoods..

Price index of WAPHI

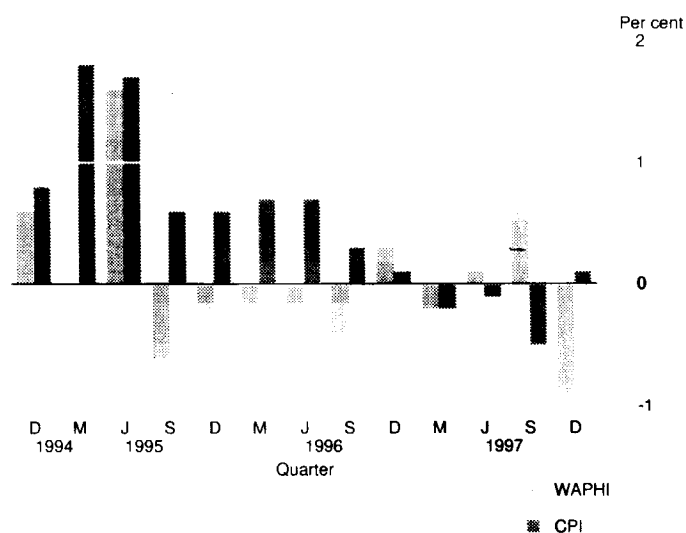


SUMMARY OF FINDINGS *continued*

The WAPHI does not always display the same trend as the Consumer Price Index (CPI). For example, the CPI for Perth, All Groups decreased by 0.7% from the December quarter 1996 to the December quarter 1997; mortgage interest charges being one of the major contributors to the decreases over recent quarters.

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

Comparison of WAPHI with CPI



PRICE INDEXES OF GREEN JARRAH AND GREEN KARRI PRODUCED

The index for green jarrah decreased in the March quarter by 1.5%. This follows a slight increase during the last quarter. The index for green karri decreased in the March quarter 1998 by 3.0% following a decrease of 1.0% in the previous quarter. Over the twelve months ended March quarter 1998 green jarrah and green karri have decreased 2.7% and 4.0% respectively.

The decline in the residential building industry since June 1994 has had a significant impact on prices for green jarrah and green karri over the last 18-24 months, as the greatest market for these timbers is for roofing.

The index of new residential approvals for the Perth Statistical Division, however, increased 27.3% between the March and June quarters of 1997, the most significant quarterly increase since June quarter 1994. The increase between September quarter and December quarter 1997 was 7.4%. In the 12 months to December quarter 1997, the residential approvals index increased 10.4%.

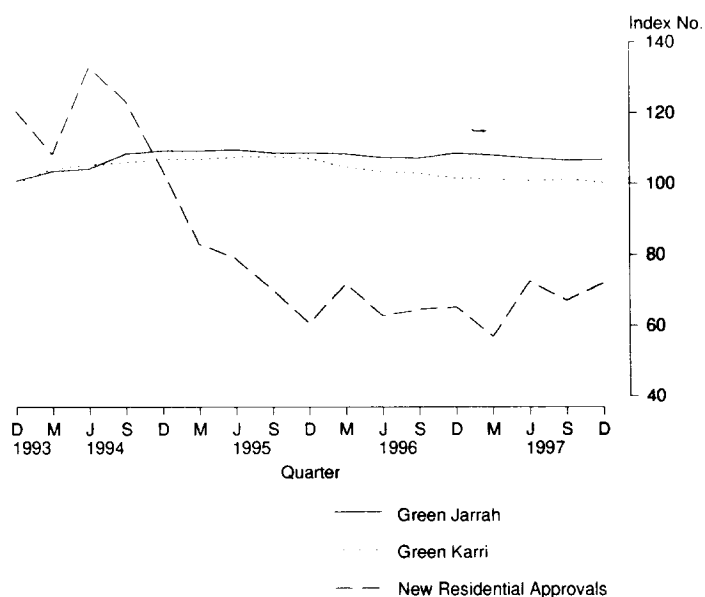
SUMMARY OF FINDINGS *continued*

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

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

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. Prices for interstate sales and exports of green jarrah and green karri, however, 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 0.5% between December quarter 1997 and March quarter 1998. In the twelve months to March quarter 1998, prices increased 1.5%.

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
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ALL HARDWOODS

1993-94	103.3	..	3.3
1994-95	109.7	..	6.2
1995-96	109.6	..	-0.1
1996-97	108.0	..	-1.5

1997			
March	107.9	-1.3	-0.2
June	108.0	-0.2	0.1
September	108.8	0.9	0.7
December	107.8	-0.3	-0.9

1998			
March	106.8	-1.0	-0.9

GREEN JARRAH

1993-94	101.8	..	1.8
1994-95	109.2	..	7.3
1995-96	108.4	..	-0.7
1996-97	107.8	..	-0.6

1997			
March	108.1	-0.4	-0.5
June	107.3	-0.1	-0.7
September	106.6	-0.7	-0.7
December	106.8	-1.7	0.2

1998			
March	105.2	-2.7	-1.5

GREEN KARRI

1993-94	101.9	..	1.9
1994-95	107.0	..	5.0
1995-96	105.7	..	-1.2
1996-97	101.6	..	-3.9

1997			
March	101.3	-3.2	-0.3
June	100.8	-2.5	-0.5
September	101.2	-1.6	0.4
December	100.2	-1.4	-1.0

1998			
March	97.2	-4.0	-3.0

DRY JARRAH

1993-94	105.8	..	5.8
1994-95	112.0	..	5.9
1995-96	113.5	..	1.3
1996-97	113.0	..	-0.4

1997			
March	113.0	-0.6	0.1
June	113.8	1.1	0.7
September	115.7	3.2	1.7
December	114.1	1.1	-1.4

1998			
March	114.7	1.5	0.5

(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	
Green jarrah	27
Green karri	27
Dry jarrah	44
Dry karri	2
Total	100

PRICE MEASUREMENT

5 Most prices used in these indexes related to the mid-point of each month for the quarter up until the June quarter 1997. From the September quarter 1997 prices relate to the mid-point of 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.

WAPHI

	March quarter 1998	106.8
<i>minus</i>	December quarter 1997	<u>107.8</u>
<i>equals</i>	Change in index points	-1.0
	Change in index points x 100	<u>-1.0 x 100</u>
<i>divided by</i>	December 1997	<u>107.8</u>
<i>equals</i>	Percentage change	-0.9

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 (08) 9360 5140 or to any ABS office.



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