

SECTION VII.—WHOLESALE PRICES.

1. **General.**—The results of an investigation into wholesale prices in Melbourne from 1861 to 1917 were given in some detail in Reports Nos. 1, 2, 5, 6, 7 and 8. In this Section results are now included for the year 1918.

The data upon which the investigation is based were obtained mainly from reports of Melbourne market prices, published in the ordinary press, and in special trade reviews. In any case of doubt as to the reliability of the figures, the records thus obtained were verified by reference to well-known and important business firms, dealing in the articles in question. Every care was taken to ensure that the prices quoted for each article refer to a uniform quality, and, in cases where more than one source of information was utilised for obtaining prices of single commodities, special precautions were taken to ensure substantial continuity of quality or grade. In most cases, monthly prices were obtained (but where daily or weekly quotations were available, these were adopted), and arithmetic averages for the several years were computed. In regard, however, to a few commodities, such as coal, tea, cotton and wool, since monthly prices were not available for back years, yearly averages, based in each case upon expert opinion, were secured.

It was at first intended to obtain records, on the lines indicated, for a uniform list of commodities for the capital town of each State. Owing, however, to the large amount of work involved, and to the difficulty experienced in obtaining regularly the prices of anything like a uniform representative list of commodities from the papers and journals published in some of these towns, this idea has for the present been abandoned.

2. **Commodities Included and Methods Adopted.**—Retail prices have the advantage that a comparatively small list of commodities suffices to represent a large proportion of the average expenditure. They are, however, subject to the difficulty that their variations depend largely upon local conditions, and it is, therefore, ordinarily necessary to collect the data over a wide area. Wholesale prices, on the other hand, are fixed usually at one or two centres, but a much larger list of commodities must be covered.

The index-numbers up to the year 1911 are based on the prices of eighty commodities, but since that year the number has been increased to ninety-two.* The methods followed for the computation of the wholesale price index-numbers are the same as those adopted in regard to retail prices. The commodities included, the units of measurement for which the prices are taken, and the mass-units, indicating the relative extent to which each commodity, in the units of measurement specified, is used or consumed, are shewn in the following statement.

* In the computation of the index-numbers for years prior to 1911, the aggregate expenditure on 80 commodities in 1911 is taken as base (=1000), while for later years the aggregate expenditure on 92 commodities in 1911 is taken.

Melbourne Wholesale Prices, Commodities included, Units of Measurement, and "Mass-Units."

Commodity.	Brand.	Unit.	Mass Unit.	Commodity.	Brand.	Unit.	Mass Unit.
GROUP I.				GROUP V.			
Iron—				Currants	Sultanas	lb.	1,400
Pig	M'x'dNos.	ton	6½	Raisins	"	"	1,400
Rod and Bar	Stafford	"	3½	Herrings	1-lb. fresh	doz. 1 lb.	50
Angle and T	"	"	3½			tins	
Plate	"	"	3	Salmon	1 lb. tall	"	50
Hoop	"	"	½		Alaska		
Galvanized	26 gauge	"	5	Sardines	Halves	doz. halves	100
Tinned Plates	I.C. Coke	cwt.	60	Coffee	Plantation	lb.	200
Fencing Wire	No. 8	ton	6	Cocoa	Taylor's	"	100
Zinc, Sheet	"	"	1	Sugar	No. 1A	ton	22
Lead, Sheet	"	"	½	Macaroni	"	lb.	200
" Pipes	"	"	½	Sago	"	cwt.	7
Copper Sheet	"	lb.	2,000	Rice	Patna	ton	2
Quicksilver	"	"	12	Salt	Liverpool	"	7
Coal	Newcastle on Wharf	ton	600		Rock		
		Total	2,702½	Salt	Coleman's	doz. 1 lb.	6
				Mustard	"	tins	
GROUP II.				Starch	Coleman's	lb.	100
					White		
Branbags		doz.	110	Blue	Keen's	"	50
Cornbags		"	250	Matches	Aust'n.	gross	90
Woolpacks		each	200		Safety		
Leather, Waxed				Candles	Gouda	lb.	1,600
Kip		lb.	600	Tobacco	Two Seas in	"	1,300
Waxed Split		"	600	Tea	For'ket Pes.	"	3,000
Medium Crop		"	600	Kerosene		gallon	1,700
Cotton	Raw	"	24,000			Total	11,365
Wool	Greasy	"	12,200	GROUP VI.			
Twine	Reaper and Binder	"	150	Beef	Average quality.	100 lbs.	390
Tallow	Mutton	ton	1½	Mutton	"	lb.	33,000
	Prune	"		Veal	"	"	2,000
		Total	38,711½	Lamb	"	"	5,600
				Pork	"	"	3,700
GROUP III.						Total	44,690
Wheat		bushel	500	GROUP VII.			
Flour		ton	48	Timber:—	Flooring		
Bran		"	14		" 6 x 1½	100 ft. tra.	30
Pollard		"	14		" 6 x 2	"	30
Oats	Feed	bushel	1,200		" 6 x 3	"	30
Oatmeal	Colonial	ton	1½		" 6 x 4	"	30
Barley	Malting	bushel	150		Weather-		200
"	Feed	"	100		boards		
Maize	"	"	1,000		Oregon	1000 ft. sup	20
Hay	Best M'ng'r	ton	135		Shelving	"	10
Chaff	Good oaten	"	135		Portland	cask	30
Straw	Victorian	"	25	Cement	White Land	ton	½
Peas	"	bushel	55	States	Welsh	1,000	½
Potatoes	"	ton	40		20 x 10		
Malt	Victorian	bushel	140			Total	381½
Onions	"	ton	3				
		Total	3,560½	GROUP VIII.			
GROUP IV.				Cream of Tartar	In Kegs	lb.	400
Ham		lb.	800	Carbonate of	"	ton	½
Bacon		"	3,200	Soda			
Cheese		"	1,500	Saltpetre	Refined	"	½
Butter	Best Fresh	"	9,500	Sulphur	"	"	½
Lard	In Bladders	doz.	200	Caustic Soda		cwt.	7
Eggs	Ordinary	doz.	1,800	Alum	Lump	ton	½
Honey	"	lb.	600	Cyanide		lb.	570
Beeswax	"	"	40	Potassium			
Condensed Milk	Bacchus Marsh	doz. lb.	160			Total	978½
		Total	17,800				

3. **Index Numbers.**—Index-numbers have been computed for each group of commodities, as well as for all groups together. These index-numbers are shewn in the following table :—

Melbourne Wholesale Prices, Index-Numbers, 1861 to 1918, Computed to Year 1911 as Base (= 1000).

YEAR.	I. Metals and Coal.	II. Jute, Leather, &c.	III. Agricul- turalPro- duce, &c.	IV. Dairy Produce.	V. Grocer- ies.	VI. Meat.	VII. Building Materials	VIII. Chem- icals.	All Com- modities together.
1861 ..	1,438	1,381	1,533	1,008	1,963	..	1,070	2,030	1,533
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	1,181
1891 ..	895	847	1,024	995	1,032	683	780	1,194	945
1901 ..	1,061	774	928	1,029	1,043	1,345	841	917	974
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	1,123	995	1,068
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	1,304
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	1,682
1918 ..	2,416	2,360	1,444	1,454	1,422	2,385	2,686	3,225	1,934

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

The index-numbers have in each case been computed with the prices in the year 1911 as base; that is to say, they shew the amount which would have had to be expended in each of the years specified in order to purchase what would have cost £1,000 in 1911 distributed in purchasing the relative quantities (indicated by the mass-units) of the several commodities included in such group, and in all groups respectively. Thus, in the last column it may be seen that the cost of the relative quantities of the various commodities was 1229 in 1871, and 974 in 1901, as compared with 1000 in 1911 and 1934 in 1918. In other words, prices were lower in 1911 than in either 1871 or 1918, and the purchasing-power of money in 1911 was accordingly greater. Again, prices were higher in 1911 than in 1901, and the purchasing-power of money in the former year was therefore less.

The general index-number for the year 1918 shews an increase of 16.4 per cent. compared with that for 1917. With regard to the various group index-numbers, only one group, VI. (Meat), shews a decrease, but of only 0.8 per cent., all the other groups shewing increases: Group I. (Metals and Coal), 13.5 per cent.; Group II. (Jute, Leather, etc.), 17.5 per cent.; Group III. (Agricultural Produce), 24.8 per cent.; Group IV. (Dairy Produce), 2.2 per cent.; Group V. (Groceries), 5.9 per cent.; Group VII. (Building Materials), 42.6 per cent.; and Group VIII. (Chemicals), 48.5 per cent.

The index-numbers for the full period since 1871 (and for 1861 and 1866) are given in Report No. 1, page 48. On page 79 hereinafter a graph is given shewing the index-numbers since 1901 for all groups taken together.

4. Variations in Price Levels of Commodity Groups for each Quarter of 1918.—In the following table are shown the index-numbers for the four quarters of 1918, and the first quarter of 1919 :—

Melbourne Wholesale Prices, Quarterly Index-Numbers for 1918 and 1st Qtr., 1919.

GROUP.	No. of Com- modities	INDEX NUMBERS.				
		Jan. to March, 1918.	April to June, 1918.	July to Sept., 1918.	Oct. to Dec., 1918.	Jan. to March, 1919.
I. Metals and Coal	14	2,358	2,403	2,445	2,459	2,283
II. Textiles, Leather, etc.	10	2,639	2,565	2,545	2,360	2,046
III. Agricultural Produce	16	1,286	1,437	1,450	1,614	1,753
IV. Dairy Produce	9	1,400	1,509	1,459	1,447	1,561
V. Groceries	21	1,373	1,412	1,454	1,448	1,426
VI. Meat	5	3,509	3,401	2,322	2,308	2,256
VII. Building Materials	10	2,272	2,698	2,888	2,885	2,883
VIII. Chemicals	7	3,126	3,238	3,438	3,098	3,197
ALL GROUPS*	92	1,877	1,940	1,964	1,965	1,929

* Weighted average.

5. Variations in Price Levels since the Outbreak of the War.—The variations in the index-numbers of the separate commodity groups for the years 1915 to 1918, and for each month from January 1918 to March 1919, are shown in the following table, taking July 1914, the last month before the outbreak of war, as base (= 1000) for each group :—

Melbourne Wholesale Prices, Index-Numbers, July 1914, Years 1915 to 1918, and January 1918 to March 1919.

Particulars.	I. Metals and Coal.	II. Textiles, Leather, etc.	III. Agri- cultural Produce.	IV. Dairy Pro- duce.	V. Groceries	VI. Meat.	VII. Building Mater- ials.	VIII. Chem- icals.	All Groups.
July 1914 ..	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Year 1915 ..	1,166	934	2,024	1,272	1,098	1,502	1,104	1,490	1,406
.. 1916 ..	1,539	1,307	1,180	1,235	1,266	1,551	1,361	1,716	1,319
.. 1917 ..	1,919	1,841	1,034	1,181	1,302	1,480	1,722	2,141	1,456
.. 1918 ..	2,197	2,324	1,351	1,210	1,378	1,469	2,448	3,085	1,695
January 1918	2,132	2,432	1,185	1,144	1,331	1,540	2,046	2,685	1,635
February ..	2,157	2,365	1,191	1,155	1,336	1,532	2,069	3,180	1,633
March ..	2,161	2,463	1,232	1,188	1,324	1,556	2,107	3,275	1,668
April ..	2,161	2,430	1,261	1,209	1,385	1,517	2,156	3,275	1,677
May ..	2,102	2,309	1,382	1,288	1,366	1,452	2,596	3,001	1,711
June ..	2,195	2,331	1,359	1,272	1,355	1,469	2,593	3,207	1,709
July ..	2,206	2,249	1,356	1,250	1,409	1,463	2,636	3,462	1,700
August ..	2,225	2,392	1,358	1,217	1,414	1,498	2,656	3,363	1,721
September ..	2,232	2,410	1,357	1,180	1,408	1,426	2,616	3,271	1,720
October ..	2,234	2,310	1,417	1,163	1,402	1,490	2,616	3,188	1,727
November ..	2,229	2,074	1,573	1,182	1,394	1,403	2,624	2,995	1,716
December ..	2,237	2,122	1,539	1,271	1,397	1,370	2,663	2,916	1,722
January 1919	2,178	1,942	1,653	1,263	1,381	1,370	2,652	3,126	1,713
February ..	2,042	1,838	1,661	1,290	1,374	1,318	2,637	3,139	1,672
March ..	2,000	1,850	1,611	1,355	1,381	1,466	2,606	3,089	1,683

6. **Seasonal Fluctuations in Wholesale Prices, 1918.**—In order to shew the seasonal fluctuations in wholesale prices, index-numbers have been computed for each quarter of the year 1918. These are shewn in the following table, firstly, computed with the year 1911 as base, and secondly, with the average prices for the year 1918 as base. Corresponding figures for purchasing-power of money (retail prices and house rents) have been included for comparative purposes.

Melbourne Wholesale and Retail Prices—Quarterly Index-Numbers, 1918.

Particulars.	Jan. to March.	April to June.	July to Sept.	Oct. to Dec.	Whole Year.
Index-Numbers with 1911 as base (= 1,000) ..	1,877	1,940	1,954	1,065	1,934
Index-Numbers with average for 1918 as base (= 1,000)	971	1,003	1,010	1,016	1,000
Food, Groceries, and House Rent Index-Numbers, with average for 1918 as base (= 1,000)..	983	998	993	1,025	1,000

The first two lines shew that in 1918 wholesale prices increased steadily during the whole period. The last line shews that retail prices were higher in the second than in the first quarter, but lower in the third than in either of the two preceding quarters. The index-number shews that prices were higher in the fourth quarter than in any of the three preceding quarters.

7. **Table of Prices, 1917-18.**—In Appendix VI. particulars are given as to the average prices of the particular brands of commodities used in computing the index-numbers in the years 1917 and 1918. Corresponding information for previous years, as far back as 1871, was given in Appendix VI. to Report No. 1; for 1912 in Appendix IV. to Report No. 2; for 1913, 1914, and 1915 in Appendix V. to Report No. 6, and for 1916 and 1917 in Appendix III. to Report No. 8.