

SECTION VI.—WHOLESALE PRICES.

1. **General.**—The results of an investigation into wholesale prices in Melbourne from 1871 to 1912 were given in some detail in Reports Nos. 1, 2, 5, and 6. In this Section results are now included for the year 1916.

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		lb.	1,400
Pig	M'r'dNos.	ton	6½	Raisins	Sultanas	doz. 1 lb.	1,400
Rod and Bar	Stafford	"	3½	Herrings	1-lb. fresh	doz. 1 lb. tins	50
Angle and T	"	"	3½	Salmon	1 lb. tall	"	50
Plate	"	"	3	Sardines	Alaska	doz. halves	100
Hoop	"	"	½	Coffee	Plantation	lb.	200
Galvanized	26 gauge	"	5	Cocoa	Taylor's	"	100
Tinned Plates	I.C. Coke	cwt.	60	Sugar	No. 1A	ton	22
Fencing Wire	No. 8	ton	6	Macaroni		lb.	200
Zinc Sheet	"	"	1	Sago		cwt.	7
Lead, Sheet	"	"	½	Rice	Patna	ton	2
" Pipes	"	"	½	Salt	Liverpool	"	7
Copper Sheet	"	lb.	2,000	Salt	fine	"	
Quicksilver	"	"	12	Mustard	Rock	doz. 1 lb. tins	1
Coal	Newcastle on Wharf	ton	600	Starch	Coleman's	lb.	100
		Total	2,702½	Blue Matches	Keen's Aust'n.	gross	50
				White	Safety	gross	90
GROUP II.				Candles	Gouda	lb.	1,600
Branbags		doz.	110	Tobacco	Two Seas in	"	1,300
Cornbags		each	250	Tea	Po'ket Pes.	"	8,000
Woolpacks		"	200	Kerosene		gallon	1,700
Leather, Waxed		lb.	600			Total	11,385
Kip		"	600	GROUP VI.			
Waxed Split		"	600	Beef	Average quality.	100 lbs.	390
Medium Crop		"	600	Mutton	"	lb.	33,000
Cotton	Raw	"	24,000	Veal	"	"	2,000
Wool	Greasy	"	12,200	Lamb	"	"	6,800
Twine	Reaper and Binder	"	150	Pork	"	"	3,700
Tallow	Mutton Prime	ton	1½			Total	44,690
		Total	38,711½	GROUP VII.			
GROUP III.				Timber :—	Flooring	100 ft. lin.	
Wheat		bushel	500		6 x 1½	"	30
Flour		ton	48		6 x 1	"	30
Bran		"	14		6 x ¾	"	30
Pollard		"	14		6 x ½	"	30
Oats	Feed	bushel	1,200		Weather-boards	"	200
Oatmeal	Colonial	ton	1½		Oregon	1000 ft. sup	20
Barley	Malting	bushel	150		Shelving	"	30
"	Feed	"	100	Cement	Portland	cast	30
Maize	"	"	1,000	White Lead	Welsh,	ton	1,000
Hay	Best M'ng'r	ton	135	Slates	20 x 10	"	½
Chaff	Good oaten	"	135			Total	381½
Straw	Victorian	"	25	GROUP VIII.			
Peas		bushel	55	Cream of Tartar	In Kegs	lb.	400
Potatoes		ton	40	Carbonate of Soda	Refined	ton	1,500
Malt		bushel	140	Saltpetre	"	"	200
Onions	Victorian	ton	3	Sulphur	"	"	7
		Total	3,560½	Caustic Soda	Lump	cwt.	7
				Alum	"	ton	1
				Cyanide	"	lb.	570
				Potassium	"	"	1
GROUP IV.						Total	978½
Ham		lb.	800				
Bacon		"	3,200				
Cheese		"	1,500				
Ruthe	Best Fresh	"	1,500				
Lard	In Bladders	"	200				
Eggs	Ordinary	doz.	1,800				
Honey		lb.	600				
Beeswax		doz. lb.	40				
Condensed Milk	Bacchus Marsh	"	160				
		Total	17,800				

3. **Index-Numbers.**—Index-numbers have been computed for each group of commodities, as well, as for all groups together. The index-numbers for the several groups, and for all groups together, are shown in the following table. In regard to Group VI., it should be observed that reliable and uniform records as to prices of meat could not be obtained further back than 1890 (except for the years 1884 and 1885). Index-numbers were accordingly worked out for the full period since 1871 for the seven groups, *excluding* meat, and also for the period since 1890, for the eight groups, *including* meat. The figures shown in the last column of the subjoined table for years prior to 1890 have, accordingly, been adjusted (on the basis of the results for succeeding years), so as to include meat.

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 £1000 in 1911 distributed in purchasing the relative quantities (indicated by the mass-units) of the several commodities included in each 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 1504 in 1916. In other words, prices were lower in 1911 than in either 1871 or 1916, 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.

Melbourne Wholesale Prices, Index-Numbers, 1861 to 1916, Computed to Year 1911 as Base.

YEAR.	I. Metals and Coal.	II. Jute, Leather, &c.	III. Agricultural Produce, &c.	IV. Dairy Produce.	V. Groceries.	VI. Meat.	VII. Building Materials.	VIII. Chemicals.	All Commodities together.
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	1,400	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	874
1902 ..	1,007	756	1,192	1,215	945	1,447	837	881	1,051
1903 ..	923	834	1,209	1,059	926	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	801	859	910
1906 ..	882	978	916	972	923	1,110	896	804	948
1907 ..	1,037	1,017	873	1,020	948	1,294	968	961	1,021
1908 ..	1,033	901	1,312	1,198	968	1,335	985	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	893	1,000
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	1,088
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	1,401	1,700	1,504

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 general index-number for the year 1916 shews a decrease of 6.2 per cent. compared with that for 1915. With regard to the various group index-numbers, two groups, viz., III. (Agricultural Produce), and IV. (Dairy Produce), shew decreases of 44.1 and 2.9 per cent. respectively, while the remaining six groups shew increases, Group I. (Metals and

Coal) 32.0 per cent., II. (Jute, Leather, etc.) 39.9 per cent., V. (Groceries) 16.7 per cent., VI. (Meat) 3.3 per cent., VII. (Building Materials) 16.9 per cent., and VIII. (Chemicals) 15.2 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 411 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 1916.**—In the following table are shewn the index-numbers for the four quarters of 1916, together with those for the fourth quarter of 1915 and the percentage increase or decrease of the index-numbers for the fourth quarter of 1916 compared with those for the third quarter:—

Melbourne Wholesale Prices, Quarterly Index Numbers for 1916.

GROUP.	NO OF COM-MOD-ITIES.	INDEX NUMBERS.					Percentage Increase (+) or Decrease (—) in Fourth Quarter, compared with Third Quarter of 1916.
		Oct. to Dec., 1915.	Jan. to March, 1916.	April to June, 1916.	July to Sept., 1916.	Oct. to Dec., 1916.	
I. Metals and Coal ..	14	1,360	1,580	1,781	1,770	1,748	— 1.2
II. Textiles, Leather, etc. ..	10	1,181	1,342	1,290	1,430	1,624	+13.6
III. Agricultural Produce ..	10	1,751	1,334	1,185	1,159	1,142	— 1.5
IV. Dairy Produce ..	9	1,496	1,447	1,587	1,507	1,403	— 6.9
V. Groceries ..	21	1,198	1,257	1,312	1,327	1,329	+ 0.2
VI. Meat ..	5	2,492	2,660	2,535	2,462	2,417	— 1.8
VII. Building Materials ..	10	1,375	1,417	1,487	1,541	1,520	— 1.4
VIII. Chemicals ..	7	1,514	1,627	1,854	1,810	1,748	— 3.4
ALL GROUPS* ..	92	1,544	1,502	1,493	1,505	1,514	+ 0.6

* Weighted average.

Comparing the index-numbers of the commodity groups for the fourth quarter of 1916 with those for the third quarter, only two groups shew increases, viz., Group II. (Textiles, Leather, etc.), 13.6 per cent., and Group V. (Groceries), 0.2 per cent., while the remaining groups shew small decreases, ranging from 1.2 to 6.9 per cent. The index-numbers for all groups shew an increase of 0.6 per cent.

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 and 1916, and for each month from October 1916 to April, 1917, are shewn 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, 1915, 1916 and October 1916 to April, 1917.

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.	IX Groups
July, 1914 ..	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
" 1915 ..	1,166	934	2,024	1,272	1,098	1,502	1,164	1,490	1,406
" 1916 ..	1,539	1,424	1,130	1,235	1,307	1,551	1,361	1,716	1,318
October, 1916	1,593	1,417	1,074	1,158	1,294	1,580	1,384	1,715	1,330
Nov., 1916 ..	1,591	1,519	1,065	1,163	1,288	1,450	1,392	1,701	1,325
Dec., 1916 ..	1,579	1,538	1,060	1,174	1,294	1,446	1,390	1,697	1,329
Jan., 1917 ..	1,604	1,475	1,126	1,157	1,290	1,449	1,397	1,714	1,330
Feb. 1917 ..	1,627	1,507	1,097	1,182	1,290	1,378	1,420	1,730	1,330
March, 1917	1,659	1,587	1,052	1,180	1,293	1,400	1,501	1,756	1,344
April, 1917 ..	1,725	1,637	1,033	1,216	1,289	1,416	1,525	1,856	1,361

6. **Seasonal Fluctuations in Wholesale Prices, 1916.**— In order to shew the seasonal fluctuations in wholesale prices, index-numbers have been computed for each quarter of the year 1916. These are shewn in the following table, firstly, computed with the year 1911 as base, and secondly, with the average prices for the year 1916 as base. Corresponding figures for purchasing-power of money (retail prices and house rents) have been included for comparative purposes.

Melbourne Wholesale Prices—Quarterly Index-Numbers, 1916.

Particulars.	Jan. to March.	April to June.	July to Sept.	Oct. to Dec.	Whole Year.
Index-Numbers with 1911 as base (= 1,000) ..	1,502	1,493	1,505	1,514	1,504
Index-Numbers with average for 1916 as base (= 1,000)	998	992	1,001	1,007	1,000
Food, Groceries, and House Rent Index-Numbers, with average for 1916 as base (= 1,000)..	1,020	1,007	994	982	1,000

The first two lines shew that in 1916, while prices decreased during the second quarter, in the third and fourth quarters they increased.

Retail prices, on the other hand, decreased in the second, third, and fourth quarters.

7.—**Table of Prices, 1915-16.**— In Appendix III. particulars are given as to the average prices of the particular brands of commodities used in preparing the index-numbers in the years 1915 and 1916. 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, and for 1913, 1914, and 1915 in Appendix V. to Report No. 6.