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PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY FEBRUARY 1979

INQUIRIES

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MAIN FEATURES

The All Manufacturing Industry Index increased by 1.8% between January 1979 and February 1979, the largest monthly increase since December 1974.

Major factors contributing to this were further price increases for food products, particularly beef, as well as significant price increases for iron and steel, silver, lead, zinc and copper.

Higher prices were recorded for almost all other products included in the indexes.

The All Manufacturing Industry Index increased by 11.9% between February 1978 and February 1979 compared with an increase of 7.6% between February 1977 and February 1978.

EXPLANATORY NOTES

Scope and composition

The indexes in this bulletin measure changes in prices of articles produced by establishments classified to the Manufacturing Division of the Australian Standard Industrial Classification (ASIC). The data shown in Tables 1 and 2 relate to indexes on a *net sector basis*; that is, they relate in concept only to those articles which are produced in defined 'sectors' of Australian manufacturing industry for sale or transfer to other sectors or for export or for use as capital equipment. Articles which are sold or transferred to other establishments within the sector for further processing (as materials, components, fuels, etc.) are excluded. Capital equipment produced is within the scope of the index even if sold or transferred to other manufacturing establishments in the sector.

2. This bulletin contains the following sector price indexes:

a *net* index for the Manufacturing Division of ASIC.

a *net* index for each of the twelve subdivisions within the Manufacturing Division.

In addition, indexes are published for three special groupings which are components of particular *net* subdivision indexes (see paragraphs 6 and 7).

3. The *All Manufacturing Industry Index* represents price movements of goods which are produced by establishments in the Manufacturing Division, for sale or transfer to establishments outside Manufacturing Division or for use as capital equipment. Articles sold or transferred by establishments in Manufacturing Division to other establishments in that division for further processing are outside the scope of this index. In other words, the pricing and weights for the All Manufacturing Industry Index reflect sales and transfers of articles at the point of exit from Manufacturing Division.

4. The *net subdivision indexes* for each of the twelve subdivisions represent movements in prices of goods produced by establishments in the respective subdivisions, for sale or transfer to other subdivisions within manufacturing or to establishments outside Manufacturing Division or for use as capital equipment. The pricing and weights for the net subdivision indexes reflect, in general, sales and transfers of articles at the point of exit from the respective subdivisions.

5. For ASIC subdivisions 21-22, 24, 25, 28, 31, 32 and 33 only a minor proportion of sales and transfers is to other manufacturing subdivisions. Therefore the relevant components of the All Manufacturing Industry Index are regarded as providing valid indicators of price movement for these subdivisions. For ASIC subdivisions 23, 26, 27, 29 and 34, there is a significant proportion of sales to other subdivisions of manufacturing. To compile net indexes for these subdivisions, it has therefore been necessary to price additional items to represent transactions between these and other subdivisions, and also to establish weights appropriate to each subdivision (i.e. weights based on all articles produced by the subdivision for sale or transfer outside the subdivision).

Special groupings

6. Indexes for three special groupings are shown in Table 3. One grouping, relates to 'Food, beverages and tobacco, excluding meat and abattoir by-products, and raw sugar'. Some items included in the Food, beverages and tobacco Subdivision index are subject to considerable short term fluctuations which do not necessarily indicate changes in trend and this special grouping is published in order to exclude some of the more uneven price movements which frequently occur in this Subdivision.

7. The other two special groupings, 'Appliances and electrical equipment' and 'Industrial machinery and equipment etc.' were published following requests for a dissection of the Other industrial machinery and equipment and household appliances Subdivision index.

Items and weights

8. The items included in these indexes were selected on the basis of values of articles produced in 1971-72, by establishments classified to the Manufacturing Division of ASIC in the Census of Manufacturing Establishments.

9. The indexes are *fixed weights* indexes. The selected items were allocated weights in accordance with estimated *net* sector production (see paragraph 3) in the year 1971-72 valued at the relevant prices applying in the *reference base year 1968-69*. Many of the selected items carry not only the weight of directly priced articles but also the weight of unpriced articles whose prices are considered to move similarly to those of directly priced articles.

10. The selected items were combined for weighting and classification purposes using the structure of the Australian Standard Industrial Classification (ASIC). The items have been combined according to the ASIC classes and groups in which they are primarily produced. Percentage contributions of articles to the *All Manufacturing Industry Index aggregate* were shown in the Appendix to the initial issue of this bulletin. Percentage contributions of articles to each of the *subdivision index aggregates* may be obtained on request.

Prices

11. Most of the prices used in these indexes relate to the mid-point of the month. Prices are generally obtained from principal manufacturers of the goods concerned, but in some cases prices collected in connection with other indexes are used (adjusted to the correct pricing basis as far as possible). Prices are manufacturers' selling prices exclusive of excise and sales tax, and reflect the effects of subsidies and bounties paid to manufacturers.

12. The prices reflect industry selling practices. For example, if costs such as handling and distribution are included in the manufacturer's selling price this is the price used in the index. Where handling and distribution charges are paid separately by the purchaser the prices used exclude such charges.

13. Price series relate to *goods of fixed specifications* with the aim of incorporating in the index price changes for representative articles of *constant quality*. Consistent with this approach, prices in general relate to a standard representative set of transactions (in terms of quantity discounts, delivery arrangements, destination, etc) in order to avoid variations in price that are attributable solely to a changing mix of transactions over time.

14. The May 1977 and earlier issues of this publication contain detailed explanations of:

- model pricing (a technique for measuring price change for unique or complex products).
- methods used for introducing significantly changed specifications into the index.
- treatment of discounts.

Index numbers

15. Index numbers for financial years are simple averages of the relevant monthly index numbers.

16. All index numbers for the current month and the previous month are preliminary and subject to revision. Figures for earlier months will generally not be revised where the changes would have a minor effect.

Percentage changes

17. The following example illustrates the method of calculating percentage changes:

All Manufacturing Industry Index

June 1978	221.6 (See Table 2)
less May 1978	<u>220.0</u> (See Table 2)
Change in index points	+1.6
Percentage change =	$\frac{+1.6}{220.0} \times 100 = +0.7\%$

Related publications

18. Users may also wish to refer to the following price index publications which are available on request:

- *Price Index of Materials Used in Manufacturing Industry* (6411.0)
- *Price Index of Materials Used in Building Other than House Building* (6407.0)
- *Price Index of Materials Used in House Building* (6408.0)
- *Price Index of Electrical Installation Materials* (6409.0)
- *Price Indexes of Metallic Materials* (6410.0)

19. Other ABS publications which may be of interest include:

- *Wage Rates Indexes, Preliminary* (6311.0)
- *Wage Rates and Earnings* (6312.0)
- *Average Weekly Earnings* (6302.0)

20. All publications produced by the ABS are listed in *Catalogue of Publications* (1101.0) which is available free of charge from any ABS office.

Symbols and other usages

- p preliminary – series subject to revision
- r series revised since previous issue
- nil or less than half the final digit shown

R. J. CAMERON
Australian Statistician

TABLE 1. PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY (a)
PERCENTAGE CHANGES

	All Manufacturing Industry Index (b)	Net subdivision indexes (c)											
		Food, beverages and tobacco (21-22)	Textiles (23)	Clothing and footwear (24)	Wood, wood products and furniture (25)	Paper, paper products and printing (26)	Chemical, petroleum and coal products (27)	Glass, clay and other non- metallic mineral products (28)	Basic metal products (29)	Fabricated metal products (31)	Transport equipment (32)	Other indus- trial mach- inery and equipment and house- hold appli- ances (d) (33)	Miscellan- eous manu- facturing products (34)
		%	%	%	%	%	%	%	%	%	%	%	%
Change from previous year -													
1975-76	+12.5	+6.9	+12.1	+14.8	+15.7	+16.5	+18.1	+15.7	+14.5	+18.5	+16.3	+12.8	+10.6
1976-77	+10.7	+10.1	+11.8	+12.4	+12.2	+8.4	+8.4	+10.5	+15.3	+12.8	+10.9	+11.3	+10.7
1977-78	+8.6	+8.7	+8.2	+8.2	+7.0	+8.9	+10.0	+8.5	+6.7	+9.7	+8.5	+8.0	+9.3
Change from corresponding month of previous year -													
1977-78													
January	+8.0	+7.4	+8.0	+8.6	+5.7	+8.9	+9.9	+9.1	+6.0	+9.3	+8.1	+8.1	+9.1
February	+7.6	+7.4	+6.4	+8.0	+4.8	+9.7	+9.5	+8.1	+4.5	+8.9	+8.9	+7.1	+8.0
March	+7.3	+7.0	+5.0	+7.5	+5.2	+9.6	+9.9	+8.5	+3.1	+9.9	+7.4	+6.6	+8.5
April	+7.3	+7.6	+4.0	+7.2	+5.4	+8.5	+9.8	+8.9	+3.1	+9.3	+8.8	+6.1	+7.6
May	+7.7	+9.1	+4.7	+7.2	+5.3	+8.8	+9.8	+9.3	+3.5	+9.7	+9.1	+6.3	+7.6
June	+8.1	+10.1	+5.0	+7.3	+5.1	+8.7	+9.8	+9.1	+5.9	+9.4	+8.7	+6.4	+6.8
1978-79													
July	+8.0	+10.4	+5.4	+7.3	+4.7	+8.2	+9.4	+7.7	+4.9	+8.2	+9.0	+6.5	+6.5
August	+8.0	+10.0	+4.1	+7.2	+4.8	+7.9	+10.1	+6.9	+5.4	+7.8	+8.9	+7.0	+6.7
September	+8.4	+11.0	+4.1	+7.2	+4.8	+7.9	+13.2	+6.2	+6.1	+7.1	+8.8	+7.0	+6.5
October	+8.9	+12.0	+5.1	+5.6	+5.2	+6.1	+13.5	+6.6	+6.7	+7.0	+8.8	+7.4	+6.8
November	+9.4	+13.1	+4.9	+5.5	+5.0	+5.7	+15.2	+6.2	+6.2	+6.3	+9.2	+7.9	+6.8
December	+10.0	+14.1	+5.3	+5.6	+5.4	+5.7	+16.0	+6.2	+6.3	+6.0	+9.3	+7.6	+7.4
January p	+10.9	+15.5	+6.1	+5.6	+6.4	+5.2	+15.4	+7.4	+8.9	+7.1	+9.8	+7.5	+7.6
February p	+11.9	+16.4	+6.5	+5.4	+7.4	+4.5	+17.0	+8.1	+13.5	+8.2	+9.2	+8.3	+9.7
Change from previous month -													
1977-78													
January	+0.7	+1.1	+0.3	+0.3	+0.1	+1.0	+0.9	+1.2	-	+0.3	+0.4	+0.9	+0.3
February	+0.8	+1.5	-	+1.1	+0.2	+1.4	+0.4	+0.5	+0.2	+0.3	+1.1	+0.4	+0.6
March	+0.7	+1.1	+0.3	+0.5	+0.5	+0.1	+0.7	+0.5	+0.4	+0.3	+1.1	+0.4	+0.6
April	+0.8	+1.3	+0.2	+0.1	+1.0	+0.5	+0.9	+0.7	+0.2	+0.3	+1.5	+0.5	+1.3
May	+0.5	+1.4	+0.5	+0.3	+0.9	+0.3	-0.1	+0.4	+0.6	+0.5	+0.5	+0.3	+0.2
June	+0.7	+1.1	+0.6	+0.6	+0.3	+0.2	+0.3	+0.4	+1.4	+0.7	+0.5	+0.8	+0.3
1978-79													
July	+0.8	+1.0	+0.8	+1.3	+0.2	+0.1	+0.3	-	+0.2	+0.3	+1.0	+0.6	+0.6
August	+0.4	+0.3	+0.5	+0.8	+0.4	+0.3	+1.1	+0.1	+0.7	+0.8	+0.6	+0.8	+0.7
September	+1.2	+1.4	+0.4	+0.4	+0.1	+0.5	+0.8	+0.5	+0.8	+0.2	+0.4	+0.3	+0.3
October	+1.2	+1.7	+1.2	+0.4	+0.5	+0.2	+2.6	+0.8	+1.0	+0.2	+0.8	+0.6	+0.4
November	+0.8	+0.7	+0.1	-	+0.1	+0.4	+1.6	+0.9	+0.8	+0.2	+0.7	+1.1	+1.0
December	+0.9	+1.2	+0.2	+0.1	+0.5	+0.3	+0.8	+1.3	+0.8	+0.4	+1.0	+0.6	+0.9
January p	+1.5	+2.3	+1.1	+0.2	+1.0	+0.7	+1.8	+1.2	+3.8	+1.4	+0.6	+1.2	+2.6
February p	+1.8	+2.3	+0.3	+0.9	+1.1	+0.5	+0.4	+1.2	+2.3	+1.4	+0.8	+0.9	+0.5

For footnotes see Table 2.

TABLE 2. PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY (a)
(Base of each index : Year 1968-69 = 100.0)

	All Manufacturing Industry Index (b)	Net subdivision indexes (c)											
		Food, beverages and tobacco (21-22)	Textiles (23)	Clothing and footwear (24)	Wood wood products and furniture (25)	Paper, paper products and printing (26)	Chemical, petroleum and coal products (27)	Glass, clay and other non- metallic mineral products (28)	Basic metal products (29)	Fabricated metal products (31)	Transport equipment (32)	Other industrial machinery and equipment and house- hold appliances (d) (33)	Miscellaneous manu- facturing products (34)
1975-76	177.8	163.5	159.7	185.2	219.9	196.3	168.2	183.2	174.0	217.1	175.8	179.2	159.0
1976-77	196.9	180.0	178.6	208.1	246.8	212.8	182.4	202.5	200.6	244.9	195.0	199.4	176.0
1977-78	213.8	195.6	193.3	225.2	264.0	231.7	200.7	219.8	214.0	268.7	211.6	215.3	192.4
1977-78													
January	213.8	194.1	193.7	224.9	263.0	233.3	202.5	221.4	215.3	269.1	211.4	216.5	192.1
February	215.6	197.1	193.7	227.3	263.6	236.5	203.3	222.6	214.4	270.0	213.8	217.4	193.3
March	217.1	199.2	194.3	228.4	265.0	236.8	204.8	223.8	214.9	274.1	214.1	218.4	195.9
April	218.8	201.7	194.7	228.7	267.7	237.9	206.6	225.3	215.4	274.9	217.8	219.5	196.9
May	220.0	204.5	195.7	229.3	270.1	238.6	206.4	226.1	216.6	276.3	218.9	220.2	197.2
June	221.6	206.8	196.8	230.6	271.0	239.0	207.0	227.1	219.6	278.1	219.9	221.9	197.8
1978-79													
July	223.3	208.9	198.4	233.5	271.5	239.3	207.7	227.1	220.0	279.0	222.2	223.2	199.0
August	224.3	208.3	199.4	235.3	272.5	239.9	209.9	227.3	221.6	281.3	223.5	224.9	200.3
September	227.0	211.2	200.1	235.6	273.8	241.9	221.5	228.1	223.3	282.0	224.5	225.6	201.0
October	229.7	214.8	202.5	236.6	275.1	242.4	227.2	230.0	225.6	282.8	226.4	227.0	201.9
November	231.5	216.4	202.8	236.6	275.5	243.4	230.9	232.0	227.4	283.3	228.0	229.4	203.9
December	233.6	219.1	203.3	236.9	277.0	244.2	232.7	r234.9	229.2	284.4	230.2	230.7	205.7
January p	r237.0	r224.2	r205.5	237.4	279.9	245.5	233.7	r237.8	234.5	288.3	232.1	232.7	206.7
February p	241.3	229.4	206.2	239.5	283.1	247.2	237.8	240.7	243.4	292.2	233.4	235.4	212.1

(a) For a full description of Division C, 'Manufacturing' and the subdivisions within Manufacturing Division see Australian Standard Industrial Classification (ASIC), Preliminary Edition, 1969. (b) This index is on a net division basis and relates in concept only to articles which are produced in the Manufacturing Division of ASIC for sale or transfer outside the Division; see paragraphs 1 and 3. (c) These indexes are on a 'net subdivision' basis; see paragraphs 1, 4 and 5. (d) For a dissection of this index, see Table 3.

TABLE 3. PRICE INDEXES OF ARTICLES PRODUCED BY MANUFACTURING INDUSTRY - SPECIAL GROUPINGS (a)

Period	Food, beverages and tobacco, excluding meat and abattoir by-products, and raw sugar	Appliances and electrical equipment (332)	Other industrial machinery and equipment and household appliances (33)	Industrial machinery and equipment etc. (b) (331 and 333)
	INDEX NUMBERS (Base of each index: Year 1968-69 = 100.0)			
1975-76	168.5	159.9		203.6
1976-77	184.8	176.7		228.3
1977-78	203.5	186.0		252.5
1977-78				
January	204.6	186.8		254.2
February	205.3	187.7		255.5
March	206.2	188.1		256.7
April	206.2	188.9		258.5
May	207.3	189.5		259.2
June	208.3	191.2		261.0
1978-79				
July	210.2	192.4		262.3
August	210.5	192.7		265.8
September	211.9	193.6		266.1
October	213.8	195.8		266.7
November	215.0	198.2		268.7
December	215.5	198.5		271.6
January p	216.6	200.4		273.8
February p	219.1	202.2		277.6
PERCENTAGE CHANGES				
	%	%		%
Change from previous year -				
1975-76	+11.1	+9.4		+16.2
1976-77	+9.7	+10.5		+12.1
1977-78	+10.1	+5.3		+10.6
Change from corresponding month of previous year -				
1977-78				
January	+10.7	+5.3		+10.8
February	+9.4	+4.9		+9.4
March	+9.0	+4.2		+8.9
April	+7.9	+3.7		+8.5
May	+8.0	+4.1		+8.3
June	+7.4	+4.9		+7.9
1978-79				
July	+6.5	+5.6		+7.3
August	+6.0	+5.9		+8.2
September	+6.1	+6.0		+7.7
October	+5.9	+7.4		+7.8
November	+6.0	+7.1		+8.1
December	+5.8	+7.1		+8.0
January p	+5.9	+7.3		+7.7
February p	+6.7	+7.7		+8.6
Change from previous month -				
1977-78				
January	+0.5	+0.8		+1.1
February	+0.3	+0.5		+0.5
March	+0.4	+0.2		+0.5
April	-	+0.4		+0.7
May	+0.5	+0.3		+0.3
June	+0.5	+0.9		+0.7
1978-79				
July	+0.9	+0.6		+0.5
August	+0.1	+0.2		+1.3
September	+0.7	+0.5		+0.1
October	+0.9	+1.1		+0.2
November	+0.6	+1.2		+0.7
December	+0.2	+0.2		+1.1
January p	+0.5	+1.0		+0.8
February p	+1.2	+0.9		+1.4

(a) ASIC two digit subdivision and three digit group codes are shown in brackets. (b) Includes photographic, professional and scientific equipment.