

Producer Price Index – December Quarter 2011

ECONOMIC ALERT

23 January 2012

KEY POINTS

Overview

- Producer price growth over the second half of 2011 was relatively modest compared to the growth recorded in the first half of the year (Table 1).
- The producer price indices produced by the Australian Bureau of Statistics are not seasonally adjusted and can be quite volatile from quarter to quarter. As a result, year-ended growth rates can provide more information about the underlying trajectory of producer prices.
- In year-ended terms, producer price growth is broadly in line with the average rates recorded between 2004 and 2008 (Chart 1).

Table 1: Quarterly Growth in Producer Prices

	Preliminary commodities	Intermediate commodities	Final commodities
December 2010	0.1	0.0	0.1
March 2011	2.6	2.3	1.2
June 2011	2.8	2.1	0.8
September 2011	0.1	0.1	0.6
December 2011	0.4	0.3	0.3

The manufacturing and construction sectors

- Manufacturing output prices declined in the second half of 2011 and year-ended growth has fallen below the average level recorded over the past 4 to 5 years (Chart 2).
- Producer prices in the house construction sector were broadly flat over the second half of 2011, with year-ended growth falling to its lowest level since 2001 (Chart 3).
- Producer prices in the rest of the residential construction sector were also broadly flat over the second half of 2011 (Chart 4).

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Chart 1

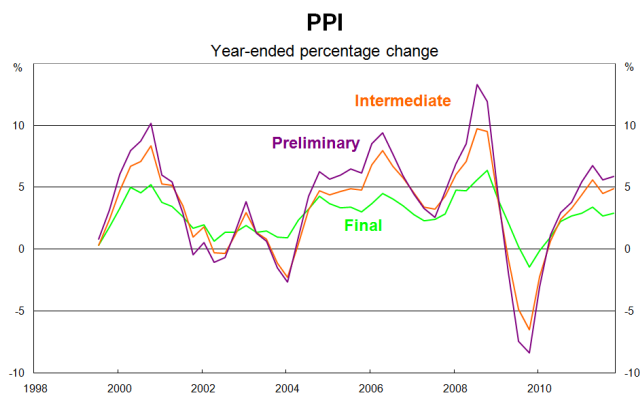


Chart 2

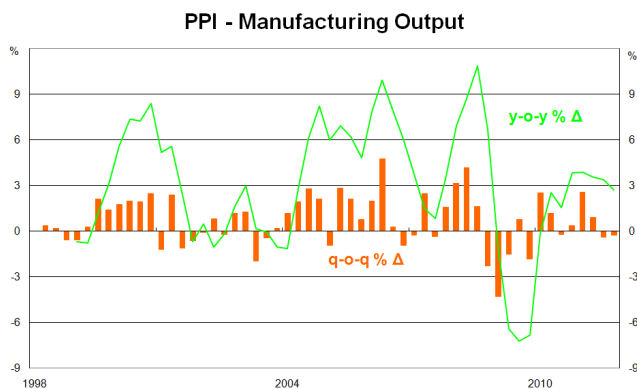


Chart 3

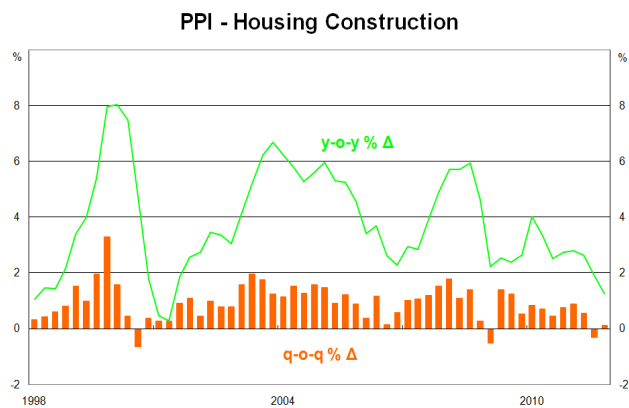


Chart 4

