

# Coniferous Standing Sales Price Index (Great Britain)

## INFORMATION NOTE

ISSUED BY FORESTRY PRACTICE

AUGUST 1998

### BACKGROUND

The Coniferous Standing Sales Price Index has been published biannually since 1951 on the basis of Forestry Commission sales (which are currently handled by Forest Enterprise). The original index was in pre-decimal currency and the volume was in Hoppus feet.

The index has been updated to allow for metric volumes and decimal currency. However, the tree size categories of timber have also changed. Currently, larger sizes of coniferous timber are harvested than was the case in the 1950s and 1960s.

Since 1971 the index has been computed using the simple average of prices over the previous 12 months. This has not taken account of changes in the size mix of sales that have occurred over time. One way to do this is to calculate an index which reflects the price, in other years, of the size mix of timber bought in a base year. This is called a Laspeyres' Index. Therefore, a Laspeyres' Index with a base year of 1996 reflects the size mix of sales in 1996 and gives the price of this size mix in other years. Separate indices have been constructed for England and Wales, Scotland, and Great Britain as a whole. This Information Note only reports the Great Britain index.

Table 2 shows the index in real terms (real prices exclude the effects of inflation) and Table 3 presents the same index in nominal terms. The GDP deflator at market prices was used to deflate the nominal figures into real figures.

The new index is expressed as September 1996 = 100. The choice of date to set equal to 100 has no effect on the percentage movements shown by the index. However, for clarity, Chart 2a shows the index as 1971 = 100.

### THE INDEX

#### Table 1

##### Standing sales prices 1971–1998

This table gives the average price in £ in both nominal terms (without an adjustment for inflation) and real terms (adjusted to exclude inflation).

#### Table 2 and Charts 2a and 2b

##### Comparison of the original Simple Index and the new Laspeyres' Indices for Great Britain (real prices)

Chart 2a shows that the Simple Index overstated price rises over the whole period 1971 to 1998 (although the comparison has varied from year to year). Greater volumes of larger size (thus, more expensive) timber have been sold in recent years. The larger rise in the Simple Index is caused by the shift towards larger sizes moving the average price upwards. The Laspeyres' Index avoids this problem because it reflects the price, in other years, of the size mix of timber bought in the base year.

Chart 2b compares the indices over the period 1985 to 1998. The 1971 base index initially shows a slightly faster rise than the 1996 base indices, but this is reversed in the second half of the period. The index with a base of 1996 is the best one to use because it represents changes in the price of a size mix which is more typical of sales in recent years. Therefore, this index has been highlighted in bold type in Table 2.

Of the two Laspeyres' Indices with a base of 1996, the index calculated from 1985 onwards takes advantage of the greater breakdown in timber sizes available over this period. Thus, it reflects recent price changes more accurately. However, as Chart 2b indicates, there is very little difference between these two indices over the period from 1985 to 1996.

### Table 3 and Chart 3

Comparison of the original Simple Index and the new Laspeyres' Indices for Great Britain (nominal prices)

For information, this table and chart illustrate the nominal values (not adjusted for inflation) of the same indices as Table 2 and Chart 2b.

**Table 1** Standing sales prices 1971–1998

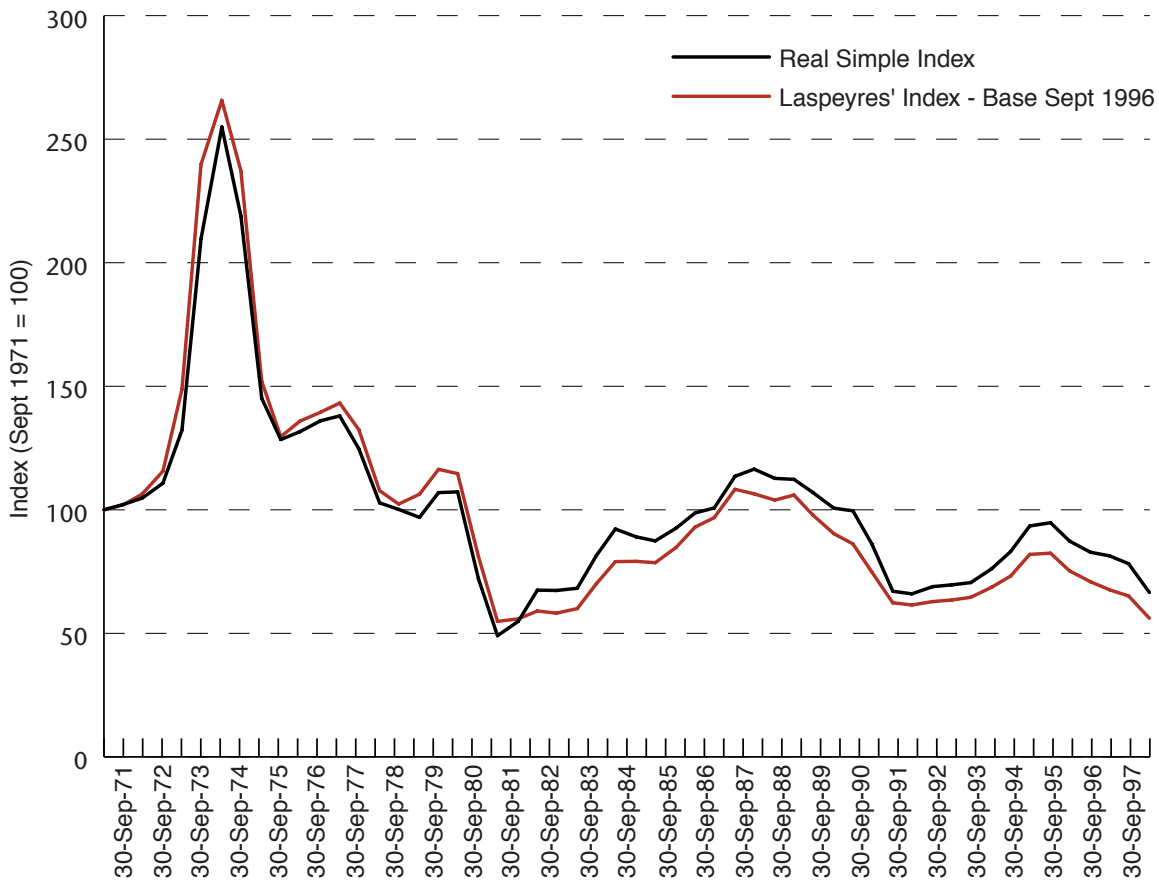
Date	Average price £/year	Real average price £1996
30-Sep-71	2.49	19.28
31-Mar-72	2.65	19.69
30-Sep-72	2.83	20.19
31-Mar-73	3.11	21.36
30-Sep-73	3.83	25.50
31-Mar-74	6.31	40.44
30-Sep-74	8.25	49.15
31-Mar-75	7.86	42.20
30-Sep-75	5.92	27.99
31-Mar-76	5.79	24.77
30-Sep-76	6.33	25.38
31-Mar-77	6.96	26.24
30-Sep-77	7.56	26.61
31-Mar-78	7.25	24.05
30-Sep-78	6.31	19.82
31-Mar-79	6.48	19.31
30-Sep-79	6.70	18.69
31-Mar-80	8.07	20.62
30-Sep-80	8.87	20.68
31-Mar-81	6.44	13.91
30-Sep-81	4.61	9.46
31-Mar-82	5.37	10.58
30-Sep-82	6.86	13.01
31-Mar-83	7.06	12.99
30-Sep-83	7.34	13.16
31-Mar-84	8.94	15.71
30-Sep-84	10.37	17.78
31-Mar-85	10.26	17.17
30-Sep-85	10.36	16.86
31-Mar-86	11.26	17.85
30-Sep-86	12.19	19.04
31-Mar-87	12.62	19.42
30-Sep-87	14.59	21.90
31-Mar-88	15.36	22.46
30-Sep-88	15.29	21.74
31-Mar-89	15.80	21.66
30-Sep-89	15.57	20.63
31-Mar-90	15.14	19.41
30-Sep-90	15.48	19.21
31-Mar-91	13.75	16.60
30-Sep-91	11.06	12.92
31-Mar-92	11.21	12.73
30-Sep-92	11.99	13.29
31-Mar-93	12.33	13.42
30-Sep-93	12.68	13.60
31-Mar-94	13.87	14.68
30-Sep-94	15.25	16.03
31-Mar-95	17.28	18.02
30-Sep-95	17.74	18.27
31-Mar-96	16.59	16.84
30-Sep-96	15.97	15.97
31-Mar-97	15.92	15.69
30-Sep-97	15.52	15.08
31-Mar-98	13.35	12.83

**Table 2** Comparison of the original Simple Index and the new Laspeyres' Indices for Great Britain (real prices\*)

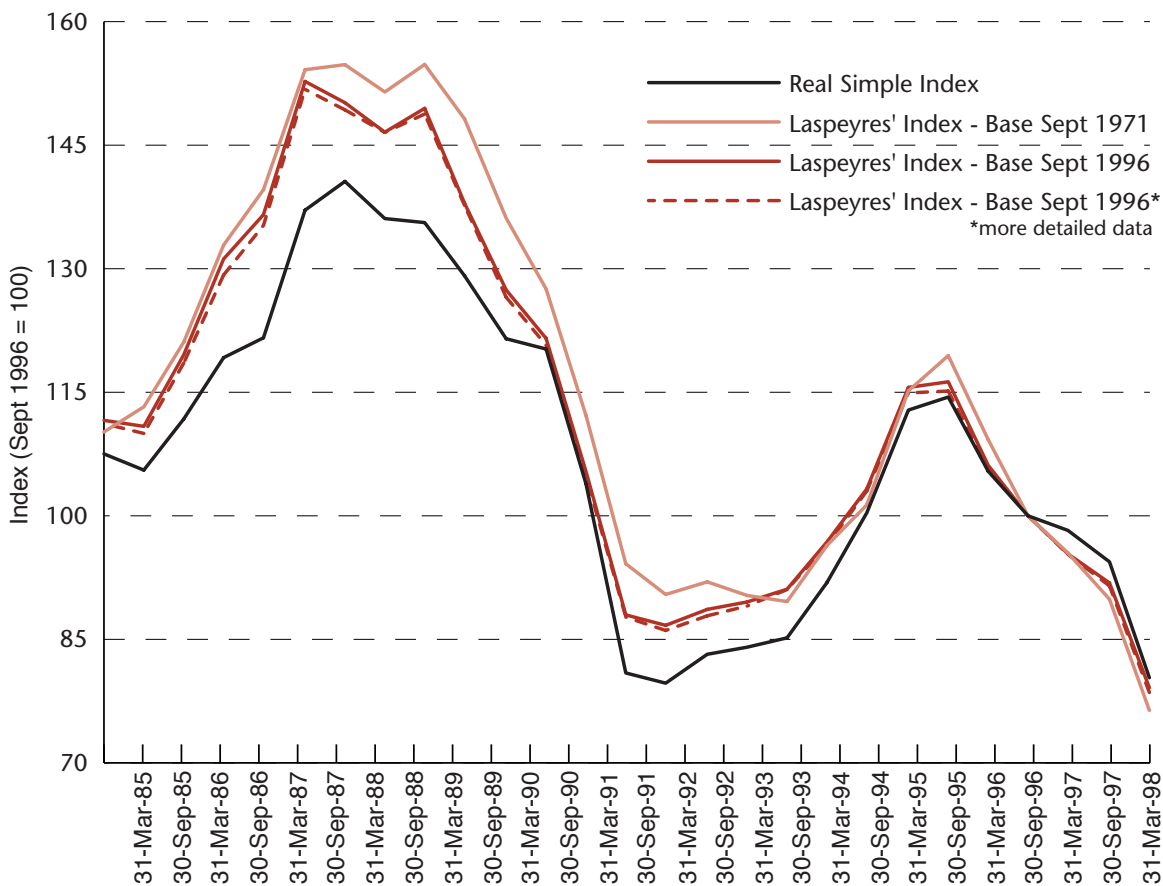
Date	Real average price £ 1996	Real Simple Index Base Sept 1996	Laspeyres' Index 1996 prices Base Sept 1971	Laspeyres' Index 1996 prices Base Sept 1996	Laspeyres' Index 1996 prices Base Sept 1996	
30-Sep-71	19.28	120.73	152.43	141.03	This series uses a more detailed breakdown of data which is only available from 31 March 1985	
31-Mar-72	19.69	123.29	153.46	143.86		
30-Sep-72	20.19	126.42	159.29	149.97		
31-Mar-73	21.36	133.74	173.18	163.05		
30-Sep-73	25.50	159.63	214.17	209.83		
31-Mar-74	40.44	253.18	331.59	338.26		
30-Sep-74	49.15	307.76	386.01	374.77		
31-Mar-75	42.20	264.21	347.73	334.38		
30-Sep-75	27.99	175.24	235.94	214.34		
31-Mar-76	24.77	155.07	200.14	182.77		
30-Sep-76	25.38	158.87	204.73	191.63		
31-Mar-77	26.24	164.26	210.88	196.78		
30-Sep-77	26.61	166.60	212.24	201.99		
31-Mar-78	24.05	150.59	192.68	186.79		
30-Sep-78	19.82	124.11	153.55	151.95		
31-Mar-79	19.31	120.91	144.77	144.30		
30-Sep-79	18.69	117.04	142.99	149.93		
31-Mar-80	20.62	129.13	152.70	164.12		
30-Sep-80	20.68	129.49	151.17	161.69		
31-Mar-81	13.91	87.08	106.29	114.38		
30-Sep-81	9.46	59.22	70.70	77.35		
31-Mar-82	10.58	66.26	72.94	78.78		
30-Sep-82	13.01	81.48	78.96	83.27		
31-Mar-83	12.99	81.31	79.52	82.05		
30-Sep-83	13.16	82.40	83.37	84.65		
31-Mar-84	15.71	98.34	95.27	98.81		
30-Sep-84	17.78	111.34	106.38	111.46		
31-Mar-85	17.17	107.52	110.18	111.59		111.19
30-Sep-85	16.86	105.55	113.23	110.86		110.00
31-Mar-86	17.85	111.75	121.08	119.54		118.54
30-Sep-86	19.04	119.20	132.87	131.18		129.24
31-Mar-87	19.42	121.61	139.59	136.56	135.26	
30-Sep-87	21.90	137.11	154.16	152.74	151.78	
31-Mar-88	22.46	140.60	154.78	150.16	149.29	
30-Sep-88	21.74	136.09	151.46	146.58	146.55	
31-Mar-89	21.66	135.60	154.80	149.47	148.78	
30-Sep-89	20.63	129.14	148.19	137.95	137.69	
31-Mar-90	19.41	121.50	136.14	127.42	126.54	
30-Sep-90	19.21	120.25	127.56	121.55	120.72	
31-Mar-91	16.60	103.91	112.21	105.41	104.87	
30-Sep-91	12.92	80.92	94.18	87.97	87.70	
31-Mar-92	12.73	79.68	90.45	86.70	86.08	
30-Sep-92	13.29	83.19	91.98	88.64	87.86	
31-Mar-93	13.42	84.05	90.33	89.54	89.05	
30-Sep-93	13.60	85.18	89.59	91.09	91.05	
31-Mar-94	14.68	91.89	96.39	96.82	96.42	
30-Sep-94	16.03	100.36	101.33	103.27	103.02	
31-Mar-95	18.02	112.84	115.17	115.59	114.92	
30-Sep-95	18.27	114.42	119.45	116.27	115.15	
31-Mar-96	16.84	105.42	109.26	106.14	105.62	
30-Sep-96	15.97	100.00	100.00	100.00	100.00	
31-Mar-97	15.69	98.23	95.50	95.39	95.33	
30-Sep-97	15.08	94.41	89.87	91.85	91.49	
31-Mar-98	12.83	80.34	76.38	79.13	78.55	

\*adjusted for inflation

**Chart 2a** Comparison of the original Simple Index and the new Laspeyres' Index for Great Britain (real prices, from 1971)



**Chart 2b** Comparison of the original Simple Index and the new Laspeyres' Indices for Great Britain (real prices, from 1985)

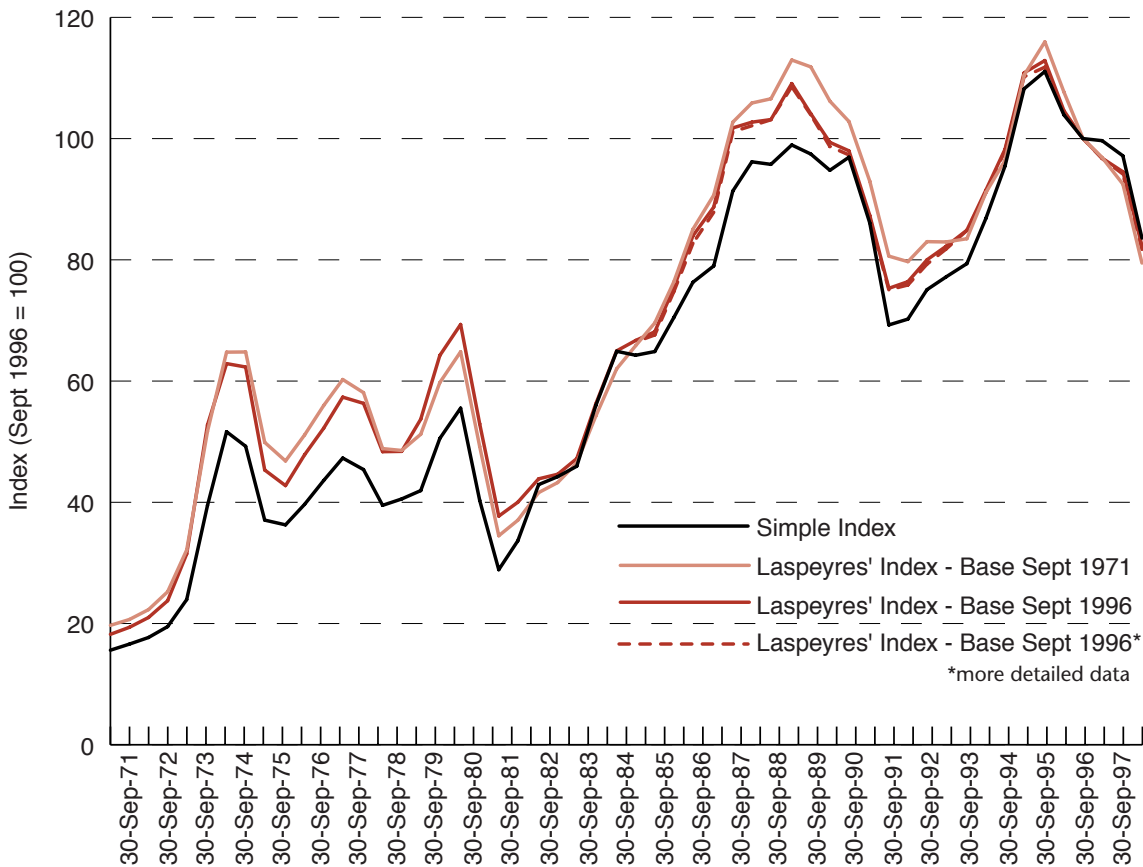


**Table 3** Comparison of the original Simple Index and the new Laspeyres' Indices for Great Britain (nominal prices\*)

Date	Simple Index Base Sept 1996	Laspeyres' Index Base Sept 1971	Laspeyres' Index Base Sept 1996	Laspeyres' Index Base Sept 1996	
30-Sep-71	15.60	19.70	18.22	This series uses a more detailed breakdown of data which is only available from 31 March 1985	
31-Mar-72	16.61	20.67	19.38		
30-Sep-72	17.70	22.30	21.00		
31-Mar-73	19.49	25.24	23.76		
30-Sep-73	23.95	32.13	31.48		
31-Mar-74	39.48	51.71	52.75		
30-Sep-74	51.64	64.77	62.88		
31-Mar-75	49.24	64.80	62.32		
30-Sep-75	37.06	49.89	45.33		
31-Mar-76	36.28	46.82	42.75		
30-Sep-76	39.66	51.11	47.84		
31-Mar-77	43.59	55.96	52.22		
30-Sep-77	47.30	60.26	57.35		
31-Mar-78	45.40	58.09	56.32		
30-Sep-78	39.50	48.86	48.35		
31-Mar-79	40.55	48.55	48.40		
30-Sep-79	41.93	51.22	53.71		
31-Mar-80	50.53	59.75	64.22		
30-Sep-80	55.53	64.83	69.34		
31-Mar-81	40.32	49.21	52.95		
30-Sep-81	28.88	34.48	37.72		
31-Mar-82	33.65	37.04	40.01		
30-Sep-82	42.92	41.60	43.87		
31-Mar-83	44.23	43.26	44.63		
30-Sep-83	45.95	46.49	47.21		
31-Mar-84	55.98	54.24	56.25		
30-Sep-84	64.91	62.02	64.98		
31-Mar-85	64.26	65.85	66.70		66.46
30-Sep-85	64.87	69.59	68.13		67.61
31-Mar-86	70.49	76.37	75.40		74.77
30-Sep-86	76.30	85.05	83.97		82.73
31-Mar-87	78.99	90.67	88.70		87.85
30-Sep-87	91.35	102.71	101.76		101.13
31-Mar-88	96.17	105.87	102.71		102.12
30-Sep-88	95.75	106.57	103.14		103.11
31-Mar-89	98.95	112.97	109.08		108.57
30-Sep-89	97.45	111.83	104.10		103.91
31-Mar-90	94.77	106.18	99.38		98.69
30-Sep-90	96.93	102.82	97.98		97.31
31-Mar-91	86.09	92.97	87.33		86.89
30-Sep-91	69.26	80.60	75.30		75.06
31-Mar-92	70.22	79.70	76.40		75.85
30-Sep-92	75.08	83.00	80.00		79.29
31-Mar-93	77.18	82.95	82.23		81.78
30-Sep-93	79.37	83.48	84.88		84.84
31-Mar-94	86.85	91.10	91.51		91.12
30-Sep-94	95.46	96.39	98.23		98.00
31-Mar-95	108.21	110.44	110.85	110.20	
30-Sep-95	111.08	115.96	112.88	111.79	
31-Mar-96	103.90	107.68	104.60	104.09	
30-Sep-96	100.00	100.00	100.00	100.00	
31-Mar-97	99.66	96.89	96.77	96.72	
30-Sep-97	97.16	92.49	94.53	94.16	
31-Mar-98	83.59	79.47	82.33	81.72	

\*not adjusted for inflation

**Chart 3** Comparison of the original Simple Index and the new Laspeyres' Indices for Great Britain (nominal prices)



## FUTURE PUBLICATION OF THE INDEX

The new index will be revised every 6 months with a base of 1996, using the Laspeyres' method. This will be published on the Forestry Commission web-site at:

<http://www.forestry.gov.uk>

Queries on the index, on previous indices, or on price data should be directed to:

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