

Economic Growth

(Average annual five year growth to 2012-13)

Northern Territory 2.2% (2.0% previous qtr estimate)
Australia 1.8% (2.3% previous qtr estimate)

The Access Economics March quarter 2009 Business Outlook publication has forecast average annual Territory gross state product (GSP) growth of 2.2% for the five years to 2012-13, the third highest of the jurisdictions behind Queensland and Western Australia, and above national growth of 1.8% (see Chart 1).

In line with the deepening global financial crisis, Access Economics has substantially revised its long term growth forecasts over the past three quarterly publications for Australia and all states and territories. However, in the March quarter 2009 publication, revisions were moderate for the resource rich jurisdictions of the Northern Territory, Queensland and Western Australia.

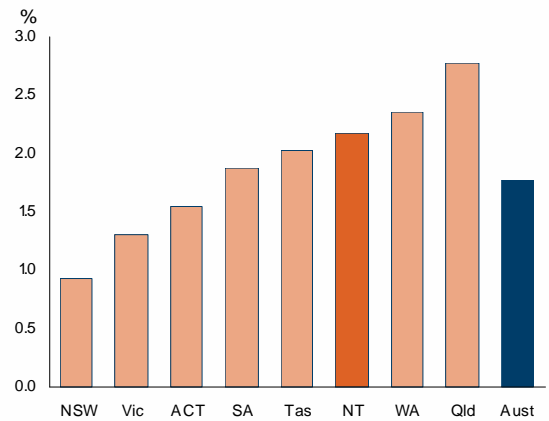
During the next five years, Territory economic growth is expected to weaken to a low point of 0.7 per cent in 2011-12, avoiding a technical recession, before recovering. Nationally economic growth hits its low in 2009-10, contracting 0.2 per cent. Access Economics forecasts economic growth in the Territory to weaken later than nationally, as a result of private housing investment supporting Territory economic growth.

The downturn in the Territory is expected to be primarily driven by private sector investment expenditure (construction, machinery and equipment) declining from historically high levels over the three years to 2011-12 (see Chart 2). Nevertheless, investment expenditure is forecast to remain well above long term trend levels over the next five years, picking up strongly in 2012-13, supported by strong population and consumption growth. Although the large Inpex LNG Plant is not factored into the Access Economics forecasts, the likelihood of this project or a similar large project is suggested by the Access Economics forecast. (Note that until confirmed the Inpex project has not been factored into NTT forecasts)

Private sector consumption activity, a measure of demand for goods and services in the economy, is forecast to increase at an annual average growth rate of 3.6% in the Territory over the next five years, the highest of the jurisdictions and compared to 1.6% nationally (see Chart 3).

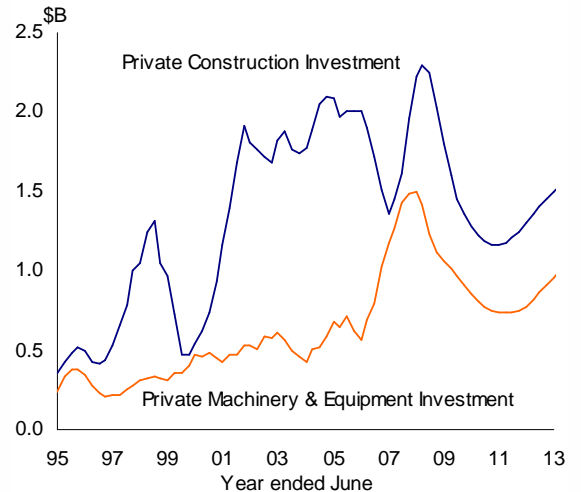
Access Economics concludes that "We see its economy as weak in both 2009-10 and in 2010-11...However, the Northern Territory's longer term prospects remain magnificent".

Chart 1: Economic Growth Forecast
(five year compound average to 2012-13)



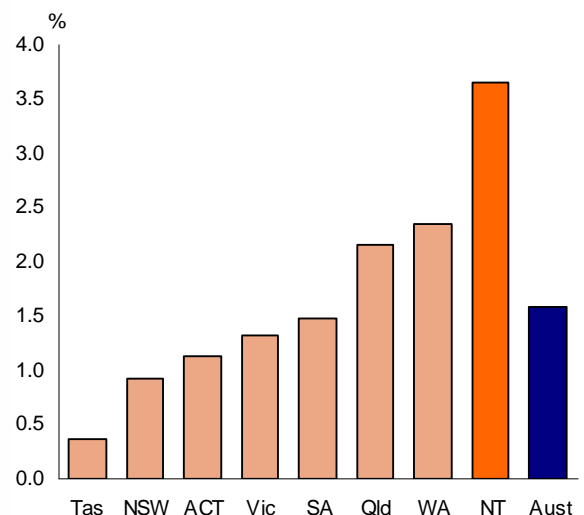
Source: Access Economics Business Outlook, March Q 2009

Chart 2: Territory Private Investment Components
(moving annual total, chain volume measure)



Source: Access Economics Business Outlook, March Q 2009

Chart 3: Private Sector Consumption
(five year compound average to 2012-13)



Source: Access Economics Business Outlook, March Q 2009

Employment Growth Forecast

(Five years to 2012-13, average annual growth)

Northern Territory 0.6% (1.5% previous qtr estimate)
 Australia 0.8% (1.6% previous qtr estimate)

In the five years to 2012-13, Access Economics forecasts average annual employment growth of 0.6% in the Territory, the third lowest of the jurisdictions, and below the national forecast of 0.8% (see Chart 4).

Over the same period, the Territory's annual unemployment rate is forecast to average 6.9%, the third lowest of the jurisdictions and lower than the national forecast rate of 7.2%.

Population Growth Forecast

(Five years to 2012-13, average annual growth)

Northern Territory 2.0% (2.0% previous qtr estimate)
 Australia 1.5% (1.5% previous qtr estimate)

In the five years to 2012-13, Access Economics forecasts average annual population growth in the Territory of 2.0%, the third highest of the jurisdictions and above the national forecast of 1.5% (see Chart 5). This figure remains unchanged from the growth rate published in the December quarter 2008 publication.

CPI Forecast

(Five years to 2012-13, average annual growth)

Northern Territory 2.7% (2.6% previous qtr estimate)
 Australia 2.8% (2.9% previous qtr estimate)

Access Economics forecasts that the cost of living as measured by the Consumer Price Index (CPI) to increase in 2008-09 by 3.6% both nationally and in Darwin (see Chart 6).

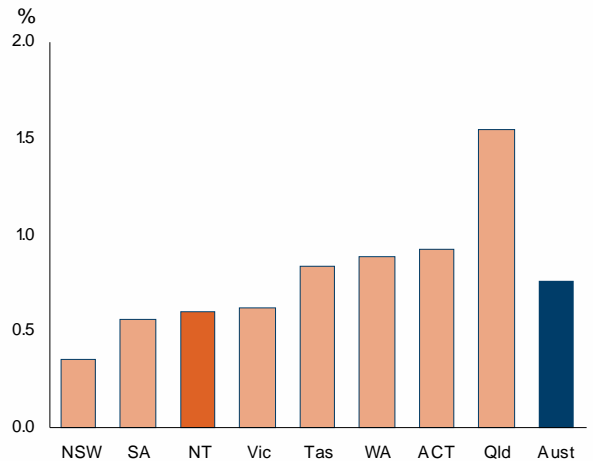
Growth in the CPI is forecast to decline in 2009-10 to 2.1% nationally and to 2.2% in Darwin.

From 2009-10 onwards, the year on year growth rate of Darwin's CPI will be back within the Reserve Bank of Australia inflation target band of 2-3%. The longer term outlook is for the CPI to remain at 2.5% in 2012-13 nationally and 2.6% in Darwin.

Access Economics is forecasting crude oil prices, a significant driver of the cost of living over the past few years, to average \$US66.75 per barrel in 2008-09 and to remain at \$US69.00 per barrel by 2012-13 (see Table 3).

Chart 4: Employment Growth Forecast

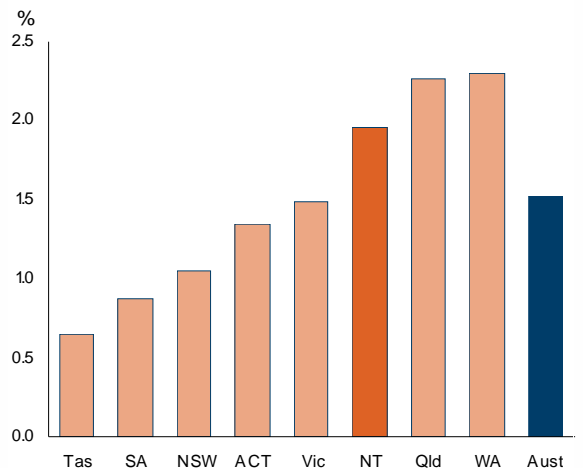
(five year compound average to 2012-13)



Source: Access Economics Business Outlook, March Q 2009

Chart 5: Population Growth Forecast

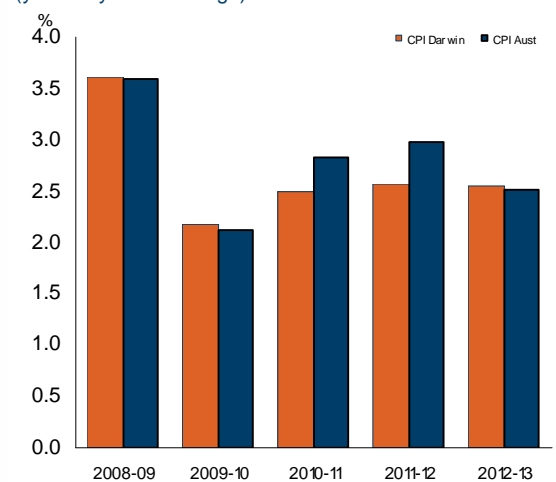
(five year compound average to 2012-13)



Source: Access Economics Business Outlook, March Q 2009

Chart 6: CPI Forecast

(year on year % change)



Source: Access Economics Business Outlook, March Q 2009

Average Weekly Earnings

(Five years to 2012-13, average annual growth)

Northern Territory 3.4% (3.6% previous qtr estimate)

Australia 3.7% (3.6% previous qtr estimate)

Average Weekly Earnings (AWE) measures average gross earnings of employees while the Labour Price Index (LPI) measures changes in wages and salaries, overtime, bonuses, annual and public holiday leave, superannuation, payroll tax and worker's compensation.

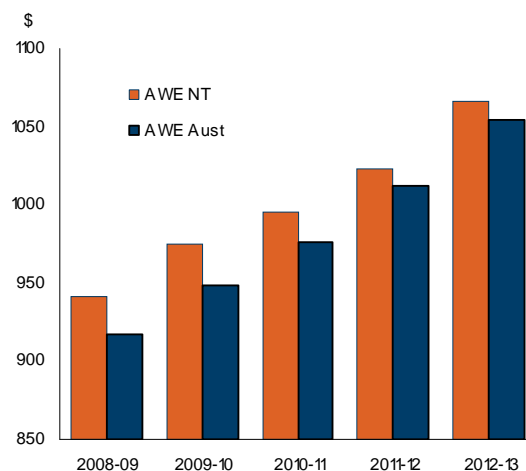
In the five years to 2012-13, Access Economics forecasts AWE in the Territory to grow at an average annual rate of 3.4%, lower than the national forecast rate of 3.7%.

In 2008-09, AWE in the Territory is forecast to grow by 4.4% to \$941.23, and 3.6% in 2009-10 to \$974.98. Nationally AWE is forecast to grow by 4.3% to \$916.77 in 2008-09 and 3.5% in 2009-10 (see Chart 7).

In the five years to 2012-13, Access Economics forecasts the LPI in the Territory to grow at an average annual rate of 3.9%. Nationally LPI is forecast to grow at a rate of 4.0%

In the Territory LPI growth is forecast at 4.6% in 2008-09 and 4.1% in 2009-10. Nationally LPI is forecast to grow at a rate of 4.3% in 2008-09 and 4.0% in 2009-10.

Chart 7: Average Weekly Earnings



Jurisdictions Comparison

(Year on year percentage change)

In 2008-09, Territory GSP growth is the highest of the jurisdictions and in 2009-10 is second highest of the jurisdictions behind Western Australia.

In both 2008-09 and 2009-10, the Territory unemployment rate is the third lowest of the jurisdictions behind Western Australia and the ACT.

Table 1 Access Economics – Business Outlook by jurisdiction

	2008-09								
	Australia	NT	NSW	Vic	Qld	SA	WA	Tas	ACT
GSP	0.1	4.1	-2.0	-1.2	1.5	1.1	3.1	1.2	-0.7
Unemployment Rate	4.9	4.0	5.8	5.0	4.2	5.4	3.7	4.5	2.9
	2009-10								
	Australia	NT	NSW	Vic	Qld	SA	WA	Tas	ACT
GSP	-0.2	1.3	-2.1	-0.4	1.1	0.2	1.4	0.6	0.1
Unemployment Rate	7.3	6.7	8.1	7.3	6.8	8.6	5.8	8.2	4.7

Source: Access Economics Business Outlook March Quarter 2009

Table 2 Access Economics – Business Outlook

Northern Territory		2008-09	2009-10	2010-11	2011-12	2012-13
Gross State product	Constant price (\$m)	15 258	15 454	15 601	15 709	16 320
	% change	4.1	1.3	1.0	0.7	3.9
Northern Territory as a share of Australian output	%	1.4%	1.4%	1.4%	1.4%	1.4%
Real final demand	Constant price (\$m)	16 821	16 377	16 264	16 692	17 654
	% change	6.5	-2.6	-0.7	2.6	5.8
Private consumption	Constant price (\$m)	6554	6783	7097	7470	7824
	% change	0.2	3.5	4.6	5.3	4.7
Private housing investment	Constant price (\$m)	563	636	638	587	602
	% change	0.7	13.0	0.3	-7.9	2.5
Private construction investment	Constant price (\$m)	2,291	1,603	1,226	1,174	1,359
	% change	57.6	-30.0	-23.5	-4.3	15.8
Private equipment investment	Constant price (\$m)	1,418	1,017	806	739	814
	% change	11.7	-28.3	-20.8	-8.3	10.1
International exports	Constant price (\$m)	4 324	4 590	5 007	5 236	5 641
	% change	13.1	6.2	9.1	4.6	7.7
International imports	Constant price (\$m)	2 931	2 514	2 172	2 081	2 343
	% change	31.8	-14.2	-13.6	-4.2	12.6
Retail turnover	Constant price (\$m)	2 358	2 375	2 332	2 372	2 505
	% change	8.3	0.7	-1.8	1.7	5.6
Total population	Persons ('000s)	223	227	232	236	240
	% change	2.1	2.1	2.0	1.8	1.7
Population aged 15 to 64	Persons ('000s)	170	174	178	182	186
	% change	2.5	2.4	2.3	2.1	1.9
Employment ('000s)	Persons ('000s)	113	111	109	110	112
	% change	3.8	-2.1	-1.3	0.6	2.1
Unemployment	Persons ('000s)	4.7	7.9	9.6	9.7	9.4
Unemployment rate	%	4.0	6.7	8.1	8.1	7.7
Consumer Price Index	1989-90 = 100	164.0	167.5	171.7	176.1	180.6
	% change	3.6	2.2	2.5	2.6	2.6
Average Weekly Earnings	\$	941.23	974.98	996.00	1022.70	1065.85
	% change	4.4	3.6	2.2	2.7	4.2
Labour Price Index	\$	122.10	127.15	131.03	135.70	141.50
	% change	4.6	4.1	3.0	3.6	4.3
Australia		2008-09	2009-10	2010-11	2011-12	2012-13
Gross domestic product	Constant price (\$m)	1 084 445	1 082 396	1 108 222	1 145 368	1 182 932
	% change	0.1	-0.2	2.4	3.4	3.3
International exports	Constant price (\$m)	177 038	180 494	194 816	208 049	222 108
	% change	1.0	2.0	7.9	6.8	6.8
International imports	Constant price (\$m)	216 706	199 843	175 264	165 755	187 633
	% change	5.3	-7.8	-12.3	-5.4	13.2
Total population	Persons ('000s)	21 601	21 947	22 271	22 583	22 895
	% change	1.7	1.6	1.5	1.4	1.4
Population aged 15 to 64	Persons ('000s)	17 430	17 769	18 061	18 340	18 616
	% change	2.1	1.9	1.6	1.5	1.5
Employment ('000s)	Persons ('000s)	10 754	10 643	10 657	10 825	11 022
	% change	1.3	-1.0	0.1	1.6	1.8
Unemployment	Persons ('000s)	556	843	973	944	898
Unemployment rate	%	4.9	7.3	8.4	8.0	7.5
Consumer Price Index	1989-90 = 100	167.2	170.7	175.5	180.8	185.3
	% change	3.6	2.1	2.8	3.0	2.5
Average Weekly Earnings	\$	916.77	949.10	976.39	1012.67	1054.49
	% change	4.3	3.5	2.9	3.7	4.1
Labour Price Index	% change	4.3	4.0	3.4	4.1	4.2

Source: Access Economics Business Outlook March Quarter 2009

Table 3 Access Economics – Financial Outlook

	2008-09	2009-10	2010-11	2011-12	2012-13
Treasury Bonds					
3 year	4.7%	3.6%	4.9%	5.7%	5.9%
5 year	4.9%	4.1%	5.2%	5.8%	5.9%
10 year	5.0%	4.6%	5.4%	5.9%	6.0%
Standard variable mortgage interest rate	7.8%	5.2%	6.0%	7.1%	7.6%
Commercial bank bills:					
90 days	5.6%	2.6%	4.3%	5.6%	6.0%
180 days	5.5%	2.7%	4.3%	5.6%	6.0%
Exchange Rates					
Trade Weighted Index	61.6	49.0	51.9	53.8	54.6
\$US per \$A	0.779	0.589	0.663	0.704	0.715
Yen per \$A	78.1	56.6	67.0	76.9	83.3
Euro per \$A	0.545	0.466	0.536	0.583	0.606
Crude Oil Prices					
Crude oil (Tapis, \$US/barrel)	66.75	52.88	61.51	64.81	69.00
% change	-35.8%	-20.8%	16.3%	5.4%	6.5%

Source: Access Economics Business Outlook March Quarter 2009