

## Summary

(average price in the month, annual % change)

Darwin	133.9 cpl	↓	7.8%
Eight Capitals	121.1 cpl	↓	10.6%

## Monthly

In August 2007, the Australian Automobile Association reported decreases in average retail unleaded petrol prices across all capital cities, except Sydney.

In August 2007, Darwin fuel prices decreased by 4.2 cpl (3.0%) to 133.9 cpl, while nationally the eight capital cities weighted average price decreased by 2.8 cpl (2.2%) to 121.1 cpl (see Chart 1).

Darwin retail fuel prices tend to be higher than other capital cities, due to distance from refineries and other competitive factors. Over the long term, movements in Darwin retail fuel prices closely mirror national trends but in the short term can be highly volatile (primarily due to supply side factors and lags in the distribution chain).

Crude oil is the major input cost in petroleum production. In A\$ terms, Tapis crude oil prices increased by 1.0% to A\$92.41 per barrel in August 2007. In US\$ terms, the average price of Tapis crude oil decreased by 3.6% to US\$76.53 per barrel.

## Annual

In annual terms, Darwin fuel prices decreased by 11.3 cpl (7.8%) to 133.9 cpl, while nationally the eight capital cities weighted average price decreased by 14.4 cpl (10.6%) to 121.1 cpl.

In A\$ terms, crude oil prices have decreased by 10.4% since August 2006, while decreasing by 2.8% in US\$ terms (see Chart 3).

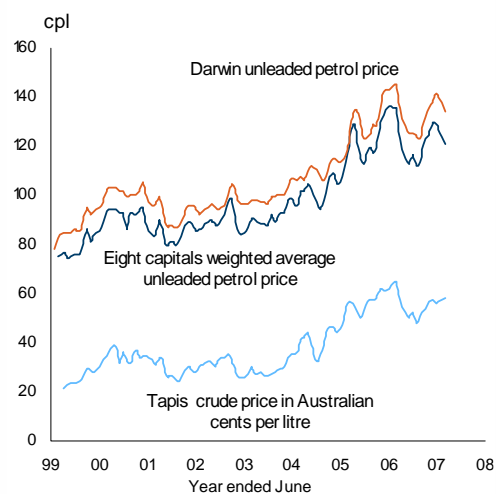
## Context

OPEC's recent decision to increase production by 0.5 million barrels a day, effective November 1 2007, will help to alleviate high winter season demand in the northern hemisphere. Despite this increase, low surplus capacity means crude oils prices will remain vulnerable to supply shocks in the short to medium term.

The future direction of crude oil prices will depend on the production decisions of Saudi Arabia. Saudi Arabia holds the bulk of the world's surplus capacity and their output levels will be a key indicator of future market prices.

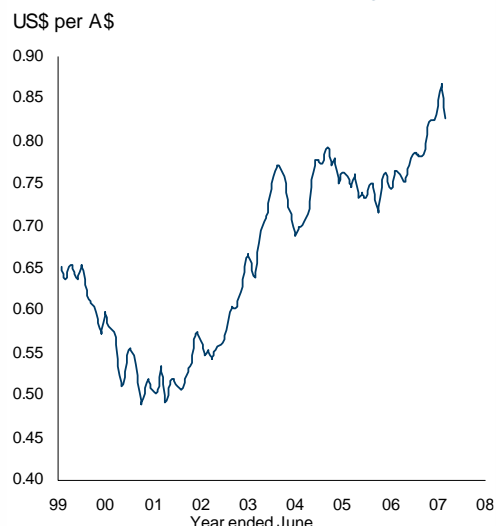
World crude oil demand is set to moderately increase in 2008, driven by increasing demand from the booming Chinese economy.

**Chart 1: Average Unleaded Petrol Prices**



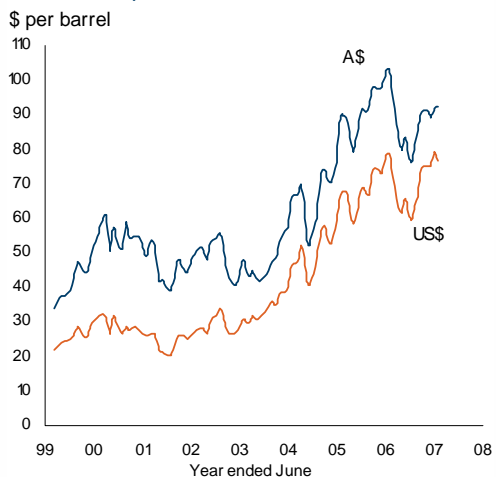
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

**Chart 2: Australian Dollar Exchange Rate**



Source: Reserve Bank of Australia

**Chart 3: Tapis Crude Oil Prices**



Source: Reserve Bank of Australia, Energy Information Administration

## Unleaded Petrol Prices

	July month	August month	change monthly <sup>1</sup>	change annual <sup>2</sup>	change year on year <sup>3</sup>
<b>Northern Territory</b>					
retail petrol price (cpl)					
<i>Darwin</i>	138.1	133.9	-3.0%	-7.8%	-2.1%
<i>Alice Springs</i>	146.2	143.4	-1.9%	-4.8%	-1.5%
<i>Katherine</i>	134.8	131.7	-2.3%	-8.0%	-2.8%
<i>Tennant Creek</i>	147.9	144.4	-2.4%	-5.4%	-1.6%
<b>Australia</b>					
retail petrol price (cpl)	123.9	121.1	-2.2%	-10.6%	-4.2%
Tapis crude price in \$A per barrel	91.53	92.41	1.0%	-10.4%	-6.8%

<sup>1</sup> compares the latest month with the previous month

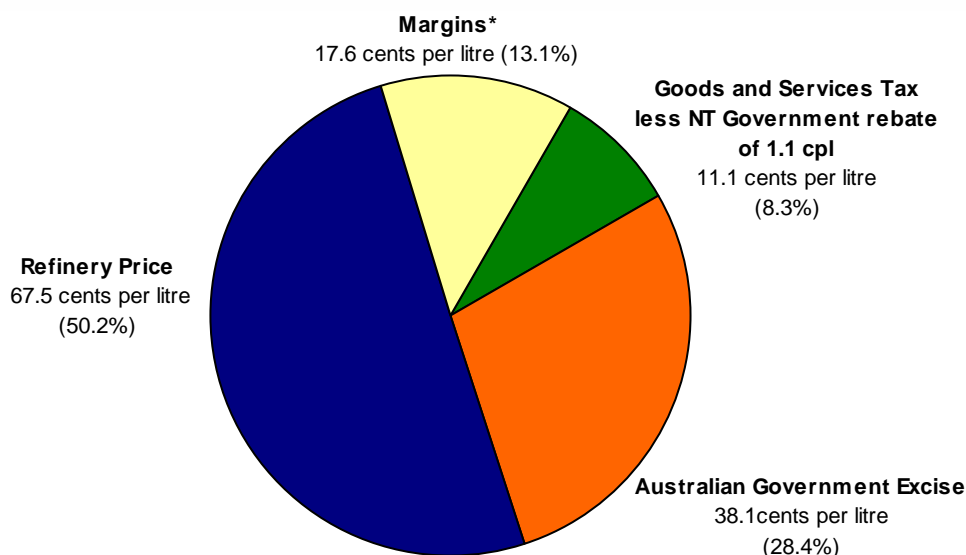
<sup>2</sup> compares the latest month with the same month last year

<sup>3</sup> compares the 12 months up to and including the latest month with the previous 12 month period

Caution is advised when using monthly data for the Territory, which is often derived from small samples and highly volatile.

Source: Australian Automobile Association, Energy Information Administration, Reserve Bank of Australia

**Chart 4: Cost Components of Darwin Shell Unleaded petrol at 13 September 2007**  
(based on retail price of 134.4 cents per litre)



\*Margins includes transport/ distribution costs and wholesale and retail margins

Source: Shell Australia

Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omission.