

Summary

(average price in the month, annual % change)

Darwin	163.0 cpl	↑	21.7%
Eight Capitals	148.9 cpl	↑	22.9%

Monthly

In August 2008, the Australian Automobile Association reported decreases in average retail unleaded petrol prices across all capital cities.

In August 2008, Darwin fuel prices decreased by 10.4 cpl (6.0%) to 163.0 cpl, while nationally the eight capital cities weighted average price decreased by 10.9 cpl (6.8%) to 148.9 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 US\$ terms, the average price of Tapis crude oil decreased by 13.9% to US\$124.98 per barrel in August 2008. In A\$ terms, Tapis crude oil prices decreased by 6.3% to A\$141.34 per barrel in August 2008.

Annual

In annual terms, Darwin fuel prices increased by 29.1 cpl (21.7%) to 163.0 cpl in August 2008, while nationally the eight capital cities weighted average price increased by 27.8 cpl (22.9%) to 148.9 cpl.

In A\$ terms, crude oil prices have increased by 53.0% since August 2007, while increasing by 63.3% in US\$ terms (see Chart 2).

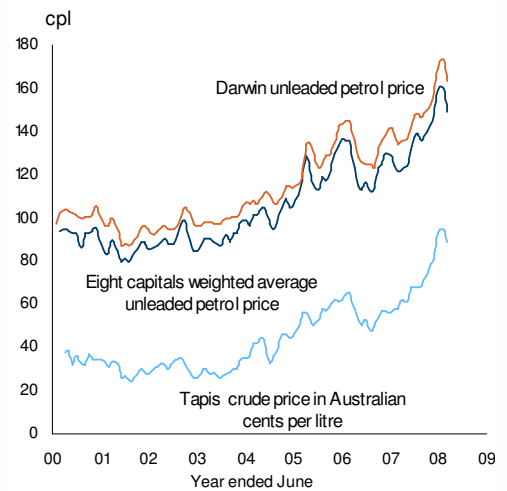
The lower rate of increase in A\$ terms is due to the strength of the Australian currency, which in August 2008 averaged US\$0.8843 (see Chart 3).

Context

The main factors causing the increase in oil prices over the past year are; strong growth in the demand and consumption of oil, particularly from non-OECD countries, and relatively weak supply growth in non-member countries of OPEC. Additionally, ongoing geopolitical issues within the Middle East have continued to put pressure on the supply of crude oil. According to the ABARE publication, Australian Commodities June quarter 2008, the short-term outlook for petrol prices is likely to be characterised by "little changes expected in market fundamentals or in the risks to supply in the short term" with oil prices expected to continue to be volatile on a daily basis and to remain high on average.

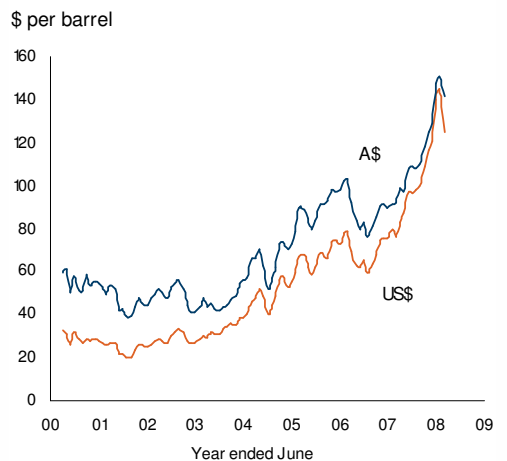
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Chart 1: Average Unleaded Petrol Prices



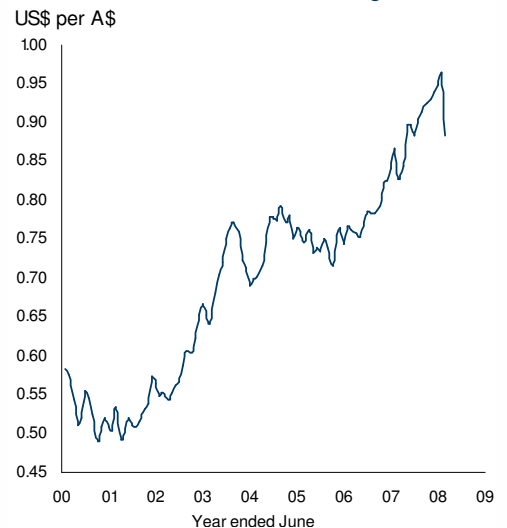
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

Chart 2: Tapis Crude Oil Prices



Source: Reserve Bank of Australia, Energy Information Administration

Chart 3: Australian Dollar Exchange Rate



Source: Reserve Bank of Australia



Unleaded Petrol Prices

	July month	August month	change monthly ¹	change annual ²	change year on year ³
Northern Territory					
retail petrol price (cpl)					
<i>Darwin</i>	173.4	163.0	-6.0%	21.7%	15.2%
<i>Alice Springs</i>	179.4	168.0	-6.4%	17.2%	15.7%
<i>Katherine</i>	172.3	162.5	-5.7%	23.4%	14.5%
<i>Tennant Creek</i>	181.6	176.4	-2.9%	22.2%	14.7%
Australia					
retail petrol price (cpl)	159.7	148.9	-6.8%	22.9%	16.9%
Tapis crude price in \$A per barrel	150.83	141.34	-6.3%	53.0%	39.1%

¹ compares the latest month with the previous month

² compares the latest month with the same month last year

³ 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

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

Due to Shell Australia no longer publishing the data in regards to the Refinery, Margin and Tax components of petrol prices; Chart 4, previously known as Cost Components of Darwin Shell Unleaded Petrol will no longer be published in the Petrol Prices brief.