

## Summary

(average price in the month, annual % change)

Darwin	147.4 cpl	↑	17.9%
Eight Capitals	137.6 cpl	↑	18.1%

## Monthly

In December 2007, the Australian Automobile Association reported increases in average retail unleaded petrol prices across all capital cities.

In December 2007, Darwin fuel prices increased by 6.2 cpl (4.4%) to 147.4 cpl, while nationally the eight capital cities weighted average price increased by 5.9 cpl (4.4%) to 137.6 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 1.1% to US\$95.96 per barrel in December 2007.

However, in A\$ terms, Tapis crude oil prices increased by 0.4% to A\$108.49 per barrel in December 2007.

## Annual

In annual terms, Darwin fuel prices increased by 22.4 cpl (17.9%) to 147.4 cpl in December 2007, while nationally the eight capital cities weighted average price increased by 21.1 cpl (18.1%) to 137.6 cpl.

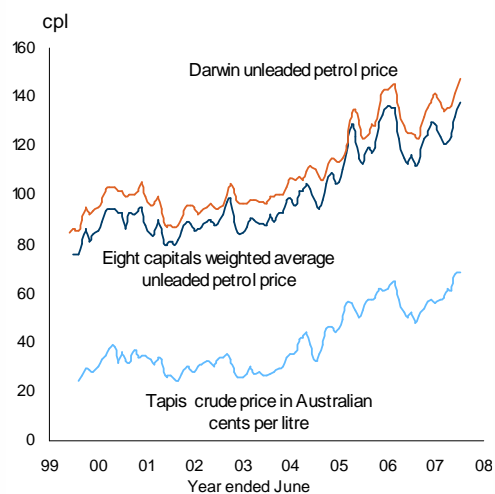
In A\$ terms, crude oil prices have increased by 30.3% since December 2006, while increasing by 46.6% in US\$ terms (see Chart 3).

The lower rate of increase in A\$ terms is due to the current strength of the Australian currency, which in December 2007 averaged \$0.8738 against the US\$.

## Context

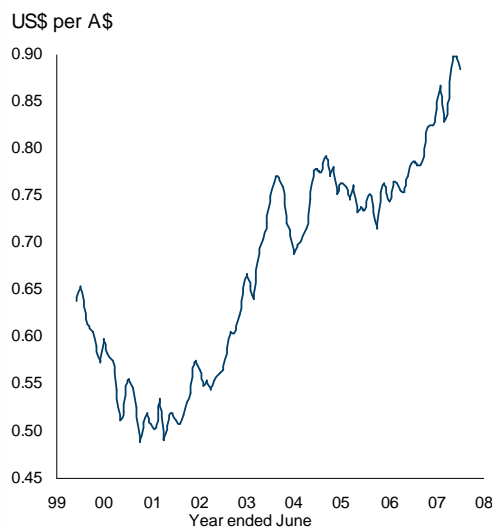
Over the past year the main drivers of the increases in oil prices have been: strong global economic growth, particularly in China, moderate supply growth by non - Organization of the Petroleum Exporting Countries, tightness in global refining inventories and worldwide refining bottlenecks. In addition, ongoing geopolitical tensions in the Middle East have put pressure on crude oil supplies in recent months. The strong value of the Australian dollar against the US\$ has mitigated some of the effects of rising oil prices.

**Chart 1: Average Unleaded Petrol Prices**



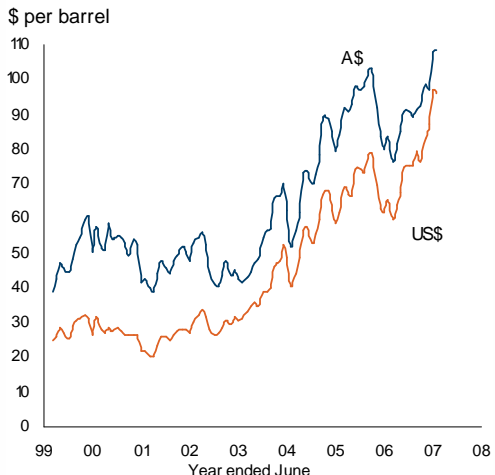
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

**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

	November month	December 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>	141.2	147.4	4.4%	17.9%	1.2%
<i>Alice Springs</i>	147.1	152.5	3.7%	21.3%	2.8%
<i>Katherine</i>	135.6	142.5	5.1%	13.8%	-1.2%
<i>Tennant Creek</i>	146.5	157.9	7.8%	21.7%	0.7%
<b>Australia</b>					
retail petrol price (cpl)	131.7	137.6	4.4%	18.1%	-0.1%
Tapis crude price in \$A per barrel	108.07	108.49	0.4%	30.3%	-0.3%

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

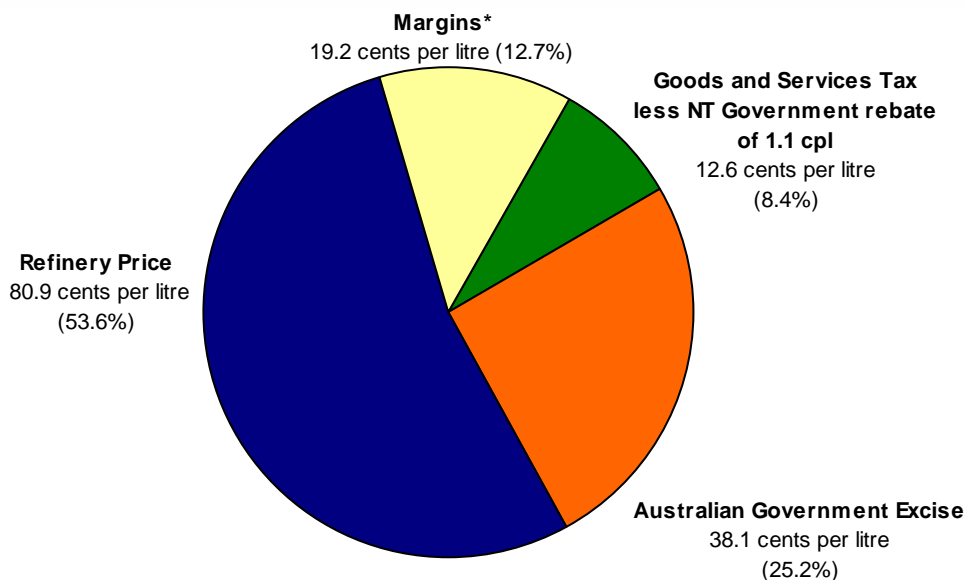
<sup>2</sup> compares the latest month with the same month last year

<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 14 December 2007**  
(based on retail price of 148.9 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.