

## Summary

(average price in the month, annual % change)

Darwin	120.2 cpl	↓	18.5%
Eight Capitals	104.4 cpl	↓	24.1%

The Australian Automobile Association reports average retail unleaded petrol prices decreased across all capital cities in Australia in December 2008 (see Table on next page). In Darwin, prices decreased by 18.5 cpl (13.3%), while nationally the eight capital cities weighted average price decreased by 16.7 cpl (13.8%) to 104.4 cpl (see Chart 1). Compared to December 2007, Darwin prices are 27.2 cpl lower (18.5%), while the eight capital cities weighted average price decreased by 33.2 cpl (24.1%).

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).

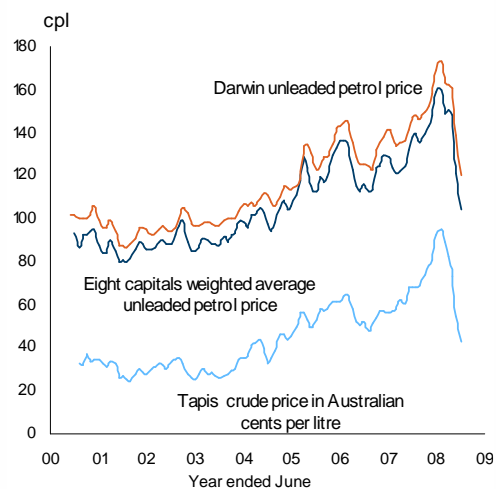
Average retail unleaded petrol prices also decreased throughout the Territory in December 2008. In Tennant Creek prices decreased by 16.6 cpl (10.4%) to 142.3 cpl, by 22.1 cpl (15.2%) to 122.9 cpl in Alice Springs, and by 23 cpl (15.9%) to 121.4 cpl in Katherine (see Chart 2).

Crude oil is the major input cost in petroleum production. In US\$ terms, the average price of Tapis crude oil decreased by 20.5% to US\$45.39 per barrel in December 2008 and by 52.7% since December 2007. In A\$ terms, Tapis crude oil prices decreased by 21.9% to A\$67.86 per barrel in December 2008 and by 37.5% over the year (see Chart 3). The depreciation of the A\$ has only partially offset the fall in crude oil in US\$ terms, as such the fall in Australian petrol prices has been less than the fall in crude oil in \$US terms.

## Context

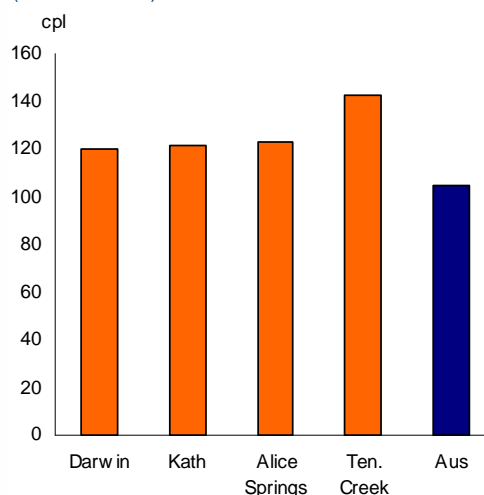
The main factor behind the rapid decline in crude oil prices over the second half of 2008 has been falling demand linked to consumers responding to record high petrol prices (which peaked in July 2008) and slower global economic growth in the wake of the global financial crisis. Slower global economic growth and increased supply from non-OPEC countries in 2009 are the main factors behind ABARE's latest average crude oil price forecast of \$US59 a barrel in 2009.

**Chart 1: Average Unleaded Petrol Prices**



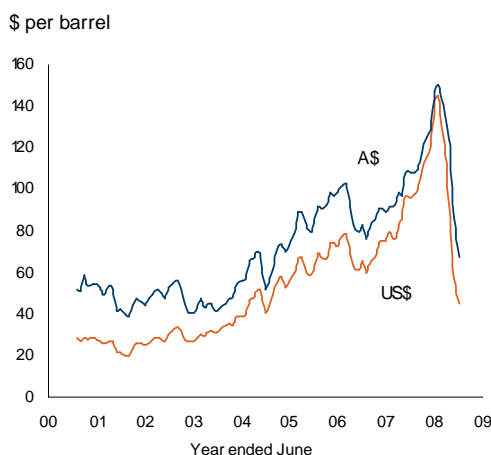
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

**Chart 2: Territory Regional Fuel Prices (December 2008)**



Source: Australian Automobile Association

**Chart 3: Tapis Crude Oil Prices**



Source: Reserve Bank of Australia, Energy Information Administration

## Unleaded Petrol Prices

	November month	December month	monthly <sup>1</sup>	change annual <sup>2</sup>	year on year <sup>3</sup>
<b>Northern Territory</b>					
retail petrol price (cpl)					
<i>Darwin</i>	138.7	120.2	-13.3%	-18.5%	13.3%
<i>Alice Springs</i>	145.0	122.9	-15.2%	-19.4%	13.0%
<i>Katherine</i>	144.4	121.4	-15.9%	-14.8%	15.6%
<i>Tennant Creek</i>	158.9	142.3	-10.4%	-9.9%	15.7%
<b>Australia</b>					
retail petrol price (cpl)	121.1	104.4	-13.8%	-24.1%	13.7%
<i>Sydney</i>	122.0	105.2	-13.8%	-24.5%	14.1%
<i>Melbourne</i>	122.6	106.3	-13.3%	-23.5%	13.7%
<i>Brisbane</i>	115.8	98.4	-15.0%	-24.8%	13.8%
<i>Adelaide</i>	115.6	104.2	-9.9%	-24.3%	13.6%
<i>Perth</i>	121.6	101.7	-16.4%	-24.7%	12.3%
<i>Hobart</i>	138.9	114.7	-17.4%	-16.9%	16.2%
<i>Canberra</i>	120.0	105.7	-11.9%	-25.5%	12.2%
Tapis crude price in \$US per barrel	57.1	45.4	-20.5%	-52.7%	33.1%
Tapis crude price in \$A per barrel	86.9	67.9	-21.9%	-37.5%	28.9%

<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

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.