

Summary

(average price in the month, annual % change)

Darwin	124.9 cpl	no change
Eight Capitals	112.4 cpl	↓ 5.7%

Monthly

In January 2007, the Australian Automobile Association reported decreases in average retail unleaded petrol prices across all capital cities, except for Hobart which recorded an increase of 1.7%.

In Darwin, fuel prices decreased by 0.1 cpl (0.1%) to 124.9 cpl, while nationally the eight capital cities weighted average price decreased by 4.1 cpl (3.5%) to 112.4 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, crude oil prices decreased by 4.4% to A\$79.64 per barrel in January 2007. In US\$ terms, the average price of crude oil decreased by 9.0% to US\$59.54 per barrel.

Annual

In annual terms, Darwin fuel prices were steady at 124.9 cpl, while nationally the eight capital cities weighted average price decreased by 6.8 cpl (5.7%) to 112.4 cpl.

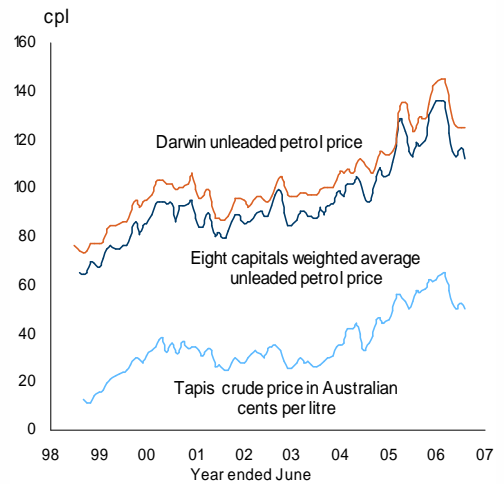
In A\$ terms, crude oil prices decreased by 13.1% since January 2006, while decreasing by 13.5% in US\$ terms (see Chart 3).

Context

Crude oil prices have declined significantly from the peak in mid 2006, as growth in world oil consumption eased in 2006 and production continued to increase. Prices are forecast to remain below US\$60 per barrel in 2007. However continuing low spare production capacity means that global crude oil prices will remain sensitive to supply shocks in the short to medium term.

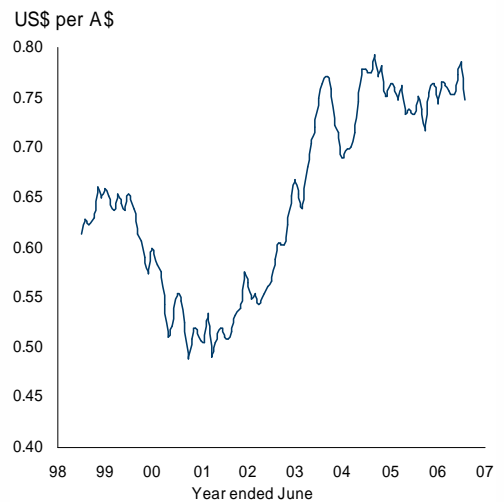
The Australian Government's Fuel Sales Grants Scheme ceased on 1 July 2006. A new fuel tax credit system was introduced on 1 July 2006 which is available to eligible businesses.

Chart 1: Average Unleaded Petrol Prices



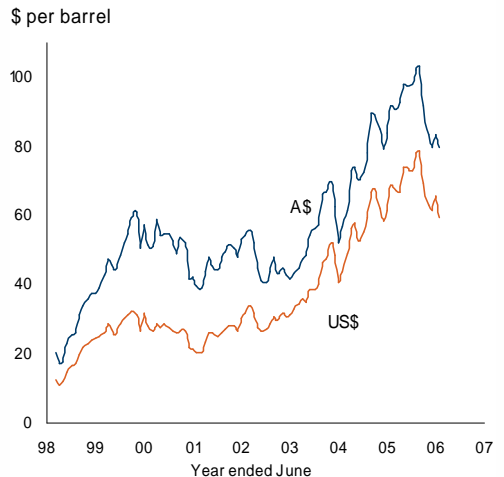
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

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

	December month	January month	change monthly ¹	change annual ²	change year on year ³
Northern Territory					
retail petrol price (cpl)					
<i>Darwin</i>	125.0	124.9	-0.1%	0.0%	11.6%
<i>Alice Springs</i>	125.7	128.9	2.5%	-1.9%	8.7%
<i>Katherine</i>	125.2	122.7	-2.0%	-1.5%	13.2%
<i>Tennant Creek</i>	129.7	135.1	4.2%	1.5%	10.2%
Australia					
retail petrol price (cpl)	116.5	112.4	-3.5%	-5.7%	10.1%
Tapis crude price in \$A per barrel	83.28	79.64	-4.4%	-13.1%	16.1%

¹ compares the latest month with the previous month

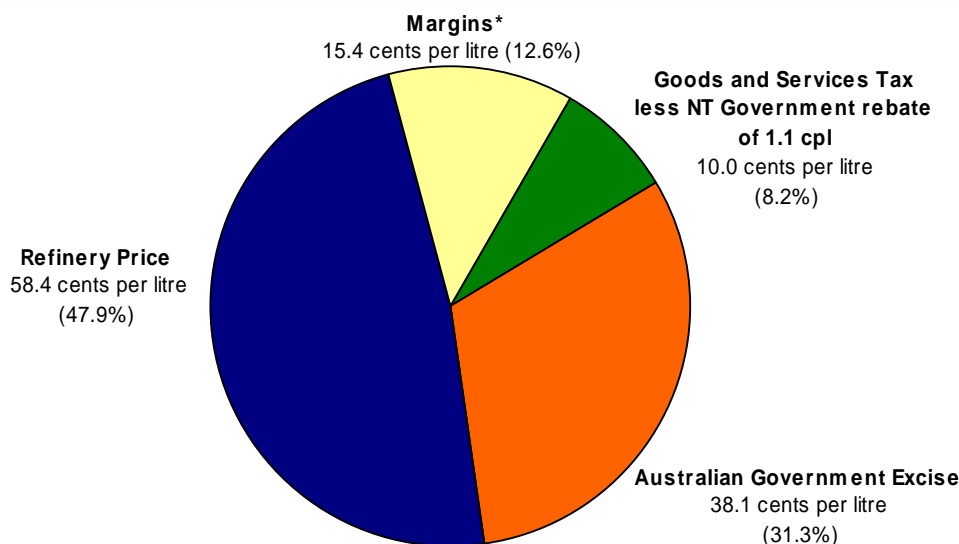
² compares the latest month with the same month last year

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

Chart 4: Cost Components of Darwin Shell Unleaded petrol at 22 February 2007
(based on retail price of 121.9 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.