

Summary

(average price in the month, annual % change)

Darwin	137.8 cpl	↓	3.1%
Eight Capitals	129.5 cpl	↓	2.7%

Monthly

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

In May 2007, Darwin fuel prices increased by 2.5 cpl (1.8%) to 137.8 cpl, while nationally the eight capital cities weighted average price increased by 4.8 cpl (3.9%) to 129.5 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 0.5% to A\$91.04 per barrel in May 2007. In US\$ terms, the average price of Tapis crude oil increased by 0.7% to US\$75.13 per barrel.

Annual

In annual terms, Darwin fuel prices decreased by 4.4 cpl (3.1%) to 137.8 cpl, while nationally the eight capital cities weighted average price decreased by 3.6 cpl (2.7%) to 129.5 cpl.

In A\$ terms, crude oil prices have decreased by 6.4% since May 2006, while increasing by 1.1% in US\$ terms (see Chart 3).

Context

Increasing demand for petrol and declining inventories in the US have resulted in crude oil prices rising since January 2007, although prices still remain below the peak reported in mid 2006. Crude oil prices are forecast by the Australian Bureau of Agricultural and Resource Economics (ABARE) to average about US\$57 per barrel over 2007 and remain close to this level through 2008. However, low excess production capacity means that global crude oil prices will remain sensitive to supply shocks in the short to medium term.

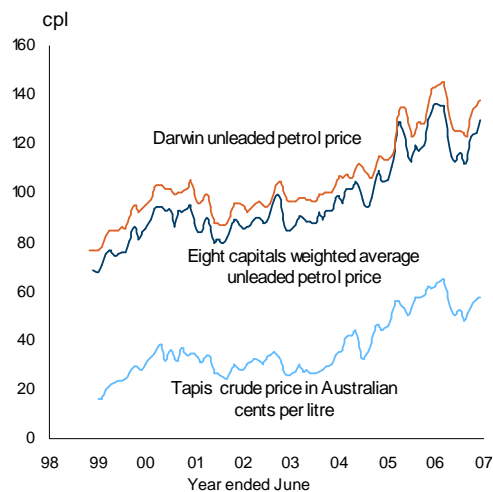
Fuel Tax Credit Scheme

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 individuals and businesses.

Released: 18 June 2007

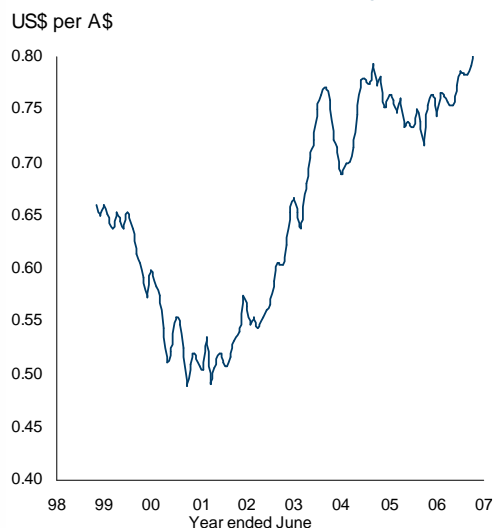
Next Release: Mid-July 2007

Chart 1: Average Unleaded Petrol Prices



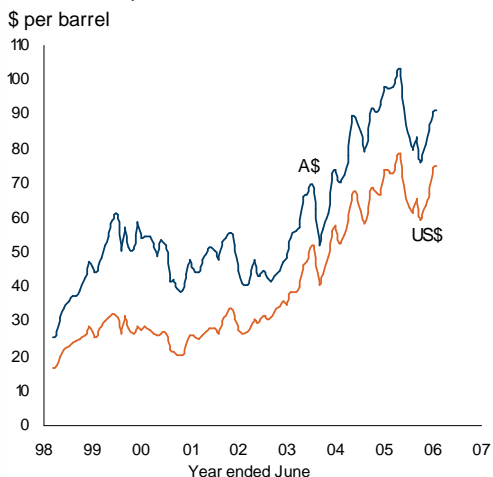
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

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

	April month	May month	change monthly ¹	change annual ²	change year on year ³
Northern Territory					
retail petrol price (cpl)					
<i>Darwin</i>	135.3	137.8	1.8%	-3.1%	4.7%
<i>Alice Springs</i>	138.7	143.7	3.6%	-0.8%	4.3%
<i>Katherine</i>	127.2	133.4	4.9%	-3.9%	5.2%
<i>Tennant Creek</i>	141.1	143.1	1.4%	-4.5%	4.5%
Australia					
retail petrol price (cpl)	124.6	129.5	3.9%	-2.7%	3.1%
Tapis crude price in \$A per barrel	90.60	91.04	0.5%	-6.4%	1.7%

¹ compares the latest month with the previous month

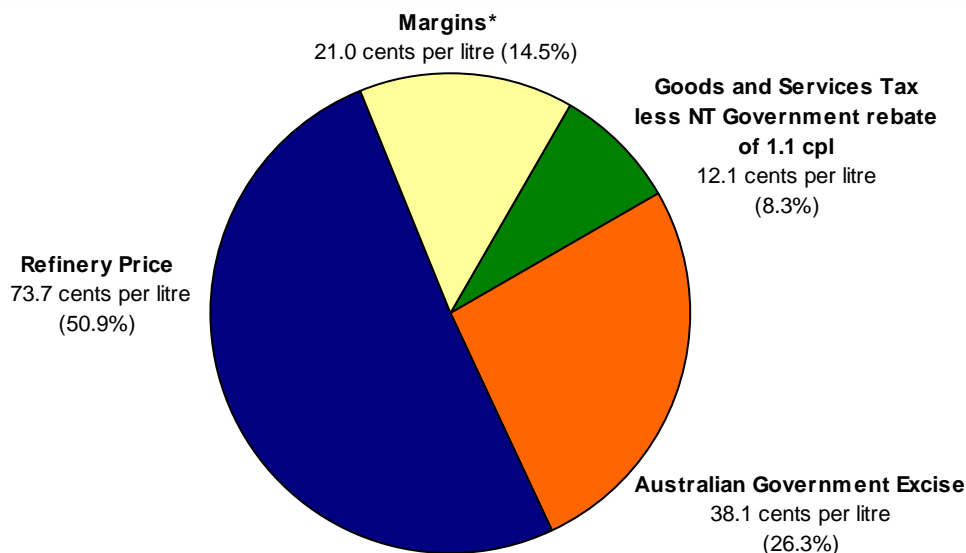
² compares the latest month with the same month last year

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 18 June 2007
(based on retail price of 144.9 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.