

Summary

(average price in the month, annual % change)

Darwin	158.3 cpl	↑	14.9%
Eight Capitals	147.8 cpl	↑	14.2%

Monthly

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

In May 2008, Darwin fuel prices increased by 5.7 cpl (3.7%) to 158.3 cpl, while nationally the eight capital cities weighted average price increased by 4.8 cpl (3.4%) to 147.8 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 increased by 4.2% to US\$121.02 per barrel in May 2008. In A\$ terms, Tapis crude oil prices increased by 3.2% to A\$128.98 per barrel in May 2008.

Annual

In annual terms, Darwin fuel prices increased by 20.5 cpl (14.9%) to 158.3 cpl in May 2008, while nationally the eight capital cities weighted average price increased by 18.4 cpl (14.2%) to 147.8 cpl.

In A\$ terms, crude oil prices have increased by 41.7% since May 2007, while increasing by 61.1% 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 May 2008 averaged US\$0.9383.

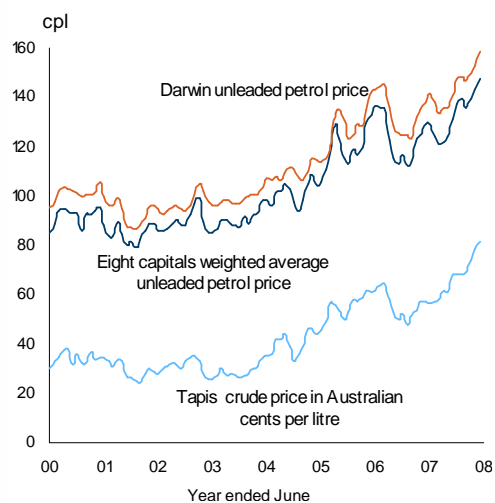
Context

Over the past year the main drivers of the increases in oil prices have been: positive global economic growth, with China recording very strong growth, 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 and Nigeria 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. Saudi Arabia has agreed to increase crude oil production by 200 000 barrels per day in June and by 300 000 barrels per day in July 2008.

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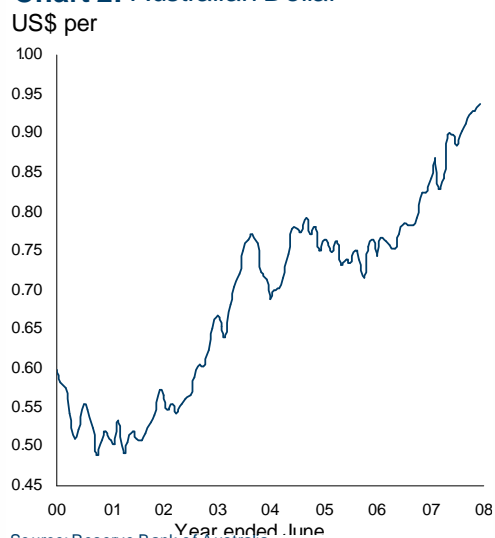
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Chart 1: Average Unleaded Petrol Prices



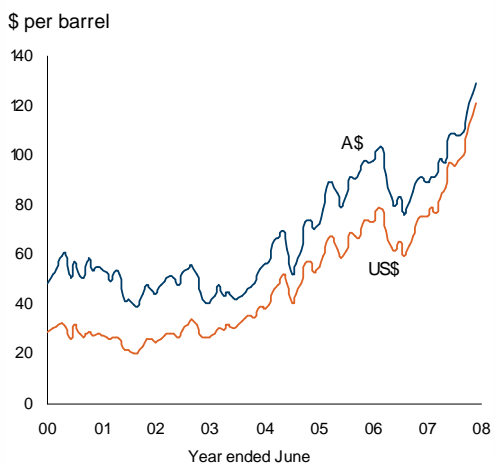
Source: Australian Automobile Association, Reserve Bank of Australia, Energy Information Administration

Chart 2: Australian Dollar



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>	152.6	158.3	3.7%	14.9%	8.0%
<i>Alice Springs</i>	159.3	164.7	3.4%	14.6%	9.7%
<i>Katherine</i>	147.2	155.4	5.6%	16.5%	6.2%
<i>Tennant Creek</i>	160.1	168.8	5.4%	18.0%	7.8%
Australia					
retail petrol price (cpl)	143.0	147.8	3.4%	14.2%	7.8%
Tapis crude price in \$A per barrel	124.98	128.98	3.2%	41.7%	19.6%

¹ compares the latest month with the previous month

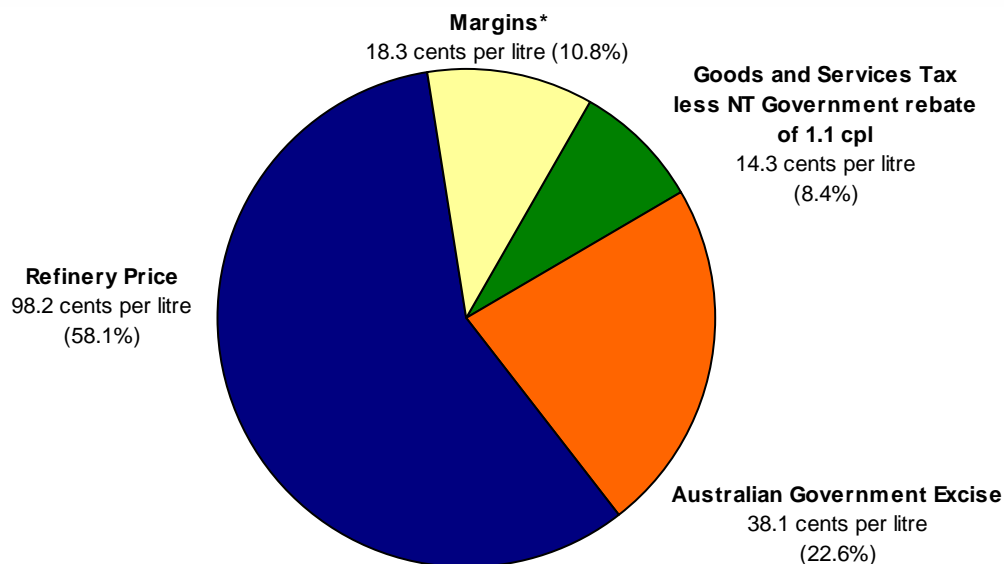
² compares the latest month with the same month last year

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 16 June 2008
(based on retail price of 168.9 cents per litre)



*Margins include 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.

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