

Territory Economic Review

February 2007

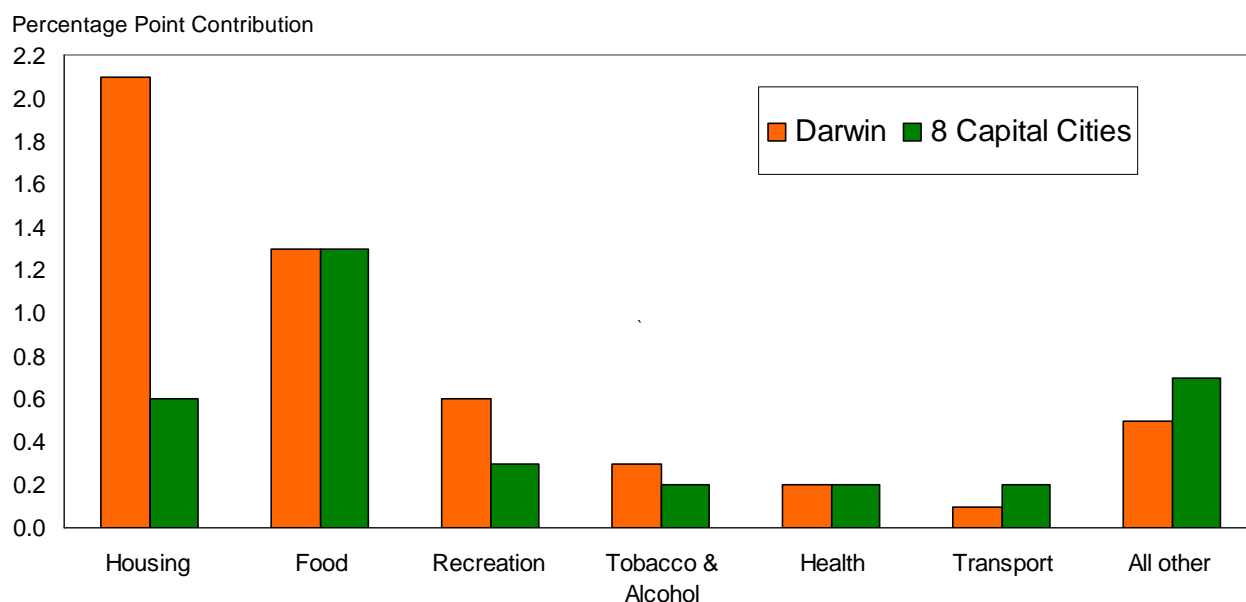
Darwin Consumer Inflation: Calendar Year 2006

In January 2007 the Australian Bureau of Statistics (ABS) released the December quarter 2006 consumer inflation figures. The latest data reveal that, in annual terms and at 5 per cent, Darwin had the highest reported consumer inflation rate of the jurisdictions, followed by Perth and Brisbane. The less volatile year on year calculations report Darwin's consumer inflation at 4.4 per cent in 2006, second only to Perth at 4.5 per cent. Western Australia and the Northern Territory are both experiencing the inflationary pressures that are often associated with strongly performing economies, an outcome that is not unexpected given the strength of the commodity and resource markets.

As shown in Chart 1, the largest contributing factor to Darwin's annual consumer inflation rate in 2006 was 'housing' costs, which accounted for just less than half of Darwin's inflation rate. The housing category of the CPI includes; 'house purchases', 'repairs and maintenance', 'rent', 'utilities' and 'property rates and charges'. The majority of the annual increase in total 'housing' costs is attributable to the 'house purchase' category, reflecting the robust increase in Darwin median house prices through the year. The contribution of housing costs in Darwin was significantly greater than nationally, reflecting the relatively strong price outcomes in Darwin property markets over 2006, compared to many other capital cities.

Latest information provided by the Real Estate Institute of the Northern Territory (REINT) in their December quarter 2006 publication, indicates that median house prices in Darwin have peaked, with declines of 3.9 per cent reported in the December quarter 2006. This should flow through to March quarter 2007 Darwin CPI figures.

Chart 1
Main contributors to annual CPI increase



Source: ABS Cat. No. 6401.0

Food prices

Increases in food prices made the second largest contribution to Darwin's annual inflation rate, adding 1.3 percentage points. The largest price increases were reported in the sub-category 'fruit', which alone accounted for half of the reported inflation in Darwin's food prices in 2006. The second largest contribution to inflation in Darwin's 'food' category was the impact of price increases for 'restaurant and take-away meals'.



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Northern Territory State Final Demand and Gross State Product										
Year ended June	Percentage Change	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest available	Annual % change
Expenditure on GSP (2003-04 prices)										
Private Consumption		6.5	3.5	6.5	4.6	7.6	4.4	5.5	Sep Q 06	4.4
Public Consumption		7.9	1.2	0.4	2.5	3.6	3.4	2.4	Sep Q 06	6.2
Total Consumption Expenditure		7.2	2.5	3.8	3.7	5.9	4.0	4.2	Sep Q 06	5.1
Private Investment										
<i>Dwellings</i>		-25.2	-40.4	3.8	9.3	-1.9	38.5	3.2	Sep Q 06	10.8
<i>Other buildings and structures</i>		-58.8	-22.8	125.6	26.5	8.6	0.8	4.8	Sep Q 06	7.7
<i>Machinery and equipment</i>		11.9	31.1	2.5	6.3	8.8	-10.9	32.7	Sep Q 06	46.5
<i>Livestock</i>		-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	Sep Q 06	-3.4
<i>Intangible fixed assets</i> **		-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	Sep Q 06	29.9
<i>Ownership transfer costs</i>		-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Sep Q 06	-6.5
Business Investment [#]		-39.9	-1.6	54.2	7.8	9.3	0.7	17.7	Sep Q 06	17.1
Total Private Investment		-36.1	-11.7	45.4	8.0	7.7	5.4	15.1	Sep Q 06	15.4
Public Investment		41.8	46.6	18.8	-33.2	1.4	25.9	-6.9	Sep Q 06	-7.0
Total Investment		-30.0	-2.5	39.1	-0.3	6.9	8.1	11.8	Sep Q 06	12.8
State Final Demand		-5.0	1.6	12.1	2.3	6.2	5.1	6.5	Sep Q 06	7.4
State Final Demand less L-C and B-U^{##}		2.8	1.7	10.8	0.7	5.1	10.3	8.0	Sep Q 06	9.3
International Trade - export of goods		47.2	30.0	-22.6	-11.0	-23.7	-6.2	-0.8	Sep Q 06	84.0
International Trade - import of goods		178.2	-62.0	15.1	29.9	4.1	107.5	27.5	Sep Q 06	1.6
Total Gross State Product		1.1	5.5	1.6	0.2	0.2	6.0	7.5		
Contribution to GSP Growth										
Private Consumption		2.7	1.6	2.7	2.0	3.6	2.4	2.8		
Public Consumption		2.6	0.4	0.1	0.9	1.2	1.2	0.8		
Private Investment		-12.2	-2.5	8.1	2.1	2.1	1.6	4.4		
Public Investment		1.2	1.8	1.0	-2.1	0.0	1.1	-0.2		
State Final Demand		-5.6	1.7	12.1	2.6	7.0	6.4	7.7		
Net International Exports		2.8	23.4	-12.4	-7.5	-8.9	-12.1	-5.9		
Balancing item		3.9	-19.6	1.9	5.2	2.0	11.7	5.7		
Gross State Product		1.1	5.5	1.6	0.2	0.2	6.0	7.5		

* Quarter on corresponding quarter the previous year, or through the year annual per cent change ** Predominantly computer software and mineral exploration

[#] Private investment less dwellings investment and ownership transfer costs ^{##} Investment for the Laminaria-Corallina oilfields and Bayu-Undan Stage 1 and Stage 2 pipeline

Source: NT Treasury, Australian Bureau of Statistics data

Latest Northern Territory Economic Indicators										
Year ended June	Percentage Change*	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Annual % change**
Real Retail Turnover		5.8	-0.7	4.1	2.2	5.1	5.3	2.8	Sep Q 06	7.5
New Motor Vehicle Sales		-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Dec Q 06	7.1
Tourist Accommodation Takings		0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	Sep Q 06	12.6
Number of Dwellings Approved		-30.6	-28.4	-13.8	0.0	23.4	18.4	-5.8	Nov Q 06	-4.9
Number of Dwellings Commenced		-21.1	-34.0	0.1	-4.1	6.0	29.1	1.1	Sep Q 06	-36.5
Employment		-2.3	1.1	5.4	-0.1	-2.2	-2.0	4.0	Dec Q 06	4.0
Unemployment rate		4.4	5.6	6.8	5.8	5.2	6.3	5.7	Dec Q 06	-67.8
Darwin Consumer Price Index (year average) ^{##}		1.4	5.4	2.2	2.3	1.4	2.2	3.4	Dec Q 06	5.0
AWOTE [#] (year average)		4.6	3.7	2.3	5.0	6.5	7.0	3.9	Aug Q 06	-0.5
Wage Price index (year average)		2.5	2.8	3.1	3.0	3.3	3.7	4.4	Aug Q 06	4.1
Population, December (levels - thousands) ^{##}		194.3	196.3	198.0	198.2	198.7	201.2	205.2	Jun Q 06	206.7
Population (annual % change) ^{##}		1.6	1.0	0.9	0.1	0.3	1.2	2.0	Jun Q 06	1.6
Net Interstate Migration (levels - number) ^{##}		-817	-1621	-2049	-3069	-2895	-1097	520	Jun Q 06	-229.0

* Year ended, or year on year ** Quarter on corresponding quarter the previous year, or through the year per cent change [#] Average Weekly Ordinary Time Earnings

^{##} Denotes calendar year

Source: NT Treasury, Australian Bureau of Statistics data

Financial Indicators										
Year Ended June	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	Latest	Level	
Interest Rates										
90 Day Bank Bill (as at 30 June)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	30 Jan 07	6.40	
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	30 Jan 07	5.92	
Exchange Rates										
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	30 Jan 07	0.76	
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	30 Jan 07	0.77	
Special Drawing Rights [*] per A\$ (as at 30 June)	0.45	0.41	0.43	0.47	0.47	0.52	0.51	30 Jan 07	0.52	
Trade Weighted Index of A\$ (as at 30 June)	53.60	49.80	52.30	58.98	59.06	64.50	62.24	30 Jan 07	63.97	

* A measure of the Australian dollar against an IMF determined, weighted basket of currencies consisting of the US dollar, the Euro, the yen and pound sterling

Source: NT Treasury, Reserve Bank of Australia data

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ECONOMIC INDICATORS DUE FOR RELEASE

February 2007			
ABS	5368.0	International Trade in Goods and Services, Australia, December 2006	02-Feb-07
ANZ		ANZ job ads series, January 2007 (<i>no brief</i>)	05-Feb-07
ABS	8501.0	Retail Trade, Australia, December 2006	05-Feb-07
ABS	8731.0	Building Approvals, Australia, December 2006	05-Feb-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, December 2006 (<i>no brief</i>)	06-Feb-07
ABS	6202.0	Labour Force, Australia, January 2007	08-Feb-07
ABS	5609.0	Housing Finance, Australia, December 2006	09-Feb-07
ABS	5671.0	Lending Finance, Australia, December 2006	13-Feb-07
Westpac-MI		Consumer Sentiment Index, February 2007 (<i>no brief</i>)	13-Feb-07
AAA		Petrol Prices, January 2007	Mid-Feb
ABS	6291.0.55.001	Labour Force by Industry, January 2007 (<i>no brief</i>)	15-Feb-07
ABS	6416.0	House Price Indexes: Eight Capital Cities, December Quarter 2006	15-Feb-07
ABS	6345.0	Labour Price Index, Australia, December Quarter 2006	21-Feb-07
ABS	9314.0	Sales of New Motor Vehicles, Australia, January 2007	21-Feb-07
Westpac-MI		Leading Index, January 2006 (<i>no brief</i>)	21-Feb-07
DEWRSB		Skilled Vacancy Survey, February 2007 (<i>no brief</i>)	21-Feb-07
ABS	6302.0	Average Weekly Earnings, November Quarter 2006	22-Feb-07
Sensis		Sensis Business Index, January Quarter 2007	27-Feb-07
ABS	8755.0	Construction Work Done, December Quarter 2006	28-Feb-07
March 2007			
ABS	5625.0	Private New Capital Expenditure, Australia, December Quarter 2006	01-Mar-07
ABS	5302.0	Balance of Payments, Australia, December Quarter 2006	02-Mar-07
ABS	8501.0	Retail Trade, Australia, January 2007	02-Mar-07
ABS	5676.0	Business Indicators, Australia, December Quarter 2006	05-Mar-07
ABS	5368.0	International Trade in Goods and Services, Australia, January 2007	06-Mar-07
ABS	8731.0	Building Approvals, Australia, January 2007	06-Mar-07
ABS	3401.0	Overseas Arrivals and Departures, Australia, January 2006 (<i>no brief</i>)	07-Mar-07
ABS	5206.0	Australian National Accounts, December Quarter 2006	07-Mar-07
ABS	5609.0	Housing Finance, Australia, January 2007	09-Mar-07
ANZ		ANZ job ads series, February 2007 (<i>no brief</i>)	12-Mar-07
Westpac-MI		Consumer Sentiment Index, March 2007 (<i>no brief</i>)	13-Mar-07
ABS	5671.0	Lending Finance, Australia, January 2007	14-Mar-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, December Quarter 2006	14-Mar-07
AAA		Petrol Prices, February 2007	Mid-Feb
ABS	6202.0	Labour Force, Australia, February 2007	15-Mar-07
Westpac-MI		Leading Index, February 2007 (<i>no brief</i>)	20-Mar-07
ABS	8750.0	Dwelling Commencements, Australia, Prelim, December Quarter 2006	20-Mar-07
DEWRSB		Skilled Vacancy Survey, March 2007 (<i>no brief</i>)	21-Mar-07
ABS	9314.0	Sales of New Motor Vehicles, Australia, February 2007	21-Mar-07
ABS	6291.0.55.001	Labour Force by Industry, February 2007 (<i>no brief</i>)	22-Mar-07
ABS	3101.0	Population, September Quarter 2006	22-Mar-07
ABS	6354.0	Job Vacancies, Australia, February 2007	29-Mar-07
ABS	8635.0	Tourist Accommodation, December Quarter (8635.7.55.001)	30-Mar-07

Consumer Price Index

In the December quarter 2006, Darwin's Consumer Price Index (CPI) increased by 0.5 per cent compared to a decrease of 0.1 per cent nationally. Inflationary pressures have been building in Darwin over the past two years, with Darwin's annual inflation exceeding national annual inflation since December 2005. In annual terms, Darwin's annual inflation rate increased by 5.0 per cent up from 4.9 per cent in the September quarter. While nationally, the annual inflation rate decreased to 3.3 per cent from 3.9 per cent in the September quarter.

Generally, inflation in Darwin moves in line with prices growth in the eight capitals, which indicates that price movements are largely driven by national and international factors. The main contributors to Darwin's annual increase were, 'housing', 'food' and 'recreation'. The increase in 'food' included a large rise in 'fruit' prices, mainly due to the increased cost in bananas and 'restaurant meals and takeout food'.

Producer Price Index

The producer price index (PPI) measures changes in input prices paid by producers of commodities and providers of services. The PPI for final goods has a domestic and imported goods component. In the December quarter 2006 the PPI increased by 0.2 per cent, with the domestic goods component increasing by 0.5 per cent while the imported goods component decreased by 1.4 per cent.

In 2006, the PPI increased by 3.9 per cent, with domestic goods prices increasing by 4.5 per cent and imported goods prices increasing by 0.5 per cent. In the year, imported capital goods prices decreased by 1.8 per cent while prices of imported consumer goods increased by 2.6 per cent. Domestically produced consumer and capital goods prices increased by 5.2 and 4.0 per cent over the same period.

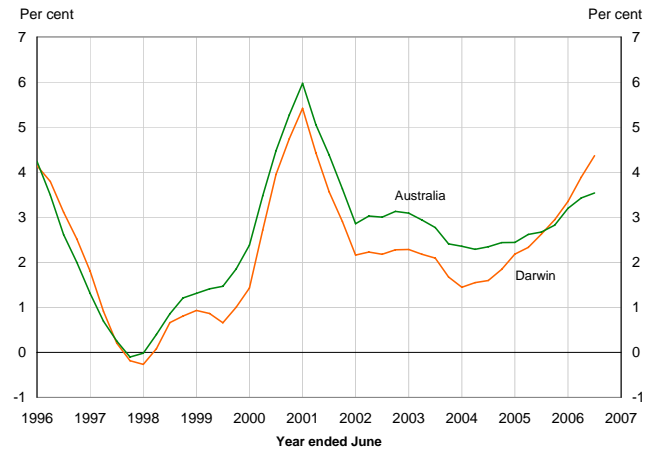
REINT Regional House Prices

In their December quarter 2006 report, the Real Estate Institute of the Northern Territory (REINT), state that 'median prices for houses decrease in Darwin for the first time since June 2003', as well as a decrease in recorded sales in the Darwin area. The median house price in 'Darwin overall' is \$370 000, a decrease of 3.9 per cent from the September quarter 2006 (see chart). In Palmerston the median house price is now \$342 500, a 7.8 per cent increase on the September quarter 2006, and representing an annual rate of growth of 14.2 per cent. In Alice Springs median prices have increased very modestly to \$281 500, an annual rate of growth of just 0.4 per cent, whereas annual growth of 11.7 and 32.5 per cent have been experienced in Tennant Creek and Katherine, respectively.

As well as the reported decline in median house prices in the Darwin area, REINT report an increase in rental house vacancies, up 3.2 percentage points from the September quarter 2006 to 4.8 per cent, the highest vacancy rate for Darwin rental houses since the December quarter 2003.

Consumer Price Index*

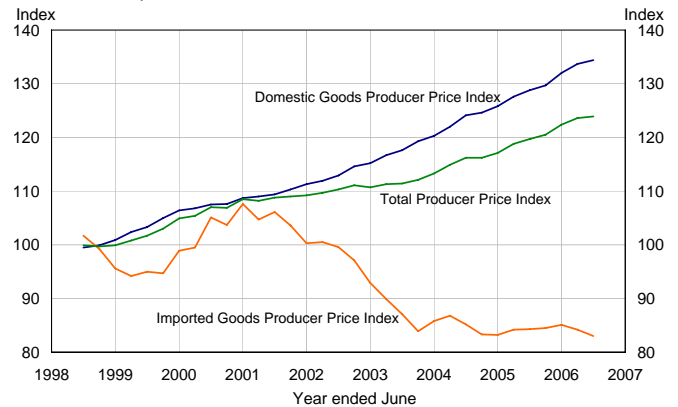
(latest data – December quarter 2006)



* year on year percentage change
Source: ABS Cat. Nos. 6401.0

Producer Price Index

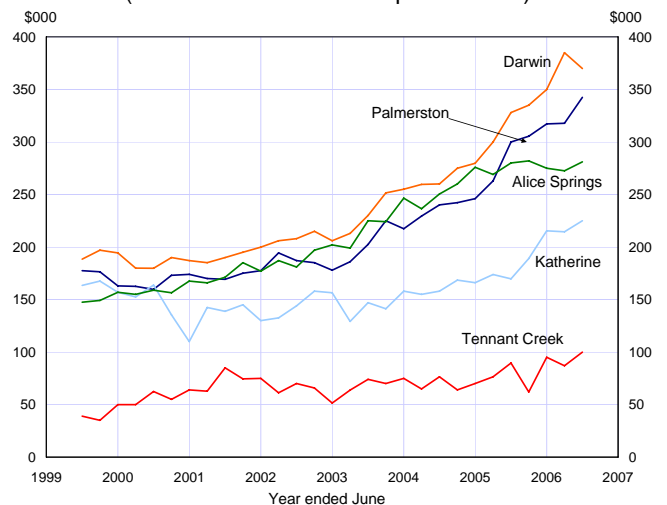
(latest data – December quarter 2006)



Source: ABS Cat. No. 6345.0

Regional House Prices*

(latest data – December quarter 2006)



* median price
Source: REINT RELM Analysis, December Quarter 2006

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 0.3 per cent in November 2006, compared to a 0.2 per cent increase nationally. In the year to November 2006, current price retail turnover increased by 8.6 per cent in the Territory, the second highest growth of the jurisdictions, and higher than nationally (see chart). Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories.

In the month of November 2006 (in original terms) retail turnover in the Territory totalled \$192 million. Of this total expenditure, 46.4 per cent (or \$89 million) was on 'food', 18.2 per cent (\$35 million) was on 'hospitality', 14.6 per cent (\$28 million) was on 'department stores and other' retailing, 13.5 per cent (or \$26 million) was on 'household goods', 4.5 per cent (or \$9 million) was on 'clothing and soft goods' and the remaining 3.4 per cent (\$7 million) was on recreation related goods.

Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales increased by 5.6 per cent in December 2006 to 794. Sales increased in the month for passenger vehicles up 6.4 per cent, SUVs up 4.4 per cent and 'other' vehicles up 5.1 per cent. The increase in sales of all categories of vehicles in the month reflects Territory consumer's response to lower fuel prices, and strong economic conditions. At the national level, the total level of motor vehicle sales increased by 0.8 in the month.

Nevertheless, in 2006 Territory new motor vehicle sales decreased by 2.9 per cent, continuing the moderation in year on year growth reported over the past seven months, (see chart). At the national level sales of new motor vehicle sales decreased 2.6 per cent in 2006.

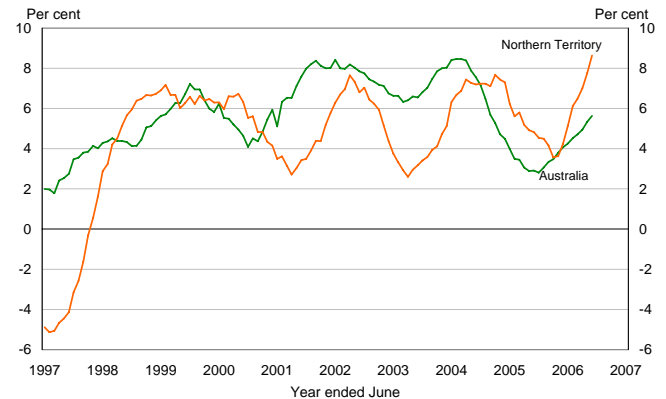
Petrol Prices

In December 2006, fuel prices decreased by 0.5 cpl in Darwin to 125.0 cpl while the eight capital cities weighted average price increased by 3.2 cpl to 116.5 cpl. This represents a 8.5 cpl price differential between Darwin and the eight capital cities weighted average. Compared to December 2005 petrol prices in Darwin have increased by 1.5 per cent, slightly lower than the 2.9 per cent increase in the eight capital cities weighted average. Over the long term petrol prices in Darwin track other capital cities, though tend to remain higher due to distance from refineries and other competitive factors (see chart).

In A\$ terms, crude oil prices increased by 4.3 per cent in December 2006 averaging A\$83.28 a barrel. The recent fall in crude oil prices reflects the combination of modest increases in capacity, along with modest reductions in global demand and an uneventful hurricane season in the U.S. However, the decision by OPEC to reduce production by 1.2 million barrels per day as of 1 November 2006, and additional production cuts expected to commence 1 February 2007 will place upward pressure on crude oil prices.

Retail Turnover*

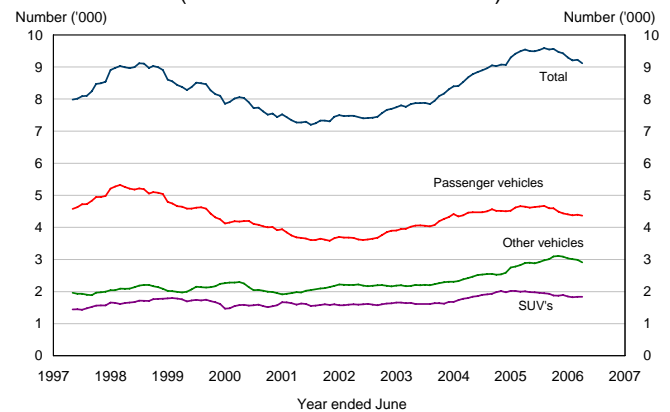
(latest data – November 2006)



* year on year percentage change, current price
Source: ABS Cat. No. 8501.0

Motor Vehicle Sales*

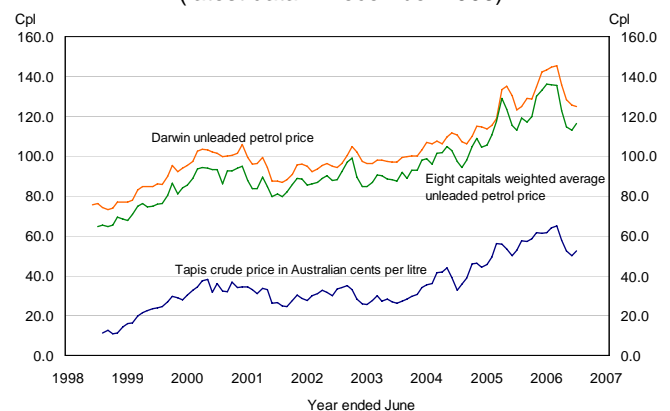
(latest data – December 2006)



* moving annual total
Source: ABS Cat. No. 9314.0.55.001

Petrol Prices

(latest data – December 2006)



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

Housing Finance for owner Occupation

In November 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 60 to 495, while nationally, commitments decreased by 0.6 per cent in the month. In annual terms, the number of Territory finance commitments decreased by 32.0 per cent to 7 574, compared to a 5.0 per cent increase nationally.

The decline in housing finance commitments was largely due to a fall in finance for the purchase of an established dwelling (down by 274 or 36.6 per cent) and a fall in finance for the purchase and construction of a new dwelling (down by 24 or 32.0 per cent). As the chart shows, growth in the number of commitments in the Territory had been quite stable over the past two years, nevertheless growth has declined sharply since September 2006 to a low of 2.5 per cent. Growth in the value of seasonally adjusted housing finance commitments decreased to 8.7 per cent in the year.

Building Approvals

In the Territory, residential building approvals increased by 38 to 110 (in original terms) in November 2006, with 76 private and 34 public sector approvals. Of the private sector approvals in the month, 52 were for 'houses', 21 were for 'other residential' and 3 were for 'alterations and additions'. There were zero approvals for 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling) and 'conversions'. In the public sector there were 32 approvals for 'other residential' and 2 were for 'houses'. There were zero approvals in all other categories.

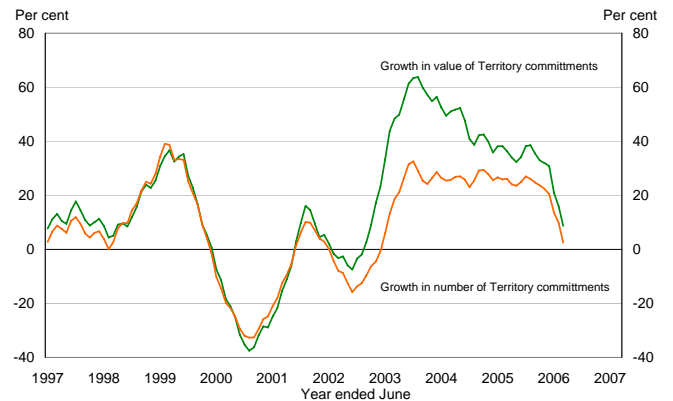
In the year to November 2006, residential building approvals in the Territory decreased by 6.6 per cent to 1 255 (see chart). Of the 1 255 residential building approvals in the Territory in the year, 1 196 were in the private sector, with the remaining 59 approvals in the public sector.

Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory increased by 13.4 per cent in the September quarter 2006 but decreased by 7.5 per cent (to \$1.7 billion) in the year to September 2006 (see chart). While still at high levels, the current value of engineering construction work done has moderated from the historically high levels achieved in calendar year 2002.

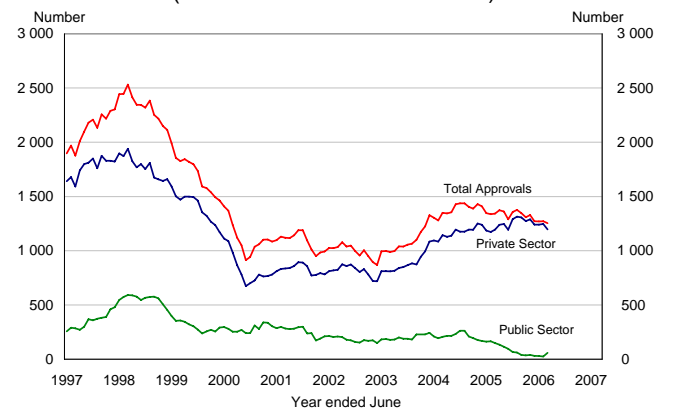
Engineering construction has been dominated by the private sector over the past five years, with the private sector accounting for 92.7 per cent, or \$1.6 billion, of total work done in the year to September 2006. With work valued at \$1.46 billion, 'heavy industry' was by far the dominant engineering category in the private sector. The value of engineering work done for the public sector was \$170 million in the year to September 2006, with 40.5 per cent of this activity on 'telecommunications', 27.0 per cent on 'roads, highways and subdivisions', and 10.6 per cent on 'electricity generation, transmission and pipelines'.

Growth in number and value of commitments* (latest data – November 2006)



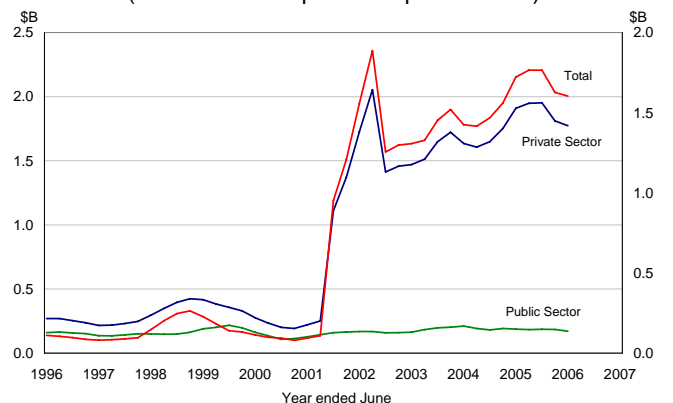
* year on year percentage change
Source: ABS Cat. Nos. 5609.0

Building approvals* (latest data – November 2006)



* moving annual total
Source: ABS Cat. Nos. 8731.0

Engineering Activity* (latest data – September quarter 2006)



* moving annual total
Source: ABS Cat. No. 8762.0

Building Activity

In annual terms, seasonally adjusted total building work done increased by 13.5 per cent in the Territory, and by 12.2 per cent in the year to September quarter 2006. The Territory recorded the second strongest growth of the jurisdictions (behind the Australian Capital Territory) in the year, and significantly stronger than the decline of 0.2 per cent nationally.

In the year to the September quarter 2006, residential building work done represented 56 per cent of total building activity, with the remaining 44 per cent attributable to non-residential activity. Of the \$342 million in the residential market (see chart), 44 per cent (\$151 million) was for new houses, 37 per cent (\$125 million) for new 'other residential' and the remaining 19 per cent (\$65 million) was for alterations and additions. The value of building activity in the non-residential market was \$264 million.

Total Construction Activity

In the September quarter 2006, seasonally adjusted construction work done increased by 7.4 per cent to \$586 million in the Territory, compared to a national decrease of 2.8 per cent. In annual terms, the value of construction activity decreased by 5.2 per cent, the second consecutive quarter of negative growth. Although, the value of total construction activity remains close to historically high levels (see chart), year on year construction activity decreased to \$2.35 billion (3.5 per cent).

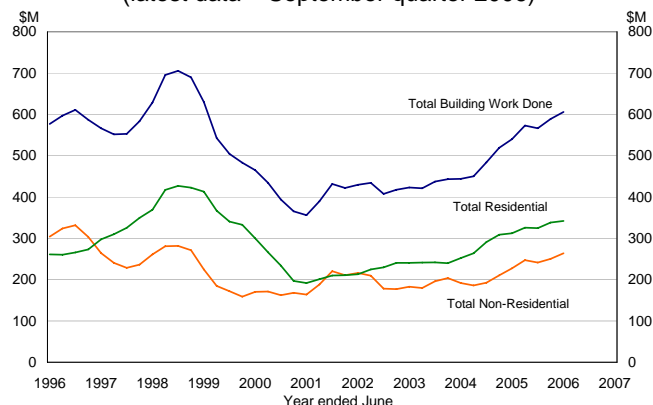
The decline in annual terms was largely driven by a 10.5 per cent fall in engineering construction activity (to \$432 million). This reflects the completion of construction at Wickham Point LNG plant and significant construction activity work done for the Alcan G3 expansion.

Tourist Accommodation

In the September quarter 2006, tourist accommodation figures indicate an increase in the level of tourism activity in the Territory. In seasonally adjusted terms, takings in the Northern Territory increased by 11.9 per cent in the year to September 2006, while room occupancy rates increased by 0.6 of a percentage point over the same period.

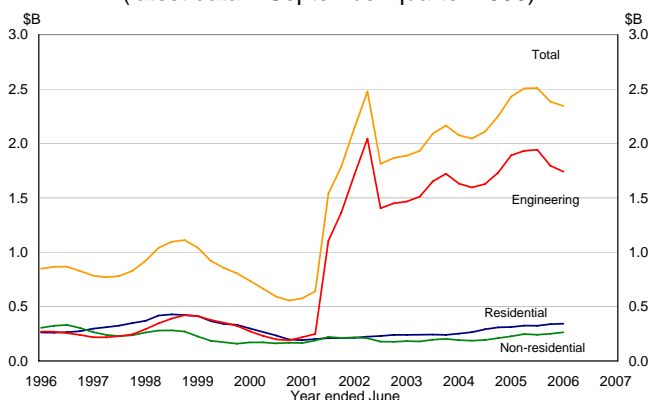
In annual terms, growth in accommodation takings increased by 12.6 per cent in the Territory, with substantial variation across major centres. Takings grew by 12.4 per cent in Darwin, 3.9 per cent in Alice Springs and 21.0 per cent in the 'rest of the Territory', while declining by 5.5 per cent in Katherine. Over the same period, room occupancy rates increased by 0.9 of a percentage point in Darwin and by 2.0 percentage points in Katherine, while decreasing by 0.6 of a percentage point in Alice Springs and by 0.4 of a percentage point in the 'rest of the Territory'. The number of 'guest nights' reported increases for all major centres across the Territory.

Building Activity* (latest data – September quarter 2006)



* moving annual total
Source: ABS Cat. No. 8752.0

Total Construction Activity* (latest data – September quarter 2006)



* moving annual total
Source: ABS Cat. Nos. 8752.0, 8762.0 and 8782.0.65.

Tourist Accommodation* (latest data – September quarter 2006)



*year on year percentage change
Source: ABS Cat. No. 8635.0

Employment

ABS labour force data for the Territory are characterised by extreme volatility and as such should be interpreted with caution. The ABS now estimates that standard errors of labour force statistics for the Territory are much larger than previously published. Taking this into account, the ABS reports that trend employment decreased by around 303 to 101 528 in December 2006. While, nationally seasonally adjusted employment increased by 44 630 in the month to around 10.3 million employed persons.

A comparison of Territory resident employment in December 2006 with employment in December 2005 shows an increase of 4.2 per cent, the third highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, employment has increased by 5.3 per cent, unchanged from the previous month.

Unemployment

The Territory's trend unemployment rate decreased to 2.4 per cent in December 2006 down from 2.6 per cent reported in November 2006. The unemployment rate is at an all time low and has now reported its tenth consecutive month of decline. Compared to December 2005, the unemployment rate has decreased by 3.8 percentage points. Volatility in the Territory's trend unemployment rate has been quite extreme over the past few years, relative to the national trend unemployment rate (see chart). The Territory now reports the lowest trend unemployment rate of the jurisdictions.

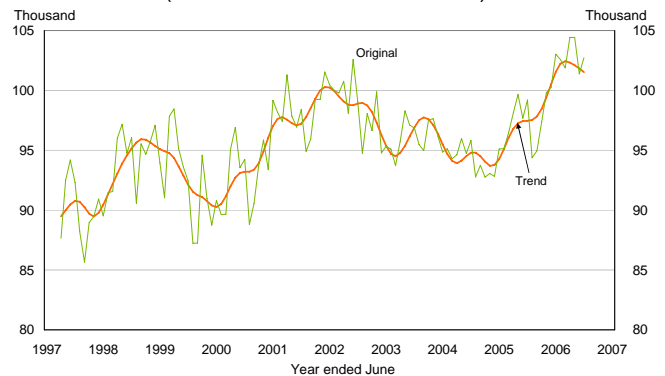
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.6 per cent in December 2006, unchanged from the previous month.

International Trade

Territory merchandise exports increased by 48.5 per cent in 2006, as exports of LNG and higher crude oil and commodity prices, offset weaker production from the Laminaria-Corallina oilfields. Over the same period, the value of merchandise imports to the Territory increased by 27.5 per cent, mainly attributable to aircraft imports to Australia where the Territory was recorded as the 'port of entry' for customs purposes. This is primarily a fleet of 20 new Airbus A-320's imported from France, by Jetstar. Higher fuel prices and the importation of machinery and equipment for major projects, have also contributed to the increasing value of imports into the Territory in the year.

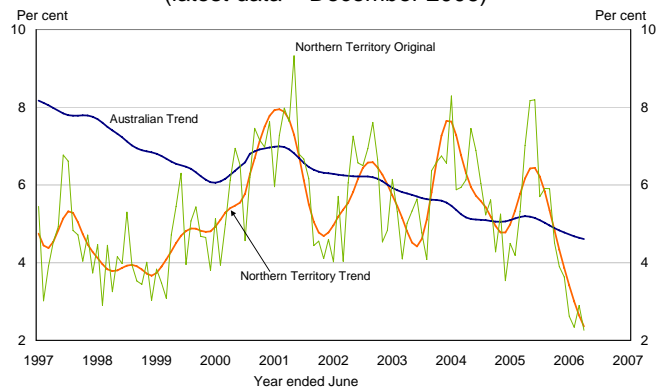
The Territory's goods trade balance increased by 480.6 per cent (\$519 million) in the year to November 2006, to a record surplus of \$627 million (see chart). The Territory's trade surplus is expected to further improve in 2006-07 with increased LNG, alumina and manganese exports.

Territory Employment (latest data – December 2006)



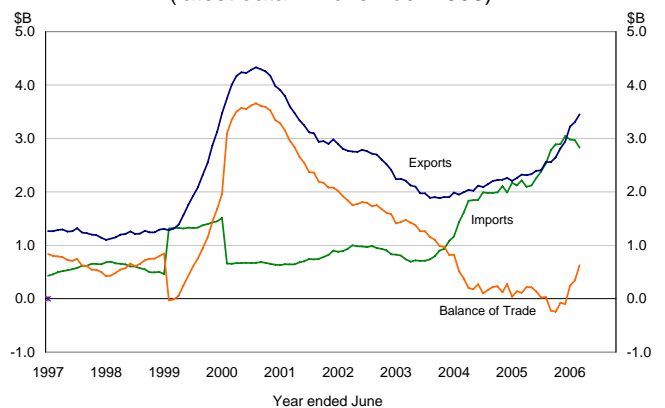
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – December 2006)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – November 2006)



* moving annual total
Source: ABS Cat. No. 5368.0

GLOSSARY

Consumer Price Index

A general indicator of the prices paid by household consumers for a specific basket of goods and services in one period relative to the cost of the same basket in a base period.

Current Dollars

Nominal. A measure that is not adjusted for inflation or changes in the purchasing power of money. Current dollars specify the value at a certain point in time and are not used to compare value over a series of time periods. Also referred to as nominal dollars.

Dwelling Unit

A self-contained suite of rooms, including cooking and bathing facilities, intended for long-term residential use.

Employed

Persons 15 years and older who worked for one hour or more in the week of the labour force survey.

Final Consumption Expenditure

The value of purchases of goods and services for consumption. Excludes purchases of fixed assets, intermediate goods or additions to inventories. Intermediate goods are those used as inputs for making other goods.

Fixed Capital Formation

Additions to the stock of real capital. Real capital represents assets, except land and natural resources, which are capable of producing income. For example, new and second-hand buildings, plant and equipment and roads.

Goods and Services Tax

From 1 July 2000 the Australian Government introduced a 10 per cent tax on goods and services replacing the previous wholesale sales tax regime. Some items like basic food, health, education and exports are GST free.

Gross Domestic Product

The total value of goods and services produced in Australia over the period for final consumption. Intermediate goods, or those used in the production of other goods, are excluded. GDP can be calculated by either summing total output, total income, or total expenditure.

Gross State Product

Similar to GDP, except it measures the total value of goods and services produced in a jurisdiction. It is the sum of all income, namely wages, salaries and profits, plus indirect taxes less subsidies.

Labour Force

All persons 15 years and over, who are available for work. That is, employed plus unemployed persons actively seeking work. Excludes defence force personnel and non-residents.

Original Terms

Data in original terms is basic, raw data as collected in a survey or a census. It is not adjusted for seasonality or smoothed to remove irregularities to form a trend series.

Participation Rate

The proportion of the population over 15 years of age who are working or looking for work.

Business Investment

Private fixed capital formation for non-residential buildings and structures, machinery and equipment, livestock, intangible fixed assets before depreciation.

Real Dollars

Used to remove the impact of price changes (inflation) in time series data. In the base year current prices equal constant prices. To convert current dollar values to constant dollar values it is necessary to deflate/inflate by the appropriate inflation index number. Also referred to as constant dollars or values in chain volume terms.

Seasonally Adjusted Terms

The seasonally adjusted series is a time series of estimates with the effects of normal seasonal variation removed (that is those fluctuations that exhibit a regular pattern at a particular time of year). Seasonally adjusted terms allow the effects of other non-seasonal influences on the series to be more clearly recognised.

State Final Demand

Final consumption expenditure plus gross fixed capital formation. It represents the total expenditure on consumption and investment in a jurisdiction.

Trend Terms

The trend series is used to analyse the underlying behaviour of the series over time. Trend terms are derived by smoothing the seasonally adjusted series so as to reduce the impact of any irregular components of that series.

Unemployed

Persons 15 years and older who were not employed during the week of the labour force survey and were actively seeking work in the past four weeks.

Unemployment rate

The number of unemployed persons expressed as a percentage of the labour force.

Comparative Economic Indicators*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross State/Domestic Product ^(a)	2005-06	% change	7.5	1.4	2.7	4.9	2.2	4.9	3.1	3.4	2.8
State Final Demand ^(a)	Year to September 06	% change	5.3	1.6	2.7	7.3	1.8	11.1	0.5	5.4	4.1
International Goods Exports	Year to November 06	% change	48.5	15.1	9.3	20.5	12.7	28.2	23.4	50.0	20.5
International Goods Imports	Year to November 06	% change	27.5	10.2	6.1	16.8	5.7	44.2	-0.3	-92.6	13.4
Demography											
Population	Jun-05 Qtr to Jun-06 Qtr	% change	1.6	0.9	1.4	1.9	0.8	2.0	0.7	0.9	1.3
Labour Market											
Employment (trend)	Dec 05 to Dec 06	% change	4.2	2.3	2.3	4.9	2.6	1.7	-0.9	4.9	2.8
Participation Rate (trend)	As at December 05	%	69.9	62.9	64.2	66.1	62.0	67.8	61.4	71.7	64.4
	As at December 06	%	68.3	63.4	64.3	67.1	63.1	67.1	60.0	74.1	64.8
Unemployment Rate (trend)	As at December 05	%	6.2	5.4	5.4	5.1	5.1	4.1	6.6	3.3	5.2
	As at December 06	%	2.4	5.1	4.8	4.1	5.2	3.3	6.2	3.1	4.6
ANZ Job Ads	Year to Dec 06	% change	7.8	-11.9	-10.8	-6.0	-1.2	12.5	-8.6	11.7	-4.5
Prices and Wages											
Consumer Price Index	Dec 05 Q to Dec 06 Q	% change	5.0	3.2	2.9	3.4	3.0	4.4	2.5	3.1	3.3
	Year to Dec 06 Q	% change	4.4	3.4	3.2	3.7	3.5	4.5	3.0	3.9	3.5
Average Weekly Earnings (full-time adult total earnings)	As at August 06	\$	1083.6	1132.3	1079.4	1041.7	1037.9	1177.4	971.7	1272.1	1099.3
Housing Sector											
Building Approvals (number)	Year to November 06	% change	-6.6	-12.1	-4.8	-3.8	4.4	7.4	5.6	0.7	-3.4
Housing Finance for Owner Occupation (number)	Year to November 06	% change	2.5	10.6	7.3	9.6	8.2	15.5	8.3	16.6	10.1
Housing Affordability Indicator ^(b)	As at September quarter 06	Level	48.7	27.5	30.8	28.7	33.5	31.1	30.0	52.5	29.6
Consumer Spending											
Retail Trade (current \$)	Year to November 06	% change	8.6	4.2	5.0	7.0	4.6	9.2	6.2	6.9	5.6
New Motor Vehicle Sales (No.)	Year to December 06	% change	-2.9	-4.0	-5.6	-1.7	-5.6	10.2	-6.7	-3.2	-2.6
Tourist Accommodation - Takings (current \$)	Year to September 06	% change	5.9	5.9	11.7	7.8	10.4	13.9	6.1	11.4	8.5

* original data unless otherwise stated

(a) in real, inflation adjusted terms (b) the higher the number, the more affordable the housing

Source: Australian Bureau of Statistics data, ANZ Bank job advertisement series, AMP Home Loan Affordability Report

Note: Care should be taken in using monthly estimates for the Territory, in view of the small numbers and the volatile nature of the data. Although all due care has been exercised in the preparation of this material, no responsibility is accepted for any errors or omissions. For queries please contact Northern Territory Treasury, Economic and Social Analysis Unit, on (08) 8999 6801.