

Inflation and Interest Rates

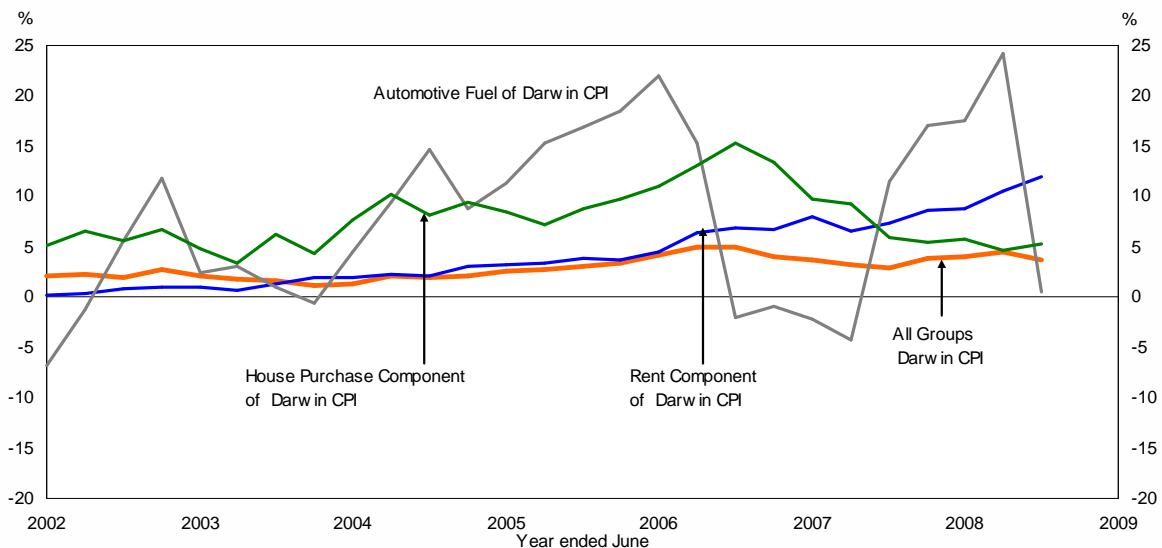
In the December quarter 2008, the Darwin consumer price index (CPI) decreased by 0.4 percentage points, which is the largest quarterly decline in nine years (March 1999). At the same time the national CPI decreased 0.3 percentage points in the quarter and represents the largest decline in 11 years (September 1997).

Key components of the CPI, fuel costs and domestic holiday travel and accommodation, reported decreases in the quarter, subtracting 0.71 and 0.46 percentage points from quarterly growth respectively. The main reasons for the decrease in fuel costs was the fall in the price of crude oil. Discounting by airlines and hotels/motels in response to moderating demand has led to cheaper flights and accommodation. However, rents continued to report growth, contributing 0.21 percentage points in the quarter and 0.71 percentage points to annual CPI growth of 3.7 per cent.

The Reserve Bank of Australia (RBA) expects that inflation will further moderate during 2009 as two of the main contributors to inflation over the past couple of years, house and fuel prices, moderate, partly in response to the global financial crisis. The price of crude oil has moderated from its peak in July 2008 as a result of reduced demand and recessions in developed economies such as the United States of America and the United Kingdom. The outlook for crude oil demand is to remain subdued as growth continues to be sluggish through 2009.

The RBA reduced the official cash rate by 300 basis points in the last four months of 2008, from 7.25 per cent to 4.25 per cent and by another 1 percentage point on 3 February 2009, taking the cash rate to 3.25 per cent, its lowest level since 1970. In turn, the standard variable mortgage rate declined from a peak of 9.6 per cent to 6.85 per cent. This has been good news for existing home owners with a mortgage, saving an average \$580 a month on a \$300 000 mortgage. Relief has also been in the form of falling petrol prices, down to an average of 120.2 cents per litre in Darwin in December 2008 from a peak of 173.4 cents per litre in July 2008. Further interest rate reductions are expected in the first half of 2009, as inflation moderates back to within the target range of 2 to 3 per cent and Australian economic growth moderates. Flow on implications of a moderating Australian economy include moderating employment growth, business investment and consumer spending. However, the Territory economy has still reported strong growth in indicators such as retail sales and new motor vehicle sales, suggesting Territory consumers remain relatively confident.

Chart: Major Components of Darwin CPI (annual percentage change)



Source: ABS Cat. No. 6401.0

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	2006-07	2007-08	Latest available	Annual % change ¹
Expenditure on GSP (2005-06 prices)											
Private Consumption	6.5	3.5	6.5	4.6	6.4	4.8	5.8	3.9	6.1	Sep Q 08	3.2
Public Consumption	7.6	1.1	0.4	2.5	4.6	3.2	2.2	5.3	3.6	Sep Q 08	4.0
Total Consumption Expenditure	7.0	2.4	3.8	3.7	5.7	4.1	4.3	4.5	5.1	Sep Q 08	3.5
Private Investment											
<i>Dwellings</i>	-25.1	-40.2	3.5	9.7	-3.5	27.5	14.7	-4.4	-8.2	Sep Q 08	3.6
<i>Other buildings and structures</i>	-58.9	-22.7	125.2	26.5	6.5	0.7	4.4	-3.9	-23.4	Sep Q 08	32.7
<i>Machinery and equipment</i>	11.3	31.3	2.6	6.3	11.8	-11.6	28.7	7.3	83.3	Sep Q 08	46.0
<i>Livestock</i>	-7.7	41.7	5.9	-55.6	225.0	-3.8	8.0	-29.6	15.8	Sep Q 08	-4.5
<i>Intangible fixed assets**</i>	-18.9	-17.8	51.0	-42.0	-20.0	62.5	98.2	-3.9	1.2	Sep Q 08	43.6
<i>Ownership transfer costs</i>	-6.3	-21.7	16.0	3.7	29.2	6.8	9.0	-1.2	-16.1	Sep Q 08	-11.1
Business Investment [#]	-40.2	-1.7	54.4	7.9	9.7	0.4	17.0	-2.6	4.9	Sep Q 08	38.1
Total Private Investment	-36.2	-11.5	45.0	8.1	8.5	3.8	16.3	-2.8	2.0	Sep Q 08	30.9
Public Investment	45.8	46.0	19.2	-33.1	1.6	25.3	2.3	-3.9	24.5	Sep Q 08	27.7
Total Investment	-29.9	-2.3	38.8	-0.4	7.6	6.6	14.2	-3.0	5.0	Sep Q 08	30.5
State Final Demand	-5.0	1.5	12.0	2.3	6.2	4.8	7.1	2.1	5.0	Sep Q 08	11.0
State Final Demand less L-C and B-U^{##}	2.1	1.6	10.8	0.8	5.2	9.5	8.5	2.6		Sep Q 08	
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.9	-6.2	-1.6	44.1	-5.9	Sep Q 08	13.1
International Trade - import of goods	178.4	-62.0	15.2	30.1	4.0	107.5	27.5	-0.4	-21.8	Sep Q 08	23.9
Total Gross State Product	7.2	4.9	1.7	0.0	2.3	5.6	6.5	5.2	3.9		
Contribution to GSP Growth											
Private Consumption	2.7	1.4	2.6	1.9	2.8	2.2	2.6	1.8	2.1		
Public Consumption	2.5	0.4	0.1	0.8	1.5	1.1	0.7	1.7	1.1		
Private Investment	-12.3	-2.3	7.6	1.9	2.2	1.1	4.5	-0.8	-0.2		
Public Investment	1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.2	1.1		
State Final Demand	-5.5	1.5	11.4	2.4	6.6	5.4	7.8	2.4	4.1		
Net International Exports	4.0	23.7	-13.1	-7.6	-9.3	-11.7	-5.8	9.0	2.6		
Balancing item	8.8	-20.3	3.3	5.2	5.0	12.0	4.5	-6.2	-2.8		
Gross State Product	7.2	4.9	1.7	0.0	2.3	5.6	6.5	5.2	3.9		

¹ 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	2006-07	2007-08	Latest	Annual % change**
Real Retail Turnover	7.6	-2.2	4.8	3.1	6.0	4.0	0.7	8.5	8.0	Sep Q 08	10.1
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	8.2	Dec 08	4.5
Tourist Accommodation Takings	0.0	0.0	-1.0	-0.1	2.8	13.6	3.4	14.8	10.5	Sep Q 08	17.0
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	-19.9	Nov 08	-29.8
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	-20.9	Sep Q 08	-43.7
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	5.9	Dec 08	2.8
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	4.4	Dec 08	3.4
Darwin Consumer Price Index ^{##}	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	3.4	Dec Q 08	3.7
AWOTE [#] (year average)	4.3	3.4	2.1	4.7	6.0	6.6	3.8	1.5	5.2	Aug Q 08	5.7
Wage Price index (year average)	0.0	2.7	3.0	3.1	3.1	3.6	4.4	3.9	3.8	Aug Q 08	4.3
Population, December (levels - thousands) ^{##}	194.3	196.3	198.3	199.3	200.6	203.8	208.4	212.5	217.6	Jun Q 08	219.9
Population (annual % change) ^{##}	1.6	1.0	1.1	0.5	0.6	1.6	2.3	2.0	2.4	Jun Q 08	2.3
Net Interstate Migration (levels - number) ^{##}	-817	-1621	-1751	-2440	-2283	-482	726	-438	859	Jun Q 08	1194.0

* 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	2006-07		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	6.43		30 Jan 09	3.34
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26		30 Jan 09	3.27
Exchange Rates											
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	0.79		30 Jan 09	0.84
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85		30 Jan 09	0.64
Special Drawing Rights [^] per A\$ (as at 30 June)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56		30 Jan 09	0.43
Trade Weighted Index of A\$ (as at 30 June)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92		30 Jan 09	53.18

[^] 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

CONTENTS

Page

COVER STORY –Inflation and Interest Rates.....	1
TERRITORY SFD AND GSP; TABLE OF LATEST ECONOMIC AND FINANCIAL INDICATORS	2
CONTENTS	3
February and March Release Dates	
ECONOMIC INDICATORS.....	4
Consumer Price Index, Producer Price Index, Average Variable Mortgage Rates	4
Engineering Construction Activity, Building Activity, Total Construction Activity	5
Housing Finance for Owner Occupation, Building Approvals, Tourist Accommodation	6
Retail Turnover, Sales of New Motor Vehicles, Petrol Prices	7
Employment, Unemployment, International Merchandise Trade	8
GLOSSARY	9
STATE AND TERRITORY COMPARATIVE INDICATORS	10

ECONOMIC INDICATORS DUE FOR RELEASE

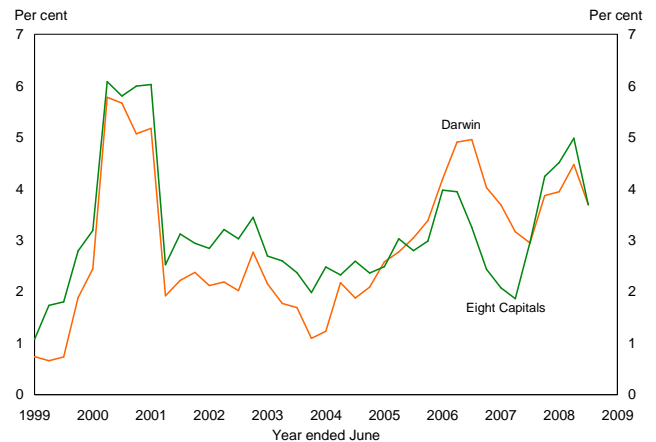
February 2009			
ABS	6416.0	House Price Indexes: Eight Capital Cities, December Quarter 2008	02-Feb-09
ABS	5368.0	International Trade in Goods & Services, December 2008	03-Feb-09
ABS	8501.0	Retail Trade, December 2008	04-Feb-09
ABS	8731.0	Building Approvals, December 2008	04-Feb-09
ABS	6403.0.55.001	Average Retail Prices of Selected Items, December Quarter 2008	04-Feb-09
ABS	3401.0	Overseas Arrivals and Departures, Australia, December 2008 (<i>no brief</i>)	06-Feb-09
ANZ		ANZ job ads series, January 2009 (<i>no brief</i>)	09-Feb-09
ABS	5609.0	Housing Finance, December 2008	11-Feb-09
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	11-Feb-09
ABS	6202.0	Labour Force, January 2009	12-Feb-09
AAA		Petrol Prices, January 2009	Mid-Feb 09
ABS	5671.0	Lending Finance, December 2008	16-Feb-09
Westpac-MI		Leading Index (<i>no brief</i>)	18-Feb-09
ABS	9314.0.55.001	Sales of New Motor Vehicles, January 2009	19-Feb-09
ABS	6291.0.55.001	Labour Force by Industry, January 2009 (<i>no brief</i>)	19-Feb-09
ABS	8755.0	Construction Work Done, December Quarter 2008	25-Feb-09
ABS	6345.0	Labour Price Index (Wage Cost Index), December Quarter 2008	25-Feb-09
ABS	5625.0	Private New Capital Expenditure, December Quarter 2008 (<i>no brief</i>)	26-Feb-09
ABS	6302.0	Average Weekly Earnings, November Quarter 2008	26-Feb-09
March 2009			
ABS	5676.0	Business Indicators, December Quarter 2008 (<i>no brief</i>)	02-Mar-09
ABS	5302.0	Balance of Payments, December Quarter 2008	03-Mar-09
ABS	8501.0	Retail Trade, January 2009	03-Mar-09
ABS	5206.0	National Accounts - State Final Demand, December Quarter 2008	04-Mar-09
ABS	5368.0	International Trade in Goods & Services, January 2009	05-Mar-09
ABS	3401.0	Overseas Arrivals and Departures, Australia, January 2009 (<i>no brief</i>)	06-Mar-09
ANZ		ANZ job ads series, February 2009 (<i>no brief</i>)	09-Mar-09
ABS	8731.0	Building Approvals, January 2009	09-Mar-09
ABS	5609.0	Housing Finance, January 2009	11-Mar-09
ABS	8412.0	Mineral and Petroleum Exploration, Australia, December Quarter 2008	11-Mar-09
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	11-Mar-09
ABS	6202.0	Labour Force, February 2009	12-Mar-09
AAA		Petrol Prices, February 2009	Mid-Mar 09
ABS	5671.0	Lending Finance, January 2009	16-Mar-09
ABS	3101.0	Population, September Quarter 2008	18-Mar-09
Westpac-MI		Leading Index (<i>no brief</i>)	18-Mar-09
ABS	6291.0.55.001	Labour Force by Industry, February 2009 (<i>no brief</i>)	19-Mar-09
ABS	8750.0	Dwelling Commencements, December Quarter 2008	19-Mar-09
ABS	9314.0.55.001	Sales of New Motor Vehicles, February 2009	19-Mar-09
ABS	8635.0	Tourist Accommodation, December Quarter 2008	26-Mar-09

Consumer Price Index

In the December quarter 2008, Darwin's Consumer Price Index (CPI) decreased by 0.4 per cent, compared to 0.3 per cent nationally. In annual terms, Darwin's CPI increased by 3.7 per cent. Nationally, the annual inflation rate also increased to 3.7 per cent, down from 5.0 per cent recorded in the September quarter 2008.

Headline inflation often reflects short-term price volatility and can be largely affected by items that have only a small weighting in the overall CPI basket. For this reason the Reserve Bank of Australia, when reviewing the cash rate as part of monetary policy, prefer to use other measures such as 'Trimmed Mean' to examine core inflation and underlying reasons for CPI growth before adjusting the cash rate. Using this measure the national CPI increased by 4.2 per cent in annual terms, down from 4.6 per cent in the September quarter 2008.

Consumer Price Index
(latest data – December quarter 2008)



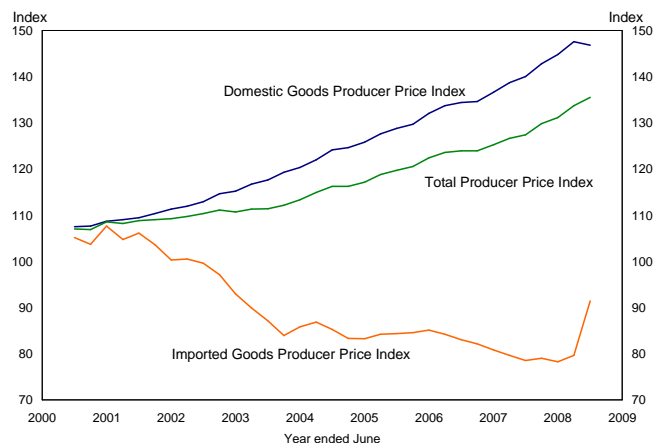
Source: ABS Cat. No. 6401.0

Producer Price Index

The producer price index (PPI) measures changes in input prices paid by producers. The PPI for final goods has a domestic and imported goods component. In the December quarter 2008 the PPI increased by 1.3 per cent from the previous quarter influenced by an increasing imports goods component (increasing by 14.8 per cent) and a decrease in the domestic goods component (decreasing by 0.5 per cent).

In year on year terms, the PPI increased by 5.4 per cent, which is the highest level on record, with the prices of domestic goods increased by 5.8 per cent while imported goods prices increased by 2.2 per cent. A lower Australian dollar in the December quarter 2008 is the primary reason for a large increase in import prices. In the year, imported capital goods prices increased by 0.1 per cent while prices of imported consumer goods increased by 3.8 per cent.

Producer Price Index*
(latest data – December quarter 2008)



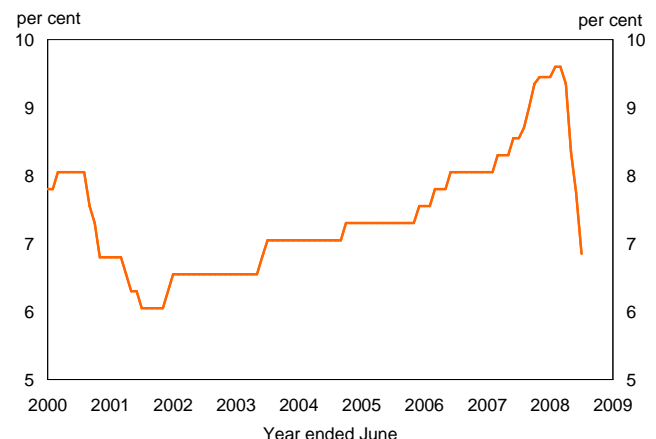
* moving annual total
Source: ABS Cat. No.6416.0

Average Variable Mortgage Rates

Housing loan rates are those quoted for loans to owner-occupiers; in most cases, the same rates also apply to investment housing. Standard rates apply to housing loans with facilities such as the option to redraw or make early repayments. Standard variable loan rates had been steadily increasing from a low of 6.05 per cent at the beginning of 2002 when the official cash rate set by the RBA was at 4.25 per cent. Standard variable loan rates peaked at 9.60 per cent in July and August 2008, and have declined significantly following the RBA cutting the official cash rate 300 basis points between September and December 2008. The average variable mortgage rate is now 6.85 per cent.

Consensus among leading Australian economists is that standard variable loan rates are expected to continue to decline in the first half of 2009 as the RBA cuts official interest rates in response to slowing global demand.

Average Variable Mortgage Rates*
(latest data – December 2008)



Source: Reserve Bank of Australia
*Average of major lenders

Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory increased by 6.3 per cent in the September quarter 2008 and decreased by 5.8 per cent (to \$1.4 billion) in the year (see chart). While still at relatively high levels, the current value of engineering construction work done has declined from the historically high levels achieved in 2002 and 2005-06.

Engineering construction has been dominated by the private sector over the past five years. The private sector accounted for 84 per cent, or \$1.2 billion of total work done in the year to September 2008, due to projects such as the Bonaparte gas pipeline. With work valued at \$820 million, 'heavy industry' was by far the dominant engineering category in the private sector. The value of engineering work done for the public sector was \$117 million in the year to September 2008, with 57.5 per cent on 'roads, highways and subdivisions'.

Building Activity

In the September quarter 2008 seasonally adjusted total building work done increased by 1.6 per cent in the Territory, while decreasing by 1.2 per cent nationally. In year on year terms, the Territory recorded an increase of 3.2 per cent, the fifth highest growth of the jurisdictions. Nationally, total building work done increased by 2.8 per cent.

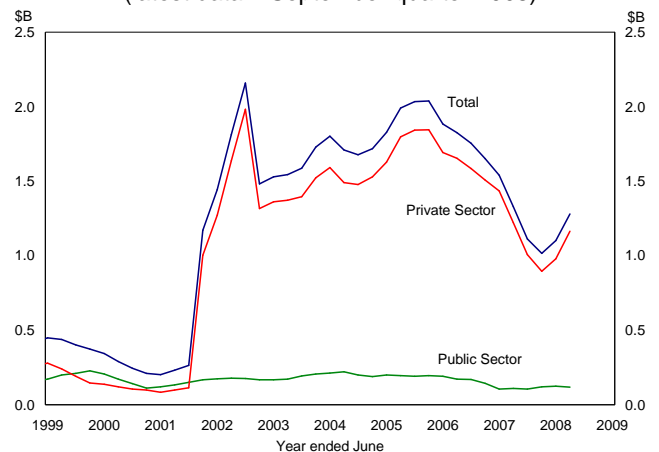
In the year to September 2008, the value of residential building work done represented 53 per cent of total building activity, with the remaining 47 per cent attributable to non-residential activity. Of the \$411 million worth of activity in the residential market (see chart), 44.9 per cent (\$184 million) was for new houses, 41.2 per cent (\$170 million) for new 'other residential' buildings and the remaining 13.9 per cent (\$57 million) was for alterations and additions. The value of building activity in the non-residential market was \$372 million, reflecting in part ongoing work on the middle schools program, Casuarina police station and office developments in the Darwin CBD.

Total Construction Activity

In the September quarter 2008, seasonally adjusted total construction work done increased by 4.8 per cent to \$630 million in the Territory, compared to a national increase of 4.4 per cent for the quarter. The increase in the quarter largely reflects activity on a number of mining and energy projects in the Territory. In annual terms, the value of construction activity in the Territory increased by 32.8 per cent. In year on year terms, construction activity in the Territory decreased 2.7 per cent to \$2.2 billion in September 2008, while increasing by 6.9 per cent nationally. Although the value of total construction activity has declined in the year, it remains above long-term trend levels (see chart).

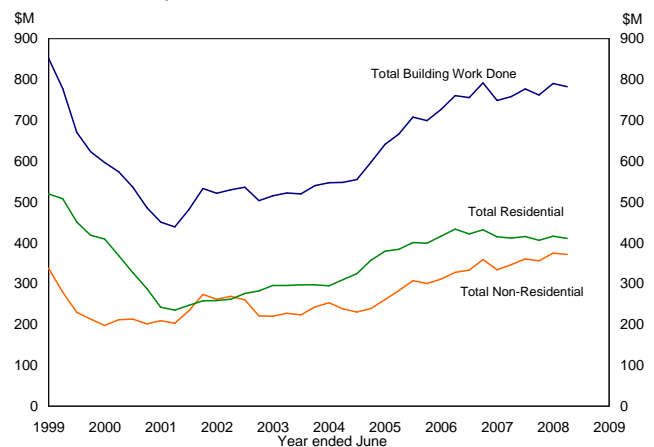
The decline in year on year terms in the Territory was largely driven by a 5.8 per cent fall in engineering construction activity (to \$1.4 billion). This reflects construction activity returning to long term trend levels after the completion of major projects over the past couple of years.

Engineering Activity*
(latest data – September quarter 2008)



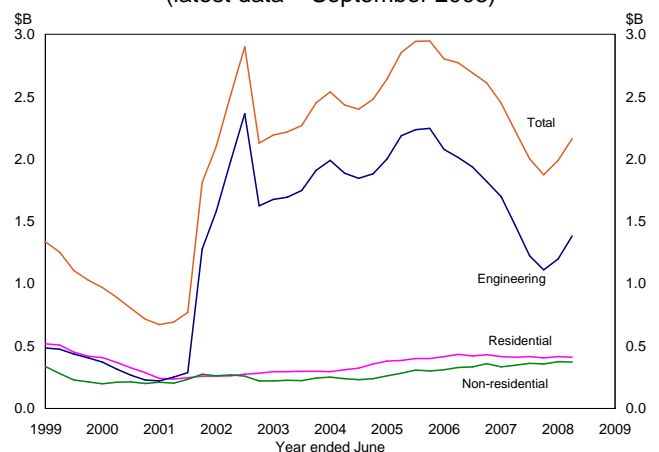
* moving annual total
Source: ABS Cat. No.6416.0

Building Activity
(latest data – September 2008)



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

Total Construction Activity*
(latest data – September 2008)



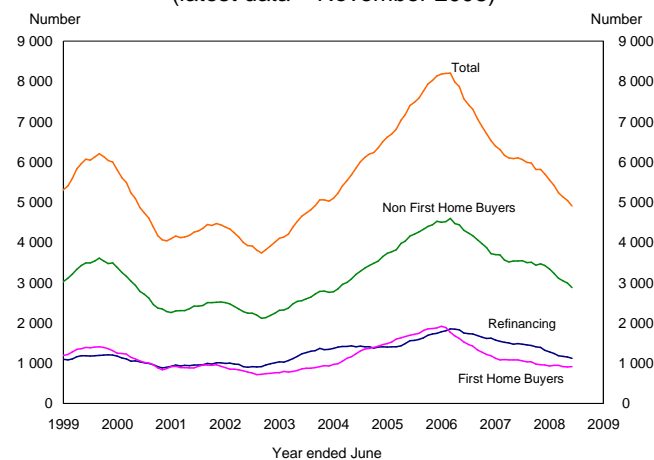
* moving annual total
Source: ABS Cat. No. 8782.0

Housing Finance for Owner Occupation

Since peaking in 2005-06, the number of housing finance commitments in the Territory has been steadily declining (see chart). However the decline in finance commitments since 2005-06 has been from historically high and unsustainable levels.

In the year to November 2008, Territory housing finance commitments decreased by 19.5 per cent, driven by an 18.8 per cent decline in the purchase of established dwellings and a 28.4 per cent decline in the construction of new dwellings. The number of finance commitments by first home buyers decreased in the Territory by 15.2 per cent in the year. At the national level the number of first home buyer housing finance commitments decreased by 11 per cent in the same period. New Commonwealth and Territory initiatives, such as the expansion to the First Home Owners Grant and Buildstart, may increase Housing Finance for Owner Occupation in the coming months.

Number of Housing Finance Commitments* (latest data – November 2008)



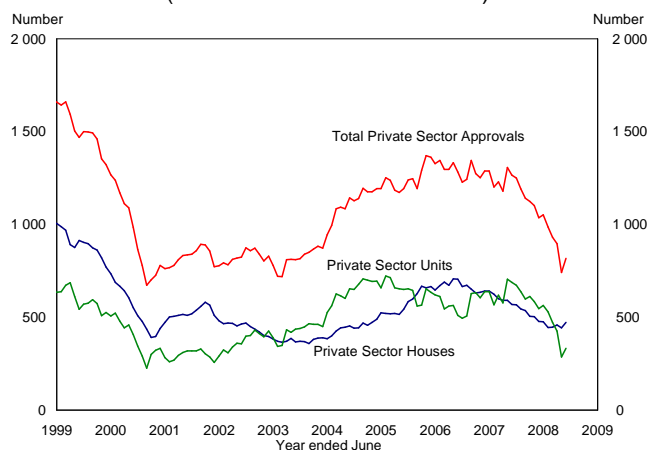
* moving annual total
Source: ABS Cat. No. 5609.0

Building Approvals

In annual original terms, Territory residential building approvals increased by 37 to 118 in November 2008, with 109 private and 9 public sector approvals. For the month, 59 of the private sector approvals were for 'houses', while 49 were for 'other residential'. There were 8 residential approvals for public sector 'houses'.

In the year to November 2008, residential building approvals in the Territory decreased by 35.5 per cent to 929, the lowest growth of the jurisdictions and below the national average decrease of 5.8 per cent. The decrease in the number of residential building approvals in the Territory was largely attributable to declines in approvals for private sector houses and units which subtracted 6.7 and 24.7 percentage points respectively from total growth.

Total Building Approvals* (latest data – November 2008)



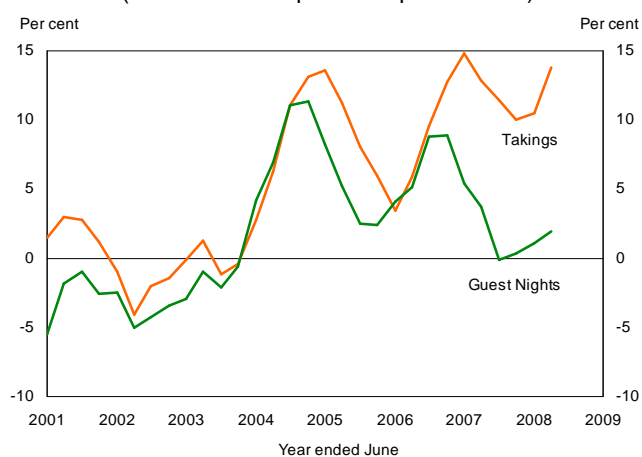
*moving annual total
Source: ABS Cat. No. 8731.0

Tourist Accommodation

In the year to September 2008, tourist accommodation figures indicate an increase in the level of tourism activity in the Territory. Takings in the Northern Territory increased by 13.8 per cent in the year, while room occupancy rates increased by 2.3 percentage points over the same period. Takings grew by 22.6 per cent in Darwin, 9.7 per cent in Alice Springs, 20.2 per cent in Katherine, and 1.9 per cent in the 'rest of the Territory'.

In the year to September 2008, room occupancy rates, decreased by 3.7 percentage points in Darwin, 3.5 percentage points in Alice Springs, 2.6 percentage points in Katherine and decreasing by 1.5 percentage points in the 'rest of the Territory'. The number of 'guest nights' reported increased in Darwin and Katherine, while Alice Springs and the 'rest of the Territory' reported decreases in the year.

Tourist Accommodation* (latest data – September quarter 2008)



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

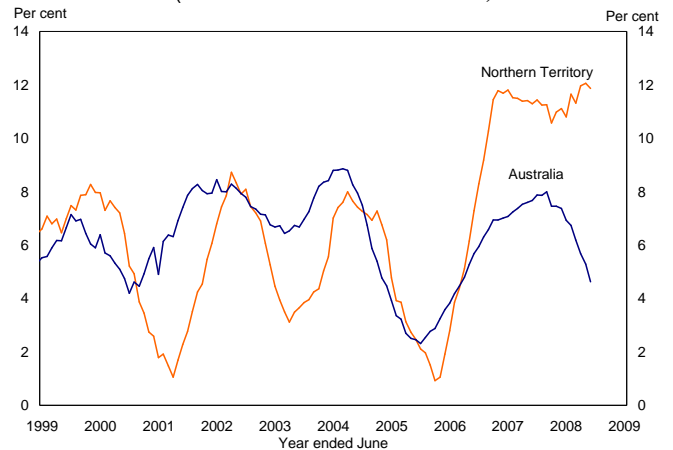
Retail Turnover

In November 2008, seasonally adjusted retail turnover increased by 1.9 per cent in the Territory and by 0.4 per cent nationally. Over the year to November 2008, retail trade has increased by 11.6 per cent in the Territory, while increasing by 2 per cent nationally. In the year to November 2008, current price retail turnover in the Territory increased by 11.9 per cent, the highest of the jurisdictions and above the national average of 4.6 per cent growth (see chart).

The Territory has recorded 22 consecutive months of double digit year on year growth, despite interest rate rises in 2007 and the first half of 2008 and relatively high fuel prices over this period. This strong growth has been supported by employment and population growth in the Territory. Further growth may be encouraged by RBA cuts in the cash rate since September 2008.

Retail Turnover*

(latest data – November 2008)



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

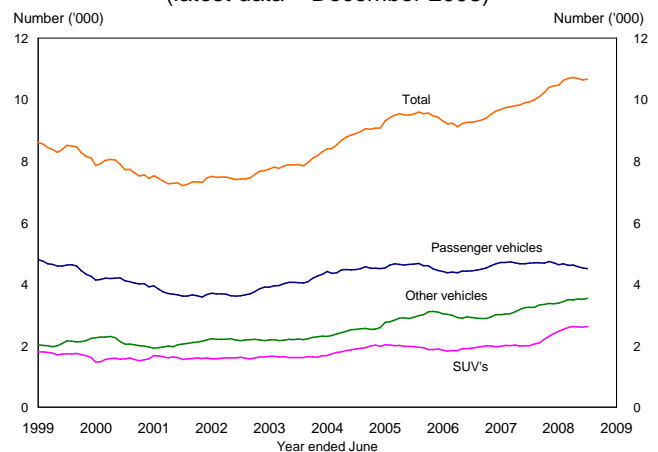
Sales of New Motor Vehicles

In December 2008, seasonally adjusted new motor vehicle sales in the Territory increased by 2.3 per cent to 850. By vehicle category; sales of 'passenger' vehicles increased by 2.9 per cent in the month, sales of 'SUV's' increased by 4.5 per cent, and sales of 'other' vehicles (such as light and heavy trucks) increased by 0.3 per cent. Nationally, total new motor vehicle sales increased by 1.8 per cent in December 2008.

In 2008, new motor vehicle sales in the Territory increased by 7.5 per cent to 10 662 (see chart). This is the highest calendar year number on record. In year on year terms, sales of 'passenger' vehicles decreased 3.8 per cent to 4 500, sales of 'other' vehicles increased 8.9 per cent to 3 535, and sales of SUV's increased 31.5 per cent to 2 627. Nationally, sales of new motor vehicles decreased 3.6 per cent in the year.

Motor Vehicle Sales*

(latest data – December 2008)



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

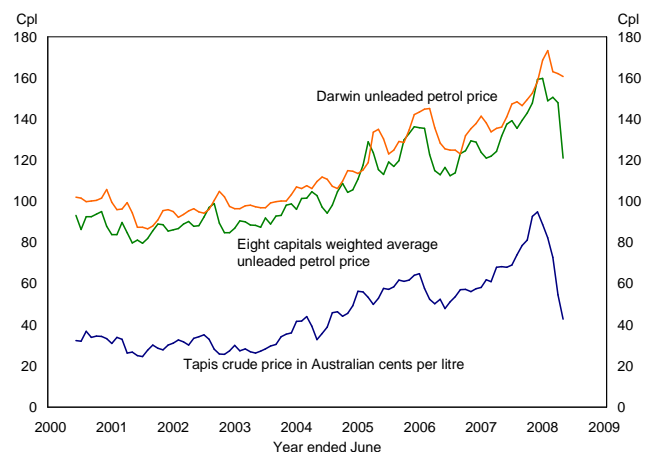
Petrol Prices

In December 2008, Darwin fuel prices decreased by 18.5 cpl to 120.2 cpl, while nationally the eight capital cities weighted average price decreased by 16.7 cpl to 104.4 cpl. This represents a 15.8 cpl price differential between Darwin and the eight capital cities weighted average. Compared to December 2007 petrol prices in Darwin have decreased by 27.2 cpl, while nationally the eight capital cities weighted average price increased by 33.2 cpl. 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 annual terms, crude oil prices decreased by 37.5 per cent in A\$ terms to \$67.86 a barrel in December 2008, while decreasing by 52.7 per cent in US\$ terms. The depreciation of the A\$ against the US\$ in the second half of 2008 has meant the effects of falling oil prices have not entirely flowed through to petrol prices. Oil price decreases are mainly due to reduced demand as world economic growth slows.

Petrol Prices

(latest data – December 2008)



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

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 marginally to 111 081 in December 2008 (see chart). Nationally, seasonally adjusted employment decreased by 1153 in the month to 10.7 million employed persons.

A comparison of Territory (trend) resident employment in December 2008 with resident employment in December 2007 shows an increase of 2.2 per cent, the fourth highest annual growth rate of the jurisdictions behind Queensland, Tasmania and Western Australia. In year on year terms, Territory employment increased by 4.3 per cent, compared to 2.3 per cent growth reported nationally.

Unemployment

The Territory's trend unemployment rate was 3.8 per cent in December 2008, an increase from the revised 3.7 per cent reported for November 2008. Compared to December 2007, the trend unemployment rate in the Territory has decreased by 1.1 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). In December 2008 the Territory reported the equal third lowest trend unemployment rate of the jurisdictions with Queensland, behind both Western Australia and the ACT.

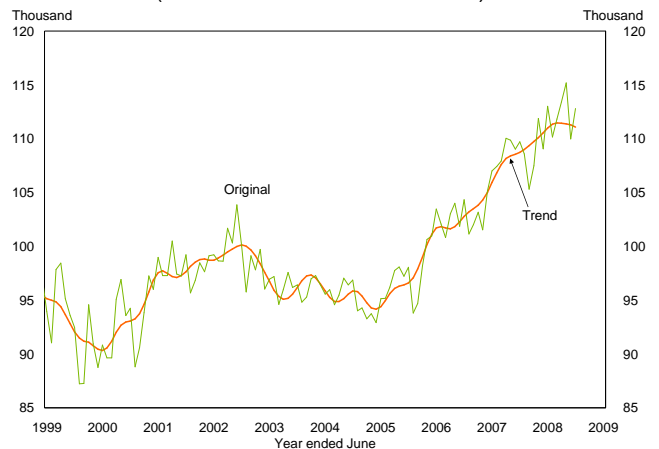
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) increased to 4.5 per cent in December 2008, up from the 4.4 per cent reported in November 2008. This seasonally adjusted rate is up from its historic low of 3.9 per cent reported in February 2008. As with employment estimates, standard errors for the Territory are high.

International Merchandise Trade

In the year to November 2008 the value of Territory merchandise exports increased by 49.1 per cent to a record \$5.6 billion. This is mainly due to the higher production and prices of mineral ores exports (lead-zinc, iron ore and alumina). Over the same period, the value of merchandise imports to the Territory increased by 29.6 per cent to \$3.3 billion.

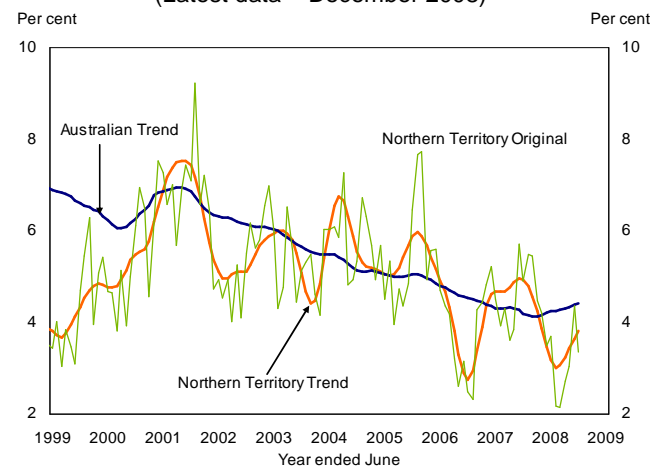
The Territory's goods trade balance increased by \$1.1 billion in November 2008, to a surplus of \$2.3 billion (see chart). The fall in the value of the Australian dollar over the past six months may lead to an increase in the demand for Australian exports in conjunction with a reduction in the consumption of imports. In addition, the significant improvement in the trade deficit may be attributed to favourable contract prices for commodities. Many of these contracts will be renegotiated in the first half of 2009 taking into consideration the global economic crisis.

Territory Employment (Latest data – December 2008)



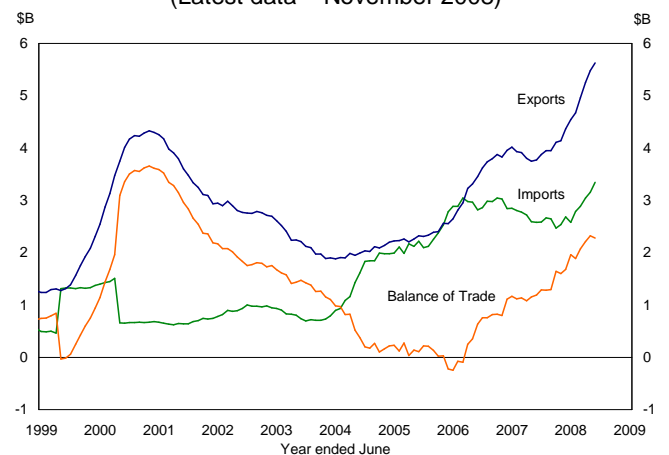
Source: ABS Cat. No. 6202.0

Territory Unemployment (Latest data – December 2008)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (Latest data – November 2008)



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

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.

Territory Economic Review February 2009

Indicator	Period	Measure	Comparative Economic Indicators*								
			NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross Domestic Product ^(a)	2007-08	% change	3.9	2.8	3.2	5.3	3.8	5.2	3.4	2.5	3.7
State Final Demand ^(a)	Year to Sep 08	% change	8.3	3.9	4.0	6.7	2.9	8.0	4.7	1.9	4.9
International Goods Exports	Year to Nov 08	% change	49.1	25.9	8.4	49.1	11.7	33.3	1.7	75.0	30.3
International Goods Imports	Year to Nov 08	% change	29.6	11.7	14.9	28.3	13.2	32.7	56.2	-96.2	18.1
Demography											
Population	Jun-07 Qtr to Jun-08 Qtr	% change	2.3	1.1	1.8	2.3	1.1	2.7	1.0	1.3	1.7
Labour Market											
Employment (trend)	Dec 07 to Dec 08	% change	2.2	0.1	0.2	2.7	1.1	4.5	3.7	1.9	1.3
Participation Rate (trend)	As at December 07	%	73.2	63.5	65.2	67.0	62.9	68.3	60.9	72.1	65.2
	As at December 08	%	72.0	63.1	64.2	67.4	63.3	69.1	61.9	72.6	65.0
Unemployment Rate (trend)	As at December 07	%	4.9	4.5	4.5	3.6	4.8	3.2	5.1	2.5	4.2
	As at December 08	%	3.8	5.2	4.5	3.8	5.4	2.7	4.3	2.6	4.4
ANZ Job Ads	Year to Dec 08	% change	1.9	-21.1	-4.2	-22.3	-10.1	-10.6	13.3	-28.8	-3.8
Prices and Wages											
Consumer Price Index	Dec-07 Qtr to Dec-08 Qtr	% change	3.7	3.8	3.2	4.3	3.8	3.7	3.3	3.7	3.7
	Year to Dec 08 Qtr	% change	4.0	4.2	4.2	5.0	4.5	4.4	3.7	4.5	4.4
Average Weekly Earnings (full-time adult total earnings)	As at August 08	\$	1156.10	1209.10	1173.80	1159.60	1109.80	1361.10	1065.30	1361.50	1200.80
Housing Sector											
Building Approvals (number)	Year to Nov 08	% change	-35.5	-9.1	2.1	-16.3	7.9	-3.8	9.5	13.1	-5.8
Housing Finance for Owner Occupation (number)	Year to Nov 08	% change	-19.5	-14.1	-9.9	-24.1	-13.4	-19.7	-8.9	-14.7	-16.1
Housing Affordability Indicator ^(b)	As at Jun 08 Qtr	Level	39.2	23.5	26.2	24.4	26.1	28.7	27.6	43.0	25.2
Consumer Spending											
Retail Trade (current \$)	Year to Nov 08	% change	11.9	2.5	4.8	6.2	9.5	4.1	5.4	2.4	4.6
New Motor Vehicle Sales (No.)	Year to Dec 08	% change	7.5	-4.7	0.2	-8.4	3.5	-3.8	-3.8	-7.0	-3.6
Tourist Accommodation - Takings (current \$)	Year to Sep 08	% change	13.8	5.9	8.0	5.2	8.7	15.7	5.8	8.1	7.5

*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 Job Advertisement Series, AMP Housing 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.