

Territory Economic Review

November 2006

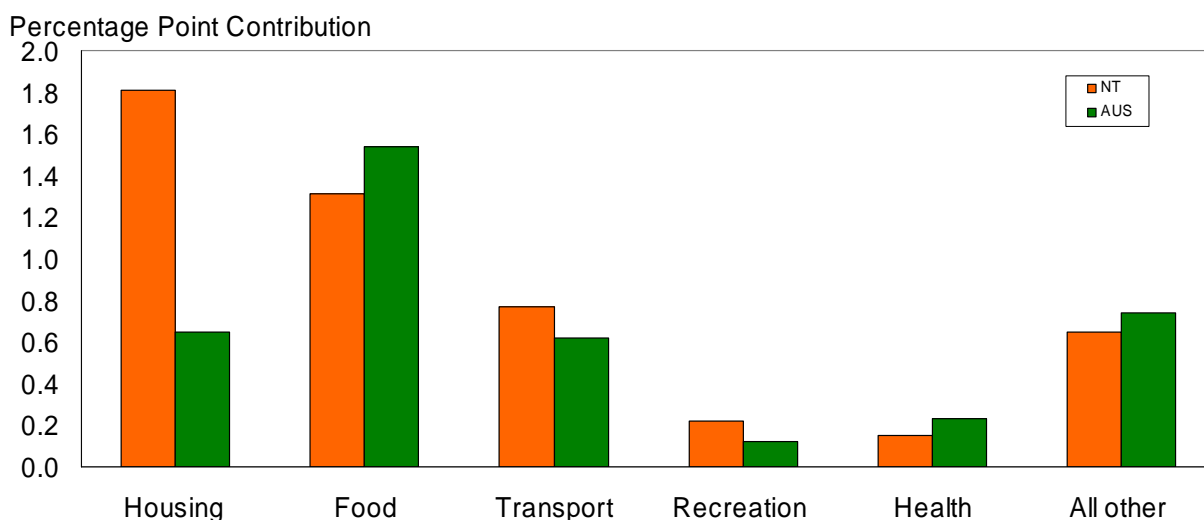
Darwin's property market boom contributes to inflationary pressures

September 2006 inflation figures, reported by the Australian Bureau of Statistics (ABS), indicate that Darwin's annual consumer inflation rate was 4.9 per cent, the highest inflation rate of the jurisdictions, and significantly stronger than the national inflation rate of 3.9 per cent. The most significant factor contributing to Darwin's annual inflation rate was 'housing' costs, which contributed 1.8 percentage points (more than one-third) to the 4.9 per cent inflation rate (see Chart 1). Housing costs in the CPI include; rent, property rates and charges, house repairs and maintenance, utilities and house purchases. The higher cost of 'house purchases' accounted for about two-thirds of the total increase in 'housing' costs, in the annual Darwin inflation rate. In relative importance, increases in Darwin 'rents' were the next most significant contributor to rising housing costs.

The significant contribution of increasing housing costs to Darwin's annual inflation rate is in line with other reported data, such as the ABS house price index, which reports an increase of 18.6 per cent in Darwin's established house prices, for 2005-06, compared to 6.4 per cent growth nationally.

Chart 1

Main contributors to annual CPI increase



Source: ABS Cat. No. 6401.0, NT Treasury

Food prices

Increased prices of products in the 'food' category of the CPI were the second largest contributor to the annual Darwin inflation rate, contributing 1.31 percentage points, and made the most significant contribution to national inflation, adding 1.54 percentage points. The CPI 'food' category is comprised of 26 sub-categories, with more than half of the reported increase in Darwin 'food' prices attributable to changes in one sub-category, 'fruit'. This reflects the on-going supply constraints and price effects following Cyclone Larry in March 2006.

Transport

Increased prices of products in the 'transport' category of the CPI were the third largest contributor to annual inflation in both Darwin and nationally, contributing 0.77 and 0.62 percentage points respectively. Increased prices for 'automotive fuel' accounted for the majority of the upward movement in this category. The recent reported declines in automotive fuel prices will be expected to flow through to the CPI figures in the coming quarters.



Territory Economic Review - November 2006

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	Annual % change
Expenditure on GSP (2003-04 prices)									
Private Consumption	6.7	3.7	6.0	4.2	7.9	4.3	6.0	Jun Q 06	5.1
Public Consumption	5.6	0.0	0.4	2.7	2.4	4.2	1.7	Jun Q 06	1.9
Total Consumption Expenditure	6.2	2.0	3.5	3.5	5.6	4.3	4.2	Jun Q 06	3.8
Private Investment									
<i>Dwellings</i>	-25.2	-40.4	3.7	11.3	-2.1	24.7	16.3	Jun Q 06	8.9
<i>Other buildings and structures</i>	-58.9	-22.8	125.4	29.4	8.2	-3.8	8.8	Jun Q 06	-15.8
<i>Machinery and equipment</i>	9.1	33.5	-1.5	1.5	3.6	-9.9	30.9	Jun Q 06	-15.1
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	-10.7	Jun Q 06	-10.7
<i>Intangible fixed assets**</i>	-17.5	-17.1	50.0	-41.9	-19.1	58.3	97.5	Jun Q 06	59.5
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	Jun Q 06	10.7
Business Investment [#]	-40.4	-0.6	52.0	7.8	7.7	-1.4	19.2	Jun Q 06	-7.5
Total Private Investment	-36.7	-11.0	43.4	8.2	6.6	1.8	18.4	Jun Q 06	-4.8
Public Investment	43.6	46.6	19.4	-35.4	-0.5	29.2	-6.2	Jun Q 06	-21.8
Total Investment	-30.7	-2.0	37.8	-0.6	5.7	5.2	14.7	Jun Q 06	-7.7
State Final Demand	-6.0	1.3	11.5	2.1	5.6	4.6	7.2	Jun Q 06	0.0
State Final Demand less L-C and B-U^{##}	1.6	1.4	10.2	0.6	4.5	9.7	8.7	Jun Q 06	1.8
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.2	Jun Q 06	-6.6
International Trade - import of goods	177.7	-62.0	15.3	29.7	4.2	107.3	27.4	Jun Q 06	67.5
Total Gross State Product	-0.4	5.2	1.2	0.1	0.2	3.6	n.a		
Contribution to GSP Growth									
Private Consumption	2.9	1.8	2.6	1.9	3.9	2.4	n.a	n.a	
Public Consumption	1.9	0.0	0.1	0.9	0.8	1.4	n.a	n.a	
Private Investment	-12.5	-2.4	7.9	2.1	1.8	0.0	n.a	n.a	
Public Investment	1.3	1.9	1.1	-2.4	0.0	1.3	n.a	n.a	
State Final Demand	-6.8	1.5	11.9	2.5	6.5	5.2	n.a	n.a	
Net International Exports	2.8	21.3	-10.0	-6.7	-7.9	-12.0	n.a	n.a	
Balancing item	3.7	-17.6	-0.7	4.3	1.6	10.4	n.a	n.a	
Gross State Product	-0.4	5.2	1.2	0.1	0.2	3.6	n.a	n.a	

* 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	Jun Q 06	7.0
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	Sep Q 06	-7.9
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	Jun Q 06	3.4
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-5.8	Aug Q 06	-17.5
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.1	Jun Q 06	40.7
Employment	-2.3	1.1	5.4	-0.1	-2.2	-2.0	4.0	Aug Q 06	7.3
Unemployment rate	4.4	5.6	6.8	5.8	5.2	6.3	5.7	Aug Q 06	-0.3ppt
Darwin Consumer Price Index (year average) ^{##}	0.7	3.9	3.6	2.2	2.1	1.6	2.6	Jun Q 06	4.2
AWOTE [#] (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	Jun Q 06	1.5
Wage Price index (year average)	2.5	2.8	3.1	3.0	3.3	3.7	4.4	Jun Q 06	4.0
Population, December (levels - thousands) ^{##}	194.3	196.3	198.0	198.2	198.7	201.2	205.2	Mar Q 06	205.9
Population (annual % change) ^{##}	1.6	1.0	0.9	0.1	0.3	1.2	2.0	Mar Q 06	1.8
Net Interstate Migration (levels - number) ^{##}	-817	-1621	-2049	-3069	-2895	-1097	520	Mar Q 06	-252.0

* 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 Oct 06	6.36
10 Year Govt Bond Yield (as at 30 June)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	30 Oct 06	5.66
Exchange Rates									
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	30 Oct 06	0.75
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	30 Oct 06	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 Oct 06	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 Oct 06	64.04

[†] 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

November 2006			
ABS	8731.0	Building Approvals, September 2006	01-Nov-06
ABS	6403.0.55.001	Average Retail Prices of Selected Items, September quarter	01-Nov-06
ABS	8501.0	Retail Trade, September 2006	02-Nov-06
ABS	5368.0	International Trade in Goods and Services, September 2006	02-Nov-06
ANZ		ANZ job ads series, October 2006 (<i>no brief</i>)	06-Nov-06
ABS	3401.0	Overseas Arrivals and Departures, September 2006 (<i>no brief</i>)	06-Nov-06
ABS	5609.0	Housing Finance, September 2006	08-Nov-06
Westpac-MI		Consumer Sentiment Index, November 2006 (<i>no brief</i>)	08-Nov-06
ABS	5220.0	State Accounts (GSP), 2005-06	09-Nov-06
ABS	6202.0	Labour Force, October 2006	09-Nov-06
ABS	5671.0	Lending Finance, August 2006 (<i>no brief</i>)	13-Nov-06
Australian Automobile Assoc.		Petrol Prices, October 2006	Mid Nov
ABS	6416.0	House Price Indexes: Eight Capital Cities, September quarter 2006	15-Nov-06
Westpac-MI		Leading Index, October 2006 (<i>no brief</i>)	15-Nov-06
ABS		Labour Price Index, September Quarter 2006 (<i>briefed with AWE</i>)	15-Nov-06
REINT		Real Estate Local Market, September 2006 (<i>no brief</i>)	Mid to late Nov
ABS	6302.0	Average Weekly Earnings, September quarter 2006	16-Nov-06
DEWRSB		Skilled Vacancy Survey, October 2006 (<i>no brief</i>)	22-Nov-06
Sensis		Sensis Business Index, October quarter 2006	28-Nov-06
ABS	8755.0	Construction Work Done, September quarter 2006	29-Nov-06
ABS	5368.0	International Trade in Goods and Services, October 2006	29-Nov-06
ABS	5625.0	Private New Capital Expenditure, September quarter (<i>no brief</i>)	30-Nov-06
REIA, Deposit Power		Home loan Affordability Report, September 2006	Late Nov to Mid Dec
ABS	8501.0	Retail Trade, September 2006	30-Nov-06
December 2006			
ABS	8731.0	Building Approvals, October 2006	04-Dec-06
ANZ		ANZ job ads series, November 2006 (<i>no brief</i>)	04-Dec-06
ABS	5676.0	Business Indicators, September quarter 2006 (<i>no brief</i>)	04-Dec-06
ABS	3401.0	Overseas Arrivals and Departures, October 2006 (<i>no brief</i>)	05-Dec-06
ABS	5302.0	Balance of Payments, September quarter 2006	05-Dec-06
ABS	5206.0	National Accounts - State Final Demand, September quarter 2006	06-Dec-06
ABS	6202.0	Labour Force, November 2006	07-Dec-06
ABS	3101.0	Population, June quarter 2006	07-Dec-06
ABS	5609.0	Housing Finance, November 2006	08-Dec-06
ABS	5671.0	Lending Finance, September 2006 (<i>no brief</i>)	12-Dec-06
Westpac-MI		Consumer Sentiment Index, December 2006 (<i>no brief</i>)	13-Dec-06
ABS	8412.0	Mineral and Petroleum Exploration, September quarter 2006 (<i>no brief</i>)	13-Dec-06
ABS	8750.0	Dwelling Unit Commencements, Preliminary, September quarter 2006	14-Dec-06
Australian Automobile Assoc.		Petrol Prices, November 2006	Mid Dec
Westpac-MI		Leading Index, November 2006 (<i>no brief</i>)	20-Dec-06
DEWRSB		Skilled Vacancy Survey, November 2006 (<i>no brief</i>)	20-Dec-06

Consumer Price Index

Darwin's Consumer Price Index (CPI) increased by 1.7 per cent in the September quarter 2006, significantly higher than the 0.9 per cent increase at the national level. Darwin's consumer inflation rate has strengthened over the past year, with annual inflation to September 2006 at 4.9 per cent compared to 3.9 per cent nationally (see chart). At the national level, the average of the Reserve Bank of Australia's (RBA) two preferred measures of underlying annual inflation (the trimmed mean and the weighted median) was 3.0 per cent (an increase from the previous quarter). These measures of inflation adjust for growth in prices of volatile items including both 'fruit and vegetables' and 'automotive fuel'.

In Darwin, a 13 per cent increase in 'housing purchase' costs as well as a 6.4 per cent increase in 'rents', contributed to the growth in the 'housing cost' component of the annual measure of the Darwin CPI. A 15.3 per cent increase in 'automotive fuel' was also reported, contributing to the growth in the 'transport cost' component.

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 September quarter 2006 the PPI increased by 1.0 per cent, with the domestic goods component increasing by 1.3 per cent while the imported goods component decreased by 1.1 per cent.

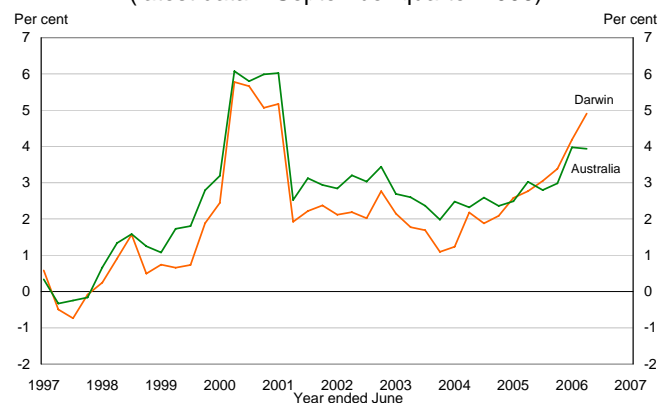
In the year to the September quarter 2006, the PPI increased by 3.8 per cent, with domestic goods prices increasing by 4.4 per cent and imported goods prices increasing by 0.7 per cent. In the year, imported capital goods prices decreased by 1.9 per cent while prices of imported consumer goods increased by 2.9 per cent. Domestically produced consumer and capital goods prices increased by 4.9 and 4.1 per cent over the same period.

Commodity Price Index

The Reserve Bank of Australia (RBA) reports monthly on Australia's commodity price index. The index is measured in units of 'special drawing rights' (SDR), which is an international reserve asset, created by the International Monetary Fund (IMF), the value of which is based on a basket of international currencies. In the year to September 2006 the total commodity price index has increased by 28.6 per cent, moderating from the historic growth of 32.4 per cent reported in the year to May 2006. The moderation in the growth rate of the total commodity price index is despite record high growth in the 'base metals' category (reaching 50.2 per cent in the year), along with increasing growth in rural commodity prices (12.4 per cent in the year).

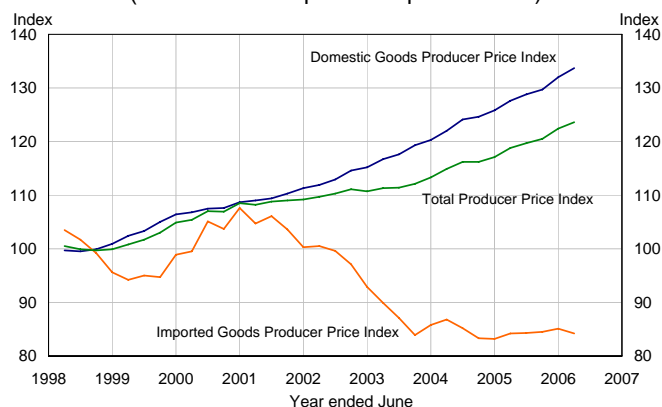
The non-rural category of the index is split about four-fifths 'other resources' and one-fifth 'base metals'. Of significance to the Northern Territory is the increase in prices of aluminium, copper, nickel, zinc and lead (each included in 'base metals').

Consumer Price Index*
(latest data – September quarter 2006)



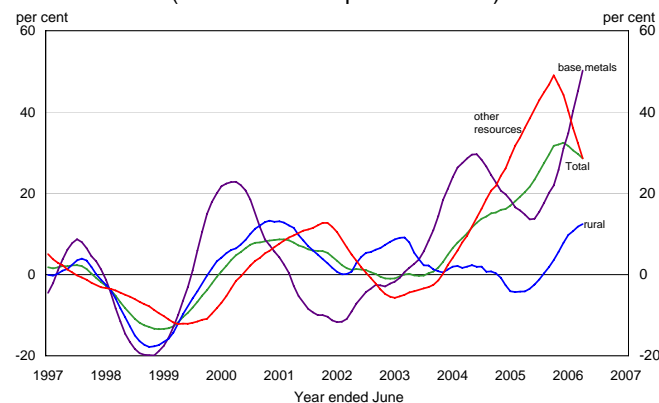
* annual per cent change
Source: ABS Cat. Nos. 6401.0

Producer Price Index
(latest data – September quarter 2006)



Source: ABS Cat. No. 6427.0

Commodity Price Index*
(latest data – September 2006)



* year on year percentage change
Source: Reserve Bank of Australia

Retail Turnover

Seasonally adjusted retail turnover in the Territory decreased by 0.5 per cent in August 2006, compared to a 0.3 per cent increase nationally. In the year to August 2006, current price retail turnover increased by 6.5 per cent in the Territory, the fourth 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 August 2006 retail turnover in the Territory totalled \$188 million. Of this total expenditure, 45 per cent (or \$85 million) was on 'food', 19 per cent (\$35 million) was on 'hospitality', 14.5 per cent (\$27 million) was on 'department stores and other' retailing, 13.8 per cent (or \$26 million) was on 'household goods', 5 per cent (or \$9 million) was on 'clothing and soft goods' and the remaining 3 per cent (\$6 million) was on recreation related goods.

Sales of New Motor Vehicles

Territory seasonally adjusted new motor vehicle sales decreased by 5.3 per cent in September 2006 to 753. Nationally, sales increased by 3.0 per cent in the month. In the year to September 2006 Territory new motor vehicle sales decreased by 4.5 per cent, continuing the moderation reported over the past six months (see chart). At the national level sales of new motor vehicle sales decreased 3.3 per cent in the year to September 2006.

In the year to September 2006, the sale of 'utes and other light commercial vehicles, trucks and buses' was the only category of vehicles to report positive growth (up by 0.7 per cent to 2 911). In contrast sales of sports utility vehicles (SUV's) and passenger vehicles continued to decline, decreasing by 8.7 and 6.0 per cent respectively.

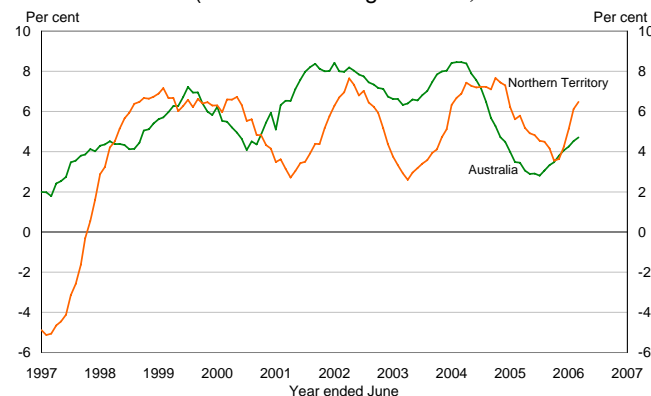
Petrol Prices

In September 2006, fuel prices decreased by 9.4 cpl in Darwin while the eight capital cities weighted average price decreased by 12.7 cpl. Darwin recorded an average unleaded petrol price of 135.8 cpl, compared to 122.8 cpl for the eight capital cities weighted average. This represents a 13 cpl price differential between Darwin and the eight capital cities weighted average, the highest differential since November 2005. Compared to September 2005 petrol prices in Darwin have increased by 1.6 per cent, compared to a 4.7 per cent increase in the eight capital cities weighted average. As the chart shows, petrol prices in Darwin track other capital cities, though tend to remain higher.

In \$US terms, crude oil prices decreased by 11.7 per cent in September 2006 averaging \$US69.49 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.

Retail Turnover*

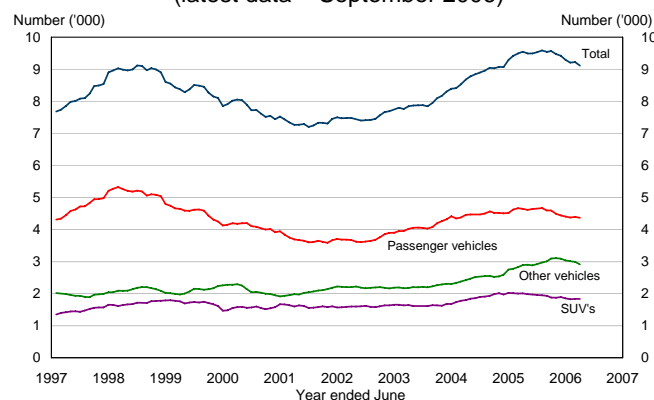
(latest data – August 2006)



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

Motor Vehicle Sales*

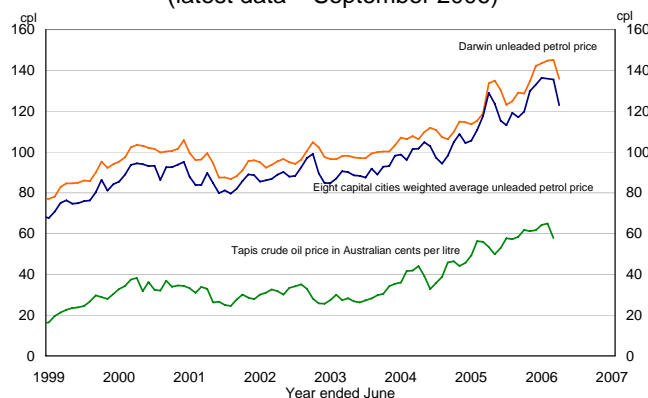
(latest data – September 2006)



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

Petrol Prices

(latest data – September 2006)



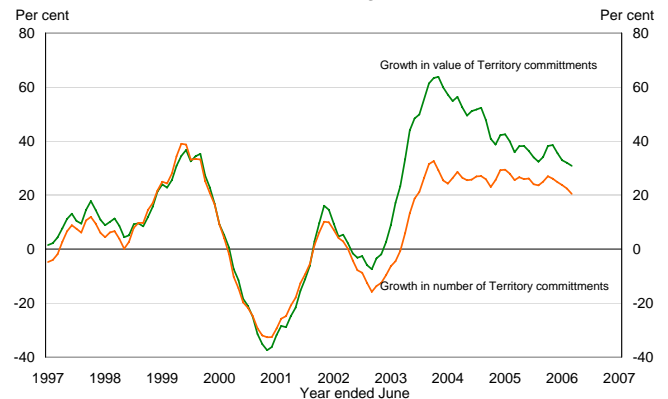
Source: Australian Automobile Association, Reserve Bank of Australia and Energy Information Administration

Housing Finance for owner Occupation

In August 2006, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 17 to 663, while nationally, commitments decreased by 1.0 per cent in the month. In the year to August 2006 the number of Territory finance commitments increased by 1 388, or 20.4 per cent to 8 180, compared to a 12.2 per cent increase nationally.

Of the 1 388 additional commitments in the Territory 857 were for the purchase of an established dwelling, 17 were for the construction of a new dwelling, 68 were for the purchase of a new dwelling, and 446 were refinancing commitments. As the chart shows, growth in the number commitments in the Territory has been quite stable over the past two years, fluctuating within a range of 20 to 29 per cent. Over the same period growth in the value of housing finance commitments has moderated from 56 per cent to 30 per cent, while the total value of all commitments continues to reach new highs.

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



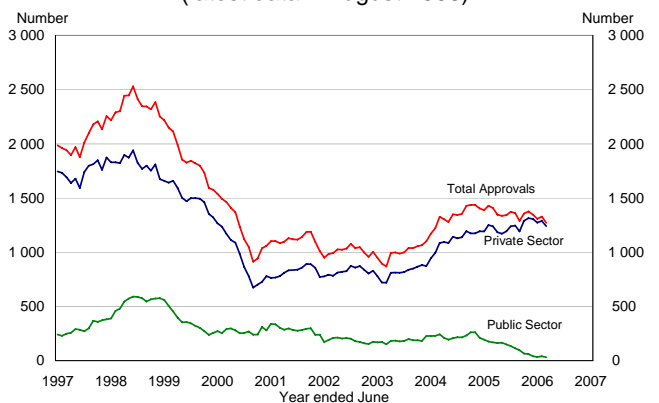
* year on year percentage change
Source: ABS Cat. Nos. 5609.0

Residential Building Approvals

In the Territory, residential building approvals decreased by 103 to 84 (in original terms) in August 2006, with 82 private and 2 public sector approvals. Of the private sector approvals in the month, 76 were for houses and 6 were for 'other residential'. There were zero approvals for 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling), conversions and 'alterations and additions'. In the public sector there were 2 approvals for houses and zero approvals in all other categories.

In the year to August 2006, residential building approvals in the Territory decreased by 9.7 per cent to 1 272 (see chart). Of the 1 272 residential building approvals in the Territory in the year, 1 241 were in the private sector, with the remaining 31 approvals in the public sector.

Residential Building Approvals*
(latest data – August 2006)



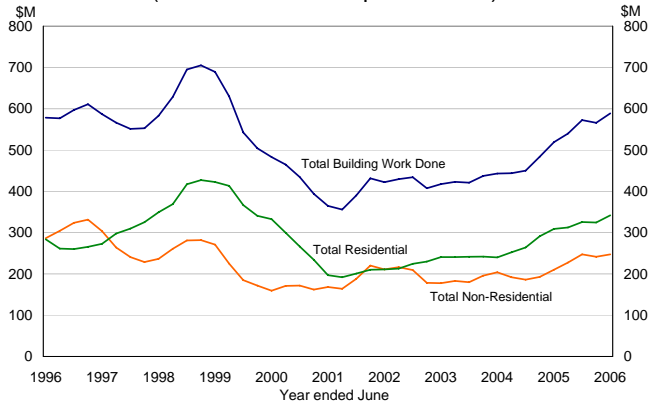
* moving annual total
Source: ABS Cat. Nos. 8731.0

Building Work Done

In the June quarter 2006, the seasonally and inflation adjusted value of building work done in the Territory increased by 17.6 per cent, and by 13.5 per cent in 2005-06. The Territory recorded the second strongest growth of the jurisdictions (behind the Australian Capital Territory) in the year, and significantly stronger than the 0.6 per cent growth reported nationally.

Of the total building work done in the Territory in 2005-06, 58 per cent was in the residential market, with the remaining 42 per cent attributable to non-residential activity. The value of building activity in the non-residential market was \$247 million. Of the \$342 million in residential building activity (see chart), 43 per cent (\$147 million) was for new houses, 39 per cent (\$135 million) for new 'other residential' and the remaining 17 per cent (\$60 million) was for alterations and additions.

Total Building Work Done
(latest data – June quarter 2006)



* moving annual total, chain volume, original
Source: ABS Cat. No. 8752.0

Engineering Work Done

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 21.5 per cent in the June quarter 2006 but increased by 2.3 per cent (to \$1.77 billion) in 2005-06 (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 86 per cent, or \$1.52 billion, of total work done in 2005-06. With work valued at \$1.40 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 \$175 million in the 2005-06, with 38 per cent of this activity on 'telecommunications', 28 per cent on 'roads, highways and subdivisions', and 10 per cent on water storage and supply, sewerage and drainage.

Total Construction Work Done

In seasonally and inflation adjusted terms, total construction work done in the Territory, decreased by 2.7 per cent, to \$541 million, in the June quarter 2006 (see chart). In 2005-06, the value of total construction activity in the Territory increased by 4.9 per cent (to \$2.36 billion), the fifth strongest growth of the jurisdictions.

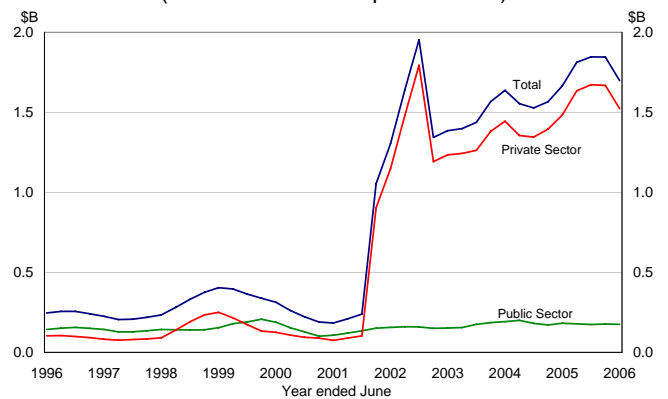
At \$2.36 billion, the value of total construction activity has moderated from the historically high level of \$2.5 billion reported for calendar year 2005 (see chart). The moderation in activity reflects the completion of the Bayu-Undan stage 2 sub-sea pipeline and Liquefied Natural Gas (LNG) plant. Nevertheless, the value of total construction work done remains at high levels with construction of the Alcan G3 refinery expansion at Gove on-going. In addition to strong growth in the 'heavy industry' component of engineering construction work done, the high level of total construction work done reflects significant growth in both residential and non-residential construction.

Tourist Accommodation

In the June 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 5.7 per cent in the June quarter 2006, while room occupancy rates increased by 0.4 of a percentage point over the same period.

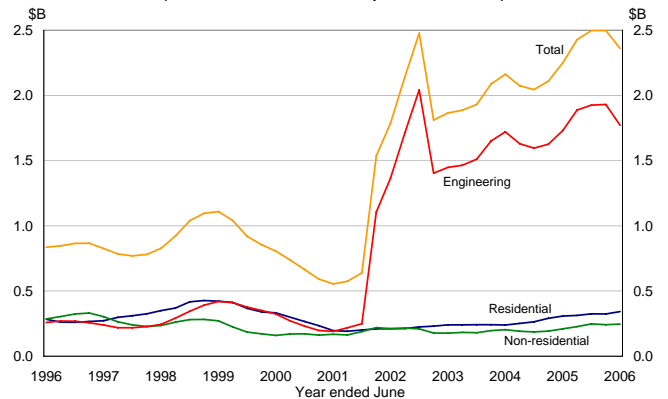
In 2005-06, growth in accommodation takings increased by 3.4 per cent in the Territory, with substantial variation across major centres. Takings grew by 8.5 per cent in Darwin and 16.1 per cent in Katherine, while declining by 2.9 per cent in Alice Springs, and 2.6 per cent in the 'rest of the Territory'. In 2005-06 room occupancy rates increased by 1.2 percentage points in Darwin, 0.7 percentage points in Alice Springs and 5.7 percentage points in Katherine, while decreasing in the 'rest of the Territory'. The number of 'guest nights' reported increased in Darwin, Alice Springs and Katherine, while declining in the 'rest of the Territory'.

Engineering Work Done* (latest data – June quarter 2006)



* moving annual total, chain volume measure
Source: ABS Cat. No. 8762.0

Total Construction Work Done* (latest data – June quarter 2006)



* moving annual total, chain volume measure
Source: ABS Cat. No. 8782.0

Tourist Accommodation (latest data – June 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. Bearing this in mind, the ABS reports that trend employment increased by around 440 to 103 340 in September 2006. Nationally, seasonally adjusted employment increased by 31 400 in the month to around 10.3 million employed persons.

A comparison of Territory resident employment in September 2006 with employment in September 2005 shows an increase of 6.7 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, employment has increased by 5.2 per cent, the highest growth rate (in year on year terms) in the Territory since June 2002.

Unemployment

The Territory's trend unemployment rate decreased to 3.6 per cent in September 2006 down from 3.9 per cent reported in August 2006. The unemployment rate has now reported its seventh consecutive month of decline. Compared to September 2005, the unemployment rate has decreased by 1.4 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 third lowest trend unemployment rate of the jurisdictions.

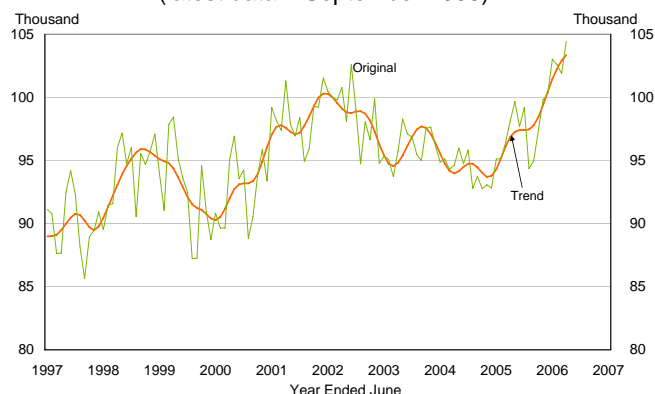
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.8 per cent in September 2006, a decrease of 0.4 percentage points from August.

International Trade

Territory merchandise exports increased by 31.5 per cent in the year to August 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 53.2 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.

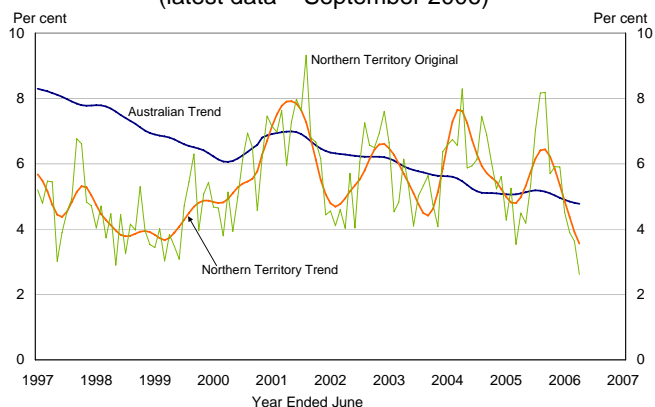
The Territory's goods trade balance decreased by 125.9 per cent (\$345 million) in the year to August 2006, to a deficit of \$71 million (see chart). The Territory's trade deficit has narrowed over the past few months, and is expected to improve in 2006-07 with increased LNG, alumina and manganese exports.

Territory Employment (latest data – September 2006)



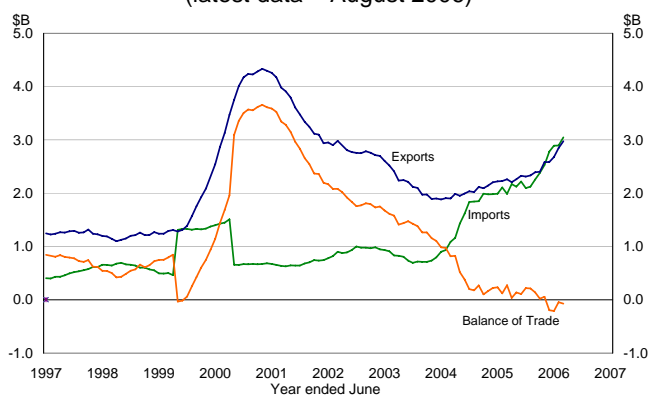
Source: ABS Cat. Nos. 6202.0

Territory Unemployment (latest data – September 2006)



Source: ABS Cat. Nos. 6202.0

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



* moving annual total
Source: ABS Cat. Nos. 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)	2004-05	% change	3.6	1.1	2.3	4.0	2.6	2.7	4.0	3.0	2.3
State Final Demand ^(a)	Year to June 06	% change	7.2	2.2	2.9	6.7	2.6	10.4	5.1	3.6	4.2
International Goods Exports	Year to August 06	% change	31.5	17.4	6.2	29.3	16.2	22.5	12.0	-66.7	20.3
International Goods Imports	Year to August 06	% change	53.2	8.2	9.5	13.8	5.5	35.2	-10.2	-88.0	12.8
Demography											
Population	Mar-05 Qtr to Mar-06 Qtr	% change	1.8	0.8	1.3	2.0	0.8	1.9	0.7	0.8	1.3
Labour Market											
Employment (trend)	Sep 05 to Sep 06	% change	6.7	1.3	3.0	4.0	2.0	2.3	0.8	5.9	2.6
Participation Rate (trend)	As at September 05	%	69.2	62.9	64.3	66.5	61.9	68.0	60.8	71.8	64.5
	As at September 06	%	70.9	63.3	64.9	67.4	62.5	67.6	60.6	74.8	65.1
Unemployment Rate (trend)	As at September 05	%	5.0	5.2	5.4	5.0	4.9	4.3	6.4	3.3	5.1
	As at September 06	%	3.6	5.5	4.6	4.6	4.7	3.4	6.4	2.7	4.8
ANZ Job Ads	Year to Sep 06	% change	2.5	-10.9	-12.2	-8.4	-4.6	10.5	-10.5	12.4	-5.8
Prices and Wages											
Consumer Price Index	Sep 05 Q to Sep 06 Q	% change	4.9	3.7	3.4	4.4	3.8	4.8	3.3	4.2	3.9
	Year to Sep 06 Q	% change	3.9	3.2	3.2	3.5	3.4	4.4	3.2	3.9	3.4
Average Weekly Earnings (full-time adult total earnings)	As at May 06	\$	1091.2	1123.3	1080.8	1035.6	1022.2	1124.0	982.7	1218.2	1088.3
Housing Sector											
Building Approvals (number)	Year to August 06	% change	-9.7	-14.2	-7.0	-4.0	5.0	9.1	-3.1	-15.2	-4.8
Housing Finance for Owner Occupation (number)	Year to August 06	% change	20.4	11.7	9.2	13.0	8.6	18.9	7.0	13.2	12.2
Housing Affordability Indicator ^(b)	As at June quarter 06	Level	51.7	27.0	31.9	29.7	33.2	32.6	31.7	52.0	30.1
Consumer Spending											
Retail Trade (current \$)	Year to August 06	% change	6.5	3.6	3.8	6.6	2.8	7.4	7.1	5.8	4.7
New Motor Vehicle Sales (No.)	Year to August 06	% change	-2.8	-5.4	-4.1	-1.6	-3.1	10.8	-7.2	-4.0	-2.5
Tourist Accommodation - Takings (current \$)	Year to June 06	% change	3.4	7.0	11.5	8.2	9.9	13.9	8.6	9.6	8.9

* 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.