

Inflation, Interest Rates and the Australian Dollar

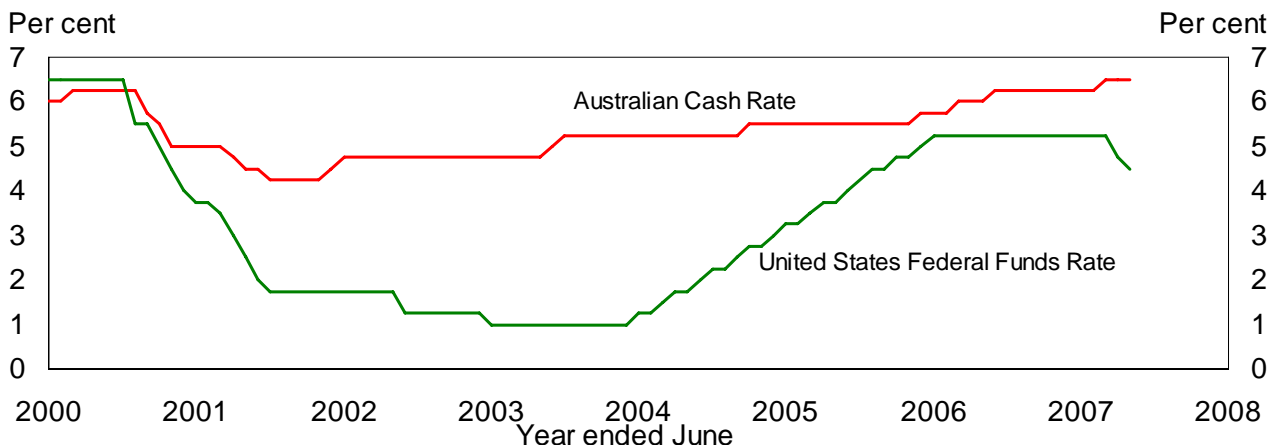
Darwin's annual consumer inflation rate, as reported by the Australian Bureau of Statistics (ABS) was 3.2 per cent in the September quarter 2007. This was above the national inflation rate of 1.9 per cent. Darwin still has the highest inflation rate of the jurisdictions, but the annual rate has declined for three consecutive quarters following the December 2006 peak of 5.0 per cent. Housing costs continue to be the most significant factor contributing to Darwin's annual inflation rate, adding 1.57 percentage points to the annual rate, though the contribution of housing has declined in each of the past three quarters.

The national headline inflation rate of 1.9 per cent is modest given the strong economic growth in Australia, created in part by record high commodity prices, strong overseas investment, public infrastructure activity and elevated business spending. Such levels of economic growth in Australia create expectations of higher inflation, but such upward pressure has been largely dampened by the strong Australian dollar. Nevertheless, the underlying inflation rate (which removes the 15 per cent of items from the CPI basket with the largest price decreases, as well as the 15 per cent of items with the largest price increases) rose in the September quarter 2007, to the top of the Reserve Bank of Australia's target range.

Over the past two quarters, transportation costs and automotive fuel in particular, have subtracted from Australia's headline CPI figure. Recent increases in oil prices to over \$90.00 US per barrel, have not led to higher Australian petrol prices. This is due to the current strength of the Australian currency, which reached a 23.5 year high of over \$0.93 US in October 2007.

The appreciation of the Australian dollar has been driven in part by the divergence between the inflation expectations and interest rate policies of Australia and the United States, but also by the commodity price boom. The US federal funds rate was recently reduced by 25 basis points to 4.50 per cent, increasing liquidity in the US money market and easing economic concerns associated with the sub-prime mortgage market. In the current environment, Australia is an attractive investment destination due to the higher interest rate environment relative to the US, and this has increased demand for the Australian dollar, driving the exchange rate up. Australia's 6.5 per cent cash rate is forecast to increase in the coming year if both economic growth and inflationary pressures continue. The interest rate differential between the US federal funds rate and the Australian cash rate has recently diverged (see chart). In May 2006 the differential was 0.75 percentage points, which has widened to 2.0 percentage points in October 2007.

Chart 1: Interest Rates in Australia and the United States



Source: Reserve Bank of Australia

While the interest rate differential between Australia and the US was at its highest in the September quarter 2003, it did not have a significant impact on the Australian dollar. This was due to historically high GDP growth in the US (7.2 per cent in annual terms) fuelled by consumption expenditure and a domestic housing boom. The Australian dollar did not begin its recent appreciation trend until late 2004, coinciding with substantial increases in commodity prices.

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	Latest available	Annual % change [*]
Expenditure on GSP (2003-04 prices)										
Private Consumption	6.6	3.5	6.5	4.6	7.6	4.9	4.8	3.0	Jun Q 07	3.5
Public Consumption	7.9	1.2	0.4	2.5	3.6	3.4	2.4	3.9	Jun Q 07	2.5
Total Consumption Expenditure	7.2	2.5	3.8	3.7	5.9	4.3	3.8	3.4	Jun Q 07	3.1
Private Investment										
<i>Dwellings</i>	-25.2	-40.4	3.8	9.3	-1.9	38.5	3.0	-4.7	Jun Q 07	-28.1
<i>Other buildings and structures</i>	-58.8	-22.8	125.6	26.5	8.6	0.8	6.1	-3.9	Jun Q 07	-22.4
<i>Machinery and equipment</i>	11.9	31.1	2.5	6.3	8.8	-10.9	32.7	1.2	Jun Q 07	76.1
<i>Livestock</i>	-11.1	43.8	8.7	-56.0	163.6	-3.4	3.6	-44.8	Jun Q 07	-44.8
<i>Intangible fixed assets</i> **	-17.5	-17.1	50.0	-42.2	-19.2	60.3	98.0	-3.5	Jun Q 07	-39.3
<i>Ownership transfer costs</i>	-7.3	-20.2	15.5	4.9	24.4	7.5	8.7	-2.4	Jun Q 07	-3.2
Business Investment [†]	-39.9	-1.6	54.2	7.8	9.3	0.7	18.6	-4.3	Jun Q 07	-5.3
Total Private Investment	-36.1	-11.7	45.4	8.0	7.7	5.4	15.8	-4.3	Jun Q 07	-8.9
Public Investment	41.8	46.6	18.8	-33.2	1.4	26.1	-5.0	23.5	Jun Q 07	22.4
Total Investment	-30.0	-2.5	39.1	-0.3	6.9	8.1	12.7	-0.8	Jun Q 07	-4.3
State Final Demand	-5.0	1.6	12.1	2.3	6.2	5.4	6.4	2.1	Jun Q 07	0.7
State Final Demand less L-C and B-U^{##}	2.8	1.7	10.8	0.7	5.0	10.5	7.9	2.5	Jun Q 07	0.7
International Trade - export of goods	47.2	30.0	-22.6	-11.0	-23.7	-6.2	-1.7	45.3	Jun Q 07	22.1
International Trade - import of goods	178.2	-62.0	15.1	29.9	4.1	107.5	27.4	-5.3	Jun Q 07	-24.0
Total Gross State Product	1.1	5.5	1.6	0.2	0.2	6.0	7.5	N/A		
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-Coralina 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	Latest	Annual % change ^{**}
Real Retail Turnover	5.7	-0.8	4.1	1.7	4.9	5.1	2.4	8.0	Jun Q 07	6.3
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Sep 07	6.2
Tourist Accommodation Takings	16.8	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Jun Q 07	11.4
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.5	Aug 07	-13.3
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.8	Jun Q 07	13.2
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Sep 07	6.4
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Sep 07	3.6
Darwin Consumer Price Index ^{##}	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Jun Q 07	3.7
AWOTE [#] (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	May Q 07	0.4
Wage Price index (year average)	2.5	2.8	3.1	3.0	3.3	3.7	4.4	3.9	May Q 07	4.1
Population, December (levels - thousands) ^{##}	194.3	196.3	198.4	199.4	200.7	203.9	208.5	212.6	Mar Q 07	213.8
Population (annual % change) ^{##}	1.6	1.0	1.1	0.5	0.7	1.6	2.3	2.0	Mar Q 07	2.0
Net Interstate Migration (levels - number) ^{##}	-817	-1621	-1730	-2397	-2241	-439	693	-489	Mar Q 07	-180.0

* 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	29 Oct 07	6.99
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	29 Oct 07	6.13
Exchange Rates										
US\$ per A\$ (year average)	0.63	0.52	0.52	0.58	0.71	0.75	0.75	0.79	29 Oct 07	0.82
US\$ per A\$ (as at 30 June)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	29 Oct 07	0.92
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	29 Oct 07	0.59
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	29 Oct 07	72.45

* 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 2007			
ABS	5368.0	International Trade in Goods & Services, September 2007	01-Nov-07
ABS	8501.0	Retail Trade, September 2007	01-Nov-07
ABS	5220.0	State Accounts (GSP), 2006-07	02-Nov-07
ABS	3401.0	Overseas Arrivals and Departures, Australia (<i>no brief</i>), September 2007	05-Nov-07
ANZ		ANZ job ads series (<i>no brief</i>), October 2007	05-Nov-07
ABS	6416.0	House Price Indexes: Eight Capital Cities, September Quarter 2007	07-Nov-07
ABS	5609.0	Housing Finance, September 2007	07-Nov-07
ABS	6202.0	Labour Force, October 2007	08-Nov-07
ABS	5671.0	Lending Finance, September 2007	12-Nov-07
ABS	6345.0	Labour Price Index (Wage Cost Index), September Quarter 2007	14-Nov-07
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	14-Nov-07
ABS	6291.0.55.001	Labour Force by Industry (<i>no brief</i>), October 2007	15-Nov-07
ABS	6302.0	Average Weekly Earnings, August Quarter 2007	15-Nov-07
AAA		Petrol Prices, October 2007	Mid Nov-07
ABS	5220.0	State Accounts (GSP), 2006-07	16-Nov-07
ABS	9314.0	Sales of New Motor Vehicles, October 2007	21-Nov-07
Westpac-MI		Leading Index (<i>no brief</i>)	21-Nov-07
Sensis		Sensis Business Index	27-Nov-07
ABS	8755.0	Construction Work Done, September Quarter 2007	28-Nov-07
DEWRSB		Skilled Vacancy Survey	28-Nov-07
ABS	5625.0	Private New Capital Expenditure (<i>no brief</i>), September Quarter 2007	29-Nov-07
ABS	5302.0	Balance of Payments, September Quarter 2007	30-Nov-07
December 2007			
ABS	5368.0	International Trade in Goods & Services, October 2007	03-Dec-07
ABS	5676.0	Business Indicators (<i>no brief</i>), September Quarter 2007	03-Dec-07
ABS	3101.0	Population, June Quarter 2007	04-Dec-07
ABS	8501.0	Retail Trade, October 2007	04-Dec-07
ABS	8731.0	Building Approvals, October 2007	04-Dec-07
ABS	5206.0	National Accounts - State Final Demand, September Quarter 2007	05-Dec-07
ABS	3401.0	Overseas Arrivals and Departures, Australia (<i>no brief</i>), October 2007	05-Dec-07
ABS	5609.0	Housing Finance, October 2007	10-Dec-07
ANZ		ANZ job ads series (<i>no brief</i>), November 2007	10-Dec-07
ABS	5671.0	Lending Finance, October 2007	12-Dec-07
ABS	8412.0	Mineral and Petroleum Exploration, Australia, September Quarter 2007	12-Dec-07
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	12-Dec-07
ABS	6202.0.55.001	Labour Force, November 2007	13-Dec-07
AAA		Petrol Prices, November 2007	Mid Dec-07
ABS	8750.0	Dwelling Commencements - Preliminary, September Quarter 2007	17-Dec-07
DEWRSB		Skilled Vacancy Survey (<i>no brief</i>)	19-Dec-07
Westpac-MI		Leading Index (<i>no brief</i>)	19-Dec-07
ABS	6291.0.55.001	Labour Force by Industry (<i>no brief</i>), November 2007	20-Dec-07
ABS	9314.0.55.001	Sales of New Motor Vehicles, November 2007	21-Dec-07

Consumer Price Index

In the September quarter 2007, Darwin's Consumer Price Index (CPI) increased by 1.2 per cent compared to an increase of 0.7 per cent nationally. In annual terms, Darwin's CPI increased by 3.2 per cent, continuing a downward trend from the recent peak of 5.0 per cent reported in the December quarter 2006. Nationally, the annual inflation rate decreased to 1.9 per cent, down from 2.1 per cent recorded in the June quarter 2007. Darwin's annual inflation rate has exceeded the national rate since December 2005.

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'. All costs associated with 'housing' went up and almost all 'food' products experienced price increases. 'Sport and other recreation' as well as 'holiday travel and accommodation' were driving recreation prices upwards.

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 2007 the PPI increased by 1.1 per cent from the previous quarter influenced by an increasing domestic goods component of 1.5 per cent and a decreasing imported goods component of 1.5 per cent.

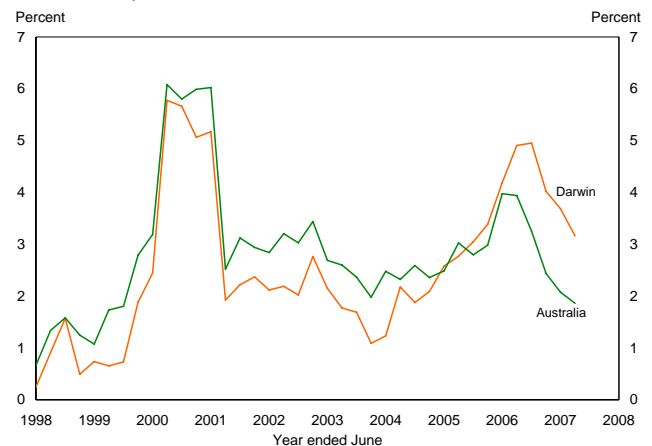
In the year to September 2007, the PPI increased by 2.8 per cent, with domestic goods prices increasing by 3.8 per cent and imported goods prices decreasing by 3.7 per cent. The appreciating Australian dollar is the primary reason for decreasing import prices. In the year, imported capital goods prices decreased by 4.3 per cent while prices of imported consumer goods decreased by 3.3 per cent. Domestically produced consumer and capital goods prices increased by 3.1 and 4.3 per cent over the same period.

Tourist Accommodation

In the June quarter 2007, tourist accommodation figures indicate an increase in the level of tourism activity in the Territory. In original terms, takings in the Northern Territory increased by 14.8 per cent in 2006-07, while room occupancy rates increased by 2.7 percentage points over the same period.

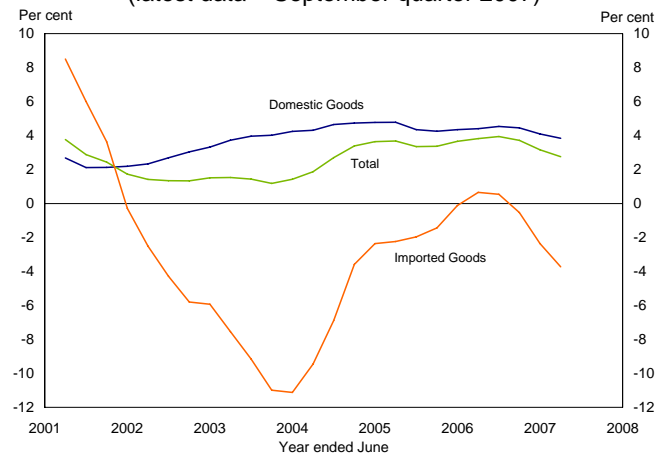
In annual terms, growth in accommodation takings increased by 11.4 per cent in the Territory, with substantial variation across major centres. Takings grew by 13.7 per cent in Darwin and 17.9 per cent in the 'rest of the Territory', while decreasing by 2.5 per cent in Alice Springs and 1.1 per cent in Katherine. Over the same period, room occupancy rates increased by; 2.2 percentage points in Darwin and by 4.6 percentage points in the 'rest of the Territory', while falling 1.4 percentage points in Alice Springs and by 0.6 percentage points in Katherine. The number of 'guest nights' reported increased in Darwin however Katherine and Alice Springs reported decreases.

Consumer Price Index* (latest data – September quarter 2007)



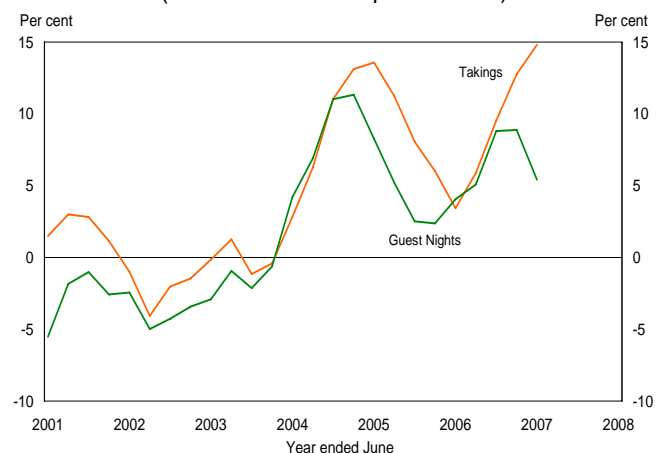
*annual percentage change
Source: ABS Cat. Nos. 6401.0

Producer Price Index* (latest data – September quarter 2007)



*annual percentage change
Source: ABS Cat. No. 6345.0

Tourist Accommodation* (latest data – June quarter 2007)



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

Retail Turnover

Seasonally adjusted retail turnover in the Territory increased by 0.2 per cent in August 2007, while increasing by 0.7 per cent nationally. In the year to August 2007, current price retail turnover increased by 10.8 per cent in the Territory, the second highest growth of the jurisdictions behind Western Australia and well above national growth (see chart).

Total retail expenditure is divided, by the Australian Bureau of Statistics (ABS), into six broad categories. In the month of August 2007 (in original terms) current price retail turnover in the Territory totalled \$221 million. Of this total expenditure, 48.2 per cent (or \$106 million) was on 'food', 16.7 per cent (\$37 million) was on 'hospitality and services', 14.2 per cent (\$31 million) was on 'household goods', 14.0 per cent (\$31 million) was on 'department stores and other retailing', 4.8 per cent (\$11 million) was on 'clothing and soft goods', leaving the remaining 2.1 per cent (\$5 million) expenditure on recreation related goods.

Sales of New Motor Vehicles

In September 2007, Territory new motor vehicle sales decreased by 0.2 per cent to 813 in trend terms. Sales of passenger vehicles decreased in the month by 0.8 per cent, sales of 'other' vehicles decreased by 0.8 per cent while sales of SUV's increased by 1.8 per cent. Nationally, the total level of motor vehicle sales increased 0.2 per cent in the month of September 2007.

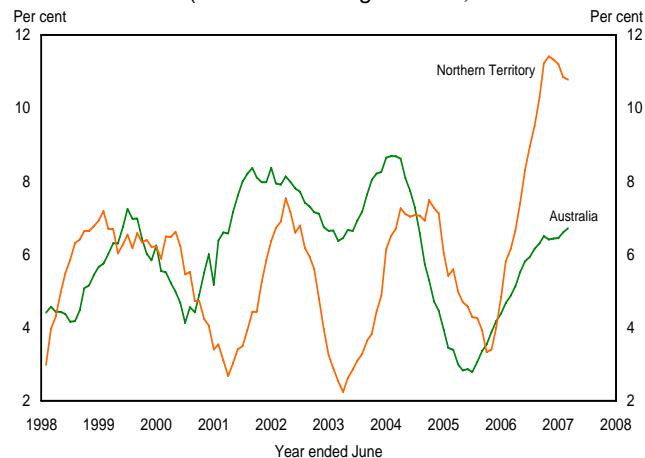
In the year to September 2007, new motor vehicle sales in the Territory increased by 7.5 per cent to 9 800 (see chart). In year on year terms, sales of passenger vehicles increased 7.3 per cent to 4 686, sales of 'other' vehicles increased 6.5 per cent to 3100, and sales of SUV's increased 9.8 per cent to 2014. Nationally, sales of new motor vehicles increased 6.4 per cent in the year.

Petrol Prices

In September 2007, fuel prices increased by 1.7 cpl in Darwin to 135.6 cpl while the eight capital cities weighted average price increased by 0.8 cpl to 121.9 cpl. This represents a 13.7 cpl price differential between Darwin and the eight capital cities weighted average. Compared to September 2006 petrol prices in Darwin have decreased by 0.2 cpl, while nationally the eight capital cities weighted average price decreased by 0.9 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).

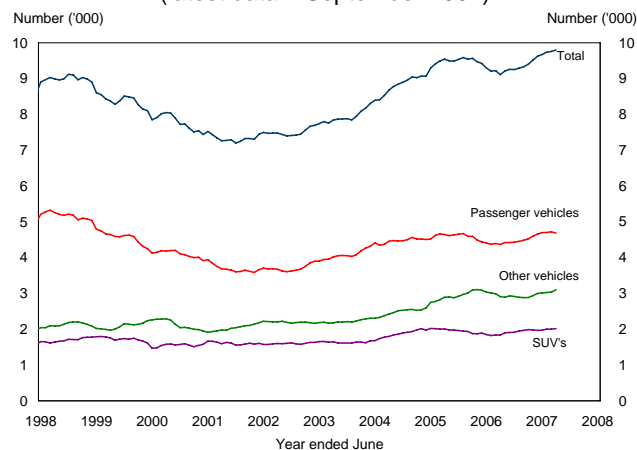
In A\$ terms, crude oil prices increased by 6.5 per cent in September 2007, averaging A\$98.44 a barrel. Crude oil increased sharply in September, although remaining below their peak reported in mid 2006. However low excess global production capacity means that crude oil prices will remain sensitive to supply shocks in the short to medium term.

Retail Turnover* (latest data – August 2007)



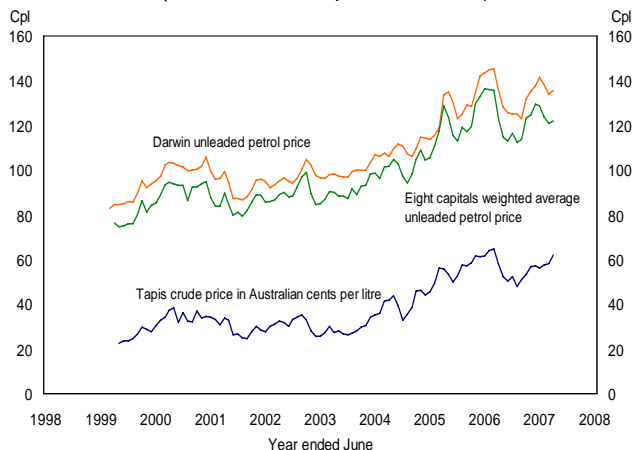
* year on year percentage change, current price
Source: ABS Cat. No. 8501.0

Motor Vehicle Sales* (latest data – September 2007)



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

Petrol Prices (latest data – September 2007)



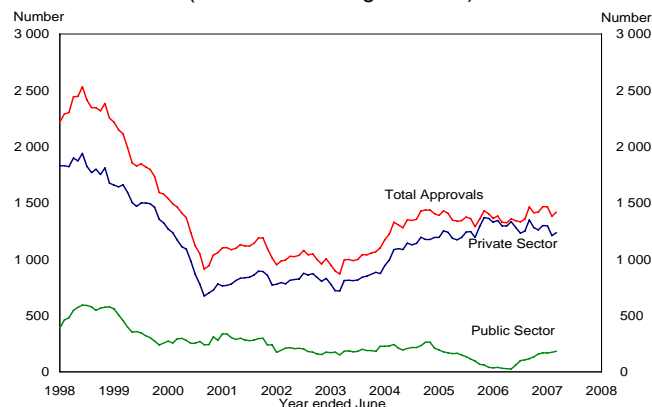
Source: Australian Automobile Association, Reserve Bank of Australia and Energy Information Administration

Building Approvals

In the Territory, residential building approvals increased by 18 to 122 (in original terms) in August 2007. Of these 122 approvals, 110 were in the private sector and 12 were in the public sector. Of the private sector approvals in the month, 52 were for 'houses' and 57 for 'other residential'. There was only one 'alterations and additions', and no 'conversions' or 'residential building in a non-residential facility' (such as a care-taker or park-ranger dwelling). In the public sector there were eight approvals for 'houses' and four approvals for 'other residential'.

In the year to August 2007, residential building approvals in the Territory increased by 7.0 per cent to 1 420 (see chart). Of the 1 420 residential building approvals, 1 237 were in the private sector, with the remaining 183 approvals in the public sector.

Building Approvals* (latest data – August 2007)



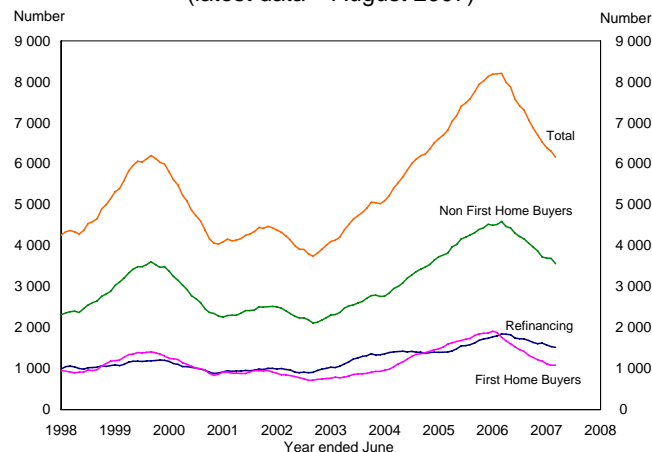
* moving annual total
Source: ABS Cat. Nos. 8731.0

Housing Finance for Owner Occupation

In August 2007, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory increased by 1.4 per cent to 514, consistent with national commitments which increased 1.6 per cent. In annual terms, the number of Territory finance commitments decreased by 20.6 per cent, compared to a 0.3 per cent decrease nationally.

In the year to August 2007, housing finance commitments in original terms decreased by 24.9 per cent in the Territory, driven by a 24.7 per cent decline in the purchase of established dwellings and a 17.9 per cent decline in refinancing commitments. 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 August 2007, housing finance commitments have increased by 3.5 per cent at the national level.

Number of housing finance commitments* (latest data – August 2007)



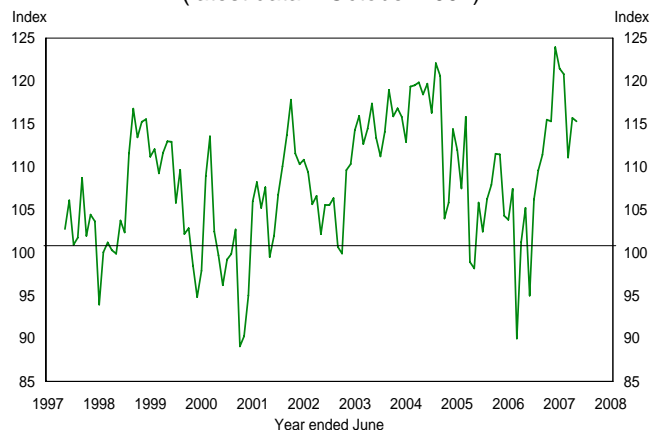
* moving annual total
Source: ABS Cat. Nos. 5609.0

Consumer Sentiment Index

At the national level, consumer sentiment, as reported by the Westpac-Melbourne Institute, decreased by 0.3 per cent from 115.7 in September 2007 to 115.3 in October 2007. Compared to October 2006, the index has increased by 9.6 per cent. Factors that contributed to the positive result include; the latest Australian Government tax cuts announced in the May 2007 budget, the record level of the Australian All Ordinary's Share Price Index, a 32-year low in unemployment, and the continued appreciation in the Australian dollar.

The Westpac-Melbourne Institute reports that most of the consumer sentiment index sub-components were stable for the month. Only two components moved significantly compared to a year ago; households assessed family finances decreased by 4.1 per cent, while the outlook for the next 12 months increased by 2.9 per cent.

Consumer Sentiment Index (latest data – October 2007)



Source: Westpac-Melbourne Institute

Engineering Construction Activity

In seasonally adjusted real terms, engineering construction work done in the Territory decreased by 19.4 per cent in the June quarter 2007 and decreased by 18.0 per cent (to \$1.5 billion) in 2006-07 (see chart). While still at high levels, the current value of engineering construction work done has moderated 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, with the private sector accounting for 93.2 per cent, or \$1.4 billion, of total work done in 2006-07. With work valued at \$1.16 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 \$102 million in 2006-07, with 52.5 per cent on 'roads, highways and subdivisions', 25.2 per cent of this activity on 'telecommunications', and 6.1 per cent on 'electricity generation, transmission and pipelines'.

Building Activity

In the June quarter 2007, seasonally adjusted total building work done decreased 17.3 per cent in the Territory, while decreasing 3.9 per cent nationally. In annual terms seasonally adjusted total building work done decreased by 17.1 per cent in the Territory, compared to a decrease 0.1 per cent nationally. In year on year terms the Territory recorded the fourth strongest growth of the jurisdictions at 4.4 per cent (behind the Australian Capital Territory, Western Australia and Queensland) in 2006-07, and stronger than the 3.8 per cent increase nationally.

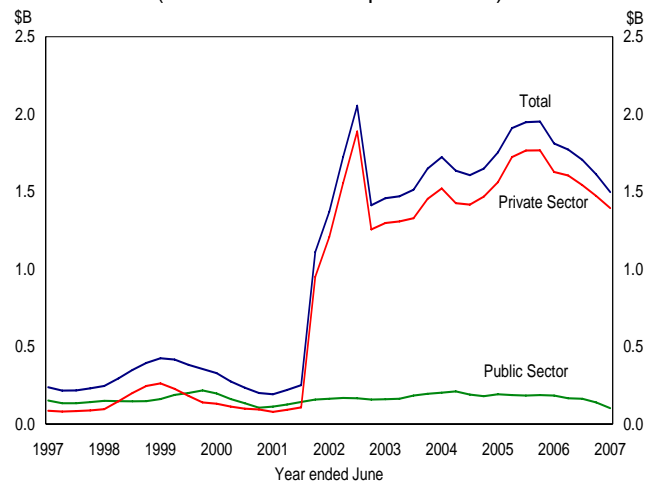
In 2006-07, the value of residential building work done represented 55 per cent of total building activity, with the remaining 45 per cent attributable to non-residential activity. Of the \$338 million in the residential market (see chart), 46.6 per cent (\$157 million) was for new houses, 35.9 per cent (\$121 million) for new 'other residential' and the remaining 17.6 per cent (\$59 million) was for alterations and additions. The value of building activity in the non-residential market was \$277 million.

Total Construction Activity

In the June quarter 2007, seasonally adjusted construction work done decreased by 18.7 per cent to \$428 million in the Territory, compared to a national decrease of 2.5 per cent. In annual terms, the value of construction activity in the Territory decreased by 23.3 per cent, continuing its moderating trend over the past year. Although, the value of total construction activity has declined in 2006-07, it remains well above long-term trend levels (see chart). Year on year construction activity decreased to 12.4 per cent to \$2.1 billion in the Territory, while increasing 5.8 per cent nationally.

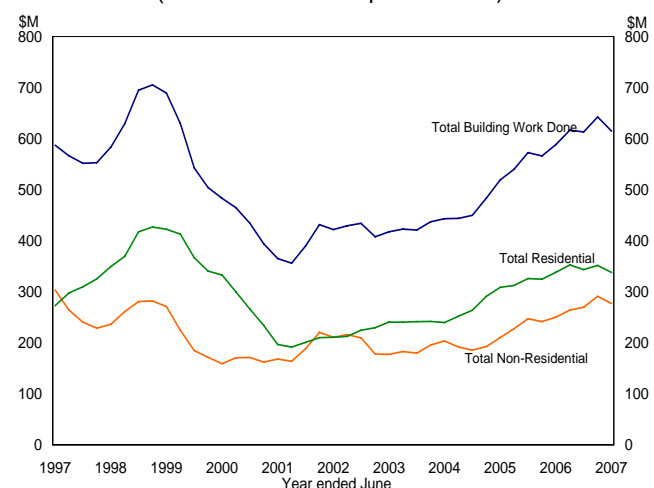
The decline in annual terms was largely driven by a 25.9 per cent fall in engineering construction activity (to \$291 million). This reflects the completion of construction at the Wickham Point LNG plant and the Alcan G3 expansion nearing completion.

Engineering Activity*
(latest data – June quarter 2007)



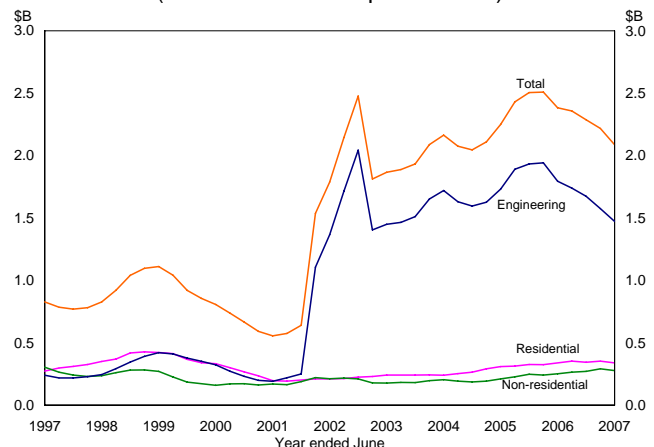
* moving annual total
Source: ABS Cat. No. 8762.0

Building Activity*
(latest data – June quarter 2007)



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

Total Construction Activity*
(latest data – June quarter 2007)



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

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 increased by 918 to 108 985 in September 2007 (see chart). This is the highest resident employment level on record level for the Territory. Nationally, seasonally adjusted employment increased by 12 966 in the month to about 10.5 million employed persons.

A comparison of Territory (trend) resident employment in September 2007 with resident employment in September 2006 shows an increase of 7.0 per cent, the highest annual growth rate of the jurisdictions. In year on year terms, a more stable measure of growth, Territory employment has increased by 5.4 per cent (in original terms), compared to 2.7 per cent growth reported nationally.

Unemployment

The Territory's trend unemployment rate was 4.3 per cent in September 2007, down from (a revised) 4.4 per cent reported in August 2007. Compared to September 2006, the unemployment rate has increased by 0.6 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 September 2007 the Territory reported the fourth lowest trend unemployment rate of the jurisdictions, behind the ACT, Queensland and Western Australia.

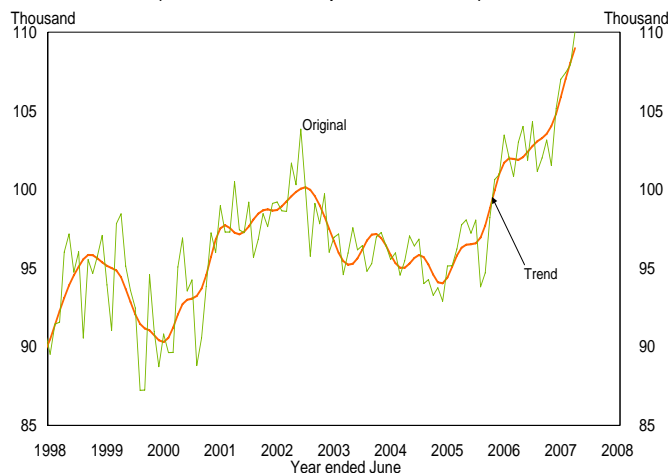
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) decreased to 4.2 per cent in September 2007, down from 4.3 per cent reported in August 2007. This is a new 32 year low.

International Merchandise Trade

In the year to August 2007 the value of Territory merchandise exports increased by 33.5 per cent mainly due to higher LNG exports as well as higher crude oil and commodity prices. Over the same period, the value of merchandise imports to the Territory decreased by 8.7 per cent. Partially offsetting the decline in imports was increasing gas feedstock imports for the Wickham Point LNG plant and machinery and transport equipment requirements for the Alcan G3 refinery expansion at Gove.

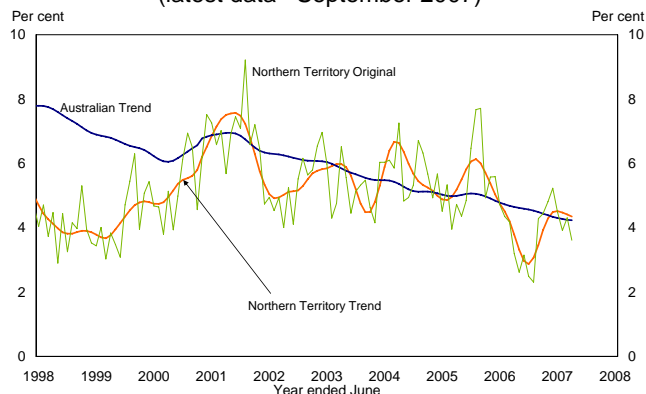
The Territory's goods trade balance increased by \$1.3 billion in the year to August 2007, to a surplus of \$1.2 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory. Lower imports of machinery and equipment reflect the completion of major projects.

Territory Employment
(latest data – September 2007)



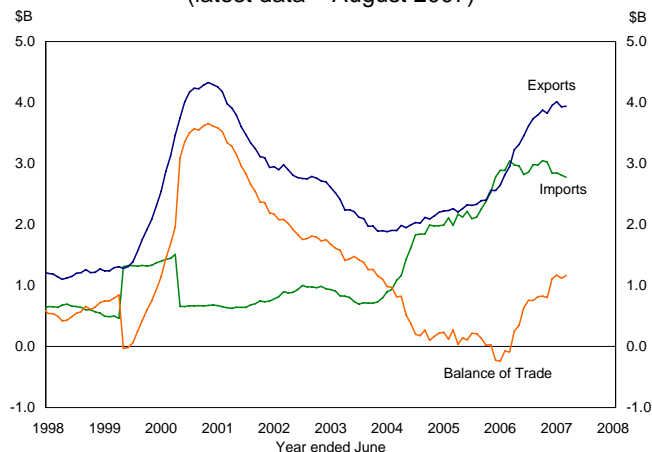
Source: ABS Cat. No. 6202.0

Territory Unemployment
(latest data – September 2007)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance*
(latest data – August 2007)



* 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 November 2007

Comparative Economic Indicators*

Indicator	Period	Measure	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross 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 Jun 07	% change	2.1	2.5	3.1	7.7	3.3	8.8	1.6	5.4	4.5
International Goods Exports	Year to Aug 07	% change	33.5	2.0	3.9	-3.8	3.5	22.3	26.3	350.0	7.0
International Goods Imports	Year to Aug 07	% change	-8.7	7.2	4.1	9.4	7.2	18.9	7.5	10566.7	7.8
Demography											
Population	Mar-06 Qtr to Mar-07 Qtr	% change	2.0	1.0	1.5	2.3	1.0	2.2	0.6	1.5	1.5
Labour Market											
Employment (trend)	Sep 06 to Sep 07	% change	7.0	1.8	2.8	3.3	1.0	4.2	2.1	-0.2	2.6
Participation Rate (trend)	As at September 06	%	70.0	63.1	64.4	66.9	62.6	67.5	60.6	74.1	64.8
	As at September 07	%	73.5	63.2	64.8	67.0	62.4	68.8	60.6	72.5	65.0
Unemployment Rate (trend)	As at September 06	%	3.8	5.0	4.8	4.3	4.8	3.4	6.2	2.9	4.6
	As at September 07	%	4.3	4.6	4.4	3.6	4.7	3.4	5.0	2.5	4.2
ANZ Job Ads	Year to Sep 07	% change	8.2	-7.0	-4.6	1.0	6.8	6.4	3.0	8.6	-0.5
Prices and Wages											
Consumer Price Index	Jun-06 Qtr to Jun-07 Qtr	% change	3.7	1.7	2.0	2.6	1.7	3.1	2.2	2.0	2.1
	Year to Jun 07 Qtr	% change	4.4	2.7	2.6	3.3	2.6	3.9	2.5	2.9	2.9
Average Weekly Earnings (full-time adult total earnings)	As at May 07	\$	1093.30	1171.40	1114.10	1076.40	1057.40	1231.40	1050.30	1298.80	1136.10
Housing Sector											
Building Approvals (number)	Year to Aug 07	% change	7.0	-4.4	-0.2	10.9	-5.7	-11.1	4.6	12.3	-0.3
Housing Finance for Owner Occupation (number)	Year to Aug 07	% change	-24.9	4.0	3.6	8.7	5.1	-5.7	4.4	22.1	3.5
Housing Affordability Indicator ^(b)	As at Jun 07 Qtr	Level	44.8	26.0	29.0	27.0	30.1	28.3	29.2	48.6	27.6
Consumer Spending											
Retail Trade (current \$)	Year to Aug 07	% change	10.8	5.1	5.9	7.5	6.9	12.0	3.9	8.0	6.7
New Motor Vehicle Sales (No.)	Year to Sep 07	% change	7.5	6.7	4.8	7.8	-1.7	10.8	1.7	12.3	6.4
Tourist Accommodation - Takings (current \$)	Year to Jun 07	% change	14.8	9.6	9.4	9.0	8.7	17.4	4.8	16.2	10.3

*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.