

THE NORTHERN TERRITORY ECONOMY

The strength of the Territory economy continues despite the financial crisis gripping the world, including the economies of trading partners such as Japan. A number of current economic indicators point to the strength in the Territory including strong population and employment growth and ongoing strength in household consumption expenditure. However, indicators such as building approvals and dwelling commencements have weakened from their peaks reported in recent years (see Table 1). These building indicators have moderated from high levels, and reflect in part the impact of high house prices on dwelling demand. Housing affordability, both in the Territory and nationally, has been steadily declining over the past six years as a result of strong price growth and increasing interest rates. However, the Territory remains the second most affordable of the jurisdictions, behind the ACT.

Population growth in the Territory continues to perform well above the long-term trend, growing a solid 2.2 per cent over the year to the March quarter 2008. The strength in population growth is also supporting employment growth, which at 5.4 per cent is the highest of any Australian jurisdiction in the year to August 2008 and significantly higher than the 2.6 per cent growth reported nationally. The Territory unemployment rate has also fallen to its lowest level on record at 2.6 per cent, significantly lower than the 4.2 per cent reported nationally, and provides an indication of the tight labour market and skill shortages in key industries. With the labour market expected to continue to operate at near full employment and the Territory population continuing to grow, the Territory Government has fast-tracked the release of 3000 parcels of land in Palmerston East, to cater for growing demand. Growth in retail trade turnover is also supporting employment growth in the Territory, increasing 11.3 per cent in the year to August 2008, the highest of the jurisdictions and almost double the 6.2 per cent growth reported nationally. The strong retail trade turnover is despite a period of high interest rates, signalling Territory consumers have remained confident during a period of difficult global and domestic economic circumstances.

Table 1: Key Economic Indicators (year on year percentage change)

	Latest Available	NT	Australia
State Final Demand	Jun-08	3.4%	5.1%
Population [#]	Mar-08	2.2%	1.6%
Employment	Aug-08	5.4%	2.6%
Unemployment Rate (Trend)	Aug-08	2.6%	4.2%
Consumer Price Index*	Jun-08	3.5%	3.4%
Average Weekly Earnings	May-08	3.4%	4.6%
Wage Price Index	Jun-08	3.9%	4.2%
House Price Index*	Jun-08	9.0%	11.7%
Building Approvals (Number)	Aug-08	-28.2%	3.6%
Dwelling Commencements	Jun-08	-21.1%	3.0%
Housing Affordability Indicator [^]	Jun-08	39.2	25.2
New Motor Vehicles Sales	Aug-08	9.6%	3.5%
Exports	Aug-08	26.3%	13.8%
Imports	Aug-08	4.1%	12.9%
Retail Trade Turnover	Aug-08	11.3%	6.2%

[#]Annual Percentage Change

*Darwin versus Eight Capital Cities Average

[^] The higher the indicator, the greater the affordability of housing

Source: Australian Bureau of Statistics

Export growth has been significant in the Territory, increasing 26.3 per cent in the year to August 2008, riding on the back of the resources boom. The announcement of 26 September 2008 that INPEX has selected Darwin as the proposed future site of a two train LNG project, may provide a further major boost to the Territory economy through the creation of thousands of jobs during the construction phase, if the project proceeds as planned. Construction is proposed to begin in 2010, and if it proceeds as expected, production should commence in 2014 or early 2015, increasing exports of LNG and condensate significantly. Once construction is completed, the two train plant is expected to employ about 300 staff during the operational phase, and produce 8 million tonnes of LNG a year over the life of the project.

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 (2005-06 prices)										
Private Consumption	6.5	3.5	6.5	4.6	6.4	4.8	5.7	4.0	Jun Q 08	2.5
Public Consumption	7.6	1.1	0.4	2.5	4.6	3.2	2.2	5.3	Jun Q 08	4.5
Total Consumption Expenditure	7.0	2.4	3.8	3.7	5.6	4.1	4.2	4.5	Jun Q 08	3.3
Private Investment										
<i>Dwellings</i>	-25.2	-40.1	3.4	9.8	-3.5	27.6	14.5	-4.1	Jun Q 08	12.9
<i>Other buildings and structures</i>	-59.0	-22.6	125.4	26.6	6.5	0.7	4.5	-4.0	Jun Q 08	7.5
<i>Machinery and equipment</i>	11.5	30.9	2.3	6.7	11.7	-11.7	29.1	6.9	Jun Q 08	31.8
<i>Livestock</i>	-7.1	46.2	5.3	-55.0	222.2	-6.9	11.1	-30.0	Jun Q 08	14.3
<i>Intangible fixed assets**</i>	-19.0	-16.8	50.0	-42.2	-19.0	62.1	96.7	-4.0	Jun Q 08	-12.9
<i>Ownership transfer costs</i>	-8.4	-21.1	15.1	5.1	27.9	6.8	10.6	-2.5	Jun Q 08	-13.5
Business Investment [#]	-40.2	-1.7	54.6	7.9	9.7	0.5	17.1	-2.6	Jun Q 08	14.7
Total Private Investment	-36.2	-11.4	45.0	8.0	8.5	3.8	16.4	-2.8	Jun Q 08	13.1
Public Investment	46.2	46.4	19.0	-33.2	1.5	25.5	2.2	-3.0	Jun Q 08	76.7
Total Investment	-29.9	-2.1	38.7	-0.5	7.5	6.6	14.2	-2.8	Jun Q 08	22.1
State Final Demand	-5.0	1.5	12.0	2.3	6.1	4.9	7.1	2.2	Jun Q 08	8.7
State Final Demand less L-C and B-U^{##}	2.5	1.6	10.7	0.8	5.1	9.8	8.6	2.7	Jun Q 08	
International Trade - export of goods	47.3	29.9	-22.6	-11.0	-23.7	-6.2	-1.8	44.1	Jun Q 08	-6.3
International Trade - import of goods	177.7	-62.0	15.1	29.9	4.3	107.3	27.4	-0.4	Jun Q 08	-6.2
Total Gross State Product	7.3	5.6	1.7	0.6	2.0	5.5	5.5	5.6		
Contribution to GSP Growth										
Private Consumption	2.7	1.4	2.6	1.9	2.8	2.1	2.6	1.5		
Public Consumption	2.5	0.4	0.1	0.8	1.5	1.0	0.7	1.4		
Private Investment	-12.3	-2.3	7.7	1.9	2.2	1.0	4.4	-0.9		
Public Investment	1.3	1.8	1.0	-2.1	0.1	1.1	0.1	-0.4		
State Final Demand	-5.5	1.5	11.4	2.4	6.5	5.3	7.7	1.6		
Net International Exports	3.5	24.4	-13.2	-7.8	-9.3	-12.2	-6.1	9.1		
Balancing item	9.4	-20.4	3.5	6.0	4.8	12.4	3.9	-5.1		
Gross State Product	7.3	5.6	1.7	0.6	2.0	5.5	5.5	5.6		

* 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	Latest	Annual % change**
Real Retail Turnover	5.7	-0.8	4.1	1.7	4.9	5.1	2.4	7.9	Jun Q 08	7.6
New Motor Vehicle Sales	-8.8	-4.2	-0.3	3.3	8.4	10.7	0.0	4.1	Aug 08	8.1
Tourist Accommodation Takings	0.0	1.5	-1.0	-0.1	2.8	13.6	3.4	14.8	Mar Q 08	11.8
Number of Dwellings Approved	-30.6	-28.4	-13.8	0.0	23.4	18.4	-1.8	7.4	Jul 08	-46.1
Number of Dwellings Commenced	-21.1	-34.0	0.1	-4.1	6.0	29.1	1.3	-0.2	Jun Q 08	-50.4
Employment	-2.3	1.5	4.6	1.1	-2.9	-1.3	3.0	5.3	Aug 08	3.9
Unemployment rate	4.4	5.6	6.7	5.5	5.2	5.7	5.5	3.8	Aug 08	2.1
Darwin Consumer Price Index ^{##}	0.7	3.9	3.6	2.2	2.1	1.6	2.6	4.4	Jun Q 08	3.9
AWOTE [#] (year average)	4.6	3.7	2.3	5.0	6.5	7.0	3.9	0.7	May Q 08	5.0
Wage Price index (year average)	0.0	2.8	3.1	3.0	3.3	3.7	4.4	3.9	May Q 08	4.3
Population, December (levels - thousands) ^{##}	194.3	196.3	198.3	199.3	200.6	203.8	208.4	212.5	Mar Q 08	218.4
Population (annual % change) ^{##}	1.6	1.0	1.1	0.5	0.6	1.6	2.3	2.0	Mar Q 08	2.2
Net Interstate Migration (levels - number) ^{##}	-817	-1621	-1751	-2440	-2283	-482	726	-438	Mar Q 08	854.0

* 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 25 July)	6.17	5.02	5.11	4.67	5.50	5.66	5.97	6.43	29 Sep 08	7.30
10 Year Govt Bond Yield (as at 25 July)	6.16	6.04	5.99	5.01	5.87	5.11	5.79	6.26	29 Sep 08	5.66
Exchange Rates										
US\$ per A\$ (year average)	0.63	0.54	0.52	0.58	0.71	0.75	0.75	0.79	29 Sep 08	0.91
US\$ per A\$ (as at 25 July)	0.60	0.51	0.56	0.67	0.69	0.76	0.74	0.85	29 Sep 08	0.83
Special Drawing Rights [*] per A\$ (as at 25 July)	0.45	0.41	0.43	0.48	0.47	0.52	0.51	0.56	29 Sep 08	0.53
Trade Weighted Index of A\$ (as at 25 July)	53.30	49.70	52.30	59.40	59.06	64.50	62.24	68.92	29 Sep 08	65.65

* 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

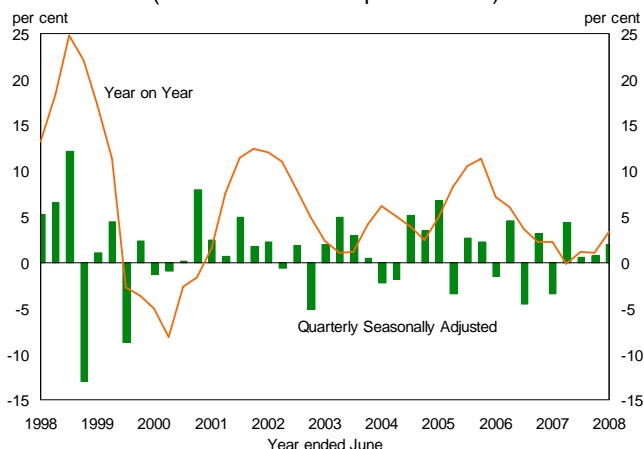
October 2008			
ABS	5368.0	International Trade in Goods and Services, Australia, August 2008	02-Oct-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, August 2008 (<i>no brief</i>)	03-Oct-08
ANZ		ANZ job ads series, September 2008 (<i>no brief</i>)	06-Oct-08
ABS	5609.0	Housing Finance, Australia, August 2008	08-Oct-08
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	08-Oct-08
ABS	6202.0	Labour Force, Australia, September 2008	09-Oct-08
ABS	5671.0	Lending Finance, Australia, August 2008	13-Oct-08
ABS	8752.0	Building Activity, Australia, June Quarter 2008	13-Oct-08
ABS	8782.0.65.001	Construction Activity: Chain Volume Measures, Australia, June Quarter 2008	13-Oct-08
Westpac-MI		Leading Index (<i>no brief</i>)	15-Oct-08
AAA		Petrol Prices, September 2008	Mid-Oct 08
ABS	6291.0.55.001	Labour Force by Industry, September 2008 (<i>no brief</i>)	16-Oct-08
	6457.0	International Trade Price Indexes, Australia, September 2008	17-Oct-08
ABS	6427.0	Producer Price Indexes, Australia, September 2008 (<i>no brief</i>)	20-Oct-08
ABS	9314.0	Sales of New Motor Vehicles, Australia, September 2008	21-Oct-08
ABS	6401.0	Consumer Price Index, Australia, September Quarter 2008	22-Oct-08
ABS	6403.0.55.001	Average Retail Prices of Selected Items, Eight Capital Cities, September 2008	29-Oct-08
November 2008			
ABS	8501.0	Retail Trade, September 2008	03-Nov-08
ANZ		ANZ job ads series, October 2008 (<i>no brief</i>)	03-Nov-08
ABS	6416.0	House Price Indexes: Eight Capital Cities, September Quarter 2008	03-Nov-08
ABS	5368.0	International Trade in Goods & Services, September 2008	05-Nov-08
ABS	8731.0	Building Approvals, September 2008	05-Nov-08
ABS	6202.0	Labour Force, October 2008	06-Nov-08
ABS	3401.0	Overseas Arrivals and Departures, Australia, September 2008 (<i>no brief</i>)	06-Nov-08
ABS	5609.0	Housing Finance, September 2008	10-Nov-08
ABS	6345.0	Labour Price Index (Wage Cost Index), September Quarter 2008	12-Nov-08
ABS	5671.0	Lending Finance, September 2008	12-Nov-08
Westpac-MI		Consumer Sentiment Index (<i>no brief</i>)	12-Nov-08
ABS	6291.0.55.001	Labour Force by Industry, October 2008 (<i>no brief</i>)	13-Nov-08
ABS	6302.0	Average Weekly Earnings, August Quarter 2008	13-Nov-08
AAA		Petrol Prices, October 2008	Mid-Nov 08
ABS	9314.0.55.001	Sales of New Motor Vehicles, October 2008	19-Nov-08
Westpac-MI		Leading Index (<i>no brief</i>)	19-Nov-08
ABS	8755.0	Construction Work Done, September Quarter 2008	26-Nov-08
ABS	5625.0	Private New Capital Expenditure, September Quarter 2008 (<i>no brief</i>)	27-Nov-08

State Final Demand

Territory State Final Demand (SFD) increased by 7.8 per cent in seasonally adjusted annual terms in June 2008. In 2007-08, Territory SFD increased by 3.4 per cent (see chart).

In June 2008, in seasonally adjusted terms, total investment increased by 4.4 per cent, adding 5.4 percentage points to annual SFD growth. The largest contributor to the increase in total investment was machinery and equipment which added 2.0 percentage points, driven by purchases by a number of Territory mines. Public investment increased over the year, adding 2.6 percentage points to growth. Total consumption increased by 3.3 per cent over the year, contributing 2.4 percentage points to SFD growth. Government consumption expenditure was the main contributor to the increase in total consumption, adding 1.3 percentage points with an equal contribution by the Commonwealth and Territory governments. The increase in household consumption expenditure contributed 1.1 percentage points to total SFD growth over 2007-08.

State Final Demand
(latest data – June quarter 2008)



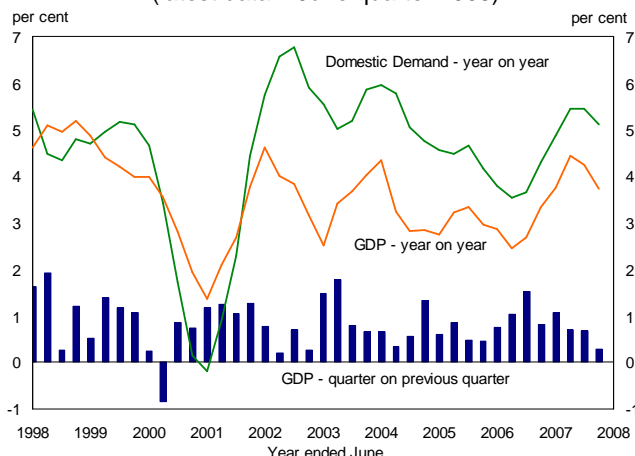
Source: ABS Cat. No. 5206.0

Gross Domestic Product

Australia's Gross Domestic Product (GDP) increased by 0.3 per cent in the June quarter 2008 in seasonally adjusted terms, and increased by 2.7 per cent through the year. Growth in the June quarter 2008 was driven by increases in private gross fixed capital formation (investment) and general government consumption, which contributed 0.7 and 0.2 percentage points respectively to the quarterly growth rate. Over the year to June 2008, GDP growth was underpinned by solid household consumption and business investment, contributing 1.7 percentage points each to total GDP growth.

On the production side, the 'property and business services' industry was the largest contributor to growth in June 2008, and was supported by growth in the 'construction' and 'manufacturing' industries.

Gross Domestic Product
(latest data – June quarter 2008)



Source: ABS Cat. No. 5206.0

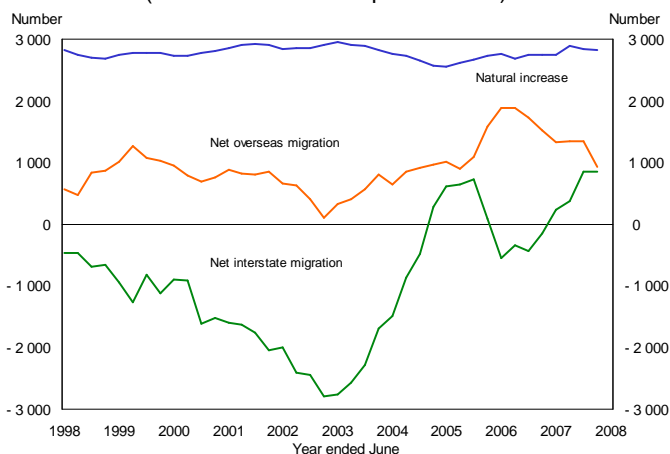
Population

In the March quarter 2008, the Northern Territory's resident population is estimated to have increased by 0.4 per cent (821) to 218 380. In annual terms to March 2008, Territory population growth is estimated to have increased by 2.2 per cent, the third highest growth rate of the jurisdictions. National population growth of 1.6 per cent over the same period increased Australia's population to an estimated 21.3 million.

The Territory's estimated resident population increased by 821 persons in the March quarter 2008, compared to an increase of 1 258 in the March quarter 2007. In the March quarter 2008 the components of population growth were:

- Natural increase (births less deaths) 689
- Net overseas migration 149
- Net interstate migration -17
- Total population growth 821

Northern Territory Population Components*
(latest data – March quarter 2008)



* moving annual total
Source: ABS Cat. No. 3101

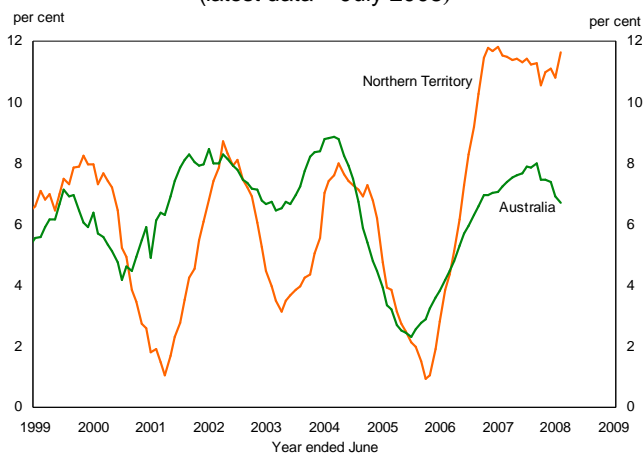
Retail Turnover

Due to tight budgetary conditions, the ABS has significantly reduced the number of businesses surveyed in the monthly Retail Business Survey, and from the July 2008 data release only trend data will be available. In July 2008, trend retail turnover increased 1.2 per cent in the Territory and increased by 0.1 per cent nationally. Over the year to July 2008, trend retail trade has increased 12.4 per cent in the Territory, while increasing 3.1 per cent nationally. In the year to July 2008, current price retail turnover in the Territory increased by 11.6 per cent, the highest of the jurisdictions and above the national average of 6.7 per cent growth (see chart).

The Territory has recorded 18 consecutive months of double digit year on year growth, despite four interest rate rises during this period and increasing fuel prices. This strong growth has been supported by strong employment and population growth in the Territory, and the strength of the Australian dollar.

Retail Turnover*

(latest data – July 2008)



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

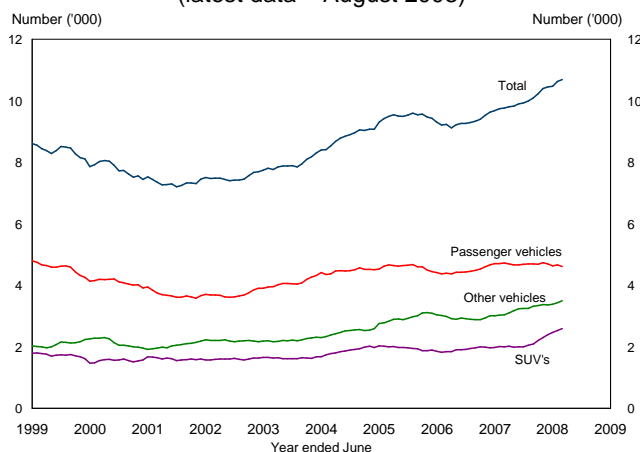
Sales of New Motor Vehicles

In August 2008, in seasonally adjusted terms, total Territory new motor vehicle sales decreased by 0.8 per cent to 916. By vehicle category; sales of 'passenger' vehicles decreased by 4.6 per cent in the month, sales of 'SUV's' increased by 3.5 per cent, and sales of 'other' vehicles (such as light and heavy trucks) increased by 1.0 per cent. Nationally, total motor vehicle sales decreased by 3.5 per cent in August 2008.

In the year to August 2008, new motor vehicle sales in the Territory increased by 9.6 per cent to 10 690, the highest on record (see chart). In year on year terms, sales of 'passenger' vehicles decreased 2.4 per cent to 4 609, sales of 'other' vehicles increased 15.2 per cent to 3 496, and sales of SUV's increased 29.1 per cent to 2 585. Nationally, sales of new motor vehicles increased 3.5 per cent in the year.

Motor Vehicle Sales*

(latest data – August 2008)



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

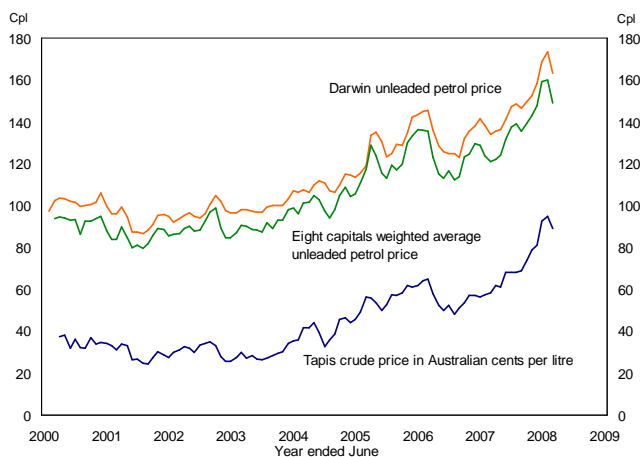
Petrol Prices

In August 2008, Darwin fuel prices decreased by 10.4 cpl to 163.0 cpl, while nationally the eight capital cities weighted average price decreased by 10.9 cpl to 148.9 cpl. This represents a 14.1 cpl price differential between Darwin and the eight capital cities weighted average. Compared to August 2007 petrol prices in Darwin have increased by 29.1 cpl, while nationally the eight capital cities weighted average price increased by 27.8 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 increased by 53 per cent in A\$ terms in August 2008, while increasing by 63.3 per cent in US\$ terms. The strength of the A\$ against the US\$ in August 2008 has offset some of the effects of rising oil prices. Price increases are due to a number of factors such as: increased global demand with strong economic growth in Asia, particularly from China; worldwide refining bottlenecks; and speculative demand from investment funds.

Petrol Prices

(latest data – August 2008)



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

Building Approvals

In annual original terms, Territory residential building approvals decreased by 76 to 29 in July 2008, with 25 private and four public sector approvals. For the month, 23 of the private sector approvals were for 'houses', while 2 were for 'other residential' and the remaining 4 were for public sector 'houses'.

In the year to July 2008, residential building approvals in the Territory decreased by 22.3 per cent to 1 074, the lowest growth of the jurisdictions and below the national average increase of 5.2 per cent. The decrease in the number of residential building approvals was largely attributable to declines in approvals for private sector houses and units which subtracted 13 and 4.4 percentage points respectively from total growth. This trend reflects current conditions in the housing market with moderating price growth, rising material and labour costs as well as relatively high interest rates.

Housing Finance for Owner Occupation

Over the year to July 2008, the number of seasonally adjusted owner-occupier housing finance commitments in the Territory decreased by 30 per cent to 362, while decreasing 21.4 per cent nationally.

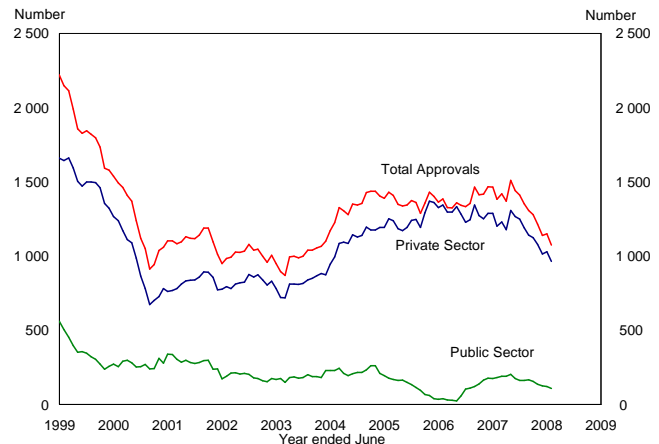
Since peaking in 2005-06 the number of housing finance commitments in the Territory has been steadily declining (see chart). However the decline in finance commitments since 2005-06 has been from historically high and unsustainable levels. In the year to July 2008, Territory housing finance commitments in original terms decreased by 14.2 per cent, driven by a 13.6 per cent decline in the purchase of established dwellings and a 13.3 per cent decline in the construction of new dwellings. The number of finance commitments by first home buyers decreased in the Territory by 12.7 per cent in the year. At the national level the number of first home buyer housing finance commitments decreased by 2.7 per cent in the same period.

Dwelling Commencements

In original terms, Territory dwelling commencements decreased by 12 per cent to 191 in the June quarter 2008. Nationally, seasonally adjusted commencements (the figure usually reported in the media) decreased by 3.7 per cent in the quarter. In 2007-08, total Territory dwelling commencements decreased by 21.1 per cent to 1 076. Of this total, 939 commencements were in the private sector and 138 were in the public sector (see chart).

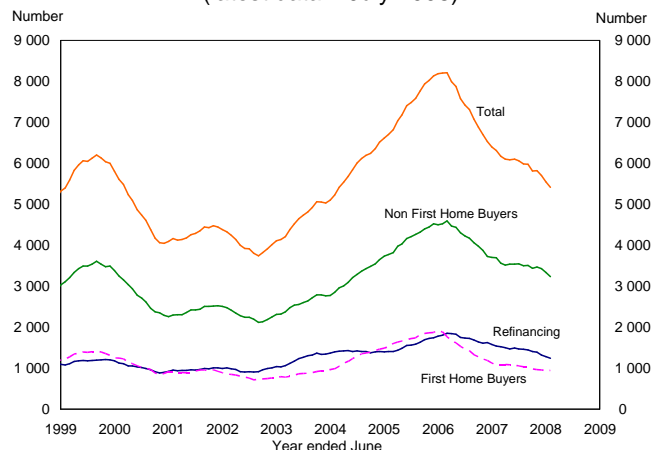
Further analysis of the dwelling commencement data over this period show that 609 of the total commencements were 'houses' while 454 were for 'other' dwellings and 15 were 'conversions'. Relatively high interest rates, as well as a decline in overall housing affordability in the Territory, are expected to weigh on the number of dwelling commencements for the remainder of 2008, with interest rate cuts in the second half of 2008 likely to set the foundation for a more positive start to 2009 commencements.

Total Building Approvals*
(latest data – July 2008)



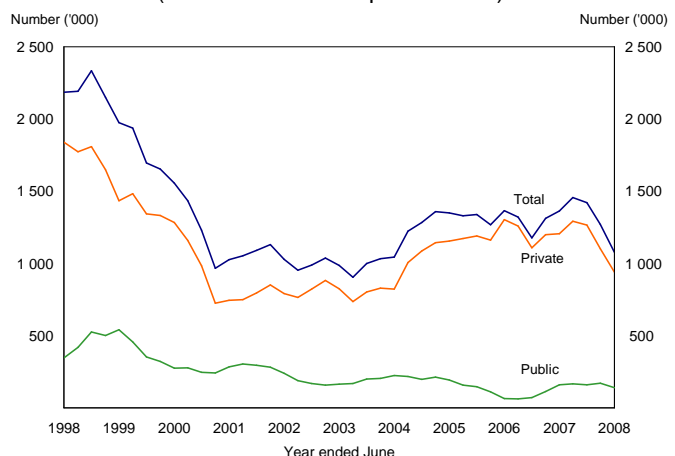
*moving annual total
Source: ABS Cat. No. 8731.0

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



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

Dwelling Commencements*
(latest data – June quarter 2008)



* moving annual; total
Source: ABS Cat. No. 8750.0

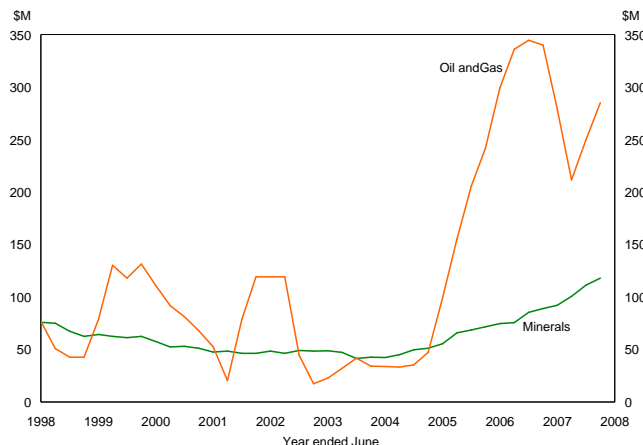
Mineral and Petroleum Exploration

Mineral exploration in the Territory has increased significantly in recent years, in response to increased commodity prices and demand, particularly from China. Private mineral exploration expenditure (including exploration for uranium) increased by 43.9 per cent to \$132.7 million in 2007-08. Expenditure on uranium exploration was the main driver, contributing 20.2 percentage points to total expenditure growth, while exploration expenditure for copper contributed 4.2 percentage points and nickel and cobalt contributed 0.9 percentage points to total exploration expenditure growth.

Expenditure on oil and gas exploration has increased more than 7-fold in the past 4 years, driven by strong global economic growth and significant increases in oil and gas prices. However, in 2007-08, expenditure in the Territory on oil and gas exploration decreased 5.6 per cent to \$263.8 million.

Mineral and Petroleum Exploration*

(latest data – June quarter 2008)



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

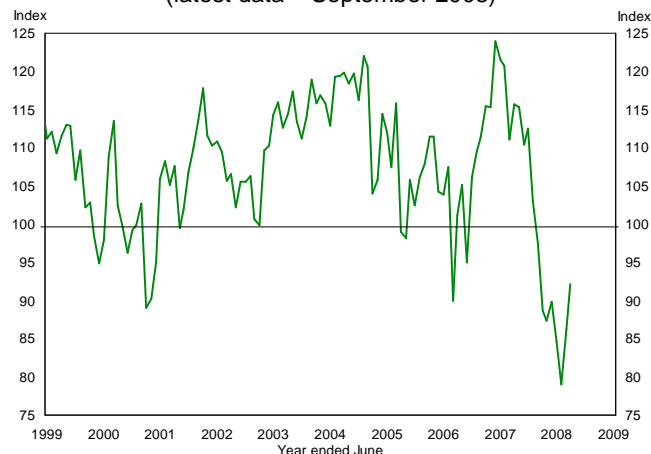
Consumer Sentiment Index

At the national level, consumer sentiment, as reported by the Westpac-Melbourne Institute, increased from 86.2 in August 2008 to 92.2 in September 2008, an increase of 7.0 per cent. Compared to September 2007, the index has decreased by 20.3 per cent. The primary factor that contributed to the increase in the month was the cut in the official cash rate by 25 basis points by the Reserve Bank with commercial banks reducing their mortgage rates by the same amount, as well as an 8 per cent fall in petrol prices in August 2008.

The Westpac-Melbourne Institute reports that four of the five sub-components of the index were higher in the month of September 2008. For example, expectations for economic conditions over the next 12 months increased 19.5 per cent and 'family finances' increased 9.2 per cent in the month. Opinions on 'where to save' favoured interest rate products with 35 per cent of respondents preferring 'bank deposits' and 14.9 per cent real estate.

Consumer Sentiment Index

(latest data – September 2008)



Source: Westpac-Melbourne Institute

Grocery Price Survey

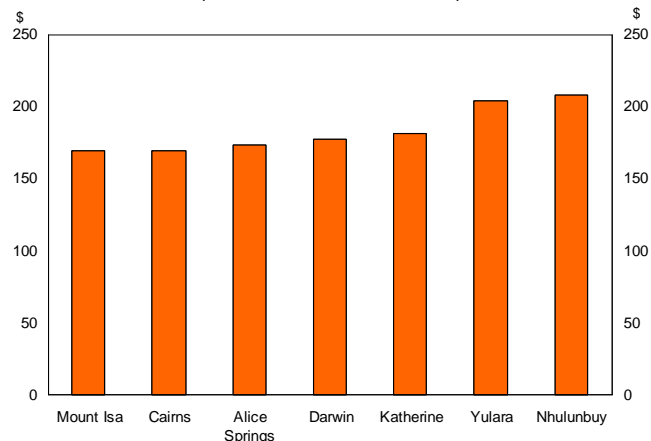
The Northern Territory Treasury June 2008 Grocery Price Survey (GPS) reports moderate price increases in 3 of the 7 surveyed regions in the six months to June 2008. In Darwin, the cost of the basket increased by 1.0 per cent in the six months since December 2007, compared to 2.0 per cent in the last survey. In other regions, the cost of the basket increased by 3.4 per cent in Alice Springs, 2.6 per cent in Katherine, while decreasing 3.3 per cent in Nhulunbuy, 2.6 per cent in Yulara, 0.3 per cent in Cairns and 3.0 per cent in Mount Isa.

In the June 2008 GPS all surveyed centres reported a decrease in the 'fruit and vegetables' category, ranging from 3.9 per cent in Alice Springs to 15.6 per cent in Mount Isa. 'Dairy and Related Products', 'Other Food' and 'Household Supplies' were the only categories to record consistent price increases across the surveyed centres. A complete copy of the June 2008 GPS can be downloaded from the NT Treasury website

http://www.nt.gov.au/ntt/economics/publications/gps/gps_2008jun.pdf.

Northern Territory Treasury Grocery Price Survey

(latest data – June 2008)



Source: NT Treasury

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 marginally to 111 661 in August 2008 (see chart). This is the highest resident employment level on record for the Territory. Nationally, seasonally adjusted employment increased by 14 607 in the month to over 10.7 million employed persons.

A comparison of Territory (trend) resident employment in August 2008 with resident employment in August 2007 shows an increase of 3.7 per cent, the third highest annual growth rate of the jurisdictions behind Tasmania and Western Australia. In year on year terms, a more stable measure of growth, Territory employment increased by 5.4 per cent (in original terms), compared to 2.6 per cent growth reported nationally.

Unemployment

The Territory's trend unemployment rate was 2.6 per cent in August 2008, a record low for the Territory, down from a revised 2.8 per cent reported in July 2008. Compared to August 2007, the trend unemployment rate in the Territory has decreased by 2.1 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 August 2008 the Territory reported the lowest trend unemployment rate of the jurisdictions, and is now lower than the Australian Capital Territory for the first time since December 2006.

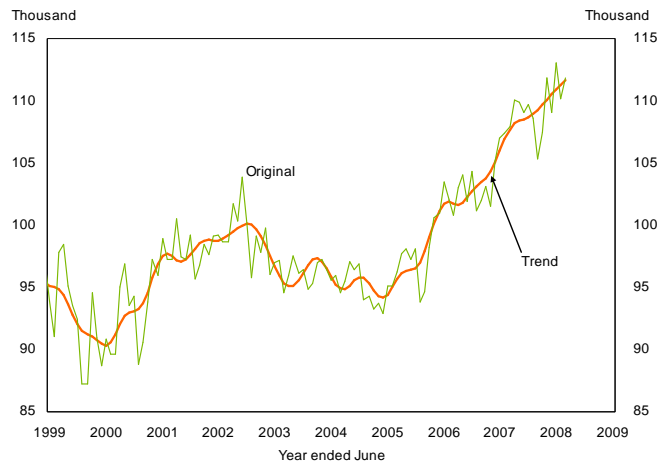
At the national level, the seasonally adjusted unemployment rate (the figure most commonly quoted in the media) was 4.1 per cent in August 2008, down from 4.3 per cent reported in July 2008 and up from the historic low of 3.9 per cent reported in February 2008.

International Merchandise Trade

In the year to July 2008 the value of Territory merchandise exports increased by 18.8 per cent to \$4.7 billion mainly due to higher production and prices for mineral ores (lead-zinc, iron-ore and manganese) exports. Over the same period, the value of merchandise imports to the Territory decreased by 0.7 per cent. The decline in imports reflects the completion of construction of the Alcan refinery expansion at Gove in mid-2007, which involved the importation of large pre-assembled modules, machinery and equipment.

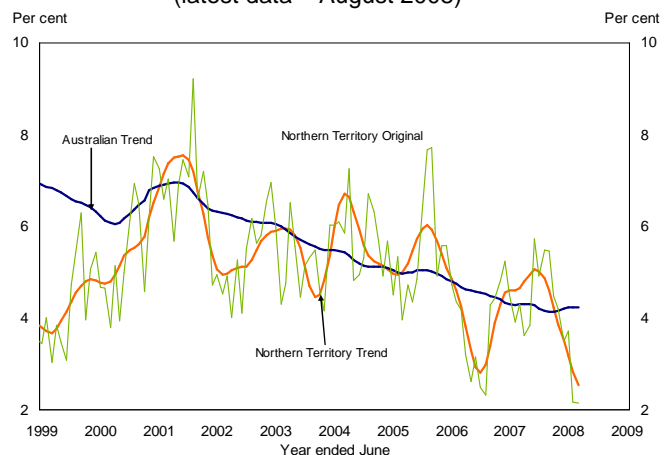
The Territory's goods trade balance increased by \$757 million in July 2008, to record a surplus of \$1.9 billion (see chart). The Territory's trade surplus is expected to further improve in the upcoming year with the combined effect of increased LNG, alumina and manganese exports and reduced imports to the Territory.

Territory Employment (latest data – August 2008)



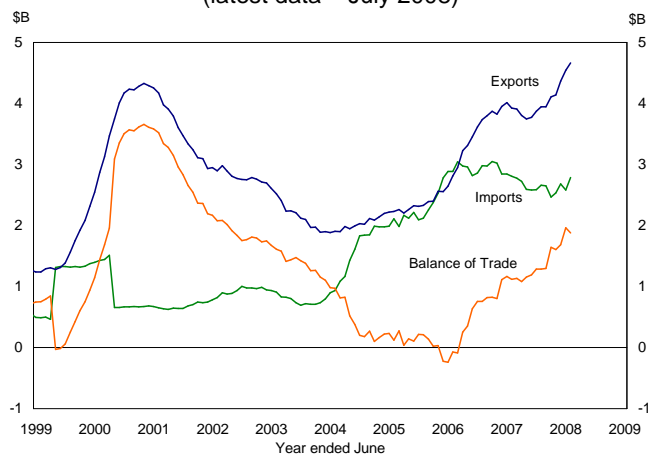
Source: ABS Cat. No. 6202.0

Territory Unemployment (latest data – August 2008)



Source: ABS Cat. No. 6202.0

Territory Merchandise Trade Balance* (latest data – July 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 October 2008

Indicator	Period	Measure	Comparative Economic Indicators*								
			NT	NSW	Vic	Qld	SA	WA	Tas	ACT	Aus
Economic Growth											
Gross Domestic Product ^(a)	2006-07	% change	5.6	1.8	2.7	4.9	0.8	6.3	2.1	5.0	3.2
State Final Demand ^(a)	Year to Jun 08	% change	3.4	4.3	4.2	6.6	2.6	9.3	6.7	0.7	5.1
International Goods Exports	Year to Jul 08	% change	18.8	8.8	1.7	4.3	11.2	16.1	-2.0	14.3	11.1
International Goods Imports	Year to Jul 08	% change	-0.7	9.9	11.4	20.3	14.0	22.3	27.9	-96.6	13.3
Demography											
Population	Mar-07 Qtr to Mar-08 Qtr	% change	2.2	1.1	1.7	2.2	1.1	2.6	0.9	1.4	1.6
Labour Market											
Employment (trend)	Aug 07 to Aug 08	% change	3.7	1.4	1.5	3.1	2.3	3.8	5.2	1.8	2.2
Participation Rate (trend)	As at August 07	%	72.9	63.2	64.9	67.1	62.5	68.4	60.5	72.6	65.0
	As at August 08	%	71.9	63.4	64.7	67.4	63.0	68.9	62.4	72.6	65.2
Unemployment Rate (trend)	As at August 07	%	4.6	4.7	4.5	3.7	4.9	3.4	5.1	2.7	4.3
	As at August 08	%	2.6	4.8	4.5	3.6	4.6	3.1	4.1	2.8	4.2
ANZ Job Ads	Year to Aug 08	% change	11.6	-8.2	-4.2	-7.8	-3.3	-10.6	13.3	-10.8	-3.8
Prices and Wages											
Consumer Price Index	Jun-07 Qtr to Jun-08 Qtr	% change	3.9	4.3	4.4	5.1	4.6	4.5	3.5	4.4	4.5
	Year to Jun 08 Qtr	% change	3.5	3.0	3.6	4.1	3.3	3.6	3.0	3.6	3.4
Average Weekly Earnings (full-time adult total earnings)	As at May 08	\$	1146.10	1192.40	1162.30	1126.90	1089.10	1340.20	1053.10	1343.00	1181.60
Housing Sector											
Building Approvals (number)	Year to Jul 08	% change	-22.3	-1.7	13.8	2.9	23.3	-1.3	6.8	-3.9	5.2
Housing Finance for Owner Occupation (number)	Year to Jul 08	% change	-14.2	-5.6	-0.3	-11.2	-4.9	-12.6	3.1	-7.0	-6.5
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 Jul 08	% change	11.6	5.9	5.7	9.0	9.1	6.1	5.5	4.0	6.7
New Motor Vehicle Sales (No.)	Year to Aug 08	% change	9.6	2.2	7.1	1.1	6.5	1.9	5.5	1.1	3.5
Tourist Accommodation - Takings (current \$)	Year to Mar 08	% change	10.0	8.4	8.5	8.7	8.7	16.3	8.2	5.8	9.2

*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.