

Unless stated otherwise, the following provides a summary of Deloitte Access Economics' (DAE) forecasts published in its Business Outlook December quarter 2016 report.

Economic Growth Forecasts	NT	Aust
2016-17 (estimate)	↑2.0%	↑1.8%
2017-18 (forecast)	↑3.0%	↑2.8%
5 year average annual growth rate (2016-17 to 2020-21)	↑2.9%	↑2.6%

Economic Growth

2016-17

The Territory economy is estimated to grow by 2.0 per cent in 2016-17 (Chart 1). Growth is expected to be underpinned by private consumption and net international exports. This is expected to partly offset decreases in private housing investment and private equipment investment as the Territory transitions from a largely construction and mining investment driven economy to an export and consumption led economy.

The Territory is expected to have the third highest economic growth of all jurisdictions in 2016-17, which range from 0.1 per cent in South Australia to 2.6 per cent in Queensland. Nationally, the economy is expected to grow by 1.8 per cent in 2016-17.

Outlook

The outlook is for the Territory economy to grow by an average of 2.9 per cent per annum over the five years to 2020-21. This is the second highest economic growth forecast of all jurisdictions behind Queensland (3.6 per cent per annum). In other jurisdictions, the estimated five year average economic growth ranges from 1.5 per cent per annum in Tasmania to 2.7 per cent per annum in Victoria.

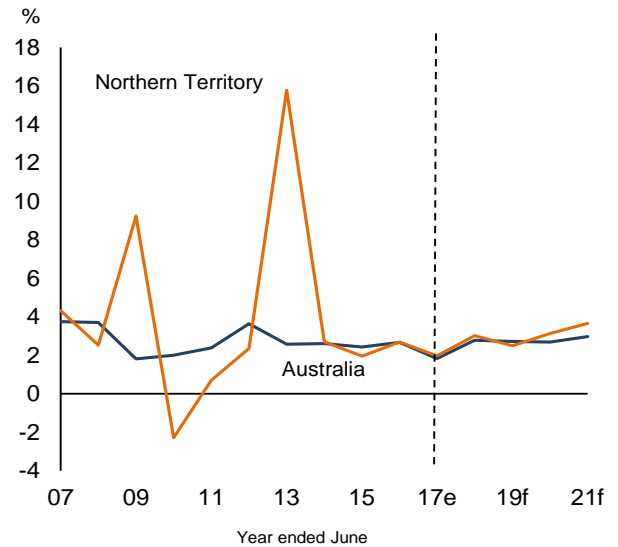
DAE forecasts the national economy to grow by an average annual rate of 2.6 per cent over the period 2016-17 to 2020-21.

DAE notes that exports are expected to replace construction activity as the key driver of Territory economic growth over the medium term, as the Ichthys LNG Project transitions to production (Chart 2).

Territory economic growth over the five years to 2020-21 is expected to be supported by:

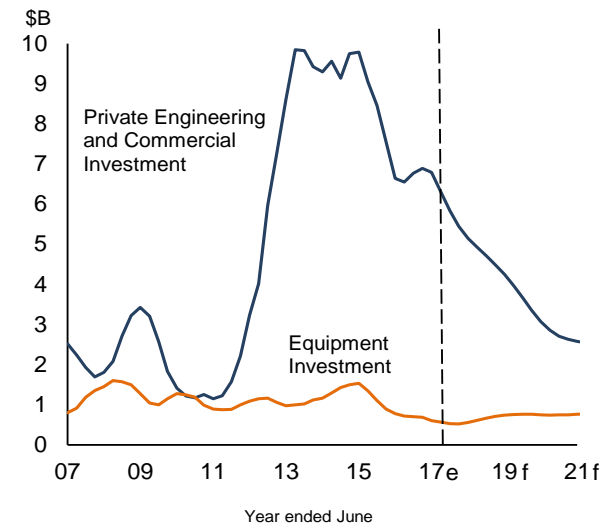
- international goods exports, which are forecast to increase by an average of 17.8 per cent per annum over the period (Chart 3); and
- retail turnover, which is forecast to increase by an average of 2.7 per cent per annum.

Chart 1: Economic Growth
(year on year percentage change)



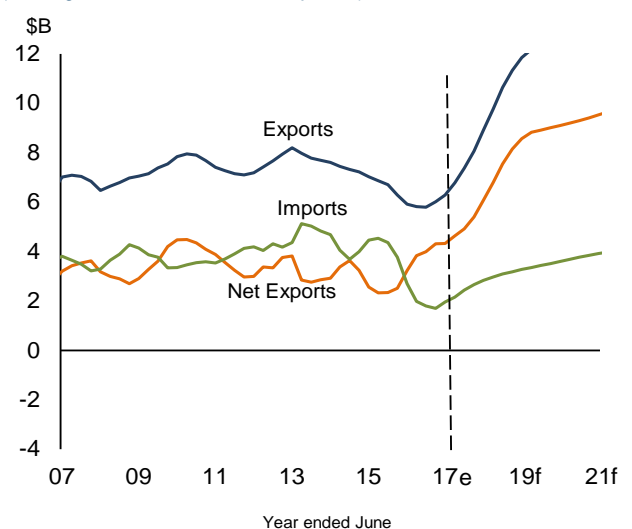
Source: Australian Bureau of Statistics and Deloitte Access Economics Business Outlook

Chart 2: Territory Private Investment Components
(moving annual total, inflation adjusted)



Source: Australian Bureau of Statistics and Deloitte Access Economics Business Outlook

Chart 3: Territory International Trade
(moving annual total, inflation adjusted)



Source: Australian Bureau of Statistics and Deloitte Access Economics Business Outlook

Employment Forecasts	NT	Aust
2016-17 (forecast)	↑0.7%	↑1.1%
2017-18 (forecast)	↑0.4%	↑1.4%
5 year average growth rate	↑1.3%	↑1.3%

Labour Market

DAE expects Territory employment to increase by 0.7 per cent in 2016-17 (Chart 4).

Between 2016-17 and 2020-21, employment in the Territory is forecast to grow on average by 1.3 per cent per annum. In other jurisdictions the five year average annual employment growth forecast ranges between 0.5 per cent in Tasmania to 1.4 per cent in Victoria and Queensland.

DAE expects national employment to grow by an average annual rate of 1.3 per cent over the next five years.

The Territory's unemployment rate is forecast to average 4.1 per cent over the five years to 2020-21, compared to 5.7 per cent nationally. In other jurisdictions, the average annual unemployment rate forecast over the next five years ranges from 3.9 per cent in the Australian Capital Territory to 6.9 per cent in South Australia.

Population Forecasts	NT	Aust
2016-17 (estimate)	↑0.4%	↑1.4%
2017-18 (forecast)	↑0.8%	↑1.4%
5 year average growth rate	↑1.1%	↑1.4%

Population

DAE estimates the Territory population will grow by 0.4 per cent in 2016-17.

Over the next five years, DAE is forecasting the Territory's population to grow by an average rate of 1.1 per cent per annum, compared to an average of 1.4 per cent per annum nationally (Chart 5).

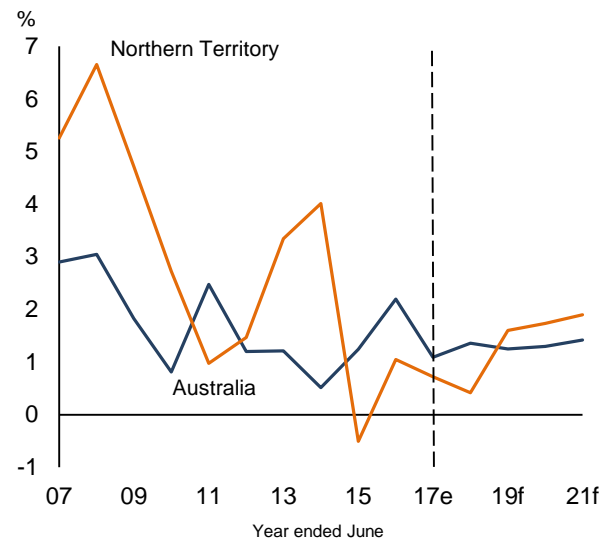
The five year average annual population growth forecast for the Territory is the third lowest of the jurisdictions. In the other jurisdictions, average annual population growth forecasts over the five years to 2020-21 range between 0.3 per cent per annum in Tasmania and 1.7 per cent per annum in Victoria.

Consumer Price Index Forecasts	NT	Aust
2016-17 (forecast)	↑0.8%	↑1.9%
2017-18 (forecast)	↑1.4%	↑2.1%
5 year average growth rate	↑1.7%	↑2.1%

Consumer Price Index (CPI)

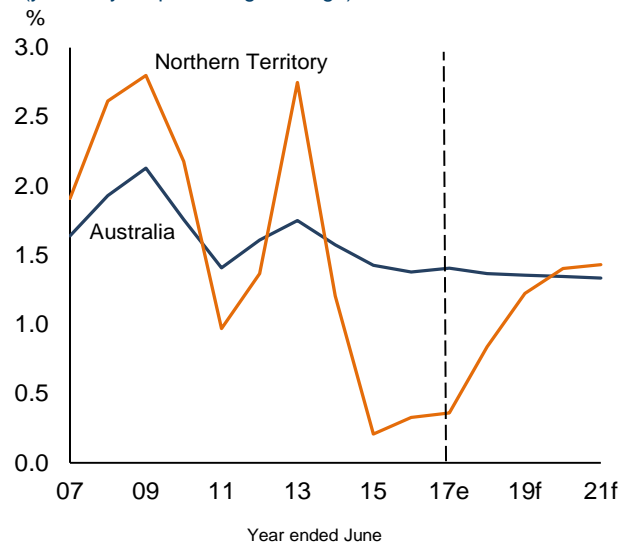
DAE expects the Darwin CPI to grow by 0.8 per cent in 2016-17 (Chart 6) and by an average of 1.7 per cent per annum over the five years to 2020-21. Nationally, the average annual increase for CPI over the same period is 2.1 per cent per annum.

Chart 4: Employment
(year on year percentage change)



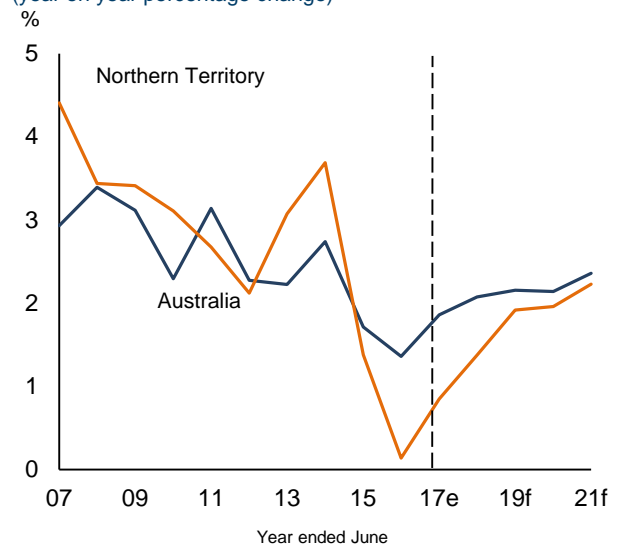
Source: Australian Bureau of Statistics and Deloitte Access Economics Business Outlook

Chart 5: Population
(year on year percentage change)



Source: Australian Bureau of Statistics and Deloitte Access Economics Business Outlook

Chart 6: Consumer Price Index
(year on year percentage change)



Source: Australian Bureau of Statistics and Deloitte Access Economics Business Outlook

Table 1: Deloitte Access Economics Business Outlook forecasts by jurisdiction, %

	Year on year percentage change, 2016-17								
	Australia	NT	NSW	Vic	Qld	SA	WA	Tas	ACT
GDP/GSP growth	1.8	2.0	2.0	2.1	2.6	0.1	0.4	0.3	1.1
Private consumption	2.5	2.5	2.1	2.7	2.8	2.0	2.6	1.7	2.7
Population growth	1.4	0.4	1.3	2.0	1.3	0.6	1.1	0.4	1.2
Employment growth	1.1	0.7	0.8	3.0	0.5	0.6	-0.7	0.1	1.3
Unemployment rate	5.7	3.8	4.9	5.9	6.0	6.9	6.6	6.6	3.7
CPI	1.9	0.8	2.2	1.9	1.8	1.9	1.3	1.5	2.0
	Year on year percentage change 2017-18								
GDP/GSP growth	2.8	3.0	2.5	3.0	3.9	2.0	2.0	1.4	1.5
Private consumption	3.1	0.9	2.1	4.1	3.3	3.0	3.6	1.8	3.9
Population growth	1.4	0.8	1.3	1.8	1.3	0.7	1.2	0.3	1.3
Employment growth	1.4	0.4	1.6	0.6	2.4	0.6	1.2	1.6	0.4
Unemployment rate	5.8	4.1	5.0	6.1	5.9	7.1	6.5	6.4	3.9
CPI	2.1	1.4	2.3	2.0	1.8	1.9	1.9	2.0	1.9
	Five year average annual growth 2016-17 to 2020-21								
GDP/GSP growth	2.6	2.9	2.4	2.7	3.6	1.7	2.0	1.5	2.2
Private consumption	2.7	2.0	2.2	3.3	2.9	2.2	2.9	1.5	3.1
Population growth	1.4	1.1	1.3	1.7	1.3	0.7	1.3	0.3	1.3
Employment growth	1.3	1.3	1.3	1.4	1.4	0.8	1.1	0.5	1.1
Unemployment rate	5.7	4.1	5.0	6.0	5.9	6.9	6.2	6.3	3.9
CPI	2.1	1.7	2.3	2.1	2.0	2.1	1.9	2.1	2.1

Source: Australian Bureau of Statistics, Deloitte Access Economics Business Outlook

Table 2: Deloitte Access Economics Business Outlook forecasts by jurisdiction, rank

	2016-17								
Rank	NT	NSW	Vic	Qld	SA	WA	Tas	ACT	
GSP growth	3	4	2	1	8	6	7	5	
Private consumption	5	6	2	1	7	4	8	3	
Population growth	8	3	1	2	6	5	7	4	
Employment growth	4	3	1	6	5	8	7	2	
Unemployment rate	2	3	4	5	8	7	6	1	
CPI	1	8	5	4	6	2	3	7	
	2017-18								
GSP growth	3	4	2	1	6	5	8	7	
Private consumption	8	6	1	4	5	3	7	2	
Population growth	6	2	1	3	7	5	8	4	
Employment growth	7	2	5	1	6	4	3	8	
Unemployment rate	2	3	5	4	8	7	6	1	
CPI	1	8	7	2	3	4	6	5	
	Five year average annual growth 2016-17 to 2020-21								
GSP growth	2	4	3	1	7	6	8	5	
Private consumption	7	6	1	4	5	3	8	2	
Population growth	6	3	1	2	7	4	8	5	
Employment growth	4	3	2	1	7	5	8	6	
Unemployment rate	2	3	5	4	8	6	7	1	
CPI	1	8	6	3	5	2	4	7	

Source: Deloitte Access Economics Business Outlook

1 = Best, 8 = Worst

Table 3: Deloitte Access Economics - Business Outlook – Forecasts

Northern Territory		2016-17	2017-18	2018-19	2019-20	2020-21	5 year average annual growth
Gross State product	Constant price (\$m)	24 114	24 842	25 462	26 260	27 221	
	% change	2.0	3.0	2.5	3.1	3.7	2.9
NT as a share of Australian output	%	1.4	1.4	1.4	1.4	1.4	
Real final demand	Constant price (\$m)	28 663	27 205	26 908	26 380	26 607	
	% change	1.8	-5.1	-1.1	-2.0	0.9	-1.1
Private consumption	Constant price (\$m)	10 772	10 873	11 067	11 323	11 586	
	% change	2.5	0.9	1.8	2.3	2.3	2.0
Private housing investment	Constant price (\$m)	638	561	514	568	718	
	% change	-24.8	-12.0	-8.4	10.4	26.4	-3.3
Private eng and comm investment	Constant price (\$m)	6 789	5 145	4 252	3 076	2 583	
	% change	2.2	-24.2	-17.4	-27.7	-16.0	-17.2
Private equipment investment	Constant price (\$m)	606	564	745	754	766	
	% change	-22.8	-6.9	32.0	1.2	1.6	-0.5
International exports	Constant price (\$m)	6 289	8 914	11 842	12 703	13 447	
	% change	6.2	41.7	32.8	7.3	5.9	17.8
International imports	Constant price (\$m)	1 958	2 840	3 274	3 603	3 916	
	% change	-27.3	45.0	15.3	10.1	8.7	7.8
Retail turnover	Constant price (\$m)	3 103	3 171	3 214	3 323	3 499	
	% change	1.2	2.2	1.3	3.4	5.3	2.7
Total population	Persons ('000s)	245	247	250	254	257	
	% change	0.4	0.8	1.2	1.4	1.4	1.1
Employment ('000s)	Persons ('000s)	134	134	136	139	141	
	% change	0.7	0.4	1.6	1.7	1.9	1.3
Unemployment	Persons ('000s)	5.2	5.7	5.9	6.1	6.2	
Unemployment rate	%	3.8	4.1	4.2	4.2	4.2	4.1
Consumer Price Index	% change	0.8	1.4	1.9	2.0	2.2	1.7
Average Weekly Earnings	\$	1 405	1 435	1 472	1 516	1 563	
	% change	6.1	2.1	2.6	3.0	3.1	3.4
Wage Price Index	\$	126.3	128.8	132.1	136.1	140.5	
	% change	1.8	2.0	2.5	3.0	3.3	2.5

Australia		2016-17	2017-18	2018-19	2019-20	2020-21	5 year average annual growth
Gross domestic product	Constant price (\$m)	1 690 305	1 737 126	1 784 341	1 832 244	1 886 696	
	% change	1.8	2.8	2.7	2.7	3.0	2.6
International exports	Constant price (\$m)	290 148	304 358	313 007	323 676	337 064	
	% change	6.7	4.9	2.8	3.4	4.1	4.4
International imports	Constant price (\$m)	270 258	277 003	283 499	291 923	303 520	
	% change	0.6	2.5	2.3	3.0	4.0	2.5
Total population	Persons ('000s)	24 331	24 664	24 998	25 335	25 673	
	% change	1.4	1.4	1.4	1.3	1.3	1.4
Employment ('000s)	Persons ('000s)	11 996	12 160	12 312	12 471	12 648	
	% change	1.1	1.4	1.2	1.3	1.4	1.3
Unemployment	Persons ('000s)	726	744	748	754	735	
Unemployment rate	%	5.7	5.8	5.7	5.7	5.5	5.7
Consumer Price Index	% change	1.9	2.1	2.2	2.1	2.4	2.1
Average Weekly Earnings	\$	1 179	1 209	1 247	1 289	1 332	
	% change	2.5	2.6	3.1	3.3	3.3	2.2
Wage Price Index	% change	2.0	2.5	3.1	3.4	3.5	2.4

Source: Deloitte Access Economics Business Outlook

1. Base year 2013-14.

Table 4: Deloitte Access Economics - Financial Outlook - Forecasts

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Treasury bonds						
3 year	1.9%	2.1%	2.2%	2.4%	3.0%	3.6%
5 year	2.1%	2.4%	2.5%	2.7%	3.3%	3.9%
10 year	2.5%	2.8%	2.9%	3.2%	3.7%	4.4%
Standard variable mortgage interest rate	5.4%	4.9%	4.9%	5.1%	5.6%	5.9%
Commercial bank bills:						
90 days	2.3%	1.7%	1.7%	1.9%	2.5%	3.1%
180 days	2.4%	1.7%	1.7%	1.9%	2.5%	3.1%
Exchange rates						
Trade weighted index	62.8	64.0	62.3	60.6	60.4	60.6
\$US per \$A	0.739	0.745	0.704	0.701	0.700	0.704
Yen per \$A	87.9	81.4	85.4	83.5	83.5	84.0
Euro per \$A	0.666	0.688	0.663	0.591	0.577	0.578
Crude oil prices						
Crude oil (Tapis, \$US/barrel)	46.10	52.57	56.44	59.69	63.18	66.68
% change	-38.9%	14.0%	7.4%	5.7%	5.9%	5.5%

Source: Deloitte Access Economics Business Outlook

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