

# State of the economy – June 2022

## Overview

Private sector investment and consumption strengthened in the June quarter 2022, but overall demand in the Territory was impacted by weaker government consumption as COVID-19-related health spending declined. For the 2021/22 financial year, SFD grew by 8.2 per cent, the strongest in the nation (Graph 1). Private investment is now at its highest level in four years, and growth in household consumption is reflecting increased spending on discretionary services, such as transport, hotels, and eating out.

A range of indicators suggest that business conditions in the Territory remain favourable. Business confidence is high and in 2021/22 a record number of businesses entered the Territory economy (Graph 2). Sales revenue is at record levels and continued to grow in the June quarter.

Nevertheless, a number of challenges are likely to persist over the short to medium term. Inflation in the Territory remains high and price pressures will take some time to dissipate. Rising interest rates will constrain the ability of businesses and individuals to borrow, and likely dampen consumer spending in coming quarters. Labour shortages are particularly acute in the Territory, with the number of vacant jobs particularly high in the healthcare, hospitality and construction industries (Graph 3). Despite this, wage growth in the Territory remains weaker than nationally (Graph 4), and will likely have to increase to induce more people into the Territory's labour force.

Indicator	Most recent	Level	Period change <sup>1</sup>	Annual change <sup>2</sup>	Year on Year <sup>3</sup>	COVID period change <sup>4</sup>
<b>Economic Growth</b>						
<i>State final demand (NT) (sa)</i>	Jun-22	\$6.8 b	-0.5%	4.7%	8.2%	13.3%
<i>Domestic final demand (Aus) (sa)</i>	Jun-22	\$528.3 b	1%	4.7%	5.1%	8.2%
<i>Gross state product (NT)</i>	2020-21	\$26.2 b	na	na	-0.6%	na
<i>Gross domestic product (Aust)</i>	2021-22	\$2090.3 b	na	na	3.9%	na
<b>Partial Indicators</b>						
<i>Nominal retail sales (NT) (sa)</i>	Jul-22	\$312.2 m	0.7%	4.3%	0.9%	19.8%
<i>Nominal retail sales (Aust) (sa)</i>	Jul-22	\$34.7 b	1.3%	16.5%	7.5%	24.9%
<i>Construction work done (NT) (sa)</i>	Jun-22	\$710.5 m	7.1%	18.8%	23.5%	49.5%
<i>Construction work done (Aust) (sa)</i>	Jun-22	\$52.1 b	-3.8%	-4.3%	1.1%	-1.5%
<i>Residential building activity (NT)</i>	Mar-22	\$63.5 m	-24.8%	-22.9%	-5.3%	-21.8%
<i>Residential building activity (Aust)</i>	Mar-22	\$17.4 b	-6%	-1.2%	3.7%	-5%
<i>Goods exports (NT)</i>	Jul-22	\$0.4 b	-65.4%	-72.8%	62%	-63.1%
<i>Goods exports (Aust) (sa)</i>	Jul-22	\$49 b	-11.4%	16.9%	32.6%	52.1%
<b>Prices</b>						
<i>Inflation (Darwin)</i>	Jun-22	6.6%	1.1 ppt	0.5 ppt	4 ppt	6.1 ppt
<i>Inflation (8 Capitals)</i>	Jun-22	6.1%	1.1 ppt	2.3 ppt	2.8 ppt	4.3 ppt
<i>WPI growth (NT)</i>	Jun-22	2%	0.1 ppt	0.2 ppt	0.4 ppt	-0.5 ppt
<i>WPI growth (Aust)</i>	Jun-22	2.6%	0.3 ppt	0.8 ppt	0.9 ppt	0.4 ppt
<b>Labour Market</b>						
<i>Employment (NT) (sa)</i>	Aug-22	135,334	1%	4.2%	2.3%	1%
<i>Employment (Aus) (sa)</i>	Aug-22	13.6 m	0.2%	4.4%	3.1%	4.8%
<i>Unemployment rate (NT) (sa)</i>	Aug-22	4.5%	1 ppt	1.1 ppt	-0.9 ppt	-0.6 ppt
<i>Unemployment rate (Aust) (sa)</i>	Aug-22	3.5%	0.1 ppt	-1.1 ppt	-1.7 ppt	-1.6 ppt
<b>Population</b>						
<i>Population (NT)</i>	Dec-21	249345	-0.2%	0.1%	0.2%	0.7%
<i>Population (Aust)</i>	Dec-21	25.8 m	0.2%	0.5%	0.2%	0.9%

Source: ABS

1. Monthly change for retail sales, goods exports, and unemployment; quarterly change for all other variables.

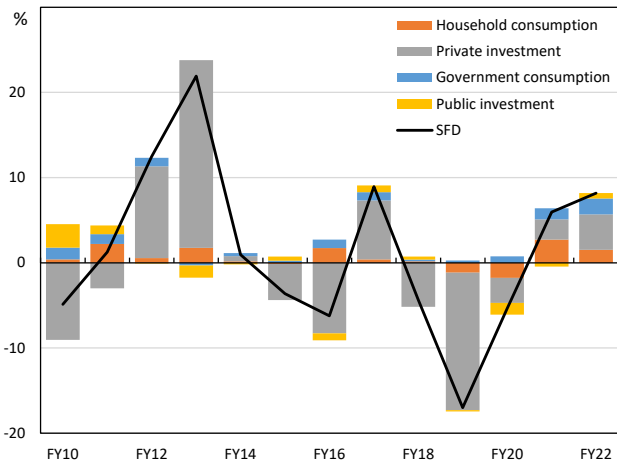
2. Compares the latest month with the same month last year

3. Compares the 12 months up to and including the latest month with the previous 12-month period

4. Growth rate period is December 2019 to most recent for monthly data, and December quarter 2019 to most recent for quarterly data.

**Graph 1:** State final demand fell 0.5 per cent in the June quarter, but grew by 8.2 per cent over 2021/22. Around half the increase over the year was due to higher levels of private investment (particularly non-dwelling construction).

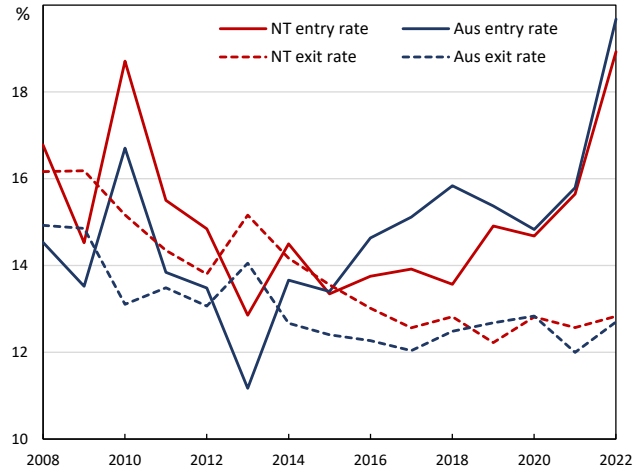
**NT - State Final Demand Growth**  
Year-on-year, with contributions



Source: ABS

**Graph 2:** A large number new businesses entered the economy over the past year, both in the Territory and nationally. The number of businesses operating in the Territory increased by 5.7 per cent in 2021/22. Business exit rates remain low.

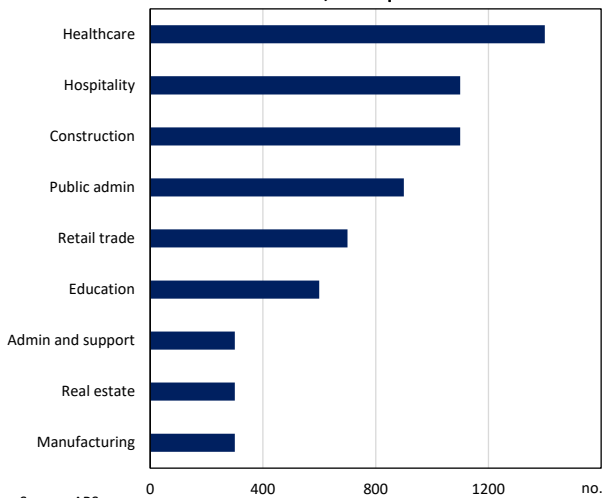
**Business Entry and Exit Rates**  
Annual



Source: ABS

**Graph 3:** Around 4.7 per cent (7,500) of jobs in the Territory are vacant, the highest share of vacant jobs in the country. There are a large number of vacancies in the healthcare, construction and hospitality industries.

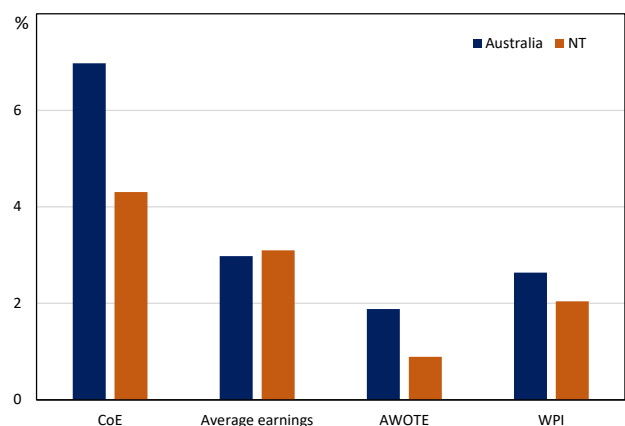
**NT - Vacant Jobs**  
Selected industries; June quarter 2022



Source: ABS

**Graph 4:** Wage growth in the NT is weaker than nationally despite strong demand for labour. This is especially true when changes in workforce composition are included.<sup>1</sup> Growth in average earnings in the NT is similar to nationally, because Territorians have increased their hours by more than workers elsewhere.

**Wage Measures**  
Year-ended growth; June quarter 2022



Note: CoE = compensation of employees; AWOTE = average weekly ordinary time earnings; WPI = wage price index  
Source: ABS

<sup>1</sup> The WPI follows changes in a fixed basket of jobs and is therefore not affected by changes in quality (i.e. composition of the workforce) and quantity (i.e. hours worked) of work. AWOTE takes into account changes in the composition of the workforce, but does so for a fixed quantity of work. Average earnings takes into account changes in both the composition of the workforce and changes in average hours worked. CoE includes changes in composition, hours worked and the number of people working.