

State of the economy – September 2022

Overview

State final demand increased by 2.7 per cent in the September quarter, for growth of 2.9 per cent over the year. Growth in the quarter was largely due to stronger government consumption, with private investment and consumption also making contributions. Although quarterly growth was strong, annual growth continues to slow as the effects of policy stimulus implemented during the COVID period recede (Graph 1). In particular, household consumption has been steady over the past year, after experiencing strong growth over 2020 and 2021.

Other indicators also show that, while the level of economic activity remains high relative to pre-COVID levels, growth has slowed. Real retail sales are now 4 per cent below their December 2020 peak. Construction activity is around the same level it was a year ago, with increases in non-residential building (particularly from the public sector) offsetting small falls in engineering construction (Graph 2). Nevertheless, employment continues to increase, and is around 4 per cent higher than a year ago (Graph 3).

Wages growth continues to run below inflation, but ongoing labour market tightness has resulted in (nominal) private sector wages growth increasing to its highest level since 2011 (Graph 4). Higher interest rates, intended to curb demand, will impact consumer spending over the next year and could take some pressure off the labour market. However, the Territory is likely to continue to experience labour shortages in the short to medium term, particularly if projects in the investment pipeline commence construction.

Indicator	Most recent	Level	Period change ¹	Annual change ²	Year on Year ³	COVID period change ⁴
Economic Growth						
<i>State final demand (NT) (sa)</i>	Sep-22	\$7.1 b	2.7%	2.9%	5.4%	18.4%
<i>Domestic final demand (Aus) (sa)</i>	Sep-22	\$536.9 b	0.6%	6.9%	5.4%	8.9%
<i>Gross state product (NT)</i>	2021-22	\$26.1 b	na	na	4.7%	na
<i>Gross domestic product (Aust)</i>	2021-22	\$2090.3 b	na	na	3.9%	na
Partial Indicators						
<i>Nominal retail sales (NT) (sa)</i>	Oct-22	\$309.7 m	-1.8%	2.8%	1.5%	18.9%
<i>Nominal retail sales (Aust) (sa)</i>	Oct-22	\$35 b	-0.2%	12.5%	11%	26.1%
<i>Construction work done (NT) (sa)</i>	Sep-22	\$689.5 m	0.6%	0.3%	16.9%	44%
<i>Construction work done (Aust) (sa)</i>	Sep-22	\$54.8 b	2.2%	1.1%	1.2%	2.8%
<i>Residential building activity (NT)</i>	Jun-22	\$83.5 m	29.8%	-9.1%	-11.1%	2.8%
<i>Residential building activity (Aust)</i>	Jun-22	\$18.3 b	3.6%	-5.8%	0.4%	-0.5%
<i>Nominal goods exports (NT)</i>	Oct-22	\$1.9 b	61.2%	21.3%	38.9%	73%
<i>Nominal goods exports (Aust) (sa)</i>	Oct-22	\$53.3 b	-1.1%	37.6%	31.4%	66.1%
Prices						
<i>Inflation (Darwin)</i>	Sep-22	7%	0.4 ppt	1.1 ppt	2.7 ppt	6.5 ppt
<i>Inflation (8 Capitals)</i>	Sep-22	7.3%	1.1 ppt	4.3 ppt	3.3 ppt	5.4 ppt
<i>WPI growth (NT)</i>	Sep-22	2.5%	0.4 ppt	0.1 ppt	0.2 ppt	-0.1 ppt
<i>WPI growth (Aust)</i>	Sep-22	3.2%	0.6 ppt	1 ppt	0.9 ppt	1 ppt
Labour Market						
<i>Employment (NT) (sa)</i>	Oct-22	137,227	1.1%	4%	2.7%	2.5%
<i>Employment (Aus) (sa)</i>	Oct-22	13.6 m	0.2%	5.9%	3.8%	5%
<i>Unemployment rate (NT) (sa)</i>	Oct-22	3.8%	-0.2 ppt	-0.2 ppt	-0.8 ppt	-1.4 ppt
<i>Unemployment rate (Aust) (sa)</i>	Oct-22	3.4%	-0.1 ppt	-1.9 ppt	-1.7 ppt	-1.7 ppt
Population						
<i>Population (NT)</i>	Mar-22	250,398	0.4%	0.4%	0.2%	1.1%
<i>Population (Aust)</i>	Mar-22	25.9 m	0.5%	0.9%	0.4%	1.4%

Source: ABS

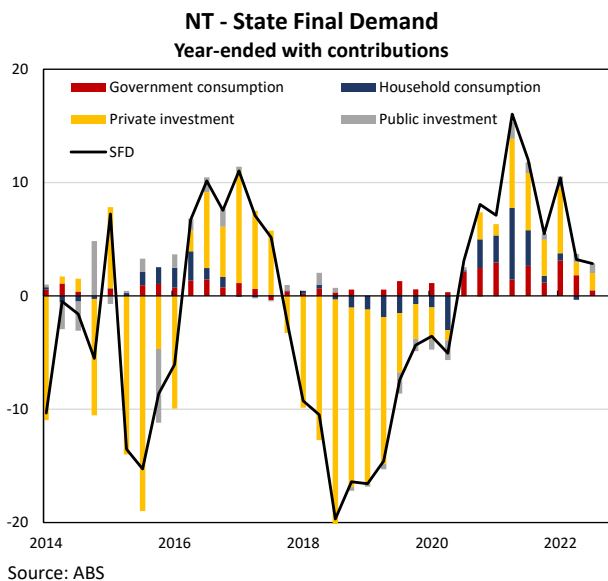
1. Monthly change for retail sales, goods exports, and unemployment; quarterly change for all other variables.

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

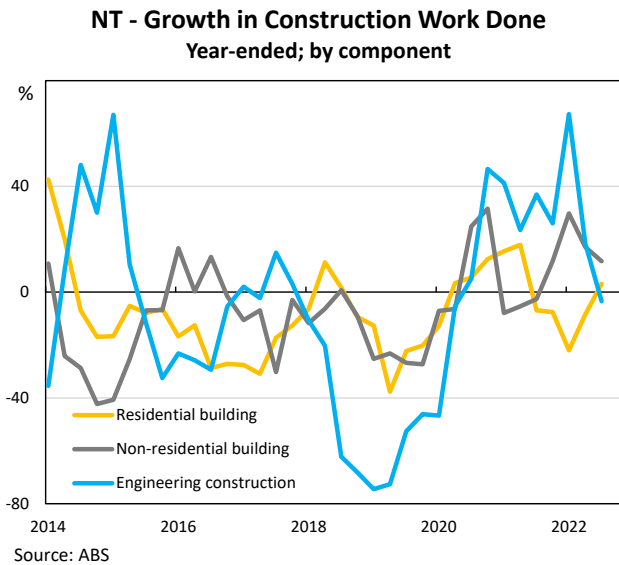
3. Compares the 12 months up to and including the latest month with the previous 12-month period

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

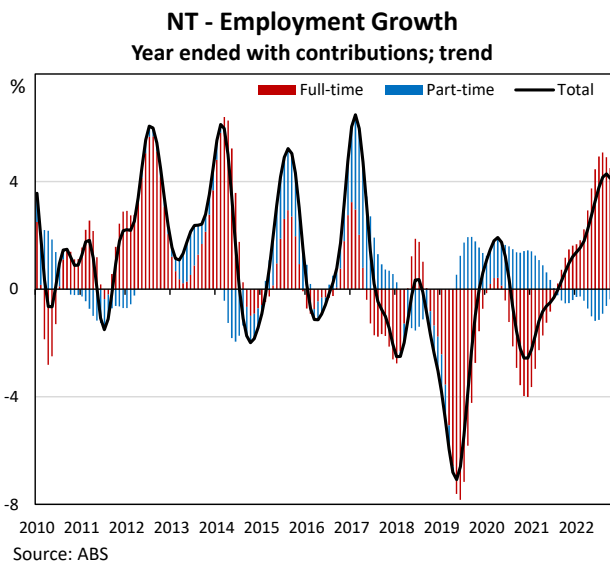
Graph 1: While quarterly growth in SFD was 2.7 per cent, annual SFD growth slowed to 2.9 per cent, as the NT economy returns to a more normal setting following the COVID period. Private investment was responsible for around half the growth over the past year.



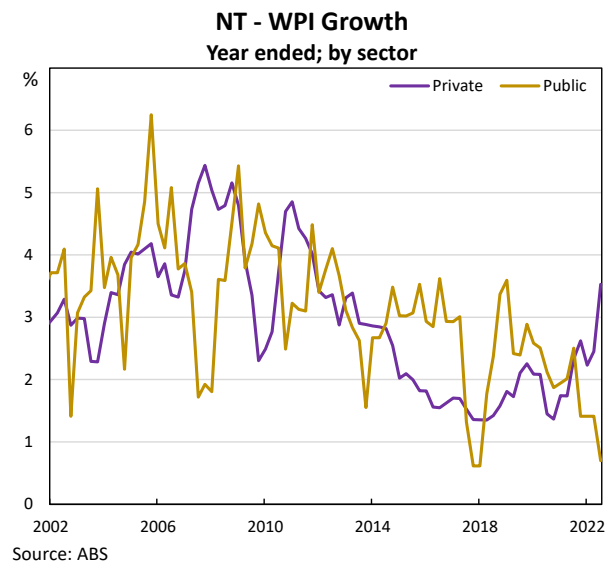
Graph 2: Non-residential building construction has grown steadily over recent quarters, but engineering construction work remains at a similar level to a year ago. Residential construction has started to recover from supply-side disruptions felt at the start of the year.



Graph 3: Over the past year, employment has grown by around 4 per cent, entirely driven by full-time employment. The growth in full-time employment since mid 2021 represents the longest period of sustained full-time employment growth since 2014.



Graph 4: Reflecting the tight labour market, (nominal) private sector wage growth increased to 3.5 per cent in the September quarter, its highest level since 2011. Public sector wage growth continues to fall; a public sector wage freeze has been in place over the past year.



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