



## **Prospects for the Pacific Islands**

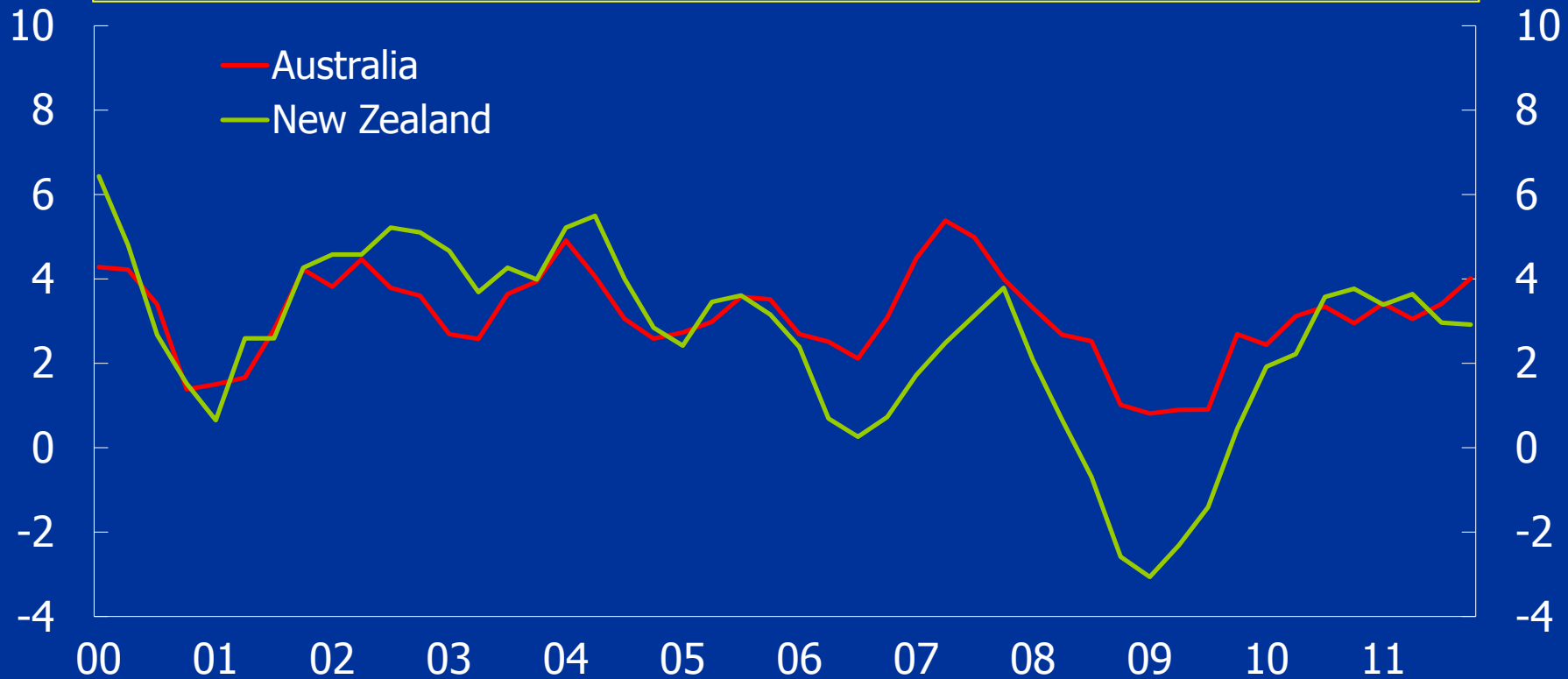
*Presentation at PFTAC Steering Committee Meeting*

*Port Vila, Vanuatu*

*September 2010*

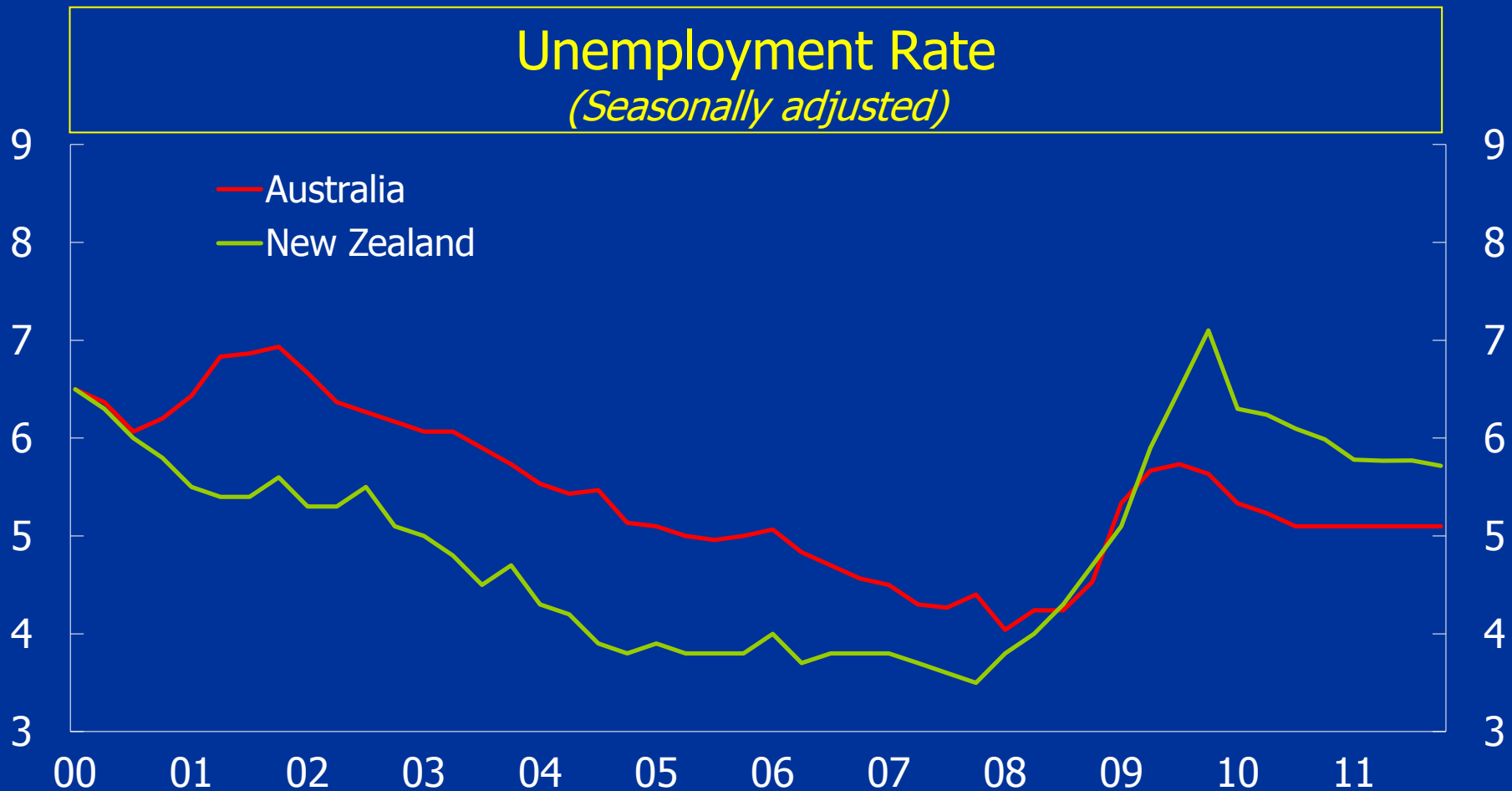
# Growth in Australia and New Zealand has picked up and is expected to remain strong,

## Real GDP Growth



Sources: Australian Bureau of Statistics; Statistics New Zealand; and Fund staff estimates.

and unemployment is expected to continue its decline.



Sources: Australian Bureau of Statistics; Statistics New Zealand; and Fund staff estimates.

# Coal price in Australia has risen 60 percent from its trough.

## Coal Price (Australian thermal, FOB Newcastle) <sup>1</sup>

(1/4/2008=100)



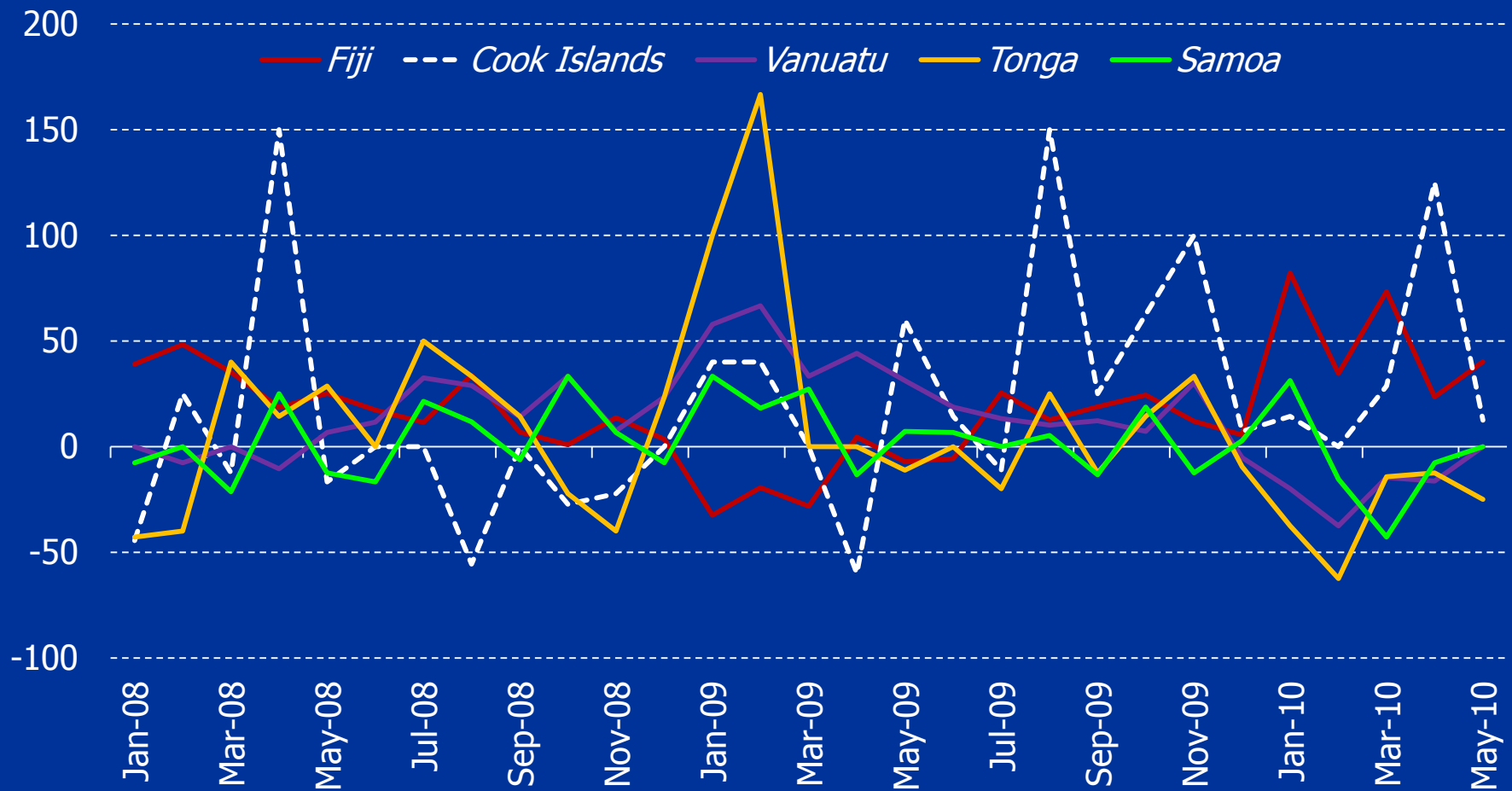
<sup>1</sup> CLSPAUNE Index.

Source: Bloomberg.

# These factors are most likely driving the rebound in tourism to the Pacific.

## Australian Tourism Departures to the Pacific Islands

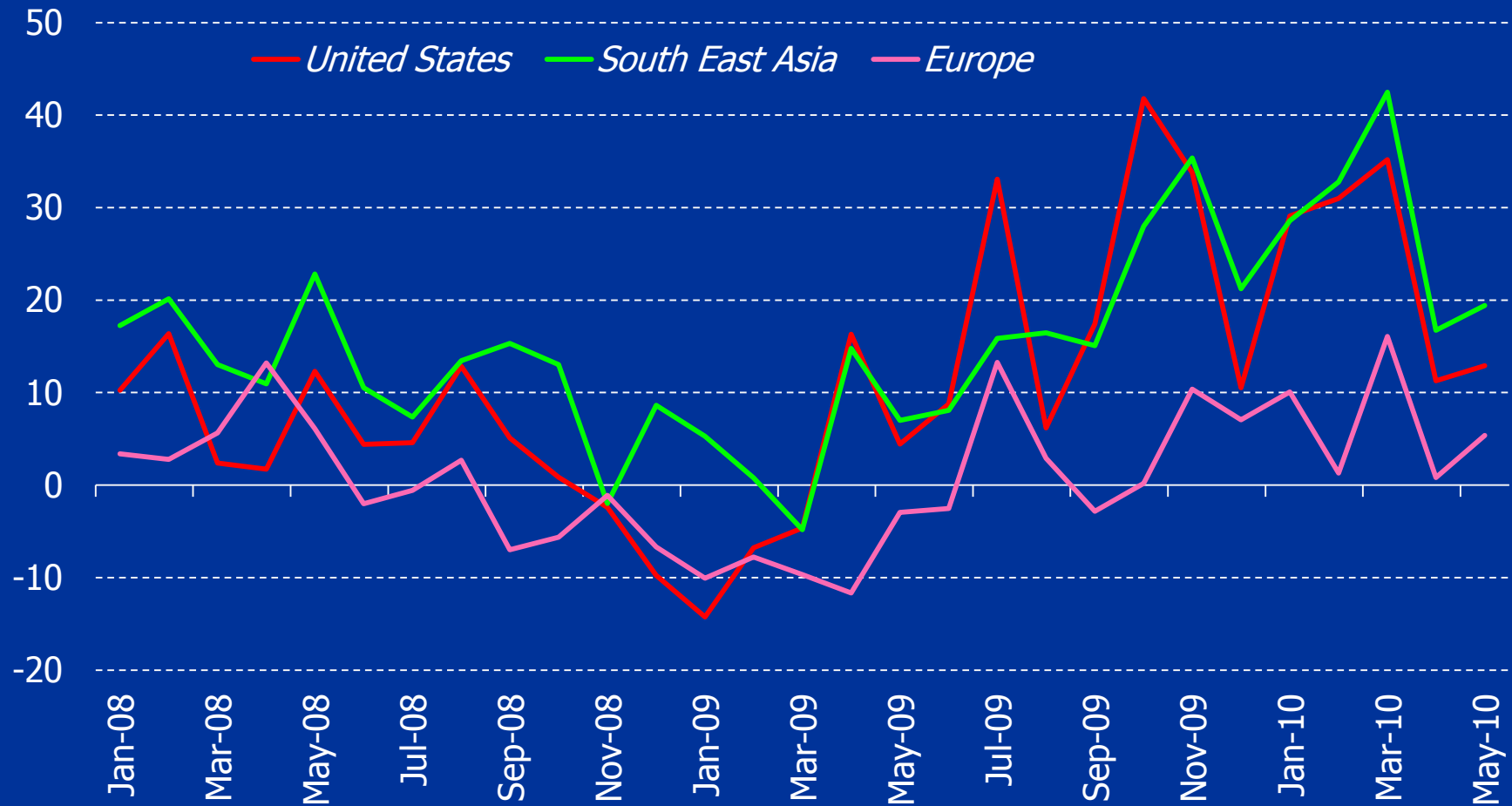
(year-on-year percentage change)



But tourists are also traveling further abroad and this may suppress Pacific prospects.

## Australian Tourism Departures to Other Countries

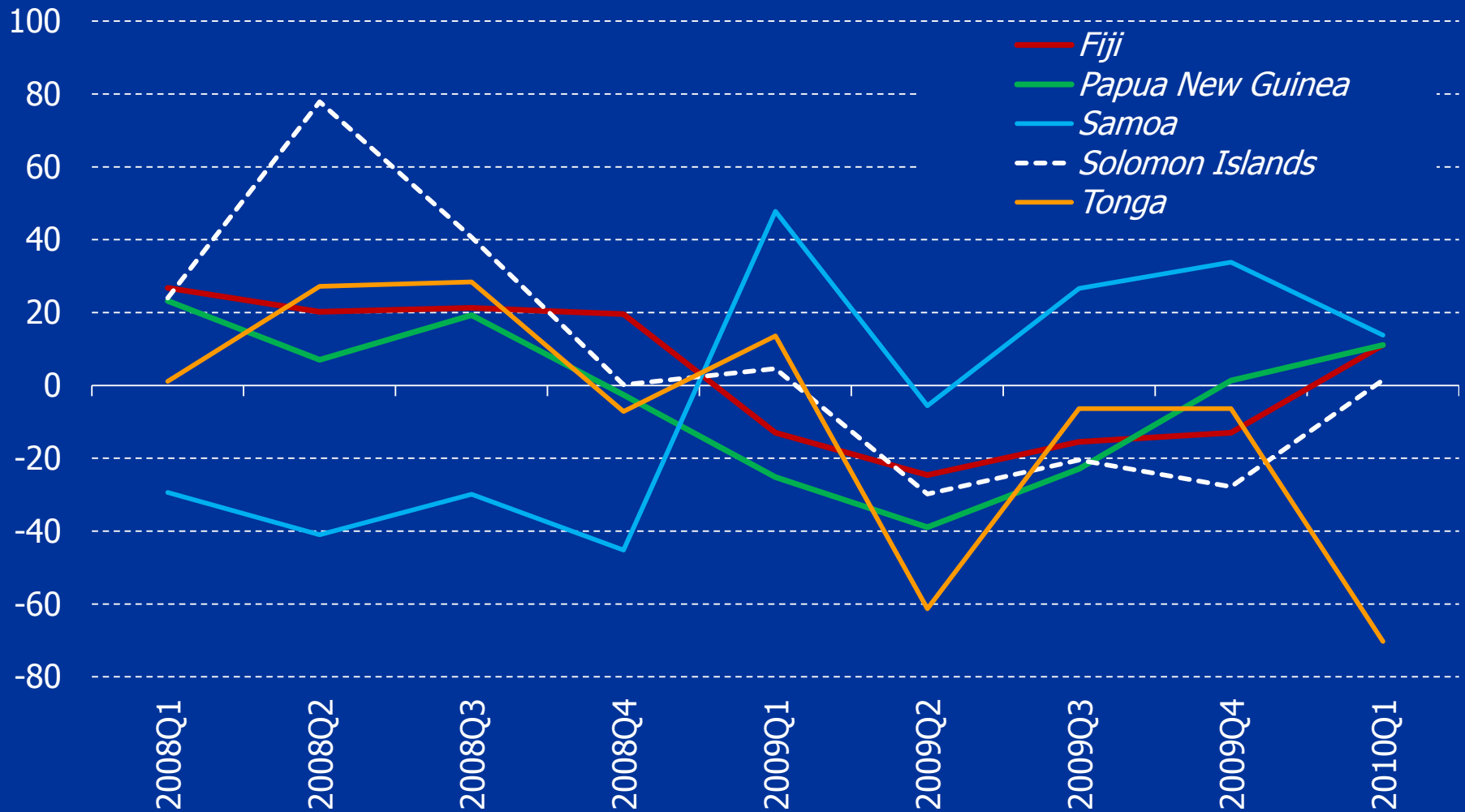
(year-on-year percentage change)



# Pacific island export performance remains weak

## PICs: Export

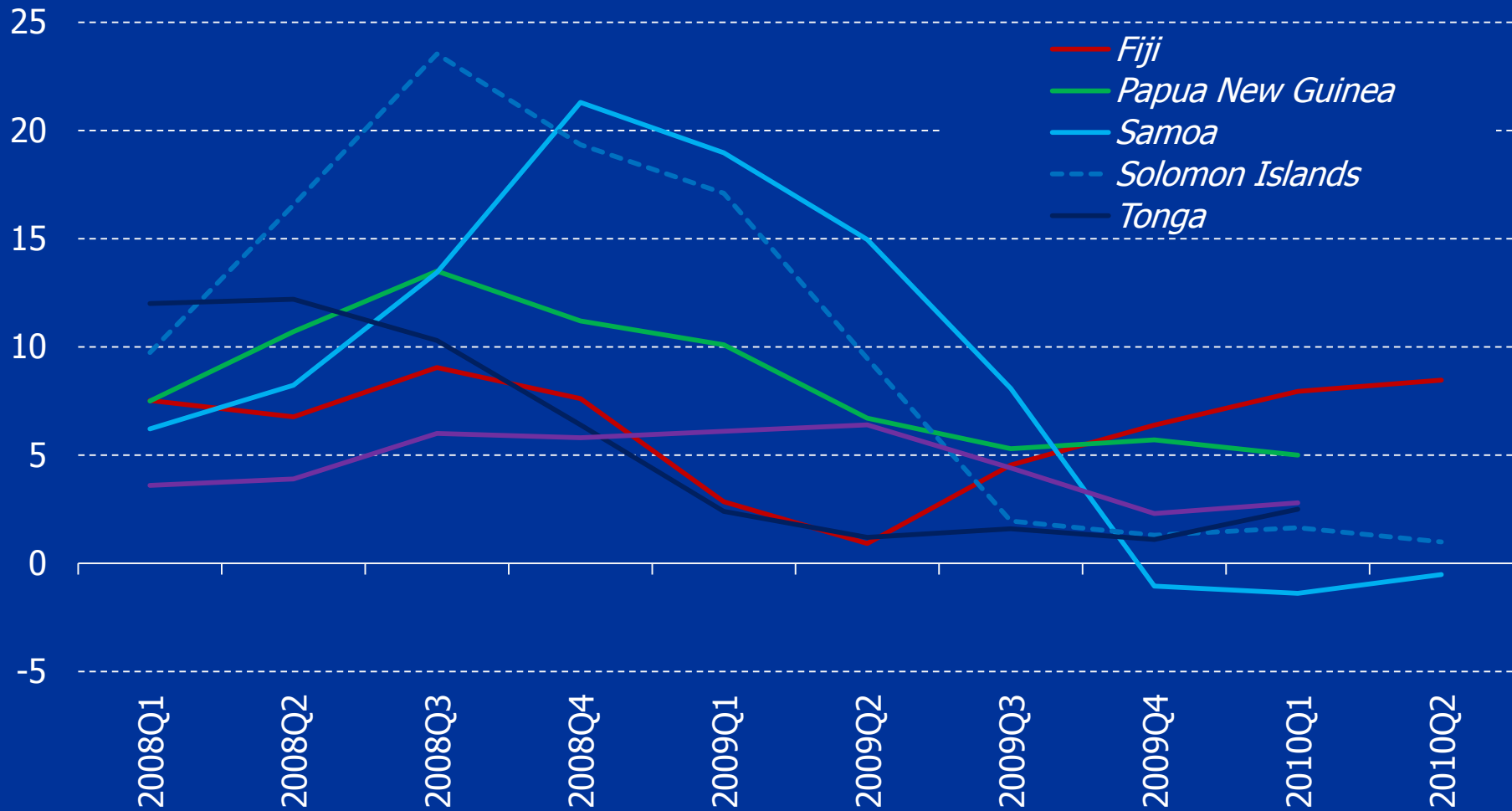
(year-on-year percentage change)



# Inflation remains subdued

## PICs: CPI Inflation

(year-on-year percentage change)

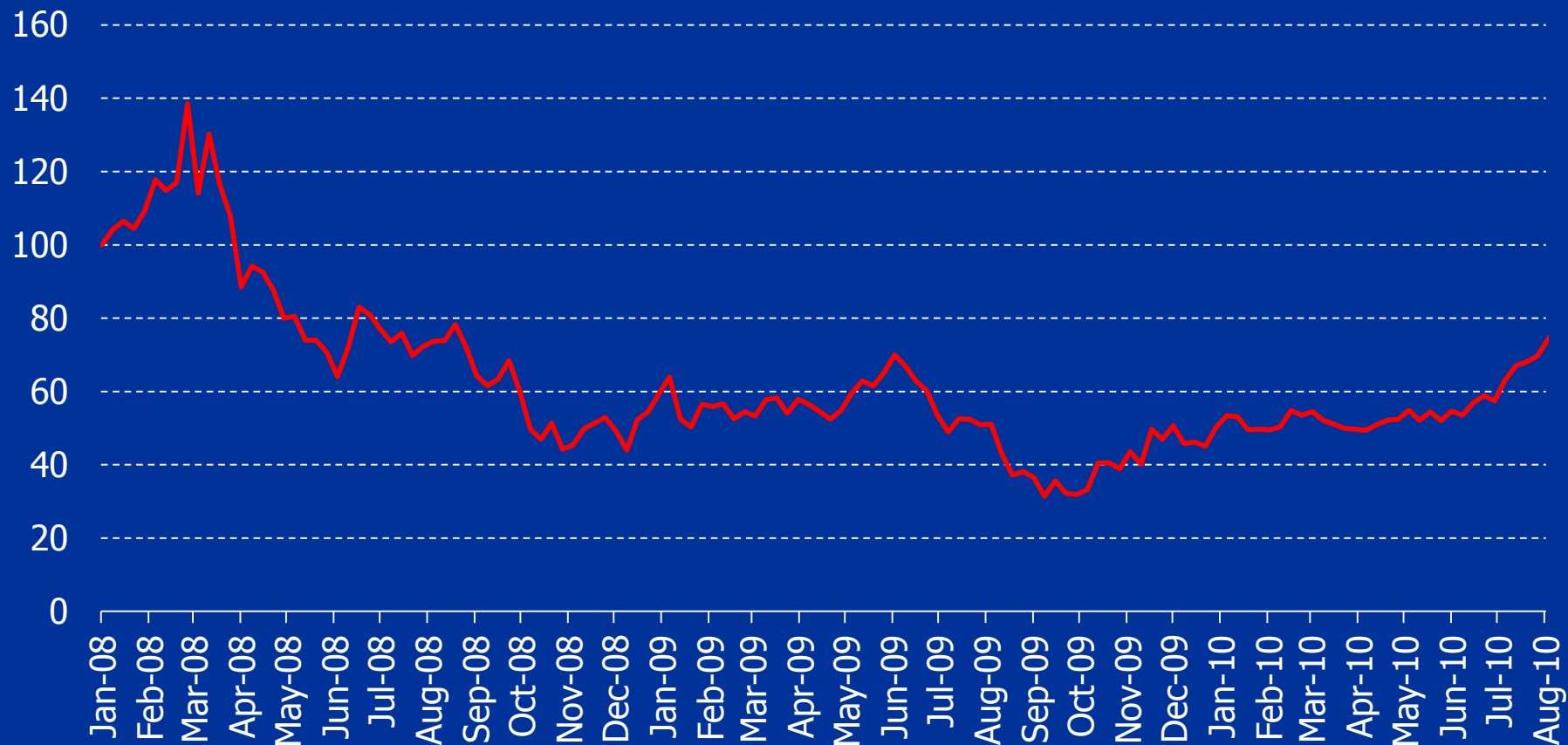




# Wheat price

## Wheat Price<sup>1</sup>

(Index, 1/4/2008=100)



<sup>1</sup> Wheat No.2, Soft Red Cts/Bu

Source: Datastream.

**Thank You**