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REFERENCE

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Q4 December 1986	System of National Accounts of the Republic of Vanuatu: Data Sources, Methodology, and Assumptions
Q1 March 1987	Press Announcement from Minister of Finance concerning The Cyclone UMA – Economic recovery program  (A) Duty Exemptions on replacement materials & equipment (B) Duty Exemptions on New Projects Insurance settlements / Loss adjustment disputes Future cyclone insurance cover in Vanuatu Banking Loans for reconstruction Business License fees 1988
Q3 September 1988	Budget of the Government of Vanuatu for 1989
Q3 September 1988	Vanuatu National Provident Fund: First year of operations
Q1 March 2000	Reserve Bank’s Exchange Rate Policy
Q2 June 2000	Money Laundering
Q3 September 2000	Governor’s Speech on the Exhibition of the “Mani Blong Yumi” Money in Vanuatu Society
Q3 September 2000	Notice to Commercial Banks concerning Money Laundering
Q4 December 2000	Money is Lubricant of the economy
Q4 December 2000	Capital Adequacy
Q1 March 2001	Update on Basel Capital Adequacy Reform Proposals
Q2 June 2001	Capital Adequacy
Q3 September 2003	International Banks – Overview of Developments
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Q1 March 2004	International Banking Act No. 4
Q1 March 2004	Association of Financial Supervisors of Pacific Countries in collaboration with PFTAC
Q2 June 2004	Governor’s Speech for Education Economics Workshop

Q2 June 2004	Governor's Speech for Media Freedom Day
Q2 June 2004	Press Release on Biri Group
Q3 September 2004	Bank Supervision Policy Guideline 3, Supervision of the Adequacy of Liquidity of Banks
Q3 September 2004	Reserve Bank Undertakes Major Review
Q4 December 2004	Governor's speech on overcoming Vanuatu's economic challenges, 2004 business forum
Q4 December 2004	Governor's speech for the association of financial supervisors of the pacific countries meeting
Q4 December 2004	Formulation of monetary policy in Vanuatu
Q4 December 2004	Reserve bank notes
Q4 December 2004	Excess reserves
Q1 March 2005	Monetary Policy Statement by the Governor
Q1 March 2005	Challenges to Monetary Policy Implementation, The case of Vanuatu.
Q1 March 2005	Summary of Business Survey 2005
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**TECHNICAL NOTES**

Statistical data in the Quarterly Economic Review are based on the latest available information, and several statistical tables are substantially up-dated and amended from time to time to reflect figures revised by respective sources.

**Abbreviations used are:**

e	=	Estimated
n.a	=	Not (yet) available
E	=	Estimated by Source
n.i.e.	=	Not included elsewhere
p	=	Provisional
-	=	Nil
r	=	Revised
..	=	Negligible/Almost
R	=	Revised by Source

## 1. EXECUTIVE SUMMARY

Global economic growth has remained solid despite below trend growth in the US economy. The strong growth experienced in the Emerging Economies has provided some compensation for the slow growth in the US, especially from growths in Emerging Economies, Europe and Japan. Australia and New Zealand continue to record steady growths. Notwithstanding Despite the increases in commodity prices that are caused by the increase levels of in global demand from across the world, global inflation has remained relatively stable. Developments within the global Financial Markets were characterized by the weakening of the US dollar against most of its major trading partners' currencies. The dollar has been affected by the turbulences in the US housing and credit markets. The world price for oil rose over the quarter and leveled at \$66.12 from \$57.56 in March.

A recently released National Accounts report published by the National Statistics Office (NSO) revealed that the domestic economy grew at its fasted rate in 2006. Following the strong 7.2 percent growth in 2006, indications are that the pace of growth in the domestic economy was broadly maintained in the first half of 2007. The services and industry sectors maintained their firm growth momentum, while the turnaround in agriculture sector outputs continues owing to better domestic prices for copra. The reopening of the main coconut oil mill in Santo now managed by CL Agencies provided further boost to the sector. Other Agriculture sub sectors such as cocoa, beef and kava continue to support growth in the sector. On the services sector, tourism continued to contribute positively to growth. Notwithstanding a quarter to quarter drop in total non-resident visitor numbers during the second quarter due to the decline in cruise-ship arrivals, tourist numbers continues to show an impressive improvement from the previous year for both air and cruise-ships arrivals. Reflecting the recent upbeat developments, the Ministry of Finance and Economic Management (MFEM) revised its estimate for real GDP growth for 2007 upward to 6.6 percent from 4.2 percent.

The consumer price index (CPI) rose significantly in the first half of the year on account of rising prices for drinks & tobacco, recreational, education, health, etc, housing utilities, food, and transport & communication. Though the second quarter year on year inflation remained within the target range of 0-4 percent, it has reached the upper threshold of 4 percent. Part of the inflation increase can be traced back to the first quarter, when driven mainly by the

increase in import duties for several of these imported goods and food items became effective in January 2007.

Government finances reflected a stronger growth in expenditures over revenue in the review quarter, with the Government registering a budget deficit of around VT183.9 million. Salaries and wages, which accounted for 61.9 percent of the Government's recurrent expenditures has risen by 49.8 percent from the corresponding quarter of 2006 due to the implementation of the Government Remuneration Tribunal (GRT) decision that led to a general increase in public servants' salaries across all sectors of the Government.

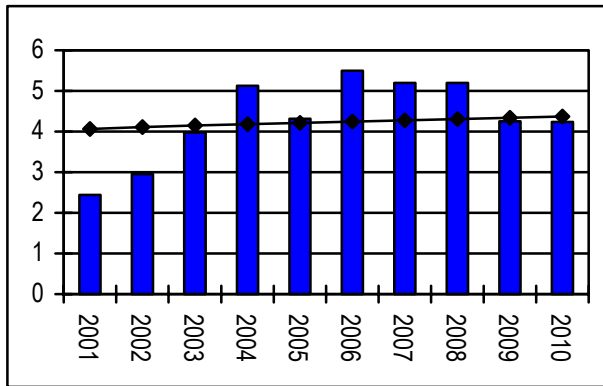
Total money supply growth has accelerated to 3.7 percent during the review quarter as compared with 1.3 percent growth in the first quarter of 2007. This strong growth was associated with growths in both narrow money and quasi money. The counterparts to these increases are net foreign assets and banking system claims on the private sector.

Development in the country's Balance of Payments in the June quarter of 2007 saw an increase in official international reserves by around VT147 million from the preceding quarter. This increase also shifted the months of import cover up from 7.4 months to 7.5 months. The Country's current account deficit had narrowed significantly during the review quarter on account of net inflows particularly in the services and income accounts, whereas the trade deficit has widened by 1.6 percent from last quarter while current transfers rose by 4 percent. The Capital and Financial Accounts rose by 15 percent from last quarter mainly reflecting the withdrawal of foreign holdings of from the private sector to assist in domestic financing.

## 2. The international Economy

The world economy has continued to expand strongly during the first half of 2007. Growth has been fairly broad-based across countries, with rapid growth continued to be experienced in China and other emerging economies. Firm growth has also been achieved in Europe and Japan. Growth in the United States, on the other hand, has been below trend.

**Figure 1: World Real Economic Growth and Forecasts**



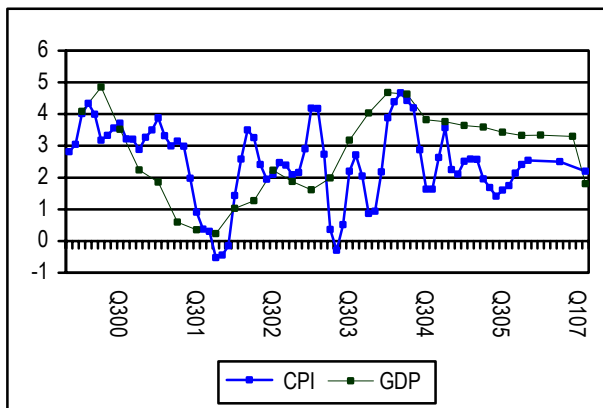
Source: IMF World Economic Outlook, April 2007

While global price developments continue to be fuelled by changes in commodity prices, consumer price inflation has, overall, remained overall relatively steady. Global growth is expected to moderate to 4.9 percent in 2007 and 2008, some 0.5 percent point slower than in 2006. In the United States, growth is expected to come to 2.2 percent in 2007 from 3.3 percent in 2006, although the economy should gather some momentum at the course of the year. However, the Fed is expected to reveal updated policy statement that would affect projected growth rate.

**The US Economy**

In the US, real GDP increased by 0.8 percent in June quarter to be 1.8 percent higher over the year. Residential investments fell by 2.4 percent. Robust consumer spending has boosted GDP growth, but at the cost of a negative personal saving rate, a growing burden of household debt and a huge current-account deficit. Yet as the housing market slows, Americans are still spending.

**Figure 2: US GDP and CPI**



The Economist - August issue

While consumption growth slowed to 0.3 percent in the June quarter, this followed a strong 0.9 percent rise in the previous quarter. The slowing in the quarter partly reflected a rise in petrol prices of around 30 percent.

**Europe**

The European area recorded a GDP growth at market prices of 1.6 percent over the June quarter and 5.6 percent over the year.

Growth was mainly driven by domestic demand in most EU countries. Inflationary developments showed a mixed picture across countries in June 2007. Euro area retails sales have been soft in the June quarter, although there are some positive signs with rising consumer sentiments and a further improvement in labour market conditions. The unemployment rate was 6.9 percent in June, the lowest in the last 15 years.

**Japan**

The Japanese economy has expanded moderately over the June quarter. Exports have continued to increase against the background of the expansion of overseas economies. Real imports have more or less leveled, despite of the expanding of the domestic economy. They have been affected by the increase in import prices due to the rise in international commodity prices, and by the depreciation of the yen.

The Bank of Japan decided to leave its target for the uncollateralized overnight call rate unchanged at 0.05% during its meeting on the 14<sup>th</sup> of June 2007.

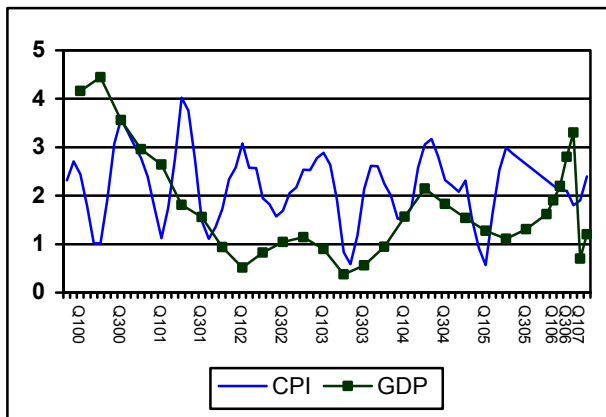
**Asia**

In emerging Asia, economic activity continued to expand at a robust pace, noticeably in China and India. The Chinese economy had accelerated over the June quarter, increasing by almost 12 percent over the year. Despite a range of policy changes designed to slow their growth, exports were still 30% higher over the year to June quarter. Although growth in retail has picked up, consumption is still growing more slowly than investment.

Consumer price inflation was recorded at 4.4 percent over the year. In response to very strong growth in activity and rising inflation, the Bank of China has continued to tighten monetary policy, increasing its reserve requirement and bench mark lending and deposits interest rates.



Figure 3: Euro-area GDP and CPI



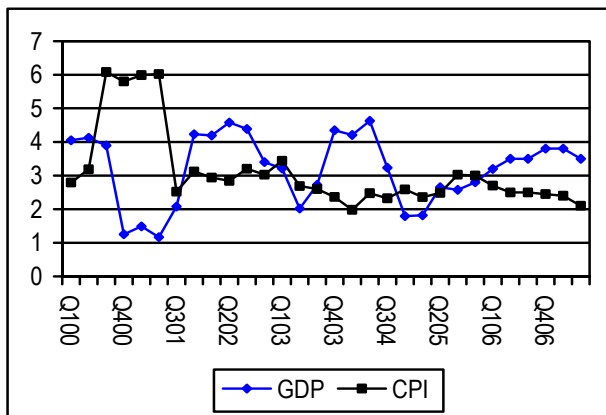
The Economist August issue.

In East Asia, Preliminary GDP estimates for Korea and Singapore suggested a strong growth in these economies while inflationary pressure throughout the Asian region remained contained.

**Australia**

Economic activity remained firm in the June quarter although GDP growth is likely to be more moderate than reported last quarter. Growth is continuing to be driven by domestic demand. The Consumer Price Index (CPI) rose by 1.2% in the June quarter, and by 2.1 percent over the year. The largest increase came from petrol, and fruit and vegetable prices. Average nationwide house prices continued to grow at a firm pace in recent months with stronger growth in house prices than in unit prices. It grew by 3 percent in the June quarter and 9 percent higher over the year.

Figure 4: Australia CPI and GDP

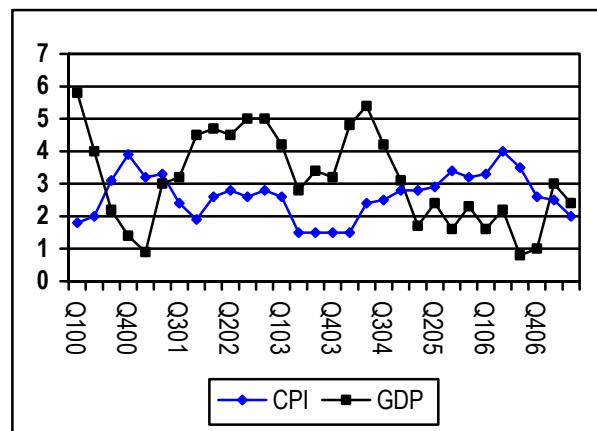


Source: Reserve Bank of Australia

**New Zealand**

Recent indicators showed clear evidence of a pick up in economic activity in the first half of 2007. The Reserve Bank of New Zealand hiked interest rates by 25 basis points to 8.0 percent in June quarter. Business confidence rose in June driven by higher daily prices and cuts in company taxes hence, consumer confidence fell for the second consecutive quarter in June. Despite continued merchandise export growth, the current-account deficit will remain high throughout the forecast period. The income balance will remain deeply in deficit, and any improvements in the merchandise trade balance will be only temporary.

Figure 5: New Zealand CPI and GDP

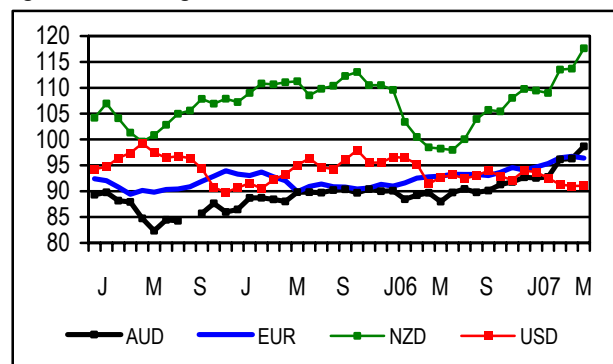


Source: Reserve Bank of New Zealand.

**Financial Markets**

The pattern of monthly exchange rate movements of some of the world's larger currencies is shown below in trade weighted terms.

Figure 6: Exchange Rates



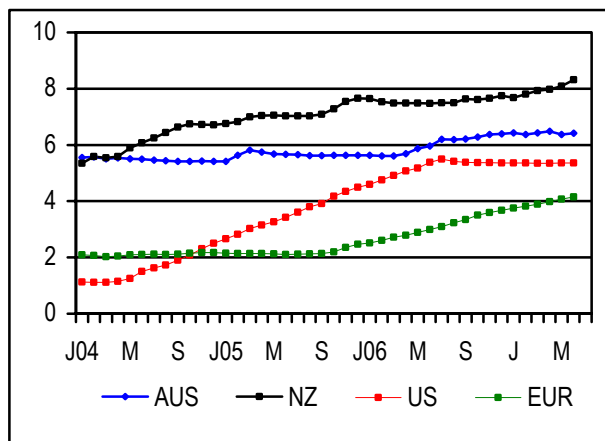
Source: Bank of England

In June, the US dollar was generally weakened against most of its major trading partners' currencies. It depreciated by 1.6 percent from March and 1.7 percent over June last year. The US dollar had been affected by the turbulence in the housing and credit markets. The Australian dollar, the New Zealand dollar and the Euro all appreciated over the quarter as well as over June last year. These movements signifying the continuous pick up in economic activity supported by favorable economic indicators.

**Short Term Interest Rates**

The graph below shows the pattern for short term interest rates for some of the world economies relevant to Vanuatu. The rate shown in each case is a 3 month or 91 days money market rate.

**Figure 7: Short-Term Interest Rates**



**Source:** Reserve Bank of Australia, Reserve Bank of New Zealand, European Central Bank, Bank of England

Short term interest rates have seen some interesting changes over the quarter. One notable change was the Japan interest rate which continued to increase from last year to March this year, dropped in April and again increased in May and ended at 0.73 percent in June.

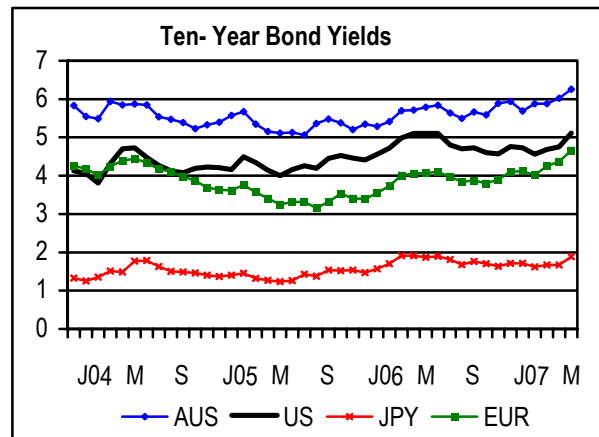
The US interest rate was slightly up to 5.36 percent in June from 5.35 percent in March and the EURIBOR rose up from 3.98 percent to 4.15 percent. The increases in these two rates were driven mainly by similar movements in real long term bond yields which may suggest an improvement in market participation and more favourable expectations regarding growth prospects for both economies. The Australian short term interest rates increased as well, prompted by the release of several

indicators pointing to continued strength in the domestic economy.

**Long term interest rates**

The graph below shows the changes in long term interest rates in some of the world's major economies.

**Figure 8: Long-Term Interest Rates**



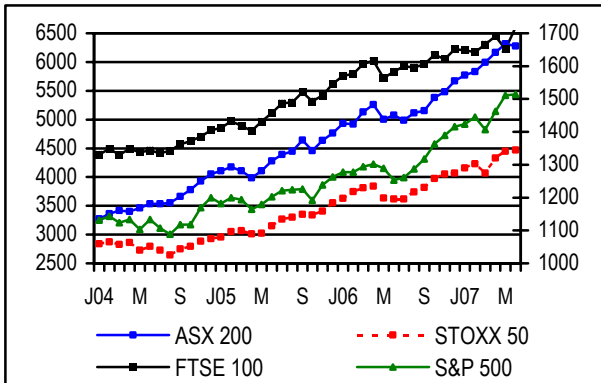
**Source:** Reserve Bank of Australia, Reserve Bank of New Zealand, Bank of England, European Central Bank.

In the United States, long term government bond yields rose in the period under the review. The increase reflected the revision of market participants' perceptions of growth for the US economy as well and a corresponding repricing of expectations for future short term interest rates. In Euro area, the increase in the long term rates was also driven mainly by increases in real long term yields. In Australia, yields on the 10 year CGS rose to 6.26 percent from the 5.88 percent in March, driven by strong economic growth which prompted investors to switch from bonds to other assets.

**Stock Markets**

The following graph shows the movements in share indices from some of the world's largest markets.

**Figure 9: Stock Markets**



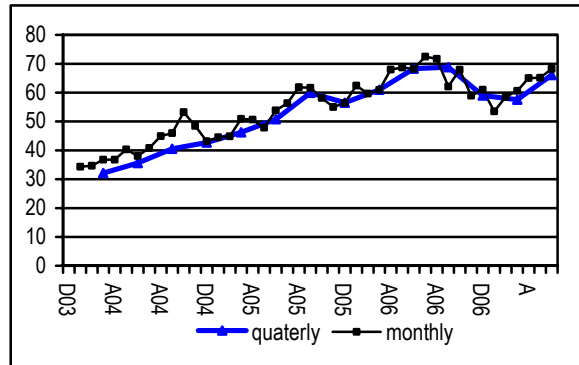
**Source:** Financial Times, European Central Bank, Reserve Bank of Australia.

All the stock market indices further increased over the June quarter following a slight increase in March except for the Australian ASX 200 that marginally dropped at the end of the quarter review. Notwithstanding the decline in ASX 200, the Australian share market has tended to outperform the major share markets over the year. Broad-based indices in the Euro area as measured by the DOW Jones EURO STOXX index and the Standards and Poor's 500 index were both up at end June. In the US, stocks were adversely affected by a sell-off in bond market in early June. This, triggered interest rates in all maturities, nonetheless, US stock markets continue to be supported by solid corporate profitability.

**Oil Markets**

The price of oil has continued on its upward trend this quarter.

**Figure 10: Average Spot Price for Crude Oil (USD/barrel)**



**Source:** World Bank Pink Sheet

The price of oil has seen an increase over the quarter as it closed in June at a level of \$66.12 from a level \$57.56 in March. The annual average prices have also recorded an increase.

### 3. DOMESTIC ECONOMY

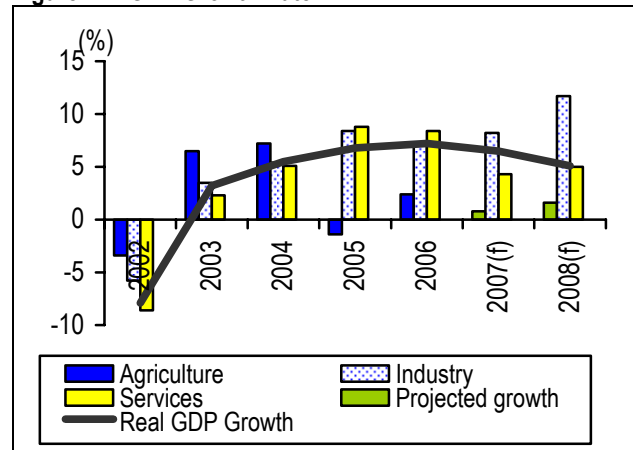
#### Real Economy

Recent economic performances follow on from the sturdy growth in 2006. The recently released National Accounts report by the Vanuatu National Statistics Office (NSO) revealed that the domestic economy grew by 7.2 percent in 2006, supported by positive growth in all the sectors of the economy. Growth was broad-based and highly driven by the services sector, especially tourism which accounted for 20 percent of GDP. Other sectors which contributed significantly to this economic expansion were construction (15.7%), wholesale and retail sector (12.4%) and the real estate and business service sector (11.2%). These sectors are expected to further contribute to economic growth in the medium term.

The domestic economy continues to indicate growth mainly driven by the service and industry sectors. Based on recent developments, the Ministry of Finance and Economic Management (MFEM) has revised its forecast for Real GDP for 2007 to 6.6 percent. This was an upward revision from a previous forecast of 4.2 percent. Growth is expected to be driven by the Industry sector (7.5%), mainly construction (14.9%), and the services sector by 4.4% and a gradual growth in the Agriculture sector by 1.6 percent.

During the review quarter, the Agricultural sector continued to show improved performance compared to the same period of 2006 and supported by the improvement in domestic prices for copra. Copra production also picked up to support the high demand from the two major coconut oil mills in Santo for the production of coconut oil for fuel as well as exports: Vanuatu coconut oil products Limited and CL Agencies. Other sectors of cocoa, beef and kava continued to support the growth in the Agricultural sector.

Figure 11: GDP Growth Rate



Source: Ministry of Finance and Economic Management (MFEM),

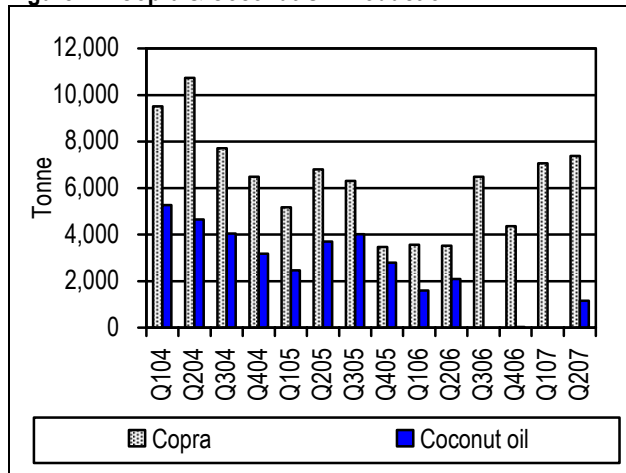
Total non-resident visitors arrivals showed experienced a decrease mainly attributed to a decline reduction in cruise-ship arrivals. Never-the-less tourist numbers continues to show an impressive improvement from the previous year for both air and cruise-ships arrivals supported by the continuous promotion of Vanuatu as a tourist destination.

The changes in consumer prices over the reviewed quarter were mainly in line with the increases in import duty tax for various imported items effective from the first quarter of 2007.

#### Copra and Coconut Oil

Copra production figures showed an improvement compared to the previous year. Production increased by 4.5 percent from 7071.0 tons in the previous quarter to 7387.0 tons valued at VT199.2 million. The increase in production was underpinned by the increase in the average domestic producer's price after the Vanuatu Government subsidized the price of copra to VT31,000 per ton as of December of 2006. With the subsidies given by the Government to Vanuatu Coconut Products Limited (VCPL), a subsidiary of VCMB to buy copra, average price increased from VT18,249 per ton to VT26,934 per ton over the first half of the year. The average world price for copra continues to show an increasing trend from US\$498.6 per ton to US\$612.8 per ton in the second quarter of 2007

Figure12: Copra & Coconut Oil Production



Coconut oil are export figures  
Source: VCMB, National Statistics Office

Coconut oil exports picked up during the second quarter of the year following the re-opening of the former COPV coconut oil mill under the new ownership of CL Agencies towards May 2007. As a result, coconut oil exports increased to 1,154 tons valued at VT84 million. The closure of the mill in May 2006 contributed to the drop in coconut oil exports over the second half of last year. Average world price for coconut oil increased from US\$754.3 per ton to US\$900.8 per ton.

**Cocoa**

Total cocoa production over the second quarter of 2007 increased from 49 tons in the previous quarter to 320 tons and valued at VT30 million following the seasonal trend in cocoa production. The average domestic price for cocoa increased from VT87,020 per ton to VT92,737 per ton over the second quarter of 2007. The level of production this quarter dropped from the same period of last year as a result of the rainy seasons during the three months ending June.

Average world price for cocoa increased from 181.3 US Cent/Kg to 215.8 US Cent/Kg over the second quarter of 2007.

**Kava**

The kava sector continues to receive high demand from both the domestic market for local consumption and major export markets such Fiji and New Caledonia. Kava exports increased from 22 tons in the preceding quarter to 70 tons valued at VT104 million. Various issues continue

to affect kava export such as the decision by the Australian Government to ban kava exports into Australia. As a result, kava exports in the reviewed quarter declined by 47 percent over the same quarter of the last year.

**Domestic Data**

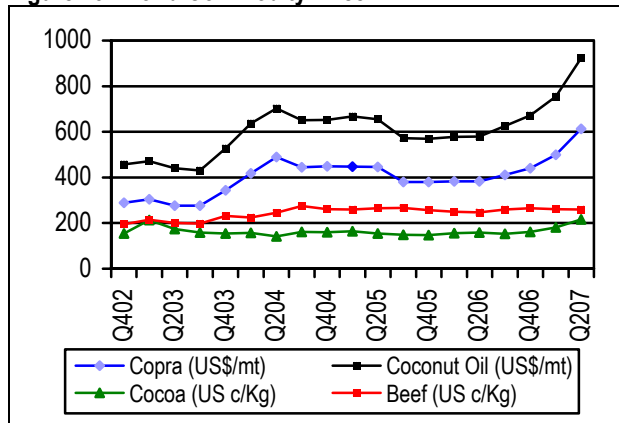
Annual		2002	2003	2004	2005	2006
Real GDP Growth		-7.9	3.2	5.5	6.8	4.0
Annual inflation rate		2.3	2.9	0.8	1.8	1.8
<u>Production</u>						
Copra(t)		25,608	28,925	36,822	21,482	19,462
Cocoa(t)		868	1,346	865	926	1,314
Beef(t)		2,531	3,099	2,984	3,185	2,708
Coconut oil exports (t)		9,856	7,725	17,111	12,967	3,696
Kava exports (t)		601	491	828	686	575
Air arrivals(no.)		49,462	50,400	60,670	62,082	68,179
Cruise arrivals(no.)		49,447	51,995	37,870	63,554	85,922
Hotel Occ. Rate		44.20%	46.50%	51.90%	52.30%	51.5%
Energy Consumption		41,874	41,341	42,849	44,669	45,906
<u>Quarterly</u>		<u>2006</u>				<u>2007</u>
		Q206	Q306	Q406	Q107	Q207 (e)
Real GDP Growth		-	-	-	-	-
Inflation rate (yearly)		2.2	2.9	1.8	3.4	4.0
Inflation rate (quarterly)		0.6	0.2	0.3	1.3	4.0
<u>Production</u>						
Copra(t)		3,516	6,484	4,357	7,071	7,387
Cocoa(t)		653	378	244	49	320
Beef(t)		538	895	735	784	739
Coconut oil exports(t)		2,086	-	22	-	1,154
Kava exports (t)		167	166	119	22	70
Tourist arrivals(no.)		15,144	18,712	19,486	16,482	16,729
Cruise arrivals(no.)		19,445	22,506	18,625	18,626	19,384
Hotel Occ. Rate (room)		45.50%	50.00%	57.6%	na	na
Energy Consumption		11,571	11,500	11,460	13,062	10,965

Source: National Statistics Office

**Beef**

Both the domestic and export markets for the beef sector continues to remain attractive. Total beef production for the three months ending June was estimated to have dropped by 5.7 percent from 784 tons to 739 tons. Production level was expected to register no change from the previous year as output is anticipated to increase towards the second half of the year. Beef exports continues to remain attractive in the regional market. Exports increased from 15 tons to 151 tons valued at VT59 million. The Average world price for beef declined to 259.9 US Cent/Kg from 261.2 US Cent/Kg in the previous quarter.

**Figure 13: World Commodity Price**

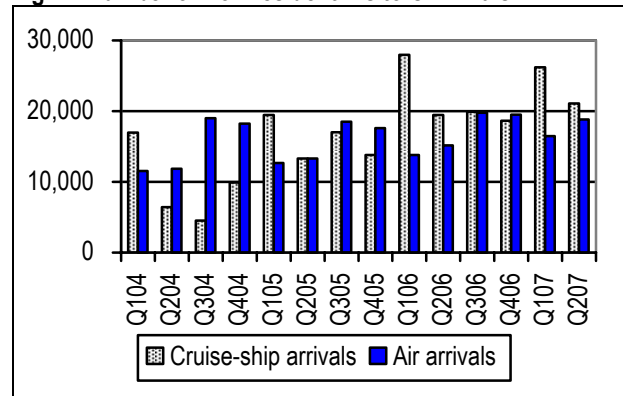


Source: World Bank Commodity Price

**Tourism**

During the review period, total non-resident visitors to Vanuatu dropped by 6.5 percent from 42,696 visitors to 39,900 visitors, and higher by 15.3 over the same quarter of the previous year. The decline was a result of the drop in day visitors arrival by 19.5 percent to 21,093, while air arrivals increased by 14 percent to 18,807. As a result of continuous promotion of Vanuatu by VTO (Vanuatu Tourism Office) as a tourist destination as well as regular flights by Air Vanuatu and code-sharing partnership with other air-carriers such as Pacific Blue and Air New Zealand, Vanuatu continues to receive more visitors from its major markets: North America (up by 81%), New Caledonia (28%), Australia (26%), New Zealand (24%) and Japan (23%). Likewise, holiday visitor arrivals increased by 13 percent over the quarter, and 25 percent over the same quarter of the corresponding year.

**Fig 14. Number of Non-resident Visitors Arrivals**



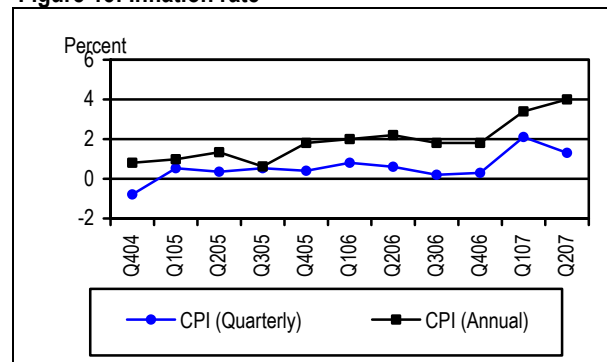
Source: National Statistic Office

**Inflation**

Changes in Consumer Price Index showed Quarterly Inflation rate dropped from a revised 2.1 percent in the previous quarter to 1.3 percent over the second quarter of 2007. Annual Inflation rate increased from a revised 3.4 percent in the previous quarter to 4.0 percent during the review quarter.

The increase in the CPI over the same period of the previous year was attributed to increases in the following expenditure groups: Drinks & Tobacco (7.9%), Recreational, Education, Health, etc (4.9%), Housing Utilities (4.1%), Food (4.0%), Transport & Communication (2.8%), whilst slight increases were shown for household supplies by 0.3%. Clothing & Footwear expenditure group showed no change. The increase in prices was attributed to the Government's decision to increase import duties on several of these imported goods and food items effective January 2007.

**Figure 15: Inflation rate**



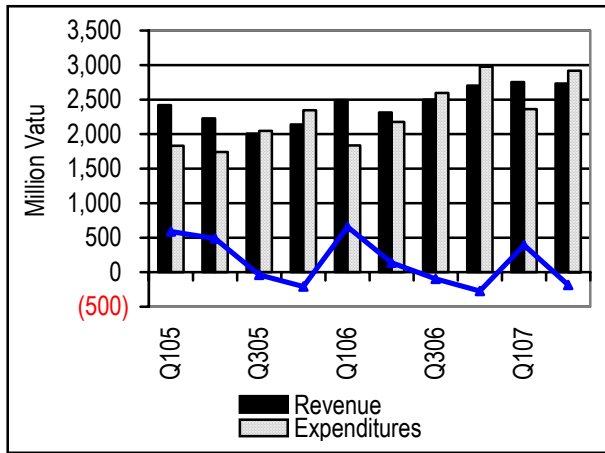
Source: National Statistics Office.



**4. FISCAL OPERATION**

During the second quarter of 2007, the Central Government’s overall fiscal operations depicted a budget deficit of VT183.9 million, compared with a surplus amounting to VT138.1 million in the corresponding quarter of 2006 as well as a surplus in the preceding quarter. This deficit was underpinned by an increase of VT857 million in recurrent expenditures of the Government, as compared to the same quarter of 2006, or an increase of VT574 million from the preceding quarter. This increase stemmed mainly from an increase in salaries and wages of Public Servants. However, during the first six months of the fiscal year, the overall position was a budget surplus.

**Figure 16: Government Expenditures and Revenue.**

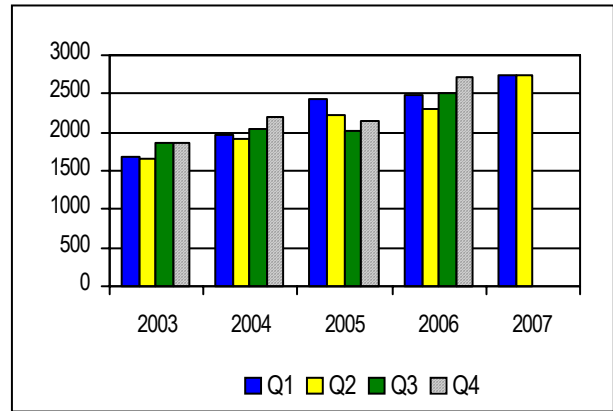


**Revenue**

During the reviewed quarter, overall revenue (including grants from abroad) amounted to VT2733.7 million. This was 18.2 percent higher than the level attained during the same period of 2006. In comparison to the previous quarter, Revenue collection for the second quarter of 2007 was lower by 0.8 percent.

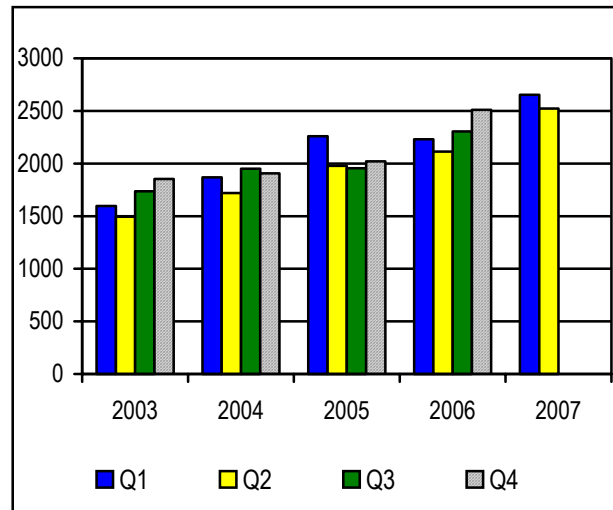
On the budgetary account, recurrent revenue collected for the six months of the year accounted for 49 percent. The good performance of revenue collection can be attributed to the improving economic conditions and compliance by Government Departments.

**Figure 17: Revenue and Grants(MVT)**



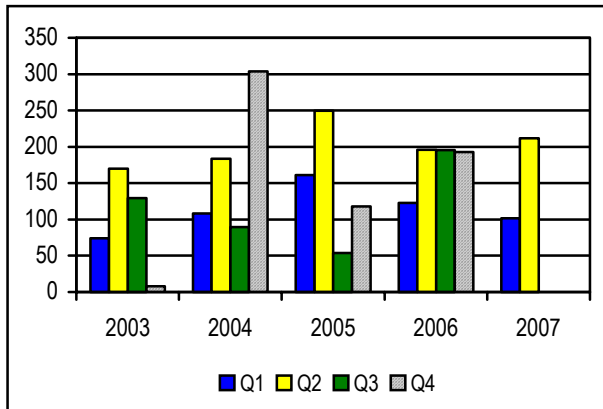
An analysis of domestic revenue (recurrent) showed that tax collection alone constituted 91.6 percent of total recurrent revenue for the period under review. This was an increase from 91.0 percent increase on recorded in the same period of last year. Of the total tax revenue, taxes on goods and services made up 56.3 percent, taxes on international trade accounted for 34.9 percent while other taxes made up the balance of 8.8 percent. Specific improvements from the level attained for the same quarter of 2006 could be seen in business licenses, which increased by 37 percent, and VAT collection up by 16 percent and import duties.

**Figure 18: Domestic Revenue**



Non tax revenue, which constituted the remaining 14 percent of total recurrent receipts, was also higher than the level attained in the same period last year by 9.7 percent. However, total non tax revenue for the year fell short of the budgetary account whereby 18 percent were collected during the first six months of the year.

**Figure 19: Grants**



Grants received during the review period amounted to VT211.6 million, representing an increase from VT101.7 million in the preceding quarter. Grants for the second quarter of 2007 were higher by 8.0 percent or VT15.6 million compared with the corresponding quarter of 2006.

**Expenditures**

Total outlays for the second quarter of 2007 amounted to VT2917.6 million, representing an increase by 23.5 percent from the preceding quarter, and by 34.1 percent compared with the corresponding same quarter of 2006. Of the total outlays, expenditures on operating activities amounted to VT2825.9 million in the review period, representing a growth of 25.5 percent from the last quarter and 43.5 percent from the corresponding period in 2006. Notable increases over the year could be observed in expenditures on goods and services (49%) and acquisition of fixed capital assets which increased by 110 percent.

Total recurrent expenditure for the first half of the year amounted to 47.4 percent of the budgetary provision.

Salary and wages, which accounted for 60.6 percent of recurrent expenditures in the review quarter, has increased by 31.1 percent from last quarter and by 47.3 percent from the corresponding quarter of 2006. This increase continued to reflect the implementation of the Government Remuneration Tribunal’s decision across all sectors of the Government as well as payouts to political appointees due to minor change in Government.

**Financing**

The Department of Finance continues to keep tight fiscal control to ensure that the Government had not undertaken

any new borrowings or even resorted to the overdraft facility with the Reserve Bank of Vanuatu. The Government has rolled over a VT200 million bond in April.

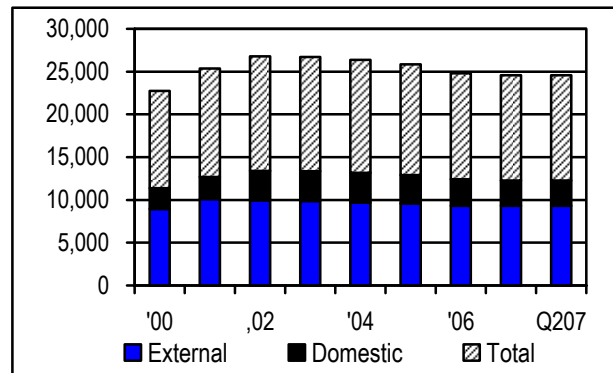
Any financing on the shortfall of then Government cash position was undertaken from its own sources such as using funds within its own deposits both from the commercial banks and the Reserve Bank of Vanuatu..

The overall outcome for the first six months of 2007 was a budget surplus of around VT209.1 million. Continuous tight fiscal control by the Ministry of Finance and Economic Management had ensured that the Government had not resorted to the overdraft facility with the Reserve Bank of Vanuatu.

**Outstanding Government Debt**

The total outstanding debt of the Government was estimated at around VT12.2 billion, which is approximately 26.5 percent of nominal GDP. Of the total debt, an estimated 75.7 percent consisted of external debt. Domestic debts in terms of outstanding bonds stood at VT2, 982.9 million. Of the total outstanding bonds, corporate bodies accounted for 54.6 percent, the RBV 28.9 percent, commercial banks 16.4 percent and others 0.1 percent.

**Figure 20: Public Debt(MVT)**



Total external debt of the country stood at approximately VT 9,298.0 million. No new debts were issued given the high amount of domestic debt that will mature in 2008.



**5. MONETARY DEVELOPMENTS**

Total money supply growth picked up by 3.7 percent during the reviewed quarter as compared with 1.3 percent growth in the first quarter of 2007. This growth positioned the stock of money supply at VT47,823.1 million at the end of the June quarter. The pickup in money supply growth was attributable to expansions in both total money supply determinants, of which total net foreign assets increased by 2.9 percent while domestic credit expanded by 3.5 percent. The expansion of money supply during this quarter consequently caused the annual growth rate of money to expand by 4.6 percent; however this growth was yet slower than the growth recorded over the year to the March quarter of 2007.

Commercial Banks liquidity<sup>1</sup> has contracted during the reviewed quarter. This downtrend in liquidity ensued from an increase in the volume of RBV Notes issued in the market.

Short-term interest rates have continued to depict a declining trend during this quarter ever since the previous quarter seeing that bids for the RBV notes have continued to remain very competitive. Commercial banks' deposit and lending interest rates have also fallen from the previous quarter's rates as indicated via by the decline in the weighted average interest rates on deposits and lending during the quarter under review.

Another recommendation of the review of the Bank's monetary policy process stated that the Bank should review its monetary policy stance on quarterly basis as opposed to semi annually as previously practiced. Therefore, during this review quarter the Bank has continued to maintain the current monetary policy stance by keeping the rediscount rate at 6.00 percent.

**5.1. Determinants of Money Supply**

**Net Foreign Assets**

Total net foreign assets (NFA) of the banking system expanded by 2.9 percent to VT32,968.2 million during the second quarter. This increase was associated with growths in the net foreign assets of both the monetary authorities and commercial banks. Over the year to June

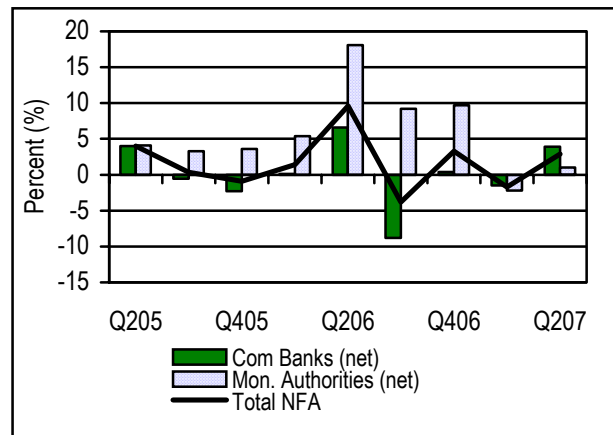
<sup>1</sup> Commercial banks liquidity consists of commercial banks excess reserves and holdings of RBV notes.

2007, total NFA grew by just 0.5 percent as compared with a growth of 7.1 percent in the March quarter of 2007

Following a decline recorded over the previous five months of this year (due to continuous net outflow of foreign exchange witnessed by the Reserve bank) the NFA position of the monetary authorities improved again by gaining a 1.0 percent growth to reach VT10,827.8 million at the end of the reviewed quarter. This development implied that at the end this quarter the Reserve Bank (RBV) has witnessed net inflows of foreign exchange. Major inflows during the quarter were sourced from Government official grants, few bilateral deals and RBV investment income, while the outflows of foreign exchange were through Government debt services and foreign exchange sales to commercial banks.

The improvement in the net official reserves of the monetary authorities denoted that the import cover has continued to remain comfortable at 7.52 months at the end of the quarter. Note that the import cover data has been revised in April 2007, therefore if the current import cover is compared against the previous quarter's data, import cover was somewhat reduced. Monetary Authorities' NFA have risen by 18.3 percent from the same quarter of 2006.

**Figure 21: Net Foreign Assets (NFA)**

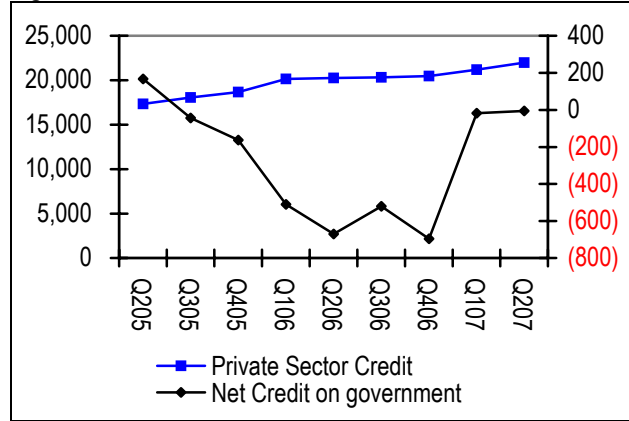


Commercial Bank's NFA, which constituted bulk of the share in total NFA, expanded by 3.9 percent to reach VT22,140.4 million in the reviewed quarter. This expansion was caused by an increase banks' holdings of foreign assets with overseas banks and non-banks by 3.0 percent and 14.0 percent, respectively. Part of this growth was attributed to the increases in commercial banks liabilities to residents with regards to resident's deposits denominated in foreign currency. Despite the quarterly

growth commercial banks NFA declined by 6.4 percent from a year ago.

**Domestic Credit**

**Figure 22: Domestic Credit**



Domestic credit expanded further by 3.5 percent to VT21,193.9 million during the June quarter. The expansion was driven by an increase in credit to the private sector. On the other hand, net claims on Government, credit to non-financial public enterprises, and credit to municipalities have all decreased. Domestic credit also expanded by 8.3 percent from on the corresponding same quarter of 2006.

The Government’s overall net credit position vis-à-vis the banking system has improved further during the review quarter although Government Finance Statistics have revealed a budget deficit. This improvement was underpinned by a decline in the Government’s net lending from the monetary authorities by 14.2 percent, whereas its net lending from commercial banks increased during the quarter. This improvement continued to reflect an accumulation of Government deposits with the Reserve Bank. Moreover, the Government has so far refrained itself from monetary financing. The Government’s net lending position with the banking system has so far remained comfortable as compared with corresponding quarter of 2006.

Commercial banks outstanding loans granted to the private sector expanded by 3.6 percent to total at VT21,968.3 million at the end of the review quarter reviewed. This growth resulted from higher commercial bank credit disbursements to various sectors of the economy such as; the manufacturing sector, of which loans went up by 7.8 percent, tourism (2.4%), transport

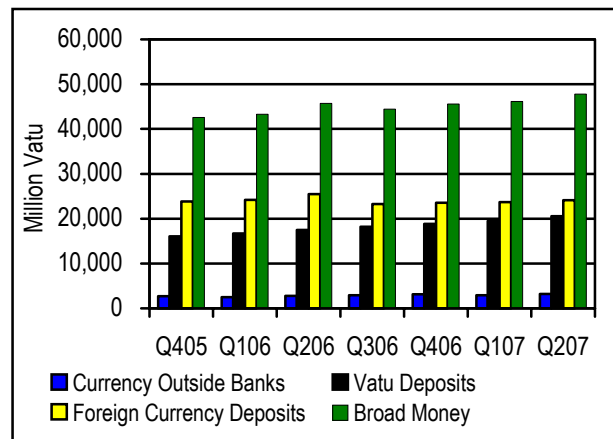
(1.6%), financial institution (0.1%), professional and other services (17.8%), housing & land loans (11.5%) and other personal loans (2.6%). The annual growth rate of loans in June was 8.8 percent; this indicated an expansion in the annual growth rate as compared to 5.3 percent in the year to March 2007.

Housing and land loans have maintained the largest share of total loans since five years ago. Currently, it grabbed the lion’s share of 27.0 percent. Other personal loans make up the second largest share of 16.9 percent. The third and fourth largest shares of 10.9 percent and 10.4 percent respectively were maintained by the tourism and distribution sector, respectively.

**Components of Money Supply**

The growth in total money supply during the review quarter was a reflection of the increases in both narrow money and quasi money.

**Figure 23: Money Supply**



Narrow money supply grew by 5.6 percent from the previous quarter to reach VT16,530.9 million at the end of the June quarter. The growth was attributed to upward movements in both currency outside banks and demand deposits. Currency outside the banking system has increased by 9.7 percent from the previous quarter’s level. Demand deposits denominated in both the local and foreign currencies recorded growths of 8.9 percent and 0.6 percent, respectively. The abovementioned expansions in the components of narrow money signify that the level of money flowing into the economy has increased during the review quarter in comparison with the previous quarter. The increase in money flow reflected the high demand for currency by the residents to

accommodate increase economic activities, which is also reflected in the expansion in credit to the private sector. The annualized quarterly growth rate of narrow money stood at 6.3 percent in June 2007, indicating an increase in consumption, and a resulting increase in imports..

While the level of money flowing into the economy was substantial as aforementioned above, residents are concurrently investing in interest bearing deposits. Consequently, the volume of time and savings deposits denominated in both the local and foreign currency expanded by 3.6 percent and 1.9 percent, respectively. Quasi-money moreover expanded by 3.8 percent as compared to the corresponding quarter of the previous year.

**Deposits with Commercial Banks**

Residents’ total deposits (exclusive of Government deposits) added another VT1,408 million or 3.3 percent to reach VT44,620.9 million. Deposits of individuals and joint accounts hitherto received the largest share of total deposits with 45 percent; the second largest share of 41.9 percent was attained by private sector companies, though the share was slightly down from 42 percent recorded over the previous quarter. Deposits of non-financial public enterprises claimed the third largest share of deposits with almost 8.0 percent, while the fourth largest share of almost 5.0 percent was claimed by others, such as non-government organization, churches and other non-profit organizations. The least share of 0.1 percent was retained by the municipalities.

**Interest Rates**

Generally, interest rates of commercial banks have shown downward movements in the second quarter of 2007; this was further reflected in the decline in the weighted average interest rates for total bank deposits and loans.

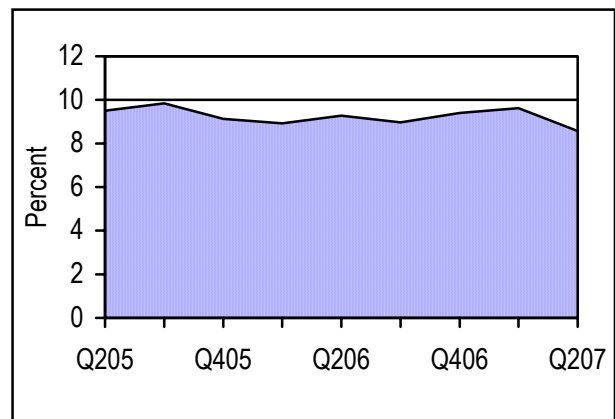
The interest rate ranges for savings deposits and other categories of fixed deposits have been maintained as reported in the previous quarter (refer to table 9), however the maximum interest rate for the one month maturity of fixed deposits was reduced by 25 basis points to a new range of 1.25-3.50 percent. This downward trend in interest rates instigated the weighted average interest rates on fixed deposits to decrease by 25 basis points to 4.08 percent during the review quarter. Furthermore, the weighted average interest rates on total bank deposits have declined by 8 basis points to 1.92 percent.

Commercial banks have continued to offer attractive interest rates on loans for the housing market. During the quarter under review the minimum interest rates on housing loans have further declined by 30 basis points to a new range of 8.45 – 14.75 percent. In addition one bank has offered a new low rate of 7.99 percent exclusively for land loans. Interest rate ranges on other loans were maintained as in the previous quarter (see table 9). The aforesaid aforementioned downward trend in interest rates on housing loans caused the weighted average rate of interest on total loans to decline by 114 basis points to 10.49 percent during the second quarter. The inter-bank rates were maintained at 5.50 percent.

**Interest Rates Spread**

The consequences of the downward movement in both the weighted average rate of interest for total bank deposits and total bank loans caused the interest rates spread to narrow from 9.63 percent to 8.57 percent during the review quarter.

**Figure 24: Interest Rate Spread**



**Reserve Money**

Reserve money<sup>2</sup> expanded by 1.8 percent to VT8,513.5 million. This expansion was attributed to increases in currency in circulation and SRD by 8.1 percent and 3.0 percent, respectively. Excess liquidity of commercial banks, on the hand, noted a decline of 7.6 percent during the quarter. This decline was caused by an increase in the amount of RBV Notes issued in open market operation. Despite the decline, reserve money expanded by 25.4 percent from the corresponding quarter of 2006.

<sup>2</sup> Reserve Money comprises of currency in circulation, Statutory Reserve Deposit (SRD) and Excess Reserves.

Figure 25: Components of Reserve Money

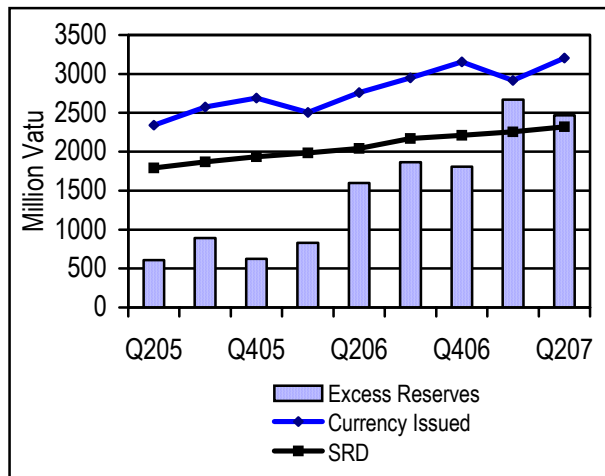
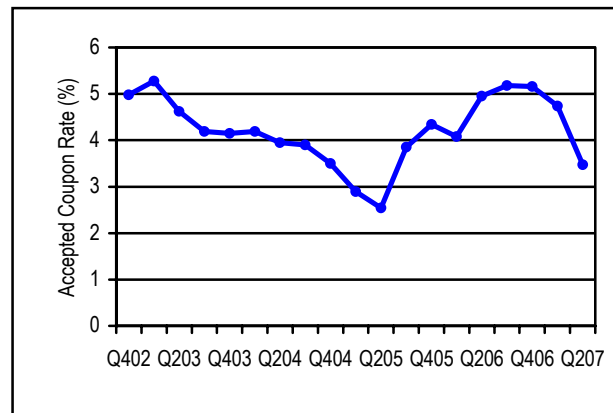


Figure 26: 91-days RBV Notes Yield



5.2. MONEY MARKET DEVELOPMENT

Open Market Operation

The Reserve Bank resumed normal open market operation, in June 2007, after a temporary reduction on the volume of RBV Notes issued in OMO to a standard VT100 per issue, in an exercise to review the monetary policy framework, over the period Feb-May 2007. In effect, the liquidity level – as measured by total bank absolute excess reserve - dropped from over VT2.6 billion at the beginning of the quarter under review down to VT2.47 billion at the end of the quarter. Over the quarter liquidity went up as high as VT3.19 billion on 30<sup>th</sup> May 2007 – mainly due to high volume of matured RBV notes and the low volume of issue during the period of the OMO review.

Over the quarter, total allotment made increased to VT1.4 billion during the quarter from VT1,365 million over the previous quarter as follows: VT300 million each to 14-days and 28-days; VT400 million each to 63-days and 91-days maturity term period. The total RBV notes outstanding stood at VT1,150 million at the end of the quarter under review compared to VT1,130 at the end of the previous quarter.

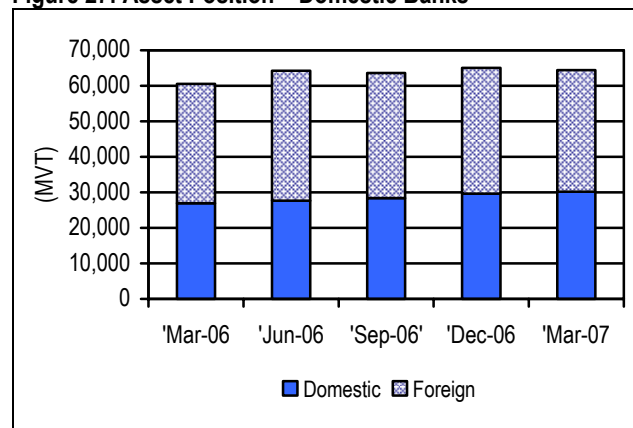
Compared to the first quarter, the yields on RBV notes for 91 days maturity, for quarter 2 of 2007 dropped to 3.47 percent from 4.74 percent. The yield has been gradually falling from a peak of 5.18 percent reached in quarter 4 of 2006. The current level is the lowest ever recorded ever since quarter 2 of 2005. The decreasing rate partly reflects the strong competition between commercial banks for RBV Notes investments.

6. BANKING INDUSTRY

6.1 Domestic Banks

Balance Sheet

Figure 27: Asset Position – Domestic Banks

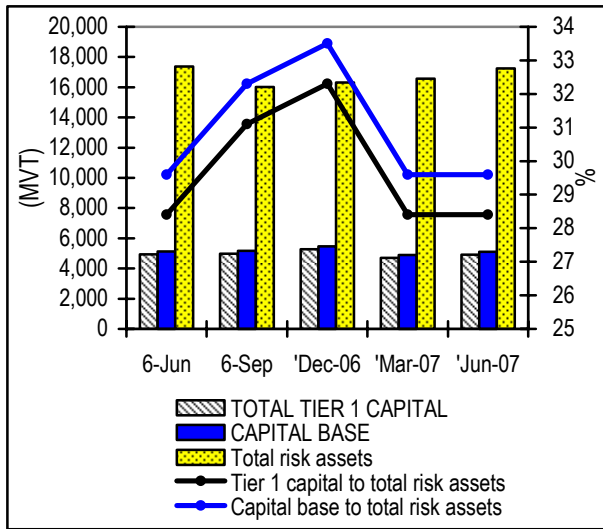


June 2007 quarter showed slight increase in the industry’s balance sheet footings. Total assets increased by 2.1 percent to Vt65.8 billion (Vt64.5 billion, Mar-07). The increase was mainly attributable to growth in foreign assets by 2.6 percent to Vt35.1 billion (Vt34.3 billion, Mar-07). Growth in foreign assets was mainly due to increases in the balances due from banks by 2.3 percent to Vt34.0

billion (Vt33.2 billion, Mar-07). Domestic assets also increased slightly over the quarter by 1.6 percent to Vt30.7 billion (Vt30.2 billion, Mar-07).

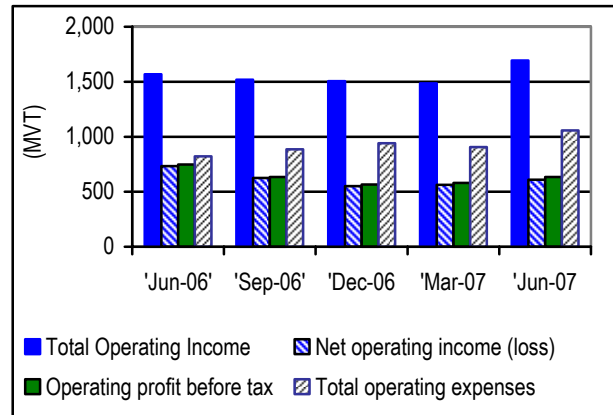
The industry's liability position (less capital) rose by 2.7 percent to Vt59.6 billion (Vt58.0 billion, Mar-07). The increase is driven mainly by growth in domestic liabilities by 3.2 to Vt46.9 billion (Vt45.2 billion, Mar-07), as a result of growth in domestic deposits by 2.8 percent to Vt44.9 billion (Vt43.7 billion, Mar-07).

**Figure 28: Capital Adequacy & Tier 1 Ratio**



The industry's capital is robust with capital adequacy ratio recorded at 29.6 percent and tier 1 capital to total risk assets recorded at 28.4 percent. This is relatively stable compared to the previous quarter. During the reviewed quarter, total capital base increased by 4.2 percent to Vt5.1 billion (Vt4.9 billion, Mar-07). The increased was mainly attributable to the growth of disclosed reserves and retained earnings by 5.1 percent to Vt4.0 billion (Vt3.9 billion, Mar-07). Total risk assets also grew by 4.2 percent to Vt17.3 billion (Vt16.6 billion, Mar-07).

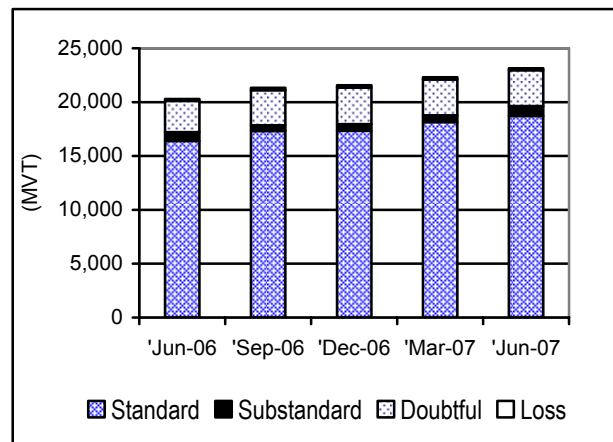
**Figure 29: Earnings – Domestic Banks**



The industry continues to record further growth in profit since previous quarter. Operating profit before tax write offs & provisions increased by 9.4 percent to Vt634.5 million (Vt579.7 million, Mar-07). Taking into account provisions and bad debts written off over the quarter, net operating profit now stands at Vt609.3 million (Vt562.4 million, Mar-07). The increase in profit was mainly driven from growth in both net interest income by 14.3 percent to Vt649.1 million (Vt568 million, Mar-07) and non-interest income by 16.9 percent to Vt521.6 million (Vt446.2 million, Mar-07). The industry also recorded a 23.4 percent increase in operating expenses, reflecting general increase in salaries as a result of new entrants into the industry.

Return on asset (ROA) increased from 0.89 percent (Mar-07) to 0.97 percent (Jun-07) and return of equity (ROE) rose from 8.62 percent (Mar-07) to 10.01 percent this quarter.

**Figure 30: Asset Quality – Domestic Banks**

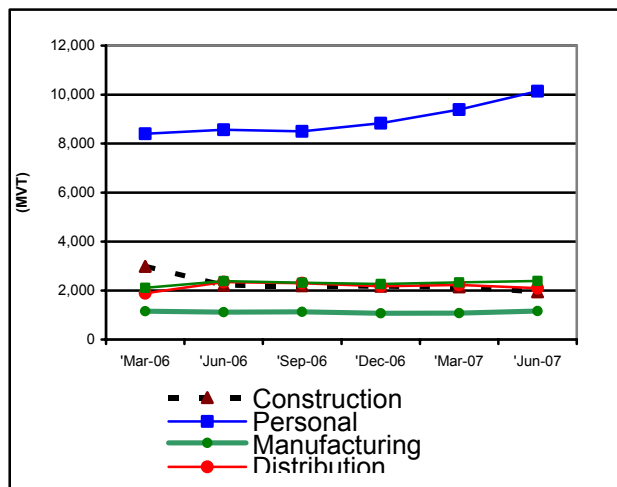




Total lending from in the industry increased by 3.7 percent to Vt23.1 billion (Vt22.3 billion, Mar-07). While there is growth in the industry's total lending, it recorded a drop in its impaired assets by 1.2 percent to Vt3.499 billion (Vt3.543 billion, Mar-07). The improvement in the industry's asset quality was attributable mainly to drop in loss loans by 16.5 percent to Vt176 million (Vt211 million, Mar-07). Both the standard and substandard loans increased by 3.1 percent to Vt18.7 billion (Vt18.1 billion, Mar-07) and by 49.5 percent to Vt934.5 million (Vt625.1 million, Mar-07) respectively. Standard loans accounted for 80.8 percent of total loans followed by substandard loans 4.0 percent, doubtful loans 14.4 percent (Vt3.3 billion) and loss loans 0.8 percent.

The industry recorded a decline in the level of general provisioning by 87.9 percent to Vt7.7 million (Vt63.3 million, Mar-07). Specific provisions however increased by 22.7 percent to Vt1.1 billion (Vt896.3 million, Mar-07). Security held by the bank also increased by 8.2 percent to Vt14.5 billion (Vt13.4 billion, Mar-07).

**Figure 31: 5 Largest Sector Claims Domestic Banks**

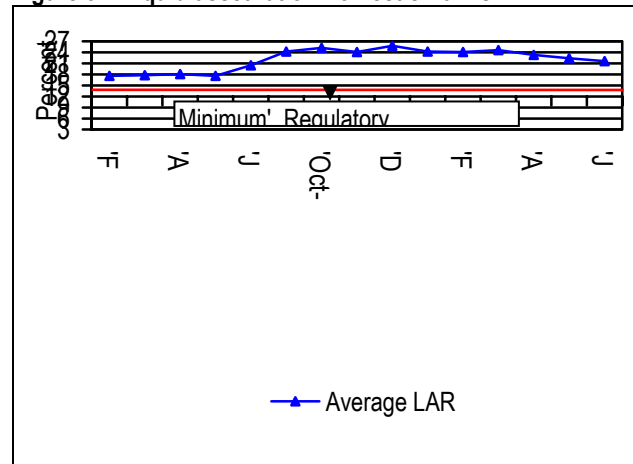


Lending to respective sectors revealed no major shift in position over the last quarter. The major borrowing was for personal purposes, accounting for 45.7 percent (Vt10.1 billion) of the total lending.. This was followed by the tourism sector which accounted for 10.8 percent (Vt2.4 billion). Distribution sector accounted for 9.5 percent (Vt2.1 billion), construction at 8.8 percent (Vt2.0 billion), and least, manufacturing at 5.2 percent (Vt1.2 billion).

The industry recorded growth for personal lending, manufacturing, and tourism sectors by 8.1 percent (Vt9.4 billion, Mar-07), 7.8 percent (Vt1.1 billion, Mar-07) and 6.7

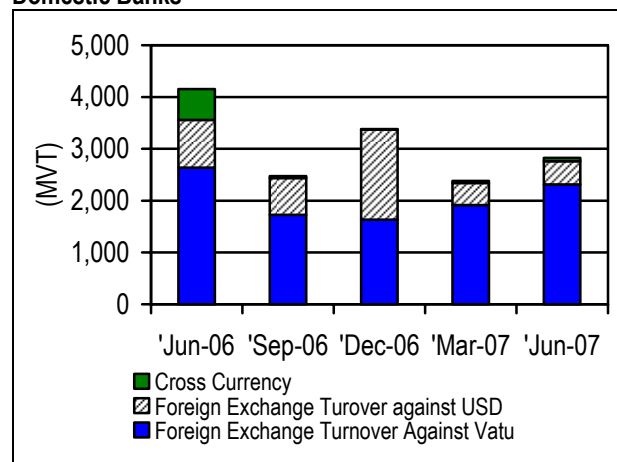
percent (Vt2.3 billion, Mar-07) respectively over the reviewed quarter. The distribution and construction sectors however recorded negative growth by 5.7 percent (Vt2.2 billion, Mar-07) and 9.2 percent (Vt2.2 billion, Mar-07) respectively..

**Figure 32: Liquid asset ratio –Domestic Banks**



The average liquidity level of the industry as expressed as its 'liquid asset ratio' (LAR) remained relatively well above the 12 percent minimum regulatory requirement. As at end June 2007, the industry's LAR stood at 21.6 percent. This is relatively stable despite a slight down ward movement from 24.6 in the previous quarter.

**Figure 33: Foreign Exchange Turnover Position of Domestic Banks**



The industry's total foreign exchange turnover for the quarter under review increased by 17.7 percent to Vt2.8 billion (Vt2.4 billion, Mar-07). The increase was mainly attributable to growth in both the foreign exchange turnover against the Vatu currency by 20.2 percent to Vt2.3 billion (Vt1.9 billion, Mar-07) and foreign exchange

turnover against USD by 3.9 percent to Vt449 million (Vt432 million, Mar-07). Cross currency turnover also recorded increase by 45.3 percent to Vt64 million (Vt44 million, Mar-07).

**6.2. International Banks**

**Overview**

The Reserve Bank of Vanuatu is obligated under the International Banking Act No: 4 of 2002 to prudently supervise international banks. Over the 2<sup>nd</sup> quarter of 2007, the RBV remains proactive in ensuring that all banks comply with the conditions of their licenses, and continue to provide directions to parties operating international banks within the country in order to ensure that their operations are prudent and sound at all times.

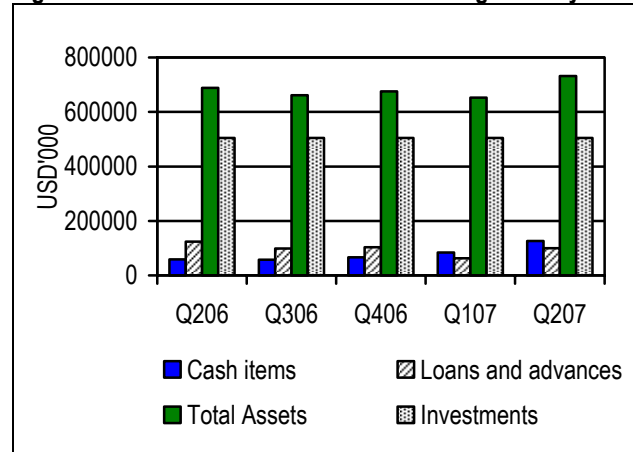
The Bank continues to receive new applications for international banking license and also queries from parties interested in setting up international banking business.

**Statement of Financial Position<sup>3</sup>**

The 2<sup>nd</sup> quarter of 2007 showed slight increase in the industry’s statement of financial position footings of 12.2 percent to USD731.9 million (USD652.1 million, Mar-07). The increase was mainly attributable to increase in *Loans and advances* by 59.1 percent to USD100.3 million (USD63.1 million, Mar-07)

The major component of the industry’s assets continues to be investments accounting for 68.9 percent (USD504.6 million) of the industry’s total assets. (Refer figure 1).

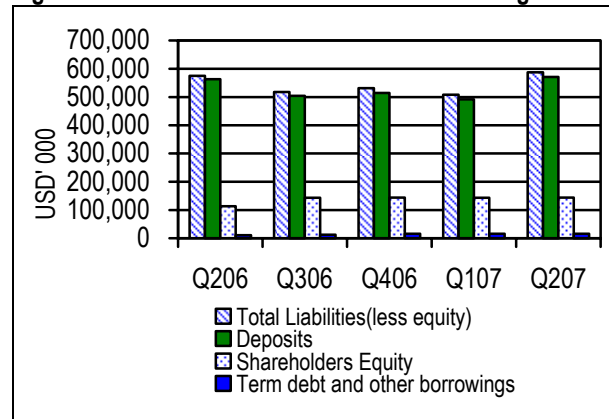
**Figure 34: Total Asset – International Banking Industry**



On the liability side, the industry’s total liabilities (excluding shareholders equity) increased by 15.6 percent to USD587.8 million (USD508.3 million, Mar-07) as a result of an increase in deposits by 16.2 percent to USD571.4 million (USD491.7 million, Mar-07).

The major components of liabilities are deposits which accounted for 78.1 percent of total liabilities and shareholders equity.

**Figure 35: Total Liabilities – International Banking Industry**



**Earnings<sup>4</sup>**

The industry recorded a net profit of USD440 thousand during the second quarter of 2007. This is an increase of 91.3 percent compared to the first quarter of 2007 (USD230 thousand, Mar-07). The improvement in

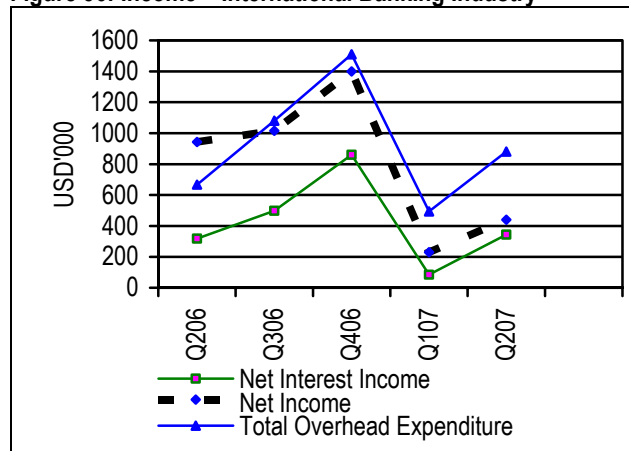
<sup>3</sup> Figures reported in the statement of financial position in Mar 2007 excluded a “particular bank”. Variations may be noted for March 2007 figures reported in this quarter.

<sup>4</sup> Note that figures reported in March 2007 quarter excluded a particular bank; therefore inclusion of the omitted figures resulted in increases in earnings report for this quarter June 2007, for March 2007 quarter.

industry's earnings is attributable to increase in *Net Interest Income and Non-Interest Income* by 304.7 percent to USD344 thousand (USD85 thousand, Mar-07) and 119.9 percent to USD897 thousand (USD408 thousand, Mar-07) respectively. Overhead expenses increase by 78.3 percent to USD881 thousand (USD494 thousand, Mar-07) over the June 2007 quarter. Refer to figure 3.

The industry's ROA (Return on Assets) and ROE (Return on Equity) ratios for June 2007 quarter are 0.06 percent (0.03 percent: Mar-07) and 0.31 percent (0.16 percent: Mar-07) respectively.

**Figure 36: Income – International Banking Industry**



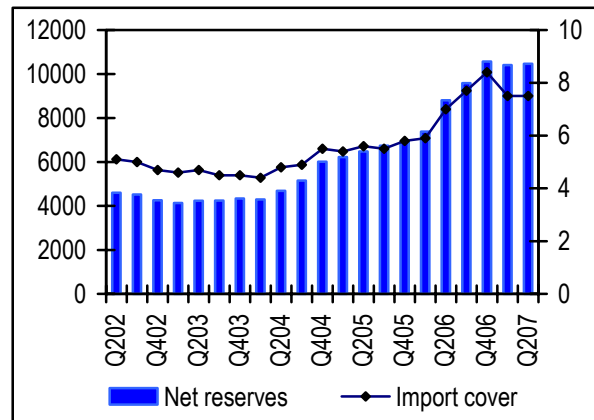
**7. BALANCE OF PAYMENTS**

Developments in the Balance of Payments during the June quarter of 2007 were reflected in an increase in official international reserves (net reserves) by VT147 million from last quarter. As a result, there was also a shift in the months of import cover from 7.4 months to 7.5 months. As part of its policy objectives, the Reserve Bank targets a level of official reserves that is equivalent to (at least) 6 months of import cover. As one of the key indicators of monetary stability, the Bank is comfortable with the current level of international reserves and continues to monitor developments. The economy continues to expand given the magnitude of activities that are currently ongoing and expected this year.

The current account deficit has decreased substantially during the review quarter on account of net inflows, particularly in the services and income accounts. The trade deficit, on the other hand, has expanded by 1.6

percent from last quarter while current transfers were slightly up by 4 percent. The Capital and Financial Account further increased by 15 percent from last quarter. This reflects mainly reflecting the withdrawal of foreign holdings by the private sector to in order to assist within domestic financing.

**Figure 37: Net Reserves and months of import cover**



**Merchandise trade**

The trade deficit has widened in the review quarter due to a large increase in imports which more than offset an increase in exports.

Imports rose by 22 percent or VT901 million during the June quarter. Most items have shown some increase except for mineral fuel which recorded a decrease of 37 percent. Significant increases in imports were recorded by machinery and transport (49%); food and live animals (24%), and basic manufacturers by 17%. Most of Vanuatu's imports are directed from Australia and coupled with seasonal demand the current depreciation of the vatu against the Australian dollar partly explains the high import bills. In addition, high domestic activities and project implementations have all contributed to this large growth in imports bills for June quarter.

Exports, including re-exports, were up by 192 percent (VT701million) in the review period. This was around the level of the quarters before the recorded low in March. Exports of all major commodities showed increases and the re-export item was almost double. Re-export items include personal effects and jet fuel.

June quarter has proved the come back of the coconut oil industry after the closure of the COPV mill in early 2006. Kava exports have been disturbed by domestic trade

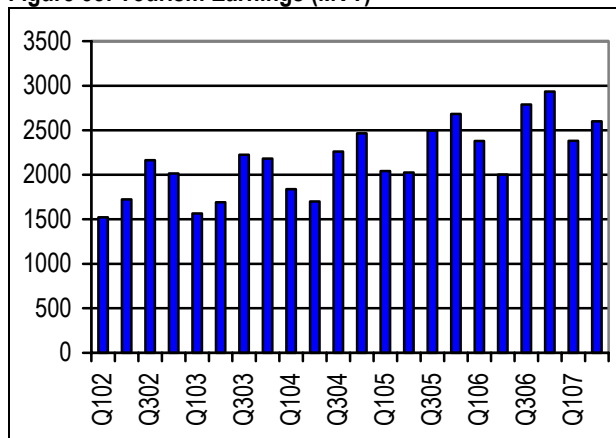


policies and international bans, however this review quarter had also registered a recovery.

**Services Account**

Inward travel or tourism earnings are the main source of surplus of the services account. The surplus in net services rose by 3.2 percent during the quarter from an 8.3 percent drop in March. Although services payments were hefty during the quarter due to an increase in freight bills, this could not offset inflows through generated from tourism earnings and other services items. Most tourists come from Australia and the appreciation of Australian dollar during the period contributed to more inflows of AUD into the economy.

**Figure 38: Tourism Earnings (MVT)**



**Income Account**

Vanuatu's income account is in deficit by nature, representing bulk of foreign direct investment re-invested earnings. Movements in world interest rates have also impacted on the investment income account of Vanuatu. Investments on AUD and NZD have yield well in June given the attractive interest rates in Australia and New Zealand and the appreciation of their exchange rates. However, a few losses have been recorded from USD investments. This was channeled mainly through deposits and loans.

The June quarter again recorded payments of dividends and distributed branch profits of foreign direct investment enterprises, although much smaller than the large amount remitted in March. This could not offset large interest payments to liabilities in terms of loans to non residents

and hence the main contribution to a reduced income deficits for the June quarter.

**Current Transfers Account**

As a large proportion of current transfers represent official grant flows, the level is driven by donor grants to the Government of Vanuatu. Total estimated grants were slightly high in June reflecting an increase in cash grants offsetting grants for aid- in kind and technical assistance. Other official transfers depicted a decrease due to less inflow received from the shipping registry. Usually inflows from the registry are large in March quarter and low in other quarters.

**Capital and Financial Account**

The estimated capital account for this period saw an increase in project funded goods. It is projected that aid in kind for capital related goods will be high in late 2007 or 2008 when the Millennium Fund projects commence. Continuous net outflows of migrant's transfers continue to be recorded. It is important to note that information on estimate migrant's transfers is derived from a migrant model.

The Financial Account record flows of transactions through external assets and liabilities and are usually used as source of financing to the balance of payments. Although foreign direct investment was still large in June quarter, it was lower by 44 percent from last quarter. This was reflected in the level of reinvested earnings. On other investments, there has been considerable withdrawal of foreign assets for domestic financing. On the other hand, there was also significant reduction of foreign liabilities.

**Medium Term outlook**

In the medium term (2007/2008), the current account is expected to improve through the services accounts and donor grants. Imports will continue to grow, reflecting the expansion of the economy as a large amount of capital investment are is injected into capital projects. The projected improvement in tourism earnings will continue to provide a boost to the services account while reinvested earnings of foreign enterprises will continue to create deficits in net factor income. The capital and financial account is forecasted to continue in surplus into the medium term. Barring adverse unforeseen circumstances, official international reserves are therefore expected to

remain healthy at around 7 months of import cover at end 2007 and 6 months in 2008.

### **International Investment Position**

By the end of June 2007, Vanuatu's International Investment Position (IIP) expanded its net borrowing position to VT6283 million, from VT5859 million at the end of March 2007. This new position reflects a reduced assets offsetting reduction in liabilities.

### **8 EXCHANGE RATES**

Exchange rate developments for June quarter continued to reflect developments in international Financial markets.

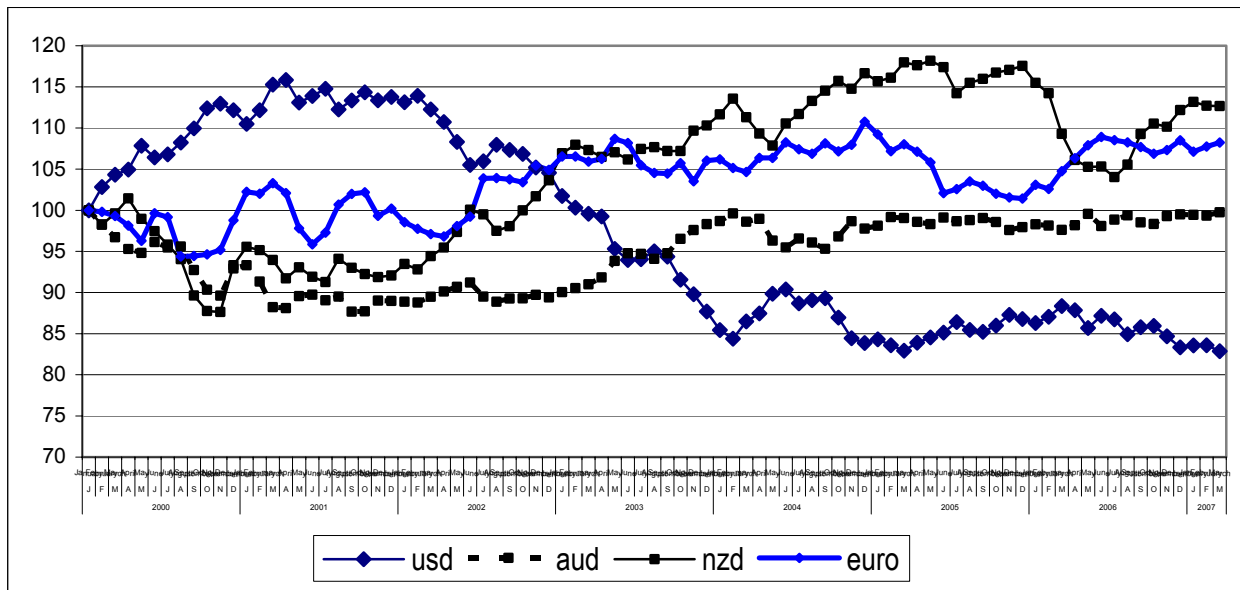
While a soft landing is still the central scenario, forecast growth for the United States in 2007 has been marked down to 2.2 per cent due to a deeper than expected downturn in the housing sector. The Australian dollar has been steadily rising on the back of the commodities boom and is currently around US\$0.8519. The recovery in Japan is regaining pace after a mid-year pause. Growth of 2.2 per cent is expected for this year – the same as in 2006. These developments have impacted on the exchange rate between the major currencies and are reflected on the Vatu.

The developments of the exchange rate for the Vatu exchange rate at end of June as compared to end of March saw the depreciation of USD by 3.3 percent, Vatu/GBP by 1.0 percent, JPY by 7.7 percent and Euro by 2.4 percent. Appreciation was recorded for AUD by 1.6 percent and NZD by 4.1 percent. As compared to June last year, the Vatu lost grounds to AUD and NZD but strengthened against the other major partner's currencies.

**Exchange rate of vatu against major trading partners' currencies**

Period	USD	GBP	AUD	JPY	NZD	EUR
Closing rate on 30.06.07	101.77	203.8	86.18	0.8263	78.33	136.87
Closing rate on 31.03.07	105.1	206.23	84.79	0.8903	75.14	140.13
Closing rate on 30.06.06	112.42	205.44	82.99	0.9769	67.83	142.33
Quarterly % Change	-3.3	-1.2	1.6	-7.7	4.1	-2.4
Yearly % Change	-10.5	-0.8	3.7	-18.2	13.4	-4.0
Low for 2nd Quarter -2007	101.75 25/5	201.11 11/5	85.21 4/5	0.8226 26/5	75.23 10/4	136.87 29/6
High for 2nd Quarter -2007	104.64 10/4	206.57 25/5	86.33 25/2	0.8854 3/4	78.33 29/6	140.83 7/5

**Exchange rate of vatu against major trading partners' currencies index 2000=100**



### CHRONOLOGY OF MAJOR EVENTS

NO.	BRIEF DESCRIPTION OF MAJOR EVENTS	EFFECTIVE DATE
1.	<p>Air Vanuatu has announced its introduction of e-ticketing on 15<sup>th</sup> March, on the domestic route between Vila and Santo on point to point travel and limited so far only to ATR42 services. This development from national airline responds to the International Air Transport Association (IATA) mandate for airlines to comply with 100% global e-ticketing by 1 January 2008. Air Vanuatu is currently working on expanding the e-ticketing policy to the domestic network in the coming months on gradual basis depending on the situation and environment of outer island ports in the country. The airline is also currently working on developing interline e-ticketing with some regional and foreign international airlines to complement and expand on its e-ticket in house policy. An e-ticket is an electronic record that holds information previously held on a paper ticket. The e-ticket solution is compatible with ground handling, distribution and accounting processes used by the global community of airlines adhering to IATA standards. (<i>The Vanuatu Independent</i> 1<sup>st</sup>-7<sup>th</sup> April 2007)</p>	April 2007
2.	<p>The future labour force of Vanuatu looks bright as Australia and Vanuatu go ahead to sign the first memorandum of understanding that confirms Vanuatu's selection among four other Pacific countries as a host country for an Australian Pacific Technology college. At the signing Mr. Pilbeam explained, explained "as you all know the Australian Prime Minister, Mr. John Howard announced at last year's Pacific Islands Forum that Australia would spend AUD 149.5 million (1.25 billion Vatu) to set up and run the new Technical College with the aim of providing Australian-standard, trade training to students from around the Pacific in hospitality and tourism, health and community services, automotive trades, manufacturing, construction and electric trade." The Technical Colleges would be established in PNG, Fiji, Samoa and Vanuatu. (<i>The Vanuatu Daily Post</i>, 4<sup>th</sup> April 2007)</p>	4 <sup>th</sup> April 2007
3.	<p>Vanuatu will now have a total of four commercial banks operating in the country following the issuance of a license by the Reserve Bank of Vanuatu, to the French-based BRED Banque Populaire to carry out domestic banking business in the country, under its subsidiary, BRED (Vanuatu) Limited, The announcement of a fourth commercial bank from Europe in the country was made Thursday this week by the Governor of the Reserve bank of Vanuatu, Mr. Odo Tevi. The Reserve Bank of Vanuatu issued the license in exercise of the powers conferred to it under the Financial Institution Act. Currently the commercial Banks operating in the country are ANZ, Wespac banking Corporation, and National Bank of Vanuatu. The Minister for Finance, Willie Jimmy has confirmed that the government has finally given approval for the Bred Bank to be established in the country to allow for competition with other Banks already in operation. Meanwhile, the minister confirmed that the Bred Bank is ready to commence in the next six or eight months once it is fully established. (<i>The Vanuatu Daily Post</i>, 7<sup>th</sup> April 2007 / 12<sup>th</sup> April</p>	12 <sup>th</sup> April 2007

2007)

4. Prime Minister Ham Lini officially launched the Recognized Seasonal Employer (RSE) scheme for Vanuatu at the Chief's Nakamal in Port Vila on Thursday 26<sup>th</sup> April 2007. Prime Minister Ham Lini expressed the government as well as the people's gratitude towards the New Zealand Government led by Prime Minister Helen Clark, to include Vanuatu as one of the first countries under the labour mobility scheme. "The RSE a scheme is an achievement we have never witnessed before opening a new page to bilateral relation that the country has with New Zealand." Meanwhile, Mar Dick Eade revealed during the launching that the 104 workers that were sent to New Zealand under the pilot Approval in Principle work scheme will bring in over Vt20 million that Vanuatu will benefit from. (*The Vanuatu Daily Post*, 27<sup>th</sup> April 2007) 27<sup>th</sup> April 2007
5. The Australian Government has announced a substantial increase in its aid program to Vanuatu for the coming financial year. In 2007/08, Australia will increase in its aid program to a total of \$A44.5 million (approx. 3.7 billion vatu), which is an increase of more than Vt760 million (\$A9.5 million) or 28 per cent over the 2006/07 allocation. Australia is the largest donor to Vanuatu. This increase was announced by Australian Minister for Foreign Affairs, the Honorable Alexander Downer, as part of the federal budget handed down in the Australian Parliament on 8 May. The increased aid is a reflection of the importance Australia places on its relationship with Vanuatu and will focus on economic growth and strengthened service delivery for health and education. Australia's increased aid budget for Vanuatu is a direct recognition of the reform achievements made by the Government of Vanuatu. The expanded aid program will introduce new support to tackle malaria, establish the Australian Pacific Technical College Hospitality and Tourism School, as well as assistance for rural infrastructure and utilities reform. Support for the Government of Vanuatu's priority to implement good governance practices, particularly as they relate to growth, will remain a cornerstone of Australia's aid program. (*The Independent*, 13<sup>th</sup> May 2007) 13<sup>th</sup> My 2007
6. "New Zealand's aid budget will increase by \$70 million in 2007/08 financial year – a 20.2 per cent increase – and by a total of 69 per cent over the next four years. This is by far the largest commitment to increase Official Development Assistance (ODA) spending for decades, Foreign Minister, Winston Peters said. "On current figures, that will see our aid budget reach \$601 million. Today's funding increases will allow us to address urgent needs in the Pacific and Asia. Over half of the new funding will be spend in the Pacific, particularly in Melanesia where the need is greatest. Programmes in the Pacific targeting governance, economic growth, livelihoods, education and health will also grow" (*The Independent*, 20<sup>th</sup> may 2007) 20<sup>th</sup> May 2007
7. The work to begin the Vanuatu fish processing plant near Salili and Blacksands began this week. Some 30 to 40 people will be needed for 13<sup>th</sup> May 2007

construction. The DG of the Ministry of Agriculture said they are liaising with public works department personnel to ensure proper clearing of the area concerned before the Chinese involved in the project arrive. Fishermen will be needed for fishermen for fishing boats. Processing and packaging of fish caught will be prepared for export. China has given VT 400 million towards the project (The Independent, 13<sup>th</sup> May 2007)

8. Westpac Banking Corporation has announced new low rates for property rates for property loans, especially for young people going for their first home. "For loans up to 3.5 million vatu we are offering a special rate of 7.99% p.a (for land alone). In addition we will be looking at the term of the loan to make it more accessible with regards to repayment, as we would like to see purchaser/s in a position to build on their land within 5-6 years of their purchases. The key is to reduce the loan as quickly as possible so funds can be borrowed to build their home having seen prices in the property market over the last 24 months or more continually increases putting land further out of the reach. We have reviewed interest rates across our existing portfolio for customers and have been able to bring the costs of those loans down. This will help everyone in the market, both for residential property leases and investment properties. Interest rates will start from a new low of 8.45% depending on the specific deal. (The Independent, 27<sup>th</sup> May 2007) 27<sup>th</sup> May 2007
9. The official ceremony to mark the inauguration of the first giant wind generator by Unelco- Suez in Vanuatu in during the month on Kawene plateau witnessed by General Manager of Unelco-Suez Vanuatu, John Chaniel, Deputy PM Sato Kilman, Minister of Energy Maxime Carlot Korman, the Mayor of Port Vila and other Invitees. In his disclosure, Chaniel pointed out the dire effects of global warming, Vanuatu's commitment to comply with the Kyoto Protocol to reduce emission. They are striving to use more natural energy and bio-fuels, having installed already, the hydroelectric plant in Sarakata, in Santo, and Coconut oil burning plants at Agape and on Malekula. The wind farm project began in 2003 with a feasibility study, culminating a megakilowatt wind turbine dedicated today, the first of the hoped-for 10 wind generators, providing a potential of 6 and 2/3 million kilowatts per year. (Vanuatu Daily Post, 12<sup>th</sup> June 2007) 12<sup>th</sup> June 2007
10. The Government of the Republic of Vanuatu is proud to announce the achievement of a major milestone in its efforts to increase rural incomes and reduce poverty. The invitation for Bids for the design and build of transport infrastructure, funded by the Millennium Challenge Corporation, has today been issued to the three pre-qualified companies; Works Infrastructure Limited (NZ), McConnell Dowell (NZ) and Transfield Services (NZ). Their bids will be received on the 13<sup>th</sup> of September 2007. It is expected that a contract will be awarded in the last quarter of 2007 and firm mobilisation and design work will commence late in 2007. As part of the tender process, representatives of the three pre-qualified companies have been invited to Vanuatu to 16<sup>th</sup> June 2007

take part in preliminary site visits, scheduled to place from the 12<sup>th</sup> to the 20<sup>th</sup> of July 2007. (Vanuatu Daily Post, 16<sup>th</sup> June 2007)

11. Smallholder farmers on Tanna can expect an increase in their annual coffee production this year from 10 tonnes to 28 tonnes, with the financial assistance from the European Union and the French funded POPACA program. Mr. Terry Adlington who oversaw the production in Tanna confirmed at the Business Form recently that through POPACA, the COV and DARD there are more than 30 decentralized coffee processing facility located in the island manned by 400 registered farmers around 250,000 coffee seedlings have been planted. Still in their early stage this year's production may reach as high as 50 tonnes representing VT10 million income to the farmers. The domestic market continues to provide the industry with a good base and around 90% of all roast and ground coffee consumed in Vanuatu comes from Tanna. The country is currently exporting small amounts of packaged coffee on a regular basis to the USA, Japan, Taiwan, New Zealand and Australia. (Vanuatu Daily Post, 27<sup>th</sup> June 2007) 27<sup>th</sup> June 2007
  
12. Vanuatu's Newest and best hotel, the Sebel has opened its doors for business to glowing praise from industry and government. Over 100 people attended a reception held by the General Manager Jeffery branch, to thank industry colleagues for their support and to show off Vila's most modern hotel. Guest were invited on personal tours of the hotel's amenities, including Harbour view rooms, Harbor deluxe & Suites and Ambae Penthouse, hotel gymnasium, business centre, Crystal's restaurant and the Hemisphere Bar on Level 6.(Vanuatu Daily Post, 27<sup>th</sup> June 2007) 27<sup>th</sup> June 2007

TABLE 1: ASSETS AND LIABILITIES OF RESERVE BANK OF VANUATU

(Millions of Vatu)

End of Period	2004	2005	2006	2006				2007	
				Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Foreign Assets	6614.6	7595.6	11194.9	7993.8	9415.1	10205.0	11194.9	10988.9	11051.2
Foreign Exchange	6018.2	6988.5	10572.2	7383.3	8800.9	9586.7	10572.2	10410.6	10468.5
RTP with IMF	434.5	434.5	434.5	434.5	434.5	434.5	434.5	400.4	400.4
SDR Holdings	161.8	172.6	188.2	176.1	179.7	183.8	188.2	177.9	182.3
Claims on Government	1418	1184.5	1224.7	1182.6	1196.5	1194.2	1224.7	1242.6	1240
Claims on NFPE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Claims on Commercial Banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Other Assets	433.8	483	536.5	427.2	420.3	408.3	536.5	559.9	770.2
<b>TOTAL ASSETS</b>	<b>8,466.4</b>	<b>9,263.1</b>	<b>12,956.1</b>	<b>9,603.6</b>	<b>11,031.9</b>	<b>11,807.5</b>	<b>12,956.1</b>	<b>12,791.4</b>	<b>13,061.4</b>
Reserve Money	5,295.1	5,937.4	7,921.8	5,694.2	6,788.8	7393.0	7921.8	8366.5	8513.5
Currency outside Banks	2490.1	2690.7	3156	2504.2	2759.6	2949.9	3156	2918.6	3202.2
Commercial Banks' Vault Cash	477.1	687.6	745.4	374	387.8	415.1	745.4	522.3	517.7
Commercial Banks Deposits with RBV	2327.9	2559.1	4020.4	2816	3641.4	4028.0	4020.4	4925.6	4793.6
Foreign Liabilities	201.7	245	231.1	248.2	265.5	217.0	231.1	268.1	223.4
Government Deposits, of which	1091.4	1727.7	2175.7	2191	2232.1	2121.9	2175.7	2184.8	2316.4
Contribution to RTP with IMF	434.5	434.5	434.5	434.5	434.5	434.5	434.5	400.4	400.4
Deposits of NFPE	0.0	0	0.0	0	0	0.0	0	0	0
RBV Notes	1068.6	585.4	1785.3	704.4	982.7	1268.5	1785.3	1112.1	1141
Other Liabilities	809.6	767.6	842.2	765.8	762.8	807.1	842.2	859.9	867.1
<b>TOTAL LIABILITIES</b>	<b>8,466.4</b>	<b>9,263.1</b>	<b>12,956.1</b>	<b>9,603.6</b>	<b>11,031.9</b>	<b>11,807.5</b>	<b>12,956.1</b>	<b>12,791.4</b>	<b>13,061.4</b>



**TABLE 2: ASSETS AND LIABILITIES OF COMMERCIAL BANKS**

(Millions of Vatu)

End of Period				2005			2006				2007	
	2004	2005	2006	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Reserves	2805.0	3246.7	4765.8	2744.0	3081.7	3246.7	3190.0	4029.2	4443.1	4765.8	5447.9	5311.3
Vault Cash	477.1	687.6	745.4	344.7	319.8	687.6	374.0	387.8	415.1	745.4	522.3	517.7
Deposits with RBV	2327.9	2559.1	4020.4	2399.3	2761.9	2559.1	2816.0	3641.4	4028.0	4020.4	4925.6	4793.6
RBV Notes	1068.6	585.4	1785.3	1019.1	546.2	585.4	704.4	982.7	1268.5	1785.3	1112.1	1141
Foreign Assets 1/	28060.9	29279.1	31004.8	30355.7	29733.2	29279.1	29404.2	32130.9	30640.4	31004.8	29830.1	30824.2
Claims on Government	813	838	708	838	838	838	838.0	708	708.0	708	588	488
Claims on Municipalities	6.2	13.4	13.1	11.1	10.4	13.4	12.3	13.2	13.3	13.1	13.4	12.3
Claims on NFPE	29.4	26.5	81.4	23.3	22.1	26.5	25.2	36.5	88.3	81.4	75.7	72.5
Claims on private sector	15953	18545.4	20350.6	17217.1	17978.4	18545.4	20012.0	20073.5	20210.8	20350.6	21089.8	21862.6
Inter-bank claims	-	0	0	0.0	0.0	0	0.0	0	0.0	0	0	0
Other Assets	1485.3	1543.4	1528.3	1425.2	1379.5	1543.4	1676.1	1384.1	1284.3	1528.3	1467.4	1399
<b>TOTAL ASSETS</b>	<b>50221.4</b>	<b>54077.9</b>	<b>60237.3</b>	<b>53633.5</b>	<b>53589.5</b>	<b>54077.9</b>	<b>55862.2</b>	<b>59358.1</b>	<b>58656.7</b>	<b>60237.3</b>	<b>59624.4</b>	<b>61110.9</b>
Demand Deposits	10,243.2	11,349.3	12,611.1	12616.8	11463.9	11349.3	12085.3	12796	12568.2	12611.1	12740.5	13328.7
Local currency	4067.2	4733.9	5813.4	4298.3	4479.4	4733.9	5119.8	5089.6	5425.1	5813.4	6164.9	6714.9
Foreign currency	6176	6615.4	6797.7	8318.5	6984.5	6615.4	6965.5	7706.4	7143.1	6797.7	6575.6	6613.8
Savings Deposits	2,989.1	2,954.3	3,039.8	3045.0	3005.2	2954.3	2868.1	2944.4	2846.0	3039.8	3035.4	3217.0
Local currency	2378.3	2497.1	2867.4	2501.3	2529.7	2497.1	2441.2	2526.9	2648.6	2867.4	2846.6	3024.1
Foreign currency	610.8	457.2	172.4	543.7	475.5	457.2	426.9	417.5	197.4	172.4	188.8	192.9
Time Deposits	22,425.5	25,568.1	26,748.0	23166.1	25058.2	25568.1	25881.4	27214.1	26070.8	26748.0	27436.7	28075.2
Local currency	6883	8815.4	10181.9	7658.1	8572	8815.4	9100.1	9870.2	10118.1	10181.9	10482.5	10796.9
Foreign currency	15542.5	16752.7	16566.1	15508	16486.2	16752.7	16781.3	17343.9	15952.7	16566.1	16954.2	17278.3
Foreign Liabilities	6898.6	7141.5	9372.9	7572.7	7072	7141.5	7241.0	8488.9	9090.7	9372.9	8522	8683.8
Government Deposits 2/	185.1	457.3	454.2	259.7	379.8	457.3	340.0	343	300.9	454.2	461.5	270.8
Credit from RBV	-	0	0	-	0	0	0.0	0	0.0	0	0	0
Other Liabilities	7479.9	6607.4	8011.3	6973.2	6610.4	6607.4	7446.4	7571.7	7780.1	8011.3	7428.3	7535.4
<b>TOTAL LIABILITIES</b>	<b>50221.4</b>	<b>54077.9</b>	<b>60237.3</b>	<b>53633.5</b>	<b>53589.5</b>	<b>54077.9</b>	<b>55862.2</b>	<b>59358.1</b>	<b>58656.7</b>	<b>60237.3</b>	<b>59624.4</b>	<b>61110.9</b>

1/Includes small amounts of claims on foreign monetary authorities in the form of foreign currency notes and coins.

2/ Government deposits in Vatu and foreign currency.

r: Revised

**TABLE 3: MONETARY SURVEY: A CONSOLIDATED STATEMENT OF ACCOUNTS OF MONETARY INSTITUTIONS**

(Millions of Vatu)

End of Period	2004	2005	2006	2005			2006				2007	
				Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
<b>NET FOREIGN ASSETS</b>	<b>27,575.1</b>	<b>29,488.2</b>	<b>32,592.7</b>	<b>29,651.9</b>	<b>29,756.0</b>	<b>29,488.2</b>	<b>29,908.8</b>	<b>32,791.6</b>	<b>31537.7</b>	<b>32592.7</b>	<b>32028.9</b>	<b>32968.2</b>
'Monetary Authorities	6,412.8	7,350.6	10,960.8	6,868.9	7,094.8	7,350.6	7,745.6	9,149.6	9988.0	10960.8	10720.8	10827.8
Reserve Bank of Vanuatu(a-b)	6,412.8	7,350.6	10,960.8	6,868.9	7,094.8	7,350.6	7,745.6	9,149.6	9988.0	10960.8	10720.8	10827.8
'(a) Foreign Assets	6614.5	7595.6	11191.9	7084.1	7342.3	7595.6	7993.8	9415.1	10205.0	11191.9	10988.9	11051.2
'(b) Foreign Liabilities	201.7	245	231.1	215.2	247.5	245	248.2	265.5	217.0	231.1	268.1	223.4
'Treasury Foreign Assets	0.0	0.0	0.0	0	0	0	0	0	0.0	0	0	0
'Commercial Banks (Net) 1/ (a-b)	21,162.3	22,137.6	21,631.9	22,783.0	22,661.2	22,137.6	22,163.2	23,642.0	21549.7	21631.9	21308.1	22140.4
'(a) Foreign Assets	28060.9	29279.1	31004.8	30355.7	29733.2	29279.1	29404.2	32130.9	30640.4	31004.8	29830.1	30824.2
'(b) Foreign Liabilities	6898.6	7141.5	9372.9	7572.7	7072	7141.5	7241	8488.9	9090.7	9372.9	8522.0	8683.8
<b>DOMESTIC CREDIT</b>	<b>17,093.5</b>	<b>18,546.5</b>	<b>19,853.8</b>	<b>17,547.1</b>	<b>18,092.8</b>	<b>18,546.5</b>	<b>19,661.2</b>	<b>19,574.4</b>	<b>19913.7</b>	<b>19853.8</b>	<b>20472.8</b>	<b>21193.9</b>
'Claims on Government (Net)	954.5	-162.5	-697.2	167.3	-43.4	-162.5	-510.4	-670.6	-520.6	-697.2	-815.7	-859.2
'Claims on NFPE 2/	29.4	26.5	81.4	23.3	22.1	26.5	25.2	36.5	88.3	81.4	75.7	72.5
'Claims on Private Sector 3/	16103.4	18669.1	20456.5	17345.4	18103.7	18669.1	20134.1	20195.3	20332.7	20456.5	21199.4	21968.3
'Claims on OFI 4/												
'Claims on Municipalities	6.2	13.4	13.1	11.1	10.4	13.4	12.3	13.2	13.3	13.1	13.4	12.3
<b>TOTAL LIQUIDITY</b>	<b>38,147.6</b>	<b>42,562.4</b>	<b>45,554.9</b>	<b>41,170.0</b>	<b>42,104.9</b>	<b>42,562.4</b>	<b>43,339.0</b>	<b>45,714.1</b>	<b>44434.9</b>	<b>45554.9</b>	<b>46131.2</b>	<b>47823.1</b>
'Money	12,733.3	14,040.0	15,767.1	14,958.9	14,041.5	14,040.0	14589.5	15555.6	15518.1	15767.1	15659.1	16530.9
'Currency outside Banks	2490.1	2690.7	3156	2342.1	2577.6	2690.7	2504.2	2759.6	2949.9	3156	2918.6	3202.2
'Demand deposits	10,243.2	11,349.3	12,611.1	12616.8	11463.9	11349.3	12085.3	12796	12568.2	12611.1	12740.5	13328.7
'Local currency	4067.2	4733.9	5813.4	4298.3	4479.4	4733.9	5119.8	5089.6	5425.1	5813.4	6164.9	6714.9
'Foreign currency	6176.0	6615.4	6797.7	8318.5	6984.5	6615.4	6965.5	7706.4	7143.1	6797.7	6575.6	6613.8
'Quasi-money	25,414.3	28,522.4	29,787.8	26,211.1	28,063.4	28,522.4	28749.5	30158.5	28916.8	29787.8	30472.1	31292.2
'Time & Savings deposits in Vatu	9261.0	11312.5	13049.3	10159.4	11101.7	11312.5	11541.3	12397.1	12766.7	13049.3	13329.1	13821
'Time & Savings deposits in FC	16153.3	17209.9	16738.5	16051.7	16961.7	17209.9	17208.2	17761.4	16150.1	16738.5	17143	17471.2
<b>OTHER ITEMS (Net)</b>	<b>6,521.0</b>	<b>5,906.8</b>	<b>6,891.6</b>	<b>6,029.0</b>	<b>5,743.9</b>	<b>5,472.3</b>	<b>6,231.0</b>	<b>6,651.9</b>	<b>7,016.5</b>	<b>6,891.6</b>	<b>6,370.5</b>	<b>6,339.0</b>

1/ Monetary Authorities' foreign currency holdings with commercial banks are not included as part of their foreign assets here.

2/ Including claims on Vanuatu Commodities Marketing Board (VCMB).

3/ Including claims on RBV staff.

4/ Other financial institutions comprise of Vanuatu National Provident Fund etc.

**TABLE 4: DOMESTIC MONEY SUPPLY AND COMPONENTS**

(Millions of Vatu)

End Period		2004	2005	2006	2005			2006				2007	
					Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Notes	(1)	2543.9	2928.3	3415.0	2256.6	2456.60	2928.3	2664.5	2931.2	2895.9	3415.00	2954.2	3220.8
Coins	(2)	0.0	450.0	486.4	430.0	440.90	450.0	213.7	216.2	469.0	486.40	486.7	499.1
Total	(3) (1+2)	2937.2	3378.3	3901.4	2686.6	2897.5	3378.3	2878.2	3147.4	3364.9	3901.4	3440.9	3719.9
Cash in hand with Banks	(4)	447.1	687.6	745.4	344.7	319.80	687.6	374.0	387.8	415.1	745.40	522.3	517.7
Currency with Public in Vatu	(5) (3-4)	2490.1	2690.7	3156.0	2342.1	2577.60	2690.7	2504.2	2759.6	2949.8	3156.0	2918.6	3202.2
Demand deposits of resident in Vatu (D dV)1/	(6)	4067.2	4733.9	5813.4	4298.3	4479.40	4733.9	5119.8	5089.6	5425.1	5813.40	6164.9	6714.90
M1 (Narrow Measure)	(7) (5+6)	6557.3	7424.6	8969.4	6640.4	7057.0	7424.6	7624.0	7849.2	8374.9	8969.4	9083.5	9917.1
Demand deposits of residents in FC (DdF)2/	(8)	6176.0	6615.4	6797.7	8318.5	6984.50	6615.4	6965.5	7706.4	7143.1	6797.70	6575.60	6613.80
M2	(9) (7+8)	12733.3	14040.0	15767.1	14958.9	14041.5	14040.0	14589.5	15555.6	15518.0	15767.1	15659.1	16530.9
Savings & time deposits of residents in Vatu (T dV)	(10)	9261.0	11312.5	13049.3	10159.4	11101.70	11312.5	11541.3	12397.1	12766.7	13049.30	13329.1	13821.0
MV (Vatu liquidity)	(11) (7+10)	15818.3	18737.1	22018.7	16799.8	18158.7	18737.1	19165.3	20246.3	21141.6	22018.7	22412.6	23738.1
M3	(12) (9+10)	21994.3	25352.5	28816.4	25118.3	25143.2	25352.5	26130.8	27952.7	28284.7	28816.4	28988.2	30351.9
Savings & time deposits of residents in FC (TdF)	(13)	16153.3	17209.9	16738.5	16051.7	16961.70	17209.9	17208.2	17761.4	16150.2	16738.50	17143.00	17471.2
Mf (Foreign currency liquidity)	(14) (8+13)	22329.3	23825.3	23536.2	24370.2	23946.2	23825.3	24173.7	25467.8	23293.3	23536.2	23718.6	24085.0
M4 (Broad Measures)	(15) 12+13	38147.6	42562.4	45554.9	41170.0	42104.9	42562.4	43339.0	45714.1	44434.9	45554.9	46131.2	47823.1

1/ Excludes deposits of Government but includes Vatu deposits on non-reporting (i.e. exempt) banks and other institutions held with reporting banks.

2/ Excludes Government deposits and deposits of exempt institutions.

**TABLE 5: DISTRIBUTION OF VATU AND FOREIGN CURRENCY DEPOSITS OF RESIDENTS BY CATEGORIES**

(Millions of Vatu)

End Period	VATU DEPOSITS 1/				'FOREIGN CURRENCY DEPOSITS 1/				PERCENTAGE DISTRIBUTION			Government Deposits 2/
	Demand	Savings	Time	Total	Demand	Savings	Time	Total	Vatu Deposits	Foreign Currency Deposits	Total	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)				
<b>2004</b>	4,067.2	2,378.3	6,883.0	13,328.5	6,176.0	610.8	15,542.5	22,329.3	37.4	62.6	100.0	185.1
<b>2005</b>	4,733.9	2,497.1	8,815.4	16,046.4	6,615.4	457.2	16,752.7	23,825.3	40.2	59.8	100.0	457.3
<b>2006</b>	5,813.4	2,867.4	10,181.9	18,862.7	6,797.7	172.4	16,566.1	23,536.2	44.5	55.5	100.0	454.2
<b>2005</b>												
Qtr 2	4,298.3	2,501.3	7,658.1	14,457.7	8,318.5	543.7	15,508.0	24,370.2	37.2	62.8	100.0	259.7
Qtr 3	4,479.4	2,529.7	8,572.0	15,581.1	6,984.5	475.5	16,486.2	23,946.2	39.4	60.6	100.0	379.8
Qtr 4	4,733.9	2,497.1	8,815.4	16,046.4	6,615.4	457.2	16,752.7	23,825.3	40.2	59.8	100.0	457.3
<b>2006</b>												
Qtr 1	5,119.8	2,441.2	9,100.0	16,661.0	6,965.5	426.9	16,781.4	24,173.8	40.8	59.2	100.0	340.0
Qtr 2	5,089.6	2,526.9	9,870.2	17,486.7	7,706.4	417.5	17,343.9	25,467.8	40.7	59.3	100.0	343.0
Qtr 3	5,425.1	2,648.6	10,118.1	18,191.8	7,143.1	197.4	15,952.7	23,293.2	43.9	56.1	100.0	300.9
Qtr 4	5,813.4	2,867.4	10,181.9	18,862.7	6,797.7	172.4	16,566.1	23,536.2	44.5	55.5	100.0	454.2
<b>2007</b>												
Qtr 1	6,164.9	2,846.6	10,482.5	19,494.0	6,575.6	188.8	16,954.2	23,718.6	45.1	54.9	100.0	461.5
Qtr 2	6,714.9	3,024.1	10,796.9	20,535.9	6,613.8	192.9	17,278.3	24,085.0	46.0	54.0	100.0	270.8

1/ Excludes deposits of the Vanuatu Government.

2/ Government deposits in Vatu and Foreign currencies.

**TABLE 6: TIME DEPOSITS IN VATU OF RESIDENTS WITH COMMERCIAL BANKS BY MATURITY PERIOD 1/**

(Millions of Vatu)

\ MATURITY \ PERIOD END OF/ PERIOD \	Up to and Inclusive of 7 days	Over 7 days and up to 1 Month	1 to 2 Months	2 to 3 Months	3 to 6 Months	6 to 12 Months	Over one Year	Total 2/
<b>2002</b>	189.9	1,062.3	459.7	601.5	458.9	447.2	568.0	3,787.5
<b>2003</b>	350.5	1,377.5	537.5	644.8	1,091.2	962.1	691.3	5,654.9
<b>2004</b>	525.2	1,306.1	780.2	554.2	961.0	1,755.6	1,056.7	6,939.0
<b>2005</b>	191.1	2,488.1	1,106.8	774.4	1,267.8	2,409.1	774.1	9,011.4
<b>2006</b>	452.9	2,660.6	903.4	665.1	1,706.5	3,911.3	75.8	10,375.6
<b>2005</b>								
Qtr 1	623.2	1,176.2	920.3	670.5	1,437.7	1,818.7	644.0	7,290.6
Qtr 2	813.1	2,054.7	635.1	705.8	923.5	1,497.8	1,099.9	7,729.9
Qtr 3	650.4	1,630.8	1,496.7	1,171.8	1,201.7	2,026.6	574.7	8,752.7
Qtr 4	191.1	2,488.1	1,106.8	774.4	1,267.8	2,409.1	774.1	9,011.4
<b>2006</b>								
Qtr 1	344.5	1,097.5	936.1	742.4	1,531.2	2,832.2	718.2	8,202.1
Qtr 2	443.3	2,213.9	1,032.0	1,162.6	1,486.5	2,884.2	586.9	9,809.4
Qtr 3	382.8	2,331.3	1,583.3	662.8	1,676.8	3,743.3	225.7	10,606.0
Qtr 4	452.9	2,660.6	903.4	665.1	1,706.5	3,911.3	75.8	10,375.6
<b>2007</b>								
Qtr 1	610.3	3,068.1	1,483.7	1,080.5	1,596.8	3,785.6	56.8	11,681.8
Qtr 2	835.8	2,552.1	1,955.3	1,041.9	2,072.1	3,491.3	56.3	12,004.8

1/ As from (Qtr 1 1999),Data covers only 3 of the 4 banks.

From (Qtr 3 2002) Data covers 2 out of the 3 banks ( 2 banks Merged ). From Qtr42003 data covers all commercial banks

2/ Includes deposits of the Vanuatu Government

**TABLE 7: COMMERCIAL BANKS SECTORAL DISTRIBUTION OF LOANS & ADVANCES IN VATU AND FOREIGN CURRENCY**

(Millions of Vatu)

SECTOR	(Millions of Vatu)											
	2005			2006				2007				
	2004	2005	2006	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2
Agriculture	244.6	304.2	400.2	243.4	275.1	304.2	555.9	269	287.6	400.2	359.4	349.5
Fisheries	26.6	26.9	23.2	19.8	20.3	26.9	34.5	30.5	24.2	23.2	27.8	24.3
Mining & Quarrying	11.2	0	46.4	3.4	0.0	0.0	0.0	0	42.5	46.4	46	46
Manufacturing	487.6	1117.4	1,069.3	942.8	1097.9	1117.4	1153.3	1115.4	1127.1	1069.3	1077.9	1162.2
Tourism	1,314.6	1706.8	2,271.7	1,298.1	1523	1706.8	2114.2	2387.3	2320.4	2271.7	2338.1	2394.4
Entertainment & Catering	205.4	58.5	48.3	201.3	151.4	58.5	116.2	123.2	124.4	48.3	48.3	47
Transport	667.0	625.5	842.1	677.1	591.2	625.5	893.4	894.7	1918.3	842.1	937.3	951.9
Public Utilities	7.5	6.6	5.7	7.0	6.8	6.6	6.4	6.2	6.0	5.7	5.5	5.2
Construction	2,710.0	2917.6	2,180.1	2,946.4	2882.1	2917.6	2987.3	2215.9	2195.3	2180.1	2150.9	1953.3
a) Government	0.9	8.8	5.3	2.3	1.9	8.8	5.1	9.8	0.3	5.3	0.2	0.2
b) Public Corporation	43.7	52.8	34.9	46.7	46.1	52.8	49.2	41.4	40.5	34.9	37	37.7
Financial Institutions	138.7	121.6	154.3	136.6	136.9	121.6	122.0	151.5	155.4	154.3	142.1	142.3
Professional & Other Services	915.7	916.4	953.8	918.6	911.1	916.4	897.7	876.4	930.4	953.8	942.4	1109.9
Housing & Land Purchases	3,592.7	4386.5	5,453.8	4,073.2	4168.9	4386.5	4522.7	4955.7	5130.7	5453.8	5774.1	6436.2
Distribution	1,600.6	1862.9	2,179.4	1,725.0	1844.2	1862.9	1893.1	2350.5	1305.0	2179.4	2229.6	2102.7
Personal: Others	3,147.3	3736.5	3,377.4	3,404.5	3677.1	3736.5	3880.4	3605.8	3368.8	3377.4	3611	3706.2
Miscellaneous	933.2	828.4	1,602.8	691.2	720.3	828.4	907.8	1232.2	1497.6	1602.8	1644.8	1726
<b>TOTAL</b>	<b>16,047.3</b>	<b>18,677.4</b>	<b>20,648.7</b>	<b>17,337.4</b>	<b>18,054.3</b>	<b>18,677.4</b>	<b>20,139.2</b>	<b>20,265.5</b>	<b>20,474.5</b>	<b>20,648.7</b>	<b>21,372.4</b>	<b>22,195.0</b>
Of which: Vatu	14,503.1	16886.2	18,063.0	15,663.2	16228.2	16886.2	17651.5	17469.5	17798.2	18063	18722.2	19369.6
Private shares & Bonds	-	-	-	-	-	-	-	-	-	-	-	-
Government Bonds	813.0	838.0	708.0	838.0	838.0	838.0	838.0	708	708	708	588	488
Claims on Non-reporting banks /1	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>16,860.3</b>	<b>19,515.4</b>	<b>21,356.7</b>	<b>18,175.4</b>	<b>18,892.3</b>	<b>19,515.4</b>	<b>20,977.2</b>	<b>20,973.5</b>	<b>21,182.5</b>	<b>21,356.7</b>	<b>21,960.4</b>	<b>22,683.0</b>

1/ Non-reporting banks includes Trust companies, Insurances etc.

TABLE 8: DISTRIBUTION OF VATU ADVANCES BY INTEREST RATES AS AT THE END OF JUNE 2007

(Millions of Vatu)

\ SECTOR \ RATE OF INTEREST % \		Agriculture & Fisheries	Mininig & Manufacturing	Other Productive Sectors	Distribution, Trade & Other Sectors	Housing & Land Purchase for Owner Occupation	Other Personal	Total
Below	8.00	104.5	541.6	1,279.3	1,964.8	331.9	1,205.5	5,427.6
At	8.00	-	-	76.2	15.4	128.0	110.0	329.6
	8.50	-	213.5	19.7	367.9	342.1	1.3	944.5
	9.00	-	16.3	344.9	220.5	2,690.5	346.2	3,618.4
	9.50	-	-	168.5	1.4	254.2	3.0	427.1
	10.00	10.7	-	2.3	26.2	235.2	96.0	370.4
	10.50	17.1	177.0	43.5	93.6	343.3	1.4	675.9
	11.00	-	2.1	275.0	222.6	460.3	22.0	982.0
	11.50	64.8	126.5	112.8	209.3	293.0	87.3	893.7
	12.00	5.3	34.8	57.7	19.0	27.8	89.1	233.7
	12.50	13.3	13.0	59.5	80.9	518.6	427.4	1,112.7
	13.00	-	7.1	325.4	52.6	76.4	284.0	745.5
	13.50	-	0.4	33.7	94.3	80.4	79.4	288.2
	14.00	-	-	51.0	23.1	59.4	47.9	181.4
	14.50	22.4	9.4	840.0	86.7	232.6	178.2	1,369.3
	15.00	-	40.2	3.7	1,073.0	3.8	16.6	1,137.3
	15.50	1.8	5.1	68.5	14.0	14.7	7.1	111.2
	16.00	-	-	4.4	2.3	3.0	13.1	22.8
	16.50	2.0	2.1	20.7	5.7	24.4	79.9	134.8
	17.00	-	-	-	-	3.3	-	3.3
	17.50	-	4.5	8.8	4.7	0.3	22.3	40.6
At	18.00	-	-	9.6	0.5	6.5	46.5	63.1
Above	18.00	29.6	14.5	44.5	35.0	1.1	131.7	256.4
<b>TOTAL</b>		<b>271.5</b>	<b>1,208.1</b>	<b>3,849.7</b>	<b>4,613.5</b>	<b>6,130.8</b>	<b>3,295.9</b>	<b>19,369.5</b>

**TABLE 9: SELECTED INTEREST RATES FOR LOCAL COMMERCIAL BANKS 1/**

End Period	DEPOSIT RATES							ADVANCES RATES 2/					
	VATU							Foreign Currencies (Australian Dollar)	Vatu only				LOCAL INTER-BANK RATES
	Savings	1 month	2-6 Months	Above 6 months	Weighted average rate of interest for Fixed deposits	Weighted average rate of interest for total bank deposits	Weighted average rate of interest for total bank deposits	1 month (Locally quoted)	Commercial	Personal	Housing	Weighted average rate of interest for bank loans	Call or Overnight
<b>2003</b>	0.50-2.00	1.50-6.00	1.50-6.00	1.75-6.00	5.02	2.18	3.55-4.425	6.50-16.00	9.75-25.00	5.90-18.50	11.73	5.50	
<b>2004</b>	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.55	5.42	2.40	3.55-4.55	8.50-16.00	12.00-25.00	5.90-14.75	11.59	5.50	
<b>2005</b>	0.50-2.00	2.00-6.50	2.00-7.00	2.25-7.00	4.85	2.25	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.37	5.50	
<b>2006</b>	0.50-2.00	1.75-4.20	1.75-4.50	2.75-4.75	4.60	1.89	3.50-5.45	8.25-16.00	12.00-25.00	8.25-14.75	11.30	5.50	
<b>2005</b>													
Qtr 1	0.50-2.00	2.00-5.00	2.00-6.00	2.75-7.00	5.05	2.24 r	3.55-4.55	8.00-16.00	12.00-25.00	5.90-14.75	11.74	5.50	
Qtr 2	0.50-2.00	2.00-5.00	2.00-5.75	2.25-7.00	4.58	2.14	3.55-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.65	5.50	
Qtr 3	0.50-2.00	2.00-5.00	2.00-5.75	2.25-7.00	4.47	2.12	3.55-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.96	5.50	
Qtr 4	0.50-2.00	2.00-6.50	2.00-7.00	2.75-7.00	4.85	2.25	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.37	5.50	
<b>2006</b>													
Qtr 1	0.50-2.00	2.00-6.50	2.00-7.00	2.75-6.5	5.25	2.28	3.50-4.55	8.25-16.00	12.00-25.50	8.25-14.75	11.20	5.50	
Qtr 2	0.50-2.00	2.00-6.00	2.00-6.50	2.75-6.50	5.20	2.38	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	11.65	5.50	
Qtr 3	0.50-2.00	1.75-5.50	1.75-5.00	2.75-5.50	4.71	1.92	3.50-4.55	8.25-16.00	12.00-25.00	8.25-14.75	10.86	5.50	
Qtr 4	0.50-2.00	1.75-4.20	1.75-4.50	2.75-4.75	4.60	1.89	3.50-5.45	8.25-16.00	12.00-25.00	8.25-14.75	11.34	5.50	
<b>2007</b>													
Qtr 1	0.50-2.00	1.25-3.75	1.25-4.25	2.25-4.25	4.33	2.00	3.50-5.50	11.00-18.50	14.50-25.00	8.75 (r)-14.75	11.63	5.50	
Qtr 2	0.50-2.00	1.25-3.50	1.25-4.25	2.25-4.25	4.08	1.92	3.50-5.50	11.00-18.50	14.50-25.00	8.45-14.75	10.49	5.50	

Source: Local Commercial banks returns:

1/ From (Qtr 3, 2002) Data covers 2 out of 3 banks (2 banks merged). From Qtr 4 2003 data covers all commercial banks

2/ Interest rates relating to vatu advances ranging from the minimum 8.25 percent also reflect rates offered to their staff.

r: Revised



**TABLE 10: DENOMINATIONS OF CURRENCY ON ISSUE**

( Millions of Vatu )

End Period	Total Notes & Coins	N O T E S						Coins
		VT100	VT200	VT500	VT1,000	VT5,000	Total	
<b>2004</b>	2,967.2	23.7	63.6	131.6	1,140.5	1,184.5	2,543.9	423.3
<b>2005</b>	3,378.3	23.7	68.0	141.5	1,342.6	1,352.5	2,928.3	450.0
<b>2006</b>	3,901.4	23.7	68.8	155.6	1,605.3	1,561.7	3,415.1	486.3
<b>2005</b>								
Qtr1	2,617.6	23.7	58.3	119.8	1,007.8	984.5	2,194.1	423.5
Qtr2	2,686.8	23.7	59.0	121.5	1,029.5	1,023.0	2,256.7	430.1
Qtr3	2,897.5	23.7	65.6	131.5	1,134.8	1,101.0	2,456.6	440.9
Qtr4	3,378.3	23.7	68.0	141.5	1,342.6	1,352.5	2,928.3	450.0
<b>2006</b>								
Qtr1	2,878.2	23.7	61.7	128.6	1,102.8	1,113.8	2,430.6	447.6
Qtr2	3,147.3	23.7	65.4	137.1	1,224.6	1,239.9	2,690.7	456.6
Qtr3	3,364.9	23.7	66.3	138.8	1,299.2	1,367.9	2,895.9	469.0
Qtr4	3,901.4	23.7	68.8	155.6	1,605.3	1,561.7	3,415.1	486.3
<b>2007</b>								
Qtr1	3,441.0	27.5	69.9	147.7	1,243.5	1,465.6	2,954.2	486.8
Qtr2	3,719.9	27.3	71.1	154.4	1,350.8	1,616.9	3,220.5	499.4

TABLE 11: NET OFFICIAL RESERVES

(Millions of Vatu)

End of Period	1. Net Official Reserves						2. Net Foreign Assets of Commercial Banks		
	Foreign Exchange of RBV	Special Drawing Rights	Reserve Position in IMF	Total Holdings	Foreign Liabilities	Net Position	Foreign Assets	Foreign Liabilities	Net Position
	(1)	(2)	(3)	(4) (1+2+3)	(5)	(6) (4-5)	(7)	(8)	(9) (7-8)
<b>2004</b>	6018.2	161.8	434.5	6,614.5	201.7	6,412.8	28,060.9	6,898.6	21,162.3
<b>2005</b>	6988.5	172.6	434.5	7,595.6	245.0	7,350.6	29,279.1	7,141.5	22,137.6
<b>2006</b>	10572.2	188.2	434.5	11,194.9	231.1	10,963.8	31,004.8	9,372.9	21,631.9
<b>2005</b>									
Qtr1	6225.4	164.3	434.5	6,824.2	223.7	6,600.5	28,896.8	6,988.6	21,908.2
Qtr2	6482.8	166.8	434.5	7,084.1	215.2	6,868.9	30,355.7	7,572.7	22,783.0
Qtr3	6738.2	169.6	434.5	7,342.3	247.5	7,094.8	29,733.2	7,072.0	22,661.2
Qtr4	6988.5	172.6	434.5	7,595.6	245.0	7,350.6	29,279.1	7,141.5	22,137.6
<b>2006</b>									
Qtr1	7383.3	176.1	434.5	7,993.9	248.2	7,745.7	29,404.2	7,241.0	22,163.2
Qtr2	8800.9	179.7	434.5	9,415.1	265.5	9,149.6	32,130.9	8,488.9	23,642.0
Qtr3	9586.7	183.8	434.5	10,205.0	217.0	9,988.0	30,640.4	9,090.7	21,549.7
Qtr4	10572.2	188.2	434.5	11,194.9	231.1	10,963.8	31,004.8	9,372.9	21,631.9
<b>2007</b>									
Qtr1	10410.6	177.9	400.4	10,988.9	268.1	10,720.8	29,830.1	8,522.0	21,308.1
Qtr2	10468.5	182.3	400.4	11,051.2	223.4	10,827.8	30,824.2	8,683.8	22,140.4

**TABLE 12: RESERVE BANK NOTES ISSUED IN PRIMARY MARKET**

Date of Issue	Period of Original Maturity	Date of Maturity	Amount Issued (Million VT)			Weighted Average Yield of Accepted Tenders	Notes Outstanding (Million Vatu) 1/
			Float	Received	Accepted		
11-Apr-07	14 days	25-Apr-07	25	75	25	4.6	
	28 days	9-May-07	25	75	25	4.6	
	63 days	13-Jun-07	25	75	25	4.6	
	91 days	11-Jul-07	25	100	25	4.55	
	<b>Total</b>			<b>100</b>	<b>325</b>	<b>100</b>	
25-Apr-07	14 days	9-May-07	25	75	25	4.23	
	28 days	23-May-07	25	75	25	4.23	
	63 days	27-Jun-07	25	95	25	4.23	
	91 days	25-Jul-07	25	75	25	4.23	
	<b>Total</b>			<b>100</b>	<b>320</b>	<b>100</b>	
8-May-07	14 days	22-May-07	25	75	25	3.96	
	28 days	5-Jun-07	25	75	25	3.96	
	63 days	10-Jul-07	25	75	25	3.96	
	91 days	7-Aug-07	25	75	25	3.95	
	<b>Total</b>			<b>100</b>	<b>300</b>	<b>100</b>	
22-May-07	14 days	5-Jun-07	25	75	25	3.5	
	28 days	19-Jun-07	25	75	25	3.5	
	63 days	24-Jul-07	25	75	25	3.5	
	91 days	21-Aug-07	25	75	25	3.5	
	<b>Total</b>			<b>100</b>	<b>300</b>	<b>100</b>	
6-Jun-07	14 days	20-Jun-07	100	250	100	3.44	
	28 days	4-Jul-07	100	250	100	3.44	
	63 days	8-Aug-07	150	350	150	3.5	
	91 days	5-Sep-07	150	350	150	3.5	
	<b>Total</b>			<b>500</b>	<b>1200</b>	<b>500</b>	
20-Jun-07	14 days	4-Jul-07	100	225	100	2.98	
	28 days	18-Jul-07	100	225	100	3.38	
	63 days	22-Aug-07	150	325	150	3.47	
	91 days	19-Sep-07	150	300	150	3.47	
	<b>Total</b>			<b>500</b>	<b>1075</b>	<b>500</b>	

<sup>1</sup> End of month balance

**TABLE 13: COMMERCIAL BANKS' LIQUIDITY**

End of Period	Liquid Assets			Statutory Reserve Deposits (SRD)	RBV Notes	Total
	Vault Cash	Deposits with RBV (Excess Reserves)	Total			
	(1)	(2)	(1+2) (3)			
			(4)	(5)	(3+4+5) (6)	
<b>2003</b>	450.8	772.4	1,223.2	1,497.0	99.1	2,819.3
<b>2004</b>	477.1	703.8	1,180.9	1,624.1	1,068.6	3,873.6
<b>2005</b>	687.6	624.1	1,311.7	1,935.0	585.4	3,832.1
<b>2006</b>	745.4	4,020.4	4,765.8	2,210.9	1,809.0	8,785.7
<b>2005</b>						
Qtr1	409.0	1,007.7	1,416.7	1,668.8	820.5	3,906.0
Qtr2	344.7	609.7	954.4	1,789.6	1,019.5	3,763.5
Qtr3	319.8	891.6	1,211.4	1,870.3	546.2	3,627.9
Qtr4	687.6	624.1	1,311.7	1,935.0	585.4	3,832.1
<b>2006</b>						
Qtr1	374.0	831.1	1,205.1	1,984.9	704.4	3,894.4
Qtr2	387.8	1,598.6	1,986.4	2,042.8	982.7	5,011.9
Qtr3	415.1	1,863.3	2,278.4	2,164.7	1,268.5	5,711.6
Qtr4	745.4	1,809.5	2,554.9	2,210.9	1,809.0	6,574.8
<b>2007</b>						
Qtr1	522.3	2,671.5	3,193.8	2,254.1	1,112.1	6,560.0
Qtr2	517.7	2,469.7	2,987.4	2,322.9	1,141.0	6,451.3

**TABLE 14: DOMESTIC BANKS CONSOLIDATED CAPITAL - 1/**

Thousands of Vatu

			2005				2006				2007	
	2005	2006	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>TIER 1</b>												
Paid-up capital	863,000	860,000	861,000	862,000	862,000	863,000	864,000	863,000	862,000	860,000	859,000	858,000
Disclosed reserves & retained earnings 2/	3,243,145	4,410,480	3,676,883	3,502,858	3,132,277	3,243,145	3,618,357	4,073,333	4,118,470	4,410,480	3,851,245	4,047,226
Less goodwill etc	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL TIER 1 CAPITAL</b>			<b>4,537,883</b>	<b>4,364,858</b>	<b>3,994,277</b>	<b>4,106,145</b>	<b>4,482,357</b>	<b>4,936,333</b>	<b>4,980,470</b>	<b>5,270,480</b>	<b>4,710,245</b>	<b>4,905,226</b>
<b>TIER 2</b>												
Asset revaluation reserves												
(1) Premises	-	-	-	-	-	-	-	-	-	-	-	-
General provisions for doubtful debts												
- Gross	-	-	-	-	-	-	-	-	-	-	-	-
- Eligible	184,517	188,074	168,069	175,392	178,633	184,517	176,700	199,386	183,095	188,074	190,325	201,369
Term subordinated debt etc												
- Gross	-	-	-	-	-	-	-	-	-	-	-	-
- Eligible	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL TIER 2 CAPITAL</b>	<b>184,517</b>	<b>188,074</b>	<b>168,069</b>	<b>175,392</b>	<b>178,633</b>	<b>184,517</b>	<b>176,700</b>	<b>199,386</b>	<b>183,095</b>	<b>188,074</b>	<b>190,325</b>	<b>201,369</b>
<b>TOTAL TIER 1 &amp; TIER 2</b>	<b>4,290,662</b>	<b>5,458,554</b>	<b>4,705,952</b>	<b>4,540,250</b>	<b>4,172,910</b>	<b>4,290,662</b>	<b>4,659,057</b>	<b>5,135,719</b>	<b>5,163,565</b>	<b>5,458,554</b>	<b>4,900,570</b>	<b>5,106,595</b>
Less holdings of other banks capital instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>CAPITAL BASE</b>	<b>4,290,662</b>	<b>5,458,554</b>	<b>4,705,952</b>	<b>4,540,250</b>	<b>4,172,910</b>	<b>4,290,662</b>	<b>4,659,057</b>	<b>5,135,719</b>	<b>5,163,565</b>	<b>5,458,554</b>	<b>4,900,570</b>	<b>5,106,595</b>
Total risk weighted assets	16,071,125	16,306,710	14,824,091	15,308,273	15,611,938	16,071,125	15,481,598	17,381,250	16,009,719	16,306,710	16,565,827	17,255,002

**ASSETS QUALITY**

Thousands of Vatu

	2005				2006				2007	
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>1 Asset Quality</b>										
Standard - 2/ Qtr 1- 2006	14,124,786	14,339,119	14,569,845	14,685,463	15,774,046	16,396,620	17,314,287	17,335,643	18,150,413	18,709,298
Substandard	803,006	1,069,999	1,322,668	981,078	784,273	816,936	530,990	622,548	625,140	934,489
Doubtful (D)	2,037,998	2,512,613	2,497,242	3,467,345	3,658,326	2,901,010	3,273,993	3,397,540	3,332,367	3,322,991
Loss (L)	209,396	229,377	329,124	319,946	316,066	176,242	222,875	210,006	211,018	176,117
<b>Total lending assets</b>	<b>17,175,186</b>	<b>18,151,108</b>	<b>18,718,879</b>	<b>19,453,832</b>	<b>20,532,711</b>	<b>20,290,808</b>	<b>21,342,145</b>	<b>21,565,737</b>	<b>22,318,938</b>	<b>23,142,895</b>
<b>Total risk weighted assets 1/</b>	<b>21,310,091</b>	<b>22,058,273</b>	<b>15,618,707</b>	<b>22,795,125</b>	<b>23,715,598</b>	<b>27,244,250</b>	<b>23,935,719</b>	<b>24,437,710</b>	<b>24,603,827</b>	<b>24,969,002</b>
Restructured items	49,480	97,008	68,123	75,592	73,923	75,405	91,244	99,019	88,696	145,940
Non-accrual items (D + L) 3/	2,247,394	2,741,990	2,826,366	3,787,291	3,974,392	3,077,252	3,496,868	3,607,546	3,543,385	3,499,108
<b>2 Provisioning</b>										
Provisions (specific)	595,575	589,424	613,624	733,470	878,508	872,436	905,376	912,781	896,342	1,099,481
Provisions (general)	37,069	26,102	23,633	15,517	40,700	33,386	29,095	32,142	63,325	7,669
Security	11,045,254	11,346,010	11,666,623	12,350,070	12,611,147	11,476,603	12,500,073	13,048,090	13,398,205	14,501,759

1/ - Including branches of foreign banks

2/ - Revised

3/ - Impaired assets

**TABLE 15: INTERNATIONAL BANKS – BALANCE SHEET**

**TOTAL ASSETS**

	2003	2004	2005	2006	2005				2006				2007	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>1 CASH ITEMS</b>	<b>96,094</b>	<b>103,551</b>	<b>58,516</b>	<b>66,852</b>	<b>91,803</b>	<b>79,018</b>	<b>66,921</b>	<b>58,516</b>	<b>65,192</b>	<b>59,442</b>	<b>58,158</b>	<b>66,852</b>	<b>84,185</b>	<b>126,828</b>
1.1 Cash					2,816	1,549	454	737	874	982	1,032	802	728	35,488
1.2 Balances and CDs issued by banks	52,103	46,291	30,312	39,606	40,388	32,788	29,857	30,312	38,888	31,898	31,481	39,606	56,513	64,434
1.3 Gold and silver bullion	324	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Cash items in process of collection	43,053	52,024	27,467	26,444	48,599	44,681	36,610	27,467	25,430	26,562	25,645	26,444	26,944	26,906
<b>2 MARKETABLE SECURITIES (up to 1 yr. Original Maturity)</b>	<b>1,508</b>	<b>711</b>	<b>518</b>	<b>12</b>	<b>454</b>	<b>462</b>	<b>517</b>	<b>518</b>	<b>-</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>
2.1 Zone A: Other public sector	95	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Zone A: Bank Securities	274	-	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Other securities	1,139	711	518	12	454	462	517	518	-	11	12	12	12	12
<b>3 LOANS AND ADVANCES</b>	<b>285,290</b>	<b>169,682</b>	<b>139,085</b>	<b>103,701</b>	<b>125,252</b>	<b>174,129</b>	<b>136,174</b>	<b>139,085</b>	<b>160,714</b>	<b>124,411</b>	<b>98,816</b>	<b>103,701</b>	<b>63,075</b>	<b>100,326</b>
3.1 Public sector	3,750	-	-	0	-	-	-	-	-	0	0	0	0	0
3.2 Banks	133,883	130,294	117,927	79,331	92,295	146,431	79,608	117,927	140,415	104,981	77,903	79,331	34,505	72,607
3.3 Other loans and advances	147,657	39,388	21,158	24,370	32,957	27,698	56,566	21,158	20,299	19,430	20,913	24,370	28,570	27,719
<b>4 INVESTMENTS (over 1 year original maturity for debt instrument)</b>	<b>10,175</b>	<b>8,965</b>	<b>4,063</b>	<b>501,840</b>	<b>4,159</b>	<b>4,063</b>	<b>4,051</b>	<b>4,063</b>	<b>4,118</b>	<b>504,426</b>	<b>504,535</b>	<b>501,840</b>	<b>504,773</b>	<b>504,563</b>
4.1 Zone A Public Sector & Bank Securities	1,071	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2 Affiliated Institutions	4,404	1,780	4,019	501,796	1,698	1,567	1,581	4,019	1,547	501,732	501,729	501,796	501,916	504,519
4.3 Other securities	4,656	7,141	0	0	2,417	2,452	2,426	0	2,527	2,650	2,762	0	2,813	0
4.4 Other equities	44	44	44	44	44	44	44	44	44	44	44	44	44	44
<b>5 OTHER ASSETS</b>	<b>1,910</b>	<b>101</b>	<b>149</b>	<b>155</b>	<b>94</b>	<b>184</b>	<b>158</b>	<b>149</b>	<b>63</b>	<b>113</b>	<b>124</b>	<b>155</b>	<b>92</b>	<b>171</b>
5.1 Equipment and other fixed assets (net of accumulated depreciation)	69	56	62	26	48	1	61	62	25	26	26	26	27	20
5.2 Accrued interest receivable	141	26	68	57	14	114	21	68	25	35	40	57	8	82
5.3 Other assets	1,700	19	19	72	32	69	76	19	13	52	58	72	57	69
<b>6 TOTAL ASSETS</b>	<b>394,977</b>	<b>283,010</b>	<b>202,331</b>	<b>672,560</b>	<b>221,762</b>	<b>257,856</b>	<b>207,821</b>	<b>202,331</b>	<b>230,087</b>	<b>688,403</b>	<b>661,645</b>	<b>672,560</b>	<b>652,137</b>	<b>731,900</b>

**TOTAL LIABILITIES**

	2003	2004	2005	2006	2005				2006				2007	
					Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>1 DEPOSITS</b>	<b>295,408</b>	<b>236,171</b>	<b>174,999</b>	<b>512,382</b>	<b>186,752</b>	<b>224,595</b>	<b>145,511</b>	<b>174,999</b>	<b>205,557</b>	<b>563,042</b>	<b>504,326</b>	<b>512,382</b>	<b>491,662</b>	<b>571,362</b>
1.1 Banks	52,813	17,948	-	10,102	-	-	-	-	11,098	10,219	10,085	10,102	10,006	9,613
1.2 Corporations	136,456	89,849	98,298	420,790	70,204	123,758	57,713	98,298	109,281	473,683	417,941	420,790	377,698	450,559
1.3 Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.4 Individuals	106,139	128,374	76,701	81,490	116,548	100,837	87,798	76,701	84,993	78,966	76,300	81,490	101,675	111,190
1.5 Negotiable certificates of deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.6 Other	-	-	-	0	-	-	-	-	185	174	0	0	2,283	0
<b>2 TERM DEPT AND OTHER BORROWINGS</b>	<b>34,537</b>	<b>29,067</b>	<b>13,460</b>	<b>15,563</b>	<b>20,233</b>	<b>18,782</b>	<b>48,685</b>	<b>13,460</b>	<b>10,869</b>	<b>10,789</b>	<b>12,330</b>	<b>15,563</b>	<b>15,562</b>	<b>15,584</b>
2.1 Unsecured subordinated debt (over 5 years original term maturity)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other notes and bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.3 Other borrowings (including loans, overdrafts, commercial papers)	34,537	29,067	13,460	15,563	20,233	18,782	48,685	13,460	10,869	10,786	12,330	15,563	15,562	15,584
<b>3 ACCRUED LIABILITIES</b>	<b>893</b>	<b>31</b>	<b>69</b>	<b>64</b>	<b>14</b>	<b>116</b>	<b>23</b>	<b>69</b>	<b>27</b>	<b>40</b>	<b>43</b>	<b>64</b>	<b>12</b>	<b>85</b>
3.1 Accrued interest payable	815	25	68	56	12	114	21	68	25	35	39	56	6	75
3.2 Dividend payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3.3 Other accrued expenses	78	6	1	8	2	2	2	1	2	5	4	8	6	10
<b>4 OTHER LIABILITIES</b>	<b>1,406</b>	<b>1,559</b>	<b>598</b>	<b>298</b>	<b>544</b>	<b>452</b>	<b>579</b>	<b>598</b>	<b>333</b>	<b>256</b>	<b>587</b>	<b>298</b>	<b>369</b>	<b>191</b>
<b>5 LOSS RESERVES</b>	<b>2,111</b>	<b>460</b>	<b>697</b>	<b>724</b>	<b>724</b>	<b>703</b>	<b>706</b>	<b>697</b>	<b>700</b>	<b>714</b>	<b>715</b>	<b>724</b>	<b>725</b>	<b>529</b>
5.1 General loan loss reserves	1,860	460	0	460	460	460	460	0	460	460	460	460	460	460
5.2 Other loss reserves	251	-	697	264	264	243	246	697	240	254	255	264	265	69
<b>6 TOTAL LIABILITIES</b>	<b>334,355</b>	<b>267,288</b>	<b>189,823</b>	<b>529,031</b>	<b>208,267</b>	<b>244,648</b>	<b>195,504</b>	<b>189,823</b>	<b>217,486</b>	<b>574,838</b>	<b>518,001</b>	<b>529,031</b>	<b>508,330</b>	<b>587,751</b>
<b>7 SHAREHOLDERS EQUITY</b>	<b>60,622</b>	<b>15,722</b>	<b>12,508</b>	<b>143,529</b>	<b>13,495</b>	<b>13,208</b>	<b>12,317</b>	<b>12,508</b>	<b>12,601</b>	<b>113,565</b>	<b>143,644</b>	<b>143,529</b>	<b>143,807</b>	<b>144,149</b>
7.1 Issued and fully paid up common stock (at par or nominal value)	22,537	9,984	8,984	11,155	9,056	9,001	9,007	8,984	8,993	11,625	11,630	11,155	11,656	11,666
7.2 Additional paid up capital in excess of par or nominal value	1,388	214	1,095	130,338	214	214	214	1,095	29	100,378	130,338	130,338	132,293	130,752
7.3 Unappropriated retained earnings	27,984	3,897	3,045	661	3,757	3,827	3,837	3,045	2,855	619	661	661	-372	1,292
7.4 Current year's net income/(loss)	5,337	1,627	-616	1,375	468	166	-741	-616	724	943	1,015	1,375	230	439
7.5 Perpetual on-cumulative issued and fully paid up preference share	3,376	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>8 TOTAL SHAREHOLDERS EQUITY</b>	<b>60,622</b>	<b>15,722</b>	<b>12,508</b>	<b>143,529</b>	<b>13,495</b>	<b>13,208</b>	<b>12,317</b>	<b>12,508</b>	<b>12,601</b>	<b>113,565</b>	<b>143,644</b>	<b>143,529</b>	<b>143,807</b>	<b>144,149</b>
<b>9 TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>394,977</b>	<b>283,010</b>	<b>202,331</b>	<b>672,560</b>	<b>221,762</b>	<b>257,856</b>	<b>207,821</b>	<b>202,331</b>	<b>230,087</b>	<b>688,403</b>	<b>661,645</b>	<b>672,560</b>	<b>652,137</b>	<b>731,900</b>

**TABLE 16: DOMESTIC BANKING INDUSTRY FOREIGN EXCHANGE TURNOVER AGAINST VATU CURRENCY (VT'000')**

**Foreign Exchange Turnover Against Vatu Currency (VT'000')**

	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07
<b>OUTRIGHT SPOT</b>							
Resident Dealers	100	146,492	542,399	138,498		79,100	145
Overseas Banks	19,616	22,939	133,537	62,094	254,930	135,792	624,745
Resident Customers	1,334,851	983,779	885,907	1,041,807	825,718	1,013,431	818,362
Non-Resident Customers	44,785						107
Internal Transactions	17,225	58,979	550,359	14,585			
<b>Total</b>	<b>1,416,577</b>	<b>1,212,189</b>	<b>2,112,202</b>	<b>1,256,984</b>	<b>1,080,648</b>	<b>1,228,323</b>	<b>1,443,359</b>

<b>OUTRIGHT FORWARD</b>							
Resident Dealers							
Overseas Banks			19,950				428,840
Resident Customers	253,982	467,183	505,571	470,878	536,727	705,300	417,577
Non-Resident Customers							
Internal Transactions							
<b>Total</b>	<b>253,982</b>	<b>467,183</b>	<b>525,521</b>	<b>470,878</b>	<b>536,727</b>	<b>705,300</b>	<b>846,417</b>

<b>SWAPS</b>							
Resident Dealers							
Overseas Banks							
Resident Customers							
Non-Resident Customers							
Internal Transactions							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (FX turnover against Vatu)</b>	<b>1,670,559</b>	<b>1,679,372</b>	<b>2,637,723</b>	<b>1,727,862</b>	<b>1,617,375</b>	<b>1,933,623</b>	<b>2,289,776</b>

**Foreign Exchange Turnover Against USD Currency (VT'000')**

<b>OUTRIGHT SPOT</b>							
Resident Dealers	1,150	13,010		2,541	1,665	2,765	
Overseas Banks	471,036	573,385	390,494	573,936	441,659	410,375	292,089
Resident Customers	122,278	123,866	180,353	137,253	647,110	115,183	155,246
Non-Resident Customers	330	373	497,399	192	483	440	17
Internal Transactions							
<b>Total</b>	<b>594,794</b>	<b>710,634</b>	<b>1,068,246</b>	<b>713,922</b>	<b>1,390,917</b>	<b>528,763</b>	<b>447,352</b>

<b>OUTRIGHT FORWARD</b>							
Resident Dealers							
Overseas Banks			248,238		333,500		
Resident Customers		2,150	154,684				
Non-Resident Customers							
Internal Transactions							
<b>Total</b>	<b>0</b>	<b>2,150</b>	<b>402,922</b>	<b>0</b>	<b>333,500</b>	<b>0</b>	<b>0</b>

<b>SWAPS</b>							
Resident Dealers							
Overseas Banks							
Resident Customers							
Non-Resident Customers							
Internal Transactions							
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (FX Turnover againsts USD)</b>	<b>594,794</b>	<b>712,784</b>	<b>1,471,168</b>	<b>713,922</b>	<b>1,724,417</b>	<b>528,763</b>	<b>447,352</b>
<b>TOTAL (FX Turnover against Vatu &amp; USD)</b>	<b>2,265,353</b>	<b>2,392,156</b>	<b>4,108,891</b>	<b>2,441,784</b>	<b>3,341,792</b>	<b>2,462,386</b>	<b>2,737,128</b>

**TABLE 17: DOMESTIC BANKING INDUSTRY CORE SET OF FINANCIAL SOUNDNESS INDICATORS (%)**

			2005				2006				2007	
	2005	2006	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>Deposit - taking instruments</b>												
<b>1 Capital adequacy</b>												
Regulatory capital to risk - weighted assets 1/	26.7	33.5	31.8	29.7	26.7	26.7	30.1	29.6	32.3	33.5	29.6	29.6
Regulatory Tier 1 Capital to risk-weighted assets 1/	25.6	32.3	30.6	28.5	25.6	25.6	29.0	28.4	31.1	32.3	28.4	28.4
<b>2 Asset quality</b>												
Nonperforming loans net of provisions to capital r/	71.2	49.4	35.1	47.4	53.0	71.2	66.5	42.9	50.2	49.4	54.0	47.0
Nonperforming loans to total gross loans	19.5	16.7	13.1	15.1	15.1	19.5	19.4	15.2	16.4	16.7	15.9	15.1
<b>3 Earnings and profitability</b>												
Return on assets (ROA)	1.1	0.9	0.9	2.0	1.0	1.1	1.0	1.2	1.0	0.9	0.9	1.0
Return on equity (ROE)	10.1	8.3	7.7	8.6	9.5	10.1	9.5	11.4	9.5	8.3	8.6	10.0
Interest margin to gross income	67.5	69.4	65.9	64.4	64.1	67.5	66.6	71.4	70.6	69.4	69.9	69.2
Noninterest expenses to gross income	30.4	30.7	30.0	30.7	31.3	30.4	27.9	24.3	27.5	30.7	29.2	31.7
<b>4 Liquidity</b>												
Liquid assets to total assets	17.2	25.8	22.1	18.8	17.5	17.2	17.8	20.5	24.2	25.8	24.6	21.6

1/ - Excluding branches of foreign banks

r/ - Revised

**PROFIT**

			2005				2006				2007	
			Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>1 Income</b>												
Interest Income	951,810	1,044,965	769,060	824,346	877,408	951,810	917,459	1,118,806	1,072,416	1,044,965	1,039,365	1,171,178
Non-Interest Income	457,583	460,957	398,701	456,018	491,485	457,583	459,846	448,899	446,395	460,957	446,202	521,642
<b>Total Operating Income</b>			<b>1,167,761</b>	<b>1,280,364</b>	<b>1,368,893</b>	<b>1,409,393</b>	<b>1,377,305</b>	<b>1,567,705</b>	<b>1,518,811</b>	<b>1,505,922</b>	<b>1,485,567</b>	<b>1,692,820</b>
<b>2 Expenses</b>												
Interest Expense	388,738	478,397	326,235	354,671	376,798	388,738	403,799	440,002	467,104	478,397	471,375	522,119
Operating Expenses (Excluding bad debts & provisions charges)	427,854	461,624	350,852	392,724	429,049	427,854	384,014	380,505	418,252	461,624	434,497	536,226
<b>Total Operating Expenses</b>	<b>816,592</b>	<b>940,021</b>	<b>677,087</b>	<b>747,395</b>	<b>805,847</b>	<b>816,592</b>	<b>787,813</b>	<b>820,507</b>	<b>885,356</b>	<b>940,021</b>	<b>905,872</b>	<b>1,058,345</b>
<b>Net Interest Income</b>	<b>563,072</b>	<b>566,568</b>	<b>442,825</b>	<b>469,675</b>	<b>500,610</b>	<b>563,072</b>	<b>513,660</b>	<b>678,804</b>	<b>605,312</b>	<b>566,568</b>	<b>567,990</b>	<b>649,059</b>
<b>3 Profit and Loss Statement</b>												
<b>Operating Profit before tax, write-offs &amp; provisions</b>	<b>592,801</b>	<b>565,901</b>	<b>490,674</b>	<b>532,969</b>	<b>563,046</b>	<b>592,801</b>	<b>589,492</b>	<b>747,198</b>	<b>633,455</b>	<b>565,901</b>	<b>579,695</b>	<b>634,475</b>
Provisions	7,142	22,635	26,181	18,821	-25,552	7,142	30,522	17,884	20,762	22,635	23,992	45,027
Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts written - off	(1,336)	(7,488)	3,241	-303	-2,108	-1,336	-9,762	-2,539	-12,588	-7,488	-6,654	-19,865
Bad debts recovered	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Profit</b>	<b>586,995</b>	<b>550,754</b>	<b>461,252</b>	<b>514,451</b>	<b>590,706</b>	<b>586,995</b>	<b>568,732</b>	<b>731,853</b>	<b>625,281</b>	<b>550,754</b>	<b>562,357</b>	<b>609,313</b>



TABLE 18: VANUATU GOVERNMENT FISCAL OPERATIONS

(Millions of Vatu)

ITEMS	2002	2003	2004	2005	2006	2006				2007	
						Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>REVENUE AND GRANTS</b>	<b>7258.3</b>	<b>7061.7</b>	<b>8129.7</b>	<b>8795.8</b>	<b>10008.6</b>	<b>2492.2</b>	<b>2313.7</b>	<b>2499.9</b>	<b>2702.8</b>	<b>2754.7</b>	<b>2733.7</b>
Domestic Revenue	6530.4	6680.3	7444.9	8213.5	9157.3	2229.9	2113.0	2304.6	2509.8	2653.0	2522.1
Tax Revenue	5845.5	6024.6	6621.6	7342.8	8125.7	2040.0	1920.4	1985.5	2179.8	2431.3	2310.8
Non Tax Revenue	684.9	655.7	823.3	870.7	1031.6	189.9	192.6	319.1	330.0	221.7	211.3
Sales of fixed capital assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0
Grants from abroad	727.9	381.4	684.8	582.3	851.3	262.3	200.7	195.3	193.0	101.7	211.6
<b>EXPENDITURE AND NET LENDING</b>	<b>7958.6</b>	<b>7682.4</b>	<b>7685.8</b>	<b>7964.2</b>	<b>9581.4</b>	<b>1834.9</b>	<b>2175.6</b>	<b>2595.6</b>	<b>2975.3</b>	<b>2361.7</b>	<b>2917.6</b>
Recurrent Expenditure	7236.5	7239.7	7272.5	7502.6	8555.5	1684.5	1968.9	2224.4	2677.7	2251.1	2825.9
Lending minus repayments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurrent transfer to Gov. bodies	0.0	0.0	0.0	0.0	335.8	70.0	60.8	150.0	55.0	0.0	0.0
Development Expenditure	722.1	442.7	413.3	461.6	690.1	80.4	145.9	221.2	242.6	110.6	91.7
<b>DEFICIT/SURPLUS</b>	<b>-700.3</b>	<b>-620.7</b>	<b>443.9</b>	<b>831.6</b>	<b>427.2</b>	<b>657.3</b>	<b>138.1</b>	<b>-95.7</b>	<b>-272.5</b>	<b>393.0</b>	<b>-183.9</b>

Source : Department of Finance

TABLE 19: GOVERNMENT REVENUE CLASSIFIED BY MAJOR SOURCES

(Millions of Vatu)

ITEMS	2002	2003	2004	2005	2006	2006				2007	
						Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>TOTAL REVENUE AND GRANTS</b>	<b>7308.0</b>	<b>7061.7</b>	<b>8129.7</b>	<b>8795.8</b>	<b>10008.6</b>	<b>2492.2</b>	<b>2313.7</b>	<b>2499.9</b>	<b>2702.8</b>	<b>2754.7</b>	<b>2733.7</b>
<b>Total Recurrent Revenue</b>	<b>6565.6</b>	<b>6680.3</b>	<b>7444.9</b>	<b>8213.5</b>	<b>9157.3</b>	<b>2229.9</b>	<b>2113.0</b>	<b>2304.6</b>	<b>2509.8</b>	<b>2653.0</b>	<b>2522.1</b>
Tax Revenue	5773.3	6024.6	6621.6	7342.8	8125.7	2040.0	1920.4	1985.5	2179.8	2431.3	2310.8
Taxes on Use of Goods	3442.5	3666.3	3995.4	4776.4	5232.3	1416.1	1203.9	1325.3	1287.0	1610.4	1300.1
Value Added Tax	2236.7	2356.8	2475.3	2813.4	3101.3	703.7	750.9	814.1	832.6	868.9	871.1
Business Licenses	141.4	124.6	150.0	290.6	181.7	148.8	9.2	20.2	3.5	166.7	12.6
Turnover Tax	117.0	97.9	122.8	146.3	197.1	151.3	5.9	32.4	7.5	155.5	6
Other	947.4	1087.0	1247.3	1526.1	1752.2	412.3	437.9	458.6	443.4	419.3	410.4
Tax on International Trade	2279.9	2283.5	2519.6	2412.0	2681.6	574.3	633.0	616.5	857.8	711.0	806.8
Import duties	2279.3	2283.4	2519.6	2412.0	2675.8	571.0	632.4	616.1	856.3	703.9	807.4
Export duties	0.6	0.1	0.0	0.0	5.8	3.3	0.6	0.4	1.5	7.1	-0.6
Other taxes	50.9	74.8	106.6	154.4	211.8	49.6	83.5	43.7	35.0	109.9	203.9
<b>Non Tax Revenue</b>	<b>792.3</b>	<b>655.7</b>	<b>823.3</b>	<b>870.7</b>	<b>1031.6</b>	<b>189.9</b>	<b>192.6</b>	<b>319.1</b>	<b>330.0</b>	<b>221.7</b>	<b>211.3</b>
Property income: of which	391.7	239.4	323.4	316.9	363.4	9.0	28.1	160.7	165.6	40.1	37.1
Dividends	188.6	101.3	133.2	229.0	199.2	2.0	17.0	24.0	156.2	35.0	29.4
Other	203.1	138.1	190.2	87.9	164.2	7.0	11.1	136.7	9.4	5.1	7.7
<b>Administrative fees &amp; Charges</b>	<b>386.6</b>	<b>379.4</b>	<b>467.7</b>	<b>527.4</b>	<b>634.8</b>	<b>173.0</b>	<b>152.8</b>	<b>150.3</b>	<b>158.7</b>	<b>173.9</b>	<b>166</b>
Other	14.0	36.9	32.2	26.4	33.4	7.9	11.7	8.1	5.7	7.7	8.2
Other	22.1	0.0	0.0	0.0							
<b>Grants from abroad</b>	<b>720.3</b>	<b>381.4</b>	<b>684.8</b>	<b>582.3</b>	<b>851.3</b>	<b>262.3</b>	<b>200.7</b>	<b>195.3</b>	<b>193.0</b>	<b>101.7</b>	<b>211.6</b>

Source : Department of Finance

TABLE 20: GOVERNMENT EXPENDITURE CLASSIFIED BY MAJOR CATEGORY

Millions of Vatu)

ITEMS	2001	2002	2003	2004	2005	2006	2006				2007	
							Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>TOTAL EXPENDITURE</b>	<b>8612.6</b>	<b>7958.6</b>	<b>7682.4</b>	<b>7685.8</b>	<b>7964.2</b>	<b>9581.4</b>	<b>1834.9</b>	<b>2175.6</b>	<b>2595.6</b>	<b>2975.3</b>	<b>2361.7</b>	<b>2917.6</b>
Total Recurrent Expenditure	7198.6	7236.5	7239.7	7272.5	7502.6	8555.5	1684.5	1968.9	2224.4	2677.7	2251.1	2825.9
Goods and services: of which	5592.4	5834.3	5683.3	5580.9	5942.9	7021.5	1289.2	1621.9	1852.7	2257.7	1808.1	2430.1
Salaries & Wages	3734.4	3929.1	4072.2	4053.8	4222.1	5168.5	939.2	1185.1	1375.9	1668.3	1331.8	1746.2
Interest payments	281.4	318.7	308.2	397.7	349.0	337.9	113.8	46.2	101.9	76.0	105.7	46.5
Domestic	172.9	217.7	195.4	304.2	272.2	243.2	88.7	32.4	59.5	62.6	82.1	33.5
External	108.5	101.0	112.8	93.5	76.8	94.7	25.1	13.8	42.4	13.4	23.6	13
Subsidies and transfers: of which	1141.0	1004.0	1118.1	1163.1	883.3	939.9	234.4	259.4	204.5	241.6	295.1	262
Provinces & Municipalities	199.3	202.7	206.8	197.1	200.5	190.1	46.3	36.1	61.7	46.0	46.1	48.2
Acquisition of fixed capital assets	183.8	79.5	85.9	159.3	327.4	256.2	47.1	41.4	65.3	102.4	42.2	87.3
Lending minus repayments	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-recurrent transfers to Gov.bodies	225.0	458.3	0.0	0.0	0.0	335.8	70.0	60.8	150.0	55.0	0.0	0.0
Total Development Expenditure	1189.0	722.1	442.7	413.3	461.6	690.1	80.4	145.9	221.2	242.6	110.6	91.7

Source : Department of Finance

TABLE 21: EXCHANGE RATES: VATU PER UNIT OF FOREIGN CURRENCIES

EXCHANGE RATES: VATU PER UNIT OF FOREIGN CURRENCIES						
Period (Yr/Mth)	End of Period Rates				Averages	
	Australian Dollar	US Dollar	ECU / Euro	Japanese Yen	Australian Dollar	US Dollar
December	83.73	111.81	140.31	1.0442	83.04	112.52
<b>2004</b>	<b>83.06</b>	<b>106.53</b>	<b>145.34</b>	<b>1.0328</b>	<b>82.36</b>	<b>111.90</b>
March	83.79	111.19	135.30	1.0520	83.29	110.98
June	80.36	116.34	140.58	1.0749	80.64	115.98
September	81.15	113.21	139.62	1.0211	80.50	114.60
December	83.06	106.53	145.34	1.0328	82.58	107.62
<b>2005</b>						
January	83.39	107.72	140.40	1.0409	82.88	108.19
February	83.80	106.50	141.07	1.0122	83.77	107.28
March	83.31	108.09	139.69	1.0057	83.67	106.42
April	83.52	107.30	138.38	1.0111	83.27	107.68
May	83.04	109.18	136.19	1.0111	83.05	108.50
June	83.68	109.74	132.52	0.9940	83.72	109.25
July	83.68	110.48	132.71	0.9813	83.34	110.89
August	82.83	110.61	135.19	0.9945	83.46	109.67
September	83.67	110.14	132.58	0.9740	83.66	109.36
October	83.17	109.88	133.41	0.9518	83.25	110.34
November	82.45	111.69	131.64	0.9337	82.45	111.69
December	82.29	112.33	133.07	0.9534	82.73	111.35
<b>2006</b>					83.30	110.55
January	83.06	110.97	134.18	0.9435	83.02	110.73
February	82.91	112.48	133.26	0.9678	82.89	111.71
March	81.85	114.49	139.32	0.9758	82.46	113.39
April	83.79	110.72	138.77	0.9699	82.93	112.73
May	83.72	109.82	141.41	0.9794	84.09	109.96
June	82.99	112.42	142.33	0.9769	82.85	111.87
July	84.23	110.38	140.15	0.9534	83.51	111.30
August	83.65	109.65	140.72	0.9365	83.94	109.00
September	82.76	110.51	140.40	0.9385	83.23	110.08
October	83.88	108.97	138.75	0.9281	83.06	110.28
November	84.14	107.40	141.23	0.9228	83.60	108.66
December	84.12	106.48	140.00	0.8952	84.01	106.94
<b>2007</b>						
January	83.48	108.08	140.15	0.8888	83.99	107.24
February	84.00	106.58	141.17	0.9043	83.91	107.27
March	84.07	105.11	140.13	0.8090	84.07	106.94
April	85.40	103.05	140.51	0.8643	85.55	103.21
May	85.55	103.91	139.55	0.8541	85.36	103.52
June	86.18	101.77	136.87	0.8263	86.10	102.35

Note: With effect from September 1981, the vatu was linked to the special drawing rights (SDR) at a rate of SDR 1 = 106.20. This rate was revised to SDR 1 = Vt100.50 with effect from March 12, 1984, to SDR 1 = Vt110.0 from April 1, 1985 to SDR 1 = Vt122.0 from February

TABLE 22: VANUATU GOVERNMENT OUTSTANDING BONDS

(Thousands of Vatu)

Period Ended	BOND HOLDERS				
	Reserve Bank of Vanuatu	Commercial (1). Banks	Public Corporation	Others	Total Outstanding
<b>1997</b>	397,500	479,800	1,242,000	37,200	2,156,500
<b>1998</b>	1,027,500	1,081,400	320,000	31,600	2,460,500
<b>1999</b>	1,027,500	990,400	380,000	8,300	2,406,200
<b>2000</b>	845,500	1,087,400	490,000	8,300	2,431,200
<b>2001</b>	805,500	863,400	886,100	6,200	2,561,200
<b>2002</b>	902,200	816,000	1,386,100	3,100	3,107,400
<b>2003</b>	902,500	773,000	1,581,100	2,500	3,259,100
<b>2004</b>	862,500	813,000	1,581,100	2,500	3,259,100
<b>2005</b>	862,500	838,000	1,400,000	2,500	3,103,000
<b>2001</b> Qtr1	805,500	1,163,400	455,000	7,300	2,431,200
Qtr2	805,500	913,400	455,000	7,300	2,181,200
Qtr3	805,500	863,400	506,100	6,200	2,181,200
Qtr4	805,500	863,400	886,100	6,200	2,561,200
<b>2002</b> Qtr1	802,500	776,800	1,086,100	3,800	2,669,200
Qtr2	802,500	1,064,800	1,086,100	3,800	2,957,200
Qtr3	902,200	865,800	1,120,000	3,100	2,891,100
Qtr4	902,200	816,000	1,386,100	3,100	3,107,400
<b>2003</b> Qtr1	902,200	868,000	1,386,100	3,100	3,159,400
Qtr2	702,200	1,003,000	1,451,100	3,100	3,159,400
Qtr3	902,500	773,000	1,481,100	2,500	3,159,100
Qtr4	902,500	773,000	1,581,100	2,500	3,259,100
<b>2004</b> Qtr1	862,500	813,000	1,581,100	2,500	3,259,100
Qtr2	862,500	813,000	1,581,100	2,500	3,259,100
Qtr3	862,500	813,000	1,581,100	2,500	3,259,100
Qtr4	862,500	813,000	1,581,100	2,500	3,259,100
<b>2005</b> Qtr1	862,500	813,000	1,541,100	2,500	3,219,100
Qtr2	862,500	838,000	1,516,100	2,500	3,219,100
Qtr3	862,500	838,000	1,516,100	2,500	3,219,100
Qtr4	862,500	838,000	1,400,000	2,500	3,103,000
<b>2006</b> Qtr1	862,500	838,000	1,400,000	2,500	3,103,000
Qtr2	862,500	708,000	1,530,000	2,500	3,103,000
Qtr3	862,500	708,000	1,530,000	2,450	3,102,950
Qtr4	862,500	708,000	1,530,000	2,450	3,102,950
<b>2007</b> Qtr1	862,500	588,000	1,530,000	2,450	2,982,950
Qtr2	862,500	488,000	1,630,000	2,450	2,982,950

TABLE 23: SUMMARY OF BALANCE OF PAYMENTS

in Millions of Vatu

	2005	2006	2005				2006				2007	
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1r	Q2p
<b>Current Account</b>	<b>(3,719)</b>	<b>(3,334)</b>	<b>(603)</b>	<b>(1,222)</b>	<b>(637)</b>	<b>(1,256)</b>	<b>(1,053)</b>	<b>(1,027)</b>	<b>(510)</b>	<b>(743)</b>	<b>(1,764)</b>	<b>(848)</b>
Goods cr.	4,166	4,166	1,012	927	1,118	1,109	847	1,118	1,034	1,167	364	662
Goods dr.	(14,344)	(16,296)	(2,941)	(3,803)	(3,443)	(4,158)	(3,790)	(3,549)	(3,780)	(5,177)	(3,586)	(4,338)
Services cr.	15,181	16,116	3,502	3,551	3,952	4,177	3,894	3,467	4,199	4,556	3,997	4,314
Services dr.	(8,058)	(7,881)	-1,915	-2,089	-2,047	-2,008	-1,917	-1,944	-2,058	-1,962	-1,619	-1,774
Income cr.	3,032	3,521	672	732	775	853	766	819	949	987	851	867
Income dr.	(5,864)	(5,760)	-1496	-1308	-1457	-1603	-1668	-1728	-1496	-868	-2336	-1488
Current trans. cr.	2,841	3,355	750	910	602	578	990	970	750	645	639	628
Current trans. dr.	(672)	(555)	-186	-141	-139	-205	-176	-180	-109	-91	-75	-37
<b>Capital &amp; Financial Account</b>	<b>5,009</b>	<b>2,833</b>	<b>710</b>	<b>1188</b>	<b>1427</b>	<b>1683</b>	<b>1168</b>	<b>248</b>	<b>1039</b>	<b>378</b>	<b>902</b>	<b>1037</b>
<b>Capital Account</b>	<b>1,381</b>	<b>2,787</b>	<b>435</b>	<b>351</b>	<b>406</b>	<b>190</b>	<b>669</b>	<b>768</b>	<b>596</b>	<b>753</b>	<b>419</b>	<b>689</b>
Capital account cr.	3,036	4,431	847	763	821	604	1083	1184	1011	1153	819	1094
Capital account dr.	(1,654)	(1,644)	-412	-413	-416	-414	-414	-416	-415	-400	-400	-405
<b>Financial Account</b>	<b>3,627</b>	<b>46</b>	<b>275</b>	<b>838</b>	<b>1021</b>	<b>1494</b>	<b>499</b>	<b>(520)</b>	<b>443</b>	<b>(375)</b>	<b>483</b>	<b>348</b>
Direct invest.abroad	(84)	(81)	(21)	(21)	(21)	(21)	(21)	(21)	(21)	(18)	(17)	(22)
Direct invest. in Vanuatu	1,455	4,821	238	387	42	788	974	2495	573	779	872	493
Portfolio investment assets	(117)	(28)	16	(58)	(46)	(29)	11	(2)	(7)	(30)	20	20
Portfolio investment liabilities	(35)	(60)	(29)	-	-	(6)	(61)	1	-	-	-	-
Other investment assets	2,896	(3,086)	1,616	(266)	895	651	(397)	(4,912)	1,862	361	802	4,682
Other investment liabilities	24	2,079	(1,805)	1,056	409	364	391	3,340	(1,174)	(478)	(1,343)	(4,616)
Reserve assets	(981)	(3,599)	-210	-261	-258	-254	-398	-1421	-790	-989	149	-209
<b>Net errors and omissions</b>	<b>(1,290)</b>	<b>501</b>	<b>(107)</b>	<b>34</b>	<b>(789)</b>	<b>(427)</b>	<b>(115)</b>	<b>780</b>	<b>(529)</b>	<b>365</b>	<b>862</b>	<b>(301)</b>
<b>International Investment Position</b>												
<b>Net position</b>	<b>(6,006)</b>	<b>(6,239)</b>	<b>(3,536)</b>	<b>(4,064)</b>	<b>(4,798)</b>	<b>(6,006)</b>	<b>(6,267)</b>	<b>(5,455)</b>	<b>(6,661)</b>	<b>(6,239)</b>	<b>(5,859)</b>	<b>(6,283)</b>
<b>Assets</b>	<b>57,191</b>	<b>63,163</b>	<b>57,524</b>	<b>58,229</b>	<b>57,558</b>	<b>57,191</b>	<b>57,982</b>	<b>64,399</b>	<b>62,473</b>	<b>63,163</b>	<b>62,531</b>	<b>57,832</b>
Direct Investment	1,322	1,403	1,259	1,280	1,301	1,322	1,343	1,364	1,385	1,403	1,420	1,442
Portfolio investment	1,568	1,582	1421	1477	1530	1568	1558	1558	1553	1582	1598	1599
Other investment	46,705	48,983	48,020	48,388	47,385	46,705	47,087	52,062	49,329	48,983	48,524	43,740
Reserves	7,596	11,195	6,824	7,084	7,342	7,596	7,994	9,415	10,206	11,195	10,989	11,051
<b>Liabilities</b>	<b>63,197</b>	<b>69,402</b>	<b>61,060</b>	<b>62,293</b>	<b>62,356</b>	<b>63,197</b>	<b>64,249</b>	<b>69,854</b>	<b>69,134</b>	<b>69,402</b>	<b>68,390</b>	<b>64,115</b>
Direct Investment	16,694	20,920	15851	16265	16106	16694	17467	19762	20342	20920	20842	21135
Portfolio investment	60	1	78	50	57	60	0	1	1	1	1	1
Other investment	46,443	48,481	45131	45978	46193	46443	46782	50091	48791	48481	47547	42979
<b>Memorandum items:</b>												
Gross Official reserves	7,596	11,195	6824	7,084	7,342	7,596	7,994	9,415	10,205	11,195	10,989	10,989
Net Reserves (Vatu)	6,988	10,572	6225	6,483	6,738	6,988	7,363	8,801	9,587	10,572	10,411	10,411
Net Reserves (USD)	64	96	58.0	59.0	61	62.8	65.7	78.3	86.8	98.3	97.7	97.7
Exchange rate (VT/USD)	109	110	107.40	109.8	110	111.3	112	112.42	110.45	107.6	106.59	106.6
Projected monthly import cover.	5.8	7	5.7	6.4	6.1	5.8	5.9	7.5	8.2	9.0	7.4	7.5

r Means Revised p means provisional

Note: Q107 months of import reflectd the significant increase in imports expected for 2007

**TABLE 24: PRINCIPAL EXPORTS**

		Millions of Vatu										
		2005				2006				2007		
	2004	2006	Qtr1	Qtr2	Qtr3	Qtr4	Q106	Q206	Q306	Q406	Q107	Q207
<b>Domestic exports, f.o.b.</b>	<b>2,934</b>	<b>2,623</b>	<b>669</b>	<b>708</b>	<b>844</b>	<b>727</b>	<b>412</b>	<b>757</b>	<b>693</b>	<b>761</b>	<b>70</b>	<b>502</b>
Copra	446	347	64	37	25	16	22	87	142	96	0	163
Cocoa	160	278	18	5	89	69	13	99	91	75	0	51
Beef	286	332	39	89	99	75	54	85	85	108	4	59
Timber	247	306	66	18	33	86	48	74	24	160	1	11
Kava	438	698	63	148	197	69	122	196	220	160	32	104
Coconut oil	1,026	193	148	233	214	137	72	106	0	15	0	84
Other	787	469	271	178	187	275	81	110	131	147	33	30
Re-exports	874	1,478	342	219	274	382	370	361	341	406	294	563
<b>Total</b>	<b>4,264</b>	<b>4,101</b>	<b>1,011</b>	<b>927</b>	<b>1,118</b>	<b>1,109</b>	<b>782</b>	<b>1,118</b>	<b>1,034</b>	<b>1,167</b>	<b>364</b>	<b>1065</b>

Source: Vanuatu Statistics Office

Re-exports are projected figures

**TABLE 25: COMPOSITION OF IMPORTS**

		Millions of Vatu										
		2005				2006				2007		
	2004	2006	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>Imports, c.i.f</b>	<b>14303</b>	<b>17775</b>	<b>3317</b>	<b>4345</b>	<b>3998</b>	<b>4752</b>	<b>3433</b>	<b>4029</b>	<b>4335</b>	<b>5978</b>	<b>4067</b>	<b>4968</b>
For domestic composition	14065	17647	3312	4333	3812	4693	3428	4027	4263	5929	4066	4918
Food and live animals	2756	3233	653	807	460	943	668	740	697	1128	611	755
Beverages and tobacco	551	499	117	118	86	116	78	79	115	227	108	217
Crude mtrls, excl.fuels	241	210	66	61	43	71	47	41	41	81	29	53
Mineral fuels	1871	2098	526	504	327	482	287	401	494	916	1108	690
Animal, veg., and oil fats	69	69	21	12	20	20	15	19	19	16	14	23
Chemicals	1558	1693	462	715	655	749	276	313	436	668	274	382
Basic manufacturers	2056	2856	495	652	994	703	564	752	708	832	639	747
Mach. and transpt.equip.	3057	4566	587	964	519	877	1055	1121	1212	1178	886	1326
Miscellaneous	1471	2117	308	419	617	587	385	491	453	788	321	631
Goods not specified	435	306	77	81	91	145	53	70	88	95	76	94
Imports for re-exports	238	128	5	12	186	59	5	2	72	49	1	50

Source: Vanuatu Statistics Office

TABLE 26: DOMESTIC EXPORTS BY COUNTRY OF DESTINATION

(Millions of vatu)

Period (Yr/Qtr)	EEC Countries	Japan	Australia	South Korea	New Zealand	New Caledonia	Bangladesh	Other MSG	Others	Total
2001	187	272	525	38	88	124	185		869	2,267
2002	229	227	621	4	72	192	104		677	2,126
2003	259	168	356	6	20	158	50		692	1,709
2004	1,214	184	327	3	46	124	0	225	807	2,705
2005	1,013	151	428	0	39	219	0	438	623	2,911
2006	465	132	925	0	157	320	1	575	933	3,652
2005	1013	151	428	0	39	219	0	438	623	2911
Qtr1	239	13	121	0	9	34	0	65	191	672
Qtr2	289	49	93	0	14	65	0	125	72	707
Qtr3	282	43	87	0	7	50	0	210	140	819
Qtr4	203	46	127	0	9	70	0	38	220	713
2006										
Qtr1	80	0	72	0	6	25	0	133	70	390
Qtr2	153	53	101	0	7	94	0	150	97	759
Qtr3	90	18	100	0	10	76	1	178	469	978
Qtr4	142	61	652	0	134	125	0	114	297	1525
2007										
Qtr1	*	*	*	*	*	*	*	*	*	*
<b>Percentage share of export by Country</b>										
2001	8.2	12.0	23.2	1.7	3.9	5.5	8.2		38.3	100.0
2002	10.8	10.7	29.2	0.2	3.4	9.0	4.9		31.9	100.0
2003	15.2	9.8	20.8	0.4	1.2	9.2	2.9		40.5	100.0
2004	44.9	6.8	12.1	0.1	1.7	4.6	0.0	8.3	29.8	100.0
2005	34.8	5.2	14.7	0.0	1.3	7.5	0.0	15.0	21.4	100.0

Source: Vanuatu Statistics Office

TABLE 27: IMPORTS CLEARED FOR HOME CONSUMPTION BY COUNTRY OF CONSIGNMENT

(Millions of Vatu)

Period (Yr/Qtr)	Australia	New Zealand	Japan	France	Fiji	New Caledonia	Hong Kong	Singapore	Others	Total
2001	6,570	2,469	617	0	1,047	300	209	701	2,221	14,806
2002	4,907	2,153	477	654	959	307	171	602	1,352	12,235
2003	5,142	2,054	574	606	1,061	241	235	861	1,274	12,571
2004	6,022	1,845	615	557	1,214	186	259	884	1,882	14,067
2005	6,055	2,248	285	542	1,293	247	353	1,150	3,733	16,151
2006	7,289	2,746	386	735	1,577 #	239	311	957	3,407	17,646
2005	6,055	2,248	285	542	1,293	247	353	1,150	3,733	16,151
Qtr1	1,196	534	50	149	259	33	37	381	426	3,310
Qtr2	1,750	545	88	130	330	71	95	287	1,038	4,334
Qtr3	1,247	570	61	134	266	48	61	147	1,279	3,813
Qtr4	1,862	599	86	129	438	95	160	335	990	4,694
2006										
Qtr1	1,463	672	35	106	282	41	44	133	651	3,427
Qtr2	1,892	565	106	124	238	83	56	203	761	4,028
Qtr3	1,511	734	97	282	386	59	102	255	838	4,263
Qtr4	2,423	775	148	223	671	56	109	366	1,157	5,928
2007										
Qtr1				*	*	*	*	*	*	*
<i>Percentage share of import</i>										
2005	37.5	13.9	1.8	3.4	8.0 #	1.5	2.2	7.1	23.1	100.0
2006	41.3	15.6	2.2	4.2	8.9	1.4	1.8	5.4	19.3	100.0

Source: Vanuatu Statistics Office

**TABLE 28: FINANCE CENTRE INSTITUTIONS: LOCAL EXPENDITURE, VALUE-ADDED, EMPLOYMENT AND TOTAL ASSETS**

TABLE 29: FINANCE CENTRE INSTITUTIONS: LOCAL EXPENDITURE, VALUE-ADDED, EMPLOYMENT AND TOTAL ASSETS

(In Thousands of Vatu)

INSTITUTIONS	RECURRENT EXPENDITURE													TAXES AND LEVIES			TOTAL LOCAL EMPLOYMENT (No.)		
	Total Local Expenditure (8+12+13)	Total Wages & Salaries (3)	:Ni.Vanuatu Wages & Salaries (3)a	Rent (4)	Interest (5)	Total (3+4+5)	Other Recurrent Expenditure (7)	TOTAL (6+7)	Central Government Fees (9)	Import Duties (10)	Local Government Revenue (11)	TOTAL (9+10+11)	CAPITAL EXPENDITURE (13)	VALUE OF TOTAL ASSETS IN VANUATU (14)	Expat. (15)	Ni-Van. (16)	TOTAL (17)		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)		
<b>Banks</b>																			
2001 Qtr4	322,938	113,244	84,933 e	17,747	0	130,991	145,498	276,489	5,290	1,601	3,535	10,426	36,023	30,374,663	20	293	313		
2002 Qtr4	462,242	126,507	97,410 e	23,766 r	0	150,273	208,521 r	358,794	24,907 r	541 r	682 r	26,130	77,318	42,681,238	28	304	332		
2003 Qtr4	445,865	101,344	79,048 e	17,246	0	118,590	275,326	393,916	17,583	579	955	19,117	32,832	39,639,289	29	287	316		
2004 Qtr4	432,570	113,573	88,587 e	20,982	0	134,555	215,312	349,867	30,665	661	358	31,684	51,019	42,265,837	27	265	292		
2005 Qtr4	420,977	125,329	97,757 e	21,842	0	147,171	144,346	291,517	33,728	875	73	34,676	94,784	45,494,935	23	299	322		
2006 Qtr4	502,583	142,391	106,793 e	22,095	0	164,486	258,862	423,348	43,141	1,945	700	45,786	33,449	47,833,718	21	309	330		
2007 Qtr1	532,191	144,452	108,339 e	22,101	0	166,553	236,750	403,303	44,998	1,385	870	47,253	81,635	49,126,649	21	303	324		
Qtr2																			
<b>Trust &amp; Insurance Companies</b>																			
2001 Qtr4	120,775	28,971	17,962 e	2,122	3	31,096	2,408	33,504	2,537	0	88	2,625	84,646	707,670	9	53	62		
2002 Qtr4	177,872	44,131	26,479 e	4,823	3	48,957	42,636 r	91,593	3,056 r	0	188 r	3,244	83,035 r	773,499 r	11 r	60 r	71		
2003 Qtr4	71,588	28,599	18,483 e	2,416	94	31,109	34,094	65,203	2,751	12	88	2,851	3,534	775,498	12	66	78		
2004 Qtr4	127,232	47,203	28,322 e	4,860	74	52,137	64,180	116,317	5,105	0	89	5,194	5,721	1,216,974	13	76	89		
2005 Qtr4	295,521	71,274	42,764 e	5,580	3	76,857	213,354	290,211	1,531	41	0	1,572	3,738	1,220,210	13	113	126		
2006 Qtr4	453,752	91,455	54,873 e	8,456	0	99,911	239,787	339,698	6,651	44	99	6,794	107,260	1,314,929	17	130	147		
2007 Qtr1	452,605	90,404	54,242 e	8,329	0	98,733	239,381	338,114	6,776	44	99	6,919	107,572	1,428,315	16	123	139		
Qtr2																			
<b>Accounting Firms</b>																			
2001 Qtr4	123,965	85,675	17,135 e	6,381	1,661	93,717	22,311	116,028	5,342	7	226	5,575	2,362	395,641	27	72	99		
2002 Qtr4	119,066	88,842	15,992 e	6,260	1,928	97,030	13,798	110,828	5,455	7	226	5,688	2,550	385,751	27	73	100		
2003 Qtr4	124,534	86,759	17,352 e	6,198	2,474	95,431	21,028	116,459	5,554	7	226	5,787	2,288	427,946	30	60	90		
2004 Qtr4	133,633	94,259	18,852 e	7,928	2,523	104,710	23,093	127,803	3,509	7	0	3,516	2,314	457,297	25	75	100		
2005 Qtr4	125,333	99,104	19,885 e	7,562	3,977	110,643	12,193	122,836	4,006	7	0	4,013	-1,516	498,616	28	88	116		
2006 Qtr4	136,790	94,507	18,901 e	7,215	3,990	105,712	24,682	130,394	4,320	17	0	4,337	2,059	518,640	32	90	122		
2007 Qtr1	135,418	93,164	18,633 e	6,790	3,990	103,944	25,408	129,352	3,990	17	0	4,007	2,059	491,262	32	90	122		
Qtr2																			
<b>Legal Firms/ offshore instns</b>																			
2001 Qtr4	102,413	24,003	4,801 e	2,310	3,034	29,347	19,086	48,433	51,397	0	0	51,397	2,583	186,355	8	35	43		
2002 Qtr4	63,894	22,058	4,412 e	1,310 r	1,022	24,390	10,417 r	34,807	26,874 r	0	761 r	27,635	1,452	190,875	10	34	44		
2003 Qtr4	60,030	23,953	5,270 e	1,310	1,033	26,296	10,620	36,916	21,104	0	1,713	22,817	297	110,217	10	36	46		
2004 Qtr4	47,414	29,357	6,459 e	2,390	784	32,531	5,569	38,100	6,388	0	1,069	7,457	1,857	273,220	9	35	44		
2005 Qtr4	54,772	29,841	6,565 e	1,560	263	31,664	11,844	43,508	10,540	0	600	11,140	124	273,261	9	40	49		
2006 Qtr4	81,906	30,466	6,703 e	2,310	1,235	34,011	18,109	52,120	27,846	0	1,100	28,946	840	313,262	9	37	46		
2007 Qtr1	167,106	29,635	6,520 e	2,310	1,239	33,184	12,820	46,004	119,544	0	1,100	120,644	458	316,753	9	37	46		
Qtr2																			
<b>GRAND TOTAL</b>																			
2001 Qtr4	670,091	251,893	124,831	28,560	4,698	285,151	189,303	474,454	64,566	1,608	3,849	70,023	125,614	31,664,329	64	453	517		
2002 Qtr4	823,074	281,538	144,293	36,159	2,953	320,650	275,372	596,022	60,292	548	1,857	62,697	164,355	44,031,363	76	471	547		
2003 Qtr4	702,017	240,655	120,153	27,170	3,601	271,426	341,068	612,494	46,992	598	2,982	50,572	38,951	40,952,950	81	449	530		
2004 Qtr4	740,849	284,392	142,219	36,160	3,381	323,933	308,154	632,087	45,667	668	1,516	47,851	60,911	44,213,328	74	451	525		
2005 Qtr4	896,603	325,548	166,971	36,544	4,243	366,335	381,737	748,072	49,805	923	673	51,401	97,130	47,487,022	73	540	613		
2006 Qtr4	1,175,031	358,819	187,270	40,076	5,225	404,120	541,440	945,560	81,958	2,006	1,899	85,863	143,608	49,980,549	79	566	645		
2007 Qtr1	1,287,320	357,655	187,734	39,530	5,229	402,414	514,359	916,773	175,308	1,446	2,069	178,823	191,724	51,362,979	78	553	631		
Qtr2																			



**TABLE 29: TRENDS IN BUSINESS TURNOVER/FOREIGN EXCHANGE EARNINGS OF FINANCE CENTRE INSTITUTIONS**

(Millions of Vatu)

End of Period	Commercial Banks						Trust/Insur. Companies		Accounting/Legal & C		Gov. foreign	Total	Total	
	Earnings on			Payments on			Net foreign	Gross	Net	Gross	Net	exchange	Gross	Net foreign
	Resident	Non	Total	Resident	Non	Total	exchange	income	foreign	income	foreign	Receipts	Earnings	exchange
	Assets	Resident Assets	(1+2)	Liabilities	Resident Liabilities	(4+5)	Earnings (2-5)	exchange	Earnings	exchange	Earnings	from Exempt Institutions	(3+8+10)	(7+9+11+12)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>2001</b>	1332.2	1352.2	2684.3	716.0	568.3	1284.3	783.9	770.2	212.9	897.4	103.3	308.6	4351.9	1408.7
<b>2002</b>	1403.0	1023.3	2426.3	505.0	285.3	790.3	738.0	1233.1	535.0	786.9	111.9	47.9	4446.3	1665.4
<b>2003</b>	2490.2	1030.9	3521.1	851.6	316.5	1168.1	714.4	877.3	600.6	773.9	127.4	253.4	5172.3	1695.8
<b>2004</b>	3356.3	1413.8	4770.1	1474.0	111.1	1585.1	1302.7	432.5	329.0	766.1	328.3	217.7	5968.7	2177.7
<b>2005</b>	3466.0	1716.5	5182.5	1293.2	358.8	1652.0	1357.7	1030.5	312.1	816.4	321.1	201.8	7029.4	2192.7
<b>2004</b> Qtr1	922.8	180.4	1103.2	323.3	66.8	390.1	113.6	100.5	58.7	240.7	69.9	113.0	1444.4	355.2
Qtr2	748.7	380.6	1129.3	504.1	-10.0	494.1	390.6	98.0	93.0	213.3	87.1	74.2	1440.6	644.9
Qtr3	827.8	404.9	1232.7	323.3	-10.4	312.9	415.3	111.8	82.2	168.3	78.5	26.9	1512.8	602.9
Qtr4	857.0	447.9	1304.9	323.3	64.7	388.0	383.2	122.2	95.1	143.8	92.8	3.6	1570.9	574.7
<b>2005</b> Qtr1	804.6	410.1	1214.7	323.3	122.4	445.7	287.7	219.8	57.2	246.8	71.8	108.7	1681.3	525.4
Qtr2	863.4	450.0	1313.4	323.3	21.3	344.6	428.7	278.1	99.2	248.5	88.0	70.7	1840.0	686.6
Qtr3	860.9	393.2	1254.1	323.3	221.4	544.7	171.8	252.7	70.4	166.6	83.6	14.6	1673.4	340.4
Qtr4	937.1	463.2	1400.3	323.3	-6.3	317.0	469.5	279.9	85.3	154.5	77.7	7.8	1834.7	640.3
<b>2006</b> Qtr1	903.8	478.0	1381.8	323.3	6.1	329.4	471.9	290.0	95.4	252.8	83.8	109.3	1924.6	760.4
Qtr2	1111.8	436.1	1547.9	243.3	-3.3	240.0	439.4	304.0	95.3	215.4	84.1	57.2	2067.3	676.0
Qtr3	977.0	525.3	1502.3	243.3	72.9	316.2	452.4	285.0	32.5	167.7	74.3	15.6	1955.0	574.8
Qtr4	955.1	521.1	1476.2	260.7	120.2	380.9	400.9	328.9	32.5	170.4	66.9	22.4	1975.5	522.7
<b>2007</b> Qtr1	942.0	511.6	1453.6	181.8	802.2	984.0	-290.6	328.9	32.5	311.1	68.6	166.7	2093.6	-22.7
Qtr2														

Sources: Commercial Banks, Trust Companies, Insurance Companies, Accounting Firms and Legal Firms

**TABLE 30: SHIPPING REGISTRATION**

Period	Fresh Ship Registration During the Year/ Quarter	Ships Deregistered during the Year/ Quarter	Number of Ships on the Registry at end of the period	Amount of Net Shipping Fees Collected by VMSL (Vatu in Millions)
<b>2001</b>	112	69	528	214.8
<b>2002</b>	119	132	515	218.2
<b>2003</b>	107	59	563	177.6
<b>2004</b>	120	93	590	142.0
<b>2005</b>	155	149	596	134.8
<b>2002</b> Qtr1	33	11	550	151.6
Qtr2	29	69	510	34.9
Qtr3	32	9	533	16.2
Qtr4	25	43	515	15.5
<b>2003</b> Qtr1	23	12	526	113.0
Qtr2	35	14	547	39.7
Qtr3	26	13	560	11.9
Qtr4	23	20	563	13.0
<b>2004</b> Qtr1	35	14	584	109.7
Qtr2	31	14	601	19.5
Qtr3	27	41	587	14.3
Qtr4	27	24	590	-1.5
<b>2005</b> Qtr1	75	68	597	104.7
Qtr2	19	15	601	20.9
Qtr3	30	30	601	5.4
Qtr4	31	36	596	3.8
<b>2006</b> Qtr1	24	30	590	106.7
Qtr2	21	25	586	8.2
Qtr3	8	8	586	9.6
Qtr4	19	22	583	NA
<b>2007</b> Qtr1	27	26	584	112.4
Qtr2	24	23	585	24.4

Source: Vanuatu Maritime Services Limited

Note: Shipping fees are calculated using the average US\$ exchange rates for the 3 months in each quarter.

**TABLE 31: COMPANY REGISTRATION IN VANUATU**

Part A: Number of Companies at the Registry at end of each Year/Quarter

Type of Company	End of						2005				2006				2007	
		2001	2002	2003	2004	2005	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Local		1302	1,351	1,303	1,369	1,371	1402	1354	1364	1371	1,412	1,451	1,471	1,387	1,531	1,590
Exempt		174	186	152	129	116	130	123	122	116	112	109	105	82	104	102
Overseas		26	26	24	25	27	26	26	27	27	27	27	28	26	33	33
International Companies		4,156	4,504	4,310	4,464	4,625	4,527	4,561	4,666	4,625	4,672	4,604	4,681	4,972	5,103	4,682
<b>Total:</b>		<b>5,658</b>	<b>6,067</b>	<b>5,789</b>	<b>5,987</b>	<b>6,139</b>	<b>6,085</b>	<b>6,064</b>	<b>6,179</b>	<b>6,139</b>	<b>6,223</b>	<b>6,191</b>	<b>6,285</b>	<b>6,467</b>	<b>6,771</b>	<b>6,407</b>
<b>Of Which Hold Licenses as:</b>																
a) Exempt Banks		51	34	14	7	7	7	7	7	7	7	7	7	7	7	7
b) Exempt Financial Institutions		2	0	2	2	1	2	2	2	1	1	2	1	1	1	2
c) Insurance Companies		45	45	45	47	39	47	39	39	39	37	40	39	27	31	32
d) Trust Companies		13	10	11	10	10	10	11	11	10	11	11	11	11	15	15

PART B: Company Registration during individual Year/ Quarter

Type of Company	End of						2005				2006				2007	2007
		2001	2002	2003	2004	2005	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
<b>1. Number of Fresh Registrations</b>																
( Total )		674	616	562	573	536	144	117	141	134	98	141	130	513	147	171
a) Local Companies		111	74	79	141	177	46	32	41	58	49	74	36	63	36	60
b) Overseas Companies		1	1	0	1	2	1	0	1	0	0	0	1	2	2	0
c) Exempt Companies		5	9	6	7	3	1	2	0	0	1	2	1	0	1	1
of which: (I) Banks		0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
d) International Companies		557	532	477	424	354	96	83	99	76	48	65	92	448	108	110
<b>2. Number of Struck off</b>																
(or otherwise deregistered)		195	876	847	665	254	14	94	27	119	8	135	21	98	22	495
(All categories )																
<b>3. Exempt Companies</b>																
converted to international companies		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Source: Vanuatu Financial Services Commission

**TABLE 32: COCONUT PRODUCTS AND PRICES**

Period	2004	2005	2006	2006				2007	
				Qtr1	Qtr 2	Qtr 3	Qtr 4	Qtr1	Qtr2
Santo									
Smoked	-			-					
Hot Air/ Sun Dry	34,446.3	21,536.0	17,916.0	3,559.0	3,516.0	6,484.0	4,357.0	7,071.0	7,387.0
Total	34,446.3	21,536.0	17,916.0	3,559.0	3,516.0	6,484.0	4,357.0	7,071.0	7,387.0
TOTAL COPRA PRODUCTION	34,446.3	21,536.0	17,916.0	3,559.0	3,516.0	6,484.0	4,357.0	7,071.0	7,387.0
Smoked	-			-				-	
Hot Air/ Sun Dry	34,446.3	21,536.0	17,916.0	3,559.0	3,516.0	6,484.0	4,357.0	7,071.0	7,387.0
Percentage of Hot-air to Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TOTAL VALUE (Millions of Vatu)	896.6	467.3	327.3	65.4	63.7	118.3	79.9	188.2	199.2
Average domestic Price( Vt / tonne )	26,028	21,700	18,389	18,969	18,016	18,249	18,321	26,621	26,973
World Bank's Copra Market Prices.									
Average US\$/Tonne	450.0	413.8	401.8	383.3	383.0	400.3	440.6	498.6	599.2
End Period US\$/Tonne	449.0	413.8	389.3	383.3	383.2	388.9	401.8	498.6	548.9
COCONUT OIL EXPORT (Tonnes)	17,111.0	12,967.0	3,696.0	1,588.0	2,086.0	-	22.0	-	1,154.0
World Bank's Coconut oil Prices.									
Average US\$/Tonne	672.4	617.0	606.8	578.3	578.7	599.1	671.2	754.3	900.8
End Period US\$/Tonne	650.0	569.7	587.3	578.3	578.5	585.4	606.9	754.3	827.6

Sources: VCMB, CL Agencies and National Statistics Office

**TABLE 33: COCOA PRODUCTION FOR EXPORTS AND PRICES**

Period	2004	2005	2006	2006				2007	
				Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
COCOA PRODUCTION (Tonnes)									
Export Quality									
1st Grade	-	-	-	-	-	-	-	-	-
2nd Grade	-	-	-	-	-	-	-	-	-
Sub Total	-	-	-	-	-	-	-	-	-
TOTAL	803.9	926.4	1,313.9	39.3	653.0	377.6	244.0	49.0	320.0
Value of Output (Millions of Vatu)	83.5	75.7	119.4	2.9	58.3	35.2	23.0	4.0	30.0
VT/Tonne	103,912.2	81,736.8	87,483.0	72,901	89,225	93,104	94,702	87,020	92,737

Source: VCMB

**TABLE 34: COMMERCIAL MEAT PRODUCTION**

Period	2003	2004	2005	2006	2005				2006				2007	
					Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1(e)	Qtr 2(e)
<b>PORT VILA ABATTOIR</b>														
<b>Cattle Slaughter</b>														
No. of Heads	6,864	7678.0	5921.0	6677.0	2,033.0	1,895.0	2,071.0	1,893.0	1,597.0	1,597.0	1,955.0	1,528	2,288.0	2,302.0
Weight (Tonnes)	1,548	1715.9	1734.9	1377.0	386.9	487.0	456.0	405.0	322.0	341.0	397.0	317	484.0	489.0
Percentage Change	9.7	10.9	1.1	-20.6	-22.6	25.9	-6.4	-11.2	-20.5	5.9	16.4	-20.2	52.7	1.0
<b>Pig Slaughter</b>														
No. of Heads	600	864.0	na	841.0	na	185.0	211.0	250.0	196.0	204.0	202.0	239.0	173.0	165.0
Weight (Tonnes)	31	46.2	na	98.2	na	10.1	12.8	14.9	12.9	61.0	9.5	14.8	9.4	9.0
Percentage Change	-38.2	47.6	na	na	na	na	26.9	16.4	-13.4	372.9	-84.4	55.8	-36.5	-4.3
<b>SANTO ABATTOIR</b>														
<b>Cattle Slaughter</b>														
No. of Heads	7,790	5935.0	6610.0	5969.0	1,153.0	1,605.0	1,961.0	1,891.0	1,024.0	877.0	2,239.0	1,829.0	1,523.0	1,277.0
Weight (Tonnes)	1,579	1267.5	1460.0	1332.0	292.0	333.0	397.0	438.0	217.5	197.5	499.0	418.0	300.0	250.0
Percentage Change	41.0	-19.7	15.2	-8.8	-22.1	14.0	19.2	10.3	-50.3	-9.2	152.7	-16.2	-28.2	-16.7
<b>TOTAL BEEF PRODUCTION</b>														
No. of Heads	14,654	13613.0	14502.0	12646.0	3,186.0	3,500.0	4,032.0	3,784.0	2,621.0	2,474.0	4,194.0	3,357.0	3,811.0	3,579.0
Weight (Tonnes)	3,127	2983.4	3194.9	2709.0	678.9	820.0	853.0	843.0	539.5	538.5	896.0	735.0	784.0	739.0
Percentage Change	23.5	-4.6	7.1	-15.2	-22.4	20.8	4.0	-1.2	-36.0	-0.2	66.4	-18.0	6.7	-5.7

Source: Vanuatu Quarantine and Inspection Services

**TABLE 35: WORLD PRICES OF COMMODITIES RELEVANT TO VANUATU'S EXPORTS**

Period	Commodity / Unit Prices					
	Copra	Cocoa	Coconut Oil	Coffee Robusta	Other Milds	Beef (US)
	US\$ / tonne	US cents / Kg	US\$ / tonne	US cents / Kg	US cents / Kg	US cents / Kg
Annual Average :						
2004	450.0	155.0	662.1	80.0	175.3	250.4
2005	413.8	153.8	615.9	111.5	253.2	261.1
2006	401.8	159.2	606.9	149.0	252.2	254.7
Quarterly Average :						
2005: Qtr 1	447.8	164.7	667.3	93.9	266.8	258.9
Qtr2	446.4	154.5	654.9	122.6	278.6	264.8
Qtr3	380.7	149.1	571.7	115.2	233.4	266.8
Qtr4	380.1	147.0	569.7	114.2	234.1	256.3
2006 Qtr 1	383.3	155.5	578.3	136.7	262.3	249.3
Qtr2	383.0	158.4	578.7	132.9	241.0	247.3
Qtr3	400.3	162.3	599.1	158.1	240.0	257.4
Qtr4	440.6	160.6	671.2	168.2	265.5	265.0
2007 Qtr 1	498.6	181.3	754.3	172.8	267.2	261.2
Qtr2	599.2	200.0	900.8	188.3	255.4	259.9
Monthly Average :						
2006 January	373	157	569.0	139.8	273.8	250.5
February	393	155	591.0	138.8	262.6	253.0
March	385	155	575.0	131.4	250.6	244.5
April	372	155	578.0	133.5	254.5	248.2
May	390	160	583.0	132.5	241.1	248.5
June	387	161	575	133	227	245
July	384	168	583.3	142.2	231.5	253.8
August	404	162	606.0	162.2	246.3	259.3
September	413	157	608	170	242	259
October	411	153	626.0	165.7	243.9	259.9
November	434	158	656.0	169.3	269.6	267.9
December	477	171	732	170	283	267
2007 January	483.8	169.9	731.0	174.5	274.5	261.2
February	503.0	181.5	763.0	174.3	269.0	261.8
March	509.0	192.4	769.0	169.8	258.1	260.7
April	552.5	197.8	827.5	175.4	252.6	259.3
May	592.0	200.4	894.0	185.0	249.7	258.4
June	653.0	201.7	981.0	204.3	264.0	262.1

Source: World Bank Commodity Prices

**TABLE 36: SELECTED TOURISM STATISTICS**

	2004	2005	2006	2005				2006				2007	
				Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2
Total Non-resident Visitor Arrivals:	98,539	125,636	154,101	32,102	26,595	35,524	31,415	41,734	34,589	39,667	38,111	42,696	39,900
Visitor arrivals	60,610	62,082	68,179	12,648	13,309	18,507	17,618	13,789	15,144	19,760	19,486	16,481	18,807
Day visitors:	37,870	63,554	85,922	19,454	13,286	17,017	13,797	27,945	19,445	19,907	18,625	26,215	21,093
Cruiseship	37,870	63,554	85,922	19,454	13,286	17,017	13,797	27,945	19,445	19,907	18,625	26,215	21,093
Air/ yachts	-	-	-	0	0	0	0	0	0	0	0	0	0
Air arrivals by purpose of visit:	60,610	62,082	68,179	12,648	13,309	18,507	17,618	13,789	15,144	19,760	19,486	16,481	16,481
Stop-over	1,521	1,326	775	393	343	370	220	80	139	212	344	347	299
Holiday	46,805	47,865	53,030	9,625	9,873	14,104	14,263	10,943	11,566	15,523	14,998	12,758	14,433
Visiting freinds	4,593	4,451	5,061	804	1,068	1,314	1,265	877	992	1,543	1,649	1,128	1,532
Business/ Meetings	7,685	8,411	9,312	1,797	2,025	2,719	1,870	1,888	2,447	2,482	2,495	2,248	2,543
Other Purposes	6	29	1	29	-	-	-	1	0	0	0	0	0
Not Stated	-	-	-	-	-	-	-	0	0	0	0	0	0
Air arrivals by Usual Country of Residence:	60,610	62,082	68,179	12,648	13,309	18,507	17,618	13,789	15,144	19,760	19,486	16,481	18,807
Australia	35,782	38,073	40,385	7,864	8,438	10,694	11,077	9,126	8,863	10,752	11,644	10,238	11,167
New Zealand	8,209	7,651	9,821	943	1,837	2,743	2,128	966	2,518	3,615	2,722	1,577	3,128
New Caledonia	6,518	6,815	7,480	1,591	1,209	2,049	1,966	1,646	1,523	2,105	2,206	1,988	1,944
Other Pacific	3,150	2,731	2,681	852	405	853	621	529	644	770	738	687	541
Europe	3,361	3,503	4,021	670	700	1,167	966	819	726	1,290	1,186	941	696
North America	1,930	1,625	1,896	357	345	490	433	318	444	654	480	398	802
Japan	586	583	656	113	136	195	139	134	130	218	174	184	160
Other Countries	1,073	1,100	1,239	258	239	316	287	251	296	356	336	468	369
Not Stated	-	1	-	-	-	-	1	0	0	0	0	0	0
Facilities at end of period:													
Hotels	29	29	29	27	23	29	29	29	29	29	29	na	na
Rooms	895	902	924	883	901	882	886	951	921	901	924	na	na
Room nights offered	84,406	86,024	83,083	80,718	85,704	80,934	80,514	83,564	87,699	82,212	78,858	na	na
Occupancy rate	51.9%	52%	38%	46.40%	44.90%	61.30%	57.10%	54.00%	45.40%	53.10%	57.60%	na	na
Beds	2,320	2,317	2,455	2,119	2,444	2,352	2,382	2,458	2,452	2,445	2,466	na	na
Bed nights offered	212,478	211,967	220,593	202,463	216,604	216,893	215,457	215,727	221,102	219,670	225,872	na	na
Occupancy rate	40.9%	40.7%	37.3%	39.40%	35.20%	48.50%	39.80%	36.80%	32.90%	38.20%	41.10%	na	na

Source: Vanuatu Statistics Office

Table 37: ENERGY CONSUMPTION

Period	'000 Kwh / x 1000 Kwh					Imports Cleared for Home Consumption ('000 litres)			
	Port-Vila	Luganville	Malekula	Tanna	TOTAL	Petrol	Fuel	Kerosene	
2002	35,288	6,587	221	111	42,207	4,836	24,940	786	
2003	34,385	6,303	445	208	41,341	5,809	23,799	911	
2004	35,615	6,512	509	214	42,850	3,518	17,090	512	
2005	37,835	6,077	529	230	44,671	3,518	17,090	512	
2006	39,238	5,888	526	254	45,906	3,247	14,155	851	
2002	Qtr 1	9,507	1,669	-	-	11,176	1,275	6,253	353
	Qtr 2	8,648	1,629	-	-	10,277	1,372	7,389	220
	Qtr 3	8,954	1,673	106	63	10,796	1,139	5,747	133
	Qtr 4	8,179	1,616	115	48	9,958	1,050	5,551	80
2003	Qtr 1	9,330	1,665	96	48	11,139	1,333	5,314	440
	Qtr 2	8,776	1,734	122	51	10,683	1,094	4,802	88
	Qtr 3	7,667	1,453	106	56	9,282	1,707	7,653	222
	Qtr 4	8,612	1,451	121	53	10,237	1,675	6,030	161
2004	Qtr 1	10,121	1,750	141	56	12,068	420	3,526	199
	Qtr 2	8,682	1,636	122	54	10,494	1,509	8,397	226
	Qtr 3	8,232	1,572	112	53	9,969		7,100	207
	Qtr 4	8,580	1,554	134	51	10,319	1,077	3,766	151
2005	Qtr 1	10,835	1,626	146	57	12,664	988	6,640	93
	Qtr 2	9,255	1,475	135	56	10,921	897	4,510	106
	Qtr 3	8,384	1,497	123	56	10,060	491	2,121	161
	Qtr 4	9,361	1,479	125	61	11,026	1,142	3,819	152
2006	Qtr 1	10,571	1,501	145	58	12,274	595	2,843	270
	Qtr 2	9,921	1,449	137	64	11,571	221	1,379	213
	Qtr 3	9,014	1,394	125	67	10,601	1,110	2,757	217
	Qtr 4	9,732	1,544	119	65	11,460	1,321	7,176	151
2007	Qtr 1	11,314	1,549	132	66	13,062	1,400	9,731	5
	Qtr 2	9255	1516	125	69	10965	na	na	na

Source: Unelco Vanuatu Limited and Department of Customs/ Unelco Vanuatu Limited et Services des Douanes

(1) Includes White Spirit / Y compris le White Spirit



**TABLE 38: CONSUMER PRICE INDICES BY EXPENDITURE GROUP (Quarter to previous quarter)**

Expenditure Group	Region	Average					2004				2005				2006				2007	
		2002	2003	2004	2005	2006	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1(r)	Qtr 2
Food		0.2	1.0	0.5	0.0	0.7	0.1	0.0	3.2	-1.4	-1.8	0.6	0.6	0.7	1.2	1.1	0.4	0.0	1.5	1.5
	Port Vila	0.1	1.0	0.5	0.6	0.7	0.1	0.1	3.4	-1.7	0.2	1.1	0.6	0.6	1.4	0.8	0.3	0.1	2.1	1.7
	Luganville	0.2	0.8	0.5	0.5	0.8	0.5	-0.5	2.4	-0.5	3.1	0.3	0.3	-1.6	0.5	2.0	-0.9	1.7	1.9	0.6
Drinks & Tobacco		1.8	2.3	0.1	0.8	0.2	0.2	0.2	0.0	0.0	1.5	0.5	1.0	0.2	0.5	0.0	0.2	0.1	6.8	0.7
	Port Vila	1.8	2.4	0.1	0.8	0.3	0.0	0.3	0.1	0.0	-0.4	1.3	1.2	1.2	0.6	0.0	0.3	0.1	6.8	0.8
	Luganville	1.9	1.4	0.2	1.1	-0.1	0.9	-0.2	-0.1	0.0	3.7	0.9	-0.2	0.0	-0.2	0.0	0.0	0.0	7.5	0.0
Clothing etc		0.1	0.2	0.2	-0.2	-0.1	-0.5	-0.6	0.1	0.0	0.6	0.0	-0.1	0.1	0.0	-0.1	0.0	-0.1	0.0	0.0
	Port Vila	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	1.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0
	Luganville	0.5	0.1	-0.8	-0.9	-0.4	-0.2	-3.5	0.8	-0.1	0.7	0.9	0.0	0.0	0	-1.0	0.0	-0.6	0.4	-0.3
Rent, Water, Electricity		-0.2	0.0	-0.4	1.4	0.5	0.0	0.1	0.2	-1.7	3.3	1.1	0.9	0.4	1.1	0.1	0.0	0.8	3.7	-0.4
	Port Vila	-0.2	0.0	-0.5	0.6	0.6	-0.1	0.1	0.2	-2.1	-0.5	1.1	0.8	0.8	1.3	0.2	0.0	0.8	2.2	-0.5
	Luganville	-0.5	-0.2	0.2	1.3	0.0	0.0	0.3	0.2	0.3	1.9	3.6	1.2	-1.6	0	0.1	0.0	0.0	10.8	0.0
Household Supplies		-0.2	0.1	-0.1	-0.2	0.2	-0.2	-0.1	-0.1	0.0	0.8	-1.7	0.2	0.1	0.0	0.0	0.7	0.0	-0.4	0.0
	Port Vila	-0.2	-0.1	-0.1	-0.1	0.2	-0.2	-0.1	0.0	0.0	-1.7	1.0	0.2	0.2	0.0	0.0	0.7	0.1	0.0	0.3
	Luganville	-0.2	0.7	-0.1	-0.4	0.1	-0.1	-0.2	-0.4	0.1	0	-1.9	0.3	0.0	0	0.0	0.4	0.0	-3.4	-1.2
Transport & Comm.		1.9	0.2	0.3	0.1	0.7	0.5	0.0	0.5	0.1	0.3	-0.3	0.3	0.3	0.6	1.7	0.3	0.0	0.4	2.0
	Port Vila	2.0	0.2	0.3	0.7	0.5	0.7	0.0	0.5	0.0	0.2	1.2	0.7	0.7	0	1.8	0.3	0.0	-0.1	2.5
	Luganville	1.0	0.4	0.2	-0.5	0.4	-0.1	0.0	0.4	0.4	-0.6	0.0	-1.3	0.1	0.4	1.2	0.0	0.0	2.7	0.1
Recreation, Educ., Health etc		0.9	0.9	0.9	0.7	1.2	2.9	0.1	0.4	0.0	2.7	0.2	0.0	0.0	0.0	4.5	0.0	0.1	0.4	4.4
	Port Vila	1.0	0.6	0.9	0.3	0.0	3.1	0.0	0.4	0.0	0.1	1.1	0.0	0.0	0.0	0.0	0.0	0.1	0.3	5.4
	Luganville	0.5	2.4	0.3	0.9	0.1	1.1	0.3	-0.2	0.0	2.7	0.2	0.5	0.0	0	0.4	0.0	0.0	0.8	0.1
ALL GROUPS		0.6	0.7	0.2	0.4	0.5	0.4	0.0	1.2	-0.8	0.5	0.4	0.5	0.4	0.8	0.6	0.2	0.3	2.1	1.3
	Port Vila	0.6	0.8	0.4	0.5	0.5	0.4	0.1	1.2	0.0	-0.2	1.1	0.5	0.5	0.8	0.6	0.2	0.3	2.1	1.5
	Luganville	0.3	0.7	0.4	0.6	0.4	1.0	-0.3	0.9	-0.1	2.1	0.8	0.2	-0.8	0.2	0.9	-0.3	0.6	3.7	0.2

Source: Vanuatu Statistics Office

**TABLE 39: CONSUMER PRICE INDICES BY EXPENDITURE GROUP (Quarter to same quarter of previous year)**

Expenditure Group	Region	End year					2004				2005				2006				2007	
		2002	2003	2004	2005	2006	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1(r)	Qtr 2
Food		0.6	4.0	1.9	0.0	2.7	4.5	3.4	3.8	1.9	-0.1	0.5	-2.2	0.0	3.1	3.6	3.5	2.7	3.6	4.0
	Port Vila	0.5	4.1	1.9	0.4	2.6	4.2	3.2	3.8	1.9	4.1	-0.1	-3.3	0.4	3.6	3.6	3.3	2.6	3.3	4.2
	Luganville	0.7	3.0	1.9	2.2	3.4	5.7	3.8	4.1	1.9	4.6	5.4	0.3	2.2	1.5	3.3	1.8	3.4	4.8	3.3
Drinks & Tobacco		7.3	9.1	0.4	3.1	0.9	0.4	0.4	0.2	0.4	1.7	1.9	2.9	3.1	2.1	1.7	0.9	0.9	7.2	7.9
	Port Vila	7.1	9.7	0.4	2.7	1.0	0.0	0.0	0.0	0.4	9.7	-0.3	2.7	2.7	2.3	1.8	0.9	1.0	7.2	8.1
	Luganville	7.9	5.6	0.7	0.3	-0.2	2.5	2.3	1.4	0.7	3.4	4.6	4.4	0.3	1.5	0.6	0.7	-0.2	7.4	7.5
Clothing etc		0.4	1.0	-1.0	0.6	-0.2	0.4	-0.4	-1.5	-1.0	0.1	0.7	0.5	0.6	0	-0.1	0.0	-0.2	0.0	-0.1
	Port Vila	0.0	1.2	0.0	0.2	0.0	0.6	0.3	-0.3	0.0	1.2	0.0	0.2	0.2	-0.3	-0.2	0.0	0.0	0.0	0.0
	Luganville	1.9	0.2	-4.7	-0.7	-1.4	0.2	-3.5	-5.7	-4.7	-2	2.4	1.6	-0.7	1.5	-0.2	-0.2	-1.4	-0.9	-0.5
Rent, Water, Electricity		-0.9	-0.1	-1.4	5.7	2.0	0.2	-0.1	-0.3	-1.4	1.8	2.8	3.5	5.7	3.5	2.5	1.6	2.0	4.6	4.1
	Port Vila	-0.6	0.2	-1.9	2.8	2.4	0.0	-0.4	-0.3	-1.9	0.1	-0.1	2.8	2.8	3.2	2.7	1.9	2.4	3.3	2.6
	Luganville	-2.1	-0.8	0.6	-1.3	0.1	1.1	1.4	0.1	0.6	2.5	6.0	7.3	-1.3	5	0.4	0.2	0.1	10.9	10.8
Household Supplies		-0.8	0.2	-0.4	-0.7	0.7	-0.4	-0.9	-1.6	-0.4	0.6	-1.0	-0.8	-0.7	-1.5	0.3	0.8	0.7	0.3	0.3
	Port Vila	-0.7	-0.4	-0.3	-0.6	0.8	-0.4	-0.6	-2	-0.3	-0.4	-0.1	-0.6	-0.6	-1.5	0.2	0.7	0.8	1.0	1.3
	Luganville	-1.0	2.6	-0.5	-0.5	0.4	-0.5	-2.3	0.0	-0.5	-0.4	-2.2	-1.6	-0.5	-1.3	0.6	0.7	0.4	-3.1	-4.3
Transport & Comm.		7.5	0.9	1.1	0.7	2.0	0.9	0.8	1.3	1.1	0.9	0.6	0.4	0.7	1.3	2.3	2.3	2.0	2.4	2.8
	Port Vila	8.2	0.7	1.2	0.8	2.1	0.9	0.8	1.3	1.2	0.7	0.0	0.8	0.8	0.2	2.5	2.1	2.1	2.1	2.7
	Luganville	3.9	1.5	0.7	0.9	1.6	0.7	0.7	0.4	0.7	0.2	0.2	-1.5	0.9	0.4	1.7	3.0	1.6	3.9	2.8
Recreation, Educ., Health etc		3.8	3.4	3.4	2.8	0.2	2.6	2.5	3.4	3.4	3.1	3.3	2.8	2.8	0.2	4.5	0.1	0.2	0.6	4.9
	Port Vila	4.1	2.6	3.6	2.8	0.1	2.8	2.6	3.7	3.6	2.6	0.0	2.8	2.8	0.2	0.0	0.0	0.1	0.4	5.9
	Luganville	2.1	9.7	1.6	5.2	0.4	1.0	1.4	1.2	1.6	3.3	3.1	3.4	5.2	0.3	0.8	0.3	0.4	1.2	0.9
ALL GROUPS		2.3	2.9	0.8	1.8	1.7	1.9	1.4	1.6	0.8	1.0	1.3	0.6	1.8	2.0	2.2	2.1	1.7	3.4	4.0
	Port Vila	2.4	3.0	1.8	0.1	1.8	1.8	1.4	1.6	1.8	3.0	-0.1	0.1	0.1	1.9	2.3	1.9	1.8	3.1	4.1
	Luganville	1.3	2.7	0.8	1.2	1.4	2.7	1.7	1.6	0.8	2.7	3.8	3.0	1.2	1.7	1.9	1.2	1.4	5.0	4.2

Source: Vanuatu Statistics Office

**TABLE 40: PRIVATE MOTOR VEHICLE REGISTRATION - PORT VILA AND LUGANVILLE**

PERIOD	Motorcars	Pickups	Trucks	Buses	Motor-cycle	TOTAL
<b>2000</b>	164	150	50	99	18	481
<b>2001</b>	132	111	38	37	21	339
<b>2002</b>	106	90	28	26	11	261
<b>2003</b>	103	129	23	32	11	298
<b>2004</b>	175	158	19	25	21	398
<b>2005</b>	233	192	53	100	37	601
<b>2006</b>	243	262	72	85	104	756
<b>2004</b> Qtr 1	36	33	2	6	3	80
Qtr 2	35	27	2	10	3	77
Qtr 3	50	40	12	7	13	122
Qtr 4	54	58	3	2	2	119
<b>2005</b> Qtr 1	45	38	12	17	5	117
Qtr 2	80	51	16	31	8	186
Qtr 3	62	65	18	31	14	190
Qtr 4	46	38	7	21	10	108
<b>2006</b> Qtr 1	62	56	19	18	13	168
Qtr 2	50	74	15	28	27	194
Qtr 3	71	57	20	28	30	206
Qtr 4	60	75	21	14	28	198
<b>2007</b> Qtr 1	64	70	35	35	11	215
Qtr 2	95	75	29	28	11	238

Source: Vanuatu Statistics Office

**TABLE 41: POSTAL SERVICES**

Period	Letters	Priority Letters	Printed Matter	Packets	Parcels	Registered	EMS	Total	Domestic Mail			Total
									Outbound	Inbound		
<b>2001</b>	944,270	385	150,828	119,302	5,856	12,348	4,038	1,237,027	553,272	310,434	373,529	1,237,235
<b>2002</b>	908,827	424	142,760	121,898	5,722	11,966	3,122	1,194,719	552,228	298,718	343,773	1,194,719
<b>2003</b>	840,607	781	130,187	154,188	5,450	11,221	3,410	1,145,844	482,105	338,677	325,062	1,145,844
<b>2004</b>	883,714	961	124,414	129,235	5,283	10,266	4,329	1,196,202	540,644	344,638	310,920	1,196,202
<b>2005</b>	817,218	194	134,005	230,312	5,264	9,179	5,267	1,201,439	510,241	389,070	303,228	1,202,539
<b>2006</b>	893,951	1,295	114,453	272,341	5,980	15,047	6,733	1,309,800	586,210	443,528	295,580	1,325,318
<b>2003 1st</b>	206,342	186	32,142	36,303	1,161	2,927	646	279,707	117,115	78,896	83,696	279,707
<b>2nd</b>	195,048	220	31,326	37,503	1,312	2,784	723	268,916	112,309	79,334	77,273	268,916
<b>3rd</b>	213,161	181	34,830	39,104	1,395	2,884	879	292,434	125,777	88,054	78,603	292,434
<b>4th</b>	226,056	194	31,889	41,278	1,582	2,626	1,162	304,787	126,904	92,393	85,490	304,787
<b>2004 1st</b>	212,452	203	28,245	40,806	1,301	2,678	982	286,667	123,231	85,413	78,023	286,667
<b>2nd</b>	227,905	178	33,180	40,112	1,286	2,627	1,070	306,358	151,189	81,300	73,869	306,358
<b>3rd</b>	219,267	232	28,960	44,300	1,179	2,554	1,101	297,593	131,777	92,518	73,298	297,593
<b>4th</b>	224,090	348	34,029	4,017	1,517	2,407	1,176	305,584	134,447	85,407	85,730	305,584
<b>2005 1st</b>	198,393	296	31,884	50,419	1,300	2,319	1,171	285,782	116,296	90,974	78,512	285,782
<b>2nd</b>	205,079	337	34,002	54,952	1,328	2,369	1,298	299,365	130,207	93,092	76,066	299,365
<b>3rd</b>	204,999	333	34,340	59,404	1,344	2,274	1,355	304,049	129,834	100,084	74,131	304,049
<b>4th</b>	208,747	328	33,779	65,537	1,292	2,217	1,443	313,343	133,904	104,920	74,519	313,343
<b>2006 1st</b>	221,624	325	27,785	74,274	1,424	3,426	1,737	330,595	137,901	117,202	75,492	330,595
<b>2nd</b>	237,183	358	28,354	69,664	1,380	3,515	1,542	341,996	161,826	107,141	73,029	341,996
<b>3rd</b>	234,881	266	30,184	64,908	1,484	4,021	1,578	337,322	154,025	109,959	73,338	337,322
<b>4th</b>	200,263	346	28,130	63,495	1,692	4,085	1,876	299,887	132,458	109,226	73,721	315,405
<b>2007 1st</b>	202,587	213	30,413	66,065	1,419	3,715	1,478	305,890	133,112	104,378	68,400	305,890
<b>2nd</b>	na	na	na	na	na	na	na	na	137,323	104,563	68,367	310,253

Source: National Statistics Office