



CENTRAL BANK OF SAMOA

PO Box Private Bag, Apia, Samoa Ph: 685-34100 | Fax: 685-20293/24058 E-mail: centralbank@cbs.gov.ws Web: www.cbs.gov.ws

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SELECTED ECONOMIC INDICATORS JANUARY 2017

This report is a monthly release of the latest available key macro indicators on the Samoan economy, with information sourced from the Central Bank, commercial banks, Ministry of Finance, Samoa Bureau of Statistics and the Ministry of Revenue.

Report No.7: 2016/17

January 2017

World Economy

On the global front, the United States (US) economy grew by 1.9 percent in the fourth quarter of 2016, in light of increased consumer spending and investments. Similarly, the New Zealand, Australian, Chinese and Euro Area economies all expanded in the fourth quarter of 2016.

Domestic Economy

After remaining stationary for four consecutive months, the **weighted average official interest rate** rose to 0.15 percent. For commercial banks, the **weighted average deposit rate** increased by 3 basis points to 2.39 percent while the **weighted average lending rate** edged down 4 basis points to 8.93 percent. As a result, the commercial banks' **interest rate margin** narrowed 7 basis points to 6.54 percent from 6.61 percent in December 2016.

'**Net domestic assets**' expanded by \$2.9 million to \$783.6 million, highlighted a modest increase of \$8.5 million in total lending to the private sector despite an increase in **government's net position** by \$2.7 million. Similarly, '**net foreign assets**' jumped by \$10.0 million to \$177.3 million, due to a hike in Central Bank of Sāmoa's (CBS) official foreign reserves. Consequently, **broad money (M2)** increased by \$12.9 million (or 1.4 percent) to \$960.8 million.

The **overall nominal value** of the Samoa Tala appreciated by 0.03 percent as the Tala strengthened against the US dollar but weakened against Australian dollar, Euro and New Zealand dollar.

According to the latest price data release from Samoa Bureau Statistics (SBS), the **Consumer Price Index (CPI)** increased slightly by 0.5 percent but was 2.8 percent lower than January 2016. Nevertheless, the annual average

headline inflation rate fell to 0.8 percent from 1.3 percent in the preceding month but higher than 0.6 percent in January last year.

At the Fugalei market and other local produced markets around Apia, the overall volume of supplies contracted by a seasonal 15.4 percent, which saw a 4.3 percent increase in the overall price index.

On the external front, total **export** earnings dropped by \$0.5 million to \$6.3 million following a moderate reduction in locally produced exports to \$3.0 million (mainly fish, beer, nonu juices, and nonu fruit to name a few) whereas re-exports increased to \$3.3 million in the month under review. On the other hand, total **import** payments declined by 16.9 percent to \$62.1 million due to decreases of \$11.0 million and \$2.1 million in non-petroleum private sector and petroleum imports in that order. As a result, the merchandise trade deficit narrowed 17.8 percent to \$55.8 million. In line with seasonal trends, total **private remittances** fell by 31.1 percent to \$30.2 million but was 12.7 percent higher compared to the same month in 2016. As actual figures for **visitor arrivals** are not yet available¹, however careful estimates point to a seasonal 32.0 percent drop in visitor numbers to 12,523. Moreover, total **visitor earnings** are expected to drop by 26.0 percent to \$34.7 million. Overall, total **gross foreign reserves** expanded further by 7.6 percent (or a \$19.6 million surplus) to \$276.1 million, which was equivalent to 4.2 months of **import cover**.

CENTRAL BANK OF SAMOA
22nd March 2017

¹ Visitor arrival data are sourced from SBS

Selected Economic Indicators
January 2017

| Table 1. | | | | | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| INDICATORS | Jan-16 | May-16 | Jun-16 | Jul-16 | Aug-16 | Sep-16 | Oct-16 | Nov-16 | Dec-16 | Jan-17 |
| COMMERCIAL BANKS' INTEREST RATES: (%) | | | | | | | | | | |
| <i>Average lending rate</i> | 9.38 | 9.21 | 9.04 | 9.07 | 8.97 | 8.94 | 8.95 | 8.90 | 8.97 | 8.93 |
| <i>Average deposit rate</i> | 2.45 | 2.37 | 2.32 | 2.31 | 2.38 | 2.27 | 2.45 | 2.35 | 2.36 | 2.39 |
| <i>Official rate</i> | 0.19 | 0.15 | 0.15 | 0.15 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.15 |
| COMMERCIAL BANK LOANS (Tala million) | 892.46 | 973.18 | 975.40 | 960.64 | 961.77 | 978.56 | 983.83 | 996.06 | 1,001.60 | 1,008.65 |
| GOVERNMENT NET POSITION (Tala million) | -111.45 | -124.24 | -133.33 | -120.34 | -121.41 | -104.17 | -104.38 | -116.26 | -127.05 | -129.77 |
| MONEY SUPPLY (Tala million) | 882.78 | 885.30 | 895.29 | 913.23 | 907.78 | 928.75 | 917.20 | 923.51 | 947.94 | 960.83 |
| <i>Currency outside banks</i> | 60.32 | 61.37 | 61.44 | 65.15 | 62.61 | 65.55 | 61.24 | 60.50 | 78.27 | 61.61 |
| <i>Demand deposits</i> | 248.60 | 268.26 | 275.78 | 285.69 | 263.84 | 270.33 | 265.96 | 264.40 | 261.89 | 292.09 |
| <i>FCD residents</i> | 79.20 | 44.32 | 57.01 | 66.23 | 64.35 | 68.09 | 59.05 | 75.95 | 82.52 | 86.60 |
| <i>Save deposits</i> | 122.30 | 130.05 | 129.52 | 131.19 | 133.00 | 135.36 | 133.92 | 129.93 | 132.54 | 131.85 |
| <i>Time deposits</i> | 372.35 | 381.31 | 371.54 | 364.97 | 383.99 | 389.43 | 397.04 | 392.72 | 392.73 | 388.68 |
| NOMINAL EXCHANGE RATE (Index) | 102.69 | 101.76 | 101.78 | 100.17 | 100.19 | 100.23 | 100.16 | 100.15 | 100.11 | 100.14 |
| HEADLINE CPI (2) | 104.40 | 100.19 | 101.60 | 103.40 | 101.70 | 101.30 | 100.50 | 100.20 | 101.00 | 101.50 |
| <i>Annual average inflation (%)</i> | 0.6 | -0.1 | 0.1 | 0.1 | 0.4 | 0.8 | 0.9 | 1.0 | 1.3 | 0.8 |
| LOCAL MARKET SURVEY: (2) | | | | | | | | | | |
| <i>Volume</i> | 84.9 | 55.9 | 103.5 | 121.0 | 140.4 | 123.0 | 146.0 | 148.0 | 165.8 | 140.3 |
| <i>Price</i> | 97.0 | 125.3 | 106.0 | 104.0 | 96.0 | 93.0 | 78.0 | 73.9 | 86.1 | 89.8 |
| EXPORTS (Tala million) | 7.97 | 8.07 | 8.17 | 7.85 | 9.61 | 11.41 | 9.35 | 6.30 | 6.83 | 6.30 |
| IMPORTS (Tala million) | 65.72 | 84.38 | 63.47 | 64.64 | 59.78 | 74.91 | 60.54 | 67.74 | 74.74 | 62.10 |
| REMITTANCES (Tala million) | 26.79 | 35.45 | 31.11 | 33.75 | 36.39 | 33.04 | 32.21 | 33.85 | 43.82 | 30.18 |
| TOURISM: (1) | | | | | | | | | | |
| <i>Arrivals</i> | 12,095 | 11,246 | 12,773 | 16,034 | 11,881 | 11,981 | 11,370 | 9,154 | 18,428 (P) | 12,523 (P) |
| <i>Earnings (Tala million)</i> | 33.61 | 31.28 | 38.09 | 33.72 | 28.44 | 34.46 | 30.91 | 25.06 | 46.82 (P) | 34.66 (P) |
| GROSS INTERNATIONAL RESERVES | 333.74 | 279.70 | 284.85 | 293.57 | 276.91 | 266.12 | 242.09 | 232.39 | 256.51 | 276.12 |
| <i>BOP Position (+/-) (Surplus/Deficit)</i> | 15.75 | -6.51 | 5.15 | 8.71 | -16.66 | -10.80 | -24.03 | -9.70 | 24.12 | 19.62 |
| <i>Import Cover</i> | 5.2 | 4.2 | 4.3 | 4.5 | 4.2 | 4.0 | 3.6 | 3.5 | 3.8 | 4.2 |
| <i>Source: Central Bank of Samoa</i> 1. Revised Total Earnings from Feb-12 to Mar-16 2. Rebase Base Period February 2016=100 (P): Projections - CBS | | | | | | | | | | |