



## CENTRAL BANK OF SAMOA

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# SELECTED ECONOMIC INDICATORS MARCH 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.9: 2016/17

March 2017

### World Economy

Initial estimates for the first quarter of 2017 showed the US economy expanding 0.7 percent while the Chinese economy grew 1.3 percent. Gross Domestic Product (GDP) figures for New Zealand and Australia in the March quarter 2017 are not yet available. However, a review of December quarter 2016 showed modest 0.4 percent and 1.1 percent improvements in growth rates for the New Zealand and Australia economies respectively.

### Domestic Economy

After remaining at 0.15 percent for two consecutive months, the **official weighted average interest rate** fell to 0.14 percent in the month under review. Market interest rates saw the **weighted average deposit rate** increase to 2.53 percent while the **weighted average lending rate** fell to 8.76 percent. Consequently, the commercial banks' **interest rate spread** decreased to 6.23 percent from 6.54 percent in the previous month.

**Total commercial bank lending** combined to the private sector and public institutions increased further by 0.2 percent to \$1,022.9 million with the **government's net position** with the monetary system expanding 3.4 percent to \$160.2 million. Both '**net foreign assets**' and '**net domestic assets**' contracted by \$11.9 million and \$2.6 million respectively, which led to a decline of \$14.5 million to \$929.9 million in **broad money (M2)**.

The **overall nominal value** of the Samoa Tala weakened by 0.2 percent as the Tala depreciated against the US dollar, Australian dollar and Euro offsetting its appreciation against the New Zealand dollar.

According to the latest release by Samoa Bureau Statistics, the **Consumer Price Index (CPI)** contracted by 0.6 percent in March but was 1.4 percent higher compared to the same month last year. However, the **annual average headline inflation rate** edged up to 1.2 percent from 1.0 percent a month ago and much higher than 0.2 percent in March 2016.

On the **external front**, total **export revenues** recovered by 26.8 percent to \$7.0 million due to a \$1.5 million expansion in locally produced exports (particularly fish, coconut cream, taro and nonu juice to name a few). On the other hand, **import payments**, increased by \$14.8 million to \$70.9 million following expansions in non-petroleum private sector (by \$12.2 million), government (by \$2.3 million) and petroleum imports (\$0.2 million). As a result, the merchandise trade deficit widened 26.2 percent (or \$13.2 million) to \$63.9 million. Total **private remittance** increased moderately by 18.9 percent (\$5.1 million) to \$31.7 million. As tourist figures for March 2017 are not yet available, Central Bank of Sāmoa's projection for total **visitor arrivals** is for a 21.2 percent increase to 10,314 visitors based on historical seasonal trends. As a result, total **visitor earnings** is expected to jump 15.2 percent to \$30.6 million. Overall, official **gross foreign reserve assets** fell 2.1 percent reflecting a \$6.2 million deficit. At \$280.6 million, gross foreign reserves were equivalent to 4.2 months of **import cover**.

The **overall volume of supplies** at the Fugalei and other domestic produce markets around Apia narrowed 14.6 percent. Consequently, the **overall price index** climbed up 8.3 percent in March 2017.

*Selected Economic Indicators*  
*March 2017*

Table 1.										
INDICATORS	Mar-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>										
<i>Average lending rate</i>	9.30	9.07	8.97	8.94	8.95	8.90	8.97	8.93	8.88	8.76
<i>Average deposit rate</i>	2.36	2.31	2.38	2.27	2.45	2.35	2.36	2.39	2.34	2.53
<i>Official rate</i>	0.18	0.15	0.14	0.14	0.14	0.14	0.14	0.15	0.15	0.14
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>943.69</b>	<b>960.64</b>	<b>961.77</b>	<b>978.56</b>	<b>983.83</b>	<b>996.06</b>	<b>1,001.60</b>	<b>1,008.65</b>	<b>1,021.01</b>	<b>1,022.92</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-106.91</b>	<b>-120.34</b>	<b>-121.41</b>	<b>-104.17</b>	<b>-104.38</b>	<b>-116.26</b>	<b>-127.05</b>	<b>-129.77</b>	<b>-154.82</b>	<b>-160.16</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>890.10</b>	<b>913.23</b>	<b>907.78</b>	<b>928.75</b>	<b>917.20</b>	<b>923.51</b>	<b>947.94</b>	<b>950.83</b>	<b>944.37</b>	<b>929.85</b>
<i>Currency outside banks</i>	58.15	65.15	62.61	65.55	61.24	60.50	78.27	61.61	59.15	62.45
<i>Demand deposits</i>	287.64	285.69	263.84	270.33	265.96	264.40	261.89	292.09	283.34	259.54
<i>FCD residents</i>	44.71	66.23	64.35	68.09	59.05	75.95	82.52	76.60	73.35	69.31
<i>Save deposits</i>	125.05	131.19	133.00	135.36	133.92	129.93	132.54	131.85	133.08	128.87
<i>Time deposits</i>	374.54	364.97	383.99	389.43	397.04	392.72	392.73	388.68	395.45	409.69
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>101.68</b>	<b>100.17</b>	<b>100.19</b>	<b>100.23</b>	<b>100.16</b>	<b>100.15</b>	<b>100.11</b>	<b>100.14</b>	<b>100.19</b>	<b>100.17</b>
<b>HEADLINE CPI (2)</b>	<b>99.60</b>	<b>103.40</b>	<b>101.70</b>	<b>101.30</b>	<b>100.50</b>	<b>100.20</b>	<b>101.00</b>	<b>101.50</b>	<b>101.60</b>	<b>101.00</b>
<i>Annual average inflation (%)</i>	0.2	0.1	0.4	0.8	0.9	1.0	1.3	0.8	1.0	1.2
<b>LOCAL MARKET SURVEY: (2)</b>										
<i>Volume</i>	89.9	121.0	140.4	123.0	146.0	148.0	165.8	140.3	144.0	123.0
<i>Price</i>	92.6	104.0	96.0	93.0	78.0	73.9	86.1	90.0	85.0	92.0
<b>EXPORTS (Tala million)</b>	<b>5.68</b>	<b>7.85</b>	<b>9.61</b>	<b>11.41</b>	<b>9.35</b>	<b>6.30</b>	<b>6.83</b>	<b>6.30</b>	<b>5.53</b>	<b>7.01</b>
<b>IMPORTS (Tala million)</b>	<b>62.11</b>	<b>64.64</b>	<b>59.78</b>	<b>74.91</b>	<b>60.54</b>	<b>67.74</b>	<b>74.74</b>	<b>62.11</b>	<b>56.19</b>	<b>70.95</b>
<b>REMITTANCES (Tala million)</b>	<b>29.70</b>	<b>33.75</b>	<b>36.39</b>	<b>33.04</b>	<b>32.21</b>	<b>33.85</b>	<b>43.82</b>	<b>30.92</b>	<b>26.68</b>	<b>31.73</b>
<b>TOURISM: (1)</b>										
<i>Arrivals</i>	9,968	16,034	11,881	11,981	11,370	9,154	18,428 (P)	12,523 (P)	8,511 (P)	10,314 (P)
<i>Earnings (Tala million)</i>	28.62	33.72	28.44	34.46	30.91	25.06	46.82 (P)	34.66 (P)	26.59 (P)	30.62 (P)
<b>GROSS INTERNATIONAL RESERVES</b>	<b>308.34</b>	<b>293.57</b>	<b>276.91</b>	<b>266.12</b>	<b>241.68</b>	<b>232.27</b>	<b>256.47</b>	<b>276.14</b>	<b>286.80</b>	<b>280.65</b>
<i>BOP Position (+/-) (Surplus/Deficit)</i>	-13.80	8.71	-16.66	-10.80	-24.44	-9.41	24.20	19.67	10.66	-6.15
<i>Import Cover</i>	4.7	4.5	4.2	4.0	3.6	3.5	3.8	4.2	4.4	4.2
Source: Central Bank of Samoa										
1. Revised Total Earnings from Feb-12 to Mar-16										
2. Rebase Base Period February 2016=100										
(P): Projections - CBS										

**CENTRAL BANK OF SAMOA**  
**4<sup>th</sup> May 2017**