

SELECTED ECONOMIC INDICATORS

MAY 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.

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May 2017

World Economy

Due to higher consumer spending and increased exports, the US economy grew by 1.4 percent in the first quarter of 2017. China's economy also recorded a 1.3 percent growth in the first three months of 2017. Closer to home, both New Zealand and Australia rose by 0.5 percent each in the first quarter of 2017.

Domestic Economy

For three consecutive months, the **official weighted average interest rate** remained unchanged at 0.14 percent. Nevertheless, the **weighted average deposit rate** increased further to 2.71 percent due to relatively tight institutional liquidity amongst some of the commercial banks whereas the **weighted average lending rate** fell further to 8.74 percent from the previous month. As a result, the commercial banks' **weighted average interest rate spread** contracted to 6.03 percent from 6.15 percent a month ago.

Total commercial bank lending to the private sector and public institutions combined fell by 0.5 percent to \$1,035.0 million. However, the **government's net position** with the monetary system increased by 2.9 percent to \$161.1 million in light of large inflow of funds for Government. Both '**net foreign assets**' and '**net domestic assets**' expanded by \$8.1 million and \$0.2 million respectively, which saw an overall increase of \$8.2 million to \$967.4 million in **broad money** (M2).

The **overall nominal value** of the Samoan Tala remained unchanged as the Tala depreciated against both the US dollar and Euro while rising against both the New Zealand and Australian dollar.

According to the latest release by Samoa Bureau Statistics, the **Consumer Price Index (CPI)**

rebounded by 1.0 percent in May 2017 and was 1.5 percent higher compared to the same month last year. However, the **annual average headline inflation rate** remained unchanged at 1.4 percent from a month ago and 0.1 percent lower than May 2016.

On the **external front**, total **export proceeds** leapt by \$2.7 million to \$8.1 million due to expansions in both locally produced exports (particularly fish, coconut cream, beer and taro to name a few) and re-exports by 28.6 percent and 87.4 percent respectively. Similarly, **import payments** bounced back up by \$4.9 million to \$65.1 million following increases in non-petroleum private sector (by \$8.2 million) and petroleum imports (by \$0.03 million) whereas government imports contracted by \$3.4 million. Consequently, the merchandise trade deficit widened by 3.9 percent (or \$2.1 million) to \$56.9 million. Similarly, total **private remittances** bounced back up by 19.8 percent to \$35.2 million. As **visitor arrivals** for May 2017 are not yet available, the Central Bank of Samoa projects a 0.4 percent drop in visitor arrivals to 11,619 visitors in line with seasonal trends. As a result, total **visitor earnings** are expected to decline by 4.4 percent to \$32.8 million. Overall, official **gross foreign reserves** expanded further by 4.4 percent or a \$12.9 million surplus in the balance of payments. At \$304.3 million, total gross foreign reserves were equivalent to 4.7 months of **import cover**.

The **overall volume of supplies** at the Fugalei and other domestic produce markets around Apia improved by 2.7 percent. However, the **overall price index** increased by 11.7 percent in May 2017 due to strong demand.

Selected Economic Indicators
May 2017

Table 1. SELECTED ECONOMIC INDICATORS										
INDICATORS	2016		2017		Average First 11 Months			Average levels in the previous		
	May	Apr	May	May	Jul14 - May15	Jul15 - May16	Jul16 - May17	2-years	3-years	5-years
COMMERCIAL BANKS' INTEREST RATES: (%)										
<i>Average lending rate</i>	9.21	8.76	8.74		9.69	9.38	8.90	9.38	9.69	9.81
<i>Average deposit rate</i>	2.37	2.61	2.71		2.80	2.38	2.43	2.42	2.65	2.66
<i>Official rate</i>	0.15	0.14	0.14		0.15	0.16	0.14	0.15	0.16	0.20
COMMERCIAL BANK LOANS (Tala million)	973.2	1029.7	1035.0		834.0	906.6	1000.0	922.4	871.6	828.5
GOVERNMENT NET POSITION (Tala million)	-124.2	-156.6	-161.1		-71.8	-99.4	-132.4	-94.7	-96.0	-98.6
MONEY SUPPLY (Tala million)	885.3	959.2	967.4		815.5	878.5	935.5	868.0	859.2	794.1
<i>Currency outside banks</i>	61.4	63.8	66.3		48.7	57.1	64.2	57.2	59.3	59.6
<i>Demand deposits</i>	268.3	267.5	268.4		215.4	265.6	271.2	257.2	240.7	204.9
<i>FCD residents</i>	44.3	71.9	73.4		76.0	61.2	71.0	50.1	69.3	51.2
<i>Save deposits</i>	130.0	130.2	131.1		114.3	125.7	131.9	124.6	118.3	112.3
<i>Time deposits</i>	381.3	425.8	428.1		361.0	368.8	397.2	378.9	371.7	366.1
NOMINAL EXCHANGE RATE (Index)	102.1	100.2	100.2		101.5	101.7	101.2	101.6	101.5	101.2
HEADLINE CPI (2)	100.2	100.7	101.7		100.1	100.0	101.3	99.6	99.2	99.4
<i>Annual average inflation (%)</i>	-0.1	1.4	1.4		0.0	1.0	0.9	0.9	0.1	1.4
LOCAL MARKET SURVEY: (2)										
<i>Volume</i>	55.8	118.0	121.0		101.7	89.5	135.5	95.6	100.5	92.9
<i>Price</i>	125.8	91.0	101.0		75.9	91.6	90.3	83.7	85.2	100.6
EXPORTS (Tala million)	8.1	5.4	8.1		5.5	8.0	7.6	74.5	67.1	63.7
IMPORTS (Tala million)	84.4	60.2	65.1		65.0	67.2	65.2	727.4	723.9	705.4
REMITTANCES (Tala million)	35.5	29.4	35.2		35.0	32.7	33.4	372.8	368.7	370.0
TOURISM: (1)		(P)	(P)							
<i>Arrivals</i>	11,246	11,667	11,619		11,027	12,051	12,165	71,796	51,349	35,066
<i>Earnings (Tala million)</i>	31.3	34.4	32.8		28.6	31.9	32.6	189.9	135.5	92.0
GROSS INTERNATIONAL RESERVES	279.7	291.4	304.3		303.1	320.3	273.3	311.7	323.5	328.0
<i>BOP Position (+/-) (Surplus/Deficit)</i>	-6.5	10.8	12.9		-5.4	-5.1	1.8	-57.9	-26.2	-24.8
<i>Import Cover</i>	4.2	4.4	4.7		4.6	5.0	4.1	4.3	4.8	5.1

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
14th July 2017