

SELECTED ECONOMIC INDICATORS

JULY 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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July 2017

World Economy

Increases in investment, consumption and government spending boosted the US economy by 2.6 percent in the second quarter of 2017 while the Euro area expanded by 0.6 percent in the same time frame. Both New Zealand and Australian economies rose by 0.5 percent and 0.3 percent respectively in the March quarter of 2017.

Domestic Economy

The Central Bank of Sāmoa's (CBS) **weighted average official rate** remained at 0.14 percent for five consecutive months. On the other hand, commercial bank's **weighted average deposit rate** fell by 17 basis points to 2.53 percent while **weighted average lending rate** climbed up 6 basis points to 8.70 percent. Consequently, the commercial banks' **interest rate margin** widened to 6.17 percent from 5.94 percent a month ago.

Total commercial banks' lending to both the private sector and public institutions edged down 0.3 percent to \$1,043.3 million. **'Net foreign assets'** jumped by \$21.9 million to \$221.2 million reflecting large inflows of government funds. In contrast, **'net domestic assets'** fell by \$1.0 million to \$764.9 million following a cash surplus of \$11.5 million in **net government accounts** to \$182.7 million. As a result, **broad money (M2)** rebounded 2.2 percent to \$986.1 million.

The **overall nominal value** of the Samoa Tala strengthened by 0.05 percent as the Tala appreciated against the US dollar but depreciated against the New Zealand dollar, Australian dollar and the Euro.

The Consumer Price Index (CPI) went up further by 0.8 percent but remained unchanged from the same month last year. Nevertheless, the annual average headline inflation rate fell further to 1.1 percent from 1.3 percent in June 2017 but higher than 0.1 percent in July 2016.

The overall volume of supplies at the local produce markets around Apia rebounded 1.8 percent due to increases in head cabbage, tomatoes and yam to name a few. However, the overall price index rose by 2.4 percent due to strong demand.

On the external front, total export earnings dropped by 30.6 percent to \$8.7 million, reflecting decreases in both locally produced exports (mainly fish, beer, nonu juices and taro to name a few) and re-exports. Furthermore, total import payments contracted 2.9 percent to \$63.7 million due to reductions in government and petroleum imports. As a result, the merchandise trade deficit widened by 3.7 percent to \$55.0 million during the month. Furthermore, inflow of private remittances went up by 0.3 percent to \$37.2 million. **Total visitor arrivals** figures are not yet available however, CBS's projection for the month point to a seasonal 23.7 percent increase in visitor numbers to 16,339. However, total **visitor earnings** are projected to decline by 13.6 percent to \$34.4 million. All in all, **gross foreign reserves** grew by 4.5 percent (or a \$14.1 million surplus) to \$327.3 million, which was equivalent to 5.0 months of **import cover**.

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July 2017

Table 1. SELECTED ECONOMIC INDICATORS										
INDICATORS	2015	2016	2017					Average levels in the previous		
	Jul	Jul	Mar	Apr	May	Jun	Jul	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)										
Official rate	0.14	0.15	0.14	0.14	0.14	0.14	0.14	0.15	0.15	0.20
COMMERCIAL BANKS' INTEREST RATES: (%)										
Average lending rate	9.52	9.05	8.70	8.70	8.64	8.65	8.70	9.28	9.56	9.75
Average deposit rate	2.34	2.31	2.53	2.61	2.71	2.70	2.53	2.33	2.55	2.58
COMMERCIAL BANK LOANS (Tala million)	866.13	967.0	1049.0	1056.4	1061.5	1046.9	1043.3	916.6	869.8	823.0
GOVERNMENT NET POSITION (Tala million)	-85.2	-120.3	-160.2	-156.6	-161.1	-171.2	-182.7	-102.8	-101.7	-100.1
MONEY SUPPLY (Tala million)	867.73	913.2	929.9	959.2	967.4	965.2	986.1	890.5	871.6	805.2
Currency outside banks	55.158	65.2	62.5	63.8	66.3	67.0	66.0	60.2	55.6	55.5
Demand deposits	267.102	285.7	259.5	267.5	268.4	270.8	278.6	276.4	252.3	221.4
FCD residents	62.545	66.2	69.3	71.9	73.4	67.6	76.2	64.4	82.8	61.5
Save deposits	125.736	131.2	128.9	130.2	131.1	132.7	135.3	128.5	123.5	114.0
Time deposits	357.185	365.0	409.7	425.8	428.1	427.0	430.0	361.1	357.4	352.7
NOMINAL EXCHANGE RATE (Index)	101.39	102.4	100.2	100.2	100.2	100.2	100.2	101.9	101.7	101.7
HEADLINE CPI (2)	100.92	103.4	101.0	100.7	101.7	102.6	103.4	102.2	101.0	100.4
Annual average inflation (%)	2.1	0.1	1.2	1.4	1.4	1.3	1.1	1.1	0.4	1.3
LOCAL MARKET SURVEY: (2)										
Volume	80.1	121.5	123.0	118.0	121.0	99.2	101.0	100.8	99.0	99.0
Price	85.6	104.5	92.0	91.0	101.0	115.2	118.0	95.0	87.8	100.9
EXPORTS (Tala million)	11.97	7.8	7.0	5.4	8.1	12.6	8.7	9.9	8.6	7.9
IMPORTS (Tala million)	78.86	64.6	70.9	60.2	65.1	65.6	63.7	71.7	74.2	69.1
REMITTANCES (Tala million)	33.73	33.8	32.3	29.8	35.7	37.1	37.2	33.7	33.1	35.3
TOURISM: (1)			(P)	(P)	(P)	(P)	(P)			
Arrivals	14,941	16,034	10,314	11,667	11,619	13,211	16,339	15,488	14,747	14,476
Earnings (Tala million)	30.50	33.7	30.6	34.4	32.8	39.8	34.4	32.1	30.0	29.3
GROSS INTERNATIONAL RESERVES	356.53	293.6	281.1	287.8	300.3	313.2	327.3	325.0	334.7	338.5
BOP Position (+/-) (Surplus/Deficit)	20.76	8.7	-6.1	6.6	12.5	12.9	14.1	14.7	10.4	6.1
Import Cover	5.5	4.5	4.2	4.3	4.6	4.8	5.0	5.0	5.1	5.3

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