

SELECTED ECONOMIC INDICATORS SEPTEMBER 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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September 2017

World Economy

In the third quarter of 2017, the US economy advanced 3.0 percent due to strong personal consumption expenditure, exports, inventory investment and nonresidential fixed investment. As for the Euro zone, it expanded 0.6 percent due to household consumption, investment and exports. Furthermore, both the New Zealand and Australia economies grew 0.8 percent in the review quarter reflecting strong exports and domestic demand.

Domestic Economy

In September 2017, the **weighted average official interest rate** rebounded to 0.15 percent from 0.13 percent. Furthermore, both the **weighted average deposit rate** and the **weighted average commercial banks' lending rate** went up by 2 basis points to 2.74 percent and 8.80 percent respectively. As a result, the commercial banks' **interest rate spread** remained unchanged at 6.06 percent from the previous month.

Total bank **liquidity** went up by \$25.7 million to \$200.1 million or \$71.4 million higher than in September 2016. This hike over the month was due to an expansion of \$21.8 million in commercial banks' exchange settlement accounts (ESA) and a \$5.0 million in CBS securities during the month. Despite the increase in lending rates, **total commercial banks'** combined credit to private sector and public institutions rebounded by 1.3 percent to \$1,040.7 million.

'**Net domestic assets**' improved significantly by \$40.2 million to \$782.0 million, highlighting a cash deficit (of \$38.4 million to \$144.5 million) in the **net government position** and an expansion in bank credit to private sector and non-bank financial institutions. These offset a drop of \$22.9 million to \$253.1 million in '**net foreign assets**', reflecting reductions in the CBS foreign assets and a drop in foreign investments of the banking system. As a result, **broad money (M2)** expanded 1.7 percent to \$1,035.1 million.

The **overall nominal value** of the Samoan Tala appreciated slightly by 0.0002 percent as the Tala strengthened against the New Zealand dollar but depreciated against the Australian dollar, US dollar and the Euro.

After expanding for four consecutive months, the Consumer Price Index (CPI) dropped 0.7 percent but was 2.3 percent higher than the same month in 2016. Moreover, the annual average headline inflation rate fell slightly to 0.9 percent from 1.1 percent in the previous month but slightly higher than 0.8 percent in September 2016.

Fugalei and other domestic produce markets around Apia recorded an abundant supplies of agricultural production during the month. This was due to 11.9 percent increase in supplies of vegetables (pumpkin, cucumber, head cabbage and tomatoes) and stable food commodities (banana, yam, taamu and breadfruit). Consequently, the overall price index fell by 16.7 percent.

Selected Economic Indicators
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On the external front, total export earnings bounced back by 14.8 percent to \$9.7 million due to boosts in both locally produced exports (mainly spring water, nonu juices and virgin coconut oil to name a few) and re-exports. Similarly, total import payments widened 5.7 percent to \$77.7 million, reflecting expansions in petroleum and non-petroleum private sector imports. As a result, the merchandise trade deficit widened by 4.5 percent to \$68.1 million in the review month. Nevertheless, inflow of private remittances narrowed 9.9 percent to \$33.4 million. **Total visitor arrivals** figures for September are not yet available however,

Central Bank of Samoa's (CBS) forecast for the month pointed to a seasonal 8.6 percent decline in visitor numbers to 12,890 but 6.8 percent higher than the same month last year. However, total **visitor earnings** are projected to increase by 8.2 percent to \$35.6 million or 2.7 percent above the same month last year. All in all, **gross foreign reserves** fell by 4.4 percent (or a \$15.7 million deficit) to \$342.8 million, which was equivalent to 5.2 months of **import cover**.

CENTRAL BANK OF SAMOA
07 November 2017

Table 1.											SELECTED ECONOMIC INDICATORS										
INDICATORS	2015		2016		2017		Average Three Months			Average levels in the previous											
	Sep	Sep	Sep	Aug	Sep	Jul15 - Sep 15	Jul16 - Sep 16	Jul17 - Sep 17	2-years	3-years	5-years										
CENTRAL BANK OF SAMOA: (%)																					
Official rate	0.15	0.14	0.13	0.15		0.15	0.14	0.14	0.15	0.15	0.15										
COMMERCIAL BANKS' INTEREST RATES: (%)																					
Average lending rate	9.40	8.87	8.78	8.80		9.44	8.96	8.76	9.14	9.35	9.64										
Average deposit rate	2.33	2.27	2.72	2.74		2.34	2.32	2.66	2.30	2.53	2.59										
COMMERCIAL BANK LOANS (Tala million)	883.7	1002.8	1027.4	1040.7		874.6	979.3	1037.1	943.2	894.9	843.1										
GOVERNMENT NET POSITION (Tala million)	-87.8	-104.2	-182.8	-144.5		-87.6	-115.3	-170.0	-96.0	-89.8	-94.4										
MONEY SUPPLY (Tala million)	867.5	928.8	1017.8	1035.1		867.1	916.6	1013.0	898.1	855.6	793.2										
Currency outside banks	55.605	65.6	68.8	69.3		54.0	64.4	68.0	60.6	55.7	54.2										
Demand deposits	264.22	270.3	297.6	297.5		267.7	273.3	291.2	267.3	242.6	215.3										
FCD residents	68.086	68.1	77.0	79.5		64.2	66.2	77.6	68.1	66.5	51.1										
Save deposits	125.382	135.4	139.1	140.9		124.2	133.2	138.4	130.4	125.7	116.0										
Time deposits	354.236	389.4	435.4	447.9		357.0	379.5	437.8	371.8	365.2	356.6										
NOMINAL EXCHANGE RATE (Index)	101.3	102.7	100.2	100.2		101.3	102.5	100.2	101.9	101.8	101.6										
HEADLINE CPI (2)	97.3	101.3	104.3	103.6		98.9	102.1	103.8	99.3	99.0	98.3										
Annual average inflation (%)	2.1	0.8	1.1	0.9		2.1	0.4	1.0	1.4	0.5	1.3										
LOCAL MARKET SURVEY: (2)																					
Volume	114.0	123.6	143.0	160.0		104.8	128.5	134.7	116.7	116.8	111.7										
Price	73.0	93.9	96.0	80.0		78.7	98.4	98.0	88.5	80.9	91.6										
EXPORTS (Tala million)	10.8	11.4	8.4	9.7		10.8	9.6	8.9	30.6	26.6	22.9										
IMPORTS (Tala million)	69.1	74.9	73.5	77.7		67.0	66.4	71.7	200.2	206.4	201.3										
REMITTANCES (Tala million)	31.7	33.0	37.0	33.3		33.1	34.4	36.0	101.3	100.4	101.7										
TOURISM: (1)			(P)	(P)																	
Arrivals	13,093	12,066	14,107	12,890		13,765	13,606	14,598	41,057	31,579	23,772										
Earnings (Tala million)	36.51	34.7	32.9	35.6		32.4	32.5	34.3	97.4	74.6	56.0										
GROSS INTERNATIONAL RESERVES	342.49	266.1	358.5	342.8		346.1	278.9	342.9	312.5	320.6	330.2										
BOP Position (+/-) (Surplus/Deficit)	3.36	-10.8	30.9	-15.7		2.2	-6.2	10.0	-6.0	-15.8	-7.8										
Import Cover	5.4	4.0	5.4	5.2		5.4	4.2	5.2	4.7	4.7	5.0										

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