

SELECTED ECONOMIC INDICATORS

OCTOBER 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.4: 2017/18

October 2017

World Economy

The US economy grew by 3.0 percent in the third quarter of 2017, in light of strong consumption expenditure, exports and investment. Moreover, strong growth in household consumption, investment and exports saw the Euro zone expand by 0.6 percent. Updates for New Zealand and Australia in the third quarter of 2017 are not yet available however both recorded robust growth (0.8 percent each) in the second quarter of 2017.

Domestic Economy

The **weighted average official interest rate** edged up to 0.17 percent from 0.15 percent in the previous month. Similarly, the **weighted average deposit rate** climbed by 5 basis points to 2.79 percent while the **weighted average lending rate** remained at 8.80 percent from the previous month. As a result, the commercial banks' **interest rate spread** fell to 6.01 percent from 6.06 percent in September 2017.

Total bank **liquidity** went up by \$18.6 million to \$218.7 million or \$97.9 million higher than in October 2016. This hike over the month was due to expansions of \$7.5 million, \$6.4 million and \$4.8 million in CBS securities, commercial banks' exchange settlement accounts (ESA) and vault cash respectively. **Total commercial banks'** credit to the private sector and public institutions expanded further by 1.4 percent to \$1,055.6 million.

Broad money (M2) increased by \$5.9 million to \$1,041.1 million in October 2017. Underpinning

this increase was an \$8.2 million boost in '**net domestic assets**' to \$790.2 million due to an expansion in bank credit to the private sector coupled with a cash deficit of \$2.9 million in the **net government position** to \$147.0 million. This was partially offset by a drop of \$2.2 million to \$250.8 million in '**net foreign assets**' as a result of a reduction in the CBS held foreign assets.

The **overall nominal value** of the Samoan Tala depreciated slightly by 0.04 percent as the Tala weakened against the US dollar and Euro but strengthened against the Australian dollar and New Zealand dollar.

The Consumer Price Index (CPI) dropped 0.7 percent in the month under review and was 3.8 percent higher than October last year. Moreover, the annual average headline inflation rate edged up slightly to 1.1 percent from 0.9 percent in the previous month and the same month year ago.

The local produce market data are not yet available for October 2017, however, data for September 2017 showed an 11.9 percent increase in supplies of vegetables and stable food commodities (banana, and breadfruit). Consequently, the overall price index fell by 16.7 percent.

On the external front, total export earnings fell by 19.9 percent to \$7.7 million due to reductions in both locally produced exports (mainly fish, spring water, nonu juices and taro to name a few) and re-exports. Similarly, total import payments narrowed 5.1 percent to \$73.7

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million, reflecting contractions in non-petroleum private sector and government imports. As a result, the merchandise trade deficit narrowed down by 3.0 percent to \$66.0 million in the review month. Nevertheless, inflow of private remittances bounced back up by 15.3 percent to \$38.4 million. **Total visitor arrivals** for October 2017 are not yet available however, Central Bank of Samoa's (CBS) forecasts for the month points to a 9.5 percent

decline in visitor numbers to 11,667. As a result, **visitor earnings** are projected to drop by 5.4 percent to \$33.7 million. All in all, **gross foreign reserves** fell slightly by 0.4 percent (or equivalent to a \$1.3 million deficit) to \$341.5 million, which was comparable to 5.1 months of **import cover**.

CENTRAL BANK OF SAMOA
28 November 2017

Table 1. SELECTED ECONOMIC INDICATORS												
INDICATORS	2015		2016		2017		Average Four Months			Average levels in the previous		
	Sep	Sep	Aug	Sep	Oct	Jul15 - Oct 15	Jul16 - Oct 16	Jul17 - Oct 17	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)												
Official rate	0.15	0.14	0.13	0.15	0.17	0.15	0.14	0.15	0.15	0.15	0.17	
COMMERCIAL BANKS' INTEREST RATES: (%)												
Average lending rate	9.40	8.87	8.78	8.80	8.80	9.44	8.94	8.77	9.16	9.30	9.63	
Average deposit rate	2.33	2.27	2.72	2.74	2.79	2.34	2.35	2.69	2.40	2.59	2.65	
COMMERCIAL BANK LOANS (Tala million)	883.7	1002.8	1027.4	1040.7	1055.6	876.7	986.8	1041.7	946.2	901.8	846.2	
GOVERNMENT NET POSITION (Tala million)	-87.8	-104.2	-182.8	-144.5	-147.0	-85.9	-112.6	-164.3	-92.5	-82.9	-85.1	
MONEY SUPPLY (Tala million)	867.5	928.8	1017.8	1035.1	1041.1	870.1	916.7	1020.0	898.2	865.6	801.2	
Currency outside banks	55.605	65.6	68.8	69.3	64.6	54.6	63.6	67.2	58.8	54.9	53.5	
Demand deposits	264.22	270.3	297.6	297.5	301.5	267.0	271.5	293.8	265.5	245.8	214.4	
FCD residents	68.086	68.1	77.0	79.5	84.1	65.5	64.4	79.2	64.1	68.4	52.4	
Save deposits	125.382	135.4	139.1	140.9	141.4	125.7	133.4	139.2	132.0	126.6	117.2	
Time deposits	354.236	389.4	435.4	447.9	449.6	357.4	383.9	440.7	377.8	369.8	363.7	
NOMINAL EXCHANGE RATE (Index)	101.3	102.7	100.2	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	104.3	99.0	101.7	103.9	99.8	99.9	98.7	
Annual average inflation (%)	2.1	0.8	1.1	0.9	1.1	2.01	0.54	1.07	1.3	0.5	1.2	
LOCAL MARKET SURVEY: (2)												
Volume	114.0	123.6	143.0	160.0	n/a	103.3	132.6	134.7	118.0	120.8	115.6	
Price	73.0	93.9	96.0	80.0	n/a	79.0	93.5	98.0	86.3	79.0	88.8	
EXPORTS (Tala million)	10.8	11.4	8.4	9.7	7.7	10.2	9.6	8.6	39.5	34.5	30.1	
IMPORTS (Tala million)	69.1	74.9	73.5	77.7	73.7	65.7	65.0	72.2	261.3	267.8	264.6	
REMITTANCES (Tala million)	31.7	33.0	37.0	33.3	38.4	33.4	33.8	36.6	134.6	133.8	133.9	
TOURISM: (1)			(P)	(P)	(P)							
Arrivals	13,093	12,066	14,107	12,890	11,667	13,229	13,053	14,233	52,564	39,061	28,041	
Earnings (Tala million)	36.51	34.7	32.9	35.6	33.7	32.1	32.1	33.9	128.4	95.3	68.2	
GROSS INTERNATIONAL RESERVES	342.49	266.1	358.5	342.8	341.5	340.7	269.6	342.6	305.1	313.7	325.5	
BOP Position (+/-) (Surplus/Deficit)	3.36	-10.8	30.9	-15.7	-1.3	-2.8	-10.8	7.2	-27.2	-31.1	-21.3	
Import Cover	5.4	4.0	5.4	5.2	5.1	5.3	4.1	5.2	4.4	4.5	4.9	

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
n/a: not available