



SELECTED ECONOMIC INDICATORS NOVEMBER 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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November 2017

World Economy

On the global stage, the US economy expanded by 3.2 percent in the third quarter of 2017 due to strong consumption expenditure coupled with an increase in net trade. Likewise, improvements in household consumption, investment and exports saw the Euro zone, New Zealand and Australia registering similar growth rates of 0.6 percent each in the third quarter of 2017.

Domestic Economy

The **weighted average official interest rate** decreased to 0.15 percent from 0.17 percent in the previous month. Similarly, **weighted average deposit rate** dropped 12 basis points to 2.67 percent while the **weighted average lending rate** went up by 10 basis points to 8.90 percent. As a result, the commercial banks' **interest rate spread** widened to 6.23 percent.

Total bank **liquidity** fell by \$22.8 million to \$195.9 million but was \$85.7 million higher than in the same month last year. This drop over the month was mainly due to reductions in all of its components namely commercial banks' exchange settlement accounts (ESA), vault cash and CBS securities by \$21.5 million, \$0.8 million and \$0.5 million in that order. **Total commercial banks' credit** to the private sector and public institutions expanded further by 1.4 percent to \$1,069.9 million.

Broad money (M2) grew by \$31.4 million to \$1,072.5 million in November 2017 due to an increase of \$41.6 million in '**net foreign assets**' to \$292.5 million. This was underpinned by a sharp

expansion in foreign holdings of the banking system. However, this was partially offset by a drop of \$10.2 million to \$780.0 million in '**net domestic assets**' given a surplus of \$22.5 million recorded in the **net government position**, coupled with a decline in the private sector credit.

The **overall nominal value** of the Samoan Tala depreciated slightly by 0.02 percent as the Tala weakened against both the US dollar and the Euro but strengthened against both the Australian dollar and New Zealand dollar.

The Consumer Price Index (CPI) rose by 0.7 percent in the month under review and was 4.8 percent higher than in November 2016. Moreover, the annual average headline inflation rate went up further to 1.5 percent from 1.1 percent in the previous month and 1.0 percent in the same month a year ago.

The supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 12.1 percent drop in November 2017. This was due to reductions in supplies of staple food commodities such as ta'amu and breadfruit, as well as vegetables like head cabbage, pumpkin and tomatoes. Consequently, the overall price index bounced back up by 4.1 percent.

On the external front, total export earnings fell further by 1.9 percent to \$7.6 million due solely to a contraction in re-exports. However, total import payments rebounded by 16.8 percent to \$86.2 million, reflecting expansions in non-

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petroleum private sector imports. As a result, the merchandise trade deficit expanded by 19.0 percent to \$78.6 million. Similarly, the inflow of private remittances increased by 3.0 percent to \$40.2 million. **Total visitor arrivals** for November 2017 are not yet available however, Central Bank of Samoa's (CBS) forecasts for the month points to a seasonal 4.0 percent decline in visitor numbers to 11,196. **Visitor earnings**

are projected to drop by 8.2 percent to \$30.9 million. All in all, **gross foreign reserves** declined further by 3.9 percent (or \$13.3 million) to \$328.1 million, which was equivalent to 4.7 months of **import cover** dropping from 5.0 months in the previous month.

CENTRAL BANK OF SAMOA
23 January 2018

SELECTED ECONOMIC INDICATORS												
INDICATORS	2015		2016		2017		Average Five Months			Average levels in the previous		
	Nov	Nov	Nov	Nov	Nov	Nov	Jul15 - Nov 15	Jul16 - Nov 16	Jul17 - Nov 17	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)												
Official rate	0.15	0.14	0.15	0.17	0.15	0.15	0.14	0.15	0.15	0.15	0.18	
COMMERCIAL BANKS' INTEREST RATES: (%)												
Average lending rate	9.43	8.84	8.80	8.80	8.90	9.44	8.92	8.79	9.13	9.30	9.63	
Average deposit rate	2.37	2.35	2.74	2.79	2.67	2.35	2.35	2.69	2.36	2.54	2.65	
COMMERCIAL BANK LOANS (Tala million)	888.9	1019.2	1040.7	1055.6	1069.9	879.2	993.3	1047.4	954.0	913.9	856.9	
GOVERNMENT NET POSITION (Tala million)	-88.0	-116.3	-144.5	-147.0	-161.6	-86.3	-113.3	-163.7	-102.2	-88.3	-96.2	
MONEY SUPPLY (Tala million)	880.9	923.5	1035.1	1041.1	1072.5	872.3	918.1	1030.5	902.2	868.3	801.3	
Currency outside banks	54.102	60.5	69.3	64.6	65.5	54.5	63.0	66.8	57.3	54.6	54.5	
Demand deposits	259.273	264.4	297.5	301.5	311.8	265.5	270.0	297.4	261.8	245.0	212.0	
FCD residents	76.606	76.0	79.5	84.1	111.6	67.7	66.7	85.7	76.3	74.7	60.1	
Save deposits	124.517	129.9	140.9	141.4	136.3	125.4	132.7	138.6	127.2	123.1	113.3	
Time deposits	366.443	392.7	447.9	449.6	447.3	359.2	385.6	442.0	379.6	371.0	361.4	
NOMINAL EXCHANGE RATE (Index)	101.4	102.6	100.2	100.2	100.2	101.3	102.5	100.2	101.9	101.8	101.6	
HEADLINE CPI (2)	99.6	100.2	103.6	104.3	105.0	99.1	101.4	104.1	99.9	100.0	98.5	
Annual average inflation (%)	1.4	1.0	0.9	1.1	1.5	1.9	0.6	1.2	1.2	0.5	1.0	
LOCAL MARKET SURVEY: (2)												
Volume	68.7	148.0	160.0	173.0	152.0	96.4	135.7	145.8	116.0	118.8	114.7	
Price	90.5	73.9	80.0	74.0	77.0	81.3	89.6	89.0	85.5	78.4	87.3	
EXPORTS (Tala million)	7.6	6.3	9.7	7.7	7.6	9.7	8.9	8.4	46.5	40.8	35.7	
IMPORTS (Tala million)	71.6	67.7	77.7	73.7	86.2	66.9	65.5	75.0	331.0	336.4	334.5	
REMITTANCES (Tala million)	29.3	33.8	34.0	39.0	40.2	32.6	33.8	37.6	166.2	165.8	167.4	
TOURISM: (1)			(P)	(P)	(P)							
Arrivals	9,597	9,243	12,890	11,667	11,196	12,503	12,291	13,626	61,984	45,203	31,542	
Earnings (Tala million)	26.60	26.9	35.6	33.7	30.9	31.0	30.8	35.1	154.5	112.6	78.4	
GROSS INTERNATIONAL RESERVES	312.50	232.3	342.8	341.5	328.0	335.0	262.1	339.7	298.57	307.5	321.1	
BOP Position (+/-) (Surplus/Deficit)	-12.04	-9.4	-15.7	-1.4	-13.3	-4.7	-10.5	3.1	-37.9	-41.8	-28.7	
Import Cover	4.9	3.5	5.2	5.0	4.7	5.2	4.0	5.1	4.2	4.4	4.8	

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