



SELECTED ECONOMIC INDICATORS DECEMBER 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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December 2017

World Economy

On the global arena, the US economy expanded by 2.6 percent in the last quarter of 2017 due to strong growth in exports, fixed investments and government spending whereas the Euro area registered a 0.6 percent increase. However, latest updates for New Zealand and Australia is up to the September quarter of with both countries are recording robust growth of 0.6 percent each.

Domestic Economy

After dropping in the previous month, the **weighted average official interest rate increased** to 0.17 percent from 0.15 percent in November 2017 and 0.14 percent in December last year. However, both the **weighted average deposit rate** and **weighted average lending rate** contracted by 12 basis points to 2.55 percent and 2 basis points to 8.88 percent in that order. Consequently, the commercial banks' **interest rate spread** expanded to 6.33 percent from 6.22 percent in November 2017 but lower than 6.54 percent in December 2016.

Total bank **liquidity** fell by \$18.1 million to \$177.7 million but was \$67.2 million higher than in the same month last year. This drop over the month was mainly due to reductions in commercial banks' exchange settlement accounts (ESA) and CBS securities by 16.8 percent and 14.3 percent respectively whilst vault cash rebounded 39.4 percent. **Total commercial banks'** credit to the private sector and public institutions increased for the fourth consecutive month by 0.7 percent to \$1,077.3 million and was 5.1 percent higher than in December 2016.

Broad money (M2) rose for the sixth consecutive month, rising by \$19.6 million to \$1,092.1 million due to an increase of \$18.8 million in '**Net Domestic Assets' (NDA)** to \$798.8 million. The main factors behind the hike in NDA was a \$4.5 million deficit in the **net government position**, coupled with a boost in combined credit to private sector and public institutions. Similarly, '**net foreign assets**' increased slightly by \$0.8 million to \$293.3 million due to an increase in gross reserves coupled with a drop in foreign liabilities.

The **overall nominal value** of the Samoan Tala depreciated slightly by 0.002 percent as the Tala weakened against both the New Zealand dollar and Euro but strengthened against both the Australian dollar and US dollar.

The Consumer Price Index (CPI) fell by 1.3 percent in the month under review but was 2.6 percent higher than in December 2016. Moreover, the annual average headline inflation rate widened to 1.6 percent from 1.5 percent in the previous month and 1.3 percent in December 2016.

The supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal 15.4 percent drop in the month under review. This was due to reductions in supplies of stable food commodities such as banana and taro, as well as vegetables like head cabbage, Chinese cabbage, cucumber, pumpkin and tomatoes.

Selected Economic Indicators
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Consequently, the overall price index increased further by 4.0 percent.

On the external front, total export earnings rebounded by 7.4 percent to \$8.2 million due to a 20.2 percent improvement in locally produced exports whereas re-exports narrowed 1.0 percent. In contrast, total import payments contracted by 25.2 percent to \$64.5 million, reflecting reductions in government and non-petroleum private sector imports. As a result, the merchandise trade deficit fell by 28.3 percent to \$56.3 million. The inflow of private remittances increased by 12.3 percent to \$52.5 million reflecting the seasonal gifts and

transfers for Christmas and New Year celebrations. **Total visitor arrivals** for December 2017 are not yet available however, Central Bank of Samoa's (CBS) forecasts for the month points to a seasonal 71.0 percent increase in visitor numbers to 19,146. **Visitor earnings** are projected to climb up by 66.2 percent to \$51.4 million. All in all, **gross foreign reserves** rebounded by 2.3 percent (or \$7.5 million) to \$335.6 million, which was equivalent to 4.9 months of **import cover** increasing from 4.7 months in November 2017.

CENTRAL BANK OF SAMOA
6th February 2018

Table 1. SELECTED ECONOMIC INDICATORS												
INDICATORS	2015		2016		2017		Average Six Months			Average levels in the previous		
	Dec	Dec	Oct	Nov	Dec	Jul15 - Dec 15	Jul16 - Dec 16	Jul17 - Dec 17	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)												
Official rate	0.15	0.14	0.17	0.15	0.17	0.15	0.14	0.15	0.15	0.14	0.18	
COMMERCIAL BANKS' INTEREST RATES: (%)												
Average lending rate	9.42	8.90	8.80	8.90	8.88	9.44	8.92	8.81	9.16	9.31	9.64	
Average deposit rate	2.48	2.36	2.79	2.67	2.55	2.37	2.35	2.67	2.42	2.54	2.69	
COMMERCIAL BANK LOANS (Tala million)	892.2	1025.4	1055.6	1069.9	1077.3	881.3	998.6	1052.4	958.8	920.6	862.2	
GOVERNMENT NET POSITION (Tala million)	-100.2	-127.0	-147.0	-161.6	-157.1	-88.6	-115.6	-162.6	-113.6	-95.9	-99.3	
MONEY SUPPLY (Tala million)	868.4	947.9	1041.1	1072.5	1092.1	871.6	923.1	1040.8	908.2	878.4	816.9	
Currency outside banks	56.966	78.3	64.6	65.5	87.3	54.9	65.6	70.2	67.6	64.5	64.1	
Demand deposits	245.635	261.9	301.5	311.8	310.7	262.2	268.7	299.6	253.8	241.7	213.0	
FCD residents	71.261	82.5	84.1	111.6	98.4	68.3	69.4	87.8	76.9	75.5	58.3	
Save deposits	124.424	132.5	141.4	136.3	137.1	125.3	132.7	138.3	128.5	123.0	113.5	
Time deposits	370.127	392.7	449.6	447.3	458.6	361.0	386.8	444.8	381.4	373.8	368.1	
NOMINAL EXCHANGE RATE (Index)	101.6	100.1	100.2	100.2	100.2	101.4	102.1	100.2	101.8	101.7	101.5	
HEADLINE CPI (2)	100.4	101.0	104.3	105.0	103.6	99.3	101.4	104.0	100.7	101.4	99.5	
Annual average inflation (%)	0.7	1.3	1.1	1.5	1.6	1.7	0.7	1.2	1.0	0.5	0.9	
LOCAL MARKET SURVEY: (2)												
Volume	67.5	165.8	173.0	151.8	128.4	91.6	140.7	142.9	116.1	118.2	113.8	
Price	89.8	86.1	74.0	76.7	79.7	82.7	89.0	87.4	85.9	79.6	87.4	
EXPORTS (Tala million)	6.7	6.8	7.7	7.6	8.2	9.2	8.6	8.4	53.2	47.4	41.6	
IMPORTS (Tala million)	69.4	74.7	73.7	86.2	64.5	67.3	67.1	73.2	403.1	409.7	398.4	
REMITTANCES (Tala million)	43.9	43.6	39.0	40.2	52.5	34.5	35.5	40.1	209.9	212.3	212.8	
TOURISM: (1)			(P)	(P)	(P)							
Arrivals	17,811	18,677	11,667	11,196	19,146	13,387	13,355	14,620	80,228	57,616	39,274	
Earnings (Tala million)	45.34	50.9	33.7	30.9	51.4	33.4	34.2	38.7	202.7	145.4	98.6	
GROSS INTERNATIONAL RESERVES	317.99	256.5	341.5	328.0	335.6	332.2	261.2	339.0	296.7	304.5	319.6	
BOP Position (+/-) (Surplus/Deficit)	5.49	24.2	-1.4	-13.3	7.5	-3.0	-4.7	3.8	-23.1	-34.9	-20.7	
Import Cover	5.0	3.8	5.0	4.7	4.9	5.2	3.9	5.1	4.4	4.4	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