



## SELECTED ECONOMIC INDICATORS

### JANUARY 2018

*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.7: 2017/18**

**January 2018**

#### World Economy

On the global front, strong growth in exports, fixed investments and government spending led to a 2.6 percent expansion in the US economy during the last quarter of 2017. Meanwhile, the Euro area registered a 0.6 percent growth in the same period. Latest updates for New Zealand and Australia are up for the September 2017 quarter, which indicates robust growths of 0.6 percent alike for both countries.

#### Domestic Economy

The **weighted average official interest rate** remained at 0.17 percent from the previous month but higher than 0.15 percent in the same month of 2017. However, both the **weighted average deposit rate** and **weighted average lending rate** trended upward by 36 basis points to 2.91 percent and 2 basis points to 8.90 percent in that order. Consequently, the commercial banks' **interest rate spread** contracted to 6.00 percent from 6.33 percent in December 2017 and also 6.46 percent in the same month last year.

Total bank **liquidity** rose by \$27.6 million to \$205.4 million and was \$74.5 million higher than in the same month a year ago. The increase over the month was mainly due to expansions in commercial banks' exchange settlement accounts (ESA) and CBS securities by \$23.4 million and \$10.0 million respectively whilst vault cash edged down by \$5.8 million. **Total commercial banks' credit** to the private sector and public institutions fell by 1.6 percent to \$1,060.3 million after increasing in the past four consecutive months but was 2.7 percent higher when compared to January 2017.

**Broad money (M2)** contracted by \$38.9 million to \$1,053.2 million due to a significant drop of \$36.6 million in '**Net Domestic Assets**' (NDA) to \$762.3

million. The main factors that underpinned the reduction in NDA were a large surplus in the **net government position** as well as the decline in credit to the private sector and public institutions. Similarly, '**net foreign assets**' fell \$2.3 million to \$290.9 million reflecting a modest drop in foreign assets of the banking system.

The **overall nominal value** of the Samoan Tala appreciated by 0.06 percent as the Tala strengthened solely against the US dollar while weakening against the Euro, New Zealand dollar and Australian dollar.

The Consumer Price Index (CPI) rebounded by 2.1 percent over the previous month and was 4.2 percent higher than in January 2017. Furthermore, the annual average headline inflation rate expanded further to 2.2 percent from 1.6 percent in the previous month and 0.8 percent in the same month of 2017. This was mainly driven by the hike in imported inflation to 4.9 percent from 4.7 percent while domestic inflation rose to -0.5 percent from -1.3 percent in the previous month.

The supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal 7.6 percent drop. The overall reduction was due to decreases in supplies of stable food commodities such as taamu, banana and taro, as well as vegetable items like head cabbage, pumpkin and tomatoes. Consequently, the overall price index expanded by 33.2 percent.

On the external front, total export earnings contracted by 31.3 percent to \$5.6 million due to reductions in both locally produced exports and re-exports by 35.9 percent and 25.6 percent respectively. In contrast, total import payments increased by 6.0 percent to \$68.3

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million, reflecting expansions in government and non-petroleum private sector imports. As a result, the merchandise trade deficit widened by 11.4 percent to \$62.7 million. The inflow of private remittances fell by 12.3 percent to \$40.2 million, after the seasonal high associated with the end-of-year festivities in the previous month. **Total visitor arrivals** for January 2018 are not yet available however, Central Bank of Samoa's (CBS) forecasts point to a seasonal 36.6 percent decrease in visitor numbers to 12,145. **Visitor earnings** are projected to drop by 37.4 percent to \$32.2 million. Despite an increase in

import payments and decline in foreign exchange earnings for the month under review, **gross foreign reserves** increased further by 2.7 percent (or \$9.2 million) to \$345.7 million given inflows of government grants. This level of foreign reserves is equivalent to 5.0 months of **import cover**, up from 4.9 months in the previous month.

**CENTRAL BANK OF SAMOA**  
**28<sup>th</sup> February 2018**

Table 1. SELECTED ECONOMIC INDICATORS											
INDICATORS	2016		2017		2018	Average Seven Months			Average levels in the previous		
	Jan	Jan	Nov	Dec	Jan	Jul15 - Jan 16	Jul16 - Jan 17	Jul17 - Jan 18	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>											
Official rate	0.19	0.15	0.15	0.17	0.17	0.15	0.14	0.15	0.17	0.17	0.19
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>											
Average lending rate	9.38	8.87	8.90	8.88	8.90	9.44	8.92	8.81	9.12	9.29	9.65
Average deposit rate	2.45	2.39	2.67	2.55	2.91	2.37	2.35	2.67	2.42	2.53	2.67
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>892.5</b>	<b>1031.9</b>	<b>1069.9</b>	<b>1077.3</b>	<b>1060.3</b>	<b>881.3</b>	<b>998.6</b>	<b>1052.4</b>	<b>962.2</b>	<b>924.5</b>	<b>864.1</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-111.5</b>	<b>-129.8</b>	<b>-161.6</b>	<b>-157.1</b>	<b>-169.4</b>	<b>-88.6</b>	<b>-115.6</b>	<b>-162.6</b>	<b>-120.6</b>	<b>-102.5</b>	<b>-104.6</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>882.8</b>	<b>950.8</b>	<b>1072.5</b>	<b>1092.1</b>	<b>1053.2</b>	<b>871.6</b>	<b>923.1</b>	<b>1040.8</b>	<b>916.8</b>	<b>879.8</b>	<b>817.5</b>
Currency outside banks	60.323	61.6	65.5	87.3	69.5	54.9	65.6	70.2	61.0	56.5	56.1
Demand deposits	248.601	292.1	311.8	310.7	291.8	262.2	268.7	299.6	270.3	252.8	225.9
FCD residents	79.204	76.6	111.6	98.4	76.1	68.3	69.4	87.8	77.9	74.9	56.1
Save deposits	122.296	131.8	136.3	137.1	134.2	125.3	132.7	138.3	127.1	122.3	112.8
Time deposits	372.351	388.7	447.3	458.6	481.7	361.0	386.8	444.8	380.5	373.3	366.6
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>101.8</b>	<b>100.1</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>101.4</b>	<b>102.1</b>	<b>100.2</b>	<b>101.0</b>	<b>101.1</b>	<b>101.2</b>
<b>HEADLINE CPI (2)</b>	<b>104.4</b>	<b>101.5</b>	<b>105.0</b>	<b>103.6</b>	<b>105.7</b>	<b>99.3</b>	<b>101.4</b>	<b>104.0</b>	<b>102.9</b>	<b>102.6</b>	<b>101.5</b>
Annual average inflation (%)	0.6	0.8	1.5	1.6	2.2	1.7	0.7	1.2	0.7	0.5	0.7
<b>LOCAL MARKET SURVEY: (2)</b>											
Volume	85.1	140.3	151.8	128.4	119.0	91.6	140.7	142.9	112.7	101.1	96.0
Price	97.8	90.0	76.7	79.7	106.0	82.7	89.0	87.4	93.9	89.2	101.2
<b>EXPORTS (Tala million)</b>	<b>8.0</b>	<b>6.3</b>	<b>7.6</b>	<b>8.2</b>	<b>5.6</b>	<b>9.2</b>	<b>8.6</b>	<b>8.4</b>	<b>7.1</b>	<b>6.3</b>	<b>5.4</b>
<b>IMPORTS (Tala million)</b>	<b>65.7</b>	<b>62.1</b>	<b>86.2</b>	<b>64.5</b>	<b>68.3</b>	<b>67.3</b>	<b>67.1</b>	<b>73.2</b>	<b>63.9</b>	<b>63.7</b>	<b>66.8</b>
<b>REMITTANCES (Tala million)</b>	<b>26.8</b>	<b>30.7</b>	<b>40.2</b>	<b>52.5</b>	<b>40.2</b>	<b>34.5</b>	<b>35.5</b>	<b>40.1</b>	<b>28.7</b>	<b>29.8</b>	<b>31.4</b>
<b>TOURISM: (1)</b>			(P)	(P)	(P)						
Arrivals	12,095	11,916	11,196	19,146	12,145	13,387	13,355	14,744	12,006	11,576	10,788
Earnings (Tala million)	33.61	29.0	30.9	51.4	32.2	33.4	34.2	38.9	31.3	30.3	28.1
<b>GROSS INTERNATIONAL RESERVES</b>	<b>333.74</b>	<b>275.7</b>	<b>328.1</b>	<b>336.5</b>	<b>345.7</b>	<b>332.2</b>	<b>261.2</b>	<b>339.0</b>	<b>304.7</b>	<b>300.7</b>	<b>320.5</b>
BOP Position (+/-) (Surplus/Deficit)	15.75	19.2	-13.6	8.4	9.2	-3.0	-4.7	4.0	17.5	11.2	8.8
Import Cover	5.2	4.1	4.7	4.9	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

n/a: not available