



## SELECTED ECONOMIC INDICATORS

### FEBRUARY 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.8: 2017/18**

**February 2018**

#### World Economy

On the global stage, the US economy expanded by 2.9 percent in last quarter of 2017 reflecting improvements in domestic consumption expenditure and private investment. Moreover, the Euro area expanded 0.6 percent due to positive results from exports, investments and consumption while Australia and New Zealand recorded 0.4 percent and 0.6 percent quarterly growth respectively.

#### Domestic Economy

Following its unchanged level in the past two consecutive months, the **weighted average official interest rate**<sup>1</sup> dropped by 2 basis points to 0.15 percent in February 2018, similar to that of the same month last year. Similarly, both the **weighted average deposit rate** and **weighted average lending rate** trended downwards by 3 basis points to 2.88 percent and 1 basis points to 8.89 percent respectively. Consequently, the commercial banks' **interest rate spread** widened slightly to 6.01 percent from 6.00 percent in the previous month but lower than 6.48 percent in February 2017.

Total bank **liquidity** rose by \$0.5 million to \$205.9 million and was \$84.7 million higher than in the same month a year ago. The monthly increase was mainly due to an expansion in commercial banks' holdings of CBS securities by \$6.0 million, offsetting the \$5.1 million and 0.4 million reductions in banks' exchange settlement accounts (ESA) and vault cash respectively. **Total commercial banks'** credit to the private sector and public institutions rebounded slightly by 0.1 percent to \$1,061.3 million and was 1.6 percent

higher when compared to the same month of 2017.

**Broad money (M2)** edged up by \$0.34 million to \$1,053.5 million, following a considerable drop in the previous month. This was fuelled by a \$1.7 million increase to \$292.6 million in '**Net Foreign Assets**' (NFA); offsetting a \$1.4 million reduction to \$760.9 million in '**Net Domestic Assets**' (NDA). In particular, the increase in broad money (by component) was attributed to the increase in Central Bank holdings of international official reserves, outweighing a cash surplus in government's net position with the financial system and a reduction in total lending to non-financial public enterprises.

After its appreciation in the previous month, the **overall nominal value** of the Samoan Tala weakened by 0.2 percent as the Tala depreciated against the New Zealand dollar and Euro while appreciating against the Australian and US dollars.

The Consumer Price Index (CPI) declined by 0.4 percent over the previous month but was 3.6 percent higher than in the same month last year. Furthermore, the annual average headline inflation rate increased further to 2.4 percent from 2.2 percent in the previous month and 1.0 percent in February 2017. Accounting for the increase was the hike in local inflation to -0.1 percent from -0.5 percent while imported inflation remained at 4.9 percent from the previous month.

Despite destructions on some agricultural crops and vegetable gardens by Tropical Cyclone Gita in the beginning of the month, the overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal hike up by 5.5

<sup>1</sup> Overall weighted average yield on Central Bank of Sāmoa Securities (CBSS)

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percent over the previous month. The overall expansion was due to higher supplies of stable food commodities such as taamu and banana as well as coconut and pumpkin. However, the overall price index expanded by 2.4 percent due to the increase in prices recorded for vegetables (such as, head cabbages, cucumber and tomatoes) which were mostly affected by the Cyclone and flooding.

On the external front, total export earnings fell further by 3.4 percent to \$5.4 million due to a drop in re-exports by 17.9 percent while locally produced exports went up by 10.1 percent. Likewise, total import payments contracted by 8.5 percent to \$62.5 million, reflecting reductions in government and non-petroleum private sector imports. As a result, the merchandise trade deficit narrowed by 8.9 percent to \$57.12 million. The inflow of private remittances fell by 15.3 percent to \$37.22

million from January 2018 but was 39.0 percent higher compared to February 2017. **Total visitor arrivals** for February 2018 are not yet available however, Central Bank of Samoa's (CBS) estimates point to a seasonal 34.6 percent decrease in visitor numbers to 7,946, hence an expected drop by 22.3 percent to \$25.0 million in **visitor earnings**. All in all, **gross foreign reserves** widened slightly by 0.9 percent (or \$3.2 million) to \$348.9 million in the month under reviewed. This level of foreign reserves is equivalent to 5.0 months of **import cover**, which was similar to its level in the previous month.

**CENTRAL BANK OF SAMOA**  
**9<sup>th</sup> April 2018**

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February 2018

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INDICATORS	2016	2017				2018		Average Eight Months			Average levels in the previous		
	Feb	Jan	Feb	Nov	Dec	Jan	Feb	Jul15 - Feb 16	Jul16 - Feb 17	Jul17 - Feb 18	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>													
<i>Official rate</i>	0.2	0.15	0.15	0.15	0.17	0.17	0.15	0.16	0.14	0.15	0.18	0.16	0.18
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>													
<i>Average lending rate</i>	9.35	8.87	8.82	8.90	8.88	8.90	8.89	9.42	8.90	8.83	9.08	9.25	9.63
<i>Average deposit rate</i>	2.41	2.39	2.34	2.67	2.55	2.91	2.88	2.38	2.36	2.72	2.38	2.50	2.68
<b>COMMERCIAL BANK LOANS (Tala million)</b>	911.8	1031.9	1044.3	1069.9	1077.3	1060.3	1061.3	886.5	1008.5	1054.5	978.0	939.7	872.1
<b>GOVERNMENT NET POSITION (Tala million)</b>	-112.2	-129.8	-154.8	-161.6	-157.1	-169.4	-177.4	0.2	0.1	0.2	-133.5	-114.0	-110.6
<b>MONEY SUPPLY (Tala million)</b>	878.5	950.8	944.4	1072.5	1092.1	1053.2	1053.5	873.9	929.2	1043.9	911.5	872.9	813.6
<i>Currency outside banks</i>	57.671	61.6	59.1	65.5	87.3	69.5	66.4	55.9	64.3	69.7	58.4	54.8	55.1
<i>Demand deposits</i>	272.945	292.1	283.3	311.8	310.7	291.8	294.4	261.8	273.4	298.0	278.1	253.9	225.5
<i>FCD residents</i>	47.762	76.6	73.4	111.6	98.4	76.1	76.3	67.1	70.8	84.9	60.6	61.9	48.4
<i>Save deposits</i>	122.498	131.8	133.1	136.3	137.1	134.2	134.8	124.5	132.6	137.4	127.8	122.3	113.5
<i>Time deposits</i>	377.661	388.7	395.5	447.3	458.6	481.7	481.7	364.5	388.1	454.0	386.6	379.9	371.1
<b>NOMINAL EXCHANGE RATE (Index)</b>	102.2	100.1	100.2	100.2	100.2	100.2	100.0	101.5	101.6	100.2	101.2	101.3	101.3
<b>HEADLINE CPI (2)</b>	100.0	101.5	101.6	105.0	103.6	105.7	105.3	100.0	101.4	104.4	100.8	100.8	100.9
<i>Annual average inflation (%)</i>	0.3	0.8	1.0	1.5	1.6	2.2	2.4	1.4	0.8	1.5	0.7	0.8	0.6
<b>LOCAL MARKET SURVEY: (2)</b>													
<i>Volume</i>	106.1	140.3	144.0	151.8	128.4	119.0	125.1	92.6	141.1	137.7	125.0	103.3	90.4
<i>Price</i>	93.3	90.0	85.0	76.7	79.7	106.0	108.7	85.9	88.6	92.4	89.2	88.7	104.6
<b>EXPORTS (Tala million)</b>	5.6	6.3	5.5	7.6	8.2	5.6	5.4	8.6	7.9	7.7	5.5	5.4	4.7
<b>IMPORTS (Tala million)</b>	68.2	62.1	56.2	86.2	64.5	68.3	62.5	67.2	65.1	71.3	62.2	59.4	57.9
<b>REMITTANCES (Tala million)</b>	29.6	30.7	26.8	40.9	53.0	43.9	37.2	32.9	33.8	35.6	28.2	29.8	29.7
<b>TOURISM: (1)</b>					(P)	(P)	(P)						
<i>Arrivals</i>	8,226	11,916	7,810	12,111	19,146	12,145	7,946	12,581	12,482	13,683	8,018	7,825	7,446
<i>Earnings (Tala million)</i>	25.11	29.0	20.5	37.3	51.4	32.2	25.0	32.4	31.8	37.1	22.8	22.4	21.3
<b>GROSS INTERNATIONAL RESERVES</b>	322.14	275.7	286.6	328.1	336.5	345.7	348.9	331.1	266.2	341.1	304.4	295.5	314.0
<i>BOP Position (+/-) (Surplus/Deficit)</i>	-11.61	19.2	10.9	-13.6	8.4	9.2	3.2	-1.7	0.2	4.5	-0.3	-5.1	-6.5
<i>Import Cover</i>	5.0	4.1	4.4	4.7	4.9	5.0	5.0	5.2	4.0	5.0	4.7	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