



## SELECTED ECONOMIC INDICATORS

### MARCH 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.9: 2017/18**

**March 2018**

#### World Economy

The US economy expanded by 2.3 percent in the first quarter of 2018 following stronger fixed investment and consumption expenditures and exports. Furthermore, the Euro area expanded 0.6 percent due to positive results from exports, investments and consumption whilst Australia and New Zealand recorded quarterly growth of 0.4 percent and 0.6 percent in that order.

#### Domestic Economy

After dropping by 2 basis points in the preceding month, the **weighted average official interest rate**<sup>1</sup> bounced back up to 0.18 percent in March 2018 or 4 basis points higher than that of the same month last year. Likewise, the **weighted average deposit rate** edged up 3 basis points to 2.91 percent while the **weighted average lending rate** remain unchanged at 2.88 percent. As a result, the commercial banks' **interest rate spread** narrowed to 5.98 percent from 6.01 percent in the previous month and 6.15 percent in the same month last year.

Total commercial bank **liquidity** contracted by \$23.0 million to \$182.9 million but was \$63.6 million higher than in the same month a year ago. The overall decline over the previous month was mainly due to reductions in banks' exchange settlement accounts (ESA) by \$12.7 million, commercial banks' holdings of CBS securities (down \$7.0 million) and vault cash (by 3.3 million). **Total commercial banks'** credit to the private sector and public institutions went up further by 0.4 percent to \$1,065.5 million and was 1.6 percent higher when compared to the same month of 2017.

**Broad money (M2)** grew further by \$7.0 million to \$1,060.5 million in the month under review. Contributing to this increase was a \$21.3 million expansion (to \$314.0 million) in '**Net Foreign Assets**' (NFA); offsetting a \$14.3 million reduction (to \$746.5 million) in '**Net Domestic Assets**' (NDA). Largely underpinning the increase in NFA was an expansion in Central Bank's holdings of international official reserves while the drop in NDA reflected a cash surplus in government's net position with the monetary system coupled with a reduction in total financial system lending.

The **overall nominal value** of the Samoan Tala weakened by 0.02 percent as the Tala depreciated against the US dollar and Euro while appreciating against the Australian and New Zealand dollars.

The Consumer Price Index (CPI) fell by 0.6 percent over the previous month but was 3.6 percent higher than in the same month last year. Nevertheless, the annual average headline inflation rate rose to 2.7 percent from 2.4 percent in the previous month and 1.2 percent in March 2017. Underpinning this increase over the previous month was a hike in local inflation to 0.4 percent from -0.1 percent whereas imported inflation narrowed to 4.7 percent from 4.9 percent in the previous month.

On the external front, total export earnings rebounded by 17.7 percent to \$6.4 million due to increases in re-exports by 26.2 percent and locally produced exports by 11.7 percent. However, total import payments fell further by 20.4 percent to \$49.8 million, reflecting a substantial reduction (99.9 percent) in petroleum<sup>2</sup> imports whilst government and

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

<sup>2</sup> Tanker vessel arrived on 29th March 2018 and cleared on the following week which is an April 2018 entry.

*Selected Economic Indicators*  
*March 2018*

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non-petroleum sector imports bounced back up by 16.6 percent and 6.0 percent respectively. As a result, the merchandise trade deficit narrowed by 24.0 percent to \$43.4 million.

The inflow of **private remittances** rebounded by 25.8 percent to \$46.8 million over the previous month. Since the **total visitor arrivals** for March 2018 is not yet available, however, Central Bank of Samoa's (CBS) estimates point to seasonal increase of 20.6 percent to 9,585 persons. Furthermore, **visitor earnings** are expected to expand by 14.8 percent to \$28.7 million. All in all, **gross foreign reserves** improved by 5.5 percent (or \$19.3 million) to \$368.2 million in the reviewed month. This level of foreign reserves is equivalent to 5.4 months of **import cover, up** from 5.0 months in February 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal drop of 20.1 percent over the previous month. The overall contraction was due to lower supplies of stable food commodities such as breadfruit, yam, banana and coconut as well as vegetable items like tomatoes and pumpkin. Consequently, the overall price index edged up by 2.1 percent due to the increase in prices recorded for tomatoes, banana and breadfruit in the reviewed month.

**CENTRAL BANK OF SAMOA**  
**11<sup>th</sup> May 2018**

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## March 2018

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INDICATORS	2016		2017		2018			Average Nine Months			Average levels in the previous		
	Mar	Mar	Nov	Dec	Jan	Feb	Mar	Jul15 - Mar 16	Jul16 - Mar 17	Jul17 - Mar 18	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>													
Official rate	0.18	0.14	0.15	0.17	0.17	0.15	0.18	0.16	0.14	0.16	0.16	0.15	0.17
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>													
Average lending rate	9.30	8.70	8.90	8.88	8.90	8.89	8.89	9.40	8.88	8.84	9.00	9.19	9.60
Average deposit rate	2.36	2.53	2.67	2.55	2.91	2.88	2.88	2.38	2.38	2.74	2.45	2.51	2.69
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>943.7</b>	<b>1049.0</b>	<b>1069.9</b>	<b>1077.3</b>	<b>1060.3</b>	<b>1061.3</b>	<b>1065.5</b>	<b>892.9</b>	<b>1013.0</b>	<b>1055.7</b>	<b>996.3</b>	<b>954.6</b>	<b>881.9</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-106.9</b>	<b>-160.2</b>	<b>-161.6</b>	<b>-157.1</b>	<b>-169.4</b>	<b>-177.4</b>	<b>-185.3</b>	<b>-95.8</b>	<b>-126.5</b>	<b>-167.5</b>	<b>-133.5</b>	<b>-111.2</b>	<b>-103.7</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>890.1</b>	<b>929.9</b>	<b>1072.5</b>	<b>1092.1</b>	<b>1053.2</b>	<b>1053.5</b>	<b>1060.5</b>	<b>875.7</b>	<b>929.3</b>	<b>1045.8</b>	<b>910.0</b>	<b>884.7</b>	<b>834.1</b>
Currency outside banks	58.15	62.5	65.5	87.3	69.5	66.4	73.6	56.2	64.1	70.1	60.3	55.1	55.7
Demand deposits	287.64	259.5	311.8	310.7	291.8	294.4	297.6	264.7	271.9	297.9	273.6	261.0	228.3
FCD residents	44.71	69.3	111.6	98.4	76.1	76.3	68.5	64.6	70.6	83.1	57.0	59.3	60.6
Save deposits	125.05	128.9	136.3	137.1	134.2	134.8	135.5	124.6	132.2	137.2	127.0	122.6	113.6
Time deposits	374.54	409.7	447.3	458.6	481.7	481.7	485.4	365.6	390.5	457.5	392.1	386.7	375.9
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>102.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.2</b>	<b>100.0</b>	<b>100.0</b>	<b>101.6</b>	<b>101.5</b>	<b>100.2</b>	<b>101.2</b>	<b>101.3</b>	<b>101.3</b>
<b>HEADLINE CPI (2)</b>	<b>99.6</b>	<b>101.0</b>	<b>105.0</b>	<b>103.6</b>	<b>105.7</b>	<b>105.3</b>	<b>104.7</b>	<b>100.0</b>	<b>101.4</b>	<b>104.4</b>	<b>100.3</b>	<b>100.1</b>	<b>100.4</b>
Annual average inflation (%)	0.2	1.2	1.5	1.6	2.2	2.4	2.7	1.3	0.8	1.6	0.7	0.9	0.6
<b>LOCAL MARKET SURVEY: (2)</b>													
Volume	90.1	123.0	151.8	128.4	119.0	125.1	100.0	92.3	139.1	133.5	106.5	97.2	93.3
Price	93.1	92.0	76.7	79.7	106.0	108.7	111.0	86.7	89.0	94.5	92.6	94.2	102.7
<b>EXPORTS (Tala million)</b>	<b>5.7</b>	<b>7.0</b>	<b>7.6</b>	<b>8.2</b>	<b>5.6</b>	<b>5.4</b>	<b>6.4</b>	<b>8.3</b>	<b>7.8</b>	<b>7.5</b>	<b>6.3</b>	<b>5.7</b>	<b>4.8</b>
<b>IMPORTS (Tala million)</b>	<b>62.1</b>	<b>70.9</b>	<b>86.2</b>	<b>64.5</b>	<b>68.3</b>	<b>62.5</b>	<b>49.8</b>	<b>66.6</b>	<b>65.7</b>	<b>68.9</b>	<b>66.5</b>	<b>65.0</b>	<b>56.0</b>
<b>REMITTANCES (Tala million)</b>	<b>29.7</b>	<b>32.3</b>	<b>40.9</b>	<b>53.0</b>	<b>43.9</b>	<b>37.2</b>	<b>46.8</b>	<b>32.6</b>	<b>33.6</b>	<b>36.9</b>	<b>31.0</b>	<b>31.1</b>	<b>30.1</b>
<b>TOURISM: (1)</b>													
Arrivals	9,982	9,407	12,111	20,777	12,654	7,946	9,585	12,292	12,140	13,466	9,695	9,345	8,879
Earnings (Tala million)	28.62	25.1	37.3	59.1	31.0	25.0	28.7	32.0	31.1	36.9	26.9	25.7	24.0
<b>GROSS INTERNATIONAL RESERVES</b>	<b>308.34</b>	<b>281.1</b>	<b>329.1</b>	<b>335.1</b>	<b>345.8</b>	<b>348.8</b>	<b>368.2</b>	<b>328.6</b>	<b>267.8</b>	<b>344.0</b>	<b>294.74</b>	<b>285.99</b>	<b>300.98</b>
BOP Position (+/-) (Surplus/Deficit)	-13.80	-5.4	-13.6	8.4	10.7	3.1	19.3	-3.0	-0.4	6.3	-9.6	-9.6	-13.0
Import Cover	4.7	4.2	4.7	4.9	5.0	5.0	5.4	5.1	4.0	5.1	4.5	4.3	4.7

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