

SELECTED ECONOMIC INDICATORS

MAY 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.

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May 2018

World Economy

On the global stage, the growth in the US economy in the first quarter of 2018 was revised down words to 2.0 percent from 2.2 percent, following lower actuals in both consumer spending and inventory investment. The Euro area expanded by 0.4 percent due to strong household consumption and high investment whereas both Australia and New Zealand recorded quarterly growths of 1.0 percent and 0.5 percent respectively in the March quarter of 2018.

Domestic Economy

In May 2018, the Central Bank of Samoa's (CBS) overall **weighted average official interest rate**¹ remained steady at 0.15 percent but was 1 basis point higher than that of the same month last year. On commercial banks' interest rates, the **weighted average deposit rate** contracted by 10 basis points to 2.74 percent whilst the **weighted average lending rate** edged up by 3 basis points to 8.89 percent. As a result, the commercial banks' **interest rate spread** widened to 6.15 percent from 6.02 percent in the previous month and higher than 5.93 percent in the same month last year.

Total commercial bank **liquidity** expanded by \$20.0 million to \$218.9 million due to a huge expansion of \$20.2 million in the banks' exchange settlement accounts (ESA) and a marginal \$0.8 increase in vault cash, offsetting a \$1.0 million drop in commercial banks' holdings of CBS securities. **Total commercial banks' credit** to the private sector and public institutions went up by

0.7 percent to \$1,075.7 million and was 1.3 percent higher when compared to May 2017.

Broad money (M2) went up by \$14.8 million to \$1,087.1 million. Contributing to this increase was a \$30.6 million expansion (to \$354.3 million) in '**Net Foreign Assets (NFA)**' whereas the '**Net Domestic Assets (NDA)**' fell by \$15.7 million to \$732.8 million. Underpinning the hike in NFA was a significant expansion in Central Bank's holdings of foreign reserves. The Government's net position with the monetary system recorded a surplus of \$21.8 million, which contributed to the decline in NDA.

The **overall nominal value** of the Samoan Tala depreciated by 0.03 percent as the Tala weakened against the New Zealand dollar, Australian dollar and Euro while strengthening against the US dollar.

The Consumer Price Index (CPI) widened by 1.9 percent over the previous month and was 5.6 percent higher than in the same month last year. Furthermore, the **annual average headline inflation rate** went up further to 3.3 percent from 2.9 percent in the previous month and 1.4 percent in May 2017. Underpinning this increase over the previous month were expansions in the local (to 1.5 percent) and imported (to 4.8 percent) components.

On the external front, total export earnings rose by 7.0 percent to \$7.6 million due to a \$0.5 million hike in domestically produced exports whereas re-exports contracted by 0.8 percent. However, total import payments fell modestly by 5.3 percent to \$73.0 million, reflecting reductions of \$6.7 million and \$0.3 million in petroleum and non-petroleum sector imports respectively. As a result, the merchandise trade deficit fell by 6.5 percent to \$65.4 million.

¹ Overall weighted average yield on Central Bank of Samoa Securities (CBSS)

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The inflow of **private remittances** climbed up by 19.3 percent to \$53.6 million over the previous month. Since the **total visitor arrivals** for May 2018 are not yet available, Central Bank of Samoa's (CBS) estimates point to a seasonal decrease of 4.8 percent to 11,236 visitors. Furthermore, **visitor earnings** are expected to decline by 3.4 percent to \$35.0 million. All in all, **gross foreign reserves** expanded by 9.8 percent (or \$37.5 million) to \$420.5 million in the month under review. This level of foreign reserves is equivalent to 6.0 months of **import cover**, up from 5.6 months in April 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 32.0 percent drop over April 2018. The overall decrease was due to lower supplies of stable food commodities such as taro and banana as well as vegetable items like Chinese cabbage and pumpkin. Consequently, the overall price index edged up by 10.3 percent.

CENTRAL BANK OF SAMOA
24th July 2018

SELECTED ECONOMIC INDICATORS													
INDICATORS	2016	2017	2018					Average Eleven Months			Average levels in the previous		
	May	May	Jan	Feb	Mar	Apr	May	Jul15 - May16	Jul16 - May17	Jul17 - May18	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.15	0.14	0.17	0.15	0.18	0.15	0.15	0.16	0.14	0.16	0.15	0.14	0.19
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	9.21	8.64	8.90	8.89	8.89	8.85	8.89	9.38	8.82	8.84	8.92	9.13	9.59
Average deposit rate	2.37	2.71	2.91	2.88	2.91	2.84	2.74	2.38	2.44	2.75	2.54	2.52	2.71
COMMERCIAL BANK LOANS (Tala million)	973.2	1061.5	1060.3	1061.3	1065.5	1068.0	1075.7	906.6	1026.8	1058.6	1017.3	968.7	886.8
GOVERNMENT NET POSITION (Tala million)	-124.2	-161.1	-169.4	-177.4	-185.3	-192.6	-214.4	-99.4	-133.6	-174.1	-142.7	-116.9	-107.8
MONEY SUPPLY (Tala million)	885.3	967.4	1053.2	1053.5	1060.5	1072.3	1087.1	878.5	937.7	1051.9	926.4	901.1	848.4
Currency outside banks	61.4	66.3	69.5	66.4	73.6	65.2	75.2	57.1	64.1	70.1	63.8	60.2	60.8
Demand deposits	268.3	268.4	291.8	294.4	297.6	302.1	329.7	265.6	269.7	301.2	268.4	261.0	229.5
FCD residents	44.3	73.4	76.1	76.3	68.5	73.4	63.7	61.2	71.5	80.4	58.9	57.9	61.2
Save deposits	130.0	131.1	134.2	134.8	135.5	136.3	140.8	125.7	132.0	137.4	130.6	126.8	117.0
Time deposits	381.3	428.1	481.7	481.7	485.4	495.3	477.7	368.8	400.4	462.8	404.7	395.3	379.9
NOMINAL EXCHANGE RATE (Index)	102.1	100.2	100.2	100.0	100.0	100.0	100.0	101.7	101.1	100.1	101.1	101.2	101.3
HEADLINE CPI (2)	100.2	101.7	105.7	105.3	104.7	105.3	107.4	100.0	101.1	104.8	100.9	100.3	99.9
Annual average inflation (%)	-0.1	1.4	2.4	2.5	2.7	3.0	3.3	1.0	1.0	1.9	0.7	1.1	0.5
LOCAL MARKET SURVEY: (2)													
Volume	55.8	121.0	119.0	125.1	100.0	137.0	93.0	89.5	136.9	130.1	88.4	86.9	93.0
Price	125.8	101.0	106.0	108.7	111.0	116.0	128.0	91.6	88.9	99.5	113.4	102.2	101.5
EXPORTS (Tala million)	8.1	8.1	5.6	5.4	6.4	7.1	7.6	8.0	7.6	7.5	8.1	7.5	6.6
IMPORTS (Tala million)	84.4	65.1	68.3	62.5	49.8	77.1	73.0	67.2	65.2	70.0	74.7	69.1	63.2
REMITTANCES (Tala million)	35.5	35.7	40.8	37.7	45.2	44.9	53.6	32.7	33.4	38.7	35.6	35.8	36.3
TOURISM: (1)						(P)	(P)						
Arrivals	11,246	11,025	12,654	7,413	11,707	11,808	11,236	12,106	11,539	13,257	11,136	11,057	10,588
Earnings (Tala million)	31.3	34.2	31.0	20.4	33.0	36.2	35.0	31.9	31.3	36.6	32.7	31.7	29.5
GROSS INTERNATIONAL RESERVES	279.7	300.3	345.8	348.8	368.5	383.0	420.5	320.3	270.5	354.6	290.0	290.9	312.1
BOP Position (+/-) (Surplus/Deficit)	-6.5	12.5	10.7	3.1	19.6	14.5	37.5	-5.1	0.7	9.9	3.0	5.4	9.6
Import Cover	4.2	4.6	5.0	5.0	5.5	5.6	6.0	5.0	4.1	5.2	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