



SELECTED ECONOMIC INDICATORS

JUNE 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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June 2018

World Economy

On the global stage, the growth in the US economy expanded to 4.1 percent from 2.2 percent in the first quarter of 2018, in light of higher consumer spending and exports. Moreover, the Euro area expanded by 0.3 percent following strong household consumption and high investment. Since the Gross Domestic Product (GDP) figures for Australia and New Zealand in the second quarter are not yet available, the review for March quarter 2018 showed modest growth of 1.0 percent and 0.5 percent for Australia and New Zealand respectively.

Domestic Economy

The **weighted average official interest rate**¹ rebounded to 0.17 percent from 0.15 percent last month and was 3 basis points higher than that of the same month last year. Moreover, the commercial banks **weighted average lending rate** rose 9 basis points to 8.98 percent whereas the **weighted average deposit rate** fell by 4 basis points to 2.70 percent. As a result, the commercial banks' **interest rate spread** went up further to 6.28 percent from 6.15 percent in the previous month and higher than 5.95 percent in June 2017.

Total commercial bank **liquidity** edged up by \$0.01 million to \$218.9 million and was \$73.0 million higher than that of the same month of 2017. Primarily underpinning the overall increase over the previous month was an expansion of \$3.0 million in commercial banks' holdings of CBS securities whilst exchange settlement accounts (ESA) and vault cash contracted by \$2.4 million and \$0.6 million respectively. However, **total**

commercial banks' credit to the private sector and public institutions was reduced by 1.0 percent to \$1,064.7 million but was 1.7 percent higher when compared to June 2017.

Broad money (M2) went up by \$37.3 million to \$1,124.4 million. Contributing to this increase was a \$21.5 million expansion (to \$375.8 million) in '**Net Foreign Assets**' (NFA) coupled with a \$15.8 million (to \$748.6 million) increase in the '**Net Domestic Assets**' (NDA). Underpinning the hike in NFA were increases in both foreign holdings of the banking system and Central Bank. The Government's net position with the monetary system recorded a deficit of \$17.0 million which contributed to NDA's expansion.

The **overall nominal value** of the Samoan Tala appreciated by 0.005 percent as the Tala strengthened against the Australian dollar and Euro while weakening against the US and New Zealand dollars.

The Consumer Price Index (CPI) widened by 1.1 percent over the previous month and was 5.8 percent higher than in the same month last year. Furthermore, the **annual average headline inflation rate** went up further to 3.7 percent from 3.3 percent in the previous month and 1.3 percent in June 2017. Contributing to the increase were 4 basis points each, expansions to both imported (to 5.2 percent) and local (to 2.1 percent) components.

On the external front, total export earnings expanded by 19.7 percent to \$9.0 million due to \$1.0 million increase in re-exports coupled with a \$0.5 million improvement in domestically produced exports. However, total import payments fell modestly by 19.6 percent to \$58.7 million, reflecting declines of \$7.9 million, \$4.2 million and \$2.2 million in non-petroleum

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

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sector, government and petroleum imports respectively. As a result, the merchandise trade deficit was reduced by 24.2 percent to \$49.6 million.

Following a huge seasonal increase in the previous month, total receipts of **private remittances** dropped by 23.0 percent to \$41.3 million over the previous month. Since the **total visitor arrivals** for June 2018 are not yet available, Central Bank of Samoa's (CBS) estimates point to a seasonal increase of 10.4 percent to 14,529 visitors. Furthermore, **visitor earnings** are expected to boost by 5.5 percent to \$44.7 million. All in all, **gross foreign reserves** has increased further for the seventh consecutive month, by 0.5 percent (or \$2.1 million) to \$422.6 million. This level of foreign reserves is equivalent to 6.1 months of **import**

cover, up from 6.0 months in the previous month.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 27.9 percent increase over May 2018. The overall increase was due to higher supplies of stable food commodities such as coconut, breadfruit, banana and yam as well as vegetable items like head cabbage, Chinese cabbage and pumpkin. Consequently, the overall price index was narrowed to 12.2 percent.

CENTRAL BANK OF SAMOA
09 August 2018

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INDICATORS	2016	2017	2018						Average Eleven Months			Average levels in the previous		
	Jun	Jun	Jan	Feb	Mar	Apr	May	Jun	Jul15 - Jun16	Jul16 - Jun17	Jul17 - Jun18	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	0.17	0.16	0.14	0.16	0.15	0.14	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)														
Average lending rate	9.04	8.65	8.90	8.89	8.89	8.85	8.89	8.98	9.35	8.80	8.85	8.85	9.09	9.54
Average deposit rate	2.32	2.70	2.91	2.88	2.91	2.84	2.74	2.70	2.38	2.46	2.75	2.51	2.47	2.65
COMMERCIAL BANK LOANS (Tala million)	975.4	1046.9	1060.3	1061.3	1065.5	1068.0	1075.7	1064.7	912.3	1028.6	1059.1	1011.1	964.6	885.2
GOVERNMENT NET POSITION (Tala million)	-133.3	-171.2	-169.4	-177.4	-185.3	-192.6	-214.4	-197.4	-102.2	-137.0	-176.0	-152.3	-140.3	-123.5
MONEY SUPPLY (Tala million)	895.3	965.2	1053.2	1053.5	1060.5	1072.3	1087.1	1124.4	879.9	940.2	1058.0	930.3	898.9	845.7
Currency outside banks	61.4	67.0	69.5	66.4	73.6	65.2	75.2	75.2	57.5	64.4	70.5	64.2	59.3	57.0
Demand deposits	275.8	270.8	291.8	294.4	297.6	302.1	329.7	353.4	266.5	269.8	305.6	273.3	265.7	235.5
FCD residents	57.0	67.6	76.1	76.3	68.5	73.4	63.7	70.7	60.9	71.1	79.6	62.3	60.4	66.7
Save deposits	129.5	132.7	134.2	134.8	135.5	136.3	140.8	139.9	126.0	132.1	137.6	131.1	128.1	118.6
Time deposits	371.5	427.0	481.7	481.7	485.4	495.3	477.7	485.2	369.0	402.8	464.6	399.3	385.5	368.0
NOMINAL EXCHANGE RATE (Index)	102.2	100.2	100.2	100.0	100.0	100.0	100.0	100.0	101.8	101.0	100.1	101.2	101.3	101.3
HEADLINE CPI (2)	101.6	102.6	105.7	105.3	104.7	105.3	107.4	108.6	100.1	101.3	105.1	102.1	101.2	100.3
Annual average inflation (%)	0.1	1.3	2.4	2.5	2.7	3.0	3.3	3.7	0.9	1.1	2.1	0.7	1.1	0.4
LOCAL MARKET SURVEY: (2)														
Volume	103.6	99.2	119.0	125.1	100.0	137.0	93.0	119.2	90.7	133.5	129.2	101.4	91.4	90.5
Price	106.7	115.2	106.0	108.7	111.0	116.0	128.0	112.3	92.8	91.2	100.5	110.9	102.6	99.0
EXPORTS (Tala million)	8.2	12.6	5.6	5.4	6.4	7.1	7.6	9.0	8.0	8.0	7.6	10.4	9.2	7.7
IMPORTS (Tala million)	63.5	65.6	68.3	62.5	49.8	77.1	73.0	58.7	66.9	65.3	69.1	64.5	65.4	63.0
REMITTANCES (Tala million)	31.1	0.0	40.8	37.7	45.2	44.9	53.6	41.3	32.6	30.4	39.0	15.6	21.4	25.5
TOURISM: (1)														
Arrivals	12,936	14,153	12,654	7,413	11,707	10,819	13,156	14,529	12,175	11,777	13,440	13,545	12,955	12,578
Earnings (Tala million)	38.1	35.4	31.0	20.4	33.0	29.5	42.4	44.7	32.4	31.7	37.4	36.8	35.5	35.2
GROSS INTERNATIONAL RESERVES	284.9	312.8	345.8	348.8	368.5	383.0	420.5	422.6	317.3	274.3	360.2	298.8	311.1	321.7
BOP Position (+/-) (Surplus/Deficit)	5.2	12.5	10.7	3.1	19.6	14.5	37.5	2.0	-4.2	1.7	9.3	8.8	20.3	9.6
Import Cover	4.3	4.8	5.0	5.0	5.5	5.6	6.0	6.1	4.9	4.1	5.3	4.5	4.7	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