



SELECTED ECONOMIC INDICATORS

JULY 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.1: 2018/19

July 2018

World Economy

The US economy expanded by 4.2 percent in the second quarter of 2018 following upward revisions to non-residential fixed investment and private inventory investments. Furthermore, the Euro area grew by 0.4 percent due to strong household consumption and 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 0.6 percent respectively.

Domestic Economy

The **weighted average official monthly interest rate**¹ went up to 0.19 percent or 2 basis points higher than that of the same month last year. On commercial banks, their **weighted average lending rate** edged up 1 basis point to 8.99 percent whereas the **weighted average deposit rate** narrowed by 5 basis points to 2.65 percent. As a result, the commercial banks' **interest rate spread** widened to 6.34 percent from 6.28 percent in the previous month and 6.17 percent in the same month last year.

Total commercial bank **liquidity** expanded by \$17.8 million to \$236.6 million and was \$79.3 million higher than in the same month a year ago. The overall increase over the previous month was mainly due to gains in commercial banks' exchange settlement accounts (ESA) by \$6.2 million, holdings of CBS securities (up \$6.0 million) and vault cash (by \$5.6 million). **Total commercial banks'** credit to the private sector and public institutions also bounced back up by \$4.3 million to \$1,069.0 million.

Broad money (M2) grew by \$7.7 million to \$1,132.2 million due to a \$32.2 million expansion (to \$408.0 million) in '**Net Foreign Assets**' (NFA); offsetting a \$24.5 million reduction (to \$724.2 million) in '**Net Domestic Assets**' (NDA). Largely underpinning the increase in NFA was an expansion in Central Bank's held foreign reserves while the drop in NDA reflected a cash surplus in government's net position with the monetary system.

The **overall nominal value** of the Samoan Tala appreciated by 0.01 percent as the Tala strengthened against the New Zealand and Australian dollars while depreciating against the Euro and US dollar.

The Consumer Price Index (CPI) rose by 1.0 percent over the previous month and was 6.1 percent higher than in the same month last year. Moreover, the annual average headline inflation rate rose further to 4.2 percent from 3.7 percent in the previous month and 1.1 percent in July 2017. Underpinning this increase over the previous month were hikes in both local inflation to 2.8 percent (from 2.1 percent) and imported inflation to 5.6 percent (from 5.2 percent) in the previous month.

On the external front, total export earnings expanded by 24.7 percent to \$11.3 million due to a substantial increase in locally produced exports by 54.0 percent, despite an 8.7 percent decline in re-exports. Similarly, total import payments rebounded by 24.6 percent to \$73.1 million, reflecting expansions in petroleum and non-petroleum sector imports by 32.3 percent and 26.0 percent respectively. As a result, the merchandise trade deficit bounced back by 24.6 percent to \$61.9 million.

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

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The inflow of **private remittances** edged up by 0.2 percent to \$41.32 million from the previous month. **Total visitor arrivals** for July 2018 recorded an increase of 17.9 percent to 19,241 visitors. As a result, **visitor earnings** expanded by 9.9 percent to \$48.3 million. All in all, **gross foreign reserves** improved by 3.6 percent (or a \$15.3 million surplus) to \$438.0 million in July 2018. This level of foreign reserves is equivalent to 6.3 months of **import cover**, up from 6.1 months in June 2018.

markets around Apia, recorded a seasonal drop of 4.7 percent from the previous month. The overall contraction was due to lower supplies of stable food commodities such as taro, banana, coconut and breadfruit as well as head cabbage. Consequently, the overall price index edged up by 4.1 percent due to the increase in prices recorded for most of the stable food and vegetables.

The overall supply of agricultural commodities to the Fugalei and other domestic produce

CENTRAL BANK OF SAMOA
03 September 2018

SELECTED ECONOMIC INDICATORS												
INDICATORS	2016	2017	2018							Average levels in the previous		
	Jul	Jul	Jan	Feb	Mar	Apr	May	Jun	Jul	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)												
<i>Official rate</i>	0.15	0.14	0.17	0.15	0.18	0.15	0.15	0.17	0.19	0.15	0.14	0.17
COMMERCIAL BANKS' INTEREST RATES: (%)												
<i>Average lending rate</i>	9.05	8.70	8.90	8.89	8.89	8.85	8.89	8.98	8.99	8.87	9.09	9.52
<i>Average deposit rate</i>	2.31	2.53	2.91	2.88	2.91	2.84	2.74	2.70	2.65	2.42	2.39	2.60
COMMERCIAL BANK LOANS (Tala million)	967.0	1043.3	1060.3	1061.3	1065.5	1068.0	1075.7	1064.7	1069.0	1005.2	958.8	880.3
GOVERNMENT NET POSITION (Tala million)	-120.3	-182.7	-169.4	-177.4	-185.3	-192.6	-214.4	-197.4	-214.1	-151.5	-129.4	-116.1
MONEY SUPPLY (Tala million)	913.2	986.1	1053.2	1053.5	1060.5	1072.3	1087.1	1124.4	1132.2	949.7	922.4	861.6
<i>Currency outside banks</i>	65.2	66.0	69.5	66.4	73.6	65.2	75.2	75.2	74.9	65.6	62.1	58.1
<i>Demand deposits</i>	285.7	278.6	291.8	294.4	297.6	302.1	329.7	353.4	342.3	282.2	277.1	240.9
<i>FCD residents</i>	66.2	76.2	76.1	76.3	68.5	73.4	63.7	70.7	76.0	71.2	68.3	72.9
<i>Save deposits</i>	131.2	135.3	134.2	134.8	135.5	136.3	140.8	139.9	149.9	133.2	130.7	121.8
<i>Time deposits</i>	365.0	430.0	481.7	481.7	485.4	495.3	477.7	485.2	489.2	397.5	384.0	367.9
NOMINAL EXCHANGE RATE (Index)	102.4	100.2	100.2	100.0	100.0	100.0	100.0	100.0	100.0	101.3	101.3	101.4
HEADLINE CPI (2)	103.4	103.4	105.7	105.3	104.7	105.3	107.4	108.6	109.7	103.4	102.6	101.0
<i>Annual average inflation (%)</i>	0.1	1.1	2.4	2.5	2.7	3.0	3.3	3.7	4.2	0.6	1.1	0.3
LOCAL MARKET SURVEY: (2)												
<i>Volume</i>	121.5	101.0	119.0	125.1	100.0	137.0	93.0	119.2	113.6	111.3	100.9	105.0
<i>Price</i>	104.5	118.0	106.0	108.7	111.0	116.0	128.0	112.3	116.8	111.2	102.7	99.0
EXPORTS (Tala million)	7.8	8.7	5.6	5.4	6.4	7.1	7.6	9.0	11.3	8.3	9.5	8.1
IMPORTS (Tala million)	64.6	63.7	68.3	62.5	49.8	77.1	73.0	58.7	73.1	64.2	69.1	70.9
REMITTANCES (Tala million)	33.8	0.0	40.8	37.7	45.2	42.5	53.6	41.3	41.3	16.9	22.5	27.9
TOURISM: (1)												
<i>Arrivals</i>	16,482	18,269	12,654	7,413	11,707	10,819	13,156	16,315	19,241	17,376	16,707	15,296
<i>Earnings (Tala million)</i>	33.7	42.6	32.1	21.0	34.1	30.7	44.3	44.0	48.3	38.1	35.6	31.8
GROSS INTERNATIONAL RESERVES	293.6	327.4	345.8	348.7	369.4	383.2	421.7	422.7	438.0	310.5	325.8	331.3
<i>BOP Position (+/-) (Surplus/Deficit)</i>	8.7	14.6	10.7	3.0	20.7	13.8	38.5	1.0	15.3	11.7	14.7	9.6
<i>Import Cover</i>	4.5	5.0	5.0	5.0	5.5	5.6	6.1	6.1	6.3	4.7	5.0	5.2

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