



SELECTED ECONOMIC INDICATORS

SEPTEMBER 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.3: 2018/19

September 2018

World Economy

The US economy expanded by 3.5 percent in the third quarter of 2018, reflecting positive contributions from personal consumption expenditures, increased government spending and private inventory investments. Moreover, the Euro area grew by 0.2 percent in the June quarter of 2018 whereas Australia and New Zealand recorded quarterly growths of 0.9 percent and 1.0 percent respectively due to strong domestic demand and foreign trade.

Domestic Economy

After dropping in the previous month, the **weighted average official interest rate**¹ remained the same level or rate at 0.17 percent but was 2 basis points higher than that of the same month last year. On commercial banks' interest rates, the **weighted average deposit rate** decreased 14 basis points to 2.59 percent while the **weighted average lending rate** rebounded slightly by 2 basis points to 8.98 percent. Consequently, the commercial banks' **interest rate spread** expanded to 6.39 percent from 6.23 percent in the previous month.

Total commercial bank **liquidity** contracted by 4.5 percent to \$226.3 million but was 13.1 percent higher than that of the same month in 2017. Largely responsible for the overall decline over the previous month were reductions in the commercial banks' holdings of CBS securities (down \$8.0 million) and banks' exchange settlement accounts (ESA) (down \$3.7 million) despite a \$1.1 million increase in the commercial banks vault cash. Despite the higher cost of borrowing, **total commercial banks' credit** to the private sector and public institutions expanded

by 1.5 percent to \$1,098.8 million and was 5.6 percent higher when compared to September 2017.

Broad money (M2) rose by \$4.9 million to \$1,145.9 million. Contributing to this increase was a \$30.5 million expansion (to \$772.3 million) in '**Net Domestic Assets' (NDA)** offsetting a \$25.6 million decrease in '**Net Foreign Assets' (NFA)**. The hike in NDA was an increase in commercial banks' lending to the private sector and the deficit in government's net position with the monetary system. On the NFA, the contraction was due to a decline in gross foreign reserves held by the Central Bank.

The **overall nominal value** of the Samoan Tala strengthened by 0.04 percent as the Tala appreciated against the New Zealand and Australian dollar while dropping against Euro and the US dollar.

The Consumer Price Index (CPI) edged down by 0.6 percent over the previous month but was 4.9 percent higher than in the same month last year. However, the **annual average headline inflation rate** went up further to 4.6 percent from 4.4 percent in the previous month and 0.9 percent in the same month of 2017. Accounting for this increase over the previous month was a boost in local inflation to 3.4 percent from 3.0 percent in the previous month whereas imported inflation remained at 5.8 percent.

On the external front, total export earnings fell by 8.6 percent to \$11.9 million over the previous month. Primarily underpinning this overall performance were decreases from both re-exports (particularly petroleum) by 21.5 percent and locally produced exports by 0.2 percent. Similarly, total import payments decreased 16.8 percent to \$71.0 million,

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

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reflecting reductions of 24.7 percent and 0.5 percent in non-petroleum private sector and petroleum imports respectively, despite a 24.8 percent increase in government imports. As a result, the merchandise trade deficit narrowed by 18.2 percent to \$59.1 million.

The inflow of **private remittances** dropped by 24.5 percent to \$36.9 million over the previous month. Similarly, **total visitor arrivals** fell further by 9.1 percent to 14,843 visitors. As a result, **visitor earnings** contracted by 6.7 percent to \$43.1 million in the reviewed month. All in all, **gross foreign reserves** fell by 5.4 percent (or \$24.0 million) to \$418.6 million. This level of foreign reserves is equivalent to 6.0 months of **import cover**, down from 6.2 months in September 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 34.0 percent increase over the previous month. The overall boost was due to higher supplies of stable food commodities such as banana, breadfruit and yam as well as vegetable items like tomatoes, head cabbage and pumpkin. As a result, the overall price index decreased by 8.2 percent.

CENTRAL BANK OF SAMOA
11th November 2018

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INDICATORS	2016		2017		2018			Average Three Months			Average levels in the previous		
	Sep	Sep	Jun	Jul	Aug	Sep	Jul16 - Sep16	Jul17 - Sep17	Jul18 - Sep18	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.14	0.15	0.17	0.19	0.17	0.17	0.14	0.14	0.18	0.15	0.15	0.15	
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.87	8.80	8.98	8.99	8.96	8.98	8.96	8.76	8.98	8.84	9.02	9.41	
Average deposit rate	2.27	2.74	2.70	2.65	2.73	2.59	2.32	2.66	2.66	2.51	2.45	2.65	
COMMERCIAL BANK LOANS (Tala million)	1002.8	1040.7	1064.7	1069.0	1082.9	1098.8	979.3	1037.1	1083.6	1021.7	975.7	896.2	
GOVERNMENT NET POSITION (Tala million)	-104.2	-144.5	-197.4	-214.1	-217.5	-206.4	-115.3	-170.0	-212.6	-124.3	-112.1	-105.5	
MONEY SUPPLY (Tala million)	928.8	1035.1	1124.4	1132.2	1141.0	1145.9	916.6	1013.0	1139.7	981.9	943.8	860.0	
Currency outside banks	65.6	69.3	75.2	74.9	81.8	90.7	64.4	68.0	82.4	67.4	63.5	57.5	
Demand deposits	270.3	297.5	353.4	342.3	335.6	333.4	273.3	291.2	337.1	283.9	277.4	238.4	
FCD residents	68.1	79.5	70.7	76.0	74.5	77.3	66.2	77.6	75.9	73.8	71.9	63.2	
Save deposits	135.4	140.9	139.9	149.9	150.4	146.9	133.2	138.4	149.1	138.1	133.9	124.3	
Time deposits	389.4	447.9	485.2	489.2	498.6	497.7	379.5	437.8	495.2	418.7	397.2	376.5	
NOMINAL EXCHANGE RATE (Index)	102.7	100.2	100.0	100.0	100.0	100.0	102.5	100.2	100.0	101.5	101.4	101.4	
HEADLINE CPI (2)	101.3	103.6	108.6	109.7	109.4	108.7	102.1	103.8	109.3	102.5	100.7	99.8	
Annual average inflation (%)	0.8	0.9	3.7	4.2	4.4	4.6	0.4	1.0	4.4	0.9	1.3	0.4	
LOCAL MARKET SURVEY: (2)													
Volume	123.6	160.0	119.2	113.6	133.2	178.5	128.5	134.7	141.8	141.8	132.5	131.8	
Price	93.9	80.0	112.3	116.8	107.4	98.6	98.4	98.0	107.6	86.9	82.3	79.0	
EXPORTS (Tala million)	11.4	9.7	9.0	11.2	13.0	11.9	9.6	8.9	12.0	10.5	10.6	8.1	
IMPORTS (Tala million)	74.9	77.7	58.7	73.1	85.3	71.0	66.4	71.7	76.5	76.3	73.9	69.8	
REMITTANCES (Tala million)	33.0	34.0	41.8	41.9	48.9	36.9	34.4	23.7	42.6	33.5	32.9	31.8	
TOURISM: (1)													
Arrivals	12,066	13,085	16,315	19,241	16,321	14,843	13,606	15,302	16,802	12,576	12,748	12,200	
Earnings (Tala million)	32.0	35.3	44.0	48.3	46.2	43.1	32.3	38.7	45.8	33.6	34.6	33.4	
GROSS INTERNATIONAL RESERVES	266.1	342.5	422.7	438.0	442.6	418.6	278.9	342.6	433.0	304.3	317.0	323.7	
BOP Position (+/-) (Surplus/Deficit)	-10.8	-15.4	1.0	15.3	4.6	-24.0	-6.2	9.9	-1.4	-13.1	-7.6	-2.0	
Import Cover	4.0	5.1	6.1	6.3	6.2	6.0	4.2	5.2	6.2	4.6	4.8	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