



SELECTED ECONOMIC INDICATORS

OCTOBER 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.4: 2018/19

October 2018

World Economy

In the third quarter of 2018, the US economy grew by 3.5 percent due to an increase in personal consumption expenditure, government spending and private inventory investment. As for the Euro zone, it expanded 0.2 percent due to higher household consumption and exports. However, latest updates for New Zealand and Australia up to the June quarter of 2018, show both economies recording increases of 1.0 percent and 0.9 percent respectively.

Domestic Economy

In October 2018, the **weighted average official interest rate**¹ went up to 0.19 percent from 0.15 percent. Furthermore, both the **weighted average deposit rate** and the **weighted average commercial banks' lending rate** edged up by 10 basis points to 2.69 percent and 3 basis points to 9.01 percent respectively. As a result, the commercial banks' **interest rate spread** narrowed to 6.32 percent from the previous month.

Total commercial bank **liquidity** rebounded slightly by 0.6 percent to \$227.6 million and was 4.1 percent higher than that of the same month in 2017. Underpinning the overall increase over the previous month were expansions in the commercial banks' vault cash (up \$2.8 million) and holdings of CBS securities (up \$1.0 million) offsetting a \$2.6 million contraction in banks' exchange settlement accounts (ESA). Despite the higher cost of borrowing, **total commercial banks' lending** to the private sector and public institutions expanded by 0.9 percent to \$1,109.0 million and was 5.1 percent higher when compared to October 2017.

Broad money (M2) rose by \$6.2 million to \$1,152.0 million due to an increase of \$6.7 million in '**Net Foreign Assets' (NFA)** (to \$380.3 million), offsetting a marginal \$0.5 million decrease in '**Net Domestic Assets' (NDA)**. The hike in NFA was underpinned by an increase in foreign assets of the banking system.

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

The Consumer Price Index (CPI) edged bounced back up by 0.3 percent over the previous month and was 4.6 percent higher than in the same month last year. Furthermore, the **annual average headline inflation rate** went up further to 4.7 percent from 4.6 percent in the previous month and 1.1 percent in the same month of 2017. Accounting for this increase over the previous month was a boost in local inflation to 3.9 percent from 3.4 percent in the previous month whereas imported inflation fell to 5.5 percent from 5.8 percent a month ago.

On the external front, total export earnings fell by 4.6 percent to \$11.4 million over the previous month. Primarily underpinning this overall drop was a 23.1 percent decline in domestically produced exports, offsetting a 31.4 percent boost in re-exports. In contrast, total import payments rebounded by 30.3 percent to \$92.5 million², reflecting increases of 46.3 percent and 1.9 percent in non-petroleum private sector and government imports respectively. As a result, the merchandise trade deficit widened by 37.4 percent to \$81.2 million.

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

² Highest monthly import payments so far.

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Inflow of **private remittances** recovered by 12.3 percent to \$42.1 million over the previous month. On the other hand, **total visitor arrivals** fell further by 2.2 percent to 14,523 visitors. As a result, **visitor earnings** contracted by 0.8 percent to \$42.7 million in the reviewed month. All in all, **gross foreign reserves** fell by 1.4 percent (or \$5.7 million) to \$412.9 million, which was equivalent to 5.7 months of **import cover**, down from 6.0 months in the previous month.

The agricultural commodities to the Fugalei and other domestic produce markets for October 2018 are not yet available from Samoa Bureau

Statistics. However, a review in September 2018 saw a 34.0 percent increase in supply 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
13th December 2018

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INDICATORS	2016	2017	2018				Average Three Months			Average levels in the previous		
	Oct	Oct	Jul	Aug	Sep	Oct	Jul16 - Oct16	Jul17 - Oct17	Jul18 - Oct18	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)												
<i>Official rate</i>	0.14	0.17	0.19	0.17	0.17	0.19	0.14	0.15	0.18	0.16	0.15	0.17
COMMERCIAL BANKS' INTEREST RATES: (%)												
<i>Average lending rate</i>	8.88	8.80	8.99	8.96	8.98	9.01	8.94	8.77	8.99	8.84	9.04	9.38
<i>Average deposit rate</i>	2.45	2.79	2.65	2.73	2.59	2.69	2.35	2.69	2.67	2.62	2.53	2.70
COMMERCIAL BANK LOANS (Tala million)	1009.2	1055.6	1069.0	1082.9	1098.8	1109.0	986.8	1041.7	1089.9	1032.4	982.6	903.8
GOVERNMENT NET POSITION (Tala million)	-104.4	-147.0	-214.1	-217.5	-206.4	-204.4	-112.6	-164.3	-210.6	-125.7	-110.7	-98.6
MONEY SUPPLY (Tala million)	917.2	1041.1	1132.2	1141.0	1145.9	1152.0	916.7	1020.0	1142.8	979.1	945.8	870.1
<i>Currency outside banks</i>	61.2	64.6	74.9	81.8	90.7	85.1	63.6	67.2	83.1	62.9	60.8	56.3
<i>Demand deposits</i>	266.0	301.5	342.3	335.6	333.4	322.2	271.5	293.8	333.4	283.7	277.5	242.0
<i>FCD residents</i>	59.1	84.1	76.0	74.5	77.3	87.1	64.4	79.2	78.7	71.6	70.8	65.2
<i>Save deposits</i>	133.9	141.4	149.9	150.4	146.9	147.2	133.4	139.2	148.6	137.6	135.1	125.5
<i>Time deposits</i>	397.0	449.6	489.2	498.6	497.7	510.5	383.9	440.7	499.0	423.3	401.7	381.2
NOMINAL EXCHANGE RATE (Index)	102.5	100.2	100.0	100.0	100.0	100.1	102.5	100.2	100.0	101.4	101.3	101.4
HEADLINE CPI (2)	100.5	104.3	109.7	109.4	108.7	109.0	101.7	103.9	109.2	102.4	101.3	100.2
<i>Annual average inflation (%)</i>	0.9	1.1	4.2	4.4	4.6	4.7	0.5	1.1	4.5	1.0	1.3	0.5
LOCAL MARKET SURVEY: (2)												
<i>Volume</i>	144.8	173.0	113.6	133.2	178.5	n/a	132.6	144.3	141.8	158.9	138.9	143.7
<i>Price</i>	79.0	74.0	116.8	107.4	98.6	n/a	93.5	92.0	107.6	76.5	77.7	75.3
EXPORTS (Tala million)	9.4	7.7	11.2	13.0	11.9	11.4	9.6	8.6	11.9	8.5	8.5	7.4
IMPORTS (Tala million)	60.5	73.7	73.1	85.3	71.0	92.5	65.0	72.2	80.5	67.1	65.4	63.8
REMITTANCES (Tala million)	32.2	39.0	41.9	48.9	37.5	42.1	33.8	27.5	42.6	35.6	35.2	34.2
TOURISM: (1)												
<i>Arrivals</i>	11,393	12,214	19,241	16,321	14,843	14,523	13,053	14,530	16,232	11,804	11,742	11,122
<i>Earnings (Tala million)</i>	30.2	35.0	48.3	46.2	43.1	42.7	31.8	37.7	45.1	32.6	32.1	30.3
GROSS INTERNATIONAL RESERVES	241.7	341.8	438.0	442.6	418.6	412.9	269.6	342.4	428.0	291.7	302.7	312.7
<i>BOP Position (+/-) (Surplus/Deficit)</i>	-24.4	-0.7	15.3	4.6	-24.0	-5.7	-10.8	7.2	-2.5	-12.6	-14.4	-11.0
<i>Import Cover</i>	3.6	5.1	6.3	6.2	6.0	5.7	4.1	5.2	6.1	4.3	4.6	4.8

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