



SELECTED ECONOMIC INDICATORS

NOVEMBER 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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November 2018

World Economy

On the global front, the US economy grew by 3.5 percent in the third quarter of 2018 due to increases in personal consumption, government spending and private inventory investment. The Euro zone expanded by 0.2 percent following higher household consumption and exports whereas both New Zealand and Australia recorded growth rates of 0.3 percent each in the September quarter of 2018.

Domestic Economy

On the domestic scene, the **weighted average official interest rate**¹ fell to 0.18 percent from 0.19 percent in the previous month. However, both the **commercial banks' weighted average deposit rate** and their **weighted average lending rate** edged up by 3 basis points to 2.72 percent and 2 basis points to 9.03 percent respectively. As a result, the **interest rate spread** narrowed slightly to 6.31 percent from 6.32 percent a month ago.

Total commercial bank liquidity expanded by 6.3 percent to \$242.0 million and was 23.5 percent higher than November 2017. Responsible for the overall increase over the previous month were expansions in both commercial banks' exchange settlement accounts (ESA) (up \$12.3 million) and holdings of CBS securities (up \$3.0 million), while the commercial banks' vault cash fell by \$0.9 million. Despite the higher cost of borrowing, **total commercial banks' lending** to the private sector and public institutions expanded by 0.6 percent to \$1,115.7 million and was 4.3 percent higher when compared to November 2017.

Broad money (M2) rose by \$22.2 million to \$1,174.3 million due to increases of \$12.6 million in '**Net Foreign Assets**' (NFA) (to \$392.9 million), and \$9.6 million in '**Net Domestic Assets**' (NDA) (to \$781.3 million). The hike in NFA was underpinned by an improvement in foreign reserves of the Central Bank of Samoa while the rise in NDA was fuelled by a deficit in the net, government position (increased government spending) with the monetary system² coupled with a hike in credit to the private sector and non-banks financial institutions (NFIs).

The **overall nominal value** of the Samoan Tala depreciated by 0.07 percent as the Tala weakened against the New Zealand dollar and Australian dollar but appreciated against the Euro and US dollar.

The Consumer Price Index (CPI) fell by 2.2 percent over the previous month but was 1.5 percent higher than in the same month last year. Furthermore, the **annual average headline inflation rate** eased back down to 4.4 percent from 4.7 percent in the previous month but higher than 1.5 percent in the same month of 2017. Accounting for this reduction over the previous month was a decline in imported inflation to 5.0 percent from 5.5 percent in the previous month whereas local inflation remained unchanged at 3.8 percent from October 2018.

On the external front, **total export earnings** dropped for third consecutive month, down by 5.4 percent to \$10.7 million but was 41.5 percent higher than the same month last year. Largely underpinning this overall drop was a 27.8 percent decline in re-exports, offsetting a

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

² Comprises of Central Bank of Sāmoa and Commercial banks

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14.4 percent expansion in locally produced exports. Similarly **total import payments** contracted by 29.9 percent to \$64.8 million, reflecting decreases of 15.2 percent and 2.2 percent in non-petroleum private sector and government imports respectively. The huge drop in imports was mainly due to the absence of petroleum imports as the oil tanker arrived late on the first week of December 2018. As a result, the **merchandise trade deficit** decreased by 33.4 percent to \$54.1 million.

After a moderate increase in the previous month, inflow of **private remittances** fell by 6.1 percent to \$40.2 million but was 9.8 percent above its level in November 2017. Similarly, **total visitor arrivals** fell by a seasonal 20.9 percent to 11,483 visitors. As a result, **visitor earnings** contracted by 15.0 percent to \$36.3 million. However, **gross foreign reserves** rebounded by 2.1 percent (or \$8.8 million) to \$421.7 million, which was equivalent to 6.0 months of **import cover**, up from 5.7 months in

the previous month and 4.8 months in same month a year ago.

The **overall supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia, recorded a 20.7 percent decline over the previous month. The overall drop was due to lower supplies of staple crops such as taro, banana, yams, breadfruit and taamu as well as vegetables items like tomatoes, head cabbage, cucumber and pumpkin. Despite the shortage of supplies for most of agricultural products during the month, the **overall price index** decreased by 7.0 percent in light of weaker demand.

CENTRAL BANK OF SAMOA
23rd January 2019

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INDICATORS	2016		2017		2018					Average Five Months			Average levels in the previous		
	Nov	Nov	Jun	Jul	Aug	Sep	Oct	Nov	Jul16 - Nov16	Jul17 - Nov17	Jul18 - Nov18	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)															
<i>Official rate</i>	0.14	0.15	0.17	0.19	0.17	0.17	0.19	0.18	0.14	0.15	0.18	0.15	0.15	0.17	
COMMERCIAL BANKS' INTEREST RATES: (%)															
<i>Average lending rate</i>	8.84	8.90	8.98	8.99	8.96	8.98	9.01	9.03	8.92	8.79	8.99	8.87	9.05	9.40	
<i>Average deposit rate</i>	2.35	2.67	2.70	2.65	2.73	2.59	2.69	2.72	2.35	2.69	2.68	2.51	2.46	2.66	
COMMERCIAL BANK LOANS (Tala million)	1019.2	1069.9	1064.7	1069.0	1082.9	1098.8	1109.0	1115.7	993.3	1047.4	1095.1	1044.5	992.6	914.5	
GOVERNMENT NET POSITION (Tala million)	-116.3	-161.6	-197.4	-214.1	-217.5	-206.4	-204.4	-202.5	-113.3	-163.7	-209.0	-138.9	-122.0	-110.0	
MONEY SUPPLY (Tala million)	923.5	1072.5	1124.4	1132.2	1141.0	1145.9	1152.0	1174.3	918.1	1030.5	1149.1	998.0	959.0	880.1	
<i>Currency outside banks</i>	60.5	65.5	75.2	74.9	81.8	90.7	85.1	86.4	63.0	66.8	83.8	63.0	60.0	57.1	
<i>Demand deposits</i>	264.4	311.8	353.4	342.3	335.6	333.4	322.2	351.6	270.0	297.4	337.0	288.1	278.5	243.1	
<i>FCD residents</i>	76.0	111.6	70.7	76.0	74.5	77.3	87.1	81.0	66.7	85.7	79.2	93.8	88.1	77.8	
<i>Save deposits</i>	129.9	136.3	139.9	149.9	150.4	146.9	147.2	142.1	132.7	138.6	147.3	133.1	130.2	121.7	
<i>Time deposits</i>	392.7	447.3	485.2	489.2	498.6	497.7	510.5	513.2	385.6	442.0	501.8	420.0	402.2	380.4	
NOMINAL EXCHANGE RATE (Index)	102.6	100.2	100.0	100.0	100.0	100.0	100.1	100.0	102.5	100.2	100.0	101.4	101.4	101.4	
HEADLINE CPI (2)	100.2	105.0	108.6	109.7	109.4	108.7	108.9	106.5	101.4	104.1	108.6	102.6	101.6	100.3	
<i>Annual average inflation (%)</i>	1.0	1.5	3.7	4.2	4.4	4.6	4.7	4.4	0.6	1.2	4.5	1.3	1.3	0.6	
LOCAL MARKET SURVEY: (2)															
<i>Volume</i>	148.0	151.8	119.2	113.6	133.2	178.5	161.9	128.4	135.7	145.8	143.1	149.9	122.8	126.8	
<i>Price</i>	73.9	76.7	112.3	116.8	107.4	98.6	97.2	90.4	89.6	88.9	102.1	75.3	80.3	77.5	
EXPORTS (Tala million)	6.3	7.6	9.0	11.2	13.0	11.9	11.4	10.7	8.9	8.4	11.6	6.9	7.2	6.2	
IMPORTS (Tala million)	67.7	86.2	58.7	73.1	85.3	71.0	92.5	64.8	65.5	75.0	77.4	76.9	75.2	75.4	
REMITTANCES (Tala million)	33.8	40.9	41.8	41.9	48.9	37.5	42.8	40.2	33.8	30.2	42.3	37.4	34.7	34.2	
TOURISM: (1)															
<i>Arrivals</i>	9,243	12,111	16,315	19,241	16,321	14,843	14,523	11,483	12,291	14,046	15,282	10,677	10,317	9,980	
<i>Earnings (Tala million)</i>	26.9	37.3	44.0	48.3	46.2	43.1	42.7	36.3	30.8	37.7	43.3	32.1	30.3	28.6	
GROSS INTERNATIONAL RESERVES	232.3	329.1	422.7	438.0	442.6	418.6	412.9	421.7	262.1	339.7	426.7	280.7	291.3	306.1	
<i>BOP Position (+/-) (Surplus/Deficit)</i>	-9.4	-13.6	1.0	15.3	4.6	-24.0	-5.7	8.8	-10.5	3.1	-0.2	-11.5	-11.7	-6.8	
<i>Import Cover</i>	3.5	4.7	6.1	6.3	6.2	6.0	5.7	6.0	4.0	5.1	6.0	4.1	4.4	4.7	

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