



## SELECTED ECONOMIC INDICATORS

### DECEMBER 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.6: 2018/19**

**December 2018**

#### World Economy

On the global arena, the US economy expanded by 3.4 percent in the third quarter of 2018 following improvements in personal consumption, government spending and private inventory investment. The Euro zone expanded by 0.2 percent following higher household consumption and exports. New Zealand and Australia recorded robust growth of 0.3 percent each in the third quarter of 2018.

#### Domestic Economy

The **weighted average official interest rate** fell for two consecutive months to 0.15 percent from 0.17 percent in November 2018 and in December last year. However, both the **weighted average deposit rate** and **weighted average lending rate** remained unchanged at 2.72 percent and 9.03 percent in that order. Consequently, the commercial banks' **interest rate spread** was steady at 6.31 percent from the previous month but lower than 6.33 percent in December 2017.

**Total commercial bank liquidity** dropped by \$9.7 million to \$232.2 million but was \$54.5 million higher than in the same month last year. This reduction over the month was mainly due to decreases in commercial banks' exchange settlement accounts (ESA) and CBS securities by \$10.9 million and \$10.0 million respectively whilst vault cash rebounded \$11.2 million. **Total commercial banks'** credit to the private sector and public institutions increased for the sixth consecutive month by 0.8 percent to \$1,125.0 million and was 4.4 percent higher than in December 2017.

**Broad money (M2)** rose for the eleventh consecutive month, rising by \$13.5 million to \$1,187.7 million due to an increase of \$28.9 million in '**Net Foreign Assets**' (NFA) to \$421.8 million. The main factor behind the hike in NFA was a \$29.1 million increase in CBS gross official reserves. On the other hand, '**Net Domestic Assets**' (NDA) contracted \$15.4 million to \$766.0 million due to an increase in the **net government position**, despite a further expansion in credit to the private sector.

The **overall nominal value** of the Samoan Tala appreciated slightly by 0.01 percent as the Tala strengthened against the US dollar, Euro and Australian dollar but weakened against the New Zealand dollar.

The Consumer Price Index (CPI) fell by 0.2 percent in the month under review but was 1.2 percent higher than in December 2017. Nevertheless, the **annual average headline inflation rate** contracted to 4.2 percent from 4.4 percent in the previous month but higher than 1.8 percent in December 2017. Underpinning this reduction over the previous month was a decline in imported inflation to 4.3 percent from 5.0 percent in the previous month whereas local inflation edged up to 4.1 percent from November 2018.

On the external front, **total export earnings** narrowed 1.5 percent to \$10.6 million due to a 20.7 percent reduction in locally produced exports whereas re-exports improved by 33.0 percent. In contrast, **total import payments**

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*December 2018*

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expanded 31.6 percent to \$85.3 million, reflecting improvement in petroleum import offsetting declines in government and non-petroleum private sector imports. As a result, the **merchandise trade deficit** went up by 38.2 percent to \$74.8 million.

The inflow of **private remittances** boosted substantially by 63.8 percent to \$65.9 million (seasonal trend) reflecting gifts and transfers for Christmas and New Year celebrations. Furthermore, **total visitor arrivals** for December 2018 expanded significantly by more than two-fold to 24,021 visitors. Consequently **visitor earnings** rebounded by 92.9 percent to \$70.8 million. All in all, **gross foreign reserves** widened by 6.9 percent (or \$29.1 million) to

\$450.7 million, which was equivalent to 6.3 months of **import cover** increasing from 6.0 months in November 2018.

The **overall supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia, recorded a 7.7 percent decline over the previous month. The overall drop was due to lower supplies of staple crops such as taro and taamu as well as vegetables items like Chinese cabbage, head cabbage, cucumber and pumpkin. As a result, the **overall price index** rebounded by 9.1 percent in light of stronger demand.

**CENTRAL BANK OF SAMOA**  
**01 February 2019**

# SELECTED ECONOMIC INDICATORS

## December 2018

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INDICATORS	2016	2017	2018						Average Six Months			Average levels in the previous		
	Dec	Dec	Jul	Aug	Sep	Oct	Nov	Dec	Jul16 - Dec16	Jul17 - Dec17	Jul18 - Dec18	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>														
Official rate	0.14	0.17	0.19	0.17	0.17	0.19	0.17	0.15	0.14	0.15	0.17	0.16	0.15	0.17
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>														
Average lending rate	8.90	8.88	8.99	8.96	8.98	9.01	9.03	9.03	8.92	8.81	9.00	8.89	9.07	9.41
Average deposit rate	2.36	2.55	2.65	2.73	2.59	2.69	2.72	2.72	2.35	2.67	2.68	2.46	2.46	2.66
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1025.4</b>	<b>1077.3</b>	<b>1069.0</b>	<b>1082.9</b>	<b>1098.8</b>	<b>1109.0</b>	<b>1115.7</b>	<b>1125.0</b>	<b>998.6</b>	<b>1052.4</b>	<b>1100.1</b>	<b>1051.3</b>	<b>998.3</b>	<b>922.2</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-127.0</b>	<b>-157.1</b>	<b>-214.1</b>	<b>-217.5</b>	<b>-206.4</b>	<b>-204.4</b>	<b>-202.5</b>	<b>-224.2</b>	<b>-115.6</b>	<b>-162.6</b>	<b>-211.5</b>	<b>-142.1</b>	<b>-128.1</b>	<b>-109.6</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>947.9</b>	<b>1092.1</b>	<b>1132.2</b>	<b>1141.0</b>	<b>1145.9</b>	<b>1152.0</b>	<b>1174.3</b>	<b>1187.7</b>	<b>923.1</b>	<b>1040.8</b>	<b>1155.5</b>	<b>1020.0</b>	<b>969.5</b>	<b>894.9</b>
Currency outside banks	78.3	87.3	74.9	81.8	90.7	85.1	86.4	103.2	65.6	70.2	87.0	82.8	74.2	68.8
Demand deposits	261.9	310.7	342.3	335.6	333.4	322.2	351.6	345.7	268.7	299.6	338.5	286.3	272.8	243.4
FCD residents	82.5	98.4	76.0	74.5	77.3	87.1	81.0	76.9	69.4	87.8	78.8	90.4	84.0	73.3
Save deposits	132.5	137.1	149.9	150.4	146.9	147.2	142.1	146.5	132.7	138.3	147.2	134.8	131.4	122.0
Time deposits	392.7	458.6	489.2	498.6	497.7	510.5	513.2	515.5	386.8	444.8	504.1	425.7	407.2	387.5
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>100.1</b>	<b>100.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.1</b>	<b>100.0</b>	<b>100.0</b>	<b>102.1</b>	<b>100.2</b>	<b>100.0</b>	<b>100.1</b>	<b>100.6</b>	<b>100.9</b>
<b>HEADLINE CPI (2)</b>	<b>101.0</b>	<b>103.6</b>	<b>109.7</b>	<b>109.4</b>	<b>108.7</b>	<b>108.9</b>	<b>106.5</b>	<b>106.3</b>	<b>101.4</b>	<b>104.0</b>	<b>108.3</b>	<b>102.3</b>	<b>101.7</b>	<b>101.0</b>
Annual average inflation (%)	1.3	1.6	4.2	4.4	4.6	4.7	4.4	4.2	0.7	1.2	4.4	1.5	1.2	0.8
<b>LOCAL MARKET SURVEY: (2)</b>														
Volume	165.8	128.4	113.6	133.2	178.5	161.9	128.4	118.5	140.7	142.9	139.0	147.1	120.6	122.1
Price	86.1	79.7	116.8	107.4	98.6	97.2	90.4	98.6	89.0	87.4	101.5	82.9	85.2	84.4
<b>EXPORTS (Tala million)</b>	<b>6.8</b>	<b>8.2</b>	<b>11.2</b>	<b>13.0</b>	<b>11.9</b>	<b>11.4</b>	<b>10.7</b>	<b>10.6</b>	<b>8.6</b>	<b>8.4</b>	<b>11.5</b>	<b>7.5</b>	<b>7.2</b>	<b>6.5</b>
<b>IMPORTS (Tala million)</b>	<b>74.7</b>	<b>64.5</b>	<b>73.1</b>	<b>85.3</b>	<b>71.0</b>	<b>92.5</b>	<b>64.8</b>	<b>85.3</b>	<b>67.1</b>	<b>73.2</b>	<b>78.7</b>	<b>69.6</b>	<b>69.5</b>	<b>67.2</b>
<b>REMITTANCES (Tala million)</b>	<b>43.6</b>	<b>53.0</b>	<b>41.9</b>	<b>48.9</b>	<b>37.5</b>	<b>42.8</b>	<b>40.2</b>	<b>65.9</b>	<b>35.5</b>	<b>34.0</b>	<b>46.2</b>	<b>48.3</b>	<b>46.8</b>	<b>46.9</b>
<b>TOURISM: (1)</b>														
Arrivals	18,677	20,777	19,241	16,321	14,843	14,523	11,483	24,021	13,355	15,168	16,739	19,727	19,088	17,582
Earnings (Tala million)	50.9	59.1	48.3	46.2	43.1	42.7	36.7	70.8	34.2	41.2	47.9	55.0	51.8	46.3
<b>GROSS INTERNATIONAL RESERVES</b>	<b>256.5</b>	<b>335.1</b>	<b>438.9</b>	<b>443.0</b>	<b>419.3</b>	<b>412.9</b>	<b>421.7</b>	<b>450.7</b>	<b>261.2</b>	<b>338.9</b>	<b>431.1</b>	<b>295.8</b>	<b>303.2</b>	<b>311.1</b>
BOP Position (+/-) (Surplus/Deficit)	24.2	8.4	16.1	4.1	-23.7	-6.4	8.8	29.1	-4.7	4.0	4.7	16.3	12.7	5.5
Import Cover	3.8	4.9	6.3	6.3	6.0	5.7	6.0	6.3	3.9	5.1	6.1	4.4	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