



SELECTED ECONOMIC INDICATORS

JANUARY 2019

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.7: 2018/19

January 2019

World Economy

The US economy recorded strong growth in exports, fixed investments and government spending, which led to a 2.6 percent expansion in GDP during the last quarter of 2018. The Euro area registered a 0.2 percent growth in the same period. However, latest updates for the New Zealand and Australia economies are up to the third quarter of 2018, which shows a 0.3 percent growth each, for both countries.

Domestic Economy

The **weighted average official interest rate** bounced back up by 2 basis points to 0.17 percent from the previous month but remained unchanged from the same month of 2018. Furthermore, the **weighted average deposit rate** rose by 5 basis points to 2.77 percent whereas the **weighted average lending rate** edged down by 2 basis points to 9.01 percent. Consequently, the commercial banks' **interest rate spread** contracted to 6.24 percent from 6.31 percent in December 2018 but higher than 5.99 percent in the same month last year.

Total bank **liquidity** rose substantially by \$49.2 million to \$281.4 million and was \$76.1 million higher than in the same month a year ago. This increase over the month was mainly due to expansions in commercial banks' exchange settlement accounts (ESA) by \$54.5 million and CBS securities by \$7.0 million whilst vault holdings of vault cash fell by \$12.3 million. **Total commercial banks'** credit to the private sector and public institutions fell by \$12.7 million to \$1,112.2 million after increasing consecutively in the past six months but was \$51.9 million higher when compared to January 2018.

Broad money (M2) expanded by \$19.1 million to \$1,206.9 million due to an increase of \$23.7

million in '**Net Foreign Assets**' (NFA) to \$445.5 million. The main factors that underpinned the expansion in NFA was an increase in gross official reserves held by the Central Bank of Samoa (CBS). On the other hand, '**Net Domestic Assets**' narrowed by \$4.6 million to \$761.4 million due to a decline of \$13.3 million in combined credit to the private sector, non-monetary financial institution and public enterprises despite a drop in the **net government position** with the monetary system.

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

The Consumer Price Index (CPI) contracted by 1.6 percent over the previous month and was 1.1 percent lower than in January 2018. Furthermore, the **annual average headline inflation** rate fell further to 3.7 percent from 4.2 percent in the previous month but higher than 2.4 percent in the same month of 2018. This was mainly driven by the reductions in imported inflation to 3.4 percent from 4.3 percent whilst domestic inflation remained at 4.1 percent as in the previous month.

On the external front, **total export earnings**¹ rebounded by 10.5 percent to \$11.7 million due to improvements of 56.0 percent in locally produced exports, offsetting a 38.3 percent

¹ Starting January 2019, the source data for exports of goods is now switched to using Customs Department data via Samoa Bureau of Statistics instead of CBS Foreign Exchange database. This move will ensure better consistency between CBS and SBS Export statistics. The CBS will also work on backward revision of Export figures to ensure consistency and comparability of time series.

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decline in re-exports in the month under review. Similarly, **total import payments** fell by 19.6 percent to \$68.6 million, reflecting reductions in non-petroleum private sector, petroleum and government imports respectively. As a result, the merchandise trade deficit narrowed by 26.3 percent to \$55.1 million.

The inflow of **private remittances**² fell by 39.5 percent to \$39.7 million, after a seasonal high in the previous month and was 0.2 percent lower than in January last year. **Total visitor arrivals** for January 2019 recorded a seasonal drop of 42.7 percent in visitor numbers to 13,755. Moreover, **visitor earnings** narrowed 49.7 percent to \$35.6 million but was 10.8 percent higher than January 2018. However, **gross foreign reserves** grew significantly by 8.3 percent (or \$36.9 million) to \$481.5 million in light of a strong net buyer position with the commercial banks during the month. This level of foreign reserves is equivalent to 6.7 months of **import cover**, up from 6.2 months in the previous month.

The **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia, recorded a seasonal 3.4 percent drop. The overall reduction was due to decreases in supplies of commodities such as coconut, tomatoes and pumpkin. Consequently, the overall price index expanded by 16.7 percent.

CENTRAL BANK OF SAMOA

7th March 2019

² Remittances data starting from May 2017 up to December 2018 have been revised to reflect updates and amendments to the international transactions reported by commercial banks and money transfer operators.

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INDICATORS	2017	2018							2019			Average Seven Months			Average levels in the previous		
	Jan	Jan	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Jul16 - Jan17	Jul17 - Jan18	Jul18 - Jan19	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)																	
Official rate	0.15	0.17	0.17	0.19	0.17	0.17	0.19	0.17	0.15	0.17	0.14	0.15	0.17	0.16	0.17	0.18	
COMMERCIAL BANKS' INTEREST RATES: (%)																	
Average lending rate	8.87	8.90	8.98	8.99	8.96	8.98	9.01	9.03	9.03	9.01	8.91	8.82	9.00	8.88	9.05	9.40	
Average deposit rate	2.39	2.91	2.70	2.65	2.73	2.59	2.69	2.72	2.72	2.77	2.36	2.70	2.70	2.65	2.58	2.71	
COMMERCIAL BANK LOANS (Tala million)	1031.9	1060.3	1064.7	1069.0	1082.9	1098.8	1109.0	1115.7	1125.0	1112.2	1003.4	1053.5	1101.8	1046.1	994.9	921.1	
GOVERNMENT NET POSITION (Tala million)	-129.8	-169.4	-197.4	-214.1	-217.5	-206.4	-204.4	-202.5	-224.2	-218.4	-117.6	-163.6	-212.5	-149.6	-136.9	-117.5	
MONEY SUPPLY (Tala million)	950.8	1053.2	1124.4	1132.2	1141.0	1145.9	1152.0	1174.3	1187.7	1206.9	927.0	1042.5	1162.8	1002.0	962.3	888.8	
Currency outside banks	61.6	69.5	75.2	74.9	81.8	90.7	85.1	86.4	103.2	88.3	65.0	70.1	87.2	65.5	63.8	59.1	
Demand deposits	292.1	291.8	353.4	342.3	335.6	333.4	322.2	351.6	345.7	385.9	272.0	298.5	345.2	291.9	277.5	250.6	
FCD residents	76.6	76.1	70.7	76.0	74.5	77.3	87.1	81.0	76.9	68.7	70.4	86.1	77.4	76.3	77.3	67.5	
Save deposits	131.8	134.2	139.9	149.9	150.4	146.9	147.2	142.1	146.5	143.2	132.5	137.7	146.6	133.0	129.4	120.6	
Time deposits	388.7	481.7	485.2	489.2	498.6	497.7	510.5	513.2	515.5	520.8	387.1	450.1	506.5	435.2	414.2	390.9	
NOMINAL EXCHANGE RATE (Index)	100.1	100.2	100.0	100.0	100.0	100.0	100.1	100.0	100.0	100.0	101.8	100.2	100.0	100.2	100.7	101.0	
HEADLINE CPI (2)	101.5	105.7	108.6	109.7	109.4	108.7	108.9	106.5	106.3	104.6	101.4	104.3	107.7	103.6	103.9	102.4	
Annual average inflation (%)	0.8	2.4	3.7	4.2	4.4	4.6	4.7	4.4	4.2	3.7	0.8	1.4	4.3	1.6	1.3	0.9	
LOCAL MARKET SURVEY: (2)																	
Volume	140.3	119.0	119.2	113.6	133.2	178.5	161.9	128.4	118.5	114.4	140.6	139.5	135.5	129.7	114.8	104.4	
Price	90.0	106.0	112.3	116.8	107.4	98.6	97.2	90.4	98.6	115.0	89.1	90.1	103.4	98.0	97.9	90.3	
EXPORTS (Tala million)	6.3	5.6	9.0	11.2	13.0	11.9	11.4	10.7	10.6	11.7	8.2	8.0	11.5	6.0	6.6	5.6	
IMPORTS (Tala million)	62.1	68.3	58.7	73.1	85.3	71.0	92.5	64.8	85.3	68.6	66.4	72.5	77.2	65.2	65.4	65.5	
REMITTANCES (Tala million)	30.7	40.8	41.8	40.6	48.1	37.3	40.9	40.0	65.6	39.7	34.8	35.0	44.6	35.7	32.8	32.1	
TOURISM: (1)																	
Arrivals	11,916	12,654	16,315	19,241	16,321	14,843	14,523	11,483	24,021	13,755	13,150	14,809	16,312	12,285	12,222	11,503	
Earnings (Tala million)	29.0	32.1	44.0	48.3	46.2	43.1	42.7	36.7	70.8	35.6	33.4	39.9	46.2	30.6	31.6	29.8	
GROSS INTERNATIONAL RESERVES	271.9	340.9	417.9	434.2	438.1	414.5	407.3	415.6	444.7	481.5	262.7	335.4	433.7	306.4	315.5	319.5	
BOP Position (+/-) (Surplus/Deficit)	19.2	10.6	1.1	16.3	3.9	-23.6	-7.3	8.4	29.0	36.9	-1.3	4.9	9.1	14.9	15.2	10.0	
Import Cover	4.1	5.0	6.1	6.2	6.2	5.9	5.7	5.9	6.2	6.7	4.0	5.0	6.1	4.6	4.8	4.9	

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