



SELECTED ECONOMIC INDICATORS

FEBRUARY 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.8: 2018/19

February 2019

World Economy

The US economy recorded modest a growth in fixed investments and personal consumption expenditure, which led to a 2.2 percent increase in GDP during the last quarter of 2018. The Euro area registered a lower growth estimate of 0.2 percent in the same period. The Australian economy edged down slightly to 0.2 percent from 0.3 percent in the third quarter of 2018 whereas the New Zealand economy edged up to 0.6 percent.

Domestic Economy

The **weighted average yield on Central Bank of Samoa Securities (or official interest rate)** rose by 2 basis points to 0.19 percent from the previous month. Furthermore, the commercial banks' **weighted average lending rate** rose by 1 basis point to 9.02 percent whilst their **weighted average deposit rate** edged down by 5 basis points to 2.72 percent. Consequently, the commercial banks' **interest rate spread** widened to 6.30 percent from 6.24 percent in January 2019 and higher than 6.01 percent in the same month last year.

Total bank **liquidity** expanded by \$2.9 million to \$284.3 million and was \$78.4 million higher than in the same month a year ago. This increase over the month was mainly due to expansions in both commercial banks' holdings of both CBS securities by \$5.0 million and vault cash by \$0.9 million whereas their holdings of exchange settlement accounts (ESA) fell by \$3.0 million. **Total commercial banks' credit to the private sector and public institutions** rebounded strongly by \$21.9 million to \$1,134.1 million after dropping in the previous month, and was \$72.8 million higher when compared to the same month of 2018.

Broad money (M2) expanded by \$37.5 million to \$1,244.4 million due to an increase of \$23.9 million in '**Net Domestic Assets' (NDA)** to \$785.3 million and a \$13.6 million hike in '**Net Foreign Assets' (NFA)** to \$459.1 million. The boost in the former was due to the hike in credit to the private sector coupled with a decline in the **government's net position** with the monetary system. The hike in the latter was underpinned by improvements in foreign assets of both the Central Bank and the commercial banks.

The **overall nominal value** of the Samoan Tala depreciated by 0.09 percent as the Tala weakened against the New Zealand dollar while appreciating against the Euro, US dollar and Australian dollar.

The Consumer Price Index (CPI) rebounded by 0.7 percent over the previous month and was 0.4 percent higher than in February 2018. Nevertheless, the **annual average headline inflation** rate contracted further to 3.4 percent from 3.7 percent in the previous month but higher than 2.5 percent in the same month of 2018. This was mainly driven by a reduction in imported inflation to 2.8 percent from 3.4 percent while domestic inflation remained at 4.1 percent for four months in a row.

On the external front, **total export earnings**¹ fell by 38.5 percent to \$7.4 million due to reductions of 41.1 percent and 31.2 percent in locally produced exports (particularly fish) and

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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re-exports in that order. Similarly, **total import payments** for February 2019, fell by 17.4 percent to \$56.7 million, reflecting reductions in non-petroleum private sector, petroleum and government imports by \$9.5 million, \$1.6 million and \$0.8 million respectively. As a result, the merchandise trade deficit improved by 12.9 percent to \$49.3 million.

The inflow of **private remittances**² bounced back by 1.1 percent to \$40.1 million and was 6.8 percent higher than in the same month last year. **Total visitor arrivals** for the current month recorded a seasonal drop of 34.2 percent to 9,044. Although, **visitor earnings** also narrowed by 32.8 percent to \$23.9 million, it was still 13.7 percent higher than in February 2018. As a result, **gross foreign reserves** grew by 1.3 percent (or \$6.2 million) to \$487.8 million or equivalent to 6.8 months of **import cover**, slightly up from 6.7 months in the previous month.

The **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia, recorded a seasonal 3.7 percent drop. The overall reduction was due to decreases in supplies of commodities such as ta'amu, breadfruit, yam, tomatoes, Chinese cabbage, cucumber and pumpkin. However, with weak demand overall price index fell by 7.9 percent.

CENTRAL BANK OF SAMOA
25th April 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 Eight Months			Average levels in the previous		
	Feb	Feb	Sep	Oct	Nov	Dec	Jan	Feb	Jul16 - Feb17	Jul17 - Feb18	Jul18 - Feb19	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)														
Official rate	0.15	0.15	0.17	0.19	0.17	0.15	0.17	0.19	0.14	0.15	0.18	0.15	0.17	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)														
Average lending rate	8.82	8.89	8.98	9.01	9.03	9.03	9.01	9.02	8.90	8.83	9.00	8.85	9.02	9.37
Average deposit rate	2.34	2.88	2.59	2.69	2.72	2.72	2.77	2.72	2.36	2.72	2.70	2.61	2.54	2.71
COMMERCIAL BANK LOANS (Tala million)	1044.3	1061.3	1098.8	1109.0	1115.7	1124.9	1112.2	1134.1	1008.5	1054.5	1105.8	1052.8	1005.8	930.3
GOVERNMENT NET POSITION (Tala million)	-154.8	-177.4	-206.4	-204.4	-202.5	-224.2	-218.3	-210.5	-122.3	-165.3	-212.2	-166.1	-148.2	-126.4
MONEY SUPPLY (Tala million)	944.4	1053.5	1145.9	1152.0	1174.3	1187.7	1206.9	1244.4	929.2	1043.9	1173.0	998.9	958.8	884.0
Currency outside banks	59.1	66.4	90.7	85.1	86.4	103.2	88.3	89.0	64.3	69.7	87.4	62.8	61.1	57.2
Demand deposits	283.3	294.4	333.4	322.2	351.6	345.7	385.9	414.5	273.4	298.0	353.9	288.9	283.6	250.3
FCD residents	73.4	76.3	77.3	87.1	81.0	76.9	68.7	76.2	70.8	84.9	77.2	74.8	65.8	59.5
Save deposits	133.1	134.8	146.9	147.2	142.1	146.5	143.2	143.4	132.6	137.4	146.2	133.9	130.1	121.0
Time deposits	395.5	481.7	497.7	510.5	513.2	515.5	520.8	521.4	388.1	454.0	508.3	438.6	418.3	396.1
NOMINAL EXCHANGE RATE (Index)	100.19	100.01	100.0	100.1	100.0	100.0	100.0	99.9	101.6	100.2	100.0	100.1	100.8	101.0
HEADLINE CPI (2)	101.6	104.9	108.7	108.9	106.3	106.3	104.6	105.3	101.4	104.4	107.4	103.3	102.2	101.0
Annual average inflation (%)	1.0	2.5	4.6	4.7	4.4	4.1	3.7	3.4	0.8	1.5	4.2	1.8	1.3	0.9
LOCAL MARKET SURVEY: (2)														
Volume	144.0	125.1	178.5	161.9	128.4	118.5	114.4	110.8	141.1	137.7	132.4	134.5	125.1	102.6
Price	85.0	108.7	98.6	97.2	90.4	98.6	115.0	106.0	88.6	92.4	103.7	96.9	95.7	93.7
EXPORTS (Tala million)	5.5	5.4	11.9	11.4	10.7	10.3	12.0	7.4	7.9	7.7	11.0	5.5	5.5	5.2
IMPORTS (Tala million)	56.2	62.5	71.0	92.5	64.8	85.3	68.6	56.7	65.1	71.3	74.7	59.4	62.3	62.3
REMITTANCES (Tala million)	26.8	37.6	37.3	40.9	40.0	65.6	39.7	40.1	33.8	34.8	44.0	32.2	31.3	30.5
TOURISM: (1)														
Arrivals	7,810	7,413	14,843	14,523	11,483	24,021	13,755	9,044	12,482	13,884	15,404	7,612	7,816	7,619
Earnings (Tala million)	20.5	21.0	43.1	42.7	36.7	70.8	35.6	23.9	31.8	37.6	43.4	20.8	22.2	21.8
GROSS INTERNATIONAL RESERVES	282.9	343.9	414.5	407.3	415.6	444.7	481.5	487.8	265.2	336.5	440.5	313.4	316.3	318.0
BOP Position (+/-) (Surplus/Deficit)	10.9	3.0	-23.6	-7.3	8.4	29.0	36.9	6.2	0.2	4.7	8.7	7.0	0.8	-1.5
Import Cover	4.4	5.0	5.9	5.7	5.9	6.2	6.7	6.8	4.0	5.0	6.2	4.7	4.8	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