



SELECTED ECONOMIC INDICATORS

MARCH 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.9: 2018/19

March 2019

World Economy

The US economy expanded by 3.2 percent in the first quarter of 2019 following stronger personal consumption expenditures, private inventory investment and exports. Furthermore, the Euro area grew by 0.4 percent due to higher fixed investments. The New Zealand and Australian economies are up by 0.6 percent and 0.2 percent growth respectively, according to their latest updates for the fourth quarter of 2018.

Domestic Economy

After increasing in the past two consecutive months, the **weighted average official interest rate** remained unchanged at 0.18 percent from previous month and the same month last year. However, both the **weighted average deposit rate** and **weighted average lending rate** rose by 9 basis points to 2.81 percent and 3 basis points to 9.05 percent in that order. As a result, the commercial banks' **interest rate spread** narrowed to 6.25 percent from 6.30 percent in the previous month but higher than 5.98 percent in March 2018.

Total commercial bank's **liquidity** fell by \$6.3 million to \$278.1 million but was \$95.2 million higher than in the same month a year ago. The overall decline over the previous month was due to decreases in commercial banks' exchange settlement accounts (ESA) (down \$2.7 million), vault cash (down \$2.6 million and holdings of CBS securities (by \$1.0 million). **Total commercial banks'** credit to the private sector and public institutions went up slightly by \$0.2 million to \$1,131.9 million and was 6.2 percent higher when compared to the same month of 2018.

Broad money (M2) grew for the seventh consecutive month, by \$0.9 million to \$1,245.4 million in the month under review. Contributing

to this increase was an \$18.7 million expansion (to \$804 million) in '**Net Domestic Assets' (NDA)**; offsetting a \$17.8 million reduction (to \$441.3 million) in '**Net Foreign Assets' (NFA)**'. Largely underpinning the increase in NDA was a decrease in the government's net position with the monetary system.

The **overall nominal value** of the Samoan Tala appreciated by 0.004 percent as the Tala strengthened against the Australian dollar and Euro while depreciating against both the US and New Zealand dollar.

The Consumer Price Index (CPI) went up by 1.7 percent over the previous month and was 2.3 percent higher than in the same month last year. Nevertheless, the annual average headline inflation rate contracted further to 3.3 percent from 3.4 percent in the previous month but up from 2.7 percent in March 2018. Underpinning this decrease over the previous month was a decline in imported inflation to 2.5 percent from 2.8 percent whereas local inflation remained steady at 4.1 percent from the previous month.

On the external front, **total export earnings** rebounded by 55.1 percent to \$11.5 million due to expansions of 70.4 percent and 48.7 percent in re-exports and locally produced exports (particularly fish, beer and nonu juice) in that order. Similarly, **total import payments** grew significantly by 26.1 million to \$82.8 million, underpinned by improvements in non-petroleum private sector, government and petroleum imports by \$15.6 million, \$9.0 million and \$1.5 million respectively. As a result, the merchandise trade deficit bounced back up by 44.7 percent to \$71.3 million.

The inflow of **private remittances** expanded by 38.7 percent to \$55.6 million and was 25.0

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percent higher than in the same month last year. **Total visitor arrivals** also recorded a seasonal increase of 37.9 percent to 11,163 but was 4.6 percent lower than in March 2018. As a result, **total visitor earnings** went up by 37.9 percent to \$33.0 million in March 2019 but was 3.2 percent lower than in March 2018. As a result, **gross foreign reserves** fell 4.8 percent (or \$23.5 million) to \$465.2 million or equivalent to 6.3 months of **import cover**, down from 6.9 months in the previous month.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal decrease of 26.1 percent over the previous month. The overall decline was due to lower supplies of staple food commodities such as banana, ta'amu and breadfruit as well as vegetable items like head cabbage and pumpkin. Consequently, the overall price index rebounded by 19.2 percent due to increase in prices recorded for banana, ta'amu, head cabbage, tomatoes and pumpkin to name a few.

CENTRAL BANK OF SAMOA
14th May 2019

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INDICATORS	2017		2018		2019			Average Nine Months			Average levels in the previous		
	Mar	Mar	Nov	Dec	Jan	Feb	Mar	Jul16 - Mar17	Jul17 - Mar18	Jul18 - Mar19	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.14	0.18	0.17	0.15	0.17	0.18	0.18	0.14	0.16	0.17	0.16	0.17	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.70	8.89	9.03	9.03	9.01	9.02	9.05	8.88	8.84	9.01	8.79	8.96	9.34
Average deposit rate	2.53	2.91	2.72	2.72	2.77	2.72	2.81	2.38	2.74	2.71	2.72	2.60	2.71
COMMERCIAL BANK LOANS (Tala million)	1049.0	1065.5	1115.7	1124.9	1112.2	1131.7	1131.9	1013.0	1055.7	1108.4	1057.2	1019.4	940.0
GOVERNMENT NET POSITION (Tala million)	-160.2	-185.3	-202.5	-224.2	-218.3	-210.5	-175.5	-126.5	-167.5	-208.1	-172.7	-150.8	-122.6
MONEY SUPPLY (Tala million)	929.9	1060.5	1174.3	1187.7	1206.9	1244.4	1245.4	929.3	1045.8	1181.1	995.2	960.1	906.3
Currency outside banks	62.5	73.6	86.4	103.2	88.3	89.0	91.9	64.1	70.1	87.9	68.0	64.7	58.4
Demand deposits	259.5	297.6	351.6	345.7	385.9	414.5	408.3	271.9	297.9	359.9	278.6	281.6	255.5
FCD residents	69.3	68.5	81.0	76.9	68.7	76.2	76.8	70.6	83.1	77.2	68.9	60.8	70.3
Save deposits	128.9	135.5	142.1	146.5	143.2	143.4	145.3	132.2	137.2	146.1	132.2	129.8	121.5
Time deposits	409.7	485.4	513.2	515.5	520.8	521.3	523.1	390.5	457.5	510.0	447.5	423.2	400.7
NOMINAL EXCHANGE RATE (Index)	100.17	99.99	100.0	100.0	100.0	99.9	99.9	101.5	100.2	100.0	100.1	100.8	101.1
HEADLINE CPI (2)	101.0	104.7	106.3	106.3	104.6	105.3	107.0	101.4	104.4	107.3	102.8	101.8	100.9
Annual average inflation (%)	1.2	2.7	4.4	4.1	3.7	3.4	3.3	0.8	1.7	4.1	1.9	1.4	0.9
LOCAL MARKET SURVEY: (2)													
Volume	123.0	100.0	128.4	118.5	114.4	110.8	81.8	139.1	133.5	126.8	111.5	104.4	93.9
Price	92.0	111.0	90.4	98.6	115.0	106.0	126.3	89.0	94.5	106.2	101.5	98.7	96.1
EXPORTS (Tala million)	7.0	6.4	10.7	10.3	12.0	7.4	11.5	7.8	7.6	11.0	6.7	6.4	5.5
IMPORTS (Tala million)	70.9	49.8	64.8	85.3	68.6	56.7	82.8	65.7	68.9	75.6	60.4	60.9	57.2
REMITTANCES (Tala million)	32.3	44.5	40.0	65.6	39.7	40.1	55.6	33.6	35.9	45.3	38.4	35.5	32.7
TOURISM: (1)													
Arrivals	9,407	11,707	11,483	24,021	13,755	9,044	11,163	12,140	13,642	14,933	10,557	10,365	9,572
Earnings (Tala million)	25.1	34.1	36.7	70.8	35.6	23.9	33.0	31.1	37.2	42.2	29.6	29.3	26.4
GROSS INTERNATIONAL RESERVES	277.4	364.3	415.6	445.7	481.9	488.7	465.2	266.6	339.6	443.5	320.8	316.7	312.0
BOP Position (+/-) (Surplus/Deficit)	-5.4	20.3	8.4	30.0	36.3	6.8	-23.5	-0.4	6.4	5.3	7.4	0.4	-6.0
Import Cover	4.2	5.4	5.9	6.2	6.7	6.9	6.3	4.0	5.1	6.2	4.8	4.8	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