



SELECTED ECONOMIC INDICATORS

MAY 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.11: 2018/19

May 2019

World Economy

The US economy grew 3.1 percent in the first quarter of 2019 driven by stronger fixed investment, exports and government spending. Moreover, the Euro area also grew by 0.4 percent due to higher fixed investments. The New Zealand and Australian economies also recorded both hikes of 0.6 percent and 0.4 percent growth respectively in the March quarter 2019.

Domestic Economy

The **weighted average official interest rate** went down by 1 basis point to 0.18 percent but was 3 basis points higher than that of the same month last year. Furthermore, both the commercial banks **weighted average deposit rate** and **weighted average lending rate** contracted by 23 basis points to 2.52 percent and 5 basis points to 8.97 percent in that order. As a result, the commercial banks' **interest rate spread** expanded to 6.45 percent from 6.27 percent in the previous month and higher than 6.15 percent in May 2018.

Total **commercial bank's liquidity** edged up by \$0.7 million to \$274.0 million and much higher by \$55.1 million than in the same month a year ago. The overall marginal increase over the previous month was due to expansions in commercial banks' holdings of CBS securities and exchange settlement accounts (ESA) by 2.6 percent and 0.9 percent respectively, offsetting a 6.3 percent decline in vault cash holdings. **Total commercial banks'** credit to the private sector and public institutions combined contracted slightly by 0.2 percent to \$1,132.9 million following a ten consecutive months of expansion. At this level, it was however higher by 5.3 percent over the same month of 2018.

After increasing for nine consecutive months, **Broad money (M2)** fell by \$5.5 million to

\$1,252.3 million in the month under review. Underpinning the overall decline were reductions in '**Net Foreign Assets**' (NFA) and '**Net Domestic Assets**' (NDA) by \$4.7 million and \$0.9 million respectively. Contributing to the downfall of the former was due to a decrease in foreign holdings of commercial banks whereas the latter narrowed in light of low credit to private sector.

The **overall nominal value** of the Samoan Tala appreciated by 0.02 percent as the Tala strengthened against both the New Zealand and Australian dollars while weakened against both the Euro and US dollar.

The Consumer Price Index (CPI) edged up 1.1 percent over the previous month and was 0.6 percent higher than in the same month last year. However, the annual average headline inflation rate contracted further to 2.6 percent from 3.1 percent in the previous month and down from 3.3 percent in May 2018. Largely underpinning this decrease over the previous month were reductions in both its annual average imported component (down to 1.7 percent from 2.3 percent) and local component (down to 3.7 percent from 3.9 percent).

On the external front, **total export earnings** bounced back by 32.3 percent to \$10.1 million due to increases of 42.8 percent and 13.5 percent in locally produced exports and re-exports respectively, in the month under review. In addition, **total import payments** rebounded by 34.1 million to \$89.3 million, underpinned by expansions in government and non-petroleum private sector imports by \$19.9 million and \$16.7 million respectively. Consequently, the merchandise trade deficit increased by 34.4 percent to \$79.2 million.

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The inflow of **private remittances** bounced back up by 17.1 percent to \$48.7 million but was 1.3 percent lower than in the same month last year. **Total visitor arrivals** recorded a modest contraction of 5.9 percent to 13,565 visitors but was 3.1 percent higher than in May 2018. Despite the decline in total tourist arrivals, **total visitor earnings** went up by 4.0 percent to \$45.6 million and was 3.0 percent higher than in the same month last year. All in all, **gross foreign reserves** went up by 1.2 percent (or \$5.4 million) to \$470.9 million or equivalent to 6.3 months of **import cover**, down from 6.4 months in May 2019.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal increase of 2.0 percent over the previous month. The overall increase was due to higher supplies of staple food commodities such as taro, banana, breadfruit, ta'amu and yam as well as vegetable items like Chinese cabbage, tomatoes and cucumber to name a few. However, the overall price index went up by 8.2 percent due to higher demand.

CENTRAL BANK OF SAMOA

12th July 2019

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INDICATORS	2017	2018	2019					Average Eleven Months			Average levels in the previous		
	May	May	Jan	Feb	Mar	Apr	May	Jul16 - May17	Jul17 - May18	Jul18 - May19	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.14	0.15	0.17	0.18	0.18	0.19	0.18	0.14	0.16	0.18	0.15	0.15	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.64	8.89	9.01	9.02	9.05	9.02	8.97	8.84	8.84	9.01	8.76	8.91	9.32
Average deposit rate	2.71	2.74	2.77	2.72	2.81	2.75	2.52	2.43	2.75	2.70	2.73	2.61	2.68
COMMERCIAL BANK LOANS (Tala million)	1061.5	1075.7	1112.2	1131.7	1131.9	1135.5	1132.2	1021.3	1058.6	1113.1	1068.6	1036.8	950.4
GOVERNMENT NET POSITION (Tala million)	-161.1	-214.4	-218.3	-210.5	-175.5	-177.8	-177.5	-132.4	-174.1	-202.6	-187.7	-166.6	-132.7
MONEY SUPPLY (Tala million)	967.4	1087.1	1206.9	1244.4	1245.4	1257.8	1252.3	935.5	1051.9	1194.5	1027.3	979.9	926.4
Currency outside banks	66.3	75.2	88.3	89.0	91.9	92.5	98.4	64.2	70.1	89.3	70.8	67.6	63.9
Demand deposits	268.4	329.7	385.9	414.5	408.3	409.3	406.9	271.2	301.2	368.7	299.0	288.8	264.0
FCD residents	73.4	63.7	68.7	76.2	76.8	74.5	74.1	71.0	80.4	76.6	68.6	60.5	69.0
Save deposits	131.1	140.8	143.2	143.4	145.3	147.2	145.8	131.9	137.4	146.2	135.9	134.0	125.4
Time deposits	428.1	477.7	520.8	521.3	523.1	534.4	527.1	397.2	462.8	513.8	452.9	429.0	404.2
NOMINAL EXCHANGE RATE (Index)	100.16	99.96	100.0	99.9	99.9	99.9	100.0	101.2	100.1	100.0	100.1	100.8	101.0
HEADLINE CPI (2)	101.7	107.4	104.6	105.3	107.0	106.8	108.0	101.3	104.7	107.4	104.5	103.1	101.4
Annual average inflation (%)	1.4	3.3	3.7	3.4	3.3	3.1	2.6	0.9	1.9	3.9	2.4	1.6	1.0
LOCAL MARKET SURVEY: (2)													
Volume	121.0	93.0	114.4	110.8	81.8	94.2	96.1	135.5	130.1	121.0	107.0	89.9	85.6
Price	101.0	128.0	115.0	106.0	126.3	122.2	132.2	90.3	99.5	110.1	114.5	118.3	103.0
EXPORTS (Tala million)	8.1	7.6	12.0	7.4	11.5	7.7	10.1	7.6	7.5	10.6	7.8	7.9	7.1
IMPORTS (Tala million)	65.1	73.0	68.6	56.7	82.8	66.6	89.3	65.2	70.0	76.0	69.0	74.1	68.2
REMITTANCES (Tala million)	34.4	49.3	39.7	40.1	55.6	41.6	48.7	33.3	37.7	45.5	41.9	39.7	37.6
TOURISM: (1)													
Arrivals	11,025	13,156	13,755	9,044	11,163	14,413	13,565	11,989	13,341	14,761	12,091	11,809	11,365
Earnings (Tala million)	34.2	44.3	35.6	23.9	33.0	43.8	45.6	31.5	37.2	42.7	39.2	36.6	33.5
GROSS INTERNATIONAL RESERVES	296.1	416.8	481.9	488.7	465.2	465.4	470.9	270.8	350.1	448.0	356.5	330.9	329.0
BOP Position (+/-) (Surplus/Deficit)	12.5	38.6	36.3	6.8	-23.5	0.2	5.4	1.4	10.0	4.8	25.6	14.9	11.6
Import Cover	4.6	6.0	6.7	6.9	6.3	6.4	6.3	4.1	5.2	6.2	5.3	4.9	5.0

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