



SELECTED ECONOMIC INDICATORS

JULY 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.01: 2019/20

July 2019

World Economy

On the global stage, the growth in the United States economy expanded to 2.1 percent in the second quarter of 2019, in light of higher household consumption and government spending. Furthermore, the Euro economy and Australia grew at 0.2 percent and 0.4 percent respectively in June 2019 due to strong household consumption, fixed investment, positive net exports and government spending. However, Gross Domestic Product (GDP) figure for New Zealand in the second quarter is not yet available. The review for March quarter 2019 showed a steady growth of 0.6 percent for New Zealand.

Domestic Economy

After rebounding in the previous month, **weighted average official interest rate** dropped to 0.16 percent from 0.19 percent last month and remained at that level for the same month last year. Moreover, the commercial banks **weighted average deposit rate** and **weighted average lending rate** both fell by 2 basis points to 2.83 percent and 8.95 percent respectively in July 2019. As a result, the commercial banks' **interest rate spread** remained at 6.12 percent from the previous month but was lower than 6.34 percent in the same month of 2018.

Total commercial banks' **liquidity** edged up by \$13.9 million to \$287.9 million and was \$51.2 million higher than that of the same month in 2018. Accounted for the current level was increases of \$10.6 million and \$3.3 million in exchange settlement accounts (ESA) and banks' vault cash respectively in July 2019, whereas commercial banks' holdings of CBS securities remained the same for the third consecutive month. However, **total commercial banks' credit** to the private sector and public institutions fell

further by 0.6 percent to \$1,119.3 million but was 4.7 percent higher when compared to July 2018.

Broad money (M2) contracted by \$8.0 million to \$1,228.3 million. Contributing to this drop was a \$20.0 million reduction (to \$742.7 million) in '**Net Domestic Assets**' (NDA) whereas '**Net Foreign Assets**' (NFA) only improved by \$12.0 million to \$485.6 million. Primarily underpinning the boost in NFA was a substantial increase in foreign holdings of the banking system. The Government's net position with the monetary system recorded a surplus of \$15.0 million which mainly contributed to the NDA's reduction.

The **overall nominal value** of the Samoan Tala depreciated by 0.01 percent as the Tala weakened against both the New Zealand and Australian dollars while strengthening against both Euro and the US dollar.

The Consumer Price Index (CPI) widened by 1.5 percent over the previous month and was 0.4 percent higher than in the same month last year. However, the **annual average headline inflation rate** fell further to 1.7 percent from 2.2 percent in the previous month and 4.2 percent in July 2018. Contributing to the decrease were reductions in both imported component and local component to -0.02 percent and 3.5 percent respectively.

On the external front, total export earnings fell by 8.1 percent to \$12.8 million due to a \$2.1 million decrease in locally produced exports whereas re-exports went up by \$1.0 million. Moreover, total import payments fell modestly by 6.0 percent to \$73.9 million, reflecting declines of \$9.6 million and \$1.9 million in non-petroleum private sector imports and those of the government sector respectively. As a result,

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July 2019

the merchandise trade deficit was reduced by 5.5 percent to \$61.1 million.

Monthly total receipts of **private remittances** recorded a substantial increase by \$13.4 million to \$56.5 million. In addition, **total visitor arrivals** recorded a modest expansion of 52.2 percent to 24,647 visitors and was 28.1 percent higher than in July 2018. Despite the drop in average expenditure, **total visitor earnings** expanded by 50.8 percent to \$67.1 million and was 38.9 percent higher than in the same month last year. The significant upward movement in tourist receipts highlighted the impact of Pacific Games during the month. However, **gross foreign reserves** has contracted by 1.0 percent (or \$5.2 million) to \$509.24 million. This level of foreign reserves was sufficient to cover 6.7 **months of imports** which

was similar to its level in the previous month but higher than that of July 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 3.8 percent decrease over June 2019. The overall decline was due to lower supplies of staple food commodities such as coconut and breadfruit as well as vegetable items like head cabbage, cucumber and pumpkin. Consequently, the overall price index edged up 0.3 percent.

CENTRAL BANK OF SAMOA

17th September 2019

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INDICATORS	2017	2018	2019							Average levels in the previous		
	Jul	Jul	Jan	Feb	Mar	Apr	May	Jun	Jul	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)												
<i>Official rate</i>	0.14	0.19	0.17	0.18	0.18	0.19	0.18	0.19	0.16	0.17	0.16	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)												
<i>Average lending rate</i>	8.70	8.99	9.01	9.02	9.05	9.02	8.97	8.97	8.95	8.84	8.91	9.27
<i>Average deposit rate</i>	2.53	2.65	2.77	2.72	2.81	2.75	2.52	2.85	2.83	2.59	2.50	2.57
COMMERCIAL BANK LOANS (Tala million)	1043.3	1069.0	1112.2	1131.7	1131.9	1135.5	1132.2	1126.3	1119.3	1056.2	1026.5	944.4
GOVERNMENT NET POSITION (Tala million)	-182.7	-214.1	-218.3	-210.5	-175.5	-177.8	-177.5	-212.5	-227.5	-198.4	-172.4	-140.4
MONEY SUPPLY (Tala million)	986.1	1132.2	1206.9	1244.4	1245.4	1257.8	1252.3	1236.3	1228.3	1059.1	1010.5	946.6
<i>Currency outside banks</i>	66.0	74.9	88.3	89.0	91.9	92.5	98.4	97.6	103.7	70.4	68.7	61.5
<i>Demand deposits</i>	278.6	342.3	385.9	414.5	408.3	409.3	406.9	402.9	389.0	310.5	302.2	275.6
<i>FCD residents</i>	76.2	76.0	68.7	76.2	76.8	74.5	74.1	65.7	65.7	76.1	72.8	80.1
<i>Save deposits</i>	135.3	149.9	143.2	143.4	145.3	147.2	145.8	148.9	158.7	142.6	138.8	131.1
<i>Time deposits</i>	430.0	489.2	520.8	521.3	523.1	534.4	527.1	521.2	511.1	459.6	428.0	398.2
NOMINAL EXCHANGE RATE (Index)	100.23	100.0	100.0	99.9	99.9	99.9	100.0	100.0	99.9	100.1	100.9	101.1
HEADLINE CPI (2)	103.4	109.7	104.6	105.3	107.0	106.8	108.0	108.5	110.1	106.6	105.5	103.2
<i>Annual average inflation (%)</i>	1.1	4.2	3.7	3.4	3.3	3.1	2.6	2.2	1.7	2.7	1.8	1.3
LOCAL MARKET SURVEY: (2)												
<i>Volume</i>	101.0	113.6	114.4	110.8	81.8	94.2	96.1	103.0	99.2	107.3	112.0	102.3
<i>Price</i>	118.0	116.8	115.0	106.0	126.3	122.2	132.2	117.9	118.3	117.4	113.1	99.7
EXPORTS (Tala million)	8.7	11.2	12.0	7.4	11.5	7.7	10.0	13.9	12.8	9.9	9.2	9.1
IMPORTS (Tala million)	63.7	73.1	68.6	56.7	82.8	66.6	89.3	78.6	73.9	68.4	67.2	71.9
REMITTANCES (Tala million)	0.0	40.6	39.7	40.1	55.6	41.6	48.7	43.1	56.5	20.3	24.8	28.0
TOURISM: (1)												
<i>Arrivals</i>	18,269	19,241	13,755	9,044	11,163	14,413	13,565	16,192	24,647	18,755	17,997	16,526
<i>Earnings (Tala million)</i>	42.6	48.3	35.6	23.9	33.0	43.8	45.6	44.5	67.1	45.4	41.5	36.2
GROSS INTERNATIONAL RESERVES	323.2	434.2	486.1	492.4	469.9	470.1	476.1	514.5	509.2	378.7	350.3	352.3
<i>BOP Position (+/-) (Surplus/Deficit)</i>	14.6	16.3	40.5	6.3	-22.6	0.2	6.1	38.3	-5.2	15.4	13.2	12.4
<i>Import Cover</i>	5.0	6.2	6.8	6.9	6.3	6.4	6.4	6.7	6.7	5.6	5.2	5.3

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