



SELECTED ECONOMIC INDICATORS

AUGUST 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.

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August 2019

World Economy

On the world economy, the growth in the United States economy expanded to 2.0 percent in the second quarter of 2019, in light of higher household consumption and government spending. Moreover, the Euro economy also grew 0.2 percent following strong household consumption and fixed investment whereas New Zealand and Australia both expanded by 0.5 percent each due to positive net exports and government spending and services sector.

Domestic Economy

The **weighted average official interest rate** remained the same at 0.16 percent from last month but fell by 1 basis point compared to the same month last year. However, the commercial banks **weighted average deposit rate** edged up by 4 basis points to 2.87 percent whereas the **weighted average lending rate** fell by 7 basis points to 8.88 percent. As a result, the commercial banks' **interest rate spread** contracted to 6.01 percent from 6.12 percent in July 2019 and was also lower than 6.23 percent in the same month of 2018.

Total commercial banks' **liquidity** edged up by \$16.8 million to \$304.7 million and was \$67.8 million higher than that of the same month in 2018. Accounted for this expansion was an increase of 8.6 percent in exchange settlement accounts (ESA) offsetting a 12.4 percent decrease in banks' vault cash while commercial banks' holdings of CBS securities remained stable as in the previous month. Furthermore, **total commercial banks' credit** to the private sector and public institutions rebounded by 1.3 percent to \$1,133.8 million and was 4.7 percent higher when compared to August 2018.

Broad money (M2) contracted by \$5.6 million to \$1,222.7 million. Underpinning this drop was a \$6.0 million reduction (to \$736.6 million) in '**Net Domestic Assets' (NDA)** whereas '**Net Foreign Assets' (NFA)** improved by \$0.4 million to \$486.0 million. Contributing to the reduction in NDA was a modest surplus of \$21.0 million in government's net, position with the monetary system.

The **overall nominal value** of the Samoan Tala appreciated by 0.06 percent as the Tala strengthened against both the New Zealand and Australian dollars while weakened against both Euro and the US dollar.

After increasing in the past three consecutive months, the Consumer Price Index (CPI) decreased slightly by 0.1 percent but 0.6 percent higher than August 2018. Therefore, the **headline inflation rate** fell further to 1.3 percent from 1.7 percent in the previous month much lower than 4.4 percent in the same month of 2018. Contributing to the current level of headline inflation were reductions in both imported inflation to -0.6 percent (from -0.02 percent) and local component inflation to 3.4 percent (slightly from 3.5 percent) over the month ago. Similarly, underlying inflation dropped further to -0.6 percent from -0.3 percent in July 2019.

Total **export earnings** recorded a 9.7 percent increase to \$14.05 million when compared to the previous month, in-light of a 24.3 percent hike in domestically produced exports while the re-exports declined by 18.3 percent. At this level, it was also 7.9 percent higher than its level of August 2018. Similarly, total import payments bounced back by 14.8 percent to \$84.8 million, reflecting a substantial increase of \$15.2 million in non-petroleum private sector

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imports, offsetting declines of \$2.3 million and \$2.0 million in petroleum and government imports respectively, but was slightly lower than its level last year. As a result, the merchandise trade deficit widened by 15.8 percent to \$70.74 million in August 2019.

Following its expansion a month ago, total receipts of **private remittances** recorded a slight decline of \$3.26 million to \$53.28 million over the previous month but was higher by 10.7 percent over August of last year. Similarly, **total visitor arrivals** dropped by 29.0 percent to 17,489 visitors, as it return to normal level following a huge increase in arrivals for the Pacific Games (PG) in the previous month but was 7.2 percent more over August of last year. As a result, total tourist receipts declined by 27.3 percent to \$48.76 million, despite an increase of 2.4 percent in average expenditure.

Consequently, **gross foreign reserves** has contracted by 0.4 percent (or \$2.2 million) to \$507.1 million. This level of foreign reserves was sufficient to cover 6.7 **months of imports**, remaining at this level for three consecutive months but higher than 6.2 months cover in August of 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 3.2 percent decrease over July 2019. Underpinning the overall decline was lower supplies of stable food commodities such as yams and ta'amu, as well as coconuts and vegetable items like Chinese cabbage, tomatoes and pumpkin. Consequently, the overall price index edged up 6.4 percent.

CENTRAL BANK OF SAMOA
01 October 2019

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INDICATORS	2017	2018	2019								Average Two Months			Average levels in the previous		
	Aug	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Jul17 - Aug18	Jul18 - Aug19	Jul19 - Aug20	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																
Official rate	0.13	0.17	0.17	0.18	0.18	0.19	0.18	0.19	0.16	0.16	0.14	0.18	0.16	0.15	0.15	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)																
Average lending rate	8.78	8.96	9.01	9.02	9.05	9.02	8.97	8.97	8.95	8.88	8.74	8.98	8.92	8.87	8.90	9.22
Average deposit rate	2.72	2.73	2.77	2.72	2.81	2.75	2.52	2.85	2.83	2.87	2.62	2.69	2.85	2.73	2.61	2.64
COMMERCIAL BANK LOANS (Tala million)	1027.4	1082.9	1112.2	1131.7	1131.9	1135.5	1132.2	1126.3	1119.3	1133.8	1035.4	1076.0	1126.5	1055.1	1026.2	949.0
GOVERNMENT NET POSITION (Tala million)	-182.8	-217.5	-218.3	-210.5	-175.5	-177.8	-177.5	-212.5	-227.5	-248.5	-182.8	-215.8	-238.0	-200.2	-173.9	-141.6
MONEY SUPPLY (Tala million)	1017.8	1141.0	1206.9	1244.4	1245.4	1257.8	1252.3	1236.3	1228.3	1222.7	1002.0	1136.6	1225.5	1079.4	1022.2	952.7
Currency outside banks	68.8	81.8	88.3	89.0	91.9	92.5	98.4	97.6	103.7	102.2	67.4	78.3	103.0	75.3	71.1	62.8
Demand deposits	297.6	335.6	385.9	414.5	408.3	409.3	406.9	402.9	389.0	391.3	288.1	338.9	390.1	316.6	299.0	272.5
FCD residents	77.0	74.5	68.7	76.2	76.8	74.5	74.1	65.7	65.7	58.1	76.6	75.2	61.9	75.8	72.0	80.1
Save deposits	139.1	150.4	143.2	143.4	145.3	147.2	145.8	148.9	158.7	158.1	137.2	150.2	158.4	144.8	140.9	131.5
Time deposits	435.4	498.6	520.8	521.3	523.1	534.4	527.1	521.2	511.1	513.0	432.7	493.9	512.1	467.0	439.3	405.8
NOMINAL EXCHANGE RATE (Index)	100.23	100.0	100.0	99.9	99.9	99.9	100.0	100.0	99.9	100.0	100.2	100.0	100.0	100.1	100.9	101.1
HEADLINE CPI (2)	104.3	109.4	104.6	105.3	107.0	106.8	108.0	108.5	110.1	110.1	103.9	109.5	110.1	106.8	105.1	102.5
Annual average inflation (%)	1.1	4.4	3.7	3.4	3.3	3.1	2.6	2.2	1.7	1.3	1.1	4.3	1.5	2.7	1.9	1.4
LOCAL MARKET SURVEY: (2)																
Volume	143.0	133.2	114.4	110.8	81.8	94.2	96.1	103.0	99.2	96.0	122.0	123.4	97.6	138.1	138.9	129.7
Price	96.0	107.4	115.0	106.0	126.3	122.2	132.2	117.9	118.3	125.9	107.0	112.1	122.1	101.7	100.0	88.5
EXPORTS (Tala million)	8.4	13.0	12.0	7.4	11.5	7.7	10.0	13.9	12.8	14.1	8.6	12.1	13.4	10.7	10.3	9.6
IMPORTS (Tala million)	73.5	85.3	68.6	56.7	82.8	66.6	89.3	78.6	73.9	84.8	68.6	79.2	79.3	79.4	72.9	70.8
REMITTANCES (Tala million)	36.6	48.1	39.7	40.1	55.6	41.6	48.7	43.1	56.5	53.3	18.3	44.3	54.9	42.4	40.4	38.3
TOURISM: (1)																
Arrivals	14,551	16,321	13,755	9,044	11,163	14,413	13,565	16,192	24,647	17,489	16,410	17,781	21,068	15,436	14,381	13,810
Earnings (Tala million)	38.2	46.2	35.6	23.9	33.0	43.8	45.6	44.5	67.1	47.8	40.4	47.2	57.4	42.2	38.5	35.2
GROSS INTERNATIONAL RESERVES	353.9	438.1	486.1	492.4	469.9	470.1	476.1	514.5	509.3	507.1	338.6	436.1	508.2	396.0	356.3	349.5
BOP Position (+/-) (Surplus/Deficit)	30.5	3.9	40.5	6.3	-22.6	0.2	6.1	38.3	-5.2	-2.2	22.5	10.1	-3.7	17.2	5.9	-2.8
Import Cover	5.4	6.2	6.8	6.9	6.3	6.4	6.4	6.7	6.7	6.7	5.2	6.2	6.7	5.8	5.3	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