



SELECTED ECONOMIC INDICATORS

SEPTEMBER 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.03: 2019/20

September 2019

World Economy

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

Domestic Economy

The **weighted average official interest rate** fell by 1 basis point to 0.15 percent and was lower by 2 basis points compared to the same month last year. Similarly, the commercial banks' **weighted average lending rate** contracted by 4 basis points to 8.84 percent whereas the **weighted average deposit rate** went up by 8 basis points to 2.95 percent. As a result, the commercial banks' **interest rate spread** contracted further to 5.89 percent from 6.01 percent in August 2019 and was also lower than 6.39 percent in September 2018.

Total commercial banks' **liquidity** dropped by \$15.3 million to \$289.4 million and was \$63.1 million higher than that of the same month in 2018. Accounting for this reduction were decreases of \$9.5 million and \$8.5 million in exchange settlement accounts (ESA) and commercial banks' holdings of CBS securities respectively while the banks' vault cash went up by \$2.7 million in September 2019. **Total commercial banks' credit** to the private sector and public institutions went up further by 1.1 percent to \$1,146.7 million and was 4.4 percent higher when compared to the same month of 2018.

Broad money (M2) continued to reduce significantly by \$26.1 million to \$1,196.6 million. Largely responsible for the drop was a \$33.1 million reduction (to \$452.9 million) in '**Net Foreign Assets' (NFA)** whereas '**Net Domestic Assets' (NDA)** improved by \$7.0 million to \$743.7 million. The reduction in NFA was due to a decline in foreign reserves of the Central Bank and those of the banking system while the expansion in NDA highlighted the improvement in credit to the private sector and an increase in government spending during the month.

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

The Consumer Price Index (CPI) rebounded by 0.1 percent and was 1.3 percent higher than September 2018. The **headline inflation rate** fell further to 1.0 percent from 1.3 percent in the previous month much lower than 4.6 percent in the same month of 2018. Contributing to the current level of headline inflation were reductions in both imported inflation to -1.0 percent (from -0.6 percent) and local component inflation to 3.3 percent (slightly from 3.4 percent) over a month ago. However, underlying inflation remained steadily at -0.6 percent as in the previous month.

After increasing in the previous month, total **export earnings** fell 12.2 percent to \$12.3 million in the reviewed month, following an 18.0 percent decrease in domestically produced exports while re-exports improved by 4.8 percent. At this level, it was however 3.1 percent higher than its level of August 2018. Similarly, total import payments contracted by 15.0 percent to \$72.1 million, reflecting the

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absence of petroleum imports¹, offsetting increases of \$3.5 million and \$3.1 million in government and non-petroleum private sector imports respectively. As a result, the merchandise trade deficit fell by 15.6 percent to \$59.8 million in September 2019.

Total receipts of **private remittances** narrowed further by \$9.3 million to \$37.8 million over the previous month but was slightly higher by 1.1 percent over September 2018. Similarly, **total visitor arrivals** dropped by 7.3 percent to 16,212 visitors but was 9.2 percent more over September of last year. Consequently, total tourist receipts declined by 3.7 percent to \$47.0 million, despite an increase of 3.9 percent in average expenditure.

As a result, **gross foreign reserves** contracted by 4.3 percent (or \$21.8 million) to \$485.3 million. This level of foreign reserves was sufficient to cover 6.4 **months of imports** but higher than 5.9 months cover in September of 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 30.1 percent expansion over August 2019. Underpinning the overall increase was higher supplies of stable food commodity such as yam, as well as coconut and vegetable items like tomatoes and pumpkin. Consequently, the overall price index edged down 16.8 percent.

CENTRAL BANK OF SAMOA
30 October 2019

¹ Tanker arrived on the first week of October 2019

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INDICATORS	2017	2018	2019									Average Three Months			Average levels in the previous			
	Sep	Sep	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Jul17 - Sep18	Jul18 - Sep19	Jul19 - Sep20	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)																		
Official rate	0.15	0.17	0.17	0.18	0.18	0.19	0.18	0.19	0.16	0.16	0.15	0.14	0.18	0.16	0.16	0.15	0.15	
COMMERCIAL BANKS' INTEREST RATES: (%)																		
Average lending rate	8.80	8.98	9.01	9.02	9.05	9.02	8.97	8.97	8.95	8.88	8.84	8.76	8.98	8.89	8.89	8.88	9.17	
Average deposit rate	2.74	2.59	2.77	2.72	2.81	2.75	2.52	2.85	2.83	2.87	2.95	2.66	2.66	2.88	2.67	2.53	2.58	
COMMERCIAL BANK LOANS (Tala million)	1040.7	1098.8	1112.2	1131.7	1131.9	1135.5	1132.2	1126.3	1119.3	1133.8	1146.8	1037.1	1083.6	1133.3	1069.7	1047.4	964.8	
GOVERNMENT NET POSITION (Tala million)	-144.5	-206.4	-218.3	-210.5	-175.5	-177.8	-177.5	-212.5	-227.5	-248.5	-240.6	-170.0	-212.6	-238.8	-175.4	-151.7	-124.0	
MONEY SUPPLY (Tala million)	1035.1	1145.9	1206.9	1244.4	1245.4	1257.8	1252.3	1236.3	1228.3	1222.7	1196.6	1013.0	1139.7	1215.8	1090.5	1036.6	949.6	
Currency outside banks	69.3	90.7	88.3	89.0	91.9	92.5	98.4	97.6	103.7	102.2	99.9	68.0	82.4	101.9	80.0	75.2	65.4	
Demand deposits	297.5	333.4	385.9	414.5	408.3	409.3	406.9	402.9	389.0	391.3	383.0	291.2	337.1	387.8	315.4	300.4	271.7	
FCD residents	79.5	77.3	68.7	76.2	76.8	74.5	74.1	65.7	65.7	58.1	58.1	77.6	75.9	60.6	78.4	75.0	71.3	
Save deposits	140.9	146.9	143.2	143.4	145.3	147.2	145.8	148.9	158.7	158.1	156.1	138.4	149.1	157.6	143.9	141.0	132.9	
Time deposits	447.9	497.7	520.8	521.3	523.1	534.4	527.1	521.2	511.1	513.0	499.6	437.8	495.2	507.9	472.8	445.0	408.3	
NOMINAL EXCHANGE RATE (Index)	100.23	100.0	100.0	99.9	99.9	99.9	100.0	100.0	99.9	100.0	100.0	100.2	100.0	100.0	100.1	101.0	101.2	
HEADLINE CPI (2)	103.6	108.7	104.6	105.3	107.0	106.8	108.0	108.5	110.1	110.1	110.1	103.8	109.3	110.1	106.2	104.5	101.8	
Annual average inflation (%)	0.9	4.6	3.7	3.4	3.3	3.1	2.6	2.2	1.7	1.3	1.0	1.0	4.4	1.3	2.8	2.1	1.4	
LOCAL MARKET SURVEY: (2)																		
Volume	160.0	178.5	114.4	110.8	81.8	94.2	96.1	103.0	99.2	96.0	124.9	134.7	141.8	106.7	169.3	154.0	144.2	
Price	80.0	98.6	115.0	106.0	126.3	122.2	132.2	117.9	118.3	125.9	104.8	98.0	107.6	116.3	89.3	90.8	80.9	
EXPORTS (Tala million)	9.7	11.9	12.0	7.4	11.5	7.7	10.0	13.9	12.8	14.1	12.3	8.9	12.0	13.0	10.8	11.0	9.8	
IMPORTS (Tala million)	77.7	71.0	68.6	56.7	82.8	66.6	89.3	78.6	73.9	84.8	72.1	71.7	76.5	76.9	74.4	74.5	70.1	
REMITTANCES (Tala million)	33.8	37.4	40.2	39.1	54.6	40.3	47.4	40.7	52.2	47.1	37.8	23.5	42.0	45.7	35.6	34.8	33.2	
TOURISM: (1)																		
Arrivals	13,085	14,843	13,755	9,044	11,163	14,413	13,565	16,192	24,647	17,489	16,212	15,302	16,802	19,449	13,964	13,331	12,923	
Earnings (Tala million)	35.3	43.1	35.6	23.9	33.0	43.8	45.6	44.5	67.1	48.8	47.0	38.7	45.8	54.3	39.2	36.8	35.6	
GROSS INTERNATIONAL RESERVES	338.0	414.5	486.1	492.4	469.9	470.1	476.1	514.5	509.3	507.1	485.3	338.4	428.9	500.5	376.3	339.5	335.6	
BOP Position (+/-) (Surplus/Deficit)	-15.4	-23.6	40.5	6.3	-22.6	0.2	6.1	38.3	-5.2	-2.2	-21.8	9.9	-1.1	-9.7	-19.5	-16.6	-13.8	
Import Cover	5.1	5.9	6.8	6.9	6.3	6.4	6.4	6.7	6.7	6.7	6.4	5.2	6.1	6.6	5.5	5.0	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