



SELECTED ECONOMIC INDICATORS

OCTOBER 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.04: 2019/20

October 2019

World Economy

On the global stage, the United States economy grew by 2.1 percent in the third quarter of 2019, following higher investment and consumption expenditures. Furthermore, the Euro economy expanded by 0.2 percent in light of strong household consumption in the same period. However, the latest updates for New Zealand and Australian economies are up to the second quarter of 2019, which shows a 0.5 percent real GDP growth for both countries.

Domestic Economy

The **weighted average official interest rate** grew by 2 basis points to 0.17 percent but was 2 basis points lower when compared to the same month last year. Similarly, the commercial banks' **weighted average deposit rate** edged up by 5 basis points to 2.78 percent whereas the **weighted average lending rate** remained unchanged at 8.84 percent from the previous month. As a result, the commercial banks' average **interest rate spread** contracted further to 6.06 percent from 6.11 percent in September 2019 and 6.32 percent in the same month of 2018.

Total commercial banks' **liquidity** rose by \$6.9 million to \$296.3 million and was \$68.7 million higher than that of the same month in 2018. Accounting for this expansion were increases of \$8.5 million and \$3.1 million in commercial banks' holdings of CBS securities and vault cash respectively whereas their holdings of exchange settlement accounts (ESA) dropped by \$4.7 million in October 2019. **Total commercial banks' credit** to the private sector and public institutions went up further by 1.7 percent to \$1,166.5 million and was 5.2 percent higher when compared to October 2018.

After declining in the previous month, **broad money (M2)** bounced back by \$0.7 million to \$1,197.2 million. Underpinning this increase was a \$4.5 million expansion (to \$748.2 million) in '**Net Domestic Assets**' (**NDA**) whereas '**Net Foreign Assets**' (**NFA**) contracted \$3.8 million to \$449.1 million. The increase in NDA was due to an expansion in lending to the private sector offsetting a surplus recorded in net government position.

The **overall nominal value** of the Samoan Tala appreciated by 0.007 percent as the Tala strengthened against both the New Zealand and Australian dollar while weakening against the Euro and the US dollar.

After a slight increase in the previous month, the Consumer Price Index (CPI) contracted by 0.2 percent but was 1.0 percent higher than the same month a year ago. As a result, the **headline inflation rate** fell further to 0.8 percent from 1.0 percent in the previous month and 4.7 percent in October 2018. Contributing to the decline in the headline inflation were reductions in both imported inflation to -1.3 percent (from -1.0 percent) and local component inflation to 3.0 percent (from 3.3 percent) in the previous month. Nevertheless, the underlying inflation rate remained steady at -0.6 percent from the past two months.

Total **export earnings** rebounded 6.2 percent to \$13.0 million in the reviewed month, following a 17.2 percent increase in domestically produced exports while re-exports fell by 19.4 percent. At this level, it was also 14.7 percent higher than its level in October 2018. Similarly, total **import payments** went up by 21.5 percent to \$87.5 million, reflecting the return of petroleum imports coupled with a \$3.5 million hike in non-petroleum private sector imports

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offsetting a decrease of \$3.1 million in government imports. Consequently, the merchandise trade deficit bounced back by 24.6 percent to \$74.5 million in October 2019.

Total receipts of **private remittances** improved by \$3.2 million to \$41.5 million over the previous month and was 1.4 percent higher than October 2018. In contrast, **total visitor arrivals** dropped by 10.3 percent to 14,544 visitors but was 0.1 percent higher than October last year. Overall, total tourist receipts declined by 7.4 percent to \$43.5 million, despite an increase of 3.3 percent in average expenditure.

All in all, **gross foreign reserves** rebounded by 3.7 percent (or \$17.8 million) to \$499.9 million or sufficient to cover 6.6 **months of imports**,

which was higher than 5.7 months of import cover in October of 2018.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, jumped by 20.0 percent over the previous month. Underpinning the overall increase were higher supplies of staple food commodity such as taro, banana, yam, breadfruit and vegetable items like cucumber, tomatoes and pumpkin to name a few. Consequently, the overall price index edged down 1.3 percent.

CENTRAL BANK OF SAMOA
10 December 2019

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INDICATORS	2017	2018	2019				Average Four Months			Average levels in the previous		
	Oct	Oct	Jul	Aug	Sep	Oct	Jul17 - Oct18	Jul18 - Oct19	Jul19 - Oct20	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)												
Official rate	0.17	0.19	0.16	0.16	0.15	0.17	0.15	0.18	0.16	0.18	0.17	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)												
Average lending rate	8.80	9.01	8.95	8.88	8.84	8.84	8.77	8.99	8.88	8.91	8.90	9.14
Average deposit rate	2.79	2.69	2.70	2.60	2.73	2.78	2.69	2.67	2.70	2.74	2.64	2.65
COMMERCIAL BANK LOANS (Tala million)	1055.6	1109.0	1119.3	1133.8	1146.8	1166.5	1041.7	1089.9	1141.6	1082.3	1057.9	974.0
GOVERNMENT NET POSITION (Tala million)	-147.0	-204.4	-227.5	-248.5	-240.6	-261.5	-164.3	-210.6	-244.5	-175.7	-151.9	-120.0
MONEY SUPPLY (Tala million)	1041.1	1152.0	1228.3	1222.7	1196.6	1197.2	1020.0	1142.8	1211.2	1096.6	1036.8	958.0
Currency outside banks	64.6	85.1	103.7	102.2	99.9	96.0	67.2	83.1	100.5	74.9	70.3	62.9
Demand deposits	301.5	322.2	389.0	391.3	383.0	370.0	293.8	333.4	383.3	311.8	296.5	272.2
FCD residents	84.1	87.1	65.7	58.1	58.1	48.4	79.2	78.7	57.6	85.6	76.7	75.3
Save deposits	141.4	147.2	158.7	158.1	156.1	162.7	139.2	148.6	158.9	144.3	140.8	133.7
Time deposits	449.6	510.5	511.1	513.0	499.6	520.0	440.7	499.0	510.9	480.0	452.4	413.9
NOMINAL EXCHANGE RATE (Index)	100.19	100.1	99.9	100.0	100.0	100.0	100.2	100.0	100.0	100.1	100.9	101.1
HEADLINE CPI (2)	104.3	108.9	110.1	110.1	110.1	109.9	103.9	109.2	110.1	106.6	104.6	102.6
Annual average inflation (%)	1.1	4.7	1.7	1.3	1.0	0.8	1.1	4.5	1.2	2.9	2.3	1.5
LOCAL MARKET SURVEY: (2)												
Volume	173.0	161.9	99.2	96.0	124.9	149.8	144.3	146.8	117.5	167.5	159.9	146.6
Price	74.0	97.2	118.3	125.9	104.8	103.4	92.0	105.0	113.1	85.6	83.4	78.0
EXPORTS (Tala million)	7.7	11.4	12.8	14.1	12.3	13.0	8.6	11.9	13.0	9.5	9.5	8.6
IMPORTS (Tala million)	73.7	92.5	73.9	84.8	72.1	87.5	72.2	80.5	79.6	83.1	75.6	70.1
REMITTANCES (Tala million)	38.8	40.9	52.2	47.1	38.3	41.5	27.3	41.7	44.8	39.9	37.3	36.0
TOURISM: (1)												
Arrivals	12,214	14,523	24,647	17,489	16,212	14,544	14,530	16,232	18,223	13,369	12,710	12,020
Earnings (Tala million)	35.0	42.7	67.1	48.8	47.0	43.5	37.7	45.1	51.6	38.8	36.0	33.5
GROSS INTERNATIONAL RESERVES	337.2	407.3	506.4	505.1	482.1	499.9	338.1	423.7	498.4	372.2	328.7	324.8
BOP Position (+/-) (Surplus/Deficit)	-0.7	-7.2	-4.1	-1.3	-23.0	17.8	7.2	-2.7	-2.6	-4.0	-10.8	-10.8
Import Cover	5.1	5.7	6.6	6.6	6.3	6.6	5.2	6.0	6.5	5.4	4.8	4.8

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