



SELECTED ECONOMIC INDICATORS

NOVEMBER 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.05: 2019/20

November 2019

World Economy

On the global stage, the United States economy grew by 2.1 percent in the third quarter of 2019, following increased exports, investment and consumption expenditures. Moreover, the Euro area expanded by 0.2 percent in light of strong household consumption in the same period. The New Zealand and Australian economies both edged up by 0.7 percent and 0.4 percent respectively, in the three months to September 2019.

Domestic Economy

On the domestic scene, the **weighted average official interest rate** remained unchanged at 0.17 percent from the previous month. However, both the **commercial banks' weighted average deposit rate** and their **weighted average lending rate** edged down by 6 basis points to 2.72 percent and 3 basis points to 8.81 percent respectively. As a result of the bigger decline in deposit rates, the **interest rate spread** expanded to 6.09 percent from 6.06 percent a month ago.

Total commercial bank liquidity fell by 5.5 percent to \$279.9 million but was 15.7 percent higher than November 2018. Responsible for the overall reduction in the previous month were decreases in both commercial banks' vault cash (down 13.4 percent) and exchange settlement accounts (ESA) (down 4.9 percent), while holdings of CBS securities edged up slightly by 0.02 percent. In line with lower cost of borrowing, **total commercial banks' lending** to the private sector and public institutions expanded by 1.4 percent to \$1,183.1 million and was also 6.0 percent higher when compared to November 2018.

Broad money (M2) rose by \$9.5 million to \$1,206.8 million following a moderate expansion

of \$21.1 million in '**Net Domestic Assets' (NDA)** (to \$769.2 million), whereas '**Net Foreign Assets' (NFA)** fell by **\$11.6 million** to \$437.5 million. The hike in NDA was fuelled by a deficit in the net, government position (increased government spending) with the monetary system coupled with a hike in credit to the private sector.

Looking at exchange rates, the **overall nominal value** of the Samoan Tala depreciated by 0.03 percent as the Tala weakened against the New Zealand and Australian dollars but appreciated against the Euro and US dollar.

On prices, the Consumer Price Index (CPI) fell by 0.1 percent in the previous month but was 3.1 percent higher than in the same month last year. In contrast, the **annual average headline inflation rate** edged up to 0.9 percent from 0.8 percent in the previous month but lower than 4.4 percent in the same month of 2018. Accounting for this expansion over the previous month were increases in both imported component (to -1.2 percent from -1.3 percent in previous month) and local component (to 3.1 percent from 3.0 percent in October 2019).

For local production, the overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, fell further by 5.1 percent over the previous month. Underpinning the overall decline were lower supplies of staple food commodity such as taro, breadfruit, yam and vegetable items like head cabbage, Chinese cabbage, pumpkin and tomatoes. However, the overall price index edged down 5.0 percent due to lower in demand.

On the external sector, **total export earnings** dropped moderately by 26.3 percent to \$9.6 million and was 10.6 percent lower than the same month last year. Largely underpinning this

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overall drop was a \$4.2 million drop in locally produced exports whereas re-exports rebounded by \$0.7 million. In contrast, **total import payments** expanded by 6.3 percent to \$93.0 million, reflecting increases of 28.4 percent and 3.8 percent in petroleum and non-petroleum private sector imports in that order. As a result, the **merchandise trade deficit** increased further by 12.0 percent to \$83.4 million.

The inflow of **private remittances** went up slightly by 0.04 percent to \$41.6 million over the month but was 0.6 percent lower than its level in November 2018. Nevertheless, **total visitor arrivals** fell by a seasonal 18.1 percent to 11,907 visitors which was further compounded by the onset of the Measles crisis. As a result, **visitor**

earnings contracted by 9.2 percent to \$39.5 million.

Overall, **gross foreign reserves** narrowed by 3.1 percent (or \$15.3 million deficit) to \$484.6 million, which was equivalent to 6.2 months of **import cover**, down from 6.6 months in the previous month but higher than 5.9 months in same month a year ago.

CENTRAL BANK OF SAMOA
17 January 2020

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INDICATORS	2017	2018	2019					Average Five Months			Average levels in the previous		
	Nov	Nov	Jul	Aug	Sep	Oct	Nov	Jul17 - Nov18	Jul18 - Nov19	Jul19 - Nov20	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.15	0.17	0.16	0.16	0.15	0.17	0.17	0.15	0.18	0.16	0.16	0.15	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.90	9.03	8.95	8.88	8.84	8.84	8.81	8.79	8.99	8.86	8.96	8.92	9.16
Average deposit rate	2.67	2.72	2.70	2.60	2.73	2.78	2.72	2.69	2.68	2.71	2.69	2.58	2.60
COMMERCIAL BANK LOANS (Tala million)	1069.9	1115.7	1119.3	1133.8	1146.8	1166.5	1183.1	1,047.4	1,095.1	1,149.9	1,092.8	1,068.2	985.4
GOVERNMENT NET POSITION (Tala million)	-161.6	-202.5	-227.5	-248.5	-240.6	-261.5	-248.9	- 163.7	- 209.0	- 245.4	- 182.1	- 160.1	- 125.8
MONEY SUPPLY (Tala million)	1072.5	1174.3	1228.3	1222.7	1196.6	1197.2	1206.8	1,030.5	1,149.1	1,210.3	1,123.4	1,056.7	970.3
Currency outside banks	65.5	86.4	103.7	102.2	99.9	96.0	98.3	66.8	83.8	100.0	75.9	70.8	63.1
Demand deposits	311.8	351.6	389.0	391.3	383.0	370.0	371.9	297.4	337.0	381.0	331.7	309.3	279.7
FCD residents	111.6	81.0	65.7	58.1	58.1	48.4	54.1	85.7	79.2	56.9	96.3	89.5	83.4
Save deposits	136.3	142.1	158.7	158.1	156.1	162.7	156.4	138.6	147.3	158.4	139.2	136.1	129.5
Time deposits	447.3	513.2	511.1	513.0	499.6	520.0	526.1	442.0	501.8	514.0	480.2	451.1	414.7
NOMINAL EXCHANGE RATE (Index)	100.18	100.0	99.9	100.0	100.0	100.0	100.0	100.2	100.0	100.0	100.1	100.9	101.1
HEADLINE CPI (2)	105.0	106.5	110.1	110.1	110.1	109.9	109.9	104.1	108.6	110.0	105.8	103.9	102.3
Annual average inflation (%)	1.5	4.4	1.7	1.4	1.0	0.8	0.9	1.2	4.5	1.2	2.9	2.3	1.5
LOCAL MARKET SURVEY: (2)													
Volume	151.8	128.4	99.2	96.0	124.9	149.8	142.1	145.8	143.1	122.4	140.1	142.7	122.6
Price	76.7	90.4	118.3	125.9	104.8	103.4	98.3	88.9	102.1	110.1	83.6	80.3	79.0
EXPORTS (Tala million)	7.6	10.7	12.8	14.1	12.3	13.0	9.6	8.4	11.6	12.3	9.2	8.2	7.4
IMPORTS (Tala million)	86.2	64.8	73.9	84.8	72.1	87.5	93.0	75.0	77.4	82.3	75.5	72.9	71.4
REMITTANCES (Tala million)	39.5	41.8	52.2	47.1	38.3	41.5	41.6	29.7	41.8	44.1	40.6	38.4	35.4
TOURISM: (1)													
Arrivals	12,111	11,483	24,647	17,489	16,212	14,544	11,907	14,046	15,282	16,960	11,797	10,946	10,485
Earnings (Tala million)	37.3	36.7	67.1	48.8	47.0	43.5	39.5	37.7	43.4	49.2	37.0	33.7	31.2
GROSS INTERNATIONAL RESERVES	324.5	415.7	506.5	505.2	482.0	499.9	484.6	335.4	422.1	495.7	370.1	324.2	317.6
BOP Position (+/-) (Surplus/Deficit)	-13.6	8.4	-4.0	-1.3	-23.2	17.9	-15.3	3.1	0.5	5.2	2.6	4.9	7.4
Import Cover	4.7	5.9	6.6	6.6	6.3	6.6	6.2	5.1	6.0	6.5	5.3	4.7	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