



## SELECTED ECONOMIC INDICATORS

### JANUARY 2020

*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.7: 2019/20**

**January 2020**

#### World Economy

The US economy recorded strong growth in net trade, which led to a 2.1 percent expansion in GDP during the last quarter of 2019. The Euro area registered a 0.1 percent growth in the same period whereas the Australian economy grew by 0.5 percent due to household consumption spending and inventories. However, latest update for the New Zealand's economy picked up in the third quarter of 2019, which recorded a 0.7 percent growth.

#### Domestic Economy

After remaining constant in the past two months, the **weighted average official interest rate** narrowed by 2 basis points to 0.15 percent and was also lower by 2 basis points when compared to the same month of 2019. However, the **weighted average lending rate** and the **weighted average deposit rate** boosted by 9 basis points to 8.88 percent and 8 basis points to 2.46 percent respectively. Consequently, the commercial banks' **interest rate spread** edged up to 6.42 percent from 6.41 percent in December 2019 and was higher than 6.24 percent in the same month last year.

Total bank's **liquidity** rose by 14.9 percent to \$321.8 million and was 14.3 percent higher than in the same month a year ago. This increase over the month was mainly due to a moderate expansion in commercial banks' exchange settlement accounts (ESA) by 24.4 percent coupled with a slight increase in Central Bank of Samoa (CBS) securities by 0.02 percent offsetting a 23.9 percent decrease in vault holdings of vault cash. **Total commercial banks' credit** to the private sector and public institutions went up by \$3.4 million to \$1,187.7 million and was 6.8 percent higher when compared to January 2019.

**Broad money (M2)** dropped by \$11.9 million to \$1,230.9 million due to a decrease of \$27.9 million in **'Net Domestic Assets' (NDA)** to \$749.0 million. The main factor that underpinned the reduction in NDA was an increase of **net government position** by 5.5 percent. On the other hand, **'Net Foreign Assets'** widened by \$16.0 million to \$482.0 million due to an increase of \$23.1 million in gross official reserves held by the CBS.

The **overall nominal value** of the Samoan Tala appreciated by 0.002 percent as the Tala strengthened against the US dollar (by 0.06 percent), Australian dollar (by 0.32 percent) and Euro (by 0.13 percent) while weakening against the New Zealand dollar.

The Consumer Price Index (CPI) rebounded by 0.8 percent over the previous month and was 4.9 percent higher than in January 2019. Furthermore, the **annual average headline inflation** rate increased further to 1.5 percent from 1.0 percent in the previous month but lower than 3.7 percent in the same month of 2019. This was mainly driven by the expansions in imported inflation to 0.1 percent (from -0.7 percent in December 2019) and domestic inflation to 2.9 percent from 2.8 percent in the previous month.

The supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal 6.7 percent drop. The overall reduction was due to decreases in supplies of commodities such as breadfruit, head cabbage, tomatoes, Chinese cabbage, cucumber and pumpkin. Consequently, the overall price index expanded by 12.8 percent.

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On the external front, **total export earnings** widened by 33.9 percent to \$13.2 million due to improvements of 75.1 percent in locally produced exports, offsetting a 27.2 percent decline in re-exports. On the other hand, **total import payments** fell substantially by 45.4 percent to \$50.2 million, reflecting a drop of 42.0 percent in non-petroleum private sector imports coupled with the absence of petroleum exports during the month. As a result, the merchandise trade deficit narrowed by 54.9 percent to \$37.0 million.

The inflow of **private remittances** fell by 18.8 percent to \$46.5 million, after a seasonal high in the previous month and was 20.4 percent lower than in January last year. **Total visitor arrivals** for January 2020 recorded a significant decline of 42.6 percent in visitor numbers to 10,456. Consequently, **visitor earnings** dropped by 49.2

percent to \$28.4 million, which was also 20.4 percent lower than January 2019.

However, **gross foreign reserves** grew modestly by 5.2 percent (or \$25.4 million) to \$511.4 million in-light of a strong net buyer position of foreign exchange with the commercial banks. This level of foreign reserves is equivalent to 6.6 months of **import cover**, up from 6.2 months in the previous month but slightly lower than 6.7 months of last year.

**CENTRAL BANK OF SAMOA**  
**12<sup>th</sup> March 2020**

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SELECTED ECONOMIC INDICATORS												
INDICATORS	2018	2019		2020			Average Seven Months			Average levels in the previous		
	Jan	Jan	Oct	Nov	Dec	Jan	Jul17 - Jan18	Jul18 - Jan19	Jul19 - Jan20	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>												
Official rate	0.17	0.17	0.17	0.17	0.17	0.15	0.15	0.17	0.16	0.17	0.16	0.17
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>												
Average lending rate	8.90	9.01	8.84	8.81	8.79	8.88	8.82	9.00	8.86	8.96	8.93	9.16
Average deposit rate	2.91	2.77	2.78	2.72	2.38	2.46	2.70	2.70	2.62	2.84	2.69	2.65
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1060.3</b>	<b>1112.2</b>	<b>1166.5</b>	<b>1183.1</b>	<b>1184.3</b>	<b>1187.7</b>	<b>1,053.5</b>	<b>1,101.8</b>	<b>1,160.2</b>	<b>1,086.2</b>	<b>1,068.1</b>	<b>989.2</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-169.4</b>	<b>-218.3</b>	<b>-261.5</b>	<b>-248.9</b>	<b>-248.9</b>	<b>-262.6</b>	<b>- 163.6</b>	<b>- 212.5</b>	<b>- 248.3</b>	<b>- 193.9</b>	<b>- 172.5</b>	<b>- 139.0</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1053.2</b>	<b>1206.9</b>	<b>1197.2</b>	<b>1206.8</b>	<b>1242.9</b>	<b>1231.0</b>	<b>1,042.5</b>	<b>1,162.8</b>	<b>1,217.9</b>	<b>1,130.0</b>	<b>1,070.3</b>	<b>979.9</b>
Currency outside banks	69.5	88.3	96.0	98.3	108.6	98.5	70.1	87.2	101.0	78.9	73.1	65.5
Demand deposits	291.8	385.9	370.0	371.9	377.8	372.9	298.5	345.2	379.4	338.8	323.3	287.2
FCD residents	76.1	68.7	48.4	54.1	64.3	63.9	86.1	77.4	58.9	72.4	73.8	73.9
Save deposits	134.2	143.2	162.7	156.4	150.1	151.1	137.7	146.6	156.2	138.7	136.4	128.8
Time deposits	481.7	520.8	520.0	526.1	542.1	544.6	450.1	506.5	522.4	501.2	463.7	424.4
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>100.24</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.2</b>	<b>100.0</b>	<b>100.0</b>	<b>100.1</b>	<b>100.1</b>	<b>100.6</b>
<b>HEADLINE CPI (2)</b>	<b>105.7</b>	<b>104.6</b>	<b>109.9</b>	<b>109.8</b>	<b>108.9</b>	<b>109.7</b>	<b>104.0</b>	<b>108.3</b>	<b>109.8</b>	<b>104.9</b>	<b>103.6</b>	<b>102.8</b>
Annual average inflation (%)	2.4	3.7	0.8	0.9	1.0	1.5	1.4	4.3	1.2	3.0	2.3	1.5
<b>LOCAL MARKET SURVEY: (2)</b>												
Volume	119.0	114.4	149.8	142.1	136.1	127.0	139.5	135.5	125.0	116.7	124.6	107.4
Price	106.0	115.0	103.4	98.3	105.5	119.0	90.1	103.4	110.7	110.5	103.7	97.7
<b>EXPORTS (Tala million)</b>	<b>6.2</b>	<b>12.0</b>	<b>13.0</b>	<b>9.6</b>	<b>9.9</b>	<b>13.2</b>	<b>8.1</b>	<b>11.5</b>	<b>12.1</b>	<b>9.1</b>	<b>8.2</b>	<b>7.4</b>
<b>IMPORTS (Tala million)</b>	<b>68.3</b>	<b>68.6</b>	<b>87.5</b>	<b>93.0</b>	<b>91.9</b>	<b>50.2</b>	<b>72.5</b>	<b>77.2</b>	<b>79.1</b>	<b>68.5</b>	<b>66.3</b>	<b>65.6</b>
<b>REMITTANCES (Tala million)</b>	<b>39.8</b>	<b>40.2</b>	<b>42.2</b>	<b>42.3</b>	<b>57.2</b>	<b>46.5</b>	<b>34.4</b>	<b>45.0</b>	<b>46.7</b>	<b>40.0</b>	<b>36.9</b>	<b>33.9</b>
<b>TOURISM: (1)</b>												
Arrivals	12,654	13,755	14,544	11,907	18,230	10,456	14,809	16,312	16,212	13,205	12,775	12,227
Earnings (Tala million)	32.1	35.6	43.5	39.5	55.8	28.4	39.9	46.2	47.1	33.9	32.3	31.8
<b>GROSS INTERNATIONAL RESERVES</b>	<b>341.1</b>	<b>481.9</b>	<b>499.9</b>	<b>484.6</b>	<b>485.9</b>	<b>511.4</b>	<b>335.5</b>	<b>434.0</b>	<b>496.5</b>	<b>411.5</b>	<b>365.0</b>	<b>344.3</b>
BOP Position (+/-) (Surplus/Deficit)	10.6	36.3	17.9	-15.3	1.3	0.4	4.9	9.1	3.5	23.5	22.1	16.1
Import Cover	5.0	6.7	6.6	6.2	6.2	6.6	5.0	6.1	6.4	5.8	5.3	5.1

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