



SELECTED ECONOMIC INDICATORS

FEBRUARY 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.8: 2019/20

February 2020

World Economy

On the global stage, US economy recorded a modest growth in personal consumption expenditure which led to a 2.1 percent increase in GDP during the last quarter of 2019. The Euro area registered a lower growth estimate of 0.1 percent in the same period. The Australian economy narrowed to 0.5 percent from 0.6 percent in the third quarter of 2019 whilst the New Zealand economy dropped to 0.5 percent (from 0.8 percent in the third quarter 2019).

Domestic Economy

The **weighted average yield on Central Bank of Samoa Securities (or official interest rate)** bounced back up by 5 basis points to 0.20 percent from the previous month. Furthermore, the commercial banks' **weighted average lending rate** rose by 3 basis points to 8.91 percent whereas their **weighted average deposit rate** edged down by 4 basis points to 2.42 percent. Consequently, the commercial banks' **interest rate spread** widened to 6.49 percent from 6.42 percent in January 2020 and higher than 6.30 percent in the same month last year.

Total bank **liquidity** contracted by \$8.4 million to \$313.4 million but was \$29.0 million higher than in the same month a year ago. This drop over the month was mainly due to reductions in both commercial banks' holdings of vault cash and exchange settlement accounts (ESA) by \$4.7 million and \$3.7 million respectively, whereas their holdings of CBS securities remained the same from January 2020. After increasing for the past six consecutive months, **total commercial banks' credit to the private sector and public institutions** narrowed by \$16.1 million to \$1,171.6 million in February 2020, but was 3.5 percent higher when compared to the same month of 2019.

Broad money (M2) reduced by \$10.3 million to \$1,220.7 million due to a decline of \$19.5 million in '**Net Foreign Assets**' (NFA) to \$462.5 million despite a \$9.2 million hike in '**Net Domestic Assets**' (NDA) to \$758.2 million. The drop in the former was due to a decrease in foreign assets of the Central Bank and the banking system. The hike in the latter was underpinned by a decline in **government's net position** offsetting a contraction in credit to the private sector and non-monetary financial institutions.

The **overall nominal value** of the Samoan Tala appreciated by 0.001 percent as the Tala strengthened against the Australian dollar, Euro and New Zealand dollar while depreciating against the US dollar.

The Consumer Price Index (CPI) rebounded by 0.7 percent over the previous month and was 5.0 percent higher than in February 2019. Nevertheless, the **annual average headline inflation** rate went up further to 1.9 percent from 1.5 percent in the previous month but lower than 3.5 percent in the same month of 2019. This was mainly driven by expansions in imported inflation to 0.8 percent (from 0.1 percent) and local inflation to 3.1 percent (from 2.9 percent).

The **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia, recorded a seasonal 37.8 percent drop. The overall reduction was due to decreases in supplies of stable commodities such as banana, ta'amu, coconut and vegetables (mainly head cabbage, tomatoes, Chinese cabbage and cucumber to name a few) impacted from bad weather conditions in the beginning of the year. As a result, the overall

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price index went up by 12.6 percent at the end of the month.

On the external front, **total export earnings** fell by 44.5 percent to \$7.3 million due to a reduction of 71.8 percent in locally produced exports (mainly fish) offsetting a 53.1 percent increase in re-exports. In contrast, **total import payments** for February 2020, rebounded by 36.9 percent to \$68.7 million, reflecting expansion in non-petroleum private sector by 6.6 percent coupled with the reappearance of petroleum imports. As a result, the merchandise trade deficit bounced back up by 66.0 percent to \$61.4 million.

The inflow of **private remittances** fell further by 11.0 percent to \$41.7 million but was 6.6 percent higher than in the same month of 2020. **Total visitor arrivals** for the current month recorded a seasonal drop of 32.5 percent to 7,053. As a result, **visitor earnings** dropped by 25.1 percent to \$21.3 million which was also

11.2 percent lower than that of February last year.

In addition, **gross foreign reserves** fell by 2.3 percent (or \$11.9 million) to \$498.4 million in light of the increased level of foreign payments coupled with net seller position of CBS foreign exchange with the commercial banks. However, the current level of foreign reserves is sufficient to cover 6.4 months of imports of goods; down from 6.6 months in the previous month and lower than 6.9 months of last year.

CENTRAL BANK OF SAMOA
16th April 2020

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INDICATORS	2018		2019		2020						Average Eight Months			Average levels in the previous		
	Feb	Feb	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Jul17 - Feb18	Jul18 - Feb19	Jul19 - Feb20	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																
<i>Official rate</i>	0.15	0.18	0.16	0.16	0.15	0.17	0.17	0.17	0.15	0.20	0.15	0.17	0.17	0.17	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																
<i>Average lending rate</i>	8.89	9.02	8.95	8.88	8.84	8.84	8.81	8.79	8.88	8.91	8.83	9.00	8.86	8.96	8.91	9.13
<i>Average deposit rate</i>	2.88	2.72	2.70	2.60	2.73	2.78	2.72	2.38	2.46	2.42	2.72	2.70	2.60	2.80	2.65	2.62
COMMERCIAL BANK LOANS (Tala million)	1061.3	1131.7	1119.3	1133.8	1146.8	1166.5	1183.1	1184.3	1187.7	1171.6	1,054.5	1,105.5	1,161.6	1,096.5	1,079.1	1,002.4
GOVERNMENT NET POSITION (Tala million)	-177.4	-210.5	-227.5	-248.5	-240.6	-261.5	-248.9	-248.9	-262.6	-237.6	-165.3	-212.2	-247.0	-194.0	-180.9	-146.0
MONEY SUPPLY (Tala million)	1053.5	1244.4	1228.3	1222.7	1196.6	1197.2	1206.8	1242.9	1231.0	1220.7	1,043.9	1,173.0	1,218.3	1,149.0	1,080.8	983.3
<i>Currency outside banks</i>	66.4	89.0	103.7	102.2	99.9	96.0	98.3	108.6	98.5	97.6	69.7	87.4	100.6	77.7	71.5	64.0
<i>Demand deposits</i>	294.4	414.5	389.0	391.3	383.0	370.0	371.9	377.8	372.9	370.6	298.0	353.9	378.3	354.4	330.7	294.1
<i>FCD residents</i>	76.3	76.2	65.7	58.1	58.1	48.4	54.1	64.3	63.9	64.1	84.9	77.2	59.6	76.2	75.3	67.6
<i>Save deposits</i>	134.8	143.4	158.7	158.1	156.1	162.7	156.4	150.1	151.1	150.7	137.4	146.2	155.5	139.1	137.1	129.0
<i>Time deposits</i>	481.7	521.3	511.1	513.0	499.6	520.0	526.1	542.1	544.6	537.7	454.0	508.3	524.3	501.5	466.2	428.6
NOMINAL EXCHANGE RATE (Index)	100.01	99.9	99.9	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.2	100.0	100.0	100.0	100.0	100.8
HEADLINE CPI (2)	104.9	105.3	110.1	110.1	110.1	109.9	109.8	108.9	109.7	110.5	104.4	107.4	109.9	105.1	103.9	102.5
<i>Annual average inflation (%)</i>	2.5	3.5	1.7	1.4	1.0	0.8	0.9	1.0	1.5	1.9	1.5	4.2	1.3	3.0	2.3	1.7
LOCAL MARKET SURVEY: (2)																
<i>Volume</i>	125.1	110.8	99.2	96.0	124.9	149.8	142.1	136.1	127.0	79.0	137.7	132.4	119.3	117.9	126.6	109.2
<i>Price</i>	108.7	106.0	118.3	125.9	104.8	103.4	98.3	105.5	119.0	134.0	92.4	103.7	113.6	107.4	99.9	96.1
EXPORTS (Tala million)	5.4	7.4	12.8	14.1	12.3	13.0	9.6	9.9	13.2	7.3	7.7	11.0	11.5	6.4	6.1	5.8
IMPORTS (Tala million)	62.5	56.7	73.9	84.8	72.1	87.5	93.0	91.9	50.2	68.7	71.3	74.7	77.8	59.6	58.5	59.5
REMITTANCES (Tala million)	37.6	39.1	53.4	47.1	38.3	42.2	42.3	57.2	46.9	41.7	34.8	44.3	46.2	38.4	34.5	33.2
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TOURISM: (1)																
<i>Arrivals</i>	7,413	9,044	24,647	17,489	16,212	14,544	11,907	17,927	10,456	7,053	13,884	15,404	15,029	8,229	8,089	7,987
<i>Earnings (Tala million)</i>	21.0	23.9	67.1	48.8	47.0	43.5	39.5	54.5	28.4	21.3	37.6	43.4	43.7	22.5	21.8	22.4
GROSS INTERNATIONAL RESERVES	344.1	488.8	506.7	505.2	482.0	499.8	484.5	486.7	510.3	498.4	336.6	440.8	496.7	416.5	371.9	343.2
<i>BOP Position (+/-) (Surplus/Deficit)</i>	3.0	6.9	-3.8	-1.5	-23.2	17.8	-15.3	2.1	0.4	0.4	4.7	8.8	-2.9	4.9	6.9	-1.1
<i>Import Cover</i>	5.0	6.9	6.6	6.6	6.3	6.6	6.2	6.2	6.6	6.4	5.0	6.2	6.4	5.9	5.4	5.1

Source: Central Bank of Samoa
1. Revised Total Earnings from Feb-12 to Mar-16
2. Rebase Base Period February 2016=100
Ⓜ Revision
(P): Projections - CBS
n/a: not available