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CENTRAL BANK OF SAMOA

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PRESS RELEASE

**MONETARY POLICY STANCE FOR THE REMAINING MONTHS OF THE
FINANCIAL YEAR 2014/15**

At its Meeting on 27 March 2015, the Board of the Central Bank of Samoa reaffirmed the continuation of easing monetary policy aimed at supporting current economic growth by maintaining low interest rates.

In making its decision, the Board took into account the actual macro-economic results for the first seven months of 2014/15, which have largely turned out as expected. The economy has continued to improve while inflation remains low even though it is rising slowly. Government financial operations has ramped up in the first seven months of the period under review with commercial bank lending recording a sharp increase in recent months. On the external front, exports and visitor earnings are trending above expectations while private remittances are down from last year. However, given large one off capital and financial outflows, there is a large deficit in the balance of payments reducing the level of international reserves to around 4.5 months of imports by end January 2015.

The outlook for the whole year up to June 2015 is for a 2.6 percent growth in economy with headline inflation expected around 1.8 percent. Exports and tourism receipts are expected to increase however, given the large outflows in the first seven months, a modest overall balance of payments deficit is expected. Reserves cover is estimated at 4.8 months.

The loosening stance of monetary policy will be reviewed when the Government's Budget for 2015/16 is finalized in June 2015.

Central Bank of Samoa
31 March 2015
