



GOVERNMENT OF SAMOA  
**MINISTRY OF FINANCE**  
**QUARTERLY ECONOMIC OVERVIEW**

Issue No 70

First Quarter (Jul-Sep 2015/16)

Twelve months review (Oct 2014 – Sep 2015)

### **Gross Domestic Product**

The real GDP for September quarter 2015/16 amounted to \$463.38 million, recording a healthy growth of 3.2% compare to the same period of the previous fiscal year. Accommodation and restaurants which was the driving force to this result reported a 31.7% growth as compared to the same period in 14/15. This boost mainly relates to Samoa hosting the historical game between All Blacks vs. Manu Samoa and the Commonwealth Youth Games. Transport also grew positively which was an indication of the increase in demand of transport services during these major events together with other sectors namely Fishing, Other manufacturing, Construction, Communication, Ownership of dwellings and Personal and other services. The main contributor to the growth of real Gross Domestic Product for the reviewing period was the Fishing Sector (2.5%).

On a twelve months basis, the overall economy increased by 1.4% in the twelve months to September 2015 over the twelve months to September 2014. The principal driver for the positive growth was Fishing Sector (66.9%) which was also reflected by a noticeably high demand for fish export for that same period. Transport (37.0%), Communication (22.8%), Accommodation and Restaurants (10.6%), Personal and Other Services (8.4%), Electricity and Water (4.9%), Financial Services (4.7%), Business Services (3.8%), Other manufacturing (0.7%) and Ownership of dwellings (0.6%) all indicated increases and contributed favourably to the economy in the twelve months to September 2015 compare to the same period of the previous fiscal year.

### **Employment**

Total Formal employment number for September quarter 2015/16 recorded an increase of 0.4% to stand at 23,856 in comparative to the same quarter of FY 2014/15. Tertiary and Secondary Sector recording

positive growths of 0.8% and 0.4% led to this positive result. In contrast, employment numbers for the Primary and Public Administration Sector declined by 8.9% and 0.1% respectively.

### **Trade & Balance of Payments**<sup>1</sup>

The merchandise trade deficit for September quarter 2015/16 recorded a decrease of 15.9% compare to September quarter 2014/15. Exports recorded an increase of 75.0% as a result of an increase in the exports of fresh fish (546.1%), nonu juice (302.0%), taro (206.6%) and copra meal (141.0%). Imports on the other hand reported a decrease of 8.2% due to a decline in Government Imports by 53.5% and Petroleum by 29.0%.

Current account balance stood at a deficit of \$45.5 million, increased by 25.7% compare to the same quarter of 2014/15. This was mainly driven by an increase of 9.4% in Balance on Primary Income followed by an increase of 0.4% in Balance on Goods and Services. The capital account recorded an increase of 167.9% to stand at \$12.6 million in the reviewing quarter. Financial account also recorded an increase of 48.5% to stand at a deficit \$12.0 million due to a large increase in other investments. In aggregate, the overall balance turnaround from a deficit of \$17.1 million in September quarter 2014/15 to stand at a surplus of \$4.5 million in September quarter 2015/16.

In the twelve months to September 2015, exports increased by 31.4% whilst imports recorded a decline of 3.2% over the twelve months to September 2014. This resulted in a decline in the merchandise deficit by 6.1% to stand at \$682.96 million during that period. Furthermore, the current account deficit decreased by 16.4% due to a decline in the balance on Goods, services and primary income by 2.0% whilst Secondary income increased by 3.0%. On the other

1. Balance of Payment numbers are provided by Central Bank of Samoa

hand, capital account was 17.3% lower than the twelve months to September 2014 whilst Financial accounts increased by 87.7% resulting in a decrease in the overall balance of payments deficit by \$139.9 million to stand at \$83.5 million in the reviewing twelve months period to September 2015.

### **Tourism & Remittances**

Tourist arrivals for September quarter 2015/16 stood at 39,919, increase by 5.4% compare to September quarter 2014/15. This result was mainly due to an increase of 467.5% in tourists coming in for sports followed by an increase in numbers of tourists arriving for other purposes (18%) and for holidays (14.3%). In the twelve months to September 2015, visitor arrivals and tourism earnings both reported positive growth of 5.2% and 5.7% respectively. This result mainly relates to an increase in the number of people coming in to Samoa for the Commonwealth Youth Games and the Historical Game between All Blacks and Manu Samoa during that period.

Remittances for the September quarter 2015/16 recorded an increase of 1.1% to stand at \$99.6 million compare to the same quarter of 2014/15. This was mainly due to an increase of 15.0% in money being sent over from family members living in American Samoa, followed by an increase in remittances from family members living in USA (11.9%), Australia (11.3%) and New Zealand (0.7%).

### **Monetary Supply**

Money supply amounted to \$867.53 million at end of September 2015/16, increased by 12.6% compare to the same period for fiscal year 2014/15. Narrow money (M1) and Quasi money (B) both contributed to this result with increases of 28.3% and 2.4% respectively. Domestic credit stood at \$933.33 million, registering an increase of 15.4% over the comparable period of the previous fiscal year. An increase of 15.6% in credit to private sector, 13.5% in net credit to non-financial Public Sector and 13.0% in net credit to non-monetary financial institutions contributed to the increase in Domestic credit.

### **Exchange Rates**

The Samoan tala at September quarter 2015/16 appreciated against the NZD, AUD, EURO, FJD and YEN and depreciated against the USD over the same

quarter of 2014/15. The same result was also observed on an annual average with the tala appreciating against NZD, AUD, EURO FJD and YEN and depreciating against the USD.

### **Foreign Reserves**

Gross official foreign reserves registered an increase of 7.6% from end of September 2014/15 to stand at \$340.86 million at end of September 2015/16. This was sufficient to cover 5.4 months of imports of goods compared to 4.8 months at end of September 2014/15.

### **Fiscal Performance**

The Net Operating Balance (Revenue less Operating expense) stood at \$5.9 million for the reviewing period, which is \$11.74 million more than the total recorded for September quarter 2014/15. The Overall Balance (Net Lending/Borrowing) reported a deficit of \$7.9 million in the reporting quarter, \$3.3 million (-29.0%) less compared to the Overall Deficit of \$11.2 million at September quarter 2014/15.

### **External Debt**

Total Government External Debt in September 2015/16 amounted to \$1,099.68 million, increased by 11.7% compare to September 2014/15 and is equivalent to 56.1% of GDP. Multilateral Loans accounted for 54.1% whilst Bilateral Loans accounted for 45.9% of disbursed outstanding debt.

Total debt servicing at end of September quarter 2015/16 stood at \$18.38 million, increased by 30.2% (\$4.26 million) over September quarter 2014/15 and equivalent to 11.5% of merchandise exports and services. In the twelve months to September 2015/16, total debt servicing registered an increase of 16.2% (\$7.19 million) from the last twelve months to September 2014/15 and equivalent to 9.4% of exports of goods and services.

### **Consumer Prices**

The annual average price inflation at end of September 2015/16 was 2.0%. This represents an increase of 3.2 percentage points in the rate of price inflation when compared to the annual average inflation rate of -1.2% at end of September 2014/15. The increase is attributed to a rise in the prices of local items such as health, clothing and footwear, and

rise in prices on all food items and restaurant and hotels.

### **Petroleum Prices**

At end of September 2015/16, international oil prices (USD/barrel) for petrol, kerosene and diesel recorded a fall of 39.5%, 44.6% and 45.3% comparable to the oil prices at end of September 2014/15.

For the domestic retail prices, petrol, kerosene and diesel were valued at \$2.62, \$2.21 and \$2.42 sene per litre at end of September 2015/16. Petrol prices had decreased by 9.7%, kerosene prices by 17.5% and diesel prices by 16.3% compare to the same quarter of 2014/15.

**TABLE 1: KEY ECONOMIC INDICATORS**

|  | Oct 2013 – Sep 2014           | Oct 2014 – Sep 2015    | 1Q14/15                         | 1Q15/16                | % Change 1Q15/16<br>over 1Q14/15 | % Change Oct<br>2014 – Sep 2015<br>over Oct 2013 –<br>Sep 2014 |
|--|-------------------------------|------------------------|---------------------------------|------------------------|----------------------------------|--|
| Nominal GDP ( <i>SAT\$/million</i> )   | 1,889.51                      | 1,960.84               | 503.25                          | 525.36                 | 4.4                              | 3.8  |
| Real GDP<br>( <i>SAT\$/million 2002 prices</i> )                             | 1,705.58                      | 1,728.91               | 448.93                          | 463.38                 | 3.2                              | 1.4  |
| GDP per capita ( <i>SAT\$ 2002<br/>prices</i> )                              | 9,838                         | 10,134                 | -                               | -                      | -                                | 3.0  |
| Employment ( <i>thousands –<br/>end period</i> )                             | 23,759                        | 23,856                 | 23,759                          | 23,856                 | 0.4                              | 0.4  |
| Exports ( <i>SAT\$/million</i> )   | 62.02                         | 81.56                  | 18.52                           | 32.41                  | 75.0                             | 31.4   |
| Imports ( <i>SAT\$/million</i> )   | 789.38                        | 764.41                 | 219.02                          | 200.96                 | -8.2                             | -3.2   |
| Trade Deficit ( <i>SAT\$/million</i> )                                       | -727.5                        | -682.85                | -200.50                         | -168.55                | -15.9                            | -6.1   |
| Tourism Revenue<br>( <i>SAT\$/million</i> )                                  | 326.28                        | 344.96                 | 86.73                           | 90.6                   | 4.5                              | 5.7  |
| Visitor Arrivals   | 128,325                       | 134,952                | 37,873                          | 39,919                 | 5.4                              | 5.2  |
| Remittances ( <i>SAT\$/million</i> )   | 426.47                        | 381.07                 | 107.45                          | 97.1                   | -9.6                             | -10.6  |
| Inflation ( <i>% annual average<br/>– end period</i> )                       | -0.7                          | -1.2                   | -0.7                            | -1.2                   | 71.4                             | 71.4   |
| Gross Official Foreign<br>Reserves ( <i>SAT\$/million - end<br/>period</i> ) | 316.85                        | 340.86                 | 316.85                          | 340.86                 | 7.6                              | 7.6  |
| <b>Balance of Payment</b>  | <i>(SAT\$/million)</i>        | <i>(SAT\$/million)</i> | <i>(SAT\$/million)</i>          | <i>(SAT\$/million)</i> |                                  |  |
| Current Account  | -131.7                        | -110.2                 | -36.2                           | -45.5                  | 25.7                             | -16.4  |
| Capital Account  | 118.9                         | 98.3                   | 4.7                             | 12.6                   | 167.9                            | -17.3  |
| Overall Balance  | -56.4                         | 83.5                   | -17.1                           | 4.5                    | -126.4                           | -247.9   |
| <b>Exchange Rates</b>  | <i>(Annual average rates)</i> |                        | <i>(Quarter average rates)</i>  |                        |                                  |  |
| USD  | 0.4328                        | 0.3999                 | 0.4264                          | 0.3793                 | -11.0                            | -7.6   |
| NZD  | 0.5141                        | 0.5480                 | 0.5227                          | 0.5824                 | 11.4                             | 6.6  |
| AUD  | 0.4703                        | 0.5086                 | 0.4704                          | 0.5226                 | 11.1                             | 8.1  |
| EURO   | 0.3190                        | 0.3499                 | 0.3301                          | 0.3411                 | 3.3                              | 9.7  |
| FJD  | 0.8032                        | 0.8170                 | 0.8009                          | 0.8121                 | 1.4                              | 1.7  |
| YEN  | 44.2821                       | 47.7145                | 45.7009                         | 46.3425                | 1.4                              | 7.8  |
| <b>Government Finance<br/>Statistics</b>                                     | <i>(SAT\$/million)</i>        | <i>(SAT\$/million)</i> | <i>(SAT\$/million)</i>          | <i>(SAT\$/million)</i> |                                  |  |
| Total Revenue  | 548.57                        | 548.15                 | 121.73                          | 135.50                 | 11.3                             | -0.1   |
| Total Expenditure  | 529.15                        | 531.18                 | 127.58                          | 129.60                 | 1.6                              | 0.4  |
| Net Operating Balance  | 19.42                         | 16.97                  | -5.84                           | 5.90                   | -201.0                           | -12.6  |
| Net Lending / borrowing  | -90.59                        | -72.41                 | -11.18                          | -7.90                  | -29.3                            | -20.1  |
| External Debt ( <i>end of period</i> )                                       | 984.76                        | 1,099.68               | 984.76                          | 1,099.68               | 11.7                             | 11.7   |
| Debt Servicing   | 44.37                         | 51.56                  | 14.12                           | 18.38                  | 30.2                             | 16.2   |
| <b>Petroleum</b>   |                               |                        | <i>Retail Prices (sene/ltr)</i> |                        |                                  |  |
| Petrol   | 2.90                          | 2.62                   | 2.90                            | 2.62                   | -9.7                             | -9.7   |
| Kerosene   | 2.68                          | 2.21                   | 2.68                            | 2.21                   | -17.5                            | -17.5  |
| Diesel   | 2.89                          | 2.42                   | 2.89                            | 2.42                   | -16.3                            | -16.3  |
|  |                               |                        | <i>FOB Prices (USD/bbl)</i>     |                        |                                  |  |
| Petrol   | 119.78                        | 72.52                  | 119.78                          | 72.52                  | -39.5                            | -39.5  |
| Kerosene   | 118.79                        | 65.81                  | 118.79                          | 65.81                  | -44.6                            | -44.6  |
| Diesel   | 118.96                        | 65.07                  | 118.96                          | 65.07                  | -45.3                            | -45.3  |

Sources: Ministry of Finance, Central Bank of Samoa, Samoa Bureau of Statistics and National Provident Fund