



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

Issue No 72

Third Quarter (Jan - Mar 2015/16)

Twelve months review (Apr 2015 – Mar 2016)

### **Gross Domestic Product**

Samoa's economy recorded a significant increase of 10.2% in its growth for March quarter compared to the corresponding quarter of the previous year (2014/15). Commerce was the leading contributor with a 4.1 percentage point increase followed by an increase in the Fishing sector by 2.0 percentage points and Construction by 1.1 percentage point. The huge growth in the economy is fuelled by activities that linked to Samoa's General Election that happened during that period as well as the continued improvement in the fishing sector which coincides with a huge increase in fish exports for the reviewing quarter.

In the twelve months to March 2016 (Apr 2015 – Mar 2016), GDP at constant prices recorded an increase of 2.4% from the twelve months to March 2015 (Apr 2014 – Mar 2015). Commerce was also the main contributor to the increase in aggregate output over this period (contributed 1.0 percentage point to the growth).

### **Employment**

The formal employment number at end of March 2015/16 increased by 2.7% over the comparable 2014/15 quarter. Primary (11.5%), Secondary (2.9%), Tertiary (3.1%) and Public Administration (1.1%) all recorded increases which leads to the increase of formal employment for the reporting period.

### **Trade & Balance of Payments**

On the trade front, the merchandise trade deficit amounted to \$176.82 million in the reporting quarter, increase by 7.4% compare to the same quarter of the previous year. This widening gap was driven by a huge increase in import payments compared to a slight increase in domestic exports.

The current account balance recorded a deficit of \$66.2 million in the reporting quarter. This was a result of an increase of 74.1% in the balance on goods, services and primary income and a decline of 11.5% in the balance of secondary income. Capital account and financial account both recorded increases of 94.3% and 18.1% respectively over the March quarter of 2014/15. In aggregate, the overall balance recorded a deficit of \$6.5 million in the reporting period (March quarter) of 2015/16 compared to a surplus of \$23.8 million in March quarter of the previous year (2014/15).

On an annual basis, exports reported an upward trend of 38.5% whilst import recorded a downward trend of 1.8% over the previous year (2014/15), which led to fall in the merchandise trade deficit by 5.5% to stand at \$688.2 million. Moreover, the current account deficit increased by \$91.8 million to stand at \$130.9 million due to an increase in balance of goods, services and income. Capital account reported an increase of 31.4% whilst the overall balance of payments account turned around from a deficit of \$9.5 million in 2014/15 to a surplus of \$68.4 million in the reporting year (2015/16).

### **Tourism & Remittances**

Tourism earnings and tourist arrivals both recorded increases of 14.7% and 12.1% from the corresponding quarter of 2014/15 respectively. In the twelve months to March 2015, aggregate tourism earnings and tourist arrivals also reported increases of 4.6% and 5.8% compare to the twelve months to March 2015 respectively. This was mainly driven by an increase in the number of tourist arrivals from USA, Europe, New Zealand and other countries.

Remittances in the reporting quarter (3Q15/16) amounted to \$84.54 million, a decline of 12.1% from

the same quarter of 2014/15. In the twelve months to March 2016, remittances decreased by \$12.30 million to stand at \$396.40 million.

### **Monetary Supply**

Money supply stood at \$890.10 million in March quarter 2015/16, increased by 6.7% over the comparable quarter of the previous year. Narrow money (M1) was the main driver with an increase of 13.4% followed by an increase of 2.0% in Quasi Money (M2). Domestic credit recorded an upward trend of 4.4% over the comparable quarter (3Q14/15) of the previous fiscal year to stand at \$980.85 million at end of March quarter in 2015/16. This outcome was mainly caused by an increase of 123.5%, 9.1% and 1.4% in net credit to non-financial public sector, credit to private sector and net credit to non-monetary financial institutions respectively.

### **Exchange Rates**

The Samoan tala recorded an appreciation against the NZD and AUD for the March quarter of FY2015/16. However, depreciation was noted against the remaining currencies in the basket (USD, AUD, EURO, FJD and YEN). On an annual basis, the Samoan tala depreciated against the USD and appreciated against the NZD, AUD, EURO, FJD and YEN in the reporting quarter compared to the same quarter of the previous fiscal year (2014/15).

### **Foreign Reserves**

Gross official foreign reserves for the March quarter of FY 2015-16 increased by \$38.75 million to stand at \$307.24 million when compared to the same period of the previous fiscal year. This is correspondent to months of import goods compared to 4.5 months of the March quarter of FY2014-15.

### **Fiscal Performance**

The figures for Net Operating Balance (Revenue less Operating expense) for March quarter of FY 2015/16 registered a surplus of \$38.2 million. This indicated a \$55.01 million turnaround from a deficit of \$13.17 million during the same period in the previous fiscal year (2014/15). The Net Borrowing (or Overall Deficit) showed a surplus of \$31.2 million for the reporting quarter which was an increase of \$55.01

million from a deficit of \$23.81 million in the March quarter of the FY2014/15.

### **External Debt**

Official government debt outstanding at end March 2015/16 stood at \$1,075.54 million, an increase of \$32.55 million over end March 2014/15. This amount is equivalent to 53.3% of GDP. Multilateral and bilateral loans accounted for 53.0% (\$570.55 million) and 47.0% (\$504.99 million) of disbursed outstanding debt (DOD) respectively.

Total debt servicing at end of the reviewing quarter stood at \$17.91 million, increased by 21.0% over the March quarter 2014/15 and equivalent to 13.3% of merchandise and services exports. On a twelve months basis to March 2016, total debt servicing registered an increase of 7.8% compared to the level in the twelve months to March 2015 to stand at \$52.49 million. This amount was equivalent to 8.5% of merchandise exports and services.

### **Consumer Prices**

The annual average inflation rate of -6.8 was recorded at end of March 2015/16, a decline of 8.1 percentage points compared to the rate at the end of March 2014/15. Decreases in the prices of alcoholic beverages and tobacco (-19.2), Clothing and footwear, Housing, water, electricity, gas and other fuel (-13.1), transport (-7.7), health (-7.2), food and alcoholic beverages (-7.1), restaurants and hotels (-6.4) and education (-1.5) categories contributed to the recorded rate.

### **Petroleum Prices**

The domestic retail price for petrol increased by 29.63% in the March quarter 2015/16 compared to the March quarter of the previous year. Kerosene and diesel recorded a decline in their prices by 25.12% and 19.64% respectively from the corresponding period of the previous year (2014/15).

International prices for petrol, diesel and kerosene recorded declines of 54.7%, 67.0% and 68.0% respectively

**TABLE 1: KEY ECONOMIC INDICATORS**

	Apr 2014 – Mar 2015	Apr 2015 – Mar 2016	3Q14/15	3Q15/16	% Change 3Q15/16 over 3Q14/15	% Change Apr 2015 – Mar 2016 over Apr 2014 – Mar 2015
Nominal GDP(SAT\$/million)	1,939.60	2,017.91	473.96	509.57	7.5	1.8
Real GDP (SAT\$/million 2009 prices)	1,717.12	1,806.42	410.97	452.95	10.2	2.4
GDP per capita (SAT\$ 2009 prices)	10,282	10,683	-	-	0.0	3.9
Employment (thousands – end period)	23,733	24,377	23,733	24,377	2.7	2.7
Exports (SAT\$/million)	66.40	92.00	14.30	19.20	34.3	38.5
Imports (SAT\$/million)	794.50	780.20	179.00	196.00	9.5	-1.8
Trade Deficit (SAT\$/million)	728.10	688.20	164.7	176.8	7.4	-5.5
Tourism Revenue (SAT\$/million)	344.48	360.43	72.14	82.76	14.7	4.6
Visitor Arrivals	132,892	140,655	26,802	30,049	12.1	5.8
Remittances (SAT\$/million)	396.40	408.70	96.10	84.54	-12.1	-3.0
Inflation (% annual average – end period)	1.3	-6.8	-	-	-	620.0
Gross Official Foreign Reserves (SAT\$/million - end period)	268.49	307.24	268.49	307.24	14.4	14.4
<b>Balance of Payment</b>	<b>(SAT\$/million)</b>	<b>(SAT\$/million)</b>	<b>(SAT\$/million)</b>	<b>(SAT\$/million)</b>		
Current Account	-39.1	-130.9	3.8	-66.2	-1842.1	234.6
Capital Account	98.8	129.8	19.3	37.5	94.3	31.4
Overall Balance	-9.5	68.4	23.8	-6.5	-127.3	-819.2
<b>Exchange Rates</b>	<i>(Annual average rates)</i>		<i>(Quarter average rates)</i>			
USD	0.4233	0.3852	0.4036	0.38117	-5.6	-9.0
NZD	0.5215	0.5686	0.5371	0.57406	6.9	9.0
AUD	0.4835	0.5235	0.5131	0.52864	3.0	8.3
EURO	0.3326	0.3490	0.3582	0.34553	-3.5	4.9
FJD	0.8102	0.8140	0.8194	0.80858	-1.3	0.5
YEN	46.1790	46.2467	48.0628	43.95354	-8.5	0.1
<b>Government Finance Statistics</b>	<b>(SAT\$/million)</b>	<b>(SAT\$/million)</b>	<b>(SAT\$/million)</b>	<b>(SAT\$/million)</b>		
Total Revenue	559.61	624.20	118.90	163.10	37.2	11.5
Total Expenditure	525.59	527.20	132.07	125.00	-5.4	0.3
Net Operating Balance	34.02	97.00	-13.17	38.20	-390.1	185.1
Net Lending / borrowing	-109.67	22.50	-23.81	31.20	-231.0	-79.5
External Debt(end of period)	1,042.99	1,075.54	1,042.99	1,075.54	3.1	3.1
Debt Servicing	48.67	52.49	14.80	17.91	21.0	7.8
<b>Petroleum</b>						
<b>Retail Prices (sene/ltr)</b>						
Petrol	2.16	2.80	2.16	2.80	29.6	29.6
Kerosene	2.03	1.52	2.03	1.52	-25.1	-25.1
Diesel	2.24	1.80	2.24	1.80	-19.6	-19.6
<b>FOB Prices (USD/bbl)</b>						
Petrol	104	47.10	104	47.10	-54.7	-54.7
Kerosene	115	37.91	115	37.91	-67.0	-67.0
Diesel	113	36.15	113	36.15	-68.0	-68.0

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

Note: now using 2009 prices for calculating the Gross Domestic Product at constant prices.