



GOVERNMENT OF SAMOA
MINISTRY OF FINANCE
QUARTERLY ECONOMIC OVERVIEW

Issue No 69

Fourth Quarter (Apr – Jun 2014/15)

Twelve months review (Jul 2014 – Jun 2015)

Gross Domestic Product

The Samoan economy experienced positive growths throughout the four consecutive quarters for financial year 2014/15. In the current period, economy recorded a positive growth of 0.9% to stand at \$420.88 million comparable to the same period of the previous year (2013/14). Fishing sector increased by 45.2% and contributed largely to the growth for the reporting quarter. This result was also reflected by a significant increase in fish export for the same period. Other manufacturing, Commerce and Communication sectors' also contributed positively to the growth recording increases of 6.3%, 2.0% and 1.8% respectively.

On a twelve months basis (i.e. Financial Year 2014/2015), the overall economy showed a positive growth of 1.7% to June 2015 compared to the same period to June 2014. Fishing was the main contributor to the increase in aggregate output over this period with a growth of 42.3%. Transport; and Electricity and water also recorded positive growths of 26.7% and 13.6% while Agriculture and Construction recorded a decline of 11.3% each for the same period.

Employment

Employment numbers at end of June 2014/15 stood at 24,000, recording an increase of 1.5% compared to the same quarter of 2013/14. This was primarily caused by an increase in employed people under the Secondary sector, recording an increase of 3.0% compare to the same quarter of the previous period. Tertiary sector and Public administration also recorded increases of 1.7% and 0.4% respectively.

Trade & Balance of Payments

On the external front, import payments decreased by 6.2% whilst exports increased by 7.6% which leads to a decline in the merchandise trade deficit by 7.5% over the same quarter of the previous year to stand at \$162.67 million in the reporting quarter.

The current account balance recorded a deficit of \$8.3 million, decreased by 23.9% compare to June quarter 2013/14. This was driven by a fall in the balance on goods, services and primary income by 0.8% and increase in secondary income by 1.9%. Capital account recorded a decline of 12.3% whilst financial account registered an increase in its balance by 109.4% over the June quarter 2013/14. The overall balance for June quarter 2014/15 stood at a surplus of \$82.7 million, increased by \$76.6 million compare to June quarter 2013/14.

On an annual basis, imports increased by 0.7% over the previous year (2013/14). Exports also recorded an increase of 17.1% which led to a downward trend of the merchandise trade deficit by \$4.5 million from the previous year (2013/14) to the reviewing period (2014/15). Moreover, the improvement in the balance on goods, services and primary led to a decline in the current account deficit by 46.0%. Though the capital account balance declined by \$57.3 million, the overall balance of payments recorded a surplus of \$67.3 million, a turn around from a deficit of \$42.4 million in 2013/14.

Tourism & Remittances

Tourism arrivals reported only a 0.04% growth for June quarter 2014/15 whilst tourism earnings recorded a decline of 3.8% compared to the same quarter of the previous year (2013/14). In the twelve months to June 2015, both tourist arrivals and tourism earnings reported increases of 5.2% and 5.3% over the twelve months to June 2014 respectively. This result was driven by an increase of 13.2% in tourist arrivals for business and conference followed by an increase of 12.2% and 4.5% of tourist arriving in Samoa for other purposes and for holidays respectively.

Remittances however recorded an increase of 10.4% amounting to \$105.2 million for June quarter compare to the same quarter 2013/14. In the twelve months to June 2015, remittances increased by 6.8% to stand at \$418.6 million.

Monetary Supply

In the banking sector, money supply recorded a slight increase of 0.6% compared to end of June 2013/14 to stand at \$836.22 million at end of June 2014/15. The result was largely driven by Narrow Money (M1) with an increase of 13.8% whilst Quasi Money (M2) declined by 5.6%. Domestic credit registered an expansion of 31.6%, driven by an increase in claims on non-monetary financial institutions (25.2%), Private Sector (17.6%) and claims on non-financial public enterprises (3.1%). These increases more than offset the decline in Government deposits with banking system which registered a huge fall of 31.6%.

Exchange Rates

Movement in Samoan Tala showed a strengthening of the Tala against the NZD, AUD, EURO, FJD and YEN, and a weakening against the USD over the comparable quarter of 2013/14. On an annual basis, the Samoan Tala recorded a 3.9% depreciation against the USD and an appreciation against the remaining currencies in the basket.

Foreign Reserves

Gross official foreign reserves stood at \$301.60 million at end of June 2014/15, a decline of 2.5% from end of June 2013/14. This was sufficient to cover 4.6 months of imports of goods, compared to 4.8 months at end of June 2013/14.

Fiscal Performance

The Net Operating Balance (Revenue less Operating expense) stood at \$24.50 million for the reviewing period, which is \$28.79 million less than the total recorded for June quarter 2013/14. The Overall Balance (Net Lending/Borrowing) showed a surplus of \$11.9 million in the reporting quarter, \$33.98 million more compared to the Overall Deficit of \$22.08 million at June quarter 2013/14.

The fiscal outturn for 2014/15 financial year resulted in an Overall deficit of \$75.69 million which is equivalent to 3.9% of GDP. The Net Operating balance (Revenue less Operating Expenses) during the reporting year (2014/15) showed a surplus of \$5.23 million, \$21.36 million less than the balance of the previous financial year (2013/14).

External Debt

Government's external debt amounted to \$1,078.24 million in the year ended June 2014/15, equivalent to 55.2% of GDP and an increase of \$112.0 million compare to year ended June 2013/14.

Total debt servicing recorded a decline of 14.9% compared to June quarter 2013/14 to stand at \$7.84 million in the reviewing quarter, and equivalent to 6.2% of the merchandise exports and services. In the year to June 2014/15 debt servicing reported an increase of 17.5% to stand at \$47.30 million which is equivalent to 8.9% of total merchandise exports and services.

Consumer Prices

The annual average price inflation at end of June 2014/15 was 1.9%. This represents an increase of 3.1 percentage points in the rate of price inflation when compared to the annual average inflation rate of -1.2% at end of June 2013/14. 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

The international prices (USD per barrel) for the major petroleum products (petrol, kerosene and diesel) declined by 37.9%, 40.2% and 41.1% at end of June 2014/15 in comparison to the prices at end of June 2013/14 respectively. As a consequence, domestic prices for these petroleum products declined by 17.9% (petrol), 21.5% (kerosene) and 20.9% (diesel) respectively for that period.

TABLE 1: KEY ECONOMIC INDICATORS

	Jul 2013 – Jun 2014	Jul 2014 – Jun 2015	4Q13/14	4Q14/15	% Change 4Q14/15 over 4Q13/14	% Change Jul 2014 – Jun 2015 over Jul 2013 – Jun 2014
Nominal GDP (SAT\$/million)	1,866.42	1,954.94	462.43	475.06	2.7	4.7
Real GDP (SAT\$/million 2009 prices)	1,690.94	1,719.36	416.93	420.88	0.9	1.7
GDP per capita (SAT\$ 2009 prices)	9,718	10,104	-	-	-	4.0
Employment (thousands – end period)	23,643	24,000	23,643	24,000	1.5	1.5
Exports (SAT\$/million)	57.79	67.7	16.47	17.73	7.6	17.1
Imports (SAT\$/million)	777.21	782.47	192.43	180.40	-6.2	0.7
Trade Deficit (SAT\$/million)	719.42	714.90	175.96	162.67	-7.6	-0.6
Tourism Revenue (SAT\$/million)	323.79	341.06	89.32	85.90	-3.8	5.3
Visitor Arrivals	126,326	132,906	31,739	31,753	0.04	5.2
Remittances (SAT\$/million)	391.90	418.60	95.30	105.20	10.4	6.8
Inflation (% annual average – end period)	-1.2	1.9	-1.2	1.9	-258.3	-258.3
Gross Official Foreign Reserves (SAT\$/million - end period)	308.34	301.60	308.34	301.60	-2.5	-2.5
Balance of Payment	(SAT\$/million)	(SAT\$/million)	(SAT\$/million)	(SAT\$/million)		
Current Account	-138.0	-74.5	-10.9	-8.3	-23.9	-46.0
Capital Account	141.7	84.4	62.8	55.1	-12.3	-40.4
Overall Balance	-42.4	67.3	6.1	82.7	1255.7	-258.7
Exchange Rates	(Annual average rates)		(Quarter average rates)			
USD	0.4298	0.4130	0.4374	0.3993	-8.7	-3.9
NZD	0.5212	0.5320	0.5078	0.5453	7.4	2.1
AUD	0.4672	0.4949	0.4690	0.5128	9.3	5.9
EURO	0.3182	0.3447	0.3190	0.3610	13.2	8.3
FJD	0.8003	0.8148	0.8040	0.8216	2.2	1.8
YEN	43.2534	47.2668	44.6885	48.412	8.3	9.3
Government Finance Statistics	(SAT\$/million)	(SAT\$/million)	(SAT\$/million)	(SAT\$/million)		
Total Revenue	556.45	534.38	191.23	166.00	-13.2	-4.0
Total Expenditure	529.87	529.16	137.94	141.50	2.6	-0.1
Net Operating Balance	26.59	5.23	53.29	24.50	-54.0	-180.3
Net Lending / borrowing	-98.72	-75.69	-22.08	11.90	-153.9	-23.3
External Debt (end of period)	966.24	1078.24	966.24	1078.24	11.6	11.6
Debt Servicing	40.27	47.30	9.21	7.84	-14.9	17.5
Petroleum						
Retail Prices (sene/ltr)						
Petrol	3.02	2.48	3.02	2.48	-17.9	-17.9
Kerosene	2.79	2.19	2.79	2.19	-21.5	-21.5
Diesel	3.06	2.42	3.06	2.42	-20.9	-20.9
FOB Prices (USD/bbl)						
Petrol	117.64	73.07	117.64	73.07	-37.9	-37.9
Kerosene	120.56	72.08	120.56	72.08	-40.2	-40.2
Diesel	122.90	72.37	122.90	72.37	-41.1	-41.1

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.