



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

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Third Quarter (Jan - Mar 2017/18)

Twelve months review (Apr 2017 – Mar 2018)

### **Gross Domestic Product**

The real GDP for March quarter 2017/18 amounted to \$469.6 million, which is a 1.5% growth compare to the corresponding quarter of the previous FY2016/17. Business services industry recorded as the main driver for this growth recording an increase of 23.9% followed by the increases to Accommodation & Restaurants, Personal and other services, Food & Beverages manufacturing, Construction, Public Administration and Commerce by 20.4%, 15.7%, 10.0%, 8.9%, 8.7% and 6.5% when compared to the same quarter of the previous financial year. On the contrary, the Other Manufacturing, Fishing, Financial Services, Communication and Agriculture registered a negative growth of -30.7%, -24.7%, -16.3%, -9.9% and -8.2% respectively. This was a consequence of the Tropical Cyclone Gita in February 2018 which mainly damages the primary sector (Agriculture and Fishing) and also impact on the operation of other industries of the economy.

The overall economy slightly down by -0.3% on the twelve months basis from April 2017 to March 2018. Fishing and Other Manufacturing were major contributor to this decline growth by -34.2% and -29.6%, followed by the decreases in Finance Services, Transport, and Food and Beverages Manufacturing by -9.8%, -5.2% and -0.8% respectively. Whilst, on the other hand, Accommodation and Restaurants, and Electricity and Water recorded a positive growth of 15.7% and 6.7% with the other remaining sectors grew at the average of 4% over the reviewing twelve months compare to the previous twelve months.

### **Employment**

Total number of formal paid employment stood at 23,909 at end of March 2017/18 quarter, declined by 2.0% (490 employees) from the corresponding quarter of 2016/17. This drop was largely driven by decreases

in Other Manufacturing, Agriculture, Other business service and Other services.

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

Total commodity exports for the third quarter of FY17/18 stood at \$17.39 million, a 7.7% decrease compared to the same quarter of the previous fiscal year. This decline was yield from no export for coconut oil, copra meal, nonu fruit, and soft drinks component compared to the same quarter of the previous financial year. Also, some of the major contributor to total exports shows a drop such as nonu juice (-9.6%), taro (-38.3%) and scrap metal (-23.8%).

A decrease of 69.3% was recorded for the *current account* balance in March quarter 2017/18 when compared to the same quarter of the previous financial year and thus standing at \$15.7million deficit. In contrast, the *capital account* decreased by 33.3% in the reviewing quarter when compared to the same quarter of FY2016/17 and stood at \$25.9 million. The *financial account* on the other hand recorded a negative \$32.9 million which is a decrease from a positive \$23.5 million registered in March quarter of FY2016/17. This was mainly due to decline to all components of financial accounts. The overall balance for March quarter 2017/18 stood at \$22.4 million surplus, a \$19.4 million improvement from March quarter of FY2016/17.

On the twelve months basis, trade exports for goods increased by 1.5% to stand at \$93.83 million whilst imports also registered an increase of 2.0% to stand at \$810.87 million. Merchandise trade deficit therefore registered an increase of 2.1% to stand at \$717.04 million when compared to the \$702.27 million of the previous twelve months to March 2017. The overall current account deficit improved from \$81.99 million recorded in the comparable twelve months to March 2017 to a surplus of \$25.61 million in the reviewing

twelve months. This was mainly due to an improvement in the negative Balance on Goods, Services and Primary Production. The financial account also recorded a positive \$34.03 million in the twelve months to March 2018. This shows an improvement from \$9.6 million recorded in the comparable period. In general, this led to the overall balance of payment registering a \$77.71 million surplus in the twelve months ending March 2018, an improvement from the \$36.73 million deficit recorded in the comparable twelve months period ending March 2017.

### **Tourism and Remittances**

The number of tourist arrivals stood at 31,774 tourists for March quarter 2017/18 which is equivalent to an increase of 8.2% when compared to the same quarter of the previous financial year. This result was mainly due to a 43.9% increase in the number of tourist arrivals that came over for sports, followed by an increase of 37.1% in arrivals on visitors friends and relatives. Tourist Earnings also recorded an increase of 12.5% to stand at \$84.5 million for the reviewing quarter when compared to March quarter of the previous financial year. For earnings by market, Europe and USA registered as the main contributor to the increase in earnings by 49.3% and 39.9% growth respectively. In the twelve months to March 2018, visitor arrivals reported an increase of 10.3%. Tourism earnings also recorded an increase of 14.2% over the twelve months to March 2018. The increases to both arrivals and earnings were due to the increase to the numbers of arrivals and spending from tourists coming in for a holiday and for visiting families and friends.

Remittances recorded an increase of 37.8% in March quarter 2017/18 compared to the same period of the previous financial year (2016/17). In the twelve months to March 2018, Remittances reported a positive growth of 16.8% compared to the twelve months to March 2017. This growth was a result of about twofold increase in remittances for church and non government schools.

### **Money Supply**

At the end of March 2017/18 quarter, money supply stood at \$1060.48 million which was an increase of

14.0% from March 2016/17 quarter. This increase was driven by a 12.3% increase in Narrow-money (M1) as well as a 15.3% increase in Quasi-money (M2). Whilst, domestic credit recorded a decline of 1.6% compare to the same quarter of the previous period.

### **Exchange Rates**

The exchange rate for March 2017/18 showed the different movements in Samoan tala appreciating against the USD and AUD currencies and depreciating against the NZD, EUR, FIJ and YEN currencies. On an annual basis, the Samoan tala recorded depreciation against the NZD, AUD and EUR and appreciation against the USD, FJD and YEN currencies.

### **Foreign Reserves**

At the end of the third quarter of 2017/18 (March Quarter), gross official foreign reserves increased by \$87.02 million from the same quarter of 2016/17 to stand at \$368.16 million. This was equivalent to 5.4 months of import of goods, compared to 4.2 months at end March 2016/17.

### **Fiscal Performance**

The Net Operating Balance (Revenue less Operating expense) for March quarter of FY 2017/18 showed a surplus of \$45.59 million. This is equivalent to an increase of \$11.56 million from the \$34.30 million surplus recorded in the same period of the previous financial year (2016/17). The reason for this increase was because revenue increased by \$2.76 million while expense decreased by \$8.53 million from March quarter 2017 to the reporting quarter respectively. The Net Borrowing (or Overall Deficit) recorded a surplus of \$30.26 million in the reporting quarter, an increase of \$11.18 million from \$19.08 million surplus registered in the same period of the previous fiscal year.

### **Public Debt**

Total Official Government Debt outstanding stood at \$1,101.70 million as of March quarter 2017/18. This is equivalent to 50% of GDP. The outstanding debt is comprises of the External Debt amounted to \$1,079.75 million in which breaks down to multilateral and bilateral loans around \$567.95 million

and \$511.80 million while Domestic Debt amounted to \$21.95 million respectively.

Total debt servicing for the reviewing quarter was recorded at \$26.13 million, an increase of \$6.43 million (31.8%) from the same quarter of the previous fiscal year 2016/17.

### **Consumer Price Index**

The CPI for March quarter 2017/18 grew by 3.6% compare to March quarter 2016/17. This outcome was strongly influenced by an increase in education (15.3%), followed by a rise in prices for food and non alcoholic beverages (5.5%), recreation and culture (5.0%), alcoholic beverages and tobacco (4.8), transport (4.2%), communication (3.1%), health (0.9%) and restaurants and hotels (0.6%). The local component of the CPI increased by 3.7% and the import component also increased by 3.5% over the corresponding 2016/17 period, hence the main reason to the increase to the CPI in the reviewing period over the comparable quarter.

The annual average inflation registered a 2.6% rate at the end of March quarter 2017/18 which is 1.4% point higher compare to the 1.2% rate for the twelve months ending March 2017.

### **Petroleum Prices**

The domestic retail prices for the reviewing quarter for petrol, Kerosene and diesel increased by 4.3%, 9.4% and 8.1% respectively when compared to the same quarter of the previous financial year (2016/17).

The international prices (USD per barrel) for petrol increased by 14.9%, kerosene by 24.3% and diesel by 23.9% respectively at end of March 2017/18 compare to the prices at end of March 2016/17.

**TABLE 1: KEY ECONOMIC INDICATORS**

	Apr 2016 – Mar 2017	Apr 2017 - Mar 2018	3QFY16/17	3QFY17/18	% Change 3QFY17/18 over 3QFY16/17	% Change Apr 2017 – Mar 2018 over Apr 2016 – Mar 2017
Nominal GDP ( <i>SAT\$/million</i> )	2,131.08	2,172.44	533.01	540.11	1.3	1.9
Real GDP ( <i>SAT\$/million 2009 prices</i> )	1,888.61	1,883.15	462.49	469.63	1.5	-0.3
GDP per capita ( <i>SAT\$ 2009 prices</i> )	9,620.03	9,523.84	-	-	-	-0.01
Employment ( <i>thousands – end period</i> )	24,399	23,909	24,399	23,909	-2.0	-2.0
Exports ( <i>SAT\$/million</i> )	92.42	93.83	18.84	17.39	-7.6	1.5
Imports ( <i>SAT\$/million</i> )	794.69	810.87	189.24	180.65	-4.5	2.0
Trade Deficit ( <i>SAT\$/million</i> )	-702.27	-717.04	-170.41	-163.26	-4.2	2.1
Tourism Earnings ( <i>SAT\$/million</i> )	381.21	435.22	75.10	84.49	12.5	14.17
Tourism Arrivals	144,980	159,917	29,372	31,774	8.2	10.30
Remittances ( <i>SAT\$/million</i> )	400.72	467.88	89.77	123.66	37.8	16.8
Inflation ( <i>% annual average – end period</i> )	1.2	2.6	1.2	2.6		
Gross Official Foreign Reserves ( <i>SAT\$/million - end period</i> )	281.14	368.16	281.14	368.16	31.0	31.0
<b>Balance of Payment</b>	<b>(<i>SAT\$/million</i>)</b>	<b>(<i>SAT\$/million</i>)</b>	<b>(<i>SAT\$/million</i>)</b>	<b>(<i>SAT\$/million</i>)</b>		
Current Account	-81.99	25.61	-51.20	-15.70	-69.3	-131.2
Capital Account	80.81	89.58	38.83	25.86	-33.4	10.9
Overall Balance	-36.73	77.71	2.97	22.37	653.2	-311.7
<b>Exchange Rates</b>	<b>(<i>Annual average rates</i>)</b>		<b>(<i>Quarter average rates</i>)</b>			
USD	0.3933	0.3979	0.3930	0.3968	1.0	1.2
NZD	0.5545	0.5525	0.5611	0.5509	-1.8	-0.4
AUD	0.5221	0.5136	0.5134	0.5179	0.9	-1.6
EURO	0.3587	0.3355	0.3677	0.3226	-12.3	-6.5
FJD	0.8136	0.8133	0.8125	0.8066	-0.7	0.0
YEN	42.5905	44.1890	43.4641	42.4381	-3.3	3.8
<b>Government Finance Statistics</b>	<b>(<i>SAT\$/million</i>)</b>	<b>(<i>SAT\$/million</i>)</b>	<b>(<i>SAT\$/million</i>)</b>	<b>(<i>SAT\$/million</i>)</b>		
Total Revenue	592.12	625.84	160.00	162.75	1.7	5.7
Total Expenditure	477.56	505.14	125.70	117.17	-6.8	5.8
Net Operating Balance	114.56	120.70	34.30	45.59	32.9	5.4
Net Lending / borrowing	10.9	8.9	19.10	30.26	58.4	-18.6
External Debt ( <i>end of period</i> )	1012.87	1079.78	1012.87	1079.78	2.4	2.4
Debt Servicing	53.35	66.63	16.75	23.18	38.4	24.89
<b>Petroleum</b>						
<b>Retail Prices (<i>sene/ltr</i>)</b>						
Petrol	2.56	2.67	2.56	2.67	4.3	4.3
Kerosene	2.13	2.33	2.13	2.33	9.4	9.4
Diesel	2.47	2.67	2.47	2.67	8.1	8.1
<b>FOB Prices (<i>USD/bbl</i>)</b>						
Petrol	66.78	76.70	66.78	76.70	14.9	14.9
Kerosene	65.15	80.95	65.15	80.95	24.3	24.3
Diesel	65.15	80.75	65.15	80.75	23.9	23.9

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