



CENTRAL BANK OF SAMOA

SELECTED ECONOMIC INDICATORS REPORT FOR AUGUST 2007

This report is a monthly release of the latest available key macro indicators on the Samoan economy, with information sourced from the Central Bank, commercial banks, Ministry of Finance and the Ministry of Revenue.

Report No. 8/07

August 2007

SUMMARY

The latest economic indicators showed a mixed array of activities in August 2007.

The external sector suffered a slight setback in August 2007 with an overall monthly deficit of \$1.0 million in the balance of payments. This external position reflected a decreased estimate for private remittances and higher merchandise trade deficit, which more than offset increased tourist earnings in the month under review. In the event, the official gross foreign reserves declined to a level that however, covered 4.1 months of imports, similar to that in July 2007 and higher than 3.8 months import cover in August 2006.

The domestic sector similarly recorded mixed outcomes due to seasonal and prevailing demand conditions. The overall volume of local agricultural produce at the Fugalei Market increased significantly, reducing the overall price index at the Market. However, this had little effect to curb the acceleration of inflation in August 2007 as strong domestic demand combined with the effects of the higher local tax rates and recent appreciations in the New Zealand and Australian dollar to push the annual inflation rate up to 5.6 percent. On the monetary side, demand for commercial bank credit to the private sector and public institutions combined increased. The overall nominal value of the Tala depreciated with the US dollar strengthening against all major currencies in the Samoan exchange rate basket.

EXTERNAL TRADE

Exports

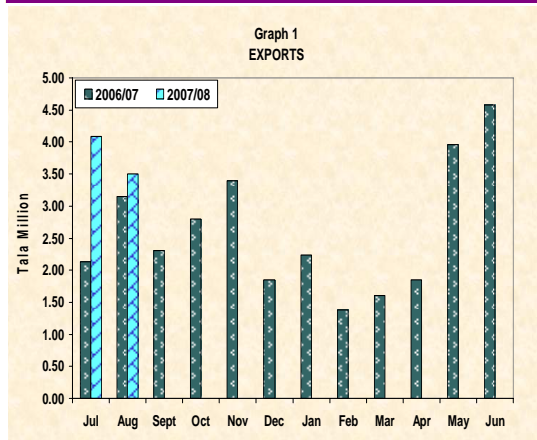
Export earnings decreased another 14 percent (\$0.6 million) to \$3.5 million in August 2007. This current level, however, was 11 percent (\$0.3 million) higher than the export revenue in August 2006. (See Table 1 and Graph 1.)

Contributing significantly to the lower export receipts in the month under review was a \$0.6 million decrease in fresh fish earnings reflecting lower fish catch during the month. Likewise, re-exports recorded a \$0.1 million drop in revenue along with decreases of \$17 thousand and \$16 thousand respectively from coconuts and handicrafts. Samoan cocoa and taro also registered slight decreases of \$2 thousand and \$1 thousand in that order in August 2007. These lower earnings more than offset increased revenue from other commodities such as beer (up \$91 thousand), nonu juice (up \$65 thousand), coconut cream (up \$54 thousand), nonu fruit (up \$26 thousand) and soft drinks (up \$16 thousand).

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Table 1 : Exports, fob

Period	2006/07	2007/08	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - August)	5.28	7.58	44
Average per month	2.64	3.79	44
June	4.58		
July	2.13	4.08	92
August	3.15	3.50	11



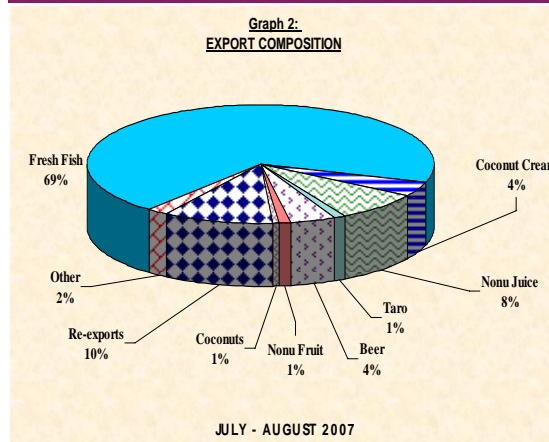
Export Composition

Despite its lower revenue in August 2007, fresh fish remained the largest export earner in the first two months of 2007/08 with a 69 percent share that was lower than its 78 percent share in the previous fiscal year. This lower share from a year ago reflected the lower unit price for fresh fish, which more than outweighed the 52 percent increase in volume over the year. Re-exports accounted for 10 percent of total exports in the two months ending August 2007, which was substantially higher than its 1 percent intake in the same period last year, following improvements in recording of trade with Tokelau in previous months as well as recent shipments of scrap metal to New Zealand and Australia. And, also higher than its share last year (of 2 percent) was nonu juice which contributed 8 percent of total exports in the first two months of 2007/08, following improvements in volume and unit price for this commodity in the international markets. Beer, on the other hand, recorded a 4 percent share in the period under review, which was lower than its 6 percent intake last year. "Other" exports registered a 2 percent share, similar to that in the two months ending August

2006. Taro, nonu fruit and coconuts accounted for 1 percent each of total exports in the two months ending August 2007, just below their 2 percent shares in the two months ending August 2006. On the other hand, coconut oil was absent from the export scene in the first two months of 2007/08 whereas it was exported in the same period of 2006/07, where it contributed a 1 percent share to total exports in that period. (See Table 2 and Graph 2.)

Table 2 : Export Composition

Composition	2006/07	2007/08	% change over prev. year	2006/07	2007/08
	July - Aug Tala Mn	July - Aug Tala Mn		July - Aug % shares	July - Aug % shares
Fresh Fish	4.14	5.22	26.0	78	69
Coconut Cream	0.24	0.31	25.9	5	4
Nonu Juice	0.13	0.61	376.4	2	8
Taro	0.09	0.09	-3.4	2	1
Beer	0.32	0.31	-2.2	6	4
Nonu Fruit	0.12	0.10	-18.6	2	1
Coconuts	0.05	0.04	-12.2	1	1
Coconut Oil	0.05	0.00	-100.0	1	0
Re-exports	0.03	0.76	2443.3	1	10
Other	0.11	0.15	36.9	2	2
TOTAL	5.28	7.58	44	100	102



Imports

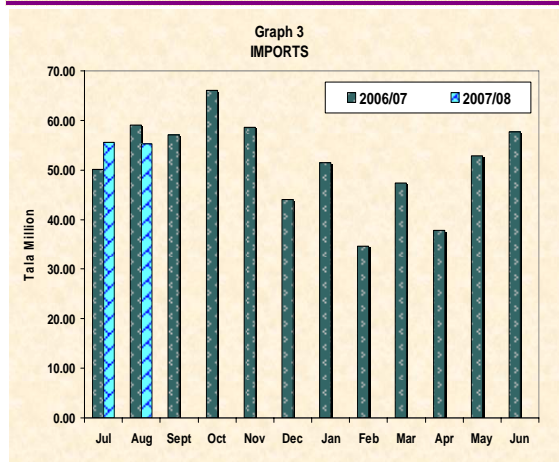
Actual figures for imports in August 2007 are not yet available. However, total imports were estimated to fall 1 percent (\$0.3 million) to \$55.2 million in the month under review, a level that was 6 percent (\$3.8 million) lower than that of August 2006. (See Table 3 and Graph 3.)

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Table 3 : Imports, fob

Period	2006/07	2007/08	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - August)	109.15	110.79	2
Average per month	54.58	55.40	2
June	52.88		
July	50.09	55.56 @	11
August	59.06	55.23 (p)	-6

@ - revised

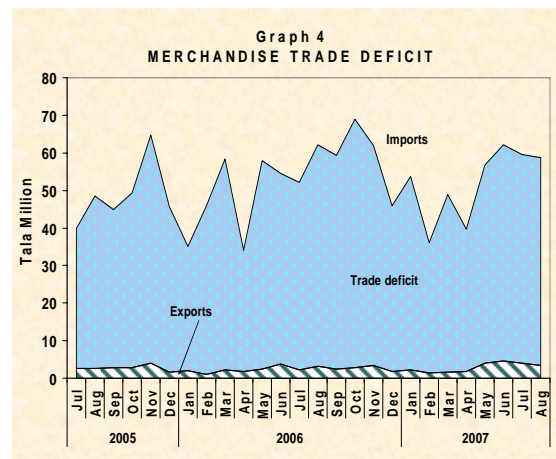


Merchandise Trade Deficit

The merchandise trade balance worsened in August 2007 following decreased export revenue and import payments during the month. In the event, the merchandise trade deficit increased 0.5 percent (\$0.2 million) to \$51.7 million, a level that was however 7 percent (\$4.2 million) lower than that in August 2006. (See Table 4 and Graph 4.)

Table 4 : Merchandise Trade Deficit

Period	Exports	Imports	Trade Deficit
	Tala Mn	Tala Mn	Tala Mn
Total (July - August) 2006/07	5.28	109.15	103.87
Total (July - August) 2007/08	7.58	110.79	103.21
Average per month to August 2006	2.64	54.58	51.94
Average per month to August 2007	3.79	55.40	51.61
August 2006	3.15	59.06	55.91
July 2007	4.08	55.56 @	-51.48
August 2007	3.50	55.23 (p)	-51.73



TOURISM

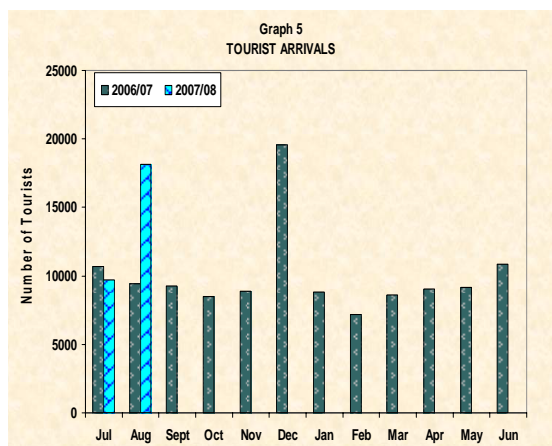
Tourist Arrivals

With the hosting of the 13th South Pacific Games, which started on 25th August 2007, tourist arrivals were estimated to have increased 88 percent to 18,168 in the month under review. In addition to participating athletes, a higher number of holidaymakers and those visiting friends and relatives contributed to this month's increase, which nearly doubled the total number of tourists in August 2006. (See Table 5 and Graph 5.)

Table 5 : Tourist Arrivals

Period	2006/07	2007/08	% change over prev. year
Total (July - August)	20,119	27,848	38
June	10,854		
July	10,697	9,680	-10
August	9,422	18,168 (p)	93

p - provisional



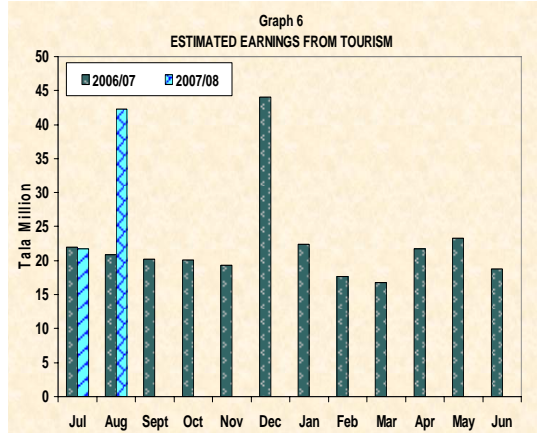
Tourism Earnings

Reflecting the estimate of tourist arrivals in the month under review, tourism revenue surged 94 percent (\$20.5 million) to \$42.2 million. At this level, it was more than doubled (or higher by \$21.4 million) the level recorded in August last year. (See Table 6 and Graph 6.)

Table 6 : Estimated Earnings from Tourism

Period	2006/07	2007/08	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - August)	42.81	63.98	49
Annual average to August	18.92	24.01	27
June	18.72	18.72	
July	21.98	21.74	-1
August	20.83	42.24 (p)	103

p - provisional



PRIVATE REMITTANCES

Private Remittances

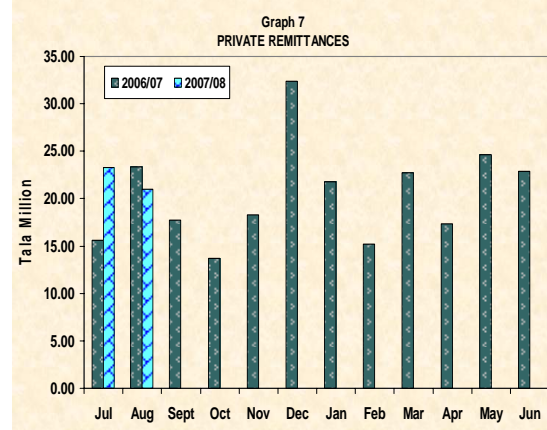
Provisional estimates for private remittances indicate a 10 percent (\$2.4 million) decrease to \$21.0 million in the month under review. The lower remittances received in the month under review reflected decreased inflow of foreign funds to households. And, at this current level, private remittances were 10 percent (\$2.3 million) lower than that of last year. (See Table 7 and Graph 7.)

Table 7 : Private Remittances

Period	2006/07	2007/08	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - August)	38.94	44.30	13.8
Annual average to August	22.75	20.92	-8.1
June	22.89	22.89	
July	15.58	23.29	49
August	23.36	21.01	-10

(p) - provisional

@ - revised



EXTERNAL ASSETS

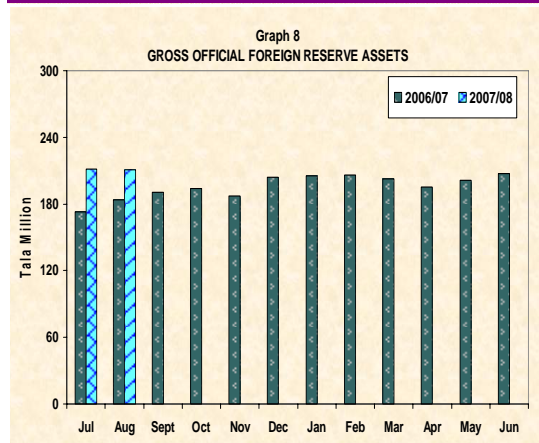
Gross Official Foreign Reserve Assets

After three consecutive months of growth momentum, the level of gross official foreign reserves fell 0.5 percent to \$210.5 million in August 2007. This reduction was reflected by a \$1.0 million overall monthly deficit in the balance of payments. Nevertheless, the current level of gross foreign assets was equivalent to 4.1 months

of imports in August 2007, similar to that in July 2007 but higher than the 3.8 months import cover in August last year. (See Table 8 and Graph 8.)

Period	2006/07	2007/08	% change over prev. year	Import Coverage	
	Tala Mn	Tala Mn		2006/07	2007/08
Annual average to August	190.05	201.37	6.0		
June	207.54			4.0	
July	172.89	211.47		3.7	4.1
August	183.83	210.50	14.5	3.8	4.1

(R) - revised



PRICES

Headline CPI

According to the Ministry of Finance, the headline CPI increased 0.4 percent in August 2007. The rise in this month's price level contributed to increased average consumer prices over the year, pushing the headline inflation rate further up to 5.6 percent at end August 2007. At this level, it was higher than the 5.3 percent inflation rate in July 2007 and 3.7 percent in August 2006. (See Graph 9a.)

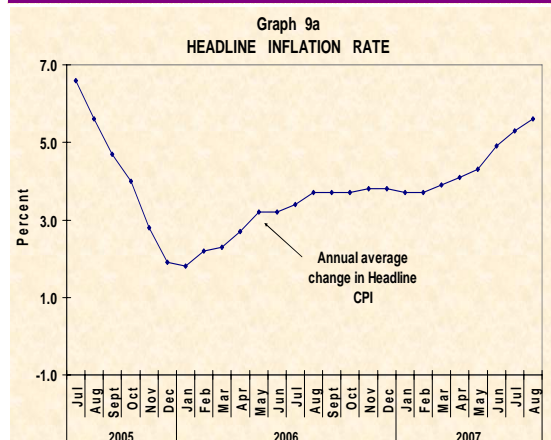
The higher headline CPI in the month under review reflected increased levels in most sub-indices except for the "Alcohol and Tobacco" sub-group, which remained unchanged from July 2007. The "food" sub-index rose 0.5 percent in August 2007 due solely to a 1.3 percent increase in its

local component, which reflected higher prices for fresh fish, taamu, taro, breadfruit and pumpkins. The "transport and communications" sub-index, similarly, rose by 0.3 percent as its local component edged up 0.9 percent on account of increased airline fares for a return trip to Auckland, New Zealand. This movement more than offset a 1.6 percent reduction in the import component that was due to a drop in unleaded petrol prices. Also contributing to the higher headline CPI was a 1.4 percent rise in the "clothing and footwear" sub-group consequent of increased prices for poplin dressing materials and ladies undergarments. The "miscellaneous" and "housing and household operations" sub-indices, likewise, rose 0.1 percent each in the month under review. The overall component of the headline CPI, on the other hand, fell 0.1 percent largely reflecting the reduction in petroleum prices during the month. (See Table 9a.)

Table 9a : Headline Consumer Price Index

Period	2006/07	2007/08	% change over prev. year
	Annual average to August	104.4	
June	113.0		
July	104.5	112.6	7.8
August	105.0	113.0 (p)	7.6

Base period: March 2004 = 100 (p) - provisional



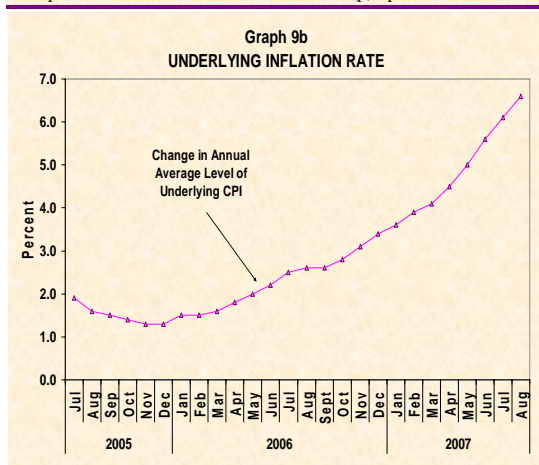
Underlying CPI

Excluding prices of volatile items from the headline CPI, the overall underlying price

index¹ rose 0.1 percent in August 2007. Contributing to this month's rise were increases of 1.4 percent and 0.2 percent respectively in the "Clothing and Footwear" and "Miscellaneous" sub-indices. And, with the general strength in domestic demand, the annual underlying inflation rate jumped to 6.6 percent, from 6.1 percent in the previous month. When compared to a year ago, the current underlying inflation rate was significantly higher than the 2.6 percent inflation rate in August 2006 on account of the strengthened exchange rates of Samoa's two main trading partners (New Zealand and Australia), the increased VAGST and in particular, strong aggregate demand over the year. (See Table 9b and Graph 9b.)

Table 9b : Underlying Consumer Price Index

Period	2006/07	2007/08	% change over prev. year
Annual average to August	104.7	111.6	6.6
June	113.5		
July	104.6	113.9	8.9
August	105.3	114.0 (p)	8.3
Base period: March 2004 = 100		(p) - provisional	



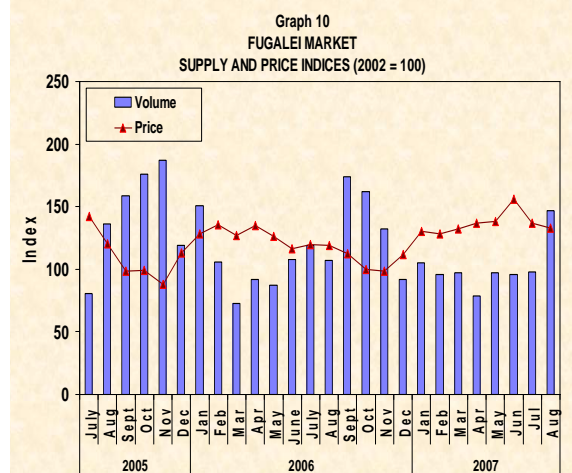
FUGALEI MARKET SURVEY

The level of agricultural produce available at the Fugalei Market increased another 50 percent in the month under review with a huge supply of vegetables, taro, banana, taamu and breadfruit. As a consequence, the overall price index at the Market fell 3 percent. When compared to a year ago, the current level of agricultural produce was 36 percent higher with the overall price index increasing by 12 percent due to strong demand over the year. (See Table 10 and Graph 10.)

Table 10 : Fugalei Market Survey

Volume and Price Indices (2002=100)*

Produce	Weights	Volume Index			Price Index		
		Aug-06	Jul-07	Aug-07	Aug-06	Jul-07	Aug-07
Taro	0.31	41	87	91	120	133	138
Banana	0.14	112	99	112	116	123	118
Taro Palagi	0.02	73	29	24	129	162	163
Ta'amu	0.10	166	101	235	120	145	152
Coconut	0.06	96	200	64	182	155	164
Breadfruit	0.01	114	118	125	73	78	99
Yam	0.01	191	169	71	164	157	171
H.Cabbage	0.10	238	97	257	63	125	85
Tomatoes	0.04	76	70	164	147	164	122
Ch.Cabbage	0.03	227	197	288	73	119	76
Cucumber	0.03	255	70	259	111	156	136
Pumpkin	0.15	80	77	158	135	143	149
Total	1.00	108	98	147	119	137	133



¹ This index permanently excludes from the CPI basket those items whose prices are volatile in nature, which may be due to seasonal factors or climate changes as well as items whose prices are regulated by Government. This index represents approximately 51 percent of the overall headline CPI.

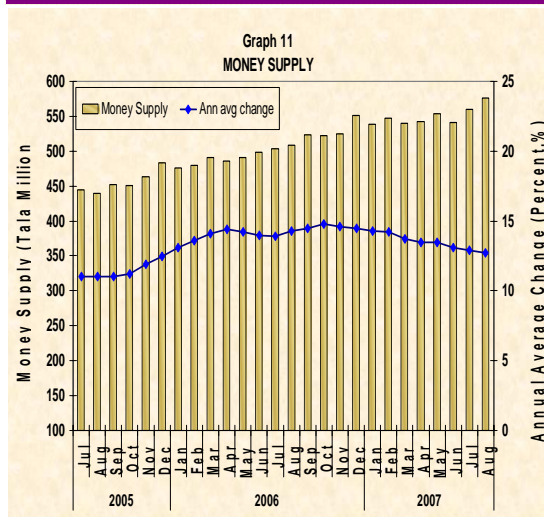
MONEY AND CREDIT

Money Supply (M2)

Money supply (M2) increased another 3 percent (\$16.3 million) to \$576.2 million in August 2007, the second consecutive month of significant monetary growth. This month's increase was due to a \$16.4 million surge in net domestic assets, which more than offset a \$0.1 million drop in net foreign assets. A further reduction in Government's net position with the banking system as well as increased private sector credit were the main factors behind the higher net domestic assets in August. At the current level, it was 13 percent higher than in August 2006, contributing to an annual growth rate of 12.7 percent at end August 2007. This growth rate, however, was just below the 12.9 percent growth rate at end July 2007, further indicating the slowdown in monetary growth from a year ago. (See Table 11 and Graph 11.)

Table 11 : Money Supply (M2)

Period	2006/07	2007/08	% change over prev. year
	Tala Mn	Tala Mn	
Annual average to August	482.08	543.44	12.7
June	541.71		
July	503.15	559.93	11.3
August	509.08	576.25	13.2



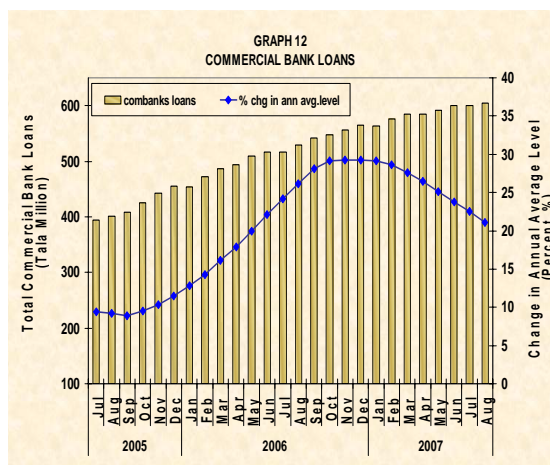
Bank Credit to the Private Sector

After easing slightly in the previous month, demand for bank credit increased in August 2007 as reflected by a 1 percent (\$3.9 million) rise to \$603.9 million in commercial banks' loans to the private sector and public institutions combined. A sectoral breakdown of bank credit distributed in the month under review showed increased funds lent to the "trade" (up \$7.9 million), "professional and business services" (up \$5.6 million) and "other activities" (up \$5.0 million) sectors with \$1.3 million more distributed to the "building and construction" sector. The "electricity" industry, likewise, received more funds from the commercial banks, albeit a smaller rise of \$0.3 million. These increased credit more than offset reduction in outstanding claims to the "transport and communications" (down \$9.8 million), "agriculture" (down \$4.0 million) and "manufacturing" (down \$2.4 million) sectors. Overall, therefore, the level of total bank credit to the private sector and public institutions combined was 14 percent higher than in August 2006, contributing to an annual credit growth rate of 21 percent at end August 2007, just below the 22 percent growth rate at end July 2007. (See Table 12 and Graph 12.)

Table 12 : Commercial Bank Credit to the Private Sector and Public Institutions.

Period	2006/07	2007/08	% change over prev. year
	Tala Mn	Tala Mn	
Annual average to July	476.02	576.30	21.1
June	600.58		
July	517.09	600.00	
August	529.54	603.94	14.0

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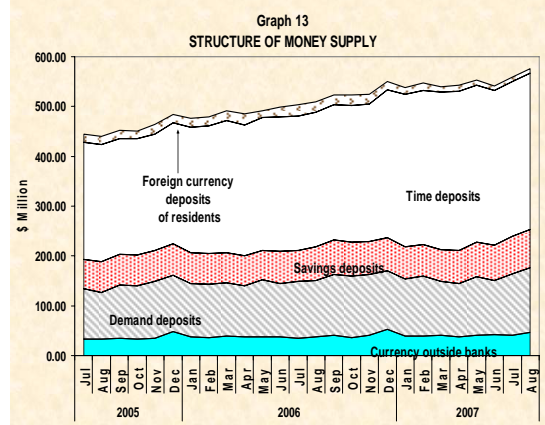


Structure of Money Supply

The monetary growth in August 2007 reflected increases in both narrow money (up \$11.9 million) and quasi-money (up \$4.4 million). The expansion in narrow money was due to increases of \$6.8 million and \$5.1 million respectively in demand deposits and currency outside banks. Accounting for the higher quasi-money in the month under review were increases in savings deposits (up \$2.2 million), time deposits (up \$2.1 million) and foreign currency deposits of residents (up \$0.1 million). In the event, the composition of M2 in August 2007 altered slightly. With their increased levels in the month under review, the shares of currency outside banks and demand deposits increased to 8 percent and 23 percent respectively in August, from 7 percent and 22 percent in that order in July 2007. Time deposits, on the other hand, recorded a lower share of 54 percent (from 56 percent in the previous month) while the shares of savings deposits and foreign currency deposits of residents remained unchanged at 13 percent and 2 percent respectively. (See Table 13 and Graph 13.)

Table 13 : Structure of Money Supply (Tala Million)

End Month	August 2006	July 2007	August 2007	% change between August 2007 and...	
				August 2006	July 2007
1. Money (M1)	151.46	164.09	176.04	16.2	7.3
Currency outside banks	37.21	41.26	46.41	24.7	12.5
Demand deposits	114.25	122.83	129.63	13.5	5.5
2. Quasi Money	357.62	395.84	400.21	11.9	1.1
Savings deposits	66.50	75.19	77.37	16.3	2.9
Time deposits	270.56	311.56	313.69	15.9	0.7
Foreign currency deposits of residents	20.56	9.09	9.15	-55.5	0.7
3. Money Supply (M2)	509.08	559.93	576.25	13.2	2.9



INTEREST RATES

The official interest rate decreased a further 17 percentage points to 4.43 percent in August 2007 reflecting a continued shift in investments towards shorter term CBS Securities (particularly 14-days and 28-days maturity papers).

On market rates, the commercial banks' weighted average lending rates fell to 12.77 percent (from 12.80 percent in July 2007) while average deposit rates rose 1 percentage point to 6.43 percent in the month under review. In the event, the commercial banks' interest rate spread² narrowed 4 percentage points to

² This weighted interest rate spread is the difference between the interest rates on private sector deposits and private sector credit. Taken on its own, it does not accurately reflect the profitability of the banking system since it does not take into account losses due to non-performing loans, regulatory costs and other revenues.

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6.34percent in the month under review.
(See Table 14 and Graph 14.)

	Aug-06	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Average Lending Rate *	11.70	12.70	12.72	12.76	12.80	12.77
Average Deposit Rate *	4.88	6.50	6.41	6.54	6.42	6.43
Interest Rate Spread	6.82	6.20	6.31	6.22	6.38	6.34

	Aug-06	Apr-07	May-07	Jun-07	Jul-07	Aug-07
Overall rate	5.45	4.37	5.03	4.94	4.60	4.43
14-Day	-	3.25	4.00	4.30	4.30	4.33
28-Day	-	5.12	5.20	5.65	5.33	4.50
56-Day	-	-	5.90	6.00	5.00	6.00
91-Day	-	-	-	6.00	-	-
182-Day	-	-	-	-	-	-
365-Day	-	-	-	-	-	-

* Commercial Banks weighted average interest rates

** Weighted average interest rate

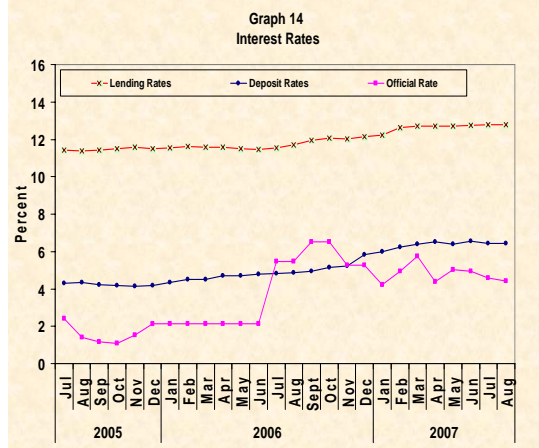
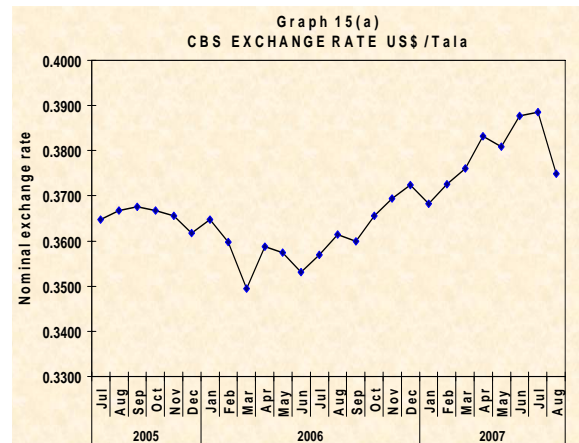


Table 15 : CBS Exchange Rates

(Foreign Currency per Tala : End month midrates)

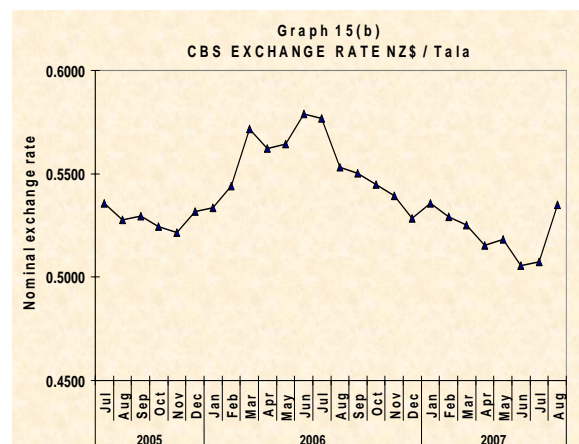
	August 2006	July 2007	August 2007	% Appreciation(+)/Depreciation(-) of Tala between August 2007 and	
				August 2006	July 2007
USD	0.3614	0.3886	0.3749	3.74	-3.53
NZD	0.5531	0.5074	0.5349	-3.29	5.42
AUD	0.4749	0.4541	0.4596	-3.22	1.21
EURO	0.2823	0.2842	0.2754	-2.44	-3.10
FJD	0.6234	0.6166	0.6159	-1.20	-0.11
YEN	42.3579	46.1550	43.3724	2.40	-6.03

Consequently, the overall nominal value of the Tala depreciated 51 points in August 2007.

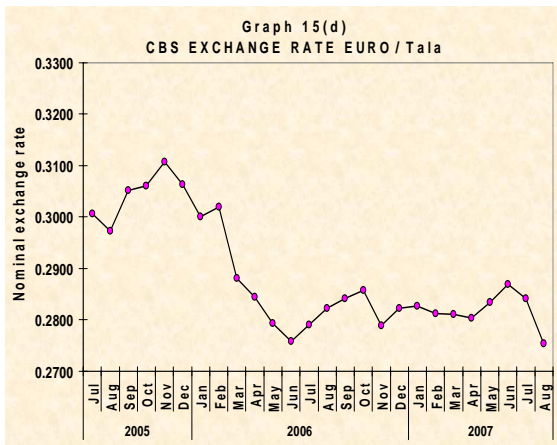
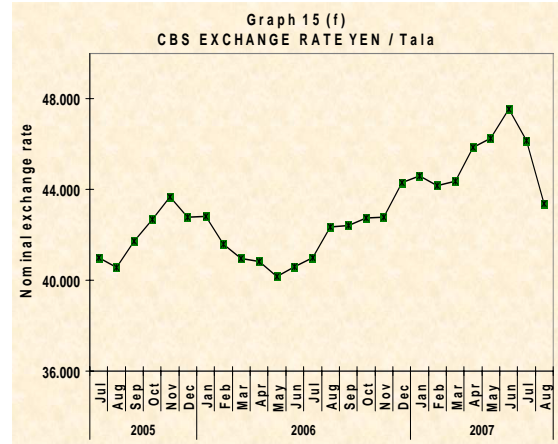
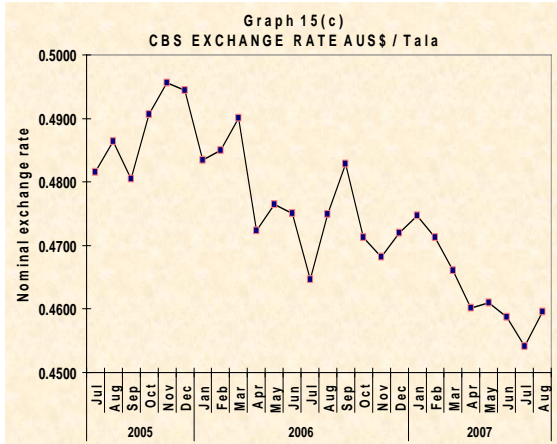


EXCHANGE RATES

The US dollar strengthened against all the major currencies in the Samoan exchange rate basket in August 2007. This strong performance by the greenback during the month was supported by increased investor risk aversion which prompted investors to shift out of risky assets and into safer US treasury bills. In the event, the Tala strengthened against the New Zealand dollar (up 5.4 percent) and Australian dollar (up 1.2 percent) but weakened against the US dollar (down 3.5 percent), Japanese Yen (down 6.0 percent), European Euro (down 3.1 percent) and the Fijian dollar (down 0.1 percent). (See Table 15 and Graph 15 (a-f).)



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