



SELECTED ECONOMIC INDICATORS
REPORT FOR JUNE 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. 6/07

June 2007

SUMMARY

The latest economic indicators showed a diverse performance by the Samoan economy in June 2007.

The external sector performed remarkably well in the month under review with another overall monthly surplus of \$5.9 million in the balance of payments. This favourable external position was brought about by an improved merchandise trade balance and an increased estimate for private remittances, which more than offset lower tourism earnings. In the event, the official gross foreign reserves improved to a level that covered 4.1 months of imports, up from 4.0 months in May 2007 and 3.9 months import cover in June 2006.

The domestic sector, on the other hand, was fairly subdued with seasonal and prevailing demand conditions responsible for the movements. The overall volume of local agricultural produce at the Fugalei Market was similar to that available in the previous month, with strong demand exerting upward pressure on the overall price index at the Market. And, with recent rises in petrol prices and the increased taxes earlier in the fiscal year, average consumer prices were higher at end June 2007 than those of a year ago. Consequently, the annual headline inflation rate rose to 4.9 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 appreciated from the previous month with the US dollar weakening against all major currencies in the Samoan exchange rate basket.

EXTERNAL TRADE

Exports

Export revenue increased another 16 percent (\$0.6 million) to \$4.6 million in June 2007, a level that was similarly 19 percent (\$0.7 million) higher than in June 2006. With this month's increase, total export earnings, of \$31.2 million, in 2006/2007 was 5 percent (\$1.6 million) higher than in 2005/2006. (See Table 1 and Graph 1.)

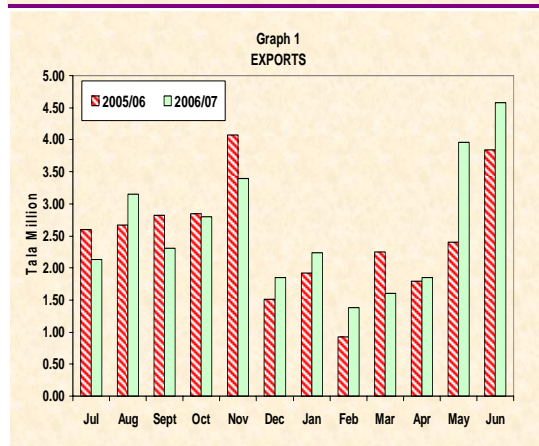
Driving the increased export receipts in the month under review was a further \$0.6 million rise in fresh fish exports reflecting the seasonal increase in the catch of fresh fish in June. Similarly, beer recorded a \$0.1 million jump in export earnings following increased export volume and export revenue from soft drinks edged up \$70 thousand from the previous month. And, with only their second shipments in 2006/2007, coconut oil and timber exports brought in \$51 thousand and \$8 thousand respectively in June 2007. Nonu fruit recorded a \$26 thousand improvement from the previous months' low whereas re-exports edged up \$0.1 million on account of the improved recording of trade with Tokelau combined with further shipments of scrap metal to New Zealand and Australia and loads of oxygen gas supplies and roofing iron to Fiji. These increases were partially offset by decreased revenue from coconut cream (down \$0.2 million) and nonu juice (down \$0.1 million) with taro also edging down \$16 thousand. Other declines were recorded for vegetables

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(down \$2 thousand), coconuts (down \$2 thousand) and Samoan cocoa (down \$1 thousand).

Table 1 : Exports, fob

Period	2005/06	2006/07	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - June)	29.62	31.25	5.5
Average per month to June	2.47	2.60	5.5
April	1.79	1.85	3.4
May	2.40	3.96	65.0
June	3.84	4.58	19.3



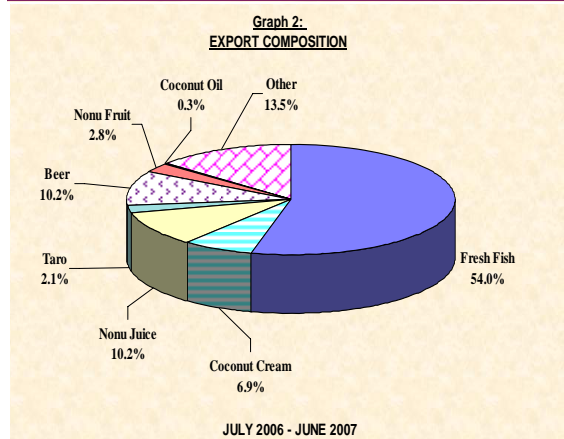
Export Composition

With increased revenue in the latter months of 2006/2007, fresh fish remained the largest export earner with 54 percent of total export revenue compared to 43 percent in 2005/2006. Second in line, but further behind with a share of 14 percent were “other” exports, reflecting a huge contribution of re-exports in the fiscal year under review. This significant change in composition for “other exports” (from 3 percent in the previous fiscal year) followed first-time shipments of scrap metal in recent months to New Zealand, Australia and Germany. Nonu juice and beer contributed 10 percent each of total export revenue in the twelve months ending June 2007, from higher shares of 24 percent and 15 percent respectively in the period ending June 2006. Also recording a lower share of 7 percent in 2006/2007 was coconut cream following reduced volume exported overseas. On the other hand, nonu fruit and taro each contributed 3 percent and 2 percent respectively of total exports in

2006/2007, same as in 2005/2006. And, with only its second consignment in June 2007, coconut oil yielded a 0.3 percent share in 2006/2007 following an absence in the previous fiscal year. (See Table 2 and Graph 2.)

Table 2 : Export Composition

Composition	2005/06	2006/07	% change over prev. year	2005/06	2006/07
	July-Jun Tala Mn	July-Jun Tala Mn		July-Jun % shares	July-Jun % shares
Fresh Fish	12.68	16.88	33.1	43	54
Coconut Cream	2.26	2.16	-4.6	8	7
Nonu Juice	7.25	3.18	-56.1	24	10
Taro	0.67	0.66	-2.5	2	2
Beer	4.34	3.18	-26.7	15	10
Nonu Fruit	0.94	0.89	-5.4	3	3
Garments	0.29	0.00	-100.0	1	0
Desiccated coconut	0.26	0.00	-100.0	1	0
Coconut Oil	0.00	0.10	0.0	0	0
Other	0.94	4.21	347.8	3	14
TOTAL	29.62	31.25	5.5	100	100



Imports

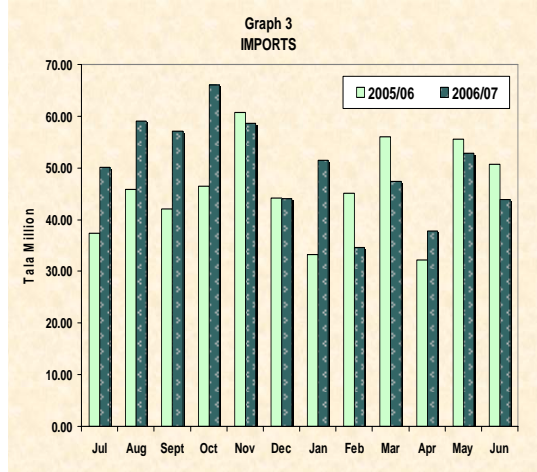
Actual figures for imports in June 2007 are not yet available. However, provisional estimates for import payments showed a 17 percent (\$9.0 million) decrease to \$43.9 million in the month under review. This contributed to a 10 percent (\$53.5 million) increase to \$603.0 million in total imports in 2006/2007. (See Table 3 and Graph 3.)

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Table 3 : Imports, fob

Period	2005/06	2006/07	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - June)	549.51	602.97	9.7
Average per month to June	45.79	50.25	9.7
April	32.21	37.80	17.4
May	55.59	52.88	-4.9
June	50.70	43.90 (p)	-13.4

p - provisional

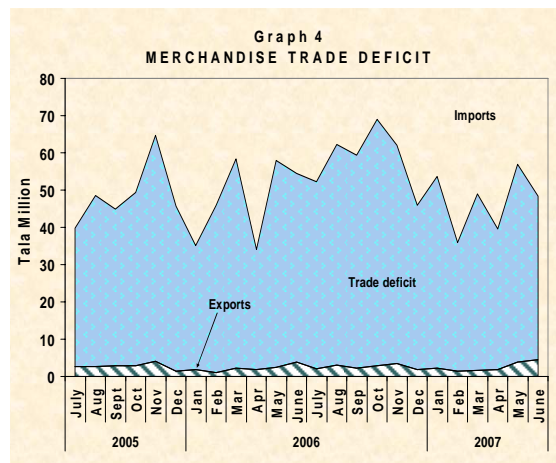


Merchandise Trade Deficit

The merchandise trade balance improved in June 2007 following increased export revenues and lower import payments. In the event, the merchandise trade deficit narrowed 20 percent (\$9.6 million) to \$39.3 million, a level that was 16 percent (\$7.5 million) lower than that in June 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 - June) 2005/06	29.62	549.51	519.88
Total (July - June) 2006/07	31.25	602.97	571.73
Average per month to June 2006	2.47	45.79	43.32
Average per month to June 2007	2.60	50.25	47.64
June 2006	3.84	50.70	46.86
May 2007	3.96	52.88	48.92
June 2007	4.58	43.90 (p)	39.32



TOURISM

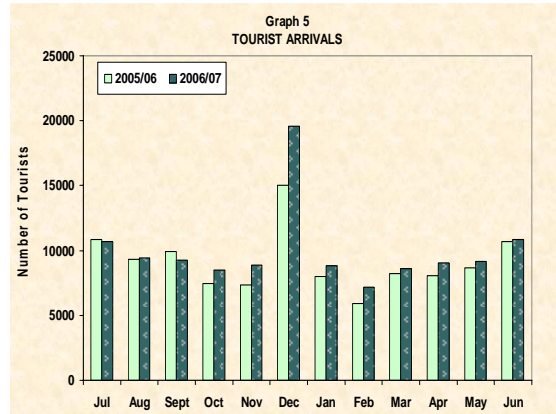
Tourist Arrivals

Tourist arrivals increased 18 percent to 10,854 in June 2007. Arrivals from all our major markets increased during the month under review with a huge influx being holiday makers and those visiting friends and relatives. When compared to June 2006, tourist arrivals were 1 percent higher, contributing to a 10 percent increase in the fiscal year 2006/2007 from 2005/2006. (See Table 5 and Graph 5.)

Table 5 : Tourist Arrivals

Period	2005/06	2006/07	% change over prev. year
Total (July - June)	109,477	120,032	9.6
Annual average to June	9,123	10,003	9.6
April	8,057	9,029	12.1
May	8,647	9,166	6.0
June	10,713	10,854 (p)	1.3

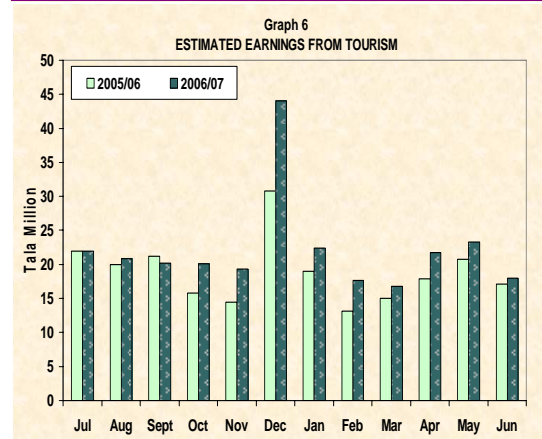
p - provisional



Tourism Earnings

In keeping with historical trends, the average expenditures per tourist fell 35 percent in June 2007. Therefore, despite the higher number of tourists in June 2007, tourism revenue decreased 23 percent (\$5.4 million) to \$18.0 million. Nevertheless, at this level, it was 5 percent (\$0.8 million) higher than that in June 2006. For 2006/07 as a whole, total tourism revenue of \$266.2 million was 17 percent (\$39.3 million) higher than in the previous fiscal year. (See Table 6 and Graph 6.)

Period	2005/06	2006/07	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - June)	226.92	266.22	17.3
Annual average to June	18.91	22.19	17.3
April	17.80	21.73	22.1
May	20.76	23.33	12.4
June	17.15	17.96	4.7



PRIVATE REMITTANCES

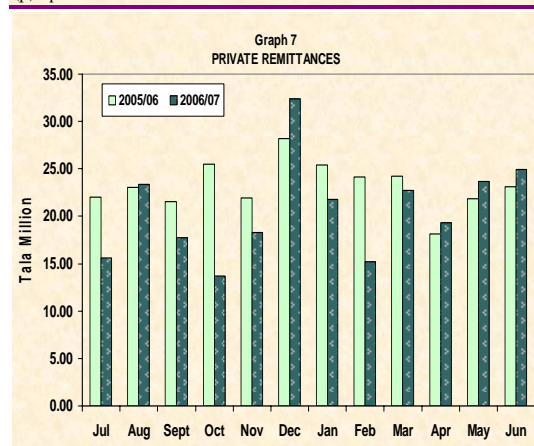
Private Remittances

Provisional estimates for private remittances in the month under review showed a 5 percent (\$1.3 million) increase to \$25.0 million, a level that was also 8 percent (\$1.8 million) higher than in June 2006. The rise in remittances from the previous month reflected a higher inflow of funds for households. However, at a total of \$248.7 million, private remittances in

2006/2007 were 11 percent lower than in 2005/2006, due in part to reduced inflows to charitable organisations. (See Table 7 and Graph 7.)

Period	2005/06	2006/07	% change over prev. year
	Tala Mn	Tala Mn	
Total (July - June)	279.09	248.73	-10.9
April	18.10	19.35	6.9
May	21.84	23.68	8.4
June	23.16	24.98	7.9

(p) - provisional



EXTERNAL ASSETS

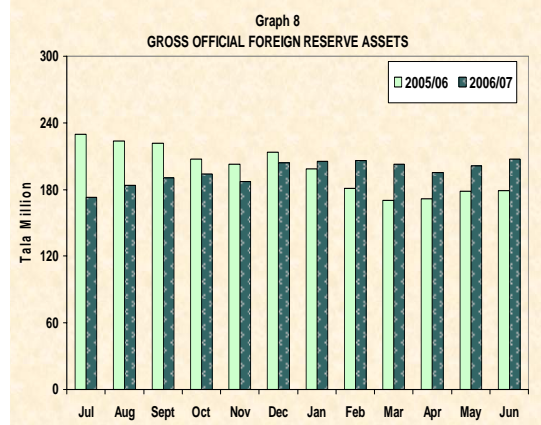
Gross Official Foreign Reserve Assets

The level of gross official foreign reserves increased a further 3 percent to \$207.5 million in June 2007. Reflecting this improvement for the second consecutive month was the \$5.9 million overall monthly surplus in the balance of payments. The current level of gross foreign assets was equivalent to 4.1 months of imports in June 2007, up from a 4.0 months import cover in May 2007 and 3.9 months in June last year. **The import cover at the end of 2006/2007 was just above the targeted 4.0 months of imports in the Central Banks' Monetary Policy Statement 2006/2007.** (See Table 8 and Graph 8.)

Table 8 : Gross Official Foreign Reserve Assets

Period	2005/06	2006/07	% change over prev. year	Import Coverage	
	Tala Mn	Tala Mn		2006	2007
Annual average to June	198.08	195.93	-1.1		
April	171.68	195.28 @	13.7	3.8	3.8
May	178.06	201.65 @	13.2	3.9	4.0
June	179.08	207.54	15.9	3.9	4.1

(R) - revised



PRICES

Headline CPI

According to the Ministry of Finance, the headline Consumer Price Index increased 1.2 percent in June 2007. This significant jump over the month contributed to higher average consumer prices in the year ending June 2007, propelling the headline inflation rate to 4.9 percent from 4.3 percent in May 2007. And with both external and domestic factors exerting pressure on prices over the year, the current headline inflation rate was 170 points higher than the 3.2 percent inflation rate at the end of the 2005/2006 fiscal year. (See Graph 9a.)

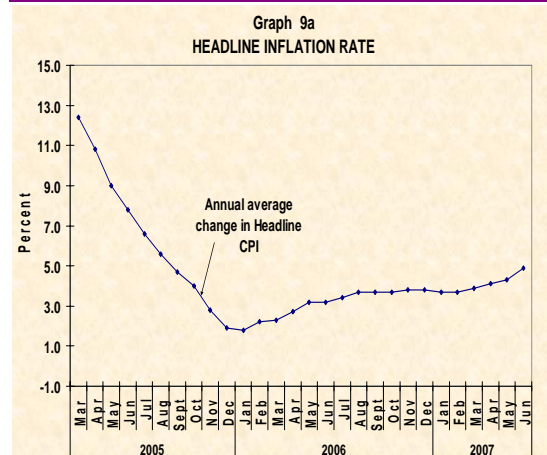
The higher headline CPI in June 2007 was driven mainly by a 1.8 percent increase in the “Food” sub-index, underpinned by a 3.2 percent surge in its local component as well as a 0.8 percent rise in its import component. Local produce, such as vegetables (particularly pumpkins, tomatoes, water cress, Chinese Cabbages) and staple food crops (in particular, taro, taamu, bananas and breadfruit) accounted

for the higher local component, while increased prices for rice, canned beef and chicken leg quarters pushed the import component upwards from the previous month. Also contributing to the higher headline CPI in June 2007 was a 1.1 percent rise in the “Transport and Communications” sub-index reflecting a 4.2 percent surge in its import component. The continued instability in the international oil market as well as excess global demand continued to weigh heavily on crude oil prices, which passed through to push up local prices for petroleum (by 5 percent) and diesel (by 2 percent). The “Alcohol and Tobacco” and “Housing and Household Operations” sub-indices, likewise, increased 0.9 percent and 0.6 percent respectively as a result of higher prices for Samoan ava and PVC pipes. On the other hand, the “Miscellaneous” and “Clothing and Footwear” sub-indices declined 0.2 percent and 1.9 percent in that order with lower prices in the latter sub-group providing some welcome relief to consumers. The overall import component rose 0.9 percent in the month under review reflecting increased prices for foodstuffs, fuel and housing materials. (See Table 9a.)

Table 9a : Headline Consumer Price Index

Period	2005/06	2006/07	% change over prev. year
Annual average to June	103.9	108.9	4.9
April	105.2	111.6	6.1
May	105.3	111.7	6.1
June	104.1	113.0 (p)	8.5

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

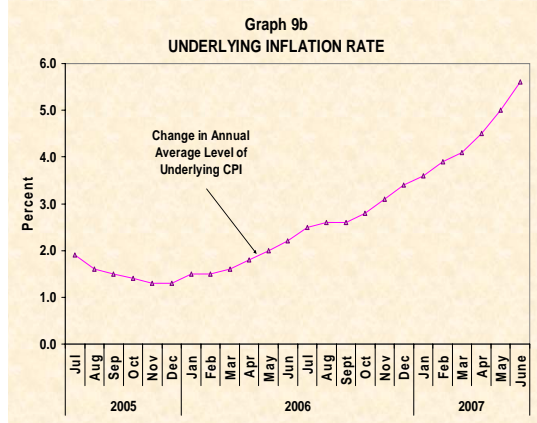


Underlying CPI

Excluding prices of volatile items from the headline CPI, the overall underlying price index¹ edged up 0.6 percent in June 2007. Reflecting this rise from the previous month were increases of 0.9 percent and 0.3 percent respectively in the “Food” and “Housing and Household Operations” sub-indices. And, with the general strength in domestic demand and the strong New Zealand and Australian dollars, this month’s rise pushed the annual underlying inflation rate up to 5.6 percent in June 2007, from 5.0 percent in the previous month. And, when compared to June 2006, the current underlying inflation rate more than doubled the 2.2 percent inflation rate last year on account of the strong exchange rate of our 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	2005/06	2006/07	% change over prev. year
Annual average to June	104.3	110.1	5.6
April	104.8	112.5	7.3
May	104.1	112.8	8.4
June	103.8	113.5 (p)	9.3
Base period: March 2004 = 100			(p) - provisional



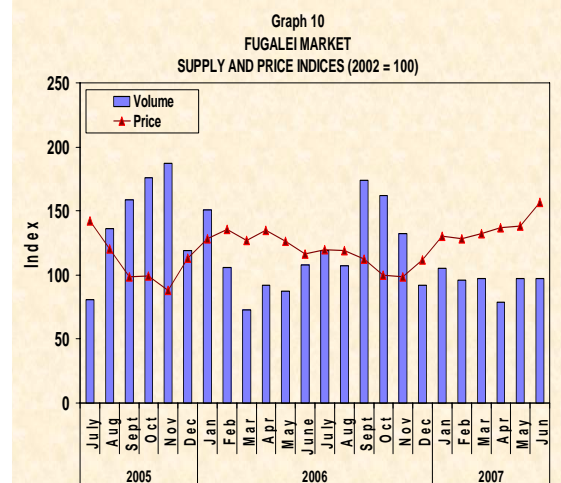
¹ This index permanently excludes from the CPI basket those items whose prices are volatile in nature, which may be due to seasonal factors or climate changes as well as items whose prices are regulated by Government. This index represents approximately 51 percent of the overall headline CPI.

FUGALEI MARKET SURVEY

There was a mixed performance at the Fugalei Market in June 2007 with improved supplies in some staple food crops and vegetables offset by a shortage in taro, coconuts, Chinese cabbage and pumpkins. In the event, the overall volume of agricultural produce at the Market remained unchanged from the previous month with strong demand for these produce exerting upward pressure on the overall price level, which surged 14 percent. When compared to June 2006, however, the current overall volume of local produce was 10 percent lower, contributing to a 35 percent increase in prices over the year. (See Table 10 and Graph 10.)

Table 10 : Fugalei Market Survey

Produce	Weights	Volume Index			Price Index		
		Jun-06	May-07	Jun-07	Jun-06	May-07	Jun-07
Taro	0.31	63	95	50	106	105	123
Banana	0.14	119	78	101	118	118	136
Taro Palagi	0.02	91	42	43	113	160	179
Ta'amu	0.10	220	129	263	95	117	141
Coconut	0.06	115	308	250	155	164	173
Breadfruit	0.01	25	33	61	177	129	177
Yam	0.01	112	58	197	164	175	171
H.Cabbage	0.10	157	64	76	88	169	159
Tomatoes	0.04	66	28	33	161	178	209
Ch.Cabbage	0.03	185	199	150	112	104	129
Cucumber	0.03	217	125	181	105	186	138
Pumpkin	0.15	58	42	20	140	194	244
Total	1.00	108	97	97	116	138	157



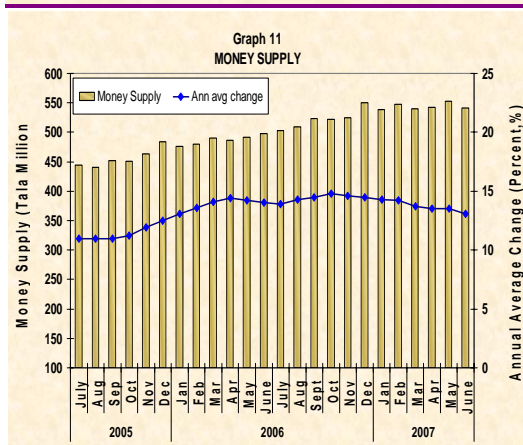
MONEY AND CREDIT

Money Supply (M2)

After increasing \$11.2 million in the previous month, money supply (M2) declined 2 percent (\$11.6 million) to \$541.8 million in June 2007. This monetary contraction reflected decreases of \$10.5 million and \$1.1 million respectively in net domestic assets and net foreign assets. An increase in Government's net position with the banking system drove the significant downward movement in net domestic assets. At its current level, M2 was 9 percent higher than in June 2006, contributing to a 13.1 percent annual growth rate in the year ending June 2007; a slow down from 13.5 percent in May 2007 and 14.0 percent in the year ending June 2006. (See Table 11 and Graph 11.)

Table 11 : Money Supply (M2)

Period	2005/06	2006/07	% change over prev. year
	Tala Mn	Tala Mn	
Annual average to June	471.44	533.11	13.1
April	486.03	542.17	11.6
May	491.36	553.33	12.6
June	498.55	541.71	8.7



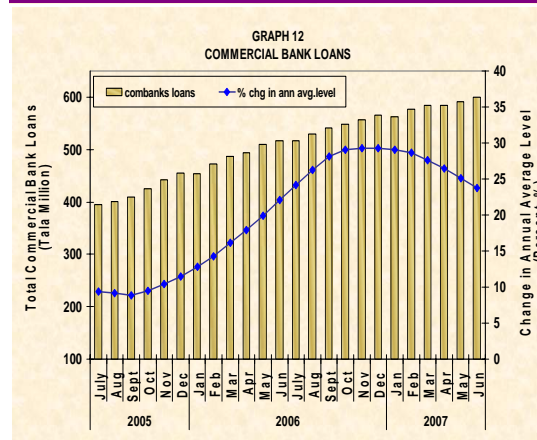
Bank Credit to the Private Sector

Despite the higher cost of borrowing in the month under review, increased demand for credit saw commercial banks' loans to the private sector and public institutions combined step up with another 1 percent (\$8.6 million) to \$600.6 million in June

2007. Reflecting this month's rise was further credit extended to all major industries with the exception of the "manufacturing" and "electricity" sectors, which recorded reduced loans outstanding with commercial banks in June 2007. Regardless of this month's increase, the growth momentum in total bank credit to the private sector and public institutions combined slowed down from 25 percent in the year ending May 2007 to 24 percent in the year ending June 2007, a level above the 22 percent growth rate in 2005/2006. (See Table 12 and Graph 12.)

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

Period	2005/06	2006/07	% change over prev. year
	Tala Mn	Tala Mn	
Annual average to June	455.07	563.20	23.8
April	493.50	584.81	18.5
May	509.99	591.94	16.1
June	516.73	600.58	16.2



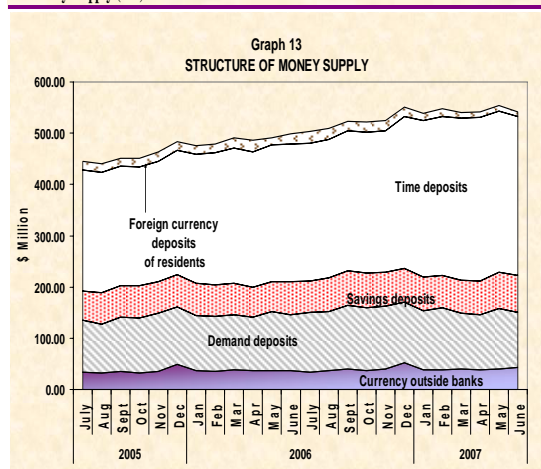
Structure of Money Supply

The reduction of money supply (M2) in June 2007 was due to decreases of \$7.7 million and \$3.9 million respectively in narrow money (M1) and quasi-money. The contraction in M1 reflected a \$9.7 million decline in demand deposits, which offset a \$2.0 million rise in currency outside banks. Quasi-money, on the other hand, fell on account of reductions in time deposits (by \$5.2 million) and foreign currency deposits of residents (by \$0.4 million), both more than outweighing a \$1.7 million increase in savings deposits. In the event, the composition of M2 in the month under

review changed slightly from May 2007. In particular, the share of currency outside banks increased to 8 percent (from 7 percent) while that of demand deposits fell from 21 percent to 20 percent in June 2007. Other components, however, accounted for the same shares of total money supply from the previous month with time deposits, savings deposits and foreign currency deposits of residents contributing 57 percent, 13 percent and 2 percent respectively. (See Table 13 and Graph 13.)

Table 13 : Structure of Money Supply (Tala Million)

End Month	June 2006	May 2007	June 2007	% change between June 2007 and...	
				June 2006	May 2007
1. Money (M1)	145.20	158.65	150.93	3.9	-4.9
Currency outside banks	36.96	40.29	42.36	14.6	5.1
Demand deposits	108.24	118.36	108.57	0.3	-8.3
2. Quasi Money	353.35	394.68	390.78	10.6	-1.0
Savings deposits	64.32	69.52	71.21	10.7	2.4
Time deposits	269.36	315.02	309.86	15.0	-1.6
Foreign currency deposits of residents	19.67	10.14	9.71	-50.6	-4.2
3. Money Supply (M2)	498.55	553.33	541.71	8.7	-2.1



INTEREST RATES

The overall level of official interest rates fell 9 percentage points to 4.94 percent in June 2007 from 5.03 percent in the previous month. The reduction does not imply an easing in the Central Bank's Monetary Policy stance. Rather, it reflects the shift of investments in CBS Securities towards the shorter term maturities. The Central Bank's monetary policy stance is well

reflected by the trend in commercial bank interest rates.

In June 2007, commercial banks' weighted average interest rates increased in line with the Central Bank's tight monetary policy stance. In particular, the weighted average lending rate rose 4 percentage points to 12.76 percent while that of deposits increased 13 percentage points to 6.54 percent. In the event, the commercial banks' interest rate spread² narrowed 9 percentage points to 6.22 percent in the month under review. (See Table 14 and Graph 14.)

Table 14 : Average Interest Rates

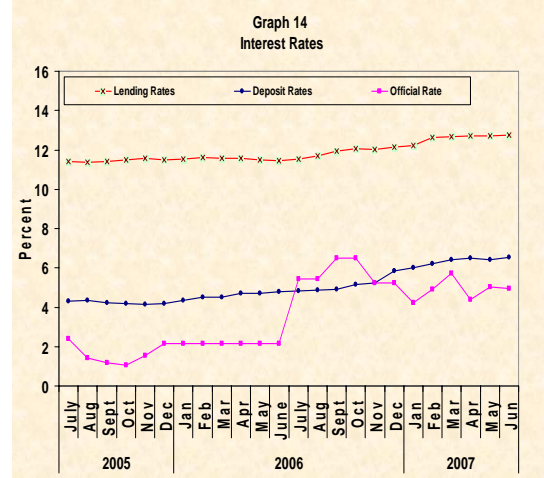
	Jun-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Average Lending Rate *	11.47	12.23	12.61	12.69	12.70	12.72	12.76
Average Deposit Rate *	4.80	6.01	6.23	6.40	6.50	6.41	6.54
Interest Rate Spread	6.67	6.22	6.38	6.29	6.20	6.31	6.22

CBS Securities**

	Jun-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Overall rate	2.14	4.21	4.93	5.73	4.37	5.03	4.94
14-Day	-	2.90	4.25	5.00	3.25	4.00	4.30
28-Day	-	4.00	5.50	-	5.12	5.20	5.65
56-Day	-	4.50	6.50	6.00	-	5.90	6.00
91-Day	-	5.25	7.50	7.00	-	-	6.00
182-Day	-	-	-	-	-	-	-
365-Day	-	-	-	-	-	-	-

* Commercial Banks weighted average interest rates

** Weighted average interest rate



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.

EXCHANGE RATES

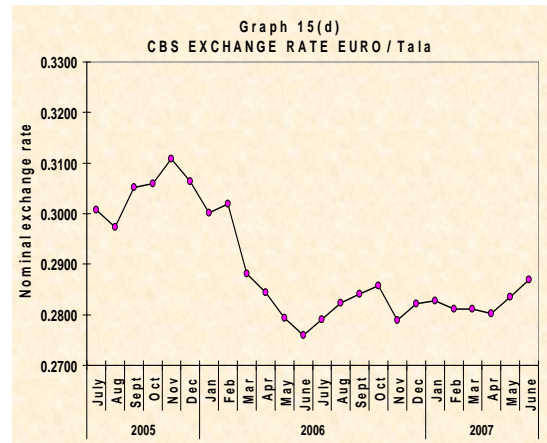
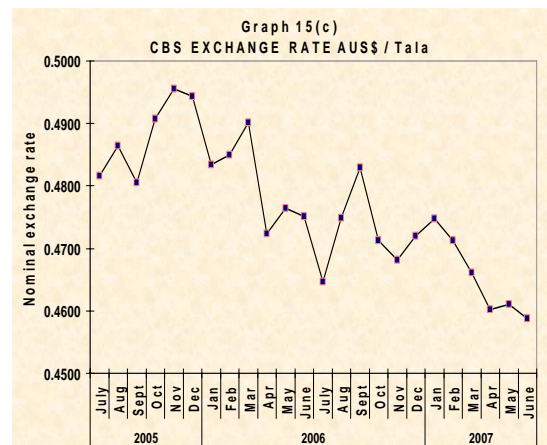
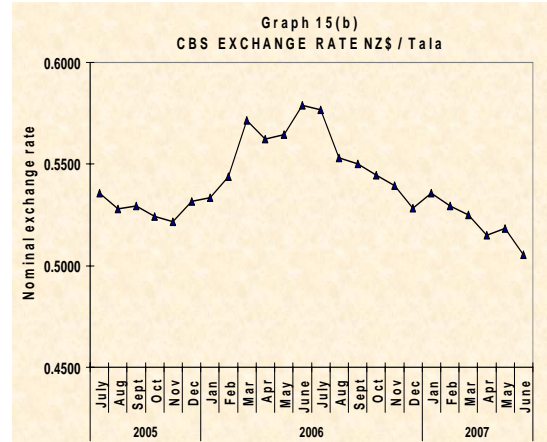
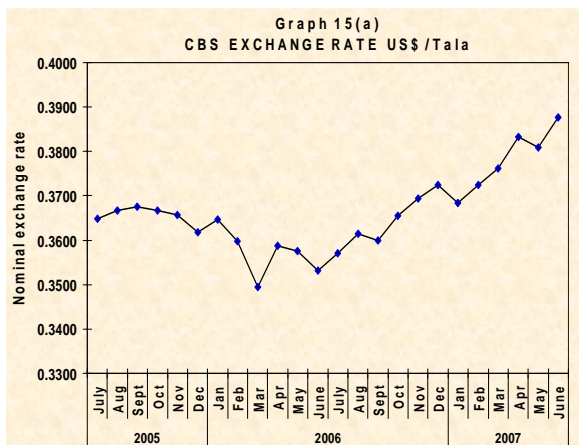
The US dollar weakened against all the major currencies in the Samoan exchange rate basket as a flurry of weak data on the US economy weighed heavily on the greenback. This loss in value was partially reduced after the US Federal Reserve Fund rate was left unchanged. In the event, the Tala strengthened against the US dollar (up 1.8 percent), Japanese Yen (up 2.8 percent) and European Euro (up 1.2 percent) but weakened against the New Zealand dollar (down 2.5 percent), Australian dollar (down 0.5 percent) and Fijian dollar (down 0.3 percent). (See Table 15 and Graph 15 (a-f).)

Table 15: CBS Exchange Rates

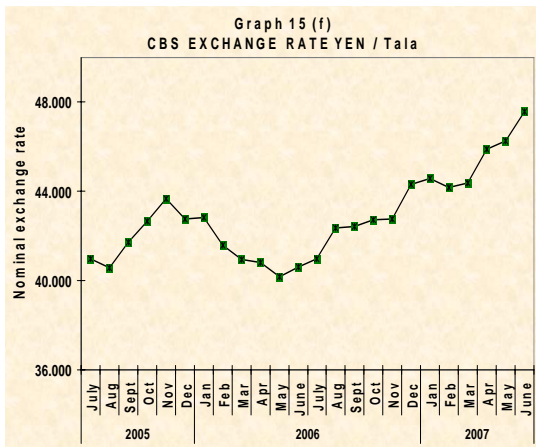
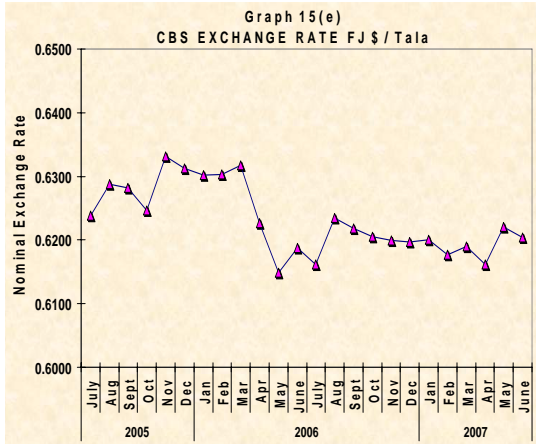
(Foreign Currency per Tala : End month midrates)

	June 2006	May 2007	June 2007	% Appreciation(+)/Depreciation(-) of Tala between June 2007 and	
				June 2006	May 2007
USD	0.3531	0.3809	0.3877	9.80	1.79
NZD	0.5791	0.5183	0.5054	-12.73	-2.49
AUD	0.4751	0.4610	0.4588	-3.43	-0.48
EURO	0.2759	0.2835	0.2870	4.02	1.23
FJD	0.6188	0.6221	0.6204	0.26	-0.27
YEN	40.5963	46.2734	47.5606	17.16	2.78

Consequently, the overall nominal value of the Tala appreciated 28 points in June 2007.



**Selected Economic Indicators Report
JUNE 2007**



**CENTRAL BANK OF SAMOA
26th July 2007**
