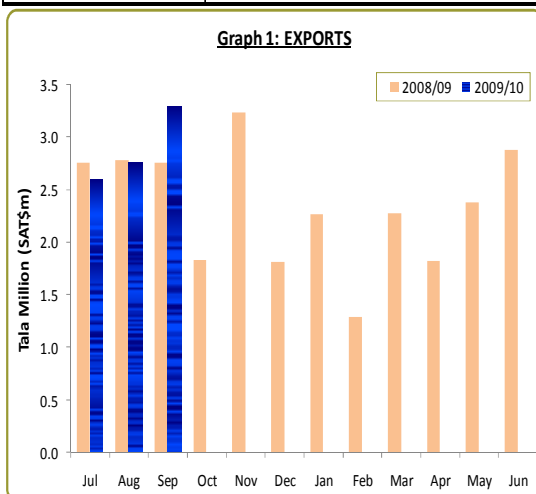


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export of soft drinks to American Samoa in September 2009 brought in \$8 thousand compared to \$24 thousand in the previous month. Also on low side in the month under review were exports of taro (down \$10 thousand to \$68 thousand) and handicrafts (down \$0.7 thousand to \$0.4 thousand) with both nonu fruit and juice absent from the export scene in September 2009. The value of vegetable exports, on the other hand, remained steady at \$3 thousand from the previous month.

Table 1 : EXPORTS, fob			
Period	Tala Million	Tala Million	% change over prev. year
	2008	2009	
Total (Jan - Sept)	20.11	21.59	7
	2008/09	2009/10	
Total (July - Sept)	8.29	8.66	4
July	2.75	2.60	-5
August	2.78	2.76	-1
September	2.76	3.30	20

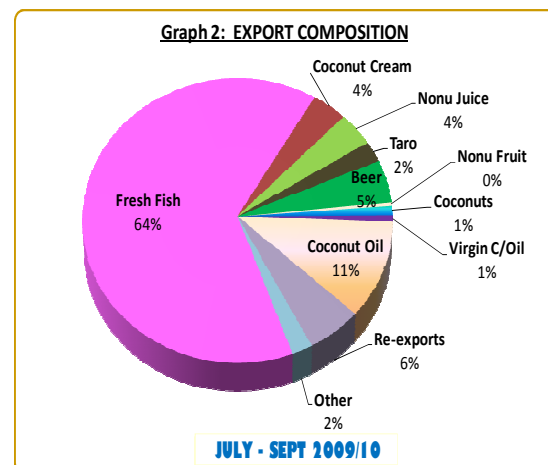


Export Composition

Fresh fish, despite its lower revenue in September 2009, boosted its share of total exports in the first three months of 2009/10 to 64 percent from 49 percent in the same period of 2008/09. Moving up as the second major export earner in the period under review was coconut oil exports, with its significantly higher proceeds in September 2009 contributing to an 11 percent share of total exports in contrast to

its absence from Samoa's export scene in the three months to September 2008. Despite the higher value of re-exports in the month under review, its export ratio fell substantially to 6 percent from 23 percent in the first three months of 2008/09. Likewise, the decreased proceeds of beer, coconut cream, nonu juice and taro exports in the three months to September 2009, compared to the same period ending September 2008, accounted for their lower shares of 5 percent, 4 percent each and 2 percent respectively (from 8 percent, 7 percent, 6 percent and 3 percent in that order). On the other hand, maintaining their shares of total exports in the three months under review were 'other exports' (2 percent), virgin oil (1 percent) and coconut (1 percent) exports. (See Table 2 and Graph 2.)

Table 2 : EXPORT COMPOSITION					
Composition	2008/09	2009/10	% change	2008/09	2009/10
	July - Sept	July - Sept	over prev. year	July - Sept	July - Sept
	Tala Mn	Tala Mn	% shares	% shares	
Fresh Fish	4.03	5.55	38	49	64
Coconut Cream	0.55	0.33	-39	7	4
Nonu Juice	0.52	0.34	-35	6	4
Taro	0.25	0.21	-17	3	2
Beer	0.65	0.42	-35	8	5
Nonu Fruit	0.02	0.03	100	0	0
Coconuts	0.11	0.09	-15	1	1
Virgin Oil (WIBD)	0.09	0.07	-23	1	1
Coconut Oil	0.00	0.96	#DIV/0!	0	11
Re-exports	1.94	0.48	-75	23	6
Other	0.15	0.18	18	2	2
TOTAL	8.29	8.66	4	100	100



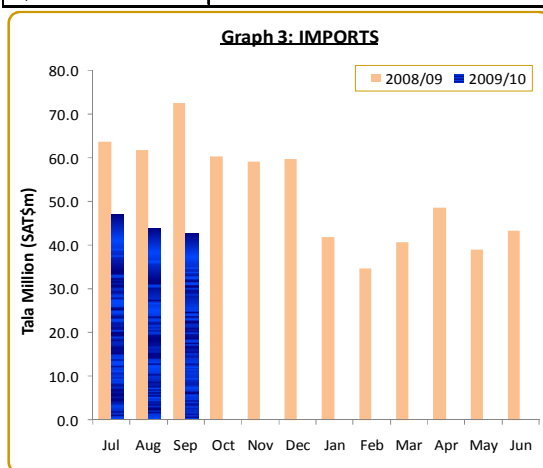
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Imports

The total value of imports in September 2009 fell 2 percent (\$1.1 million) to \$42.9 million, a level that was significantly lower by 41 percent (\$29.7 million) than the \$72.6 million imports in September 2008. And, for the first three months of 2009/10, imports were 32 percent lower at \$134.0 million compared to \$198.2 million in the same period in 2008/09. (See Table 3 and Graph 3.)

The lower import payments in the month under review were driven by a \$2.7 million decrease in 'other imports' of the private sector along with a \$0.7 million drop in Government imports. These were partially offset by a \$2.3 million increase in petroleum imports.

Table 3 : IMPORTS, fob			
Period	Tala Million		% change over prev. year
	2008	2009	
Total (Jan - Sept)	479.80	382.44	-20
	2008/09		2009/10
Total (July - Sept)	198.20	133.96	-32
July	63.69	47.13	-26
August	61.91	43.96	-29
September	72.60	42.86	-41

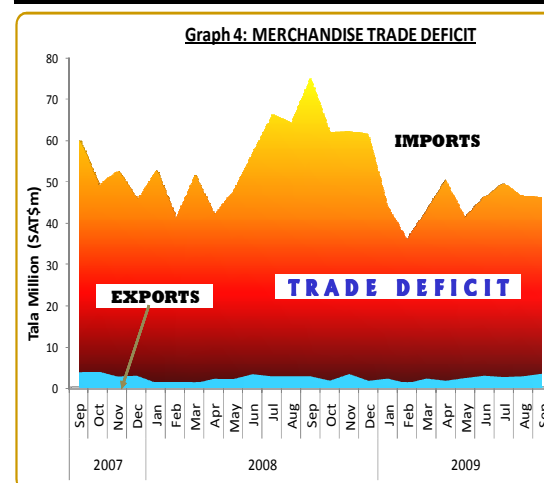
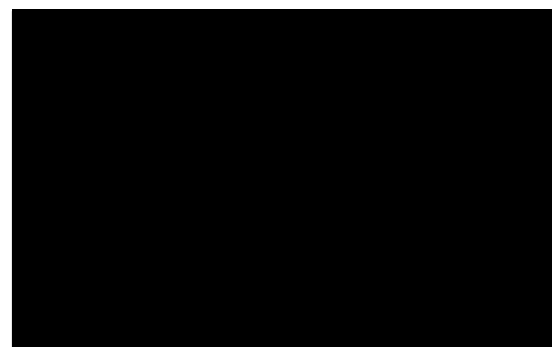


The latest data for 2009 indicated that total imports in the nine months to September were 20 percent (\$97.4 million) lower than in the nine months to September 2008, mainly consequent of lower payments for petroleum and 'other imports' of the private sector. This favorable trend is partially consequent of the global

recession with reduced global demand for internationally traded commodities reducing prices of crude oil and most foodstuffs, which are some of the major types of imports to Samoa.

Merchandise Trade Deficit

The combination of increased export revenues and lower import payments in the month under review further reduced the merchandise trade deficit from its level in August 2009. At \$39.6 million, the merchandise trade deficit in September 2009 was 4 percent lower than the previous month and 43 percent smaller than \$69.8 million trade deficit in September 2008. And, when accounting for the first three months of 2009/10, the total merchandise trade deficit of \$125.3 million was 34 percent lower than the \$189.9 million trade deficit in the corresponding period of 2008/09. (See Table 4 and Graph 4.)



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TOURISM

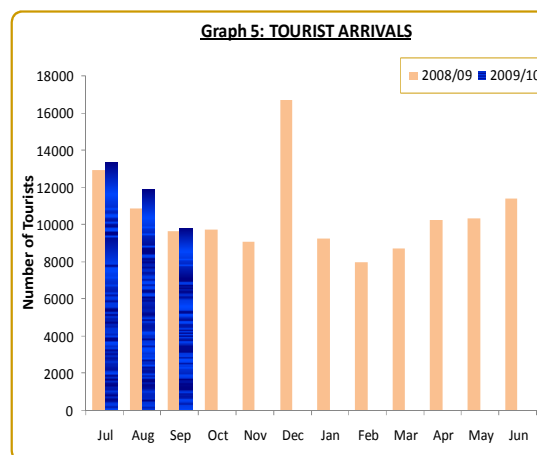
Tourist Arrivals

A seasonal downturn in tourist arrivals for September 2009 showed a 17 percent decrease to 9,796, a level that was 2 percent higher than in September 2008. However, when accounting for the first three months of 2009/10, the total number of visitors was 5 percent higher at 35,046 compared to 33,417 in the same period of 2008/09. (See Table 5 and Graph 5.)

The lower number of tourists in the month under review was underpinned by decreased travelers from all the targeted tourist markets such as USA (down 26 percent), Australia (down 24 percent) and Europe (down 22 percent). Likewise, travelers from American Samoa, New Zealand and 'other countries' declined 19 percent, 14 percent and 7 percent respectively. When categorized by purpose, this month's lower tourist arrivals reflected a reduction in those arriving for 'holiday', 'visit friends and relatives' and for 'business'.

Period	No of persons*	No of persons*	% change over prev. year
	2008	2009	
Total (Jan - Sept)	86,676	92,976	7
	2008/09	2009/10	
Total (July - Sept)	33,417	35,046	5
July	12,935	13,391	4
August	10,852	11,859	9
September	9,630 ®	9,796	2

* In thousands ® - Revised



For the nine months to September 2009, the total number of visitors was 7 percent higher at 92,976 compared to 86,676 in the corresponding period of 2008.

Tourism Earnings

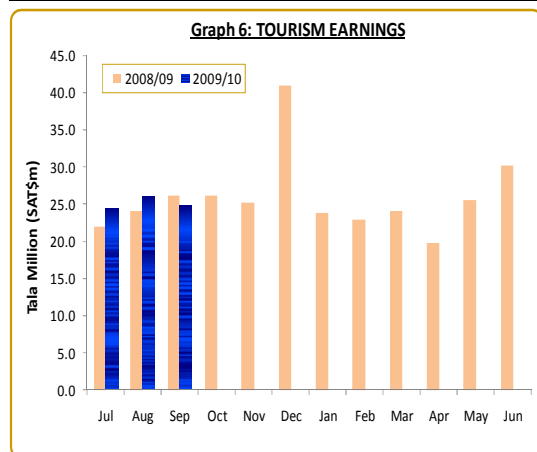
Tourism revenues fell 5 percent (\$1.3 million) to \$24.7 million as the lower number of tourist arrivals in the month under review more than offset a 15 percent increase in average expenditures. At this level, it was also 5 percent lower than the \$26.1 million tourism proceeds in September 2008. (See Table 6 and Graph 6.)

With the exception of higher earnings from travelers from New Zealand and 'other countries' (such as Canada, Japan, China, Fiji, and other Pacific Island countries), the overall drop in tourism revenues in September 2009 was due to lower proceeds from those arriving from Australia, Europe, USA and American Samoa. By purpose, the lower tourism earnings in the month under review reflected reductions from those arriving for holiday, business trips, Sports and 'other purposes'.

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Table 6 : ESTIMATED EARNINGS FROM TOURISM			
Period	Tala Million	Tala Million	% change over prev. year
	2008	2009	
Total (Jan - Sept)	196.03	221.48	13
	2008/09	2009/10	
Total (July - Sept)	72.15	75.13	4
July	22.00	24.38	11
August	24.02	26.02	8
September	26.13 @	24.73	-5

@ - Revised



While tourism revenues, on a fiscal year basis, rose 4 percent in the first three months, total proceeds recorded in the nine months to September 2009 were 13 percent higher at \$221.5 million compared to the \$196.0 million recorded in the nine months to September 2008.

PRIVATE REMITTANCES

Private Remittances

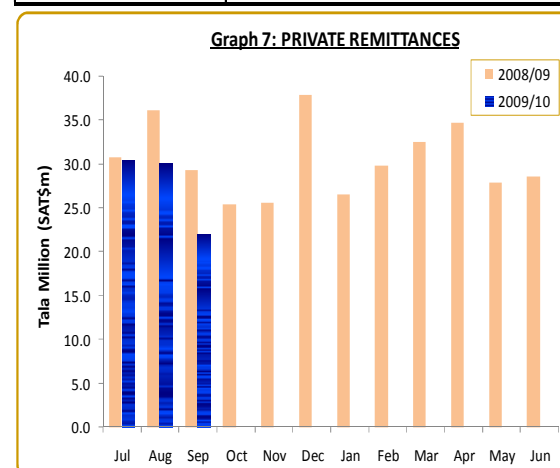
The latest available figure for private remittances showed a 27 percent (\$8.1 million) decrease to \$22.0 million in September 2009. Underpinning this month's lower level of private remittances were decreased cash and in-kind transfers to families and charitable organizations, which more than offset an increase in remittances in the form of motor vehicles. When compared to September 2008, the current level of private remittances was 25 percent lower, which contributed to a 14

percent decrease to \$82.6 million in total private remittances for the first three months of 2009/10 compared to \$96.3 million in the same period of 2008/09. And, for the nine months to September 2009, total inflows from private remittances were 3 percent lower than in the same period to September 2008. (See Table 7 and Graph 7.)

Table 7 : PRIVATE REMITTANCES, gross			
Period	Tala Million	Tala Million	% change over prev. year
	2008	2009	
Total (Jan - Sept)	270.44	262.86	-3
	2008/09	2009/10	
Total (Jul - Aug)	96.33	82.59	-14
July	30.81	30.48	-1
August	36.16	30.09 @	-17
September	29.36	22.02 (p)	-25

(R) - Revised

(p) - provisional



EXTERNAL ASSETS

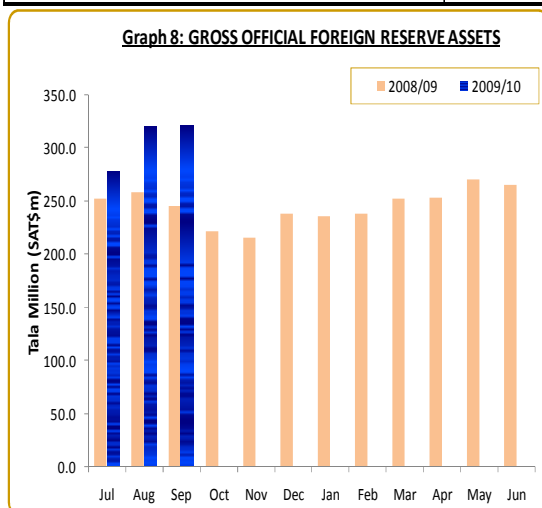
Gross Official Foreign Reserve Assets

The gross official level of foreign reserves edged up 0.2 percent in September 2009 following a significant increase in the previous month. Representing a \$0.6 million overall surplus in the balance of payments, the gross official reserves of \$321.2 million in the month under review was 31 percent higher than that of a year ago. And, with decreased import payments in September 2009, the current level of

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external reserves was equivalent to a comfortably robust 6.9 months of imports, up from 6.5 months of imports in August 2009 and 4.8 months cover in September 2008. **The current import cover was higher than the 5.0 months of imports targeted by the Central Bank for 2009/10.** (See Table 8 and Graph 8.)

Period	2008/09	2009/10	% change over prev. year	Import Coverage	
	Tala Mn	Tala Mn		2008/09	2009/10
June	265.59			5.1	
July	252.14	278.82	11	5.0	5.5
August	258.05	320.58	24	5.1	6.5
September	245.01	321.22	31	4.8	6.9
(p) - provisional					



PRICES

Headline CPI¹

According to the latest CPI report from the Samoa Bureau of Statistics, the headline CPI in September 2009 declined 0.7 percent from the previous month, easing further the inflationary pressure in the economy. This was more evident with the point-to-point rate of inflation slowing down significantly to 0.3 percent at end September 2009 from 3.7 percent at end August 2009.

¹ The Headline CPI was revised in the September 2009 CPI report to incorporate higher rates of untreated water from January 2009 to July 2009.

The lower headline CPI in the month under review reflected decreased food and energy prices as represented by reductions in the overall “Food” (down 1.5 percent) and “Housing and Household Operations” (down 0.4 percent) sub-indices. The decline in the largest commodity group – Food, which accounts for 50.3 percent of the overall headline CPI - was driven by a 4.9 percent decrease in its local component and partially offset by a 0.7 percent rise in its import component. Decreased prices of locally produced agricultural food (such as cucumber, pumpkin, head cabbage, taro, taamu and yam) as well as fish (large, pieces and stringed) all accounted for the lower local food component whereas the higher import component reflected increased prices of chicken leg quarters, mutton necks, salt and potatoes. The reduction in the “housing and household operations” sub-group – which represents 11.1 percent of the overall headline CPI – was underpinned by a 0.9 percent drop in its local component consequent to lower prices for electricity. At \$0.80 per kilowatt, the unit cost of electricity was 1 percent lower than in August 2009 following a 1.7 percent reduction in the fuel surcharge to 5.41 percent. Partially outweighing these decreases in the month under review was a 1.4 percent increase in the “Transport and Communications” sub-group (which accounts for 14.4 percent of the overall headline CPI) consequent to a 5.0 percent expansion in its import component. This trend was underpinned by increased prices of imported fuel products such as petrol (up 8 percent to \$2.33 per litre) and diesel (up 6 percent to \$2.27 per litre) reflecting the favorable local pricing mechanism used for imported fuel products in contrast to the international price of crude oil, which fell 7 percent in the month under review. The “Clothing and Footwear” sub-group, which weighs 2 percent of the overall headline CPI, rose 0.7 percent following increased prices of ie solosolo (up 4 percent to \$5.78 per 2 yards) and men’s handkerchief (up 9 percent to \$1.20). The “Alcohol and

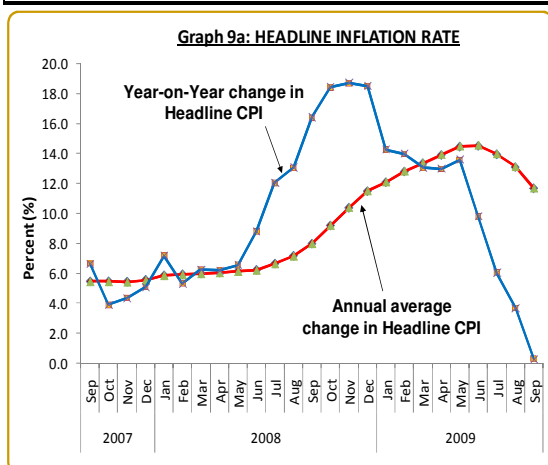
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Tobacco” and “Miscellaneous” sub-indices, on the other hand, remained steady at their levels from August 2009.

And, as expected on an annual average basis, the sharp drop in the year-on-year rate contributed to the headline inflation rate decreasing to 11.7 percent from 13.1 percent at end August 2009². At this current level, however, it was still higher than the 8.0 percent inflation in September 2008. (See Table 9a and Graph 9a.)

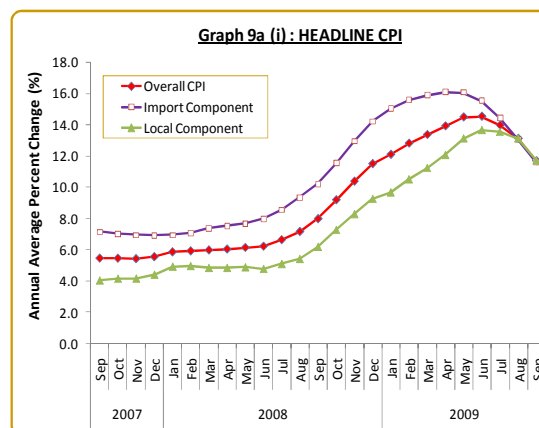
Table 9a : HEADLINE CONSUMER PRICE INDEX			
Period	2008/09	2009/10	% change over prev. year
Annual average to Sept	119.19	133.12	11.7
July	125.5	133.1	6.1
August	127.1	131.8	3.7
September	130.5	130.9	0.3

Base period: March 2004 = 100



The decline in the headline inflation rate at end September 2009 was driven by reductions in both imported and domestic inflation, which registered at 11.6 percent and 11.7 percent respectively from 13.1 percent each in August 2009. (See Graph 9a (i).) This latest price trend reflected, to a large extent, lower prices for local food and imported fuel over the year.

² Further revisions of the headline CPI as reported in the September CPI report have resulted in an upward revision in the annual average and year-on-year inflation rates from January 2009 to August 2009.



Underlying CPI

The underlying CPI, after excluding the price of regulated and seasonally volatile items from the headline CPI, edged up 0.4 percent from August 2009 and 4.9 percent from September 2008.

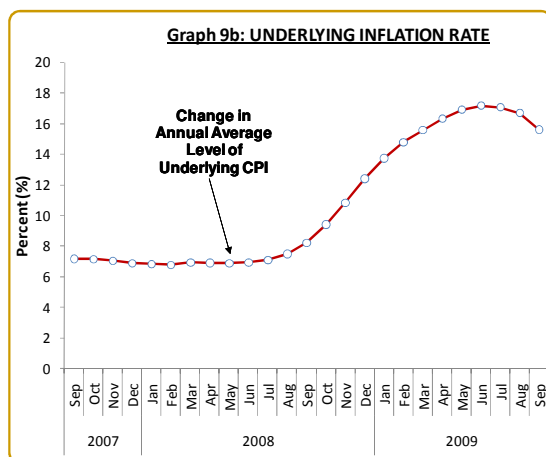
The moderate increase from August 2009 reflected increased prices of food and clothing, as reflected by the movements of the “Food” (up 0.5 percent) and “Clothing and Footwear” (up 0.7 percent) sub-indices. These were partially offset by reductions in the “Transport and Communications” (down 1.1 percent) and “Housing and Household Operations” sub-groups, with the former consequent to decreased prices of car batteries.

And, as expected, on an annual average basis, the underlying inflation rate slowed down to 15.6 percent from 16.7 percent in the previous month but remained significantly higher than the 8.2 percent underlying inflation in September last year. (See Table 9b and Graph 9b.)

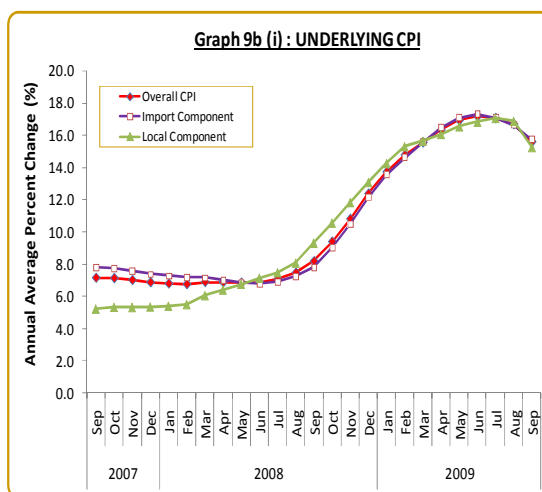
Table 9b : UNDERLYING CONSUMER PRICE INDEX			
Period	2008/09	2009/10	% change over prev. year
Annual average to Sept	121.53	140.48	15.6
July	126.3	139.4	10.4
August	128.5	140.0	8.9
September	134.0	140.6	4.9

Base period: March 2004 = 100

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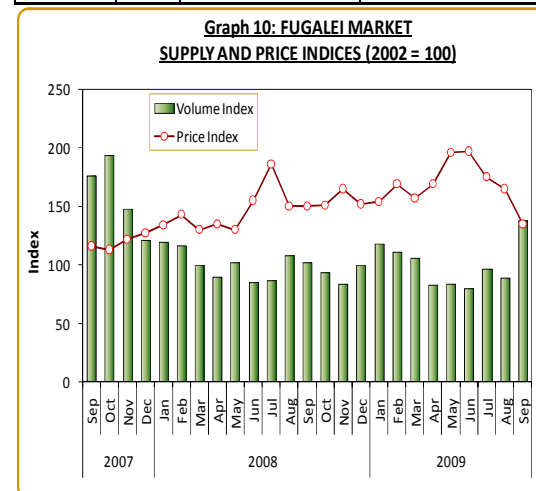


The main determinant behind the decreased underlying inflation rate in September 2009 was the 1.6 percentage point decrease to 15.2 in the domestic rate of inflation compared to a 0.9 percent drop to 15.7 percent in the imported inflation. (See Graph 9b (i).)



result, the overall price index at the Fugalei Market declined 19 percent in the month under review. At their current levels, the overall volume and price indices were 35 percent higher and 10 percent lower respectively when compared to September 2008. (See Table 10 and Graph 10.)

Table 10 : FUGALEI MARKET SURVEY							
Volume and Price Indices (2002 = 100)*							
Produce	Weights	Volume Index			Price Index		
		Sep-08	Aug-09	Sep-09	Sep-08	Aug-09	Sep-09
Taro	0.31	59	88	158	158	170	141
Banana	0.14	87	43	72	130	159	164
Taro Palagi	0.02	67	64	70	177	244	225
Ta'amu	0.10	100	110	133	196	265	126
Coconut	0.06	51	60	370	227	245	227
Breadfruit	0.01	208	216	78	151	145	180
Yam	0.01	418	165	153	165	188	172
H.Cabbage	0.10	132	84	76	122	76	69
Tomatoes	0.04	317	102	116	54	112	91
Ch.Cabbage	0.03	197	154	136	93	64	79
Cucumber	0.03	25	141	185	253	114	99
Pumpkin	0.15	132	99	123	119	148	121
Total	1.00	102	89	138	150	165	135



FUGALEI MARKET SURVEY

After an unusually lull month in August 2009, the overall volume of agricultural produce available at the Fugalei Market recorded a seasonal expansion of 56 percent in September 2009. Reflecting this encouraging development were increased supplies of most local staple foods (such as taro, banana, taro palagi and taamu), coconuts and a few vegetables (such as tomatoes, cucumber and pumpkins). As a

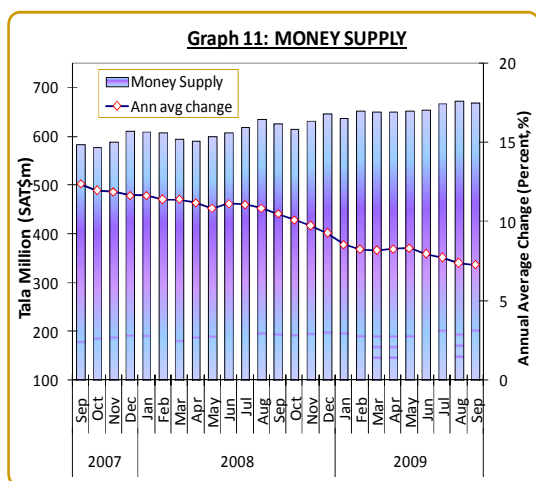
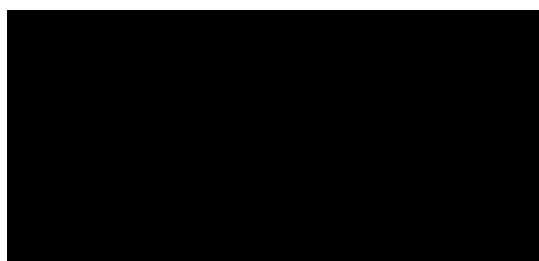
MONEY AND CREDIT

Money Supply (M2)

After expanding in the previous five months, money supply (M2) contracted 1 percent (\$3.9 million) to \$670.4 million in September 2009. Reflecting the reduction in broad money supply in the month under review was a \$9.4 million decrease in net

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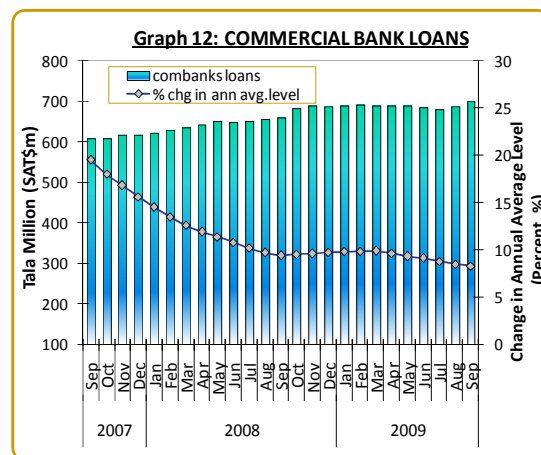
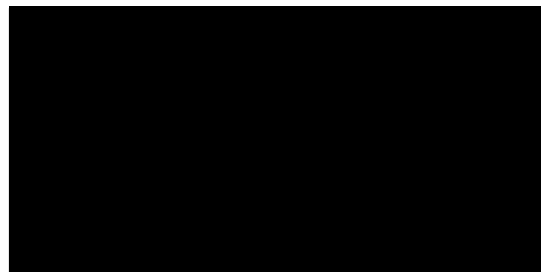
foreign assets, which more than offset a \$5.5 million increase in net domestic assets. When compared to September 2008, however, the current level of money supply was 6.9 percent higher, although when measured on an average basis, the monetary growth rate at end September 2009 edged down to 7.3 percent, from 7.4 percent at end August 2009 and 10.5 percent at end September 2008. (See Table 11 and Graph 11.)



Bank Credit to the Private Sector and Public Institutions

Bank credit demand by the private sector and public institutions was boosted significantly in September 2009 following a further reduction in the average cost of borrowing – the lowest in three years so far. This was reflected by another 2 percent (\$12.5 million) increase to \$701.2 million in total commercial bank loans outstanding to both group of borrowers combined, a level that was 6.2 percent higher than a year ago. On an average basis, however, the rate of growth for bank credit continued

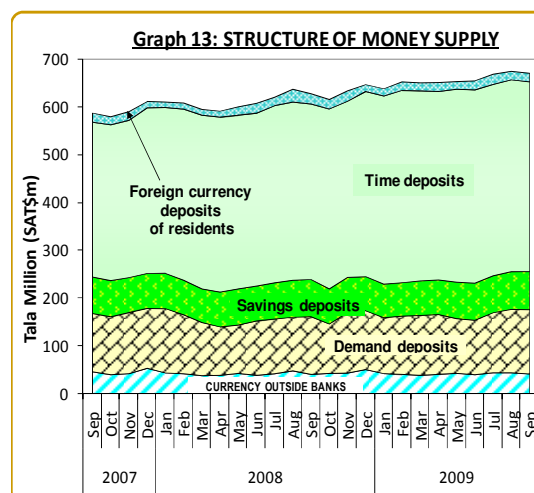
to decline with an 8.3 percent growth rate at end September 2009 compared to 8.5 percent and 9.4 percent respectively at end August 2009 and September 2008. (See Table 12 and Graph 12.)



The expansion in bank credit to the private sector and public institutions combined in the month under review was driven largely by increased claims of \$5.3 million and \$4.4 million respectively by the “transport and communications” and “trade” industries. Similarly, albeit at smaller magnitudes, were increased loans to the “other activities” (up \$2.4 million), “professional and business services” (up \$2.0 million) and “electricity” (up \$1.2 million) sectors. These were partially offset by decreased loans outstanding to the “manufacturing” (down \$1.4 million), “building and construction” (down \$1.3 million) and “agriculture and fisheries” (down \$0.02 million) industries in September 2009.

Structure of Money Supply

Reflecting the contraction in broad money supply (M2) in the month under review were decreases of \$3.0 million and \$0.9 million respectively in the levels of quasi-money and narrow money (m1). A \$4.6 million decrease in time deposits largely accounted for the lower quasi-money in September 2009, stemming the expansions in savings deposits (up \$1.4 million) and foreign currency deposits of residents (up \$0.2 million). Narrow money, on the other hand, was reduced by a \$2.4 million decline in currency outside banks in contrast to a \$1.5 million rise in demand deposits. While the overall composition of broad money supply was unchanged from August 2009, the movements of each monetary component during the month altered some of their individual shares. In particular, the lower level of currency outside banks reduced its share to 6 percent from 7 percent in the previous month whereas the ratio of demand deposits to total money supply rose 1 percentage point to 20 percent. On the other hand, time deposits – which were the largest component of broad money (M2) – remained steady at 59 percent while the shares of savings deposits and foreign currency deposits of residents were unchanged at 12 percent and 3 percent respectively. (See Table 13 and Graph 13.)



INTEREST RATES

The official weighted average interest rate on CBS securities recorded another steep drop (of 41 basis points) in September 2009, reaching its lowest recorded level so far of 0.99 percent, from 1.40 percent in August 2009. (See Table 14 and Graph 14.) The lower official interest rate in the month under review reflected further reductions in the yields of all the short-term maturity papers, with the 56-day security recording the largest decline of 65 basis points, followed by a 52 basis points cut in the benchmark 91-day paper. And, with the easing of monetary conditions over the year, the current official rate was significantly lower than the 4.05 percent official rate in September 2008.

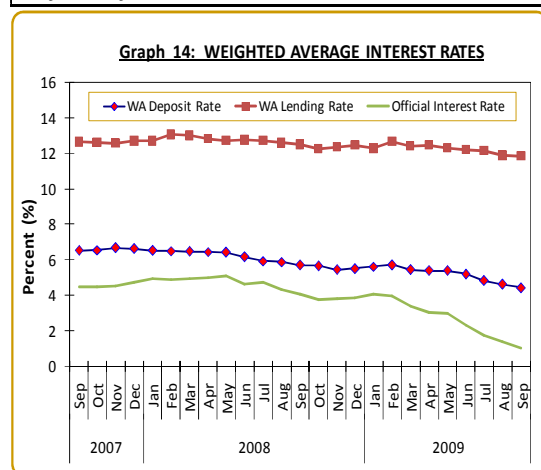
Moving parallel to the downward official rate trend in the month under review were the commercial banks' weighted average interest rates, which also reached their three-year low each. In particular, the weighted average deposit rate fell 19 basis points to 4.42 percent while that on lending edged down 2 basis points to 11.85 percent. Consequent to these interest rate movements, the commercial banks' interest rate spread³ widened 17 basis points to

³ This weighted interest rate spread is the difference between the interest rates on private sector deposits and

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7.43 percent from 7.26 percent in the previous month.

Table 14 : AVERAGE INTEREST RATES						
Commercial Banks' Interst Rates	Sep-08	May-09	Jun-09	Jul-09	Aug-09	Sep-09
Average Lending Rate *	12.49	12.30	12.21	12.15	11.87	11.85
Average Deposit Rate *	5.69	5.38	5.19	4.81	4.61	4.42
Interest Rate Spread	6.80	6.92	7.02	7.34	7.26	7.43
CBS Securities**						
Overall rate	4.05	2.98	2.28	1.72	1.40	0.99
14-Day	3.90	2.00	1.48	1.00	0.80	0.40
28-Day	3.68	2.29	1.68	1.20	0.95	0.50
56-Day	3.78	2.90	2.20	1.70	1.35	0.70
91-Day	4.80	3.80	3.10	2.50	2.22	1.70
182-Day	-	-	-	-	-	-
365-Day	-	-	-	-	-	-
* Commercial Banks weighted average interest rates						
** Weighted average interest rate						



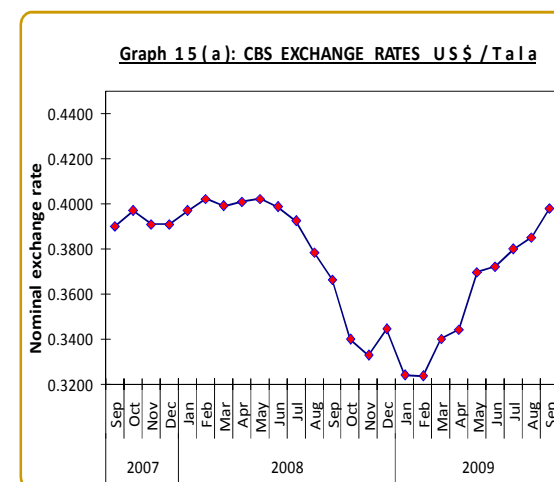
EXCHANGE RATES

The US dollar continued to lose its appeal amongst investors as better than expected economic data out of the US and other major economies strengthened demand for more risky but higher yielding assets. In the event, the greenback's value against other major currencies in Samoa's exchange rate basket slid further, with its lowest level recorded in the year so far. The Tala, as a result, strengthened against the US dollar (up 3.4 percent) and European Euro (up 1.1

percent) but weakened against the New Zealand dollar (down 1.9 percent) and Australian dollar (down 1.2 percent). Against other currencies outside the Samoa exchange rate basket, the Tala strengthened against the Fijian dollar (up 0.1 percent) but weakened against the Japanese Yen (down 0.2 percent). (See Table 15 and Graph 15 (a-f).)

Table 15 : CBS EXCHANGE RATES					
(Foreign Currency per Tala : End month midrates)	% Appreciation (+)/Depreciation(-) of Tala between September 2009 and.....				
	Sept	Aug	Sept	Sept	Aug
	2008	2009	2009	2008	2009
USD	0.3663	0.3850	0.3980	8.7	3.4
NZD	0.5480	0.5617	0.5512	0.6	-1.9
AUD	0.4638	0.4569	0.4513	-2.7	-1.2
EURO	0.2604	0.2689	0.2719	4.4	1.1
YEN	38.9683	35.8055	35.7210	-8.3	-0.2
FJD	0.6003	0.7684	0.769	28.1	0.1
Nominal Index	99.94	101.65	101.97	2.0	0.3

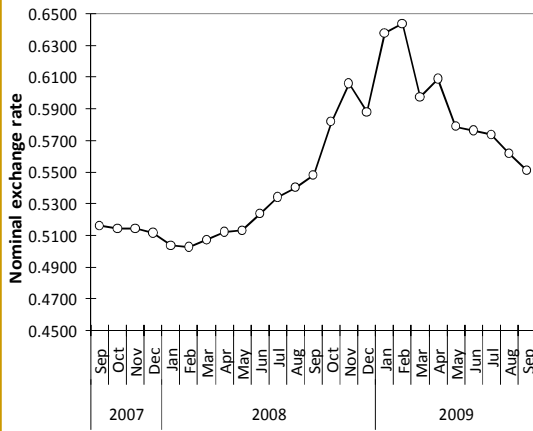
Consequently, the overall nominal value of the Tala appreciated 0.32 percent at end September 2009.



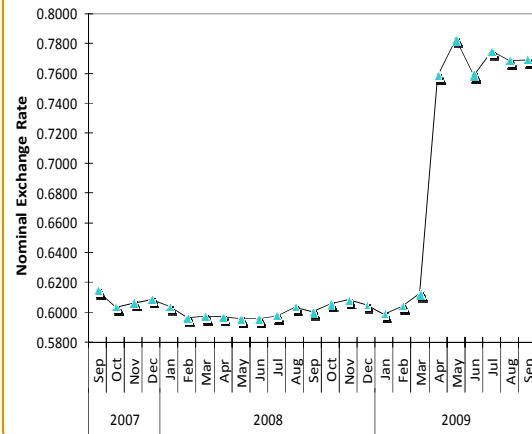
private sector credit. Taken on its own, it does not accurately reflect the profitability of the banking system since it does not take into account losses due to non-performing loans, regulatory costs and other revenues.

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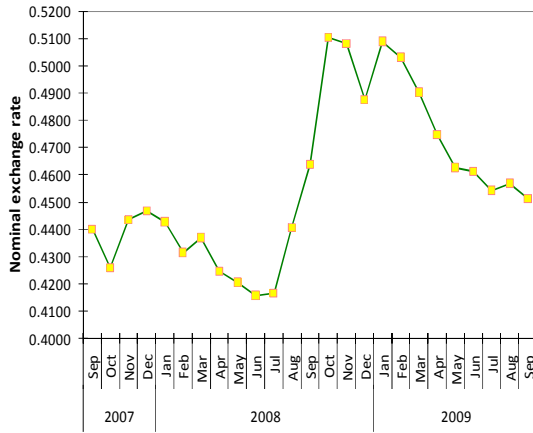
Graph 15 (b): CBS EXCHANGE RATE NZ \$ / T a l a



Graph 15 (e): CBS EXCHANGE RATE FJ \$ / T a l a



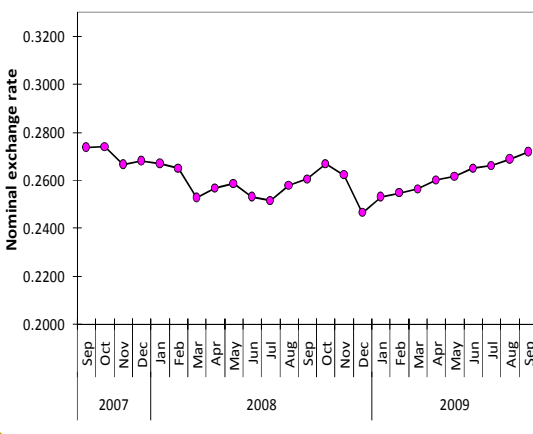
Graph 15 (c): CBS EXCHANGE RATE AUS \$ / T a l a



Graph 15 (f): CBS EXCHANGE RATE YEN / T a l a



Graph 15 (d): CBS EXCHANGE RATE EURO / T a l a



**CENTRAL BANK OF SAMOA
2nd November 2009**

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