



Monthly Economic Update

January 2016

Key Indicators

	(T\$m unless otherwise indicated)			% change from		2015/2016 - JAN	
	Jan 2015	Dec 2015	Jan 2016	Jan 2015 to Jan 2016	Dec 2015 to Jan 2016	% of Budget (2015/16)	% of GDP ¹ 2015/16
FISCAL INDICATORS (Government Financial Statistics (GFS) Basis)							
Total Revenue & Grants	15.1	21.4	15.6	3.6%	-27.2%	19.3%	-
Total Revenue	14.5	18.9	15.0	3.6%	-20.4%	39.2%	
Grant (cash grants)	0.6	2.6	0.6	3.2%	-77.2%	2.4%	
Budget Support	-	-	-	-	-	-	
Project Support	0.6	2.6	0.6	3.2%	-77.2%	2.9%	
Total Expenditure & Net Lending	16.3	15.7	8.3	-49.1%	-47.1%		
Expenditure (incl. cash grants)	15.5	18.3	11.8	-23.8%	-35.2%		
Total Net Lending	0.7	-2.6	-3.6	-5.8	0.4		
Total Public Debt	392.6	433.5	NA	NA	NA		NA
ECONOMIC ACTIVITY INDICATORS (OET basis)							
Exports	14.7	14.8	NA	NA	NA		
Imports	23.3	312.8	NA	NA	NA		
Travel Receipts	4.4	9.5	NA	NA	NA		
Adjusted Cash							
Remittances(Annual Total)	220.5	232.1	NA	NA	NA		
MONETARY & PRICE INDICATORS							
Official Foreign Reserves	287.2	327.8	326.3	14%	-0.5%	Nominal GDP 2015/16: T\$859.5 million (revised estimate by MOFNP use in the 2015/16 Budget Statement)	
Import Cover (months)	8.5	9.6	9.5				
Inflation (annual % change)	0.1	-1.1	-1.4				
Retail Fuel Prices:							
Petrol (T\$/litre)	2.3	2.3	2.2	-3.1%	-6.0%		
Diesel (T\$/litre)	2.4	2.3	2.1	-13.1%	-10.1%		

Release date: March 2016

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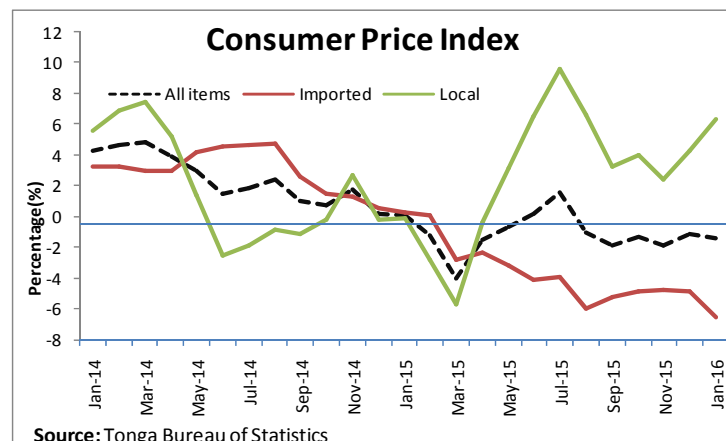
Indicators Digest

- ◆ Deflation 1.3% for January 2016
- ◆ Retail price of diesel has declined by 10.1% since June 2007
- ◆ Retail price of petrol has declined by 6.01% compared to Dec 2015
- ◆ Official reserve was at \$TOP 326.3 million, equivalent to 9.5 months' import cover.
- ◆ Air Arrival lowered by 58% in Jan compared to Dec.

Inflation

This is the sixth consecutive months of deflation, since August 2015, driven mainly by lower imported fuel prices. Annual inflation in January 2016 continued to decline by 1.3% compared to deflation of 1.2% in previous month. This is also lower compare to 0.1% annual inflation recorded for the same month of previous year. The monthly deflation

in January was in line with a decline in imported prices by 6.7%. Lower imported prices were mainly due to lower prices for both fuel and food items. This has been reflected in the decrease of domestic prices of both petrol and diesel. Local prices increased by 6.4% mainly due to increase in prices of root crops, fruits and vegetables.



Fuel Prices continue to decline

Following the decreasing in global oil prices, domestic fuel prices declined in January 2016 compared to previous month and same period a year ago. Petrol and diesel prices declined by 6.0% and 10.1% respectively in January 2016 compared to previous month. Compare to the corresponding period a year ago, petrol and diesel prices declined by 3.1% and 13.1% respectively reflected the ongoing decline in international prices for oil.

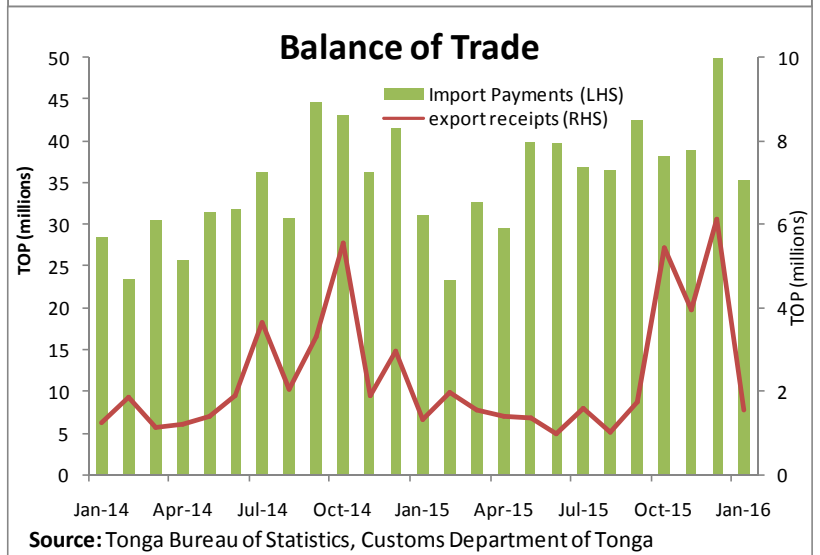
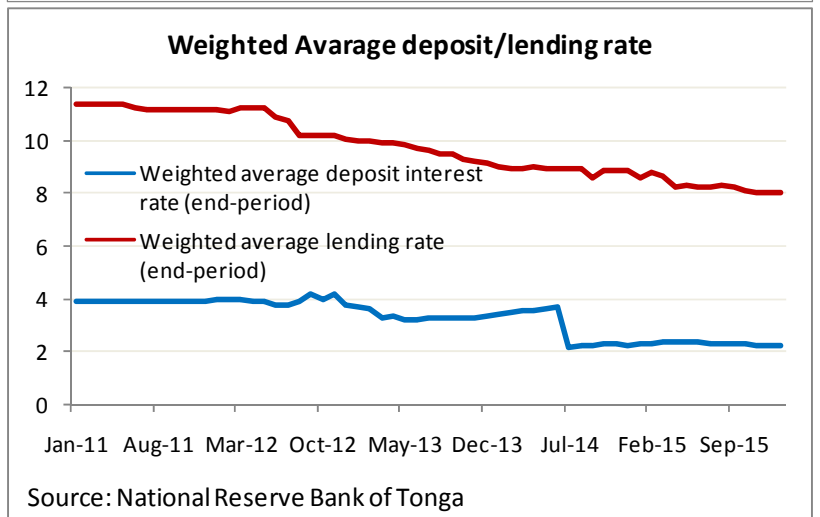
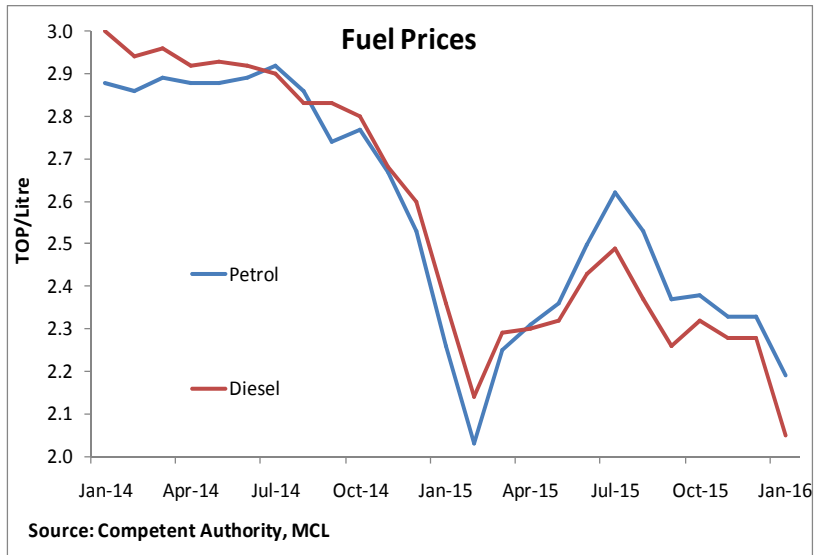
Lending and Deposits Rate

Both rates continue to decline. Weighted average deposit interest rate in January 2016 was 2.19% (0.04% points higher than in December 2015 and 0.06% points lower than January 2015). The weighted average lending rate was 8.04% (both lowered by 0.03% points in December 2015 and 0.55% points than January 2015).

The decrease in the weighted average deposit rates has continued its trend as recorded in the past. The lower weighted average lending rate was driven by the various promotions of banks to attract investors. This fall was mainly from the

Trade

The provisional data indicated that both import payments and export receipts were lowered in January compared to previous month but slightly higher than the corresponding period a year ago. Lower import payments is partly due to lower volume of imports and the seasonality differences (after festive season of Christmas and New



Year) but also resulted from fall in imported prices of fuel and food items. Lower export receipts for the month of January 2016 reflected the after season for squash and some of other agricultural products.

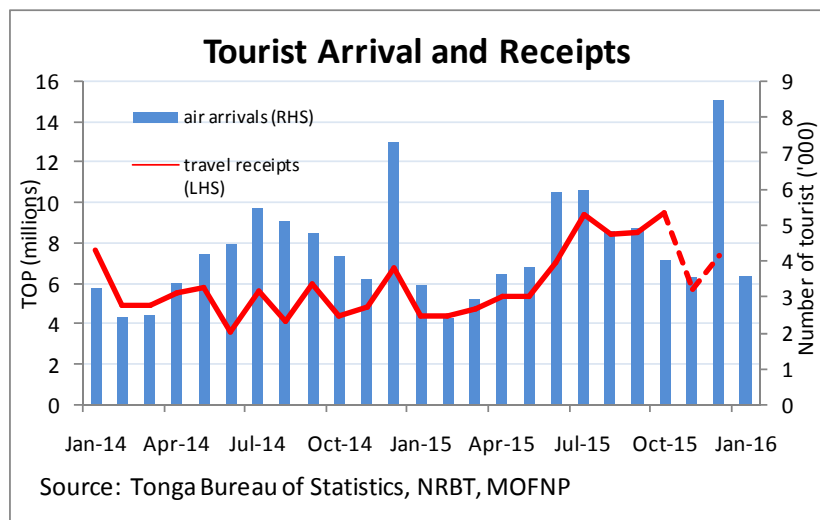
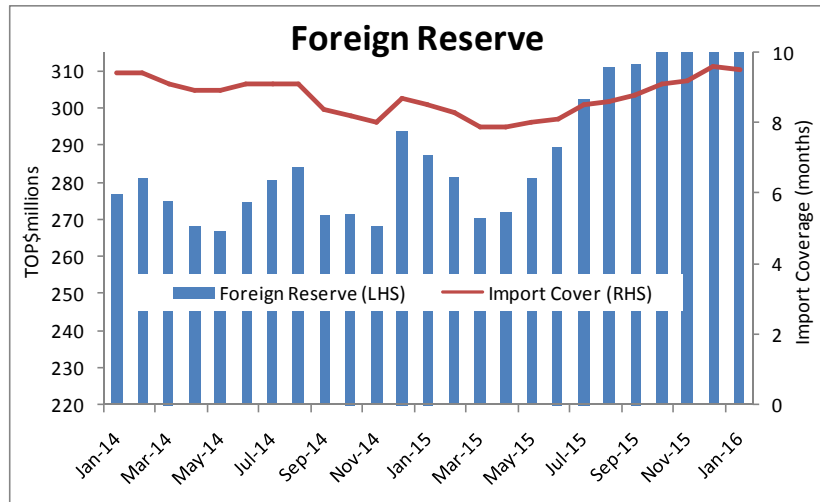
Foreign Reserves

Foreign Reserve remain at a high level although recorded to fall by 0.5% over January 2016.

However foreign reserve significantly increased by 14% compared to the same period a year ago. The level of foreign reserves for January 2016 was equivalent to 9.5 months of import cover. This is more than double the NRBT's minimum range of 3-4 months.

Air Arrivals

Total air arrivals for January 2016 was 58% lower compared to December 2015 due to seasonality changes but at the same time slightly higher than corresponding period a year ago by 7%.



Travel receipts is expected to follow the same pattern reflected by the air arrival. Both of the monthly differences are due to the end of the Christmas festive season.

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