



## SELECTED ECONOMIC INDICATORS

### MARCH 2020

*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, Samoa Bureau of Statistics and the Ministry of Revenue.*

**Report No.9: 2019/20**

**March 2020**

#### World Economy

The United States of America and Euro area recorded the highest number of people infected and died from corona virus so far. With the overall adverse effects of the COVID-19 pandemic the US and the Euro area economies highlighted the steepest pace contractions of 4.8 percent (from 2.1 percent) and 3.8 percent (from 0.1 percent) respectively in the first quarter of 2020, due to huge drops in household consumption as a result of the lockdown which laid-off people from work, forced businesses to close and consumers to stay at home. The latest updates on Australia and New Zealand economies which both recorded a quarterly growth of 0.5 percent each for December 2019.

#### Domestic Economy

The monthly **weighted average official interest rate**<sup>1</sup> dropped 5 basis points to 0.15 percent and was 3 basis points lower than that of the same month last year. Similarly, the commercial banks' **weighted average lending rate** contracted by 4 basis points to 8.87 percent despite a 3 basis points increase in **weighted average deposit rate** to 2.76 percent. As a result, the commercial banks' **interest rate spread** fell to 6.11 percent from 6.49 percent in the previous month and was lower than 6.25 percent in the same month last year.

Total commercial banks' **liquidity** was reduced by \$3.7 million to \$309.7 million but was \$31.7 million higher than that of the same month of 2019. Primarily underpinning the overall drop over the previous month were decreases in the banks' exchange settlement accounts (ESA) (down \$6.9 million) and commercial banks'

holdings of CBS securities (down \$3.5 million) whereas holdings of vault cash edged up by \$6.8 million. Given the lower cost of borrowing, **total commercial banks'** credit to the private sector and public institutions expanded by 0.8 percent to \$1,181.3 million and was 4.4 percent higher when compared to March 2019.

**Broad money (M2)** bounced back up by \$1.3 million to \$1,221.9 million. Contributing to this increase was a \$10.7 million expansion (to \$473.2 million) in '**Net Foreign Assets' (NFA)**; whereas '**Net Domestic Assets' (NDA)** fell \$9.4 million to \$748.7 million. Underpinning the hike in NFA was an expansion in Central Bank's holdings of foreign reserves mainly inflow in government budget support funds. The Government's net position with the monetary system recorded a surplus of \$4.4 million.

The **overall nominal value** of the Samoan Tala strengthened by 0.2 percent as the Tala appreciated against both the Australian and New Zealand dollars by 4.0 percent and 2.5 percent respectively while falling against both the Euro and US dollar.

The Consumer Price Index (CPI) widened by 0.5 percent over the previous month and was 3.8 percent higher than in the same month last year. Furthermore, the **annual average headline inflation rate** went up further to 2.0 percent from 1.9 percent in the previous month but lower than 3.3 percent in March 2019. Underpinning this increase over the previous month was a hike in imported inflation to 1.2 percent from 0.8 percent whereas local inflation contracted to 2.9 percent from 3.1 percent in March 2019.

The overall supply of agricultural commodities to the Fugalei and other domestic produce

<sup>1</sup> Overall weighted average yield on Central Bank of Sāmoa Securities (CBSS)

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markets around Apia, recorded a 30.1 percent drop for the month. The overall decrease was due to lower supplies of most staple food commodities such as banana, breadfruit and taro as well as vegetable items like tomatoes, Chinese cabbage and pumpkin to name a few. As a result, the overall price index widened by 12.5 percent.

On the external front, total **export** earnings fell slightly by 0.7 percent to \$7.3 million due to a modest decrease in re-exports by \$0.8 million outweighing \$0.7 million increase in locally produced exports. Total monthly **import** payments increased by 2.4 percent to \$70.4 million, reflecting a large expansion (of \$8.0 million) in non-petroleum sector imports offsetting reductions in government and petroleum sector imports by 69.6 percent and 21.5 percent in that order. As a result, the

merchandise trade deficit widened by 2.8 percent to \$63.1 million.

The inflow of **private remittances** rebounded by 10.3 percent to \$46.3 million over the previous month. **Total visitor arrivals** for March 2020 fell significantly by 41.0 percent to 4,164 visitors. As a result, **visitor earnings** dropped by 40.6 percent to \$12.6 million. All in all, **gross foreign reserves** expanded by 4.9 percent (or \$24.3 million) to \$522.7 million for the month. This level of foreign reserves is equivalent to 6.8 months of **import cover**, up from 6.4 months in February 2020.

**CENTRAL BANK OF SAMOA**  
**07 May 2020**

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INDICATORS	2018	2019	2020			Average Nine Months			Average levels in the previous		
	Mar	Mar	Jan	Feb	Mar	Jul17 - Mar18	Jul18 - Mar19	Jul19 - Mar20	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>											
<i>Official rate</i>	0.18	0.18	0.15	0.20	0.15	0.16	0.17	0.16	0.18	0.17	0.16
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>											
<i>Average lending rate</i>	8.89	9.05	8.88	8.91	8.87	8.84	9.01	8.86	8.97	8.88	9.10
<i>Average deposit rate</i>	2.91	2.81	2.46	2.42	2.76	2.74	2.71	2.62	2.86	2.75	2.65
<b>COMMERCIAL BANK LOANS (Tala million)</b>	1065.5	1131.9	1187.7	1171.6	1181.3	1,055.7	1,108.4	1,163.8	1,098.7	1,082.1	1,012.2
<b>GOVERNMENT NET POSITION (Tala million)</b>	-185.3	-175.5	-262.6	-237.6	-242.0	- 167.5	- 208.1	- 246.5	- 180.4	- 173.7	- 138.9
<b>MONEY SUPPLY (Tala million)</b>	1060.5	1245.4	1231.0	1220.7	1221.9	1,045.8	1,181.1	1,218.7	1,152.9	1,078.6	992.0
<i>Currency outside banks</i>	73.6	91.9	98.5	97.6	91.7	70.1	87.9	99.6	82.7	76.0	66.1
<i>Demand deposits</i>	297.6	408.3	372.9	370.6	366.9	297.9	359.9	377.0	352.9	321.8	297.8
<i>FCD residents</i>	68.5	76.8	63.9	64.1	61.4	83.1	77.2	59.8	72.6	71.5	64.6
<i>Save deposits</i>	135.5	145.3	151.1	150.7	151.9	137.2	146.1	155.1	140.4	136.6	129.8
<i>Time deposits</i>	485.4	523.1	544.6	537.7	550.0	457.5	510.0	527.1	504.2	472.7	433.7
<b>NOMINAL EXCHANGE RATE (Index)</b>	99.99	99.9	100.0	100.0	100.2	100.2	100.0	100.0	100.0	100.0	100.8
<b>HEADLINE CPI (2)</b>	104.7	107.0	109.7	110.5	111.0	104.4	107.4	110.0	105.8	104.2	102.4
<i>Annual average inflation (%)</i>	2.7	3.3	1.5	1.9	2.0	1.7	4.1	1.4	3.0	2.4	1.7
<b>LOCAL MARKET SURVEY: (2)</b>											
<i>Volume</i>	100.0	81.8	127.0	79.0	55.2	133.5	126.8	112.1	90.9	101.6	94.7
<i>Price</i>	111.0	126.3	119.0	134.0	150.7	94.5	106.2	117.8	118.7	109.8	104.0
<b>EXPORTS (Tala million)</b>	6.4	11.5	13.2	7.3	7.3	7.6	11.0	11.0	8.9	8.3	7.0
<b>IMPORTS (Tala million)</b>	49.8	82.8	50.2	68.7	70.4	68.9	75.6	76.9	66.3	67.8	65.5
<b>REMITTANCES (Tala million)</b>	44.5	54.6	46.9	42.0	46.3	35.9	45.5	46.2	49.6	43.8	38.5
<b>TOURISM: (1)</b>											
<i>Arrivals</i>	11,707	11,163	10,456	7,053	4,164	13,642	14,933	13,822	11,435	10,759	10,181
<i>Earnings (Tala million)</i>	34.1	33.0	28.4	21.3	12.6	37.4	43.6	41.4	33.5	30.7	28.8
<b>GROSS INTERNATIONAL RESERVES</b>	364.5	466.2	510.3	498.4	522.6	339.7	443.7	499.6	415.4	369.4	337.0
<i>BOP Position (+/-) (Surplus/Deficit)</i>	20.4	-22.6	23.6	-11.9	24.3	6.4	5.3	1.3	- 1.1	- 2.5	- 6.2
<i>Import Cover</i>	5.4	6.3	6.6	6.4	6.8	5.1	6.2	6.5	5.8	5.3	4.9

Source: Central Bank of Samoa  
 1. Revised Total Earnings from Feb-12 to Mar-16  
 2. Rebase Base Period February 2016=100  
 ® Revision  
 (P): Projections - CBS  
 n/a: not available