



SELECTED ECONOMIC INDICATORS

MAY 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.11: 2019/20

May 2020

World Economy

The second release of GDP estimates for the US revealed a 5.0 percent contraction in the first quarter of 2020 as a result of the Covid-19 pandemic, forcing several states to impose lockdown measures which led to millions of job losses. Moreover, the Euro area also fell 3.6 percent while both the New Zealand and Australian economies recorded reductions of 1.6 percent and 0.3 percent growth respectively in the March quarter 2020.

Domestic Economy

The **weighted average official interest rate** was unchanged in May 2020 due to the halt in CBS Open Market Operation (OMO) to preserve banking liquidity. On commercial banks' interest rates, the **weighted average deposit rate** also remained stable at 2.75 percent whereas the **weighted average lending rate** shrank by 20 basis points to 8.60 percent in efforts to spur private sector lending. As a result, the commercial banks' **interest rate spread** narrowed to 5.85 percent from 6.05 percent in the previous month and 6.46 percent in May 2019.

Total **commercial bank's liquidity** contracted by 8.5 percent to \$281.0 million but still \$6.9 million higher than in the same month a year ago. The overall monthly drop was due to reductions in commercial banks' holdings of exchange settlement accounts (ESA) (down by \$18.9 million), CBS securities (down by \$5.5 million to a zero holdings) and a marginal drop of \$0.8 million in vault cash holdings. **Total commercial banks' credit** to the private sector and public institutions combined has rebounded slightly by 0.1 percent to \$1,180.7 million. At this level, it was also up by 4.2 percent over the same month in 2019.

Broad money (M2) fell by \$2.7 million to \$1,217.8 million in the month under review. Underpinning the overall decline was a \$16.0 million drop in '**Net Foreign Assets**' (NFA) offsetting a \$13.2 million increase in '**Net Domestic Assets**' (NDA). Attributing to the downward trend of the former was due to a decrease in foreign assets of the Central Bank.

The **overall nominal value** of the Samoan Tala depreciated by 0.09 percent as the Tala weakened against both the New Zealand and Australian dollar while strengthening against the Euro and US dollar.

The Consumer Price Index (CPI) narrowed by 2.6 percent over the previous month and was 2.7 percent higher than in the same month last year. As a result, the annual average **headline inflation rate** fell to 1.7 percent from 2.0 percent in the previous month and down from 2.6 percent in May 2019. Largely underpinning this decrease over the previous month were reductions in both its annual average imported component (down to 1.0 percent from 1.3 percent) and local component (down to 2.4 percent from 2.7 percent).

On the external front, **total export earnings** fell by 19.9 percent to \$7.9 million due to a substantial drop of \$3.9 million in re-exports, offsetting a \$2.0 million increase in locally produced exports over the month. In addition, **total import payments** fell further by \$8.7 million to \$48.9 million. This was underpinned by reductions in petroleum and non-petroleum private sector imports by \$8.9 million and \$1.0 million respectively. Consequently, the **merchandise trade deficit** contracted by 15.5 percent to \$40.3 million.

Selected Economic Indicators

May 2020

The inflow of **private remittances** bounced back up by 58.8 percent to \$58.4 million in light of the Mother's Day holiday, and was 23.0 percent higher than in the same month last year. However, as a result the continued lockdown of international borders, there were no **visitor arrivals** in May 2020, and consequently there no **visitor earnings**. Overall, **gross foreign reserves** fell by 1.3 percent (or \$7.7 million) to \$572.8 million but still equivalent to 7.8 months of **import cover** due to a decline in total imports, up from 7.6 months in April 2020.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a seasonal increase of 8.5 percent over the previous month. The overall increase was due to higher supplies of stable crops such as ta'amu, banana, breadfruit and yam. In addition, the supply of vegetable items like Chinese cabbage, tomatoes and cucumber to name a few also expanded the month under review. Consequently, the overall price index fell by 9.0 percent.

CENTRAL BANK OF SAMOA

8th July 2020

Selected Economic Indicators
May 2020

SELECTED ECONOMIC INDICATORS													
INDICATORS	2018	2019	2020					Average Eleven Months			Average levels in the previous		
	May	May	Jan	Feb	Mar	Apr	May	Jul17 - May18	Jul18 - May19	Jul19 - May20	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.15	0.18	0.15	0.20	0.15	0.15	0.00	0.16	0.18	0.15	0.17	0.16	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.89	8.97	8.88	8.91	8.87	8.80	8.60	8.84	9.01	8.83	8.93	8.83	9.05
Average deposit rate	2.74	2.51	2.46	2.42	2.76	2.75	2.75	2.75	2.70	2.64	2.63	2.65	2.56
COMMERCIAL BANK LOANS (Tala million)	1075.7	1132.2	1187.7	1171.6	1181.3	1179.2	1180.6	1058.6	1113.1	1166.7	1103.9	1089.8	1022.8
GOVERNMENT NET POSITION (Tala million)	-214.4	-177.5	-262.6	-237.6	-242.0	-255.9	-244.7	-174.1	-202.6	-247.1	-196.0	-184.3	-148.5
MONEY SUPPLY (Tala million)	1087.1	1252.3	1231.0	1220.7	1221.9	1220.6	1217.8	1051.9	1194.5	1218.8	1169.7	1102.3	1008.6
Currency outside banks	75.2	98.4	98.5	97.6	91.7	95.3	102.2	70.1	89.3	99.5	86.8	80.0	70.9
Demand deposits	329.7	406.9	372.9	370.6	366.9	95.3	102.2	301.2	368.7	326.5	368.3	335.0	303.9
FCD residents	63.7	74.1	63.9	64.1	61.4	60.1	47.5	80.4	76.6	58.7	68.9	70.4	62.3
Save deposits	140.8	145.8	151.1	150.7	151.9	154.7	159.0	137.4	146.2	155.4	143.3	139.2	133.4
Time deposits	477.7	527.1	544.6	537.7	550.0	544.2	543.1	462.8	513.8	530.1	502.4	477.7	438.2
NOMINAL EXCHANGE RATE (Index)	99.96	100.0	100.0	100.0	100.2	100.1	100.1	100.1	100.0	100.0	100.0	100.0	100.7
HEADLINE CPI (2)	107.4	108.0	109.7	110.5	111.0	107.9	105.2	104.7	107.4	109.4	107.7	105.7	103.3
Annual average inflation (%)	3.3	2.6	1.5	1.9	2.0	2.0	1.7	1.9	3.9	1.4	2.9	2.4	1.8
LOCAL MARKET SURVEY: (2)													
Volume	93.0	96.1	127.0	79.0	55.2	62.5	67.8	130.1	121.0	103.6	94.5	103.4	89.9
Price	128.0	132.2	119.0	134.0	150.7	140.2	127.5	99.5	110.1	120.7	130.1	120.4	113.4
EXPORTS (Tala million)	7.6	10.0	13.2	7.3	7.3	9.9	7.9	7.5	10.6	10.7	8.8	8.6	8.0
IMPORTS (Tala million)	73.0	89.3	50.2	68.7	70.4	57.6	48.9	70.0	76.0	72.6	81.2	75.8	73.9
REMITTANCES (Tala million)	49.3	47.4	46.9	42.0	46.9	36.8	58.4	37.7	45.2	46.5	48.4	43.7	40.6
TOURISM: (1)													
Arrivals	13,156	13,565	10,456	7,053	4,164	0.0	0.0	13,341	14,761	11,309	13,361	12,582	11,978
Earnings (Tala million)	44.3	45.6	29.5	20.9	12.6	0.0	0.0	37.4	44.2	34.1	44.9	41.3	37.0
GROSS INTERNATIONAL RESERVES	417.3	473.2	510.2	498.6	524.0	580.5	572.8	350.3	448.4	513.7	445.2	395.6	351.8
BOP Position (+/-) (Surplus/Deficit)	38.8	6.4	23.5	-11.5	25.4	56.5	-7.8	10.0	5.0	5.7	22.6	19.3	12.3
Import Cover	6.0	6.3	6.6	6.4	6.8	7.6	7.8	5.2	6.2	6.7	6.2	5.7	5.1

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