



SELECTED ECONOMIC INDICATORS

JULY 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.1: 2020/21

July 2020

World Economy

On the global stage, the United States economy recorded a significant drop of 31.7 percent in the second quarter of 2020, in light of the adverse economic effects of the Covid-19 pandemic. Similarly, the Euro area and Australia both contracted by 11.8 percent and 7.0 percent respectively while the New Zealand economy tumbled by 12.2 percent in the second quarter of 2020, its sharpest contraction recorded to date.

Domestic Economy

The **weighted average official interest rate** remained at 0.15 percent for the fifth consecutive month¹, slightly lower than 0.16 percent in the same month last year. However, the commercial banks **weighted average deposit rate** fell 3 basis points to 2.70 percent, which was similar to that of July of last year. The **weighted average lending rate**, however, remained at 8.63 percent as in the previous month but was below 8.95 percent in July last year. All in all, the commercial banks' **interest rate spread** increased slightly to 5.93 percent from 5.90 percent in the previous month but was lower than 6.25 percent in July 2019.

Total commercial banks' **liquidity** rose by \$6.5 million to \$288.6 million and was \$0.7 million higher than that of the same month in 2019. Primarily underpinning the overall increase was a hike of \$11.4 million in the commercial banks' exchange settlement accounts (ESA), offsetting a \$4.9 million decline in their vault cash. On the other hand, **total commercial banks' credit** to the private sector and public institutions combined edged up slightly by \$0.36 million (or 0.03 percent) to \$1,170.8 million and was \$51.57

million (or 4.6 percent) higher when compared to the same month last year.

Broad money (M2) expanded by \$23.2 million (or 1.9 percent) to \$1,248.7 million. Contributing to this increase were expansions of \$13.7 million and \$11.7 million in '**Net Foreign Assets**' (NFA) (to \$517.0 million) and '**Net Domestic Assets**' (NDA) (to \$733.9 million) respectively. Primarily responsible for the hike in NFA was an increase in foreign assets of the Central Bank and the banking system whereas the increase in NDA was underpinned by an expansion in credit to the private sector and a decline of \$2.4 million in government net position with the monetary system (reflecting increased government spending).

The **overall nominal value** of the Samoan Tala depreciated by 0.08 percent as the Tala weakened against the New Zealand dollar, Euro and Australian dollar while strengthening against the US dollar.

The Consumer Price Index (CPI) was 1.3 percent higher when compared to the previous month but was 3.5 percent lower than in the same month last year. However, the **annual average headline inflation rate** fell further to 1.1 percent from 1.5 percent in the previous month and 1.7 percent in July 2019. Contributing to the overall decrease were reductions of 4 and 3 basis points in both its local (to 1.6 percent) and imported (to 0.7 percent) components respectively.

On the external front, total export earnings expanded by 11.1 percent to \$14.2 million due to increases of \$2.7 million and \$0.8 million in both locally produced exports and re-exports respectively. Furthermore, total import payments widened 16.5 percent to \$63.3

¹ This reflects the temporary suspension of CBS Open Market Operations.

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million, reflecting a moderate increase of \$3.6 million in non-petroleum sector coupled with a resumption of \$6.4 million in petroleum imports, offsetting a \$1.0 million decline in Government imports. As a result, the merchandise trade deficit expanded by 12.4 percent to \$49.0 million.

Total receipts from **private remittances** rebounded by 5.3 percent to \$54.9 million in July 2020. However, as the lockdown of international borders continues, there were no visitor **arrivals** in July 2020, and consequently

no **visitor earnings**. All in all, **gross foreign reserves** increased by 0.8 percent (or \$5.0 million) to \$621.1 million in light of increased external grants and budget support funds. This level of foreign reserves was equivalent to 8.8 months of **import cover**, slightly up from 8.7 months in the previous month.

CENTRAL BANK OF SAMOA
1st October 2020

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SELECTED ECONOMIC INDICATORS												
INDICATORS	2018	2019	2020							Average levels in the previous		
	Jul	Jul	Jan	Feb	Mar	Apr	May	Jun	Jul	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)												
Official rate	0.19	0.16	0.15	0.20	0.15	0.15	0.15	0.15	0.15	0.18	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)												
Average lending rate	8.99	8.95	8.88	8.91	8.87	8.80	8.60	8.63	8.63	8.97	8.88	9.04
Average deposit rate	2.65	2.70	2.46	2.42	2.76	2.75	2.75	2.73	2.70	2.68	2.63	2.51
COMMERCIAL BANK LOANS (Tala million)	1069.0	1119.3	1187.7	1171.6	1181.3	1179.2	1180.6	1170.4	1170.8	1094.2	1077.2	1013.0
GOVERNMENT NET POSITION (Tala million)	-214.1	-227.5	-262.6	-237.6	-242.0	-255.9	-244.7	-280.0	-277.6	-220.8	-208.1	-166.0
MONEY SUPPLY (Tala million)	1132.2	1228.3	1231.0	1220.7	1221.9	1220.6	1217.8	1225.5	1248.7	1180.2	1115.5	1025.5
Currency outside banks	74.9	103.7	98.5	97.6	91.7	95.3	102.2	98.1	109.2	89.3	81.5	73.0
Demand deposits	342.3	389.0	372.9	370.6	366.9	366.3	366.0	370.1	376.4	365.6	336.6	312.5
FCD residents	76.0	65.7	63.9	64.1	61.4	60.1	47.5	48.4	39.6	70.8	72.6	69.3
Save deposits	149.9	158.7	151.1	150.7	151.9	154.7	159.0	165.0	174.4	154.3	148.0	140.2
Time deposits	489.2	511.1	544.6	537.7	550.0	544.2	543.1	543.9	549.2	500.1	476.8	430.5
NOMINAL EXCHANGE RATE (Index)	100.0	99.9	100.0	100.0	100.2	100.1	100.1	99.9	99.8	100.0	100.1	100.8
HEADLINE CPI (2)	109.7	110.1	109.7	110.5	111.0	107.9	105.8	104.9	106.3	109.9	107.7	105.5
Annual average inflation (%)	4.2	1.7	1.5	1.9	2.0	2.0	1.7	1.5	1.1	3.0	2.4	1.9
LOCAL MARKET SURVEY: (2)												
Volume	113.6	99.2	127.0	79.0	55.2	62.5	67.8	n/a	n/a	106.4	104.6	103.1
Price	116.8	118.3	119.0	134.0	150.7	140.2	127.5	n/a	n/a	117.5	117.7	108.6
EXPORTS (Tala million)	11.2	12.8	13.2	7.3	7.3	9.9	7.9	10.7	14.2	12.0	10.9	10.5
IMPORTS (Tala million)	73.1	73.9	50.2	68.7	70.4	57.6	48.9	54.3	63.3	73.5	70.2	70.8
REMITTANCES (Tala million)	40.6	53.4	46.9	42.0	46.9	36.8	58.4	52.1	54.9	47.0	31.3	32.3
TOURISM: (1)												
Arrivals	19,241	24,647	10,456	7,053	4,164	0.0	0.0	0.0	0.0	21,944	20,719	18,802
Earnings (Tala million)	51.0	69.8	29.5	20.9	12.6	0.0	0.0	0.0	0.0	60.4	54.5	45.5
GROSS INTERNATIONAL RESERVES	434.5	506.7	510.2	498.7	524.1	580.5	572.8	616.2	621.1	470.6	421.5	382.9
BOP Position (+/-) (Surplus/Deficit)	16.4	-3.8	23.5	-11.5	25.4	56.4	-7.7	43.4	5.0	6.3	9.1	11.3
Import Cover	6.2	6.6	6.6	6.4	6.8	7.6	7.8	8.7	8.8	6.4	6.0	5.6

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