



SELECTED ECONOMIC INDICATORS

AUGUST 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.

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August 2020

World Economy

The United States economy recorded a sharp drop of 31.4 percent in the second quarter of 2020, in light of the adverse economic effects of the Covid-19 pandemic. Moreover, the Euro economy also dropped by 11.8 percent whereas both New Zealand and Australia contracted by 12.2 percent and 7.0 percent respectively in the June quarter of 2020.

Domestic Economy

The **weighted average official interest rate** remained at 0.15 percent from March 2020 but was 1 basis point lower compared to the same month last year. However, the commercial banks **weighted average deposit rate** edged up by 1 basis point to 2.69 percent while the **weighted average lending rate** remained steady at 8.63 percent. As a result, the commercial banks' **interest rate spread** contracted to 5.94 percent from 5.96 percent in July 2020 and was also lower than the spread of 6.28 percent in the same month of 2019.

Total commercial banks' **liquidity** went up by \$24.9 million to \$313.5 million and was \$8.7 million higher than that of the same month in 2019. Accounting for this expansion were increases of \$17.0 million in exchange settlement accounts (ESA) and a \$7.9 million hike in banks' vault cash. On the other hand, **total commercial banks' credit** to the private sector and public institutions edged down by 0.6 percent to \$1,163.7 million but was 2.6 percent higher when compared to August 2019.

Broad money (M2) contracted by \$4.5 million to \$1,244.2 million. Underpinning this drop was a \$76.1 million reduction (to \$657.8 million) in '**Net Domestic Assets' (NDA)** whereas '**Net Foreign Assets' (NFA)** improved by \$69.4 million to

\$586.4 million. Contributing to the reduction in NDA was a modest surplus of \$56.6 million in government's net, position with the monetary system.

The **overall nominal value** of the Samoan Tala appreciated by 0.006 percent as the Tala strengthened against both the US and New Zealand dollars while weakening against both the Euro and the Australian dollar.

The Consumer Price Index (CPI) increased slightly by 0.5 percent but was 2.9 percent lower than that of August 2019. As a result, the **headline inflation rate** slipped further to 0.8 percent from 1.1 percent in the previous month and was much lower than 1.4 percent in the same month of 2019. Contributing to the drop in the headline inflation rate were reductions in both local inflation to 1.2 percent (from 1.6 percent) and imported inflation to 0.5 percent (from 0.7 percent) over the month. Similarly, the underlying inflation rate dropped to 2.1 percent from 2.2 percent in July 2020.

Total **export earnings** recorded a 46.1 percent drop to \$7.5 million when compared to the previous month, in-light of decreases of 50.4 percent and 40.2 percent in both domestically produced exports and re-exports respectively. At this level, it was also 46.1 percent lower than its level of August 2019. On the other hand, total import payments expanded 7.2 percent to \$67.8 million, reflecting a substantial increase of \$9.2 million in petroleum imports, offsetting declines of \$4.1 million and \$0.5 million in non-private petroleum and government imports respectively. As a result, the merchandise trade deficit widened by 23.0 percent to \$60.3 million in August 2020.

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Following an expansion in the previous month, total receipts of **private remittances** recorded a slight decline of \$0.3 million to \$54.5 million over the previous month but was 15.9 percent higher over August of last year. However, as the lockdown of international borders continue, there were no visitor **arrivals** in August 2020, and consequently no **visitor earnings**.

Gross official foreign reserves expanded 11.7 percent (or \$72.5 million) to \$693.6 million to reflect the receipt of foreign grants. This level of foreign reserves was sufficient to cover 10.1 **months of imports**, higher than 8.7 months in July 2020 and 6.6 months in August of 2019.

The overall supply of agricultural commodities to the Fugalei and other domestic produce markets around Apia, recorded a 53.9 percent increase over July 2020. Underpinning the overall increase were higher supplies of stable food commodities such as banana and ta'amu, as well as coconuts and vegetable items like Chinese cabbage, tomatoes and pumpkin to name a few. Consequently, the overall price index was reduced by 8.3 percent.

CENTRAL BANK OF SAMOA
09 October 2020

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INDICATORS	2018	2019	2020								Average Two Months			Average levels in the previous		
	Aug	Aug	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Jul18 - Aug19	Jul19 - Aug20	Jul20 - Aug21	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																
Official rate	0.17	0.16	0.15	0.20	0.15	0.15	0.15	0.15	0.15	0.15	0.18	0.16	0.15	0.17	0.15	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)																
Average lending rate	8.96	8.88	8.88	8.91	8.87	8.80	8.60	8.63	8.63	8.63	8.98	8.92	8.63	8.92	8.87	9.00
Average deposit rate	2.73	2.60	2.46	2.42	2.76	2.75	2.75	2.73	2.68	2.68	2.69	2.65	2.68	2.67	2.68	2.56
COMMERCIAL BANK LOANS (Tala million)	1082.9	1133.8	1187.7	1171.6	1181.3	1179.2	1180.6	1170.4	1170.8	1170.8	1076.0	1126.5	1170.8	1108.3	1081.4	1017.2
GOVERNMENT NET POSITION (Tala million)	-217.5	-248.5	-262.6	-237.6	-242.0	-255.9	-244.7	-280.0	-277.6	-277.6	-215.8	-238.0	-277.6	-233.0	-216.3	-172.0
MONEY SUPPLY (Tala million)	1141.0	1222.7	1231.0	1220.7	1221.9	1220.6	1217.8	1225.5	1248.7	1248.7	1136.6	1225.5	1248.7	1181.8	1127.2	1031.0
Currency outside banks	81.8	102.2	98.5	97.6	91.7	95.3	102.2	98.1	109.2	109.2	78.3	103.0	109.2	92.0	84.3	73.3
Demand deposits	335.6	391.3	372.9	370.6	366.9	366.3	366.0	370.1	376.4	376.4	338.9	390.1	376.4	363.4	341.5	312.0
FCD residents	74.5	58.1	63.9	64.1	61.4	60.1	47.5	48.4	39.6	39.6	75.2	61.9	39.6	66.3	69.9	67.2
Save deposits	150.4	158.1	151.1	150.7	151.9	154.7	159.0	165.0	174.4	174.4	150.2	158.4	174.4	154.3	149.2	140.4
Time deposits	498.6	513.0	544.6	537.7	550.0	544.2	543.1	543.9	549.2	549.2	493.9	512.1	549.2	505.8	482.3	438.1
NOMINAL EXCHANGE RATE (Index)	100.0	100.0	100.0	100.0	100.2	100.1	100.1	99.9	99.8	99.8	100.0	100.0	99.8	100.0	100.1	100.8
HEADLINE CPI (2)	109.4	110.1	109.7	110.5	111.0	107.9	105.8	104.9	106.3	106.3	109.5	110.1	106.3	109.7	107.9	104.8
Annual average inflation (%)	4.4	1.4	1.5	1.9	2.0	2.0	1.7	1.5	1.1	1.1	4.3	1.5	1.1	2.9	2.3	1.9
LOCAL MARKET SURVEY: (2)																
Volume	133.2	96.0	127.0	79.0	55.2	62.5	67.8	66.5	63.5	97.7	123.4	97.6	80.6	114.6	124.1	126.6
Price	107.4	125.9	119.0	134.0	150.7	140.2	127.5	118.8	121.2	111.1	112.1	122.1	116.2	116.6	109.8	100.7
EXPORTS (Tala million)	13.0	14.1	13.2	7.3	7.3	9.9	7.9	7.8	14.2	14.2	12.1	13.4	14.2	13.5	11.8	10.9
IMPORTS (Tala million)	85.3	84.8	50.2	68.7	70.4	57.6	48.9	54.3	63.3	63.3	79.2	79.3	63.3	85.0	81.2	71.3
REMITTANCES (Tala million)	48.1	47.1	46.9	42.0	46.9	36.8	58.4	52.1	54.9	54.9	44.3	50.3	54.9	47.6	43.9	40.5
TOURISM: (1)																
Arrivals	16,321	17,489	10,456	7,053	4,164	0.0	0.0	0.0	0.0	0.0	17,781	21,068	-	16,905	16,120	14,693
Earnings (Tala million)	48.7	50.6	29.5	20.9	12.6	0.0	0.0	0.0	0.0	0.0	49.8	60.2	0.0	49.7	45.8	39.8
GROSS INTERNATIONAL RESERVES (3)	438.5	505.2	510.2	498.7	524.1	580.5	572.8	616.2	621.1	693.6	436.5	506.0	657.4	471.9	432.5	382.7
BOP Position (+/-) (Surplus/Deficit)	4.0	-1.5	23.5	-11.5	25.4	56.4	-7.7	43.4	5.0	72.5	10.2	-2.6	38.7	1.3	11.0	-0.2
Import Cover	6.2	6.6	6.6	6.4	6.8	7.6	7.8	8.7	8.8	10.1	6.2	6.6	9.5	6.4	6.1	5.6

Source: Central Bank of Samoa
1. Revised Total Earnings from Feb-12 to Mar-16
2. Rebase Base Period February 2016=100
3. Significant increases in official reserves since March 2020, reflected the inflows of funds for COVID-19 assistance and the usual government inflows for budget support from Samoa's international partners.
In April 2020, Samoa received a loan of USD\$20.03 million from International Monetary Fund to address the COVID-19 pandemic.
® Revision
(P): Projections - CBS
n/a: not available