



SELECTED ECONOMIC INDICATORS

SEPTEMBER 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.03: 2020/21

September 2020

World Economy

On the global stage, the United States economy shrank by an annualized 31.4 percent in the second quarter of 2020 mainly reflecting the detrimental effects of the Covid-19 pandemic. Furthermore, the Euro Area, New Zealand and Australian economies all dropped by 11.8 percent, 12.2 percent and 7.0 percent respectively in the June 2020 quarter.

Domestic Economy

The **weighted average official interest rate** remained at 0.15 percent from both March 2020 and September 2019. Nevertheless, the commercial banks' **weighted average deposit rate** went up by 7 basis points to 2.76 percent whereas the **weighted average lending rate** was 3 basis points higher compared to the previous month. As a result, the commercial banks **interest rate spread** contracted further to 5.90 percent from 5.94 percent in August 2020 and 6.11 percent in September 2019.

Total commercial banks' liquidity continued to expand, rising by \$8.8 million to \$322.2 million or \$32.8 million higher than that of the same month last year. Accounting for this increase was a \$10.5 million improvement in exchange settlement accounts (ESA), offsetting a \$1.8 million drop in banks' vault cash holdings. Likewise, **total commercial bank's credit** to the private sector and public institutions also rose by \$8.4 million to \$1,174.2 million and was \$27.4 million higher than that of the same month in 2019.

Broad money (M2) rebounded by \$16.7 million to \$1,260.9 million. Largely responsible for this increase were improvements in **'Net Domestic Assets' (NDA)** by \$9.7 million to \$667.5 million and **'Net Foreign Assets' (NFA)** by \$7.1 million to \$593.5 million. The expansion in NDA highlighted

increases in credit to the private sector as well as an increase in government spending during the month while the increase in NFA was due to an expansion in the Central Bank's foreign reserve holdings.

The **overall nominal value** of the Samoan Tala appreciated by 0.008 percent as the Tala strengthened against the US dollar, Euro dollar and Japanese Yen while weakening against both the New Zealand and Australian dollars.

The Consumer Price Index (CPI) recorded a decrease of 1.3 percent and was 4.1 percent lower than its level in September 2019. As a result, the headline inflation rate fell further to 0.4 percent from 0.9 percent in the previous month and to 1.3 percent in the same month last year. Contributing to the decline in the headline inflation rate were reductions in both local inflation to 0.8 percent (from 1.2 percent) and imported inflation to 0.0 percent (from 0.5 percent) over the month. In contrast, the underlying inflation rate rose to 0.7 percent from 0.5 percent in August 2020.

Total export earnings decreased by 6.7 percent (or \$0.5 million) to \$7.0 million over the previous month due to decreases of 9.3 percent in re exports and 5.2 percent in locally produced exports (mainly beer, nonu juice, coconut and cigarettes). When compared to the same month last year, it was also 42.7 percent lower. Moreover, total import payments fell by 11.9 percent to \$59.8 million, mirroring a 53.1 percent drop in government imports with no petroleum imports for the month. This was partially offset by an increase of 18.6 percent in non-petroleum private sector imports. As a result, the merchandise trade 'goods' deficit contracted by 12.6 percent to \$52.7 million in September 2020.

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Total receipts of private remittances fell further by 8.4 percent to \$50.0 million over the previous month but was 30.4 percent higher than its level in September 2019. There were no visitor arrivals in September 2020 as well as no visitor earnings due to the prolonged closure of our international borders for the protection and safety of our people.

Gross official foreign reserves recorded a slight increase of 1.9 percent (or \$12.9 million) to \$706.5 million. This level of foreign reserves was equivalent to 10.4 months of **import cover**, up from 10.1 months in the previous month and 6.3 months in September 2019.

The overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia, recorded a 26.1 percent increase over August 2020. Responsible for this increase were higher supplies of taro and coconut as well as vegetable items like tomatoes, pumpkin and head cabbage. As a result of increased supply, the overall price index fell by 12.6 percent.

CENTRAL BANK OF SAMOA
05 November 2020

Selected Economic Indicators
September 2020

| SELECTED ECONOMIC INDICATORS | | | | | | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|------------------|------------------|--------------------------------|---------------|---------------|
| INDICATORS | 2018 | 2019 | 2020 | | | | | | | | | Average Two Months | | | Average levels in the previous | | |
| | Sep | Sep | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Jul18 - Sept19 | Jul19 - Sep20 | Jul20 - Sep21 | 2-years | 3-years | 5-years |
| CENTRAL BANK OF SAMOA: (%) | | | | | | | | | | | | | | | | | |
| Official rate | 0.17 | 0.15 | 0.15 | 0.20 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.18 | 0.16 | 0.15 | 0.16 | 0.16 | 0.15 |
| COMMERCIAL BANKS' INTEREST RATES: (%) | | | | | | | | | | | | | | | | | |
| Average lending rate | 8.98 | 8.84 | 8.88 | 8.91 | 8.87 | 8.80 | 8.60 | 8.63 | 8.63 | 8.63 | 8.63 | 8.98 | 8.89 | 8.63 | 8.91 | 8.87 | 8.98 |
| Average deposit rate | 2.59 | 2.73 | 2.46 | 2.42 | 2.76 | 2.75 | 2.75 | 2.73 | 2.68 | 2.69 | 2.69 | 2.66 | 2.68 | 2.68 | 2.66 | 2.69 | 2.53 |
| COMMERCIAL BANK LOANS (Tala million) | 1098.8 | 1146.8 | 1187.7 | 1171.6 | 1181.3 | 1179.2 | 1180.7 | 1170.5 | 1170.8 | 1165.8 | 1174.2 | 1083.6 | 1133.3 | 1170.3 | 1122.8 | 1095.4 | 1034.6 |
| GOVERNMENT NET POSITION (Tala million) | -206.4 | -240.6 | -262.6 | -237.6 | -242.0 | -255.9 | -244.7 | -280.0 | -277.6 | -334.1 | -331.5 | -212.6 | -238.8 | -314.4 | -223.5 | -197.2 | -156.7 |
| MONEY SUPPLY (Tala million) | 1145.9 | 1196.6 | 1231.0 | 1220.7 | 1221.9 | 1220.6 | 1217.8 | 1225.5 | 1248.7 | 1244.2 | 1260.9 | 1139.7 | 1215.8 | 1251.3 | 1171.2 | 1125.9 | 1034.8 |
| Currency outside banks | 90.7 | 99.9 | 98.5 | 97.6 | 91.7 | 95.3 | 102.2 | 98.1 | 109.2 | 108.9 | 106.4 | 82.4 | 101.9 | 108.2 | 95.3 | 86.6 | 76.2 |
| Demand deposits | 333.4 | 383.0 | 372.9 | 370.6 | 366.9 | 366.3 | 366.0 | 370.1 | 376.4 | 368.8 | 373.5 | 337.1 | 387.8 | 372.9 | 358.2 | 338.0 | 309.7 |
| FCD residents | 77.3 | 58.1 | 63.9 | 64.1 | 61.4 | 60.1 | 47.5 | 48.4 | 39.6 | 39.9 | 41.3 | 75.9 | 60.6 | 40.3 | 67.7 | 71.6 | 70.2 |
| Save deposits | 146.9 | 156.1 | 151.1 | 150.7 | 151.9 | 154.7 | 159.0 | 165.0 | 174.4 | 175.4 | 181.6 | 149.1 | 157.6 | 177.1 | 151.5 | 147.9 | 140.9 |
| Time deposits | 497.7 | 499.6 | 544.6 | 537.7 | 550.0 | 544.2 | 543.1 | 543.9 | 549.2 | 551.2 | 39.6 | 495.2 | 507.9 | 380.0 | 498.6 | 481.7 | 437.8 |
| NOMINAL EXCHANGE RATE (Index) | 100.0 | 100.0 | 100.0 | 100.0 | 100.2 | 100.1 | 100.1 | 99.9 | 99.8 | 99.9 | 99.9 | 100.0 | 100.0 | 99.9 | 100.0 | 100.1 | 100.9 |
| HEADLINE CPI (2) | 108.7 | 110.1 | 109.7 | 110.5 | 111.0 | 107.9 | 105.8 | 104.9 | 106.3 | 107.0 | 105.6 | 109.3 | 110.1 | 106.3 | 109.4 | 107.5 | 104.2 |
| Annual average inflation (%) | 4.6 | 1.0 | 1.5 | 1.9 | 2.0 | 2.0 | 1.7 | 1.5 | 1.1 | 0.9 | 0.4 | 4.4 | 1.4 | 0.8 | 2.8 | 2.2 | 1.9 |
| LOCAL MARKET SURVEY: (2) | | | | | | | | | | | | | | | | | |
| Volume | 178.5 | 124.9 | 127.0 | 79.0 | 55.2 | 62.5 | 67.8 | 66.5 | 63.5 | 98.8 | 124.5 | 141.8 | 106.7 | 95.6 | 151.7 | 154.5 | 140.2 |
| Price | 98.6 | 104.8 | 119.0 | 134.0 | 150.7 | 140.2 | 127.5 | 118.8 | 121.2 | 111.1 | 97.0 | 107.6 | 116.3 | 109.8 | 101.7 | 94.4 | 90.0 |
| EXPORTS (Tala million) | 11.9 | 12.3 | 13.2 | 7.3 | 7.3 | 9.9 | 7.9 | 7.8 | 14.2 | 7.5 | 7.0 | 12.0 | 13.0 | 9.6 | 12.1 | 11.3 | 11.2 |
| IMPORTS (Tala million) | 71.0 | 72.1 | 50.2 | 68.7 | 70.4 | 57.6 | 48.9 | 54.3 | 63.3 | 67.8 | 59.8 | 76.5 | 76.9 | 63.6 | 71.5 | 73.6 | 73.0 |
| REMITTANCES (Tala million) | 37.4 | 38.3 | 46.9 | 42.0 | 46.9 | 36.8 | 58.4 | 52.1 | 54.9 | 54.6 | 50.0 | 42.0 | 46.3 | 53.1 | 37.9 | 36.5 | 34.8 |
| TOURISM: (1) | | | | | | | | | | | | | | | | | |
| Arrivals | 14,843 | 16,212 | 10,456 | 7,053 | 4,164 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 16,802 | 19,449 | - | 15,528 | 14,713 | 13,860 |
| Earnings (Tala million) | 45.6 | 48.8 | 29.5 | 20.9 | 12.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 48.4 | 56.4 | 0.0 | 47.2 | 43.9 | 40.0 |
| GROSS INTERNATIONAL RESERVES (3) | 414.5 | 482.0 | 510.2 | 498.7 | 524.1 | 580.5 | 572.8 | 616.2 | 621.1 | 693.6 | 0.0 | 429.2 | 498.0 | 438.3 | 448.3 | 411.5 | 368.6 |
| BOP Position (+/-) (Surplus/Deficit) | -24.1 | -23.2 | 23.5 | -11.5 | 25.4 | 56.4 | -7.7 | 43.4 | 5.0 | 72.5 | 12.9 | -1.2 | -9.5 | 30.1 | -23.6 | -20.9 | -14.0 |
| Import Cover | 5.9 | 6.3 | 6.6 | 6.4 | 6.8 | 7.6 | 7.8 | 8.7 | 8.8 | 10.1 | 10.4 | 6.1 | 6.5 | 9.8 | 6.1 | 5.8 | 5.3 |

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