



SELECTED ECONOMIC INDICATORS

OCTOBER 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.04: 2020/21

October 2020

World Economy

On the global stage, the United States economy rebounded by 33.1 percent in the third quarter of 2020 (its biggest quarterly expansion) mainly reflecting the increased personal spending. Similarly, the Euro Area also recorded a 12.6 percent expansion in September 2020 quarter while the New Zealand and Australian economies both dropped by 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 the previous month but was 2 basis points down from 0.17 percent in October 2019. On the other hand, the commercial banks' weighted average deposit rate went down by 2 basis points to 2.74 percent whereas the weighted average lending rate was 1 basis point higher compared to the previous month. As a result, the commercial banks interest rate spread went back up to 5.93 percent from 5.90 percent in September 2020 but fell from 6.06 percent in October 2019.

Total commercial banks' liquidity decreased by \$0.5 million to \$321.7 million but was \$25.4 million higher than that of the same month last year. Responsible for this monthly decrease was a \$1.2 million reduction in banks' vault cash holdings, offsetting a \$0.7 million increase in exchange settlement accounts (ESA). On the other hand, the total commercial banks' credit to the private sector and public institutions expanded by \$4.4 million to \$1,178.6 million and was \$12.1 million higher than that of the same month in 2019.

Following an increase in the previous month, Broad money (M2) continued to rise by \$9.1 million to \$1,270.0 million. Underpinning this

increase was a \$7.3 million (to \$600.7 million) expansion in 'Net Foreign Assets' (NFA) whereas 'Net Domestic Assets' (NDA) also increased by \$1.8 million to \$669.3 million. The increase in NDA was due to increases in credit to the private sector as well as the increased government spending during the month while the increase in NFA was due to a growth in gross reserves.

The overall nominal value of the Samoan Tala depreciated by 0.010 percent as the Tala weakened against the US dollar, Euro dollar and the Japanese YEN while it strengthened against the New Zealand, Australian and Fijian dollar.

Following a decrease in the previous month, the Consumer Price Index (CPI) fell further by 1.9 percent and was also 5.8 percent lower than the same month a year ago. As a result, the **headline inflation rate** decelerated to -0.2 percent (deflation) from 0.4 percent in the last month and was 0.8 percent in October 2019. Responsible for the slowdown in the headline inflation were reductions in both imported inflation to -3.5 percent (from -2.6 percent) and local component inflation to -0.3 percent (from 0.1 percent) in the previous month. Similarly, the underlying inflation rate fell to 1.0 percent from 1.7 percent in September 2020.

Total monthly export earnings rebounded by 21.3 percent (or \$1.5 million) to \$8.5 million following a 49.7 percent (or \$2.3 million) hike in domestically produced exports while re-exports fell by 30.6 percent (or \$0.8 million). However, it was 34.6 percent (or \$4.5 million) lower than its level in October 2019. Furthermore, total import payments went up by 40.4 percent (or \$24.2 million) to \$83.9 million reflecting the resumption of petroleum imports by \$12.1 million (following its absence in the previous month). In addition, a non-petroleum private

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sector imports rose by \$12.3 million, offsetting a \$0.2 million decline in government imports. As a result, the merchandise trade 'goods' deficit expanded by 41.1 percent to \$74.4 million.

Total private remittances bounced back by 8.9 percent (or \$4.5 million) to \$55.0 million over the previous month and was 32.6 percent higher than its level in October 2019. The extended closure of our international borders for the protection of our people continued to adversely affect monthly visitor arrivals and earnings, which continued to remain at zero.

All in all, gross foreign reserves increased further by 1.2 percent (or \$8.7 million) to \$715.5 million or sufficient to cover 10.6 months of imports which was up from 10.4

months in September 2020 and 6.6 months in October 2019.

The overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia increased by 8.4 percent over the previous month. Responsible for this increase were higher supplies of taro and vegetable items like tomatoes, cucumber and head cabbage. As a result, the overall price index fell further by 8.3 percent.

CENTRAL BANK OF SAMOA
07 December 2020

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INDICATORS	2018	2019	2020										Average Two Months			Average levels in the previous		
	Oct	Oct	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Jul18 - Oct19	Jul19 - Oct20	Jul20 - Oct21	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																		
Official rate	0.19	0.17	0.15	0.20	0.15	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	9.01	8.84	8.88	8.91	8.87	8.80	8.60	8.63	8.63	8.63	8.66	8.67	8.99	8.88	8.65	8.91	8.87	8.98
Average deposit rate	2.69	2.78	2.46	2.42	2.76	2.75	2.75	2.73	2.68	2.69	2.76	2.74	2.67	2.70	2.72	2.66	2.69	2.53
COMMERCIAL BANK LOANS (Tala million)	1109.0	1166.5	1187.7	1171.6	1181.3	1179.2	1180.7	1170.5	1170.8	1165.8	1174.2	1178.6	1089.9	1141.6	1172.3	1122.8	1095.4	1034.6
GOVERNMENT NET POSITION (Tala million)	-204.4	-261.5	-262.6	-237.6	-242.0	-255.9	-244.7	-280.0	-277.6	-334.1	-331.5	-329.5	-210.6	-244.5	-318.2	-223.5	-197.2	-156.7
MONEY SUPPLY (Tala million)	1152.0	1197.2	1231.0	1220.7	1221.9	1220.6	1217.8	1225.5	1248.7	1244.2	1260.9	1270.0	1142.8	1211.2	1256.0	1171.2	1125.9	1034.8
Currency outside banks	85.1	96.0	98.5	97.6	91.7	95.3	102.2	98.1	109.2	108.9	106.4	114.0	83.1	100.5	109.6	95.3	86.6	76.2
Demand deposits	322.2	370.0	372.9	370.6	366.9	366.3	366.0	370.1	376.4	368.8	373.5	370.9	333.4	383.3	372.4	358.2	338.0	309.7
FCD residents	87.1	48.4	63.9	64.1	61.4	60.1	47.5	48.4	39.6	39.9	41.3	45.5	78.7	57.6	41.6	67.7	71.6	70.2
Save deposits	147.2	162.7	151.1	150.7	151.9	154.7	159.0	165.0	174.4	175.4	181.6	181.5	148.6	158.9	178.2	151.5	147.9	140.9
Time deposits	510.5	520.0	544.6	537.7	550.0	544.2	543.1	543.9	549.2	551.2	558.2	558.2	499.0	510.9	554.2	498.6	481.7	437.8
NOMINAL EXCHANGE RATE (Index)	100.1	100.0	100.0	100.0	100.2	100.1	100.1	99.9	99.8	99.9	99.9	99.9	100.0	100.0	99.9	100.0	100.1	100.9
HEADLINE CPI (2)	108.9	109.9	109.7	110.5	111.0	107.9	105.8	104.9	106.3	107.0	105.6	103.6	109.2	110.1	105.6	109.4	107.5	104.2
Annual average inflation (%)	4.7	0.8	1.5	1.9	2.0	2.0	1.7	1.5	1.1	0.9	0.4	-0.2	4.5	1.2	0.6	2.8	2.2	1.9
LOCAL MARKET SURVEY: (2)																		
Volume	161.9	149.8	127.0	79.0	55.2	62.5	67.8	66.5	63.5	98.8	124.5	135.0	146.8	117.5	105.4	151.7	154.5	140.2
Price	97.2	103.4	119.0	134.0	150.7	140.2	127.5	118.8	121.2	111.1	97.0	89.0	105.0	113.1	104.6	101.7	94.4	90.0
EXPORTS (Tala million)	11.4	13.0	10.4	7.3	7.3	9.9	7.9	7.8	14.2	7.5	7.0	8.5	11.9	13.0	9.3	12.1	11.3	11.2
IMPORTS (Tala million)	92.5	87.5	50.2	68.7	70.4	57.6	48.9	54.3	63.3	67.8	59.8	82.9	80.5	79.6	68.5	71.5	73.6	73.0
REMITTANCES (Tala million)	40.9	41.4	46.9	42.0	46.9	36.8	58.4	52.1	54.9	54.6	50.5	55.6	41.7	45.1	53.9	37.9	36.5	34.8
TOURISM: (1)																		
Arrivals	14,523	14,544	10,456	7,053	4,164	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,232	18,223	-	15,528	14,713	13,860
Earnings (Tala million)	45.2	45.2	29.5	20.9	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	47.6	53.6	0.0	47.2	43.9	40.0
GROSS INTERNATIONAL RESERVES (3)	407.3	499.8	510.2	498.7	524.1	580.5	572.8	616.2	622.3	694.5	706.9	715.5	423.7	498.4	684.8	448.3	411.5	368.6
BOP Position (+/-) (Surplus/Deficit)	-7.2	17.8	23.5	-11.5	25.4	56.4	-7.7	43.4	6.1	72.2	12.3	8.7	-2.7	-2.7	24.8	-23.6	-20.9	-14.0
Import Cover	5.7	6.6	6.6	6.4	6.8	7.6	7.8	8.7	8.9	10.1	10.4	10.6	6.0	6.5	10.0	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