



SELECTED ECONOMIC INDICATORS

NOVEMBER 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.05: 2020/21

November 2020

World Economy

On the global stage, the United States economy expanded by 33.4 percent in the third quarter of 2020 (its biggest quarterly expansion yet) mainly reflecting higher personal spending and fixed investments. Furthermore, the Euro Area also recorded a 12.5 percent increase in the September 2020 quarter. Both the New Zealand and Australian economies recorded contractions of 12.2 percent and 3.3 percent respectively in the third quarter of 2020.

Domestic Economy

In November 2020, the weighted average official interest rate remained at 0.15 percent from March 2020 but was 2 basis points down from 0.17 percent in the same month last year. On the other hand, the commercial banks' weighted average deposit rate edged down by 18 basis points to 2.57 percent whereas the weighted average lending rate was 2 basis points lower to 8.65 percent compared to the previous month. Consequently, the commercial banks interest rate spread widened to 6.08 percent from 5.93 percent in October 2020 but was lower than 6.09 percent in November 2019.

Total commercial banks' liquidity rebounded by \$12.6 million to \$334.4 million and was \$19.4 million higher than that of the same month last year. Largely responsible for this monthly increase were expansions of \$8.2 million and \$4.4 million in exchange settlement accounts (ESA) and banks' vault cash holdings in that order. On the other hand, the total commercial banks' credit to the private sector and public institutions rose by \$16.4 million to \$1,980.5 million or \$91.4 million higher than that of the same month in 2019.

Broad money (M2) increased for the third consecutive month, up by \$22.1 million to \$1,292.1 million in November 2020. Underpinning this increase were gains of \$19.7 million (to \$689.0 million) and \$2.4 million (to \$603.1 million) expansions in 'Net Domestic Assets' (NDA) and 'Net Foreign Assets' (NFA) respectively. The increase in NDA was driven by a deficit in the government net position (increased government's spending) and an expansion in total credit to private sector whereas the increase in NFA was due to a growth in foreign holdings of the banking sector.

The overall nominal value of the Samoan Tala appreciated by 0.04 percent as the Tala strengthened against the US dollar, Euro and the Japanese yen but weakened against the New Zealand and Australian dollars.

The Consumer Price Index (CPI) fell further by 0.4 percent and was 6.0 percent lower than the same month a year ago. As a result, the **headline inflation rate** decelerated further to -0.9 percent (deflation) from -0.2 percent in the previous month and was 0.9 percent in November 2019. Underpinning the slowdown in the headline inflation were reductions in both imported inflation to -1.9 percent (from -0.9 percent) and local component inflation to 0.004 percent (from 0.5 percent) in the previous month. Similarly, the underlying inflation rate fell to 0.3 percent from 1.0 percent in October 2020.

After increasing in the previous month, total monthly export earnings dropped by 29.0 percent (or \$2.5 million) to \$6.1 million in November 2020. This overall decrease was underpinned by 34.9 percent (or \$2.4 million) and 5.6 percent (or \$0.1 million) reductions in domestically produced exports and re-exports

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respectively. Moreover, it was 37.0 percent (or \$3.6 million) lower than its level in November 2019. Furthermore, total import payments narrowed 29.8 percent (or \$24.7 million) to \$58.2 million reflecting a substantial drop in petroleum imports by \$11.6 million. In addition, non-petroleum private sector imports fell by 14.6 million, offsetting a \$1.5 million increase in government imports. As a result, the merchandise trade 'goods' deficit decreased by 29.9 percent to \$52.2 million.

Total private remittances decreased by 17.0 percent (or \$9.5 million) to \$46.8 million over the previous month but was 9.9 percent higher than its level in November 2019. The extended closure of our international borders continued to adversely affect monthly visitor arrivals and earnings, which continued to remain at zero.

All in all, gross foreign reserves contracted by 0.6 percent (or \$4.2 million) to \$711.3 million and is sufficient to cover 11.0 months of imports which was up from 10.6 months in October 2020 and 6.2 months in November 2019.

The overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia fell 4.4 percent over the previous month. Responsible for this drop were lower supplies of coconut, yam and vegetable items like tomatoes, pumpkin and cabbages. However, with weak demand, the overall price index fell further by 2.9 percent.

CENTRAL BANK OF SAMOA
20th January 2021

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INDICATORS	2018	2019	2020										Average Five Months			Average levels in the previous			
	Nov	Nov	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Jul18 - Nov19	Jul19 - Nov20	Jul20 - Nov21	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																			
Official rate	0.17	0.17	0.15	0.20	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.18	0.16	0.15	0.17	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																			
Average lending rate	9.03	8.81	8.88	8.91	8.87	8.80	8.60	8.63	8.63	8.63	8.66	8.67	8.65	8.99	8.86	8.65	8.92	8.91	9.00
Average deposit rate	2.72	2.72	2.46	2.42	2.76	2.75	2.75	2.73	2.68	2.69	2.76	2.74	2.57	2.68	2.71	2.69	2.72	2.70	2.57
COMMERCIAL BANK LOANS (Tala million)	1115.7	1183.1	1187.7	1171.6	1181.3	1179.2	1180.6	1170.4	1170.8	1165.8	1174.2	1178.6	1186.7	1095.1	1149.9	1175.2	1149.4	1122.9	1055.3
GOVERNMENT NET POSITION (Tala million)	-202.5	-248.9	-262.6	-237.6	-242.0	-255.9	-244.7	-280.0	-277.6	-334.1	-331.5	-329.5	-320.9	-209.0	-245.4	-318.7	-225.7	-204.3	-163.5
MONEY SUPPLY (Tala million)	1174.3	1206.8	1231.0	1220.7	1221.9	1220.6	1217.8	1225.5	1248.7	1244.2	1260.9	1270.0	1292.1	1149.1	1210.3	1263.2	1190.5	1151.2	1051.6
Currency outside banks	86.4	98.3	98.5	97.6	91.7	95.3	102.2	98.1	109.2	108.9	106.4	114.0	108.0	83.8	100.0	109.3	92.3	83.4	72.9
Demand deposits	351.6	371.9	372.9	370.6	366.9	366.3	366.0	370.1	376.4	368.8	373.5	370.9	381.0	337.0	381.0	374.1	361.8	345.1	311.8
FCD residents	81.0	54.1	63.9	64.1	61.4	60.1	47.5	48.4	39.6	39.9	41.3	45.5	48.4	79.2	56.9	42.9	67.5	82.2	79.8
Save deposits	142.1	156.4	151.1	150.7	151.9	154.7	159.0	165.0	174.4	175.4	181.6	181.5	176.5	147.3	158.4	177.9	149.3	144.9	137.8
Time deposits	513.2	526.1	544.6	537.7	550.0	544.2	543.1	543.9	549.2	551.2	558.2	558.2	578.1	501.8	514.0	559.0	519.6	495.5	449.1
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	99.9	99.9	100.0	100.0	99.9	100.0	100.1	100.8
HEADLINE CPI (2)	106.5	109.8	109.7	110.5	111.0	107.9	105.8	104.9	106.3	107.0	105.6	103.6	103.2	108.6	110.0	105.1	108.2	107.1	104.2
Annual average inflation (%)	4.4	0.9	1.5	1.9	2.0	2.0	1.7	1.5	1.1	0.9	0.4	-0.2	-0.9	4.5	1.2	0.3	2.7	2.3	1.8
LOCAL MARKET SURVEY: (2)																			
Volume	128.4	142.1	127.0	79.0	55.2	62.5	67.8	66.5	63.5	98.8	124.5	135.0	129.0	143.1	122.4	110.2	135.2	140.7	127.8
Price	90.4	98.3	119.0	134.0	150.7	140.2	127.5	118.8	121.2	111.1	97.0	89.0	86.5	102.1	110.1	101.0	94.3	88.5	85.9
EXPORTS (Tala million)	10.7	9.6	10.4	7.3	7.3	9.9	7.9	7.8	14.2	7.5	7.0	8.5	0.0	11.6	12.3	7.5	10.2	9.3	8.4
IMPORTS (Tala million)	64.8	93.0	50.2	68.7	70.4	57.6	48.9	54.3	63.3	67.8	59.8	82.9	58.2	77.4	82.3	66.4	78.9	81.3	76.7
REMITTANCES (Tala million)	41.8	42.6	46.9	42.0	46.9	36.8	58.4	52.1	54.9	54.6	50.5	56.4	46.8	41.8	44.7	52.6	42.2	41.3	37.4
TOURISM: (1)&(4)																			
Arrivals	11,483	11,907	10,456	7,053	4,164	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15,282	16,960	-	11,695	11,834	10,868
Earnings (Tala million)	38.9	41.1	29.5	20.9	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.9	51.1	0.0	40.0	39.1	34.2
GROSS INTERNATIONAL RESERVES (3)	415.7	484.5	510.2	498.7	524.1	580.5	572.8	616.2	622.3	694.5	706.9	715.5	711.3	422.1	495.7	690.1	450.1	408.2	353.9
BOP Position (+/-) (Surplus/Deficit)	8.4	-15.3	23.5	-11.5	25.4	56.4	-7.7	43.4	6.1	72.2	12.3	8.7	-4.2	-0.5	-5.2	19.0	-3.4	-6.8	-8.4
Import Cover	5.9	6.2	6.6	6.4	6.8	7.6	7.8	8.7	8.9	10.1	10.4	10.6	11.0	6.0	6.5	10.2	6.1	5.6	5.0

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.
4. Starting from April 2020, tourists arrivals and earnings recorded zero value due to the closure of international borders for the safeguarding of our people during the pandemic.
® Revision
(P): Projections - CBS
n/a: not available