



## SELECTED ECONOMIC INDICATORS

### DECEMBER 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.06: 2020/21**

**December 2020**

### World Economy

On the global front, the United States economy recorded a 4.0 percent expansion in the last quarter of 2020, due to higher business and housing investments. Meanwhile, the Euro area contracted by 0.7 percent due to stringent Covid-19 containment measures. However, latest updates for the New Zealand and Australian economies are up to the third quarter of 2020 where they both recorded increases of 14.0 percent and 3.3 percent respectively.

### Domestic Economy

On the domestic stage, with the weighted average official interest rate remaining unchanged at 0.15 percent in December 2020, the commercial banks' weighted average deposit rate rebounded by 9 basis points to 2.65 percent. On the other hand, the weighted average lending rate fell further by 15 basis points to 8.50 percent over the previous month. As a result, the commercial banks' interest rate spread narrowed down to 5.85 percent from 6.08 percent in November 2020 and 6.41 percent in December 2019.

Total commercial banks' liquidity declined by a seasonal \$10.4 million to \$324.0 million but was \$43.9 million higher than that of December 2019. Underpinning this decrease was a reduction in exchange settlement accounts (ESA) (down by \$20.6 million) which outweighed a \$10.3 million increase in banks' vault cash. Furthermore, total commercial banks' credit to the private sector and public institutions dropped by \$2.1 million to \$1,184.7 million but was slightly higher by \$0.4 million than that of the same month of last year.

Broad money (M2) expanded for the fourth consecutive month, up by \$17.8 million to \$1,309.9 million in December 2020. Responsible

for this increase was a \$51.0 million gain in 'Net Foreign Assets' (NFA), which reflected inflows of budget support funds for government despite a drop in 'Net Domestic Assets' (NDA) (by \$33.3 million), mainly due to a surplus in the government's net position as well as a decline in domestic credit.

The overall nominal value of the Samoan Tala appreciated by 0.1 percent as the Tala strengthened against the US dollar and the Japanese Yen but weakened against the New Zealand, Australian and Euro dollars.

On prices, the Consumer Price Index (CPI) rebounded by 0.2 percent from the previous month but was 5.0 percent lower than its level in December 2019. Nevertheless, the annual average **headline inflation rate** fell further to -1.6 percent from -0.9 percent in the previous month and 1.0 percent in the same month last year. Responsible for this fall was decreases in both imported inflation (down to -2.9 percent from -1.9 percent) and local inflation (down to -0.2 percent from 0.004 percent) over the previous month. Correspondingly, the underlying inflation rate decelerated to -0.5 percent in December 2020 from 0.3 percent in the previous month and 0.5 percent in December 2019.

On the external sector, total export earnings rebounded by 33.0 percent (or \$2.0 million) to \$8.0 million over the previous month but was 18.4 percent (or \$1.8 million) lower than the same month last year. Contributing to this monthly overall increase was a 0.5 percent (or \$2.1 million) gain in domestically produced exports despite a 0.1 percent decrease in re-exports. Likewise, import payments also went up by 33.6 percent (or \$19.6 million) to \$77.8 million, reflecting increases in petroleum

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imports (up by \$10.2 million, government imports (up by \$5.9 million) and non-petroleum private sector imports (up by \$3.5 million) in that order. As a result, the merchandise trade deficit increased by 33.7 percent to \$69.7 million.

Total private remittances rebounded by 22.7 percent (or \$10.6 million) to \$57.4 million compared to the previous month and was 0.3 percent (or \$0.2 million) higher than that of the same month last year. Samoa's international borders continued to remain closed which has seen no tourist arrivals and earnings for December 2020.

Gross foreign reserves went back up by 5.6 percent (or \$40.0 million) to \$751.3 million, which equates to about 11.9 months of imports,

up from 11.0 months in November 2020 and 6.2 months in December 2019.

The overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia fell further by 20.7 percent over the previous month. Underpinning this decrease were lower supplies of ta'amu, banana and vegetable items like cabbages, cucumber, pumpkin, yam and tomatoes. As a result, the overall price index rose by 9.7 percent.

**CENTRAL BANK OF SAMOA**  
**8<sup>th</sup> February 2021**

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SELECTED ECONOMIC INDICATORS																				
INDICATORS	2018	2019	2020											Average Six Months			Average levels in the previous			
	Dec	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jul18 - Dec19	Jul19 - Dec20	Jul20 - Dec21	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>																				
Official rate	0.15	0.17	0.15	0.20	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.17	0.16	0.15	0.16	0.16	0.16
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>																				
Average lending rate	9.03	8.79	8.88	8.91	8.87	8.80	8.60	8.63	8.63	8.63	8.66	8.67	8.65	8.50	9.00	8.85	8.62	8.91	8.90	9.00
Average deposit rate	2.72	2.38	2.46	2.42	2.76	2.75	2.75	2.73	2.68	2.69	2.76	2.74	2.57	2.65	2.68	2.65	2.68	2.55	2.55	2.50
<b>COMMERCIAL BANK LOANS (Tala million)</b>	1124.9	1184.3	1187.7	1171.6	1181.3	1179.2	1180.6	1170.4	1170.8	1165.8	1174.2	1178.6	1186.7	1184.7	1100.0	1155.6	1176.8	1154.6	1128.8	1060.8
<b>GOVERNMENT NET POSITION (Tala million)</b>	-224.2	-248.9	-262.6	-237.6	-242.0	-255.9	-244.7	-280.0	-277.6	-334.1	-331.5	-329.5	-320.9	-319.9	-211.5	-246.0	-318.9	-236.5	-210.1	-171.5
<b>MONEY SUPPLY (Tala million)</b>	1187.7	1242.9	1231.0	1220.7	1221.9	1220.6	1217.8	1225.5	1248.7	1244.2	1260.9	1270.0	1292.1	1309.9	1155.5	1215.7	1271.0	1215.3	1174.2	1067.8
Currency outside banks	103.2	108.6	98.5	97.6	91.7	95.3	102.2	98.1	109.2	108.9	106.4	114.0	108.0	121.8	87.0	101.5	111.4	105.9	99.7	86.9
Demand deposits	345.7	377.8	372.9	370.6	366.9	366.3	366.0	370.1	376.4	368.8	373.5	370.9	381.0	382.4	338.5	380.5	375.5	361.7	344.7	308.3
FCD residents	76.9	64.3	63.9	64.1	61.4	60.1	47.5	48.4	39.6	39.9	41.3	45.5	48.4	50.7	78.8	58.1	44.2	70.6	79.9	78.7
Save deposits	146.5	150.1	151.1	150.7	151.9	154.7	159.0	165.0	174.4	175.4	181.6	181.5	176.5	180.1	147.2	157.0	178.2	148.3	144.6	138.1
Time deposits	515.5	542.1	544.6	537.7	550.0	544.2	543.1	543.9	549.2	551.2	558.2	558.2	578.1	574.9	504.1	518.7	561.6	528.8	505.4	455.8
<b>NOMINAL EXCHANGE RATE (Index)</b>	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	100.0	99.9	100.0	100.1	100.4
<b>HEADLINE CPI (2)</b>	106.3	108.9	109.7	110.5	111.0	107.9	105.8	104.9	106.3	107.0	105.6	103.6	103.2	103.4	108.3	109.8	104.8	107.6	106.3	104.0
Annual average inflation (%)	4.2	1.0	1.5	1.9	2.0	2.0	1.7	1.5	1.1	0.9	0.4	-0.2	-0.9	-1.6	4.4	1.1	-0.1	2.6	2.3	1.8
<b>LOCAL MARKET SURVEY: (2)</b>																				
Volume	118.5	136.1	127.0	79.0	55.2	62.5	67.8	66.5	63.5	98.8	124.5	135.0	129.0	102.3	139.0	124.7	108.8	127.3	127.7	123.3
Price	98.6	105.5	119.0	134.0	150.7	140.2	127.5	118.8	121.2	111.1	97.0	89.0	86.5	94.8	101.5	109.4	99.9	102.1	94.6	91.9
<b>EXPORTS (Tala million)</b>	10.3	9.9	10.4	7.3	7.3	9.9	7.9	7.8	14.2	7.5	7.0	8.5	6.1	8.0	11.4	11.9	8.6	10.1	9.4	8.4
<b>IMPORTS (Tala million)</b>	85.3	91.9	50.2	68.7	70.4	57.6	48.9	54.3	63.3	67.8	59.8	82.9	58.2	77.8	78.7	83.9	68.3	88.6	80.6	77.2
<b>REMITTANCES (Tala million)</b>	66.3	57.2	46.9	42.0	46.9	36.8	58.4	52.1	56.9	54.6	50.5	56.3	46.8	57.4	45.8	47.4	53.7	61.8	58.7	52.7
<b>TOURISM: (1)&amp;(4)</b>																				
Arrivals	24,021	17,927	10,456	7,053	4,164	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,739	17,121	-	20,974	20,908	19,843
Earnings (Tala million)	74.9	56.7	29.5	20.9	12.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.7	52.0	0.0	65.8	63.6	57.4
<b>GROSS INTERNATIONAL RESERVES (3)</b>	445.6	486.7	510.2	498.7	524.1	580.5	572.8	616.2	622.3	694.5	706.9	715.5	711.3	751.3	426.0	494.2	700.3	466.1	420.9	367.4
BOP Position (+/-) (Surplus/Deficit)	29.9	2.1	23.5	-11.5	25.4	56.4	-7.7	43.4	6.1	72.2	12.3	8.7	-4.2	40.0	4.6	-4.0	22.5	16.0	13.5	14.0
Import Cover	6.2	6.2	6.6	6.4	6.8	7.6	7.8	8.7	8.9	10.1	10.4	10.6	11.0	11.9	6.0	6.4	10.5	6.2	5.8	5.2

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.  
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n/a: not available