



## SELECTED ECONOMIC INDICATORS

### MARCH 2021

*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.9: 2020/21**

**March 2021**

#### World Economy

The US economy grew further by 6.4 percent in the first quarter of 2021 as a result of increases in personal consumption expenditures, government spending and investments. On the other hand, the Eurozone contracted by 0.6 percent in the March 2021 quarter as Covid-19 lockdowns continue to adversely impact the services industry. The Australian economy expanded further by 3.1 percent in the December 2020 quarter, highlighting significant monetary and fiscal stimulus packages while the New Zealand economy grew by 1.0 percent in December 2020 quarter.

#### Domestic Economy

The **CBS official interest rate** remained at 0.15 percent as CBS open market operations continues to be on-hold given the weak economic activity created by the Covid-19 pandemic. The commercial banks' **weighted average deposit rate** fell by 11 basis points to 2.33 percent while the **weighted average lending rate** rose by 3 basis points to 8.57 percent from the previous month. As a result, the commercial banks' **interest rate spread** increased by 14 basis points to 6.24 percent over the previous month and was also higher than 6.11 percent in March 2020.

Total commercial banks' **liquidity** fell further by 2.7 percent (or \$8.9 million) to \$323.0 million but was 4.3 percent (or \$13.3 million) higher than in the same month last year. Responsible for this reduction over the month was a \$13.1 million decrease in commercial banks' exchange settlement accounts, offsetting a \$4.2 million increase in their holdings of vault cash. Total **commercial banks' credit to the private sector and public institutions** went down further by \$5.9 million (or 0.5 percent) to \$1,172.7 million and was \$8.6 million lower than in March 2020.

**Broad Money (M2)** rebounded by \$24.3 million to \$1,302.9 million due to improvements of \$12.4 million and \$11.9 million in both **Net Domestic Assets (NDA)** (to \$664.1 million) and **Net Foreign Assets (NFA)** (to \$638.7 million) in that order. The hike in NDA was due to increased government spending while that for NFA was due to an increase of foreign holdings of commercial banks despite a drop in CBS foreign assets.

The **overall nominal value** of the Samoan Tala depreciated by 0.1 percent as the Tala weakened against the US dollar (down by 0.5 percent) but strengthened against the Euro and New Zealand dollar by 1.1 percent and 0.8 percent respectively.

The monthly **Consumer Price Index (CPI)** rose by 1.4 percent over the previous month but was 3.5 percent lower than that of the same month last year. Nevertheless, the **annual average inflation rate** fell further to -3.8 percent from -3.2 percent last month and 2.0 percent in March 2020. Responsible for this overall decline were reductions in both its imported inflation to -5.5 percent (from -4.8 percent) and local inflation to -1.9 percent (from -1.5 percent).

The **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia recorded a 10.4 percent expansion. The overall improvement was due to increased supplies of stable commodities such as taro, taamu, coconut and vegetable items (mainly head cabbage, cucumber and Chinese cabbage). As a result, the overall price index expanded by 6.3 percent.

**Total export earnings** grew further by 50 percent (or \$2.9 million) to \$8.8 million due to a \$3.5 million increase in locally produced exports

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(mainly fish, cigarettes and coconut cream) while re-exports fell by \$0.6 million over the month. Similarly, **total import payments** went up by 49.2 percent (or \$27.9 million) to \$84.6 million (the highest monthly total since December 2019) mirroring the resumption of petroleum imports in the month as well as a \$23.0 million hike in non-petroleum private sector imports. However, government imports fell by \$10.0 million reflecting the one off importation of the ferry boat in the previous month. Accordingly, the merchandise trade deficit expanded by 49.1 percent to \$75.7 million from the last month.

The **inflow of private remittances** bounced back up by 23.4 percent (or \$9.7 million) to \$51.1 million from the previous month and was also 9.0 percent (or \$4.2 million) higher than the same month of 2020. No **visitor arrivals and earnings** were recorded for the month.

Gross monthly foreign reserves<sup>1</sup> fell by 0.2 percent (or \$1.7 million) to \$718.3 million for March 2021 which was sufficient to cover 11.1 months of imports down, from 11.3 months in February 2021, but way above 6.5 months cover in March 2020.

**CENTRAL BANK OF SAMOA**  
**18<sup>th</sup> March 2021**

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<sup>1</sup>Effective January 2021, the coverage of gross official foreign reserves will include only foreign exchange holdings of the Central Bank and IMF account balances only. This now excludes Ministry of Finance's foreign deposits and accounts, which were previously included. The strict definition of foreign reserves only includes CBS owned liquid foreign assets.

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SELECTED ECONOMIC INDICATORS											
INDICATORS	2019	2020	2021			Average Seven Months			Average levels in the previous		
	Mar	Mar	Jan	Feb	Mar	Jul18 - Mar19	Jul19 - Mar20	Jul20 - Mar21	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>											
Official rate	0.18	0.15	0.15	0.15	0.15	0.18	0.16	0.15	0.16	0.17	0.17
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>											
Average lending rate	9.05	8.87	8.54	8.54	8.57	9.01	8.86	8.60	8.96	8.94	8.96
Average deposit rate	2.81	2.76	2.56	2.44	2.33	2.70	2.62	2.60	2.78	2.83	2.67
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1131.9</b>	<b>1181.3</b>	<b>1179.2</b>	<b>1178.6</b>	<b>1172.7</b>	<b>1108.4</b>	<b>1163.8</b>	<b>1176.8</b>	<b>1156.6</b>	<b>1126.2</b>	<b>1074.3</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-175.5</b>	<b>-242.0</b>	<b>-330.8</b>	<b>-327.3</b>	<b>-319.2</b>	<b>-208.1</b>	<b>-246.5</b>	<b>-323.8</b>	<b>-208.8</b>	<b>-201.0</b>	<b>-174.0</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1245.4</b>	<b>1221.9</b>	<b>1290.1</b>	<b>1278.5</b>	<b>1302.9</b>	<b>1180.1</b>	<b>1218.7</b>	<b>1277.5</b>	<b>1233.7</b>	<b>1175.9</b>	<b>1069.5</b>
Currency outside banks	91.9	91.7	115.2	113.0	121.2	87.1	99.6	113.1	91.8	85.7	75.5
Demand deposits	408.3	366.9	388.8	384.2	401.5	360.7	377.0	380.8	387.6	357.6	324.0
FCD residents	76.8	61.4	41.2	39.6	52.7	77.3	59.8	44.3	69.1	68.9	64.1
Save deposits	145.3	151.9	176.4	180.1	182.5	146.0	155.1	178.7	148.6	144.3	137.3
Time deposits	523.1	550.0	568.6	561.6	545.0	508.9	527.1	560.6	536.6	519.5	468.5
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>99.9</b>	<b>100.2</b>	<b>100.1</b>	<b>100.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>99.9</b>	<b>100.1</b>	<b>100.0</b>	<b>100.5</b>
<b>HEADLINE CPI (2)</b>	<b>107.0</b>	<b>111.0</b>	<b>103.7</b>	<b>105.6</b>	<b>107.1</b>	<b>107.4</b>	<b>110.0</b>	<b>105.0</b>	<b>109.0</b>	<b>107.6</b>	<b>104.7</b>
Annual average inflation (%)	3.3	2.0	-2.4	-3.2	-3.8	4.1	1.4	-1.1	2.7	2.7	1.9
<b>LOCAL MARKET SURVEY: (2)</b>											
Volume	81.8	55.2	80.3	77.7	85.8	126.8	112.1	101.2	68.5	87.4	95.0
Price	126.3	150.7	97.5	115.9	123.2	106.2	117.8	104.8	138.5	128.6	114.2
<b>EXPORTS (Tala million)</b>	<b>11.5</b>	<b>7.3</b>	<b>4.2</b>	<b>5.9</b>	<b>8.8</b>	<b>11.0</b>	<b>10.7</b>	<b>7.8</b>	<b>9.4</b>	<b>8.4</b>	<b>7.6</b>
<b>IMPORTS (Tala million)</b>	<b>82.8</b>	<b>70.4</b>	<b>65.6</b>	<b>56.7</b>	<b>84.6</b>	<b>75.6</b>	<b>76.9</b>	<b>68.5</b>	<b>76.6</b>	<b>67.6</b>	<b>67.2</b>
<b>REMITTANCES (Tala million)</b>	<b>54.6</b>	<b>46.9</b>	<b>40.5</b>	<b>41.4</b>	<b>51.1</b>	<b>45.5</b>	<b>46.7</b>	<b>50.8</b>	<b>50.7</b>	<b>48.7</b>	<b>41.6</b>
<b>TOURISM: (1)&amp;(4)</b>											
Arrivals	11,163	4,164	0.0	0.0	0.0	14,933	13,822	-	7,664	9,011	9,285
Earnings (Tala million)	33.0	12.6	0.0	0.0	0.0	44.1	41.7	0.0	22.8	26.6	26.7
<b>GROSS INTERNATIONAL RESERVES (3)</b>	<b>446.6</b>	<b>500.6</b>	<b>732.5</b>	<b>720.0</b>	<b>718.3</b>	<b>424.4</b>	<b>478.7</b>	<b>693.3</b>	<b>473.6</b>	<b>430.7</b>	<b>370.8</b>
BOP Position (+/-) (Surplus/Deficit)	-22.8	23.9	2.9	-12.4	-1.7	5.3	1.1	13.8	0.6	6.8	0.2
Import Cover	6.0	6.5	11.3	11.3	11.1	5.9	6.2	10.5	6.3	5.9	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.

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.

n/a: not available