



SELECTED ECONOMIC INDICATORS

APRIL 2023

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.10: 2022/23

April 2023

World Economy

On the global stage, the US economy recorded a 1.3 percent growth in the first quarter of 2023, driven by strong consumer spending, upward revision in non-residential fixed investment and a surplus in their merchandise trade. Likewise, the Euro Area grew slightly by 0.1 percent in March quarter of 2023. The Australian economy expanded by 0.5 percent in the December quarter of 2022, due to hikes in household consumption and government spending. However, the New Zealand economy contracted by 0.6 percent in the last quarter of 2022 reflecting a further decline in their manufacturing sector.

Domestic Economy

In April 2023, the **weighted average official interest rate** (on CBS Securities) went up by 1 basis point to 0.23 percent. The commercial banks' **weighted average deposit rate** fell by 9 basis points to 1.73 percent while the **weighted average lending rate** rose by 1 basis point to 8.33 percent. As a result, the commercial banks' **interest rate spread** expanded by 10 basis points to 6.60 percent over the previous month and was also higher than 6.53 percent in April 2022.

Total commercial banks' **liquidity** increased by 1.9 percent (or \$9.4 million) to \$496.4 million or 45.1 percent higher than in the same month last year. Accountable for this increase over the month were expansions in commercial banks' holdings of CBS Securities (up by \$5.0 million), their exchange settlement accounts (ESAs) held at the Central Bank (up by \$2.5 million) and their holdings of vault cash (up by \$2.0 million). Despite the increase in cost of borrowing during the month, **total commercial banks' credit to the private sector and public institutions** rose by \$7.2 million to \$1,164.6 million in April 2023.

Broad Money (M2) went back up by 2.1 percent (or \$30.8 million) to \$1,501.8 million, due to a \$35.1 million gain in **Net Foreign Assets (NFA)** to \$919.3 million, outweighing a \$4.3 million decrease in **Net Domestic Assets (NDA)** to \$582.5 million. The boost in NFA reflected expansions in foreign exchange holdings of both the Central Bank and commercial banks, while the drop in NDA was due to an increase in the government's net position with the monetary system (*which has a contractionary impact*).

The **overall nominal index** of the Samoan Tala depreciated by 0.04 percent as the Tala weakened against the Euro and the Australian dollar, while strengthening against the US and New Zealand dollars.

The **Consumer Price Index (CPI)** rose further by 1.6 percent over the previous month and was 12.5 percent higher than that of the same month last year. Correspondingly, the **annual average inflation rate** edged up to 11.7 percent from 11.5 percent in March 2023 and 7.6 percent in April 2022. Driving inflation higher in the month was a hike in its local component, which rose to 8.2 percent from 7.5 percent in the previous month while its imported component fell to 15.0 percent from 15.2 percent in the previous month. Similarly, the **underlying inflation rate** also increased to 13.4 percent from 12.9 percent in March 2023 and 7.0 percent in April 2022.

The **overall supply of agricultural commodities** to the Fugalei Market and other domestic produce markets around Apia rose by 1.0 percent, which was mainly due to higher supplies of taro, banana and vegetable items like pumpkin, head cabbage and cucumber to mention a few. However, due to stronger demand, the overall price index expanded by 7.5 percent.

Total export earnings fell by 35.3 percent (or \$3.8 million) to \$6.9 million over the month, due to reductions in both domestically produced exports (mainly fish, crude coconut oil, taro and coconut cream exports) by 44.3 percent (or \$2.4 million); and re-exports by 26.2 percent (or \$1.4 million). Moreover, **total import payments** contracted by 3.4 percent (or \$3.3 million) to \$93.6 million reflecting a \$6.1 million drop in non-petroleum private sector imports despite increases in both government and petroleum imports. As a result of the larger drop in exports, the merchandise trade deficit widened by 0.5 percent to \$86.7 million over the previous month.

The **inflow of private remittances** declined by 23.0 percent (or \$15.0 million) to \$50.0 million over the previous month but was 14.3 percent (or \$8.3 million) higher than that of the same month over the year. **Tourist arrivals** continued to climb by 35.5 percent (or 3,592 visitors) to 13,720 visitors, which boosted **total visitor earnings** to \$48.7 million, a 41.2 percent (or \$14.2 million) increase in April 2023.

Gross foreign reserves¹ grew further by 3.0 percent (or \$28.2 million) to \$976.2 million, which was sufficient to cover 9.7 months of imports, up from 9.5 months in March 2023 but was lower than the 10.4 months import cover in April 2022.

CENTRAL BANK OF SAMOA
5 June 2023

¹ Effective January 2021, the coverage of gross official foreign reserves will include only foreign exchange holdings of the Central Bank and IMF account balances. 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.

Selected Economic Indicators
April 2023

SELECTED ECONOMIC INDICATORS													
INDICATORS	2020	2021	2022	2023				Average Ten Months			Average levels in the previous		
	Apr	Apr	Apr	Jan	Feb	Mar	Apr	Jul20 - Apr21	Jul21 - Apr22	Jul22 - Apr23	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.15	0.15	0.15	0.19	0.15	0.22	0.23	0.15	0.15	0.18	0.15	0.15	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.80	8.57	8.29	8.26	8.26	8.32	8.33	8.60	8.38	8.28	8.43	8.55	8.71
Average deposit rate	2.75	2.22	1.76	1.76	1.77	1.82	1.73	2.56	1.84	1.80	1.99	2.24	2.46
COMMERCIAL BANK LOANS (Tala million)	1179.2	1176.4	1179.5	1177.4	1169.5	1157.4	1164.6	1176.8	1186.2	1172.4	1177.9	1178.4	1147.7
GOVERNMENT NET POSITION (Tala million)	-255.9	-321.9	-308.4	-336.4	-329.2	-353.4	-363.3	-323.6	-324.4	-325.5	-315.2	-295.4	-251.3
MONEY SUPPLY (Tala million)	1220.6	1314.1	1343.3	1459.8	1485.3	1471.1	1501.8	1281.1	1326.4	1424.3	1328.7	1292.7	1241.6
Currency outside banks	95.3	121.0	126.0	144.0	137.4	140.8	145.0	113.9	123.1	139.5	123.5	114.1	100.0
Demand deposits	366.3	420.5	421.9	476.5	510.9	487.5	506.8	384.8	415.0	455.4	421.2	402.9	384.0
FCD residents	60.1	49.3	54.6	111.3	106.4	99.7	101.4	44.8	62.0	89.5	51.9	54.7	62.4
Save deposits	154.7	187.2	204.8	223.7	224.1	224.8	232.7	179.5	198.8	222.6	196.0	182.2	166.0
Time deposits	544.2	536.2	535.9	504.3	506.5	518.3	515.9	558.1	527.5	517.3	536.1	538.8	529.2
NOMINAL EXCHANGE RATE (Index)	100.1	100.0	99.8	99.8	99.9	99.7	99.7	99.9	99.8	100.0	99.9	100.0	100.0
HEADLINE CPI (2)	107.9	107.1	117.2	128.2	129.0	129.8	131.8	105.2	115.8	128.0	112.2	110.7	108.9
Annual average inflation (%)	2.0	-3.9	7.6	11.0	11.2	11.5	11.7	-1.4	4.0	11.0	1.8	1.9	2.3
LOCAL MARKET SURVEY: (2)											0.0	0.0	0.0
Volume	62.5	80.0	94.3	92.5	79.1	82.3	83.1	99.1	92.7	100.6	87.2	78.9	93.6
Price	140.2	114.0	111.9	162.2	133.6	163.3	175.5	105.7	106.8	135.9	112.9	122.0	120.8
EXPORTS (Tala million)	9.9	4.3	6.6	7.4	7.5	10.7	6.9	7.5	7.2	9.3	5.5	6.9	7.1
IMPORTS (Tala million)	57.6	64.3	84.7	101.9	68.4	96.9	93.6	68.1	75.6	100.5	74.5	68.9	70.0
REMITTANCES (Tala million)	36.8	43.4	58.3	55.1	56.5	65.0	50.0	50.2	62.7	68.3	50.9	46.2	44.1
TOURISM: (1)&(4)											0.0	0.0	0.0
Arrivals	-	0.0	0.0	12321.0	7687.0	10128.0	13720.0	-	-	9,092	-	-	5,046
Earnings (Tala million)	0.0	0.0	0.0	36.9	24.6	34.5	48.7	0.0	0.0	30.2	-	-	15
GROSS INTERNATIONAL RESERVES (3) (5)	557.9	720.7	759.9	894.5	924.7	947.9	976.2	696.0	768.3	862.3	740.3	679.5	569.0
BOP Position (+/-) (Surplus/Deficit)	57.3	2.6	36.7	26.8	30.2	23.2	28.2	12.7	6.1	16.3	19.6	32.2	22.3
Import Cover	7.3	11.0	10.4	9.4	9.9	9.5	9.7	10.6	10.8	9.6	10.7	9.6	8.0

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.
n/a: not available
5. Samoa received the IMF-Special Drawing Rights (SDRs) allocation of SDR15.5 million, an equivalent of around \$55.5 million Tala in August 2021

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WORLD ECONOMY

- On the global front, the US economy recorded a 1.3 percent growth due to accelerated consumer spending and non-residential fixed investment as well as a surplus in their merchandise trade balance while the Euro area showed a slight growth of 0.1 percent in the March 2023 quarter. The Australia economy also grew marginally by 0.5 percent at the end of 2022. However, New Zealand economy contracted by 0.6 percent in the last quarter of 2022 as a result of the Cyclone Gabrielle adverse impacts.
- Crude oil price went up by 7.1 percent over the month to USD\$84.11 per barrel.

DOMESTIC ECONOMY

INTEREST RATES & MONEY SUPPLY



- **Weighted average monthly official rate** went up by 1 basis point to 0.23 percent in April 2023 over the last month.
- **Commercial banks' weighted average deposit rate** fell by 9 basis point to 1.73 percent while their **weighted average lending rate** rose by 1 basis point to 8.33 percent.
- **Interest rate spread** edged up to 6.60 percent.
- **Broad money (M2)** went back up by 2.1 percent (or \$30.8 million) to \$1,501.8 million.

LIQUIDITY & CREDIT



- Total **commercial banks' liquidity** expanded by 1.9 percent (or \$9.4 million) to \$496.4 million.
- This increase was due to a \$5.0 million hike in CBS Securities, \$2.5 million increase in commercial banks' exchange settlement accounts (ESA) and \$2.0 million rise in their vault cash.
- Total **commercial banks' credit** to the private sector and public institutions hiked by \$7.2 million to \$1,164.6 million.

INFLATION



- **Consumer Price Index (CPI)** rose further by 1.6 percent.
- **Annual headline inflation** continued to grow to **11.7 percent** from 11.5 percent in the last month.
- Local inflation increased to 8.2 percent while Imported inflation fell to 15.0 percent.
- **Underlying inflation** rate also rose to 13.4 percent from 12.9 percent.

REMITTANCES & TOURISM



- **Inflow of remittances** declined by 23.0 percent (or \$15.0 million) to **\$50.0 million**.
- It was 14.3 percent (or \$8.3 million) higher than in the same month of 2022.
- **Tourist arrivals** rose further by **35.5 percent** (or 3,592 visitors) to **13,720 visitors**.
- As a result, **total visitor receipts** noted an increase to **\$48.7 million** in March 2023

EXTERNAL TRADE



- **Total export earnings** narrowed down by 35.3 percent (or \$3.8 million) to **\$6.9 million**. Contractions in both domestically produced exports (mainly fish, crude coconut oil, taro and coconut cream) and re-exports.
- **Total import payments** also reduced by 3.4 percent (or \$3.3 million) to **\$93.6 million**.
- Merchandise trade deficit grew by **0.5 percent** to **\$86.7 million**.

LOCAL MARKET SURVEY



- Overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia went up by **1.0 percent**.
- Underpinned by higher supplies of taro, banana and vegetable items like pumpkin, head cabbage and cucumber to mention a few.
- The overall **price index** leapt by **7.5 percent**.



Gross Foreign Reserves grew further by **3.0 percent** (or \$28.2 million) to **\$976.2 million**. Sufficient to cover **9.7 months of imports** compared to 9.5 months in March 2023 and was much lower than 10.4 months in April 2022.