



## SELECTED ECONOMIC INDICATORS

### JUNE 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.12: 2020/21**

**June 2021**

#### World Economy

The US economy posted a 6.5 percent growth in the second quarter of 2021 due to gains in private consumption expenditures. Meanwhile, the Euro Area also expanded by 2.0 percent in the June quarter reflecting a pickup in economic activities with the help of COVID-19 vaccinations and ongoing fiscal support. In the first quarter of 2021, both the Australian and New Zealand economies recorded expansions of 1.8 percent and 1.6 percent respectively. The increase in the latter was due to the continued monetary and fiscal stimulus while the growth in the former was mainly because of improvements in its services industries.

#### Domestic Economy

The **weighted average official interest rate** remained at 0.15 percent in June 2021. The **weighted average deposit rate** dropped for the sixth consecutive month, falling by 5 basis points to 2.11 percent whereas the **weighted average lending rate** went back up by 4 basis points to 8.57 percent. As a result, the commercial banks' **interest rate spread** expanded by 9 basis points to 6.46 percent from 6.37 percent in May 2021 and was much higher than the 5.90 percent in June 2020.

Total **commercial banks' liquidity** increased by 12.1 percent (or \$40.0 million) to \$370.7 million and was 28.5 percent higher than in the same month last year. Accountable for this hike were gains in holdings of commercial banks' exchange settlement accounts (ESA) (up by 13.1 percent) and vault cash (up by 1.9 percent). The total **commercial banks' credit to the private sector and public institutions** combined, fell by 0.3 percent (or \$3.5 million) to \$1,175.3 million but was 0.4 percent (or \$4.8 million) higher over the same month last year.

The monthly **broad money (M2)** grew by 2.0 percent (or \$25.4 million) to \$1,325.3 million due to expansions in '**Net Foreign Assets' (NFA)** (up by \$19.4 million) and '**Net Domestic Assets' (NDA)** (up by \$6.0 million). The growth in NFA was due to increases in net foreign assets for both the CBS and commercial banks while the increase in NDA reflected the reduction in government's net position (increased government spending) as well as an increase in total commercial banks' credit to the private sector.

The monthly **overall nominal value** of the Samoan Tala depreciated by 0.01 percent as the Tala strengthened against the NZ dollar (up by 0.8 percent) and Australian dollar (up by 0.7 percent) but weakened against the US dollar (down by 0.7 percent) and Euro dollar (down by 0.02 percent) over the month.

The headline **Consumer Price Index (CPI)** continued to increase by 1.4 percent over the previous month and was 4.1 percent higher than in June 2020. As a result, the **annual average headline inflation rate** rose further to -3.0 percent from -3.6 percent in the previous month but down from 1.5 percent in June 2020. Responsible for this increase over the month were gains in both imported inflation (up to -4.3 percent from -5.2 percent in the previous month) and local inflation (up to -1.7 percent from -1.9 percent in May 2021).

The overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia dropped by 2.1 percent over May 2021. This decrease was due to relatively lower supplies of yam, breadfruit, banana and taro as well as vegetable items like tomatoes, Chinese cabbage and head cabbage. Even though there was a drop in local supply,

the overall price index fell by 5.4 percent due to reduced demand.

**Total export earnings** tumbled by 9.1 percent (or \$0.7 million) to \$7.1 million due to a 39.6 percent drop in re-exports while domestically produced exports (mainly kava, crude coconut oil and nonu juice) improved by 7.0 percent over the month. Also, **total import payments** fell by 25.4 percent (or \$20.3 million) to \$59.7 million mirroring a \$15.6 million decrease in petroleum imports as well as a \$5.7 million drop in non-petroleum private sector imports while government imports went up by \$1.1 million. Consequently, the **merchandise trade deficit** contracted by 27.1 percent to \$52.6 million when compared to the previous month.

The monthly **inflow of private remittances** fell by 3.3 percent (or \$1.8 million) to \$51.6 million from last month and was also 1.0 percent lower than in the same month last year. Furthermore, the continuation of the closure of our international borders saw both **visitor arrivals and earnings** remain at zero in June 2021.

Gross foreign **reserves**<sup>1</sup> for the month went up by 2.5 percent (or \$18.2 million) to \$732.7 million, which was sufficient to cover 10.7 months of imports, up from 10.5 months in May 2021, but was much higher than 8.4 months cover in June 2020.

**CENTRAL BANK OF SAMOA**  
**17<sup>th</sup> August 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.

# Selected Economic Indicators

June 2021

SELECTED ECONOMIC INDICATORS														
INDICATORS	2019		2020		2021				Average Seven Months			Average levels in the previous		
	Jun	Jun	Jan	Feb	Mar	Apr	May	June	Jul18 - Jun19	Jul19 - Jun20	Jul20 - Jun21	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>														
Official rate	0.19	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.18	0.16	0.15	0.17	0.17	0.16
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>														
Average lending rate	8.97	8.63	8.54	8.54	8.57	8.57	8.53	8.53	9.01	8.82	8.59	8.80	8.86	8.85
Average deposit rate	2.75	2.73	2.56	2.44	2.33	2.22	2.16	2.16	2.69	2.65	2.50	2.74	2.73	2.64
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1126.3</b>	<b>1170.4</b>	<b>1179.2</b>	<b>1178.6</b>	<b>1172.7</b>	<b>1176.4</b>	<b>1178.8</b>	<b>1175.9</b>	<b>1114.2</b>	<b>1167.1</b>	<b>1176.9</b>	<b>1148.3</b>	<b>1120.5</b>	<b>1076.7</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-212.5</b>	<b>-280.0</b>	<b>-330.8</b>	<b>-327.3</b>	<b>-319.2</b>	<b>-321.9</b>	<b>-317.4</b>	<b>-319.9</b>	<b>-203.4</b>	<b>-249.9</b>	<b>-322.8</b>	<b>-246.2</b>	<b>-230.0</b>	<b>-198.9</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1236.3</b>	<b>1225.5</b>	<b>1290.1</b>	<b>1278.5</b>	<b>1302.9</b>	<b>1314.1</b>	<b>1299.8</b>	<b>1325.3</b>	<b>1197.3</b>	<b>1219.3</b>	<b>1286.4</b>	<b>1230.9</b>	<b>1195.4</b>	<b>1089.3</b>
Currency outside banks	97.6	98.1	115.2	113.0	121.2	121.0	119.6	112.5	89.4	99.3	114.2	97.8	90.3	79.9
Demand deposits	402.9	370.1	388.8	384.2	401.5	420.5	388.9	430.5	372.1	374.6	388.9	386.5	375.5	334.6
FCD residents	65.7	48.4	41.2	39.6	52.7	49.3	54.4	55.9	75.9	57.8	46.5	57.0	61.6	61.9
Save deposits	148.9	165.0	176.4	180.1	182.5	187.2	189.8	190.9	146.3	156.2	181.4	157.0	151.3	143.2
Time deposits	521.2	543.9	568.6	561.6	545.0	536.2	547.2	535.4	513.6	531.3	555.3	532.5	516.7	469.8
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>100.0</b>	<b>99.9</b>	<b>100.1</b>	<b>100.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>99.9</b>	<b>99.9</b>	<b>99.9</b>	<b>100.4</b>
<b>HEADLINE CPI (2)</b>	<b>108.5</b>	<b>104.9</b>	<b>103.7</b>	<b>105.6</b>	<b>107.1</b>	<b>107.1</b>	<b>107.7</b>	<b>109.2</b>	<b>107.5</b>	<b>109.1</b>	<b>105.8</b>	<b>106.7</b>	<b>107.3</b>	<b>105.2</b>
Annual average inflation (%)	2.2	1.5	-2.4	-3.2	-3.8	-3.9	-3.6	-3.0	3.7	1.5	-1.7	1.8	2.5	1.8
<b>LOCAL MARKET SURVEY: (2)</b>														
Volume	103.0	66.5	80.3	77.7	85.8	80.0	83.0	81.3	119.5	100.5	96.2	84.7	96.2	98.3
Price	117.9	118.8	97.5	115.9	123.2	114.0	111.0	105.1	110.7	120.5	106.1	118.4	116.3	114.2
<b>EXPORTS (Tala million)</b>	<b>13.9</b>	<b>7.8</b>	<b>4.2</b>	<b>5.9</b>	<b>8.8</b>	<b>4.3</b>	<b>7.8</b>	<b>7.1</b>	<b>10.9</b>	<b>10.2</b>	<b>7.5</b>	<b>10.9</b>	<b>10.3</b>	<b>10.3</b>
<b>IMPORTS (Tala million)</b>	<b>78.6</b>	<b>54.3</b>	<b>65.6</b>	<b>56.7</b>	<b>84.6</b>	<b>64.3</b>	<b>80.0</b>	<b>59.7</b>	<b>76.2</b>	<b>71.1</b>	<b>68.4</b>	<b>66.4</b>	<b>63.8</b>	<b>64.1</b>
<b>REMITTANCES (Tala million)</b>	<b>40.7</b>	<b>52.1</b>	<b>40.5</b>	<b>42.0</b>	<b>51.9</b>	<b>43.4</b>	<b>53.3</b>	<b>51.6</b>	<b>44.8</b>	<b>47.3</b>	<b>50.6</b>	<b>46.4</b>	<b>44.3</b>	<b>32.8</b>
<b>TOURISM: (1)&amp;(4)</b>														
Arrivals	16,192	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14,880	10,367	-	8,096	10,836	11,919
Earnings (Tala million)	44.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.2	31.3	0.0	22	29	32
<b>GROSS INTERNATIONAL RESERVES (3)</b>	<b>490.7</b>	<b>594.3</b>	<b>732.5</b>	<b>720.0</b>	<b>718.3</b>	<b>720.7</b>	<b>714.5</b>	<b>732.7</b>	<b>434.1</b>	<b>500.9</b>	<b>700.6</b>	<b>542.5</b>	<b>494.7</b>	<b>411.8</b>
BOP Position (+/-) (Surplus/Deficit)	38.2	44.1	2.9	-12.4	-1.7	2.6	-6.4	18.2	7.6	8.6	11.5	41.1	28.1	20.4
Import Cover	6.4	8.4	11.3	11.3	11.1	11.0	10.5	10.7	6.0	6.6	10.6	7.4	6.9	5.9

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