



## SELECTED ECONOMIC INDICATORS MAY 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.11: 2020/21**

**May 2021**

### World Economy

The US economy grew by 6.4 percent on an annual basis up to the first quarter of 2021 as the recovery from the closure of international borders due to the Covid-19 pandemic continues. Meanwhile, the Australian economy also expanded by 1.8 percent amid its continued monetary and fiscal stimulus. Moreover, the New Zealand economy recorded a 1.6 percent growth in the first quarter of 2021 due to improvements in its services industries. On the other hand, the Euro Area shrank by 0.3 percent reflecting lower production and demand due to reinstatement of lockdown measures to contain the spread of the coronavirus pandemic.

### Domestic Economy

The **weighted average official interest rate** continued to remain unchanged in May 2021. However, the commercial banks' **weighted average deposit rate** fell for the fifth consecutive month, down by 6 basis points to 2.16 percent whereas the **weighted average lending rate** also shrank by 4 basis points to 8.53 percent. As a result, the commercial banks' **interest rate spread** expanded slightly to 6.37 percent from 6.36 percent in the previous month and was 5.85 percent in May 2020.

Total **commercial banks' liquidity** contracted slightly by 0.1 percent to \$330.8 million but was 2.4 percent higher than in the same month a year ago. The overall monthly drop was due to a reduction in vault cash holdings (down by \$0.9 million), which outweighed a \$0.7 million increase in commercial banks' holdings of exchange settlement accounts (ESA). Total **commercial banks' credit to the private sector and public institutions** combined continued to increase, up by \$2.3 million to

\$1,178.8 million but was \$1.9 million lower over the same month last year.

Monthly **Broad money (M2)** fell by \$14.3 million to \$1,299.8 million due to reductions in both '**Net Foreign Assets**' (NFA) (down by \$7.2 million) and '**Net Domestic Assets**' (NDA) (down by \$7.1 million). The drop in the former was due to lower foreign assets (of both the CBS and commercial banks) while the decrease in the latter reflected the increase in government spending during the month.

The **overall nominal value** of the Samoan Tala appreciated by 0.01 percent as the Tala strengthened against the US dollar (up by 0.4 percent) but weakened against the Euro, New Zealand and Australian dollar by 0.8 percent, 0.6 percent and 0.1 percent in that order.

The headline **Consumer Price Index (CPI)** expanded by 0.6 percent over the previous month and was 1.8 percent higher than in the same month last year. As a result, the **annual average headline inflation rate** rose to -3.6 percent from -3.9 percent in the previous month and down from 1.7 percent in May 2020. Largely accounting for this improvement over the month were increases in both its annual average imported inflation (up to -5.2 percent from -5.8 percent) and local inflation (up to -1.9 percent from -2.0 percent).

The overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia, recorded an increase of 3.8 percent over the previous month. The overall increase was due to a higher supplies of ta'amu as well as vegetables items like tomatoes, head cabbage, pumpkin and Chinese

cabbage. Accordingly, the overall price index fell by 2.6 percent.

On the external front, **total export earnings** rebounded by 81.6 percent to \$7.8 million due to increases in both domestically produced exports (up by \$2.8 million) and re-exports (up by \$0.7 million) over the month. In addition, **total import payments** went back up by 24.4 percent to \$80.0 million. This was underpinned by the resumption of petroleum imports (by \$17.9 million), which offset reductions in both government (down by 15.1 percent) and non-petroleum private sector (down by 2.6 percent) imports. Consequently, **the merchandise trade deficit** expanded by 20.3 percent to \$72.2 million.

The **inflow of private remittances** increased by 23.0 percent (or \$9.9 million) to \$53.3 million in light of the Mother's Day Holiday, but was 8.6 percent lower than its level in the same month of last year. However, as a result of the prolonged closure of international borders, there were no **visitor arrivals and earnings** in May 2021.

All in all, **total gross foreign reserves<sup>1</sup>** fell slightly by 0.9 percent (or \$6.4 million) to \$714.5 million, which was sufficient to cover 10.5 months of imports, down from 11.0 months in April 2021, but was much higher than 7.5 months cover in May of last year.

**CENTRAL BANK OF SAMOA**  
**16<sup>h</sup> July 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**  
**May 2021**

SELECTED ECONOMIC INDICATORS												
INDICATORS	2019	2020	2021				Average Seven Months			Average levels in the previous		
	May	May	Feb	Mar	Apr	May	Jul18 - May19	Jul19 - May20	Jul20 - May21	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>												
Official rate	0.18	0.15	0.15	0.15	0.15	0.15	0.18	0.16	0.15	0.17	0.16	0.15
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>												
Average lending rate	8.97	8.60	8.54	8.57	8.57	8.53	9.01	8.83	8.59	8.79	8.82	8.86
Average deposit rate	2.51	2.75	2.44	2.33	2.22	2.16	2.69	2.64	2.53	2.63	2.67	2.62
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1132.2</b>	<b>1180.6</b>	<b>1178.6</b>	<b>1172.7</b>	<b>1176.4</b>	<b>1178.8</b>	<b>1113.1</b>	<b>1166.7</b>	<b>1176.9</b>	<b>1156.4</b>	<b>1129.5</b>	<b>1084.6</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-177.5</b>	<b>-244.7</b>	<b>-327.3</b>	<b>-319.2</b>	<b>-321.9</b>	<b>-317.4</b>	<b>-202.6</b>	<b>-247.1</b>	<b>-323.0</b>	<b>-211.1</b>	<b>-212.2</b>	<b>-184.4</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1252.3</b>	<b>1217.8</b>	<b>1278.5</b>	<b>1302.9</b>	<b>1314.1</b>	<b>1299.8</b>	<b>1193.7</b>	<b>1218.8</b>	<b>1282.8</b>	<b>1235.1</b>	<b>1185.8</b>	<b>1082.0</b>
Currency outside banks	98.4	102.2	113.0	121.2	121.0	119.6	88.6	99.5	114.4	100.3	92.0	80.7
Demand deposits	406.9	366.0	384.2	401.5	420.5	388.9	369.3	375.1	385.2	386.4	367.5	327.8
FCD residents	74.1	47.5	39.6	52.7	49.3	54.4	76.8	58.7	45.7	60.8	61.8	60.6
Save deposits	145.8	159.0	180.1	182.5	187.2	189.8	146.1	155.4	180.5	152.4	148.5	141.3
Time deposits	527.1	543.1	561.6	545.0	536.2	547.2	512.9	530.1	557.1	535.1	516.0	471.5
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>100.0</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>99.9</b>	<b>100.0</b>	<b>100.0</b>	<b>100.5</b>
<b>HEADLINE CPI (2)</b>	<b>108.0</b>	<b>105.8</b>	<b>105.6</b>	<b>107.1</b>	<b>107.1</b>	<b>107.7</b>	<b>107.4</b>	<b>109.4</b>	<b>105.5</b>	<b>106.9</b>	<b>107.1</b>	<b>104.6</b>
Annual average inflation (%)	2.6	1.7	-3.2	-3.8	-3.9	-3.6	3.9	1.5	-1.6	2.2	2.5	1.8
<b>LOCAL MARKET SURVEY: (2)</b>												
Volume	96.1	67.8	77.7	85.8	80.0	83.0	121.0	103.6	97.6	81.9	85.6	86.7
Price	132.2	127.5	115.9	123.2	114.0	111.0	110.1	120.7	106.2	129.9	129.2	122.9
<b>EXPORTS (Tala million)</b>	<b>10.0</b>	<b>7.9</b>	<b>5.9</b>	<b>8.8</b>	<b>4.3</b>	<b>7.8</b>	<b>10.6</b>	<b>10.4</b>	<b>7.5</b>	<b>9.0</b>	<b>8.5</b>	<b>8.3</b>
<b>IMPORTS (Tala million)</b>	<b>89.3</b>	<b>48.9</b>	<b>56.7</b>	<b>84.6</b>	<b>64.3</b>	<b>80.0</b>	<b>76.0</b>	<b>72.6</b>	<b>69.2</b>	<b>62.1</b>	<b>67.1</b>	<b>63.3</b>
<b>REMITTANCES (Tala million)</b>	<b>47.4</b>	<b>58.4</b>	<b>41.4</b>	<b>51.1</b>	<b>43.4</b>	<b>53.3</b>	<b>45.2</b>	<b>46.9</b>	<b>50.3</b>	<b>52.9</b>	<b>51.7</b>	<b>45.0</b>
<b>TOURISM: (1)&amp;(4)</b>												
Arrivals	13,565	0.0	0.0	0.0	0.0	0.0	14,761	11,309	-	6,783	8,907	9,798
Earnings (Tala million)	45.6	0.0	0.0	0.0	0.0	0.0	44.2	34.1	0.0	23	30	31
<b>GROSS INTERNATIONAL RESERVES (3)</b>	<b>452.5</b>	<b>550.2</b>	<b>720.0</b>	<b>718.3</b>	<b>720.7</b>	<b>714.5</b>	<b>429.0</b>	<b>492.4</b>	<b>697.7</b>	<b>501.3</b>	<b>466.6</b>	<b>391.3</b>
BOP Position (+/-) (Surplus/Deficit)	5.4	-7.7	-12.4	-1.7	2.6	-6.4	4.9	5.4	10.9	-1.2	11.8	8.3
Import Cover	6.1	7.5	11.3	11.1	11.0	10.5	6.0	6.4	10.6	6.8	6.4	5.6

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