



SELECTED ECONOMIC INDICATORS

NOVEMBER 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.05: 2021/22

November 2021

World Economy

The US economy expanded by 6.9 percent in the fourth quarter of 2021, due to increases in private consumption and fixed investment. Meanwhile, the latest update for the Euro area points to a 2.2 percent growth in the September quarter reflecting higher exports and household consumption. However, the Australian economy shrank by 1.9 percent in the September quarter as a result of lower household consumption for the first time in five quarters. Likewise, the New Zealand economy also contracted by 3.7 percent in the same period (its second largest fall recorded since 1986), as a result of COVID-19 restrictions and lockdown measures in the second half of the year.

Domestic Economy

The overall **weighted average yield** (or official interest rate) on Central Bank's Securities (CBSS) remained at 0.15 percent from March 2020. On the other hand, commercial banks' **weighted average deposit rate** went up slightly by 1 basis point to 1.85 percent whereas the **weighted average lending rate** fell 7 basis points lower to 8.44 percent compared to the previous month. Consequently, the commercial banks' **interest rate spread** shrank by 8 basis points to 6.59 percent from 6.67 percent in October 2021 but was higher than the 6.08 percent in November 2020.

Total commercial banks' liquidity decreased by \$3.2 million to \$324.2 million and was \$10.2 million lower than that of the same month last year. Largely responsible for this monthly reduction was a contraction of \$5.5 million in exchange settlement accounts (ESA), which had more than nullified a \$2.2 million expansion in vault cash holdings. On the other hand, **total commercial banks' credit** to the private sector and public institutions rose slightly by \$0.6

million to \$1,200.5 million or \$13.8 million higher than that of November 2020.

Broad money (M2) expanded by \$10.0 million to \$1,330.0 million in November 2021. Underpinning this increase was a gain of \$16.1 million (to \$671.2 million) in '**Net Domestic Assets**' (NDA), offsetting a \$6.1 million decrease in '**Net Foreign Assets**' (NFA). The increase in NDA reflected a hike in "other items net" whereas the decline in NFA was driven by a decrease in the foreign assets of the CBS.

The **overall nominal value** of the Samoan Tala recorded a minimal appreciation by 0.001 percent as the Tala weakened against the US dollar but strengthened against the Euro and New Zealand dollar.

The **Consumer Price Index (CPI)** fell by 0.5 percent over October 2021 but was 9.5 percent higher when compared to November 2020. As a result, the **annual average headline inflation rate** continued to accelerate to 1.8 percent from 0.5 percent in the previous month and -0.9 percent in November 2020. Underpinning the rise in the headline inflation were hikes in both imported inflation, to 3.4 percent from 1.3 percent in October 2021 and local inflation to 0.2 percent (from -0.4 percent). The **underlying inflation rate** also grew further to 1.9 percent from 0.6 percent in the previous month.

The **overall supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia declined sharply by 17.0 percent over the previous month. This was mostly due to lower supplies of taro, coconut, pumpkin, cabbage (both Chinese and head cabbage) and

tomatoes. As a result, the overall price index went up by 1.6 percent.

After a decrease in the previous month, **total monthly export earnings** jumped by 54.9 percent (or \$2.8 million) to \$7.8 million in November 2021. This overall increase was due to increases in both domestically produced exports (up by \$1.7 million) and re-exports (up by \$1.0 million). Moreover, it was also 28.2 percent (or \$1.7 million) higher than its level in November 2020. Furthermore, **total import payments** expanded by 21.4 percent (or \$15.1 million) to \$85.3 million reflecting the resumption of petroleum imports (around \$19.2 million) coupled with an increase in government imports (up by \$0.3 million), which outweighed a decrease in non-petroleum private sector imports (down by \$4.5 million) from the previous month. As a result, the merchandise trade ‘goods’ deficit widened by 18.8 percent to \$77.6 million.

Total monthly private remittances fell by 1.4 percent (or \$0.9 million) to \$67.9 million over the previous month but was 42.7 percent (or \$20.3 million) higher than its level in November 2020. The extended closure of our international borders¹ continued to adversely affect monthly **visitor arrivals and earnings**, which continued to remain at zero.

All in all, **gross foreign reserves**² contracted by 1.0 percent (or \$7.7 million) to \$764.7 million, which was sufficient to cover 10.9 months of imports, down from 11.4 months in October 2021 but higher than 10.7 months in November 2020.

CENTRAL BANK OF SAMOA
2nd February 2022

¹ With only selected flights for Samoan citizens and residents’ repatriation.

² 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
November 2021

SELECTED ECONOMIC INDICATORS																			
INDICATORS	2019	2020	2021											Average Two Months			Average levels in the previous		
	Nov	Nov	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Jul19 - Nov19	Jul20 - Nov20	Jul21 - Nov21	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																			
Official rate	0.17	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.17	0.15	0.15	0.16	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																			
Average lending rate	8.81	8.65	8.54	8.54	8.57	8.57	8.53	8.57	8.56	8.48	8.49	8.51	8.44	8.94	8.65	8.50	8.73	8.83	8.84
Average deposit rate	2.72	2.57	2.56	2.44	2.33	2.22	2.16	2.11	2.11	1.94	1.93	1.84	1.85	2.71	2.69	1.93	2.64	2.67	2.60
COMMERCIAL BANK LOANS (Tala million)	1183.1	1186.7	1179.2	1178.6	1172.7	1176.4	1178.8	1175.9	1182.2	1187.4	1194.1	1199.9	1200.5	1140.7	1175.2	1192.8	1184.9	1161.8	1114.9
GOVERNMENT NET POSITION (Tala million)	-248.9	-320.9	-330.8	-327.3	-319.2	-321.9	-317.4	-319.9	-326.0	-343.4	-356.3	-344.6	-348.3	-218.1	-318.7	-343.7	-284.9	-257.4	-210.0
MONEY SUPPLY (Tala million)	1206.8	1292.1	1290.1	1278.5	1302.9	1314.1	1299.8	1325.3	1299.3	1307.1	1301.8	1320.0	1330.0	1228.8	1263.2	1311.6	1249.4	1224.4	1133.8
Currency outside banks	98.3	108.0	115.2	113.0	121.2	121.0	119.6	112.5	122.2	118.1	119.2	121.8	117.0	97.0	109.3	119.7	103.1	97.6	83.7
Demand deposits	371.9	381.0	388.8	384.2	401.5	420.5	388.9	430.5	396.4	410.8	397.8	393.9	425.0	394.7	374.1	404.8	376.5	368.2	336.2
FCD residents	54.1	48.4	41.2	39.6	52.7	49.3	54.4	55.9	59.9	60.2	61.2	66.1	65.1	65.2	42.9	62.5	51.2	61.2	74.2
Save deposits	156.4	176.5	176.4	180.1	182.5	187.2	189.8	190.9	196.3	194.5	197.2	199.2	198.4	152.3	177.9	197.1	166.5	158.4	148.2
Time deposits	526.1	578.1	568.6	561.6	545.0	536.2	547.2	535.4	524.6	523.4	526.4	538.9	524.4	519.7	559.0	527.6	552.1	539.1	491.5
NOMINAL EXCHANGE RATE (Index)	100.0	99.9	100.1	100.1	100.0	100.0	100.0	100.0	99.8	99.8	99.8	99.8	99.8	100.0	99.9	99.8	99.9	100.0	100.5
HEADLINE CPI (2)	109.8	103.2	103.7	105.6	107.1	107.1	107.7	109.2	111.0	112.7	112.8	113.6	113.0	108.6	105.1	112.6	106.5	106.5	104.9
Annual average inflation (%)	0.9	-0.9	-2.4	-3.2	-3.8	-3.9	-3.6	-3.0	-2.4	-1.7	-0.8	0.5	1.8	2.0	0.3	-0.5	0.0	1.5	1.4
LOCAL MARKET SURVEY: (2)																			
Volume	142.1	129.0	80.3	77.7	85.8	80.0	83.0	81.3	82.0	88.0	89.0	101.0	84.0	109.8	110.2	88.8	135.6	133.2	139.9
Price	98.3	86.5	97.5	115.9	123.2	114.0	111.0	105.1	106.0	103.0	105.0	96.0	98.0	115.5	101.0	101.6	92.4	91.7	85.1
EXPORTS (Tala million)	9.6	6.1	4.2	5.9	8.8	4.3	7.8	7.1	4.3	5.1	6.4	5.0	7.8	11.2	8.7	5.7	7.8	8.8	8.1
IMPORTS (Tala million)	93.0	58.2	65.6	56.7	84.6	64.3	80.0	59.7	58.0	71.0	69.3	70.3	85.3	78.5	66.4	70.8	75.6	72.0	74.0
REMITTANCES (Tala million)	47.1	47.6	40.5	42.0	51.9	43.4	53.3	51.6	53.4	57.5	53.5	68.9	67.9	44.9	53.2	60.3	47.3	45.5	42.0
TOURISM: (1)&(4)																			
Arrivals	11,907	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14,918	-	-	5,954	7,797	8,949
Earnings (Tala million)	41.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	44.6	0.0	0.0	21	27	29
GROSS INTERNATIONAL RESERVES (3) (5)	464.5	689.6	732.5	720.0	718.3	720.7	714.5	732.7	712.9	785.8	774.4	772.2	764.7	468.3	667.8	762.0	577.0	517.1	417.6
BOP Position (+/-) (Surplus/Deficit)	-15.3	-3.9	2.9	-12.4	-1.7	2.6	-6.4	18.2	-19.8	72.9	-11.4	-2.2	-7.5	0.1	19.1	6.4	-9.6	-3.5	-6.7
Import Cover	5.9	10.7	11.3	11.3	11.1	11.0	10.5	10.7	10.5	11.5	11.2	11.4	10.9	6.2	9.9	11.1	8.3	7.4	6.1

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