



SELECTED ECONOMIC INDICATORS AUGUST 2022

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.2: 2022/23

August 2022

WORLD ECONOMY

The US economy contracted by 0.6 percent in the second quarter, a recover from another contraction of 1.6 percent in the previous quarter, mainly driven by inventories and investments. Meanwhile, the Euro Area also grew by 0.8 percent in the June 2022 quarter reflecting the expansion in household spending coupled with the easing of COVID-19 restrictions. The Australian economy also improved by 0.9 percent in the second quarter mirroring a full quarter since the reopening of domestic and international borders. Likewise, the New Zealand economy expanded by 1.7 percent in the same period due to improvements in its services industry.

DOMESTIC ECONOMY

The **weighted average official interest rate** remained at 0.15 percent from both the previous month and same month last year. However, when compared to the previous month, the **commercial banks' weighted average deposit rate** fell by 5 basis points to 1.82 percent while the **weighted average lending rate** went up by 1 basis point to 8.30 percent. As a result, the **commercial banks' interest rate spread** expanded by 6 basis points to 6.48 percent in August 2022 but was much lower than 6.54 percent in August 2021.

Total **commercial banks' liquidity** recorded a reduction of 1.3 percent (or \$4.6 million) to \$351.9 million but was 2.8 percent (or \$9.7 million) higher than that of the same month in 2021. Accounting for this reduction was a \$6.6 million decrease in commercial banks' holdings of 'exchange settlement accounts' (ESA), outweighing a \$2.0 million increase in vault cash. Total **commercial banks' credit to the private sector and public institutions**

combined edged up by 0.1 percent (or \$1.4 million) to \$1,178.8 million but was 0.7 percent (or \$8.6 million) lower than in August 2021.

Broad Money (M2) grew significantly by 2.1 percent (or \$27.8 million) to \$1,372.3 million due to expansions of \$14.2 million in '**Net Foreign Assets**' (NFA) and \$13.3 million in '**Net Domestic Assets**' (NDA). The improvement in NFA was due to higher foreign holdings of the banking system while that of NDA was accounted for by a net drawdown in the government's net position with the monetary system.

The monthly **overall nominal value** of the Samoan Tala depreciated by 0.04 percent as the Tala weakened against the Australian dollar (down by 0.8 percent) and New Zealand dollar (down by 0.4 percent) but strengthened against the US dollar (up by 0.6 percent) and Euro dollar (up by 1.3 percent) over the month.

The **Consumer Price Index (CPI)** continued to pick up, rising by 3.6 percent over the previous month and was also 15.2 percent higher than that of August 2021. As a result, the **annual average headline inflation rate** rose to 10.3 percent from 9.5 percent in July 2022 and -1.7 percent in August 2021. Contributing to this growth were increases in both the imported inflation (up to 15.6 percent from 14.5 percent) and local inflation (up to 4.9 percent from 4.4 percent). Similarly, the **underlying inflation rate** soared to 10.4 percent from 9.4 percent in July 2022 and was much higher than the -1.5 percent in the same month last year.

The **overall volume index of agriculture commodities** supplied to the Fugalei and other domestic produce markets around Apia, also expanded by 13.2 percent over July 2022.

Largely underpinning this increase were higher supplies of taro, breadfruit, coconut and vegetable items like pumpkin and head cabbage. However, due to strong demand, the overall price index also went up by 5.2 percent.

Total export earnings fell by 5.9 percent (or \$1.0 million) to \$10.3 million when compared to the previous month, in light of a 15.3 percent reduction in re-exports, which outweighed a 6.8 percent increase in domestically produced exports. Likewise, at this level, it was 5.9 percent (or \$0.6 million) lower than its level in August 2021. On the other hand, **total import payments** rose further by 38.6 percent (or \$32.7 million) to \$117.5 million¹, reflecting a \$19.1 million increase in petroleum imports coupled with expansions in both non-petroleum private sector imports (up by \$12.4 million) and government imports (up by \$1.2 million). As a result, the **merchandise trade deficit** widened by 62.6 percent to \$107.2 million in August 2022.

Following a significant increase in July 2022, total **remittances** fell back down by 13.0 percent (or \$10.8 million) to \$72.3 million over the month but was still 25.6 percent (or \$14.7 million) higher than August of last year. The reopening of Samoa's international borders in the month under review, **total visitor arrivals** resumed after more than 2 years of absence with 6,228 visitors, earning a total of **\$19.3 million** in August 2022.

Gross foreign reserves² fell by 1.4 percent (or \$11.3 million) to \$800.3 million in August 2022. This was sufficient to buy 9.9 months of imports of goods, lower than the 10.5 months in July 2022 and 11.5 months in August 2021.

CENTRAL BANK OF SAMOA **12 October 2022**

¹ Highest monthly imports level yet

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
August 2022

SELECTED ECONOMIC INDICATORS																
INDICATORS	2020	2021	2022								Average Twelve Months			Average levels in the previous		
	Aug	Aug	Jan	Feb	Mar	Apr	May	June	July	August	Jul20 - Aug20	Jul21 - Aug21	Jul22 - Aug22	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																
Official rate	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																
Average lending rate	8.63	8.48	8.34	8.32	8.30	8.29	8.30	8.29	8.29	8.30	8.63	8.52	8.29	8.56	8.66	8.75
Average deposit rate	2.69	1.94	1.76	1.81	1.79	1.76	1.78	1.82	1.87	1.82	2.68	2.03	1.85	2.32	2.41	2.52
COMMERCIAL BANK LOANS (Tala million)	1165.8	1187.4	1193.5	1183.5	1186.2	1179.5	1172.9	1171.8	1177.4	1178.8	1168.3	1184.8	1178.1	1176.6	1162.3	1119.5
GOVERNMENT NET POSITION (Tala million)	-334.1	-343.4	-317.3	-301.3	-271.2	-308.4	-306.6	-334.1	-329.6	-317.8	-305.9	-334.7	-323.7	-338.7	-308.7	-265.3
MONEY SUPPLY (Tala million)	1244.2	1307.1	1325.0	1300.6	1309.4	1343.3	1375.3	1354.7	1344.5	1372.3	1246.4	1303.2	1358.4	1275.6	1258.0	1184.8
Currency outside banks	108.9	118.1	121.1	116.7	126.2	126.0	124.9	123.8	130.0	131.5	109.1	120.1	130.8	113.5	109.8	94.6
Demand deposits	368.8	410.8	422.3	422.2	406.1	421.9	440.6	437.1	407.7	423.9	372.6	403.6	415.8	389.8	390.3	362.1
FCD residents	39.9	60.2	63.8	52.9	55.1	54.6	66.1	63.8	65.0	78.0	39.7	60.0	71.5	50.0	52.7	62.2
Save deposits	175.4	194.5	189.5	188.5	192.6	204.8	205.1	206.8	220.0	223.1	174.9	195.4	221.5	185.0	176.0	163.4
Time deposits	551.2	523.4	528.3	520.2	529.4	535.9	538.6	523.2	521.8	515.8	550.2	524.0	518.8	537.3	529.2	502.4
NOMINAL EXCHANGE RATE (Index)	99.9	99.8	99.8	99.8	99.8	99.8	99.8	99.9	99.9	99.9	99.8	99.8	99.9	99.8	99.9	100.0
HEADLINE CPI (2)	107.0	112.7	114.8	115.3	116.2	117.2	117.3	121.0	125.3	129.9	106.6	111.9	127.6	109.8	109.9	108.7
Annual average inflation (%)	0.9	-1.7	4.5	5.7	6.7	7.6	8.2	8.8	9.5	10.3	1.0	-2.0	9.9	-0.4	0.2	1.2
LOCAL MARKET SURVEY: (2)																
Volume	98.8	88.0	97.9	113.0	137.4	94.3	89.7	63.1	76.3	86.3	81.1	85.0	81.3	93.4	94.3	111.8
Price	111.1	103.0	106.7	100.0	102.5	111.9	115.7	120.3	119.4	125.7	116.1	104.5	122.6	107.0	113.3	108.7
EXPORTS (Tala million)	7.5	5.1	4.5	10.2	6.5	6.6	10.6	8.4	10.9	10.3	10.9	4.7	10.6	6.3	8.9	9.6
IMPORTS (Tala million)	67.8	71.0	47.1	91.7	57.5	84.7	87.1	77.2	84.7	117.5	65.6	64.5	101.1	69.4	74.6	76.5
REMITTANCES (Tala million)	54.6	57.5	44.1	54.6	55.2	58.3	67.6	72.2	83.1	72.3	55.7	55.5	77.7	56.0	53.1	48.8
TOURISM: (1)&(4)																
Arrivals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6228.0	-	-	3,114	-	5,830	9,672
Earnings (Tala million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.3	0.0	0.0	9.6	-	17	27
GROSS INTERNATIONAL RESERVES (3) (5)	671.9	785.8	768.8	757.1	723.2	759.9	777.8	812.7	811.6	800.3	635.7	749.3	805.9	728.8	647.5	539.2
BOP Position +/- (Surplus/Deficit)	72.5	72.9	1.5	-11.7	-33.9	36.7	17.9	34.9	-1.1	-11.3	38.9	26.5	-6.2	72.7	48.3	35.9
Import Cover	9.8	11.5	10.9	10.3	10.2	10.4	10.6	10.9	10.5	9.9	9.2	11.0	10.2	10.6	9.2	7.8

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