



## SELECTED ECONOMIC INDICATORS AUGUST 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.2: 2023/24**

**August 2023**

### WORLD ECONOMY

The US economy grew by 2.1 percent in the second quarter of 2023, reflecting upward revisions in fixed investments and exports. Likewise, the Euro Area rose by 0.1 percent in the June quarter of 2023 while the Australian economy expanded by 0.4 percent in the same period due to a positive net trade balance and growth in fixed investments. Similarly, the New Zealand economy expanded by 0.9 percent in the second quarter of 2023 due to improvements in its services industry.

### DOMESTIC ECONOMY

The **weighted average official interest rate** remained at 0.21 percent from the previous month but went up by 6 basis points over the same month last year. When compared to the previous month, the **commercial banks' weighted average deposit rate** rose by 3 basis points to 1.80 percent while the **weighted average lending rate** did not change at 8.30 percent. As a result, the commercial banks' **interest rate spread** contracted by 4 basis points to 6.50 percent in August 2023 which was higher than in August 2022.

Total **commercial banks' liquidity** recorded another increase of 3.6 percent (or \$21.1 million) to \$602.2 million and was significantly higher than its level in August of 2022. Mainly accounting for this increase was a \$21.3 million expansion in commercial banks holdings of 'exchange settlement accounts' (ESA), outweighing a \$0.2 million decrease in vault cash holdings. Total **commercial banks' credit to the private sector and public institutions** combined fell by 0.3 percent (or \$3.2 million) to \$1,146.0 million and was also 3.0 percent (or \$32.8 million) lower than in August 2022.

**Broad Money (M2)** rebounded by 2.9 percent (or \$44.5 million) to \$1,573.6 million due to expansions of \$25.5 million and \$19.0 million in '**Net Domestic Assets**' (NDA) and '**Net Foreign Assets**' (NFA) in that order. The improvement in NDA was explained by a net drawdown in the government's net position with the monetary system while the hike in NFA was a result of higher foreign assets of the Central Bank.

The monthly **overall nominal value** of the Samoan Tala appreciated by 0.09 percent as the Tala strengthened against the Australian dollar (up by 1.9 percent) and the New Zealand dollar (up by 1.8 percent) but weakened against the US dollar (down by 1.7 percent) and Euro (down by 0.5 percent) over the month.

The **Consumer Price Index (CPI)** dropped by 0.9 percent over the previous month but was 2.3 percent higher than that of August 2022. Accordingly, the **annual average headline inflation rate** fell further to 10.3 percent from 11.5 percent in July 2023 but was unchanged when compared to August 2022. Contributing to this decrease over the month were reductions in both the imported inflation (down to 11.2 percent from 13.3 percent) and local inflation rate (down to 9.3 percent from 9.4 percent). Similarly, the **underlying inflation rate** declined to 12.9 percent from 13.7 percent in July 2023 but was much higher than the 10.4 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, rose by 11.1 percent over July 2023. Largely underpinning this increase were higher supplies of banana, taamu, breadfruit and vegetable items like head cabbage, tomatoes, and Chinese

cabbage to name a few. For that reason, the **overall price index** plunged by 13.2 percent.

**Total export earnings** rebounded by 28.8 percent (or \$2.4 million) to \$10.7 million when compared to the previous month, in light of a 66.5 percent increase in re-exports, which outweighed a 5.7 percent fall in domestically produced exports. Likewise, at this level it was 4.4 percent (or \$0.4 million) higher than its level in August 2022. On the other hand, **total import payments** went back up by 15.7 percent (or \$13.8 million) to \$101.6 million, reflecting a \$17.8 million increase in petroleum imports as well as a \$0.7 million expansion in government imports. As a result, the merchandise trade deficit broadened by 14.4 percent (or \$11.4 million) to \$90.8 million in August 2023.

**Total remittances** rose further by 7.0 percent (or \$5.2 million) to \$79.4 million over the month and was 9.9 percent (or \$7.1 million) higher than August of last year. In addition, **total visitor arrivals** into Samoa dropped to 16,471 visitors from 17,270 visitors in the previous month. Despite the lower number of arrivals, **tourist earnings** increased by 6.1 percent to \$55.5 million in August 2023 due to an increase in the average tourist spending.

**Gross Foreign reserves**<sup>1</sup> rose further by 1.7 percent (or \$19.3 million) to \$1,164.6 million in August 2023. This was sufficient to cover 11.7 months of imports, up from 11.4 months in July 2023 and 9.9 months in August of 2022.

**CENTRAL BANK OF SAMOA**  
**05 October 2023**

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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**  
**August 2023**

SELECTED ECONOMIC INDICATORS																	
INDICATORS	2020	2021	2022	2023								Average Two Months			Average levels in the previous		
	Aug	Aug	Aug	Jan	Feb	Mar	Apr	May	June	July	Aug	Jul21 - Aug21	Jul22 - Aug22	Jul23 - Aug23	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>																	
Official rate	0.15	0.15	0.15	0.19	0.15	0.22	0.23	0.24	0.23	0.21	0.21	0.15	0.15	0.21	0.15	0.15	0.16
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>																	
Average lending rate	8.63	8.48	8.30	8.26	8.26	8.32	8.33	8.30	8.31	8.30	8.30	8.52	8.29	8.30	8.42	8.49	8.68
Average deposit rate	2.69	1.94	1.82	1.76	1.77	1.82	1.73	1.81	1.76	1.77	1.80	2.03	1.85	1.78	1.99	2.22	2.40
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1165.8</b>	<b>1187.4</b>	<b>1178.8</b>	<b>1177.4</b>	<b>1169.5</b>	<b>1157.4</b>	<b>1164.6</b>	<b>1146.3</b>	<b>1140.1</b>	<b>1149.2</b>	<b>1146.0</b>	<b>1184.8</b>	<b>1178.1</b>	<b>1147.6</b>	<b>1179.8</b>	<b>1176.8</b>	<b>1143.7</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-334.1</b>	<b>-343.4</b>	<b>-317.8</b>	<b>-336.4</b>	<b>-329.2</b>	<b>-353.4</b>	<b>-363.3</b>	<b>-352.6</b>	<b>-395.4</b>	<b>-481.8</b>	<b>-459.9</b>	<b>-334.7</b>	<b>-323.7</b>	<b>-470.8</b>	<b>-327.8</b>	<b>-311.1</b>	<b>-274.9</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1244.2</b>	<b>1307.1</b>	<b>1372.3</b>	<b>1459.8</b>	<b>1485.3</b>	<b>1471.1</b>	<b>1501.8</b>	<b>1564.1</b>	<b>1575.4</b>	<b>1529.1</b>	<b>1573.6</b>	<b>1303.2</b>	<b>1358.4</b>	<b>1551.3</b>	<b>1321.9</b>	<b>1297.5</b>	<b>1250.6</b>
Currency outside banks	108.9	118.1	131.5	144.0	137.4	140.8	145.0	155.8	162.7	158.3	158.8	120.1	130.8	158.6	126.1	120.4	108.0
Demand deposits	368.8	410.8	423.9	476.5	510.9	487.5	506.8	531.9	548.9	526.4	549.3	403.6	415.8	537.9	402.1	393.5	382.3
FCD residents	39.9	60.2	78.0	111.3	106.4	99.7	101.4	103.0	114.3	93.7	97.1	60.0	71.5	95.4	62.4	54.8	61.2
Save deposits	175.4	194.5	223.1	223.7	224.1	224.8	232.7	237.6	242.3	243.4	247.0	195.4	221.5	245.2	208.1	196.9	179.8
Time deposits	551.2	523.4	515.8	504.3	506.5	518.3	515.9	535.7	507.3	507.3	521.4	524.0	518.8	514.3	523.2	531.9	519.2
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>99.9</b>	<b>99.8</b>	<b>99.9</b>	<b>99.8</b>	<b>99.9</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.8</b>	<b>99.9</b>	<b>99.7</b>	<b>99.9</b>	<b>99.9</b>	<b>99.9</b>
<b>HEADLINE CPI (2)</b>	<b>107.0</b>	<b>112.7</b>	<b>129.9</b>	<b>128.2</b>	<b>129.0</b>	<b>129.8</b>	<b>131.8</b>	<b>131.5</b>	<b>133.9</b>	<b>134.0</b>	<b>132.8</b>	<b>111.9</b>	<b>127.6</b>	<b>133.4</b>	<b>118.2</b>	<b>114.2</b>	<b>112.5</b>
Annual average inflation (%)	0.9	-1.7	10.3	11.0	11.2	11.5	11.7	12.0	12.0	11.5	10.3	-2.0	9.9	10.9	3.6	2.8	2.8
<b>LOCAL MARKET SURVEY: (2)</b>															<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Volume	98.8	88.0	86.3	92.5	79.1	80.1	83.1	71.4	52.2	82.1	91.3	85.0	81.3	86.7	79.1	73.9	86.9
Price	111.1	103.0	125.7	162.2	133.6	159.3	174.8	190.4	219.7	222.6	193.1	104.5	122.6	207.9	112.7	115.5	116.3
<b>EXPORTS (Tala million)</b>	<b>7.5</b>	<b>5.1</b>	<b>10.3</b>	<b>7.4</b>	<b>7.5</b>	<b>10.7</b>	<b>6.9</b>	<b>10.5</b>	<b>12.7</b>	<b>8.3</b>	<b>10.7</b>	<b>4.7</b>	<b>10.6</b>	<b>9.5</b>	<b>7.6</b>	<b>9.8</b>	<b>10.7</b>
<b>IMPORTS (Tala million)</b>	<b>67.8</b>	<b>71.0</b>	<b>117.5</b>	<b>101.9</b>	<b>68.4</b>	<b>96.9</b>	<b>93.6</b>	<b>98.9</b>	<b>102.4</b>	<b>87.7</b>	<b>101.6</b>	<b>64.5</b>	<b>101.1</b>	<b>94.7</b>	<b>71.3</b>	<b>68.7</b>	<b>70.6</b>
<b>REMITTANCES (Tala million)</b>	<b>54.6</b>	<b>57.5</b>	<b>72.3</b>	<b>55.1</b>	<b>56.5</b>	<b>64.7</b>	<b>50.0</b>	<b>75.7</b>	<b>73.8</b>	<b>74.2</b>	<b>79.4</b>	<b>55.5</b>	<b>77.7</b>	<b>76.8</b>	<b>68.2</b>	<b>64.5</b>	<b>57.5</b>
<b>TOURISM: (1)&amp;(4)</b>															<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Arrivals	0.0	0.0	6318.0	12321.0	7687.0	10128.0	13720.0	15719.0	18021.0	17270.0	16471.0	-	3,159	16,871	-	-	8,778
Earnings (Tala million)	0.0	0.0	20.6	36.9	24.6	34.5	48.7	61.2	57.7	52.3	55.5	0.0	10.3	53.9	-	-	24
<b>GROSS INTERNATIONAL RESERVES (3) (5)</b>	<b>671.9</b>	<b>785.8</b>	<b>800.3</b>	<b>894.5</b>	<b>924.7</b>	<b>947.9</b>	<b>976.2</b>	<b>1014.5</b>	<b>1098.1</b>	<b>1145.3</b>	<b>1164.6</b>	<b>749.3</b>	<b>805.9</b>	<b>1155.0</b>	<b>762.2</b>	<b>708.0</b>	<b>604.8</b>
BOP Position (+/-) (Surplus/Deficit)	72.5	72.9	-11.3	26.8	30.2	23.2	28.2	38.3	83.6	47.2	19.3	26.5	-6.2	33.3	-10.5	-5.2	-1.1
Import Cover	9.8	11.5	9.9	9.4	9.9	9.8	10.0	10.3	10.9	11.4	11.7	11.0	10.2	11.5	10.5	9.9	8.4

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

# SELECTED ECONOMIC INDICATORS

AUGUST 2023

## WORLD ECONOMY

- On the global stage, the US economy recorded a growth of 2.1 percent in the second quarter of 2023 reflecting upward revisions in fixed investments and exports . Likewise, the Euro area rose by 0.1 percent in the June quarter of 2023 . The Australian economy expanded by 0.4 percent in the second quarter of 2023, amid a positive net trade balance and growth in fixed investments while the New Zealand economy expanded by 0.9 percent in the second quarter of 2023 due to improvements in its services industry.
- Crude oil price went up by 7.6 percent over the month to USD\$86.16 per barrel.

## DOMESTIC ECONOMY

### INTEREST RATES & MONEY SUPPLY



- **Weighted average monthly official rate** remained at 0.21 percent from the previous month .
- **Commercial banks' weighted average deposit rate** rose by 3 basis points to 1.80 percent while their **weighted average lending rate** did not change at 8.30 percent.
- **Interest rate spread** contracted by 4 basis points to 6.50 percent in August 2023.
- **Broad money (M2)** rebounded by 2.9 percent (or \$44.5 million) to \$1,573.6 million

### LIQUIDITY & CREDIT



- Total **commercial banks' liquidity** recorded another increase of 3.6 percent (or \$21.1 million) to \$602.2 million .
- Mainly accounting for this increase was a \$21.3 million expansion in commercial banks holdings of 'exchange' settlement accounts' (ESA), outweighing a \$0.2 million decrease in vault cash holdings
- Total **commercial banks' credit** to the private sector and public institutions fell by 0.3 percent (or \$3.2 million) to \$1,146.0 million .

### INFLATION



- **Consumer Price Index (CPI)** dropped by 0.9 percent over the previous month.
- **Annual headline inflation fell** further to **10.3 percent** from 11.5 percent in July 2023.
- Reductions were noted in both the imported inflation rate to 11.2 percent and local inflation rate to 9.3 percent.
- **Underlying inflation** rate declined to 12.9 percent from 13.7 percent in July 2023

### REMITTANCES & TOURISM



- **Inflow of remittances** rose further by 7.0 percent (or \$5.2 million) to **\$79.4 million**.
- It was 9.9 percent (or \$7.1 million) higher than August of last year.
- **Tourist arrivals** dropped to **16,471 visitors** from 17,270 visitors over the month.
- **Total visitor receipts** increased by 6.1 percent to **\$55.5 million** in August 2023.

### EXTERNAL TRADE



- **Total export earnings** rebounded by 28.8 percent (or \$2.4 million) to **\$10.7 million** in light of a 66.5 percent increase in re-exports which outweighed a 5.7 percent fall in domestically produced exports.
- **Total import payments** went back up by 15.7 percent (or \$13.8 million) to **\$101.6 million**.
- The merchandise trade deficit broadened by 14.4 percent (or \$11.4 million) to **\$90.8 million** in August 2023

### LOCAL MARKET SURVEY



- Overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia, rose by **11.1 percent**
- This increase in supply reflected higher supplies of banana, taamu, breadfruit and vegetable items like head cabbage, tomatoes, and Chinese cabbage to name a few.
- The **overall price index** overall price index plunged by **13.2 percent**.



**Gross Foreign Reserves** rose further by 1.7 percent (or \$19.3 million) to **\$1,164.6 million** . Sufficient to cover **11.7 months of imports** compared to 11.4 months in July 2023 and 9.9 months in August of 2022.