



SELECTED ECONOMIC INDICATORS

DECEMBER 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.06: 2021/22

December 2021

World Economy

The US economy jumped by 6.9 percent in the fourth quarter of 2021, due to strong increases in private consumption and fixed investment. Meanwhile, the Euro area grew by 0.3 percent growth (slowest growth in three quarters) in the September 2021 quarter reflecting the spread of the omicron coronavirus across the European continent, which affected the services sector due to labour shortages. However, the Australian economy contracted by 1.9 percent in the third quarter as a result of lower household consumption (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

On the domestic stage, with the **weighted average yield** (or official interest rate) on Central Bank's Securities (CBSS) remained stable at 0.15 percent in December 2021. The commercial banks' **weighted average deposit rate** fell by 14 basis points to 1.73 percent. On the other hand, the **weighted average lending rate** also dropped by 4 basis points to 8.40 percent over the previous month. As a result, the commercial **banks' interest rate spread** widened to 6.68 percent from 6.59 percent in November 2021 and 5.85 percent in December 2020.

Total commercial **banks' liquidity** declined by \$11.1 million to \$313.1 million and was also \$10.9 million lower than that of December 2020. Underpinning this decrease was a \$12.8 million reduction in exchange settlement accounts (ESA), which outweighed a \$1.6 million increase in the commercial banks' vault cash. Furthermore, total **commercial banks'**

credit to the private sector and public institutions dropped by \$8.9 million to \$1,191.6 million but was \$6.9 million higher than that of the same month last year.

Broad money (M2) continued to expand by \$2.1 million to \$1,332.0 million in December 2021. Responsible for this increase was a \$14.9 million gain in '**Net Foreign Assets**' (NFA), which reflected hikes in foreign holdings for both the commercial banks and the Central Bank. On the other hand, '**Net Domestic Assets**' (NDA) fell by \$12.8 million mainly due to a decline in domestic credit to the private sector and financial institutions combined.

The **overall nominal value** of the Samoan Tala appreciated by 0.01 percent as the Tala strengthened against the New Zealand and Australian dollars but weakened against the US dollar and Euro.

On prices, the **Consumer Price Index (CPI)** grew further by 2.1 percent from the previous month and was 11.6 percent higher than its level in December 2020. Furthermore, the **annual average headline inflation rate** accelerated to 3.1 percent from 1.8 percent in November 2021 and was -1.6 percent in December 2020. Accountable for this overall hike were gains in both imported inflation (up to 5.7 percent from 3.4 percent) and local inflation (up to 0.6 percent from 0.2 percent) over the previous month. Correspondingly, the **underlying inflation rate** also jumped to 3.2 percent from 1.9 percent in the previous month and was -0.5 percent in December 2020.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia rebounded by 6.0 percent over the previous

month. Underpinning this increase was higher supplies of breadfruit, taro and vegetable items like head and Chinese cabbages, cucumber and pumpkin. Nonetheless, the overall price index rose by 6.3 percent.

On the external sector, **total export earnings** fell by 4.4 percent (or \$0.3 million) to \$7.4 million over the previous month and was 7.8 percent (or \$0.6 million) lower than the same month last year. Contributing to this overall monthly decrease was a 20.6 percent drop in re-exports despite a 4.1 percent increase in domestically produced exports. On the other hand, **import payments** went up by 15.3 percent (or \$13.0 million) to \$98.4 million, reflecting sharp increases in non-petroleum private sector imports (up by \$9.2 million) and petroleum imports (up by \$4.4 million). As a result, the merchandise trade deficit widened by 17.2 percent to \$100.0 million.

Total remittances climbed up further by 16.4 percent (or \$11.1 million) to \$79.0 million compared to the previous month (seasonal trend) and was 35.9 percent (or \$20.9 million) higher than that of the same month last year. Samoa's international borders¹ continued to remain closed, which has means no tourist arrivals and earnings for December 2021.

Gross foreign reserves² went back up by 0.3 percent (or \$2.6 million) to \$767.3 million, which equates to 10.7 months of import cover, down from 10.9 months in November 2021 and 11.5 months in December 2020.

CENTRAL BANK OF SAMOA
23rd 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
December 2021

SELECTED ECONOMIC INDICATORS																				
INDICATORS	2019	2020	2021												Average Two Months			Average levels in the previous		
	Dec	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jul19 - Dec19	Jul20 - Dec20	Jul21 - Dec21	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	0.15	0.17	0.15	0.15	0.16	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																				
Average lending rate	8.79	8.50	8.54	8.54	8.57	8.57	8.53	8.57	8.56	8.48	8.49	8.51	8.44	8.40	8.92	8.62	8.48	8.65	8.77	8.82
Average deposit rate	2.38	2.65	2.56	2.44	2.33	2.22	2.16	2.11	2.11	1.94	1.93	1.84	1.85	1.72	2.68	2.68	1.90	2.52	2.58	2.53
COMMERCIAL BANK LOANS (Tala million)	1184.3	1184.7	1179.2	1178.6	1172.7	1176.4	1178.8	1175.9	1182.2	1187.4	1194.1	1199.9	1200.5	1191.6	1144.7	1176.8	1192.6	1184.5	1164.6	1119.3
GOVERNMENT NET POSITION (Tala million)	-248.9	-343.2	-330.8	-327.3	-319.2	-321.9	-317.4	-319.9	-326.0	-343.4	-356.3	-344.6	-348.3	-2.3	-220.9	-322.8	-286.8	-296.1	-272.1	-220.1
MONEY SUPPLY (Tala million)	1242.9	1309.9	1290.1	1278.5	1302.9	1314.1	1299.8	1325.3	1299.3	1307.1	1301.8	1320.0	1330.0	1332.0	1230.1	1271.0	1315.0	1276.4	1246.8	1156.1
Currency outside banks	108.6	121.8	115.2	113.0	121.2	121.0	119.6	112.5	122.2	118.1	119.2	121.8	117.0	132.7	98.0	111.4	121.8	115.2	111.2	99.8
Demand deposits	377.8	382.4	388.8	384.2	401.5	420.5	388.9	430.5	396.4	410.8	397.8	393.9	425.0	412.6	393.2	375.5	406.1	380.1	368.6	335.7
FCD residents	64.3	50.7	41.2	39.6	52.7	49.3	54.4	55.9	59.9	60.2	61.2	66.1	65.1	72.0	65.1	44.2	64.1	57.5	64.0	74.6
Save deposits	150.1	180.1	176.4	180.1	182.5	187.2	189.8	190.9	196.3	194.5	197.2	199.2	198.4	191.9	152.1	178.2	196.3	165.1	158.9	149.3
Time deposits	542.1	574.9	568.6	561.6	545.0	536.2	547.2	535.4	524.6	523.4	526.4	538.9	524.4	522.8	521.7	561.6	526.8	558.5	544.2	496.8
NOMINAL EXCHANGE RATE (Index)	100.0	100.0	100.1	100.1	100.0	100.0	100.0	100.0	99.8	99.8	99.8	99.8	99.8	99.8	100.0	99.9	99.8	100.0	100.0	100.1
HEADLINE CPI (2)	108.9	103.4	103.7	105.6	107.1	107.1	107.7	109.2	111.0	112.7	112.8	113.6	113.0	115.3	108.6	104.8	113.1	106.1	106.2	104.6
Annual average inflation (%)	1.0	-1.6	-2.4	-3.2	-3.8	-3.9	-3.6	-3.0	-2.4	-1.7	-0.8	0.5	1.8	3.1	2.0	-0.1	0.1	-0.3	1.2	1.3
LOCAL MARKET SURVEY: (2)																				
Volume	136.1	116.0	80.3	77.7	85.8	80.0	83.0	81.3	82.0	88.0	89.0	101.0	84.0	89.0	112.2	111.1	88.8	126.1	123.5	133.0
Price	105.5	102.0	97.5	115.9	123.2	114.0	111.0	105.1	106.0	103.0	105.0	96.0	98.0	104.2	114.6	101.1	102.0	103.8	102.0	94.4
EXPORTS (Tala million)	9.9	8.0	4.2	5.9	8.8	4.3	7.8	7.1	4.3	5.1	6.4	5.0	7.8	7.4	11.1	8.6	6.0	9.0	9.4	8.6
IMPORTS (Tala million)	91.9	77.8	65.6	56.7	84.6	64.3	80.0	59.7	58.0	71.0	69.3	70.3	85.3	98.4	79.7	68.3	75.4	84.8	85.0	78.8
REMITTANCES (Tala million)	57.2	58.2	40.5	42.0	51.9	43.4	53.3	51.6	53.4	57.5	53.5	68.9	67.9	78.2	46.1	54.0	63.3	57.7	60.6	55.5
TOURISM: (1)&(4)																				
Arrivals	17,927	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15,191	-	-	8,964	13,983	16,280
Earnings (Tala million)	56.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.7	0.0	0.0	28	44	48
GROSS INTERNATIONAL RESERVES (3) (5)	465.6	729.5	732.5	720.0	718.3	720.7	714.5	732.7	712.9	785.8	774.4	772.2	764.7	767.3	468.1	678.1	762.9	597.6	540.5	438.0
BOP Position (+/-) (Surplus/Deficit)	1.1	40.0	3.5	-13.0	-1.7	2.6	-6.4	18.2	-19.8	72.9	-11.4	-2.0	-7.7	2.6	0.2	22.5	5.8	20.5	23.4	20.5
Import Cover	5.9	11.5	11.3	11.3	11.1	11.0	10.5	10.7	10.5	11.5	11.2	11.4	10.9	10.7	6.2	10.2	11.0	8.7	7.8	6.4

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