



SELECTED ECONOMIC INDICATORS

DECEMBER 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.06: 2022/23

December 2022

World Economy

On the global front, the US economy expanded by 2.9 percent in the fourth quarter of 2022, due to increases in consumer spending and private inventories. Likewise, the Euro area edged up by 0.1 percent in the same quarter but was much slower than its expansions recorded in the past three quarters of 2022. Meanwhile, the Australian economy recorded a 0.6 percent growth in the December 2022 quarter due to a rise in household consumption and government spending. The New Zealand economy in the third quarter of 2022 recorded a 2.0 percent expansion, which was mainly driven by the improvement in its services industry coupled with the easing of the Covid-19 induced restrictions.

Domestic Economy

On the domestic stage, the **weighted average yield** (or official interest rate) on Central Bank's Securities (CBSS) went up by 4 basis points to 0.19 percent from 0.15 percent in November 2022. The commercial banks' **weighted average deposit rate** fell by 4 basis points to 1.79 percent while the **weighted average lending rate** increased by 2 basis points to 8.28 percent over the previous month. As a result, the commercial banks' **interest rate spread** widened to 6.48 percent from 6.43 percent in November 2022 but was lower than 6.68 percent in December 2021.

Total **commercial banks' liquidity** rose by 2.2 percent (or \$8.5 million) to \$389.1 million and was also \$76.0 million higher than that of December 2021. Underpinning this increase was a \$9.2 million expansion in exchange settlement accounts (ESA), which outweighed a \$0.7 million reduction in the commercial banks' vault cash holdings while their holdings of CBS securities was unchanged. Furthermore, total

commercial banks' credit to the private sector and public institutions went up by 0.7 percent or (\$8.6 million) to \$1,176.9 million but was \$14.7 million lower than December 2021.

Broad Money (M2) continued to expand, rising by 2.7 percent (or \$37.3 million) to \$1,429.7 million in December 2022. Responsible for this increase was a \$66.4 million jump in '**Net Foreign Assets**' (NFA), which reflected hikes in the foreign assets of the Central Bank and the banking system. On the other hand, '**Net Domestic Assets**' (NDA) fell by \$29.1 million given an increase in the government's net position with the monetary system (contractionary effect on NDA) due to large foreign inflows of budget support funds during the month.

The **overall nominal index** of the Samoan Tala depreciated by 0.19 percent as the Tala weakened against the New Zealand, Euro and Australian dollars but strengthened against the US dollar.

On prices, the **Consumer Price Index (CPI)** continued to ebb, falling by 0.4 percent from the previous month but was 7.5 percent higher than its level in December 2021. Furthermore, the **annual average headline inflation rate** fell to 11.0 percent from 11.3 percent in November 2022 but was still much higher than 3.1 percent in December 2021. Accountable for this overall decline was a slowdown in the imported inflation (down to 15.3 percent from 16.4 percent in November 2022) while local inflation edged up to 6.4 percent from 6.0 percent in November 2022. Correspondingly, the **underlying inflation rate** also went down to 11.6 percent from 12.0 percent in the previous month and was 3.2 percent in December 2021.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia dropped by 39.6 percent over the previous month. Underpinning this decline was lower supplies of taro, yam, coconut, banana and vegetable items like tomatoes, pumpkin, and Chinese cabbage. Likewise, the overall price index also fell by 38.8 percent due to lower demand.

On the external sector, **total export earnings** rebounded by 37.6 percent (or \$3.2 million) to \$11.6 million over the previous month and was 57.0 percent (or \$4.2 million) higher than the same month last year. Contributing to this overall monthly increase was a \$4.1 million hike in re-exports, which outweighed a \$0.9 million drop in domestically produced exports. On the other hand, total **import payments** also expanded by 8.7 percent (or \$9.3 million) to \$116.6 million, reflecting sharp increases in non-petroleum private sector imports (up by \$7.1 million) and petroleum imports (up by \$4.2 million). As a result, the ‘goods’ trade deficit widened by 6.2 percent to \$104.9 million.

Total remittances recorded a seasonal hike of 26.7 percent (or \$19.9 million) to \$94.5 million compared to the previous month and was 19.6 percent (or \$15.5 million) higher than that of the same month last year. **Visitor arrivals** recorded a substantial increase of 8,249 visitors to a total of 16,779 visitors in December 2022 in line with end of year festivities and the opening of international borders. As a consequence, **total visitor receipts** shot up by 79.7 percent (or \$24.4 million) to \$55.0 million over November 2022.

Given the strong performances in remittances, visitor earnings, exports and influx of foreign aid, **gross foreign reserves**¹ increased further

by 7.0 percent (or \$56.9 million) to \$847.9 million, which equates to 9.6 months of import cover, up from 9.2 months in November 2022 but down from 10.7 months in December 2021.

CENTRAL BANK OF SAMOA
28th February 2022

¹ 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 2022

SELECTED ECONOMIC INDICATORS																				
INDICATORS	2020	2021	2022												Average Six Months			Average levels in the previous		
	Dec	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jul20 - Dec20	Jul21 - Dec21	Jul22 - Dec22	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	0.20	0.16	0.15	0.19	0.15	0.15	0.17	0.15	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																				
Average lending rate	8.50	8.40	8.34	8.32	8.30	8.29	8.30	8.29	8.29	8.30	8.27	8.28	8.26	8.28	8.62	8.48	8.28	8.45	8.56	8.72
Average deposit rate	2.65	1.72	1.76	1.81	1.79	1.76	1.78	1.82	1.87	1.82	1.79	1.85	1.84	1.79	2.68	1.90	1.83	2.19	2.25	2.40
COMMERCIAL BANK LOANS (Tala million)	1184.7	1191.6	1193.5	1183.5	1186.2	1179.5	1172.9	1171.8	1177.4	1178.8	1179.0	1174.7	1168.3	1176.9	1176.8	1192.6	1175.8	1188.2	1186.9	1152.6
GOVERNMENT NET POSITION (Tala million)	-343.2	-330.5	-317.3	-301.3	-271.2	-308.4	-306.6	-334.1	-329.6	-317.8	-287.7	-296.1	-304.7	-336.6	-322.8	-341.5	-312.1	-336.9	-307.6	-260.8
MONEY SUPPLY (Tala million)	1309.9	1332.0	1325.0	1300.6	1309.4	1343.3	1375.3	1354.7	1344.5	1372.3	1389.1	1396.9	1392.4	1429.7	1271.0	1315.0	1387.5	1321.0	1294.9	1232.9
Currency outside banks	121.8	132.7	121.1	116.7	126.2	126.0	124.9	123.8	130.0	131.5	137.4	132.3	130.1	166.6	111.4	121.8	138.0	127.3	121.0	110.7
Demand deposits	382.4	412.6	422.3	422.2	406.1	421.9	440.6	437.1	407.7	423.9	434.4	424.6	432.3	449.2	375.5	406.1	428.7	397.5	390.9	365.8
FCD residents	50.7	72.0	63.8	52.9	55.1	54.6	66.1	63.8	65.0	78.0	77.3	84.4	80.3	90.9	44.2	64.1	79.3	61.4	62.3	72.5
Save deposits	180.1	191.9	189.5	188.5	192.6	204.8	205.1	206.8	220.0	223.1	220.6	220.9	217.5	218.7	178.2	196.3	220.1	186.0	174.0	161.1
Time deposits	574.9	522.8	528.3	520.2	529.4	535.9	538.6	523.2	521.8	515.8	519.4	534.6	532.2	532.2	561.6	526.8	526.0	548.8	546.6	522.8
NOMINAL EXCHANGE RATE (Index)	100.0	99.8	99.8	99.8	99.8	99.8	99.8	99.9	99.9	99.9	100.2	100.4	100.1	99.9	99.9	99.8	100.1	99.9	99.9	100.0
HEADLINE CPI (2)	103.4	115.3	114.8	115.3	116.2	117.2	117.3	121.0	125.3	129.9	130.1	127.7	124.6	124.0	104.8	113.1	126.9	109.4	109.2	107.5
Annual average inflation (%)	-1.6	3.1	4.5	5.7	6.7	7.6	8.2	8.8	9.5	10.3	11.0	11.3	11.3	11.0	-0.1	0.1	10.7	0.8	0.9	1.7
LOCAL MARKET SURVEY: (2)																				
Volume	116.0	89.0	97.9	113.0	137.4	94.3	89.7	63.1	76.3	86.3	132.7	160.6	130.1	78.6	111.1	88.8	110.8	102.5	113.7	117.6
Price	102.0	104.2	106.7	100.0	102.5	111.9	115.7	120.3	119.4	125.7	121.4	114.4	115.7	127.5	101.1	102.0	120.7	103.1	103.9	98.0
EXPORTS (Tala million)	8.0	7.4	4.5	10.2	6.5	6.6	10.6	8.4	10.9	10.3	12.5	9.5	8.5	11.6	8.6	6.0	10.5	7.7	8.4	8.8
IMPORTS (Tala million)	77.8	98.4	47.1	91.7	57.5	84.7	87.1	77.2	84.7	117.5	106.9	110.8	107.3	116.6	68.3	75.4	107.3	88.1	89.3	83.6
REMITTANCES (Tala million)	58.2	79.0	44.1	54.6	55.2	58.3	67.6	72.2	83.1	72.3	69.2	62.6	74.6	94.5	54.0	63.4	76.0	68.6	64.8	62.6
TOURISM: (1)&(4)																		0.0	0.0	0.0
Arrivals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6318.0	8261.0	7171.0	8530.0	16779.0	-	-	7,843	-	5,976	12,545
Earnings (Tala million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.6	27.7	23.4	30.6	55.0	0.0	0.0	26.2	-	19	38
GROSS INTERNATIONAL RESERVES (3) (5)	729.5	767.3	768.8	757.1	723.2	759.9	777.8	812.7	811.6	800.3	789.6	785.3	818.1	874.9	678.1	762.9	813.3	748.4	654.1	540.1
BOP Position (+/-) (Surplus/Deficit)	40.0	2.6	1.5	-11.7	-33.9	36.7	17.9	34.9	-1.1	-11.3	-10.7	-4.2	32.8	56.9	22.5	5.8	10.4	21.3	14.6	16.2
Import Cover	11.5	10.7	10.9	10.3	10.2	10.4	10.6	10.9	10.5	9.9	9.4	9.0	9.2	9.6	10.2	11.0	9.6	11.1	9.4	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