



SELECTED ECONOMIC INDICATORS

DECEMBER 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.06: 2023/24

December 2023

World Economy

The US economy expanded by a further 3.3 percent in the fourth quarter of 2023, slightly lower growth than the last growth reflecting slower consumption of goods as well as smaller hikes in government spending and residential investment. The Euro area remained unchanged in the last quarter of 2023 following a 0.1 percent decline in the September quarter. The Australian economy grew by 0.2 percent (down from 0.4 percent) in the third quarter of 2023 mirroring a slower growth in fixed investment. On the other hand, the New Zealand economy declined by 0.3 percent mostly influenced by reductions in private consumption expenditure and gross fixed capital formation.

Domestic Economy

On the domestic stage, the **weighted average yield** (or official interest rate) on Central Bank's Securities (CBSS) went up by 2 basis points to 0.27 percent from 0.25 percent in November 2023 reflecting the issuance of more longer-term papers. The commercial banks' **weighted average deposit rate** also increased by 2 basis points to 1.83 percent while the **weighted average lending rate** hiked up by 8 basis points to 8.43 percent over the previous month. As a result, the commercial banks' **interest rate spread** widened to 6.60 percent from 6.54 percent in November 2023 and was higher than 6.48 percent in December 2022.

Total **commercial banks' liquidity** fell by 3.2 percent (or \$19.4 million) to \$592.2 million but was 52.2 percent (or \$203.2 million) higher than that of December 2022. Underpinning this decrease were reductions of \$28.0 million and \$7.1 million in holdings of Exchange Settlement Accounts (ESA) and CBS Securities respectively, which outweighed a \$15.6 million increase in commercial banks' holdings of vault

cash. Furthermore, total **commercial banks' credit** to the private sector and private institutions fell by 0.04 percent (or \$0.5 million) to \$1,141.6 million and was \$35.3 million lower than in December 2022.

On the other hand, **broad money (M2)** continued to expand, rising by 1.1 percent (or \$18.3 million) to \$1,625.3 million in December 2023. Responsible for this increase was a \$54.9 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 \$36.6 million given an increase in the government's net position with the monetary system (contractionary effect on M2) due to large inflows of budget support funds during the month.

The **overall nominal index** of the Samoan Tala depreciated by 0.09 percent as the Tala weakened against the New Zealand and Australian dollars but strengthened against the US dollar and Euro.

On prices, the **Consumer Price Index (CPI)** contracted further by 0.3 percent over the previous month but was 6.0 percent higher than its level in December 2022. Also, the **annual average headline inflation rate** fell to 7.9 percent from 8.0 percent in November 2023 and 11.0 percent in the same month last year. Accountable for this overall decline was a slowdown in the local inflation (down to 8.5 percent from 8.9 percent in November 2023) while imported inflation slightly edged up to 7.4 percent from 7.3 percent in November 2023. On the contrary, the **underlying inflation rate** went up to 10.2 percent from 10.1 percent in the previous month but was

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much lower than 11.6 percent in December 2022.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia dropped by 0.6 percent over the last month. Underpinning this decline was lower supplies of banana, yam and vegetable items like pumpkin, tomatoes and head cabbage to mention a few. As a result, the overall price index increased by 4.3 percent over the month.

Total monthly export receipts increased slightly by 4.5 percent (or \$0.5 million) to \$11.5 million over the previous month. This reflected a \$2.0 million hike in locally produced exports (mainly fish, nonu juice and coconut cream), which offset a \$1.5 million drop in re-exports. When compared to the same month last year, total export earnings fell by 1.4 percent (or \$0.2 million). On the other hand, **total monthly imports** contracted by 5.8 percent (or \$6.4 million) to \$103.9 million as all import categories declined during the month. Mainly responsible for the decline was a \$4.3 million reduction in petroleum imports, followed by decreases of \$1.5 million and \$0.6 million in government and non-petroleum private sector imports respectively. Likewise, total level of imports was 10.8 percent lower than its level in December last year. As a result, the **merchandise trade deficit** shrunk by 6.9 percent (or \$6.9 million) to \$92.4 million in December 2023.

Total remittances recorded a seasonal hike of 13.2 percent (or \$10.1 million) to \$87.0 million compared to the previous month but was 8.0 percent (or \$7.6 million) lower than that of the same month last year. **Visitor arrivals** noted a substantial increase of 75.1 percent (or 9,656 visitors) to 22,512 visitors in December 2023 in line with end of year festivities. Accordingly, **total tourist receipts** shot up by 58.6 percent (or \$30.0 million) reaching its highest level yet of \$81.1 million over November 2023.

Given the strong performances in remittances, visitor earnings and inflow of foreign aid,

gross foreign reserves¹ rose by 4.0 percent (or \$46.9 million) to \$1,207.1 million, which equates to 12.3 months of import cover, up from 11.7 months in November 2023 and 9.6 percent in December 2022.

CENTRAL BANK OF SAMOA
20th February 2024

¹Effective 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.

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SELECTED ECONOMIC INDICATORS														
INDICATORS	2021	2022	2023						Average Six Months			Average levels in the previous		
	Dec	Dec	July	Aug	Sep	Oct	Nov	Dec	Jul21 - Dec21	Jul22 - Dec22	Jul23 - Dec23	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)														
Official rate	0.15	0.19	0.21	0.20	0.21	0.18	0.25	0.27	0.15	0.17	0.22	0.15	0.15	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)														
Average lending rate	8.40	8.28	8.30	8.30	8.32	8.35	8.35	8.43	8.48	8.28	8.34	8.35	8.45	8.64
Average deposit rate	1.72	1.79	1.77	1.80	1.84	1.81	1.81	1.83	1.90	1.83	1.81	1.84	2.08	2.34
COMMERCIAL BANK LOANS (Tala million)	1191.6	1176.9	1149.2	1146.0	1142.8	1141.0	1142.0	1141.6	1192.6	1175.8	1143.8	1184.4	1185.2	1170.9
GOVERNMENT NET POSITION (Tala million)	-330.5	-336.6	-481.8	-459.9	-424.1	-437.4	-457.6	-484.3	-341.5	-312.1	-457.5	-326.5	-324.6	-285.0
MONEY SUPPLY (Tala million)	1332.0	1429.7	1529.1	1573.6	1576.0	1587.8	1606.9	1625.3	1315.0	1387.5	1583.1	1361.2	1338.2	1279.1
Currency outside banks	132.7	166.6	158.3	158.8	161.5	159.2	155.1	190.4	121.8	138.0	163.9	123.6	118.4	108.0
Demand deposits	412.6	449.2	526.4	549.3	532.8	536.7	570.8	552.3	406.1	428.7	544.7	428.6	412.8	392.4
FCD residents	72.0	90.9	93.7	97.1	99.8	108.2	121.8	120.9	64.1	79.3	106.9	72.7	64.6	65.8
Save deposits	191.9	218.7	243.4	247.0	247.3	254.1	239.7	236.8	196.3	220.1	244.7	208.0	197.5	178.2
Time deposits	522.8	504.2	507.3	521.4	534.6	529.6	519.5	524.9	526.8	521.4	522.9	528.3	544.9	534.8
NOMINAL EXCHANGE RATE (Index)	99.8	99.9	99.7	99.7	99.8	99.8	99.8	99.7	99.8	100.1	99.7	99.9	99.9	100.0
HEADLINE CPI (2)	115.3	124.0	134.0	132.8	131.8	132.3	132.4	132.0	113.1	126.9	132.6	118.8	113.6	111.4
Annual average inflation (%)	3.1	11.0	11.5	10.3	9.1	8.3	8.0	7.9	0.1	10.7	9.2	6.5	4.0	3.5
LOCAL MARKET SURVEY: (2)												0.0	0.0	0.0
Volume	89.0	82.8	82.1	91.3	100.4	125.6	97.8	97.2	88.8	111.5	99.0	107.0	114.4	122.7
Price	104.2	127.5	222.6	193.1	173.6	137.0	152.4	158.9	102.0	120.7	172.9	106.9	100.1	97.8
EXPORTS (Tala million)	7.4	8.5	8.3	10.7	12.0	9.6	11.0	11.5	6.0	10.0	10.5	8.1	7.4	8.5
IMPORTS (Tala million)	98.4	116.6	87.7	101.6	105.7	104.6	110.3	103.9	75.4	107.3	102.3	96.3	83.6	81.7
REMITTANCES (Tala million)	79.0	94.5	74.2	80.2	66.8	66.2	76.8	87.0	63.4	76.0	75.2	71.3	63.4	55.8
TOURISM: (1)&(4)												0.0	0.0	0.0
Arrivals	0.0	16779.0	17270.0	16471.0	14879.0	13383.0	12856.0	22512.0	-	7,843	16,229	4,265	2,843	6,384
Earnings (Tala million)	0.0	55.0	52.3	55.5	51.5	47.8	51.1	81.1	0.0	26.2	56.6	15	10	22
GROSS INTERNATIONAL RESERVES (3) (5)	767.3	874.9	1145.3	1164.3	1138.1	1150.5	1160.1	1207.0	762.9	813.3	1160.9	791.4	757.4	626.8
BOP Position (+/-) (Surplus/Deficit)	2.6	49.7	47.2	18.9	-26.1	12.4	9.6	46.9	5.8	9.2	18.2	12.5	7.0	2.9
Import Cover	10.7	9.6	11.4	11.7	11.5	11.6	11.7	12.3	11.0	9.6	11.7	10.0	10.2	8.5

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

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WORLD ECONOMY

- The US economy expanded by a further 3.3 percent in the fourth quarter of 2023 while the Euro Area remained unchanged. The Australian economy grew by 0.2 percent in the third quarter of 2023 mirroring a slower growth in fixed investment. On the other hand, the New Zealand economy declined by 0.3 percent mostly influenced by reductions in private consumption expenditure and gross fixed capital formation
- The International price of Crude oil fell further by 6.4 percent to USD\$77.86 per barrel.

DOMESTIC ECONOMY

INTEREST RATES & MONEY SUPPLY



- **Weighted average monthly official rate** went up by 2 basis points to 0.27 percent reflecting the issuance of more longer-term papers.
- **The commercial banks weighted average deposit and lending rates** increased to 1.83 percent and 8.43 percent respectively.
- **Interest rate spread** widened to 6.60 percent.
- **Broad money (M2)** jumped by \$19.1 million to \$1,606.9 million

LIQUIDITY & CREDIT



- Total **commercial banks' liquidity** fell by 3.2 percent (or \$19.4 million) to \$592.2 million.
- Underpinning this decrease were reductions of \$28.0 million and \$7.1 million in holdings of Exchange Settlement Accounts (ESA) and CBS Securities respectively, which outweighed a \$15.6 million increase in commercial banks' holdings of vault cash.
- Total **commercial banks' credit to the private sector and public institutions** fell by 0.04 percent (or \$0.5 million) to \$1,141.6 million.

INFLATION



- **The Consumer Price Index (CPI)** contracted further by 0.3 percent but was 6.0 percent higher than its level in December 2022.
- **Annual headline inflation** fell to 7.9 percent from 8.0 percent over the previous month.
- Accountable for this overall decline was a slowdown in the local inflation while imported inflation edged up slightly.
- **Underlying inflation** went up to 10.2 percent.

REMITTANCES & TOURISM



- **Total monthly remittances** recorded a seasonal hike of 13.2 percent (or \$10.1 million) to \$87.0 million.
- **Visitor arrivals** noted a substantial increase of 75.1 percent (or 9,656 visitors) to 22,512 visitors in December 2023 in line with end of year festivities.
- **Total visitor earnings** shot up by 58.6 percent (or \$30.0 million) reaching its highest level yet of \$81.1 million.

EXTERNAL TRADE



- **Total export earnings** increased slightly by 4.5 percent (or \$0.5 million) to \$11.5 million. This reflected a \$2.0 million hike in locally produced exports (mainly fish, nonu juice and coconut cream), which offset a \$1.5 million drop in re-exports.
- Total **import payments** contracted by 5.8 percent (or \$6.4 million) to \$103.9 million as all import categories declined during the month.
- The **merchandise trade 'goods' deficit** shrunk by 6.9 percent (or \$6.9 million) to \$92.4 million

LOCAL MARKET SURVEY



- Overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia, dropped by 0.6 percent
- Underpinning this decline was lower supplies of banana, yam and vegetable items like pumpkin, tomatoes and head cabbage to mention a few.
- As a result, the **overall price index** increased by 4.3 percent.



Gross Foreign Reserves rose by 4.0 percent (or \$46.9 million) to \$1,207.1 million, which equates to 12.3 months of import cover, up from 11.7 months in November 2023 and 9.6 percent in December 2022