



SELECTED ECONOMIC INDICATORS

FEBRUARY 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.8: 2021/22

February 2022

World Economy

The US economy expanded by 6.9 percent in the fourth quarter of 2021, with private inventories being the major contributor. Meanwhile, the Euro area edged up 0.3 percent (slowest growth in three quarters) in the September 2021 quarter, reflecting the spread of the omicron variant, which affected the services sector and persisting labour shortages. The Australian economy rose 3.4 percent in the fourth quarter as a result of a sharp rebound in household spending while the New Zealand economy expanded by 3.0 percent in the same period in light of improvements in the services sector.

Domestic Economy

The **weighted average monthly official interest rate** remained at 0.15 percent in February 2022 since March 2020¹. The commercial banks' **weighted average deposit rate** went up by 5 basis points to 1.79 percent whereas their **weighted average lending rate** fell by 2 basis points to 8.32 percent from the previous month. As a result, the commercial banks' **interest rate spread** contracted by 7 basis points to 6.53 percent from 6.60 percent in January 2022 but was higher than 6.10 percent in the same month last year.

Total commercial banks' **liquidity** increased by 0.4 percent (or \$1.2 million) to \$337.7 million and was 1.7 percent (or \$5.8 million) higher than in the same month of last year. This increase was due to a rise a 1.4 percent (or \$4.2 million) in commercial banks' exchange settlement accounts (ESA). Total commercial banks' **credit to the private sector and public institutions** fell 0.8 percent (or \$10.0 million) to \$1,183.5 million but was 0.4 percent (or \$4.9 million) higher than in February of 2021.

Broad Money (M2) declined by \$24.4 million to \$1,300.6 million due to a reduction of \$32.5 million in **Net Foreign Assets (NFA)** (to \$629.6 million), which offset an increase of \$8.1 million (to \$670.9 million) in **Net Domestic Assets (NDA)**. The drop in NFA was due to lower foreign holdings of both CBS and commercial banks whereas the increase in NDA was due to a reduction in the government's net position (deficit) reflecting increased government spending during the month.

The **overall nominal value** of the Samoan Tala appreciated by 0.007 percent as the Tala strengthened against the New Zealand dollar (up by 1.0 percent) but weakened against the both the US dollar and Euro (down 0.6 percent each) and the Australian dollar (down 0.2 percent).

The **Consumer Price index (CPI)** increased by 0.4 percent over the previous month and was 9.2 percent higher than in February 2021. Moreover, the **annual average headline inflation rate** accelerated to 5.7 percent from 4.5 percent in the last month and was -3.2 percent in February 2021. This was largely driven by a strong gain in imported inflation to 9.3 percent (from 7.6 percent in January 2022) and to a lesser extent, domestic inflation to 2.1 percent (from 1.4 percent in the previous month). Similarly, the **underlying inflation rate** also rose to 5.3 percent from 4.3 percent in January 2022 and -1.7 percent in the same month last year.

The **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia expanded by 15.4 percent over the previous month. The overall hike was due to higher

¹ CBS open market operations are on-hold as a result of uncertainties created by COVID-19

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supplies of pumpkin, banana and Chinese cabbage. As a result, the overall price index fell by 6.3 percent at the end of the month.

On the external front, **total export earnings** rebounded by \$5.7 million to \$10.2 million due to significant increase of \$4.8 million in locally produced exports (mainly coconut oil and beer) and a \$0.9 million in re-exports. On the other hand, **total import payments** also shot up by 94.8 percent (or \$44.6 million) to \$91.7 million, underpinned by a \$24.9 million increase in non-petroleum private sector imports (mainly construction materials and frozen food) coupled with a \$4.8 million hike in government imports and the resumption of petroleum imports. As a result, the merchandise trade deficit expanded by 91.4 percent to \$81.5 million over January 2022.

The **inflow of remittances** recovered by 21.1 percent (or \$9.3 million) to \$53.4 million from

the previous month and was 27.1 percent (or \$11.4 million) higher than in the same month of 2021. There were no visitor arrivals² and earnings in the reviewed month.

Gross foreign reserves³ fell by 1.5 percent (or \$11.7 million) to \$757.1 million in the month under review, which was sufficient to cover 10.3 months of imports compared to 10.9 months in January 2022 and was 11.3 months in February 2021.

CENTRAL BANK OF SAMOA
19th April 2022

² With only selected flights for Samoan citizens and residents' repatriation.

³ 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.

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INDICATORS	2020	2021											2022		Average Seven Months			Average levels in the previous			
	Feb	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Jul19 - Feb20	Jul20 - Feb21	Jul21 - Feb22	2-years	3-years	5-years	
CENTRAL BANK OF SAMOA: (%)																					
Official rate	0.20	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	0.18	0.18	0.17	
COMMERCIAL BANKS' INTEREST RATES: (%)																					
Average lending rate	8.91	8.54	8.57	8.57	8.53	8.57	8.56	8.48	8.49	8.51	8.44	8.40	8.34	8.32	8.86	8.60	8.44	8.73	8.82	8.84	
Average deposit rate	2.42	2.44	2.33	2.22	2.16	2.11	2.11	1.94	1.93	1.84	1.85	1.72	1.74	1.79	2.60	2.64	1.86	2.43	2.53	2.56	
COMMERCIAL BANK LOANS (Tala million)	1171.6	1178.6	1172.7	1176.4	1178.8	1175.9	1182.2	1187.4	1194.1	1199.9	1200.5	1191.6	1193.5	1183.5	1161.6	1177.3	1191.6	1175.1	1160.7	1117.5	
GOVERNMENT NET POSITION (Tala million)	-237.6	-327.3	-319.2	-321.9	-317.4	-319.9	-326.0	-343.4	-356.3	-344.6	-348.3	-330.5	-317.3	-301.3	-247.0	-324.4	-333.5	-282.5	-258.5	-221.5	
MONEY SUPPLY (Tala million)	1220.7	1278.5	1302.9	1314.1	1299.8	1325.3	1299.3	1307.1	1301.8	1320.0	1330.0	1332.0	1325.0	1300.6	1218.3	1274.3	1314.5	1249.6	1247.9	1148.3	
Currency outside banks	97.6	113.0	121.2	121.0	119.6	112.5	122.2	118.1	119.2	121.8	117.0	132.7	121.1	116.7	100.6	112.1	121.1	105.3	99.9	85.0	
Demand deposits	370.6	384.2	401.5	420.5	388.9	430.5	396.4	410.8	397.8	393.9	425.0	412.6	422.3	422.2	378.3	378.2	410.1	377.4	389.8	349.4	
FCD residents	64.1	39.6	52.7	49.3	54.4	55.9	59.9	60.2	61.2	66.1	65.1	72.0	63.8	52.9	59.6	43.3	62.6	51.9	60.0	65.9	
Save deposits	150.7	180.1	182.5	187.2	189.8	190.9	196.3	194.5	197.2	199.2	198.4	191.9	189.5	188.5	155.5	178.2	194.5	165.4	158.0	148.4	
Time deposits	537.7	561.6	545.0	536.2	547.2	535.4	524.6	523.4	526.4	538.9	524.4	522.8	528.3	520.2	524.3	562.5	526.1	549.7	540.2	499.6	
NOMINAL EXCHANGE RATE (Index)	100.0	100.1	100.0	100.0	100.0	100.0	99.8	99.8	99.8	99.8	99.8	99.8	99.8	99.8	100.0	99.9	99.8	100.0	100.0	100.0	
HEADLINE CPI (2)	110.5	105.6	107.1	107.1	107.7	109.2	111.0	112.7	112.8	113.6	113.0	115.3	114.8	115.3	109.9	104.8	113.6	108.1	107.1	105.6	
Annual average inflation (%)	1.9	-3.2	-3.8	-3.9	-3.6	-3.0	-2.4	-1.7	-0.8	0.5	1.8	3.1	4.5	5.7	1.3	-0.7	1.3	-0.6	0.7	1.1	
LOCAL MARKET SURVEY: (2)																					
Volume	79.0	77.7	85.8	80.0	83.0	81.3	82.0	88.0	89.0	101.0	84.0	89.0	97.9	113.0	119.3	103.1	93.0	78.4	89.2	107.3	
Price	134.0	115.9	123.2	114.0	111.0	105.1	106.0	103.0	105.0	96.0	98.0	104.2	106.7	100.0	113.6	102.5	102.4	124.9	118.6	109.9	
EXPORTS (Tala million)	7.3	5.9	8.8	4.3	7.8	7.1	4.3	5.1	6.4	5.0	7.8	7.4	4.5	10.2	11.2	7.7	6.3	6.6	6.9	6.3	
IMPORTS (Tala million)	68.7	56.7	84.6	64.3	80.0	59.7	58.0	71.0	69.3	70.3	85.3	98.4	47.1	91.7	77.8	66.5	73.9	62.7	60.7	60.2	
REMITTANCES (Tala million)	42.0	42.0	51.9	43.4	53.3	51.6	53.4	57.5	53.5	68.9	67.9	79.0	44.1	53.4	46.7	50.8	59.7	42.0	41.0	37.5	
TOURISM: (1)&(4)																					
Arrivals	7,053	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	15,029	-	-	3,527	5,366	6,264	
Earnings (Tala million)	20.9	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	45.3	0.0	0.0	10	15	17	
GROSS INTERNATIONAL RESERVES (3) (5)	476.7	720.0	718.3	720.7	714.5	732.7	712.9	785.8	774.4	772.2	764.7	767.3	768.8	757.1	476.0	690.2	762.9	598.4	555.4	450.4	
BOP Position (+/-) (Surplus/Deficit)	-12.0	-13.0	-1.7	2.6	-6.4	18.2	-19.8	72.9	-11.4	-2.0	-7.7	2.6	1.5	-11.7	-1.7	15.7	3.0	-12.5	-6.3	-0.9	
Import Cover	6.1	11.3	11.1	11.0	10.5	10.7	10.5	11.5	11.2	11.4	10.9	10.7	10.9	10.3	6.2	10.4	10.9	8.7	8.0	6.6	

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