



SELECTED ECONOMIC INDICATORS

FEBRUARY 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.8: 2022/23

February 2023

World Economy

On the global front, one of Samoa's main trading partners the US economy grew by 2.7 percent in the fourth quarter of 2022 due to increases in consumer spending and private inventories. Similarly, the Australian economy also grew marginally by 0.5 percent at the end of 2022, due to hikes in household consumption and government spending. However, the New Zealand economy contracted by 0.6 percent in the last quarter of 2022 reflecting the slowdown in agriculture, forestry, and fisheries as well as a drop in the goods production sector, this has seen the impacts on agricultural production caused by Cyclone Gabrielle and flooding at the end of 2022. The Euro area showed no growth at the end of the year, a drop from 0.4 percent growth in the previous quarter.

Domestic Economy

The **weighted average monthly official interest rate** dropped by 3 basis points to 0.15 percent in February 2023 over the last month. The commercial banks' **weighted average deposit rate** went up by 1 basis point to 1.77 percent whereas their **weighted average lending rate** remained at 8.26 percent in February 2023. As a result, the commercial banks' **interest rate spread** contracted by 1 basis point to 6.49 percent in February 2023 and was also lower than 6.51 percent in the same month last year.

Total commercial banks' **liquidity** increased by 7.6 percent (or \$33.9 million) to \$478.1 million and was 41.6 percent higher than in the same month of last year. This increase was due to a \$36.5 million rise in commercial banks' exchange settlement accounts (ESA) which offset a \$2.6 million fall in their holding of vault cash. Total commercial banks' **credit to the private sector and public institutions** fell by 0.7 percent (or \$7.9 million) to \$1,169.5 million

and was 1.2 percent (or \$14.0 million) lower than in February 2022.

Broad Money (M2) rose by 1.8 percent (or \$25.5 million) to \$1,485.3 million due to increases in both **Net Foreign Assets (NFA)** (up by \$16.5 million) and **Net Domestic Assets (NDA)** (up by \$9.0 million). The increase in the former reflected higher net foreign holdings of the Central Bank while that of the latter highlighted a growth in 'Other items net', as well as increased government spending during the month.

The **overall nominal value** of the Samoan Tala appreciated by 0.04 percent as the Tala strengthened against the New Zealand dollar, Australian dollar and Euro but weakened against the US dollar.

The **Consumer Price Index (CPI)** increased by 0.6 percent over the last month and was 11.8 percent higher than in February 2022. Moreover, the **annual average headline inflation rate** went back up to 11.2 percent from 11.0 percent in the last two months and was higher than 5.7 percent in February 2022. This was largely driven by a large gain in domestic inflation to 7.1 percent (from 6.7 percent in January 2023) while imported inflation remained the same at 15.1 percent. Similarly, the **underlying inflation rate** also rose to 12.3 percent from 11.9 percent in January 2023 and was 5.3 percent in February 2022.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia dropped by 14.5 percent. Underpinning this fall was lower supplies of taro, coconut, yam, taamu and vegetable items like head cabbage and

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tomatoes. As a result, the overall price index also fell by 17.6 percent.

On the external front, **total export earnings** recorded a slight rebound of 1.9 percent (or \$0.1 million) to \$7.5 million over the month which was due to a 0.9 percent increase in domestically produced exports (mainly taro and coconut) and a 2.9 percent rise in re-exports. On the other hand, **total import payments** fell by 32.9 percent (or \$33.5 million) to \$68.4 million, underpinned by the absence of petroleum imports for the month coupled with declines in both government imports (down by \$1.4 million) and non-petroleum private sector imports (down by \$0.8 million). As a result, the **merchandise trade deficit** contracted by 35.6 percent to \$60.9 million over January 2023.

The **inflow of private remittances** picked up by 1.7 percent (or \$0.9 million) to \$56.0 million from the previous month and was 2.5 percent (or \$1.4 million) higher than in the same month of 2022. **Tourist arrivals** continued to fall by 37.6 percent (or 4,634 visitors) to 7,687 visitors precipitating a 33.1 percent (or \$12.2 million) drop in **total visitor receipts** to \$24.7 million in February 2023.

Gross foreign reserves¹ went up by 3.4 percent (or \$30.2 million) to \$924.7 million in the month under review, which was sufficient to cover 9.9 months of imports compared to 9.4 months in January 2023 and 10.3 months in February 2022.

CENTRAL BANK OF SAMOA
3rd April 2023

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.

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INDICATORS	2020	2021		2022												2023		Average Eight Months			Average levels in the previous		
	Feb	Feb	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Jul20 - Feb21	Jul21 - Feb22	Jul22 - Feb23	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	0.20	0.16	0.15	0.19	0.15	0.15	0.15	0.15	0.17	0.15	0.17	0.17		
COMMERCIAL BANKS' INTEREST RATES: (%)																							
Average lending rate	8.91	8.54	8.32	8.30	8.29	8.30	8.29	8.29	8.30	8.27	8.28	8.26	8.26	8.26	8.60	8.44	8.27	8.43	8.59	8.74			
Average deposit rate	2.42	2.44	1.81	1.79	1.76	1.78	1.82	1.87	1.82	1.79	1.85	1.84	1.79	1.76	1.77	2.64	1.87	1.81	2.12	2.22	2.45		
COMMERCIAL BANK LOANS (Tala million)	1171.6	1178.6	1183.5	1186.2	1179.5	1172.9	1171.8	1177.4	1178.8	1179.0	1174.7	1168.3	1176.9	1177.4	1169.5	1177.3	1191.6	1175.2	1181.1	1177.9	1145.3		
GOVERNMENT NET POSITION (Tala million)	-237.6	-327.3	-301.3	-271.2	-308.4	-306.6	-334.1	-329.6	-317.8	-287.7	-296.1	-304.7	-336.6	-336.4	-329.2	-324.4	-333.5	-317.3	-314.3	-288.8	-250.8		
MONEY SUPPLY (Tala million)	1220.7	1278.5	1300.6	1309.4	1343.3	1375.3	1354.7	1344.5	1372.3	1389.1	1396.9	1392.4	1429.7	1459.8	1485.3	1274.3	1314.5	1408.8	1289.6	1266.6	1219.5		
Currency outside banks	97.6	113.0	116.7	126.2	126.0	124.9	123.8	130.0	131.5	137.4	132.3	130.1	166.6	144.0	137.4	112.1	121.1	138.7	114.9	109.1	96.5		
Demand deposits	370.6	384.2	422.2	406.1	421.9	440.6	437.1	407.7	423.9	434.4	424.6	432.3	449.2	476.5	510.9	378.2	410.1	444.9	403.2	392.3	377.2		
FCD residents	64.1	39.6	52.9	55.1	54.6	66.1	63.8	65.0	78.0	77.3	84.4	80.3	90.9	111.3	106.4	43.3	62.6	86.7	46.3	52.2	61.8		
Save deposits	150.7	180.1	188.5	192.6	204.8	205.1	206.8	220.0	223.1	220.6	220.9	217.5	218.7	223.7	224.1	178.2	194.5	221.1	184.3	173.1	159.5		
Time deposits	537.7	561.6	520.2	529.4	535.9	538.6	523.2	521.8	515.8	519.4	534.6	532.2	504.2	504.3	506.5	562.5	526.1	517.4	540.9	539.8	524.5		
NOMINAL EXCHANGE RATE (Index)	100.0	100.1	99.8	99.8	99.8	99.8	99.9	99.9	99.9	100.2	100.4	100.1	99.9	99.8	99.9	99.9	99.8	100.0	99.9	99.9	100.0		
HEADLINE CPI (2)	110.5	105.6	115.3	116.2	117.2	117.3	121.0	125.3	129.9	130.1	127.7	124.6	124.0	128.2	129.0	104.8	113.6	127.3	110.5	110.5	108.3		
Annual average inflation (%)	1.9	-3.2	5.7	6.7	7.6	8.2	8.8	9.5	10.3	11.0	11.3	11.3	11.0	11.0	11.2	-0.7	1.3	10.8	1.2	1.5	2.1		
LOCAL MARKET SURVEY: (2)																							
Volume	79.0	77.7	113.0	137.4	94.3	89.7	63.1	76.3	86.3	132.7	160.6	130.1	82.8	92.5	79.1	103.1	93.0	105.0	95.4	89.9	101.1		
Price	134.0	115.9	100.0	102.5	111.9	115.7	120.3	119.4	125.7	121.4	114.4	115.7	127.5	162.2	133.6	102.5	102.4	127.5	107.9	116.6	112.9		
EXPORTS (Tala million)	7.3	5.9	10.2	6.5	6.6	10.6	8.4	10.9	10.3	12.5	9.5	8.5	8.5	7.4	7.5	7.7	6.3	9.4	8.1	7.8	7.3		
IMPORTS (Tala million)	68.7	56.7	91.7	57.5	84.7	87.1	77.2	84.7	117.5	106.9	110.8	107.3	116.6	101.9	68.4	66.5	73.9	101.8	74.2	72.4	67.3		
REMITTANCES (Tala million)	42.0	42.0	54.6	55.2	58.3	67.6	72.2	83.1	72.3	69.2	62.6	74.6	94.5	55.1	56.0	50.8	59.9	70.9	48.3	46.2	43.1		
TOURISM: (1)&(4)																							
Arrivals	7,053	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6318.0	8261.0	7171.0	8530.0	16779.0	12321.0	7687.0	-	-	8,383	-	2,351	4,702		
Earnings (Tala million)	20.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.6	27.7	23.4	30.6	55.0	36.9	24.6	0.0	0.0	27.4	-	7	13		
GROSS INTERNATIONAL RESERVES (3) (5)	476.7	720.0	757.1	723.2	759.9	777.8	812.7	811.6	800.3	789.6	785.3	818.1	874.9	894.5	924.7	690.2	762.9	837.4	738.6	651.3	549.8		
BOP Position (+/-) (Surplus/Deficit)	-12.0	-13.0	-11.7	-33.9	36.7	17.9	34.9	-1.1	-11.3	-10.7	-4.2	32.8	49.7	26.8	30.2	15.7	3.0	14.0	-12.4	-12.2	-5.5		
Import Cover	6.1	11.3	10.3	10.2	10.4	10.6	10.9	10.5	9.9	9.4	9.0	9.2	9.6	9.4	9.9	10.4	10.9	9.6	10.8	9.2	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