



SELECTED ECONOMIC INDICATORS

JANUARY 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 Customs and Revenue.

Report No.7: 2021/22

January 2022

World Economy

The US economy expanded by 7.0 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. The Australian economy jumped by 3.4 percent in the fourth quarter as a result of a sharp rebound in household spending as Covid-19 lockdown starts to ease. On the other hand, the New Zealand economy 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

The monthly **weighted average official interest rate** remained constant in January 2022 since March 2020 while the commercial banks' **weighted average deposit rate** went up by 2 basis points to 1.74 percent when compared to the previous month. On the other hand, the **weighted average lending rate** fell by 6 basis points to 8.34 percent over December 2021. Consequently, the commercial banks' **interest rate spread** edged down to 6.60 percent from 6.68 percent in December 2021 but was higher than 5.98 percent in the same month last year.

Total commercial **banks' liquidity** rose by 7.5 percent (or \$23.4 million) to \$336.5 million but was 1.9 percent lower than in the same month a year ago. This increase over the month was mainly due to an expansion in commercial banks' exchange settlement accounts (ESA) by 9.5

percent (or \$26.5 million), offsetting an 8.8 percent (or \$3.1 million) drop in vault cash holdings. Total **commercial banks' credit** to the private sector and public institutions expanded slightly by 0.2 percent (or \$1.9 million) to \$1,193.5 million and was 1.2 percent higher when compared to January 2021.

Broad money (M2) dropped by 0.5 percent (or \$7.1 million) to \$1,325.0 million due to a decrease of \$11.5 million in '**Net Foreign Assets' (NFA)** to \$662.1 million while '**Net Domestic Assets' (NDA)** rose by \$4.4 million to \$662.8 million. Underpinning the reduction in NFA was a decrease in the net foreign holdings of both the commercial banks and the Central Bank whereas the hike 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 depreciated by 0.004 percent in January 2022 as the Tala weakened against the Australian dollar and Euro but strengthened against the US dollar and Japanese Yen.

The **Consumer Price Index (CPI)** fell by 0.4 percent over the previous month but was 10.7 percent higher than in January 2021. On the other hand, the **annual average headline inflation rate** continued to accelerate to 4.5 percent from 3.1 percent in the previous month and was much higher than -2.4 percent in the same month of 2021. This was mainly driven by the gains in both imported inflation to 7.6 percent (from 5.7 percent in December 2021) and domestic inflation to 1.4 percent from 0.6 percent in the previous month. Likewise, the **underlying inflation rate** also surged to 4.3 percent from 3.2 percent in the previous month and -1.1 percent in January 2021.

Lastly the **overall supply of agricultural commodities** to the Fugalei and other domestic markets around Apia expanded by 10.0 percent over the previous month. Contributing to the increase were higher supplies of coconut, taro, banana, breadfruit and pumpkin, which led to a 2.4 percent increase to the overall price index.

On the external front, **total export earnings** recorded a significant drop of 39.1 percent (or \$2.9 million) to \$4.5 million over the month due to reductions in both domestically produced exports (down by \$2.1 million) and re-exports (down by \$0.8 million). Moreover, total **import payments** also fell sharply by 52.2 percent (or \$51.3 million) to \$47.1 million, reflecting a reduction of \$27.9 million in non-petroleum private sector imports as well as the absence of petroleum imports. Consequently, the merchandise trade deficit narrowed by 53.2 percent to \$42.6 million.

The **inflow of private remittances** fell by a seasonal 43.6 percent (or \$34.2 million) to \$44.1 million when compared to the previous month but was 9.0 percent (or \$3.6 million) higher than in January of last year. No tourist arrivals and earnings were recorded for the month due to prolonged closure of Samoa's international borders¹ for the safeguarding of its people.

Moreover, **gross foreign reserves**² went back up by 0.2 percent (or \$1.5 million) to \$768.8 million, equating to 10.9 months of import cover, compared to 10.7 months of imports in December 2021 and 11.3 months in January 2021.

CENTRAL BANK OF SAMOA
4th March 2021

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
January 2022

SELECTED ECONOMIC INDICATORS																				
INDICATORS	2020	2021												2022	Average Seven Months			Average levels in the previous		
	Jan	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Jul19 - Jan20	Jul20 - Jan21	Jul21 - Jan22	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	0.15	0.15	0.15	0.15	0.16	0.15	0.15	0.15	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																				
Average lending rate	8.88	8.54	8.54	8.57	8.57	8.53	8.57	8.56	8.48	8.49	8.51	8.44	8.40	8.34	8.86	8.61	8.46	8.71	8.81	8.84
Average deposit rate	2.46	2.56	2.44	2.33	2.22	2.16	2.11	2.11	1.94	1.93	1.84	1.85	1.72	1.74	2.62	2.66	1.88	2.51	2.60	2.62
COMMERCIAL BANK LOANS (Tala million)	1187.7	1179.2	1178.6	1172.7	1176.4	1178.8	1175.9	1182.2	1187.4	1194.1	1199.9	1200.5	1191.6	1193.5	1160.2	1177.1	1192.7	1183.4	1159.7	1114.2
GOVERNMENT NET POSITION (Tala million)	-262.6	-330.8	-327.3	-319.2	-321.9	-317.4	-319.9	-326.0	-343.4	-356.3	-344.6	-348.3	-330.5	-317.3	-248.3	-323.9	-338.0	-296.7	-270.6	-222.2
MONEY SUPPLY (Tala million)	1231.0	1290.1	1278.5	1302.9	1314.1	1299.8	1325.3	1299.3	1307.1	1301.8	1320.0	1330.0	1332.0	1325.0	1217.9	1273.7	1316.5	1260.5	1242.6	1146.4
Currency outside banks	98.5	115.2	113.0	121.2	121.0	119.6	112.5	122.2	118.1	119.2	121.8	117.0	132.7	121.1	101.0	111.9	121.7	106.8	100.6	86.6
Demand deposits	372.9	388.8	384.2	401.5	420.5	388.9	430.5	396.4	410.8	397.8	393.9	425.0	412.6	422.3	379.4	377.4	408.4	380.8	382.5	346.3
FCD residents	63.9	41.2	39.6	52.7	49.3	54.4	55.9	59.9	60.2	61.2	66.1	65.1	72.0	63.8	58.9	43.8	64.0	52.5	57.9	65.3
Save deposits	151.1	176.4	180.1	182.5	187.2	189.8	190.9	196.3	194.5	197.2	199.2	198.4	191.9	189.5	156.2	178.0	195.3	163.7	156.9	147.3
Time deposits	544.6	568.6	561.6	545.0	536.2	547.2	535.4	524.6	523.4	526.4	538.9	524.4	522.8	528.3	522.4	562.6	527.0	556.6	544.7	500.9
NOMINAL EXCHANGE RATE (Index)	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	99.8	100.0	99.9	99.8	100.0	100.0	100.1
HEADLINE CPI (2)	109.7	103.7	105.6	107.1	107.1	107.7	109.2	111.0	112.7	112.8	113.6	113.0	115.3	114.8	109.8	104.7	113.3	106.7	106.0	105.0
Annual average inflation (%)	1.5	-2.4	-3.2	-3.8	-3.9	-3.6	-3.0	-2.4	-1.7	-0.8	0.5	1.8	3.1	4.5	1.2	-0.4	0.7	-0.5	0.9	1.2
LOCAL MARKET SURVEY: (2)																				
Volume	127.0	80.3	77.7	85.8	80.0	83.0	81.3	82.0	88.0	89.0	101.0	84.0	89.0	97.9	125.0	106.7	90.1	103.7	107.3	116.2
Price	119.0	97.5	115.9	123.2	114.0	111.0	105.1	106.0	103.0	105.0	96.0	98.0	104.2	106.7	110.7	100.6	102.7	108.3	110.5	105.5
EXPORTS (Tala million)	10.4	4.2	5.9	8.8	4.3	7.8	7.1	4.3	5.1	6.4	5.0	7.8	7.4	4.5	11.7	7.9	5.8	7.3	8.9	7.8
IMPORTS (Tala million)	50.2	65.6	56.7	84.6	64.3	80.0	59.7	58.0	71.0	69.3	70.3	85.3	98.4	47.1	79.1	67.9	71.3	57.9	61.5	63.0
REMITTANCES (Tala million)	46.9	40.5	42.0	51.9	43.4	53.3	51.6	53.4	57.5	53.5	68.9	67.9	78.2	44.1	47.4	52.1	60.5	43.7	42.5	39.6
TOURISM: (1)&(4)																				
Arrivals	10,456	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	16,169	-	-	5,228	8,070	9,756
Earnings (Tala million)	29.5	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	48.8	0.0	0.0	15	22	25
GROSS INTERNATIONAL RESERVES (3) (5)	488.7	732.5	720.0	718.3	720.7	714.5	732.7	712.9	785.8	774.4	772.2	764.7	767.3	768.8	475.9	685.9	763.7	610.6	561.5	451.2
BOP Position (+/-) (Surplus/Deficit)	23.1	3.5	-13.0	-1.7	2.6	-6.4	18.2	-19.8	72.9	-11.4	-2.0	-7.7	2.6	1.5	-0.3	19.8	5.2	13.3	21.2	18.6
Import Cover	6.3	11.3	11.3	11.1	11.0	10.5	10.7	10.5	11.5	11.2	11.4	10.9	10.7	10.9	6.2	10.3	11.0	8.8	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