



SELECTED ECONOMIC INDICATORS

JANUARY 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.7: 2022/23

January 2023

World Economy

On the global front, the US economy expanded by 2.7 percent in the fourth quarter of 2022 due to increases in consumer spending and private inventories. Meanwhile, the Australian economy grew by 0.5 percent in the December 2022 quarter (lower than market forecasts of 0.8 percent) due to hikes in household consumption and government spending. In contrast, 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.

Domestic Economy

The monthly weighted average **official interest rate** fell by 1 basis points to 0.18 percent from 0.19 percent in December 2022. Similarly, the commercial banks' **weighted average deposit rate** also went down by 3 basis points to 1.76 percent while the **weighted average lending rate** dropped by 2 basis points to 8.26 percent over the past month. As a result, the commercial banks' **interest rate spread** widened to 6.50 percent from 6.48 percent in December 2022 but was lower than 6.58 percent in the same month last year.

Total commercial banks' liquidity rose by 14.2 percent (or \$55.1 million) to \$444.2 million and was 32.0 percent (or \$107.6 million) higher 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 16.6 percent (or \$55.1 million) coupled with a 0.1 percent (or \$0.1 million) rise in their vault cash holdings while their holdings of Central Bank of Samoa securities (CBSS) remained the same. Total commercial banks' **credit to the private sector and public institutions** expanded by 0.04 percent (or \$0.5 million) to \$1,177.4

million but was 1.3 percent (or \$16.1 million) lower when compared to January 2022.

Broad money (M2) increased by 2.1 percent (or \$30.0 million) to \$1,459.8 million due to a significant rise of \$47.8 million in '**Net Foreign Assets (NFA)**' while '**Net Domestic Assets (NDA)**' dropped by \$17.7 million. Underpinning the increase in NFA were gains in net foreign holdings of the Central Bank and commercial banks while the reduction in NDA reflected a hike in the government's accounts with the monetary system coupled with a slight increase in lending to the private sector and non-bank financial institutions (NFIs).

The overall **nominal value** of the Samoan Tala depreciated by 0.06 percent in January 2023 as the Tala weakened against the Australian dollar and Euro but strengthened against the US dollar and New Zealand dollar.

The **Consumer Price Index (CPI)** went back up by 3.3 percent over the previous month and was 11.6 percent higher than in January 2022. Furthermore, the **annual average headline inflation rate** remained at 11.0 percent from the previous month but was much higher than 4.5 percent in January last year. Local inflation rose to 6.7 percent (from 6.4 percent) while imported inflation fell to 15.1 percent (from 15.3 percent) over the month. On the other hand, the **underlying inflation rate** edged up to 11.9 percent from 11.6 percent in the previous month and 4.3 percent in January 2022.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia went up by 11.7 percent in January 2023. Underpinning this increase was higher supplies of taro, coconut, breadfruit and yam.

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January 2023

As a result of higher demand, the overall price index also jumped up by 27.2 percent.

On the external front, **total export earnings** recorded a significant (but seasonal) drop of 36.6 percent (or 4.2 million) to \$7.4 million over the month due to reductions in both re-exports (down by \$2.9 million) and domestically produced exports (down by \$1.4 million). Moreover, **total import payments** also fell by 12.6 percent (or \$14.6 million) to \$101.9 million, reflecting reductions of \$16.5 million and \$0.6 million in non-petroleum private sector imports and petroleum imports respectively. Consequently, the merchandise trade deficit narrowed by 9.9 percent to \$94.6 million.

The **inflow of private remittances** noted a seasonal decline of 41.7 percent (or \$39.4 million) to \$55.1 million when compared to the previous month but was 24.9 percent (or \$11.0 million) higher than in January of last year. Following the festive season, **tourist arrivals** also went back down by 26.6 percent to a total of 12,321 visitors in January 2023. This led to a 33.0 percent (or \$18.2 million) decrease in **total visitor receipts** to \$36.9 million in January 2023.

Gross foreign reserves¹ leapt further by 3.1 percent (or \$26.8 million) to \$894.6 million, which was sufficient to purchase around 9.4 months' worth of imports (or import cover), compared to 9.6 months in December 2022 and 10.9 months in January 2022. The reduction in import cover was due to the sharp increase in import payments despite the hike in total foreign reserves.

CENTRAL BANK OF SAMOA
27th March 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.

Selected Economic Indicators
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SELECTED ECONOMIC INDICATORS																						
INDICATORS	2020	2021	2022												2023	Average Seven Months			Average levels in the previous			
	Jan	Jan	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Jul20 - Jan21	Jul21 - Jan22	Jul22 - Jan23	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	0.19	0.15	0.15	0.17	0.15	0.15	0.16	
COMMERCIAL BANKS' INTEREST RATES: (%)																						
Average lending rate	8.88	8.54	8.34	8.32	8.30	8.29	8.30	8.29	8.29	8.30	8.27	8.28	8.26	8.28	8.26	8.61	8.46	8.28	8.44	8.59	8.73	
Average deposit rate	2.46	2.56	1.76	1.81	1.79	1.76	1.78	1.82	1.87	1.82	1.79	1.85	1.84	1.79	1.76	2.66	1.88	1.82	2.16	2.26	2.49	
COMMERCIAL BANK LOANS (Tala million)	1187.7	1179.2	1193.5	1183.5	1186.2	1179.5	1172.9	1171.8	1177.4	1178.8	1179.0	1174.7	1168.3	1176.9	1177.9	1177.1	1192.7	1176.1	1186.3	1186.8	1146.6	
GOVERNMENT NET POSITION (Tala million)	-262.6	-330.8	-317.3	-301.3	-271.2	-308.4	-306.6	-334.1	-329.6	-317.8	-287.7	-296.1	-304.7	-336.6	-335.6	-323.9	-338.0	-315.5	-324.0	-303.5	-259.7	
MONEY SUPPLY (Tala million)	1231.0	1290.1	1325.0	1300.6	1309.4	1343.3	1375.3	1354.7	1344.5	1372.3	1389.1	1396.9	1392.4	1429.7	1459.8	1273.7	1316.5	1397.8	1307.5	1282.0	1221.2	
Currency outside banks	98.5	115.2	121.1	116.7	126.2	126.0	124.9	123.8	130.0	131.5	137.4	132.3	130.1	166.6	144.0	111.9	121.7	138.9	118.1	111.6	98.5	
Demand deposits	372.9	388.8	422.3	422.2	406.1	421.9	440.6	437.1	407.7	423.9	434.4	424.6	432.3	449.2	476.5	377.4	408.4	435.5	405.5	394.7	372.3	
FCD residents	63.9	41.2	63.8	52.9	55.1	54.6	66.1	63.8	65.0	78.0	77.3	84.4	80.3	90.9	111.3	43.8	64.0	83.9	52.5	56.3	62.7	
Save deposits	151.1	176.4	189.5	188.5	192.6	204.8	205.1	206.8	220.0	223.1	220.6	220.9	217.5	218.7	223.7	178.0	195.3	220.6	182.9	172.3	158.9	
Time deposits	544.6	568.6	528.3	520.2	529.4	535.9	538.6	523.2	521.8	515.8	519.4	534.6	532.2	504.2	504.3	562.6	527.0	518.9	548.4	547.2	528.8	
NOMINAL EXCHANGE RATE (Index)	100.0	100.1	99.8	99.8	99.8	99.8	99.8	99.9	99.9	99.9	100.2	100.4	100.1	99.9	99.8	99.9	99.8	100.0	99.9	99.9	100.0	
HEADLINE CPI (2)	109.7	103.7	114.8	115.3	116.2	117.2	117.3	121.0	125.3	129.9	130.1	127.7	124.6	124.0	128.2	104.7	113.3	127.1	109.3	109.4	107.7	
Annual average inflation (%)	1.5	-2.4	4.5	5.7	6.7	7.6	8.2	8.8	9.5	10.3	11.0	11.3	11.3	11.0	11.0	-0.4	0.7	10.8	1.0	1.2	1.9	
LOCAL MARKET SURVEY: (2)																						
Volume	127.0	80.3	97.9	113.0	137.4	94.3	89.7	63.1	76.3	86.3	132.7	160.6	130.1	78.6	92.5	106.7	90.1	108.1	89.1	101.7	107.7	
Price	119.0	97.5	106.7	100.0	102.5	111.9	115.7	120.3	119.4	125.7	121.4	114.4	115.7	127.5	162.2	100.6	102.7	126.6	102.1	107.7	108.8	
EXPORTS (Tala million)	10.4	4.2	4.5	10.2	6.5	6.6	10.6	8.4	10.9	10.3	12.5	9.5	8.5	8.5	7.4	7.9	5.8	9.6	4.4	6.4	7.5	
IMPORTS (Tala million)	50.2	65.6	47.1	91.7	57.5	84.7	87.1	77.2	84.7	117.5	106.9	110.8	107.3	116.6	101.9	67.9	71.3	106.5	56.3	54.3	60.0	
REMITTANCES (Tala million)	46.9	40.5	44.1	54.6	55.2	58.3	67.6	72.2	83.1	72.3	69.2	62.6	74.6	94.5	55.1	52.1	60.6	73.0	42.3	43.8	42.3	
TOURISM: (1)&(4)																						
Arrivals	10,456	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	12321.0	-	-	8,483	-	3,485	7,373	
Earnings (Tala million)	29.5	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	36.9	0.0	0.0	27.7	-	10	19	
GROSS INTERNATIONAL RESERVES (3) (5)	488.7	732.5	768.8	757.1	723.2	759.9	777.8	812.7	811.6	800.3	789.6	785.3	818.1	874.9	894.5	685.9	763.7	824.9	750.6	663.3	555.1	
BOP Position (+/-) (Surplus/Deficit)	23.1	3.5	1.5	-11.7	-33.9	36.7	17.9	34.9	-1.1	-11.3	-10.7	-4.2	32.8	49.7	26.8	19.8	5.2	11.7	2.5	9.4	15.1	
Import Cover	6.3	11.3	10.9	10.3	10.2	10.4	10.6	10.9	10.5	9.9	9.4	9.0	9.2	9.6	9.4	10.3	11.0	9.6	11.1	9.5	7.9	

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