



SELECTED ECONOMIC INDICATORS

JULY 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.1: 2022/23

July 2022

WORLD ECONOMY

The US economy fell further by -0.6 percent¹ in the second quarter of 2022, due to reductions in consumer spending and inventories. On the other hand, the Euro Area expanded further by 0.8 percent in the June quarter of 2022, mainly driven by higher household spending coupled with the easing of covid restrictions and increased government spending. In addition, the Australian economy grew by 0.9 percent in the first quarter of 2022 due to a further hike in household consumption as domestic and international borders reopened while the New Zealand economy contracted by 0.2 percent due to declines in the primary and goods-producing industries.

DOMESTIC ECONOMY

The overall **weighted average yield** on Central Bank Securities remained at 0.15 percent in July 2022 and was the case since March 2020 while the commercial banks' **weighted average deposit rate** rose by 6 basis points to 1.87 percent when compared to the previous month. On the other hand, the **weighted average lending rate** remained at 8.29 percent from the previous month. As a result, the commercial banks' **interest rate spread** shrank slightly to 6.4 percent from 6.5 percent in both June 2022 and July 2021.

Total **commercial banks' liquidity** went up by 2.9 percent (or \$10.1 million) to \$356.5 million and was 4.3 percent (or \$14.6 million) higher than in July 2021. This increase over the month was due to expansions in both holdings of commercial banks' exchange settlement accounts (ESA) (up by \$8.9 million) and vault cash (up by \$1.2 million). Total **commercial banks' credit to the private sector and public institutions** combined, rebounded by 0.5

percent (or \$5.6 million) to \$1,177.4 million but was 0.4 percent (or \$4.8 million) lower than in the same month last year.

Broad money (M2) grew by 0.9 percent (or \$12.7 million) to \$1,367.4 million due to a \$14.9 million increase in '**Net Foreign Assets**' (NFA) while '**Net Domestic Assets**' (NDA) fell by \$2.2 million in July 2022. The hike in NFA reflected higher net foreign holdings of the banking system while the decrease in the latter resulted from a drop in 'Other items net' (down by \$7.7 million) as well as an increase in the government net position (deficit) with the monetary system.

The monthly **overall nominal value** of the Samoan Tala appreciated by 0.1 percent as the Tala strengthened against the Euro dollar (up by 2.3 percent), New Zealand dollar (up by 1.2 percent) and the Australian dollar (up by 1.1 percent) but weakened against the US dollar (down by 1.3 percent) over the month.

The **Consumer Price Index (CPI)** rose further by 3.6 percent over the previous month and was 12.9 percent higher when compared to July 2021. Accordingly, the **annual average headline inflation rate** continued to escalate, rising to 9.5 percent from 8.8 percent in June 2022 and -2.4 percent in July 2021. Accountable for this increase over the month were gains in both its imported (up to 14.5 percent from 13.6 percent) and local (up to 4.4 percent from 3.9 percent) components.

The overall volume index of agriculture commodities supplied to the Fugalei and other domestic produce markets around Apia, rose by 20.9 percent over June 2022. Responsible for this increase were mainly higher supplies of taamu, yam, coconut, and vegetable items (like head cabbage and tomatoes) to name a few. As

¹ Revised from earlier estimate of -0.9 percent.

a result of the increase in supply, the overall price index fell by 0.7 percent.

Total export revenues expanded by 30.6 percent (or \$2.6 million) to \$10.9 million over the month due to increases of \$1.3 million and \$1.2 million in both domestically produced exports (reflecting gains in fish, crude coconut oil, nonu juice and beer exports) and re-exports respectively. Furthermore, **total import payments** rose by 9.8 percent (or \$7.6 million) to \$84.7 million mirroring the resumption of petroleum imports as well as a one-off import item (Ministry of Police patrol boat) despite the drop in non-petroleum private sector imports. As a result, the merchandise trade deficit widened by 37.7 percent to \$73.8 million when compared to July 2022.

The **monthly inflow of remittances** edged up by 5.8 percent (or \$4.2 million) to \$76.4 million from the previous month and was also 42.9 percent (or \$22.9 million) higher than its level in July 2021. Moreover, no **tourist arrivals² and earnings** were recorded for July 2022 due to the prolonged closure of our international borders for the safeguarding of our people.

Gross foreign reserves³ for July 2022 fell by 0.1 percent (or \$1.1 million) to \$811.6 million, which was sufficient to cover 10.5 months of imports, down from 10.9 months in June 2022 but was stable when compared to July 2021.

CENTRAL BANK OF SAMOA
15th September 2022

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

³Effective 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
July 2022

| SELECTED ECONOMIC INDICATORS | | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------------------|---------------|---------------|
| INDICATORS | 2019 | 2020 | 2021 | 2022 | | | | | | | Average levels in the previous | | |
| | Jul | Jul | July | Jan | Feb | Mar | Apr | May | June | July | 2-years | 3-years | 5-years |
| CENTRAL BANK OF SAMOA: (%) | | | | | | | | | | | | | |
| Official rate | 0.16 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.16 |
| COMMERCIAL BANKS' INTEREST RATES: (%) | | | | | | | | | | | | | |
| Average lending rate | 8.95 | 8.63 | 8.56 | 8.34 | 8.32 | 8.30 | 8.29 | 8.30 | 8.29 | 8.29 | 8.60 | 8.71 | 8.77 |
| Average deposit rate | 2.70 | 2.68 | 2.11 | 1.76 | 1.81 | 1.79 | 1.76 | 1.78 | 1.82 | 1.87 | 2.39 | 2.50 | 2.53 |
| COMMERCIAL BANK LOANS (Tala million) | 1119.3 | 1170.8 | 1182.2 | 1193.5 | 1183.5 | 1186.2 | 1179.5 | 1172.9 | 1171.8 | 1177.4 | 1176.5 | 1157.4 | 1116.9 |
| GOVERNMENT NET POSITION (Tala million) | -227.5 | -277.6 | -326.0 | -317.3 | -301.3 | -271.2 | -308.4 | -306.6 | -334.1 | -329.6 | -301.8 | -277.0 | -245.6 |
| MONEY SUPPLY (Tala million) | 1228.3 | 1248.7 | 1299.3 | 1325.0 | 1300.6 | 1309.4 | 1343.3 | 1375.3 | 1354.7 | 1367.4 | 1274.0 | 1258.7 | 1178.9 |
| Currency outside banks | 103.7 | 109.2 | 122.2 | 121.1 | 116.7 | 126.2 | 126.0 | 124.9 | 123.8 | 130.0 | 115.7 | 111.7 | 95.2 |
| Demand deposits | 389.0 | 376.4 | 396.4 | 422.3 | 422.2 | 406.1 | 421.9 | 440.6 | 437.1 | 407.7 | 386.4 | 387.3 | 356.5 |
| FCD residents | 65.7 | 39.6 | 59.9 | 63.8 | 52.9 | 55.1 | 54.6 | 66.1 | 63.8 | 87.9 | 49.7 | 55.1 | 63.5 |
| Save deposits | 158.7 | 174.4 | 196.3 | 189.5 | 188.5 | 192.6 | 204.8 | 205.1 | 206.8 | 220.0 | 185.3 | 176.5 | 162.9 |
| Time deposits | 511.1 | 549.2 | 524.6 | 528.3 | 520.2 | 529.4 | 535.9 | 538.6 | 523.2 | 521.8 | 536.9 | 528.3 | 500.8 |
| NOMINAL EXCHANGE RATE (Index) | 99.9 | 99.8 | 99.8 | 99.8 | 99.8 | 99.8 | 99.8 | 99.8 | 99.9 | 99.9 | 99.8 | 99.9 | 100.0 |
| HEADLINE CPI (2) | 110.1 | 106.3 | 111.0 | 114.8 | 115.3 | 116.2 | 117.2 | 117.3 | 121.0 | 125.3 | 108.7 | 109.2 | 108.1 |
| Annual average inflation (%) | 1.7 | 1.1 | -2.4 | 4.5 | 5.7 | 6.7 | 7.6 | 8.2 | 8.7 | 9.5 | -0.6 | 0.2 | 1.2 |
| LOCAL MARKET SURVEY: (2) | | | | | | | | | | | | | |
| Volume | 99.2 | 63.5 | 82.0 | 97.9 | 113.0 | 137.4 | 94.3 | 89.7 | 63.1 | 76.3 | 72.7 | 81.6 | 91.9 |
| Price | 118.3 | 121.2 | 106.0 | 106.7 | 100.0 | 102.5 | 111.9 | 115.7 | 120.3 | 119.4 | 113.6 | 115.2 | 116.1 |
| EXPORTS (Tala million) | 12.8 | 14.2 | 4.3 | 4.5 | 10.2 | 6.5 | 6.6 | 10.6 | 8.4 | 10.9 | 9.3 | 10.5 | 10.3 |
| IMPORTS (Tala million) | 73.9 | 63.3 | 58.0 | 47.1 | 91.7 | 57.5 | 84.7 | 87.1 | 77.2 | 84.7 | 60.6 | 65.0 | 66.4 |
| REMITTANCES (Tala million) | 53.4 | 56.9 | 53.4 | 44.1 | 54.6 | 55.2 | 58.3 | 67.6 | 72.2 | 76.4 | 55.2 | 54.6 | 40.9 |
| TOURISM: (1)&(4) | | | | | | | | | | | | | |
| Arrivals | 24,647 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | 8,216 | 12,431 |
| Earnings (Tala million) | 69.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | - | 23 | 33 |
| GROSS INTERNATIONAL RESERVES (3) (5) | 485.7 | 599.5 | 712.9 | 768.8 | 757.1 | 723.2 | 759.9 | 777.8 | 812.7 | 811.6 | 656.2 | 599.3 | 503.3 |
| BOP Position (+/-) (Surplus/Deficit) | -5.0 | 5.2 | -19.8 | 1.5 | -11.7 | -33.9 | 36.7 | 17.9 | 34.9 | -1.1 | -7.3 | -6.6 | 2.1 |
| Import Cover | 6.4 | 8.5 | 10.5 | 10.9 | 10.3 | 10.2 | 10.4 | 10.6 | 10.9 | 10.5 | 9.5 | 8.5 | 7.3 |

Source: Central Bank of Samoa

- Revised Total Earnings from Feb-12 to Mar-16
- Rebase Base Period February 2016=100
- 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.
- 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
- Samoa received the IMF-Special Drawing Rights (SDRs) allocation of SDR15.5 million, an equivalent of around \$55.5 million Tala in August 2021