



SELECTED ECONOMIC INDICATORS

JULY 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.1: 2023/24

July 2023

WORLD ECONOMY

On the global stage, the US economy recorded a revised growth of 2.1 percent in the second quarter of 2023 due to downward adjustments in private inventory and non-residential fixed investments. Likewise, the Euro Area rose by 0.1 percent in the June quarter of 2023. In addition, the Australian economy expanded by 0.4 percent in the second quarter of 2023, amid a positive net trade balance and growth in fixed investments. On the other hand, the New Zealand economy contracted by 0.1 percent in the March 2023 quarter; reflecting reductions in the primary industries, manufacturing sector as well as the services industry.

DOMESTIC ECONOMY

The **overall weighted average yield** on Central Bank Securities fell by 3 basis points to 0.20 percent in July 2023. The commercial banks' **weighted average deposit rate** rose by 1 basis point to 1.77 percent when compared to the previous month, while their **weighted average lending rate** went down by 1 basis point to 8.30 percent. As a result, the **commercial banks' interest rate spread** shrank to 6.53 percent from 6.55 percent in June 2023 but was up from 6.42 percent in July 2022.

Total **commercial banks' liquidity** went up by further by 0.4 percent to \$577.5 million and was 62.0 percent (or \$221.0 million) higher than in July 2022. This increase over the month was due to an expansion in commercial banks' holdings of vault cash (up by \$7.0 million), offsetting a reduction of \$4.9 million in their exchange settlement accounts (ESA). Total **commercial banks' credit to the private sector and public institutions** combined rebounded by 0.8 percent (or \$9.4 million) to \$1,149.2 million but was 2.4 percent (or \$28.2 million) lower than in the same month last year.

Broad Money (M2) contracted by 2.9 percent (or \$46.3 million) to \$1,529.1 million due to a \$82.7 million decrease in '**Net Domestic Assets**' (NDA) while '**Net Foreign Assets**' (NFA) increased by \$36.4 million in July 2023. The decline in NDA reflected an increase in the government's net position (deficit) with the monetary system as well as a drop in 'Other items net' while the hike in the latter was a result of inflows of government grants.

The monthly **overall nominal value** of the Samoan Tala depreciated by 0.02 percent as the Tala weakened against the New Zealand dollar by 1.0 percent while it strengthened against the Euro, Australian and US dollars over the month.

The monthly **Consumer Price Index (CPI)** went up slightly by 0.03 percent over the previous month and was 6.9 percent higher when compared to July 2022. However, the **annual average headline inflation rate** came back down to 11.5 percent from 12.0 percent in June 2023 but was up from 9.5 percent in July 2022. Accountable for this decrease over the month was a drop in imported inflation (down to 13.3 percent from 14.5 percent) while local inflation continued to hike (up to 9.4 percent from 9.2 percent). Likewise, the **underlying inflation rate** also fell to 13.7 percent from 14.2 percent in the previous month but was higher than 9.4 percent in July 2022.

The **overall volume index** of agriculture commodities supplied to the Fugalei and other domestic produce markets around Apia, rose by 57.4 percent over June 2023. Responsible for this increase were mainly higher supplies of taro, ta'amu, yam, banana, and vegetable items (like pumpkin, tomatoes, cucumber and Chinese cabbage). Despite an abundance supply, the average price at the local markets rose further by 1.3 percent due to strong demand.

Total export revenues fell by 34.7 percent (or \$4.4 million) to \$8.3 million over the month due to a \$6.9 million decline in re-exports while domestically produced exports improved by \$2.5 million (reflecting gains in fish and coconut oil exports). Furthermore, **total import payments** also decreased by 14.3 percent (or \$14.7 million) to \$87.7 million reflecting the absence of petroleum imports as well as a drop in government imports. Consequently, the **merchandise trade deficit** narrowed by 11.4 percent to \$79.4 million when compared to June 2023.

The **monthly inflow of remittances** edged up by 0.7 percent (or \$0.5 million) to \$74.3 million from the previous month but was 10.6 percent (or \$8.8 million) lower than its level in July 2022. Moreover, total **visitor arrivals** into Samoa fell to 17,270 visitors from 18,021 visitors over the previous month. As a result, total **visitor earnings** fell by \$5.4 million to \$52.3 million in July 2023.

Gross foreign reserves again expanded considerably by 4.3 percent (or \$47.3 million) to \$1,145.3 million in the month under review, which was sufficient to cover 11.4 months of imports, up from 10.9 months in June 2023 and was 10.5 months in July of 2022.

CENTRAL BANK OF SAMOA
13th September 2023

SELECTED ECONOMIC INDICATORS													
INDICATORS	2020	2021	2022	2023							Average levels in the previous		
	Jul	July	July	Jan	Feb	Mar	Apr	May	June	July	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)													
Official rate	0.15	0.15	0.15	0.19	0.15	0.22	0.23	0.24	0.23	0.20	0.15	0.15	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.63	8.56	8.29	8.26	8.26	8.32	8.33	8.30	8.31	8.30	8.42	8.49	8.68
Average deposit rate	2.68	2.11	1.87	1.76	1.77	1.82	1.73	1.81	1.76	1.77	1.99	2.22	2.40
COMMERCIAL BANK LOANS (Tala million)	1170.8	1182.2	1177.4	1177.4	1169.5	1157.4	1164.6	1146.3	1140.1	1149.2	1179.8	1176.8	1143.7
GOVERNMENT NET POSITION (Tala million)	-277.6	-326.0	-329.6	-336.4	-329.2	-353.4	-363.3	-352.6	-395.4	-435.8	-327.8	-311.1	-274.9
MONEY SUPPLY (Tala million)	1248.7	1299.3	1344.5	1459.8	1485.3	1471.1	1501.8	1564.1	1575.4	1529.1	1321.9	1297.5	1250.6
Currency outside banks	109.2	122.2	130.0	144.0	137.4	140.8	145.0	155.8	162.7	158.3	126.1	120.4	108.0
Demand deposits	376.4	396.4	407.7	476.5	510.9	487.5	506.8	531.9	548.9	526.4	402.1	393.5	382.3
FCD residents	39.6	59.9	65.0	111.3	106.4	99.7	101.4	103.0	114.3	93.7	62.4	54.8	61.2
Save deposits	174.4	196.3	220.0	223.7	224.1	224.8	232.7	237.6	242.3	243.4	208.1	196.9	179.8
Time deposits	549.2	524.6	521.8	504.3	506.5	518.3	515.9	535.7	507.3	507.3	523.2	531.9	519.2
NOMINAL EXCHANGE RATE (Index)	99.8	99.8	99.9	99.8	99.9	99.7	99.7	99.7	99.7	99.7	99.9	99.9	99.9
HEADLINE CPI (2)	106.3	111.0	125.3	128.2	129.0	129.8	131.8	131.5	133.9	134.0	118.2	114.2	112.5
Annual average inflation (%)	1.1	-2.4	9.5	11.0	11.2	11.5	11.7	12.0	12.0	11.5	3.6	2.8	2.8
LOCAL MARKET SURVEY: (2)											0.0	0.0	0.0
Volume	63.5	82.0	76.3	92.5	79.1	80.1	83.1	71.4	52.2	82.1	79.1	73.9	86.9
Price	121.2	106.0	119.4	162.2	133.6	159.3	174.8	190.4	219.7	222.6	112.7	115.5	116.3
EXPORTS (Tala million)	14.2	4.3	10.9	7.4	7.5	10.7	6.9	10.5	12.7	8.3	7.6	9.8	10.7
IMPORTS (Tala million)	63.3	58.0	84.7	101.9	68.4	96.9	93.6	98.9	102.4	87.7	71.3	68.7	70.6
REMITTANCES (Tala million)	56.9	53.4	83.1	55.1	56.5	64.7	50.0	75.7	73.8	74.2	68.2	64.5	57.5
TOURISM: (1)&(4)											0.0	0.0	0.0
Arrivals	-	0.0	0.0	12321.0	7687.0	10128.0	13720.0	15719.0	18021.0	17270.0	-	-	8,778
Earnings (Tala million)	0.0	0.0	0.0	36.9	24.6	34.5	48.7	61.2	57.7	52.3	-	-	24
GROSS INTERNATIONAL RESERVES (3) (5)	599.5	712.9	811.6	894.5	924.7	947.9	976.2	1014.5	1098.1	1145.3	762.2	708.0	604.8
BOP Position (+/-) (Surplus/Deficit)	5.2	-19.8	-1.1	26.8	30.2	23.2	28.2	38.3	83.6	47.2	-10.5	-5.2	-1.1
Import Cover	8.5	10.5	10.5	9.4	9.9	9.8	10.0	10.3	10.9	11.4	10.5	9.9	8.4

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

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JULY 2023

WORLD ECONOMY

- On the global stage, the US economy recorded a revised growth of 2.1 percent in the second quarter of 2023 due to downward adjustments in private inventory and non-residential fixed investments. Likewise, the Euro area rose by 0.1 percent in the June quarter of 2023. The Australian economy expanded by 0.4 percent in the second quarter of 2023, amid a positive net trade balance and growth in fixed investments while the New Zealand economy contracted by 0.1 percent in the March 2023 quarter
- Crude oil price went up by 7.0 percent over the month to USD\$80.10 per barrel.

DOMESTIC ECONOMY

INTEREST RATES & MONEY SUPPLY



- **Weighted average monthly official rate** dropped by 3 basis point to 0.20 percent in July 2023.
- **Commercial banks' weighted average deposit rate** rose by 1 basis point to 1.77 percent while their **weighted average lending rate** went down by 1 basis point to 8.30 percent.
- **Interest rate spread** shrank to 6.53 percent from 6.55 percent in June 2023.
- **Broad money (M2)** contracted by \$46.3 million to \$1,529.1 million.

LIQUIDITY & CREDIT



- Total **commercial banks' liquidity** rose further by 0.4 percent to \$577.5 million.
- This increase was due to increases in commercial banks' holdings of vault cash (up by \$7.0 million) offsetting a reduction of \$4.9 million in their exchange settlement accounts (ESA).
- Total **commercial banks' credit** to the private sector and public institutions fell further by \$6.3 million to \$1,140.1 million.

INFLATION



- **Consumer Price Index (CPI)** went up slightly by 0.03 percent over the month.
- **Annual headline inflation** came back down to **11.5 percent** in July 2023.
- Local inflation continued to hike to 9.4 percent while Imported inflation fell further to 13.3 percent.
- **Underlying inflation** rate also fell to 13.7 percent from 14.2 percent.

REMITTANCES & TOURISM



- **Inflow of remittances** edged up by 0.7 percent (or \$0.5 million) to **\$74.3 million**.
- It was 10.6 percent (or \$8.8 million) higher than in the same month of 2022.
- **Tourist arrivals** fell to **17,270 visitors** from 18,021 visitors over the month.
- **Total visitor receipts** dropped to **\$52.3 million** in July 2023.

EXTERNAL TRADE



- **Total export earnings** noted a 34.7 percent decrease (or \$4.4 million) to **\$8.3 million**. A decline in re-exports outweighed an improvement in domestically produced exports (mainly fish and coconut oil).
- **Total import payments** also decreased by 14.3 percent (or \$14.7 million) to **\$87.7 million**.
- Merchandise trade deficit narrowed by **11.4 percent** to **\$79.4 million**.

LOCAL MARKET SURVEY



- Overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia jumped by **57.4 percent**.
- This increase in supply reflected higher supplies of taro, taamu, yam, banana, and vegetable items (like pumpkin, tomatoes, cucumber and Chinese cabbage)
- The overall **price index** rose further by **1.3 percent** due to strong demand.



Gross Foreign Reserves again expanded by 4.3 percent (or \$47.3 million) to **\$1,145.3 million**. Sufficient to cover **11.4 months of imports** compared to 10.9 months in June 2023 and 10.5 months in July of 2022.