



SELECTED ECONOMIC INDICATORS

JUNE 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.12: 2021/22

June 2022

World Economy

The US economy continued to shrink, falling by 0.9 percent in the second quarter of 2022, mainly driven by declines in both inventories and business investments. On the other hand, the Euro Area expanded further by 0.7 percent in the June quarter of 2022, reflecting the easing of COVID restrictions and the onset of the summer tourism season. In addition, the Australian economy grew by 0.8 percent in the first quarter due to a rebound in household consumption while the New Zealand economy contracted by 0.2 percent due to declines in the primary and goods-producing industries.

Domestic Economy

The monthly **weighted average official interest rate** remained the same in June 2022 since March 2020 while the commercial banks' **weighted average deposit rate** went up by 4 basis points to 1.82 percent when compared to the previous month. On the other hand, the **weighted average lending rate** fell by 1 basis point to 8.29 percent from May 2022. Consequently, the commercial banks' **interest rate spread** edged down to 6.47 percent from 6.52 percent in May 2022 but was slightly higher than 6.46 percent in the same month of last year.

Total **commercial banks' liquidity** contracted by 1.0 percent (or \$3.5 million) to \$346.2 million and was also 6.6 percent lower than in the same month a year ago. This decrease over the month was mainly due to a reduction in commercial banks' vault cash holdings (down by \$3.5 million) offsetting a slight \$0.03 million increase in their holdings of exchange settlement accounts (ESA). Total **commercial banks' credit to the private sector and public institutions** fell further by \$1.0 million to

\$1,171.8 million or \$3.9 million lower than the same month of last year.

Broad money (M2) dropped by 1.5 percent (or \$20.6 million) to \$1,354.7 million, due to a substantial decrease of \$52.9 million in '**Net Domestic Assets**' (NDA) to \$645.0 million while '**Net Foreign Assets**' (NFA) rose by \$32.3 million to \$709.7 million. Underpinning the reduction in the former was a notable expansion in the government's net position with the monetary system (contractionary impact on NDA); driven by the influx of government budget support funds and COVID-19 financial assistance combined with reductions in 'Other items net 'and commercial banks' lending to the private sector. On the contrary, the hike in NFA was accounted for by a significant increase in net foreign reserves of the Central Bank of Samoa.

The **overall nominal value** of the Samoan Tala appreciated by 0.02 percent as the Tala strengthened by 0.5 percent against the New Zealand dollar (where the NZ dollar experienced a severe depreciation against the US dollar during the month) but weakened against the US dollar (down by 0.3 percent), the Euro (down by 0.2 percent) and Australian dollar (down by 0.02 percent).

The headline **Consumer Price Index (CPI)** rose further by 3.2 percent over the month and was 10.9 percent higher than in June 2021. Moreover, the **annual average headline inflation rate** accelerated to 8.8 percent from 8.2 percent in May 2022 and was -3.0 percent in June 2021. Accountable for this hike were further increases in both its imported component (up to 13.6 percent from 12.7 percent) and local component (up to 3.9 percent from 3.6 percent). Russia's invasion of the Ukraine in late

February has been one of the main factors for the sharp hikes in the price of both diesel and petrol, which have recently exceeded SAT\$4.00 per litre. In addition, other imported commodities such as food, gas, construction materials, household items and many others have all gone up in the past 6 months.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia, recorded a significant drop of 29.7 percent over the previous month. This reduction reflected adverse weather effects on supply, which saw lower quantities of taro, banana, coconut and vegetable items (like pumpkin, tomatoes and cucumber). As a result of the decrease in supply, the overall price index increased by 4.0 percent.

On the external front, **total export earnings** recorded a significant drop of 21.5 percent (or \$2.3 million) to \$8.4 million due to a notable \$4.0 million decrease in domestically produced exports (mainly fish and crude coconut oil) while re-exports increase further by \$1.7 million. Also, **total import payments** fell by 11.4 percent (or \$9.9 million) to \$77.2 million. Responsible for this reduction was the absence of petroleum imports in the month under review despite increases of \$10.5 million and \$2.1 million in both non-petroleum private sector imports and government imports respectively. As a result, the **merchandise trade deficit** contracted by 10.0 percent to \$68.8 million over the previous month.

The **inflow of private remittances** expanded by 6.8 percent (or \$4.6 million) to \$72.2 million over the previous month and was 39.9 percent higher than its level in the same month of last year. Furthermore, the continuation of the closure of our international borders saw both **visitor arrivals¹ and earnings** remain at zero for June 2022.

Overall, **gross foreign reserves²** increased by 4.5 percent (or \$34.9 million) to \$812.7 million,

¹ With only selected flights for Samoan citizens and residents' repatriation.

²Effective 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 was sufficient to cover 10.9 months of imports, up from 10.6 months in May 2022 but was down from 10.7 months in June of last year.

CENTRAL BANK OF SAMOA
4th July 2022

which were previously included. The strict definition of foreign reserves only includes CBS owned liquid foreign assets.

Selected Economic Indicators
June 2022

SELECTED ECONOMIC INDICATORS															
INDICATORS	2019	2020	2021	2022						Average Twelve Months			Average levels in the previous		
	June	June	June	Jan	Feb	Mar	Apr	May	June	Jul19 - Jun20	Jul20 - Jun21	Jul21 - Jun22	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)															
Official rate	0.19	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	8.97	8.63	8.57	8.34	8.32	8.30	8.29	8.30	8.29	8.82	8.59	8.39	8.60	8.72	8.76
Average deposit rate	2.75	2.73	2.11	1.76	1.81	1.79	1.76	1.78	1.82	2.65	2.49	1.84	2.42	2.53	2.60
COMMERCIAL BANK LOANS (Tala million)	1126.3	1170.4	1175.9	1193.5	1183.5	1186.2	1179.5	1172.9	1171.8	1167.1	1176.9	1186.9	1173.2	1157.5	1116.8
GOVERNMENT NET POSITION (Tala million)	-212.5	-280.0	-319.9	-317.3	-301.3	-271.2	-308.4	-306.6	-334.1	-249.9	-322.8	-324.0	-299.9	-270.8	-236.2
MONEY SUPPLY (Tala million)	1236.3	1225.5	1325.3	1325.0	1300.6	1309.4	1343.3	1375.3	1354.7	1219.3	1286.4	1324.9	1275.4	1262.3	1175.3
Currency outside banks	97.6	98.1	112.5	121.1	116.7	126.2	126.0	124.9	123.8	99.3	114.2	122.5	105.3	102.7	90.1
Demand deposits	402.9	370.1	430.5	422.3	422.2	406.1	421.9	440.6	437.1	374.6	388.9	415.6	400.3	401.2	365.5
FCD residents	65.7	48.4	55.9	63.8	52.9	55.1	54.6	66.1	63.8	57.8	46.5	61.7	52.2	56.7	61.7
Save deposits	148.9	165.0	190.9	189.5	188.5	192.6	204.8	205.1	206.8	156.2	181.4	197.1	178.0	168.3	155.5
Time deposits	521.2	543.9	535.4	528.3	520.2	529.4	535.9	538.6	523.2	531.3	555.3	528.0	539.6	533.5	502.5
NOMINAL EXCHANGE RATE (Index)	100.0	99.9	100.0	99.8	99.8	99.8	99.8	99.8	99.9	100.0	99.9	99.8	100.0	100.0	100.0
HEADLINE CPI (2)	108.5	104.9	109.2	114.8	115.3	116.2	117.2	117.3	121.0	109.1	105.8	115.0	107.1	107.5	106.7
Annual average inflation (%)	2.2	1.5	-3.0	4.5	5.7	6.7	7.6	8.2	8.7	1.5	-1.7	3.5	-0.8	0.2	1.1
LOCAL MARKET SURVEY: (2)															
Volume	103.0	66.5	81.3	97.9	113.0	137.4	94.3	89.7	63.1	100.5	96.2	94.0	73.9	83.6	93.8
Price	117.9	118.8	105.1	106.7	100.0	102.5	111.9	115.7	120.3	120.5	106.1	105.8	112.0	113.9	113.9
EXPORTS (Tala million)	13.9	7.8	7.1	4.5	10.2	6.5	6.6	10.6	8.4	10.2	7.5	6.9	7.5	9.6	10.1
IMPORTS (Tala million)	78.6	54.3	59.7	47.1	91.7	57.5	84.7	87.1	77.2	71.1	68.4	74.8	57.0	64.2	63.4
REMITTANCES (Tala million)	40.7	52.1	51.6	44.1	54.6	55.2	58.3	67.6	72.2	47.3	50.6	61.0	51.8	48.1	36.9
TOURISM: (1)&(4)															
Arrivals	16,192	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10,367	-	-	-	5,397	9,332
Earnings (Tala million)	44.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.3	0.0	0.0	-	15	25
GROSS INTERNATIONAL RESERVES (3) (5)	490.7	594.3	732.7	768.8	757.1	723.2	759.9	777.8	812.7	500.9	700.6	764.7	663.5	605.9	501.4
BOP Position (+/-) (Surplus/Deficit)	38.2	44.1	18.2	1.5	-11.7	-33.9	36.7	17.9	34.9	8.6	11.5	6.7	31.2	33.5	23.0
Import Cover	6.4	8.4	10.7	10.9	10.3	10.2	10.4	10.6	10.9	6.6	10.6	10.8	9.5	8.5	7.2

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