



## **SELECTED ECONOMIC INDICATORS**

### **JUNE 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.12: 2022/23**

**June 2023**

### **World Economy**

On the global stage, the US economy grew by 2.4 percent in the second quarter of 2023 due to an expansion in non-residential fixed investment as well as higher private inventories. Likewise, the Euro Area rose by 0.3 percent in the June quarter of 2023, mainly stemming from higher demand as inflationary pressures moderated. In addition, the Australian economy expanded by 0.2 percent in the first quarter of 2023, due to stronger household consumption and private investment. On the other hand, the New Zealand economy contracted by 0.1 percent in the March quarter reflecting reductions in both the primary industries and the manufacturing sector as well as the services industry.

### **Domestic Economy**

The monthly **weighted average official interest** rate dropped by 1 basis point over the month to 0.23 percent in June 2023. Similarly, the commercial banks' **weighted average deposit rate** also fell by 5 basis points to 1.76 percent when compared to the previous month. On the other hand, the **weighted average lending rate** went up slightly by 1 basis point to 8.31 percent over May 2023. Consequently, the commercial banks' **interest rate margin** edged up to 6.55 percent from 6.50 percent a month ago and was 6.47 percent in the same month last year.

Total **commercial banks' liquidity** expanded by 9.9 percent (or \$52.1 million) to its highest level yet of \$575.4 million. This was also 66.1 percent higher than in the same month a year ago. This increase over the month was mainly due to improvements in commercial banks' holdings of exchange settlement accounts (ESA) (up by \$45.1 million) and CBS securities

(up by \$10.0 million). Despite the high liquidity level, total **commercial banks' credit to the private sector and public institutions** fell further by 0.6 percent (or \$6.3 million) to \$1,140.1 million and was \$31.8 million lower than in the same month last year.

**Broad money (M2)** grew further by 0.7 percent (or \$11.3 million) to \$1,575.4 million, due to another sharp increase in '**Net Foreign Assets**' (NFA) (up by 8.3 percent or \$81.0 million) to reach \$1,059.1 million in June 2023. On the other hand, '**Net Domestic Assets**' (NDA) dropped by 11.9 percent (or \$63.6 million) to \$516.3 million. Underpinning the hike in the former were considerable inflows of government grants and budget support funds, which underpinned the hike in Central Bank foreign assets. Meanwhile, the decrease in the latter was due to a surplus (net savings) in the net government position as well as a reduction in lending to private sector.

The **overall nominal value** of the Samoan Tala appreciated slightly by 0.003 percent as the Tala strengthened against the New Zealand dollar (up by 1.2 percent) and Euro dollar (up by 0.2 percent) but weakened against the Australian and US dollars by 1.2 percent and 0.1 percent respectively.

The **Consumer Price Index (CPI)** rebounded by 1.8 percent over the month and was 10.7 percent higher than in June 2022. Moreover, the **annual average headline inflation rate** remained at 12.0 percent from May 2023 but was higher than 8.8 percent in June 2022. The local component inflation continued to hike to 9.2 percent from 8.7 percent in the previous month due to strong local demand while imported inflation fell to 14.5 percent from 15.0 percent in May 2023. On the other hand, the

**underlying inflation rate** continued to climb, rising to 14.2 percent from 13.9 percent in the previous month and was 8.4 percent in the same month last year.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia, noted a significant drop of 26.9 percent over the previous month. This reduction in supply reflected sizable reductions in the supply of taro, taamu, banana, breadfruit, and vegetable items (like pumpkin, cucumber, tomatoes, and Chinese cabbages). Consequently, the **overall price index** edged up by 15.4 percent.

On the external front, **total export earnings** jumped by 21.1 percent (or \$2.2 million) to a total of \$12.7 million. This was due to a \$4.5 million increase in re-exports (mainly fuel), offsetting a \$2.3 million decrease (mainly fish and coconut oil) in domestically produced exports. Also, **total import payments** edged up by 3.5 percent (or \$3.5 million) to \$102.4 million. Underpinning this expansion were increases of \$2.0 million, \$1.2 million, and \$0.3 million in non-petroleum private sector imports, government imports and petroleum imports in that order. As a result, the **merchandise trade deficit** widened by 1.5 percent (or \$1.3 million) to \$89.7 million over the previous month.

The **inflow of private remittances** decreased by 2.6 percent (or \$2.0 million) to \$73.8 million over the previous month but was 2.2 percent (or \$1.6 million) higher than its level in the same month of last year. Furthermore, **tourist arrivals** rose further by 14.6 percent (or 2,302 visitors) to 18,021 visitors. A seasonal decline in the average visitor spending (down by 17.8 percent) led to a drop of 5.8 percent (or \$3.5 million) to \$57.7 million in **visitor earnings** in June 2023.

Overall, **total gross foreign reserves** expanded further by 8.2 percent (or \$83.6 million) to \$1,098.1 million, which was sufficient to cover 10.9 months of imports, up from 10.3 months in May 2023 but was the same level as in June 2022.

SELECTED ECONOMIC INDICATORS															
INDICATORS	2020	2021	2022	2023						Average Twelve Months			Average levels in the previous		
	June	June	June	Jan	Feb	Mar	Apr	May	June	Jul20 - Jun21	Jul21 - Jun22	Jul22 - Jun23	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>															
Official rate	0.15	0.15	0.15	0.19	0.15	0.22	0.23	0.24	0.23	0.15	0.16	0.19	0.15	0.15	0.16
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>															
Average lending rate	8.63	8.57	8.29	8.26	8.26	8.32	8.33	8.30	8.31	8.59	8.35	8.29	8.43	8.50	8.69
Average deposit rate	2.73	2.11	1.82	1.76	1.77	1.82	1.73	1.81	1.76	2.49	1.83	1.80	1.96	2.22	2.42
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1170.4</b>	<b>1175.9</b>	<b>1171.8</b>	<b>1177.4</b>	<b>1169.5</b>	<b>1157.4</b>	<b>1164.6</b>	<b>1146.3</b>	<b>1140.1</b>	<b>1176.9</b>	<b>1182.9</b>	<b>1167.5</b>	<b>1173.9</b>	<b>1172.7</b>	<b>1141.8</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-280.0</b>	<b>-319.9</b>	<b>-334.1</b>	<b>-336.4</b>	<b>-329.2</b>	<b>-353.4</b>	<b>-363.3</b>	<b>-352.6</b>	<b>-395.4</b>	<b>-322.8</b>	<b>-320.9</b>	<b>-333.6</b>	<b>-327.0</b>	<b>-311.3</b>	<b>-268.8</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1225.5</b>	<b>1325.3</b>	<b>1354.7</b>	<b>1459.8</b>	<b>1485.3</b>	<b>1471.1</b>	<b>1501.8</b>	<b>1564.1</b>	<b>1575.4</b>	<b>1286.4</b>	<b>1351.7</b>	<b>1448.5</b>	<b>1340.0</b>	<b>1301.8</b>	<b>1253.2</b>
Currency outside banks	98.1	112.5	123.8	144.0	137.4	140.8	145.0	155.8	162.7	114.2	128.5	142.8	118.2	111.5	101.4
Demand deposits	370.1	430.5	437.1	476.5	510.9	487.5	506.8	531.9	548.9	388.9	422.9	469.5	433.8	412.6	398.8
FCD residents	48.4	55.9	63.8	111.3	106.4	99.7	101.4	103.0	114.3	46.5	69.9	92.7	59.9	56.0	60.9
Save deposits	165.0	190.9	206.8	223.7	224.1	224.8	232.7	237.6	242.3	181.4	205.8	225.5	198.8	187.6	170.3
Time deposits	543.9	535.4	523.2	504.3	506.5	518.3	515.9	535.7	507.3	555.3	524.7	518.0	529.3	534.2	521.8
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>99.9</b>	<b>100.0</b>	<b>99.9</b>	<b>99.8</b>	<b>99.9</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.9</b>	<b>99.9</b>	<b>99.9</b>	<b>99.9</b>	<b>99.9</b>	<b>99.9</b>
<b>HEADLINE CPI (2)</b>	<b>104.9</b>	<b>109.2</b>	<b>121.0</b>	<b>128.2</b>	<b>129.0</b>	<b>129.8</b>	<b>131.8</b>	<b>131.5</b>	<b>133.9</b>	<b>105.8</b>	<b>119.5</b>	<b>128.8</b>	<b>115.1</b>	<b>111.7</b>	<b>110.4</b>
Annual average inflation (%)	1.5	-3.0	8.8	11.0	11.2	11.5	11.7	12.0	12.0	-1.7	6.2	11.2	2.9	2.4	2.6
<b>LOCAL MARKET SURVEY: (2)</b>													<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Volume	66.5	81.3	63.1	92.5	79.1	82.3	83.1	68.6	52.2	96.2	99.5	93.9	72.2	70.3	86.6
Price	118.8	105.1	120.3	162.2	133.6	163.3	175.5	176.2	219.7	106.1	113.4	146.2	112.7	114.7	114.9
<b>EXPORTS (Tala million)</b>	<b>7.8</b>	<b>7.1</b>	<b>8.4</b>	<b>7.4</b>	<b>7.5</b>	<b>10.7</b>	<b>6.9</b>	<b>10.5</b>	<b>8.2</b>	<b>7.5</b>	<b>7.9</b>	<b>9.3</b>	<b>7.7</b>	<b>7.8</b>	<b>9.3</b>
<b>IMPORTS (Tala million)</b>	<b>54.3</b>	<b>59.7</b>	<b>77.2</b>	<b>101.9</b>	<b>68.4</b>	<b>96.9</b>	<b>93.6</b>	<b>98.9</b>	<b>102.4</b>	<b>68.4</b>	<b>86.5</b>	<b>100.5</b>	<b>68.5</b>	<b>63.7</b>	<b>65.7</b>
<b>REMITTANCES (Tala million)</b>	<b>52.1</b>	<b>51.6</b>	<b>72.2</b>	<b>55.1</b>	<b>56.5</b>	<b>64.7</b>	<b>50.0</b>	<b>75.7</b>	<b>73.8</b>	<b>50.6</b>	<b>65.5</b>	<b>69.3</b>	<b>61.9</b>	<b>58.6</b>	<b>51.3</b>
<b>TOURISM: (1)&amp;(4)</b>													<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Arrivals	-	0.0	0.0	12321.0	7687.0	10128.0	13720.0	15719.0	18021.0	-	3,125	10,388	-	-	6,501
Earnings (Tala million)	0.0	0.0	0.0	36.9	24.6	34.5	48.7	61.2	57.7	0.0	10.2	35.1	-	-	18
<b>GROSS INTERNATIONAL RESERVES (3) (5)</b>	<b>594.3</b>	<b>732.7</b>	<b>812.7</b>	<b>894.5</b>	<b>924.7</b>	<b>947.9</b>	<b>976.2</b>	<b>1014.5</b>	<b>1098.1</b>	<b>700.6</b>	<b>786.9</b>	<b>894.6</b>	<b>772.7</b>	<b>713.2</b>	<b>605.9</b>
BOP Position (+/-) (Surplus/Deficit)	44.1	18.2	34.9	26.8	30.2	23.2	28.2	38.3	83.6	11.5	8.5	23.8	26.6	32.4	27.5
Import Cover	8.4	10.7	10.9	9.4	9.9	9.8	10.0	10.3	10.9	10.6	10.3	9.8	10.8	10.0	8.4

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

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