



SELECTED ECONOMIC INDICATORS

MARCH 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.9: 2021/22

March 2022

World Economy

The US economy contracted by 1.4 percent in the first quarter of 2022, due to a large trade deficit coupled with a decline in inventory investment. On the other hand, the Euro Area grew by 0.2 percent in the first quarter of 2022, on top of a 0.3 percent growth in the previous quarter. The Australian economy expanded by 3.4 percent in the fourth quarter of 2021 because of a sharp rebound in household spending while the New Zealand economy also increased by 3.0 percent in the same period in light of improvements in the services sector.

Domestic Economy

The **CBS official interest rate** remained at 0.15 percent as CBS open market operations continue to be on hold as a result of the Covid-19 pandemic. On the other hand, the commercial banks' **weighted average deposit and lending rates** both fell by 2 basis points each to 1.79 percent and 8.30 percent respectively from the previous month. Therefore, the commercial banks' **interest rate spread** narrowed by 1 basis point to 6.51 percent over the previous month but was higher than 6.24 percent in March 2021.

Total commercial banks' **liquidity** improved by 2.2 percent (or \$7.5 million) to \$345.18 million and was 6.9 percent (or \$22.2 million) higher than in the same month last year. Responsible for this growth over the month was a \$10.5 million hike in commercial banks' holdings of their vault cash, offsetting a \$3.1 million drop in their exchange settlement accounts (ESA). Total **commercial bank's credit to the private sector and public institutions** went back up by 0.2 percent (or \$2.7 million) to \$1,186.2 million and was \$13.5 million higher than in March 2021.

Broad Money (M2) also rebounded by 0.7 percent (or \$8.8 million) to \$1,309.4 million due to an improvement of \$14.9 million in **Net Domestic Assets (NDA)** from increased

government spending and credit to the private sector This nullified a \$6.1 million drop in **Net Foreign Assets (NFA)**, which was due to a drop in CBS foreign reserves despite higher foreign holdings of commercial banks.

The **overall nominal value** of the Samoan tala depreciated by 0.01 percent as the Tala weakened against the New Zealand and Australian dollars (both down by 1.4 percent) but strengthened against the US dollar (up by 1.5 percent) and Euro (up by 4.3 percent).

The monthly **Consumer Price Index (CPI)** rose by 0.7 percent over the previous month and was 8.5 percent higher than that of the same month last year. Consequently, the **annual average inflation rate** grew further to 6.7 percent from 5.7 percent in March 2021 and was -3.8 percent in March 2020. Underpinning this overall increase were further hikes in both its imported component to 10.8 percent (from 9.3 percent) and local component to 2.7 percent (from 2.0 percent).

The **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia jumped by 21.6 percent over the month. This improvement was due to increased supplies of stable commodities such as yam, taro and vegetable items (like Chinese cabbage, cucumber and tomatoes). Despite the abundance of supplies of agricultural produce, the overall price index edged up by 2.5 percent because of higher demand.

Total export earnings tumbled by 36.4 percent (or \$3.7 million) to \$6.5 million due to a \$3.9 million decline in domestically produced exports which was mainly coconut oil (down by \$3.7 million) while re-exports went up by \$0.2 million over the month. Similarly, **total import payments** declined by 37.3 percent (or \$34.2 million) to \$57.5 million mirroring reductions of \$16.3 million and \$3.5 million in non-petroleum

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private sector and government sector imports respectively as well as the absence of petroleum imports during the month. Accordingly, the merchandise trade deficit contracted by 37.4 percent to \$51.0 million from the last month.

The **inflow of private remittances** increased slightly by 1.3 percent (or \$0.7 million) to \$54.8 million from the previous month and was also 5.6 percent (or \$2.9 million) higher than the same month of 2021. No **visitor arrivals¹ and earnings** were recorded in the month review.

Gross monthly foreign reserves² fell by 4.5 percent (or \$33.9 million) to \$723.2 million in March 2022. This was sufficient to cover 10.2 months of imports, down from 10.3 months in February 2022 and much lower than 11.1 months in March 2021.

CENTRAL BANK OF SAMOA
16th May 2022

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

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INDICATORS	2020	2021			2022			Average Eight Months			Average levels in the previous		
	Mar	Mar	Nov	Dec	Jan	Feb	Mar	Jul19 - Mar20	Jul20 - Mar21	Jul21 - Mar22	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	0.16	0.15	0.15	0.15	0.16	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)													
Average lending rate	8.87	8.57	8.44	8.40	8.34	8.32	8.30	8.86	8.60	8.43	8.72	8.83	8.82
Average deposit rate	2.76	2.33	1.85	1.72	1.76	1.81	1.79	2.62	2.60	1.86	2.55	2.63	2.67
COMMERCIAL BANK LOANS (Tala million)	1181.3	1172.7	1200.5	1191.6	1193.5	1183.5	1186.2	1163.8	1176.8	1191.0	1177.0	1162.0	1120.1
GOVERNMENT NET POSITION (Tala million)	-242.0	-319.2	-348.3	-330.5	-317.3	-301.3	-271.2	-246.5	-323.8	-326.5	-280.6	-245.6	-216.4
MONEY SUPPLY (Tala million)	1221.9	1302.9	1330.0	1332.0	1325.0	1300.6	1309.4	1218.7	1277.5	1313.9	1262.4	1256.7	1152.1
Currency outside banks	91.7	121.2	117.0	132.7	121.1	116.7	126.2	99.6	113.1	121.7	106.4	101.6	88.2
Demand deposits	366.9	401.5	425.0	412.6	422.3	422.2	406.1	377.0	380.8	409.7	384.2	392.2	346.8
FCD residents	61.4	52.7	65.1	72.0	63.8	52.9	55.1	59.8	44.3	61.8	57.0	63.6	65.7
Save deposits	151.9	182.5	198.4	191.9	189.5	188.5	192.6	155.1	178.7	194.2	167.2	159.9	148.8
Time deposits	550.0	545.0	524.4	522.8	528.3	520.2	529.4	527.1	560.6	526.5	547.5	539.4	502.6
NOMINAL EXCHANGE RATE (Index)	100.2	100.0	99.8	99.8	99.8	99.8	99.8	100.0	99.9	99.8	100.1	100.0	100.1
HEADLINE CPI (2)	111.0	107.1	113.0	115.3	114.8	115.3	116.2	110.0	105.0	113.9	109.1	108.4	106.2
Annual average inflation (%)	2.0	-3.8	1.8	3.1	4.5	5.7	6.7	1.4	-1.1	1.9	-0.9	0.5	1.1
LOCAL MARKET SURVEY: (2)													
Volume	55.2	85.8	84.0	89.0	97.9	113.0	137.4	112.1	101.2	97.9	70.5	74.3	94.2
Price	150.7	123.2	98.0	104.2	106.7	100.0	102.5	117.8	104.8	102.4	137.0	133.4	120.2
EXPORTS (Tala million)	7.3	8.8	7.8	7.4	4.5	10.2	6.5	10.7	7.8	6.4	8.1	9.2	8.2
IMPORTS (Tala million)	70.4	84.6	85.3	98.4	47.1	91.7	57.5	76.9	68.5	72.1	77.5	79.2	71.7
REMITTANCES (Tala million)	46.9	51.9	67.9	79.0	44.1	54.2	54.8	46.7	50.9	59.3	49.4	51.1	46.0
TOURISM: (1)&(4)													
Arrivals	4,164	0.0	0.0	0.0	0.0	0.0	0.0	13,822	-	-	2,082	5,109	7,288
Earnings (Tala million)	12.6	0.0	0.0	0.0	0.0	0.0	0.0	41.7	0.0	0.0	6	15	21
GROSS INTERNATIONAL RESERVES (3) (5)	500.6	718.3	764.7	767.3	768.8	757.1	723.2	478.7	693.3	758.5	609.5	555.2	452.8
BOP Position (+/-) (Surplus/Deficit)	23.9	-1.7	-7.7	2.6	1.5	-11.7	-33.9	1.1	13.8	-1.1	11.1	-0.2	2.7
Import Cover	6.5	11.1	10.9	10.7	10.9	10.3	10.2	6.2	10.5	10.8	8.8	7.9	6.6

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