



SELECTED ECONOMIC INDICATORS

MARCH 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.9: 2022/23

March 2023

World Economy

On the global front, the US economy recorded an estimated 1.1 percent growth in the first quarter of 2023, mainly due to increased consumer spending. Meanwhile, the Euro Area grew slightly by 0.1 percent. The Australian economy also expanded by 0.5 percent at the end of 2022, due to hikes in household consumption and government spending. However, the New Zealand economy contracted by 0.6 percent in the last quarter of 2022 reflecting the adverse impact of Cyclone Gabrielle and subsequent flooding at the end of 2022 on agriculture, forestry, and fisheries and ultimately, reducing the goods production sector.

Domestic Economy

The CBS (Central Bank of Samoa) official **interest rate** went up by 7 basis points to 0.22 percent over February 2023. The commercial banks' **weighted average deposit and lending rate** both increased by 6 basis points to 1.82 percent and to 8.32 percent respectively from the previous month. As a result, the commercial banks' **interest rate spread** edged up to 6.50 percent from 6.49 percent in February 2023 but was lower than 6.51 percent in the same month last year.

Total commercial banks' **liquidity** improved by 1.8 percent (or \$8.8 million) to \$486.9 million and was 41.1 percent (or \$141.7 million) higher than in the same month last year. Responsible for this growth over the month was a \$10.0 million hike in CBS Securities coupled with a \$5.8 million increase in commercial banks' exchange settlement accounts (ESA), offsetting a \$7.0 million drop in their holdings of vault cash. Total **commercial banks' credit to the private sector and public institutions** fell by \$12.1 million to \$1,157.4 million and was \$28.8 million lower than in March 2022.

Broad Money (M2) went down by 1.0 percent (or \$14.2 million) to \$1,471.1 million due to a 5.1 percent (or \$31.8 million) drop in '**Net Domestic Assets**' (NDA) given the drop in domestic credit to private sector coupled with an increase in the government net position with the monetary system. This was partially offset by a 2.0 percent (or \$17.6 million) improvement in '**Net Foreign Assets**' (NFA), which was due to an increase in foreign holdings of the Central Bank.

The **overall nominal value** of the Samoan Tala depreciated by 0.19 percent as the Tala weakened against the US and Euro dollars, by 1.2 percent and 1.1 percent respectively. However, the Tala strengthened against the Australian dollar (up by 2.3 percent) and New Zealand dollar (up by 0.3 percent).

The **Consumer Price Index (CPI)** rose by 0.6 percent over the previous month and was 11.7 percent higher than that of the same month last year. Consequently, the **annual average headline inflation rate** grew further to 11.5 percent from 11.2 percent in February 2023 and 6.7 percent in March 2022. Underpinning this overall increase were further hikes in both its imported component to 15.2 percent (from 15.1 percent) and local component to 7.5 percent (from 7.1 percent). Similarly, the **underlying inflation rate** also rose to 12.9 percent from 12.3 percent in February 2023 and was 6.2 percent in the same month last year.

Total **supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia went up by 1.2 percent over the month. This was due to higher supplies of ta'amu and vegetable items such as pumpkin, head cabbage and Chinese cabbage. Despite the slight increase in supply, the overall price index edged up by 19.6 percent.

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Total export earnings rebounded by 42.3 percent (or \$3.2 million) to \$10.7 million due to a \$1.7 million increase in domestically produced exports, which was mainly coconut oil (up by \$1.3 million) coupled with gains in taro and coconut cream exports. In addition, re-exports also jumped by \$1.5 million over the month. On the other hand, **total import payments** jumped by 89.6 percent (or \$61.3 million) to \$129.8 million during the month mirroring increases of \$34.0 million, \$21.7 million and \$5.6 million in government imports (one-off importation of a \$32.8 million worth of ferry boat), petroleum imports (resumption of petroleum imports) and non-petroleum private sector imports in that order. Accordingly, the **merchandise trade deficit** grew by 95.4 percent to \$119.1 million from the last month.

The **inflow of private remittances** improved by 14.9 percent (or \$8.4 million) to \$65.0 million from the previous month and was also 17.7 percent (or \$9.8 million) higher than in the same month of 2022. **Tourist arrivals** went back up by 31.8 percent (2,441 visitors) to 10,128 visitors, leading to a 40.1 percent (or \$9.9 million) increase in **total visitor receipts** to \$34.5 million in March 2023.

Gross **monthly foreign reserves**¹ picked up by 2.5 percent (or \$23.2 million) to \$947.9 million in March 2023. This was adequate to cover 9.5 months of imports, down from 9.9 months in February 2023 and was much lower than 10.2 months in March 2022.

CENTRAL BANK OF SAMOA
16th May 2023

¹ Effective January 2021, the coverage of gross official foreign reserves will include only foreign exchange holdings of the Central Bank and IMF account balances. 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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SELECTED ECONOMIC INDICATORS																		
INDICATORS	2020	2021		2022					2023			Average Nine Months			Average levels in the previous			
	Mar	Mar	Mar	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Jul20 - Mar21	Jul21 - Mar22	Jul22 - Mar23	2-years	3-years	5-years
CENTRAL BANK OF SAMOA: (%)																		
Official rate	0.15	0.15	0.15	0.15	0.15	0.20	0.16	0.15	0.19	0.19	0.15	0.23	0.15	0.15	0.17	0.15	0.15	0.16
COMMERCIAL BANKS' INTEREST RATES: (%)																		
Average lending rate	8.87	8.57	8.30	8.29	8.30	8.27	8.28	8.26	8.28	8.26	8.26	8.32	8.60	8.43	8.28	8.43	8.58	8.74
Average deposit rate	2.76	2.33	1.79	1.87	1.82	1.79	1.85	1.84	1.79	1.76	1.77	1.82	2.60	1.86	1.81	2.06	2.29	2.52
COMMERCIAL BANK LOANS (Tala million)	1181.3	1172.7	1186.2	1177.4	1178.8	1179.0	1174.7	1168.3	1176.9	1177.4	1169.5	1157.4	1176.8	1191.0	1173.3	1179.5	1180.1	1147.5
GOVERNMENT NET POSITION (Tala million)	-242.0	-319.2	-271.2	-329.6	-317.8	-287.7	-296.1	-304.7	-336.6	-336.4	-329.2	-353.4	-323.8	-326.5	-321.3	-295.2	-277.5	-238.7
MONEY SUPPLY (Tala million)	1221.9	1302.9	1309.4	1344.5	1372.3	1389.1	1396.9	1392.4	1429.7	1459.8	1485.3	1471.1	1277.5	1313.9	1415.7	1306.1	1278.1	1228.0
Currency outside banks	91.7	121.2	126.2	130.0	131.5	137.4	132.3	130.1	166.6	144.0	137.4	140.8	113.1	121.7	138.9	123.7	113.0	100.9
Demand deposits	366.9	401.5	406.1	407.7	423.9	434.4	424.6	432.3	449.2	476.5	510.9	487.5	380.8	409.7	449.7	403.8	391.5	376.1
FCD residents	61.4	52.7	55.1	65.0	78.0	77.3	84.4	80.3	90.9	111.3	106.4	99.7	44.3	61.8	88.1	53.9	56.4	62.9
Save deposits	151.9	182.5	192.6	220.0	223.1	220.6	220.9	217.5	218.7	223.7	224.1	224.8	178.7	194.2	221.5	187.5	175.6	161.6
Time deposits	550.0	545.0	529.4	521.8	515.8	519.4	534.6	532.2	504.2	504.3	506.5	518.3	560.6	526.5	517.5	537.2	541.5	526.6
NOMINAL EXCHANGE RATE (Index)	100.2	100.0	99.8	99.9	99.9	100.2	100.4	100.1	99.9	99.8	99.9	99.7	99.9	99.8	100.0	99.9	100.0	100.0
HEADLINE CPI (2)	111.0	107.1	116.2	125.3	129.9	130.1	127.7	124.6	124.0	128.2	129.0	129.8	105.0	113.9	127.6	111.7	111.4	109.2
Annual average inflation (%)	2.0	-3.8	6.7	9.5	10.3	11.0	11.3	11.3	11.0	11.0	11.2	11.5	-1.1	1.9	10.9	1.5	1.7	2.2
LOCAL MARKET SURVEY: (2)																		
Volume	55.2	85.8	137.4	76.3	86.3	132.7	160.6	130.1	82.8	92.5	79.1	80.1	101.2	97.9	102.3	111.6	92.8	97.1
Price	150.7	123.2	102.5	119.4	125.7	121.4	114.4	115.7	127.5	162.2	133.6	159.7	104.8	102.4	131.1	112.8	125.5	122.3
EXPORTS (Tala million)	7.3	8.8	6.5	10.9	10.3	12.5	9.5	8.5	8.5	7.4	7.5	10.7	7.8	6.4	9.5	7.7	7.5	8.1
IMPORTS (Tala million)	70.4	84.6	57.5	84.7	117.5	106.9	78.0	107.3	116.6	101.9	68.4	129.8	68.5	72.1	101.2	71.0	70.8	69.0
REMITTANCES (Tala million)	46.9	51.9	55.2	83.1	72.3	69.2	62.6	74.6	94.5	55.1	56.5	65.0	50.9	59.4	70.3	53.6	51.3	50.6
TOURISM: (1)&(4)																		
Arrivals	4,164	0.0	0.0	0.0	6318.0	8261.0	7171.0	8530.0	16779.0	12321.0	7687.0	10128.0	-	-	8,577	-	1,388	5,407
Earnings (Tala million)	12.6	0.0	0.0	0.0	20.6	27.7	23.4	30.6	55.0	36.9	24.6	34.5	0.0	0.0	28.1	-	4	16
GROSS INTERNATIONAL RESERVES (3) (5)	500.6	718.3	723.2	811.6	800.3	789.6	785.3	818.1	874.9	894.5	924.7	947.9	693.3	758.5	849.7	720.7	647.4	546.7
BOP Position (+/-) (Surplus/Deficit)	23.9	-1.7	-33.9	-1.1	-11.3	-10.7	-4.2	32.8	49.7	26.8	30.2	23.2	13.8	-1.1	15.0	-17.8	-3.9	-3.0
Import Cover	6.5	11.1	10.2	10.5	9.9	9.4	9.0	9.2	9.6	9.4	9.9	9.5	10.5	10.8	9.6	10.6	9.2	7.8

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.
- Samoa received the IMF-Special Drawing Rights (SDRs) allocation of SDR15.5 million, an equivalent of around \$55.5 million Tala in August 2021

n/a: not available