



## **SELECTED ECONOMIC INDICATORS** **MAY 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.11: 2021/22**

**May 2022**

### **World Economy**

The US economy contracted by 1.6 percent in the first quarter of 2022, due to a combination of a large trade deficit, supply constraints, shortage of workers and high inflation. On the other hand, the Euro Area expanded by 0.6 percent in the first quarter of 2022, which was well above its forecast. 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 shrank by 0.2 percent considering declines in the primary and goods-producing industries.

### **Domestic Economy**

The monthly **weighted average official interest rate** remained the same in May 2022. However, the commercial banks' **weighted average deposit rate** went back up by 2 basis points to 1.78 percent while the **weighted average lending rate** also rose by 1 basis point to 8.30 percent. As a result, the **commercial banks' intertest rate spread** contracted slightly to 6.52 percent from 6.53 percent in the previous month but was up from 6.37 percent in May 2021.

Total **commercial banks' liquidity** expanded by 2.2 percent to \$349.7 million and was 5.7 percent higher than in the same month a year ago. The overall monthly expansion was due to increases in both commercial banks' vault cash holdings (up by \$4.0 million) and holdings of exchange settlement accounts (ESA) (up by \$3.5 million). Total **commercial banks' credit to the private sector and public institutions** combined fell further by \$6.6 million to \$1,172.9 million and was also \$5.9 million lower over the same month last year.

**Broad money (M2)** increased for the third consecutive month, rising by \$31.9 million to

\$1,375.3 million, due to improvements in both '**Net Foreign Assets**' (NFA) (up by \$25.5 million) and '**Net Domestic Assets**' (NDA) (up by \$6.4 million). The increase in the former was due to a hike in official reserves of the Central Bank of Samoa as well as higher foreign holdings of the banking system while the gain in the latter reflected an increase in 'Other items net' coupled with decreases in domestic credit and capital accounts.

The **overall nominal value** of the Samoan Tala appreciated by 0.07 percent as the Tala strengthened against the New Zealand dollar (up by 3.0 percent) and Australian dollar (up by 1.9 percent) but weakened against the US dollar and Euro by 2.7 percent and 0.3 percent in that order.

The headline **Consumer Price Index (CPI)** recorded a slight increase of 0.1 percent over the month and was 8.9 percent higher than in the same month last year. As a result, the **annual average headline inflation rate** escalated further to 8.2 percent from 7.6 percent in April 2022 and -3.6 percent in May 2021. Largely accounting for this increase over the month were further hikes in both its imported component (up to 12.7 percent from 12.1 percent) and local component (up to 3.6 percent from 3.1 percent). The ongoing Russia – Ukraine war continues to negatively impact international food and fuel prices.

The **overall supply of agriculture commodities** to the Fugalei and other domestic produce markets around Apia, decreased by 4.9 percent over the previous month. The overall reduction was due to lower supplies of taro, banana, coconut and pumpkin. As a result, the overall price index went up by 3.4 percent.

On the external front, **total export earnings** rebounded by 60.3 percent (or \$4.0 million) to \$10.6 million due to increase in both domestically produced exports (up by \$3.2 million) mainly coconut oil, taro and beer; and re-exports (up by \$0.8 million) over the month. In addition, **total import payments** expanded by 2.9 percent (or \$2.4 million) to \$87.1 million. This was underpinned by higher non-petroleum private sector imports (up by \$4.8 million) and petroleum imports (up by \$3.3 million), offsetting a \$5.7 million drop in government imports. Consequently, the **merchandise trade deficit** contracted by 2.0 percent to \$76.5 million over the previous month.

The **inflow of private remittances** rose further by 15.4 percent (or \$8.9 million) to \$66.4 million in light of the Mother's Day Holiday and was 24.5 percent higher than its level in the same month of last year. However, as international borders continue to close, no **visitor arrivals<sup>1</sup> and earnings** were recorded for May 2022.

All in all, **total gross foreign reserves<sup>2</sup>** grew by \$17.9 million (or 2.4 percent) to \$777.8 million, which was sufficient to cover 10.6 months of imports, up from 10.4 months in April 2022 and 10.5 months in May of last year

**CENTRAL BANK OF SAMOA**  
**4<sup>th</sup> July 2022**

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<sup>1</sup> With only selected flights for Samoan citizens and residents' repatriation.

<sup>2</sup>Effective 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.

## Selected Economic Indicators

May 2022

SELECTED ECONOMIC INDICATORS													
INDICATORS	2020	2021	2022					Average Eleven Months			Average levels in the previous		
	May	May	Jan	Feb	Mar	Apr	May	Jul19 - May20	Jul20 - May21	Jul21 - May22	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>													
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	0.15
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>													
Average lending rate	8.60	8.53	8.34	8.32	8.30	8.29	8.30	8.83	8.59	8.40	8.57	8.70	8.73
Average deposit rate	2.75	2.16	1.76	1.81	1.79	1.76	1.78	2.64	2.53	1.84	2.45	2.47	2.57
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1180.6</b>	<b>1178.8</b>	<b>1193.5</b>	<b>1183.5</b>	<b>1186.2</b>	<b>1179.5</b>	<b>1172.9</b>	<b>1166.7</b>	<b>1177.0</b>	<b>1188.3</b>	<b>1179.7</b>	<b>1163.8</b>	<b>1125.7</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-244.7</b>	<b>-317.4</b>	<b>-317.3</b>	<b>-301.3</b>	<b>-271.2</b>	<b>-308.4</b>	<b>-306.6</b>	<b>-247.1</b>	<b>-323.0</b>	<b>-323.1</b>	<b>-281.0</b>	<b>-246.5</b>	<b>-223.0</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1217.8</b>	<b>1299.8</b>	<b>1325.0</b>	<b>1300.6</b>	<b>1309.4</b>	<b>1343.3</b>	<b>1375.3</b>	<b>1218.8</b>	<b>1282.8</b>	<b>1322.2</b>	<b>1258.8</b>	<b>1256.7</b>	<b>1164.9</b>
Currency outside banks	102.2	119.6	121.1	116.7	126.2	126.0	124.9	99.5	114.4	122.4	110.9	106.8	92.4
Demand deposits	366.0	388.9	422.3	422.2	406.1	421.9	440.6	375.1	385.2	413.6	377.4	387.2	352.0
FCD residents	47.5	54.4	63.8	52.9	55.1	54.6	66.1	58.7	45.7	61.5	51.0	58.7	62.6
Save deposits	159.0	189.8	189.5	188.5	192.6	204.8	205.1	155.4	180.5	196.2	174.4	164.9	153.3
Time deposits	543.1	547.2	528.3	520.2	529.4	535.9	538.6	530.1	557.1	528.5	545.1	539.1	504.7
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>100.1</b>	<b>100.0</b>	<b>99.8</b>	<b>99.8</b>	<b>99.8</b>	<b>99.8</b>	<b>99.8</b>	<b>100.0</b>	<b>99.9</b>	<b>99.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>HEADLINE CPI (2)</b>	<b>105.8</b>	<b>107.7</b>	<b>114.8</b>	<b>115.3</b>	<b>116.2</b>	<b>117.2</b>	<b>117.3</b>	<b>109.4</b>	<b>105.5</b>	<b>114.5</b>	<b>106.7</b>	<b>107.2</b>	<b>106.1</b>
Annual average inflation (%)	1.7	-3.6	4.5	5.7	6.7	7.6	8.2	1.5	-1.6	3.0	-0.9	0.2	1.1
<b>LOCAL MARKET SURVEY: (2)</b>													
Volume	67.8	83.0	97.9	113.0	137.4	94.3	89.7	103.6	97.6	96.9	75.4	82.3	92.2
Price	127.5	111.0	106.7	100.0	102.5	111.9	115.7	120.7	106.2	104.4	119.3	123.6	119.9
<b>EXPORTS (Tala million)</b>	<b>7.9</b>	<b>7.8</b>	<b>4.5</b>	<b>10.2</b>	<b>6.5</b>	<b>6.6</b>	<b>10.6</b>	<b>10.4</b>	<b>7.5</b>	<b>6.8</b>	<b>7.9</b>	<b>8.6</b>	<b>8.3</b>
<b>IMPORTS (Tala million)</b>	<b>48.9</b>	<b>80.0</b>	<b>47.1</b>	<b>91.7</b>	<b>57.5</b>	<b>84.7</b>	<b>87.1</b>	<b>72.6</b>	<b>69.2</b>	<b>74.6</b>	<b>64.5</b>	<b>72.8</b>	<b>71.3</b>
<b>REMITTANCES (Tala million)</b>	<b>58.4</b>	<b>53.3</b>	<b>44.1</b>	<b>54.2</b>	<b>54.8</b>	<b>57.5</b>	<b>66.4</b>	<b>46.9</b>	<b>50.5</b>	<b>59.8</b>	<b>55.9</b>	<b>53.1</b>	<b>48.6</b>
<b>TOURISM: (1)&amp;(4)</b>													
Arrivals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11,309	-	-	-	4,522	7,549
Earnings (Tala million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	34.1	0.0	0.0	-	15	25
<b>GROSS INTERNATIONAL RESERVES (3) (5)</b>	<b>550.2</b>	<b>714.5</b>	<b>768.8</b>	<b>757.1</b>	<b>723.2</b>	<b>759.9</b>	<b>777.8</b>	<b>492.4</b>	<b>697.7</b>	<b>760.4</b>	<b>632.3</b>	<b>572.4</b>	<b>478.3</b>
BOP Position (+/-) (Surplus/Deficit)	-7.7	-6.4	1.5	-11.7	-33.9	36.7	17.9	5.4	10.9	4.1	-7.1	-2.9	8.3
Import Cover	7.5	10.5	10.9	10.3	10.2	10.4	10.6	6.4	10.6	10.8	9.0	8.0	6.9

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