



## SELECTED ECONOMIC INDICATORS MAY 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.11: 2022/23**

**May 2022**

### World Economy

On the global stage, the US economy grew by 2.0 percent in the first quarter of 2023, mostly driven by strong consumer spending, a positive balance of trade as well as higher fixed investments. However, the Euro Area shrank by 0.1 percent in the March quarter of 2023 as a result of high inflation driving down household expenditures and public spending. The Australian economy expanded by 0.2 percent in the first quarter of 2023, due to increased household consumption and private investment. The New Zealand economy contracted by 0.1 percent in the March quarter reflecting declines in the primary industries, manufacturing sector as well as the services industry.

### Domestic Economy

The monthly **weighted average official interest rate** went up by 1 basis point to 0.24 percent in May 2023. However, the commercial banks' **weighted average lending rate** dropped by 2 basis points to 8.30 percent while the **weighted average deposit rate** edged up by 8 basis points to 1.81 percent. As a result, the **commercial banks' interest rate spread** narrowed to 6.50 percent from 6.60 percent in the previous month and 6.52 percent in May 2022.

Total **commercial banks' liquidity** expanded further by 5.4 percent (or \$27.0 million) to \$523.3 million<sup>1</sup> and was 49.7 percent higher than in the same month a year ago. The overall monthly expansion was due to increases in commercial banks' holdings of exchange settlement accounts (ESA) (up by \$16.9 million), their holdings of CBS securities (up by \$10.0 million) and holdings of vault cash (up by \$0.1 million). Total **commercial banks' credit**

**to the private sector and private institutions** combined, however, fell by 1.6 percent (or \$18.3 million) to \$1,146.3 million and was 2.3 percent (or \$26.6 million) lower over the same month last year.

**Broad Money (M2)** continued to pick up, jumping by \$62.3 million to \$1,564.1 million, due to gains in both '**Net Foreign Assets' (NFA)** (up by \$55.2 million) and '**Net Domestic Assets' (NDA)** (up by \$7.0 million). The increase in the former was due to a significant hike in official reserve assets of the CBS as well as higher foreign holdings of the commercial banks while the gain in the latter reflected an increase in 'Other items net'.

The **overall nominal value** of the Samoan Tala appreciated slightly by 0.009 percent as the Tala strengthened against the Australian and Euro dollars but weakened against the New Zealand and US dollars.

The headline **Consumer Price Index (CPI)** recorded a slight decrease of 0.2 percent over the previous month but was 12.1 percent higher than May last year. As a result, the **annual average headline inflation rate** accelerated further to 12.0 percent from 11.7 percent in April 2023 but was only 8.2 percent in May 2022. Largely accounting for the increase over the month was a hike in its local component (up to 8.7 percent from 8.2 percent) while its imported component remained at 15.0 percent. Similarly, the **underlying inflation rate** also increased to 13.9 percent from 13.4 percent in April 2023 and was 7.6 percent in May 2022.

The **overall supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia, decreased by 17.5 percent over the previous month. The

<sup>1</sup> Its highest recorded level

*Selected Economic Indicators*  
*May 2023*

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overall reduction was due to lower supplies of yam, banana, and pumpkin. Correspondingly, the overall price index rose by 0.4 percent due to the reduction in supply.

On the external front, **total export earnings** rebounded by 61.2 percent (or \$3.6 million) to \$10.5 million due to increases in both domestically produced exports (up by \$1.2 million), which were mainly fish and nonu juice; and re-exports (up by \$2.4 million) over the month. In addition, **total import payments** grew by 5.6 percent (or \$5.3 million) to \$98.9 million. This was underpinned by higher non-petroleum private sector imports (up by \$6.9 million) and government imports (up by \$0.7 million), offsetting a \$2.3 million drop in petroleum imports. Consequently, the **merchandise trade deficit** expanded by 2.0 percent to \$88.4 million over the previous month.

The **inflow of private remittances** leapt by 51.4 percent (or \$25.7 million) to \$75.7 million and was 12.0 percent higher than its level in the

same month of last year. This strong performance reflected funds for Mother's Day celebrations as well as funds for various church conferences and cultural events such as chiefly title bestowment to name a few. Likewise, **tourist arrivals** rose by 14.6 percent (or 1,999 visitors) to 15,719 visitors, which led to a 25.6 percent (or \$12.5 million) increase to \$61.2 million in **visitor earnings** over the month.

All in all, **total gross foreign reserves** reached a record high of \$1,010.7 million, a 3.6 percent (or \$34.8 million) increase over the previous month or 30.0 percent higher when compared to the same period last year. At this level, it was sufficient to cover 10.3 months of imports, up from 10.0 months in April 2023 but down from 10.6 months in May of last year.

**CENTRAL BANK OF SAMOA**  
**10<sup>th</sup> July 2023**

*Selected Economic Indicators*  
*May 2023*

SELECTED ECONOMIC INDICATORS													
INDICATORS	2021	2022	2023					Average Eleven Months			Average levels in the previous		
	May	May	Jan	Feb	Mar	Apr	May	Jul20 - May21	Jul21 - May22	Jul22 - May23	2-years	3-years	5-years
<b>CENTRAL BANK OF SAMOA: (%)</b>													
Official rate	0.15	0.15	0.19	0.15	0.22	0.23	0.24	0.15	0.15	0.19	0.15	0.15	0.16
<b>COMMERCIAL BANKS' INTEREST RATES: (%)</b>													
Average lending rate	8.53	8.30	8.26	8.26	8.32	8.33	8.30	8.59	8.40	8.29	8.42	8.48	8.66
Average deposit rate	2.16	1.78	1.76	1.77	1.82	1.73	1.81	2.53	1.84	1.80	1.97	2.23	2.39
<b>COMMERCIAL BANK LOANS (Tala million)</b>	<b>1178.8</b>	<b>1172.9</b>	<b>1177.4</b>	<b>1169.5</b>	<b>1157.4</b>	<b>1164.6</b>	<b>1146.3</b>	<b>1177.0</b>	<b>1188.3</b>	<b>1170.0</b>	<b>1175.8</b>	<b>1177.4</b>	<b>1148.0</b>
<b>GOVERNMENT NET POSITION (Tala million)</b>	<b>-317.4</b>	<b>-306.6</b>	<b>-336.4</b>	<b>-329.2</b>	<b>-353.4</b>	<b>-363.3</b>	<b>-352.6</b>	<b>-323.0</b>	<b>-323.1</b>	<b>-327.9</b>	<b>-312.0</b>	<b>-289.6</b>	<b>-252.1</b>
<b>MONEY SUPPLY (Tala million)</b>	<b>1299.8</b>	<b>1375.3</b>	<b>1459.8</b>	<b>1485.3</b>	<b>1471.1</b>	<b>1501.8</b>	<b>1564.1</b>	<b>1282.8</b>	<b>1322.2</b>	<b>1437.0</b>	<b>1337.6</b>	<b>1297.6</b>	<b>1246.5</b>
Currency outside banks	119.6	124.9	144.0	137.4	140.8	145.0	155.8	114.4	122.4	141.0	122.2	115.6	104.1
Demand deposits	388.9	440.6	476.5	510.9	487.5	506.8	531.9	385.2	413.6	462.3	414.7	398.5	386.4
FCD residents	54.4	66.1	111.3	106.4	99.7	101.4	103.0	45.7	61.5	90.7	60.3	56.0	61.2
Save deposits	189.8	205.1	223.7	224.1	224.8	232.7	237.6	180.5	196.2	224.0	197.4	184.6	168.1
Time deposits	547.2	538.6	504.3	506.5	518.3	515.9	535.7	557.1	528.5	519.0	542.9	543.0	526.7
<b>NOMINAL EXCHANGE RATE (Index)</b>	<b>100.0</b>	<b>99.8</b>	<b>99.8</b>	<b>99.9</b>	<b>99.7</b>	<b>99.7</b>	<b>99.7</b>	<b>99.9</b>	<b>99.8</b>	<b>99.9</b>	<b>99.9</b>	<b>100.0</b>	<b>100.0</b>
<b>HEADLINE CPI (2)</b>	<b>107.7</b>	<b>117.3</b>	<b>128.2</b>	<b>129.0</b>	<b>129.8</b>	<b>131.8</b>	<b>131.5</b>	<b>105.5</b>	<b>114.5</b>	<b>128.4</b>	<b>112.5</b>	<b>110.3</b>	<b>109.2</b>
Annual average inflation (%)	-3.6	8.2	11.0	11.2	11.5	11.7	12.0	-1.6	3.0	11.1	2.3	2.1	2.4
<b>LOCAL MARKET SURVEY: (2)</b>													
Volume	83.0	89.7	92.5	79.1	82.3	83.1	68.6	97.6	96.9	97.7	86.4	80.2	85.9
Price	111.0	115.7	162.2	133.6	163.3	175.5	176.2	106.2	104.4	139.5	113.3	118.1	122.9
<b>EXPORTS (Tala million)</b>	<b>7.8</b>	<b>10.6</b>	<b>7.4</b>	<b>7.5</b>	<b>10.7</b>	<b>6.9</b>	<b>10.5</b>	<b>7.5</b>	<b>6.8</b>	<b>9.4</b>	<b>9.2</b>	<b>8.8</b>	<b>8.8</b>
<b>IMPORTS (Tala million)</b>	<b>80.0</b>	<b>87.1</b>	<b>101.9</b>	<b>68.4</b>	<b>96.9</b>	<b>93.6</b>	<b>98.9</b>	<b>69.2</b>	<b>74.6</b>	<b>100.3</b>	<b>83.6</b>	<b>72.0</b>	<b>75.7</b>
<b>REMITTANCES (Tala million)</b>	<b>53.3</b>	<b>67.6</b>	<b>55.1</b>	<b>56.5</b>	<b>64.7</b>	<b>50.0</b>	<b>75.7</b>	<b>50.5</b>	<b>60.0</b>	<b>68.9</b>	<b>60.5</b>	<b>59.8</b>	<b>55.2</b>
<b>TOURISM: (1)&amp;(4)</b>													
Arrivals	0.0	0.0	12321.0	7687.0	10128.0	13720.0	15719.0	-	-	9,694	-	-	5,344
Earnings (Tala million)	0.0	0.0	36.9	24.6	34.5	48.7	61.2	0.0	0.0	33.0	-	-	18
<b>GROSS INTERNATIONAL RESERVES (3) (5)</b>	<b>714.5</b>	<b>777.8</b>	<b>894.5</b>	<b>924.7</b>	<b>947.9</b>	<b>976.2</b>	<b>1010.9</b>	<b>697.7</b>	<b>760.4</b>	<b>875.8</b>	<b>746.1</b>	<b>680.8</b>	<b>578.4</b>
BOP Position (+/-) (Surplus/Deficit)	-6.4	17.9	26.8	30.2	23.2	28.2	34.7	10.9	4.1	18.0	5.8	1.3	9.4
Import Cover	10.5	10.6	9.4	9.9	9.8	10.0	10.3	10.6	10.8	9.7	10.6	9.5	8.1

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

# SELECTED ECONOMIC INDICATORS

MAY 2023

## WORLD ECONOMY

- On the global stage, the US economy recorded a 2.0 percent growth mostly driven by consumer spending, a positive balance of trade as well as higher private inventory and residential fixed investments. However, the Euro area shrank by 0.1 percent in the March 2023 quarter while the Australian economy grew by 0.2 percent. The New Zealand economy contracted by 0.1 percent in the first quarter of 2023 reflecting declines in the primary industries, manufacturing sector as well as the services industry.
- Crude oil price went back down by 10.0 percent over the month to USD\$75.70 per barrel.

## DOMESTIC ECONOMY

### INTEREST RATES & MONEY SUPPLY



- **Weighted average monthly official rate** went up by 1 basis point to 0.24 percent in May 2023 over the last month.
- **Commercial banks' weighted average deposit rate** went up by 8 basis point to 1.81 percent while their **weighted average lending rate** fell by 2 basis point to 8.30 percent.
- **Interest rate spread** contracted to 6.50 percent.
- **Broad money (M2)** escalated further by \$62.3 million to \$1,564.1 million.

### LIQUIDITY & CREDIT



- Total **commercial banks' liquidity** expanded by 5.4 percent (or \$27.0 million) to \$523.3 million.
- This increase was due to a increases in commercial banks' holdings of exchange settlement accounts (ESA) (up by \$16.9 million), their holdings of CBS securities (up by \$10.0 million) and holdings of vault cash (up by \$0.1 million).
- Total **commercial banks' credit** to the private sector and public institutions fell by \$18.3 million to \$1,146.3 million.

### INFLATION



- **Consumer Price Index (CPI)** recorded a slight decrease of 0.2 percent.
- **Annual headline inflation** grew further to **12.0 percent** from 11.7 percent in the last month.
- Local inflation increased to 8.7 percent while Imported inflation remained at 15.0 percent.
- **Underlying inflation** rate also rose to 13.9 percent from 13.4 percent.

### REMITTANCES & TOURISM



- **Inflow of remittances** rebounded by 51.4 percent (or \$25.7 million) to **\$75.7 million**.
- It was 12.0 percent (or \$8.1 million) higher than in the same month of 2022.
- **Tourist arrivals** rose further by **14.6 percent** (or 1,999 visitors) to **15,719 visitors**.
- As a result, **total visitor receipts** was **\$61.2 million** in May 2023

### EXTERNAL TRADE



- **Total export earnings** rebounded by 61.2 percent (or \$3.6 million) to **\$10.5 million**. Expansions in both domestically produced exports (mainly fish, and nonu juice) and re-exports.
- **Total import payments** also rose by 5.6 percent (or \$5.3 million) to **\$98.9 million**.
- Merchandise trade deficit expanded by **2.0 percent** to **\$88.4 million**.

### LOCAL MARKET SURVEY



- Overall supply of agriculture commodities to the Fugalei and other domestic produce markets around Apia declined by **17.5 percent**.
- Underpinned by lower supplies of yam, banana and pumpkin.
- The overall **price index** rose by **0.4 percent**.



**Gross Foreign Reserves** recorded a substantial increase of 3.6 percent (or \$38.4 million) to **\$1,010.9 million**. Sufficient to cover **10.3 months of imports** compared to 10.0 months in April 2023 and 10.6 months in May 2022.