



SELECTED ECONOMIC INDICATORS

OCTOBER 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 Customs and Revenue.

Report No.04: 2022/23

October 2022

World Economy

The US economy recovered in the third quarter of 2022, recording a 2.9 percent growth, mainly due to increases in consumer and business spending and net trade. Likewise, the Euro Area also expanded by 0.3 percent in the September 2022 quarter, which was mostly driven by higher fixed investment. The Australian economy grew by 0.6 percent in the same quarter under review reflecting increased household consumption despite interest rate hikes. In addition, the New Zealand economy improved by 2.0 percent in the same period due to an expansion in its services industry.

Domestic Economy

The **weighted average official interest rate** edged down by 3 basis points to 0.18 percent in October 2022 over the previous month. On the other hand, the commercial banks' **weighted average deposit rate** went up by 6 basis points to 1.85 percent while the **weighted average lending rate** also increased by 1 basis point to 8.28 percent over the last month. As a result, the **commercial banks' interest rate spread** fell to 6.44 percent from 6.48 percent in September 2022 and 6.67 percent in the same month last year.

Total commercial banks' liquidity increased further by 1.6 percent (or \$5.9 million) to \$370.3 million and was 13.1 percent (or \$42.8 million) higher than October last year. Responsible for this increase over the month were improvements in exchange settlement accounts (ESA) (up by \$3.7 million) and banks' vault cash (up by \$2.2 million). **Total commercial banks' credit** to the private sector and public institutions fell by 0.4 percent (or \$4.3 million) to \$1,174.7 million and was \$25.6 million lower than that of the same month last year.

Broad Money (M2) continued to rise by 0.6 percent (or \$7.8 million) to \$1,396.9 million. Underpinning this hike were expansions in both '**Net Domestic Assets**' (NDA) (up by \$5.0 million) and '**Net Foreign Assets**' (NFA) (up by \$2.8 million) respectively. The hike in the former was due to an increase in 'Other items net' while that of the latter was due to gains in net foreign holdings of the banking system.

The **overall nominal value** of the Samoan Tala appreciated by 0.29 percent as the Tala strengthened against the Australian (up by 2.8 percent) and New Zealand (up by 2.1 percent) dollars while it weakened against the US dollar (down by 2.3 percent) and Euro dollar (down by 1.6 percent).

The **Consumer Price Index (CPI)** fell by 1.8 percent (first time since a 0.4 percent drop in January 2022) over the previous month but was still 12.4 percent higher than the same month a year ago. As a result, the **annual average headline inflation rate** rose further to 11.3 percent from 11.0 percent in September 2022 and 0.5 percent in October 2021. This was underpinned by further hikes in both imported inflation (up to 16.6 percent from 16.4 percent) and local inflation (up to 5.7 percent from 5.5 percent). Similarly, the **underlying inflation rate** also grew to 11.9 percent from 11.4 percent in the previous month and 0.6 percent over the year.

The **overall supply of agricultural commodities** to the Fugalei and other domestic produce markets around Apia leapt by 21.0 percent over the previous month. This was due to higher supplies of taro, taamu, banana and vegetable items like pumpkin and

cucumber to mention a few. As a result, the overall price index fell by 5.8 percent.

Total monthly export earnings contracted by 23.3 percent (or \$2.9 million) to \$9.6 million in light of a 39.8 percent (or \$2.9 million) reduction in domestically produced exports (mostly coconut oil) and a 0.1 percent (or \$6.9 million) decrease in re-exports. Nevertheless, total export revenue were 90.6 percent (or \$4.5 million) higher than its level in October 2021. Furthermore, **total import payments** recovered by 3.6 percent (or \$3.9 million) to \$110.8 million due to a \$3.6 million hike in non-petroleum private sector imports coupled with a one-off government import (ferry boat worth \$32.8 million). This outweighed the absence of petroleum imports from the previous month. For that reason, the merchandise trade deficit jumped by 55.1 percent to \$101.3 million.

Total private remittances went down by 9.2 percent (or \$6.3 million) to \$62.6 million over the year and was also 9.6 percent (or \$6.7 million) lower than that of the previous month. **Visitor arrivals**¹ for the second month since the reopening of Samoa's international borders, recorded 8,130 visitors in September 2022 (up from 6,228 visitors in August 2022). **Total visitor earnings** totaled to \$27.7 million in the reviewed month, which was an increase from \$20.6 million in the previous month.

All in all, **gross foreign reserves**² went down by 0.5 percent (or \$4.2 million) to \$785.3 million, which was sufficient to cover 9.0 months of imports compared to 9.4 months in September 2022 and 11.4 months in October 2021.

CENTRAL BANK OF SAMOA
23rd December 2022

¹ October 2022 figures are not yet available from Samoa Bureau of Statistics

² 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
October 2022

SELECTED ECONOMIC INDICATORS																		
INDICATORS	2020	2021	2022									Average Four Months			Average levels in the previous			
	Oct	Oct	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Jul20 - Oct20	Jul21 - Oct21	Jul22 - Oct22	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	0.15	0.15	0.15	0.20	0.18	0.15	0.15	0.17	0.15	0.16	0.17
COMMERCIAL BANKS' INTEREST RATES: (%)																		
Average lending rate	8.67	8.51	8.34	8.32	8.30	8.29	8.30	8.29	8.29	8.30	8.27	8.28	8.65	8.51	8.28	8.59	8.67	8.77
Average deposit rate	2.74	1.84	1.76	1.81	1.79	1.76	1.78	1.82	1.87	1.82	1.79	1.85	2.72	1.96	1.83	2.29	2.45	2.57
COMMERCIAL BANK LOANS (Tala million)	1178.6	1199.9	1193.5	1183.5	1186.2	1179.5	1172.9	1171.8	1177.4	1178.8	1179.0	1174.7	1172.3	1190.9	1177.5	1189.3	1181.7	1141.9
GOVERNMENT NET POSITION (Tala million)	-329.5	-344.6	-317.3	-301.3	-271.2	-308.4	-306.6	-334.1	-329.6	-317.8	-287.7	-296.1	-318.2	-342.6	-307.8	-337.1	-311.9	-257.4
MONEY SUPPLY (Tala million)	1270.0	1320.0	1325.0	1300.6	1309.4	1343.3	1375.3	1354.7	1344.5	1372.3	1389.1	1396.9	1256.0	1307.1	1375.7	1295.0	1262.4	1196.1
Currency outside banks	114.0	121.8	121.1	116.7	126.2	126.0	124.9	123.8	130.0	131.5	137.4	132.3	109.6	120.3	132.8	117.9	110.6	96.3
Demand deposits	370.9	393.9	422.3	422.2	406.1	421.9	440.6	437.1	407.7	423.9	434.4	424.6	372.4	399.7	422.6	382.4	378.3	351.7
FCD residents	45.5	66.1	63.8	52.9	55.1	54.6	66.1	63.8	65.0	78.0	77.3	84.4	41.6	61.8	76.2	55.8	53.3	66.2
Save deposits	181.5	199.2	189.5	188.5	192.6	204.8	205.1	206.8	220.0	223.1	220.6	220.9	178.2	196.8	221.1	190.3	181.1	166.4
Time deposits	558.2	538.9	528.3	520.2	529.4	535.9	538.6	523.2	521.8	515.8	519.4	534.6	554.2	528.3	522.9	548.6	539.1	515.5
NOMINAL EXCHANGE RATE (Index)	99.9	99.8	99.8	99.8	99.8	99.8	99.8	99.9	99.9	99.9	100.2	100.4	99.9	99.8	100.1	99.8	99.9	100.0
HEADLINE CPI (2)	103.6	113.6	114.8	115.3	116.2	117.2	117.3	121.0	125.3	129.9	130.1	127.7	105.6	112.5	128.2	108.6	109.0	108.1
Annual average inflation (%)	-0.2	0.5	4.5	5.7	6.7	7.6	8.2	8.8	9.5	10.3	11.0	11.3	0.6	-1.1	10.5	0.1	0.4	1.4
LOCAL MARKET SURVEY: (2)																0.0	0.0	0.0
Volume	135.0	101.0	97.9	113.0	137.4	94.3	89.7	63.1	76.3	86.3	132.7	160.6	105.4	90.0	114.0	118.0	128.6	144.1
Price	89.0	96.0	106.7	100.0	102.5	111.9	115.7	120.3	119.4	125.7	121.4	114.4	104.6	102.5	120.2	92.5	96.1	91.9
EXPORTS (Tala million)	8.5	5.0	4.5	10.2	6.5	6.6	10.6	8.4	10.9	10.3	12.5	9.5	9.3	5.2	10.8	6.8	8.9	9.1
IMPORTS (Tala million)	82.9	70.3	47.1	91.7	57.5	84.7	87.1	77.2	84.7	117.5	106.9	110.8	68.5	67.1	105.0	76.6	80.3	81.4
REMITTANCES (Tala million)	56.3	68.9	44.1	54.6	55.2	58.3	67.6	72.2	83.1	72.3	69.2	62.6	54.6	58.3	71.8	62.6	55.6	49.3
TOURISM: (1)&(4)																0.0	0.0	0.0
Arrivals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6228.0	8130.0	NA	-	-	4786	-	4848	8256
Earnings (Tala million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.6	27.7	NA	0.0	0.0	16.1	-	15	25
GROSS INTERNATIONAL RESERVES (3) (5)	693.5	772.2	768.8	757.1	723.2	759.9	777.8	812.7	811.6	800.3	789.6	785.3	662.4	761.3	796.7	732.8	648.5	530.4
BOP Position (+/-) (Surplus/Deficit)	8.7	-2.0	1.5	-11.7	-33.9	36.7	17.9	34.9	-1.1	-11.3	-10.7	-4.2	24.8	9.9	-6.8	3.3	8.2	3.5
Import Cover	10.3	11.4	10.9	10.3	10.2	10.4	10.6	10.9	10.5	9.9	9.4	9.0	9.7	11.2	9.7	10.8	9.3	7.7

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