



SELECTED ECONOMIC INDICATORS SEPTEMBER 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.03: 2022/23

September 2022

World Economy

The US economy recovered in the third quarter of 2022, recording a 2.6 percent growth, mainly due to an improvement in net trade with an expansion in exports on top of a downturn in imports. Likewise, the Euro Area also expanded by 0.2 percent in the three months to September 2022, which was a drop from a 0.7 percent growth in the previous quarter. The latest update on the Australian economy, showed a growth of 0.9 percent in the second quarter mirroring a full quarter since the reopening of domestic and international borders. Also, the New Zealand economy expanded by 1.7 percent in the same period due to an expansion in its services industry.

Domestic Economy

With the resumption of the Central Bank of Samoa's Open Market Operations (OMO), the official average interest rate rose by 5 basis points to 0.20 percent in September 2022 after a temporary suspension since March 2020 due to Covid-19. On the other hand, the commercial banks' **weighted average deposit rate** edged down by 2 basis points to 1.79 percent while the **weighted average lending rate** also fell by 3 basis points to 8.27 percent compared to the previous month. As a result, the **commercial banks' interest rate spread** remained constant at 6.48 percent in September 2022 but was 6.56 percent in September 2021.

Total commercial banks' liquidity went up by 3.6 percent (or \$12.5 million) to \$364.4 million and was 11.7 percent (or \$38.2 million) higher than that of the same month last year. This increase over the month was accounted for by expansions in commercial banks' holdings of CBS securities (up by \$11.0 million) and excess reserves (ESA's) (up by \$5.7 million) which outweighed a \$4.2 million drop in banks'

holdings of vault cash. Similarly, **total commercial banks' credit** to the private sector and public institutions rose by \$0.2 million to \$1,179.0 million but was \$15.1 million lower than that of the same month in 2021.

Broad money (M2) recorded a \$16.8 million expansion over the month. Largely underpinning this improvement was a \$28.5 million increase in '**Net Domestic Assets**' (NDA) to \$685.0 million, offsetting a \$11.8 million contraction in '**Net Foreign Assets**' (NFA). The hike in NDA was mainly due to higher government spending accompanied by a slight increase in net credit to nonfinancial public enterprises while the decrease in the latter was driven by a drop in foreign holdings of the Central Bank.

The monthly **overall nominal value** of the Samoan Tala depreciated slightly by 0.1 percent as the Tala weakened against the US dollar (down by 2.3 percent) and Euro (down by 0.2 percent) while strengthening against the New Zealand dollar (up by 2.9 percent) and Australian dollar (up by 1.5 percent) over the month.

The **Consumer Price Index (CPI)** rose by 0.2 percent when compared to the previous month and was 15.3 percent higher than its level in September 2021. As a result, the **annual average headline inflation rate** continued to grow, rising to 11.0 percent from 10.3 percent in August 2022 and -0.8 percent in September 2021. Accounting for this overall increase over the month were expansions in both imported inflation to 16.4 percent (from 15.6 percent) and local inflation to 5.5 percent (from 4.9 percent). Likewise, the **underlying annual average inflation rate** also went up to 11.4 percent from 10.4 percent in the last

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month and -0.8 percent in the same month last year.

The **overall volume index of agriculture commodities** supplied to the Fugalei and other domestic produce markets around Apia, recorded a 53.7 percent increase over August 2022. Responsible for this increase were higher supplies of vegetable items like pumpkin, Chinese cabbage, and tomatoes as well as the supply of taamu, taro and yam. As a result, the overall price index fell by 3.4 percent over the previous month.

Total export earnings edged up by 21.4 percent (or \$2.2 million) to \$12.5 million over the previous month due to increased domestically produced exports (mainly coconut oil and fish), which grew by 46.7 percent despite a 2.4 percent decline in re-exports. In addition, when compared to the same month last year, it was \$6.1 million higher. On the other hand, **total import payments** fell by 9.0 percent (or \$10.6 million) to \$106.9 million over the month in light of decreases in government imports (down by \$11.4 million) and petroleum imports (down by \$6.0 million). This outweighed a \$6.8 million hike in non-petroleum private sector imports in September 2022. As a result, the monthly **merchandise trade deficit** narrowed by 11.9 percent to \$94.5 million for the month.

Total receipts of private remittances fell by 5.4 percent (or \$3.9 million) to \$68.4 million when compared to the previous month but was 27.9 percent (or \$14.9 million) higher than its level in September 2021. **Visitor arrivals** for the second month since the reopening of Samoa's international borders recorded 8,130 visitors (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.

Gross foreign reserves¹ noted a decrease of 1.3 percent (or \$10.7 million) to \$789.6

¹Effective January 2021, the coverage of gross official foreign reserves will include only foreign exchange holdings of the

million when compared to the previous month but was 2.0 percent higher than in the same month last year. This level of foreign reserves was equivalent to 9.4 months of import cover, down from 9.9 months in the previous month and 11.2 months in September 2021.

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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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| SELECTED ECONOMIC INDICATORS | | | | | | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------------|---------------|---------------|--------------------------------|---------------|---------------|
| INDICATORS | 2020 | 2021 | 2022 | | | | | | | | | Average Three Months | | | Average levels in the previous | | |
| | Sep | Sep | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Jul20 - Sep20 | Jul21 - Sep21 | Jul22 - Sep22 | 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 | 0.15 | 0.15 | 0.15 | 0.17 | 0.15 | 0.15 | 0.15 |
| COMMERCIAL BANKS' INTEREST RATES: (%) | | | | | | | | | | | | | | | | | |
| Average lending rate | 8.66 | 8.49 | 8.34 | 8.32 | 8.30 | 8.29 | 8.30 | 8.29 | 8.29 | 8.30 | 8.27 | 8.64 | 8.51 | 8.28 | 8.58 | 8.66 | 8.75 |
| Average deposit rate | 2.76 | 1.93 | 1.76 | 1.81 | 1.79 | 1.76 | 1.78 | 1.82 | 1.87 | 1.82 | 1.61 | 2.71 | 1.99 | 1.77 | 2.35 | 2.47 | 2.55 |
| COMMERCIAL BANK LOANS (Tala million) | 1174.2 | 1194.1 | 1193.5 | 1183.5 | 1186.2 | 1179.5 | 1172.9 | 1171.8 | 1177.4 | 1178.8 | 1179.0 | 1170.2 | 1187.9 | 1178.4 | 1184.1 | 1171.7 | 1130.9 |
| GOVERNMENT NET POSITION (Tala million) | -331.5 | -356.3 | -317.3 | -301.3 | -271.2 | -308.4 | -306.6 | -334.1 | -329.6 | -317.8 | -287.7 | -314.4 | -341.9 | -311.7 | -343.9 | -309.4 | -255.8 |
| MONEY SUPPLY (Tala million) | 1260.9 | 1301.8 | 1325.0 | 1300.6 | 1309.4 | 1343.3 | 1375.3 | 1354.7 | 1344.5 | 1372.3 | 1389.1 | 1251.3 | 1302.7 | 1368.7 | 1281.4 | 1253.1 | 1188.1 |
| Currency outside banks | 106.4 | 119.2 | 121.1 | 116.7 | 126.2 | 126.0 | 124.9 | 123.8 | 130.0 | 131.5 | 137.4 | 108.2 | 119.8 | 133.0 | 112.8 | 108.5 | 97.1 |
| Demand deposits | 373.5 | 397.8 | 422.3 | 422.2 | 406.1 | 421.9 | 440.6 | 437.1 | 407.7 | 423.9 | 434.4 | 372.9 | 401.7 | 422.0 | 385.6 | 384.8 | 357.0 |
| FCD residents | 41.3 | 61.2 | 63.8 | 52.9 | 55.1 | 54.6 | 66.1 | 63.8 | 65.0 | 78.0 | 77.3 | 40.3 | 60.4 | 73.5 | 51.2 | 53.5 | 63.5 |
| Save deposits | 181.6 | 197.2 | 189.5 | 188.5 | 192.6 | 204.8 | 205.1 | 206.8 | 220.0 | 223.1 | 220.6 | 177.1 | 196.0 | 221.2 | 189.4 | 178.3 | 164.5 |
| Time deposits | 558.2 | 526.4 | 528.3 | 520.2 | 529.4 | 535.9 | 538.6 | 523.2 | 521.8 | 515.8 | 519.4 | 552.9 | 524.8 | 519.0 | 542.3 | 528.1 | 506.0 |
| NOMINAL EXCHANGE RATE (Index) | 99.9 | 99.8 | 99.8 | 99.8 | 99.8 | 99.8 | 99.8 | 99.9 | 99.9 | 99.9 | 99.8 | 99.9 | 99.8 | 99.9 | 99.8 | 99.9 | 100.0 |
| HEADLINE CPI (2) | 105.6 | 112.8 | 114.8 | 115.3 | 116.2 | 117.2 | 117.3 | 121.0 | 125.3 | 129.9 | 130.1 | 106.3 | 112.2 | 128.4 | 109.2 | 109.5 | 108.2 |
| Annual average inflation (%) | 0.4 | -0.8 | 4.5 | 5.7 | 6.7 | 7.6 | 8.2 | 8.8 | 9.5 | 10.3 | 11.0 | 0.8 | -1.6 | 10.3 | -0.2 | 0.2 | 1.2 |
| LOCAL MARKET SURVEY: (2) | | | | | | | | | | | | | | | | | |
| Volume | 124.5 | 89.0 | 97.9 | 113.0 | 137.4 | 94.3 | 89.7 | 63.1 | 76.3 | 86.3 | 132.7 | 95.6 | 86.3 | 98.4 | 106.8 | 112.8 | 135.4 |
| Price | 97.0 | 105.0 | 106.7 | 100.0 | 102.5 | 111.9 | 115.7 | 120.3 | 119.4 | 125.7 | 121.4 | 109.8 | 104.7 | 122.2 | 101.0 | 102.3 | 97.1 |
| EXPORTS (Tala million) | 7.0 | 6.4 | 4.5 | 10.2 | 6.5 | 6.6 | 10.6 | 8.4 | 10.9 | 10.3 | 12.5 | 9.6 | 5.3 | 11.2 | 6.7 | 8.6 | 9.4 |
| IMPORTS (Tala million) | 59.8 | 69.3 | 47.1 | 91.7 | 57.5 | 84.7 | 87.1 | 77.2 | 84.7 | 117.5 | 106.9 | 63.6 | 66.1 | 103.0 | 64.5 | 67.0 | 70.0 |
| REMITTANCES (Tala million) | 50.5 | 53.5 | 44.1 | 54.6 | 55.2 | 58.3 | 67.6 | 72.2 | 83.1 | 72.3 | 68.4 | 54.0 | 54.8 | 74.6 | 52.0 | 47.4 | 42.7 |
| TOURISM: (1)&(4) | | | | | | | | | | | | | | | | | |
| Arrivals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 6228.0 | 8130.0 | - | - | 4,786 | - | 5,404 | 8,828 |
| 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 | 0.0 | 0.0 | 16.1 | - | 16 | 26 |
| GROSS INTERNATIONAL RESERVES (3) (5) | 684.8 | 774.4 | 768.8 | 757.1 | 723.2 | 759.9 | 777.8 | 812.7 | 811.6 | 800.3 | 789.6 | 652.1 | 757.7 | 800.5 | 729.6 | 640.3 | 527.0 |
| BOP Position (+/-) (Surplus/Deficit) | 12.8 | -11.4 | 1.5 | -11.7 | -33.9 | 36.7 | 17.9 | 34.9 | -1.1 | -11.3 | -10.7 | 30.2 | 13.9 | -7.7 | 0.7 | -7.2 | -12.2 |
| Import Cover | 10.1 | 11.2 | 10.9 | 10.3 | 10.2 | 10.4 | 10.6 | 10.9 | 10.5 | 9.9 | 9.4 | 9.5 | 11.1 | 9.9 | 10.7 | 9.1 | 7.6 |

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