



SELECTED ECONOMIC INDICATORS

SEPTEMBER 2021

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: 2021/22

September 2021

World Economy

The US economy recorded grew by 2.0 percent in the third quarter of 2021, down from strong growth in the previous quarter due to a slight drop in both personal consumption and private inventory investment. Meanwhile, the Euro Area also expanded by 2.2 percent in the September quarter reflecting strong domestic demand and exports. The Australian economy improved by 0.7 percent in the second quarter of 2021 mirroring the continued growth in its household consumption while the New Zealand economy expanded by 2.8 percent in the same period, due to improvements in its services industries.

Domestic Economy

The **weighted average official interest rate** remained on-hold at 0.15 percent since March 2020. Nonetheless, the commercial banks' **weighted average deposit rate** edged down by 1 basis point to 1.93 percent whereas the **weighted average lending rate** rose by 1 basis point to 8.49 percent compared to the previous month. As a result, the commercial banks' **interest rate spread** expanded to 6.55 percent from 6.54 percent in August 2021 and was 5.90 percent in September 2020.

Total commercial banks' liquidity fell by \$16.0 million to \$326.2 million but was \$3.9 million higher than that of the same month last year. Accounting for this decrease over the month was an \$18.0 million drop in exchange settlement accounts (ESA), offsetting a \$2.0 million improvement in the commercial banks' vault cash holdings. On the other hand, **total commercial banks' credit** to the private sector and public institutions rose by \$6.7 million to \$1,194.1 million and was \$19.9 million higher than that of the same month in 2020.

Broad money (M2) declined by \$5.3 million to \$1,301.8 million over the month. Largely responsible for this decrease was a \$10.5 million contraction in '**Net Foreign Assets**' (NFA) to \$651.7 million, cancelling out a \$5.2 million hike in '**Net Domestic Assets**' (NDA). The drop in NFA highlighted a drop in foreign holdings of the Central Bank, which outweighed an increase in the commercial banks' foreign assets. The rise in NDA was due to increased domestic lending by the banking system and a decline in government accounts.

The **overall nominal value** of the Samoan Tala appreciated slightly by 0.01 percent as the Tala strengthened against the US dollar (up by 0.5 percent), Euro dollar (up by 0.4 percent) and the New Zealand dollar (up by 0.2 percent) while weakening against the Australian dollar (down by 0.8 percent) over the month.

The **Consumer Price Index (CPI)** rose by 0.04 percent when compared to the previous month and was 6.8 percent higher than its level in September 2020. As a result, the **annual average headline inflation rate** continued to grow, rising to -0.8 percent from -1.7 percent in August 2021 but lower than 0.4 percent in September 2020. Accounting for this overall increase over the month were expansions in both imported inflation to -0.8 percent (from -2.3 percent) and local inflation also to -0.8 percent (from -1.1 percent) over the month. In contrast, the **underlying CPI** fell by 0.3 percent over the previous month but was 5.9 percent higher than its level in the same month last year.

The **overall volume index of agriculture commodities** supplied to the Fugalei and other

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domestic produce markets around Apia, recorded a 1.1 percent increase over August 2021. Responsible for this increase were higher supplies of vegetable items like tomatoes and pumpkins. Although there was abundance of supplies of agricultural commodities during the month, the overall price index rose by 1.9 percent over the previous month

equivalent to **11.2 months of import cover**, down from 11.5 months in the previous month but up from 10.1 months in September 2020.

CENTRAL BANK OF SAMOA
09 November 2021

Total export earnings edged up by 25.3 percent (or \$1.3 million) to \$6.4 million over the previous month due to increased domestically produced exports (mainly coconut oil, fish and nonu fruit), which grew by 43.4 percent, despite a 0.4 percent decline in re-exports. However, when compared to the same month last year, it was 9.1 percent lower. On the other hand, **total import payments** declined by 2.5 percent (or \$1.8 million) to \$69.3 million over the month in light of decreases in non-petroleum private sector imports (down by \$2.5 million) and government imports (down by \$1.7 million). This outweighed a \$2.4 million hike in petroleum imports in September 2021. For that reason, the monthly **merchandise trade deficit** narrowed by 4.7 percent to \$62.9 million for the month.

Total receipts of private remittances fell by 7.1 percent (or \$4.1 million) to \$53.5 million when compared to the previous month but was 6.0 percent (or \$3.0 million) higher than its level in September 2020. There were no **visitor arrivals** for the month as well as no **visitor earnings** due to the prolonged closure of our international borders (for eighteen months now) for the protection and safety of our people¹.

Gross foreign reserves² noted a decrease of 1.5 percent (or \$11.4 million) to \$774.4 million. This level of foreign reserves was

¹ With only selected flights for Samoan citizens and residents repatriation.

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.

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INDICATORS	2019	2020	2021									Average Two Months			Average levels in the previous		
	Sep	Sep	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Jul19 - Sep19	Jul20 - Sep20	Jul21 - Sep21	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	0.17	0.15	0.15	0.15	0.16	0.15
COMMERCIAL BANKS' INTEREST RATES: (%)																	
Average lending rate	8.84	8.66	8.54	8.54	8.57	8.57	8.53	8.57	8.56	8.48	8.49	8.96	8.64	8.51	8.75	8.83	8.83
Average deposit rate	2.73	2.76	2.56	2.44	2.33	2.22	2.16	2.11	2.11	1.94	1.93	2.70	2.71	1.99	2.75	2.69	2.62
COMMERCIAL BANK LOANS (Tala million)	1146.8	1174.2	1179.2	1178.6	1172.7	1176.4	1178.8	1175.9	1182.2	1187.4	1194.1	1132.2	1170.2	1187.9	1160.5	1139.9	1092.6
GOVERNMENT NET POSITION (Tala million)	-240.6	-331.5	-330.8	-327.3	-319.2	-321.9	-317.4	-319.9	-326.0	-356.3	-343.4	-208.8	-314.4	-341.9	-286.0	-259.5	-205.4
MONEY SUPPLY (Tala million)	1196.6	1260.9	1290.1	1278.5	1302.9	1314.1	1299.8	1325.3	1299.3	1307.1	1301.8	1235.5	1251.3	1302.7	1228.8	1201.1	1113.4
Currency outside banks	99.9	106.4	115.2	113.0	121.2	121.0	119.6	112.5	122.2	118.1	119.2	96.9	108.2	119.8	103.2	99.0	86.4
Demand deposits	383.0	373.5	388.8	384.2	401.5	420.5	388.9	430.5	396.4	410.8	397.8	400.6	372.9	401.7	378.2	363.3	331.5
FCD residents	58.1	41.3	41.2	39.6	52.7	49.3	54.4	55.9	59.9	60.2	61.2	68.6	40.3	60.4	49.7	58.9	64.9
Save deposits	156.1	181.6	176.4	180.1	182.5	187.2	189.8	190.9	196.3	194.5	197.2	150.4	177.1	196.0	127.0	122.6	113.6
Time deposits	499.6	558.2	568.6	561.6	545.0	536.2	547.2	535.4	524.6	523.4	526.4	518.9	552.9	524.8	528.9	518.5	478.6
NOMINAL EXCHANGE RATE (Index)	100.0	99.9	100.1	100.1	100.0	100.0	100.0	100.0	99.8	99.8	99.8	100.0	99.9	99.8	99.9	100.0	100.6
HEADLINE CPI (2)	110.1	105.6	103.7	105.6	107.1	107.1	107.7	109.2	111.0	112.7	112.8	108.2	106.3	112.2	107.9	108.2	105.9
Annual average inflation (%)	1.0	0.4	-2.4	-3.2	-3.8	-3.9	-3.6	-3.0	-2.4	-1.7	-0.8	2.3	0.8	-1.6	0.7	2.0	1.5
LOCAL MARKET SURVEY: (2)																	
Volume	124.9	124.5	80.3	77.7	85.8	80.0	83.0	81.3	82.0	88.0	89.0	100.7	95.6	86.3	124.7	142.6	142.3
Price	104.8	97.0	97.5	115.9	123.2	114.0	111.0	105.1	106.0	103.0	105.0	119.2	109.8	104.7	100.9	100.1	94.8
EXPORTS (Tala million)	12.3	7.0	4.2	5.9	8.8	4.3	7.8	7.1	4.3	5.1	6.4	11.2	9.6	5.3	9.6	10.4	10.5
IMPORTS (Tala million)	72.1	59.8	65.6	56.7	84.6	64.3	80.0	59.7	58.0	71.0	69.3	75.6	63.6	66.1	65.9	67.6	71.1
REMITTANCES (Tala million)	38.3	50.5	40.5	42.0	51.9	43.4	53.3	51.6	53.4	57.5	53.5	45.1	54.0	54.8	31.0	31.1	30.1
TOURISM: (1)&(4)																	
Arrivals	16,212	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	15,341	-	-	8,106	10,352	11,241
Earnings (Tala million)	48.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	45.0	0.0	0.0	24	31	33
GROSS INTERNATIONAL RESERVES (3) (5)	461.9	684.8	732.5	720.0	718.3	720.7	714.5	732.7	712.9	785.8	774.4	467.4	652.1	757.7	573.3	513.8	425.4
BOP Position (+/-) (Surplus/Deficit)	-23.1	12.9	2.9	-12.4	-1.7	2.6	-6.4	18.2	-19.8	72.9	-11.4	-0.2	30.2	13.9	-5.1	-11.4	-12.1
Import Cover	6.1	10.1	11.3	11.3	11.1	11.0	10.5	10.7	10.5	11.5	11.2	6.3	9.5	11.1	8.1	7.3	6.2
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																	