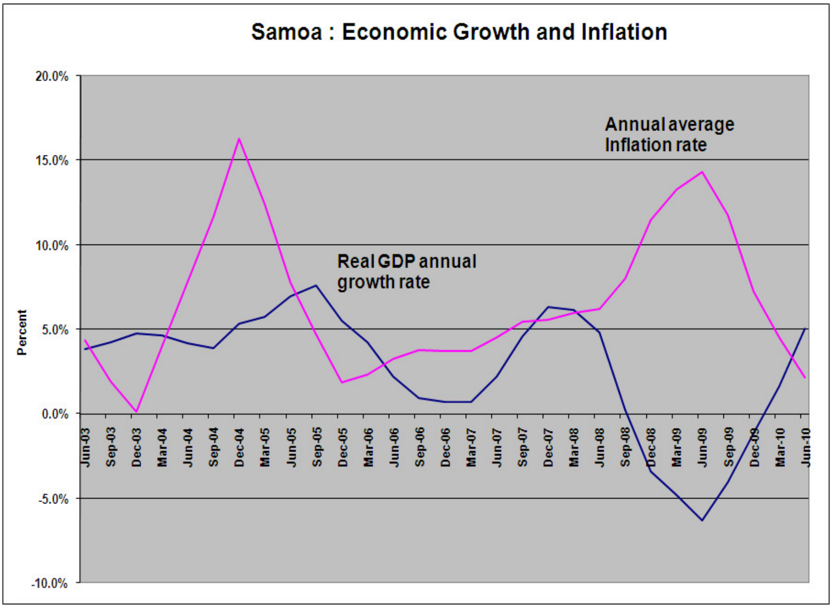
# CENTRAL BANK OF SAMOA




# MONETARY POLICY STATEMENT FOR THE FINANCIAL YEAR 2009/2010

**APIA**
**October 2009**

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# 1. INTRODUCTION

In line with Government's emphasis on transparency and accountability, Monetary Policy Statements (MPS) serve as the main vehicle to communicate and promote public awareness of the main objectives of monetary policy and the targets that would be pursued by the Central Bank in the year ahead. As well, these Statements are issued in accordance with the Government's Strategy for The Development of Samoa. The main objective of the Central Bank's monetary policy is to promote sustainable real economic growth by maintaining price stability and international reserves viability. In order to achieve these objectives, monetary policy decisions are conducted via open market operations through the issuance and trading of Central Bank Securities.

In pursuing the goal of price stability, the Central Bank relates Samoa's inflation rate to those of its major trading partners. The annual inflation rates for Samoa's main trading partners usually average around 3.0 percent and this is the target that the Central Bank normally aims to achieve and maintain each year. However, there are times that the changes in prices are beyond the realms of monetary policy and the control of the Central Bank. The experience of recent years bared witness to this situation when the persistently sharp rise of international prices for crude oil and food exerted significant pressures on the domestic prices of petroleum and food items. In addition, the rise in inflation in a particular year reflect the revised prices of public goods and services that are subject to review every three to five years such as bus, taxi and boat fares, water, electricity and port tariffs. During such periods, both the headline and the underlying or core inflation rates rise substantially as seen in the 2008/09 financial year.

Samoa is a small open economy with total merchandise trade alone representing around 60 percent of nominal GDP. It is crucial therefore that Samoa maintains a sufficient level of international reserves to withstand unforeseeable economic shocks. Under present circumstances, the Central Bank considers a level of gross official international reserves, equivalent to no less than 4.0 months of imports of goods, as adequate for maintaining the country's long term international viability. On the exchange rate, the main objective of the Central Bank's policy is to ensure that export-oriented industries remain competitive in overseas markets whilst at the same time minimizing imported inflation. While there is no specific target level for the nominal effective exchange rate (NEER) of the Tala, the Central Bank aims to avoid a substantial real appreciation of the Tala since it can adversely affect the international competitiveness of the export sector.

# 2. EXECUTIVE SUMMARY

After growth of around 5.0 percent in previous years, the world economy only grew by 0.9 percent in the 2008/09 financial year. Inflation dropped to 1.8 percent and 7.3 percent for the Advanced economies and Emerging and Developing economies respectively. Much of the downturn in 2008/09 was due to a sharp decline in the Advanced economies led by the US, Euro-area and Japan with negative growth rates of -0.8 percent, -2 percent and -3.4 percent respectively. Leaders of the Emerging and Developing economies such as China and India, on the other hand, registered lower but positive growth rates of 8.3 percent and 6.4 percent respectively compared to 2007/08.

For 2008/09, monetary policy was highly expansionary with concerted quantitative easing focused on stimulating growth. By the end of the period under review, the US Federal funds rate was aggressively cut to reach 0.0-0.25 percent at end June 2009. The European Central Bank (ECB) also cut its policy rate to 1.0 percent while Japan lowered its policy rate to 0.1 percent.

As the financial crisis intensified and evolved into a more disturbing form by September 2008, the US dollar was swiftly bought on its safe haven appeal despite a beleaguered US economy and poor interest rate differentials. Towards the end of the period in review, the US dollar's fortunes stabilized as traders and markets risk appetite recovered a little.

In Samoa, the Central Bank's (CBS) response to the global recession was to further ease its monetary policy stance in order to prop up flagging demand and business confidence. One of the first initiatives by the CBS was to drive down the cost of borrowing by reducing its lending rate to the commercial banks from 7.85 percent to 5.0 percent in February 2009. Furthermore, in March 2009, the commercial banks were allowed to borrow from the Central Bank secured by up to 50 percent of their Statutory Reserve Deposits at the CBS. The CBS has actively consulted the four commercial banks in reducing lending rates and injecting much needed liquidity into the economy. In the process the weighted average interest rates (for both deposit and lending) fell continuously over the year. However, the reductions were insufficient to stem the decline in business confidence and loan demand. Consequently, the annual average growth rates of private sector credit and money supply slowed down dramatically.

The global downturn impacted adversely on the domestic economy, with the latest available estimates pointing to a 6.3 percent decline in real gross domestic product (GDP). Much of the downturn was driven by reductions in the 'Other manufacturing', 'Construction', 'Food and beverage manufacturing','Commerce' and 'Agriculture' sectors.

Despite concerns in the first half of 2008/09, the external sector posted a positive outcome with an $11.1 million surplus in the balance of payments, maintaining a cover of 5.1 months of imports for 2008/09.

Inflation remained problematic in the year under review with both the domestic and external factors pushing both the headline and underlying rates to highs of 14.2 percent and 17.2 percent respectively at end June 2009.

For fiscal year 2009/10, Central Bank forecasts, which were based on information collected prior to the 29 September 2009 Tsunami, showed that the Samoan economy was destined to recover quickly in fiscal year 2009/10, bouncing back up by 5.0 percent in real terms. This pre-tsunami projected turnaround is expected to be driven mostly by a record overall deficit in the Government Budget for 2009/10 which is equivalent to 11 percent of GDP. The Budget incorporates Government's economic stimulus response in the form of heavy investments in construction activities such as the water and drainage projects, buildings, road infrastructure and road switch upgrades as well as private projects such as hotels and businesses. Special focus is also placed on reviving the flagging agriculture sector with a planned USD $10 million assistance from the World Bank. The prevailing pre-tsunami forecasts show that the balance of payments is expected to register a modest surplus of $12.5 million in light of significant Government loans disbursements, increased project grants and further growth in tourism earnings.

The pre-tsunami forecasts also show inflation declining significantly in 2009/10 with an expected recovery in agricultural produce supplies at the local market pushing down the annual headline inflation rate to 2.3 percent at end June 2010 from 14.2 percent at end June 2009. The annual underlying inflation rate is also expected to fall to 4.9 percent from 17.2 percent at end June 2009.

Given the expected recovery in real GDP and the projected strong external position, the CBS has decided to continue with its easing monetary policy stance in order to further drive down the high interest rates and boost the waning private sector credit, ultimately reviving business confidence and consumer demand. As a result, higher private sector credit and strong external inflows are expected in 2009/10. (See Table 1.)

The macro-economic and financial impact of the tsunami is yet to be determined. However, it is felt that the recovery and reconstruction efforts will fuel further growth in construction, transportation, communication and commerce activities in the year ahead. Consequently, the positive outlook for the real economy as suggested by the prevailing forecasts remains valid. Nevertheless, these forecasts will be revised as more up to date information on the macro-economic impact of the tsunami comes to hand.

## Table 1
## Selected Domestic Economic Indicators

| Fiscal year to end June | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 Forecast | |
|---|---|---|---|---|---|---|
| | (Percentage change over the previous year) | | | | | |
| **Real sector** | | | | | | |
| Nominal GDP | 8.1 | 8.9 | 9.8 | -5.3 | 6.9 | |
| Real GDP | 2.2 | 2.2 | 4.8 | -6.3 | 5.0 | |
| **Prices** | | | | | | |
| Headline Consumer Price Index (annual average) | 3.2 | 4.9 | 6.2 | 14.5 | 2.3 | |
| Underlying Consumer Price Index (annual average) | 2.2 | 5.6 | 6.9 | 17.2 | 4.6 | |
| Implicit GDP Deflator (annual average) | 5.7 | 6.5 | 4.8 | 0.8 | 1.7 | |
| **Monetary aggregates** | | | | | | |
| Net foreign assets (annual average) | -2.3 | -3.6 | 9.5 | 2.1 | 20.1 | |
| Government's net monetary position (end of period) | -10.9 | 12.7 | -11.9 | -2.4 | 26.9 | |
| Bank credit to private sector | | | | | | |
| Annual average | 21.3 | 21.6 | 6.1 | 7.2 | 6.2 | |
| End period | 28.2 | 11.7 | 6.5 | 5.2 | 8.0 | |
| Money Supply, M2 | | | | | | |
| Annual average | 14.0 | 13.1 | 11.2 | 8.0 | 4.2 | |
| End period | 13.0 | 8.7 | 12.1 | 7.6 | 4.2 | |
| **Exchange rate** | | | | | | |
| Nominal Exchange Rate | 0.11 | 0.76 | 0.16 | 1.10 | na | |
| Real Exchange Rate | -1.49 | 2.49 | 4.50 | 10.63 | na | |
| **International reserves** | | | | | | |
| Gross International Official Reserves (Tala million) | 179.08 | 207.54 | 254.5 | 265.6 | 281.39 | |
| Gross International Official Reserves (Months of imports) | 3.9 | 4.0 | 5.1 | 5.1 | 4.8 | |
| **Weighted average interest rates** | (End of period, percent p.a.) | | | | | |
| CBS 14 days Securities | - | 4.30 | 4.08 | 1.48 | 1.10 | (1) |
| CBS 28 days Securities | - | 5.65 | 4.04 | 1.68 | 1.20 | (1) |
| CBS 56 days Securities | - | 6.00 | 5.35 | 2.20 | 1.70 | (1) |
| CBS 91 days Securities | - | 6.00 | 5.38 | 3.10 | 2.50 | (1) |
| CBS 182 days Securities | - | - | - | | | |
| CBS 365 days Securities | - | - | - | | | |
| CBS Securities overall weighted average yield (annual average) | 1.90 | 4.90 | 4.70 | 2.28 | 1.72 | (1) |
| Commercial bank deposits | 4.80 | 6.50 | 6.20 | 5.19 | 4.81 | (1) |
| Commercial bank credit | 11.50 | 12.80 | 12.70 | 12.21 | 12.15 | (1) |
| Commercial bank interest rate spread | 6.70 | 6.22 | 6.60 | 7.02 | 7.34 | (1) |

Source: Central Bank of Samoa
(1) Interest rate as at end July 2009
na - not available

# 3. WORLD ECONOMY

The IMF's July 2009 World Economic Outlook (WEO) update forecasts a contraction of the world economy by 1.4 percent in 2009, recovering a bit in 2010, leaving a real growth rate of 0.6 percent in the 2009/10 financial year. On the other hand, inflation forecasts are at 0.1 percent for the Advanced economies and 5.3 percent for Emerging and Developing economies for 2009. On average, therefore, inflation for the Advanced economies is expected to increase to 0.5 percent in the 2009/10 financial year while the rate for Emerging and Developing economies is expected to decrease to 5.0 percent. Real economic growth rates for China and India are projected at 7.5 percent and 5.4 percent respectively for 2009 and 8.0 percent and 6.0 percent in terms of the 2009/10 financial year. The US, Euro-zone and Japan are expected to contract by 2.6 percent 4.8 percent and 6.0 percent respectively in 2009 or improvements of -0.9 percent, -2.6 percent and -0.2 percent respectively in the 2009/10 financial year.

With dismal global growth forecasts for 2009/10, monetary policy is expected to remain very expansionary throughout the global economy. Easing inflationary pressures across the globe, (helped immensely by the huge declines in oil prices, food and commodity prices) will continue for the period ahead. All over the world the main focus is now on inciting growth. (See Table 2.)

**Table 2**
**Selected World Economic Indicators**

| Fiscal year to end June | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|---|---|---|---|---|---|
| Real growth rate | 4.9 | 5.5 | 4.5 | 0.9 | 0.6 |
| Inflation rate | 2.3 | 2.0 | 2.8 | 1.8 | 0.5 |
| Official international interest rates, | (End of period, percent p.a) | | | | |
| US Federal Reserve | 5.25 | 5.25 | 2.00 | 0.25 | 0.13 |
| Reserve Bank of Australia | 5.75 | 6.25 | 7.25 | 3.00 | 2.50 |
| Reserve Bank of New Zealand | 7.25 | 8.01 | 8.25 | 2.50 | 3.50 |
| Bank of Japan | 0.10 | 0.50 | 0.50 | 0.10 | 1.00 |
| Bank of England | 4.50 | 5.50 | 5.00 | 0.50 | 0.50 |
| European Central Bank | 2.75 | 4.00 | 4.00 | 1.00 | 0.10 |
| Reserve Bank of Fiji Notes, 91 day | 2.25 | 4.25 | n/a | n/a | n/a |

Source: IMF and reserve banks' publications and information releases.

The global economic downturn has taken pressure off energy, food and commodity prices. Weak global demand will continue to depress oil prices which are forecast at around the US$68 per barrel mark for 2009/10. Commodity and food prices are still expected to remain high.

The US dollar is expected to be weighed down by the fragile US economic data, low interest rates and most especially improved risk appetite for other assets.

A look at Samoa's two closest trading partners: New Zealand and Australia.

## *New Zealand*

The New Zealand economy registered quarterly declines in the first three quarters of 2008/09 but bounced back in the June 2009 quarter with a positive growth rate of 0.1 percent. In the event, the economy contracted 1.8 percent in the twelve months to June 2009. The recovery in the June 2009 quarter was driven by activity in "primary industries" (fishing, forestry, and mining industry) which grew 1.5 percent whereas activity in "goods-producing industries" decreased 0.5 percent reflecting contractions in manufacturing and construction activity. Service industries, however, remained flat in the June 2009 quarter.

For the twelve months to end June 2009, investment in fixed assets decreased and household consumption expenditure declined, the main driver of this was durable goods which includes spending on motor vehicles, furniture and major appliances. Business investment was also weak and unemployment continued to soar. Decreases in investment in non-residential buildings, transport equipment, and plant machinery and equipment were also noted.

With economic activity depressed, the Reserve Bank of New Zealand (RBNZ) has signaled its willingness to keep monetary policy settings at very low levels for some time as inflation is expected to remain very low and contained within the RBNZ's inflation band of 1-3 percent.

While economic activity will continue to be hit hard as spending, notably for residential investment and consumption, remain weak, business and consumer confidence are on the mend and a pickup in migration should add to domestic demand. Due to the ongoing higher NZD and deteriorating dairy prices, concerns rest squarely with manufacturing and exporters. Unemployment's climb is set to continue and expected to result in further softness in the labour market.

The NZ economy is expected to contract in 2009/10 by 1.3 percent with an inflation forecast of 1.2 percent. On the currency front, the weaker economy and lower interest rates are expected to weigh on the NZ dollar but surprises from the 'risk' front are expected to be frequent.

| New Zealand | Latest figures | Forecasts | | |
|---|---|---|---|---|
| | | **2009** | **2009/10** | **2010** |
| GDP | June quarter 09: 1.0% q/q and -1.8% y/y | -2.0% | 1.2% | 0.5% |
| CPI | June quarter 09:0.6% q/q and 1.9% y/y | 1.3% | 1.1% | 1.1% |
| Unemployment | June quarter 09: 6.0% | 6.5% | 7.0% | 7.5% |
| OCR | End June 09 : 2.5% | 2.5% | 2.5% | 3.0% |
| Exchange Rate (vs USD) | End June 09: US$0.64 | US$0.63 | US$0.67 | US$0.71 |

## *Australia*

The Australian economy grew 0.6 percent on an annual average basis to end June 2009. The positive contributors were “New Machinery” and “Equipment and Household Final Consumption”. The largest negative contributors were “New Building Construction” and imports. Other poor performing sectors were “Agriculture” and “Forestry and Fishing”. Unemployment for the period in review was recorded at a multi year high of 5.8 percent.

The Reserve Bank of Australia (RBA) is expected to keep the cash rate at 3.0 percent as it judges the current stance of monetary policy to be consistent with fostering sustainable growth and low inflation. With a strong recovery in business and consumer confidence in a low interest rate environment and fiscal policy supporting domestic demand, economic activity is expected to pick up. Recent sentiments about the economy from the RBA Governor describe the economic risks as to “appear balanced” and that Australia might not have been affected as severely as its peers in the current global slowdown.

The Australian economy is expected to contract in 2009/10 by 0.4 percent with an inflation forecast of 1.5 percent.

| **Australia** | **Latest figures** | **Forecasts** | | |
|---|---|---|---|---|
| | | **2009** | **2009/10** | **2010** |
| GDP | June quarter 09: 0.6% q/q and 0.6% y/y | -1.4% | 0.4% | 0.6% |
| CPI | June quarter 09:0.5% q/q and 1.5% y/y | 1.6% | 1.5% | 1.3% |
| Unemployment | June 09: 5.8% | 6.8% | 7.3% | 7.8% |
| Cash Rate | End June 09: 3.0% | 3.0% | 3.0% | 3.0% |
| Exchange Rate (vs USD) | End June 09: US$0.80 | US$0.80 | US$0.84 | US$0.87 |

# 4. DOMESTIC ECONOMY IN 2008/09

## 4.1 Policy Developments

Fiscal policy in 2008/09 continued on an expansionary path, with Parliament approving an overall Government Budget deficit of $84.8 million. However, the slow implementation of some of the major projects saw the actual budget deficit in the first nine months to end March 2009 (the period for which figures are available) amounting to only $49.7 million, equivalent to 4.7 percent of nominal GDP. The budget deficit was financed mainly by soft term foreign loans.

In January 2009, the updated Central Bank forecasts pointed to the economy contracting substantially, as a result of the rapid deterioration of the global economy. In contrast to an optimistic outlook for growth at the beginning of fiscal year 2008/09, the updated economic indicators for the period to end December 2008 pointed to real GDP contracting in 2008/09. Consequently, at its end January 2009 meeting, the CBS Board approved the continuation of the Central Bank's accommodative monetary policy stance to stimulate the economy.

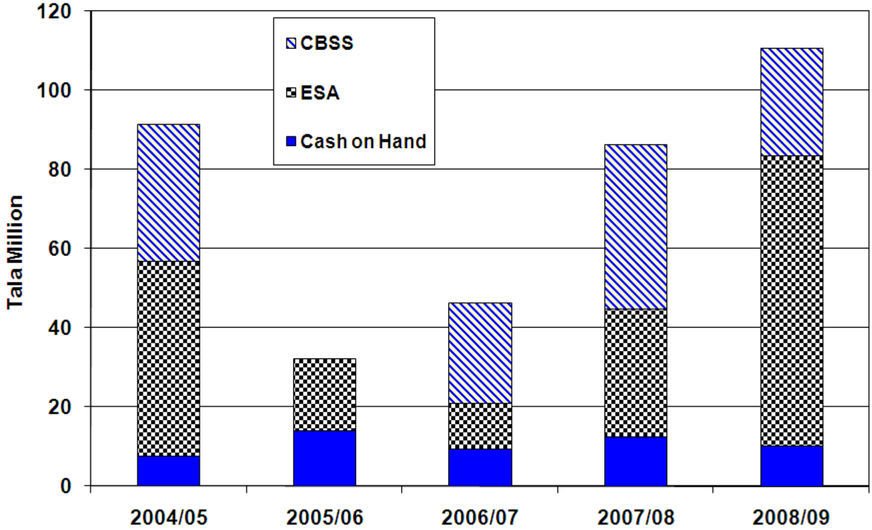
Consequently, the Bank's open market operations focused on flooding the financial system with liquidity, in order to drive market interest rates down. Fewer CBS securities were therefore issued, with the aim of increasing the level of excess liquidity in the banking system. Consequently, the level of CBS securities outstanding declined 52 percent to $27.5 million in the fiscal year to end June 2009. The bulk of the securities outstanding ($16.0 million) were for very short term bills (below 91 days maturities) whereas $11.5 million were for the benchmark 91 day securities.

The issuance of fewer securities saw non interest bearing excess reserves of the banks pushed up to some of their highest levels ever. Total commercial banks' excess reserves expanded steadily from $32.2 million in June 2008 to $73.3 million in June 2009, a level that was well above the minimum comfortable level of $15 million. (See Graph 1.)

Graph 1 : Commercial Banks' Excess Liquidity

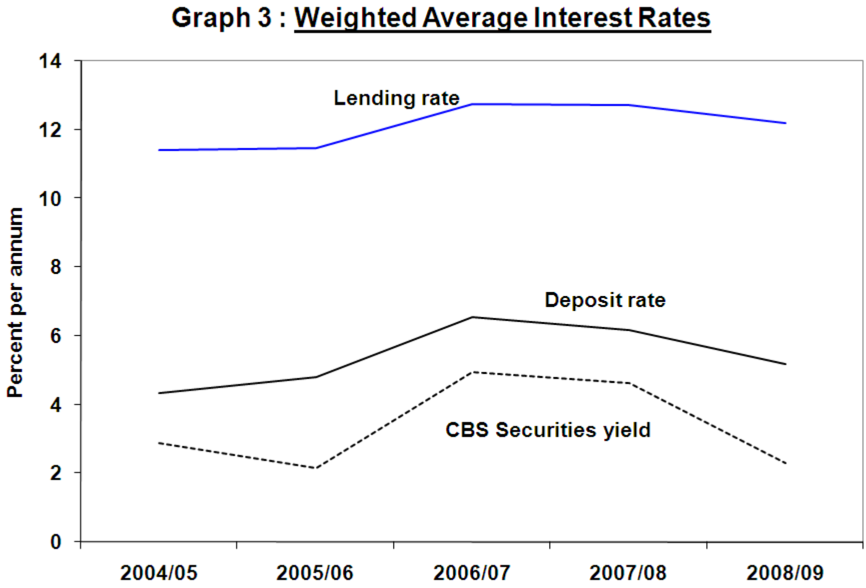

As a result, total commercial bank liquidity rose from $86.4 million in June 2008 to $110.7 million in June 2009. (See Graph 2.)

Graph 2 : Total Commerical Bank Liquidity



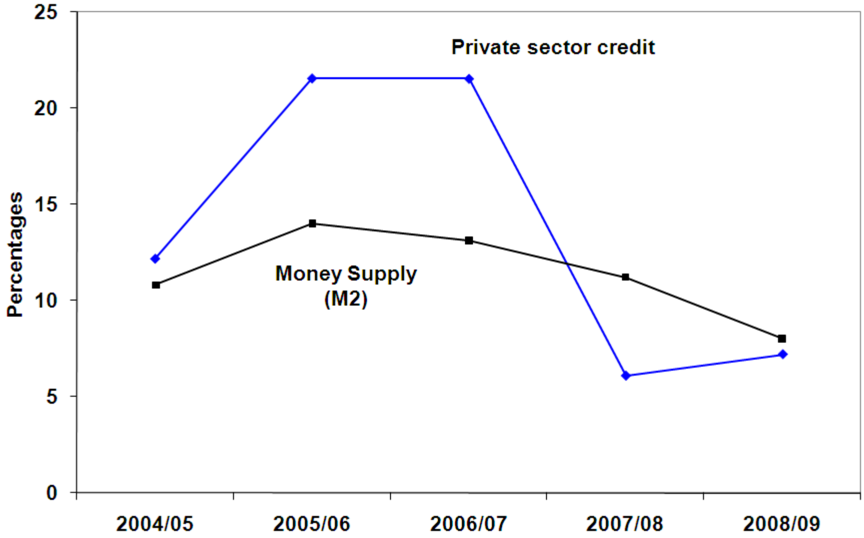

In addition to limiting the volume of CBS securities issued, the Central Bank also reduced its lending rate to the commercial banks by 2.8 percentage points, from 7.8 percent to 5.0 percent, secured by Central Bank securities. In March 2009, the commercial banks were further allowed to borrow from the Central Bank, secured by up to 50 percent of their statutory reserve deposits (SRD) at the Central Bank.

In line with the Central Bank's easing monetary policy stance, the weighted average interest rate on CBS securities fell steadily throughout the year to reach a low of 2.28 percent at end June 2009, 2.34 percentage points down from 4.62 percent in June 2008. In response, the commercial banks' weighted average deposit rate fell by 0.96 percentage points to 5.19 percent in June 2009 from 6.15 percent in June 2008. Similarly, the commercial banks' weighted average lending rate fell by 0.53 percentage points to 12.21 percent in June 2009 from 12.74 percent in June 2008. (See Graph 3.)



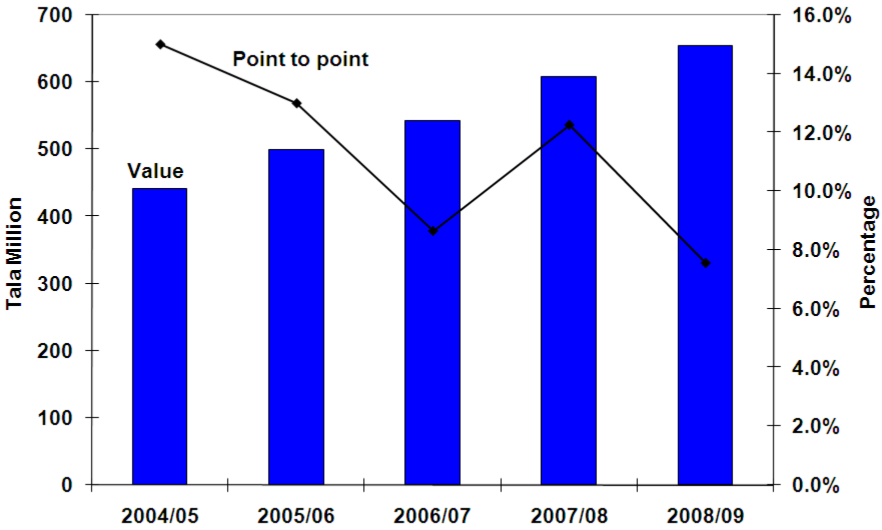

On credit, the combined total of commercial bank loans to the private sector and public institutions increased by $37.0 million to $685.3 million in the year to end June 2009, which was down from an increase of $47.8 million in the previous financial year. On an annual average basis, the growth rate of total credit to the two sectors combined fell from 10.8 percent in June 2008 to 9.1 percent in June 2009. This largely reflected the deceleration of credit growth to public institutions whereas the growth rate of credit to the private sector alone improved from 6.1 percent in 2007/08 to 7.2 percent in 2008/09. The relatively slow rate of credit expansion in the last two financial years indicated that the reduction in commercial bank interest rates so far was insufficient to boost credit demand under the prevailing recessionary economic conditions. (See Graph 4.)

**Graph 4 : Annual Average Growth Rates**



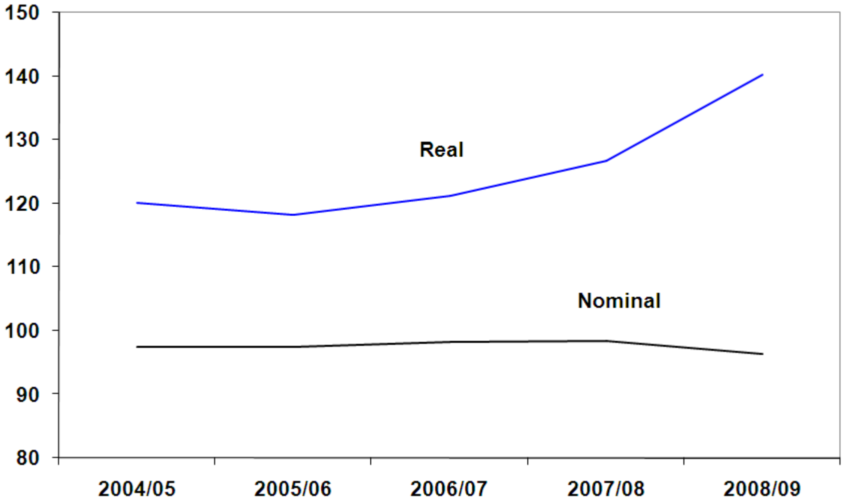

In contrast to the decline in credit growth, in absolute and in relative terms, there was a substantial net inflow of foreign funds in 2008/09, associated with an overall surplus in the balance of payments. Consequently, money supply (M2) expanded 7.6 percent ($46.0 million) in the fiscal year under review to $654.3 million at end June 2009. (See Graph 5.)

Graph 5 : Money Supply




In 2008/09, the Central Bank allowed the exchange rate of the Tala to drift upwards to ease some of pressure from rising imported inflation. Consequently, the .nominal effective exchange rate (NEER) of the Tala appreciated 1.1 percent on an annual average basis against the currencies in its exchange rate basket. On the other hand, the high inflation rate saw the real effective exchange rate (REER) appreciate 10.6 percent. (See Graph 6.)

Graph 6 : Trade Weighted Exchange Rate Indices
(1998=100)




## 4.2 Macroeconomic performance

### *4.2.1 Real Sector*

National accounts figures for the June 2009 quarter are not yet available but estimates indicate that the economy contracted 6.3 percent in real terms in 2008/09, a far cry from the 4.8 percent real growth in 2007/08. The main culprit was the significant 24 percent real reduction in 'Other manufacturing' as the global recession affected the Australian automotive industry which subsequently reduced the demand for wire harnesses from Samoa. The 'Construction' industry shrank 33 percent reflecting the winding down of activities following the South Pacific Games in 2007/08. In addition, a few of the large Government projects were slow to be implemented in 2008/09. As evidenced by the very low supply of local agricultural products to the Fugalei Market, the 'Agriculture' sector declined 11 percent due to across the board reductions in most staple and vegetable crops. 'Food and Beverage manufacturing' decreased 24 percent in 2008/09 as a direct result of flagging production of beer and soft drinks. The combination of high excise taxes and cheaper imported alternatives (as the case with soft drinks) has greatly weakened the demand for locally produced soft drinks and, consequently, their sales and production. ‘Commerce’ sector also took a hit, going down 3 percent as a result of reduced consumption manifesting in slow sales at the large supermarkets and clothing retailers. The ‘Fishing’ output fell by 7 percent due to a large drop in fish catch during the first half of 2008/09.

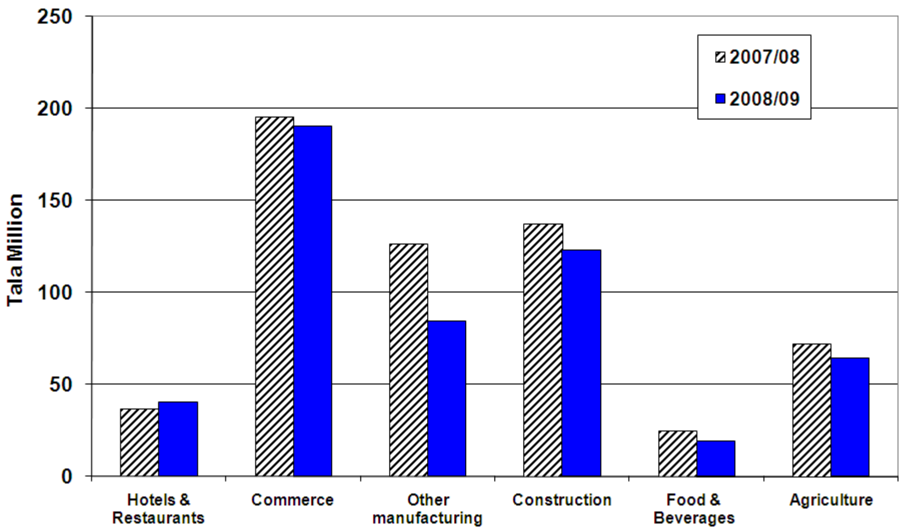
On the upside, the ‘Transport and communications’ sector rose 3 percent reflecting continued improvements in the cell phone industry as well as expansion in taxi fleets. ‘Hotels and restaurants’ industry increased 9 percent in light of new hotels and upgrades and extension to existing ones such as the extension of the Hotel Millenia and upgrading of the Tusitala hotel. ‘Public administration’ increased by 3 percent reflecting the expansionary 2008/09 Budget while ‘Finance and business service’ sector rose by 2 percent in line with historical trends. (See Table 3 and Graph 7.)

**Table 3**
**Real Gross Domestic Product by Industry**
**(At 2002 prices, amounts in Tala Million)**

| During the period | 2005/06 Actual | 2006/07 Actual | 2007/08 Actual | 2008/09 Updated | 2009/10 Forecast |
|---|---|---|---|---|---|
| Agriculture | 71.4 | 68.2 | 72.0 | 63.9 | 65.1 |
| Fishing | 47.2 | 50.3 | 51.7 | 47.9 | 48.9 |
| Food & Beverage manufacturing | 32.6 | 28.3 | 24.9 | 18.9 | 18.0 |
| Other Manufacturing | 114.8 | 113.9 | 126.3 | 84.3 | 70.1 |
| Construction | 109.1 | 128.8 | 137.2 | 122.9 | 159.8 |
| Electricity and water | 46.8 | 48.1 | 49.3 | 50.5 | 52.3 |
| Commerce | 184.5 | 191.1 | 195.3 | 190.0 | 191.9 |
| Hotels, restaurants | 30.1 | 32.5 | 36.7 | 40.1 | 41.5 |
| Transport, Communication | 147.0 | 147.8 | 154.6 | 158.6 | 174.4 |
| Public administration | 81.6 | 82.8 | 85.8 | 88.3 | 90.1 |
| Finance and business service | 95.7 | 99.1 | 102.6 | 105.0 | 108.1 |
| Less: Enterprise share of FISIM (1) | -12.2 | -12.5 | -13.0 | -13.3 | -13.6 |
| Ownership of dwellings | 30.9 | 31.0 | 31.1 | 31.3 | 31.6 |
| Personal and other service | 62.2 | 55.1 | 61.1 | 57.4 | 60.3 |
| Total | 1041.7 | 1064.5 | 1115.7 | 1045.7 | 1098.5 |
| Annual percent change | 2.2 | 2.2 | 4.8 | -6.3 | 5.0 |
| Implicit GDP deflator | 116.6 | 124.3 | 130.2 | 131.3 | 133.6 |
| Annual percent change | 5.7 | 6.5 | 4.8 | 0.8 | 1.7 |

Source: Ministry of Finance
(1) FISIM : Financial Intermediary Services Imputed

**Graph 7 : GDP by Sector 2008/09**



### *4.2.2 Balance of Payments*

The balance of payments recorded another surplus of $11.1 million for the third consecutive year, following a huge surplus of $47.3 million in 2007/08. This surplus was mainly the result of continued improvements in tourism receipts, private remittances and net disbursement of Government loans during the course of the year. (See Table 4.)

**Table 4**
**Balance of Payments**
**(Amounts in Tala Million)**

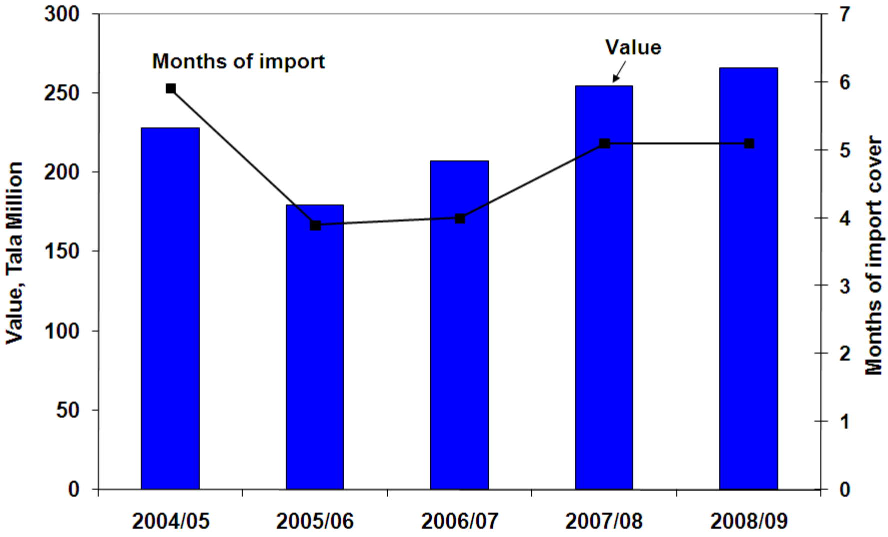
| During the period | 2004/05 Actual | 2005/06 Actual | 2006/07 Actual | 2007/08 Actual | 2008/09 Actual | 2009/10 Forecast |
|---|---|---|---|---|---|---|
| A. Current Account Balance | -69.5 | -70.9 | -132.8 | -88.0 | -20.8 | -129.7 |
| Merchandise Trade Balance | -429.8 | -519.9 | -585.5 | -561.1 | -598.0 | -671.4 |
| Exports | 35.3 | 29.6 | 31.3 | 32.4 | 28.1 | 28.1 |
| Imports | -465.0 | -549.5 | -616.7 | -593.5 | -626.1 | -699.4 |
| Services, net | 165.5 | 185.6 | 232.2 | 252.9 | 269.6 | 265.8 |
| Income, net | -65.5 | -24.6 | -35.9 | -110.4 | -47.9 | -66.7 |
| Current Transfers, net | 260.3 | 287.9 | 256.3 | 330.5 | 355.5 | 342.5 |
| Private transfers | 244.0 | 283.7 | 252.2 | 322.8 | 344.5 | 327.2 |
| Official transfers | 16.3 | 4.2 | 4.1 | 7.7 | 11.1 | 15.3 |
| B. Capital Account Balance | 149.2 | 69.5 | 125.4 | 62.2 | 10.4 | 42.9 |
| Official Grants | 157.2 | 71.8 | 93.6 | 69.2 | 97.6 | 130.5 |
| Other | -7.9 | -2.3 | 31.8 | -7.1 | -87.1 | -87.6 |
| C. Financial Account Balance | -35.2 | -39.7 | 16.9 | 63.0 | 40.8 | 84.9 |
| Direct Investment | -5.5 | 1.4 | 53.3 | 11.7 | 18.3 | 20.0 |
| Portfolio Investment | 1.0 | 0.6 | 1.8 | -0.5 | 2.9 | -8.0 |
| Other Investment | -30.7 | -41.8 | -38.2 | 51.8 | 19.6 | 72.9 |
| D. Reserve Assets | -36.2 | 49.5 | -27.9 | -47.3 | -11.1 | -12.5 (1) |
| E. Net Errors & omissions | -8.4 | -8.3 | 18.5 | 10.1 | -19.4 | 14.4 |

(1) This surplus does not include the new SDR allocations from the IMF in August 2009.

Source: Central Bank of Samoa

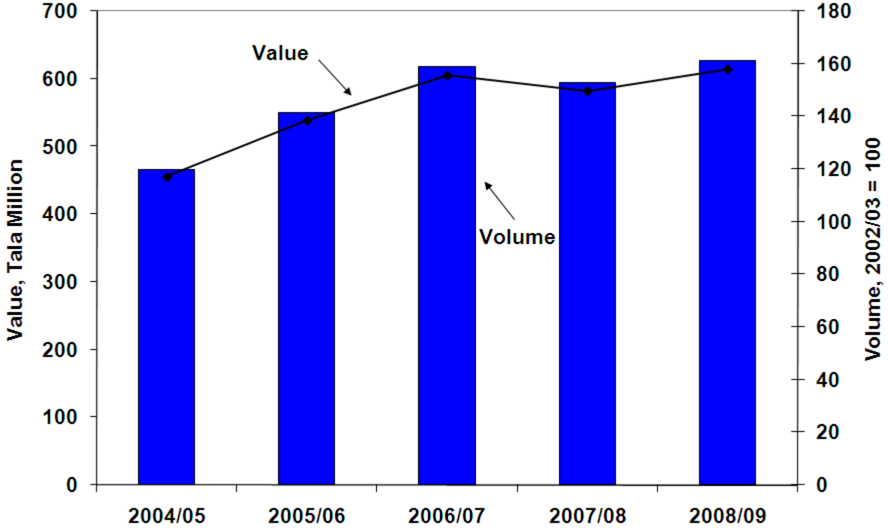
The relative level of international reserves in 2008/09 was the same as that for 2007/08 at 5.1 months, well above the target cover of 4 months. (See Graph 8.)

**Graph 8 : Gross Official Reserves**



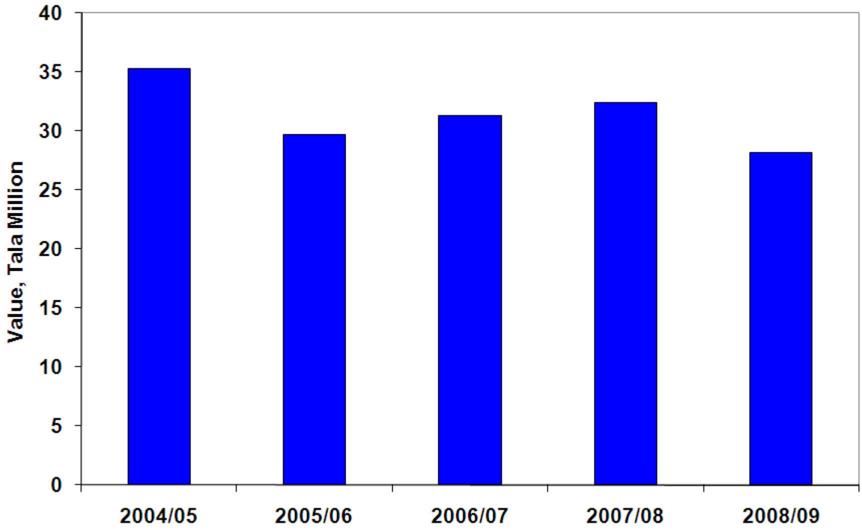

Total imports rose 6 percent to $626.1 million in 2008/09 as all of its three main categories recorded gains especially in the first half of the fiscal year. However, due to the impact of the global recession in the last half of 2008/09, imports fell notably. Non petroleum private sector imports increased 4 percent reflecting mainly a lot of food imported by wholesale companies such as meat products (poultry and mutton mainly), eggs, dairy products and fruits. Furthermore, 2008/09 saw a large shipment of EPC's electricity meters which also accounted for the increase in this category. Petroleum imports rose 7 percent to $144.7 million as its price fell 21 percent from last financial year's high but its imputed volume picked up 28 percent. In addition, Government imports increased 34 percent due to a 37 percent increase in its volume reflecting imported building materials for the new convention centre and pipes for the water and sanitation project. (See Graph 9.)

Graph 9 : Imports



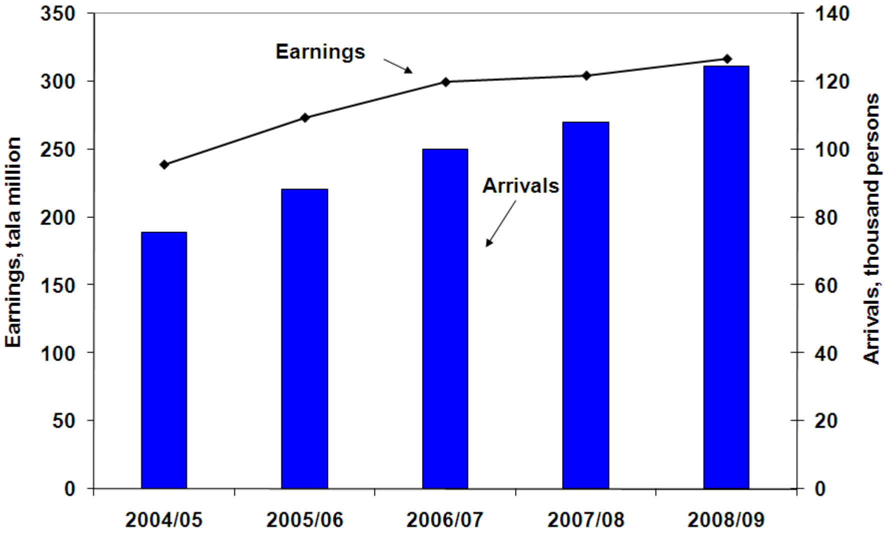

Exports fell 13 percent in 2008/09 as a result of declines in fresh fish, beer, coconut cream, nonu juice and fruits and re-exports to name a few. On the upside, taro, copra meal and virgin oil recorded higher proceeds over the year. Coupled with the increase on import payments, the merchandise trade deficit widened 7 percent. (See Graph 10.)

Graph 10 : Exports




Tourism earnings continued to improve, rising 15 percent in 2008/09 reflecting mostly the influx of holidaying visitors as well as sportspeople coming for various sporting competitions such as wrestling and rugby competitions. Visitors from New Zealand, Australia and Europe increased by 5 percent, 6 percent and 30 percent respectively, accounting for the bulk of the overall improvement in arrivals. Arrivals from the US and American Samoa rose by 10 percent and 0.2 percent in that order. With the prices of good and services consumed by tourists increasing over the year in light of high inflation in 2008/09, the average tourist expenditure rose by 11 percent in 2008/09. (See Graph 11.)

Graph 11 : Tourism




Private remittances in 2008/09 recorded a 6 percent increase to $365.5 million despite an expected contraction in the face of downturn in the main source countries of USA, New Zealand and Australia. Household remittances went up by 11 percent as Samoans overseas continued to remit funds and cars for the upkeep of their families in Samoa while funds for charitable organizations fell 18 percent. Australia and the US accounted for most of this overall increase with smaller gains for American Samoa and New Zealand. Remittances from Fiji which largely constitute LDS funds from the US, fell substantially in 2008/09.

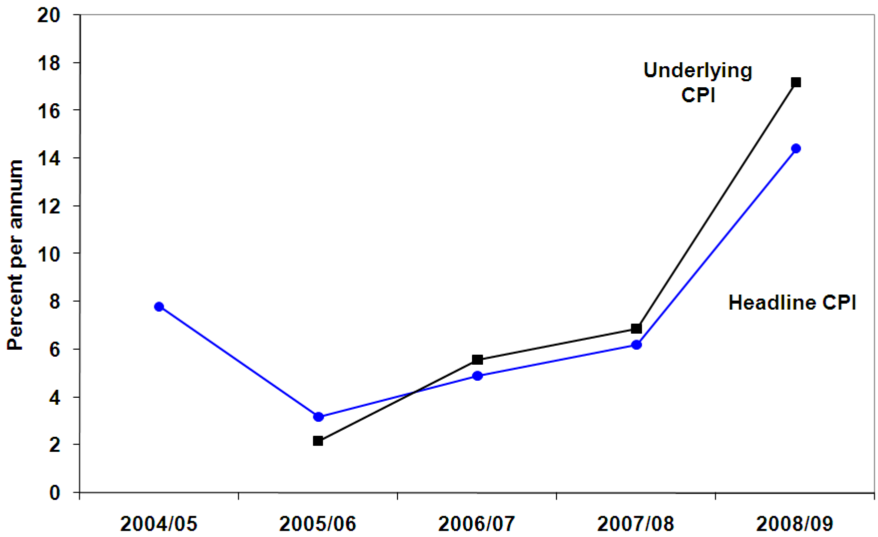
Actual official capital transfers figures are not available but an increase of 41 percent to $97.6 million was projected in the 2008/09 Budget, down from $69.2 million in the previous year. Government loans liabilities went up substantially reflecting new loan disbursements in the course of the year. In the event, a $40.8 million surplus was recorded in the financial account.

### *4.2.3 Prices*

As with the case in 2007/08, movements in consumer prices were influenced by both local and external pressures, with the latter having a more prominent impact. Many of the imported food items such as chicken, sugar, flour and rice as well as fuel (diesel, unleaded petrol and kerosene) registered price hikes in 2008/09, pushing up imported inflation quickly to 15.5 percent at end June 2009 from 8.0 percent at end June 2008.

Likewise, the local component of the headline Consumer Price Index (CPI) recorded an increase of 13.7 percent in 2008/09, much higher than 4.8 percent last year. One of the driving forces was the low agricultural production at the local market pushing up the prices for vegetable and stable food crops sold at the Market. Also, the higher fuel costs spilled over to affect the prices of consumable goods and services such as bread, electricity rates, transport fares (taxi bus and boat) as well as fish (whole, stringed and pieces). (See Graph 12.)

**Graph 12 : Annual Average Inflation Rates**



As a result of the higher imported and local components of the headline CPI, the headline annual inflation accelerated to 14.5 percent at end June 2009 from 6.2 percent at end June 2008.

Similarly, the underlying inflation rate surged upwards to 17.2 percent in 2008/09 from 6.9 percent in the previous fiscal year. (See Table 5.)

**Table 5**
**Consumer Price Index**
**(March 2004 = 100)**

| Fiscal year to end June | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 Forecast |
|---|---|---|---|---|---|
| **A. Headline Inflation** | | | | | |
| | 12 months average percent change | | | | |
| **Description** | | | | | |
| All Groups | 3.2 | 4.9 | 6.2 | 14.5 | 2.3 |
| Food | 2.1 | 6.4 | 7.1 | 20.6 | 4.9 |
| Clothing and Footwear | -7.3 | -3.3 | -1.4 | 5.5 | 3.3 |
| Housing and Household Operations | 6.2 | 2.6 | 6.9 | 9.6 | -3.6 |
| Transport and Communication | 10.0 | -1.1 | 4.7 | 11.3 | -1.6 |
| Alcohol and Tobacco | 1.2 | 11.1 | 6.7 | 5.9 | 1.3 |
| Miscellaneous | 0.4 | 3.2 | 4.0 | 5.9 | 2.0 |
| Import Component | 3.5 | 6.0 | 8.0 | 15.5 | 2.6 |
| Local Component | 3.1 | 3.9 | 4.8 | 13.7 | 2.3 |
| **B. Underlying Inflation (1)** | | | | | |
| | 12 months average percent change | | | | |
| **Description** | | | | | |
| All Groups | 2.2 | 5.6 | 6.9 | 17.2 | 4.6 |
| Food | 3.0 | 6.5 | 7.9 | 20.5 | 5.3 |
| Clothing and Footwear | -7.3 | -3.3 | -1.4 | 5.5 | 3.3 |
| Housing and Household Operations | 1.5 | 0.5 | 4.7 | 5.3 | 3.1 |
| Transport and Communication | 1.4 | 7.1 | 15.6 | 13 | 4.7 |
| Miscellaneous | 0.9 | 6.6 | 2.9 | 5.7 | 0.4 |
| Import Component | 1.9 | 5.8 | 6.8 | 17.3 | 4.6 |
| Local Component | 3.0 | 4.9 | 7.1 | 16.8 | 4.2 |

Source: Samoa Bureau of Statistics (Statistical Services Division, Ministry of Finance)
(1) The historical series for this new index started in August 2003.

# 5. DOMESTIC ECONOMIC OUTLOOK FOR 2009/2010

The following forecasts and macro-economic outlook was based on information available prior to the 29 September 2009 tsunami. The forecasts will be revised and updated as the economic and financial impact of tsunami becomes known. Meanwhile, it is expected that the recovery and reconstruction works associated with the tsunami will fuel construction, transport, communication, commerce and other economic activities. This, therefore means that the current positive direction of the prevailing forecasts remain valid.

## 5.1 Government Budget

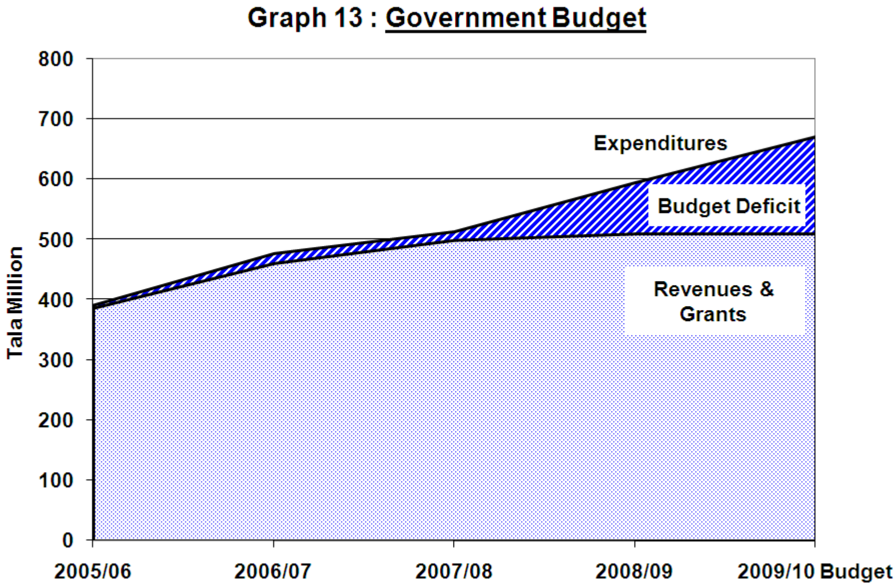
With the global recession as a backdrop, Parliament approved another heavily expansionary Government Budget for 2009/10. The Budget for 2009/10 is projected to result in an overall deficit of $160.8 million compared to budget deficit of $84.8 million in 2008/09. This budget deficit is about 11 percent of nominal GDP, well above the 6 percent approved for 2008/09. This record budget deficit, to be financed largely by external soft term loans, reflects public and social infrastructural developments, including large education and health projects as well as the road switch preparations.

Total revenue is expected to contract in face of shrinking import duties and VAGST collections due to weak consumer demand. External grants, however, are expected to increase significantly to $152.8 million, driving total revenue and grants to $511.0 million. Total expenditure, on the other hand, is projected to jump to $671.8 million in 2009/10 from $595.5 million in 2008/09. (See Table 6 and Graph 13.)

## Table 6
## Financial Operations of Government
(Amounts in Tala Million)

| During the period | 2004/05 Actual | 2005/06 Actual | 2006/07 Budget | 2007/08 Budget | 2008/09 Budget | 2009/10 Budget |
|---|---|---|---|---|---|---|
| Total Revenue and Grants | 524.4 | 387.1 | 461.5 | 500.1 | 510.7 | 511.0 |
| Total Revenue | 283.0 | 315.3 | 363.0 | 423.1 | 400.0 | 358.2 |
| Tax | 242.2 | 273.1 | 317.9 | 358.7 | 340.6 | 321.8 |
| Non-tax | 40.9 | 42.2 | 45.2 | 64.5 | 59.4 | 36.4 |
| External Grants | 241.4 | 71.8 | 98.5 | 76.9 | 110.7 | 152.8 |
| | | | | | | |
| Total Expenditure | 521.4 | 391.7 | 477.6 | 514.0 | 595.5 | 671.8 |
| Current Expenditure | 236.6 | 281.9 | 325.1 | 401.5 | 379.0 | 388.1 |
| Development Expenditure | 263.8 | 86.1 | 131.7 | 108.2 | 216.1 | 271.2 |
| Net Lending (1) | 21.0 | 23.7 | 20.7 | 4.4 | 0.4 | 12.5 |
| | | | | | | |
| Overall Surplus / Deficit (-) | 3.1 | -4.6 | -16.1 | -14.0 | -84.8 | -160.8 |
| | | | | | | |
| Financing | -3.1 | 4.6 | 16.1 | 14.0 | 84.8 | 160.8 |
| External Financing | 15.8 | 6.2 | 17.8 | 17.7 | 91.5 | 151.7 |
| Disbursements | 27.6 | 19.2 | 33.3 | 31.2 | 105.4 | 172.0 |
| Amortisation | 11.8 | 13.0 | 15.5 | 13.5 | 13.9 | 20.3 |
| Domestic Financing | -18.9 | -1.6 | -1.7 | -3.7 | -6.7 | 9.1 |
| Monetary system | -19.0 | -11.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Other | 0.1 | -12.6 | -1.7 | -3.7 | -6.7 | 9.1 |

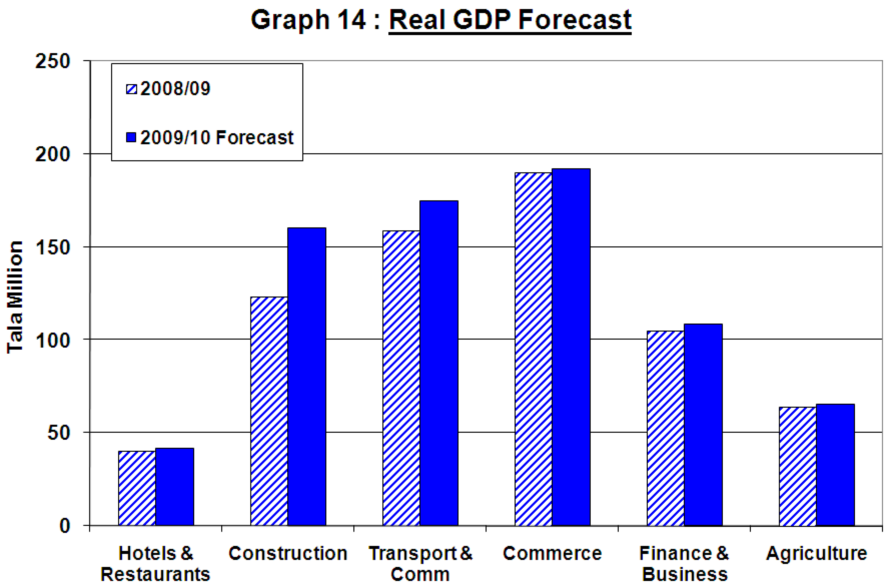
Source: Ministry of Finance




## 5.2 Real Sector

The economy in 2009/10 is expected to rebound from last year in light of the aggressiveness of the fiscal policy. Projects aimed at improving and strengthening the education, health, agriculture, water and electricity sectors in addition to continual infrastructural works have been expedited in the budget in order to stimulate economic growth in 2009/10. These are expected to combine with private sector projects and further growth in tourism to boost growth in the real sector.

In the event, real GDP is expected to increase by about 5.0 percent in 2009/10, driven by all sectors except 'Other manufacturing' (still in the recovery phase) and 'Food & Beverage manufacturing' (low demand from American Samoa). The 'Construction' sector (third largest) is expected to grow by 30 percent in line with government funded and private projects while 'transport and communications' sector is anticipated to improve by 10 percent as the transport industry is tied closely to construction activities. The 'Commerce' sector is expected to recover by 1 percent as demand picks up while the 'Agriculture' and 'Fishing" sectors are expected to increase by 2 percent each. 'Finance & business service' and 'public administration' sectors are forecast to growth by 3 percent and 2 percent in that order. (See Graph 14.)




## 5.3 Balance of Payments

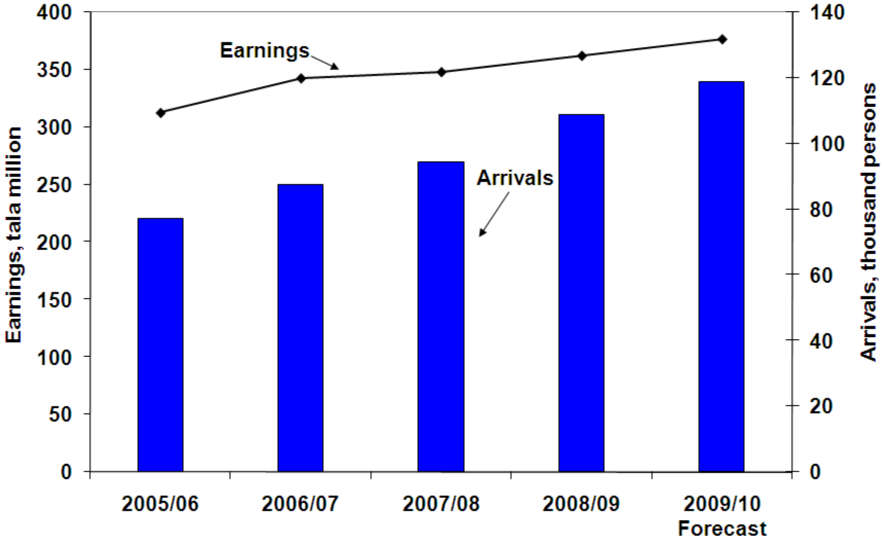
The balance of payments is expected to record another surplus in 2009/10. Given the significant inflows projected in the 2009/10 Budget, such as the $149.6 million net disbursement of Government loans (of which only $100.0 million is actually expected to be disbursed in 2009/10) as well as a substantial increase in project grants to $137.5 million from $97.6 million in 2008/09.

On the current account, exports for 2009/10 are anticipated to remain more or less the same from last year to $28.1 million. This is due to modest gains in fish, coconut oil, nonu juice and nonu fruit being offset by reductions in beer, coconut cream, re-exports and virgin oil. Fish exports is expected to recover in line with the new addition of a large fishing vessel to the current fleet as well as improvement in catch per effort while beer exports is anticipated to drop significantly in 2009/10 reflecting the already low demand from American Samoa being exacerbated by the closing of the Chicken of the Sea cannery which will mean around 800 jobs lost including local expats working in American Samoa.

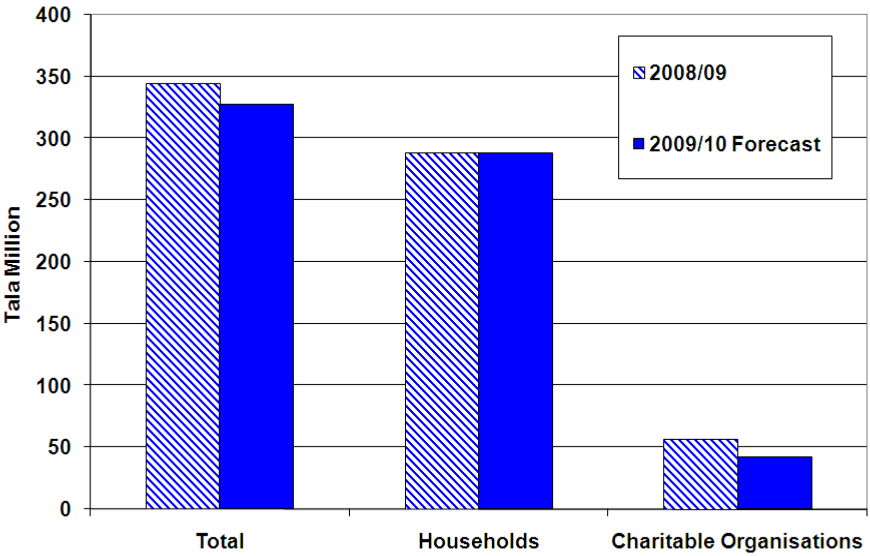
Given the strong recovery in economic activity in 2009/10, total imports are expected to pick up strongly, up 12 percent to $699.4 million. Non petroleum private sector imports are envisaged to improve by 14 percent to $515.5 million reflecting more demand for food products by wholesale companies, more construction materials for new construction projects, higher demand for right hand drive cars and materials for the water and electricity projects. The value of petroleum imports is expected to increase by 9 percent to $157.9 million reflecting anticipated recovery of world oil prices as the recession bottoms out as well as increased demand for petroleum as the economy recovers. Government imports, on the other hand, are expected to decline by 7 percent reflecting large one off import shipments in 2008/09.

On the basis of the Samoa Tourism Authority's Tourism Development Plan for the next five years, which was launched in July 2009, tourism is expected to continue to perform strongly in 2009/10 despite tourist arrivals from American Samoa expected to fall in view of expected closing of the COS Cannery in September 2009. Tourist arrivals are expected to increase by 4 percent to 131,687 in 2009/10. The bulk of the visitors are expected to come from New Zealand and Australia. With a 5 percent increase anticipated for average tourist spending in 2009/10, total tourism proceeds are expected to increase by 9 percent to $338.8 million. Private remittances, on the other hand, is expected to decline by 4 percent to $351.5 million in 2009/10, driven by an 18 percent drop in charitable organizations remittances while household remittances are expected to increase by 3 percent reflecting steady inflows of cash, in kind and car remittances for family maintenance. (See Graph 15 and Graph 16.)

## Graph 15 : Tourism Forecast




## Graph 16 : Private Remittances Forecast



On the whole, the balance of payments is expected to post another surplus of $12.5 million in 2009/10, slightly higher than the $11.1 million surplus last year. With the strong increase in total imports, the level of international reserves is anticipated to fall to 4.8 months of imports, below 5.1 months cover for 2008/09 but well above the minimum target of 4.0 months.

## 5.4 Prices

Consumer prices in 2009/10 are expected to decline sharply from the previous year as inflationary pressures that drove up prices in the preceding year start to abate. Imported inflation fell in May 2009 and will continue to do so for the rest of the 2009/10 fiscal year as the current weak global demand for international traded commodities will see prices remain lukewarm with oil prices to rebound but not as much as the price booms in 2008/09, hovering around the USD$68.75 per barrel in 2009/10. Domestic inflation is also anticipated to shrink reflecting the anticipated recovery in agricultural supplies at the Fugalei Market as well as the expectation of no further hikes in utility services such as water, electricity and transportation.

### *5.4.1 Headline Inflation*

*Import Component*

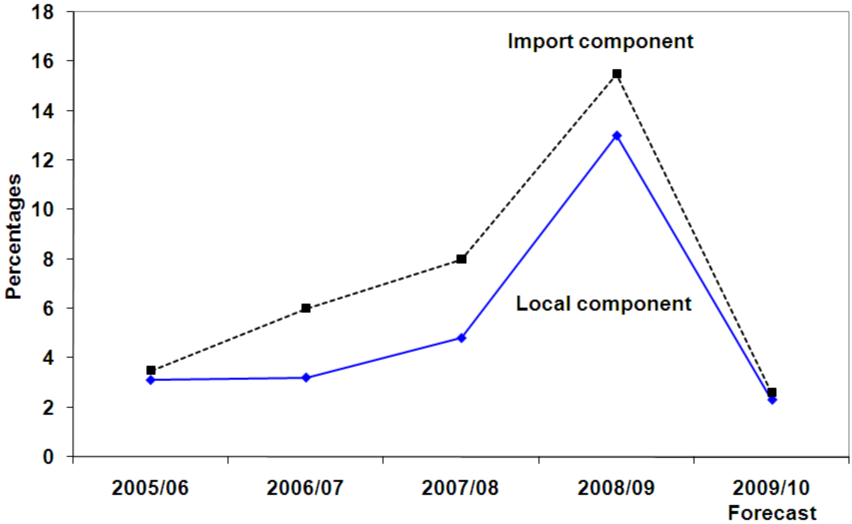
The current weak global demand for internationally traded commodities, in the face of the prevailing recessionary pressures affecting the global economy, will have a depressurizing effect on imported inflation in the next twelve months. Likewise, the forecast low inflationary expectations in Samoa's main trading partners (particularly, New Zealand, Australia and USA) in the immediate future will help reduce inflationary pressures that were quite significant in 2008/2009. For crude oil, expectations are that prices will not be much above the average of $68.75 per barrel in 2008/2009 with high excess capacity in oil producing countries expected to buffer any growth in demand. Despite the recent rebound in prices, it is expected that any price increases during 2009/2010 will be smaller than the price booms recorded in 2008/2009. And, along with the local pricing mechanism, particularly for imported fuel, prices of imported commodities are expected to stabilize at current levels. On average, food prices are estimated to grow by 5.6 percent compared to a 20.2 percent expansion in 2008/2009. The steady levels for fuel products over the next twelve months to June 2010 are expected to reduce the growth in price levels of the "housing and household operations" (down 3.6 percent compared to a 7.4 percent growth in the previous fiscal year) and "transport and communications" (decline by 10.6 percent compared to a 7.7 percent growth in 2008/2009) commodity groups. In the event, imported inflation is forecast to decelerate from 15.5 percent at end 2008/2009 to 2.6 percent at end 2009/2010.

*Local Component*

Similar to imported inflation, the domestic headline inflation rate for the forecast period ahead (2009/2010) is expected to decline to 2.3 percent from 13.0 percent at end June 2009. Largely driving this reduction over the next twelve months is a lower 3.9 percent expansion in the "Food" sub-index compared to the 21.1 percent growth in the fiscal year 2008/2009, mainly reflecting an anticipated recovery in local agricultural production as well as the absence of any further upward revisions in bread prices, which is one of the main commodities in this sub-group. The estimated levels in imported fuel will also affect the cost of producing electricity, with further adjustments in the fuel surcharge on electricity expected. For the "Housing and Household Operations" sub-group, price levels are expected to decline 3.5 percent compared to a 5.9 percent growth in the previous twelve months to 2009. With transport fares already revised upwards in 2008/2009, the forecast local "Transport and Communications" sub-index for 2009/2010 does not include any further changes in fares, with the only adjustment for this sector to come from possible reductions in international calling rates. As a result, this commodity group is expected to register an expansion of

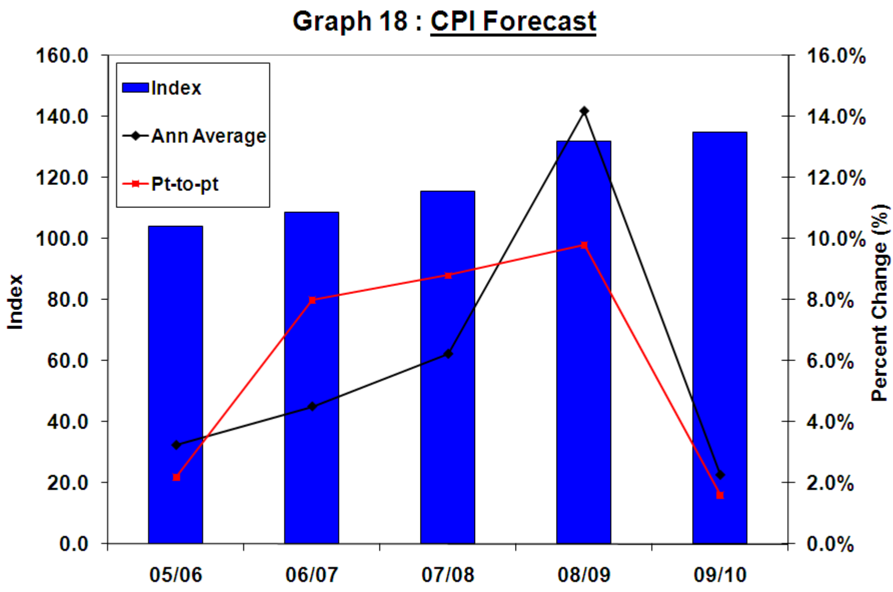
2.3 percent, lower than the 12.9 percent growth in 2008/2009. All in all, the overall local component of the headline CPI is anticipated to grow by 2.3 percent in the year to end June 2010 compared to 13.0 percent in the year to end June 2009. (See Graph 17.)

**Graph 17 : Headline Consumer Price Index**




*Headline Inflation Rate*

With the current weakening of global demand for internationally traded commodities, lower inflation for Samoa's main trading partners and improved local agricultural production, inflationary pressures are expected to ease substantially in the next twelve months ending June 2010. The annual headline inflation rate is expected to decline from 14.2 percent at end June 2009 to around 2.3 percent at end June 2010. (See Graph 18.)




## *5.4.2 Underlying Inflation*

*Import Component*

It is anticipated that the overall import component of the underlying CPI will decline within the next twelve months, dropping to 4.6 percent from 17.3 percent at end June 2009. This forecast largely reflects moderate easing of commodity prices in the global markets compared to the price hikes seen in 2008/2009. And with an expected 4.8 percent real growth in the Samoan economy, domestic demand conditions are likely to strengthen, consequently influencing imported prices in the underlying CPI.

*Local Component*

On average, the domestic underlying inflation rate is expected to slow down to 4.2 percent at end June 2010 from 16.8 percent at end June 2009. This downward projection is based on an expected drop in local food prices compared to 2008/2009 (particularly with the absence of any increases in bread prices).

*Underlying Inflation Rate*

Taking into account the effects of both external and local pressure on prices for commodities that are not subject to extreme volatility and price regulations, the annual underlying inflation rate is expected to decelerate within the next twelve months to 4.6 percent at end June 2010, from its current peak of 17.2 percent at end June 2009. (See Table 5B Underlying Consumer Price Index.)

# 6. MONETARY POLICY STANCE FOR 2009/2010

The Samoan economy is expected to recover from the adverse impact of the global financial crisis in 2008/09 posting a 5.0 percent recovery in real terms in 2009/10 from a steep 6.3 percent real decline in 2008/09. This recovery is expected to be driven mostly by the expansion in the 'construction' and 'transport and communications' sectors reflecting substantial public sector projects, recovery in the 'agriculture' and 'fishing' industries as well as growth in tourism earnings and project grants from abroad. Exports, however, are anticipated to remain unchanged while imports are expected to expand significantly in line with the expected recovery in the economy. In addition, significant net disbursements of external loans in 2009/10 should see the balance of payments record an overall surplus leaving the relative level of international reserves unchanged at 5.1 months of imports.

In addition, inflation is expected to wind down significantly as international commodity prices remain subdued in light of continuing weak global demand an expected slight improvement commodity production levels in overseas and more or less stable international oil prices. Already, domestic prices have started to trend downwards, with the annual headline and underlying rates expected to drop to 2.3 percent and 4.6 percent respectively in 2009/10.

On the other hand, there is a concern on the slowdown of private sector investment demand with recent data reflecting the stagnant growth rate in credit to that sector despite recent decline in interest rates. Therefore, to encourage and stimulate activity in the private sector, monetary policy will continue with its easing stance in 2009/10. The main objective is to support and strengthen the private sector in these trying times. The increase in credit to the private sector will help increase local production so as to help improve supplies, especially agricultural production which will go a long way to ease the high local prices of food crops. Market interest rates are therefore expected to decline even further in 2009/10, which should encourage a recovery in agriculture, manufacturing, fishing, renewable energy and tourism sectors.

Although this monetary policy stance was taken prior to the 29 September 2009 tsunami, its expansionary focus is also inline with efforts to rebuild the areas that have been devastated. Nevertheless, this monetary policy stance will be reviewed when the macro-economic impact of the tsunami comes to hand.

**Table 7**

**Monetary Survey**

**(Amounts in Tala million)**

| End of Period | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 Forecast |
|---|---|---|---|---|---|---|---|---|
| A. Determinants of Money Supply | | | | | | | | |
| Net Foreign Assets | 165.5 | 172.1 | 231.3 | 184.6 | 199.1 | 227.7 | 248.2 | 283.1 |
| Net Domestic Assets | 175.0 | 211.5 | 209.9 | 313.9 | 342.6 | 380.6 | 406.1 | 399.0 |
| Government's Net Position | -99.2 | -81.6 | -100.3 | -89.3 | -100.6 | -88.6 | -86.4 | -109.6 |
| Bank credit to private sector | 306.1 | 358.5 | 383.0 | 490.9 | 548.3 | 584.1 | 614.6 | 664.0 |
| Bank credit to public institutions | 30.2 | 13.4 | 10.3 | 28.5 | 55.3 | 67.6 | 74.2 | 75.9 |
| Others, net | -62.1 | -78.9 | -83.1 | -116.2 | -160.3 | -182.5 | -196.1 | -231.3 |
| B. Money Supply (M2) | 340.4 | 383.6 | 441.2 | 498.6 | 541.8 | 608.3 | 654.3 | 682.0 |
| Narrow Money | 93.8 | 112.6 | 132.8 | 145.2 | 151.0 | 153.6 | 154.7 | 166.6 |
| Currency Outside banks | 26.2 | 28.4 | 30.7 | 37.0 | 42.4 | 41.0 | 41.6 | 44.7 |
| Demand Deposits | 67.6 | 84.2 | 102.1 | 108.2 | 108.6 | 112.6 | 113.1 | 122.0 |
| Quasi-money | 246.6 | 271.0 | 308.4 | 353.4 | 390.8 | 454.7 | 499.7 | 515.4 |
| Savings deposits | 45.5 | 49.4 | 55.8 | 64.3 | 71.2 | 73.8 | 78.2 | 82.3 |
| Time deposits | 184.8 | 209.4 | 239.5 | 269.4 | 309.9 | 360.1 | 402.5 | 411.6 |
| Foreign Currency Deposits of Residents | 16.3 | 12.2 | 13.1 | 19.7 | 9.7 | 20.8 | 19.0 | 21.6 |

Source: Central Bank of Samoa

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