



## **MONETARY POLICY STANCE FOR 2023/2024**

In summary, the high inflationary pressures experienced in the first half of FY 2022/23 have receded, first in the global area and now domestically.

The Samoan economy is expected cool off from the hot start it has experienced since the reopening of borders and influx of visitors. Growth is expected to come down to around 6.3 percent in 2023/24 from 8.0 percent last year.

Given the above, the Central Bank of Samoa has adjusted its monetary policy stance to focus on absorbing the very high liquidity levels that exist in the financial system. This will help make monetary policy more effective. In addition, the CBS is also conducting the normalization of its official (policy) interest rate. What this means is that the CBS will bring up its official interest rates to its “neutral’ rate which we have estimated to be around 2-3 percent. This normalization process does not entail a tightening monetary policy but more of adjusting the CBS official interest rate which has been near zero since 2008.

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