

REVIEW OF MONETARY DEVELOPMENTS

August 2026

This report is a monthly release of the latest available key monetary aggregates, official interest rate and the analysis on commercial banks' interest rates as well as other information sourced from the Central Bank, commercial banks, Ministry of Finance, non-bank financial institutions and the Samoa Bureau of Statistics.

Report No.02: 2026/27

August 2026

Monetary Target

The actual level of total money supply (M2) was 3.8 percent higher than its forecast for August 2026. This was due to a stronger than expected increase in net domestic assets (NDA) due to a higher than expected level of commercial banks lending to the private sector. In addition, net foreign assets (NFA) was also higher than expected reflecting a strong expansion in commercial banks' net foreign assets.

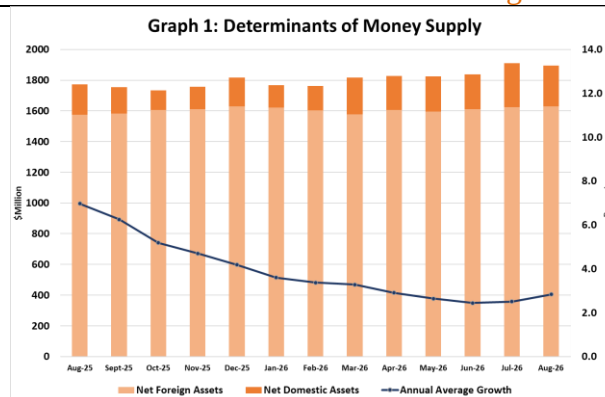
Money Supply (M2)

Total M2 contracted by \$15.64 million (or 0.8 percent) to \$1,894.78 million in August 2026 but was 6.9 percent higher than in August 2025.

The contraction in M2 was attributed to:

- A \$21.74 million reduction in **Net Domestic Assets (NDA)** to \$264.58 million. This reflected a large surplus¹ (increase in net deposits) in the Government's net position with the monetary system together with a drop in 'Other items net'.
- A \$6.10 million growth in **Net Foreign Assets (NFA)** to \$1,630.20 million. This was due to an expansion in commercial banks foreign assets, with a marginal increase in those of the Central Bank of Samoa.

Nevertheless, the annual average growth rate of M2 edged up to 2.8 percent in August 2026, from 2.5 percent in the previous month but still below 7.0 percent in August 2025 (See Graph 1).



Credit²

Total financial system (FS) credit expanded for the fifth consecutive month, by \$19.24 million (or 0.8 percent) to \$2,369.97 million in August 2026, and was 5.4 percent higher than August 2025. This reflected a:

- \$25.07 million hike in **commercial banks' lending**; which outweighed a
- \$5.83 million decrease in selected **non-bank financial institutions' (NBFIs) credit**.

Loans by Sector

- 99.3 percent of total loans were extended to the private sector, of which
 - 55.8 percent went to 'Households and Individuals'
 - 43.5 percent went to Businesses.
- The remaining 0.7 percent was lent to the public sector.

Loans by Industry

The expansion in FS credit was mainly lent to

- 'Building, construction, and installation'
- 'Trade',

¹ A surplus in the Government's net position has a contractionary impact on NDA, as increased government deposits absorb liquidity from the banking system and reduces net claims on government.

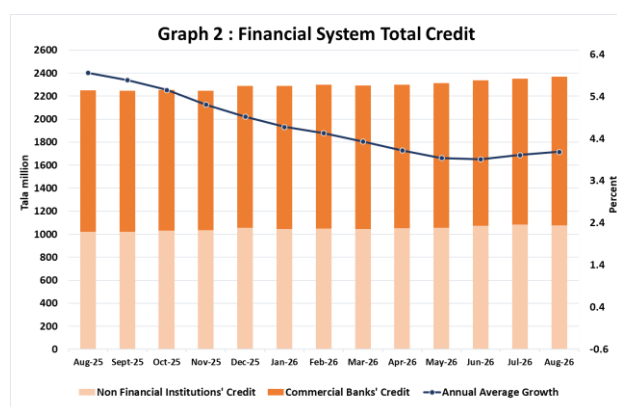
² Credit also means loans. This comprises of total loans by the 4 commercial banks and 3 largest non-bank financial institutions' (NBFIs).

- ‘Transportation, storage and communication’ industries.

New loans issued by the commercial banks during the month totaled \$29.37 million, a \$9.30 million decline from July 2026. Most of these new loans were lent to the ‘Trade’ and the ‘Professional and business services’ industries.

Mortgage loans’ share to total commercial bank loans edged down to 49.3 percent in August 2026 from 50.0 percent in July 2026. Moreover, total mortgage loans expanded by 0.5 percent to a total of \$636.34 million in the current month.

As a result, the annual average FS credit growth edged up further to 4.1 percent in August 2026, from 4.0 percent in the previous month but was 6.0 percent lower compared to August 2025 (See Graph 2).



According to the latest update from the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) for the whole year to June 2026, amounted to \$3,581.98 million.

- **Ratio of M2 to NGDP** remained at 51.3 percent from the previous quarter and but higher than 49.9 percent in the same quarter of last year.
- **Ratio of FS credit to NGDP** also edged up to 65.2 percent from 64.7 percent in the previous quarter and 62.1 percent in the June quarter of last year.

Reserve Money³

³Reserve Money (also known as monetary base) comprises of currency in circulation, statutory reserve deposits (SRD) and demand deposits of commercial banks with the CBS

Total Reserve Money (RM) fell by \$16.83 million (or 2.0 percent) over the previous month to \$842.93 million. This level was \$24.25 million higher than its level in August 2025.

The drop in RM was attributed to:

- A \$6.79 million decline in **commercial banks’ reserves**, of which
 - \$6.59 million reduction in excess reserves,
 - \$0.20 million decrease in required reserves.
- A \$10.04 million reduction in **currency in circulation**.

Additionally, total RM was 6.8 percent and 22.8 percent higher than its averages in the past three and five years, respectively.

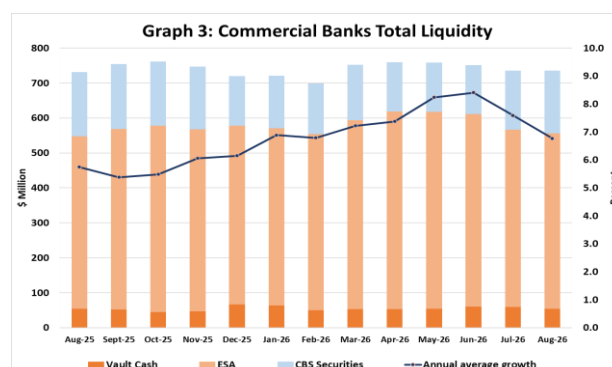
Commercial Banks’ Liquidity⁴

Total commercial banks’ liquidity contracted slightly by \$0.29 million to \$735.29 million in August 2026. However, this level was \$4.27 million higher than its level in August 2025.

The decline over the current month reflected a:

- \$6.59 million drop in **banks’ exchange settlement accounts (ESA)**; and a
- \$4.40 million contraction in the banks’ **vault cash holdings**; offsetting a
- \$10.70 million increase in banks’ holdings of **CBS Securities (CBSS)**. (See Graph 3).

Total liquidity in August 2026 was 10.5 percent and 36.6 percent higher than its averages in the past three and five years, in that order.



⁴Comprises of banks’ vault cash, exchange settlement account (ESA) balances and Central Bank Securities

CBSS and Open Market Operations (OMO)⁵

Volume of CBS Securities

Total CBSS outstanding at end August 2026 was around \$179.50 million, up from \$168.80 million in the previous month. New CBSS issued during the month amounted to \$50.50 million, down from \$74.60 million issued in July 2026. Moreover, total CBSS that matured during the month fell to \$39.80 million from \$45.80 million in the previous month.

Yields of CBS Securities

Average yields varied across maturities, namely

- 2.24 percent (14-day),
- 2.50 percent (28-day),
- 3.00 percent (56-day),
- 3.26 percent (91-day),
- 3.63 percent (182-day),
- 4.00 percent (364-day).

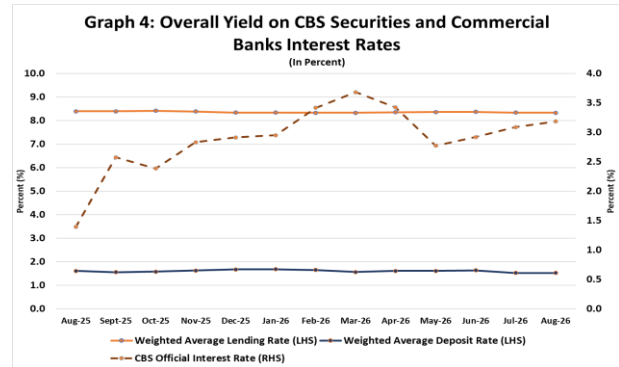
As a result, the overall weighted average official interest rate rose to 3.18 percent from 3.09 percent in July 2026. This was much higher than the 1.39 percent recorded in August 2025.

Commercial Banks' Interest Rates

The **weighted average deposit (WAD)** rate decreased by 1 basis point to 1.52 percent over the previous month and was 9 basis points lower than in August 2025. The **weighted average lending (WAL)** rate also fell by 1 basis point to 8.33 percent and was 6 basis points lower than its rate in August 2025 (See Graph 4).

As a result, the **weighted average interest rate spread** for August 2026 remained unchanged at 6.81 percent, but was 3 basis points higher than its level in August 2025.

The current WAD rate remains below its three-year and five-year averages of 1.64 percent and 1.74 percent, respectively. Similarly, the WAL rate also remained below its three-year and five-year averages of 8.38 percent and 8.38 percent, in that given order.



NBFIs⁶ Lending Rates

The overall weighted average lending (WAL) rate for selected NBFIs increased by 7 basis points over the month, to 8.15 percent in August 2026. However, this was lower than 8.19 percent recorded in August 2025.

SNPF's WAL rate rose by 8 basis points to 8.66 percent while those for SHC⁷ and DBS remained steady at 9.38 percent and 4.18 percent, respectively.

At its current level, the overall NBFi WAL rate remained well below its three-year average of 8.21 percent and five-year average of 8.23 percent.

CENTRAL BANK OF SAMOA
15th October 2026

⁵Central Bank of Samoa Securities (CBSS) is the main instrument for implementing monetary policy in the country and it is traded in various maturities in the domestic financial market through the OMO.

⁶Non-Bank Financial Institutions. Only reports the main NBFIs, Samoa National Provident Fund (SNPF), Development Bank of Samoa (DBS)

and Samoa Housing Corporation (SHC). Effective October 2018, SHC started reporting to CBS on monthly basis, as was previously reported on quarterly basis.

⁷DBS's and SHC's August 2026 reports were not ready during the compilation of this report, thus, provisional estimates are being used.

