

REVIEW OF MONETARY DEVELOPMENTS

March 2025

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.09: 2024/25

March 2025

Monetary Forecast

The actual level of total money supply (M2) in March 2025 was 2.7 percent below its revised forecast target for the month. This was due to a lower-than-expected level of Net Domestic Assets (NDA), driven by significant hike in government's net position (surplus)¹.

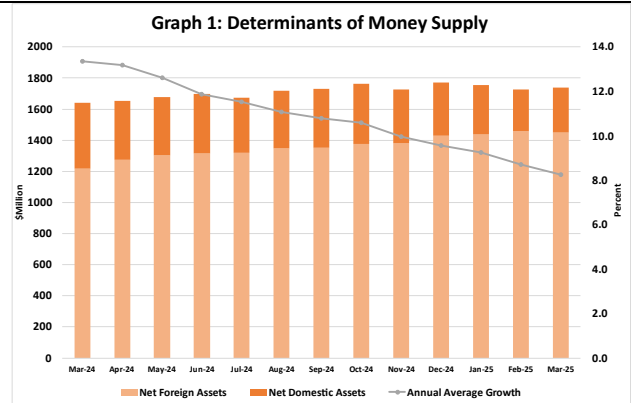
Money Supply (M2)

Total money supply (M2) rose by \$10.94 million (or 0.6 percent) to \$1,736.94 million in March 2025 or 5.8 percent higher than March 2024.

The current hike in broad money was mainly driven by:

- A \$19.57 million increase in Net Domestic Assets (NDA) to \$289.15 million, reflecting an expansion in private sector credit as well as a rise in other items (net). This outweighed a deficit in government's net position with the monetary system
- A decrease of \$8.63 million in Net Foreign Assets (NFA) to \$1,447.79 million, following a decline in foreign assets of the commercial banks despite a marginal increase in Central Bank foreign (reserve) assets.

Nevertheless, the annual average growth rate of M2 slowed further to 8.3 percent from 8.7 percent in February 2025 and 13.4 percent in March 2024.



Credit²

Total financial system (FS) credit increased by \$8.25 million (or 0.4 percent) to \$2,206.22 million in March 2025 and was 6.4 percent higher than the same month a year ago. This rise was driven by a \$3.15 million increase in commercial banks' lending and a \$5.10 million hike in non-bank financial institutions' (NFIs) lending.

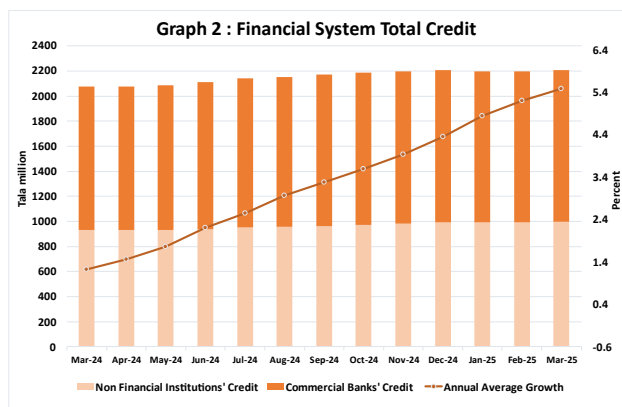
- By sector, 99.5 percent of total loans were lent to the private sector, of which 53.5 percent went to 'households and individuals' and 46.1 percent to businesses. The remaining 0.5 percent was lent to the public sector.
- By industry, the overall expansion in total FS credit was primarily extended to the 'Other activities', 'Trade' and the 'Agriculture, forestry and fisheries' industries.
- New loans issued during the month totaled \$15.99 million, up by \$0.97 million from February 2025. The majority of these were extended to 'Trade', 'Other activities', and the 'Professional and business services' industries.

¹ Surplus means Govt deposits are higher than Govt liabilities. A deficit is vice versa.

² Comprises of commercial banks and three largest non-monetary financial institutions' (NFIs) total lending.

- The share of mortgage loans to total commercial bank loans decreased slightly to 48.7 percent, from 48.9 percent in February 2025. As a result, total mortgage loans fell slightly to \$588.94 million, compared to \$590.16 million in the previous month.

On an annual basis, the FS credit growth rate grew to 5.5 percent in March 2025, from 5.2 percent in the previous month and 1.2 percent in March 2024. (See Graph 2.)



According to the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) in the year up to December 2024 quarter amounted to \$2,930.65 million. As such, total FS credit-to-NGDP ratio edged down to 75.4 percent from 77.0 percent in the September 2024 quarter and was also lower than 78.9 percent at the end of last quarter of 2023. Similarly, the M2-to-NGDP ratio dropped to 60.4 percent from 61.4 percent in the previous quarter and 62.1 percent in December quarter of 2023.

Reserve Money³

Total Reserve Money (RM) decreased by \$20.09 million (or 2.5 percent) to \$775.09 million in March 2025. This decrease was driven by a \$14.99 million drop in commercial banks' reserves and a \$5.10 million contraction in currency in circulation. The drop in bank reserves was primarily due to a \$15.20 million reduction in excess reserves balances of the commercial banks held at the Central Bank.

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

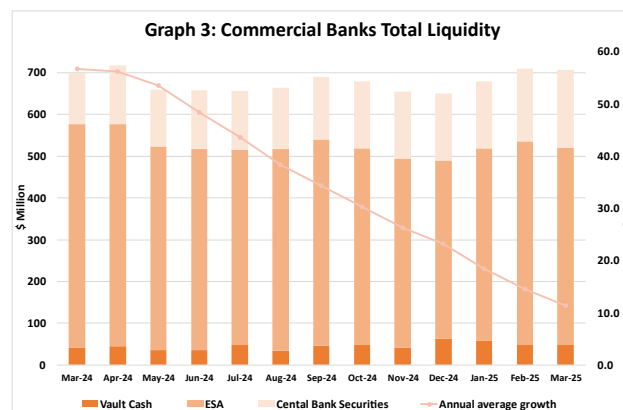
⁴ Comprises of banks' vault cash, exchange settlement account (ESA) balances and Central Bank Securities

Compared to the same month last year, RM was \$35.14 million lower. Nonetheless, it remained significantly higher than its three-year and five-year March averages by 15.7 percent and 31.1 percent, respectively.

Commercial Banks' Liquidity⁴

Total commercial banks' liquidity declined slightly by \$2.24 million (or 0.3 percent) to \$707.68 million in March 2025. This small dip was mainly due to a \$15.20 million drop in commercial banks' exchange settlement account (ESA) balances and a \$0.54 million decrease in their vault cash holdings. These reductions outweighed a \$13.50 million increase in banks' holdings of CBS Securities during the month. (See Graph 3.)

Compared to the same month last year, the current level of total liquidity was \$8.60 million higher. Moreover, it remained significantly above its levels in the past three and five years respectively, by 105.0 percent and 128.5 percent in that order.



CBSS and Open Market Operations (OMO)⁵

Total CBSS issued in March 2025 rose to \$51.50 million, from \$41.50 million in the previous month. The bulk of these were issued at longer-term maturities, including the 56-days (\$10.50 million), 91-days (\$12.50 million), 182-days (\$11.00 million), and 364-days (\$8.50 million).

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 open market operation (OMO).

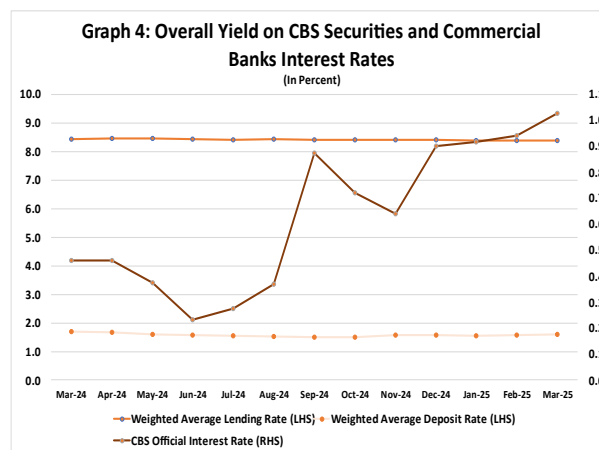
Shorter-term maturities consisted of 28-days (\$6.00 million) and 14-days (\$3.00 million). Total CBSS that matured during the month amounted to \$38.00 million, resulting in a 7.8 percent increase in total CBSS outstanding to \$187.50 million at the end of March 2025.

With more longer-term papers issued, the overall weighted average yield increased to 1.03 percent in March, from 0.94 percent in February 2025 and 0.46 percent in March 2024. This marks the first time since August 2009 that official interest rates were above 1 percent, and this increase is part of the CBS efforts to normalize its monetary policy tool without signaling a tightening monetary policy.

Commercial Banks' Interest Rates

On commercial banks' interest rates, the weighted average deposit (WAD) rate rose by 2 basis points to 1.60 percent in March 2025, though it was 11 basis points lower than in the same month last year. Meanwhile, the weighted average lending (WAL) rate increased by 2 basis points to 8.39 percent, which was 5 basis points lower than in March 2024. As a result, the interest rate spread remained unchanged at 6.79 percent from the previous month but was 5 basis points higher than in March 2024. (See Graph 4).

The WAD rate remained below its three-year and five-year averages of 1.77 percent and 2.08 percent respectively. In contrast, the WAL rate was slightly above its three-year average of 8.35 percent but remained below its five-year average of 8.50 percent.



NFIs⁶ Lending Rates

The overall weighted average lending (WAL) rate for selected NFIs' rose to 8.13 percent in March 2025, from 7.99 percent in the previous month and 7.95 percent in March 2024. This reflected an 18 basis points hike in the SNPF's WAL rate to 8.66 percent coupled with a 5 basis points increase in DBS' WAL rate to 4.10 percent. On the other hand, the SHC WAL rate remained stable at 10.15 percent.

At its current level, the overall NFI WAL rate was below both its 3-year average (of 8.21 percent) and 5-year average (of 8.20 percent).

CENTRAL BANK OF SAMOA
14th March 2025

⁶ Non-Bank Financial Institutions. Only reports the main NFIs, 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. WAL for DBS is provisional.

Monetary Aggregates						
End of Period Figures	Average level in the previous		2024			
	3-years	5-years	March	January	February	March
Determinants of Money Supply (M2)						
Net Foreign Assets	903.82	759.83	1219.08	1436.74	1456.41	1447.79
Net Domestic Assets	570.14	629.51	422.39	319.76	269.58	289.15
Money Supply (M2)	1473.97	1389.34	1641.473	1756.506	1726.000	1736.939
<i>Trend / Annual Average (%)</i>	8.01	6.56	13.4	9.3	8.7	8.2
<i>Narrow Money (M1)</i>						
Currency outside banks	720.84	651.59	847.18	951.49	922.89	927.83
Transferable Deposits ²	141.65	127.57	157.92	188.22	179.38	174.82
<i>Quasi Money</i>	579.19	524.02	689.26	763.27	743.51	753.01
Other Deposits ³	753.13	737.75	794.29	805.02	803.10	809.11
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Central Bank of Samoa						
<i>Open Markets Operations</i>						
<i>Securites Official Rate</i>	0.28	0.23	0.46	0.92	0.94	1.03
<i>Reserve Money¹</i>						
Total	669.88	591.15	810.226	786.039	795.178	775.089
<i>Trend / Annual Growth (%)</i>	17.10	17.17	32.2	5.1	3.3	1.3
Financial System (FS) Credit						
Commercial Banks	1162.70	1168.42	1144.53	1208.13	1205.76	1208.92
<i>Trend / Annual Growth (%)</i>	-0.93	0.84	-2.5	3.1	3.8	4.3
Non-Monetary Financial Institutions (NFIs)	880.97	845.83	929.84	990.84	992.21	997.30
<i>Trend / Annual Growth (%)</i>	4.86	6.69	6.4	7.1	7.0	7.0
Private Sector	2028.25	1993.67	2062.51	2188.93	2188.60	2196.03
Businesses	988.09	1015.25	969.18	1021.64	1015.68	1016.72
Individuals	1040.28	978.49	1093.33	1167.30	1172.91	1179.31
Public Sector (NFIs, NPEs, & Govt)	15.30	20.52	11.87	10.03	9.37	10.19
Total FS Credit	2043.68	2014.25	2074.38	2198.96	2197.97	2206.22
<i>Trend / Annual Growth (%)</i>	1.28	3.08	1.2	4.8	5.2	5.5
Commercial Banks						
<i>Liquidity</i>						
Total	510.39	432.78	699.08	679.44	709.91	707.68
<i>Trend / Annual Growth (%)</i>	26.34	21.68	56.7	18.4	14.5	11.3
<i>Interest Rates (%)</i>						
Overall Weighted Average Lending	8.35	8.50	8.44	8.39	8.37	8.39
Australia New Zealand Bank (Sāmoa) Limited	7.63	8.05	7.50	7.58	7.58	7.58
Bank South Pacific (Sāmoa) Limited	7.53	7.79	7.40	7.21	7.23	7.24
National Bank of Sāmoa Limited	8.49	8.31	9.02	9.20	9.23	9.35
Samoa Commercial Bank Limited	9.91	10.12	9.88	9.64	9.51	9.47
Overall Weighted Average Deposit	1.77	2.08	1.71	1.56	1.58	1.60
Australia New Zealand Bank (Sāmoa) Limited	0.72	0.91	0.59	0.48	0.47	0.50
Bank South Pacific (Sāmoa) Limited	1.79	2.07	1.77	1.47	1.44	1.41
National Bank of Sāmoa Limited	2.45	2.89	2.52	2.26	2.36	2.40
Samoa Commercial Bank Limited	2.32	2.62	2.24	2.04	2.04	2.01
<i>Market Shares (%)</i>						
Lending						
Australia New Zealand Bank (Sāmoa) Limited	24.53	24.79	22.77	16.38	16.22	16.47
Bank South Pacific (Sāmoa) Limited	29.10	29.69	28.39	33.58	33.32	33.13
National Bank of Sāmoa Limited	21.83	22.93	22.79	22.32	22.64	22.61
Samoa Commercial Bank Limited	24.53	22.59	26.06	27.72	27.83	27.80
Deposit⁵						
Australia New Zealand Bank (Sāmoa) Limited	23.35	24.17	23.14	19.94	19.11	18.76
Bank South Pacific (Sāmoa) Limited	36.16	34.00	39.41	40.39	40.72	39.87
National Bank of Sāmoa Limited	18.72	20.10	17.09	18.01	18.39	19.24
Samoa Commercial Bank Limited	21.77	21.73	20.36	21.66	21.78	22.12
Non-monetary Financial Institutions (NFIs)						
<i>Weighted Average Lending (WAL)</i>						
Sāmoa National Provident Fund (SNPF)	8.68	8.66	8.43	8.47	8.48	8.66
Development Bank of Samoa (DBS) ©	3.80	3.97	3.78	4.06	4.05	4.10
Samoa Housing Corporation (SHC)	12.18	12.53	10.77	10.22	10.15	10.15
NFIs' Overall WAL ©	8.21	8.20	7.95	7.99	7.99	8.13

Source: Central Bank of Samoa

(1) Reserve Money is composed of: Currency in Circulation and commercial banks Exchange Settlement Accounts (ESA) and Statutory Required Deposits (SRDs).

(2) Comprised of demand deposits, foreign currency deposits of residents, and interest payable on these deposits.

(3) Comprised of time deposits, savings deposits, and the interest payable on these deposits.

(4) Samoa received the IMF-Special Drawing Rights (SDRs) allocation of SDR15.5 million and equivalent of around \$55.5 million Tala in August 2021.

(5) Effective April 2023, the calculation of deposit shares takes into account all deposit liabilities of the banking system from both resident and non-resident sectors. Historical series has been revised to reflect these changes.

*© Revised

(6) Revised to include Foreign Currency Deposits of Residents to the calculation of Weighted Average Deposit Interest Rates of Commercial Banks.