

# REVIEW OF MONETARY DEVELOPMENTS

## November 2024

*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.05: 2024/25

November 2024

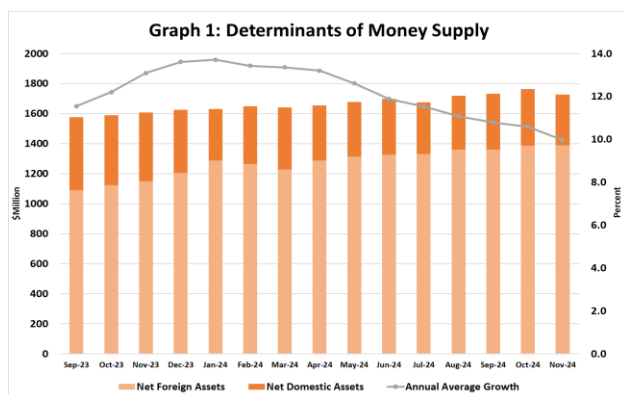
### Monetary Forecast

As an intermediate target for monetary policy, total money supply (M2) was 1.0 percent below its revised forecast target in November 2024. This deviation reflected a lower-than-expected levels of Net Foreign Assets (NFA) and 'other items net' for the banking system.

### Money Supply (M2)

Total money supply (M2) dropped considerably by \$35.00 million (or 1.1 percent) to \$1,727.72 million in the month under review. This decline was underpinned by a \$37.52 million drop in net domestic assets (NDA), offsetting a \$2.51 million increase in net foreign assets (NFA). The reduction in the former reflected a decline in 'Other Items Net' together with a slight surplus in the net position of Government. The increase in NFA reflected increases in the foreign exchange holdings of both the Central Bank of Samoa (CBS) and the commercial banks.

On an annual average basis, the growth rate of M2 slowed further to 10.0 percent from 10.6 percent in October 2024 and 13.1 percent in November 2023.



<sup>1</sup> Comprises of commercial banks and three largest non-monetary financial institutions' (NFIs) total lending. <sup>1</sup> Effective June 2024, the banking system has started reporting new loans data to the Central Bank.

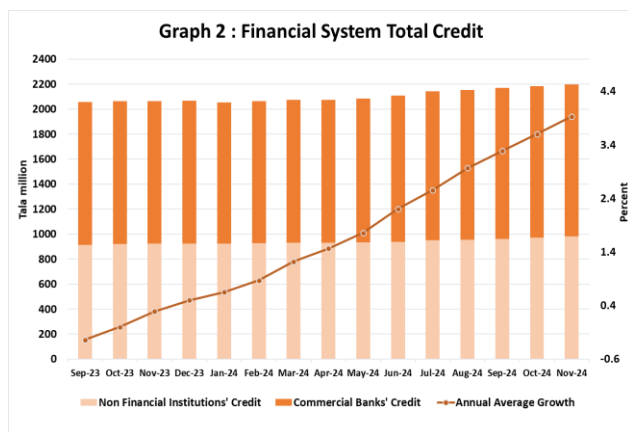
### Credit<sup>1</sup>

Total financial system (FS) lending expanded further by \$11.59 million (or 0.5 percent) to \$2,196.07 million. This expansion is driven mainly by a \$10.60 million surge in the lending of non-bank financial institutions and \$1.00 million rise in commercial bank lending.

- By sector, 99.5 percent of the total loans were lent to the private sector (of which 52.4 percent were lent to 'households and individuals' and 47.1 percent to businesses). The remaining 0.5 percent were lent to the public sector.
- By industry, the hike in FS credit was primarily extended to the 'Trade' and 'Professional and business services,' and 'Other Activities' sectors.
- New loans issued by commercial banks totaled \$20.22 million in November, slightly higher than \$16.07 million recorded in October 2024. Most of these new loans were directed to the business sector, particularly to the 'Professional and Business Services' and 'Building, Construction, and Installation' industries.
- Mortgage loans remained unchanged, constituting 48.0 percent of total commercial bank loans, valued at \$584.00 million.

On an annual basis, FS credit growth rate edged up further to 3.9 percent from 3.6 percent in the previous month and much higher than 0.3 percent in November of 2023.

NFIs includes Samoa National Provident Fund (SNPF), Development Bank of Samoa (DBS), Unit Trust of Samoa (UTOS) and Samoa Housing Corporation (SHC)



According to the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) up to the September 2024 quarter amounted to \$3,063.91 million. As such, total FS credit-to-NGDP ratio narrowed slightly to 70.8 percent from 71.7 percent in the June 2024 quarter but was lower than 76.4 percent in the September 2023 quarter. Similarly, the M2-to-NGDP ratio dropped to 56.5 percent from 57.7 percent in the previous quarter but lower than 58.5 percent in September of 2023.

### Reserve Money<sup>2</sup>

Total reserve money (RM) decreased by \$19.64 million (or 2.56 percent) to \$746.24 million. This contraction was mainly driven by a \$18.77 million decline in commercial banks' reserves (reflecting a drop in excess reserves) coupled with a decline of \$0.87 million in currency in circulation.

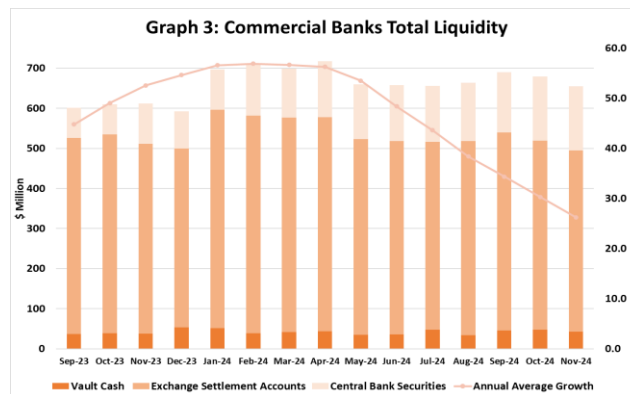
However, total RM was \$8.13 million higher than its level in November 2023. It was also 24.67 percent and 37.58 percent higher than its levels in the past three and five years respectively.

### Commercial Banks' Liquidity<sup>3</sup>

Commercial banks' liquidity decreased further by \$24.39 million (or 3.6 percent) to \$654.98 million. This contraction reflected a \$19.10 million reduction in excess reserves as well as a \$5.29 million decrease in vault cash holdings,

while commercial banks' holdings of Central Bank of Samoa Securities (CBSS) remained at the same level from the previous month.

Despite this decline, total liquidity was still \$43.34 million higher than its level in November 2023, which was also 49.26 percent and 69.62 percent higher than its corresponding levels three and five years ago, respectively.



### CBSS and Open Market Operations (OMO)<sup>4</sup>

Total CBSS issued in November 2024 decreased to \$42.50 million from \$64.50 million in the previous month. Of this total, \$30.5 million were issued at longer-term maturities of 56 days (\$7.0 million), 91 days (\$13.5 million), 182 days (\$4.5 million) and 364 days (\$5.5 million). The remaining portion were issued at shorter-term maturities of 14 days (\$5.0 million) and 28 days (\$7.0 million). With \$42.05 million in Securities maturing, the total outstanding CBSS remained at \$160.00 million, consistent with its projected target.

The overall weighted average yield of CBSS declined by 8 basis points to 0.64 percent from the previous month, but higher than 0.25 percent in November 2023.

### Commercial Banks' Interest Rates

The weighted average deposit (WAD) rate increased further by 6 basis points to 1.57 percent but was 24 basis points lower than

<sup>2</sup> 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

<sup>3</sup> Comprises of banks' vault cash, exchange settlement account (ESA) balances and Central Bank Securities

<sup>4</sup> Central 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).

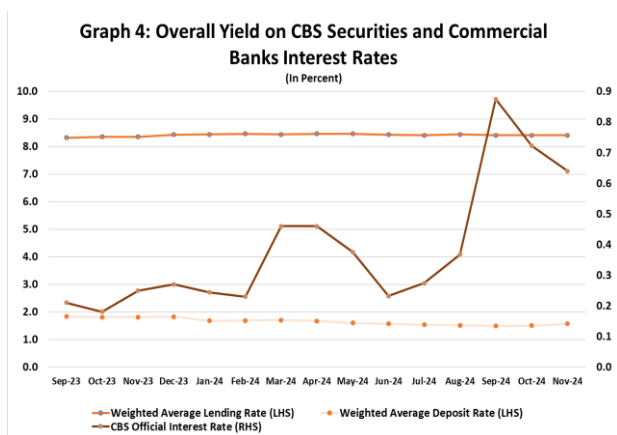
November 2023. However, the weighted average lending (WAL) rate decreased slightly by 1 basis point to 8.40 percent over the month, or 5 basis points higher than the same month last year. As a result, the interest rate spread narrowed by 7 basis point to 6.83 percent but was 29 basis points higher than November 2023. (Refer to Graph 4).

As a result, the current overall NFI WAL rate was lower than its average rates of 8.32 percent in the last three years but was higher than 7.96 percent in the last five years.

The WAD rate in October 2024 was lower than its three-year and five-year averages of 1.81 percent and 1.57 percent respectively. Conversely, the WAL rate was higher than its three-year average of 8.35 percent but slightly below its five-year average of 8.43 percent.



**CENTRAL BANK OF SAMOA  
16<sup>th</sup> January 2025**



**NFIs<sup>5</sup> Lending Rates**

The overall WAL rate for non-bank financial institutions (NFIs) edged up by 1 basis point to 7.98 percent over the month, due to a 1 basis point increase in SNPF lending rate (to 8.46 percent). On the other hand, the average lending rate by DBS was unchanged at 3.98 percent while that for SHC fell by 3 basis points to 10.31 percent in November 2024.

started reporting to CBS on monthly basis, as was previously reported on quarterly basis. WAL for DBS is provisional.

<sup>5</sup> 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

Monetary Aggregates							
End of Period Figures	Average level in the previous		2023		2024		
	3-years	5-years	November	August	September	October	November
<b>Determinants of Money Supply (M2)</b>							
Net Foreign Assets	848.41	717.14	1150.57	1359.60	1360.06	1386.23	1388.74
Net Domestic Assets	594.69	648.49	456.34	359.46	370.97	376.49	338.97
<b>Money Supply (M2)</b>	<b>1443.09</b>	<b>1365.63</b>	<b>1606.913</b>	<b>1719.061</b>	<b>1731.022</b>	<b>1762.723</b>	<b>1727.719</b>
<i>Trend / Annual Average (%)</i>	7.32	6.78	13.1	11.1	10.8	10.6	10.0
<i>Narrow Money (M1)</i>	699.18	631.84	847.75	940.15	959.12	974.74	939.43
Currency outside banks	134.09	121.71	155.13	171.83	164.57	166.80	171.22
Transferable Deposits <sup>2</sup>	565.09	510.13	692.61	768.32	794.55	807.94	768.21
<i>Quasi Money</i>	743.91	733.79	759.16	778.91	771.90	787.99	788.29
Other Deposits <sup>3</sup>	743.91	733.79	759.16	778.91	771.90	787.99	788.29
<b>Central Bank of Samoa</b>							
<b>Open Markets Operations</b>							
<i>Securities Official Rate</i>	0.18	0.17	0.25	0.37	0.88	0.72	0.64
<b>Reserve Money<sup>1</sup></b>							
<b>Total</b>	<b>598.55</b>	<b>542.41</b>	<b>738.107</b>	<b>768.907</b>	<b>781.960</b>	<b>765.871</b>	<b>746.235</b>
<i>Trend / Annual Growth (%)</i>	16.13	17.87	32.7	17.8	15.1	12.1	9.8
<b>Financial System (FS) Credit</b>							
<b>Commercial Banks</b>	<b>1170.33</b>	<b>1176.17</b>	<b>1142.20</b>	<b>1194.99</b>	<b>1208.09</b>	<b>1211.59</b>	<b>1212.58</b>
<i>Trend / Annual Growth (%)</i>	-0.67	1.39	-2.2	-0.8	-0.1	0.7	1.4
<b>Non-Monetary Financial Institutions (NFIs)</b>	<b>871.62</b>	<b>835.59</b>	<b>923.36</b>	<b>956.07</b>	<b>962.05</b>	<b>973.05</b>	<b>983.49</b>
<i>Trend / Annual Growth (%)</i>	3.83	6.87	3.7	8.1	7.8	7.5	7.3
<b>Private Sector</b>	<b>2024.10</b>	<b>1988.63</b>	<b>2050.20</b>	<b>2141.22</b>	<b>2160.47</b>	<b>2175.49</b>	<b>2175.49</b>
Businesses	997.90	1024.48	978.59	1010.47	1022.79	1031.87	1031.11
Individuals	1027.43	964.88	1075.29	1130.75	1137.68	1143.62	1155.06
<b>Public Sector (NFIs, NPEs, &amp; Govt)</b>	<b>16.83</b>	<b>22.52</b>	<b>11.68</b>	<b>9.94</b>	<b>9.67</b>	<b>9.15</b>	<b>9.90</b>
<b>Total FS Credit</b>	<b>2042.10</b>	<b>2011.85</b>	<b>2065.40</b>	<b>2151.16</b>	<b>2170.14</b>	<b>2184.64</b>	<b>2196.07</b>
<i>Trend / Annual Growth (%)</i>	1.19	3.55	0.3	3.0	3.3	3.6	3.9
<b>Commercial Banks</b>							
<b>Liquidity</b>							
<b>Total</b>	<b>438.80</b>	<b>386.15</b>	<b>611.64</b>	<b>663.86</b>	<b>689.81</b>	<b>679.36</b>	<b>654.98</b>
<i>Trend / Annual Growth (%)</i>	22.03	21.19	52.6	38.4	34.4	30.3	26.2
<b>Interest Rates (%)</b>							
<b>Overall Weighted Average Lending</b>	<b>8.35</b>	<b>8.50</b>	<b>8.35</b>	<b>8.44</b>	<b>8.40</b>	<b>8.41</b>	<b>8.40</b>
Australia New Zealand Bank (Sāmoa) Limited	7.67	8.11	7.51	7.59	7.59	7.59	7.58
Bank South Pacific (Sāmoa) Limited	7.64	7.77	7.39	7.27	7.11	7.15	7.18
National Bank of Sāmoa Limited	8.36	8.30	8.63	9.11	9.10	9.14	9.18
Samoa Commercial Bank Limited	9.89	10.14	9.96	9.79	9.88	9.82	9.77
<b>Overall Weighted Average Deposit</b>	<b>1.83</b>	<b>2.16</b>	<b>1.81</b>	<b>1.52</b>	<b>1.49</b>	<b>1.51</b>	<b>1.57</b>
Australia New Zealand Bank (Sāmoa) Limited	0.77	0.94	0.65	0.51	0.52	0.46	0.50
Bank South Pacific (Sāmoa) Limited	1.87	2.28	1.88	1.52	1.52	1.51	1.54
National Bank of Sāmoa Limited	2.38	2.96	2.37	1.96	1.91	2.08	2.24
Samoa Commercial Bank Limited	2.35	2.64	2.29	2.10	2.03	2.06	2.03
<b>Market Shares (%)</b>							
<b>Lending</b>							
Australia New Zealand Bank (Sāmoa) Limited	24.81	25.13	23.20	20.49	16.99	16.59	16.50
Bank South Pacific (Sāmoa) Limited	29.30	29.95	28.90	29.51	32.60	33.20	33.67
National Bank of Sāmoa Limited	21.86	22.87	22.40	23.32	23.51	23.11	22.28
Samoa Commercial Bank Limited	24.03	22.06	25.50	26.68	26.91	27.10	27.55
<b>Deposit<sup>5</sup></b>							
Australia New Zealand Bank (Sāmoa) Limited	23.90	25.56	22.25	20.74	20.59	20.98	20.36
Bank South Pacific (Sāmoa) Limited	33.25	30.97	39.06	40.93	40.63	39.34	39.86
National Bank of Sāmoa Limited	18.91	20.23	16.74	17.29	17.53	18.40	17.95
Samoa Commercial Bank Limited	23.94	23.24	21.95	21.03	21.25	21.29	21.83
<b>Non-monetary Financial Institutions (NFIs)</b>							
<b>Weighted Average Lending (WAL)</b>							
Sāmoa National Provident Fund (SNPF)	8.66	8.64	8.44	8.44	8.45	8.45	8.46
Development Bank of Samoa (DBS) ©	3.75	4.04	3.66	3.89	3.88	3.98	3.98
Samoa Housing Corporation (SHC)	13.02	13.12	13.48	10.61	10.43	10.33	10.31
<b>NFIs' Overall WAL ©</b>	<b>8.26</b>	<b>8.24</b>	<b>8.14</b>	<b>7.97</b>	<b>7.96</b>	<b>7.97</b>	<b>7.98</b>

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 SDR \$5.5 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.