



REVIEW OF MONETARY DEVELOPMENTS

October 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.04: 2024/25

October 2024

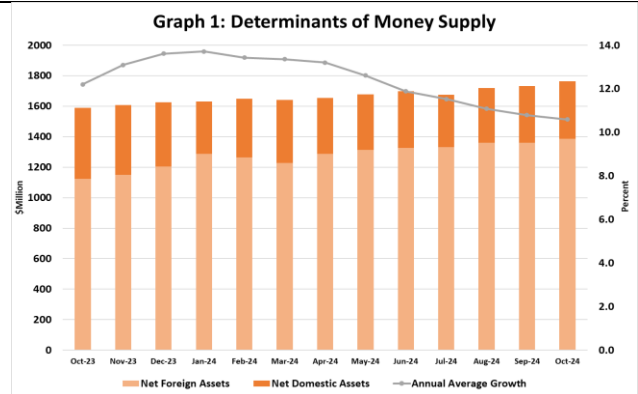
Monetary Forecast

As an intermediate target for monetary policy, total money supply (M2) was 0.9 percent below its forecast target in October 2024. This deviation reflected a lower-than-expected level of Net Foreign Assets (NFA), which offset a higher-than-anticipated level of Net Domestic Assets (NDA).

Money Supply (M2)

The total money supply (M2) rose by \$31.71 million (or 1.8 percent) to \$1,762.73 million. This growth was driven by a significant increase of \$26.17 million in NFA as well as a \$5.53 million hike in NDA. The rise in the former was largely due to a jump in the net foreign assets of commercial banks alongside a smaller rise in those for the Central Bank of Samoa. The increase in NDA was mainly due to an expansion in 'other items net' and 'credit to the private sector', which outweighed an increase in government's net position with the monetary system¹.

On an annual average basis, the growth rate of M2, however, slowed further to 10.6 percent from 10.8 percent in September 2024 and 12.2 percent in October 2023.



Credit²

Total financial system (FS) lending expanded for the ninth consecutive month, rising by \$14.50 million (0.7 percent) to \$2,184.64 million. This growth was supported by higher lending from both non-bank financial institutions (NFIs), up \$11.0 million to \$973.05 million, and commercial banks, which increased their lending by \$3.5 million to \$1,211.59 million.

By sector, 99.5 percent of the total loans were lent to the private sector (of which 52.3 percent were lent to 'households and individuals' and 47.2 percent to businesses). The remaining 0.5 percent were lent to the public sector.

By industry, the overall expansion in total FS credit was primarily extended to the 'Other activities', 'Professional and business services,' and 'Transportation, storage and communication' industries.

New loans issued by commercial banks totaled \$16.07 million in October, significantly lower

¹ Includes the Central Bank and commercial banks

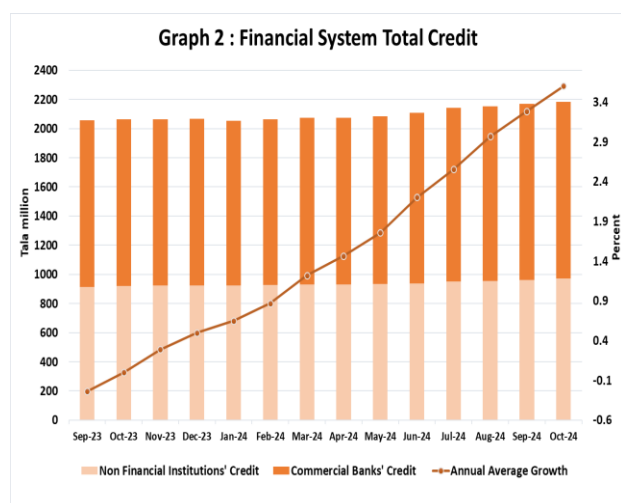
² Comprises of commercial banks and three largest non-monetary financial institutions' (NFIs) total lending. ² Effective June 2024, the banking system has started reporting new loans data to the Central Bank.

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

than \$43.99 million recorded in September 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, valued at \$578.13 million and constituting 48.0 percent of total commercial bank loans.

On an annual basis, FS credit growth rate edged up further to 3.6 percent from 3.3 percent in the previous month and much higher than 0.02 percent in October 2023.



According to the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) up to the June 2024 quarter amounted to \$2,943.46 million. As such, total FS credit-to-NGDP ratio rose slightly to 71.7 percent from 71.2 percent in the March 2024 quarter but was lower than 78.5 percent in the June 2023 quarter. Similarly, the M2-to-NGDP ratio rose to 57.7 percent from 56.4 percent in the previous quarter but lower than 61.5 percent in June of 2023.

Reserve Money³

Total reserve money (RM) contracted by \$16.09 million, to \$765.87 million (or 2.06 percent). This reduction was largely driven by a \$19.72 million drop in commercial banks’ reserves

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

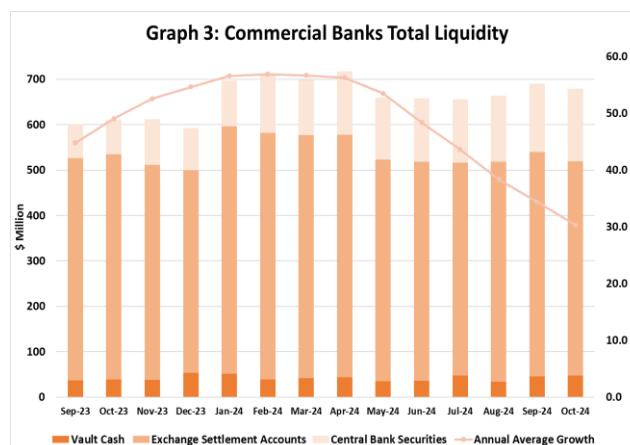
(reflecting a decline in excess reserves) against an increase of \$3.63 million in currency in circulation.

Total RM was \$1.27 million higher than its level in October 2023 or 25.87 percent and 39.32 percent higher than its levels in the past three and five years respectively.

Commercial Banks’ Liquidity⁴

Commercial banks’ liquidity decreased by \$10.44 million (1.51 percent) to \$679.36 million. This contraction was driven by a \$21.84 million reduction in excess reserves, which was partially offset by a \$10.0 million increase in commercial banks’ holdings of central bank securities (CBSS) and a \$1.40 million hike in vault cash.

Despite this decline, total liquidity was still \$69.52 million higher than its level in October 2023 or 55.87 percent and 76.40 percent higher than its corresponding levels three and five years ago, respectively.



CBSS and Open Market Operations (OMO)⁵

Total CBSS issued in October 2024 increased to \$64.50 million from \$56.65 million in the previous month. Of this total, \$42.50 million were issued at longer-term maturities of 56 days (\$10.0 million), 91 days (\$10.5 million), 182

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).

days (\$11.0 million) and 364 days (\$11.0 million). The remaining portion were issued at shorter-term maturities of 14 days (\$10.0 million) and 28 days (\$12.0 million).

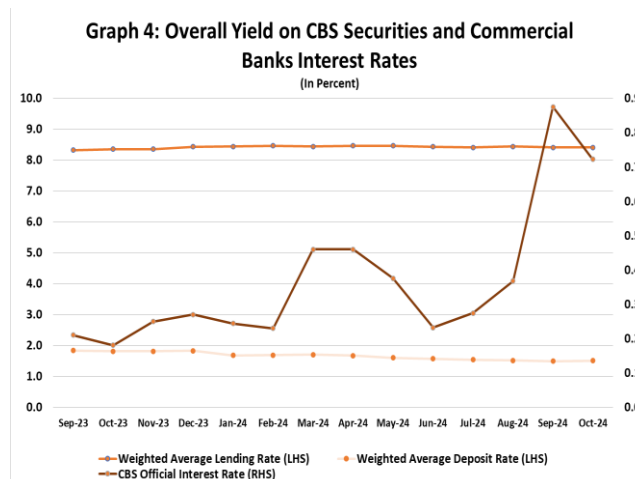
With \$54.50 million in securities maturing, total outstanding CBSS stood at \$160.00 million, consistent with its projected target.

The overall weighted average yield of CBSS declined by 15 basis points to 0.72 percent, compared to 0.88 percent in September 2024 but higher than 0.18 percent in October 2023.

Commercial Banks' Interest Rates

The weighted average deposit (WAD) rate rose to 1.51 percent after six consecutive months of decline but was 30 basis points lower than October 2023. Likewise, the weighted average lending (WAL) rate increased slightly by 1 basis point to 8.41 percent over the month, or 6 basis points higher than the same month last year. As a result, the interest rate spread narrowed by 1 basis point to 6.90 percent but was 36 basis points higher than October 2023. (Refer to Graph 4).

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.



NFIs⁶ Lending Rates

The overall WAL rate for NFIs edged up 2 basis points to 7.99 percent over the month, due to a 10 basis points hike in DBS' lending rates while those for SNPF and SHC were unchanged.

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

**CENTRAL BANK OF SAMOA
2 December 2024**

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.

Review of Monetary Developments
October 2024

Monetary Aggregates							
End of Period Figures	Average level in the previous		2023		2024		
	3-years	5-years	October	July	August	September	October
Determinants of Money Supply (M2)							
Net Foreign Assets	834.01	710.30	1130.24	1331.29	1359.60	1360.06	1386.23
Net Domestic Assets	600.90	644.09	457.57	342.63	359.46	370.97	376.49
Money Supply (M2)	1434.903	1354.397	1587.810	1673.920	1719.061	1731.022	1762.723
<i>Trend / Annual Average (%)</i>	7.1	6.7	12.2	11.5	11.1	10.8	10.6
<i>Narrow Money (M1)</i>	675.76	614.41	804.09	900.72	940.15	959.12	974.74
Currency outside banks	137.79	124.68	159.18	164.29	171.83	164.57	166.80
Transferable Deposits ²	537.96	489.73	644.91	736.43	768.32	794.55	807.94
<i>Quasi Money</i>	759.15	739.98	783.72	773.21	778.91	771.90	787.99
Other Deposits ³	759.15	739.98	783.72	773.21	778.91	771.90	787.99
Central Bank of Samoa							
Open Markets Operations							
<i>Securites Official Rate</i>	0.17	0.16	0.18	0.27	0.37	0.88	0.72
Reserve Money¹							
Total	608.45	549.74	764.606	757.129	768.907	781.960	765.871
<i>Trend / Annual Growth (%)</i>	15.9	17.7	31.0	21.6	17.8	15.1	12.1
Financial System (FS) Credit							
Commercial Banks	1171.88	1172.14	1141.01	1189.75	1194.99	1208.09	1211.59
<i>Trend / Annual Growth (%)</i>	-0.6	1.5	-2.2	-1.4	-0.8	-0.1	0.7
Non-Monetary Financial Institutions (NFIs)	866.68	830.04	921.67	951.15	956.07	962.05	973.05
<i>Trend / Annual Growth (%)</i>	3.7	7.0	3.0	7.9	8.1	7.8	7.5
Private Sector	2020.34	1978.85	2050.20	2131.62	2141.22	2160.47	2175.49
Businesses	996.54	1021.50	975.05	1006.35	1010.47	1022.79	1031.87
Individuals	1023.80	957.35	1075.15	1125.28	1130.75	1137.68	1143.62
Public Sector (NFIs, NPEs, & Govt)	18.22	23.33	12.48	9.24	9.94	9.67	9.15
Total FS Credit	2038.56	2002.18	2062.68	2140.87	2151.16	2170.14	2184.64
<i>Trend / Annual Growth (%)</i>	1.2	3.7	0.0	2.6	3.0	3.3	3.6
Commercial Banks							
Liquidity							
Total	435.86	385.12	609.84	656.25	663.86	689.81	679.36
<i>Trend / Annual Growth (%)</i>	21.0	20.6	49.1	43.6	38.4	34.4	30.3
Interest Rates (%)							
Overall Weighted Average Lending							
Australia New Zealand Bank (Sāmoa) Limited	7.67	8.19	7.50	7.59	7.59	7.59	7.59
Bank South Pacific (Sāmoa) Limited	7.75	7.83	7.46	7.24	7.27	7.11	7.15
National Bank of Sāmoa Limited	8.35	8.27	8.64	9.09	9.11	9.10	9.14
Samoa Commercial Bank Limited	9.94	10.17	9.92	9.76	9.79	9.88	9.82
Overall Weighted Average Deposit	1.83	2.20	1.81	1.54	1.52	1.49	1.51
Australia New Zealand Bank (Sāmoa) Limited	0.76	0.97	0.63	0.54	0.51	0.52	0.46
Bank South Pacific (Sāmoa) Limited	1.88	2.38	1.84	1.54	1.52	1.52	1.51
National Bank of Sāmoa Limited	2.44	3.06	2.48	2.03	1.96	1.91	2.08
Samoa Commercial Bank Limited	2.34	2.65	2.30	2.17	2.10	2.03	2.06
Market Shares (%)							
Lending							
Australia New Zealand Bank (Sāmoa) Limited	24.81	24.93	23.25	21.12	20.49	16.99	16.59
Bank South Pacific (Sāmoa) Limited	29.33	30.10	29.15	29.45	29.51	32.60	33.20
National Bank of Sāmoa Limited	22.32	23.18	22.52	22.90	23.32	23.51	23.11
Samoa Commercial Bank Limited	23.53	21.78	25.08	26.54	26.68	26.91	27.10
Deposit⁵							
Australia New Zealand Bank (Sāmoa) Limited	24.18	25.59	21.84	20.51	20.74	20.59	20.98
Bank South Pacific (Sāmoa) Limited	33.26	31.32	39.92	40.11	40.93	40.63	39.34
National Bank of Sāmoa Limited	18.45	19.75	16.25	17.80	17.29	17.53	18.40
Samoa Commercial Bank Limited	24.12	23.33	22.00	21.58	21.03	21.25	21.29
Non-monetary Financial Institutions (NFIs)							
Weighted Average Lending (WAL)							
Sāmoa National Provident Fund (SNPF)	8.73	8.66	8.68	8.44	8.44	8.45	8.45
Development Bank of Samoa (DBS) ®	3.85	4.10	3.66	3.80	3.89	3.88	3.98
Samoa Housing Corporation (SHC)	13.02	13.13	13.48	10.58	10.61	10.61	10.61
NFIs' Overall WAL ®	8.32	8.27	8.33	7.96	7.97	7.97	7.99

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 15.5 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.

