

## REVIEW OF MONETARY DEVELOPMENTS

### May 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.11: 2024/25

May 2025

### Monetary Forecast

The actual level of total money supply (M2) was 1.24 percent lower than its forecast target for May 2025. This was due to a notably lower-than-expected level of Net Foreign Assets (NFA), against a higher-than-expected level of Net Domestic Assets (NDA).

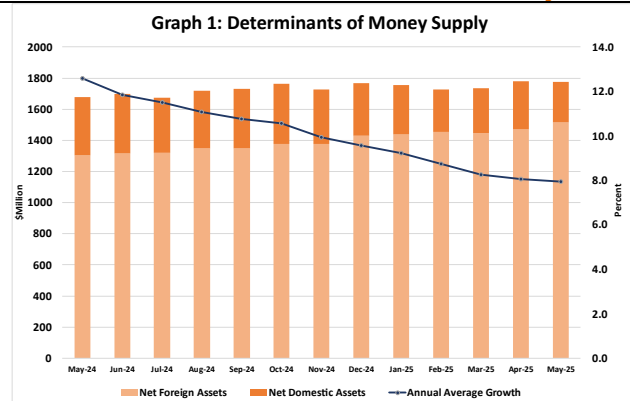
### Money Supply (M2)

Total money supply (M2) dropped by \$2.34 million (or 0.1 percent) to \$1,776.33 million in May 2025 but was 5.9 percent higher than in May 2024.

The marginal decline in M2 was due to the following movements:

- A significant contraction of \$46.50 million in Net Domestic Assets (NDA) to \$259.57 million. This drop was driven by a sharp decline in other items (net) and an increase in the Government's net (deposits over liabilities) position, which outweighed an increase in private sector credit.
- An increase of \$44.15 million in Net Foreign Assets (NFA) to \$1,516.76 million. This reflected a significant jump in foreign assets of the Central Bank and to a lesser extent, foreign assets of the commercial banks.

As a result, the annual average growth rate of M2 decelerated further to 7.9 percent in May 2025, from 8.1 percent in April 2025 and 12.6 percent in May 2024.



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

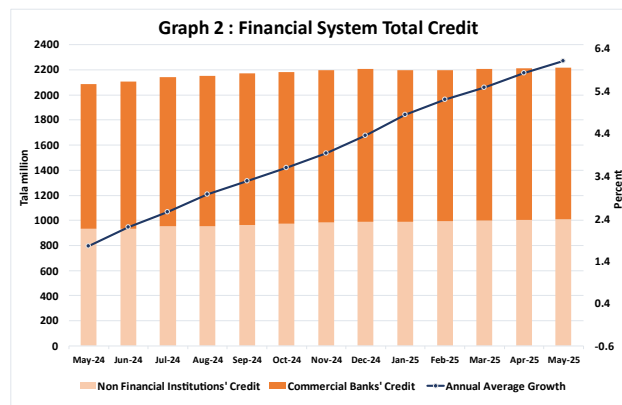
Total financial system (FS) credit increased by \$8.40 million (or 0.4 percent) to \$2,219.88 million in May 2025 and was 6.4 percent higher than in the same month last year. This growth was driven by a \$5.65 million increase in Non-Bank Financial Institutions (NBFIs)' lending and a \$2.75 million rise in commercial banks' lending.

- By sector, 99.6 percent of total loans were extended to the private sector, of which 53.5 percent was lent to 'households and individuals' and 46.1 percent to businesses. The remaining 0.4 percent was lent to the public sector.
- By industry, the expansion in total FS credit was primarily directed towards the 'Building, construction and installation', 'Trade', and 'Professional and business services' industries.
- New loans issued stood at \$13.26 million during the month; dropped from \$17.13 million in April 2025. The bulk of these new loans were extended to the 'Trade', 'Building, construction and installation', and 'Other activities' industries.

<sup>1</sup> Comprises of commercial banks and three largest non-bank financial institutions' (NBFI) total lending.

- The share of mortgage loans to total commercial bank loans edged down slightly to 48.7 percent from 48.8 percent in April 2025. However, total mortgage loans increased to \$590.02 million, from \$589.42 million in the previous month.

On an annual basis, FS credit growth rose to 6.1 percent in May 2025, from 5.8 percent in April 2025 and 1.8 percent in May 2024. (See Graph 2.)



According to the Samoa Bureau of Statistics (SBS), total Nominal Gross Domestic Product (NGDP) in the year up to March 2025 quarter amounted to \$3,502.05 million. As such, the total FS credit-to-NGDP ratio stood at 63.0 percent, lower than 64.0 percent in the previous quarter and 65.3 percent in the same period of the past year. Similarly, the M2-to-NGDP ratio dropped to 49.6 percent from 51.3 percent and 51.7 percent in the December and March quarters of 2024, respectively.

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

Total Reserve Money (RM) dropped by \$51.26 million (or 6.6 percent) to \$724.36 million in May 2025. This significant decline was driven by a \$52.65 million decrease in commercial banks' reserves, which outweighed a \$1.39 million increase in currency in circulation. The contraction in bank reserves reflected a sharp \$52.84 million decrease in excess reserves,

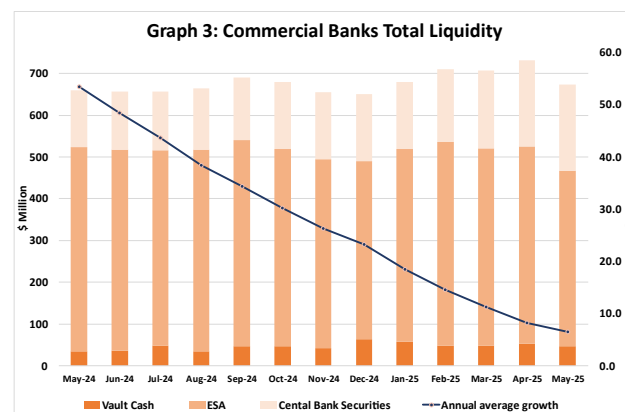
despite a slight \$0.19 million increase in required reserves held at the Central Bank.

When compared to the same month last year, RM was \$36.38 million lower. Nevertheless, it remained notably higher than its three-year and five-year May averages by 8.7 percent and 22.9 percent, respectively.

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

Total commercial banks' liquidity dropped by \$57.35 million (or 7.8 percent) to \$673.84 million in May 2025. This notable decrease was mainly attributed to a \$52.84 million reduction in commercial banks' exchange settlement account (ESA) balances and a \$6.21 million decrease in vault cash holdings. These declines were only marginally offset by a \$1.70 million increase in their holdings of CBS Securities. (See Graph 3.)

Despite this monthly drop, total liquidity was still \$14.08 million higher than the same month last year. Moreover, it remained significantly above its levels in the past three and five years, by 92.7 percent and 139.8 percent, respectively.



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

Total CBSS issued in May 2025 fell to \$46.00 million from \$55.00 million in the previous month. All securities were issued at longer-term maturities, comprising 56-days (\$8.70 million),

<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).

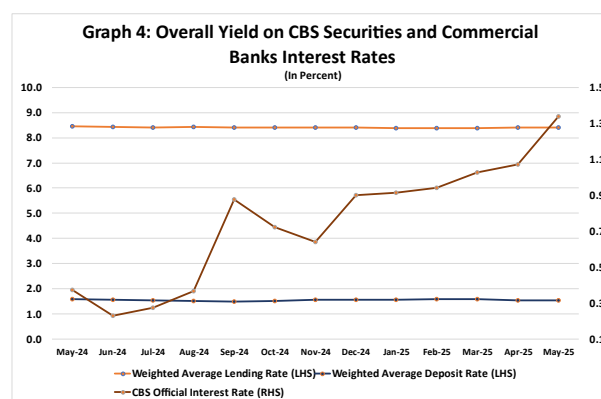
91-days (\$13.30 million), 182-days (\$13.00 million), and 364-days (\$11.00 million). No securities were issued in the shorter-term range of 14-day and 28-day papers. Total CBSS that matured during the month amounted to \$44.30 million, leading to a slight increase in total CBSS outstanding to \$207.00 million at the end of May 2025.

Given the full allocation of CBSS issuance toward longer-term maturities, the overall weighted average yield jumped to 1.34 percent in May 2025, from 1.07 percent in April 2025 and 0.38 percent in May 2024. This marks the third consecutive month that official interest rates remained above 1 percent, consistent with CBS's measured approach to normalize its monetary policy operations without tightening its policy stance.

### **Commercial Banks' Interest Rates**

The weighted average deposit (WAD) rate remained unchanged at 1.55 percent in May 2025; though it was 6 basis points lower than in the same month last year. Meanwhile, the weighted average lending (WAL) rate edged up slightly by 1 basis point to 8.41 percent, which was 5 basis points below its level in May 2024. As a result, the interest rate spread widened slightly to 6.86 percent, from 6.85 percent in April 2025 and 6.85 percent in May 2024. (See Graph 4).

The WAD rate continued to remain below its three-year and five-year averages of 1.73 percent and 2.02 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 8.44 percent.



### **NBFIs<sup>5</sup> Lending Rates**

The overall weighted average lending (WAL) rate for selected NBFIs declined to 7.98 percent in May 2025, from 8.13 percent in the previous month, though it remained slightly above the 7.95 percent recorded in May 2024. This outcome reflected mixed movements among the surveyed NBFIs.

The DBS WAL rate rose by 6 basis points to 4.19 percent, while the SNPF WAL rate dropped notably by 19 basis points to 8.46 percent. Meanwhile, the SHC WAL rate remained unchanged at 10.12 percent.

At its current level, the overall NBFI WAL rate was below its 3-year average of 8.21 percent, and its 5-year average of 8.03 percent.

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**CENTRAL BANK OF SAMOA**  
**17<sup>th</sup> July 2025**

<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

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		2025	
	3-years	5-years	May	March	April	May
<b>Determinants of Money Supply (M2)</b>						
Net Foreign Assets	987.01	811.00	1312.29	1447.79	1472.61	1516.76
Net Domestic Assets	551.83	615.84	364.88	289.15	306.07	259.57
<b>Money Supply (M2)</b>	<b>1538.84</b>	<b>1426.84</b>	<b>1677.173</b>	<b>1736.939</b>	<b>1778.673</b>	<b>1776.327</b>
<i>Trend / Annual Average (%)</i>	8.07	6.31	12.6	8.3	8.1	7.9
<i>Narrow Money (M1)</i>	769.73	677.56	886.86	927.83	960.64	945.07
Currency outside banks	146.94	132.53	160.12	174.82	169.17	176.77
Transferable Deposits <sup>2</sup>	622.79	545.03	726.74	753.01	791.47	768.31
<i>Quasi Money</i>	769.11	749.29	790.32	809.11	818.04	831.25
Other Deposits <sup>3</sup>	769.11	749.29	790.32	809.11	818.04	831.25
<b>Central Bank of Samoa</b>						
<b>Open Markets Operations</b>						
Securities Official Rate	0.26	0.21	0.38	1.03	1.07	1.34
<b>Reserve Money<sup>1</sup></b>						
<b>Total</b>	<b>666.82</b>	<b>589.58</b>	<b>760.738</b>	<b>775.089</b>	<b>775.626</b>	<b>724.363</b>
<i>Trend / Annual Growth (%)</i>	16.93	16.51	28.9	1.3	-0.3	-1.3
<b>Financial System (FS) Credit</b>						
<b>Commercial Banks</b>	<b>1156.67</b>	<b>1165.77</b>	<b>1150.80</b>	<b>1208.92</b>	<b>1208.25</b>	<b>1211.01</b>
<i>Trend / Annual Growth (%)</i>	-0.94	0.64	-2.3	4.3	5.0	5.4
<b>Non-Bank Financial Institutions (NBFIs)</b>	<b>889.50</b>	<b>857.80</b>	<b>934.50</b>	<b>997.30</b>	<b>1003.22</b>	<b>1008.87</b>
<i>Trend / Annual Growth (%)</i>	4.30	5.92	7.4	7.0	6.9	7.0
<b>Private Sector</b>	<b>2032.05</b>	<b>2003.07</b>	<b>2076.02</b>	<b>2196.09</b>	<b>2201.71</b>	<b>2210.13</b>
Businesses	983.22	1018.77	969.66	1016.72	1021.07	1022.78
Individuals	1048.84	984.30	1106.36	1179.38	1180.64	1187.35
<b>Public Sector (NFIs, NPEs, &amp; Govt)</b>	<b>14.12</b>	<b>20.50</b>	<b>9.28</b>	<b>10.19</b>	<b>9.77</b>	<b>9.74</b>
<b>Total FS Credit</b>	<b>2046.17</b>	<b>2023.57</b>	<b>2085.30</b>	<b>2206.29</b>	<b>2211.48</b>	<b>2219.88</b>
<i>Trend / Annual Growth (%)</i>	1.37	2.84	1.8	5.5	5.8	6.1
<b>Commercial Banks</b>						
<b>Liquidity</b>						
<b>Total</b>	<b>510.93</b>	<b>428.90</b>	<b>659.77</b>	<b>707.68</b>	<b>731.19</b>	<b>673.84</b>
<i>Trend / Annual Growth (%)</i>	27.25	21.63	53.5	11.3	8.2	6.5
<b>Interest Rates (%)</b>						
<b>Overall Weighted Average Lending</b>	<b>8.35</b>	<b>8.44</b>	<b>8.46</b>	<b>8.39</b>	<b>8.40</b>	<b>8.41</b>
Australia New Zealand Bank (Sāmoa) Limited	7.67	7.86	7.60	7.58	7.57	7.53
Bank South Pacific (Sāmoa) Limited	7.45	7.75	7.30	7.24	7.25	7.30
National Bank of Sāmoa Limited	8.56	8.37	9.12	9.35	9.38	9.41
Samoa Commercial Bank Limited	9.89	10.03	9.84	9.47	9.43	9.40
<b>Overall Weighted Average Deposit</b>	<b>1.73</b>	<b>2.02</b>	<b>1.60</b>	<b>1.60</b>	<b>1.55</b>	<b>1.55</b>
Australia New Zealand Bank (Sāmoa) Limited	0.75	0.91	0.62	0.50	0.47	0.49
Bank South Pacific (Sāmoa) Limited	1.64	2.02	1.50	1.41	1.36	1.27
National Bank of Sāmoa Limited	2.49	2.84	2.45	2.40	2.31	2.28
Samoa Commercial Bank Limited	2.26	2.49	2.16	2.01	2.03	2.11
<b>Market Shares (%)</b>						
<b>Lending</b>						
Australia New Zealand Bank (Sāmoa) Limited	23.96	24.38	21.45	16.47	16.18	16.30
Bank South Pacific (Sāmoa) Limited	29.47	29.86	29.13	33.13	33.11	32.91
National Bank of Sāmoa Limited	21.82	22.93	22.78	22.61	22.77	22.78
Samoa Commercial Bank Limited	24.74	22.84	26.64	27.80	27.95	28.01
<b>Deposit<sup>5</sup></b>						
Australia New Zealand Bank (Sāmoa) Limited	23.56	24.36	21.80	18.76	18.83	18.67
Bank South Pacific (Sāmoa) Limited	36.58	34.16	40.54	39.87	40.12	39.89
National Bank of Sāmoa Limited	18.38	19.68	18.15	19.24	19.06	19.67
Samoa Commercial Bank Limited	21.47	21.80	19.50	22.12	21.99	21.77
<b>Non-Bank Financial Institutions (NBFIs)</b>						
<b>Weighted Average Lending (WAL)</b>						
Sāmoa National Provident Fund (SNPF)	8.67	8.57	8.43	8.66	8.65	8.46
Development Bank of Samoa (DBS) ®	3.82	3.92	3.80	4.10	4.13	4.19
Samoa Housing Corporation (SHC)	12.20	11.14	10.68	10.15	10.12	10.12
<b>NBFIs' Overall WAL ®</b>	<b>8.22</b>	<b>8.03</b>	<b>7.95</b>	<b>8.13</b>	<b>8.13</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 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.						

# Review of Monetary Development Report

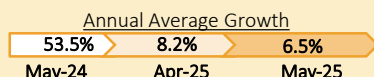
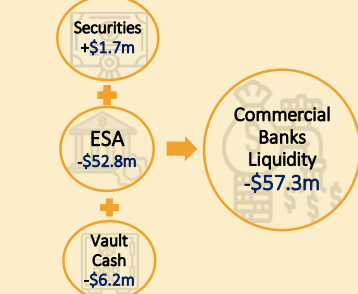
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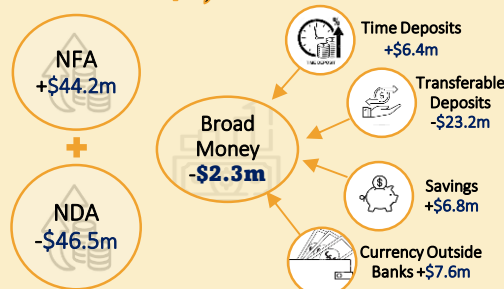
## Commercial Banks Liquidity \$673.8m

Commercial banks' total liquidity reduced by **\$57.3 million** (7.8%) to **\$673.8 million** in May 2025, driven by:

- a **\$52.8 million** reduction in ESA balances
- a **\$6.2 million** decrease in vault cash holdings and
- a **\$1.7 million** increase in CBS securities.

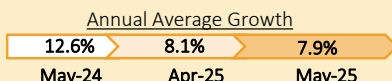


## Total Money Supply \$1,776.3m



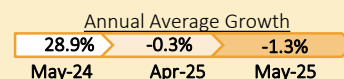
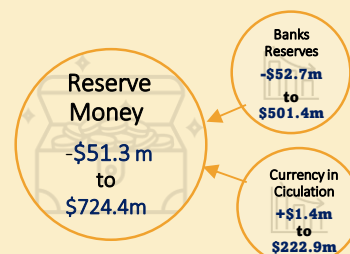
Total money supply (M2) decreased by **\$2.3 million** (0.1%) to **\$1,776.3 million**. This growth was mainly driven by:

- An increase in NFA by **\$44.2 million**, driven by higher foreign asset holdings of both the Central Bank and commercial banks.
- A fall in NDA by **\$46.5 million**, due to a sharp decrease in other items (net) and higher government net deposits, despite credit growth.



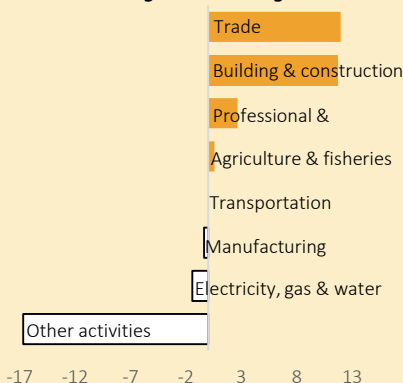
## Reserve Money \$724.4m

Reserve Money decreased by **\$51.3 million** (6.6%) to **\$724.4 million** in May 2025, mainly due to a \$52.7 million fall in commercial bank reserves, despite having a small increase in currency in circulation.



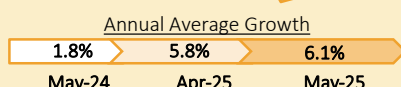
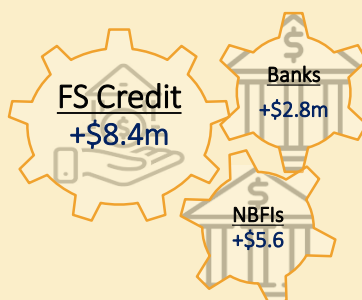
## By Industry

## Total Financial System Credit \$2,219.9m



The overall expansion in total FS credit was mainly directed towards the 'Building, construction and installation', 'Trade', and 'Professional and business services' industries.

Total financial system credit increased by **\$8.4 million** (0.4%) to **\$2,219.9 million** in May 2025, driven by a \$5.6 million rise in Non-Bank Financial Institutions' lending and a \$2.8 million from commercial banks.



## New Loans

New loans totaled **\$13.3 million** in May 2025, (down by **\$3.9 million** from April), mainly issued to the 'Trade', 'Building, construction and installation', and 'Other activities' industries.



## Mortgage Loans

Made up 48.7% of total bank loans in May, down slightly from 48.8% in April, despite the total rising to **\$590.0 million** from **\$589.4 million**.



## By Sector

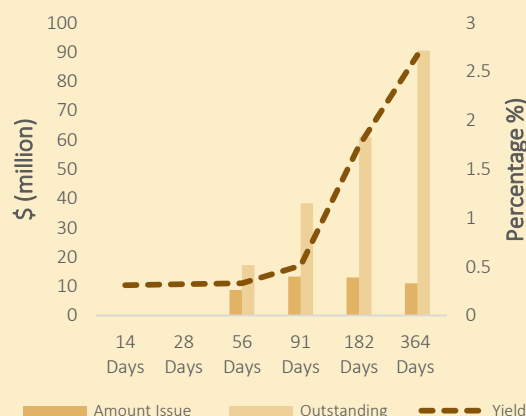
99.6% of total loans went to the private sector, with **53.5%** to households and **46.1%** to businesses; only **0.4%** were lent to the public sector.



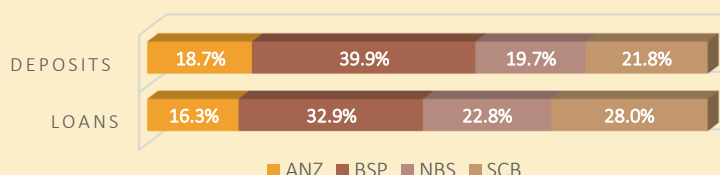
## Interest Rates

	Banks Deposit Rate	Banks Lending Rate	NBFI's Lending Rate	CBS Securities Yield
May 2024	1.60%	8.46%	7.95%	0.38%
April 2025	1.55%	8.40%	8.13%	1.07%
May 2025	1.55%	8.41%	7.98%	1.34%

## CBS Securities



## Commercial Banks Market Share



- CBSS issuance fell to **\$46.0m** from \$55.0m
- Most were issued at longer-term maturities of 56-days (\$8.7m), 91-days (\$13.3m), 182-days (\$13.0m), and 364-days (\$11.0m)
- No securities were issued in the shorter-term 14-day and 28-day maturities.