



13 March 2023

ATTACHMENT:

**DETAILED REPORT ON THE MACRO-ECONOMY FOR THE FIRST 7 MONTHS
OF FY2022/2023 TO JANUARY 2023**

A. THE SAMOAN ECONOMY

1. Gross Domestic Product (GDP)¹

Nominal GDP²

Quarter (Sept 2022 quarter)

\$493.5 million, 6.6 percent higher than \$463.1 million in the September 2021 quarter.

Annual (12 months to end Sept 2022)

\$1,855.4 million or 1.6 percent higher than \$1,826.7 million for the year up to September 2021.

GDP per capita (12 months to Sept 2022)

\$10,821 per capita, 1.2 percent higher than \$10,690 for the same period up to September 2021.

Real GDP³

Quarter (Sept 2022 quarter)

\$501.2 million, 4.7 percent higher than \$478.7 million in the September 2021 quarter.

Annual (12 months to end Sept 2022)

\$1,876.0 million, 4.2 percent lower than \$1,958.5 million for the year up to September 2021.

2. Inflation (January 2023)

The annual average headline inflation rate remained at 11.0 percent from the previous month but was still higher than 4.5 percent in January 2022. This monthly outcome reflected a drop in imported inflation to 15.1 percent from 15.3 percent in December 2022 while local inflation edged up to 6.7 percent from 6.4 percent in the previous month.

¹ Effective April 2019, the Sāmoa Bureau of Statistics (SBS) have published the rebased national accounts data with new base year 2013 (2013=100), starting with the December 2018 quarter.

² At purchaser prices including taxes less subsidies

³ At purchaser prices including taxes less subsidies

3. Agricultural produce

According to the Samoa Bureau of Statistics (SBS) monthly survey, the average volume of agricultural produce supplied to the local markets in the first seven months to January 2023 was 20.7 percent higher compared to the same period last year. This reflected increases in the supply of staple food crops such as taro, coconut and yams as well as all vegetables items like cabbages, tomatoes, cucumber and pumpkin. Despite the higher supplies, the average price index at the local markets also rose by 23.3 percent as a result of higher demand for local produce.

4. Banking system (at end December 2022 quarter)

The banking system at end December 2022 remained well-capitalized with the capital adequacy ratio rising to 30.8 percent from 29.1 percent in December 2021, and this was well above the 15.0 percent minimum prudential requirement.

Its liquidity was also more than adequate at 27.4 percent of total domestic deposits and well above its minimum prudential requirement of 10.0 percent.

Non-performing loans (NPLs) as of December 2022 stood at 5.0 percent to total loans, which was higher than 3.6 percent in December 2021. However, the provisioning for doubtful loans to total NPLs decreased to 156.9 percent in December 2022, from 198.3 percent in December last year. This high level of provisioning just about covers (90.1 percent) of total NPLs plus special mention loans, which dropped from 110.0 percent at end December 2021.

5. Balance of Payment (First 7 months to January 2023)

External Trade:

i. Total Exports of Goods

\$70.67 million; 74.4 percent higher than \$40.52 million, in the first seven months to January 2022.

Export Composition

The shares of the main exports were as follow:

Re-exports – 49.2 percent (\$34.74 million)

Domestically produced exports – 50.8 percent (\$35.93 million)

Of which;

Fresh Fish – 25.6 percent (\$18.09 million)

Crude coconut oil – 11.2 percent (\$7.91 million)

Beer – 2.4 percent (\$1.71 million)

Taro – 2.3 percent (\$1.61 million)

Nonu Juices – 2.0 percent (\$1.43 million)

ii. Total Imports of Goods

\$745.73 million, 49.3 percent higher than \$499.33 million in same period up to January 2022.

- Non-petroleum private sector imports up by 24.0 percent to \$485.08 million;
- Petroleum imports more than doubled to \$182.12 million;
- Government imports more than tripled to \$78.53 million.

iii. Net Trade of Goods Deficit

\$675.06 million, 47.1 percent higher than \$458.81 million in the first seven months of FY 2021/22.

iv. **Visitor Arrivals and Receipts**

Total Arrivals

59,380 visitors in the seven months to January 2023.

- Of which 26,453 were those visiting friends and relatives

Total Receipts

\$194.17 million in the seven months to January 2023.

- Of which \$104.2 million were spent by those visiting friends and relatives

v. **Private Remittances**

\$511.33 million, 20.5 percent higher than \$424.41 million in the first seven months to January 2022

- Family and Households expanded by 15.1 percent to \$447.46 million.
- Non-profit Institutions Serving Households (NPISH) rose by 9.0 percent to \$16.86 million.

vi. **Gross Official Foreign Reserves^{4, 5}**

\$894.55 million at end January 2023, 16.4 percent higher than the same month last year. At this level, this was sufficient to cover **9.4 months of imports**, which was lower than 10.9 months at end January 2022.

6. **External Debt Outstanding (at end December 2022 quarter)**

i. **Debt Stock**

\$902.40 million (around 40.6 percent of nominal GDP⁶), 9.6 percent lower than \$998.66 million in the December 2021 quarter (45.6 percent of nominal GDP).

ii. **Annual Debt Servicing (at end December 2022 quarter)**

\$108.95 million, which was **206.2 percent higher** than \$35.57 million in the year up to December 2021. This large hike reflects the end of the Debt Service Suspension Initiative (DSSI), which Samoa is a part of, and the resumption of normal debt servicing repayments. This was **equivalent to**

- **16.10 percent** of recurrent revenue⁷;
- **12.55 percent** of foreign reserves⁸; or
- **23.23 percent** of total exports of goods and services⁹.

⁴ Effective January 2021, the Central Bank of Samoa has adopted the new methodology as recommended by IMF to exclude the foreign holdings of Ministry of Finance from the calculation of the country's official reserves.

⁵ Samoa received its Special Drawing Rights (SDRs) allocation from International Monetary Fund (IMF) of SDR 15.5 million, or an equivalent of around \$55.00 million Tala in August 2021.

⁶ Using Nominal GDP at purchaser prices

⁷ For every tala that is earned by Government (Recurrent) Revenue, approximately 16 sene is used to pay off Samoa's foreign debt.

⁸ For every tala that is saved as the country's foreign reserves, 13 sene is used to pay for our external debt.

⁹ For every tala that we earn from the export of our goods (export earnings from fish, taro, nonu juice etc...) and services (mainly tourism earnings), we use around 23 sene of those earnings to repay our foreign loans.