



GOVERNMENT OF SAMOA  
**MINISTRY OF FINANCE**  
QUARTERLY ECONOMIC REVIEW

Issue No 93

Fourth Quarter FY2020/21 (Apr - Jun 2021)

Twelve months' review (Jul 2020 – Jun 2021)

### **Gross Domestic Product**

The real GDP for June quarter FY2020/21 amounted to \$461.0 million, recording a decline of -1.8% compared to the corresponding quarter of the previous Fiscal Year 2019/20. This trend marks the seventh consecutive quarters of a negative growth for the economy since the endemic and pandemic. However, despite this, there is evidence of improvements and resilience in some of the industries compared to all other quarters. The positive contributors to the improvements were Accommodation and Restaurants (122.9%), Fishing (45.5%), Construction (9.6%), Agriculture (6.8%), Personal and Other Services (4.8%), Ownership of Dwellings (2.2%), Food and Beverages (2.1%) and Public Administration (0.9%). On the contrary, industries that contributed negatively to the growth were Business Services, Electricity and Water, Transport, Other manufacturing, Financial services, Construction and Commerce (by -34.6%, -21.2%, -20.3%, -9.4%, -9.4%, -3.2% and -2.9%, respectively) when compared to the same quarter of the previous financial year.

For fiscal year 2020/21, **GDP at constant prices** recorded a steep decline of **-8.1%** when compared to fiscal year ending 2019/20. The sharp downturn reflects the ongoing harmful effects from the COVID-19 pandemic. The main industries which contributed to this decline include: Accommodation and Restaurants (-64.7%), Business Services (-51.9%), Transport (-35.7%), Construction (-25.1%), Financial Services (-7.2%), Communication (-6.3%), Commerce (-6.3%), Electricity and Water (-4.6%) and Fishing (-0.1%). However, there were a few industries who grew positively during the reviewing annual period and these include: Personal and Other Services (9.2%), Food and Beverages Manufacturing (7.0%), Public Administration (3.7%), Ownership of Dwellings (1.8%), and Agriculture (1.0%).

### **Formal Employment**

Total number of persons in formal paid employment stood at 24,261 at the end of June quarter FY2020/21, decreased by -0.4% (96 employees) when compared to same quarter of 2019/20. This was fuelled by the decreases in Accommodation, Fishing, Construction, Other Services, Transport, Other Manufacturing, Health and Other Business Services by -48.4%, -15.7%, -10.7%, -4.5%, -4.2%, -1.6%, -0.8% and -0.2%. On a positive note, number of formal employment showed improvements from the comparable quarter of 2019/20 in Communication (17.6%), Education (15.1%), Food Manufacturing (8.8%), Personal Services (7.6%), Restaurants (5.4%), Commerce (4.9%), Financial Services (3.5%), Agriculture (3.4%), Public Administration (3.3%), Electricity (3.1%) and Water (2.6%) respectively.

### **Trade & Balance of Payments**

**Total commodity exports** for the reviewing quarter amounted to \$19.19 million, a 25.2% drop from its comparable quarter of the previous fiscal year. This decline resulted from a decrease in the exports of coconut cream (-100%), scrap metal (-100%), coconuts (-78.6%), coconut oil (-73.7%), re-exports (-50.2%), fresh fish (-42.3%) and domestic exports (-0.9%). In contrast, **total commodity imports** increased by 26.9% from June quarter of FY2019/20 to the reviewing June quarter to stand at \$204.06 million. Border restrictions worldwide due to the pandemic has affected our export levels while an increase in imports reflect the country stocking up on its necessity items to avoid a shortage of supply in the long run.

For the June quarter of the fiscal year 2020/21, the **Current Account** balance showed a deficit of \$71.2 million, which is equivalent to a 41.8% decrease from the deficit recorded in the June quarter of the previous fiscal year. The deficit occurred mainly due to a drop

in the Balance of Goods and Services (-25.5%). In contrast, the **Capital account** recorded a surplus of \$45.73 million, dropping by 51.5% over its comparable quarter of the previous fiscal year. This reduction derived from a drop in Capital Account Credit. Overall, the Balance of Payments recorded a deficit of \$15.33 million in the reviewing quarter.

On a **twelve months** basis (July 2020 to June 2021), both exports and imports fell by 26.7% and 3.8% respectively while the Balance of Trade in Goods surprisingly remained the same. The current account balance took a sharp downturn from \$0.19 million in June 2019/20 to -\$308.49 million in the reviewing period. This was majorly influenced by a steep drop in the Balance on Goods, Services and Primary Income. The capital account balance however, improved by 21.7% on an annual basis as there was an improvement in Capital Account Credit. In summary, the **overall Balance of Payments** on an annual basis ending June 2021 stood at \$91.55 million, reflecting a 12.6% drop when compared to the twelve months from June 2019 – June 2020.

### **Tourism and Remittances**

As the country continues its restriction on its international borders, the June period under review makes it another consecutive quarter whereby no visitor arrivals and visitor earnings were recorded, thus continuing to have an adverse impact the tourism sector.

**Total remittances** for the reviewing quarter stood at \$148.31 million, a 0.7% improvement over its comparable quarter from the previous fiscal year. On an annual basis (July 2020 – June 2021), remittances went up by 7.4% when compared to the twelve-month period ending June 2020. This growth was mainly driven by remittances of funds for Samoan individuals. This takes into account money transferred from families overseas to support locals while in the stage of restrictions. The increase in labour mobility for seasonal work and semi-skilled jobs had a greater input to the annual increase registered for remittances.

### **Money Supply**

**Money supply** stood at \$1,325.260 million, which is equivalent to an 8.14% rise in comparison to the June quarter of FY2019/20. Overall expansion was underpinned by 15.93% and 2.47% increases in Narrow Money (M1) and Quasi Money (M2) respectively. The continuation of easing monetary policy stance for FY2020/21 is reflected in this trend.

Net Domestic Credit reduced by 3.7% compared to the fourth quarter of FY2019/20, and was driven by the 14.3% decrease in Net Credit to Non-financial Public Sector. Thereby decreased Net Domestic Assets by 7% for the reviewing quarter compared to the same quarter of the previous financial year FY2019/20.

### **Exchange Rates**

The exchange rates for June quarter 2020/21 showed the Samoan tala appreciating against the USD and YEN currencies and depreciating against the NZD, AUD, EUR and FJ currencies. On an annual basis, the Samoan tala recorded a depreciation against NZD, AUD, EUR and FJ currencies and appreciate against the USD and YEN currencies.

### **Gross Official Foreign Reserves**

Reserves increased by \$138.41 million to stand at \$732.68 million when compared to the fourth quarter of FY2019/20. This was equivalent to 10.7 months of imports, an increase from the 8.4 months recorded in the corresponding quarter of the previous financial year.

### **Fiscal Performance**

The **Net Operating Balance** (Revenue less Operating expense) for June quarter FY2020/21 showed a surplus of \$20.02 million. This was due to the receipts of grants and improve collection of other revenue which adds up to the tax collection to make up a Revenue Collection of \$224.25 million which able to finance operation expenses of \$204.24 million for the reviewing quarter. However, a deficit of \$1.42 million was recorded for Net Lending and Borrowing in the reviewing quarter. This was mainly because of the continued effort of the government to major infrastructure development which summed up to a total of \$21.44 million.

### **Official Government External Debt**

Total **Government External Debt** stood at \$998.92 million as of June quarter FY2020/21 which is equivalent to 49.3% of GDP. Multilateral loans amount of \$515.66 million accounted for 51.6% of disbursed outstanding debt (DOD) while bilateral loans amount of \$483.26 million accounted for 48.4%.

**Total debt servicing** for June quarter FY2020/21 amounted to \$8.6 million. For the fiscal year ending June 2021, total debt servicing registered an amount of \$95.14 million which able to finance 9.5% of the total Official Government Debt.

### **Consumer Price Index**

**The end of period inflation** grew by 4.1% compared to the same quarter ending June 2019/20. This increase was determined in growths seen in the following groups: Transport (15.2%), Housing, Water, Electricity, Gas and Other Fuels (13.9%), Health (7.7%), Restaurants and Hotels (2.5%), Alcoholic Beverages and Tobacco (2.1%), Recreation and

Culture (1.6%), Food and Non Alcoholic Beverages (1.2%), and Clothing and Footwear (0.1%). Furthermore, Communication remained unchanged, while reductions were recorded for the following groups: Education (-4.7%), Miscellaneous goods and services (-4.0%) and Furnishings, Household Equipment, and Routine Household Maintenance (-0.5%).

**Annual average inflation rate** stood at -3.0%, which is a substantial reduction from 1.6% recorded in the comparable fiscal year. This was due to a decline in prices of goods recorded for the first ten months of the reviewing period ending June 2021.

### **Petroleum Prices**

The **domestic** retail prices for Petrol, Kerosene and Diesel lifted by 37.0%, 37.3% and 21.6% respectively over its compared quarter of FY2019/20.

The **international** prices (USD per barrel) for petroleum recorded spikes in Petrol by 282.8%, Kerosene by 237.3% and Diesel by 150.5% in comparison to June quarter of FY2019/20.

**TABLE 1: KEY ECONOMIC INDICATORS**

|  | Quarter                         |           |                  | Twelve-month period             |           |                 |
|--|---------------------------------|-----------|------------------|---------------------------------|-----------|-----------------|
|  | 4QFY19/20                       | 4QFY20/21 | % Change Quarter | FY2019/20                       | FY2020/21 | % Change Annual |
| Nominal GDP ( <i>SAT\$/million</i> )                     | 496.67                          | 500.49    | 0.8              | 2,177.40                        | 2,026.75  | -6.8            |
| Real GDP at 2013 prices ( <i>SAT\$/million</i> )         | 469.53                          | 461.04    | -1.8             | 2,027.53                        | 1,863.58  | -8.1            |
| GDP per capita ( <i>SAT\$ 2013 prices</i> )              | 2453.00                         | 2452.00   | 0.0              | 10,796.00                       | 9,968.00  | -7.7            |
| Consumer Price Index (Inflation Rate)                    | -3.5                            | 4.1       |                  | 1.6                             | -3.0      |                 |
| Number of formal employment (end of period)              | 24560                           | 24261     | -0.4             | 24,560                          | 24,261    | -0.4            |
| Number of Tourism Arrivals                               | 0.00                            | 0.00      | 0.0              | 125,682                         | 0.00      | -100.0          |
|  | <i>(SAT\$/million)</i>          |           |                  | <i>(SAT\$/million)</i>          |           |                 |
| Tourism Earnings   | 0.00                            | 0.00      | 0.0              | 375.26                          | 0.00      | -100.0          |
| Remittances  | 147.21                          | 148.31    | 0.7              | 563.83                          | 605.30    | 7.4             |
| Exports  | 25.65                           | 19.19     | -25.2            | 122.16                          | 89.52     | -26.7           |
| Imports  | 160.80                          | 204.06    | 26.9             | 853.32                          | 820.66    | -3.8            |
| Trade Deficit  | -135.15                         | -184.87   | -36.8            | -731.16                         | -731.15   | 0.0             |
| Gross Official Foreign Reserves ( <i>end of period</i> ) | 594.27                          | 732.68    | 23.3             | 594.27                          | 732.68    | 23.3            |
| <b>Balance of Payment</b>                                |                                 |           |                  |                                 |           |                 |
| Current Account  | -50.20                          | -71.20    | -41.8            | 0.19                            | -308.49   | -162463.2       |
| Capital Account  | 94.25                           | 45.73     | -51.5            | 169.20                          | 205.90    | 21.7            |
| Overall Balance  | 104.41                          | -15.33    | -114.7           | 104.80                          | 91.55     | -12.6           |
| <b>Government Finance Statistics</b>                     |                                 |           |                  |                                 |           |                 |
| Total Revenue  | 256.90                          | 224.25    | -12.7            | 812.74                          | 792.22    | -2.5            |
| Total Expenditure  | 191.78                          | 225.67    | 17.7             | 678.47                          | 754.38    | 11.2            |
| Net Operating Balance                                    | 81.75                           | 20.02     | -75.5            | 187.23                          | 118.31    | -36.8           |
| Net Lending / borrowing                                  | 65.12                           | -1419.00  | -102.2           | 134.27                          | 37.84     | -71.8           |
| <b>Official Government External Debt</b>                 | 1004.55                         | 998.92    | -0.1             | 1,004.55                        | 998.92    | -0.1            |
| Debt Servicing   | 13.52                           | 8.60      | -36.4            | 77.56                           | 95.14     | 22.7            |
| <b>Exchange Rates</b>                                    | <i>(Quarter average rates)</i>  |           |                  | <i>(Annual average rates)</i>   |           |                 |
| USD  | 0.37                            | 0.39      | 4.6              | 0.37                            | 0.39      | 5.0             |
| NZD  | 0.58                            | 0.56      | -4.0             | 0.58                            | 0.56      | -3.9            |
| AUD  | 0.54                            | 0.52      | -4.5             | 0.55                            | 0.52      | -6.1            |
| EURO   | 0.33                            | 0.33      | -1.3             | 0.33                            | 0.33      | -2.1            |
| FJD  | 0.81                            | 0.80      | -1.0             | 0.82                            | 0.81      | -1.3            |
| YEN  | 40.20                           | 43.15     | 7.3              | 40.05                           | 41.80     | 4.4             |
| <b>Petroleum</b>   | <i>Retail Prices (sene/ltr)</i> |           |                  | <i>Retail Prices (sene/ltr)</i> |           |                 |
| Petrol   | 1.92                            | 2.63      | 37.0             | 1.92                            | 2.63      | 37.0            |
| Kerosene   | 1.53                            | 2.10      | 37.3             | 1.53                            | 2.10      | 37.3            |
| Diesel   | 2.04                            | 2.48      | 21.6             | 2.04                            | 2.48      | 21.6            |
|  | <i>FOB Prices (USD/bbl)</i>     |           |                  | <i>FOB Prices (USD/bbl)</i>     |           |                 |
| Petrol   | 19.44                           | 74.42     | 282.8            | 19.44                           | 74.42     | 282.8           |
| Kerosene   | 21.26                           | 71.71     | 237.3            | 21.26                           | 71.71     | 237.3           |
| Diesel   | 28.75                           | 72.01     | 150.5            | 28.75                           | 72.01     | 150.5           |

Sources: Ministry of Finance, Central Bank of Samoa, Samoa Bureau of Statistics and National Provident Fund