



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

Issue No 94

First Quarter FY2021/22 (Jul-Sep 2021)

Twelve months review (Oct 2020 – Sep 2021)

### **Gross Domestic Product**

The real GDP for September quarter FY2021/22 amounted to **\$459.1 million**, recording a **decline of 0.4%** compared to the corresponding quarter of the previous Fiscal Year 2020/21. This decline is consistent with the trend over the past eight quarters as the country continues to be affected by COVID-19 pandemic.

The industries that contributed negatively to the growth were Commerce (-7.1%), Food and Beverages (-4.5%), Business Services (-3.5%), Public Administrations (-1.1%) and Agriculture (-0.6%). Despite the ongoing COVID-19 pandemic restrictions, some industries have performed well in the reviewing quarter such as Accommodation and Restaurants (40.8%), Electricity and Water (18.2%), Financial Services (6.8%), Communication (4.7%), Other Manufacturing (4.6%), Fishing (3.7%), Ownership of Dwellings (1.9%) and Construction (0.2%). These positive impacts were partially fuelled from ongoing Government support to the private sector encouraging trade to local tourists, increased investment on electricity development such as Smart Metre, the increased number of online conferences, the restoration of the export market for commodity items, and resuming Government development projects and private sector investment in buildings as evidently seen across the country.

On the twelve month basis [Oct 2020 – Sept 2021], **GDP at constant prices** presented a **decline of 4.3%** from the comparable period [Oct 2019 – Sept 2020]. This downturn reflects the ongoing harmful effects from the COVID19 pandemic to industries such as Business Services (-40.7%), Accommodation and Restaurants (-40.6%), Transport (-26.9%),

Construction (-20.6%), Financial Services (-5.0%), Commerce (-4.8%), and Electricity and Water (-1.6%). However, the industries which grew positively during the reviewing annual period included: Personal and Other Services (8.9%), Food and Beverages Manufacturing (8.3%), Fishing (6.8%), Communication (4.4%), Other Manufacturing (3.1%), Agriculture (2.6%) and Ownership of Dwellings (1.9%).

### **Consumer Prices Index**

**The end of period inflation** escalated to 6.8% compared to the same quarter ending September 2020/21. This boost was determined in growths seen in the following groups: Transport (14.1%), Clothing and Footwear (11.6%), Housing, Water, Electricity, Gas and Other Fuels (11.4%), Health (9.7%), Food and Non Alcoholic Beverages (8.3%), Furnishings, Household Equipment, and Routine Household Maintenance 1.2%) and Alcoholic Beverages and Tobacco (0.5%). Communication and Restaurants and Hotels remained constant, while reductions were recorded for Recreation and Culture (-0.4%), Miscellaneous goods and services (-2.0%) and Education (-4.7%).

**Annual average inflation rate** stood at -0.8%, which is a substantial reduction from 0.5% recorded in the comparable fiscal year. This was due to a decline in prices of goods recorded for the first seven months of the reviewing period ending September 2021.

### **Formal Employment**

As the pandemic continues to hinder economic activity and directly affecting employment, the total number of persons in formal paid employment stood at 24,504. This indicated a 0.2% decrease of 56 employees when compared to same quarter of FY2020/21. Reductions in employed persons for the

following industries were the main drivers: Accommodation (-35.0%), Fishing (-30.8%), Agriculture (-15.3%), Construction (-11.0%), Other Services (-7.0%), Transport (-3.4%), Other Manufacturing (-3.3%), and Health (-0.5%).

Despite the negative impacts of COVID-19, improvements were seen from the following industries in comparison to September quarter of FY2020/21: Restaurants (15.3%), Education (12.1%), Communication (10.4%), Personal services (9.7%), Other business Services (5.3%), Electricity (3.8%), Public administration (3.3%), Commerce (2.5%), Finance services (2.4%), Food Manufacturing (1.0%) and Water (0.9%).

### **Tourism and Remittances**

The restriction of international borders continue to have significant impacts on the Tourism Sector in terms of tourist arrivals and tourist earnings. Samoa recorded no visitor arrivals which resulted in zero visitor earnings for the first quarter of FY2021/22. This is the sixth consecutive quarter whereby Tourist arrivals and earnings have recorded nil figures.

**Total remittances** stood at \$164.43 million, depicting a 1.5% improvement over its comparable quarter from the previous fiscal year. On an annual basis (October 2020 – September 2021), remittances increased by 3.6% over the twelve-month period ending September 2021. The major contributing factor to this increase was funds received for Samoan individuals reflecting money transferred from relatives overseas to assist and support local families as the country faces many challenges from the pandemic.

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

**Total commodity exports** for the reviewing quarter amounted to \$15.82 million, a 45% 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%), fresh fish (-90.9%), coconuts (-73.9%), taro (-50.2%) and domestic exports (-46.6%). In contrast, total commodity imports slightly increased by 3.8% from

September quarter of FY2020/21 to the reviewing September quarter to stand at \$198.18 million.

This quarter continues to see the downward trend in the value of exports as a result of border restrictions. On the other hand, an increase in the level of imports reflect the country stocking up to avoid the shortage in the supply of necessity items such as medical supplies, food items and so forth.

The balance of trade in services registered a deficit of \$7.85 million. This clearly resulted from the zero earnings as reported in the tourism section. For the reviewing quarter of the fiscal year 2021/22, the **Current Account** balance showed a deficit of \$52.6 million, which is equivalent to a 25.3% decrease from the deficit recorded in the September quarter of the previous fiscal year.

In contrast, the **Capital account** recorded a surplus of \$18.6 million tala, dropping by 63.3% 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 surplus of \$42.27 million in the reviewing quarter.

### **Money Supply**

Money supply for the reviewing quarter stood at 1,301.84 million tala, an increase of 3.2% for September quarter of FY2021/22 over the September quarter of FY2020/21. This increase was due to an increase of 10.9% in Narrow money (M1). Meanwhile, Quasi Money (M2) recorded a decrease of 2.2% in the reviewing quarter over its comparable quarter in the previous financial year.

Net Domestic Assets dropped by a rate of -2.6% compared to the same quarter of the previous fiscal year (FY 2020/21). This fall was driven by the slight decrease from Domestic credit (-0.9%) while other items (9.7%) and Capital Accounts (3.9%) picked up rapidly for the reviewing quarter over the comparable quarter of the previous fiscal year (FY 2020/21).

### **Foreign Reserves**

At the end of the first quarter of FY2021/22 (September Quarter), **Gross Official Foreign Reserves** increased by \$89.54 million from the same quarter of 2020/2021 to stand at \$774.36 million. This was equivalent to **11.2 months** of import of goods, an improvement from the 10.1 months recorded in the same quarter of the previous financial year.

### **Fiscal Performance**

The **Net Operating Balance** (Revenue less Operating expense) recorded a surplus of \$48.92 million. This was majorly due to the government monitoring its expenses well as Expenses dropped by 23.3% in the reviewing quarter when compared to the September quarter of the previous financial year.

The relatively low amount recorded for Net Acquisition of Non-financial Assets (low development cost) resulted in a surplus of \$48.57 million for **Net Lending and Borrowing**.

### **Official Government External Debt**

The official government debt outstanding stood at \$1003.21 million as of September quarter 2021/22 which is equivalent to 49.5% of GDP. Multilateral loans amount of \$509.07 million accounted for 50.7% of disbursed outstanding debt (DOD) while bilateral loans amount of \$494.14 million accounted for 49.3%

**Total debt servicing** for September quarter FY2021/22 amounted to \$7.4 million tala. For the twelve months period (October 2020 to September 2021) total debt servicing registered an amount of 33.8 million tala.

### **Exchange Rates**

The exchange rates for September quarter FY2021/22 showed the Samoan tala appreciating against the USD, AUD, EUR and YEN currencies and depreciating against the NZD and FJ currencies over the comparable quarter of the previous financial year. On an annual basis, the Samoan tala recorded an appreciation against the USD and YEN currencies in contrast to a depreciation against the NZD, AUD, EUR and FJ currencies.

### **Petroleum Prices**

The domestic retail prices for the reviewing quarter for **Petrol, Kerosene and Diesel** recorded increases of 32.6%, 35.9% and 23.5% respectively compared to the same quarter of the previous financial year.

The international prices (USD per barrel) for petroleum in the reviewing quarter also recorded increases of 85.3% in Petrol, 75.8% in Kerosene and 56.2% in Diesel over its corresponding quarter in FY2020/21.

<b>TABLE 1: KEY ECONOMIC INDICATORS</b>						
	<b>Quarter</b>			<b>Twelve-month period</b>		
	1QFY20/21	1QFY21/22	% Change Quarter	FY2020/21	FY2021/22	% Change Annual
Nominal GDP ( <i>SAT\$/million</i> )	497.10	497.92	0.2	2,092.66	2,027.57	-3.1
Real GDP at 2013 prices ( <i>SAT\$/million</i> )	461.12	459.07	-0.4	1,945.84	1,861.77	-4.3
GDP per capita ( <i>SAT\$ 2013 prices</i> )	2455.00	2439.00	-0.6	10,796.00	9,968.00	-7.7
Consumer Price Index (Inflation Rate)	4.5	6.8		-2.4	-0.8	
Number of formal employment (end of period)	24,560	24,504	-0.2	24,560	24,504	-0.2
Number of Tourism Arrivals	0.00	0.00	0.0	67,334	0.00	-100.0
	<i>(SAT\$/million)</i>			<i>(SAT\$/million)</i>		
Tourism Earnings	0.00	0.00	0.0	206.20	0.00	-100.0
Remittances	161.94	164.43	1.5	586.91	607.79	3.6
Exports	28.79	15.82	-45.0	114.74	76.55	-33.3
Imports	190.89	198.25	3.9	813.45	828.03	1.8
Trade Deficit	-162.10	-182.43	-12.5	-698.75	-731.47	-7.5
Gross Official Foreign Reserves ( <i>end of period</i> )	684.82	774.36	13.1	684.82	774.36	13.1
<b>Balance of Payment</b>						
Current Account	-41.96	-52.56	-25.28	-96.43	-320.67	-232.6
Capital Account	50.64	18.58	-63.31	206.22	218.59	6.0
Overall Balance	63.24	42.27	-33.15	183.60	54.21	-70.5
<b>Money Supply</b>	1,260.93	1,301.84	3.2	1,260.93	1,301.84	3.2
<b>Government Finance Statistics</b>						
Total Revenue	193.51	164.38	-15.1	829.10	763.07	-8.0
Total Expenditure	150.53	115.56	-23.3	634.08	638.82	0.7
Net Operating Balance	42.98	48.92	-13.8	195.03	124.25	-36.3
Net Lending / borrowing	42.69	48.57	13.8	144.41	43.72	-69.7
<b>Official Government External Debt</b>	1027.70	1003.21	-2.4	1027.70	1003.21	-2.4
Debt Servicing	6.80	7.4	-8.8	61.49	33.80	45.0
<b>Exchange Rates</b>	<i>(Quarter average rates)</i>			<i>(Annual average rates)</i>		
USD	0.37	0.38	1.3	0.37	0.39	4.7
NZD	0.57	0.55	-2.7	0.57	0.56	-4.0
AUD	0.53	0.53	0.6	0.55	0.52	-5.3
EURO	0.32	0.33	2.5	0.32	0.33	-0.4
FJD	0.81	0.81	-0.3	0.82	0.81	-1.2
YEN	40.09	43.03	7.3	40.09	42.53	6.1
<b>Petroleum</b>	<i>Retail Prices (sene/ltr)</i>			<i>Retail Prices (sene/ltr)</i>		
Petrol	2.15	2.85	32.6	2.15	2.85	32.6
Kerosene	1.70	2.31	35.9	1.70	2.31	35.9
Diesel	2.17	2.68	23.5	2.17	2.68	23.5
	<i>FOB Prices (USD/bbl)</i>			<i>FOB Prices (USD/bbl)</i>		
Petrol	44.80	83.01	85.3	44.80	83.01	85.3
Kerosene	43.93	77.24	75.8	43.93	77.24	75.8
Diesel	49.89	77.92	56.2	49.89	77.92	56.2

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