



GOVERNMENT OF SAMOA
MINISTRY OF FINANCE
QUARTERLY ECONOMIC REVIEW

Issue No. 95

Second Quarter FY2021/22 (Oct-Dec 2021)

Twelve-month review (Jan – Dec 2021)

Gross Domestic Product

The **real GDP** for December quarter FY2021/22 amounted to \$475.7 million, declining by 3.2% compared to the corresponding quarter of the previous FY2020/21. The impact of the COVID-19 pandemic continued to affect economic activity for the December 2021 quarter. This was reflected in the performance of industries such as Commerce (-17.6%), Food & Beverages Manufacturing (-14.3%), Agriculture (-13.3%), Construction (-7.8%), Fishing (-5.2%), Other Manufacturing (-3.7%), Personal & Other Services (-3.1%), and Communication (-1.2%). Despite this, several industries recorded positive growth rates for the reviewing period such as Electricity and Water (40.2%), Transport (21.4%), Business Services (9.3%), Accommodation & Restaurants (6.2%), Ownership of Dwellings (3.1%), Financial Services (2.9%), and Public Administration (2.3%).

On a twelve-month basis, GDP at constant prices recorded a decline of 2.3%, registering at \$1,942.67 million. The main industries that contributed to this decline include Business Services (-40.6%), Construction (-10.7%), Commerce (-9.6%), Transport (-8.5%), Accommodation & Restaurants (-5.7%), Agriculture (-1.5%), Financial Services (-1.5%), and Food & Beverages Manufacturing (-1.4%). On the other hand, the industries that grew positively during the reviewing annual period include: Fishing (9.1%), Personal & Other Services (7.3%), Electricity and Water (4.7%), Communication (4.3%), Ownership of Dwellings (3.1%), Public Administrations (2.2%) and Other Manufacturing (1.6%).

Consumer Prices Index

The **end of period inflation** grew by 11.6% compared to the same quarter of the previous fiscal year (FY2020/21). The increase was determined in

growths seen in the following groups: Food and Non Alcoholic Beverages (19.2%), Transport (18.6%), Clothing and Footwear (12.6%), Communication (11.2%), Health (4.6%), Housing, Water, Electricity, Gas and other Fuels (2.3%), Alcoholic Beverages and Tobacco (1.1%), Recreation and Culture (1.0%), Furnishings, Household Equipment and Routine (0.9%), and Restaurants and Hotels (0.2%). On the contrary, reductions were recorded for the following groups: Education (-4.7%) and Miscellaneous goods and services (-2.1%).

Annual average inflation rate stood at 3.1% at the end of the December quarter FY2021/22, a substantial movement from -1.6% recorded in the comparable fiscal year (FY2020/21).

Formal Employment

The total number of formal paid employment at the end of the December quarter of FY2021/22 stood at 24,134. A decline of 0.3% (80 employees) compared to the same quarter of FY2020/21. This downward trend was mainly caused by a decrease in the number of employed persons in the Primary industry (-21.8%) which is largely made up of Agriculture (-18.9%) and Fishing (-28.0%). Other industries which also contributed to this reduction were Accommodation (-13.0%), Construction (-5.7%), Other Services (-4.5%) and Transport (-4.4%). In contrast, industries such as Education (9.6%), Personal Services (5.9%), Electricity (5.4%), Restaurants (4.4%) and Financial Services (3.1%) performed positively in the reviewing quarter.

Tourism and Remittances

The prolonged international border restrictions continue to have significant impacts on the Tourism Sector. The ongoing COVID-19 pandemic has meant zero (0) **tourist arrivals** for the second quarter of FY2021/22, making this the seventh consecutive

quarter registering zero tourist arrivals and subsequently, zero **tourism earnings**.

Total inflow of **Remittances** for the reviewing quarter recorded a significant increase of 33.2% with a total value of \$215.88 million, over the comparable period of FY2020/21. This was mainly driven by the remittance of funds for Samoan individuals from relatives and friends overseas (36.8%).

Annually (Jan – Dec 2021), remittances increased by 9.0% compared to the previous twelve-month period. This influx of funds was from Samoa's main source markets: New Zealand, Australia, American Samoa and United States.

Trade & Balance of Payments

For the December quarter of FY2021/22, **total commodity exports** amounted to \$20.19 million, a 10.8% drop from the amount recorded in the comparable quarter of FY2020/21. This decline is largely attributed to the decrease in the exports of coconut cream (-98.4%), fresh fish (-85.6%), kava (-47.3%), domestic exports (-40.4%) and taro (-36%). With the ongoing global pandemic, the downward trend in the value of exports continued in this quarter as a result of border restrictions.

In contrast, **total commodity imports** saw an increase by 16% from the December quarter of FY2020/21 to the reviewing December quarter to stand at \$254.01 million.

The **Current Account** balance registered a deficit of \$63.8 million in the reviewing quarter, which is equivalent to a 31.3% decrease from the deficit recorded in the December quarter of the previous fiscal year.

The **Capital Account** recorded a surplus of \$22.77 million tala, however, this was a significant 67.6% drop compared to that recorded in the December quarter of the previous fiscal year. Overall, the **Balance of Payments** recorded a deficit of \$20.6 million in the reviewing quarter. In the review of the twelve month period ending December 2021, the BoP stood at 0.41million.

Money Supply

Money Supply stood at \$1,332.04 million for the reviewing quarter, showing a 1.7% increase over the previous December quarter. This increase is attributed solely to Narrow Money (M1) which increased by 11.2% whereas the Quasi Money (M2) registered a decline of 5.3%.

Net Domestic Credit slightly grew by 1.6% compared to the second quarter of FY2020/21 and was mainly due to the 0.8% increase in Credit to the Private Sector.

Foreign Reserves

Gross Official Reserves for the end of the second quarter (FY2021/22) increased by \$37.73 million from the same quarter of 2020/2021 to stand at \$767.28 million. This was equivalent to 11.0 months of import cover, a slight drop from the 11.5 months recorded in the same quarter of the previous financial year.

Fiscal Performance

The **Net Operating Balance** (Revenue less Operating Expense) for the December quarter of FY2021/22 recorded a deficit of \$1,424.1 million. This showed a \$1,468.35 million decrease from the \$44.25 million surplus recorded in the same period of the previous financial year. Primarily responsible for this downward trend was an 8.9% drop in total revenue and a 16% increase in operating expenditure when compared to the corresponding quarter of the previous financial year.

Net Lending and Borrowing registered a deficit of \$1,643.96 million tala in the reviewing quarter. This came as a result of the deficit operating balance and continued efforts of the Government during the state of emergency period. However, the twelve-month period ending December 2021 recorded a surplus for the Net Operating Balance as well as Net Lending/Borrowing of \$81.6 and \$13.10 million [in the reviewing period].

Official Government External Debt

The **official government debt** for the second quarter of FY2021/22 stood at \$998.66 million, which is a \$6.55 million decrease when compared to the same quarter of FY2020/21. Correspondingly, this is equivalent to 54.7% of GDP. Multilateral and bilateral loans accounted for 50.1% [\$500.22 million] and 49.9% [\$498.44 million] of disbursed outstanding debt [DOD] respectively.

Total debt servicing for the reviewing quarter was recorded at \$10.6 million tala. For the twelve-month period (January 2021 – December 2021) total debt servicing registered at an amount of \$35.6 million tala.

Exchange Rates

The exchange rate for the December quarter FY2021/22 showed the Samoan tala appreciating against the NZD, AUD, EURO, FJD and YEN currencies and depreciating against the USD currency over the comparable quarter of the previous financial year.

On an annual basis, the Samoan tala recorded an appreciation against the USD, EURO and YEN currencies, in contrast to a depreciation against the NZD, AUD and FJD currencies.

Petroleum Prices

The domestic retail prices for the reviewing quarter for **Petrol**, **Kerosene** and **Diesel** increased by 44.5%, 58.3% and 45.7% respectively over its comparable period of the previous financial year.

The international prices (USD per barrel) for petroleum in the second quarter of FY2021/22 recorded high increases of Petrol [113.7%], Kerosene [123.5%] and Diesel [115.5%] from the corresponding period of the previous financial year.

TABLE 1: KEY ECONOMIC INDICATORS						
	Quarter			Twelve-month period		
	2QFY20/21	2QFY21/22	% Change Quarter	FY2020/21 (Jan-Dec)	FY2021/22 (Jan-Dec)	% Change Annual
Nominal GDP (<i>SAT\$/million</i>)	557.6	570.4	2.3	2,209.60	2,191.19	-0.8
Real GDP at 2013 prices (<i>SAT\$/million</i>)	491.6	475.7	-3.2	1,988.00	1,942.67	-2.3
GDP per capita (<i>SAT\$ 2013 prices</i>)	2,753.00	2,794.00	1.5	10,911.00	10,734.00	-1.6
Consumer Price Index (Inflation Rate)	-5.0	11.6		-1.6	3.1	
Number of formal employment (end of period)	24,214	24,134	-0.3	24,214	24,134	-0.3
Number of Tourism Arrivals	0.00	0.00	0.0	21,673	0.00	-100.0
	<i>(SAT\$/million)</i>			<i>(SAT\$/million)</i>		
Tourism Earnings	0.00	0.00	0.0	63.00	0.00	-100.0
Remittances	162.10	215.88	33.2	606.98	661.58	9.0
Exports	22.62	20.19	-10.8	104.870	74.12	-29.3
Imports	218.89	254.01	16.0	759.88	863.15	13.6
Trade Deficit	-196.3	-233.8	19.1	-657.84	-788.96	19.9
Gross Official Foreign Reserves (<i>end of period</i>)	729.55	767.28	5.2	729.55	767.28	5.2
Balance of Payment						
Current Account	-92.8	-63.8	-31.3	-208.95	-295.45	41.4
Capital Account	70.31	22.77	-67.6	262.4	204.1	-22.2
Overall Balance	33.2	-20.6	-162.1	229.81	0.41	-99.8
Money Supply	1,309.91	1,332.04	1.7%	1,309.91	1,332.04	1.7
Government Finance Statistics						
Total Revenue	210.78	192.00	-8.9	854.45	747.32	-12.5
Total Expenditure	166.53	193.43	16.0	651.22	665.72	2.2
Net Operating Balance	44.25	-1424.10	-96.8	203.24	81.60	-59.9
Net Lending / borrowing	28.97	-1643.96	-94.33	168.00	13.10	-92.2
Official Government External Debt	1005.21	998.66	-0.7	1005.21	998.66	-0.7
Debt Servicing	10.6	10.6	0	58.83	35.60	-39.5
Exchange Rates	<i>(Quarter average rates)</i>			<i>(Annual average rates)</i>		
USD	0.40	0.38	-2.9	0.38	0.39	2.9
NZD	0.55	0.56	2.5	0.58	0.56	-2.7
AUD	0.52	0.53	2.9	0.54	0.52	-3.4
EURO	0.32	0.34	5.5	0.33	0.33	2.4
FJD	0.81	0.81	0.8	0.82	0.81	-0.6
YEN	40.83	44.22	8.3	39.94	43.38	8.6
Petroleum	<i>Retail Prices (sene/ltr)</i>			<i>Retail Prices (sene/ltr)</i>		
Petrol	2.18	3.15	44.5	2.18	3.15	44.5
Kerosene	1.68	2.66	58.3	1.68	2.66	58.3
Diesel	2.08	3.03	45.7	2.08	3.03	45.7
	<i>FOB Prices (USD/bbl)</i>			<i>FOB Prices (USD/bbl)</i>		
Petrol	44.82	95.77	113.7	44.82	95.77	113.7
Kerosene	41.62	93.02	123.5	41.62	93.02	123.5
Diesel	43.37	93.45	115.5	43.37	93.45	115.5

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