



GOVERNMENT OF SAMOA
MINISTRY OF FINANCE
QUARTERLY ECONOMIC REVIEW

Issue No 102

First Quarter FY2023/24 (Jul-Sep 2023)

Twelve months review (Oct 2022– Sep 2023)

Gross Domestic Product

As the economy continues to recover from the adverse impacts of the pandemic and other global tensions, the first quarter of Financial Year (FY) 2023/24 registered **a great increase in real GDP by 14.4%** reaching **\$575.75 million** when compared to the first quarter of the previous financial year 2022/23.

Ongoing economic recovery is substantially reflected in the positive growth rates recorded for most industries in the reviewing September quarter FY2023/24 when compared to the September quarter of FY2022/23. **Business Services surged by 161.3%**. The re-opening of borders enabled many businesses to resume operations, particularly travel related businesses. Notably, the implementation of major projects delayed by the pandemic helped to revive businesses with professional, scientific and technical activities.

Aside from the high number of visiting friends and relatives travelling to Samoa, major events held during the reviewing quarter such as the 2023 World Regatta Championship, Religious Meetings and the annual Teuila Festival, also influenced the high number of tourist arrivals. This influx in tourist arrivals triggered a boost in economic activities which led to strong growths in the following industries: **Accommodations & Restaurants (96.9%), Transport (41.3%), Commerce (25.2%) and Communication (9.0%)**.

On the contrary, **Other Manufacturing** fell by 36.7%, impacted by increasing costs for production which in turn, hindered manufacturing activities. **Food & Beverages Manufacturing** decreased by 18.7% as the local production of food manufacturing fell steeply. **Agriculture** also went down by 3.7% resulting from a decrease in marketed consumption of domestic crops and a fall in the produce component of agricultural exports.

On an annual basis (Oct 2022 – Sept 2023), GDP in real terms amounted to \$2,089.32 million depicting a 10.4% increase over the \$1,892.36 million recorded for the year ending September 2022. The main industries which drove this annual growth were Commerce (5.0%), Business Services (2.2%), Accommodation and Restaurants (1.4%), Transport (1.0%) and Construction (0.7%).

Formal Employment

The total number of **formal paid employment stood at 25,976** at the end of September quarter FY2023/24 of which 53.3% were males and 46.7% were females. This indicated a **6.2% surge in total formal employment** with 1,522 more formal employees recruited compared to the September quarter of the previous financial year.

The escalating number of people travelling to Samoa since borders re-opened led to an increase in labour force demand with more job opportunities offered as the economy continues to grow. This stimulated employment growths for Accommodations industry (110.3%) and Restaurants industry (8.4%) for the reviewing quarter over its corresponding quarter in the previous financial year. Formal employment for the Education industry grew by 70.5% impacted by a large increase in female employees joining the industry. Other Services and Public Administration industries also registered employment growths of 15.6% and 9.6% respectively.

Consumer Price Index

The end of period inflation increased by 1.3% compared to the same period of the previous financial year. This was heavily influenced by the 5.5% rise in the local goods component triggered by costly local food items in the reviewing period over its comparable period in the previous financial year. In contrast, the imported goods component declined by 2.2% as lower prices were recorded for imported food and fuel.

As a result, higher percentage change in prices were recorded for the following groups in September 2023 when compared to September 2022: Miscellaneous goods and services (8.0%), Restaurants and Hotels (6.1%), Food and Non Alcoholic Beverages (5.3%), Clothing and Footwear (3.1%), Households Equipment and Maintenance (2.1%) and Alcoholic Beverages and Tobacco (0.1%).

Meanwhile, lower price levels were seen in the following groups: Transport (-7.4%), Communication (-1.3%), Education (-12.0%), Recreation and Culture (-0.2%), Furnishing, Routine Household Housing, Water, Electricity, Gas and Other Fuels (-1.8%), and Health (-4.8%).

Annual average inflation rate stood at 9.1% at the end of the September 2023 quarter which is a slight decrease from the 11.0% recorded at the end of September 2022.

Tourism and Remittances

The reopening of Samoa's international borders has helped to elevate the overall number of people visiting Samoa. **Total arrivals** for the reviewing period equated to **48,620 people**. The majority of visitors' arrivals recorded for September quarter FY2023/24 travelled from New Zealand and Australia mainly for the purpose of Holidays and to Visit Friends & Relatives (VFR). This greatly influenced **Total Earnings of \$159.36 million** for the period under review.

Total Remittances for the reviewing quarter stood at \$221.26 million tala which is a slight decrease of **1.5%** for the September quarter FY2023/24 when compared to the same quarter of FY2022/23. As international borders re-opened, many Samoans residing overseas travelled home to visit friends and relatives, carrying with them money they normally would have remitted when borders were still closed. This is also reflected in the decrease in total remittances received by Individuals, Families and Households from overseas for September quarter FY2023/24 when compared to September quarter FY2022/23. On the other hand, total remittance recipients for both Banknotes and Churches, Schools and Charities increased when compared to the same quarter of previous fiscal year. New Zealand and Australia continue to be Samoa's main contributing markets to total remittances.

Trade & Balance of Payments

For the September quarter of FY2023/24, **total commodity exports amounted to \$30.99 million**, which is a **7.9% decrease** from the amount recorded in the September quarter of FY2022/23. This came as a result of notable reductions in the level of exports for the following commodities, when comparing the September 2023 and September 2022 quarters: Nonu Juice (-78.1%), Beer (-75.4%), Kava (-63.5%), Coconut Oil (-48.2%), Spring water (-44.4%), Fresh Fish (-25.3%) and Cigarettes (-21.5%).

Total commodity imports fell by 4.6% from September quarter FY2022/23 to stand at **\$295.04 million** at the end of September quarter FY2023/24. This was largely impacted by reductions in levels of Government Imports (-62.7%) and Petroleum Imports (-34.1%).

The **balance of trade in services recorded a surplus of \$135.54 million** for the reviewing September quarter of FY2023/24. Similarly, the **Current Account balance also registered a surplus of \$52.70 million** triggered by Balance on Secondary Income surplus of \$197.81 million tala offsetting the \$145.11 million tala deficit recorded for the Balance on Goods, Services and Primary.

The **Capital account registered a \$59.77 million** surplus as Capital Account Debit boosted by 371.3% in the period under review. Overall, the **Balance of Payments recorded a surplus of \$24.93 million** by the end of the first quarter of FY2023/24.

Gross Official Foreign Reserves

Gross Official Foreign Reserves for September FY2023/24 quarter improved by \$348.56 million from its corresponding quarter in the previous financial year to stand at **\$1138.12 million tala**. This is equivalent to **11.5 months of import cover** for the quarter under review.

Money Supply

Money Supply amounted to \$1,575.96 million by the end of September quarter of FY2023/24. This depicts a 13.5% increase from total money supply recorded in the previous September quarter, with Narrow money (M1) and Quasi money (M2) increasing by 22.34% and 5.66% respectively.

Fiscal Performance

The **Net Operating Balance** (Revenue less Operating expense) for September quarter of FY2023/24 showed a **surplus of \$65.25 million tala**. Improved revenue collection of \$238.99 million tala which offset government expenditures of \$173.73 million tala during the quarter attributed to this positive balance. When compared to September 2022 quarter, the Net Operating Balance for September 2023 went up by \$39.93 million tala.

Similarly, the **Net Lending/Borrowing Balance** for the Budgetary Central Government operations during the reviewing quarter also recorded a surplus of **\$63.70 million tala**. This reflects an increase of \$80.00 million tala from the deficit recorded during the September 2022 quarter. Strong revenue collections and a significant drop in the Net Acquisition of financial assets (which helped to sustain level of government spending) were the driving mechanisms behind this positive outturn.

In the twelve months' period ending September 2023, surpluses were registered for Net Operating Balance as well as Net Lending/Borrowing of \$208.19 million tala and \$157.63 million tala respectively.

Official Government Debt

Total public debt during September quarter of FY2023/24 amounted to **\$880.83 million tala, which is equivalent to 32.8% of GDP**. The outstanding amount consists of \$825.98 million tala regarded as public external debt and \$54.85 million tala pertaining to public domestic debt. The last four quarters show declining trends for total public debt both in nominal values and also as a percentage of GDP. In addition, no new loans were made during the quarter under review and year to date.

Total debt servicing paid during September quarter FY2023/24 amounted to **\$35.64 million tala** whereby \$34.26 million tala was external debt service and \$1.38 million was domestic debt service. When compared to the September quarter of the previous financial year, total debt servicing increased by 5.8% impacted mainly by the resumption of debt service payments for loans supported under the G20 DSSI and the six monthly debt repayments for the EXIM Bank loans.

Exchange Rates

The exchange rates for the reporting quarter indicate fluctuations in the Samoan tala, appreciating against the USD, AUD, FJ and YEN currencies and depreciating against the NZD and EUR currencies.

On an annual basis, the Samoan tala recorded depreciations against USD and EUR currencies and appreciations against NZD, AUD, FJ and YEN currencies.

Petroleum Prices

With the different events occurring around the globe, the changes in the supply and prices of crude oil continue to influence both domestic and international prices for petroleum in Samoa. As such, the domestic retail prices for the reviewing quarter notified decreases in Kerosene by -21.9%, Diesel by -19.5% and Petrol by -14.3% when compared to the same quarter of the previous financial year.

Furthermore, International Prices (USD per barrel) for petroleum registered declines in the following groups during September 2023 quarter compared to September 2022 quarter: Diesel (-10.6%), Kerosene (-8.9%), and Petrol (-10.3%).

TABLE 1: KEY ECONOMIC INDICATORS

	Quarter			Twelve-month period		
	1QFY22/23	1QFY23/24	% Change Quarter	Oct 2021 – Sep 2022	Oct 2022 – Sep 2023	% Change Annual
Nominal GDP (<i>SAT\$/million</i>)	599.33	732.00	22.1	2,227.68	2,683.23	20.4
Real GDP at 2013 prices (<i>SAT\$/million</i>)	503.36	575.75	14.4	1,892.36	2,089.32	10.4
GDP per capita (<i>SAT\$ 2013 prices</i>)	2,888.15	3,492.29	20.9	10,759.84	12,778.65	18.8
Consumer Price Index (Inflation Rate)	15.3	1.3	-91.5	11.0	9.1	-17.3
Number of formal employment (end of period)	24,454	25,976	6.2	24,454	25,976	6.2
Number of Tourism Arrivals	14,579	48,620	233.5	14,579	48,620	233.5
	<i>(SAT\$/million)</i>			<i>(SAT\$/million)</i>		
Tourism Earnings	48.25	159.36	230.3	48.25	159.36	230.3
Remittances	224.56	221.26	-1.5	792.55	828.54	4.5
Export of Goods	33.63	30.99	-7.9	100.71	116.40	15.6
Import of Goods	309.14	295.04	-4.6	1,008.38	1,191.93	18.2
Merchandise Trade Balance (Surplus/Deficit[-])	-275.51	-264.05	4.2	-907.67	-1,075.53	-18.5
Gross Official Foreign Reserves (<i>end of period</i>)	789.56	1,138.12	44.1	789.56	1,138.12	44.1
Money Supply (<i>end of period</i>)	1,389.07	1,575.96	13.5	1,389.07	1,575.96	13.5
Balance of Payment						
Current Account Balance (Surplus/Deficit[-])	-53.90	52.70	197.8	-249.97	-15.72	93.7
Capital Account Balance (Surplus/Deficit[-])	59.05	59.77	1.2	268.36	294.15	9.6
Overall Balance (Surplus/Deficit[-])	-9.47	24.93	363.3	51.31	225.76	340.0
Government Finance Statistics						
Total Revenue	184.83	238.99	29.3	842.09	926.77	10.1
Total Expenditure	159.51	173.73	8.9	739.48	718.58	-2.8
Net Operating Balance (Surplus/Deficit[-])	25.32	65.25	157.7	102.61	208.19	102.9
Net Lending / borrowing Balance (Surplus/Deficit[-])	-16.31	63.70	-490.6	51.65	157.63	205.2
Official Government Debt						
Debt Servicing	33.70	35.64	5.8	33.70	35.64	5.8
Exchange Rates						
	<i>(Quarter average rates)</i>			<i>(Annual average rates)</i>		
USD	0.36	0.36	0	0.37	0.37	0
NZD	0.62	0.60	-3.2	0.58	0.59	-3.2
AUD	0.55	0.56	1.8	0.53	0.55	1.8
EURO	0.36	0.34	-5.6	0.35	0.34	-5.6
FJD	0.82	0.82	0	0.82	0.82	0
YEN	51.31	53.66	4.6	48.34	51.07	4.6
Petroleum						
	<i>Retail Prices (sene/ltr)</i>			<i>Retail Prices (sene/ltr)</i>		
Petrol	3.74	3.20	-14.3	3.74	3.20	-14.4
Kerosene	3.68	2.88	-21.9	3.53	2.88	-21.7
Diesel	4.09	3.29	-19.5	3.98	3.29	-19.6
	<i>FOB Prices (USD/bbl)</i>			<i>FOB Prices (USD/bbl)</i>		
Petrol	116.53	104.54	-10.3	123.50	104.54	-10.3
Kerosene	134.88	122.90	-8.9	134.38	122.90	-8.9
Diesel	137.12	122.63	-10.6	139.46	122.63	-10.6

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