GOVERNMENT OF SAMOA

MINISTRY OF FINANCE

QUARTERLY ECONOMIC REVIEW

Issue No.110 First Quarter FY2025/26 (Jul-Sep 2025) Twelve months' review (Oct 2024 – Sep 2025)

Gross Domestic Product

The first quarter of Financial Year (FY) 2025/26 registered a **contraction in real GDP of 1.5%,** bringing total output to **$663.8 million**. This marks the first contraction after six consecutive quarters of growth. This quarter reflects a cooling of economic momentum as the economy adjusts from last year's elevated activity across major industries.

Beyond these structural shifts, short-term movements in activity were also shaped by several key factors during the quarter. **July** featured several large gatherings including the Samoa Vibes Concert, Worship Centre Church Worldwide Mission Conference, Foga'a Gospel Festival, and the Methodist Church Annual Conference which supported short-term increases in hospitality, food services, transport, and business-related activities. In **August,** preparations for the planned upgrade of the national weather radar system signalled continued investment in public infrastructure. Additionally, preparations for the General Elections likely caused increases in the Communications, Accommodation and Restaurants, and Business Services industries, reflecting higher demand for advertising, campaign travel, event activities, and logistical support.

However, the dengue fever outbreak weighed on domestic activity. In **September,** the Samoa Energy Week activities supported engagement in the utilities and public administration sectors. Collectively, these developments resulted in uneven industry performance and a gradual normalisation in activity from the positive growth levels recorded between March 2024 quarter and June 2025 quarter.

The **Personal & Other Services** industry recorded the **highest growth rate at 29.3%**, reflecting a strong rebound in personal service activities. **Accommodation & Restaurants rose by 18.9%,** supported by increased hospitality demand linked to visitor spending and local events. **Communications grew by 17.3%,** underpinned by continued improvements among service providers. **Business Services increased by 12.1%,** supported by activities such as vehicle rental and leasing, travel agencies, and building and industrial cleaning. Further expansion was observed in **Electricity & Water (10.0%), Financial Services (8.5%), Other Manufacturing (4.4%), Public Administration (3.2%), Ownership of Dwellings (3.1%), Construction (1.2%), and Food & Beverages Manufacturing (0.1%).**

In contrast to the industries that expanded, several key industries experienced declines during the quarter. The **Fishing industry recorded a drop of 23.6%**, reflecting reduced inshore landings and weaker export activity. **Commerce fell by 10.3%,** driven by weaker wholesaling and retailing activity following last year's elevated CHOGM-related demand. **Transport decreased by 8.9%,** consistent with lower passenger movements and softer cargo volumes. **Agriculture declined by 6.8%,** driven by reductions in both marketed and non-marketed production alongside weaker export demand. These downturns highlight the pressures facing primary and trade-related industries during the period, contributing to the overall contraction in real GDP.

Formal Employment

Formal employment stood at **27,853** by the end of the September quarter, with males accounting for 52.0% and females representing 48.0% of the total workforce. Overall employment rose by **4.1%,** equivalent to an additional 1,099 jobs compared to the same period last year. This outcome marks the twelfth consecutive quarter of sustained employment growth since December 2022.

This growth was largely supported by significant increases in key industries, most notably in **Restaurants (35.6%), Construction (31.0%), Communications (27.9%), and Other Business Services (26.1%).**

Labour market conditions remained broadly favourable throughout the quarter, with all major sectors posting gains. The Secondary Industry recorded the strongest expansion at 9.7%, underpinned by sustained growth in construction activity. The Tertiary Industry followed with a 3.0% increase, reflecting steady hiring across service-related sectors. The Primary Industry also registered a 3.1% rise, though its impact on overall employment remained modest given its smaller labour base. Public Administration further reinforced the positive trajectory, expanding its workforce by 4.9%.

Overall, the employment performance for the quarter underscore improving labour market confidence and strengthened demand across both goods-producing and service-oriented industries.

Consumer Price Index

On a quarterly basis, the CPI Index level was at 138.5 indicating a 2.8% increase from the previous corresponding quarter recorded at 134.5. This outcome was largely influenced by a 2.3% increase in the **imported goods component**, stemming from higher prices for food items and other consumer products. At the same time, the **local goods component** increased by 3.3%, reflecting elevated prices for agricultural produce.

Upward price pressures were evident across several CPI Groups, led by Restaurants (9.0%), Alcoholic Beverages, Tobacco and Narcotics (4.6%), Food and Non-Alcoholic Beverages (3.8%), Health (3.4%), Miscellaneous Goods and Services (1.9%), Clothing and Footwear (1.6%), Transport (0.6%), Communication (0.2%), Housing, Water, Electricity, Gas and Other Fuels (0.2%), and Education (0.1%). In contrast, slight declines were recorded in Recreation and Culture (-1.5%) and Furnishings, Household Equipment and Maintenance (-1.0%).

On an annual basis , the **annual average inflation rate stood at 2.8%,** compared to 2.9% in the September quarter of last year. This modest decline represents a small disinflation, where inflation remains positive but at a slightly slower pace than before. The change was mainly influenced by price reductions in Transport, Furnishings, Household Equipment and Maintenance, and Clothing and Footwear. This trend reflects overall price stability, easing cost pressures, and supporting purchasing power during the quarter.

This pronounced deflationary shift was predominantly driven by sustained price declines in Restaurants and Hotels, Furnishings, Household Equipment and Maintenance, and Transport.

The quarter in review reflects a mixed inflationary environment, where easing global cost pressures and domestic supply improvements helped moderate price growth, despite continued increases in key consumption categories.

Tourism

In this September quarter, total arrivals stood at **52,144,** reflecting an increase of **1,321 visitors** compared to the same quarter of the previous year. The majority of arrivals were sourced from New Zealand and Australia, with the leading travel purposes being visiting friends and relatives (VFR) and holidays.

This growth in visitor numbers translated into a positive impact on **tourism earnings**, which rose to **$183.2 million**, an upturn of 10.1% from the September 2024 quarter. The increase reflects higher spending patterns by both international tourists and returning citizens during the period.

Remittances

Total remittances for the reviewed quarter amounted to **$231.59 million**, marking a **3.6%** decline from the same quarter last financial year. This downturn was primarily driven by a decrease in transfers for Churches and Non-Government Schools and Other categories. Conversely, when compared to the same quarter of the previous financial year, the period recorded moderate growth in inflows to Samoan individuals and a significant increase in foreign banknote receipts. Overall, the quarterly outcome reflects a temporary easing in remittance momentum despite underlying improvements in key personal transfer components.

Trade & Balance of Payments

Total commodity exports for the period amounted to **$19.11 million**, representing a 33.5% decline of $9.62 million. This reduction was primarily driven by lower exports of Copra (-75.3%), Coconut Oil (-73.0%), Taro (-69.5%), Scrap Metal (-57.1%), Nonu Juice (-56.9%), Other Exports (-41.5%), Coconut Cream (-22.6%), and Coconut (-6.8%). Conversely, these losses were partially offset by increased exports for Fresh Fish (2836.8%), Kava (210.0%), and Beer (31.5%).

Total commodity imports decreased by 5.3% to **$295.65 million**, largely due to a significant 32.7% reduction in petroleum imports. This drop in petroleum was attributed to the absence of a shipment in July which occurred alongside moderate increases for Government Imports (6.3%) and Others (1.2%).

The **Balance of Trade in Goods** during the quarter reflected a negative balance of **$276.54 million.** This was influenced by a sustained decline in the volume of products exported during the period, together with a concurrent reduction in import levels.

In contrast, the **Balance of Trade in Services** recorded a surplus of **$182.06 million**, indicating a 21.3% increase compared to the same quarter of the previous financial year

The **Current Account Balance** rose to **$101.64 million,** reflecting an increase of 55.7% compared to the corresponding quarter of the previous fiscal year. The surplus was driven by stronger services earnings and sustained secondary income inflows, combined with a modest reduction in the goods deficit as imports eased during the quarter.

Moreover, the **Capital Account Balance** recorded an inflow of $57.01 million representing a 19.6% decrease from the previous year due to a corresponding decline in Capital Account Credit. Overall, the **Balance of Payments** registered a surplus of **$9.39 million** during the review quarter.

Gross Official Foreign Reserves

Gross official foreign reserves recorded a notable increase of 15.8% (or $220.05 million), reaching a total of **$1,616.89 million** for the quarter. This level of reserves translates to an import cover of **15.9 months**, up from 13.6 months in the previous financial year, therein indicating stronger external buffers and sustained foreign exchange stability.

Money Supply

Money supply amounted to **$5,310.61 million**, representing a 3.6% increase from the same quarter of the previous fiscal year. This expansion was largely driven by a 5.5% rise in Quasi Money (M2) and a 2.1% increase in Narrow Money (M1), indicating continued growth in both savings and transactional balances relative to FY2024/25.

Fiscal Performance

The Net Operating Balance (Revenue less Operating Expenses) for the review quarter recorded a surplus of **$128.4 million**, reflecting sustainable tax collections and other revenues. This contributed to **total revenue** of $246.73 million, sufficient to cover total expenditures of $118.34 million.

The Central Budgetary Government Operations' **Net Lending/Borrowing Balance** for the quarter amounted to **$102.37 million**, illustrating the Government's overall fiscal position after accounting for revenue and expenses. This turnout was influenced by an increase of $26.02 million in the Net Acquisition of Financial Assets, signifying higher government investment activity during the review period.

For the twelve months ending September 2025, surpluses were recorded in both Net Operating Balance and Net Lending/Borrowing, amounting to $366.32 million and $269.76 million, respectively. These reported outcomes point to sustained fiscal discipline, supported by stable revenue performance and prudent expenditure management.

Official Government Debt

Official Government Debt registered a total amount of **$737.66 million** which is equivalent to **20.6% of Nominal GDP** as of the end of the September quarter. Multilateral and Bilateral loans accounted for 61.3% ($420.79 million) and 38.71% ($265.73 million) of disbursed outstanding debt (DOD) respectively.

Total debt servicing recorded a total amount of **$26.75 million tala** which reflected a downturn of $7.93 million by 22.9% over the comparable quarter of FY2024/25. Furthermore, total debt servicing for the twelve months' period (October 2024 to September 2025) amounted to $86.73 million tala.

Exchange Rate

During the September period, the Samoan tala strengthened against the **New Zealand, Japanese, and Fijian currencies**, helping to ease import costs from these markets. In contrast, it weakened against the **US dollar** and **EURO** , raising the cost of trade priced in these major currencies.

On an **annual basis**, the tala similarly appreciated against the **NZD, AUD, and FJD**; however, it depreciated against the **EURO, USD, and YEN** currencies. These exchange rate movements indicate continued volatility across major global currencies and implied lower import costs from regional trading partners.

Petroleum Prices

In the September quarter of FY2025/26, domestic retail prices recorded an increase of **0.2%** for **Petrol,** while **Kerosene and Diesel** declined by **7.3% and 3.1%** respectively, compared with the same period of the previous financial year.

Furthermore, **International Prices** (USD per barrel) for petroleum registered declines during the period, with **Kerosene falling by 14.0%, Petrol by 13.1%, and Diesel by 8.5%** relative to the September quarter of FY2024/25. These downward shifts in global market prices helped offset domestic cost pressures, contributing to easing price movements across most fuel categories.

Overall Economic Performance

Economic activity moderated in the September quarter, leading to a slight contraction in real GDP as major industries eased from previous peaks. Despite this, employment strengthened through broad-based hiring, and inflation remained contained as falling global costs offset rising food and communication prices.

The external position remained strong, bolstered by increased tourism arrivals and vital remittance inflows. These earnings, combined with sustained secondary income, expanded the current account surplus and kept foreign reserves well above required levels. Furthermore, favourable fiscal conditions driven by improved revenue and prudent spending maintained public debt at sustainable levels. Overall, the economy stayed stable, supported by resilient services and steady external inflows.

TABLE 1: KEY ECONOMIC INDICATORS						
	Quarter			Twelve-month period		
	1QFY24/25	1QFY25/26	% Change Quarter	Oct 2023 – Sept 2024	Oct 2024 – Sept 2025	% Change Annual
Nominal GDP ***(SAT$/million)***	903.57	910.64	0.8	3,330.48	3,592.02	7.9
Real GDP at 2013 prices **(SAT$/million)**	673.86	663.82	-1.5	2,491.15	2,582.61	3.7
GDP per capita ***(SAT$ 2013 prices)***	4,269	4,261	-0.19	15,770	16,850	6.8
Consumer Price Index (Inflation Rate)	2.4	2.8	15.2	2.9	2.8	-3.4
Number of formal employment **(end of period)**	26,754	27,853	4.1	104,631	106,076	1.4
Number of Tourism Arrivals	50,823	52,144	2.6	177,859	181,975	2.3
Tourism Earnings	166.40	183.18	10.1	629.23	668.99	6.3
Remittances	240.31	231.59	-3.6	895.39	894.05	-0.1
Export of Goods	28.74	19.11	-33.5	102.19	95.41	-6.6
Import of Goods	312.04	295.65	-5.3	1,232.78	1,218.20	-1.2
Merchandise Trade Balance (Surplus/Deficit [-])	-283.30	-276.54	-2.4	-1,130.59	-1,122.80	-0.7
Gross Official Foreign Reserves ***(end of period)***	1,396.84	1,616.89	15.8	1,396.84	1,616.89	15.8
Money Supply ***(end of period)***	5,124.02	5,310.61	3.6	5,124.02	5,310.61	3.6
Balance of Payment						
Current Account Balance (Surplus/Deficit[-])	65.30	101.64	55.7	160.0	241.12	50.7
Capital Account Balance (Surplus/Deficit[-])	70.94	57.01	-19.6	402.70	254.70	-36.8
Overall Balance (Surplus/Deficit[-])	29.17	9.39	-67.8	204.67	136.07	-33.5
Government Finance Statistics						
Total Revenue	241.0	246.7	2.4	1147.68	1119.86	-2.4
Total Expenditure	198.1	118.3	-40.3	822.73	753.54	-8.4
Net Operating Balance (Surplus/Deficit[-])	42.86	128.4	199.5	324.96	366.32	12.7
Net Lending / borrowing Balance (Surplus/Deficit[-])	0.34	102.37	30216.4	239.25	269.76	12.8
Official Government External Debt	795.95	737.66	-7.3	795.95	737.66	-7.3
Debt Servicing	34.67	26.75	-22.9	98.43	86.73	-11.9
Exchange Rates	***(Quarter average rates)***			***(Annual average rates)***		
USD	0.37	0.36	-4.2	0.37	0.36	-2.9
NZD	0.59	0.63	7.3	0.59	0.62	4.1
AUD	0.54	0.54	1.3	0.55	0.56	2.2
EURO	0.33	0.31	-7.7	0.34	0.32	-4.5
FJD	0.81	0.81	0.2	0.81	0.82	0.8
YEN	52.84	54.87	3.8	54.62	53.89	-1.4
Petroleum	***Retail Prices (sene/ltr)***			***Retail Prices (sene/ltr)***		
Petrol	2.98	2.99	0.2	2.98	2.99	0.2
Kerosene	2.86	2.65	-7.3	2.86	2.65	-7.3
Diesel	3.25	3.15	-3.1	3.25	3.15	-3.1
	FOB Prices (USD/bbl)			***FOB Prices (USD/bbl)***		
Petrol	92.13	80.10	-13.1	92.13	80.10	-13.1
Kerosene	98.37	84.63	-14.0	98.37	84.63	-14.0
Diesel	99.30	90.89	-8.5	99.30	90.89	-8.5

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