



GOVERNMENT OF SAMOA

MINISTRY OF FINANCE QUARTERLY ECONOMIC REVIEW

Issue No. 111

Second Quarter FY2025/26 (Oct - Dec 2025)

Twelve months' review (Jan - Dec 2025)

Gross Domestic Product

The second quarter of Financial Year FY2025/26 recorded a **growth in real GDP of 0.2%**, bringing total economic output to **\$634.3 million**. This represents a significant moderation in pace compared to the 7.8% expansion recorded in the December 2024 quarter, reflecting a period of normalization as the economy transitions from the strong growth momentum experienced in previous quarters.

This adjustment was accompanied by a range of social and economic activities that supported demand across industries during the quarter. Events such as the Miss Samoa Pageant and White Sunday celebrations contributed to increased domestic demand, while the opening of new supermarkets, including Frankie Siusega Ltd and Farmer Joe Fugalei, signalled continued private sector engagement and retail expansion. In addition, increases in pension and disability welfare payments provided income support to households, helping to sustain consumption during the quarter. Customary activities during the holiday season such as the bestowal of matai titles, family reunions, weddings, and peak visitation from friends and relatives (VFRs) further underpinned activity in hospitality, transport, and personal services, reinforcing short-term demand across the domestic economy.

Against this backdrop, industry-level performance remained mixed, reflecting differing industrial responses to prevailing conditions. **Business Services** recorded the **highest growth rate at 34.5%**, driven largely by increased activity among travel agencies and other professional services, likely linked to higher travel, events, and related logistical needs. **Personal & Other Services** rose by **16.3%**, supported by stronger activity in education and other personal services. **Accommodation & Restaurants** expanded by **14.5%**, reflecting increased hospitality and dining activity typical of the holiday season and heightened social and visitor-related events. Further growth across **Other Manufacturing (11.0%)**, **Agriculture (7.8%)**, **Electricity & Water (5.9%)**, **Public Administration (5.9%)**, **Financial Services (3.2%)**, and **Ownership of Dwellings (3.1%)** highlights continued momentum in both service-oriented and utility-related industries.

However, these gains were offset by contractions in several key industries, tempering overall economic growth. The **Fishing industry declined by 15.5%**, reflecting reduced inshore landings and weaker export performance, which weighed on primary production. **Transport fell by 11.6%**, primarily due to lower land transport demand, and **Commerce decreased by 9.0%** amid subdued wholesaling and retail trade conditions. Additional declines in **Food**

& Beverages Manufacturing (3.8%), Construction (3.6%), and Communication (2.7%) suggest softer investment and production activity during the quarter. Together, these contractions highlight ongoing structural and cyclical pressures in trade-related and goods-producing industries, contributing to the subdued overall growth outcome for the reviewing period.

Formal Employment

At the end of the December quarter of FY2025/26, the formal labour force reached **28,616** individuals with 51.7% male and 48.3% female. This reflects a **9.7%** quarterly increase, driven by the addition of 2,542 new employees, signalling sustained employment growth compared to the same period last fiscal year.

During the December quarter, traditionally the peak holiday season, employment was boosted by increased economic activity driven by ongoing project implementation and higher visitor arrivals. These factors increased labour demand and created more job opportunities for local residents. This period has resulted in a rise in total employment across key industries, including Construction with an increase of 42.3%, Restaurants at 34.6%, Communication at 28%, Other Business Services at 24.4%, Public Administration at 23.7%, Water at 15.7%, Accommodation at 15.1%, Commerce at 13.2%, Agriculture at 10.7%, Education at 9.4%, Food Manufacturing at 7.0, Other Manufacturing at 3.4% and Finance Services at 3.2%. These outcomes demonstrate the broad-based impact of holiday-season activity, tourism-related demand, and continued project implementation within the labour market.

Conversely, declines were recorded in Personal Services (-16.9%), Fishing (-13.6%), Health (-10.9%), Transport (-10.6), Other Services (-8.6%), and Electricity (-8.6%), reflecting industry-based slowdowns, reduced seasonal output, and the completion of short-term contracts in selected service and utility industries.

The Public Administration industry experienced the strongest growth for the reported quarter, expanding by 23.7%, supported by continued increases in its workforce. This was followed by the Secondary Industry, which grew by 13.8%, largely driven by heightened construction activity. The Tertiary Industry also recorded a 3.8% rise, reflecting steady employment gains across service-related sectors. Meanwhile, the Primary Industry grew by 2.8%, although its contribution to overall employment remained limited due to its relatively small labour base.

Overall, labour market performance this quarter highlights broad-based expansion, driven by increased economic activity and higher labour demand across multiple industries, reinforcing confidence in both the goods and service sectors

Consumer Price Index

The Consumer Price Index shifted from an increase of **2.8%** in December of FY2024/25 to a **0.4%** decrease in December of FY2025/26, reflecting a reduction in price pressures across the economy. Consequently, this has resulted in a decrease in prices in the following groups: Recreation and Culture (-9.0%), Clothing and Footwear (-4.6%), Food and Non Alcoholic Beverages (-3.1%), Furnishing, Household Equipment and Routine

Household Maintenance (-0.8%), and Housing, Water, Electricity, Gas and Other Fuels (-0.3%).

On the other hand, a rise in the prices of goods over the comparable quarter was seen in the following groups: Alcoholic Beverages and Tobacco (4.7%), Health (4.7%), Restaurants and Hotels (4.3%), Transport (4.1%), Miscellaneous goods and services (1.5%), Communication (0.1%), and Education (0.1%).

The annual average inflation rate at the end of the reviewed quarter **stood at 2.2%, remaining unchanged** compared to the corresponding period of FY2024/25, which was also recorded at 2.2%. This stability reflects offsetting movements across industries, with declines in Recreation and Culture, Transport, and Furnishings, Household Equipment and Routine and Maintenance balancing out increases in other industries.

Tourism and Remittances

Total arrivals at the end of the December quarter reached **53,996**, representing a 17.1% decrease compared to the same quarter of the previous fiscal year. The decline was driven mainly by lower cruise ships arrivals, business travel, and arrivals for Other purposes during the period. Despite this reduction, Holiday visitors, Visiting Friends and Relatives (VFR) from key markets continued to increase during the festive season; along with a notable increase in visitors for Sport events. These arrivals helped support tourism **earnings of \$195.02 million**, an improvement of 0.7% from the December 2024 quarter, driven by higher spending from both VFRs and holiday visitors.

Total remittances for the quarter in review amounted to **\$246.25 million**, representing an

increase of **3.9%** compared with the same quarter of the previous financial year. This expansion was primarily underpinned by higher funds received for Samoan individuals, alongside increases in foreign banknote receipts and transfers for Churches and Non-government schools, and Other categories during the period when measured against the corresponding quarter of FY2024/25.

Trade & Balance of Payments

Total commodity exports for the quarter reached \$18.57 million, a 60.0% decline amounting to \$27.82 million from the previous financial year. This downturn was largely attributed to significant contractions in the exports of Copra (-93.8%), Coconut Cream (-92.9%), Coconut Oil (-84.3%), Nonu Juices (-54.0%), Taro (-49.0%), Coconut (-32.5%), Fresh Fish (-30.1%), and Other Exports (-27.3%). These losses were partially offset by increased exports for Kava (358.3%), Beer (46.2%), and Scrap Metal (22.2%).

The total value of commodity imports rose by 3.17%, amounting to \$329.33 million. The overall uptick was largely influenced by substantial increases in Government Imports of 129.7% and Petroleum Imports of 53.3%, despite reductions in Other Imports of 6.5%.

During the December quarter of the current financial year, the **Balance on Trade in Services posted a surplus of \$187.49 million, while the Current Account Balance showed a surplus of \$104.07 million** as a result of increases in the amounts recorded for Balance on Goods, Services and Primary (up by 25.4%) and Balance on Secondary Income (up by 12.7%). This represented an overall Current Account Balance increase of

\$1.16 million compared to the same quarter of the previous financial year.

Meanwhile, the **Capital Account** registered a surplus of **\$78.42 million**, reflecting an 8.0% rise from the corresponding period of FY2024/25, mainly driven by an increase in Capital Account Credit. Overall, the **Balance of Payments** resulted in a surplus of **\$41.46 million** for the reporting quarter.

Gross Official Foreign Reserves

Gross Official Foreign Reserves increased for the December quarter by 14.8 percent (\$213.96) million to reach **\$1,658.46 million**. This compares with \$1,444.50 million recorded in the corresponding quarter of FY2024/25, reflecting continued resilience in the external position. In line with this improvement, reserves were sufficient to cover **16.2 months of imports**, up from 14.1 months in the previous financial year, indicating a stronger buffer to support external stability.

Money Supply

Money Supply amounted to **\$5,307.29 million** at the end of the December 2025 quarter, reflecting a 0.9% increase compared to the same period in 2024. This growth was primarily driven by an increase in Quasi Money (M2), which rose by 4.9%, supported by expansions in both savings deposits 6.7% and time deposits 3.9%. In contrast, Narrow Money (M1) contracted by 2.4%, reflecting declines in transferable deposits (-4.3%), demand deposits (4.3%), and foreign currency deposits of residents (-4.4%).

Fiscal Performance

During the December 2025 quarter, the Government recorded a Net Operating Balance

surplus of **\$43.27 million**, supported by steady tax collections and consistent revenue inflows. **Total revenue reached \$256.69 million**, which was sufficient to cover **total expenditures of \$213.42 million**, underscoring continued fiscal prudence and effective resource management.

The **Net Lending/Borrowing Balance** for the Central Budgetary Government Operations recorded a deficit of **\$0.11 million**, reflecting the Government's overall fiscal position. This deficit is a result of higher capital outlays, which absorbed much of the operating surplus and contributed to the net negative balance. In addition, the Net Acquisition of Financial Assets fell by \$11.8 million, indicating reduced investment activity during the review quarter.

For the twelve months ending December 2025, the fiscal position remained favourable, with surpluses recorded in both major indicators. The Net Operating Balance amounted to \$306.18 million, while the Net Lending/Borrowing Balance reached \$206.21 million. These outcomes highlight sustained fiscal discipline over the period, driven by stable revenue performance and management of expenditures.

Official Government Debt

The second quarter of FY2025/26 closed with Official Government Debt amounting to **\$725.9 million**, representing **20.3% of Nominal GDP** at the end of the period. Multilateral loans continued to make up the larger share of the disbursed outstanding debt at 57% (\$411.43 million), Bilateral loans at 36% (\$263.82 million), and Domestic loans at 7% (\$50.7 million).

Total debt servicing was recorded at **\$11.27 million**, a reduction of \$3.36 million (23.0%) when compared with the same quarter of the previous financial year. For the twelve-month period from January 2025 to December 2025, total debt servicing reached \$83.37 million, underscoring the Government's ongoing commitment to maintaining manageable repayment levels and ensuring the long-term sustainability of public debt.

Exchange Rates

Exchange rate movements during the reviewing quarter showed signs of stabilisation, with the Samoan tala appreciating against the **USD and YEN**, while depreciating against the **AUD, EURO, and FJD** currencies. The tala's value against the **NZD** remained relatively consistent over the period, reflecting balanced market conditions.

On an **annual basis**, the tala strengthened against both the **NZD and FJD**, while recording depreciations against the **USD, EURO, and YEN** currencies. Meanwhile, movements against the **AUD** remained broadly stable throughout the quarter, suggesting limited fluctuations in this currency.

Petroleum Prices

Fuel price developments in the December quarter of FY2025/26 reflected upward movements relative to the same period last financial year. **Petrol prices rose by 2.1%**, while **Kerosene and Diesel** saw more pronounced increases of **3.9% and 3.3%** respectively. These increases reflect domestic pricing responses to changes in global fuel market conditions.

International fuel prices (USD per barrel) recorded mixed outcomes in December. **Diesel prices increased by 1.1%**, while **Petrol and Kerosene declined by 3.3% and 0.6%** respectively relative to December last financial year. These movements point to varying supply and demand dynamics across global fuel categories.

Overall Economic Performance

Economic activity moderated during the quarter, with real GDP growth easing as the economy adjusted from the strong momentum recorded in previous periods. While output growth softened, conditions across formal employment remained positive, reflecting continued labour market resilience. At the same time, movements in the Consumer Price Index indicated easing price pressures, contributing to stable domestic conditions despite ongoing cost adjustments in selected industries.

The external position remained supportive of overall economic stability, underpinned by resilient tourism earnings and continued growth in remittance inflows. These developments, alongside favourable outcomes in the Balance of Payments, helped maintain Gross Official Foreign Reserves well above prudential benchmarks. Meanwhile, sound outcomes in fiscal performance, supported by prudent expenditure management, contributed to sustainable official Government debt levels.

Overall, economic conditions remained stable during the reviewed quarter, supported by solid macroeconomic fundamentals and adequate policy buffers.

TABLE 1: KEY ECONOMIC INDICATORS

	Quarter			Twelve-month period		
	2QFY24/25	2QFY25/26	% Change Quarter	Jan 2024 – Dec 2024	Jan 2025 – Dec 2025	% Change Annual
Nominal GDP (<i>SAT\$/million</i>)	941.81	932.22	-1.0	3,455.34	3,582.43	3.7
Real GDP at 2013 prices (<i>SAT\$/million</i>)	633.19	634.26	0.2	2,536.93	2,583.68	1.8
GDP per capita (<i>SAT\$ 2013 prices</i>)	4,449.66	4361.60	-2.0	16,324.53	16,761.50	2.7
Consumer Price Index (Inflation Rate)	2.8	-0.4	-112.8	2.2	2.2	0.5
Number of formal employment (end of period)	26,075	28,616	9.7	104,787	108,617	3.7
Number of Tourism Arrivals	65,120	53,996	-17.1	211,038	202,820	-3.9
	<i>(SAT\$/million)</i>			<i>(SAT\$/million)</i>		
Tourism Earnings	193.72	195.02	0.7	639.80	670.29	4.8
Remittances	237.10	246.25	3.9	900.21	903.12	0.3
Export of Goods	46.39	18.57	-60.0	116.47	67.59	-42.0
Import of Goods	319.21	329.33	3.2	1,233.17	1,228.32	-0.4
Merchandise Trade Balance (Surplus/Deficit[-])	-286.72	-272.82	-4.8	-1,057.26	-1,116.69	5.6
Gross Official Foreign Reserves (<i>end of period</i>)	1444.50	1658.46	14.8	1444.50	1658.46	14.8
Money Supply (<i>end of period</i>)	5,260.02	5,307.29	0.9	5,260.02	5,307.29	0.9
Balance of Payment						
Current Account Balance (Surplus/Deficit[-])	102.91	104.07	1.1	181.07	247.71	36.8
Capital Account Balance (Surplus/Deficit[-])	72.65	78.42	8.0	398.25	294.61	-26.0
Overall Balance (Surplus/Deficit[-])	54.08	41.46	-23.3	238.10	203.14	-14.7
Government Finance Statistics						
Total Revenue	286.62	256.69	-10.4	1170.71	1092.74	-6.7
Total Expenditure	184.08	213.42	15.9	822.09	786.55	-4.3
Net Operating Balance (Surplus/Deficit[-])	100.55	43.27	-57.0	348.62	306.18	-12.2
Net Lending / borrowing Balance (Surplus/Deficit[-])	63.45	-0.11	-100.2	231.99	206.21	-11.1
Official Government External Debt (<i>end of period</i>)	801.90	725.95	-9.5	801.85	725.95	-9.5
Debt Servicing	14.63	11.27	-23.0	98.66	83.37	-15.5
Exchange Rates	<i>(Quarter average rates)</i>			<i>(Annual average rates)</i>		
USD	0.35	0.36	2.6	0.36	0.36	-1.0
NZD	0.62	0.62	0.0	0.60	0.62	2.5
AUD	0.56	0.54	-4.6	0.55	0.55	0.0
EURO	0.34	0.31	-9.2	0.34	0.31	-7.0
FJD	0.83	0.82	-0.8	0.82	0.82	0.1
YEN	55.19	56.42	2.2	55.32	54.20	-2.0
Petroleum	<i>Retail Prices (sene/ltr)</i>			<i>Retail Prices (sene/ltr)</i>		
Petrol	2.89	2.95	2.1	2.89	2.95	2.1
Kerosene	2.60	2.69	3.3	2.60	2.69	3.3
Diesel	2.98	3.10	3.9	2.98	3.10	3.9
	<i>FOB Prices (USD/bbl)</i>			<i>FOB Prices (USD/bbl)</i>		
Petrol	79.76	77.09	-3.3	79.76	77.09	-3.3
Kerosene	87.93	87.43	-0.6	87.93	87.43	-0.6
Diesel	87.92	88.89	1.1	87.92	88.89	1.1

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