



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

Press Release: 04/2018

Thursday 29th March, 2018

MONETARY POLICY STANCE – MARCH 2018

Following its meeting on March 29 2018, the Central Bank of Solomon Islands (CBSI) Board resolved to maintain the accommodative monetary policy stance for the next six months.

The decision made is in light of expected inflation to be within the accepted range and comfortable level of gross foreign reserves.

While inflationary pressures have surfaced in line with higher food and fuel prices in the second half of 2017, the Board expects it will be contained within a reasonable range. Headline inflation rose to 1.8% at the end of December 2017 from 0.5% posted in June 2017. The firmer rise in inflation largely reflects an increase in both the domestic and imported components of inflation. Core inflation rose to 0.7% in December 2017 from minus 1% in June 2017. Looking ahead, the Board expects headline inflation over the near term to be in the range of 2% -5%.

The economy is estimated to have grown by 3.7% in 2017 because of favorable performances in the logging, construction and the wholesale and retail sectors. Prospects for 2018 are for a moderate growth of 3.4%, stemming from the stabilization of log output and the fiscal consolidation. However, there are risks to this outlook and CBSI will continue to monitor the macroeconomic developments in the economy, and will take appropriate actions if necessary.

The full report of the *Monetary Policy Stance, March 2018* is accessible on the CBSI official website.

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