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CENTRAL BANK OF SOLOMON ISLANDS

Monthly Economic Bulletin

Data published in this bulletin are subject to revision and the Bank cannot guarantee the accuracy of the information obtained from outside sources.

Content

I. MONETARY DEVELOPMENTS

Money supply (M3) contracted by 3% in June 2026 to $6,797 million, extending the marginal 0.3% dip recorded in May. The decline in M3 stemmed from a 3% drop in narrow money (M1) to $5,834 million. Conversely, other deposits (time and savings) edged up by 0.2% to $964 million.

Net foreign assets (NFA) of the banking sector recorded a 4% growth in June to $6,357 million, up from a 1% increase in May. The improvement was driven by a 3% rise in the Central Bank's NFA to $6,309 million. ODCs' NFA turned positive, rising from minus $9 million in May to $48 million in June.

Credit to the private sector (PSC) narrowed by 0.4% in June to $2,952 million. Meanwhile, net credit to government (NCG) became more negative, falling to minus $857 million from minus $542 million in the previous month, reflecting a build-up in government deposits in the banking system.

Free liquidity[1] in the banking system declined by 5% in June to $3,079 million, following a 2% reduction in May. The contraction was driven by the accumulation of government deposits in the banking system. Required reserves reached $342 million in June 2026, 5% lower than the previous month.

Domestic Market Operations

The stock of the CBSI's Bokolo Bills remained capped at $430 million in June 2026. The weighted average yield (WAY) on the Bokolo Bills was unchanged at 0.40%, as in the preceding month. Treasury Bills data were not available at the time of publication.

II. EXTERNAL CONDITIONS

Trade in Goods

The trade in goods recorded a deficit of $79 million in June 2026, compared with a surplus of $177 million in May. This negative outcome was driven by a 30% increase in imports to $540 million, reflecting higher imports of food, machinery, manufacture goods and other imports. Meanwhile, exports declined by 22% to $461 million, mainly due to lower exports of logs, minerals and agricultural products during the month.

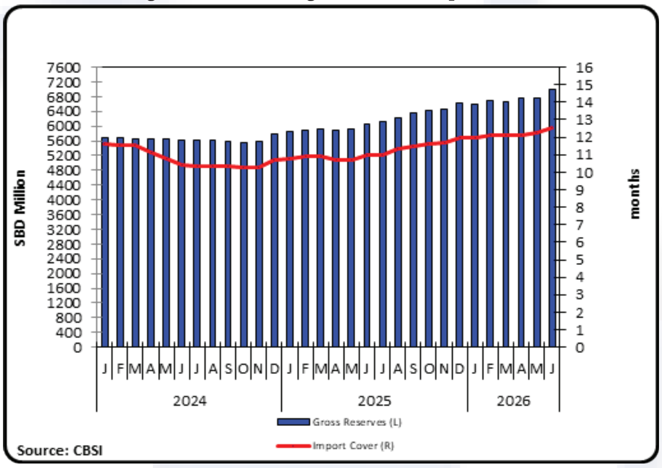
Remittances

In June 2026, remittance inflows processed through money transfer operators decreased by 15% to $34 million, while outward remittances also fell by 28% to $16 million. As a result, net remittances registered a surplus of $18 million, up from $17 million in the prior month.

Gross Foreign Reserves

Gross foreign reserves rose by 3% to $6,998 million in June 2026, supported by inflows from donors. This level of reserves is adequate to cover 12.5 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange Rate

The Solomon Islands dollar (SBD) depreciated against the United States dollar by 0.42% to an average of $8.07 per USD in June. In contrast, the SBD appreciated against both the Australian dollar and the New Zealand dollar by 1.69% to $5.69 per AUD and 1.25% to $4.68 per NZD, respectively.

Similarly, the SBD also strengthened against the British pound, the Euro, and the Japanese yen. As a result of these mixed movements, the trade-weighted index (TWI) weakened by 0.4% to 109.7 points during the month.

[1] Free Liquidity is the total liquidity excluding the minimum required reserves

III: GOVERNMENT FINANCE

The Government recorded a provisional operating surplus of $159 million in June 2026, marking a significant improvement from the $40 million surplus in the previous month. This positive outcome was driven by higher revenue collections combined with a fall in total expenditure during the month. Total revenue surged by 33% to $428 million, supported by higher collections from both tax revenue and non-tax revenue. Meanwhile, total expenditure declined by 4% to $269 million, primarily reflecting lower spending on goods and services.

The Government's debt stock declined marginally by 0.6% to $4,520 million at the end of June 2026, largely reflecting debt servicing repayments. Domestic debt fell by 2% to $1,360 million, while external debt edged up slightly by 0.1% to $3,161 million, mainly due to exchange rate movements. Debt servicing during the month totaled $85 million, consisting of $75 million in principal repayments and $10 million in interest payments.

IV: DOMESTIC ECONOMY

The Monthly Production Index declined to a preliminary 99 points in June 2026 from the revised 110 points in May. The outcome was primarily driven by a significant decline in the logging sector (-22 points) and mining (-5 points), while the fishing sector remained unchanged. These declines outweighed the increase recorded in agricultural sector (+16 points). In terms of actual production, output declined across most commodities, led by round logs by 58% to 47 cubic meters, cocoa by 28% to 575 tons, minerals by 17% to 7,307 gold equivalent ounces, palm oil, by 11% to 2,129 tons, and fish catch by 4% to 865 tons. In contrast, coconut oil and copra increased by 63% to 596 tons, and 33% to 1,621 tons, respectively.

The CBSI commodity price index declined to 115.0 points in June from 121.5 points in May, reflecting lower prices for major export commodities including coconut oil by 10% to US$ 2,163 per ton, gold by 8% to US$4,228 per ounce, palm oil by 3% to US$ 1,105 per ton, and fish and round logs by 2% each to US$1,685 per ton and US$185 per cubic meter, respectively, and timber by 1% to US$727 per cubic meter. In contrast, cocoa prices grew by 6% to US$4,400 per ton.

Consumer Price Index, Inflation (MoM)

The National Consumer Price Index (NCPI) increased to 134.2 points in May from 133.3 points in April, largely driven by higher prices for vegetables, electricity, household cooking fuels, and fuels and lubricants.

Headline Inflation (Year-on-Year (YoY) -3mma)

Headline inflation (YoY) eased to 3.9% in May 2026, down from 4.2% in April. This outcome was driven primarily by a decline in domestic inflation, which fell from 5.9% to 4.7%. In contrast, imported inflation rose to 1.9% from 0.2% in April, underpinned by an increase in transport, fuels, and housing and utilities. Meanwhile, core inflation eased to 0.9% from 1.4%, indicating that underlying inflationary pressures remained moderate.

Figure 2. Headline & Core Inflation

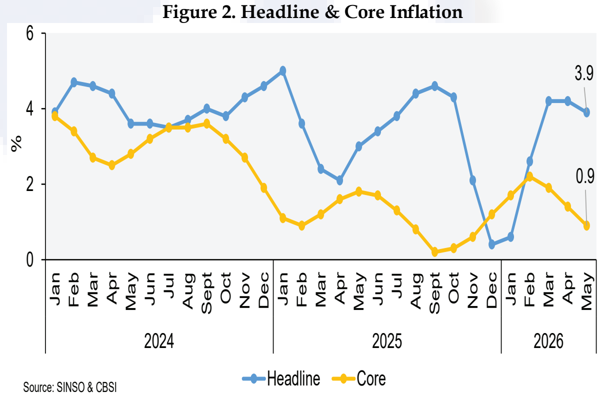
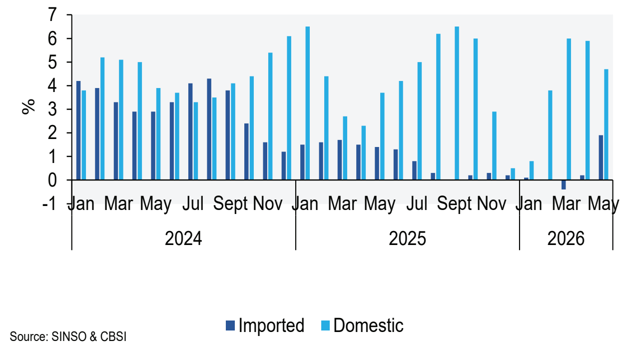


Figure 3. Domestic & Imported Inflation



CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumption items increased by 7% to 124.7 points in June 2026 from the revised 116.2 points in May, reflecting broad based increases across all selected items. Household electricity tariffs rose sharply by $1.97 to $8.53 per kilowatt-hour while liquefied petroleum (LP) gas prices increased by $1.32 to $32.68 per kilogram. The price of a 40-pound bag of Sol-Rice rose by 57 cents to $157.87 , while fuel prices increased by 29 cents to $13.27 per liter. The average price for a betel nut increased marginally from 54 cents to 72 cents per nut.

Solomon Islands Key Economic Indicators

		Dec 25	Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26
Consumer Price Index (%)	Headline inflation (3mma, YoY)	0.4	0.6	2.6	4.2	4.2	3.9	na
	Underlying inflation (3mma,YoY): core 3	1.2	1.7	2.2	1.9	1.4	0.9	na
	Headline inflation(MoM)	0.0	5.1	0.0	-3.2	1.8	0.7	na
CBSI Monthly Price Index (MPI)	Weighted Index	108	119	110	108	111	116	125
Production Index	Index	139	122	111	133	89	110	99
Trade[1]	Exports ($ millions)	745	272	437	446	501	594	461
	Imports ($ millions)	356	507	314	537	589	416	540
	Trade Balance ($ millions)	388	-235	123	-90	-88	177	-79
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.18	8.12	8.05	8.06	8.06	8.04	8.07
	SBD per AUD	5.42	5.49	5.68	5.68	5.72	5.78	5.69
	SBD per NZD	4.73	4.74	4.84	4.73	4.71	4.74	4.68
	SBD per GBP	10.93	10.98	10.95	10.78	10.84	10.86	10.77
	SBD per 100 JPY	5.25	5.18	5.20	5.09	5.06	5.08	5.03
	SBD per EUR	9.57	9.53	9.42	9.34	9.43	9.40	9.31
	SBD Currency Basket Index	110.82	110.40	109.47	109.64	109.68	109.28	109.74
Gross Foreign Reserves(eop)	$ milions	6,620	6,595	6,678	6,684	6,685	6,756	6,998
Import Cover	Months	12.0	12.0	12.1	12.1	12.1	12.2	12.5
Liquidity[2] (eop)	Free Liquidity ($ millions)	3,881	3,440	3,307	3,188	3,298	3,245	3,079
Money and credit[2] (eop)	Narrow Money, M1 ($ millions)	6,224	5,953	6,082	6,039	6,075	6,029	5,834
	Broad Money, M3 ($ millions)	7,179	6,896	7,022	6,980	7,013	6,991	6,797
	Private Sector credit ($ millions)	2,949	2,914	2,962	2,950	3,090	2,965	2,952
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.40	0.40	0.40	0.40	0.40	0.40	0.40
	56-days Treasury Bills rate (%)	0.75	0.75	0.75	0.75	0.75	na	na
	91- days Treasury Bills rate (%)	1.16	1.16	1.16	1.16	1.16	na	na
	182-days Treasury Bills rate (%)	2.39	2.39	2.39	2.39	2.39	na	na
Government Finance	Revenue ($ millions)	530	235	246	417	276	321	428
	Expenditure ($ millions)	618	240	365	343	322	281	269
	Fiscal Balance ($ millions)	-89	-6	-119	74	-46	40	159
	SIG Debt stock (eop) ($ millions)	4,274	4,269	4,290	4,292	4,289	4,548	4,520
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	116.3	122.4	126.3	126.3	123.9	121.5	115.0
	Round logs - (US$/m3)	191	190	192	188	187	188	185
	Gold - (US$/oz)	4,309	4,753	5,020	4,856	4,721	4,587	4,228
	Palm Oil - (US$/tonne)	981	1,005	1,039	1,109	1,146	1,136	1,105
	Fish - (US$/tonne)	1,457	1,487	1,556	1,982	1,858	1,715	1,685
	Coconut oil - (US$/tonne)	2,323	2,197	2,259	2,574	2,606	2,416	2,163
	Cocoa - (US$/tonne)	5,782	4,970	3,590	3,240	3,397	4,160	4,400
	Timber - (US$/m3)	730	737	741	727	733	735	727

[1] Value in terms of free on Board (FOB)

[2] Based on weekly statistics provided by other depository corporations (ODCs).

Note;
na : not available at the time of publication.