CENTRAL BANK OF SOLOMON ISLANDS

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Content Page

I. MONETARY DEVELOPMENTS

Money supply (M3) increased by 3% in July 2026 to $6,986 million, following a 3% decline in the previous month. The increase in M3 was driven by growth in narrow money (M1), which rose by 3% to $6,000 million and other deposits (time and savings), which increased by 2% to $987 million.

Net foreign assets (NFA) of the banking sector grew by 1% in July 2026 to $6,438 million, moderating from the 4% expansion recorded in June. The gain was underpinned by a 1% rise in the Central Bank's NFA to $6,379 million and an increase in the Other Depository corporation's (ODCs) NFA to $59 million from $48 million in the preceding month.

Credit to the private sector (PSC) rose by 2% in July to $3,003 million. Net credit to government (NCG), on the other hand, widened by 1% to minus $869 million in July, from minus $857 million in June, reflecting higher government deposits in the banking system.

Free liquidity[1] in the banking system edged up in July 2026, rising by 2% to $3,133 million following a 5% contraction in June. The improvement reflected the build-up in government deposits. Meanwhile, required reserves dipped by 3% to $333 million during the month.

Domestic Market Operations

The stock of the CBSI's Bokolo Bills remained capped at $430 million in July 2026, and its weighted average yield (WAY) was unchanged at 0.40%, as in the previous month. Total Treasury bills (T-Bills) tendered during the month amounted to $73 million, of which $56 million was accepted. The T-Bills WAY for the 91 days and 182 days maturities held steady at 1.16% and 2.39%, respectively, consistent with the preceding month.

II. EXTERNAL CONDITIONS

Trade in Goods

The balance of trade in goods improved to a marginal surplus of $0.5 million in July 2026, compared with a deficit of $43 million in the previous month. This outcome reflected an 18% increase in exports to $586 million, mainly driven by higher exports of minerals and agricultural products. Similarly, imports also rose by 8% to $585 million, reflecting higher payments for food and machinery during the month.

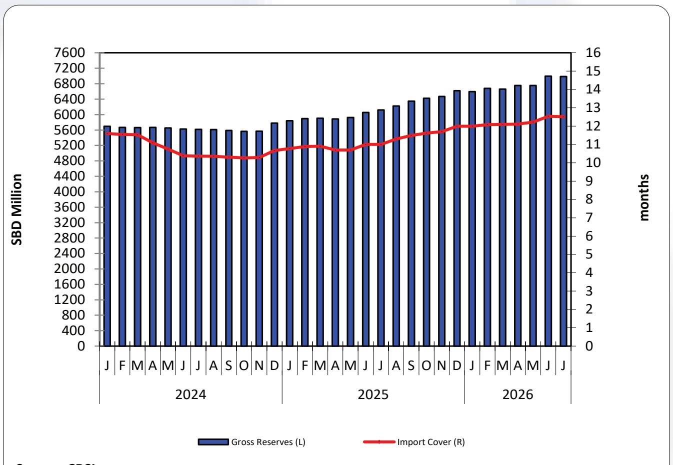
Remittances

In July 2026, inward remittances processed through money transfer operators increased by 55% to $52 million. Outward remittances also rose, reaching $37 million, up from $16 million in the previous month. As a result, net remittances recorded a surplus of $15 million during the month.

Gross Foreign Reserves

Gross foreign reserves rose by 2% to $6,985 million in July 2026, supported by donors and fishing receipts. This level of reserves is adequate to cover 12.5 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Source: CBSI

Exchange Rate

The Solomon Islands dollar (SBD) depreciated against the United States dollar by 0.2% to an average of $8.09 per USD during the month. In contrast, the SBD appreciated against both the Australian dollar (AUD) and the New Zealand dollar (NZD) by 0.88% to $5.64 per AUD and 0.23% to $4.67 per NZD, respectively.

Meanwhile, the SBD also weakened against the British pound but strengthened against the Japanese yen and the Euro. As a result of these mixed movements, the trade-weighted index (TWI) weakened by 0.2% to 109.9 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 deficit of $1 million in July 2026, compared with a $159 million surplus in the previous month. The turnaround reflected a sharp increase in total expenditure, which more than offset the improvement in revenue collections during the month. Total expenditure surged by 80% to $486 million, driven by higher spending on both payrolls and purchase of goods and services. Meanwhile, total revenue increased by 13% to $485 million, mainly reflecting improved collections from trade-related taxes.

The Central Government's debt stock declined marginally by 0.3% to $4,506 million at the end of July 2026, largely reflecting debt servicing and exchange-rate movements. Accordingly, external debt fell slightly by 0.5% to $3,146 million, while domestic debt edged up by 0.1% to $1,361 million, primarily due to the issuance of additional auction Treasury bills. During the month, debt servicing amounted to $73.5 million, comprising $68.7 million in principal repayments and $4.8 million in interest payments.

IV: DOMESTIC ECONOMY

The Monthly Production Index for July showed a marginal increase of 1 points to an index of 111, up from the revised index of 109 points in June. The increase was mainly driven by mining (+10 points) and fisheries sectors (+3 points) while the agricultural sector declined by 11 points and forestry sector by 1 point.

In terms of actual output, production increased for copra (79% to 2,895 tons), fish catch (74% to 1,507 tons), cocoa (46% to 837 tons), minerals (32% to 14,086 gold-equivalent ounces), and palm oil (4% to 2,219 tons). In contrast, production decreased for coconut oil (32% to 403 tons) and round logs (9% to 42,711 cubic meters).

The CBSI commodity price index declined slightly to 113.6 points in July from the revised 114.7 points in June 2026, reflecting lower prices for gold (4% to US$4,073 per ounce) and round logs (1% to US$183 per cubic meter). Crude palm oil and timber prices remained broadly unchanged at US$1,101 per ton and US$729 per cubic meter. In contrast, prices increased for cocoa (28% to US$5,610 per ton), coconut oil price, (13% to US$2,441 per ton), and fish (5% to US$1,701 per ton).

Consumer Price Index, Inflation (MoM))

The National Consumer Price Index (NCPI) rose to 135.1 points in June, up from 134.2 points in May. The increase was largely driven by higher prices in Housing and Utilities category, particularly for electricity, gas and liquid fuel as well as fruits and vegetables in the Food category.

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

Headline inflation rose to 4.6% in June, up from 3.9% in May. The increase was driven by both domestic and imported inflation. Domestic inflation rose to 5% from 4.7% in May, while imported inflation increased to 3.6% from 1.9%, underpinned by higher prices for electricity fuel and lubricants. Correspondingly, core inflation edged up to 1.4% from 0.9%, indicating modest pick-up in underlying inflationary pressures.

Figure 2. Headline & Core Inflation

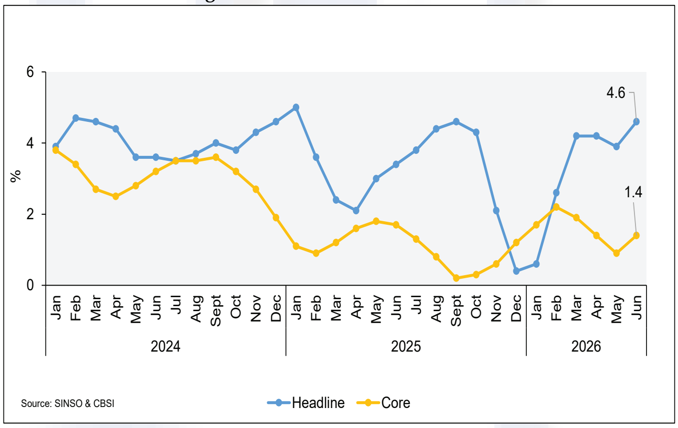
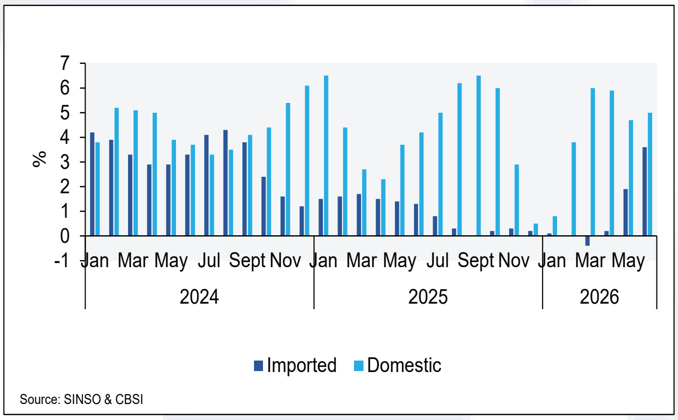


Figure 3. Domestic & Imported Inflation



CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumption items declined by 4.0% to 119.6 points, mainly reflecting lower fuel prices and household electricity prices. Fuel price decreased by 92 cents to $12.35 per litre, while household electricity tariff price fell by 98 cents to an estimated $7.55 per kilowatt-hour. The average betel nut price also edged down by 6 cents to 66 cents per nut. In contrast, the average price of 40lb bag rice rose by $3.35 to $161.21, while liquefied petroleum (LP) gas increased by $1.30 to $33.98 per kilogram.

Solomon Islands Key Economic Indicators

		Jan 26	Feb 26	Mar 26	Apr 26	May 26	Jun 26	Jul 26
Consumer Price Index (%)	Headline inflation (3mma, YoY)	0.6	2.6	4.2	4.2	3.9	4.6	na
	Underlying inflation (3mma,YoY): core 3	1.7	2.2	1.9	1.4	0.9	1.4	na
	Headline inflation(MoM)	5.1	0.0	-3.2	1.8	0.7	0.7	na
CBSI Monthly Price Index (MPI)	Weighted Index	119	110	108	111	116	125	120
Production Index	Index	122	111	133	89	110	109	111
Trade[1]	Exports ($ millions)	272	437	446	501	594	461	586
	Imports ($ millions)	507	314	537	589	416	540	585
	Trade Balance ($ millions)	-235	123	-90	-16	373	-43	0.5
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.12	8.05	8.06	8.06	8.04	8.07	8.09
	SBD per AUD	5.49	5.68	5.68	5.72	5.78	5.69	5.64
	SBD per NZD	4.74	4.84	4.73	4.71	4.74	4.68	4.67
	SBD per GBP	10.98	10.95	10.78	10.84	10.86	10.77	10.82
	SBD per 100 JPY	5.18	5.20	5.09	5.06	5.08	5.03	4.98
	SBD per EUR	9.53	9.42	9.34	9.43	9.40	9.31	9.24
	SBD Currency Basket Index	110.40	109.47	109.64	109.68	109.28	109.74	109.98
Gross Foreign Reserves(eop)	$ millions	6,595	6,678	6,680	6,685	6,755	6,878	6,985
Import Cover	Months	12.0	12.1	12.1	12.1	12.2	12.5	12.5
Liquidity[2] (eop)	Free Liquidity ($ millions)	3,440	3,307	3,188	3,298	3,245	3,079	3,133
Money and credit[2] (eop)	Narrow Money, M1 ($ millions)	5,953	6,082	6,039	6,075	6,029	5,834	6,000
	Broad Money, M3 ($ millions)	6,896	7,022	6,980	7,013	6,991	6,797	6,986
	Private Sector credit ($ millions)	2,914	2,962	2,950	3,090	2,965	2,952	3,003
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	na	na	na
	91- days Treasury Bills rate (%)	1.16	1.16	1.16	1.16	1.16	1.16	1.16
	182-days Treasury Bills rate (%)	2.39	2.39	2.39	2.39	2.39	2.39	2.39
Government Finance	Revenue ($ millions)	235	246	417	276	321	428	485
	Expenditure ($ millions)	240	365	343	322	281	269	486
	Fiscal Balance ($ millions)	-6	-119	74	-46	40	159	-1
	SIG Debt stock (eop) ($ millions)	4,269	4,290	4,292	4,289	4,548	4,520	4,506
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	122.1	126.1	123.2	122.1	121.1	114.7	113.6
	Round logs - (US$/m3)	190	192	188	187	188	185	183
	Gold - (US$/oz)	4,753	5,020	4,856	4,721	4,587	4,228	4,073
	Palm Oil - (US$/tonne)	1,005	1,039	1,109	1,146	1,136	1,104	1,101
	Fish - (US$/tonne)	1,430	1,506	1,428	1,529	1,655	1,626	1,701
	Coconut oil - (US$/tonne)	2,197	2,259	2,574	2,606	2,416	2,166	2,441
	Cocoa - (US$/tonne)	4,970	3,590	3,240	3,397	4,160	4,400	5,610
	Timber - (US$/m3)	737	741	727	733	735	727	729

[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.